

Key developments during the week

- Finance minister source says RBI for fixing FII gilt invest cap in rupee term
- PFRDA mulling higher equity investment under National Pension Scheme
- Mauritius minister says to meet India on double taxation pact on Jun 29-30
- US Fed stays pat on rates; Yellen says don't focus too much on first hike
- FIPB clears 16 FDI proposals worth 67.5 bln rupees
- Finance minister says GST will be rolled out from April 1, 2016
- India May WPI inflation rate at (-) 2.36% vs (-) 2.65% in April
- India May trade deficit narrowed to \$10.41 bln from \$10.99 bln in April
- ADB head says India GDP growth seen at 7.8% in FY16
- ADB head says plan to lend \$7 bln-\$9 bln to India in 2015-17
- Govt mulling nuanced approach for PSU bank capitalization
- CBDT head says told officers not to do coercive recovery in MAT issue
- CBDT head says reviewing double tax avoidance treaty with Mauritius
- India May GSM user addition 4.68 mln vs 6.35 mln addition in April
- Govt says housing for poor scheme to get 6.5% interest subsidy on loans
- Govt increases import duty on select flat, long steel products
- Govt source says looking to buy cheaper naphtha to cut fertiliser subsidy
- Cabinet approved solar power capacity expansion to 100,000 MW by 2022

INDEX	19-Jun-15	12-Jun-15	Change (in %)
NIFTY	8224.95	7982.90	3.03
SENSEX	27316.17	26425.30	3.37
NSE 500	6790.50	6577.40	3.24
NSE MIDCAP	3206.95	3088.55	3.83
NIFTY JUNIOR	19524.90	18880.20	3.41
BSE SMALLCAP	10942.79	10573.78	3.49
BSE 200	3444.71	3339.00	3.17

INDEX	19-Jun-15	12-Jun-15	Change (in %)
BSE AUTO	18560.24	17698.58	4.87
BSE BANK	20485.93	20077.07	2.04
BSE CAPITAL GOODS	17074.91	16590.91	2.92
BSE CD	10387.49	9925.38	4.66
BSE FMCG	7521.75	7325.04	2.69
BSE HEALTHCARE	16126.35	15435.41	4.48
BSE IT	10633.21	10474.24	1.52
BSE METALS	9235.97	9186.40	0.54
BSE OIL AND GAS	9861.20	9392.88	4.99
BSE PSU	7579.39	7438.67	1.89
BSE REALTY	1352.14	1354.12	-0.15
BSE TECH	6013.72	5890.09	2.10

INDEX	19-Jun-15	12-Jun-15	Change (in %)
DOW JONES	18015.95	17898.84	0.65
HANG SENG	26748.41	27280.54	-1.95
NIKKEI	20174.24	20407.08	-1.14
FTSE	6710.45	6784.92	-1.10

Domestic events week ahead

- Jun 22-23:** Crude, refinery output for May, from petroleum ministry.
- Jun 24:** Money supply as on Jun 12, by RBI.
- Jun 25:** Rainfall for week to Jun 24, by IMD.
- Jun 26:** WMA and forex reserves as on Jun 19, by RBI.

Source: NW18

Global events week ahead

- Jun 22:** BOJ Monthly Report, Europe Consumer Confidence, US Existing Home Sales
- Jun 23:** Japan Flash Manufacturing PMI, China HSBC Flash Manufacturing PMI, French Flash Manufacturing and Services PMI, German Flash Manufacturing and Services PMI, Europe Flash Manufacturing and Services PMI, Italian Retail Sales m/m, UK Inflation Report Hearings, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m, US Flash Manufacturing PMI, US New Home Sales
- Jun 24:** Japan Monetary Policy Meeting Minutes, German Ifo Business Climate, US Final GDP q/q, US Crude Oil Inventories
- Jun 25:** GfK German Consumer Climate, US Unemployment Claims, US Flash Services PMI
- Jun 26:** Japan Unemployment Rate, German Prelim CPI m/m, US Revised UoM Consumer Sentiment, US Revised UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto sector – May rise this week on broader market recovery

