

Key developments during the week

- Govt makes ordinance on coal sector issues public
- SEBI head says mulling cut in marte cap threshold for fast track FPOs
- Road minister scraps plan to award 8 premium road projects to China company
- Andhra Bank CMD says FY15 16% business growth aim difficult
- BSE shareholders approves merger with United Stock Exchange
- Oriental Bank raises 10 bln rupee via Basel III-compliant Tier II Bond
- Apollo Tyres hires Mathias Heimann to head operations in Europe, Americas
- SAT defers hearing in DLF-SEBI case to Oct 30
- BSE, YES Bank in pact to encourage SMEs to tap capital markets
- SEBI revises FX F&O proprietary open positions for non-bank brokers
- Fitch says diesel decontrol positive for PSU oil companies, fiscal balance
- Moody's says diesel price decontrol credit positive for India
- TRAI seeks DoT clarification on 2,100 Mhz spectrum reserve price
- India Sep refinery throughput 17.98 mln tn, down 2.5% on year
- S&P says India's diesel price deregulation positive for oil, gas sector
- HSBC lowers India CPI inflation forecast to 6.4% for FY15, 5.9% FY16

INDEX	22-Oct-14	17-Oct-14	Change (in %)
NIFTY	7995.90	7779.70	2.78
SENSEX	26787.23	26108.53	2.60
NSE 500	6436.55	6255.15	2.90
NSE MIDCAP	3198.65	3079.60	3.87
NIFTY JUNIOR	17162.55	16578.70	3.52
BSE SMALLCAP	10504.15	10313.97	1.84
BSE 200	3265.64	3172.95	2.92

INDEX	22-Oct-14	17-Oct-14	Change (in %)
BSE CD	9615.74	9281.35	3.60
BSE OIL AND GAS	10724.58	10542.14	1.73
BSE PSU	8056.59	7856.53	2.55
BSE FMCG	7385.46	7308.07	1.06
BSE CAPITAL GOODS	15056.50	14244.19	5.70
BSE AUTO	18020.89	17018.77	5.89
BSE REALTY	1486.08	1429.64	3.95
BSE BANK	18822.74	18240.22	3.19
BSE TECH	5707.44	5657.17	0.89
BSE HEALTHCARE	13842.83	13467.15	2.79
BSE IT	10142.88	10130.95	0.12
BSE METAL	11272.75	10852.35	3.87

INDEX	24-Oct-14	17-Oct-14	Change (in %)
DOW JONES	16805.41	16380.41	2.59
HANG SENG	23302.00	23021.26	1.22
NIKKEI	15292.00	14532.51	5.23
FTSE	6388.73	6310.29	1.24

Domestic events week ahead

- Oct 31:** CPI for industrial workers for September, by Labour Bureau.
- Oct 31:** Government finances for Apr-Sep, by CGA.
- Oct 31:** Core sector growth for September, by commerce and industry ministry.

Source: NW18

Global events week ahead

- Oct 27:** German Ifo Business Climate, US Flash Services PMI, US Pending Home Sales m/m
- Oct 28:** Japan Retail Sales y/y, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m, US CB Consumer Confidence
- Oct 29:** Japan Prelim Industrial Production m/m, US Crude Oil Inventories, US FOMC Statement, US Federal Funds Rate
- Oct 30:** German Prelim CPI m/m, Spanish Flash CPI y/y, Spanish Flash GDP q/q, German Unemployment Change, US Advance GDP q/q, US Unemployment Claims, US Fed Chair Yellen Speaks
- Oct 31:** Japan Household Spending y/y, Japan Unemployment Rate, Japan Monetary Policy Statement, Japan Housing Starts y/y, German Retail Sales m/m, French Consumer Spending m/m, Italian Monthly Unemployment Rate, Europe CPI Flash Estimate y/y, Europe Unemployment Rate, US Chicago PMI, US Revised UoM Consumer Sentiment
- Nov 01:** China Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto sector – M&M, Maruti Jul-Sep results to lend cues

