

**Key developments during the week**

- UK votes in favour of leaving European Union; David Cameron to step down as UK PM by Oct
- Govt says working with RBI to resolve short term volatility post Brexit
- Economy secretary says India to use our "firepower" judiciously after Brexit
- Govt source says Banks Board Bureau mulling ESOPs for PSU bank management
- Govt extends anti-dumping duty on PVC from EU, some Asian nations
- Oil minister says Indian companies mulling stake buy in Russia's Rosneft
- Govt source says may consider merger of PSU general insurers
- Trade minister says need to set standards to stop unwanted imports
- Govt awaiting RBI proposal on bank capitalisation bonds
- Coal secretary says to auction 23 mln tn coal linkages to non-power companies in FY17
- India Apr 1-Jun 15 advance tax mop-up up about 18% YoY
- India May refinery throughput 19.95 mln tn, up 1.2% YoY
- Govt relaxes local sourcing norm for single-brand retail FDI
- Govt allows 100% FDI in locally-manufactured food product trading
- Govt allows up to 74% FDI in brownfield pharma via automatic route
- Govt allows up to 100% FDI in defence sector via approval route
- FDI in single-brand retail may get 3-year leeway local sourcing norm

INDEX	24-Jun-16	17-Jun-16	Change (in %)
NIFTY	8088.60	8170.20	-1.00
SENSEX	26397.71	26625.91	-0.86
NSE 500	6775.55	6842.35	-0.98
NSE MIDCAP	3348.10	3398.05	-1.47
NIFTY JUNIOR	19706.70	19800.90	-0.48
BSE SMALLCAP	11278.63	11435.16	-1.37
BSE 200	3417.50	3447.03	-0.86

INDEX	24-Jun-16	17-Jun-16	Change (in %)
BSE AUTO	19176.16	19233.26	-0.30
BSE BANK	19910.87	20243.72	-1.64
BSE CAPITAL GOODS	14297.04	14657.09	-2.46
BSE CD	11543.81	11503.17	0.35
BSE FMCG	8143.92	8258.06	-1.38
BSE HEALTHCARE	14925.72	14844.35	0.55
BSE IT	11306.02	11323.39	-0.15
BSE METALS	8189.62	8352.30	-1.95
BSE OIL AND GAS	9381.60	9421.13	-0.42
BSE PSU	6472.06	6524.45	-0.80
BSE REALTY	1423.44	1476.39	-3.59
BSE TECK	6071.90	6090.03	-0.30

INDEX	24-Jun-16	17-Jun-16	Change (in %)
DOW JONES	17400.75	17675.16	-1.55
HANG SENG	20253.51	20179.45	0.37
NIKKEI	14952.02	15599.66	-4.15
FTSE	6138.69	6021.09	1.95

Domestic events week ahead

- **Jun 30:** CPI for industrial workers for May, by Labour Bureau
- **Jun 30:** Core sector growth for March, by commerce and industry ministry
- **Jun 30:** Government finances for May, by CGA
- **Jun 30:** Rainfall for week to Jun 29, by IMD
- **Jul 01:** Automobile sales data by Automakers
- **Jul 01:** Nikkei Manufacturing PMI for June, by Markit Economics

Source: Cogencies

Global events week ahead

- **Jun 27:** US Goods Trade Balance, US Flash Services PMI
- **Jun 28:** US Final GDP, US CB Consumer Confidence
- **Jun 29:** Japan Retail Sales, US Pending Home Sales, US Crude Oil Inventories, US Bank Stress Test Results
- **Jun 30:** Japan Prelim Industrial Production, US Housing Starts, UK Current Account, UK Final GDP, Europe CPI, ECB Monetary Policy Meeting Accounts, US Unemployment Claims, US Chicago PMI
- **Jul 01:** Japan Unemployment Rate, China Manufacturing PMI, China Non-Manufacturing PMI, China Caixin Manufacturing PMI, Japan Final Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, Europe Unemployment Rate, US Final Manufacturing PMI, US ISM Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto Sector – To track broader market; Brexit pressures loom

Shares of automobile companies are seen moving in line with the broader market, with a negative bias, based on expectations of continued selling pressure due to foreign institutional investors pulling out funds. The markets would also see added volatility on account of the expiry of the June series on Thursday. Tata Motors fell nearly 8% on Friday's trade after the UK voted in favour of a 'Brexit'. The company's shares may continue to see selling pressure this week. Maruti Suzuki is facing its own battles, as with the strengthening of the US dollar, raw material exports will become more expensive. Bajaj Auto, Hero MotoCorp, and M&M shares may continue to take their cues from the advance of the southwest monsoon, which made rapid strides this week. All three companies are heavily dependent on the monsoon, as a major portion of their sales come from rural India. Auto companies' shares would also track sales numbers for June, data for which is to be announced on Friday.