Stocks of major automakers are seen tracking broader indices and are likely to trade with a positive bias this week after downward correction in most of past one month. While many automobile stocks fell as much as 10% in past one month, there was some recovery this week, which is seen holding strong. The coming week, would see some positive action as several auto stocks were trading near their crucial support levels, and some short covering was likely. A sector specific trigger for the industry would be rainfall, which has been around 10% above normal so far. The automobile sector would hope for good rains during July and August, which are essentially sowing months for the kharif crop. Stocks of tractor manufacturers such as Mahindra & Mahindra Ltd would be affected by the forecast of the monsoon to a great extent, as sales depend almost directly on timely rains, translated as better revenues for farmers. The counter of Hero MotoCorp Ltd is seen positive for the week owing to the company revealing plans to launch two scooters in the country soon, along with a couple of motorcycle refreshes. Maruti Suzuki India Ltd's scrip is seen mildly positive this week, following good pre-launch response received for its upcoming compact sport utility vehicle S-Cross.

Bank Sector – Seen trading with positive bias this week

Bank stocks are expected to trade with a positive bias this week tracking gains in the overall broad market. Stocks of private sector banks seen positive and investors should be more selective while picking those of public sector peers. Punjab National Bank and Bank of Baroda shares were major underperformers in the June series. However, some recovery to be seen in private banking stocks first and a follow up buying may be observed in the PSU banking space. The Bank Nifty ended at 17880.85, gaining 2% in the week, but lagged behind the Nifty which rose over 3%.

Capital Goods Sector – Seen consolidating this week

After broadly gaining last week, shares of capital goods companies are likely to witness minor consolidation this week, but will overall trade with a positive bias. Action will be seen more in the futures and options segment as the June derivatives series will expire on Thursday. Siemens was the top gainer in the pack, registering 6% weekly gains, followed by Larsen & Toubro that rose 3.5% in the week. However, one stock that bucked the trend was BHEL that ended the week with nearly 3% losses. Friday, build-up of short positions was seen in the June futures contract as the open interest was up 3.5%. The stock ended down nearly 1% in the cash market. Meanwhile, the trend for L&T is positive and we can see upside move in the stock. Gains in the engineering major's stocks came in as the outlook for order inflows strengthened after its construction arm won orders totaling 22.78 bln rupees across segments in May and June.

Cement Sector – To rally this week on launch of housing scheme

Cement stocks are seen rallying this week on the formal launch of smart city project and Atal Mission for Rejuvenation and Urban Transformation programme on Jun 25, which will boost the cement sector. For the 480-bln-rupees smart cities plan, 100 cities will be selected across the country and under the Atal Mission for Rejuvenation and Urban Transformation scheme, 500 cities will be selected. For the latter scheme the Cabinet has approved 500 bln rupees. Most of the frontline stocks got beaten down in the last couple of weeks. They are at a point where accumulation is going to happen. So the cement companies are likely to rally, but the momentum will not be much. If the monsoon continues to be favourable, rural demand will pick up in the coming two months leading to a rally in cement stocks again. The negative bias has gone from cement stocks. The scheme to be launched is a significant one that will give clarity on the amount of money to be pumped in to the entire housing segment and the timeline for its implementation.

FMCG Sector – Seen range-bound this week; monsoon progress eyed

Shares of fast-moving consumer goods companies are seen range-bound this week in consolidation after the recent sharp swings in the stocks over the past two-three weeks. As for the fundamentals for this sector, improved monsoon prospects are likely to support, while the ongoing regulatory issues on processed food products of FMCG companies may continue to have a negative impact. As per IMD data, India's monsoon rains from Jun 1 till Jun 19 were 93 mm, 10% above normal. Monsoon rains are crucial for the FMCG sector, as it has a significant bearing on rural demand for consumer products. Most FMCG companies rose 2-7% on week Dabur India, Marico and Hindustan Unilever being the major gainers. The CNX FMCG Index rose nearly 3% on week after a 6% decline in the previous 15 days.

