



### Key developments during the week

- Chidambaram says watching rupee situation, shouldn't panic
- Khan says RBI, govt monitoring rupee, to take measures as needed
- Coal min to issue norms on imported coal pass-through for power units
- Chidambaram says Cabinet may take up FDI caps third week of Jul
- Cabinet panel OKs 5% divest in Neyveli Lignite
- Cabinet OKs norms on developers exiting road projects
- Cabinet panel defers decision on gas pricing, ethanol
- Coal India CMD says Apr-Jun output seen 105-106 mln tn vs 110 mln aim
- Moody's says econ challenges affect India's credit profile
- Official says GMR Infra arm ups Hyderabad-Vijayawada road toll fee 5-9%
- HCC chairman says Lavasa project back on track
- Reliance Capital suspends gold sale in physical form, as invest pdts
- Cairn India says co expects total output of 225,000-240,000 bpd by Mar
- Sun Pharma gets US FDA nod for generic of Rilutek tablets

INDEX	21-June-13	14-June-13	Change (in %)
NIFTY	5667.65	5808.40	-2.42
SENSEX	18774.24	19179.78	-2.11
NSE 500	4420.15	4525.95	-2.34
NSE MIDCAP	1886.30	1930.35	-2.28
NIFTY JUNIOR	11525.10	11705.35	-1.54
BSE SMALLCAP	5717.30	5773.52	-0.97
BSE 200	2276.55	2327.41	-2.19

INDEX	21-June-13	14-June-13	Change (in %)
BSE CD	6524.58	6590.86	-1.01
BSE OIL AND GAS	8349.92	8534.58	-2.16
BSE PSU	6075.13	6307.60	-3.69
BSE FMCG	6486.80	6581.11	-1.43
BSE Capital Goods	9034.84	9318.03	-3.04
BSE AUTO	10647.87	10698.74	-0.48
BSE REALTY	1510.54	1601.76	-5.69
BSE BANK	12967.26	13608.97	-4.72
BSE TECH	3576.19	3549.89	0.74
BSE HEALTHCARE	8657.12	8718.63	-0.71
BSE IT	6011.27	6002.76	0.14
BSE METALS	7604.88	7958.64	-4.44

### Domestic events week ahead

- **Jun 24-25:** Crude, refinery output for May, from petroleum ministry.
- **Jun 24-29:** FDI equity inflow in April, by commerce and industry ministry.
- **Jun 28:** Balance of payments for Jan-Mar, 2012-13, by RBI
- **Jun 28:** Government finances for May, by CGA.
- **Jun 28:** CPI for industrial workers for May, by Labour Bureau.
- **Jun 28:** Core sector growth for May, by commerce ministry.

Source: NW18

INDEX	21-June-13	14-June-13	Change (in %)
Dow Jones	14799.40	15107.50	-2.04
Hang seng	20263.31	20969.14	-3.37
Nikkei	13230.13	12686.52	4.28
FTSE	6116.17	6312.74	-3.11

### Global events week ahead

- **Jun 24:** German Ifo Business Climate
- **Jun 25:** Japan CSPI y/y, Italian Retail Sales m/m, US Core Durable Goods Orders m/m, US CB Consumer Confidence, US New Home Sales
- **Jun 26:** GfK German Consumer Climate, UK Inflation Report Hearings, BOE Financial Stability Report, US Final GDP q/q, US Crude Oil Inventories,
- **Jun 27:** German Retail Sales m/m, German Unemployment Change, Europe Retail PMI, UK Current Account, UK Final GDP q/q, US Unemployment Claims, US Pending Home Sales m/m, US FOMC Member Powell Speaks
- **Jun 28:** Japan Manufacturing PMI, Japan Household Spending y/y, Japan Unemployment Rate, Japan Prelim Industrial Production m/m, Japan Retail Sales y/y, Japan Housing Starts y/y, German Prelim CPI m/m, French Consumer Spending m/m, US Chicago PMI, US Revised UoM Consumer Sentiment



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Seen down this week as fundamental issues persist**

Shares of major automobile companies are seen continuing their slide in the week ahead, as the demand fundamentals for companies in the domestic market have not changed, and the rupee's fall against the US dollar stares at the automakers as an additional cost burden. The rupee has depreciated around 8% against the US dollar since Jan 1, and the fall is expected to add to the indirect cost of original equipment manufacturers who import key components. However, major exporters such as Bajaj Auto are seen benefiting from the local currency's fall. Over the past week, Bajaj Auto's shares gained 3.7%, the most among major manufacturers. Bajaj Auto is the country's largest auto exporter, selling vehicles in 18 countries, apart from India. Domestic vehicle sales are down on account of slowing economic growth, damp consumer sentiment, high interest rates and fuel costs.

