

Key developments during the week

- FDI in single-brand retail may get 3-year leeway local sourcing norm
- India's Jan-Mar CAD narrowed to \$0.3 bln or 0.1% of GDP from \$7.1 bln or 1.3% of GDP QoQ
- India FY16 net FDI inflows at \$36 bln, up 15.3% YoY
- India Jan-Mar net FDI inflows at \$8.8 bln from \$9.3 bln YoY
- India May trade deficit narrowed to \$6.27 bln from \$10.41 bln YoY
- India GSM user addition 442,008 in May vs 214,825 users lost in April
- Indian companies' investment in overseas JVs, arms \$2.69 bln in May
- India May WPI inflation rate 0.79% from 0.34% in April
- India CPI inflation rose to 21-month high of 5.76% in May from 5.47% in April
- US Fed keep rates unchanged; more officials see just one hike in 2016
- Jayant Sinha says govt has discussed, considered Brexit risk factors
- Govt fixes state FY17 gross borrow cap at 3.5 trln rupees
- Public debt management agency to manage FY18 govt borrowing
- Cabinet approves new aviation policy; caps sub-1 hour fare at 2,500 rupees
- Airline with 20 planes can now fly abroad without 5 years rule
- Cabinet clears merger of associate banks with SBI
- Jaitley says "virtually" every state has given support on GST
- Govt owes 90 bln rupees in LPG direct subsidy to oil companies

INDEX	17-Jun-16	10-Jun-16	Change (in %)
NIFTY	8170.20	8170.05	unch
SENSEX	26625.91	26635.75	-0.04
NSE 500	6842.35	6832.05	0.15
NSE MIDCAP	3398.05	3384.60	0.40
NIFTY JUNIOR	19800.90	19779.50	0.11
BSE SMALLCAP	11435.16	11362.72	0.64
BSE 200	3447.03	3448.45	-0.04

INDEX	17-Jun-16	10-Jun-16	Change (in %)
BSE AUTO	19233.26	19308.28	-0.39
BSE BANK	20243.72	20426.90	-0.90
BSE CAPITAL GOODS	14657.09	14705.26	-0.33
BSE CD	11503.17	11452.45	0.44
BSE FMCG	8258.06	8155.12	1.26
BSE HEALTHCARE	14844.35	14910.68	-0.44
BSE IT	11323.39	11282.31	0.36
BSE METALS	8352.30	8284.43	0.82
BSE OIL AND GAS	9421.13	9403.83	0.18
BSE PSU	6524.45	6411.26	1.77
BSE REALTY	1476.39	1438.21	2.65
BSE TECK	6090.03	6088.06	0.03

INDEX	17-Jun-16	10-Jun-16	Change (in %)
DOW JONES	17675.16	17865.34	-1.06
HANG SENG	20179.45	21042.64	-4.10
NIKKEI	15599.66	16601.36	-6.03
FTSE	6021.09	6115.76	-1.55

Domestic events week ahead

- **Jun 20:** CPI for rural and farm labourers for May, by Labour Bureau
- **Jun 20-24:** Crude, refinery output for May, from petroleum ministry
- **Jun 23:** Rainfall for week to Jun 22, by IMD

Source: Cogencies

Global events week ahead

- **Jun 20:** Japan Trade Balance
- **Jun 21:** Japan Monetary Policy Meeting Minutes, Europe ZEW Economic Sentiment, US Fed Chair Yellen Testifies
- **Jun 22:** Europe Consumer Confidence, US Fed Chair Yellen Testifies, US Existing Home Sales, US Crude Oil Inventories
- **Jun 23:** Brexit Referendum, Japan Flash Manufacturing PMI, Europe Flash Manufacturing PMI, Europe Flash Services PMI, US Unemployment Claims, US Flash Manufacturing PMI, US New Home Sales
- **Jun 24:** US Core Durable Goods Orders, US Durable Goods Orders, US Revised UoM Consumer Sentiment, US Revised UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto Sector – To take cues from monsoon progress, Brexit

The movement in major automobile stocks this week is likely to be dictated by the progress of the southwest monsoon rains, and the Brexit referendum due on June 23. The UK will vote either to leave or remain a part of the European Union. Maruti Suzuki will be in focus as investors remain jittery over the impact of the rising yen on the company's bottomline for the quarter ending June. The Japanese yen rose to its 21-month high against the dollar this week, making royalty payments and import of parts from Japan costlier. Bajaj Auto, Hero MotoCorp, and Mahindra and Mahindra shares are likely to take cues from the advance of the southwest monsoon. All three companies are heavily dependant on the monsoon, as a major portion of their sales come from rural India, which has been in the grip of a slowdown following two consecutive years of drought.

