



Key developments during the week

- Banking secretary says pay panel proposals to put pressure on govt resources
- GST revenue neutral rate to be below 20%
- Economy secretary sees investments picking up next year
- Economy secretary says confident of achieving fiscal gap aim for FY17
- Fitch says India wage bill will challenge fiscal consolidation plans
- Fitch says India telecom companies' outlook negative on stiff competition
- Telecom Commission to change formula for calculating bandwidth
- Jaitley says aspirations for India reforms rising, more pace desired
- Govt to auction 8 coal blocks with 1,143 mln tn reserves in January
- India Oct trade deficit narrows to \$9.8 bln vs \$13.58 bln YoY
- HC gives govt 4 week to reply in e-commerce FDI norm breach probe plea
- Cabinet approves Cochin Shipyard IPO, 10% stake sale in Coal India
- Cabinet panel approves direct sugarcane subsidy of 4.50 rupee/100 kg
- Cabinet approves 3% interest subvention scheme for rupee export credit
- India Apr-Sep major subsidies 1.40 trln rupees, down 12.4% YoY
- Indian companies' investment in overseas JVs, arms \$2.28 bln in Oct
- RBI mulls paper on entry of big players in FX derivative
- Industry pledges 3.2-trln-rupee investment in Rajasthan

INDEX	20-Nov-15	13-Nov-15	Change (in %)
NIFTY	7856.55	7762.25	1.21
SENSEX	25868.49	25610.53	1.01
NSE 500	6615.65	6526.60	1.36
NSE MIDCAP	3312.20	3220.10	2.86
NIFTY JUNIOR	19534.75	19268.90	1.38
BSE SMALLCAP	11367.71	11125.44	2.18
BSE 200	3331.07	3287.35	1.33

INDEX	20-Nov-15	13-Nov-15	Change (in %)
BSE AUTO	18675.54	18305.54	2.02
BSE BANK	19470.58	19362.30	0.56
BSE CAPITAL GOODS	14512.53	14178.94	2.35
BSE CD	12297.56	12039.04	2.15
BSE FMCG	7988.62	7770.06	2.81
BSE HEALTHCARE	16449.65	16345.62	0.64
BSE IT	10802.01	10923.16	-1.11
BSE METALS	7112.31	7064.14	0.68
BSE OIL AND GAS	9158.80	8782.65	4.28
BSE PSU	6765.95	6682.10	1.25
BSE REALTY	1275.22	1294.13	-1.46
BSE TECK	5862.74	5893.96	-0.53

INDEX	20-Nov-15	13-Nov-15	Change (in %)
DOW JONES	17823.81	17245.24	3.35
HANG SENG	22754.72	22396.14	1.60
NIKKEI	19879.81	19596.91	1.44
FTSE	6334.63	6118.28	3.54

Domestic events week ahead

- Nov 23-25:** GSM mobile subscribers' data for October, by COAI
- Nov 23-25:** Crude, refinery output for October, from petroleum ministry
- Nov 27:** WMA and forex reserves as on Nov 20, by RBI

Source: Cogencies

Global events week ahead

- Nov 23:** French Flash Manufacturing and Services PMI, German Flash Manufacturing and Services PMI, Europe Flash Manufacturing and Services PMI, Eurogroup Meetings, US Flash Manufacturing PMI, US Existing Home Sales, US Fed Announcement
- Nov 24:** Japan Flash Manufacturing PMI, German Final GDP q/q, German Ifo Business Climate, US Prelim GDP q/q, US Goods Trade Balance, US CB Consumer Confidence
- Nov 25:** Japan Monetary Policy Meeting Minutes, Italian Retail Sales m/m, US Durable Goods Orders m/m, US Core Durable Goods Orders m/m, US Unemployment Claims, US Flash Services PMI, US New Home Sales, US Revised UoM Consumer Sentiment, US Crude Oil Inventories
- Nov 26:** GfK German Consumer Climate
- Nov 27:** UK Second Estimate GDP q/q, ECB Financial Stability Review



Weekly Sector Outlook and Stock Picks

Auto sector – Seen trading with negative bias this week

Shares of major automobile companies are expected to trade in a narrow range with a negative bias in the week ahead, with some stocks such as Tata Motors and Hero Motocorp Ltd remaining under pressure. The absence of sector-specific triggers this week is expected to keep momentum of most automobile stocks in check. Overall, the automobile industry has witnessed strong sales growth as companies stocked up their dealerships for the festival season. This has led market participants to hold the view that the CNX Auto Index would be largely trading with a positive bias in the next few weeks. In Apr-Oct, passenger car sales in the country rose over 11.5% YoY to 1.17 mln units, and total passenger vehicle sales were up 8.5% to 1.6 mln unit, as per data released by Society of Indian Automobile Manufacturers. Total two-wheeler sales were also up 1.7% YoY in Apr-Oct, led by a 14% rise in scooter volumes, as per the data.

