

Key developments during the week

- Govt economic review pegs FY16 nominal GDP growth at 8.2%
- Govt review says lower nominal GDP to stress fiscal gap by 20 bps in FY16
- India GSM user addition 9.7 mln Nov vs 6.3 mln addition Oct
- Moody's cuts Delhi International Airport rating outlook to negative
- US Fed hikes interest rate by 25 bps; indicates gradual rate hikes
- Fitch sees India better placed than peers to face Fed lift-off
- India Nov trade gap narrowed to \$9.78 bln vs \$16.24 bln YoY
- India Nov CPI Combined inflation rate at 5.41% vs 5% in Oct
- India Nov WPI inflation rate at (-) 1.99% vs (-) 3.81% in Oct
- WTO agrees on timeline to remove tariffs on 201 IT products by 2019
- ISMA says India Oct 1-Dec 15 sugar output 4.79 mln tn, up 13.2% YoY
- Govt ups excise duty on petrol by 30 paise per litre, diesel by 1.17 rupees per litre
- Govt plans to introduce flexible fuel policy for vehicles by Jan 26
- EPFO to seek removal of mandatory 5% equity investment norm
- IMF head says to support Indian govt in capacity building for GST
- World Bank approves \$1.5 bln loan for Swachh Bharat mission
- Govt gets 85 proposals for smart city funds; Tamil Nadu seeks time
- India pharma industry's Nov sales up mere 9% YoY on high base
- Govt eases norms for export of drugs to 5 nations, including US

INDEX	18-Dec-15	11-Dec-15	Change (in %)
NIFTY	7761.95	7610.45	1.99
SENSEX	25519.22	25044.43	1.90
NSE 500	6570.80	6425.45	2.26
NSE MIDCAP	3315.90	3214.90	3.14
NIFTY JUNIOR	19593.85	19003.35	3.11
BSE SMALLCAP	11531.86	11213.18	2.84
BSE 200	3303.62	3229.89	2.28

INDEX	18-Dec-15	11-Dec-15	Change (in %)
BSE AUTO	18149.91	17822.20	1.84
BSE BANK	18933.50	18651.32	1.51
BSE CAPITAL GOODS	14029.66	13845.54	1.33
BSE CD	12130.47	11857.03	2.31
BSE FMCG	7731.22	7659.54	0.94
BSE HEALTHCARE	16523.20	16141.53	2.36
BSE IT	10948.53	10751.91	1.83
BSE METALS	7183.67	6902.75	4.07
BSE OIL AND GAS	9216.97	9008.31	2.32
BSE PSU	6629.25	6462.03	2.59
BSE REALTY	1305.22	1266.44	3.06
BSE TECK	5926.44	5808.53	2.03

INDEX	18-Dec-15	11-Dec-15	Change (in %)
DOW JONES	17128.55	17265.21	-0.79
HANG SENG	21755.56	21464.05	1.36
NIKKEI	18986.80	19230.48	-1.27
FTSE	6052.42	5952.78	1.67

Domestic events week ahead

- Dec 21-23:** Major port traffic in Apr-Nov, by Indian Ports Association
- Dec 21-23:** Crude, refinery output for November, from petroleum ministry
- Dec 21-31:** Balance of payments for Jul-Sep, by RBI
- Dec 25:** WMA and forex reserves as on Dec 16, by RBI

Source: Cogenics

Global events week ahead

- Dec 21:** BOJ Monthly Report, German PPI, German Buba Monthly Report, Europe Consumer Confidence
- Dec 22:** US GDP, US Existing Home Sales
- Dec 23:** UK Current Account, UK GDP, US Durable Goods Orders, US Core Durable Goods Orders, US New Home Sales, US Revised UoM Consumer Sentiment, US Crude Oil Inventories
- Dec 24:** Japan Monetary Policy Meeting Minutes, US Unemployment Claims
- Dec 25:** Japan Unemployment Rate, Japan Housing Starts



Weekly Sector Outlook and Stock Picks

Bank Sector – Seen consolidating eyeing broad market cues

Bank stocks are likely to track the trend of consolidation in broader markets, with a slight upward bias, with cherry picking likely for stocks of lenders unlikely to face pressure due to changes in lending rate norms. Bank stocks are likely to get a fillip from the final norms on marginal cost of funds-based lending rate issued by the Reserve Bank of India on Thursday which is being perceived as more favorable than the draft guidelines. Banks and market analysts had been worried that if RBI had stuck to the draft lending norms then there could be a huge hit on bank margins and profits. The new norms are good for banks, as RBI has taken on board the feedback from the industry and created norms that will push transmission but in a more calibrated manner, through resets and tenor-based premiums.

