

Key developments during the week

- India Aug trade deficit at \$10.84 bln vs \$10.69 bln a year ago
- India Aug WPI inflation falls to near 5-year low of 3.74% vs 5.19% in Jul
- FIPB clears investment proposals worth 9.88 bln rupees
- Moody's upgrades multiple ratings of Tata companies
- RBI Rajan says India must grab moment, cut diesel subsidy
- Reserve Bank eases FDI norms to issue shares to NRIs
- India, China ink 12 bilateral pacts, including cooperation in rail
- PM says China has agreed to invest \$20 bln in India over 5 years
- PM says to begin talks on civil nuclear cooperation with China
- Finance secretary says confident India growth to return to 7% in 2-3 years
- SC seeks new govt's stand on RIL's KG-D6 gas pricing policy
- SBI, EXIM Bank of China sign \$1.8 bln line of credit agreement
- ICICI Bank inks pact with China Exim Bank, China Development Bank
- Govt gives in-principle approval for Bank of China branch in Mumbai
- Jr steel minister says mulling dedicated steel corridor in east India
- Steel secretary says 300 mln tn steel capacity aim by 2025 a daunting task
- India Aug GSM user addition 5.54 mln vs 4.85 mln addition in Jul
- Third phase cable TV digitisation deadline extended to Dec 2015
- SBI revises some rates on term deposit below 10 mln rupees by 25 bps

INDEX	19-Sep-14	12-Sep-14	Change (in %)
NIFTY	8121.45	8105.50	0.20
SENSEX	27090.42	27061.04	0.11
NSE 500	6561.65	6572.70	-0.17
NSE MIDCAP	3283.00	3360.65	-2.31
NIFTY JUNIOR	17361.60	17609.60	-1.41
BSE SMALLCAP	11191.18	11166.79	0.22
BSE 200	3319.05	3329.12	-0.30

INDEX	19-Sep-14	12-Sep-14	Change (in %)
BSE CD	9585.77	9702.76	-1.21
BSE OIL AND GAS	11014.41	11361.16	-3.05
BSE PSU	8051.54	8290.66	-2.88
BSE FMCG	7479.85	7493.01	-0.18
BSE CAPITAL GOODS	15079.92	15375.04	-1.92
BSE AUTO	18093.73	17928.39	0.92
BSE REALTY	1774.17	1757.69	0.94
BSE BANK	18479.21	18607.01	-0.69
BSE TECH	5914.87	5792.26	2.12
BSE HEALTHCARE	13991.07	13797.13	1.41
BSE IT	10571.84	10338.63	2.26
BSE METAL	12148.36	12523.78	-3.00

INDEX	19-Sep-14	12-Sep-14	Change (in %)
DOW JONES	17279.74	16987.51	1.72
HANG SENG	24306.16	24595.32	-1.18
NIKKEI	16321.17	15948.29	2.34
FTSE	6837.92	6806.96	0.45

Domestic events week ahead

- Sep 22:** Kharif sowing as on Sep 18, by agriculture ministry.
- Sep 22-26:** Crude, refinery output for August, from petroleum ministry.
- Sep 25:** Rainfall for week to Sep 24, by IMD.
- Sep 25-26:** Water level in major reservoirs as on Sep 25, by CWC.
- Sep 26:** WMA and forex reserves as on Sep 19, by RBI.

Source: NW18

Global events week ahead

- Sep 22:** German Buba Monthly Report, ECB President Draghi Speaks, Europe Consumer Confidence, US Existing Home Sales, US FOMC Member Dudley Speaks
- Sep 23:** China HSBC Flash Manufacturing PMI, French Flash Manufacturing PMI and Services PMI, German Flash Manufacturing PMI and Services PMI, Europe Flash Manufacturing PMI and Services PMI, US Flash Manufacturing PMI, US FOMC Member Kocherlakota Speaks
- Sep 24:** Japan Flash Manufacturing PMI, German Ifo Business Climate, US New Home Sales, US Crude Oil Inventories, US FOMC Member Mester Speaks
- Sep 25:** Italian Retail Sales m/m, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m, US Unemployment Claims, US Flash Services PMI
- Sep 26:** GfK German Consumer Climate, US Final GDP q/q, US Revised UoM Consumer Sentiment



