

**Key developments during the week**

- India, France ink 7.8-bln-euro deal for 36 Rafale fighter jets
- India Apr-Jun current account gap at \$0.3 bln or 0.1% of GDP from \$6.1 bln or 1.2% of GDP YoY
- India Aug rail freight traffic 85.55 mln tn, down 3.7% YoY
- Farm minister says seek BRICS nations' help to meet pulses demand
- Govt pegs 2016-17 kharif food grain output at record 135 mln tn
- Govt to give 235-bln-rupees per year export sop under merchandise scheme
- India raises serious concerns about methodology of rating agencies
- Govt to form clean energy, road fund under national infrastructure fund
- Cabinet approves merger of Railway Budget with General Budget from FY18
- Cabinet approves PSUs raising 313 bln rupees through bonds
- Cabinet approves doing away with plan, non-plan expenditure distinction
- Steel secretary says ministry against cutting export duty on high grade iron ore
- India Aug CPI farm labour food inflation at 5.96% from 7.95% in Jul
- Moody's says credit impact of India's reform to be seen in medium term
- RBI likely to amend norms on loan against property to curb misuse
- Gem body says India Aug gold jewellery export \$605 mln, up 7% YoY
- Moody's says worst over for Indian banks on asset quality cycle

INDEX	23-Sep-16	16-Sep-16	Change (in %)
NIFTY	8831.55	8779.85	0.59
SENSEX	28668.22	28599.03	0.24
NSE 500	7554.90	7487.20	0.90
NSE MIDCAP	4000.50	3921.40	2.02
NIFTY JUNIOR	23246.95	22866.70	1.66
BSE SMALLCAP	12958.90	12764.87	1.52
BSE 200	3800.36	3768.39	0.85

INDEX	23-Sep-16	16-Sep-16	Change (in %)
BSE AUTO	22642.26	22419.43	0.99
BSE BANK	22752.65	22734.79	0.08
BSE CAPITAL GOODS	15119.19	14989.87	0.86
BSE CD	12747.33	12568.96	1.42
BSE FMCG	8745.79	8874.61	-1.45
BSE HEALTHCARE	16613.89	16474.79	0.84
BSE IT	10299.17	10326.42	-0.26
BSE METALS	9837.68	9508.79	3.46
BSE OIL AND GAS	11433.94	11092.27	3.08
BSE PSU	7594.17	7461.12	1.78
BSE REALTY	1570.72	1541.11	1.92
BSE TECK	5672.62	5667.19	0.10

INDEX	23-Sep-16	16-Sep-16	Change (in %)
DOW JONES	18261.45	18123.80	0.76
HANG SENG	23686.48	23335.59	1.50
NIKKEI	16754.02	16519.29	1.42
FTSE	6909.43	6710.28	2.97

Domestic events week ahead

- Sep 29:** Rainfall for week to Sep 28, by IMD
- Sep 30:** CPI for industrial workers for August, by Labour Bureau
- Sep 30:** Government finances for Apr-Aug, by CGA
- Sep 30:** Core sector growth for August, by commerce and industry ministry

Source: Cogencies

Global events week ahead

- Sep 26:** ECB President Draghi Speaks, US New Home Sales
- Sep 27:** Japan Monetary Policy Meeting Minutes, US Flash Services PMI, US CB Consumer Confidence
- Sep 28:** US Durable Goods Orders, US Core Durable Goods Orders, US FOMC Member Bullard Speaks, US Crude Oil Inventories
- Sep 29:** Japan Retail Sales, BOJ Gov Kuroda Speaks, US GDP, US Unemployment Claims, US Goods Trade Balance, US Pending Home Sales, US Fed Chair Yellen Speaks
- Sep 30:** Japan Unemployment Rate, Japan IIP, China Caixin Manufacturing PMI, Japan Housing Starts, UK Current Account, UK GDP, Europe CPI, US Chicago PMI, US Revised UoM Consumer Sentiment
- Oct 01:** China Manufacturing PMI, China Non-Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto Sector – Seen range bound; bias remains positive overall

