

## Key developments during the week

- India Sep trade deficit narrowed 27.6% to \$10.48 bln from \$14.47 bln YoY
- India Aug industrial growth at near 3 year high of 6.4% from 4.2% MoM
- India Sep CPI Combined inflation rate at 4.41% from 3.74% in Aug
- India Sep WPI inflation rate at (-)4.54% from (-)4.95% in Aug
- India adds 7.03 mln GSM users in Sep vs 4.49 mln additions in Aug
- TRAI directs mobile companies to compensate users for call drop from Jan 1
- Jaitley says can increase GDP by 2% by reforms, tax rationalisation
- Jaitley says real estate sector to pick up with rate cut
- Finance minister forms panel under economy secretary to select infra invest fund CEO
- Economic affairs secretary says GST, bankruptcy law on top of reform agenda
- Finance minister to start meet on revised FY16 Budget, FY17 estimate on Oct 26
- Bank sources say RBI critical of banks for not handling liquidity properly
- Govt source says central govt may have had fiscal surplus in Sep
- Cabinet approves one-time fund infusion for stressed highway projects
- Cabinet approves banking arrangement for FY15 fertiliser subsidy payout
- State CMs panel moots cess on petrol, diesel for Swachh Bharat
- Govt ups base import price of gold by \$14/10 gm, silver by \$44/kg

INDEX	16-Oct-15	09-Oct-15	Change (in %)
NIFTY	8238.15	8189.70	0.59
SENSEX	27214.60	27079.51	0.50
NSE 500	6870.85	6829.40	0.61
NSE MIDCAP	3367.20	3299.90	2.04
NIFTY JUNIOR	19999.80	19944.30	0.28
BSE SMALLCAP	11495.70	11348.58	1.30
BSE 200	3468.37	3446.11	0.65

INDEX	16-Oct-15	09-Oct-15	Change (in %)
BSE AUTO	18501.78	18009.21	2.74
BSE BANK	20459.99	20059.24	2.00
BSE CAPITAL GOODS	16202.48	15735.92	2.96
BSE CD	11834.40	11618.14	1.86
BSE FMCG	7979.08	7982.46	-0.04
BSE HEALTHCARE	18162.98	18212.88	-0.27
BSE IT	11003.90	11520.30	-4.48
BSE METALS	7598.49	7439.05	2.14
BSE OIL AND GAS	9280.06	9062.53	2.40
BSE PSU	7079.98	6955.32	1.79
BSE REALTY	1422.71	1418.57	0.29
BSE TECK	6049.83	6273.82	-3.57

INDEX	16-Oct-15	09-Oct-15	Change (in %)
DOW JONES	17215.97	17084.49	0.77
HANG SENG	23067.37	22458.80	2.71
NIKKEI	18291.80	18438.67	-0.80
FTSE	6378.04	6416.16	-0.59

## Domestic events week ahead

- Oct 20:** CPI for rural and farm labourers for September, by Labour Bureau
- Oct 21-27:** Crude, refinery output for September, from petroleum ministry

Source: NW18

## Global events week ahead

- Oct 19:** China GDP, China Industrial Production, China Retail Sales, German Buba Monthly Report, US FOMC Member Lacker Speaks
- Oct 20:** German PPI, Europe Current Account, US Building Permits, US Housing Starts, US FOMC Member Dudley Speaks
- Oct 21:** Japan Trade Balance, US Crude Oil Inventories
- Oct 22:** UK Retail Sales, Europe Minimum Bid Rate, ECB Press Conference, US Unemployment Claims, Europe Consumer Confidence, US Existing Home Sales
- Oct 23:** Japan Flash Manufacturing PMI, French Flash Manufacturing and Services PMI, German Flash Manufacturing and Services PMI, Europe Flash Manufacturing and Services PMI, US Flash Manufacturing PMI



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Seen mixed; to take cues from Jul-Sep earnings**