Bank Sector – Bias positive this week on recovery post Brexit

Bank stocks are likely to recoup losses and trade with a positive bias this week, tracking the trends in the broad market as investors shift their focus on domestic triggers from 'Brexit.' However, investors will be cautious due to expiry of June derivative series on Thursday. Investors will have to focus on domestic factors such as progress of monsoon and will also await developments related to appointment of the Reserve Bank of India governor. The private sector banks such as IndusInd Bank and YES Bank may see sustained buying driven by higher volume, while ICICI Bank may see some recovery. The trends in the currency as well as bond market will be closely tracked as they have implications on the non-interest income of the banks. Rupee ended at its lowest level since Feb 29. Volatility in the rupee's exchange rate could adversely impact borrowers who have unhedged foreign currency exposure. This in turn may also impact banks as the central bank mandates lenders to make provisioning against such clients.

Capital Goods Sector – Seen in range with negative bias

Shares of capital goods companies are expected to trade in a range with a negative bias this week, tracking the broad market for further cues in the aftermath of the Brexit that sent markets worldwide in a tailspin. Indian financial markets reacted sharply to the surprise result of the UK referendum, with the BSE Sensex falling over 1000 points, or 4%, and rupee declining to 68.21 a dollar, the lowest level in four months. Shares of major capital goods companies were down after the UK voted in favour of leaving the European Union, as traders pulled funds out of equities, owing to uncertainty across the wider market. While capital goods and engineering sectors are largely a domestic story, the tone for the broad market will be dictated by foreign institutional flows. If investment sentiment remains subdued across the wider market, shares in this sector will feel the headwinds as well.

Cement Sector – To take cues from broader markets post Brexit

Cement stocks are likely to take cues from the broader market, which in turn is seen volatile this week as foreign institutional investors are expected to continue selling due to uncertainty following the 'Brexit'. What could also add to the volatility is the fact that this week traders will roll over positions to the July derivatives contracts ahead of the expiry of the June series on Thursday. The cement sector's fundamentals per se are seen rather stable with demand recovering, albeit at a slow pace, in some parts of the country. Pricing growth is also seen in east and south India. Price hikes by companies in northern and central India in March sustained through Apr-Jun and will support earnings of companies based in northern India. The medium-term outlook is positive of companies such as UltraTech Cement and JK Lakshmi Cement due to their better distribution and brand strength in key geographies.

FMCG Sector – Improved monsoon rains to lift sentiment

Shares of fast moving consumer goods companies are seen trading on a positive note this week, as the broader market is likely to rebound after the sharp fall witnessed on UK's decision to exit the European Union. Pick up in monsoon rains in last few days is also likely to lift sentiment in FMCG stocks. The impact of 'Brexit' on Indian FMCG companies is seen limited. The progress of monsoon is the key factor that will determine the trend in FMCG stocks. After a sputtering start, the southwest monsoon seems to have finally picked up. Progress of rains has a bearing on FMCG sector, as rural demand for consumer goods is dependent on performance of monsoon. Last week's exit was with 'Brexit' and this week will be driven by volatility due to expiry of June derivatives contracts on Thursday.

**IT Sector – Seen in range, seen taking cues from broad market**

Shares of information technology companies are seen trading in a range this week, and are likely to take cues from the broad market. The UK's decision to exit the European Union left the domestic as well as global markets in the red. This is seen having a negative impact on shares of IT companies which have 50-60% of revenue coming from their US operations and around 25% from European operations. However, market participants are hopeful that markets will recoup losses this week. In either scenario, a major fall in IT stocks is not expected, even as investors are expected to be cautious this week. With the UK exiting the European bloc, domestic IT companies are expected to have a plethora of challenges ranging from immigration laws, uncertain client budgets, evolving economic conditions, and need for a strategy for unfathomable market conditions in the near term, even as 'Brexit' may hold some opportunities in the long term. Friday, the pound sterling and the rupee declined around 7% and 1%, respectively, against the US dollar. The rupee is expected to weaken further against the dollar as risk-averse sentiment is seen continuing this week.

