

Key developments during the week

- Financial code draft recommends seven-member monetary policy panel
- Power companies' body moves SC for priority in domestic gas allocation
- India Jun crude oil imports 15.2 mln tn vs 16.2 mln tn YoY
- Housing secretary says to tie up with IIT for tech help in Housing for All
- Food safety body bans use of health supplements as medicines
- SEBI head says appetite for fund raising via capital market rising
- Finance minister source says Apr-Jun CAD seen about \$5 bln vs \$7.8 bln YoY
- IRDA forms panels to review regulations for three insurance segments
- Aviation minister approves plan for second international airport in Delhi region
- Govt source says need balanced view on steel import duty hike demand
- PSU oil retailers' demurrage cost in last three years at 12 bln rupees
- GST panel report recommends compensation to states for five years
- Jayant Sinha says reserves adequate to manage FX rate volatility
- Govt says up to banks to appoint gold appraisers for monetisation plan
- Govt source says to infuse total 200 bln rupees in PSU banks in FY16
- Govt source says mulling holding company for oil companies for divestment
- India seeks Japan's help on e-commerce data, payment

INDEX	24-Jul-15	17-Jul-15	Change (in %)
NIFTY	8521.55	8609.85	-1.03
SENSEX	28112.31	28463.31	-1.23
NSE 500	7078.80	7148.35	-0.97
NSE MIDCAP	3422.70	3437.40	-0.43
NIFTY JUNIOR	20647.00	20879.50	-1.11
BSE SMALLCAP	11668.12	11716.37	-0.41
BSE 200	3577.09	3615.06	-1.05

INDEX	24-Jul-15	17-Jul-15	Change (in %)
BSE AUTO	18953.48	18931.68	0.12
BSE BANK	21374.14	21912.18	-2.46
BSE CAPITAL GOODS	18134.85	18714.16	-3.10
BSE CD	11310.67	11163.09	1.32
BSE FMCG	7888.04	7967.20	-0.99
BSE HEALTHCARE	16836.82	17860.87	-5.73
BSE IT	11004.93	10678.00	3.06
BSE METALS	8771.92	8998.78	-2.52
BSE OIL AND GAS	10154.94	10079.98	0.74
BSE PSU	7740.23	7836.96	-1.23
BSE REALTY	1352.24	1411.58	-4.20
BSE TECK	6200.79	6070.03	2.15

INDEX	24-Jul-15	17-Jul-15	Change (in %)
DOW JONES	17568.53	18086.45	-2.86
HANG SENG	25128.51	25415.27	-1.13
NIKKEI	20544.53	20650.92	-0.52
FTSE	6579.81	6775.08	-2.88

Domestic events week ahead

- Jul 30:** Rainfall for week to Jul 29, by IMD.
- Jul 31:** Core sector growth for June, by commerce and industry ministry.
- Jul 31:** CPI for industrial workers for June, by Labour Bureau.
- Jul 31:** Government finances for Apr-Jun, by CGA.

Source: NW18

Global events week ahead

- Jul 27:** German Ifo Business Climate, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m
- Jul 28:** UK GDP q/q, US Flash Services PMI, US CB Consumer Confidence
- Jul 29:** Japan Retail Sales y/y, German Retail Sales m/m, GfK German Consumer Climate, US Pending Home Sales m/m, US Crude Oil Inventories, US FOMC Statement, US Federal Funds Rate
- Jul 30:** Japan Industrial Production m/m, German CPI m/m, German Unemployment Change, US Advance GDP q/q, US Unemployment Claims
- Jul 31:** Japan Unemployment Rate, Japan Housing Starts y/y, Europe CPI y/y, Europe Unemployment Rate, US Chicago PMI, US Revised UoM Consumer Sentiment
- Aug 1:** China Manufacturing PMI, China Non-Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto sector – Rangebound this week; Maruti Suzuki result eyed

Stocks of major automakers are seen trading in a narrow range this week, as market participants wait for proceedings in Parliament to commence, and for the deadlock to end. The Opposition has stalled proceedings in Parliament over scams related to Vyapam, and Lalit Modi, and several crucial bills are stuck as a result. The auto sector, for one, would wait for clarity on the Road Transport and Safety Bill, 2015 to be passed. Market players will also be on the watch out for Maruti Suzuki India's first-quarter earnings, due on Jul 28. Maruti Suzuki's Apr-Jun net profit is seen up 64% year on year at 12.48 bln rupees, aided by higher volumes and a better product mix. Sales of its low-margin mini hatchbacks contracted, while those of compact hatchbacks, notchbacks, and vans increased during the quarter. The company domestic sales during Apr-Jun rose 12.9% to 305,694 units, with exports rising 21.7%. The company sold 13,374 units of the semi-premium sedan Ciaz, thereby increasing its overall margins. Bajaj Auto, which detailed its earnings this week, is likely to trade with a positive bias after a couple of sessions of profit booking. Bajaj Auto reported a 37% year-on-year jump in net profit to 10.15 bln rupees for the quarter ended June, aided by a 99% rise in other income.