Shares of major automobile companies are expected to be a mixed bag this week, with the Jul-Sep earnings likely to lend cues. Shares of Bajaj Auto are expected to trade positive on the back of Jul-Sep earnings to be announced on Oct 18. The street expects the company to post a bottomline of 9.20 bln rupees, up 56% y-o-y. Tata Motors shares have shown encouraging movement. Maruti Suzuki shares are entering a phase of consolidation after rising consistently over the past few months. Hero MotoCorp, on the other hand, is likely to trade sideways on expectations of muted earnings. The company is seen reporting a net profit of 7.36 bln rupees, down 4% y-o-y, as a fall in sales volume of the two-wheeler maker is likely to leave a dent in its bottomline for the quarter.

### **Bank Sector – Positive this week; HDFC Bank Jul-Sep result eyed**

Bank stocks are likely to trade with a positive bias tracking the broader market trend following higher-than-expected Jul-Sep results of Reliance Industries. However, stock-specific action is seen taking the forefront as more banks detail their Jul-Sep results. While earnings season has started, this week is HDFC Bank. That will sort of give a big picture of the overall trend in the sector, mainly in terms of loan growth. Apart from HDFC Bank, others such as Federal Bank and State Bank of Bikaner and Jaipur will also declare their Jul-Sep results. Further any development at Bank of Baroda in the wake of the alleged foreign exchange remittance fraud would be keenly tracked. Earlier last week, the Central Bureau of Investigation arrested two Bank of Baroda officials in relation to a 60-bln-rupees foreign remittance fraud at the bank's Ashok Vihar branch in Delhi. According to reports, an HDFC Bank official has also been arrested along with four other individuals in relation to the case. Reports suggest that Enforcement Directorate had unearthed a foreign exchange scam related to Axis Bank and Oriental Bank of Commerce. However, Oriental Bank of Commerce clarified that it had reported a suspicious foreign exchange transaction worth 5.5 bln rupees to the Financial Intelligence Unit - India, and filed a complaint with the police.

### **Capital Goods Sector – In range with positive bias this week**

Most capital goods companies are seen trading in range with a positive bias this week as order execution and orders wins are seen firming up going ahead. Orders for many big projects such as the Mumbai Metro lines, dedicated freight corridors, among others are close to be finalised and this may aid the sector, which has been reeling with investment slowdown, gain revenue visibility. Sector bellwether L&T is among the most preferred as the company to be the biggest beneficiary of the pickup in order inflows. Apart from L&T, investors are also seen preferring shares of Siemens and KEC International. Both these companies are seen gaining for the picking in ordering activity in the railway segment. However, shares of boiler-turbine-generator maker BHEL is seen shedding gains. Shares of electrical equipment maker Crompton Greaves are also seen opening up this week on the news of that the company's board has approved sale of additional land at its Kanjurmarg unit for 4.96 bln rupees to Evie Real Estate.

### **Cement Sector – UltraTech, ACC Jul-Sep earning to guide stocks**

Shares of major cement companies through this week would be influenced by the Jul-Sep earnings posted by sector majors UltraTech Cement and ACC. There will largely be a negative bias present, but the results of UltraTech and ACC will guide stock movement this week. UltraTech Cement is scheduled to detail its Jul-Sep earnings on Oct 19, while ACC on Oct 20. UltraTech is seen reporting a consolidated net profit of 4.37 bln rupees for Jul-Sep, up 5% y-o-y, owing to higher volumes and a rise in operating profit aided by easing input costs. The cement manufacturer's counter is seen as the outperformer in the sector this week unless it has any negative surprises in its financial results. ACC Ltd's consolidated net profit for Jul-Sep is seen down 35% y-o-y at 1.26 bln rupees as weak prices are expected to hit realisations. While the company has a pan-India presence, it has slightly better pricing power in the northern, eastern and central parts of the country. Cement companies typically see a weak quarter in Jul-Sep as monsoon keeps demand subdued and this year the added hit of a slowdown in the infrastructure sector has hurt the industry hard.