Oil Sector – PSU refiners may outperform market; crude price eyed

Shares of state-owned oil marketing companies IOC, BPCL and HPCL are likely to trade with a positive bias this week, and are seen outperforming the broad market which may witness volatility in the aftermath of 'Brexit'. Capital markets and prices of crude oil plummeted globally as the UK citizens voted in favour of the country exiting the European Union. The renewed weakness in prices of crude is seen helping the state-owned oil marketing companies given that crude oil is their primary input. On the other hand, market participants continue to maintain a bearish view on upstream companies ONGC, Oil India and Cairn India. The prices of crude oil and trend in the broad market will influence the trend for upstream as well as downstream oil companies over the next few sessions. Apart from the impact of 'Brexit', derivatives contracts expiry of June series on Thursday add volatility this week.

Pharma Sector – Seen weak this week as Europe exposure to weigh

Shares of pharmaceutical companies are likely to trade with a negative bias this week as investors tackle the uncertainty caused by UK's decision to exit the European Union. Volatility is also expected as traders roll over positions to July derivatives contracts ahead of the expiry of June series on Thursday. Volatility in the euro and pound sterling following UK's decision to leave the Union is seen causing considerable impact on some pharmaceutical companies' going forward. Total sales in the EU, including UK, account for 22% of sales of Aurobindo Pharma, about 27% of sales of Ipca Laboratories, 13% of sales of Torrent Pharmaceuticals, 9% of sales of Glenmark Pharmaceuticals and 5% of sales of Dr Reddy's Laboratories. Wockhardt has a manufacturing facility in the UK, and the country contributes a third of its revenue. While there is expectations that the broader market to recover this week, with some volatility induced by foreign investors selling on rise, the risk-averse approach following the UK referendum is seen weighing on pharmaceutical stocks, which is still seen reeling under regulatory issues concerning some companies.

Metal Sector – Seen volatile this week; JSW Steel, Hindalco seen up

Shares of major metal and mining companies are seen volatile this week after the UK voted to leave the European Union. Nifty metal index ended at 2,086.50 rupees on the National Stock Exchange, down 3.8%, while most metal stocks plunged 1-7%. Prices of industrial metals such as iron ore, copper and aluminium fell sharply on risk aversion as economic uncertainty dented demand outlook for commodities, along with currency fluctuations. According to market participants, while the major impact of UK's decision to leave the EU was absorbed today, Indian equities markets could still continue to be in a correction mode over the next couple of weeks. Metal stocks may witness a slump for a day or two in the upcoming week. However, they may trade positive for the rest of the week. The initial downward correction would be there as it is difficult to comprehend how and when the currency would stabilize.

Telecom Sector – Seen mixed; sector guarded from Brexit hit

Shares of telecommunication services companies are seen trading mixed this week as the sector is considerably shielded from the volatility in European markets that will weigh on Indian stock indices. In a historical event that is likely to have prolonged repercussions on financial markets across the world, UK today voted to exit the European Union. Results of the referendum, which showed 52% votes from 382 polling constituencies in favour of UK's exit or 'Brexit', sent shockwaves around the world. The anxiety is over the fact that businesses in Europe will halt their investment in information technology and telecom services until there is more clarity on UK's trade policies. However, Indian telecom majors have little or no revenue coming in from Europe. Telecom stocks, however, may see some volatility as traders roll over positions to the July derivatives contracts ahead of the expiry of June series on Thursday.



Market range for the week 7850-8280

Nifty	Values
Support 1	8020
Support 2	7950
Support 3	7880
Resistance 1	8120
Resistance 2	8220
Resistance 3	8250

Resistance – Nifty may face resistance at 8120 level above this level it may go up to 8220-8250 level.

Support - Nifty has support at 8020 level below this next support at 7950-7880 levels.

Technical – During the week, CNX Nifty opened at 8115.75 and touched the highest level of 8285.60 and lowest level of 7927.05. The CNX Nifty ended at 8088.60; drag 81.60 points or 1.00%. The S&P BSE Sensex opened at 26497.11 and touched the highest level of 27060.98 and lowest level of 25911.30. The S&P BSE Sensex closed at 26397.71; drag 228.20 points or 0.86%.

For the coming week, we expect the market range of 7850-8280

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we witnessed consolidation near upper channel line and on weekly chart “Doji candle”, because of that we had mentioned 8280-8320 will be major resistance only above that we will see upside and all we have seen Nifty fail to cross that levels. Now on daily chart we can see Gap down area and on weekly chart we witness “Doji candle”, but still holding 50WMA. So overall we can see some consolidation and volatility at higher level and from here 7880-7850 can act as a good support and 8250-8280 will remain major resistance for Nifty.