**IT Sector – Rangebound amid strong rupee, soft US economy**

Shares of information technology companies are expected to be range-bound with a bit of negative bias this week on softening of the US economy and strengthening of the rupee. With the US Federal Reserve lowering its growth forecast, concerns over the country's economy could mean that American companies are likely to go slow on their technology budget. The US central bank said the economy was not strong enough to handle an increase in the interest rates. The downbeat view of the Fed on the economy has led several companies to rethink their spending. With the rupee expected to strengthen further, the IT stocks are likely to weaken as several of the IT companies are largely exporters. The Indian currency continued to strengthen against the dollar and ended at a near a one-month high of 63.56-to-a-dollar mark. The rupee appreciated 0.8% over the last week. It grew stronger on reports that the Federal Open Market Committee is likely to go slow on raising interest rates. The US central bank left the federal funds rate target range unchanged at 0.00-0.25%. In the broader markets, participants believe that equities have corrected more than necessary and are now seeing short covering. As all June futures and options contracts will expire on Thursday, movement in the stocks is seen to be volatile.

Oil Sector – PSU refiners, RIL seen up this week, Cairn India down

Low crude oil prices and robust demand resulting in strong refining margins may keep shares of state-owned oil marketing companies Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd upbeat in the near term. Reliance Industries Ltd's counter may also see upward momentum aided by positive developments with regard to its telecom arm Reliance Jio. These included grant of provisional approval to the company's proposed multi-system operations and a clear timeline given by it with respect to launch of its 4G services. A choppy market with a positive bias is also likely to have some bearing on oil stocks. No major triggers that may have a direct impact on oil stocks are likely this week. Refining and marketing margins have been on an uptrend this year. Low oil prices have led to sharp upswing in oil products demand led by growth in US, China, and India. Refining being the primary business of RIL, higher margins will result in improved profits. The buoyant outlook for margins may reflect in its shares. Moreover, we have a positive view on the stock owing to attractive valuations and positive commentary from the company's management. Cairn India Ltd's counter, however, is likely to trade with a negative bias as it may continue to be weight down by the company's proposed merger with parent Vedanta Ltd. Any positive development on Cairn India's production sharing contract extension request for its flagship Rajasthan block may help the company's scrip.

Pharma sector – May recover more this week; down in medium term

Shares of major pharmaceutical companies are seen continuing their recovery this week, but are seen down in the medium term. Shares of pharma companies were negative some weeks back, and have been retracing. Friday they gave a good close, and the retracement might continue this week, but in the medium term there is a negative view on the sector. Shares of Hyderabad-based Company Aurobindo Pharma Ltd would outperform its peers this week. The street would also eye the shares of Dr Reddy's Laboratories Ltd, which announced the launch of its over-the-counter hair growth supplement HAIROOTS in India. The company made the announcement post-market hours on Friday.

Metal Sector – Downward correction seen; Tata Steel eyed

Shares of major metal companies are likely to trade negatively this week as downward correction is seen in the sector. Downward correction is seen in the metals and mining sector this week. Short term outlook continues to remain negative. Negative trend is likely to continue among shares of steel companies this week despite the much-awaited hike in the import duty on certain flat and long steel products. The government raised import duty on select flat and long steel products to 10% and 7.5% respectively, in a move aimed at saving the domestic steel industry reeling under cheaper imports from countries like China. The street would be eyeing Tata Steel Ltd's stocks on the rumour that trade unions in UK may suspend the one-day strike schedules on Jun 22 against the company's subsidiary Tata Steel UK Ltd. Four trade unions in UK had announced going on strike against the steel-maker's subsidiary as they were against the company closing a pension scheme.

Telecom Sector – Stock-specific trade seen on lack of trend

Shares of telecom companies are seen trading on stock-specific triggers this week in absence of any sectoral trend. Shares of Bharti Airtel made a good close on Friday, and seen positive this week. But Idea and RComm have a negative outlook this week. Bharti Airtel is being viewed positively by the street post the news of its 4G pilot run in Delhi, where the company has its biggest subscriber base. According to data provided by the Cellular Operators Association of India, Bharti Airtel had 10.9 mln subscribers in Delhi city alone, out of its total 229.4 mln subscribers, as on May 31.



Market range for the week 8050- 8450

Nifty	Values
Support 1	8150
Support 2	8080
Support 3	8050
Resistance 1	8280
Resistance 2	8350
Resistance 3	8420

Resistance – Nifty may face resistance at 8280 level above this level it may go up to 8350-8420 level.

Support - Nifty has support at 8150 level below this next support at 8080-8050 levels.