### **FMCG Sector – Subdued this week; Asian Paints earnings eyed**

Shares of fast moving consumer goods companies are likely to be subdued this week with investors keeping a watch on Asian Paints and Jyothy Laboratories' earnings for Jul-Sep. Nestle India, which got a boost after the tests mandated by Bombay High Court showed that lead content in its Maggi noodles was within acceptable limit, is likely to trend positive



this week. The disappointing earnings of Hindustan Unilever, which were released earlier last week, and CLSA downgrading ITC stock, have dampened sentiment for the FMCG sector, which may continue to weigh this week. HUL's earnings came in below estimates, mainly due to decline in price realisation in a high competition environment, and lower other income. The company was able to post good volume growth of 7% but management's comments that competitive intensity is high across segments, and that rural demand is likely to remain stressed indicates that pricing pressure will continue going forward. Market will eye earnings of Jyothy Laboratories on Oct 20, Asian Paints and Kansai Nerolac on Oct 23 and Godrej Consumer Products on Oct 24.

#### **IT Sector – Seen weak on dull growth outlook; mid-caps bullish**

Shares of information technology companies are expected to fall further this week, after sector leaders Infosys and TCS said growth in the Oct-Mar period is likely to be muted. Sentiment on the IT sector weakened after Infosys on Oct 19 cut its dollar revenue guidance for 2015-16 and predicted a challenging Oct-Mar period. Additionally, revenue growth of TCS for the Jul-Sep period was disappointing. Infosys cut its revenue growth guidance in US dollar terms for 2015-16 to 6.4-8.4% from 7.2-9.2%, but maintained it is in constant currency terms at 10-12%. The view on HCL Technologies, which will detail Jul-Sep earnings this week, is also poor considering the profit warning it had issued earlier this month. HCL Technologies's Jul-Sep consolidated net profit is seen falling 2% q-o-q to 17.47 bln rupees. Wipro after its disappointing performance in Apr-Jun. Investors is now concerned over its Jul-Sep performance. The company is likely to report a 4% sequential rise in consolidated net profit for Jul-Sep to 22.6 bln rupees. Stocks of mid-cap companies are seen bullish after the Jul-Sep performance of Mindtree fell in line with market expectations.

#### **Oil Sector – RIL seen up on buoyant Jul-Sep GRM, PAT**

Shares of Reliance Industries Ltd are expected to open significantly up and may hold on to gains in the first half of this week after the company reported a surprise expansion in net profit and gross refining margin for Jul-Sep. However, gains may be capped as global refining margin environment remains weak and the Jul-Sep margin performance may prove to be a peak, atleast in the near term. RIL's Jul-Sep net profit increased 14% q-o-q to 65.61 bln rupees with GRM hitting a 7-year high of \$10.6 a barrel. In Apr-Jun, RIL's GRM were at \$10.4. RIL's performance is unlikely to rub on the public sector refiners IOC, BPCL and HPCL because their GRMs are usually significantly lower. Also, these companies don't have as much flexibility in terms of changing product volumes or crude sourcing due to their older and less complex refineries. Also, inventory loss in the wake of the decline in oil prices in Jul-Sep will weigh on their earnings. Shares of these companies are seen range-bound and will mostly take cues from oil price and rupee-dollar movement, as no major cues are in sight. These companies will report Jul-Sep earnings in second week of November.

#### **Pharma sector – Large caps to restrain sector's uptick**

Shares of large cap pharmaceutical companies such as Sun Pharmaceutical Industries, Cipla and Dr Reddy's Laboratories are expected to restrain the upward movement in the sector this week with the CNX Pharma index seen trading in a narrow range. There is a more buying seen in high-beta stocks, especially metals, because of which in pharma sector, sideways action could be seen this week. The street will also watch for Bengaluru-based Biocon Ltd's Jul-Sep earnings, to be announced on Oct 20.