Shares of major automobile companies are seen trading in a narrow range this week, with some possibility of a correction, as most of the stocks have performed well and are in the "overbought" category. However, bias for the consumer discretionary sector remains positive. Payout of arrears after the salary hike of government employees and good monsoon rains are seen lifting demand during Sep-Oct. Earlier this month, the Society of Indian Automobiles Manufactures revised upward its projection for growth in sales of passenger vehicles in FY17 to double digit, from 7-8% seen at the beginning of the year. Shares of Maruti Suzuki India Ltd has been trading in the "overbought" zone in the last few weeks and sees some correction in the stock going forward. For the longer term, however, the stock remains positive, backed by strong fundamentals and a good order book. Two-wheeler companies are seen consolidating at current levels with stocks like Bajaj Auto Ltd, Hero Motocorp Ltd entering into overbought zone. Shares of Bajaj Auto Ltd and Mahindra & Mahindra Ltd are seen trading in a narrow range this week.

Bank Sector – Seen volatile this week ahead of Sep F&O expiry

Banks stocks are likely to be volatile this week, ahead of the expiry of the September futures and options contracts on Thursday. The Nifty Bank is expected to trade in the range this week. Friday, the index ended at 19907.80, down 1% for the week. Consolidation is expected in the broader market. A correction in the market is likely due to profit booking. Stocks of private sector banks are likely to continue being preferred compared to those of their state-owned peers.

Capital Goods Sector – Seen trading in a narrow range this week

Shares of capital goods companies are likely to trade in a tight range with a negative bias this week, as the broad outlook on the sector continues to be dull, and due to lack of significant triggers. Market Participants will, however, find opportunities in select counters in the capital goods space in the short term. Action will largely be stock-specific this week. Shares of Larsen & Toubro might gains this week, as the company has bagged a \$99.7-mln order from Vietnam Border Guard to build high-speed patrol vessels. The sector bellwether's subsidiary, L&T Technology Services, listed at 920 rupees, a near 7% premium to its issue price of 860 rupees, which could push the parent company's scrip to 1,520 rupees in the second half of the coming week. State-owned BHEL might see a slight upside this week, as its Chairman and Managing Director Atul Sobti recently said that in FY16, the company recorded the highest-ever commissioning of projects and the highest order booking in the last five years. The company closed the financial year ended March with a total order book of 1.10 trln rupees for execution in FY17 and beyond, Sobti said. Crompton Greaves shares could fall this week, as the Avantha Group Company's business prospects in the near term appear weak.

Cement Sector – Seen mixed this week, large-caps seen under pressure

Shares of cement manufacturers are seen trading on a mixed note this week, with large-cap companies such as ACC Ltd and Ambuja Cements expected to bear the brunt of higher valuations, while mid- and small-caps likely to fare better. Companies with operations in north and east India are likely to face some resistance due to weak demand and on the impact of the ban on sand mining in Uttar Pradesh. Companies having a presence in west and south India are likely to fare better.

FMCG Sector – May fall this week as raw material cost high

Shares of fast moving consumer goods companies may fall this week as the sector continues to face pressure from rising cost of raw materials. Prices of crude oil rose 10.8% m-o-m, palm oil over 20% and sugar about 2% in August. Revenue momentum in the fast moving consumer goods sector will continue to remain subdued. Though expectations of an earnings recovery are strong in the Oct-Mar period owing to normal monsoon this year, the green shoots may appear very late. In the Jun-Sep monsoon season, India received 813.1 mm of rainfall until Thursday, 96% of the long period average. A normal monsoon could also see the demand for household insecticide business rise during the Jul-Sep quarter. Hindustan Unilever Ltd, given its widest rural reach, is expected to be the biggest beneficiary of this pick-up in consumer demand. Jubilant FoodWorks Ltd, the food service company that operates Domino's Pizza and Dunkin Donuts chains in India, may face a tough time ahead. The resignation of the company's chief executive Ajay Kaul on Sep 19 after being at the helm for 11 years is seen by many in the market as an outcome of the company's poor show in the Apr-Jun quarter this year.

