

**Key developments during the week**

- Minister says Solar power policy to propose subsidy for Make in India
- Bank Board Bureau head says plan interim steps to deal with NPAs on books
- Jaitley says India an "outpost of opportunity" for global investors
- Economy secretary says markets given mature response to SEBI decision on P-Notes
- Govt source says no plan to cut excise duty on diesel, petrol now
- India Apr rail freight traffic 86.48 mln tn, down 3.7% YoY
- Moody's sees India growth picking up slightly to 7.5% in 2016, 2017
- Minister Naidu says to announce names of 14 new smart cities soon
- India, Slovenia sign protocol to amend double tax avoidance treaty
- India Apr electricity generation 99.40 bln kWh, up 14.7% YoY
- USDA arm pegs India 2016-17 coffee crop 310,180 tn, down 2.5% YoY
- Economy advisor says global factors to influence long-term fiscal targets
- Banking secretary says trying to cut SBI-associate banks' merger timeline
- IRDAI to issue revised IPO norms for insurance companies likely in 1 month
- India GSM user loss 214,825 in Apr vs 5.22 mln added in Mar
- Power pacts, Uday scheme to boost power T&D sector growth in FY18-23
- Govt notifies amended patent rule; incentivises patents by start-ups
- Jaitley says 7-8% growth rate good when compared globally
- India Apr WPI inflation rate at 0.34% vs (-)0.85% in Mar
- World Bank approves \$625 mln loan for solar programme in India

INDEX	20-May-16	13-May-16	Change (in %)
NIFTY	7749.70	7814.90	-0.83
SENSEX	25301.90	25489.57	-0.74
NSE 500	6513.10	6582.30	-1.05
NSE MIDCAP	3278.65	3324.55	-1.38
NIFTY JUNIOR	19098.20	19447.95	-1.80
BSE SMALLCAP	10964.26	11113.30	-1.34
BSE 200	3283.09	3315.87	-0.99

INDEX	20-May-16	13-May-16	Change (in %)
BSE AUTO	18070.20	18222.58	-0.84
BSE BANK	18739.83	19039.77	-1.58
BSE CAPITAL GOODS	13058.94	13362.31	-2.27
BSE CD	11673.35	11824.70	-1.28
BSE FMCG	7722.48	7730.10	-0.10
BSE HEALTHCARE	15274.89	15432.00	-1.02
BSE IT	11203.33	11215.88	-0.11
BSE METALS	7461.02	7502.60	-0.55
BSE OIL AND GAS	9065.63	9170.30	-1.14
BSE PSU	5980.53	6086.96	-1.75
BSE REALTY	1367.09	1338.57	2.13
BSE TECK	6038.57	6071.62	-0.54

INDEX	20-May-16	13-May-16	Change (in %)
DOW JONES	17500.94	17535.32	-0.20
HANG SENG	19852.20	19719.29	0.67
NIKKEI	16736.35	16412.21	1.97
FTSE	6156.32	6138.50	0.29

Domestic events week ahead

- May 25:** Money supply as on May 13, by RBI
- May 26:** Rainfall for week to May 25, by IMD
- May 27:** WMA and forex reserves as on May 20, by RBI

Source: Cogencies

Global events week ahead

- May 23:** Japan Trade Balance, Europe Flash Manufacturing PMI, Europe Flash Services PMI, US FOMC Member Bullard Speaks, US Flash Manufacturing PMI, Europe Consumer Confidence
- May 24:** Japan Flash Manufacturing PMI, Europe ZEW Economic Sentiment, Eurogroup Meetings, US New Home Sales
- May 25:** ECOFIN Meetings, US Goods Trade Balance, US Flash Services PMI, US Crude Oil Inventories
- May 26:** ECB Financial Stability Review, UK GDP, US FOMC Member Bullard Speaks, US Core Durable Goods Orders, US Durable Goods Orders, US Unemployment Claims, US Pending Home Sales
- May 27:** US Prelim GDP, US Revised UoM Consumer Sentiment, US Revised UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto Sector – Seen rangebound; Bajaj Auto Jan-Mar results eyed