### **Bank Sector – Value buying to lift SBI, Axis Bank, ICICI Bank**

Shares of large banks are likely to trade with an upward bias this week on value buying, whereas mid- and small-sized banks will continue to witness selling pressure. However, the upside in large banks will be limited ahead of expiry of the June derivatives contracts on Thursday. We expect upbeat on shares of State Bank of India, HDFC Bank, Axis Bank, and ICICI Bank. There are too many variables including rupee, foreign investment interest, and government steps that are uncertain at the moment. Banks are affected by these as they are a barometer to the health of the economy. Hopes of a 25-basis-point repo rate cut by the Reserve Bank of India at its Jul 30 policy review have been crashed by concerns over the depreciation of the rupee to an all-time low of 59.9700 a dollar on Jun 20. A weak rupee exacerbates the risk of imported inflation and also has a detrimental impact on the country's already high current account deficit.

### **Capital Goods sector – Seen trading positive on rupee decline**

Shares of most capital goods and engineering companies are seen trading with a positive bias this week as the slide in the rupee is expected to help the sector. Stocks of Larsen and Toubro, and Cummins India are being preferred most by the investors as these companies have significant exposure to exports and are expected to benefit from the fall in the rupee against the dollar. Investors expect weakening rupee to lead to Indian companies preferring to place orders with domestic capital goods companies including BHEL, BGR Energy, Thermax and Cummins, over their competitors in China and Korea. The orders placed in China and Korea is in dollar terms, so those imports will get expensive, which will bring back orders to the domestic players. However, in the short term, order booking is not expected to show any dramatic upside. The financial performance of the capital goods players in the country has seen a continuous slide in order book in the last one year, due to increased competition which is affecting margins and profitability.

### **Cement Sector – No respite in sight, seen subdued this week**

Shares of major cement companies may continue to languish this week because of subdued demand for cement and absence of any immediate sector-specific triggers. Cement companies have already been bearing the brunt of stalled infrastructure and housing activities. The Reserve Bank of India's hawkish monetary policy stance has also taken the sheen off the infrastructure and real estate sectors, further dimming the short-term outlook for the sector. The RBI kept policy rates unchanged in its review on Jun 17. However, we are hopeful that pre-election spending on infrastructure will help cement demand to revive, at least in the second half of 2013-14 (Apr-Mar). On an average, monthly cement demand growth is 8% higher than the industry growth 3-9 months prior to an election month.

### **Steel Sector – Bias downward; rupee movement eyed**

Shares of major steel companies are expected to move within a range with a negative bias on worries that the weakening trend in the rupee may hurt their margins in the quarter ended June. Though global coking coal prices have dropped 20%, domestic primary steel producers will not be able to reap the benefit due to the rupee's depreciation against the greenback. This is expected to hurt companies' margins. The Indian steel industry relies on imports to meet its coking coal demand. Coking coal and iron ore are the two key raw materials used by domestic steel companies in steel making. Continued subdued demand for the alloy in the domestic market is expected to keep performance of most steel companies muted through the week. Shares of Jindal Steel & Power are seen slightly weak following the show cause notice from the coal ministry. The ministry has zeroed in on 30 coal blocks where delay in commencing operations has been identified and has sent notices to the allottees accordingly.

**FMCG Sector – May remain investor picks in uncertain times**

The counters of fast moving consumer goods companies are likely to continue drawing investors amid an uncertain economic scenario and a depreciating rupee, as these companies are likely to face the least impact of such development. Given the way metal prices tanked and the ever-increasingly volatility in rupee, FMCG stocks are the only safe haven left for equities investors, any fall in stocks prices of marquee FMCG companies should be seen as a buying opportunity.

**Oil Sector – PSU oil cos to track rupee; RIL seen in range**

Shares of oil marketing companies will track rupee-dollar movement this week but are unlikely to decline much from current levels, while those of Reliance Industries Ltd and Oil and Natural Gas Corp Ltd are seen range-bound with positive bias. Indian Oil Corp Ltd, Hindustan Petroleum Corp Ltd and Bharat Petroleum Corp Ltd being huge importers of crude oil, depreciation of the rupee make the commodity costlier for them, increasing revenue losses on subsidised fuels. The state-owned refining and marketing companies import almost 80% of their crude oil requirement. At current levels, every one-rupee change in the value of the dollar has an inverse impact of over \$3 per barrel on the prices of crude. Shares of Reliance Industries Ltd will track the developments on the new gas pricing formula, which is expected to be positive for the company. Till the government decides on the new pricing, the shares may keep oscillating around current levels. The Street is expecting price of natural gas in the country to be revised to \$7-\$8 per mBtu. ONGC too will benefit from the revision in gas prices, and shares are seen gaining after the announcement.