The Jul-Sep earnings of industry heavyweights Maruti Suzuki India and Mahindra & Mahindra are seen guiding the performance of these scrips in the week ahead and even deciding the trajectory of other major automobile manufacturers' stocks. Maruti Suzuki will declare its Jul-Sep earnings on Thursday, while Mahindra & Mahindra will declare its numbers on Friday. Maruti Suzuki is India's largest passenger car manufacturer and Mahindra & Mahindra Ltd is the country's largest utility vehicle manufacturer and the world's largest tractor manufacturer. Mahindra & Mahindra is also the heaviest stock in terms of weightage on the BSE-Auto index. The earnings of these companies will have a bearing on shares of major companies in the entire automobile sector. Maruti Suzuki India is expected to report a 25% on-year increase in its Jul-Sep net profit to 8.35 bln rupees. Mahindra & Mahindra's Jul-Sep net profit is seen falling 4% on year to 9.45 bln rupees.

Bank Sector – Bias positive; Jul-Sep results eyed

Bank stocks are expected to trade with a positive bias this week taking cues from quarterly bank earnings. ICICI Bank, State Bank of Mysore, ING Vysya Bank, Andhra Bank, Allahabad Bank, among others, will detail their Jul-Sep earnings results this week. We believed that private bank stocks will outperform their public sector peers this week. Bank Nifty was also likely to continue outperforming the Nifty this week.

Capital Goods Sector – To track broad market

Shares of capital goods companies are largely seen tracking the broad market this week in the absence of sector specific triggers. Some stock-specific action is expected in shares of companies detailing their Jul-Sep earnings. Investors will eye the Jul-Sep earnings of power and automation equipment maker ABB India and wind turbine maker Suzlon Energy this week. ABB is seen reporting net profit of 677 mln rupees for Jul-Sep, up 78% on year and net sales of 19.58 bln rupees, up 11% on year. The company will detail its Jul-Sep results on Tuesday. Suzlon Energy, which recently completed its debt restructuring programme, is expected to continue its last two quarters' trend of profitability at the operating level. Any negative surprises in its Jul-Sep earnings are likely to further dent the company's shares. Owing to the optimistic outlook of the company's management, following the completion of its debt restructuring plan and slight improvement in Jan-Mar earnings. The company will detail its Jul-Sep earnings on Oct 31.

Cement Sector – ACC, Ambuja results to set tone

Jul-Sep earnings of cement majors ACC Ltd and Ambuja Cements Ltd are likely to provide trend for stocks of companies from the sector this week. The bias is likely to be positive as both Ambuja and ACC are expected to post good results. UltraTech's numbers too have been encouraging. The worse seems to be over for cement companies. Ambuja Cements is seen reporting Jul-Sep net profit at 2.32 bln rupees, 40% higher on year, while net sales are seen up 14% at 22.81 bln rupees. ACC is seen posting a 61% jump in net profit to 1.95 bln rupees and a 13% increase in net sales to 28.31 bln rupees. Both companies are scheduled to detail their earnings on Thursday.

FMCG Sector – HUL earnings to set tone

This week Fast moving consumer goods companies' shares taking cues from the earnings of the sector's largest player Hindustan Unilever that is slated to detail its earnings on Monday. It will be HUL's earnings that will set the tone for FMCG stocks. Not just over the next week, but almost the next month. If the management commentary indicates that there is demand revival, all stocks in the sector could rally. The company's Jul-Sep consolidated net profit is seen rising 9% on year to 10 bln rupees despite an increase in the effective tax rate. Sales of India's largest fast moving consumer goods company are seen up 12% on year at 77.46 bln rupees on the back of a muted 5% growth in sales volumes. Hindustan Unilever has been bearing the brunt of a slowdown in the economy for over a year now, with growth in volumes trending in the range of barely 3-5%.

IT Sector – To trade in negative as Wipro disappoints

Shares of information technology companies are expected to trade in the negative this week as Wipro's earnings numbers announced on Wednesday dampened market sentiment. In the Jul-Sep quarter, Wipro's IT services revenues grew merely 1.8% sequentially to \$1.77 bln lagging its peers Infosys (3.1%) and Tata Consultancy Services (4.6%). For



most IT services companies, investors closely monitor the dollar sales numbers as clients overseas get billed in dollars. Wipro has guided revenue in the range of \$1.81 bln to \$1.84 bln for the third quarter ended Dec, implying a sequential revenue growth of 2-4%. Even in terms of net profit, Wipro's Jul-Sep consolidated net profit declined 1% sequentially to 20.85 bln rupees as operating margins declined to 22% from 22.8% in the previous quarter. Wipro's management had said during the earnings that it continued to face "headwinds" in certain geographies such as Europe. This week, investors will keep an eye on mid-sized IT services firm Mphasis which is scheduled to announce its second quarter results on Wednesday. Investors will continue to closely track the rupee as currency movement is crucial to IT companies.