Weekly Sector Outlook and Stock Picks

Auto sector – To continue to outperform broader market this week

Shares of automobile manufacturers are seen continuing to outperform the broader markets on steady increase in sales in certain key vehicle categories, which is keeping investor interest alive in the sector. The automobile industry is on the road to revival largely on account of an excise duty cut and a substantial improvement in consumer sentiment and overall economic activity. As the automobile industry recovers, investors are feeling confident in investing in these stocks. Passenger car sales have been growing on year for the past four months. Two-wheeler sales are growing at a fast pace, propelled by scooter sales. Tractor sales have also been growing, aided by a strong recovery in rainfall late in the season. Even commercial vehicles, led by medium and heavy commercial vehicles, are staging a recovery, which is attracting investors. Commercial vehicle sales recovery is aided by increase in overall economic activity and an increase in mining activity in the near future is seen aiding shares of companies such as Tata Motors and Ashok Leyland, in particular. Last month, medium and heavy commercial vehicle sales grew 9.6% and the extent of fall in sales of light commercial vehicles was also arrested. Manufacturers have realized that new launches are attracting customers. Therefore, a slew of new launches are expected to keep sales volume high and customers interested.

Bank Sector – Likely to move with positive bias this week

Bank stocks are expected to move with a positive bias this week. Friday, certain banking stocks fell on profit-booking due to a general lack of triggers, with State Bank of India, Punjab National Bank and Bank of Baroda being the biggest losers of the sector, losing 0.8-2.1%. Share indices ended flat, reversing most of their intraday gains. The Bank Nifty settled at 16152.15, registering 0.63% decline on week.

Capital Goods Sector – Seen range-bound this week

Shares of most capital goods companies are seen trading in a range on lack of sector-specific triggers. However, investors are seen favouring shares of capital goods companies operating in short-business-cycle businesses such as Cummins India, Voltas and Crompton Greaves over peers such as those catering to the boiler, turbine and generator demands of the power industry. Shares of sector bellwether Larsen & Toubro, which fell 4.4% this week, may see further buying pressure this week.

Cement Sector – To trade in a narrow range this week

Shares of major cement companies to trade in a narrow range this week, as monsoon continues to keep demand under pressure, at least for the time being. In the medium-term, though, market optimism continues over the demand scenario. Cement producers have outperformed the BSE 500 as recovery hopes have driven investors to the sector.

FMCG Sector – Midcap stocks seen positive this week

Stocks of fast moving consumer goods companies are seen trading rangebound in the week ahead. Shares of midcap stocks like Tata Global Beverages and Zydus Wellness seen positive this week. Zydus Wellness through its brand Sugar Free offers a good play on the huge opportunity in the health and wellness space. The Ahmedabad-based company has a 93% share in the sugar substitute category and 40% market share in the margarine category through its brand 'Nutralite'. Tata Global Beverages likely to trade positive this week. There is significant value-unlocking opportunity in the stock and expect the stock to outperform in the near term.

IT Sector – Trend seen positive on stable demand environment

Shares of information technology companies are seen trading in the positive territory this week on the back of strong demand environment as indicated by the recent deal flow in the sector. Friday, IT stocks rallied on positive economic data in the US and as global ratings agency Moody's upgraded the debt ratings for many Tata group firms, including Tata Consultancy Services. Shares of TCS could rise this week. U.B. Pravin Rao, Infosys' chief operating officer, told investors in Hong Kong earlier last week that the company is seeing good traction in manufacturing, telecom and oilfield services. This is in addition to financial services. However, investors will continue to closely track the rupee as currency movement is crucial to IT companies. Friday, the Indian currency ended at 60.81 per dollar, a recovery from the below 61-per-dollar mark hit earlier in the week. The Indian currency may remain the 60-61 rupees per dollar range in the near term but sharp deviations could have an impact on the stocks.