**Pharma sector – Seen mixed this week; Ranbaxy may fall more**

Shares of major pharmaceutical companies are likely to be mixed this week and may be influenced by stock-specific news. Ranbaxy Laboratories scrip that has taken a strong beating in the last few weeks over regulatory issues is unlikely to find any respite in next five trading sessions. The European Commission has imposed a fine of 146 mln euros on Danish pharmaceutical company Lundbeck and five generic drug makers, including Ranbaxy Laboratories Ltd, for colluding to delay the launch of cheaper generic versions of anti-depressant drug citalopram. Ranbaxy will have to pay a fine of 10.32 mln euros, or 810 mln rupees, to the commission, while Lundbeck has been fined 93.77 mln euros. Shares of pharmaceutical companies are also likely to take cues from the broader market that has seen choppy trade this week due to the rupee dipping to new lows against the greenback. Trade on the stock exchanges is expected to be volatile this week ahead of the June futures and options expiry, due Thursday.

**Telecom Sector – To eye spectrum EGoM meet this week**

Telecom stocks this week will eye the meeting of the Empowered Group of Ministers, which will decide the schedule and the modalities for the third round of spectrum auction. The ministerial panel, headed by Finance Minister P. Chidambaram, is expected to meet on Jun 26 and will also mull the contentious issue of spectrum pricing. The government is scheduled to conduct the third round of spectrum auction in coming months. This may include the auction of the 900 Mhz bandwidth along with the auction of spectrum in 1,800 Mhz bandwidth. Telecom operators would eagerly await the outcome of the meeting, as the high reserve price set by the government was the major reason for the lacklustre performance of the auctions held in November and March.

**Market Range for Week 5550- 5800**

Nifty	Values	
Support 1	5650	<b>Resistance</b> – Nifty facing Resistance level @5750 level above this level it may go up to @5780 & @ 5820 level.  <b>Support</b> - Support comes for market @5650 level for Nifty; below this level Nifty next support @5600 and @5550 will be the major support for Market.
Support 2	5600	
Support 3	5550	
Resistance 1	5750	
Resistance 2	5780	
Resistance 3	5820	

**Technical** – Last week Nifty opened at 5820 & it made a high of 5863. Last week we have seen some pressure from higher level. Nifty made a low of 5616 & closed at 5667. Last week Nifty drags 196 points from its high & on weekly basis it closed at 141 point's lower. Sensex made a weekly high of 19383 & a low of 18615 almost it drags 768 points in the week from its high. So overall last week we have seen selling pressure.



**For the coming week the market range we expect 5550-5800**

**Weekly Chart View –**

Last week we had expected market range (5680-5950) market made a high of 5863 & low of 5616, so overall it holds our both side range, only just by few points broke lower side range.

In last week report we had mentioned, on the daily chart market was near 200SMA & on weekly chart above 50WMA, because of that we had mentioned we can see some consolidation & 5850-5880 will be major resistance & market fail to cross that level. Now on daily chart market below 200&100SMA. On weekly chart market below 50WMA, but just near to lower trendline. So overall from now 5650-5620 will be very important support level below that can see more pressure in the market, may be some oversold rally can see but still higher level use caution approach in the market.

On Friday the Dow & S&P500 finished Friday up 0.3%. The Nasdaq closed down 0.2%. The three major U.S stock market indexes ended the week down between 1.8% & 2.1%.

**Weekly Chart**



**Market Commentary -**

The market may remain volatile next week as traders roll over positions in the futures & options (F&O) segment from the near month June 2013 series to July 2013 series.

Investment activity of foreign institutional investors (FIIs), trend in global markets and rupee movement will remain in focus. Foreign institutional investors (FIIs) have become net sellers of India shares in past few weeks. FIIs have sold shares worth Rs 2892.40 crore in this month so far (till 19 June 2013).

Investors are concerned that FIIs may step up selling as global liquidity reduces. US Federal Reserve Chairman Ben Bernanke said after the conclusion of a two-day policy meeting on 19 June 2013 that the central bank's purchases of government bonds may be scaled back as early as this year, if economic activity improves in line with its forecasts.



The Fed's asset purchases, known more popularly as quantitative easing (QE), led to a flush of capital in the global financial system in recent years. Investors fear that as this program is rolled back, global funds will reallocate their investments to the US dollar and equities, which now have better prospects and are considered a safer bet.