Oil Sector – PSUs mostly seen in range this week

Shares of state-owned oil marketing companies Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd are seen range-bound this week due to lack of imminent triggers. The focus this week will be on companies reporting Jul-Sep earnings. However, the bias is seen positive because of the continued weak trend in crude oil prices and a stable rupee vis-a-vis the dollar. Since the government has deregulated diesel prices, the three oil retailers' revenue losses on controlled fuels will decline sharply in 2014-15 which will reduce their need for short-term loans. That will reduce the interest burden on these companies and lift their bottomline further. On the other hand, the upstream companies too are seen trading firm though a clarification given by the oil ministry may dampen the sentiment a bit. The ministry put an end to the confusion over the recently revised gas prices that will be effective from Nov 1 and said the \$5.61 per mBtu figure is based on the net calorific value and not gross calorific value. After the government revised gas prices and the calculation mechanism last week, the Street had assumed that the \$5.6 per mBtu price is based on gross calorific value and hence, the actual price based on net calorific value would be \$6.2. Shares of Oil and Natural Gas Corp Ltd and Oil India Ltd had gained following the revision of gas prices, as the two companies will be the biggest beneficiaries. However, while the trend is still seen positive, the slightly lower prices than anticipated may weigh on sentiments, leaving the two stocks oscillating in a range.

Pharma sector – Stock-specific movement seen

Shares of major pharmaceutical companies are likely to show stock-specific movement this week based on their Jul-Sep earnings as there are no major triggers. The movement will be more stock-specific with some major companies reporting their quarterly earnings this week. Ranbaxy Laboratories Ltd, Lupin Ltd and Jubilant Life Sciences Ltd will report their earnings on Oct 28, Dr Reddy's Laboratories will detail its results on Oct 29 and Ajanta Pharma Ltd on Oct 30. Ranbaxy Laboratories Ltd is seen back in black in the quarter ended September with its net profit seen in the range of 835 mln rupees to 4.58 bln rupees. The company's profits are seen driven by the rise in revenues from the sale of generic of Diovan. Lupin Ltd is seen posting a consolidated net profit of 5.78 bln rupees for the quarter ended September, up 42% from a year ago, as product launches in the US are seen boosting performance. Dr Reddy's is likely to witness a muted Jul-Sep performance, posting 8% on-year growth in revenue at 36.1 bln rupees.

Metal Sector – Seen positive this week

Shares of metal companies are expected to trade with a positive bias this week as investors believe that metal companies may show operational improvement in their Jul-Sep earnings inspite of what was considered a slow market. JSW Steel surprised the market by posting a Jul-Sep consolidated net profit of 7.49 bln rupees, against estimates of 7.15 bln rupees, as a higher proportion of value added products in the company's product mix helped push up margins. Companies seem to be taking the right steps there is a belief that sentiment could turn positive. Investors will also eye Jul-Sep results of Sesa Sterlite, scheduled to detail its earnings on Wednesday. Sesa Sterlite is seen posting consolidated net profit of the company to fall 40% year-on-year to 14.31 bln rupees, with a 23% year-on-year drop in net sales to 193.34 bln rupees on lower contribution from subsidiaries Hindustan Zinc and Cairn India. The two companies contribute around 75% of total operating profit of the consolidated entity. NMDC Ltd will also report its earnings on Oct 31.

Telecom Sector – Bharti Airtel results to set trend

Shares of frontline telecom companies are expected to follow the broader markets. They will also take cues from Bharti Airtel's Jul-Sep earnings to be announced on Oct 30. Bharti Airtel Ltd is expected to post a muted growth for the quarter ended September, primarily because of subdued earnings from its African operations caused due to depreciation in the rupees. The good quarterly numbers reported by Idea Cellular last week can give the stock some additional momentum. Idea Cellular reported consolidated revenue of 75.67 bln rupees, flat on a sequential basis, but higher than the estimates. The company's Jul-Sep consolidated net profit came in at 7.56 bln rupees, higher than the estimate of 6.73 bln rupees.