Bank Sector – Caution expected this week; 'Brexit' vote eyed

Bank stocks are likely to trade with caution this week, with uncertainty surrounding the future of the UK as a member of the European Union to be the primary driving force. The referendum to decide whether the UK will continue to be a part of, or exit the European Union, is scheduled on June 23. Friday, campaigning in the UK to either 'leave' or 'remain' in the European Union was suspended for the second consecutive day following the murder of British Member of Parliament Jo Cox on June 16. Cox was shot and stabbed several times after a meeting in her constituency. While investigations are on, it is suspected that Cox may have been killed for being an active supporter of the UK remaining part of the European Union. Her assailant was said to have shouted "put Britain first" at least twice before assaulting her, according to BBC. Friday, Nifty Bank ended at 17696.05 points, down 0.7% for the week.

Capital Goods Sector – Trading seen stock-specific this week

Trading in shares of capital goods is likely to remain stock-specific this week due to lack of sector-wide triggers. However, towards the end of this week, the Brexit referendum may have impact on the broader market, which would have a spillover effect across various sectors. Shares of Larsen & Toubro are likely to stay firm and inch upwards during the next couple of weeks as any slight weakness in the stock is seen as an opportunity to invest. With a 4-5 weeks outlook, shares of L&T are likely to trade positive. Crompton Greaves too is seen gaining in the next few weeks. The management of the company at a recent meeting gave strong growth guidance in the industrial vertical and a possible sale of ZIV business. Investors are, however, bearish on shares of BHEL and the stock is expected to extend losses.

Cement Sector – Seen trading in thin band with positive bias

After a rather tepid week, shares of cement-manufacturing companies are seen trading in a thin band with a positive bias this week. The medium-term prospects of UltraTech Cement among large-cap companies and JK Lakshmi Cement among mid-cap cement manufacturers are seen positive. Shares of UltraTech Cement are expected to gain from any spurt in demand, given that the company has procured 21.2 mln tn per annum of cement capacity from Jaiprakash Associates. JK Lakshmi Cement's shares are seen positive, in light of the company's focus on accelerating growth in eastern India. The region continues to register strong cement sales growth due to high spending by state governments even as sales in west India remain weak, primarily due to the drought in Maharashtra. Overall demand for cement had been weak across regions over the past few months, and cement companies have even had to push sales volume in the interest of market share. Cement prices in Andhra Pradesh and Telangana have recovered by around 60 rupees per 50-kg bag in May-Jun, after a sharp decline in March. Price hikes taken in northern and central India in March sustained through Apr-Jun and will support earnings of companies based in northern India, while also aiding pan-India companies.

FMCG Sector – Seen range-bound; delayed monsoon likely to weigh

Shares of fast-moving consumer goods companies are expected to trade range-bound this week, in tandem with the trend in the broader market, but the delay in the onset of the monsoon will continue to weigh on the stocks. Share indices are likely to remain choppy, as investors will remain cautious ahead of a referendum on the UK's membership in the European Union, scheduled on June 23. The India Meteorological Department has said that rainfall was weak in the first fortnight of the Jul-Sep monsoon season, with rain during Jun 1-16 at 25% below the normal; at 50.3 mm. Consumer goods stocks are sensitive to rainfall updates, as a good monsoon is crucial for a pick-up in rural demand. The surge in raw material prices and higher food inflation are also expected to have a negative impact on FMCG stocks.

**IT Sector – Seen in range this week; Brexit referendum in focus**

Shares of information technology companies are seen trading in a range this week ahead of the 'Brexit' referendum due on June 23. The UK will vote either to leave or remain a part of the European Union. Traders and investors are expected to await the results of the referendum before making any major investments. Majority believe that the possibility of the UK continuing as a part of European Union seems higher as voters are likely go with 'Remain' campaign after the murder of British Member of Parliament Jo Cox, a supporter of the 'Remain' campaign. If the UK does not exit the European Union, then IT stocks will trade with a positive bias in tandem with the broader market. If the UK does decide to exit the Union, there could be a fair bit of uncertainty in the longer term for Indian companies having major operations in Britain. UK operations contribute around 16-20% to majority of the Indian IT companies' total sales. UK's exit would weaken the pound sterling against the US dollar, in turn weighing on the Indian currency.