Shares of major automakers are expected to trade range-bound this week, with Bajaj Auto's earnings for Jan-Mar expected to give direction to stocks. The Pune-based automaker is expected to announce its earnings for the quarter ended March on Wednesday. Healthy growth in volumes, led by a better product mix and benign input costs, are likely to lift Bajaj Auto's net profit for Jan-Mar by 29.7% on year to 8.06 bln rupees. Other sector heavyweights Tata Motors and Mahindra & Mahindra are expected to announce their Jan-Mar earnings on May 30, which will guide automobile stocks in the near term. Shares of Maruti Suzuki India are expected to give up some gains made over the past few sessions, as the company has recalled 20,427 units of its S-Cross crossover vehicle. But market participants remain largely positive on the company's shares in the long run due to its petrol-heavy portfolio of vehicles.

Bank Sector – Seen mixed this week; PSU banks seen under pressure

Bank stocks are seen trading with a mixed bias this week with continued negative trend for public sector banks given the asset quality worries. Counter specific action is seen as banks such as State Bank of India, Canara Bank, Bank of India, and Karur Vysya Bank among others will detail their results in the last leg of Jan-Mar earnings season. On Monday, IDBI Bank is seen opening lower after it reported a net loss of 17.36 bln rupees owing to sharp rise in provisioning, post market hours on Friday. Including IDBI Bank, 11 state-owned banks have reported a cumulative loss of around 170 bln rupees as lenders continued with Reserve Bank of India's Asset Quality Review. During the week, development on the SBI's plans to merger all its five associate banks will be eyed. SBI said it was seeking an "in-principle sanction" from the government to enter into negotiations with its five associate banks and Bharatiya Mahila Bank to acquire their assets and liabilities. Of SBI's associate banks, State Bank of Bikaner and Jaipur, State Bank of Mysore, and State Bank of Travancore are listed, while State Bank of Hyderabad and State Bank of Patiala aren't.

Capital Goods Sector – Trade seen stock-specific; results key

Shares of capital goods companies is seen stock-specific this week as most major companies in the sector will detail their Jan-Mar earnings during the week. Sector bellwether Larsen & Toubro will detail its earnings for the March quarter on Wednesday, as will midcap majors Thermax and engines and generator manufacturer Cummins India. VA Tech Wabag will detail its earnings on Thursday, while state-owned BEML and Bharat Electronics, and Avantha group's Crompton Greaves will announce their results on Friday. Investors will be eyeing comments from L&T's management on the outlook for the heavy engineering sector. The company's own performance in terms of bottomline and operating margin has been impacted by its shrinking capital goods order book as well as rising cost of underutilised assets. In the nine months ended December, the company's operating margin for the heavy engineering segment fell to (-)2.2% from 11.9% in the corresponding period a year ago. Revenue from the segment fell 14% on year to 20.9 bln rupees in Apr-Dec. Similarly, power equipment maker Thermax is also reeling from the effects of a depleting order book. The company is expected to report a nearly 9% on-year fall in topline at 13.66 bln rupees in Jan-Mar, and a 17% decline in net profit at 1.10 bln rupees. Cummins India is seen reporting a 1.9% year-on-year decline in its net profit to 1.87 bln rupees during the March quarter, and net sales are seen falling 10.1% to 12.27 bln rupees.

Cement Sector – Seen in narrow band this week with negative bias

Shares of cement manufacturing companies are seen trading in a narrow band this week with a negative bias given companies' weak Jan-Mar earnings and persistently weak demand. Companies focused on driving sales volume in Jan-Mar, compromising on profitability. Pricing power with companies remains weak in a sluggish market. Cement demand has been weak across the country for the past six to eight months. Drought-like conditions in large parts of the country do not give much hope for a revival at least immediately. Cement companies' shares are seen bloated at current levels given the weak market fundamentals, and some selling is seen in the near term in counters such as India Cements, JK cement. UltraTech is also seen gaining from any demand spurt because the company has strong brand recognition and distribution in large parts of the country.

