



Key developments during the week

- ED says RBI to up rebooking of cancelled FX contracts to 50% vs 25%
- RBI says documentation for fwd contract up to \$200,000 being simplified
- RBI governor, deputy meet Parliament panel on chit-fund regulation
- Montek says won't suffer on Fed bond-buy reversal if India policy sound
- Glenmark arm recalls some lots of 3 drugs from US due to odd odour
- Wockhardt says appointing US consultants for ban-hit Aurangabad unit
- Source says panel revalidates environ OK to expand 3 units of SAIL
- Source says environ panel OKs BPCL new distillation unit plan at Mumbai
- Fortis Health arm to get A\$270.38 mln from Bupa Australia
- GAIL says not stopped gas supply to Haryana City completely
- Chidambaram may be asked to persuade Tamil Nadu CM on Neyveli divest
- Former Ranbaxy owners say Daiichi passing buck to disown failure

INDEX	24-May-13	17-May-13	Change (in %)
NIFTY	5983.55	6187.30	-3.29
SENSEX	19704.33	20286.12	-2.87
NSE 500	4685.60	4847.10	-3.33
NSE MIDCAP	2064.60	2171.90	-4.94
NIFTY JUNIOR	12325.80	12737.55	-3.23
BSE SMALLCAP	5992.46	6199.19	-3.33
BSE 200	2410.64	2491.39	-3.24

INDEX	24-May-13	17May-13	Change (in %)
BSE CD	7433.09	7542.41	-1.45
BSE OIL AND GAS	8569.84	9031.71	-5.11
BSE PSU	6677.58	7010.80	-4.75
BSE FMCG	6659.84	6682.57	-0.34
BSE Capital Goods	9589.01	10423.08	-8.00
BSE AUTO	10873.02	11202.29	-2.94
BSE REALTY	1797.62	2032.03	-11.54
BSE BANK	14591.54	15214.45	-4.09
BSE TECH	3560.64	3594.36	-0.94
BSE HEALTHCARE	8729.72	9164.19	-4.74
BSE IT	5954.82	5946.56	0.14
BSE METALS	8657.35	8794.03	-1.55

INDEX	24-May-13	17-May-13	Change (in %)
Dow Jones	15303.10	15354.40	-0.33
Hang seng	22618.67	23082.68	-2.01
Nikkei	14612.45	15138.12	-3.47
FTSE	6654.34	6723.06	-1.02

Domestic events week ahead

- **May 31:** GDP growth estimate for Jan-Mar by CSO.
- **May 31:** Government finances for 2012-13 and April, by CGA.
- **May 31:** CPI for Industrial Workers for April, By Labour Bureau.
- **May 31:** Core sector data for April, by commerce and industry ministry.

source: NW18

Global events week ahead

- **May 27:** Japan Monetary Policy Meeting Minutes, German Retail Sales m/m, German Import Prices m/m, French 10-y Bond Auction
- **May 28:** Japan CSPI y/y, Italian 10-y Bond Auction, US S&P/CS Composite-20 HPI y/y, US CB Consumer Confidence, US Richmond Manufacturing Index
- **May 29:** Japan Retail Sales y/y, BOJ Gov Kuroda Speaks, German Prelim CPI m/m, German Unemployment Change, Europe M3 Money Supply y/y, Spanish 10-y Bond Auction, US FOMC Member Rosengren Speaks
- **May 30:** Europe Retail PMI, US Prelim GDP q/q, US Unemployment Claims, US Prelim GDP Price Index q/q, US Pending Home Sales m/m, G8 Meetings, US Natural Gas Storage, US Crude Oil Inventories
- **May 31:** Japan Manufacturing PMI, Japan Household Spending y/y, Tokyo Core CPI y/y, Japan Unemployment Rate, Japan Prelim Industrial Production m/m, Japan Housing Starts y/y, French Consumer Spending m/m, Europe CPI Flash Estimate y/y, Europe Unemployment Rate, Italian Prelim CPI m/m, US Core PCE Price Index m/m, US Personal Spending m/m, US Chicago PMI, US Revised UoM Consumer Sentiment, G8 Meetings



Weekly Sector Outlook and Stock Picks

Auto sector – Mixed movement this week; Tata Motors, M&M earnings eyed

Shares of major automakers are seen moving in accordance with company-specific triggers, as there aren't any larger stock-moving actions in the market. Two major automobile manufacturers Mahindra & Mahindra Ltd, and Tata Motors Ltd are scheduled to detail their earnings for Jan-Mar on May 30, and May 29, respectively. The stocks of the two companies would react based on the results. M&M would post a positive performance for the quarter, in spite of tractor sales being down. With the monsoon round the corner, demand for tractors may rise leading to positive affect on Mahindra & Mahindra Ltd. Bajaj Auto Ltd is also seen positive in the this week with the government allowing quadricycles to ply intra-city as commercial vehicles. Its rival, Hero MotoCorp Ltd, also expects a positive week on the back of possible new launches soon.