Meanwhile, a weak rupee will hit companies with high imports and high foreign debt adversely. A weak rupee makes imports costlier. On the other hand, IT companies stand to benefit from the rupee's decline. A weak rupee boosts revenue of IT firms in rupee terms as the sector derives a lion's share of revenue from exports.

### Weekly Technicals of Key Companies –

Company	Closing 21-June-13	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1163.60	1180.95	1210.65	1257.70	1133.90	1104.20
AMBUJACEM	186.35	182.98	190.32	194.28	179.02	171.68
ASIANPAINT	4557.70	4568.23	4624.27	4690.83	4501.67	4445.63
AXISBANK	1259.70	1268.23	1312.52	1365.33	1215.42	1171.13
BAJAJ-AUTO	1830.05	1809.18	1875.87	1921.68	1763.37	1696.68
BANKBARODA	549.70	577.58	615.37	681.03	511.92	474.13
BHARTIARTL	291.95	293.18	300.52	309.08	284.62	277.28
BHEL	170.30	174.22	180.43	190.57	164.08	157.87
BPCL	348.35	355.17	365.88	383.42	337.63	326.92
CAIRN	293.50	292.20	297.20	300.90	288.50	283.50
CIPLA	381.30	379.05	385.05	388.80	375.30	369.30
COALINDIA	298.60	298.85	304.40	310.20	293.05	287.50
DLF	175.15	179.52	188.98	202.82	165.68	156.22
DRREDDY	2121.40	2120.17	2206.13	2290.87	2035.43	1949.47
GAIL	289.65	293.60	301.05	312.45	282.20	274.75
GRASIM	2783.05	2772.02	2839.03	2895.02	2716.03	2649.02
HCLTECH	758.75	763.83	777.67	796.58	744.92	731.08
HDFC	820.70	825.68	850.07	879.43	796.32	771.93
HDFCBANK	635.25	644.85	659.60	683.95	620.50	605.75
HEROMOTOCO	1625.95	1616.47	1665.43	1704.92	1576.98	1528.02
HINDALCO	94.00	96.85	102.55	111.10	88.30	82.60
HINDUNILVR	590.65	592.58	596.12	601.58	587.12	583.58
ICICIBANK	1044.85	1058.95	1091.75	1138.65	1012.05	979.25
IDFC	136.35	138.85	145.15	153.95	130.05	123.75
INDUSINDBK	464.30	464.38	488.42	512.53	440.27	416.23
INFY	2418.75	2407.17	2471.58	2524.42	2354.33	2289.92
ITC	322.35	324.22	330.93	339.52	315.63	308.92
JINDALSTEL	204.45	219.75	243.60	282.75	180.60	156.75
JPASSOCIAT	57.65	59.58	62.62	67.58	54.62	51.58
KOTAKBANK	729.50	740.47	760.63	791.77	709.33	689.17
LT	1392.80	1412.27	1444.53	1496.27	1360.53	1328.27
LUPIN	787.45	787.17	805.13	822.82	769.48	751.52
M&M	939.65	954.53	985.87	1032.08	908.32	876.98



MARUTI	1554.65	1535.93	1578.62	1602.58	1511.97	1469.28
NMDC	105.10	105.35	110.50	115.90	99.95	94.80
NTPC	143.00	144.30	150.60	158.20	136.70	130.40
ONGC	307.75	306.25	315.10	322.45	298.90	290.05
PNB	667.00	691.47	723.33	779.67	635.13	603.27
POWERGRID	107.20	107.30	109.60	112.00	104.90	102.60
RANBAXY	349.20	356.10	373.20	397.20	332.10	315.00
RELIANCE	792.85	804.65	825.70	858.55	771.80	750.75
RELINFRA	331.95	342.65	359.10	386.25	315.50	299.05
SBIN	1989.10	2010.13	2053.97	2118.83	1945.27	1901.43
SESAGOA	138.40	140.00	144.90	151.40	133.50	128.60
SUNPHARMA	948.50	959.13	975.27	1002.03	932.37	916.23
TATAMOTORS	287.05	289.93	297.72	308.38	279.27	271.48
TATAPOWER	81.50	82.17	84.23	86.97	79.43	77.37
TATASTEEL	272.05	277.07	288.58	305.12	260.53	249.02
TCS	1422.25	1428.78	1458.47	1494.68	1392.57	1362.88
ULTRACEMCO	1813.15	1835.35	1895.40	1977.65	1753.10	1693.05

Source: Iris Software

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