Bank Sector – Seen weak tracking broad markets ahead of F&O expiry

Bank stocks are seen trading weak in line with broad equity markets ahead of November futures and options contracts expiry on Thursday, with trend expected to be volatile due to the truncated trading week. Equity markets are closed on Wednesday on account of Guru Nanak Jayanti. Bank Nifty likely to remain mostly weak with a positive trend likely only if the sectoral index breaches the key resistance of 17,200 on the upside.

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

Shares of capital goods companies are seen trading in range this week in the absence of any sector-specific positive development and existing bleak demand outlook for the domestic market. Project-driven companies, especially those relying on demand from core business such as power and steel like Thermax and BHEL, are likely to remain subdued while investors may prefer product-driven companies. Sector bellwether Larsen & Toubro likely to extend its marginal growth trajectory as long-term investors are seen resorting to value buying, given the recent correction in the stock post a disappointing Jul-Sep earnings. The scenario is likely to remain weak for the sector with little order visibility in the near-term and the situation for these companies to improve January onwards. Reports have also indicated that the government may invite fresh bids for the 360-bln-rupee Talaiya ultra mega power project, which may help revive investor sentiment towards domestic power equipment producers.

Cement Sector – Seen range-bound with negative bias this week

Shares of cement manufacturing companies are seen remaining range-bound this week with a negative bias mainly because of weak demand for the product in the country. Almost all the cement made in the country is consumed within and weakness in demand mainly in north and central India is affecting overall sales. This is expected to keep cement stocks weak in the near term as their current values are seen high, compared with market demand for the commodity. While cement prices have been hiked in some key markets in western India, we see cement demand remaining low at least till January because of weak construction activity and demand from the real estate sector.

FMCG Sector – Positive on 7th pay panel implementation

Shares of fast-moving consumer goods companies are expected to trade positive as demand is expected to pick up on the back of the likelihood that the Parliament will pass the seventh pay commission's recommendations in the upcoming winter session. Demand has been a major concern for FMCG companies in the last few quarters as rural demand has taken a hit. The implementation of the pay panel, if passed, will start from this year. Salaries of 4.7 mln central government staffers and 5.2 mln pensioners including defence personnel will increase by 23.5% on an average, causing the spending power of these consumers to increase. The likely passage of goods and services tax bill in the winter session is also expected to have a positive impact on FMCG stocks.

IT Sector – Infosys' Oct-Mar margin guidance cut to weigh

After Infosys Ltd's margin warning, the sentiment for information technology sector stock, which was already low, is expected to weaken further this week. Adding to troubles of the sector whose major business is from abroad, the rupee is seen gaining strength against the US dollar. Also, the broader market is expected to be volatile due to rollovers to the December futures and options series. Infosys said its margins in Oct-Mar are expected to be lower than those of Apr-Sep due to seasonal headwinds such as rise in furloughs. The company's margins were expected to rise to 28.5% by the



end of 2015-16 (Apr-Mar), but now further downward revisions in earnings estimates for the current and following fiscal year by analysts is imminent. Shares of mid-cap companies, which were trading with a positive bias in the past few weeks, are seen rangebound in the following week. However, Hexaware Technologies and KPIT Technologies which are expected to perform well in Oct-Dec.

Oil Sector – PSU companies seen in range, bias weak; GAIL seen down

Shares of oil marketing companies may remain in a range this week due to lack of triggers but trading may be volatile ahead of November futures and options contracts expiry on Thursday. With oil prices moving downwards again, concerns have emerged over inventory losses, especially for Indian Oil Corp Ltd which has to maintain the highest level of crude oil and products stock among all Indian refiners. The Indian basket of crude oil is hovering around \$40 a barrel now, down from around \$42 last week and \$47-48 level at the end of last quarter. International oil prices are trending lower and analysts are predicting a long and harsh winter for oil prices as inventories remain at high levels. This could weigh on the refiners as inventory losses may wipe out gains in refining margins. GAIL (India) Ltd shares may also come under pressure this week after Moody's cut the outlook on the company's Baa2 long term rating to negative from positive. The ratings agency cited rising share of revenue from cyclical business segments, especially petrochemicals, as the reason for the action.