**Oil Sector – RIL, ONGC shares to track news flow on gas pricing**

Focus will be on Reliance Industries Ltd and Oil and Natural Gas Corp Ltd this week as the date nears for announcement on gas pricing while the state-owned oil marketing companies may remain range-bound as the street expects status quo on diesel pricing till Oct 15, the day of assembly polls in Maharashtra and Haryana. The panel of secretaries set up by the government to review and give inputs on the new gas pricing guidelines, has submitted its report to the oil ministry on Wednesday. The government is likely to take a call on the matter by Sep 30. The market is discounting gas price of \$6.5-\$7.0 per mBtu, and shares may react only if there is a deviation. On the other hand, shares of Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd will continue tracking crude oil prices and the rupee-dollar movement, though the bias is likely to be positive after this week's sharp decline. Currency movements could hold the key this week and wide fluctuations could have adverse impact on the shares of the oil marketing companies.

Pharma sector – Stock-specific movement seen this week

Stock-specific movement is expected in shares of frontline pharmaceutical companies due to lack of a sectoral triggers. Overall trend in pharma sector is positive, because there are no signs of selling happening in the sector. The negative momentum has formed in shares of Sun Pharmaceutical Industries Ltd due to reports of the US Food and Drug Administration's surprise audit at the company's Halol plant. Due to the negative momentum, the shares could trade sideways to negative. Shares of Ranbaxy Laboratories are also likely to move in line with Sun Pharma, with which it is soon likely to be merged, subject to regulatory approvals. Shares of Cipla Ltd are expected to outperform its peers in the sector. Divi's Laboratories Ltd are seen trading in a narrow range.

Metal Sector – Subdued due to issues in sourcing raw material

Shares of metal companies are seen subdued this week as market sentiment continues to be negative due to the raw material sourcing issues plaguing the sector. However, metal stocks have seen fair share of losses and expects companies in the sector to at least catch up with the broader market. The CNX Metal Index has risen 23%. In comparison, the benchmark Nifty and Sensex have risen over 28% in the last one year. With global iron ore prices at five-year lows and with NMDC allegedly charging a higher price for its iron ore, margins of steel producers may be affected going ahead. As global prices of iron ore fall, so do steel prices, posing a challenge for Indian steel producers who have to pay a higher rate for domestic iron ore.

Telecom Sector – To track broader markets on lack of triggers

Shares of major telecom companies are seen remaining range bound and following trends of the broader market, Idea Cellular is likely to trade with a positive bias. Frontline telecom stocks are expected to exhibit mixed trends with Idea Cellular continuing its positive run because of good subscriber addition numbers for August. The company added more subscribers than its peers in August, and increased its market share in global system for mobile communications platform for the third consecutive month, while Bharti Airtel stocks are likely to remain subdued. Market share of Bharti Airtel, the country's largest mobile service operator, fell for fourth time in a row in August. The company added 769,359 users during the month, up from 510,592 in July, but down from 1.01 mln in June. Reliance Communication is likely to trade with a negative bias.

Market Range for Week 7950- 8300

Nifty	Values
Support 1	8050
Support 2	7980
Support 3	7950
Resistance 1	8180
Resistance 2	8250
Resistance 3	8300

Resistance – Nifty facing Resistance level @8180 level above this level it may go up to @8250 & @ 8300 level.

Support - Support comes for market @8050 level for Nifty; below this level Nifty next support @7980 and @7950 will be the major support for market.



Technical – Last week Nifty opened at 8070 & it made a high of 8160. Last week we have seen some consolidation. Nifty made a low of 7925 & closed at 8121. Last week Nifty gain 235 points from its low & on weekly basis it closed at 16 points higher. Sensex made a weekly high of 27247 & a low of 26464 almost it gain 783 points in the week from its low. So overall last week we have seen some consolidation with buying at lower levels.

For the coming week the market range we expect 7950-8300

Weekly Chart View –

Last week we had expected market range (7950-8300) market made a high of 8160 & low of 7925, so overall it holds our both side range.

In last week report we had mentioned on daily chart Nifty was near to lower line of channel & short term moving avg. On weekly chart we had witness “Doji” candle, because of that we had mentioned we can see market between 8180-7920 & all we have seen trade between same ranges. Now on daily chart Nifty taking support at 30 Days moving avg. On weekly chart we can see Nifty trading inside the channel & not able to cross yet 8180-8200 high. So overall still from here 8160-8180 will be major resistance only close above that can see further upside in the market & from here remain 7950-7920 will be good support. Apart from that we have F&O expiry so we can see some volatility in the market.