Market Range for Week 7800- 8200

Nifty	Values
Support 1	7920
Support 2	7850
Support 3	7800
Resistance 1	8080
Resistance 2	8150
Resistance 3	8200

Resistance – Nifty facing Resistance level @8080 level above this level it may go up to @8150 & @ 8200 level.

Support - Support comes for market @7920 level for Nifty; below this level Nifty next support @7850 and @7800 will be the major support for market.

Technical – Last week Nifty opened at 7896 & it made a high of 8031. Last week we have seen some bounce from lower levels. Nifty made a low of 7856 & closed at 8014. Last week Nifty gains 175 points from its low & on weekly basis it closed at 238 points higher. Sensex made a weekly high of 26818 & a low of 26368 almost it gain 450 points in the week from its low. So overall last week we have seen some buying from lower levels.

For the coming week the market range we expect 7800-8200

Weekly Chart View –

Last week we had expected market range (7650-7950) market made a high of 8014 & low of 7856, so overall it holds our lower side range but broke upper side range.

In last week report we had mentioned on daily chart Nifty was below 50SMA & on weekly chart it was below 20WMA, because of that we had mentioned we can see some consolidation & for maintain upside Nifty need to close above 7950-7980 & all we have seen upside after that. Now on daily chart we can see continues Gap area. On weekly chart Nifty above 20WMA. So overall from here we can see some stocks specific move in the market & we have F&O expiry also so may be we can see some volatility in the market.

Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index

CMP: 18021

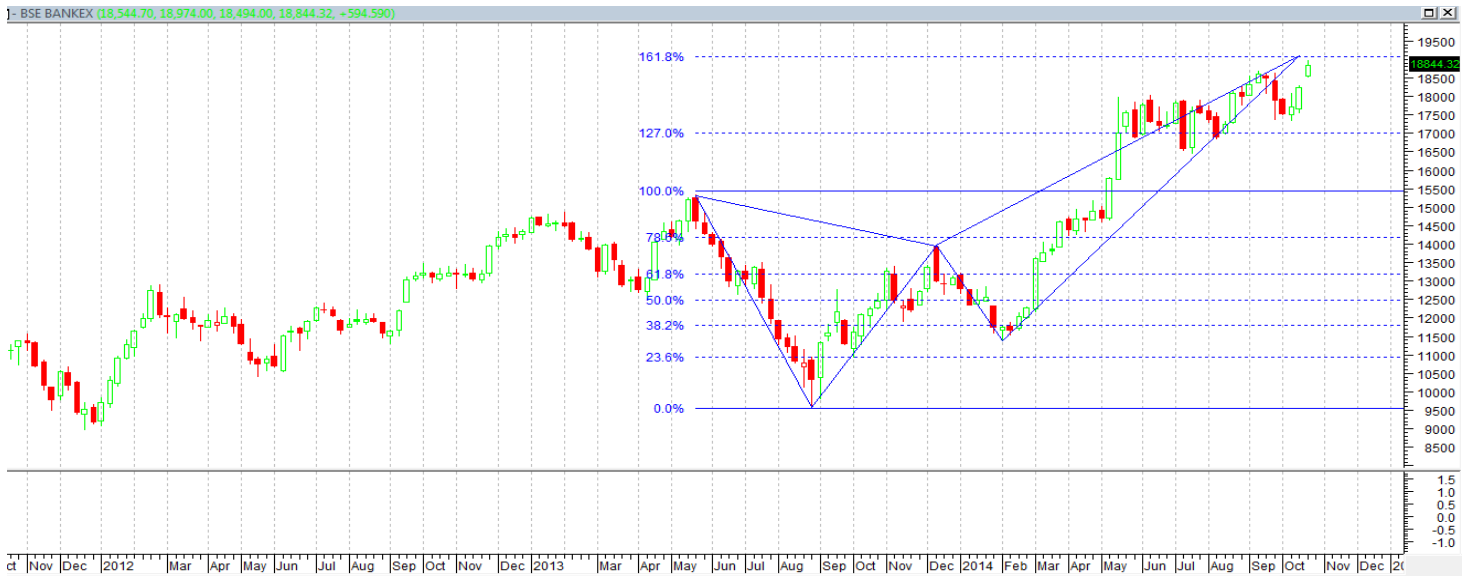


BSE Auto

At present we are witnessing that the weekly bias has turned positive which suggests that momentum on the upside is likely to continue. One can trade long once this sector trades above 18104. On the upside it can test 18300 – 18600 – 18800 levels. One should keep a stop loss of 17150.