Pharma sector – Seen rangebound; Dr Reddy's may rebound from lows

Shares of pharmaceutical companies are seen range-bound this week as market is likely to be volatile due to expiry of November derivatives contracts on Thursday. Pharma being perceived as a defensive sector, there could be some buying interest in the stocks given the weak broader market sentiment. However, a number of companies are facing regulatory issues and lower sales in the US, which may limit any major upside. Dr Reddy's Laboratories has been sailing through troubled waters due to the warning letter issued on its three units by the US Food and Drug Administration, a US law firm investigating allegations of false or misleading disclosure of financial performance, and a US court asking it to temporarily stop sales of Nexium generic in the that country. These factors had led to the stock falling to a nine-month low of 3,137.85 rupees on Thursday. Another company that will be eyed is Sun Pharmaceutical Industries. Sun Pharma is said to have made inquiries with merchant bankers for a bond issue worth 10 bln rupees. There was no confirmation from the company on this. Also, Sun Pharma's subsidiary Taro Pharmaceutical Industries' \$250-mln investment into wind energy is seen weighing on the stock. Taro Pharma intends to use the investment to reduce its tax liabilities. The project would be implemented by Suzlon Energy, in which Sun Pharmaceutical Managing Director Dilip Shanghvi and Executive Director Sudhir Valia have substantial stake.

Metal Sector – Subdued this week; Hindalco, Vedanta seen down

Shares of major metals and mining companies are likely to be subdued this week on continued weakness in metal prices and the decline is likely to be led by shares of Hindalco Industries and Vedanta which were excluded from S&P BSE Sensex index. Hindalco Industries and Vedanta were excluded from the S&P BSE Sensex index since Dec 21. Traders are likely to react negatively to the development in the first half of the week. Overall trading is seen volatile ahead of expiry of November futures and options contracts on Thursday. Global commodity prices fell sharply on Thursday on concerns over slowdown in demand from China while the copper futures on London Metal Exchange hit a fresh six-year-low. The metal and mining sector is expected to improve only when there will be a revival in global commodities prices of copper, aluminium, zinc, steel, and iron ore start improving. There are reports that China has decided to cut production of zinc due to rising inventory. This is likely to lift prices of the metal and that will be positive for Vedanta and Hindustan Zinc. The overall weak market sentiment may also weigh on the shares of metal companies.

Telecom Sector – Bharti Airtel, Idea seen positive this week

Stocks of most telecom majors are likely to extend their gains this week after the sector witnessed muted movement for several weeks. For the long-term, however, the outlook remains weak. Fitch Ratings said it has a negative outlook on India's major telecom operators. The ratings agency expects the credit profiles of Bharti Airtel, Idea Cellular Ltd, Vodafone India Ltd and Reliance Communications Ltd to come under pressure this year due to tougher competition, larger capital expenditure requirements, and debt-funded mergers and acquisitions. Fitch said the sector's revenue is seen driven by data services since voice services would mature and subscriber growth would witness a slowdown. The agency said it expects the exit of unprofitable operators like Videocon Telecom Ltd and Aircel Ltd, given their unviable business models.



Market range for the week 7650- 8050

Nifty	Values
Support 1	7820
Support 2	7750
Support 3	7650
Resistance 1	7880
Resistance 2	7950
Resistance 3	8020

Resistance – Nifty may face resistance at 7880 level above this level it may go up to 7950-8020 level.

Support - Nifty has support at 7820 level below this next support at 7750-7650 levels.

Technical – During the week, CNX Nifty opened at 7732.95 and touched the highest level of 7906.95 and lowest level of 7714.15. The CNX Nifty ended at 7856.55; gain 94.30 points or 1.21%. The S&P BSE Sensex opened at 25580.15 and touched the highest level of 26058.70 and lowest level of 25451.42. The S&P BSE Sensex closed at 25868.49; gain 257.96 points or 1.01%.