**IT Sector – Seen negative this week; HCL Tech may gain marginally**

Negative sentiment will continue to weigh on stocks in the information technology sector this week with investors likely to maintain a cautious stance ahead of Jul-Sep earnings. Profit growth of information technology companies is expected to slow down in Jul-Sep after some sector majors scaled down their guidance and warned investors of a weak quarter ahead. Volatility in the broader market is also seen hurting the performance of the sector this week. Equities are seen volatile as traders will roll over positions to the October derivatives contracts ahead of the expiry of September series on Thursday. The rupee, which is seen rising against the dollar this week, may also dampen sentiment for the sector that largely constitutes software exporters. Focus will be on Infosys which will detail its Jul-Sep earnings on Oct 14. Tata Consultancy Services, which is yet to announce the date of its earnings, is also expected to post weak results. Infosys is likely to revise its sales growth guidance for the second time owing to various headwinds.

Oil Sector – Shares of retailers seen trading range-bound

Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd are seen trading positively, albeit within a range. With refining margins improving globally and strong fundamentals in the domestic market, these stocks are likely to continue with the positive momentum in the near term, despite some minor correction and consolidation intermittently. Over a longer term, Indian Oil Corp is the preferred pick. IOC is India's largest oil retailer to be the biggest beneficiary of the continuous rise in domestic demand for petroleum products. The company offers advantage of scale in refining, petrochemical and marketing business, and its new projects will improve efficiency. In the absence of any other major triggers, the trend for oil companies over the next few sessions will be determined by the movement in crude oil prices and sentiment in the broad market. Crude oil futures on domestic and global exchanges are seen falling, as market participants are cautious ahead of a meeting of major oil producers this week. Fluctuation in the dollar-rupee exchange rates is also likely to affect the shares of oil companies.

Pharma Sector – Seen in range; Glenmark may witness profit booking

Shares of pharmaceutical companies are likely to trade rangebound this week after the recent gains in the sector. Glenmark Pharmaceuticals, which has risen 12% in the past one month, may witness some profit booking. The overall bias for pharmaceutical sector remains positive, particularly due to favourable valuations of large caps. Regulatory compliance issues at a number of manufacturing units of pharma companies have hampered growth in the last couple of years, especially in the US. However, fresh regulatory concerns have not emerged recently, which has lifted investors' sentiment. Improvement in domestic sales in August also provided some support. According to data from market research firm AIOCD-AWACS, India pharma market grew 14.7% on year in July as against a growth of 9.7% in June led by growth in sales of anti-infective and respiratory drugs. Volatility is expected this week in the broader market due to expiry of the derivatives contracts on Thursday.

Metal Sector – Likely to continue rising this week

The rise in shares of major metal and mining companies is likely to sustain this week as impact of government measures to limit imports into India is helping domestic companies. Market participants would be eyeing any development related to imposition of anti-dumping duty on certain steel products. Steel Secretary Aruna Sharma had said that the government would further prune the list of steel products under minimum import price and levy anti-dumping duty on them instead. The anti-dumping duty is likely to be levied in the next one or two weeks. The government had imposed minimum import price on 173 steel products in February for six months. On Aug 4, the government removed minimum import price for 107 specific items, and simultaneously imposed anti-dumping duty on broader categories of hot-rolled and cold-rolled products. A dampener for metal stocks could be the sharp rise in prices of coking coal that can reduce competitiveness of the steelmakers. Prices of coking coal, a crucial raw material used in the production of steel, has shot up to \$200 per tn, a nearly 80% rise over the last month. India imports most of its coking coal requirement.

