

Key developments during the week

- Govt source says MAT committee recommended relief to FIIs
- Govt says National Mineral Exploration Trust set up to aid auction
- Jaitley says NPA levels unacceptable, trying to correct banks' health
- Revenue secretary unsure if case exists for steel import safeguard duty
- IRDA head says 4-5 insurance companies sought nod for higher FDI
- SEBI moots infra trusts investment in holding company with stake in SPV
- India Jul CPI farm labour inflation at 2.88% vs 4.46% Jun
- RBI Rajan says yuan devaluation worrisome if start of long-term fall
- RBI Rajan says hope to announce small finance bank licences next month
- Revenue secretary says govt consulting with RBI, SEBI on P-note issue
- Cabinet approves pact with Seychelles on sharing information on taxes
- HSBC says fall in inflation opens up room for repo rate cut in Sep
- DIPP secretary denies plan to allow 100% FDI in coffee, rubber plantation
- Moody's cuts India 2015 economic growth estimate to around 7%
- PM pitches for India's potential to attract investment worth \$1 trillion
- Prime Minister Modi woos Bihar with 1.65-trln-rupees package
- Minister Sinha says need foreign capital in biotech, solar sectors

INDEX	21-Aug-15	14-Aug-15	Change (in %)
NIFTY	8299.95	8518.55	-2.57
SENSEX	27366.07	28067.31	-2.50
NSE 500	6961.00	7112.50	-2.13
NSE MIDCAP	3343.75	3418.20	-2.18
NIFTY JUNIOR	21046.15	21250.80	-0.96
BSE SMALLCAP	11610.44	11766.78	-1.33
BSE 200	3511.83	3594.45	-2.30

INDEX	21-Aug-15	14-Aug-15	Change (in %)
BSE AUTO	18795.14	19461.68	-3.42
BSE BANK	20687.70	21488.24	-3.73
BSE CAPITAL GOODS	17384.96	17955.01	-3.17
BSE CD	11421.15	11264.44	1.39
BSE FMCG	8010.75	7923.25	1.10
BSE HEALTHCARE	18440.45	18058.72	2.11
BSE IT	11627.77	11621.55	0.05
BSE METALS	7400.37	7806.25	-5.20
BSE OIL AND GAS	9149.21	9507.63	-3.77
BSE PSU	7158.89	7414.23	-3.44
BSE REALTY	1300.48	1429.03	-9.00
BSE TECK	6318.98	6397.06	-1.22

INDEX	21-Aug-15	14-Aug-15	Change (in %)
DOW JONES	16459.75	17477.40	-5.82
HANG SENG	22409.62	23991.03	-6.59
NIKKEI	19435.83	20519.45	-5.28
FTSE	6187.85	6550.74	-5.54

Domestic events week ahead

- **Aug 27:** Rainfall for week to Aug 26, by IMD.
- **Aug 28:** WMA and forex reserves as on Aug 21, by RBI.

Source: NW18

Global events week ahead

- **Aug 24:** N.A.
- **Aug 25:** German Final GDP q/q, German Ifo Business Climate, US Flash Services PMI, US CB Consumer Confidence, US New Home Sales
- **Aug 26:** US Core Durable Goods Orders m/m, US Durable Goods Orders m/m, US FOMC Member Dudley Speaks, US Crude Oil Inventories
- **Aug 27:** US Prelim GDP q/q, US Unemployment Claims, US Pending Home Sales m/m, Jackson Hole Symposium
- **Aug 28:** Japan Unemployment Rate, Japan Retail Sales y/y, German Prelim CPI m/m, Spanish Flash CPI y/y, UK Second Estimate GDP q/q, US Goods Trade Balance, US Revised UoM Consumer Sentiment, US Revised UoM Inflation Expectations, Jackson Hole Symposium
- **Aug 29:** BOE Gov Carney Speaks, FOMC Member Fischer Speaks, Jackson Hole Symposium



Weekly Sector Outlook and Stock Picks

Auto sector – Seen down this week following broader indices

Most automobile stocks are seen trading with a negative bias this week, primarily tracking broader indices, which are also expected to see a lower week as global economic concerns persist. The absence of any sector-specific triggers would leave automobile stocks tracking benchmark indices. Maruti Suzuki India Ltd is likely to be the best-placed automaker this week, owing to strong fundamentals backed by launches and portfolio, while also being supported by a hike in prices. In spite of being the best of the pack, Maruti Suzuki, too, is likely to witness at best muted action in its counter. Two-wheeler stocks are seen trading with a negative bias on poor rural sales, with the outlook for the same also not being positive for the near term. A pick-up is seen in motorcycle demand only from Q4 (Jan-Mar), and till then the category will keep dragging two-wheeler stocks.