#### **Metal Sector – Seen trading with a negative bias this week**

Shares of major metal companies are seen subdued and trading with a negative bias this week after this week's rally, no major move is expected and some correction is likely in the coming week. There could also be stock specific movement as the Jul-Sep earnings are round the corner. While the general sales trend has been positive, the steep fall in commodity prices has resulted in fall in sales in the metals and oil and gas sectors.

#### **Telecom Sector – Bharti Airtel, Idea to trade in narrow range**

Shares of major telecom companies are likely to trade in a narrow range this week after the Telecom Regulatory Authority of India directed mobile firms to compensate users for dropped calls. TRAI's decision on call drop issue is not good for the sector overall but may not impact Bharti Airtel much as the quantum of compensation is very less. The expert also expressed apprehension over the implementation of the compensation proposal. Shares of Idea Cellular are expected to trade in the negative zone. Reliance Communications stock is likely to be positive as some media reports suggested that the company would sign a spectrum sharing agreement with Reliance Industries Ltd's telecom arm Reliance Jio Infocomm.



**Market range for the week 8050- 8490**

Nifty	Values
Support 1	8150
Support 2	8080
Support 3	8020
Resistance 1	8280
Resistance 2	8350
Resistance 3	8450

**Resistance** – Nifty may face resistance at 8280 level above this level it may go up to 8350-8450 level.

**Support** - Nifty has support at 8150 level below this next support at 8080-8020 levels.

**Technical** – During the week, CNX Nifty opened at 8231.50 and touched the highest level of 8246.40 and lowest level of 8088.60. The CNX Nifty ended at 8238.15; gain 48.45 points or 0.59%. The S&P BSE Sensex opened at 27242.60 and touched the highest level of 27305.04 and lowest level of 26713.28. The S&P BSE Sensex closed at 27214.60; gain 135.09 points or 0.50%.

**For the coming week, we expect the market range of 8050-8490.**

**Weekly Chart View –**

We had mentioned in last week’s report that on the daily chart we witness “Narrow range” body formation and on weekly chart near to 100WMA, because of that we had mentioned we can see stocks specific move with in range and all we have seen same. Now on daily chart Nifty above 100DMA, but below high of “Engulfing Bear” candle. On weekly chart we can see “Narrow range” body formation and trading between 50 and 100WMA. So overall from here still we can see stocks specific move and 8250-8280 will be major resistance above that we can see move up to 8380-8420 and 8120-8050 will be good support.