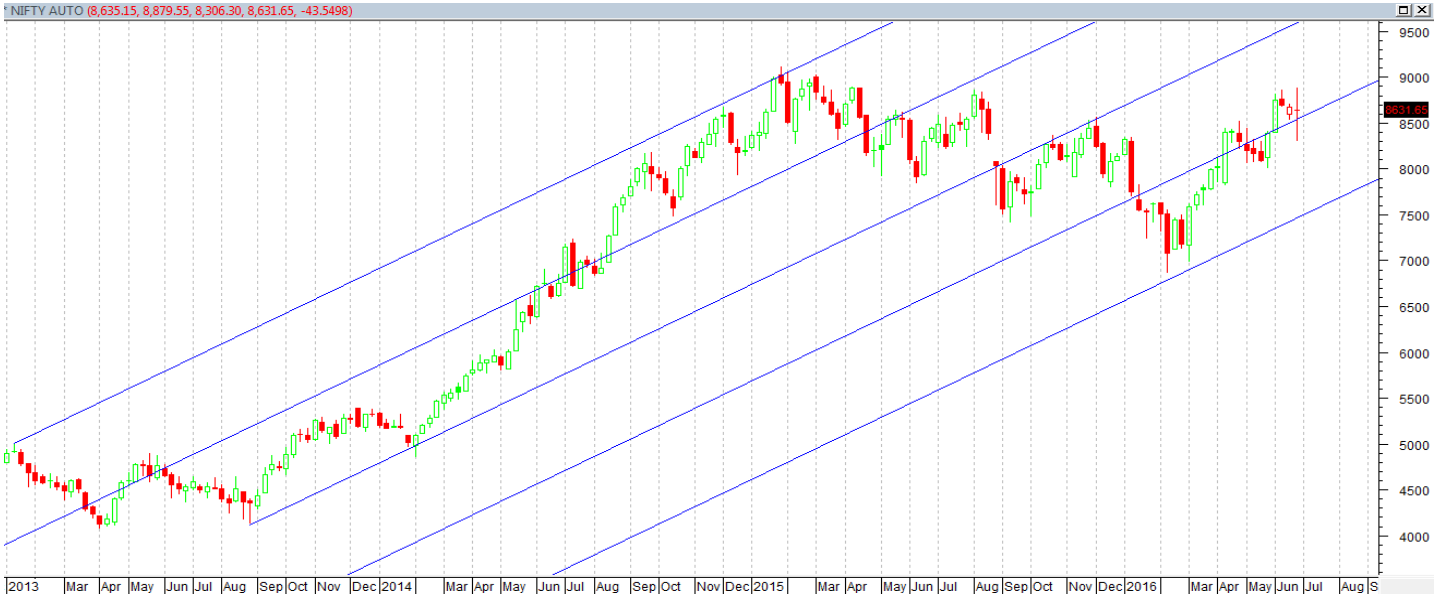
Weekly Chart





Weekly Sectoral Technical Outlook

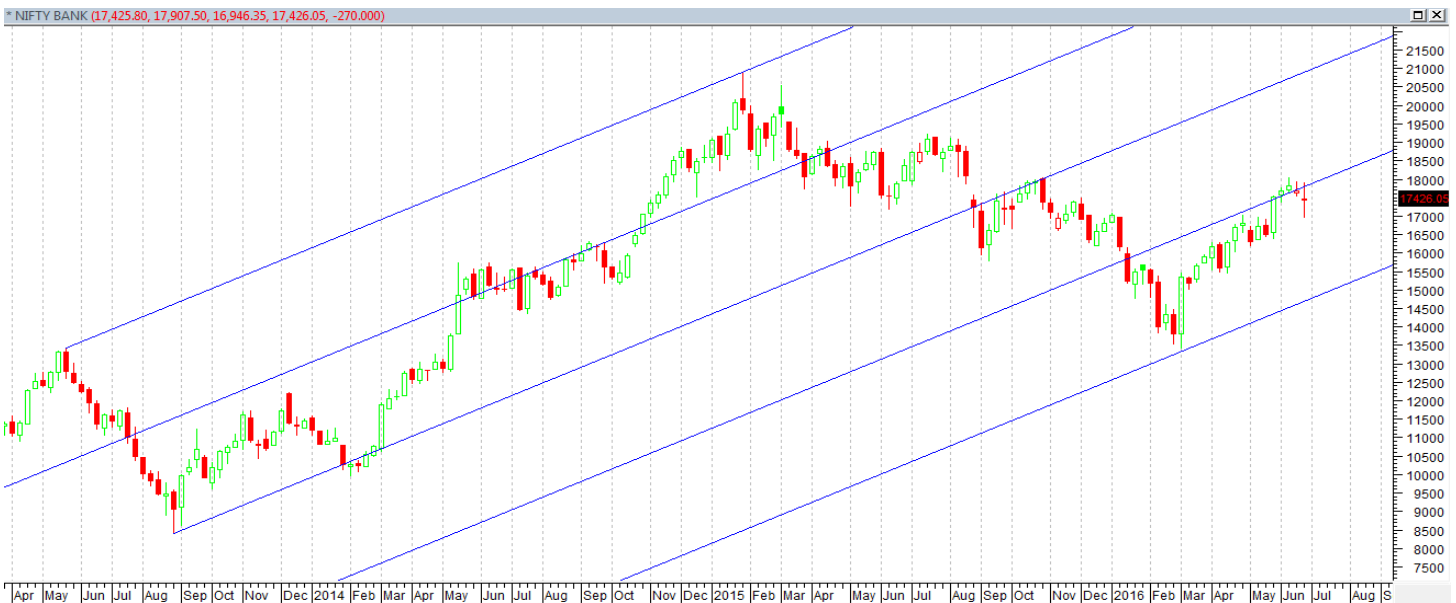
NSE Auto Index	CMP: 8631
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NSE Auto