Bank Sector – Seen down this week on global concerns

Bank stocks are expected to extend their losses this week, with global developments continuing to weigh on the broader market. Concerns of a growth slowdown in China, along with snap elections in Greece following the resignation of Prime Minister Alexis Tsipras, have hit global sentiment. China's preliminary Markit manufacturing purchasing managers' index fell to an over-six-year low of 47.1 in August from July's final reading of 47.8. Friday, the National Stock Exchange's Nifty ended at 8299.95 points, down 72.80 points or 0.9% from Thursday after slumping 1.8% intraday. The Sensex closed at 27366.07 points, down 241.75 points or 0.9%. The Bank Nifty ended 3.6% down on week today at 18057.20. Friday the rupee ended at a fresh two-year closing low of 65.8250 per dollar, having weakened by nearly 3% in the last ten days.

Capital Goods Sector – Seen extending losses this week

Shares of most capital goods companies are seen continuing their downward slide this week as negative sentiment from a spillover of a disappointing end of monsoon session and weak macro environment continue to weigh. However, long-term investors may see the coming week as a good opportunity to build position in capital goods majors as investors believe the pickup in investment cycle is just around the corner. Government investments in some sectors such as transmission and distribution infrastructure and roads have already picked but private sector capital expenditure is yet to pick up. Capital Goods Company Thermax is seeing pickup in enquiry levels from sectors such as pharmaceutical and food processing that requires relatively smaller investments, while enquiry levels from large core sectors like steel, oil and gas remain muted. However, product cycle companies such as Siemens and Cummins India are expected to outperform their peers as low-ticket order sizes are already being awarded. Shares of capital goods companies may react on stock-specific news this week as no major development on the macro-economic level or industry level is in the pipeline.

Cement Sector – Seen trading with negative bias this week

Shares of major cement manufacturing companies are seen trading with a negative bias this week due to weak demand for the product and poor pricing power of companies. Cement stocks are unlikely to rise in near term because of weaknesses in the broader markets, lack of serious push for infrastructure development on the part of the government, and other reasons.

FMCG Sector – Firm as defensives preferred in likely weak market

Shares of fast moving consumer goods companies are seen trading with a positive bias this week as defensive sectors may get preference amid a likely weak overall market sentiment. While major share indices fell this week on concerns over slowing Chinese economy, defensive sectors like pharmaceuticals, FMCG and information technology have performed well and this trend is expected to continue in the coming week too. The CNX FMCG index rose 1.8% on week. Expiry of the derivatives contract this week may lead to some volatility in the market and hence any one-side movement in stocks is unlikely. Fundamentals for the FMCG sector are mixed. While benign raw materials are aiding gross margins of companies, increased competitive intensity may lead to higher spend on advertising and promotions. Also, demand on the ground has not picked up much and monsoon has been weak so far this season, which is a negative. Monsoon rainfall in India so far this season that began on Jun 1 has been 9% below normal at 580.5 mm, according to the latest data from the India Meteorological Department.

**IT Sector – Upbeat on weak rupee, grim broader market scenario**

Shares of information technology companies are seen broadly positive this week due to the rupee's depreciation against the dollar, and weak market sentiments. The broad market is seen negative this week owing to concerns over slowdown in the global economy. Market participants are likely to exit other sectors and invest in the IT sector, considered a safe bet in the current scenario. However, the positive bias will be more towards large cap IT companies. The rupee is expected to continue depreciating against the US dollar. The rupee ended at 65.8250 per dollar, its lowest closing since Sep 5, 2013. Large-cap IT companies Tech Mahindra Ltd, Infosys Ltd and Tata Consultancy Ltd are expected to be major gainers of the upward trend as most of their revenues come from operations outside India. We are highly optimistic about Infosys after the Bengaluru-based company's Chief Executive Officer Vishal Sikka announced the launch of three renewed service offerings termed 'Aikido'. Mid-cap IT companies are not expected to gain much from the fall in rupee as a major part of their revenue does not come from foreign countries.