Telecom Sector – May fall this week; Bharti Airtel seen outlier

Telecom stocks, except Bharti Airtel Ltd, will continue to decline this week due to impact of 4G services rollout by Reliance Jio Infocomm. The stocks will remain dull in the run up to the largest ever spectrum auction in India on Oct 1. Airwaves for high-speed 4G services worth over 5 trln rupees at the base price will be auctioned by the government. But Bharti Airtel, country's largest telecom operator, saw some recovery this week and is likely to rise more. In a fight back to Reliance Jio's offer, Bharti Airtel launched its most aggressive data plan that offered users unlimited 4G data for 90 days for 1,495 rupees.



Market range for the week 8620-9050

Nifty	Values
Support 1	8780
Support 2	8680
Support 3	8620
Resistance 1	8880
Resistance 2	8950
Resistance 3	9050

Resistance – Nifty may face resistance at 8880 level above this level it may go up to 8950-9050 level.

Support - Nifty has support at 8780 level below this next support at 8680-8620 levels.

Technical – During the week, CNX Nifty opened at 8788.45 and touched the highest level of 8893.35 and lowest level of 8757.30. The CNX Nifty ended at 8831.55; gain 51.70 points or 0.59%. The S&P BSE Sensex opened at 28626.60 and touched the highest level of 28871.92 and lowest level of 28462.33. The S&P BSE Sensex closed at 28668.22; gain 69.19 points or 0.24%.

For the coming week, we expect the market range of 8620-9050

Weekly Chart View –

We had mentioned in last week’s report that we witnessed series of narrow range body formation and on weekly chart “Doji” candle, because of that we had mentioned we will see stocks specific action and 8950-8980 will be major resistance and all we have seen same. Now on daily chart still we witness series of narrow range body formation and on weekly chart second consecutive “Spinning Top”. So according above two patterns formation we still maintain that 8980-9020 will remain major resistance and unless we did not get close or trade above we will see stocks specific action continue.

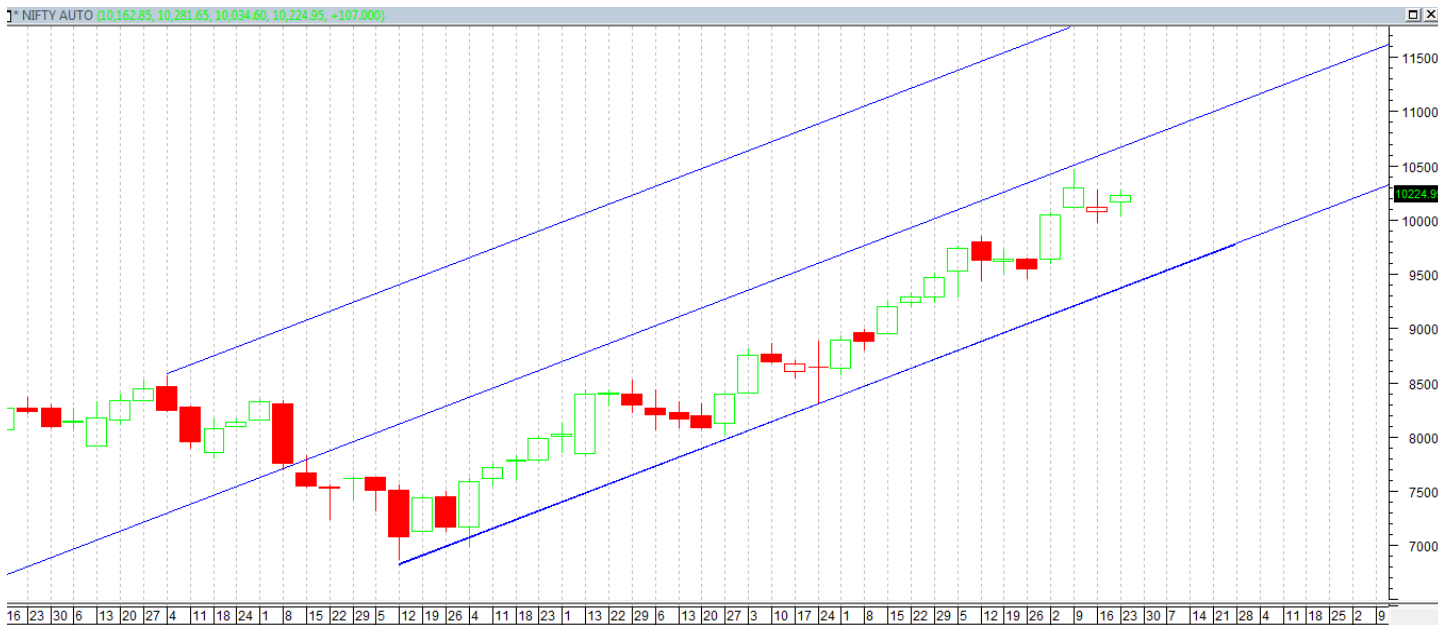
Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 10224
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NSE Auto