Capital Goods Sector – Seen in range; L&T likely to gain

Trading in shares of capital goods companies is seen rangebound this week with a slight positive bias. Sector bellwether Larsen & Toubro is also seen gaining marginally on the back of news that the company has secured a 10-bln-rupees defence order. Shares of Bharat Heavy Electricals are also seen gaining. Long-term investors are likely to take the benefit of the steep decline in L&T share prices and enter the stock at the current levels. Separately, towards the fag end of the current week, the company announced it has been awarded a 17-bln-rupee order for construction of roads for the Dholera smart city and a 10-bln-rupees contract for supply of weapon system, fire control systems, and missile casing for Pinaka rocket launcher. These developments are being viewed positively for the company, which has been seeing a decline in its order inflows for the past two quarters. Developments in the Rajya Sabha will also be keenly eyed by market participants this week. The winter session, which has seen a stalemate so far, ends on Wednesday with the fate of major bills such as the one on Good and Service Tax still uncertain. Shares of product companies such as Cummins India, KEC International and Kalpataru Power are also seen accumulating further gains this week.

Cement Sector – Seen trading within range with negative bias

Shares of cement manufacturing companies are seen trading in a tight range with a negative bias this week, as demand for the building material is yet to pick up across the country. Last week, shares of cement companies had gained ground, snapping days of fall, after the Competition Appellate Tribunal had set aside the Competition Commission of India's 63-bln-rupee fine on 11 cement manufacturers in a 2012 case. Across the country, cement prices have fallen by 15-30 rupees per 50-kg bag due to persistently weak demand, particularly over the past three months. Markets participants see cement companies taking a hit on their margins in the near term due to price cuts. There are some, however, who see light at the end of the tunnel for cement stocks.

FMCG Sector – Seen positive this week as demand picking up

Shares of fast-moving consumer goods companies are seen positive this week as we expect rise in winter demand for cold creams and health supplements to boost sales while fall in crude oil prices will lift margins in detergents and personal care segment. The fall in crude oil prices will bring down cost of several derivatives of crude which are used by FMCG companies. The average price of the Indian basket of crude oil has fallen 14% in Oct-Dec so far, as compared with Jul-Sep. Since Dec 1, the Indian basket is 20% cheaper now. Demand for winter products like cold creams, skin care products and health supplements like Chyawanprash is also picking up, which augurs well for companies like Hindustan Unilever Ltd, Marico Ltd and Dabur India Ltd. Weak demand has been a major concern for FMCG companies in the last few quarters. Rural demand remains weak due to a poor monsoon, but urban demand has seen some improvement in recent months.

IT Sector – Seen trading in narrow band with negative bias

Shares of information technology companies are seen trading in a narrow band with negative bias this week as concerns over impact of visa fee hike and suspension of Chennai operations on their Oct-Dec performance persists. The US Congress has decided to double the surcharge on H-1B visa to \$4,000 and on L1 visa to \$4,500. Several information technology majors extensively use these two visas to employ Indian consultants in US. According to IT lobby body NASSCOMM, the move will increase Indian IT companies' visa costs to \$400 mln a year from \$100 mln currently. Markets participants expect the visa fee hike to hit IT companies' margins by 30 basis points. Adding to the sector's woes, the suspension of operations in flood-hit Chennai is seen impacting revenue and margins of some IT companies



with major operations in the city. The rupee, which closed at 66.3950 per dollar, is seen marginally low this week. However, the falling rupee is not seen giving any respite to the sector. Markets participants are positive on the sector in the long term on growth in demand and revival of performance in Jan-Mar.