FMCG Sector – Seen in range this week; Skymet view on monsoon eyed

Shares of fast-moving consumer goods companies are expected to trade in a range this week, and Skymet's commentary on the onset of monsoon may have an impact on consumer stocks depending on the statement made by



the private weather forecasting agency. The India Meteorological Department had said the onset of the southwest monsoon over Kerala is likely to be delayed by a week to Jun 7. Colgate Palmolive India Ltd will detail its Jan-Mar earnings on Tuesday. The company is expected to report a 3.5% on-year rise in net profit to 1.7 bln rupees, while net sales are expected to rise by 3.9% to 10.6 bln rupees. The toothpaste major's volume growth is expected to be in the range of 1-6%. Shares of Hindustan Unilever Ltd are expected to trade with a negative bias. ITC Ltd is likely to trade with a positive bias. Shares of Britannia Industries Ltd are also seen down. The company reported a 13.7% on-year rise in its consolidated net profit at 1.9 bln rupees in the March quarter and net sales were up 7.8% at 21.9 bln rupees.

IT Sector – Seen in range this week; focus on Tech Mahindra

Shares of information technology companies are seen trading in a range this week due to lack of positive triggers in the sector and negative sentiment in the broader market. However, weak rupee and negative sentiment in the banking sector may divert investors to IT sector. The Indian currency ended at an over-11-week low against the dollar and is expected to depreciate following weeks. Friday, the Indian currency ended at 67.44 to a dollar, the lowest closing level since Mar 2. This is seen as a positive for the sector of which majority are software exporters to the US. Shares of Tech Mahindra will be in focus this week as the company, which will be the last of the large-cap IT companies, will detail its Jan-Mar earnings on Tuesday. So far, barring Infosys, heavyweight IT companies have disappointed market with lower-than-expected performance or weak guidance. Tech Mahindra is expected to report a 2.2% sequential fall in its consolidated net profit for Jan-Mar to 7.4 bln rupees and a 2.3% sequential rise in consolidated net sales to 68.5 bln rupees. In dollar terms, the company's sales are seen declining marginally from \$1.0 bln a quarter ago.

Pharma Sector – Seen mixed; weak rupee to aid, Cipla result eyed

Shares of pharmaceutical companies are seen trading mixed this week with Jan-Mar earnings providing fresh triggers and a weak rupee against the dollar lending some support. On Friday, the rupee ended at 67.44 per dollar its lowest closing level since Mar 2. As exports form a major chunk of sales of most pharmaceutical companies, the fall in the rupee against the greenback is seen as a positive. Weak sentiment in the broad market and regulatory issues faced by a number of pharmaceutical companies will, however, continue to put pressure on the stocks. Volatility in the market is expected next week due to the expiry of the May derivatives contracts on Thursday. Market participants will keep an eye on Jan-Mar earnings of Nifty 50 constituent Cipla, which are due on Tuesday. Cipla's consolidated net profit is seen rising 44.8% on year to 3.76 bln rupees in Jan-Mar, and net sales are seen up 13.9% at 33.96 bln rupees. Torrent Pharmaceuticals, Jubilant Life Sciences, AstraZeneca Pharma India, GlaxoSmithKline Pharmaceuticals, Natco Pharma, and Indoco Remedies are other key companies scheduled to release Jan-Mar earnings this week. Shares of Lupin, which fell to a one-month low despite strong Jan-Mar results, are likely to consolidate this week but the bias remains largely negative. Concerns over regulatory issues at the company's Goa unit, a likely rise in costs due to integration of Gavis Pharmaceuticals, and limited visibility on meaningful products pipeline for the US may weigh on Lupin's stock.