BSE Bankex

CMP: 18822



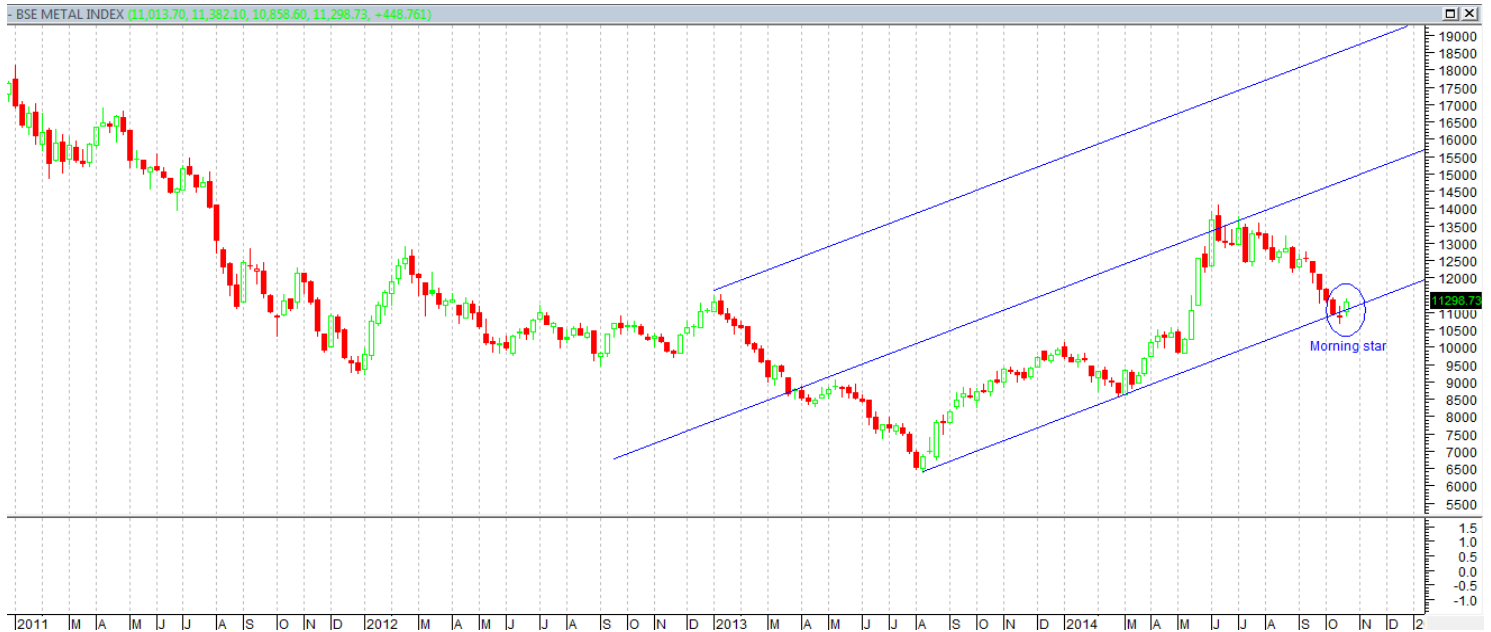
BSE Bankex

In previous report we had advised to go long in this sector with a stop loss of 17721. Those long in this sector should now trial their stop loss to 18450 level. On the upside it can test 19200 – 19500 levels.



BSE Metal Index

CMP: 11272



BSE Metal Index

The current candlestick price action resembles a perfect Bullish Morning Star. One should initiate long once this sector trades above 11382. In such scenario the bullish implication of this pattern will get activated and this sector can test 11600 – 12000 levels. One can keep a stop loss of 10850.