At present, we are observing three narrow range body formations which give no clear direction of the trend. Hence, one should avoid this sector and wait for positive pattern to emerge at lower level.

NSE Bankex	CMP: 19901
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NSE Bankex

We are observing a consolidation of previous rise. However, there is no clear positive pattern emerging. Hence one should avoid this sector at present.



NSE Metal Index

CMP: 2542

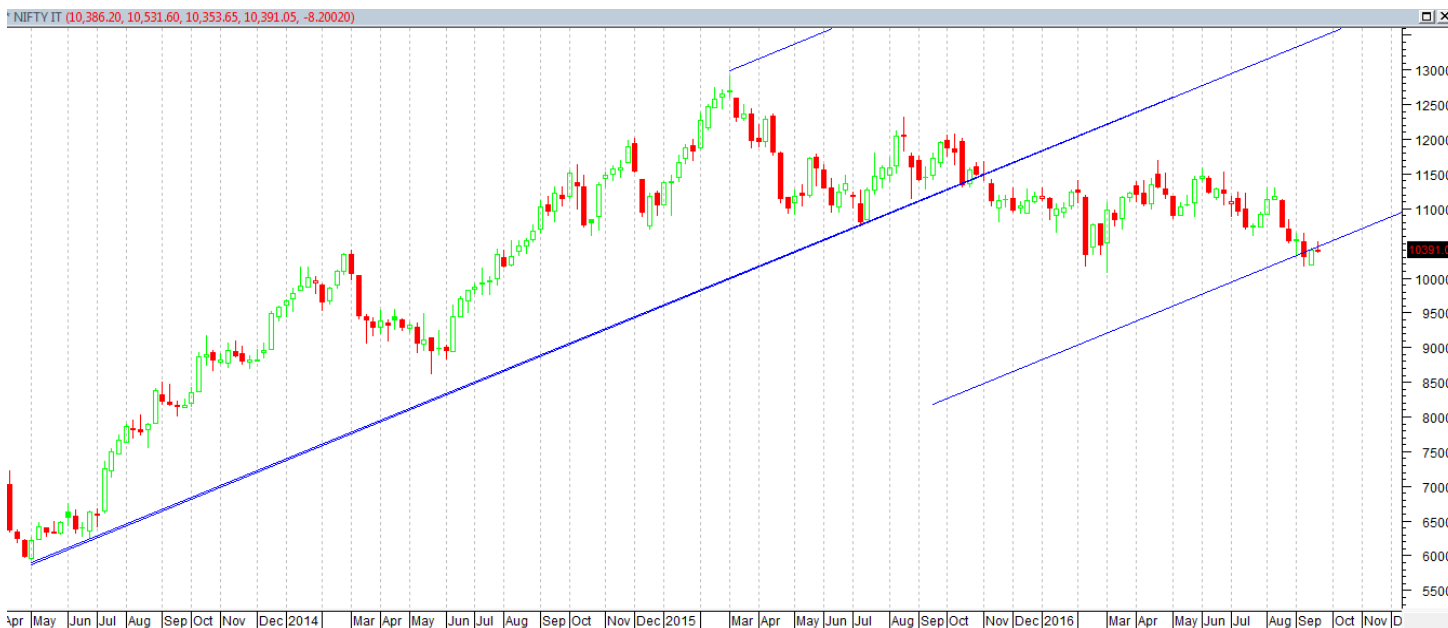


NSE Metal Index

The current price action has taken support at the upward sloping trendline shown above in the graph. Aggressive traders can go long above 2570 with a stop loss of 2440. On the upside it can test 2680 -2750 levels.

NSE IT

CMP: 10391



NSE IT

We maintain our stance that one should avoid this sector at present as there is no positive pattern emerging at current level.



Weekly Technicals of Key Companies –

Company	Closing 23-Sep-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1617	1633	1656	1695	1594	1572
ADANI PORTS	275	274	279	283	269	264
AMBUJACEM	259	262	266	273	255	251
ASIANPAINT	1191	1184	1211	1230	1164	1138
AUROPHARMA	841	831	873	906	799	756
AXISBANK	557	575	594	631	538	519
BAJAJ-AUTO	2930	2933	3009	3088	2854	2778
BANKBARODA	169	168	173	177	165	160
BHARTIARTL	327	325	332	337	320	313
BHEL	146	147	150	154	143	140
BOSCHLTD	23340	23319	23647	23953	23012	22684