For the coming week, we expect the market range of 7550-7880.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we witness “Doji” candle and on weekly chart below 10WMA, because of that we had mentioned below 7720-7680 we can see more pressure but Nifty hold that mentioned level and all we have seen some bounce from that levels. Now on daily chart we can see support at lower trend line and on weekly chart near to 100WMA. So overall from here we can see some consolidation and only below 7780-7750 we can see some more pressure in the market.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 8339



NSE Auto

At present we are observing a positive candle which has tested the resistance of 8369 but has closed below it. Any weekly close above 8369 would continue the up move. At present we maintain our view that there is no clear pattern emerging to go long in this sector. Hence one should avoid this sector.

NSE Bankex

CMP: 17055



NSE Bankex

At present there is no clear positive pattern emerging that suggests going long in this sector. Hence we are of the opinion that one should avoid this sector.



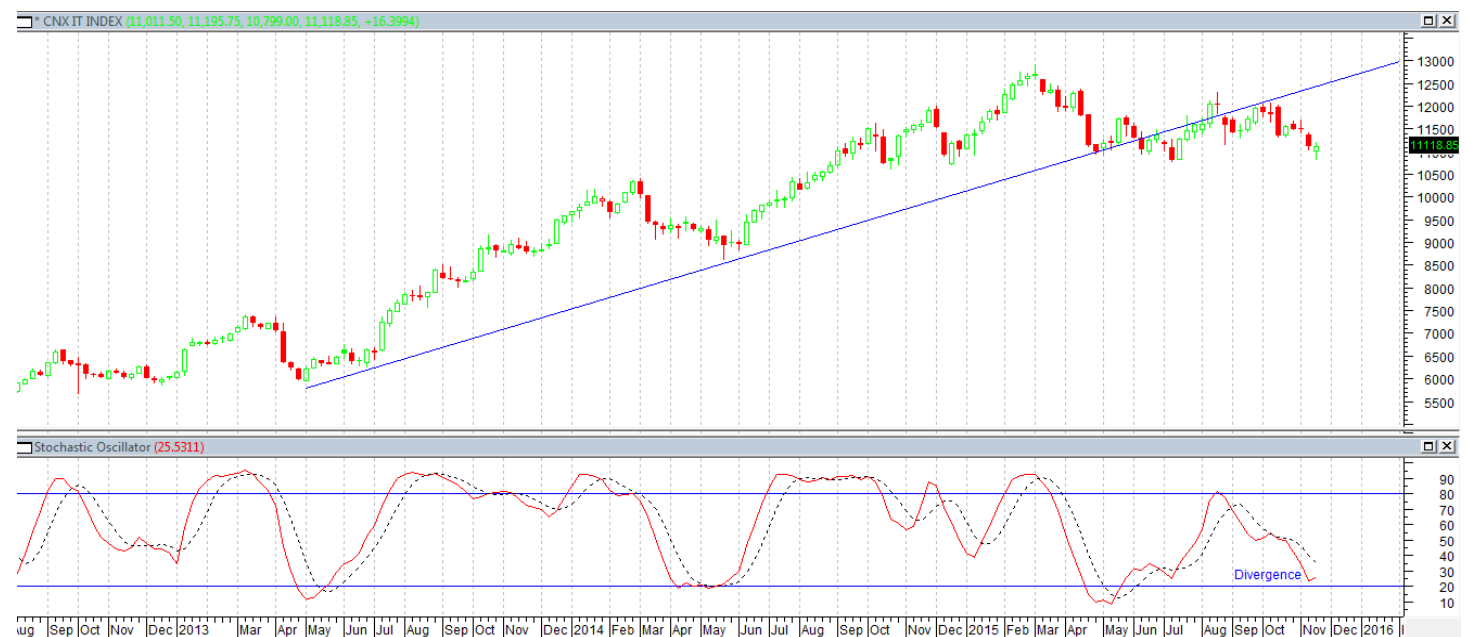
NSE Metal Index	CMP: 1726
------------------------	------------------



NSE Metal Index

We still maintain our bearish stance on the sector. It is in a strong downtrend and rallies are likely to attract selling pressure. Hence, one should avoid this sector at present.

NSE IT	CMP: 11118
---------------	-------------------



NSE IT

At present we are observing a spinning top which gives small clue that the current down move is losing breath. Hence a bounce from current level cannot be ruled out. However there is no positive pattern emerging to go long in this sector. Hence one should avoid this sector.