Weekly Chart





Weekly Sectoral Technical Outlook

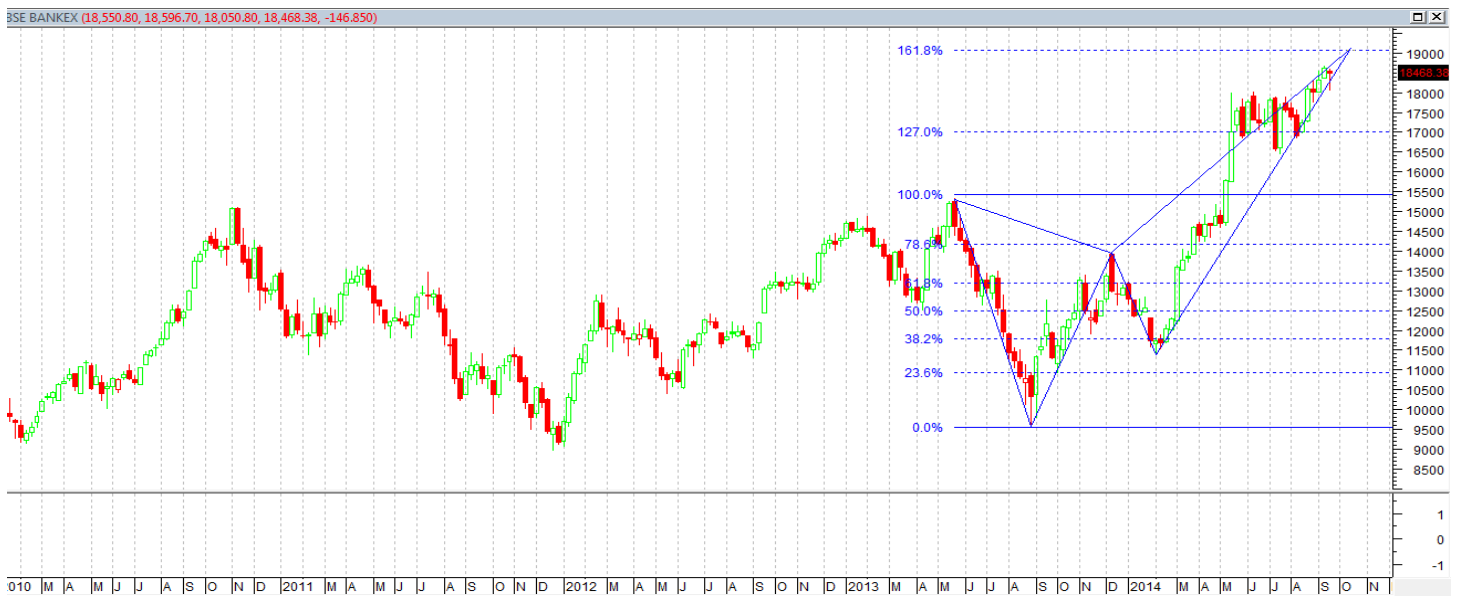
BSE Auto Index	CMP: 18093
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BSE Auto

At present on the weekly chart we are witnessing a spinning top candlestick pattern. That gives a small clue that the up move is losing breath. One can trade with positive bias in this sector once it trades above 18333. On the upside it can test 18500 – 18800 levels. One should maintain the stop loss at 17900 levels.

BSE Bankex	CMP: 18479
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BSE Bankex

The current price action suggests that prices are likely to test 161.8% Fib level where a bearish Crab is likely to be completed. At present hold this sector with a stop loss of 18000. On the upside it can test 18600 – 19000 levels.



BSE Metal Index

CMP: 12148



BSE Metal Index

We reiterate our view that there is no reversal pattern on the chart. Hence, we advised traders to avoid this sector at present and wait for prices to give a downward trendline breakout.

BSE IT

CMP: 10571



BSE IT

We still maintain our positive stance on this sector and those holding longs can trial the stop loss to 10049 level. On the upside, if this sector trades above 10470 level then this sector is likely to test 10800 – 11100 levels.