Oil Sector – Both upstream companies, refiners seen under pressure

Shares of oil and gas production companies ONGC and Oil India may come under pressure this week as crude prices continue to slide hitting all time lows. The West Texas Intermediate crude was trading below \$35 a barrel and India's basket of oil was at a seven-year low of \$33.33 a barrel. Shares of ONGC and Oil India ended with gains this week tracking an upbeat broad market, but are likely to come under selling pressure this week as investors are likely to book profits if crude oil prices continue to slide. After the decision by Organization of Petroleum Exporting Countries to maintain overall output at 30 mln barrels per day, markets participants fear that the cartel may weaken with each member trying to scale up production to grab maximum possible market shares. Shares of oil marketing companies IOC, BPCL and HPCL are also seen under pressure despite an improvement in refining margins this quarter. The sharp fall in crude and product prices in Oct-Dec may result in inventory losses for these companies with IOC seen as the worst affected as it maintains around 45 days of inventory compared with 22-25 days of HPCL and BPCL. The Indian basket of oil has averaged \$43 in Oct-Dec, compared with \$50 in Jul-Sep, but the fall has been sharper in recent weeks. Reliance Industries Ltd is likely to benefit the most from the robust refining margins. Increasing demand for products, especially naphtha, petrol and diesel will lift overall gross refining margins more so for complex refineries of RIL.

Pharma sector – Seen rangebound; midcaps likely to perform well

Shares of pharmaceutical companies are expected to trade rangebound this week, with the positive momentum in midcap stocks seen continuing. Aurobindo Pharma, Natco Pharma, Torrent Pharmaceuticals and Wockhardt may continue to trade on a stronger note, while large caps such as Sun Pharmaceutical Industries, Lupin and Cipla are likely to consolidate in a narrow range. Aurobindo Pharma received approval from the US Food and Drug Administration for its generic of Solu-Medrol injection and generic of Imodium A-D tablets this week. Pharma stocks will continue to find investors' interest this week, as defensive sectors will be preferred given the prevailing weak broader market sentiment.

Metal Sector – Seen up this week on protective policy moves

Shares of major metal producers and mining companies are seen trading higher this week on the possibility of the government announcing minimum import price on steel products and plan to ban sale and distribution of steel products that do not meet Bureau of Indian Standards' approval. This non-tariff barrier is much better and a long-term solution for checking cheap imports and that is the reason they came out with this quality control order. The ban will assure the metal producers that prices are unlikely to fall further and will also give them a confidence to go ahead with their business and continue with their investments. The government is planning to ban the sale and distribution of steel products that do not meet the Bureau of Indian Standards' approval to protect the domestic industry; the proposed order will come into effect in three months and will, therefore, not show an immediate impact.

Telecom Sector – To trade positive this week tracking broad market

Shares of major telecom companies are expected to trade in the positive territory this week tracking the broad market, with Reliance Communications stocks seen gaining as the company is steadily trimming its debt. CLSA Asia Pacific Markets has upgraded the stock of Reliance Communications to 'outperform' from 'underperform' and raised its target price to 90 rupees from 75 rupees earlier. The company is likely to see multiple improvements given its efforts to deleverage through tower asset sales, and likely benefits from infrastructure and spectrum sharing deals with Reliance Jio. Aditya Birla Group Company Idea Cellular Ltd, which reported a surge in global system for mobile communications users in November to 3.4 mln, is also seen positive this week.



Market range for the week 7550- 7980

Nifty	Values
Support 1	7720
Support 2	7650
Support 3	7550
Resistance 1	7820
Resistance 2	7880
Resistance 3	7950

Resistance – Nifty may face resistance at 7820 level above this level it may go up to 7880-7950 level.

Support - Nifty has support at 7720 level below this next support at 7650-7550 levels.

Technical – During the week, CNX Nifty opened at 7558.20 and touched the highest level of 7852.90 and lowest level of 7551.05. The CNX Nifty ended at 7761.95; gain 151.5 points or 1.99%. The S&P BSE Sensex opened at 24935.60 and touched the highest level of 25831.31 and lowest level of 24867.73. The S&P BSE Sensex closed at 25519.22; gain 474.79 points or 1.90%.

For the coming week, we expect the market range of 7550-7980.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart Nifty near to demand zone and on weekly chart below 100WMA, because of that we had mentioned 7540-7520 will be major support only below that we can see pressure, but Nifty hold that level and all we have seen some bounce from lower levels. Now on daily chart we can see “Double bottom”. On weekly chart can see Bullish candle. So from here 7830-7860 will be major resistance if we get close above mention level then said pattern get activate and we can see move up to 7980-8020 and from here 7620-7550 will be major support.