Oil Sector – Crude prices key as 'Brexit' uncertainty looms

The trend for stocks of oil companies this week is likely to be dictated by the movement in crude oil prices and the broader market, both of which are likely to be impacted by the uncertainty around UK's referendum on June 23 on its European Union membership. As such investors may avoid riskier assets which would weigh on oil prices and the market. Investors are likely to watch developments around the referendum closely. Falling equities and strength in the dollar against the euro earlier this week may also weigh on oil prices. US crude oil inventories fell by 900,000 barrels to 531.50 mln bbl in the week ended Friday. Though inventories declined for the fourth straight week, it was much lower than the expectation of a 2.1-mln-bbl fall. A rise in the number of rigs drilling for oil in the US last week also fuelled speculation that production could rebound in the weeks ahead, underlining worries over a supply glut. Stocks of state-owned oil marketing companies IOC, BPCL, and HPCL may outperform the market this week, driven by the expectations of a fall in prices of crude oil, their primary input. On the other hand, upstream stocks ONGC, Oil India, and Cairn India are likely to remain under pressure, in line with prices of crude oil.

Pharma Sector – Seen sideways; bias seen weak on regulatory woes

Shares of pharmaceutical companies are seen trading rangebound with a negative bias this week due to persisting regulatory issues. While the overall trend for pharma sector remains weak, movement in stocks is likely to be largely rangebound this week on caution ahead of the referendum on June 23 to decide whether the UK will continue to be a part of the European Union or not. Many companies in the sector are facing troubles with global regulators, particularly the US FDA, due to violation of quality norms at their manufacturing plants. This has hurt earnings of all such companies, which is weighing on investor sentiment. Domestic sales of pharma companies have also taken some hit due to government's ban on 344 fixed-dose combination drugs and increased number of products under the National List of Essential Medicines. Pharma companies are grappling with a number of issues such as pricing pressure on generic drugs in the US, delays in product approvals, currency headwinds in emerging markets and regulatory scrutiny.

Metal Sector – Likely to track broader market this week

Shares of metal and mining companies are seen tracking the broader market this week, ahead of Brexit referendum on June 23. Investors may avoid riskier assets ahead of the referendum, which may weigh on metal prices and broader equities. Investors would be eyeing shares of Tata Steel as the planned sale of its Port Talbot plant at Wales has been delayed after the steelmaker asked the potential buyers for more details on their roadmap for the site. The delay implies the final decision on the fate of the plant that employs around 4,000 workers would not be taken until July. Shares of Tata Steel are likely to trade range bound. The company is exploring reversal of a decision to sell its UK business due to pressure from the referendum-bound UK government. The UK government is said to believe that Tata Steel's exit will reflect badly on the country's business environment. However, sale of the UK business is essential for Tata Steel to trim losses and cut debt.

Telecom Sector – Seen positive; Bharti Airtel may rise more

Shares of telecom companies are seen trading with a positive bias this week. Bharti Airtel could gain as Bank of America Merrill Lynch assigned 'buy' rating on the company's stock. The bank said Bharti Airtel is expected to maintain its revenue market share over the next four years, despite the entry of Reliance Jio Infocomm. Market is also bullish on Bharti Airtel after it announced an alliance with Singapore Telecommunications to deliver high-speed enterprise data network services in the Asia-Pacific, West Asia, Africa, Europe, and the US. Telecom stocks will track the broad market, which will move on the outcome on June 23 over UK's referendum on staying a part of the European Union.

Market range for the week 7980-8320

Nifty	Values	
Support 1	8150	Resistance – Nifty may face resistance at 8220 level above this level it may go up to 8280-8320 level.
Support 2	8080	
Support 3	8020	
Resistance 1	8220	Support - Nifty has support at 8150 level below this next support at 8080-8020 levels.
Resistance 2	8280	
Resistance 3	8320	

Technical – During the week, CNX Nifty opened at 8102.25 and touched the highest level of 8213.20 and lowest level of 8063.90. The CNX Nifty ended at 8170.20; gain 0.15 points or 0.00%. The S&P BSE Sensex opened at 26468.27 and touched the highest level of 2752.59 and lowest level of 26538.5. The S&P BSE Sensex closed at 26625.91; drag 9.84 points or 0.04%.