Weekly Technicals of Key Companies –

Company	Closing 19-Sep-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1505.05	1500.85	1532.90	1560.75	1473.00	1440.95
AMBUJACEM	215.05	212.47	219.43	223.82	208.08	201.12
ASIANPAINT	669.50	661.55	681.95	694.40	649.10	628.70
AXISBANK	407.65	405.45	417.10	426.55	396.00	384.35
BAJAJ-AUTO	2412.35	2377.98	2462.57	2512.78	2327.77	2243.18
BANKBARODA	949.45	942.95	973.25	997.05	919.15	888.85
BHARTIARTL	414.95	414.37	420.58	426.22	408.73	402.52
BHEL	226.50	224.63	234.47	242.43	216.67	206.83
BPCL	657.25	659.10	689.95	722.65	626.40	595.55
CAIRN	324.50	324.27	329.78	335.07	318.98	313.47
CIPLA	628.10	623.80	643.40	658.70	608.50	588.90
COALINDIA	345.80	346.57	356.73	367.67	335.63	325.47
DLF	171.95	172.00	177.90	183.85	166.05	160.15
DRREDDY	3222.95	3141.15	3321.80	3420.65	3042.30	2861.65
GAIL	449.30	449.33	461.87	474.43	436.77	424.23
GRASIM	3686.20	3635.07	3750.13	3814.07	3571.13	3456.07
HCLTECH	1673.55	1659.82	1724.73	1775.92	1608.63	1543.72
HDFC	1066.25	1050.30	1089.95	1113.65	1026.60	986.95
HDFCBANK	860.25	855.78	869.47	878.68	846.57	832.88
HEROMOTOCO	2951.40	2898.23	3070.17	3188.93	2779.47	2607.53
HINDALCO	164.30	163.35	169.70	175.10	157.95	151.60
HINDUNILVR	737.25	742.72	755.38	773.52	724.58	711.92
ICICIBANK	1572.20	1556.78	1591.92	1611.63	1537.07	1501.93
IDFC	148.00	146.68	152.07	156.13	142.62	137.23
INDUSINDBK	630.10	626.52	641.03	651.97	615.58	601.07
INFY	3702.05	3704.52	3785.43	3868.82	3621.13	3540.22
ITC	359.40	356.73	363.47	367.53	352.67	345.93
JINDALSTEL	210.60	217.15	229.30	248.00	198.45	186.30
KOTAKBANK	1063.65	1050.48	1082.17	1100.68	1031.97	1000.28
LT	1532.45	1540.70	1581.20	1629.95	1491.95	1451.45
LUPIN	1400.85	1394.52	1448.48	1496.12	1346.88	1292.92
M&M	1373.55	1378.72	1396.83	1420.12	1355.43	1337.32
MARUTI	3082.40	3030.88	3145.52	3208.63	2967.77	2853.13
MCDOWELL-N	2353.50	2352.62	2425.23	2496.97	2280.88	2208.27
NMDC	174.40	175.90	180.50	186.60	169.80	165.20
NTPC	138.25	136.32	140.93	143.62	133.63	129.02
ONGC	404.00	411.10	420.65	437.30	394.45	384.90
PNB	978.25	980.03	1008.07	1037.88	950.22	922.18
POWERGRID	136.85	136.60	139.40	141.95	134.05	131.25
RELIANCE	995.45	995.92	1015.33	1035.22	976.03	956.62
SBIN	2568.00	2582.98	2629.02	2690.03	2521.97	2475.93
SSLT	284.80	282.90	291.30	297.80	276.40	268.00
SUNPHARMA	807.15	806.23	825.67	844.18	787.72	768.28
TATAMOTORS	518.90	513.10	534.80	550.70	497.20	475.50
TATAPOWER	87.95	86.92	91.28	94.62	83.58	79.22
TATASTEEL	511.00	503.55	521.45	531.90	493.10	475.20
TCS	2714.20	2666.07	2788.13	2862.07	2592.13	2470.07
TECHM	2478.25	2456.88	2516.72	2555.18	2418.42	2358.58
ULTRACEMCO	2641.55	2609.47	2698.18	2754.82	2552.83	2464.12
WIPRO	588.40	579.10	602.20	616.00	565.30	542.20