At present, we are observing high wave candle with a narrow range body formation. This suggests indecisiveness prevailing at current level. Further it has triggered the trailing stop loss of 8300 by making a high of 8879. Hence, one has to avoid this sector at present.

NSE Bankex	CMP: 17426
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NSE Bankex

The current price action has closed below the median line of the first channel. This suggests weakness going ahead. Hence one has to avoid this sector and wait for positive pattern to emerge at lower levels.



NSE Metal Index

CMP: 2086



NSE Metal Index

We still maintain our stance that prices are holding to the lower trendline of the “Symmetrical channel”. Aggressive traders gone long can still maintain the trailing stop loss of 2000. On the upside, it can test 2200 - 2400 levels.

NSE IT

CMP: 11203



NSE IT

We reiterate our view that there is no clear positive pattern. Hence one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 24-Jun-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1568	1557	1591	1614	1534	1499
ADANIPORTS	202	202	209	217	195	188
AMBUJACEM	248	244	255	261	238	228
ASIANPAINT	990	983	1003	1017	970	950
AUROPHARMA	701	705	742	784	663	626
AXISBANK	511	510	528	546	493	475
BAJAJ-AUTO	2679	2638	2726	2773	2591	2503
BANKBARODA	147	147	153	160	141	135
BHARTIARTL	356	357	366	375	347	339
BHEL	118	119	124	130	113	108
BOSCHLTD	21160	21416	22000	22840	20576	19992
BPCL	1013	1013	1031	1049	995	976
CIPLA	477	476	492	507	460	444
COALINDIA	312	312	319	326	306	299
DRREDDY	3153	3113	3219	3286	3047	2940
EICHERMOT	18662	18498	18995	19329	18165	17667
GAIL	377	377	392	407	362	346
GRASIM	4291	4290	4341	4390	4241	4190
HCLTECH	742	749	774	807	716	691
HDFC	1223	1224	1248	1273	1199	1176
HDFCBANK	1162	1167	1187	1212	1142	1122
HEROMOTOCO	3059	3035	3116	3173	2978	2898
HINDALCO	117	118	124	131	111	105
HINDUNILVR	859	863	879	898	843	828
ICICIBANK	231	231	242	253	221	210
IDEA	100	100	103	107	96	93
INDUSINDBK	1096	1085	1124	1152	1057	1018
INFRADEL	325	326	350	376	300	276
INFY	1195	1190	1220	1245	1165	1135
ITC	354	355	360	367	349	344
KOTAKBANK	734	734	757	780	711	688
LT	1431	1448	1494	1557	1384	1338
LUPIN	1463	1464	1493	1524	1434	1404
M&M	1389	1367	1419	1450	1337	1284
MARUTI	4070	4039	4212	4353	3898	3725
NTPC	149	149	155	161	143	137
ONGC	209	212	217	225	204	199
POWERGRID	156	155	159	162	152	148
RELIANCE	951	960	986	1020	925	899
SBIN	211	211	219	226	203	195
SUNPHARMA	755	750	769	784	736	717
TATAMOTORS	449	454	486	522	417	385
TATAMTRDVR	298	301	322	346	277	256
TATAPOWER	73	73	76	79	69	66
TATASTEEL	313	316	335	357	293	274
TCS	2574	2589	2663	2752	2500	2425
TECHM	507	516	539	572	484	461
ULTRACEMCO	3290	3288	3377	3463	3202	3113
WIPRO	555	555	565	575	545	535
YESBANK	1081	1079	1116	1152	1043	1006
ZEEL	448	446	457	466	437	426

Source: Iris Software

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