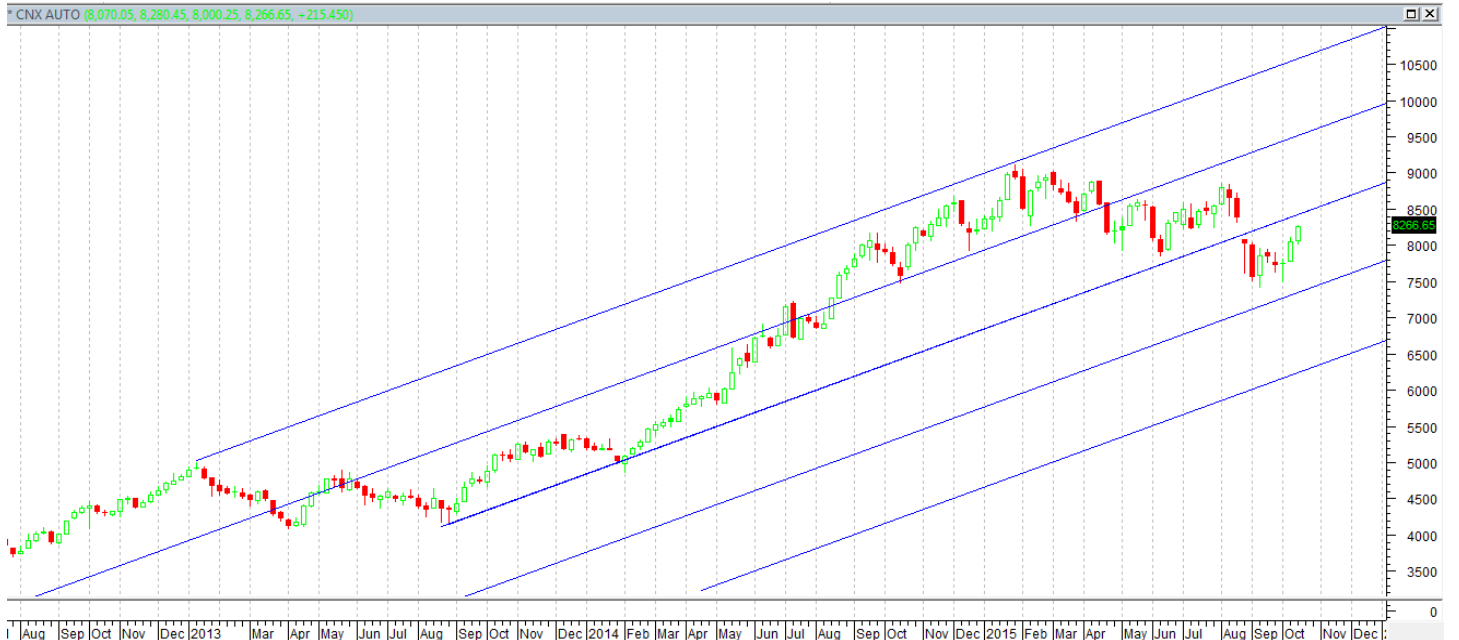
**Weekly Chart**





### Weekly Sectoral Technical Outlook

<b>NSE Auto Index</b>	<b>CMP: 8266</b>
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**NSE Auto**

The current price action suggests upside momentum. Aggressive traders, gone long above 7816 can trial the stop loss to 8000. On the upside it can test 8500 - 8750 levels.

<b>NSE Bankex</b>	<b>CMP: 17912</b>
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**NSE Bankex**

At present we are observing two consecutive narrow range body formations which indicated indecisiveness prevailing at current level. We maintain our stance that the pullback rally is losing breath and there is no positive pattern on the chart. Hence one should avoid this sector at present.



<b>NSE Metal Index</b>	<b>CMP: 1879</b>
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**NSE Metal Index**

At present after a strong bull candle we are observing a spinning top which has closed above the lower trendline of the symmetrical triangle pattern. However, we maintain our stance that there is no positive divergence on the momentum oscillator which suggests going long in this sector. Hence we are of the opinion that this is only a short covering rally. We maintain our stance that one should avoid this sector at present.

<b>NSE IT</b>	<b>CMP: 11337</b>
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**NSE IT**

At present we are observing a strong bear candle which suggests weakness. On the downside this sector can test 11000 -10500 levels. Hence one should avoid this sector at present.