For the coming week, we expect the market range of 7980-8320

Weekly Chart View –

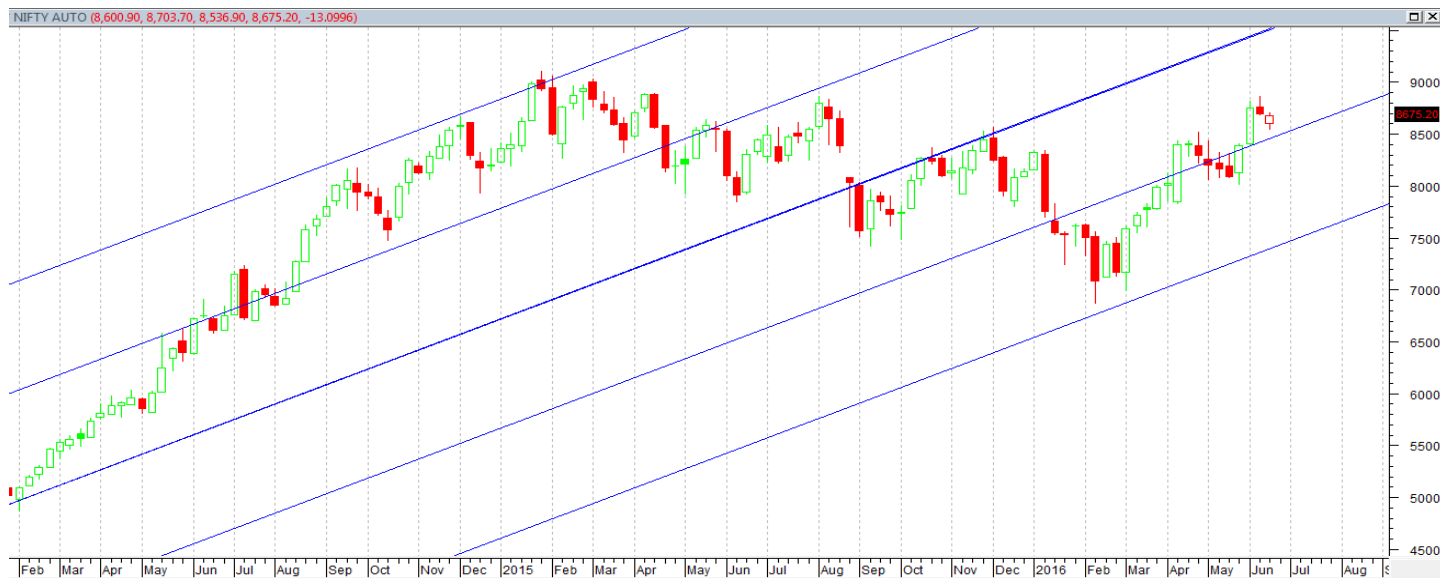
We had mentioned in last week's report that on the daily chart we witnessed series of "Narrow range" body formation and on weekly chart we witnessed "Spinning top", because of that we had mentioned only above 8320-8350 we will see upside and all we have seen Nifty fail to cross that levels. Now on daily chart we can see consolidation near upper channel line and on weekly chart we witness "Doji candle". So we still maintain that 8280-8320 will be major resistance only above that we will see some upside as of now we can see more consolidation with stocks specific move and downside 8020-7980 will be good support.