Bank Sector – Volatile ahead of expiry; earnings to lend cues

Bank stocks are expected to be volatile this week ahead of contract expiry on Thursday, but stock-specific action will continue with the ongoing Apr-Jun earnings season. The Bank Nifty ended at 18635.85, falling 2.4% during the week. This week, investors will pay close attention to ICICI Bank, Punjab National Bank, Union Bank of India, Allahabad Bank, YES Bank and Kotak Mahindra Bank as they are scheduled to declare their Apr-Jun earnings. The focus will continue to be on asset quality, which has been under pressure and is dragging down net profits for banks. Cogencis had reported quoting sources that the government was planning to provide additional capital of around 120 bln rupees to PSU banks in the current financial year. The Budget for 2015-16 had earmarked 79.40 bln rupees for capital infusion in public sector banks.

Capital Goods Sector – Seen weak; Apr-Jun results eyed

The capital goods sector is seen extending losses, as most capital goods companies that will detail earnings this week are expected to add to the trend of disappointing results. Power and electrical equipment makers ABB India and Crompton Greaves reported sharply lower-than-expected Apr-Jun results. Also, weak industrial output numbers so far point towards weak first-quarter earnings. Transmission and distribution infrastructure maker KEC International will detail its Apr-Jun earnings on Jul 27, while energy systems maker Thermax will announce its earnings on Jul 28. Sector major Larsen & Toubro will detail its earnings at the end of the week. KEC International's consolidated Apr-Jun net profit is likely to have doubled year on year to 219 mln rupees. Sector major L&T is seen reporting a consolidated Apr-Jun net profit of 7.92 bln rupees, down 18% year on year, and net sales of 203.20 bln rupees, up 7%.

Cement Sector – Seen down this week on weak demand, monsoon

Shares of cement companies are seen lower this week owing to weak demand for the building material. Cement companies' stocks will not move up unless demand for cement rises and government project boost construction activities. Government projects have to go through regulatory approvals. Only in the first quarter of financial year 2016-2017 (Jan-Mar period), we can hope for a pick-up in cement demand. Moreover, with the intensification of monsoon across the country, demand for cement is likely to remain weak till Aug 15. The recent earning reports of ACC Ltd and UltraTech Cement did not help the sentiment for cement shares.

FMCG Sector – Stock-specific movement seen; earnings hold key

Stock-specific movement is likely in the fast-moving consumer goods sector this week, with a number of companies declaring their earnings for the quarter ended June. ITC, Colgate Palmolive India, Godrej Consumer Products, and Jyothy Laboratories are among the key players releasing earnings this week. Index-heavyweight ITC is expected to report an 8% year on year rise in Apr-Jun net profit to 23.60 bln rupees. Colgate is seen posting a net profit of 1.54 bln rupees for Apr-Jun, up 14% on year. Godrej Consumer's consolidated net profit is likely to increase 33% on year to 1.91 bln rupees in Apr-Jun. Hindustan Unilever's Apr-Jun results failed to cheer market participants, as the numbers came in below estimates. The stock registered an over 1% weekly fall. Market participants will continue to eye progress of monsoon rains for more cues. After a weak patch, the monsoon has shown signs of revival in last couple of days and if rainfall persists in the coming days, it will bode well for the FMCG sector, as monsoon is crucial for rural demand.

**IT Sector – Trade seen rangebound; mid-cap companies bullish**

Shares of information technology companies will trade in a narrow range this week as market participants remain cautious on the sector. Shares of Tech Mahindra, which will detail its Apr-Jun earnings on Jul 27, will be in focus. The company is seen posting a consolidated net profit of 5.9 bln rupees for Apr-Jun, up 25% on quarter. Sentiment on the IT sector has improved after Infosys posted robust earnings for Apr-Jun, and raised its dollar revenue guidance for 2015-16. Bengaluru-based Infosys consolidated revenue for Apr-Jun grew 7% on quarter to 143.5 bln rupees while its net profit fell 2.2% to 30.30 bln rupees. Some brokerage firms have downgraded the rating for Wipro after the company announced disappointing revenue guidance for Jul-Sep. Wipro has pegged 1.5-3.5% sequential growth in constant currency terms. The company's Apr-Jun consolidated net profit fell 3.7% to 21.9 bln rupees. Mid-cap information technology companies are seen performing better, with Hexaware Technologies and KPIT Technologies leading the trend. The movement in currency exchange rates will also lend cues to the export-oriented Indian technology sector. The rupee is expected to further weaken against the dollar after it breached the crucial mark of 64-a-dollar mark.