Metal Sector – Seen weak; steel prices seen down, Tata Steel eyed

Shares of major metal and mining companies are seen trading down this week as steel prices are expected to decline and outlook on the sector remains frail despite growth in domestic demand during April. Tata Steel, which will detail its Jan-Mar earnings on Wednesday, will be in focus. The company's consolidated net loss is seen narrowing to 10.59 bln rupees during the quarter from a 56.74-bln-rupees loss reported a year ago. Net sales are seen falling 8.5% on year to 305.08 bln rupees. Market participants will continue looking for updates regarding Tata Steel's UK operations. JSW Group Chief Financial Officer Seshagiri Rao said that talks regarding the company's acquisition of Tata Steel's UK operations are still at an exploratory stage. JSW Steel reported strong earnings for Jan-Mar this week.

Telecom Sector – Bharti Airtel, Idea may keep trading in red

Shares of Bharti Airtel Ltd, Idea Cellular Ltd, and Reliance Communications Ltd are seen continuing their bearish trend this week. These stocks, which have been trading in the negative territory for the past couple of weeks, look fundamentally weak and are expected to continue to trade in the red. The Telecom Regulatory Authority of India has floated a consultation paper, seeking views on free data services. Comments on this regard have to be submitted to the regulator by Jun 16. This provides US-based social networking company Facebook another opportunity to market its services using the Free Basics platform. Facebook had put its plans for Free Basics in India on hold after the regulator had put its foot down on differential pricing for data services, setting a penalty of 50,000 rupees to 5 mln rupees for each day of violation.



Market range for the week 7580-7920

Nifty	Values
Support 1	7720
Support 2	7650
Support 3	7580
Resistance 1	7820
Resistance 2	7880
Resistance 3	7920

Resistance – Nifty may face resistance at 7820 level above this level it may go up to 7880-7920 level.

Support - Nifty has support at 7720 level below this next support at 7650-7580 levels.

Technical – During the week, CNX Nifty opened at 7831.20 and touched the highest level of 7940.10 and lowest level of 7735.75. The CNX Nifty ended at 7749.70; drag 65.2 points or 0.83%. The S&P BSE Sensex opened at 25528.80 and touched the highest level of 25927.31 and lowest level of 252951.90. The S&P BSE Sensex closed at 25301.90; drag 187.67 points or 0.74%.

For the coming week, we expect the market range of 7580-7920

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart Nifty below 200DMA and on weekly chart near to 50 and 100WMA, because of that we had mentioned 7950-7980 will be major resistance only above that we can see upside and all we have seen Nifty fail to cross above levels. Now on daily chart Nifty below lower trendline and on weekly chart still near to 50 and 100WMA and we witness consolidation near that. So overall as of now we can see continue consolidation and some pressure at higher levels unless we don’t get close above 7950-7980 levels and from here 7720-7680 will be support below that we can see some more pressure.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 8080
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NSE Auto

At present, we are observing three consecutive a narrow range bear candle which gives small clue that the current up move is losing breath. However, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector.

NSE Bankex	CMP: 16481
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NSE Bankex

We maintain our stance that there is no clear positive pattern that suggests long in this sector. Hence, one should avoid this sector at present.



NSE Metal Index

CMP: 1909



NSE Metal Index

We maintain our stance that the current price action on the daily chart suggests weakness. On the downside if this sector trades and close below 1900 then it is likely to test 1800 – 1750 levels. At present, one should avoid this sector.