Bank Sector – Bias negative this week as SBI results disappoint

Shares of major banks are seen trading with a negative bias in the coming sessions, after sector major State Bank of India disappointed investors by posting lower-than-expected earnings for Jan-Mar. SBI posted an 18.5% year-on-year decline in net profit for Jan-Mar at 32.99 bln rupees, as against analysts' estimate of 37.76 bln rupees. The bank's earnings were dragged down by higher provision costs due to continued stress on asset quality and low net interest income. Shares of Lakshmi Vilas Bank may be closely eyed, as the bank will detail its Jan-Mar earnings on May 27.

Capital Goods sector – Seen down on weak order inflows, margins

Shares of capital goods and engineering companies are expected to show a downward trend this week on account of weak Jan-Mar earnings coupled with limited order inflows and squeezed margins. Shares of Larsen & Toubro, which detailed its earnings, are seen down as investors remain cautious after the company's Jan-Mar operating margin dropped to 12.1% from 13.9% a year ago. Shares of Bharat Heavy Electricals are also seen down in the short-to-medium term owing to macro economic issues affecting the power sector. Shares of electrical equipment maker Crompton Greaves are seen down as the company reported yet another disappointing set of numbers. The Avantha Group company reported a Jan-Mar consolidated net profit of 252.7 mln rupees, down 74.8% on year, despite net sales rising 10.1% on year to 33.87 bln rupees. However, the company did announce the completion of restructuring of its Belgium facility, which had been a concern for investors. This could lead to some value buying towards the second half of the week.

Cement Sector – Rangebound this week; India Cements in focus

Shares of major cement companies seen rangebound this week amid lack of any sector-specific triggers. News relating to Competition Appellate Tribunal's interim order in the price cartelization case will be closely watched. On May 17, the tribunal stayed a Competition Commission of India's order of June and asked the panel not to take any coercive action until the next date of hearing. However, it asked the cement companies to deposit within a month 10% of the 63-blrupee fine imposed on them by the competition panel. Cement companies affected by the order are ACC, Ambuja Cements, Binani Cement, Century Cement, India Cements, JK Cements, Lafarge India, Madras Cements, Ultratech Cements, and Jaiprakash Associates. These companies had challenged the competition panel's penalty on charges of cartelisation. Shares of India Cements, which fell over 18% this week, will be in focus this week. Sentiment for the stock has been bearish since the company's Vice Chairman and Managing Director N. Srinivasan's son-in-law was summoned by the Mumbai Police in relation to the ongoing investigations relating to the Indian Premier League betting controversy. India Cements owns the Chennai Super Kings franchise of the IPL, which it had bought for \$91 mln in 2008.

FMCG Sector – Muted performance likely till Monsoon sets in

We believe investors will wait for monsoons to set in before they take a call on investing further in stocks of fast moving consumer goods companies. A normal monsoon is important to FMCG companies as a large portion of their sales comes from rural India, where incomes are significantly dependant on agriculture, and that hinges on good rains. Rural incomes are largely dependant on agriculture, which in turn depends on the monsoons, hence a good monsoon is very important for companies like HUL and Dabur that get 45-50% of their sales from rural areas. India's largest oral care company Colgate Palmolive (India) Ltd is scheduled to detail its Jan-Mar earnings on May 28.

**Oil Sector – PSU refiners, RIL seen up; rupee movement key**

Shares of the state-owned oil marketing companies are likely to track 2012-13 (Jan-Mar) earnings to be detailed this week but are seen broadly in a positive territory while those of Reliance Industries Ltd are likely to open up on Monday. The movement in the rupee vis-a-vis the dollar will also play a key role in determining the direction for the shares of these oil companies, as a sharp depreciation in the Indian currency was the key reason for the fall in these stocks this week. The three state-owned oil marketing companies Bharat Petroleum Corp Ltd, Indian Oil Corp Ltd, and Hindustan Petroleum Corp Ltd are expected to report significant profits for Jan-Mar after the government approved paying for most of the revenue losses incurred on the subsidised sale of fuels. The finance ministry has agreed to pay 450 bn rupees as the last tranche of compensation to these companies. The three companies are estimated to have lost 1.61 trln rupees on sale of the three fuels diesel, kerosene and liquefied petroleum gas in 2012-13 (Apr-Mar). Of this, the government will pay 1 trln rupees and the upstream companies 600 bn rupees, with the refining companies absorbing the remainder. Operationally, the quarter ended March was good for refiners. BPCL will detail earnings on May 29, IOC on May 30 and HPCL on May 28.