Technical – During the week, CNX Nifty opened at 7986.60 and touched the highest level of 8250.80 and lowest level of 7944.85. The CNX Nifty ended at 8224.95; gain 242.05 points or 3.03%. The S&P BSE Sensex opened at 26498.67 and touched the highest level of 27404.6 and lowest level of 26307.84. The S&P BSE Sensex closed at 27316.17; gain 890.87 points or 3.37%.

For the coming week, we expect the market range of 8050-8450.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart, Nifty was near to gap area and it was oversold and on weekly chart we had get closed below lower trendline, because of that we had mentoned 7950-7920 will be important level and all we have seen bounce from that levels. Now on daily chart we can see some positive candles. On weekly chart also we get positive candle after recent correction. So overall we can see stocks specific move and 8350-8380 will be major resistance if we get close above that we can see some more moves up to 8450-8480 levels. From here 8120-8080 will be good support. Apart from that we have F&O expiry this week so we can see some volatility.

Weekly Chart





Weekly Sectoral Technical Outlook

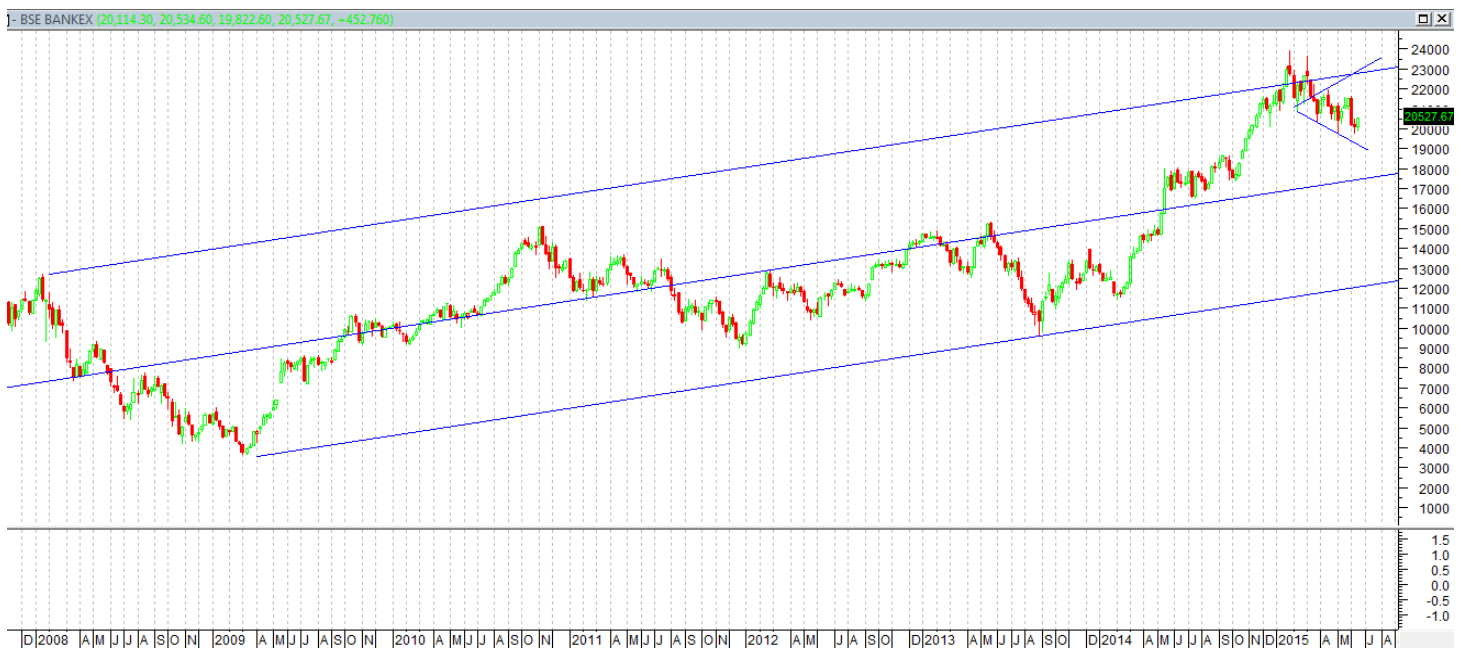
BSE Auto Index	CMP: 18560
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BSE Auto

The current price action suggests that this is a pullback rally in a lower top lower bottom formation. At present there is no clear pattern to go long in this sector. Hence, one should avoid this sector at present.