Oil Sector – PSU companies seen in a range, weak market may weigh

Shares of most oil companies are seen trading in a range with a negative bias this week as a weak broad market and declining crude oil prices are likely to weigh on sentiments. Shares of Indian Oil Corp Ltd will be in focus as the government will sell 10% stake in the company on Aug 24 through an offer for sale. Concerns over slowdown in the global economy are likely to continue weighing on market sentiments in the coming week and that may have some impact on shares of the state-owned refiners as well as upstream companies. Following the cut in petrol and diesel prices on Aug 14, marketing margins on diesel and petrol have declined by 2% and 6%, respectively. However, refining margin on petrol and diesel, cracks in industry parlance, have improved due to the sharp decline in crude oil prices. But we are of the view that refining margins will soon come under pressure again. While fundamentals of IOC, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd are still seen strong in the wake of diesel price deregulation, concerns over margins and weak market sentiments may play on the stock price keeping it in a range in near term. Low crude prices will continue to weigh on Oil and Natural Gas Corp Ltd and Oil India shares, even as a weaker rupee may provide some cushion.

Pharma sector – Seen positive this week on defensive buying

Shares of major pharmaceutical companies will trade positive this week on account of defensive buying with the broader indices seen slipping further. Domestic equities ended in the red on week, with the benchmark Nifty index losing over 200 points during the week's trade. Global markets continue to be weak and the Nifty may slip below 8200 next week. To this effect, buying will take place in defensive sectors like pharma and FMCG. Shares of Sun Pharmaceutical Industries Ltd and Cadila Healthcare Ltd are expected to outperform their peers in the sector. Shares of Sun Pharma performed firmly, providing them with momentum to remain in the green this week. The company, India's largest drug maker, received an approval from the US Food and Drug Administration to sell anti-inflammatory drug Ximino there. The street estimates the drug adding around \$50-80 mln to Sun Pharma's annual sales. Another company that picked positive momentum based on drug approvals in the US is Hyderabad-based Aurobindo Pharma Ltd. The company received permission from the US regulator to manufacture and market osteoporosis drug ibandronate sodium injection, and ulcer drug omeprazole delayed-release capsules.

Metal Sector – Seen range bound with a positive bias

Shares of major metals and mining companies are seen trading in a range with a positive bias this week. There are also possibilities of some bounce back in the sector. The bounce back will, however, be temporary and we can see a downward correction in near future. The CNX metal index has fallen 13% since Aug 1. Depreciation of Chinese currency yuan may lead to a rise in exports from the country and would suppress demand for Indian metals, adding to the woes of the ailing sector. Tata Steel and Steel Authority of India would be slightly positive in the sector while Vedanta is likely to trade with negative bias. Vedanta would continue to witness selling pressure this week. JSW Steel would likely to trade in a range this week.

Telecom Sector – Expected to extend losses this week

More disappointment is in store for telecom shares this week as they are seen to extend losses of the last five trading sessions. Telecom shares are unlikely to escape the weakness in the broader market following signs of a worsening economic slowdown in China. Bharti Airtel Ltd's likely to trade negative this week. Shares of Idea Cellular Ltd are also likely to trade weaker and Reliance Communications Ltd may remain range-bound during the week.



Market range for the week 8110- 8450

Nifty	Values
Support 1	8250
Support 2	8180
Support 3	8150
Resistance 1	8350
Resistance 2	8380
Resistance 3	8450

Resistance – Nifty may face resistance at 8350 level above this level it may go up to 8380-8450 level.

Support - Nifty has support at 8250 level below this next support at 8180-8150 levels.

Technical – During the week, CNX Nifty opened at 8530.50 and touched the highest level of 8530.60 and lowest level of 8225.05. The CNX Nifty ended at 8299.95; drag 218.60 points or -2.57%. The S&P BSE Sensex opened at 28093.54 and touched the highest level of 28095.97 and lowest level of 27131.40. The S&P BSE Sensex closed at 27366.07; drag 701.24 points or -2.50%.

For the coming week, we expect the market range of 8110-8450.

Weekly Chart View –

We had mentioned in last week’s report that on the daily we get closed above 100 and 200DMA and on weekly chart we had witness “Narrow range” body formation, because of that we had mentioned 8640-8660 will be major resistance only above that we can see upside and all we have seen market fail to sustain at higher levels. Now on daily chart we get closed below 200 and 100DMA. On weekly chart we can see “Bearish candle” and get closed below 50WMA. So overall from here 8250-8210 will be important support level below that we can see more pressure and 8380-8440 will remain major resistance. So as of now can use caution approach at higher levels.

Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 8381
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NSE Auto

At present, we are observing a bear candle which suggests weakness. On the downside this sector can test 8150 – 8000 – 7800 levels. Hence one should avoid this sector.

NSE Bankex	CMP: 18057
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NSE Bankex

The current price action suggests that the upper trendline of the channel is acting as strong resistance. Further, we are observing a bear candle which suggests weakness going ahead. On the downside it can test 17600 – 17100 levels. Hence one should avoid this sector.