Steel Sector – Slightly down; Tata Steel may stay positive

Shares of major steel companies are seen slightly down this week due to weak fundamentals in the domestic market. Bearish demand for the commodity from the auto sector, and not-so-strong demand from the construction and infrastructure segment, is expected to keep sentiment muted in coming sessions. Better-than-expected performance by steel giants such as Tata Steel in the quarter ended March is, however, expected to lend some support to market sentiment. Tata Steel reported a lower-than-expected consolidated net loss of 65.28 bn rupees for Jan-Mar, and a sharp improvement in operating performance, with consolidated margins expanding almost 250 basis points. The company's consolidated earnings before interest, taxes, depreciation and amortisation margin in Jan-Mar was 12.6% as against 10.1% a year ago. The net loss was mainly due to an impairment charge of 83.55 bn rupees due to write-down of assets and goodwill for the financial year ended March. In case of JSW Steel, which posted a consolidated net profit of 2.96 bn rupees in Jan-Mar as against a net loss of 737 mln rupees in Oct-Dec, the company's crude steel output growth guidance at 9-10% for the current financial year is likely to keep its share price up early this week.

Pharma sector – To take cues from Jan-Mar earnings this week

Shares of major pharmaceutical companies will take cues from their Jan-Mar earnings as key companies report their quarterly results this week. Cipla Ltd, Cadila Healthcare Ltd, Sun Pharmaceuticals Industries Ltd, Torrent Pharmaceutical, Ipca Laboratories and Wockhardt Ltd will report their earnings in the week ahead. Stocks of Ranbaxy Laboratories and Wockhardt will react as the further development comes in the companies' controversies. We believe this week would be crucial for Wockhardt after the US FDA imposed an 'import alert' on its Waluj unit near Aurangabad. Investors would also closely watch the developments in Ranbaxy after its Japanese parent Daiichi Sankyo and former owners Malvinder Singh and Shivinder Singh engaged in a blame game following the company pleading guilty in the US Court of Appeals on criminal charges of manufacturing and distributing certain adulterated drugs.

Telecom Sector – RComm may see correction this week

Reliance Communications Ltd is expected to trade bearish this week, as the stock is expected to undergo corrections in coming sessions after having rallied in the last one-and-a-half months. The stock has rallied, as the sentiment around it has remained positive, aided by prospects of a possible tower-sharing deal with Reliance Industries and a stake sale in its arm, Reliance Globalcom. These moves, if successful, will help bring down Reliance Communications' burgeoning debt.

Market Range for Week 5880- 6120

Nifty	Values	
Support 1	5950	Resistance – Nifty facing Resistance level @6050 level above this level it may go up to @6080 & @ 6120 level. Support - Support comes for market @5950 level for Nifty; below this level Nifty next support @5910 and @5880 will be the major support for Market.
Support 2	5910	
Support 3	5880	
Resistance 1	6050	
Resistance 2	6080	
Resistance 3	6120	



Technical – Last week Nifty opened at 6198 & it made a high of 6229. Last week we have seen profit booking. Nifty made a low of 5936 & closed at 5983. Last week Nifty drags 293 points from its high & on weekly basis it closed at 204 point's lower. Sensex made a weekly high of 20443 & a low of 19568 almost it drags 875 points in the week from its high. So overall last week we have seen some profit booking.

For the coming week the market range we expect 5880-6120

Weekly Chart View –

Last week we had expected market range (6080-6330) market made a high of 6229 & low of 5936 so it hold our upper side range, but broke lower range.

In last week report we had mentioned, on the daily chart market was not able to cross upper trendline & on weekly chart it was given breakout, becaue of all that we had mentioned we can see consolidation & all we have seen some profit booking with consolidation. Now on daily chart market closed below short term moving avg.(5-20 DMA) & broke channel but above 50DMA & holding 5950 level. On weekly chart made a bearish candle, but holding short term moving avg.(5-20WMA). Apart from that we have F&O expiry. So overall we can see some volatility because of F&O expiry, but closed below 5950-5920 can see some pressure & 6020-6050 will be resisatnce above that can see some up side movement.

On Friday the Dow rose 0.2%, the S&P500 added 0.4% & the Nasdaq gained 0.6%. All three indexes are still up between 9% to 13% so far this year.

Weekly Chart



**Market Commentary –**

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

On the macro front, the government will announce Q4 March 2013 gross domestic product (GDP) data on Friday, 31 May 2013. India's GDP grew 4.5% in Q3 December 2012, sharply slower than the 5.3% expansion reported for Q2 September 2012.