NSE IT

CMP: 11036



NSE IT

We still maintain our stance that this sector is in a bear grip. However, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 20-May-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1393.45	1417.20	1444.25	1495.05	1366.40	1339.35
ADANI PORTS	177.95	179.95	190.20	202.45	167.70	157.45
AMBUJACEM	208.85	211.80	216.05	223.25	204.60	200.35
ASIANPAINT	956.00	957.67	970.33	984.67	943.33	930.67
AUROPHARMA	770.10	777.03	792.57	815.03	754.57	739.03
AXISBANK	490.60	491.12	504.98	519.37	476.73	462.87
BAJAJ-AUTO	2453.00	2470.17	2517.83	2582.67	2405.33	2357.67
BANKBARODA	135.05	139.85	145.20	155.35	129.70	124.35
BHARTIARTL	341.95	346.75	354.20	366.45	334.50	327.05
BHEL	119.30	120.53	123.07	126.83	116.77	114.23
BOSCHLTD	21049.55	21179.85	21719.70	22389.85	20509.70	19969.85
BPCL	920.50	931.38	947.22	973.93	904.67	888.83
CIPLA	507.10	514.05	526.90	546.70	494.25	481.40
COALINDIA	279.00	280.78	283.52	288.03	276.27	273.53
DRREDDY	3033.80	3003.37	3079.93	3126.07	2957.23	2880.67
EICHERMOT	18280.65	18530.22	18960.43	19640.22	17850.43	17420.22
GAIL	371.55	376.52	383.03	394.52	365.03	358.52
GRASIM	4206.75	4238.92	4277.83	4348.92	4167.83	4128.92
HCLTECH	736.65	732.47	748.78	760.92	720.33	704.02
HDFC	1179.55	1190.02	1219.53	1259.52	1150.03	1120.52
HDFCBANK	1140.90	1147.22	1162.93	1184.97	1125.18	1109.47
HEROMOTOCO	2896.70	2905.08	2950.62	3004.53	2851.17	2805.63
HINDALCO	86.95	88.15	90.00	93.05	85.10	83.25
HINDUNILVR	812.40	822.97	839.78	867.17	795.58	778.77
ICICIBANK	220.10	222.10	226.50	232.90	215.70	211.30
IDEA	109.15	110.18	113.62	118.08	105.72	102.28
INDUSINDBK	1070.45	1076.10	1094.15	1117.85	1052.40	1034.35
INFRA TEL	377.55	381.02	388.43	399.32	370.13	362.72
INFY	1201.60	1208.42	1218.93	1236.27	1191.08	1180.57
ITC	330.35	328.72	340.33	350.32	318.73	307.12
KOTAKBANK	702.15	709.13	718.02	733.88	693.27	684.38
LT	1255.10	1272.80	1294.50	1333.90	1233.40	1211.70
LUPIN	1504.80	1563.77	1630.03	1755.27	1438.53	1372.27
M&M	1293.10	1310.93	1333.57	1374.03	1270.47	1247.83
MARUTI	3944.95	3906.33	4007.62	4070.28	3843.67	3742.38
NTPC	136.90	137.30	141.20	145.50	133.00	129.10
ONGC	213.10	209.47	218.93	224.77	203.63	194.17
POWERGRID	144.80	144.47	146.33	147.87	142.93	141.07
RELIANCE	934.20	949.55	967.75	1001.30	916.00	897.80
SBIN	171.35	175.63	180.72	190.08	166.27	161.18
SUNPHARMA	791.35	794.65	799.30	807.25	786.70	782.05
TATAMOTORS	384.45	387.58	393.57	402.68	378.47	372.48
TATAMTRDVR	263.10	268.28	274.57	286.03	256.82	250.53
TATAPOWER	69.40	69.43	70.87	72.33	67.97	66.53
TATASTEEL	322.65	326.48	333.57	344.48	315.57	308.48
TCS	2529.30	2547.68	2572.87	2616.43	2504.12	2478.93
TECHM	475.85	481.87	488.88	501.92	468.83	461.82
ULTRACEMCO	3134.00	3174.85	3228.65	3323.30	3080.20	3026.40
WIPRO	543.40	542.12	549.23	555.07	536.28	529.17
YESBANK	977.70	974.25	1003.30	1028.90	948.65	919.60
ZEEL	434.40	441.20	452.15	469.90	423.45	412.50

Source: Iris Software

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