BSE Bankex	CMP: 20485
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BSE Bankex

At present there is no strong reversal pattern. However this sector can bounce up to 20800 – 21200 levels. We maintain our stance that one should avoid this sector, as it is in lower top lower bottom formation and rallies if any would attract selling pressure.



BSE Metal Index

CMP: 9235

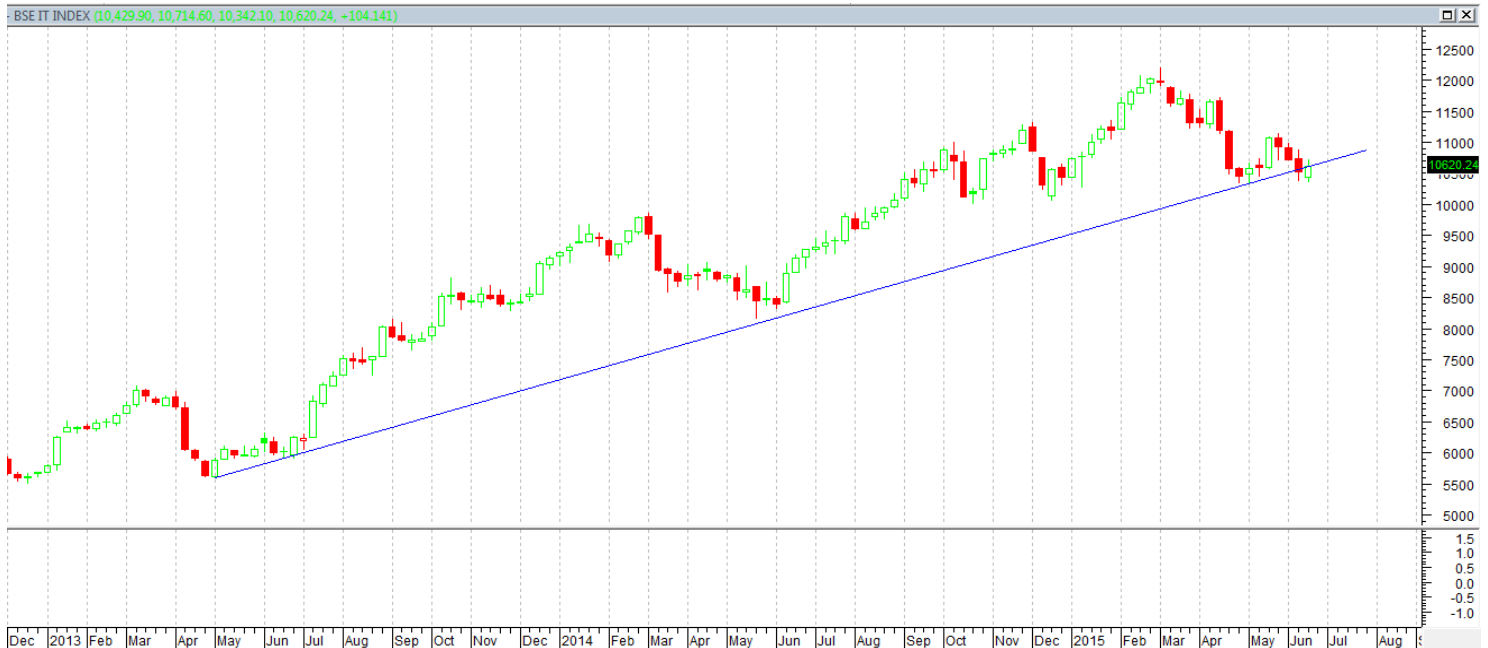


BSE Metal Index

At present prices are approaching the demand zone (shown above in the graph). We reiterate our view that the prices are facing resistance at the downward sloping trendline shown above in the graph. One has to wait for prices to close above the downward sloping trendline to go long in this sector. Hence, one should avoid the sector.

BSE IT

CMP: 10633



BSE IT

At present we are observing that the prices have closed at the upward sloping trendline. There are no clear signal to go long in this sector hence one should avoid the sector.