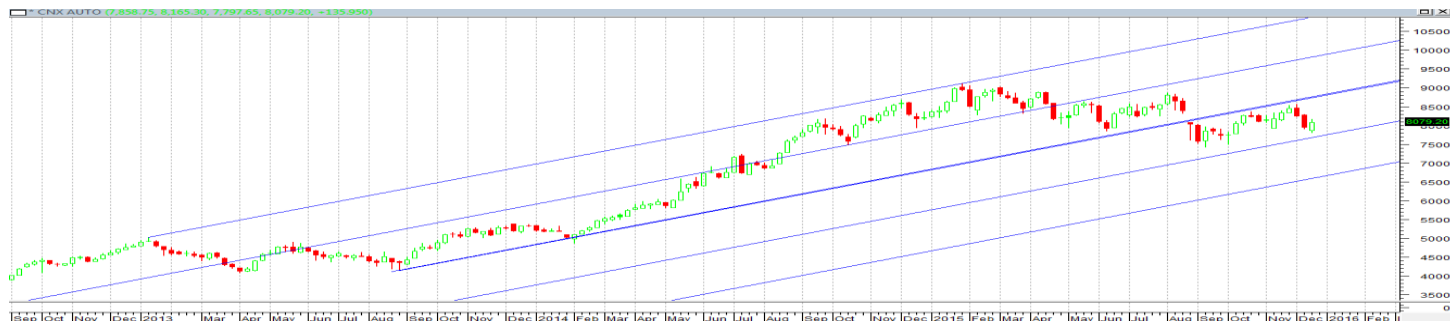
Weekly Chart



Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 8079



NSE Auto

At present we are observing a candlestick pattern that resembles a bullish Piercing pattern. The said pattern would get activated once it trades and close above 8165 level. Aggressive traders can go long above 8165 with a stop loss of 7750. In such scenario it can test 8300 – 8550 levels.

NSE Bankex

CMP: 16594



NSE Bankex

At present there is no clear positive candlestick pattern emerging on the chart. Hence, one should avoid this sector. However if it breaks 16180 level then it can test 15900 – 15600 levels.



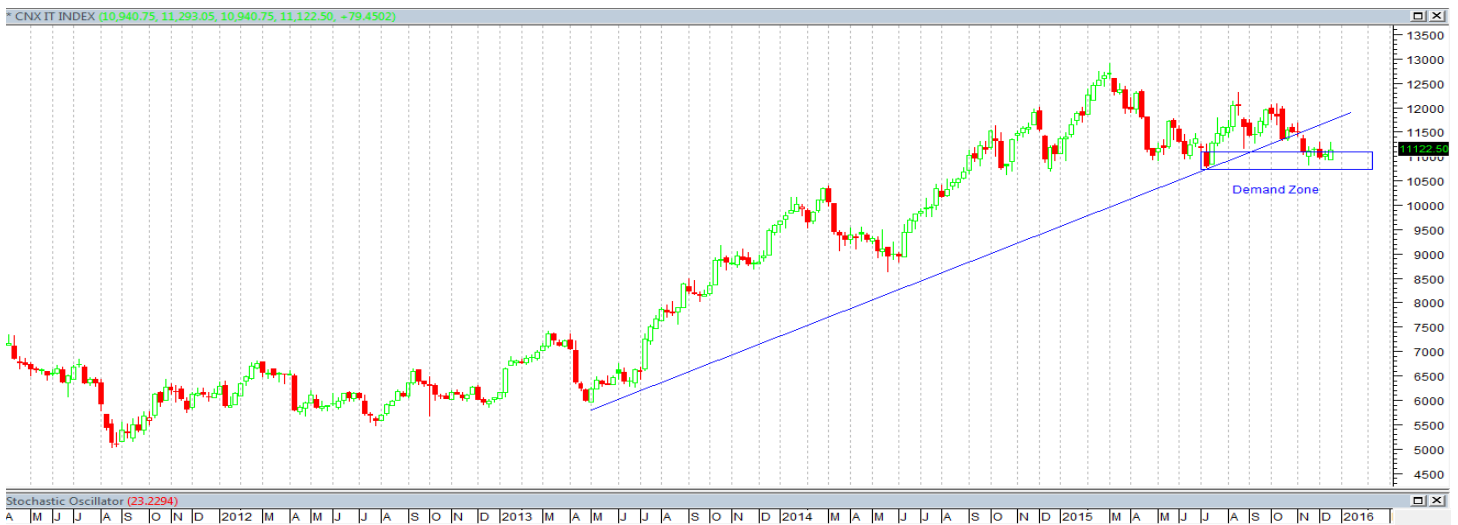
NSE Metal Index	CMP: 1772
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NSE Metal Index

We still maintain our bearish stance on the sector. It is in a strong downtrend and at present we are witnessing a short covering rally. Hence, one should avoid this sector at present.