Oil Sector – RIL seen up on good result, PSU refiners in range

Reliance Industries Ltd's counter is likely to see a boost early this week as the company reported better-than-expected Apr-Jun earnings. RIL reported standalone net profit of 63.18 bln rupees, beating the estimates of around 60 bln rupees. More importantly, the company reported excellent average gross refining margin for the quarter at \$10.4 a barrel, considerably better than expectations and even the present global trend. Shares of state-owned oil refining and marketing companies may trade in a range this week in the absence of any major triggers and are likely to take cues from the broader market. Shares of IOC, BPCL and HPCL may come under pressure early this week as investors may choose to book profits. However, continued decline in oil prices and robust GRMs may provide support on the downside. With sanctions on Iran set to go, oil prices are expected to continue trending lower, which will be a positive for these three companies. The Indian basket of crude declined to \$55.39 a barrel this week. It was close to \$62 at the beginning of this month. Also, lifting of international sanctions on Iran will help India import more from the country and put pressure on other west Asian nations to reduce the "Asian premium" being charged to Indian companies.

Pharma sector – Sun Pharma, Lupin may drag sector down this week

Stocks of heavyweight pharmaceutical companies such as Sun Pharmaceutical Industries and Lupin, which saw a negative run, are expected to pull down the sector this week. The stock of India's largest drug maker Sun Pharmaceutical Industries saw a fall of over 11% this week after the company said its sales for the financial year 2015-16 (Apr-Mar) could stay flat or decline over the last year due to several charges incurred by the company on remediation of its Halol unit and integration with Ranbaxy. The stock will be hit in the short term; long-term valuations of the company remain strong. Another Mumbai-based drug company Lupin, which disappointed the street with its Apr-Jun earnings is expected to underperform its peers this week. Glenmark Pharma will report its Apr-Jun earnings on Jul 30. Another mid-cap pharma stock that will be in focus this week is Bengaluru-based Biocon Ltd. The stock will be keenly tracked by the markets with the initial public offering of the company's subsidiary Syngene International opening on Jul 27.

Metal Sector – Seen rangebound with negative bias this week

Shares of major metals companies are seen trading in a range with a negative bias this week. The outlook for the metals and mining sector will continue to remain negative this week as well. The CNX metals index declined 14% over the last six months on account of dwindling global commodity prices. The index ended at 2151.65 points. The street would be eyeing shares of JSW Steel Ltd, which would declare Apr-Jun earnings on Jul 29.

Telecom Sector – Range-bound to negative; Bharti Airtel seen up

Shares of major telecom companies are expected to remain range-bound to negative this week with the exception of sector leader Bharti Airtel, which can see some positive momentum. Many important economic bills are stuck in Parliament that has hardly seen any work in the ongoing monsoon session amid din by the Opposition over several issues. Idea Cellular that posted a better-than-expected Apr-Jun result this week is expected to trade within a narrow range. Recently, Idea Cellular said it would launch 4G services in select locations in 2016 while Bharti Airtel has already launched 4G services in certain circles. The competition is going to intensify further with the launch of data-centric services by Mukesh Ambani-owned Reliance Jio Infocomm, which is expected to launch its 4G services by the end of this year. Some anticipatory trading is expected in shares of Tata Communications and TTML, which are expected to announce their quarterly numbers on Jul 28 and Jul 30, respectively.



Market range for the week 8380- 8680

Nifty	Values
Support 1	8480
Support 2	8450
Support 3	8380
Resistance 1	8580
Resistance 2	8660
Resistance 3	8720

Resistance – Nifty may face resistance at 8580 level above this level it may go up to 8660-8720 level.

Support - Nifty has support at 8480 level below this next support at 8450-8380 levels.

Technical – During the week, CNX Nifty opened at 8623.90 and touched the highest level of 8654.75 and lowest level of 8498.65. The CNX Nifty ended at 8521.55; drag 88.30 points or -1.03%. The S&P BSE Sensex opened at 28544.28 and touched the highest level of 28578.33 and lowest level of 28083.70. The S&P BSE Sensex closed at 28112.31; drag 351.00 points or -1.23%.

For the coming week, we expect the market range of 8380-8680.

Weekly Chart View –

On daily chart we can see momentum oscillator showing some negative crossover. On the weekly chart still manage to hold upper line of channel. So from here 8660-8680 will be major resistance for Nifty only close above that we can see some further upside till that we can see some consolidation and below 8480 level can see pressure up to 8420-8380.

Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index	CMP: 18953
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BSE Auto

We maintain our stance that the current price action suggests that this is a pullback rally in a lower top lower bottom formation. At present there is no clear pattern to go long in this sector. However, aggressive traders who have gone long can trail the stop loss at 18750. On the upside it can test 19300 - 19500 levels. Any close above 19180 would negate the bearish lower top lower bottom formation.