NSE Metal Index

CMP: 1822



NSE Metal Index

The prices have tested the lower trendline of the symmetric triangle. However, there is no sign of reversal of trend. Hence, one should avoid this sector at present.

NSE IT

CMP: 12032



NSE IT

We maintain our stance that positive divergence in the “Stochastic momentum oscillator” is still positively poised. However the Doji suggests that momentum on the upside is losing breath. Hence those long at lower level should trial their stop loss to 11800. On the upside it can test 12300 - 12850 levels.



Weekly Technicals of Key Companies –

Company	Closing 21-Aug-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1406.45	1407.60	1453.20	1499.95	1360.85	1315.25
AMBUJACEM	227.05	228.62	236.33	245.62	219.33	211.62
ASIANPAINT	886.75	888.55	913.10	939.45	862.20	837.65
AXISBANK	525.30	537.12	559.93	594.57	502.48	479.67
BAJAJ-AUTO	2406.20	2453.73	2522.47	2638.73	2337.47	2268.73
BANKBARODA	199.65	201.28	214.67	229.68	186.27	172.88
BHARTIARTL	369.55	375.57	392.63	415.72	352.48	335.42
BHEL	248.85	252.23	261.02	273.18	240.07	231.28
BOSCHLTD	24122.15	24534.02	25277.13	26432.12	23379.04	22635.92
BPCL	889.65	889.53	919.02	948.38	860.17	830.68
CAIRN	141.70	145.33	153.57	165.43	133.47	125.23
CIPLA	697.40	704.50	737.90	778.40	664.00	630.60
COALINDIA	348.65	359.25	373.00	397.35	334.90	321.15
DRREDDY	4244.05	4243.63	4328.12	4412.18	4159.57	4075.08
GAIL	311.35	321.30	337.10	362.85	295.55	279.75
GRASIM	3625.25	3655.37	3729.88	3834.52	3550.73	3476.22
HCLTECH	964.90	967.53	995.07	1025.23	937.37	909.83
HDFC	1228.35	1249.52	1285.03	1341.72	1192.83	1157.32
HDFCBANK	1061.30	1071.37	1091.73	1122.17	1040.93	1020.57
HERMOTOCO	2555.05	2603.40	2671.80	2788.55	2486.65	2418.25
HINDALCO	86.00	87.25	92.45	98.90	80.80	75.60
HINDUNILVR	884.15	882.00	904.00	923.85	862.15	840.15
ICICIBANK	296.50	297.28	305.97	315.43	287.82	279.13
IDEA	152.50	156.12	160.13	167.77	148.48	144.47
INDUSINDBK	905.25	923.35	953.40	1001.55	875.20	845.15
INFY	1149.90	1151.20	1184.90	1219.90	1116.20	1082.50
ITC	330.75	323.68	338.37	345.98	316.07	301.38
KOTAKBANK	688.00	697.58	715.17	742.33	670.42	652.83
LT	1740.00	1761.67	1798.33	1856.67	1703.33	1666.67
LUPIN	1877.80	1855.65	1964.75	2051.70	1768.70	1659.60
M&M	1322.25	1331.65	1375.30	1428.35	1278.60	1234.95
MARUTI	4567.35	4596.25	4663.50	4759.65	4500.10	4432.85
NMDC	93.05	94.87	97.68	102.32	90.23	87.42
NTPC	123.40	125.07	128.33	133.27	120.13	116.87
ONGC	255.95	259.07	267.03	278.12	247.98	240.02
PNB	159.35	164.13	175.77	192.18	147.72	136.08
POWERGRID	133.40	135.30	137.55	141.70	131.15	128.90
RELIANCE	907.95	923.65	950.30	992.65	881.30	854.65
SBIN	267.50	270.57	284.93	302.37	253.13	238.77
SUNPHARMA	937.90	929.88	974.02	1010.13	893.77	849.63
TATAMOTORS	332.40	340.82	353.88	375.37	319.33	306.27
TATAPOWER	68.00	68.05	69.95	71.90	66.10	64.20
TATASTEEL	237.25	241.22	250.93	264.62	227.53	217.82
TCS	2676.15	2694.67	2734.33	2792.52	2636.48	2596.82
TECHM	563.05	561.28	577.52	591.98	546.82	530.58
ULTRACEMCO	2972.90	3026.98	3128.17	3283.43	2871.72	2770.53
VEDL	94.60	98.50	103.90	113.20	89.20	83.80
WIPRO	576.00	575.73	587.77	599.53	563.97	551.93
YESBANK	692.15	724.65	770.00	847.85	646.80	601.45
ZEEL	383.20	392.98	408.37	433.53	367.82	352.43

Source: Iris Software

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RCH-WMR-00