Source: Iris Software



Arihant Fundamental Desk: Stocks under our radar

Company and Sector	Current Price	EPS (Rs/share)			P/E (x)			ROE %			Dividend Yield %		
		FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E	FY14	FY15E	FY16E
Automobile													
M&M	1375	63.7	69.5	81.7	21.6	19.8	16.8	24.0	21.7	21.6	1.1	1.3	1.5
Maruti Suzuki	3085	92.1	115.2	159.6	33.5	26.8	19.3	14.1	15.3	16.5	0.3	0.3	0.3
Tata Motors	519	53.6	56.0	62.0	9.7	9.3	8.4	35.3	32.1	23.2	0.6	0.8	0.9
TVS Motors	216	5.4	7.4	11.5	40.0	29.2	18.8	19.6	22.6	31.2	0.6	0.6	0.7
Bajaj Auto	2410	112.1	113.8	142.8	21.5	21.2	16.9	37.0	32.2	35.2	2.1	2.5	2.7
Hero MotoCorp	2951	105.6	139.3	165.5	27.9	21.2	17.8	40.2	46.7	48.0	2.4	2.7	2.9
Banking													
BOB	949	106.4	137.3	187.5	8.9	6.9	5.1	13.4	15.3	18.1	2.3	2.6	3.2
Federal Bank	126	9.8	10.5	11.6	12.8	12.0	10.8	12.6	12.3	12.4	1.6	1.8	2.0
Yes Bank	582	36.5	45.9	43.7	16.0	12.7	13.3	23.7	23.2	22.2	1.4	1.7	1.9
Indusind Bank	630	26.9	34.2	45.3	23.5	18.4	13.9	17.6	19.1	21.2	0.6	0.6	0.6
Bank of Mah	46	4.6	6.4	7.8	10.0	7.2	5.9	7.4	9.8	11.2	2.2	2.2	2.2
DCB	87	6.1	6.3	6.7	14.3	13.7	12.9	14.1	12.8	12.0	0.0	0.0	0.0
Andhra Bank	81	7.7	8.6	15.3	10.5	9.4	5.3	5.1	5.8	10.4	1.4	2.5	3.7
HDFC Bank	860	28.3	35.3	45.7	30.4	24.4	18.8	20.0	21.0	22.0	0.8	0.8	0.9
Cement													
Ultratech Cement	2647	80.0	103.0	140.0	33.1	25.7	18.6	13.0	15.0	18.0	0.3	0.3	0.3
ACC	1507	58.0	65.0	78.0	26.0	23.2	17.8	14.0	14.9	16.6	1.3	1.3	1.3
Ambuja Cement	213	8.4	9.2	13.7	25.3	23.2	15.5	13.6	13.9	18.4	1.7	1.8	1.9
JK Cement	583	13.9	17.0	30.1	41.9	34.3	15.6	5.5	6.4	10.3	1.2	1.2	1.2
IT													
Infosys	3701	186.4	203.8	224.1	19.9	18.2	16.5	26.1	24.5	23.9	1.2	1.4	1.5
TCS	2708	97.6	113.0	127.8	27.7	24.0	21.2	52.1	47.7	44.5	1.2	2.0	1.7
Metal													
SAIL	75	6.4	5.0	12.4	11.7	14.9	6.0	6.9	4.7	10.6	2.7	2.7	2.7
Tata Steel	510	35.2	43.5	53.7	14.5	11.7	9.5	8.4	9.2	10.4	1.6	2.0	2.4
JSW Steel	1288	66.0	123.0	131.0	19.5	10.5	9.8	2.0	12.0	12.0	0.8	0.8	0.8
Hindustan Zinc	168	16.3	16.8	18.3	10.3	10.0	9.2	18.5	18.0	21.0	2.1	2.4	2.7
Hindalco	164	10.9	13.5	16.1	15.1	12.2	10.2	4.5	3.5	7.6	0.8	0.8	0.9

Note: Bank's Book values are as per Bloomberg estimates

Rating scale	
BUY	>20%
ACCUMULATE	12-20%
HOLD	5-12%
NEUTRAL	0-5%
REDUCE	< 0%

**Contact**

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com

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ARIHANT Capital Markets Ltd3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai 400057.

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

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