NSE IT	CMP: 11122
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NSE IT

We still maintain our positive stance on this sector as it is holding on to the demand zone (shown above in the graph). One should hold their long positions in this sector with a stop loss of 10795. On the upside it can test 11400 – 11600 - 11800 levels.



Weekly Technicals of Key Companies –

Company	Closing 18-Dec-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1349.00	1341.93	1371.87	1394.73	1319.07	1289.13
ADANI PORTS	260.20	253.53	267.92	275.63	245.82	231.43
AMBUJACEM	199.50	197.02	204.98	210.47	191.53	183.57
ASIANPAINT	879.45	872.78	892.57	905.68	859.67	839.88
AXISBANK	432.55	435.23	440.97	449.38	426.82	421.08
BAJAJ-AUTO	2469.55	2462.12	2549.13	2628.72	2382.53	2295.52
BANKBARODA	159.00	158.57	163.83	168.67	153.73	148.47
BHARTIARTL	319.05	315.83	327.52	335.98	307.37	295.68
BHEL	166.50	166.98	169.72	172.93	163.77	161.03
BOSCHLTD	18215.55	18444.18	18883.37	19551.18	17776.37	17337.18
BPCL	900.75	899.78	917.97	935.18	882.57	864.38
CAIRN	130.20	128.55	135.10	140.00	123.65	117.10
CIPLA	642.10	640.82	650.58	659.07	632.33	622.57
COALINDIA	316.35	313.58	322.17	327.98	307.77	299.18
DRREDDY	2974.20	2996.47	3041.68	3109.17	2928.98	2883.77
GAIL	339.65	344.70	354.45	369.25	329.90	320.15
GRASIM	3721.60	3690.90	3795.60	3869.60	3616.90	3512.20
HCLTECH	846.15	845.72	865.43	884.72	826.43	806.72
HDFC	1224.85	1209.60	1263.15	1301.45	1171.30	1117.75
HDFCBANK	1073.00	1066.03	1091.97	1110.93	1047.07	1021.13
HEROMOTOCO	2643.15	2603.53	2706.62	2770.08	2540.07	2436.98
HINDALCO	79.90	79.22	82.68	85.47	76.43	72.97
HINDUNILVR	857.05	848.70	883.95	910.85	821.80	786.55
ICICIBANK	250.10	249.48	255.92	261.73	243.67	237.23
IDEA	135.00	133.37	137.63	140.27	130.73	126.47
INDUSINDBK	935.05	930.20	956.65	978.25	908.60	882.15
INFY	1083.15	1080.33	1112.62	1142.08	1050.87	1018.58
ITC	317.10	319.35	322.40	327.70	314.05	311.00
KOTAKBANK	702.45	690.48	717.97	733.48	674.97	647.48
LT	1287.40	1286.83	1309.17	1330.93	1265.07	1242.73
LUPIN	1784.40	1784.50	1846.50	1908.60	1722.40	1660.40
M&M	1243.30	1247.75	1300.00	1356.70	1191.05	1138.80
MARUTI	4620.45	4597.98	4724.47	4828.48	4493.97	4367.48
NTPC	135.85	134.82	139.13	142.42	131.53	127.22
ONGC	223.25	220.70	230.15	237.05	213.80	204.35
PNB	122.00	122.43	124.67	127.33	119.77	117.53
POWERGRID	135.40	132.88	139.02	142.63	129.27	123.13
RELIANCE	991.90	984.30	1022.60	1053.30	953.60	915.30
SBIN	226.50	227.63	231.27	236.03	222.87	219.23
SUNPHARMA	790.15	784.27	814.88	839.62	759.53	728.92
TATAMOTORS	378.25	375.25	390.00	401.75	363.50	348.75
TATAPOWER	65.00	64.03	66.97	68.93	62.07	59.13
TATASTEEL	255.65	250.68	262.92	270.18	243.42	231.18
TCS	2416.80	2397.47	2464.33	2511.87	2349.93	2283.07
TECHM	523.25	529.28	541.97	560.68	510.57	497.88
ULTRACEMCO	2815.10	2831.75	2888.50	2961.90	2758.35	2701.60
VEDL	84.30	84.62	87.13	89.97	81.78	79.27
WIPRO	554.20	558.22	565.98	577.77	546.43	538.67
YESBANK	718.70	704.72	741.43	764.17	681.98	645.27
ZEEL	413.55	408.58	422.07	430.58	400.07	386.58

Source: Iris Software

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