Weekly Technicals of Key Companies –

Company	Closing 20-Nov-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1339.75	1330.00	1359.20	1378.65	1310.55	1281.35
ADANI PORTS	269.70	270.48	275.62	281.53	264.57	259.43
AMBUJACEM	201.95	198.15	207.55	213.15	192.55	183.15
ASIANPAINT	829.20	819.40	843.60	858.00	805.00	780.80
AXISBANK	459.85	467.70	477.15	494.45	450.40	440.95
BAJAJ-AUTO	2476.65	2441.05	2545.60	2614.55	2372.10	2267.55
BANKBARODA	171.90	171.77	177.53	183.17	166.13	160.37
BHARTIARTL	341.35	338.73	346.97	352.58	333.12	324.88
BHEL	176.25	177.18	180.57	184.88	172.87	169.48
BOSCHLTD	19049.70	19049.85	19600.85	20152.00	18498.70	17947.70
BPCL	916.10	904.07	936.08	956.07	884.08	852.07
CAIRN	137.05	135.35	141.70	146.35	130.70	124.35
CIPLA	646.85	636.30	659.45	672.05	623.70	600.55
COALINDIA	333.30	333.18	339.72	346.13	326.77	320.23
DRREDDY	3353.10	3338.65	3539.45	3725.80	3152.30	2951.50
GAIL	349.55	328.83	380.62	411.68	297.77	245.98
GRASIM	3683.80	3654.60	3727.20	3770.60	3611.20	3538.60
HCLTECH	866.55	856.13	887.27	907.98	835.42	804.28
HDFC	1205.75	1195.25	1232.70	1259.65	1168.30	1130.85
HDFCBANK	1070.85	1065.45	1085.65	1100.45	1050.65	1030.45
HEROMOTOCO	2562.85	2600.98	2645.67	2728.48	2518.17	2473.48
HINDALCO	77.20	78.35	81.30	85.40	74.25	71.30
HINDUNILVR	798.15	795.03	809.97	821.78	783.22	768.28
ICICIBANK	264.95	265.60	271.70	278.45	258.85	252.75
IDEA	136.15	134.63	140.22	144.28	130.57	124.98
INDUSINDBK	921.85	914.25	939.10	956.35	897.00	872.15
INFY	1052.40	1052.55	1093.85	1135.30	1011.10	969.80
ITC	344.45	342.35	355.10	365.75	331.70	318.95
KOTAKBANK	682.30	680.32	694.63	706.97	667.98	653.67
LT	1366.85	1355.42	1384.83	1402.82	1337.43	1308.02
LUPIN	1814.50	1802.62	1845.63	1876.77	1771.48	1728.47
M&M	1315.25	1292.82	1347.43	1379.62	1260.63	1206.02
MARUTI	4737.90	4676.30	4827.60	4917.30	4586.60	4435.30
NTPC	134.15	133.03	136.27	138.38	130.92	127.68
ONGC	234.05	230.35	239.45	244.85	224.95	215.85
PNB	139.50	139.12	142.73	145.97	135.88	132.27
POWERGRID	130.90	130.72	132.88	134.87	128.73	126.57
RELIANCE	946.85	936.53	963.12	979.38	920.27	893.68
SBIN	242.95	244.57	250.03	257.12	237.48	232.02
SUNPHARMA	725.85	737.02	750.13	774.42	712.73	699.62
TATAMOTORS	402.85	403.52	412.83	422.82	393.53	384.22
TATAPOWER	66.65	66.95	68.25	69.85	65.35	64.05
TATASTEEL	230.00	228.65	237.10	244.20	221.55	213.10
TCS	2398.35	2389.30	2432.60	2466.85	2355.05	2311.75
TECHM	534.90	527.63	547.27	559.63	515.27	495.63
ULTRACEMCO	2776.45	2740.47	2830.93	2885.42	2685.98	2595.52
VEDL	93.15	91.15	96.50	99.85	87.80	82.45
WIPRO	569.70	562.32	582.38	595.07	549.63	529.57
YESBANK	731.20	736.27	752.33	773.47	715.13	699.07
ZEEL	396.30	390.43	406.32	416.33	380.42	364.53

Source: Iris Software

**Contact**

SMS: 'Arihant' to 56677

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

**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

Disclaimer: This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

ARIHANT Capital Markets Ltd

#1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093
T. 022-42254800. Fax: 022-42254880

RCH-WMR-00

www.arihantcapital.com