BPCL	605	598	615	626	587	569
CIPLA	612	608	622	632	597	583
COALINDIA	328	329	333	338	324	319
DRREDDY	3182	3172	3210	3237	3145	3107
EICHERMOT	24853	24284	25569	26284	23569	22284
GAIL	386	388	392	398	382	378
GRASIM	4899	4898	4978	5056	4819	4739
HCLTECH	797	794	807	816	785	772
HDFC	1425	1412	1441	1456	1396	1367
HDFCBANK	1313	1305	1326	1339	1292	1271
HEROMOTOCO	3532	3522	3627	3722	3427	3322
HINDALCO	154	151	160	166	145	136
HINDUNILVR	911	911	922	933	900	889
ICICIBANK	271	272	277	283	266	261
IDEA	83	83	85	87	81	80
INDUSINDBK	1221	1206	1246	1271	1180	1140
INFRA TEL	371	368	391	410	348	325
INFY	1043	1050	1061	1079	1032	1022
ITC	253	256	260	267	249	245
KOTAKBANK	796	798	810	824	784	773
LT	1497	1493	1522	1546	1468	1439
LUPIN	1489	1512	1540	1590	1462	1434
M&M	1410	1414	1426	1442	1398	1385
MARUTI	5602	5566	5670	5738	5498	5394
NTPC	157	156	159	161	154	151
ONGC	261	258	266	271	253	245
POWERGRID	176	177	179	183	173	171
RELIANCE	1103	1094	1119	1134	1078	1053
SBIN	255	255	259	263	251	247
SUNPHARMA	780	782	788	797	774	768
TATAMOTORS	553	553	563	572	544	534
TATAMTRDVR	351	351	358	365	344	338
TATAPOWER	76	76	77	79	74	72
TATASTEEL	372	369	383	394	358	345
TCS	2398	2392	2434	2470	2356	2314
TECHM	455	461	469	483	447	439
ULTRACEMCO	3964	3962	4032	4100	3894	3824
WIPRO	480	481	485	490	476	472
YESBANK	1233	1216	1276	1319	1173	1113
ZEEL	525	526	534	543	517	509

Source: Iris Software

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