## Weekly Technicals of Key Companies –

Company	Closing 16-Oct-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1393.70	1378.07	1415.53	1437.37	1356.23	1318.77
ADANIPORTS	323.70	324.23	330.47	337.23	317.47	311.23
AMBUJACEM	212.15	211.75	215.15	218.15	208.75	205.35
ASIANPAINT	882.50	871.25	896.45	910.40	857.30	832.10
AXISBANK	504.65	499.05	513.10	521.55	490.60	476.55
BAJAJ-AUTO	2461.50	2451.65	2497.60	2533.70	2415.55	2369.60
BANKBARODA	177.70	175.80	182.30	186.90	171.20	164.70
BHARTIARTL	349.65	348.02	355.03	360.42	342.63	335.62
BHEL	213.50	209.70	217.80	222.10	205.40	197.30
BOSCHLTD	21067.55	21084.08	21333.47	21599.38	20818.17	20568.78
BPCL	911.25	888.37	937.58	963.92	862.03	812.82
CAIRN	160.05	163.22	169.28	178.52	153.98	147.92
CIPLA	679.45	677.42	694.83	710.22	662.03	644.62
COALINDIA	338.60	337.83	344.17	349.73	332.27	325.93
DRREDDY	4264.95	4234.83	4313.72	4362.48	4186.07	4107.18
GAIL	325.00	320.00	331.80	338.60	313.20	301.40
GRASIM	3649.05	3650.60	3686.75	3724.45	3612.90	3576.75
HCLTECH	841.15	842.37	859.73	878.32	823.78	806.42
HDFC	1311.60	1296.45	1330.95	1350.30	1277.10	1242.60
HDFCBANK	1100.05	1089.53	1112.02	1123.98	1077.57	1055.08
HEROMOTOCO	2584.00	2557.77	2622.73	2661.47	2519.03	2454.07
HINDALCO	87.75	87.05	93.10	98.45	81.70	75.65
HINDUNILVR	784.65	792.05	815.10	845.55	761.60	738.55
ICICIBANK	290.05	288.23	294.52	298.98	283.77	277.48
IDEA	150.40	152.35	157.20	164.00	145.55	140.70
INDUSINDBK	962.70	955.07	973.63	984.57	944.13	925.57
INFY	1094.90	1133.30	1181.40	1267.90	1046.80	998.70
ITC	348.80	346.68	354.52	360.23	340.97	333.13
KOTAKBANK	659.30	658.05	670.95	682.60	646.40	633.50
LT	1604.95	1582.12	1631.73	1658.52	1555.33	1505.72
LUPIN	2055.30	2056.33	2110.97	2166.63	2000.67	1946.03
M&M	1288.85	1283.42	1306.83	1324.82	1265.43	1242.02
MARUTI	4450.25	4375.92	4535.33	4620.42	4290.83	4131.42
NTPC	126.80	126.78	129.02	131.23	124.57	122.33
ONGC	264.10	261.37	270.48	276.87	254.98	245.87
PNB	138.35	137.73	140.37	142.38	135.72	133.08
POWERGRID	135.00	134.27	136.73	138.47	132.53	130.07
RELIANCE	912.15	903.28	923.67	935.18	891.77	871.38
SBIN	254.85	251.10	260.90	266.95	245.05	235.25
SUNPHARMA	889.45	892.80	911.60	933.75	870.65	851.85
TATAMOTORS	386.20	376.08	401.07	415.93	361.22	336.23
TATAPOWER	69.65	68.30	72.60	75.55	65.35	61.05
TATASTEEL	252.90	252.70	262.15	271.40	243.45	234.00
TCS	2473.75	2533.03	2601.07	2728.38	2405.72	2337.68
TECHM	545.80	551.85	563.95	582.10	533.70	521.60
ULTRACEMCO	2954.65	2913.93	3015.72	3076.78	2852.87	2751.08
VEDL	108.60	111.27	116.43	124.27	103.43	98.27
WIPRO	577.35	580.98	596.37	615.38	561.97	546.58
YESBANK	773.20	756.17	791.73	810.27	737.63	702.07
ZEEL	423.45	410.13	439.67	455.88	393.92	364.38

Source: Iris Software

**Contact**

SMS: 'Arihant' to 56677

**Website**[www.arihantcapital.com](http://www.arihantcapital.com)**Email Id**[research@arihantcapital.com](mailto:research@arihantcapital.com)**Arihant is Forbes Asia's '200 Best under a \$Billion' Company  
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**ARIHANT Capital Markets Ltd**

#1011, Solitaire Corporate Park, Building No.10, 1<sup>st</sup> Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093  
T. 022-42254800. Fax: 022-42254880

[www.arihantcapital.com](http://www.arihantcapital.com)

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