Investors will keenly follow trend in foreign fund flows in the domestic market. Foreign institutional investors (FIIs) purchased shares worth Rs 18197.70 crore in May 2013 so far (till 22 May 2013). FIIs bought shares worth Rs 5414.10 Crore in April 2013. FIIs purchased shares worth a net Rs 79234.10 crore in 2013 so far (till 22 May 2013). FIIs bought shares worth a net Rs 128359.80 crore in calendar 2012. A global market rally, sparked by easier monetary policy, has led to strong inflow of money from foreign portfolio investors into Indian stocks.

Weekly Technicals of Key Companies –

Company	Closing 24-May-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1226.30	1231.77	1272.53	1318.77	1185.53	1144.77
AMBUJACEM	185.60	186.53	191.12	196.63	181.02	176.43
ASIANPAINT	4804.95	4793.48	4862.97	4920.98	4735.47	4665.98
AXISBANK	1461.20	1482.22	1528.88	1596.57	1414.53	1367.87
BAJAJ-AUTO	1804.65	1826.55	1866.10	1927.55	1765.10	1725.55
BANKBARODA	691.50	709.73	741.67	791.83	659.57	627.63
BHARTIARTL	298.50	304.32	313.98	329.47	288.83	279.17
BHEL	192.55	196.92	203.53	214.52	185.93	179.32
BPCL	382.45	391.90	410.40	438.35	363.95	345.45
CAIRN	282.75	287.92	299.83	316.92	270.83	258.92
CIPLA	408.50	413.85	421.60	434.70	400.75	393.00
COALINDIA	310.15	308.25	316.45	322.75	301.95	293.75
DLF	211.90	224.17	242.73	273.57	193.33	174.77
DRREDDY	2066.10	2060.98	2108.22	2150.33	2018.87	1971.63
GAIL	321.95	327.67	336.63	351.32	312.98	304.02
GRASIM	2959.60	3007.10	3112.50	3265.40	2854.20	2748.80
HCLTECH	737.55	736.93	753.62	769.68	720.87	704.18
HDFC	906.05	904.28	918.47	930.88	891.87	877.68
HDFCBANK	701.35	706.55	718.80	736.25	689.10	676.85
HEROMOTOCO	1633.35	1652.70	1690.65	1747.95	1595.40	1557.45
HINDALCO	107.05	108.08	111.37	115.68	103.77	100.48
HINDUNILVR	586.15	586.75	589.40	592.65	583.50	580.85
ICICIBANK	1204.15	1200.87	1239.48	1274.82	1165.53	1126.92
IDFC	155.25	157.32	163.23	171.22	149.33	143.42
INDUSINDBK	498.25	500.87	516.88	535.52	482.23	466.22
INFY	2347.90	2371.63	2409.27	2470.63	2310.27	2272.63
ITC	329.90	333.57	338.43	346.97	325.03	320.17
JINDALSTEL	295.05	300.32	311.18	327.32	284.18	273.32



JPASSOCIAT	68.00	72.38	79.27	90.53	61.12	54.23
KOTAKBANK	781.05	777.20	801.80	822.55	756.45	731.85
LT	1456.80	1504.60	1604.20	1751.60	1357.20	1257.60
LUPIN	769.65	773.85	804.60	839.55	738.90	708.15
M&M	968.10	981.47	1012.63	1057.17	936.93	905.77
MARUTI	1674.90	1679.33	1772.57	1870.23	1581.67	1488.43
NMDC	116.60	118.57	122.48	128.37	112.68	108.77
NTPC	150.00	152.97	157.98	165.97	144.98	139.97
ONGC	324.95	328.47	339.48	354.02	313.93	302.92
PNB	787.55	802.43	837.77	887.98	752.22	716.88
POWERGRID	109.00	111.07	114.03	119.07	106.03	103.07
RANBAXY	389.70	415.87	447.03	504.37	358.53	327.37
RELIANCE	786.45	806.88	834.57	882.68	758.77	731.08
RELINFRA	376.15	392.73	420.47	464.78	348.42	320.68
SBIN	2151.20	2250.20	2373.00	2594.80	2028.40	1905.60
SESAGOA	160.15	161.12	167.53	174.92	153.73	147.32
SUNPHARMA	968.85	981.35	1004.00	1039.15	946.20	923.55
TATAMOTORS	288.10	295.72	308.58	329.07	275.23	262.37
TATAPOWER	91.50	91.07	95.13	98.77	87.43	83.37
TATASTEEL	313.00	309.35	323.35	333.70	299.00	285.00
TCS	1469.55	1485.77	1510.53	1551.52	1444.78	1420.02
ULTRACEMCO	1944.20	1975.63	2037.62	2131.03	1882.22	1820.23

Source: Iris Software

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