Weekly Technicals of Key Companies –

Company	Closing 19-Jun-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1425.15	1408.10	1450.00	1474.85	1383.25	1341.35
AMBUJACEM	226.60	222.97	231.63	236.67	217.93	209.27
ASIANPAINT	740.00	725.97	758.93	777.87	707.03	674.07
AXISBANK	551.55	549.67	559.28	567.02	541.93	532.32
BAJAJ-AUTO	2407.75	2364.78	2467.97	2528.18	2304.57	2201.38
BANKBARODA	142.10	142.13	146.27	150.43	137.97	133.83
BHARTIARTL	434.00	426.82	444.48	454.97	416.33	398.67
BHEL	241.25	243.57	248.98	256.72	235.83	230.42
BOSCHLTD	21108.25	20753.23	21606.46	22104.68	20255.02	19401.78
BPCL	835.65	829.48	855.97	876.28	809.17	782.68
CAIRN	179.75	181.83	187.92	196.08	173.67	167.58
CIPLA	606.65	600.28	628.97	651.28	577.97	549.28
COALINDIA	393.65	395.98	400.37	407.08	389.27	384.88
DRREDDY	3384.75	3359.33	3452.12	3519.48	3291.97	3199.18
GAIL	396.05	397.97	404.03	412.02	389.98	383.92
GRASIM	3384.20	3373.07	3421.13	3458.07	3336.13	3288.07
HCLTECH	918.20	915.57	940.13	962.07	893.63	869.07
HDFC	1236.85	1221.55	1262.85	1288.85	1195.55	1154.25
HDFCBANK	1030.50	1020.83	1044.62	1058.73	1006.72	982.93
HEROMOTOCO	2551.45	2537.92	2593.83	2636.22	2495.53	2439.62
HINDALCO	120.80	119.27	124.93	129.07	115.13	109.47
HINDUNILVR	857.70	845.00	881.55	905.40	821.15	784.60
ICICIBANK	304.55	301.25	309.30	314.05	296.50	288.45
IDEA	175.50	173.08	179.42	183.33	169.17	162.83
INDUSINDBK	834.70	819.67	852.33	869.97	802.03	769.37
INFY	995.35	994.78	1021.57	1047.78	968.57	941.78
ITC	305.00	301.48	308.97	312.93	297.52	290.03
KOTAKBANK	1328.15	1308.05	1358.10	1388.05	1278.10	1228.05
LT	1716.10	1703.40	1754.80	1793.50	1664.70	1613.30
LUPIN	1816.80	1771.43	1867.87	1918.93	1720.37	1623.93
M&M	1305.55	1273.75	1356.50	1407.45	1222.80	1140.05
MARUTI	3937.35	3872.62	4014.23	4091.12	3795.73	3654.12
NMDC	119.15	117.80	122.50	125.85	114.45	109.75
NTPC	136.05	136.22	137.83	139.62	134.43	132.82
ONGC	319.15	312.90	327.25	335.35	304.80	290.45
PNB	133.80	132.77	136.03	138.27	130.53	127.27
POWERGRID	140.00	141.23	143.77	147.53	137.47	134.93
RELIANCE	996.65	964.35	1038.70	1080.75	922.30	847.95
SBIN	260.15	257.37	265.88	271.62	251.63	243.12
SUNPHARMA	845.95	839.63	869.12	892.28	816.47	786.98
TATAMOTORS	433.05	432.88	447.67	462.28	418.27	403.48
TATAPOWER	72.30	72.67	74.13	75.97	70.83	69.37
TATASTEEL	304.95	302.30	313.60	322.25	293.65	282.35
TCS	2549.55	2528.52	2576.03	2602.52	2502.03	2454.52
TECHM	544.15	548.42	556.73	569.32	535.83	527.52
ULTRACEMCO	2802.75	2773.92	2856.83	2910.92	2719.83	2636.92
VEDL	174.85	178.12	185.53	196.22	167.43	160.02
WIPRO	561.55	557.05	582.25	602.95	536.35	511.15
YESBANK	829.90	820.25	844.40	858.90	805.75	781.60
ZEEL	340.10	341.70	352.15	364.20	329.65	319.20

Source: Iris Software

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