BSE Bankex	CMP: 21374
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BSE Bankex

We are observing a bear candle which suggests a pullback of current up move. At present one should avoid this sector and wait for clear positive pattern to emerge.



BSE Metal Index

CMP: 8771



BSE Metal Index

At present, prices are trading in the demand zone. Hence a bounce from current level cannot be ruled out. However, one has to wait for positive pattern to emerge to go long in this sector.

BSE IT

CMP: 11004



BSE IT

At present we are observing a bull candle and the positive divergence in “Stochastic momentum oscillator” is still positively poised. This suggests continuation of the up move. Those gone long in this sector can trial their stop loss to 10600 for a target 11300 - 11800 levels.



Weekly Technicals of Key Companies –

Company	Closing 24-Jul-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1408.80	1428.50	1453.20	1497.60	1384.10	1359.40
AMBUJACEM	240.15	244.12	249.23	258.32	235.03	229.92
ASIANPAINT	849.00	843.27	875.43	901.87	816.83	784.67
AXISBANK	580.45	586.32	597.53	614.62	569.23	558.02
BAJAJ-AUTO	2497.35	2543.50	2609.85	2722.35	2431.00	2364.65
BANKBARODA	155.75	153.85	159.70	163.65	149.90	144.05
BHARTIARTL	433.90	437.15	449.20	464.50	421.85	409.80
BHEL	280.35	283.22	287.13	293.92	276.43	272.52
BOSCHLTD	23255.10	23484.17	23862.88	24470.67	22876.38	22497.67
BPCL	965.55	965.08	987.47	1009.38	943.17	920.78
CAIRN	174.80	173.13	189.67	204.53	158.27	141.73
CIPLA	678.10	676.55	693.00	707.90	661.65	645.20
COALINDIA	426.05	428.98	434.07	442.08	420.97	415.88
DRREDDY	3908.90	3901.70	3972.10	4035.30	3838.50	3768.10
GAIL	361.10	365.07	373.03	384.97	353.13	345.17
GRASIM	3672.90	3694.63	3761.27	3849.63	3606.27	3539.63
HCLTECH	952.65	963.53	984.07	1015.48	932.12	911.58
HDFC	1358.75	1342.25	1381.50	1404.25	1319.50	1280.25
HDFCBANK	1107.85	1108.17	1127.68	1147.52	1088.33	1068.82
HEROMOTOCO	2740.40	2714.40	2774.80	2809.20	2680.00	2619.60
HINDALCO	109.35	108.88	112.22	115.08	106.02	102.68
HINDUNILVR	906.80	903.13	935.17	963.53	874.77	842.73
ICICIBANK	300.60	306.57	313.83	327.07	293.33	286.07
IDEA	178.75	180.60	184.65	190.55	174.70	170.65
INDUSINDBK	955.85	950.92	971.43	987.02	935.33	914.82
INFY	1087.60	1074.67	1161.93	1236.27	1000.33	913.07
ITC	314.55	316.23	321.77	328.98	309.02	303.48
KOTAKBANK	724.70	729.00	740.50	756.30	713.20	701.70
LT	1802.35	1827.47	1857.88	1913.42	1771.93	1741.52
LUPIN	1672.10	1770.87	1884.73	2097.37	1558.23	1444.37
M&M	1329.70	1328.83	1368.87	1408.03	1289.67	1249.63
MARUTI	4234.20	4210.03	4286.07	4337.93	4158.17	4082.13
NMDC	113.45	114.10	115.20	116.95	112.35	111.25
NTPC	138.00	137.40	139.50	141.00	135.90	133.80
ONGC	282.85	285.50	291.45	300.05	276.90	270.95
PNB	139.00	139.90	144.20	149.40	134.70	130.40
POWERGRID	142.05	141.38	143.97	145.88	139.47	136.88
RELIANCE	1025.05	1031.88	1061.02	1096.98	995.92	966.78
SBIN	263.25	265.72	269.53	275.82	259.43	255.62
SUNPHARMA	836.20	861.72	928.18	1020.17	769.73	703.27
TATAMOTORS	390.25	392.88	400.77	411.28	382.37	374.48
TATAPOWER	71.80	72.72	74.03	76.27	70.48	69.17
TATASTEEL	265.05	272.32	280.43	295.82	256.93	248.82
TCS	2505.15	2529.50	2576.00	2646.85	2458.65	2412.15
TECHM	511.05	507.63	523.92	536.78	494.77	478.48
ULTRACEMCO	3204.40	3230.13	3343.27	3482.13	3091.27	2978.13
VEDL	132.45	136.35	142.60	152.75	126.20	119.95
WIPRO	566.75	574.18	586.37	605.98	554.57	542.38
YESBANK	808.15	813.75	826.40	844.65	795.50	782.85
ZEEL	391.05	390.38	409.97	428.88	371.47	351.88

Source: Iris Software

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