Weekly Chart

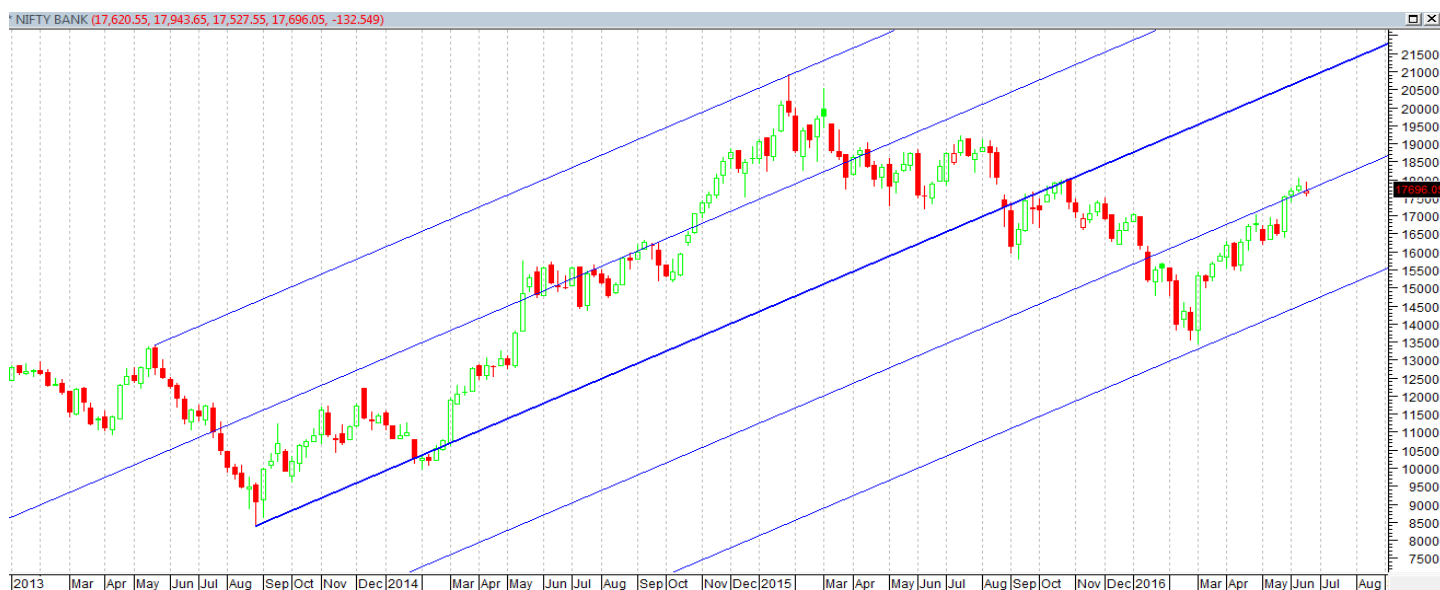




Weekly Sectoral Technical Outlook

NSE Auto Index
CMP: 8675

NSE Auto

At present, we are observing two consecutive narrow range body formations which indicate indecisiveness prevailing at current level. We maintain our stance that aggressive traders gone long can trial the stop loss to 8300. On the upside it can test 8950 - 9350 levels.

NSE Bankex
CMP: 17696

NSE Bankex

We maintain our stance that this sector is likely to continue its upside momentum. Aggressive traders, gone long can trial the stop loss to 17300. On the upside, it can test 18200 - 18500 levels.

**NSE Metal Index****CMP: 2131****NSE Metal Index**

We maintain our stance that prices are holding to the lower trendline of the “Symmetrical channel”. Aggressive traders gone long, can trial the stop loss to 2000. On the upside, it can test 2200 - 2400 levels.

NSE IT**CMP: 11290****NSE IT**

At present there is no clear positive pattern. Hence one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 17-Jun-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1555	1554	1573	1590	1537	1518
ADANIPORTS	208	206	214	220	200	192
AMBUJACEM	236	236	240	244	232	228
ASIANPAINT	1000	998	1017	1034	981	961
AUROPHARMA	728	736	749	769	715	703
AXISBANK	527	526	536	546	517	506
BAJAJ-AUTO	2581	2581	2611	2641	2551	2520
BANKBARODA	151	149	155	160	144	137
BHARTIARTL	357	351	365	373	343	330
BHEL	122	122	124	126	120	117
BOSCHLTD	22076	21812	22424	22772	21464	20853
BPCL	1005	1002	1023	1042	983	962
CIPLA	486	482	497	509	470	455
COALINDIA	313	311	317	321	307	301
DRREDDY	3003	3037	3075	3147	2965	2928
EICHERMOT	18779	18651	19025	19271	18405	18032
GAIL	387	380	396	404	372	356
GRASIM	4326	4311	4366	4405	4271	4216
HCLTECH	754	753	765	777	742	730
HDFC	1227	1215	1248	1269	1194	1161
HDFCBANK	1170	1164	1184	1198	1150	1130
HEROMOTOCO	3030	3039	3080	3130	2989	2947
HINDALCO	119	117	122	126	113	108
HINDUNILVR	881	875	891	901	865	850
ICICIBANK	238	241	247	255	233	227
IDEA	101	101	103	105	99	97
INDUSINDBK	1099	1103	1121	1144	1081	1063
INFRATEL	339	353	371	403	320	302
INFY	1180	1179	1193	1206	1166	1153
ITC	360	355	365	370	350	340
KOTAKBANK	751	755	764	778	741	732
LT	1480	1484	1513	1546	1451	1422
LUPIN	1464	1457	1484	1504	1437	1410
M&M	1344	1352	1369	1393	1327	1311
MARUTI	4115	4131	4199	4284	4046	3978
NTPC	152	151	156	159	148	144
ONGC	211	212	215	219	209	206
POWERGRID	157	155	160	163	152	147
RELIANCE	975	975	987	998	963	951
SBIN	213	211	221	229	203	192
SUNPHARMA	743	745	757	770	731	720
TATAMOTORS	464	456	475	485	445	427
TATAMTRDVR	312	308	318	324	302	291
TATAPOWER	74	74	77	80	72	69
TATASTEEL	325	327	332	339	320	314
TCS	2603	2576	2636	2670	2543	2483
TECHM	535	536	543	551	528	521
ULTRACEMCO	3303	3324	3387	3471	3240	3177
WIPRO	552	548	558	563	543	533
YESBANK	1071	1064	1081	1092	1054	1037
ZEEL	450	455	462	474	443	436

Source: Iris Software



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