BSE IT

CMP: 10142



BSE IT

At present we are witnessing a spinning top candlestick pattern that indicates that the downtrend is losing breath. There is no clear signal to go long in this sector at present. Hence, wait for good pattern to emerge to go long in this sector.



Weekly Technicals of Key Companies –

Company	Closing 23-Oct-14	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1483.45	1457.87	1510.58	1537.72	1430.73	1378.02
AMBUJACEM	217.55	215.02	220.98	224.42	211.58	205.62
ASIANPAINT	652.45	648.10	662.65	672.85	637.90	623.35
AXISBANK	423.75	420.55	431.10	438.45	413.20	402.65
BAJAJ-AUTO	2529.70	2483.98	2586.72	2643.73	2426.97	2324.23
BANKBARODA	889.20	884.22	901.98	914.77	871.43	853.67
BHARTIARTL	410.25	407.87	417.38	424.52	400.73	391.22
BHEL	240.40	236.13	248.12	255.83	228.42	216.43
BPCL	691.10	696.45	709.70	728.3	677.85	664.60
CAIRN	289.05	284.70	296.30	303.55	277.45	265.85
CIPLA	628.45	620.93	642.37	656.28	607.02	585.58
COALINDIA	352.30	356.50	362.00	371.70	346.80	341.30
DLF	119.95	116.98	125.97	131.98	110.97	101.98
DRREDDY	3057.65	3016.40	3104.45	3151.25	2969.60	2881.55
GAIL	481.65	474.65	495.55	509.45	460.75	439.85
GRASIM	3418.70	3387.23	3468.87	3519.03	3337.07	3255.43
HCLTECH	1525.65	1513.55	1547.10	1568.55	1492.10	1458.55
HDFC	1031.55	1024.55	1042.35	1053.15	1013.75	995.95
HDFCBANK	896.45	897.90	908.15	919.85	886.20	875.95
HEROMOTOCO	3110.05	3025.85	3224.20	3338.35	2911.7	2713.35
HINDALCO	149.25	147.40	152.85	156.45	143.80	138.35
HINDUNILVR	758.95	749.83	771.62	784.28	737.17	715.38
ICICIBANK	1575.35	1565.02	1604.23	1633.12	1536.13	1496.92
IDFC	146.25	143.87	149.63	153.02	140.48	134.72
INDUSINDBK	683.65	678.88	694.77	705.88	667.77	651.88
INFY	3805.05	3792.53	3875.07	3945.08	3722.52	3639.98
ITC	350.40	352.08	356.17	361.93	346.32	342.23
JINDALSTEL	165.80	153.93	180.17	194.53	139.57	113.33
KOTAKBANK	1061.55	1043.85	1087.70	1113.85	1017.7	973.85
LT	1558.45	1533.55	1589.9	1621.35	1502.10	1445.75
LUPIN	1390.85	1378.82	1411.23	1431.62	1358.43	1326.02
M&M	1263.70	1255.53	1288.97	1314.23	1230.27	1196.83
MARUTI	3165.50	3112.33	3246.67	3327.83	3031.17	2896.83
MCDOWELL-N	2605.95	2527.6	2702.05	2798.15	2431.5	2257.05
NMDC	161.90	161.80	164.85	167.80	158.85	155.80
NTPC	146.70	145.53	149.97	153.23	142.27	137.83
ONGC	403.45	409.67	422.78	442.12	390.33	377.22
PNB	934.60	942.90	967.70	1000.80	909.80	885.00
POWERGRID	139.85	138.28	143.07	146.28	135.07	130.28
RELIANCE	952.70	939.58	967.62	982.53	924.67	896.63
SBIN	2578.55	2581.63	2610.52	2642.48	2549.67	2520.78
SSLT	248.85	245.03	257.32	265.78	236.57	224.28
SUNPHARMA	810.05	805.72	819.33	828.62	796.43	782.82
TATAMOTORS	515.65	506.92	529.23	542.82	493.33	471.02
TATAPOWER	88.05	87.55	89.45	90.85	86.15	84.25
TATASTEEL	459.10	456.10	465.85	472.60	449.35	439.60
TCS	2465.35	2457.98	2500.97	2536.58	2422.37	2379.38
TECHM	2359.25	2325.83	2400.67	2442.08	2284.42	2209.58
ULTRACEMCO	2433.25	2430.75	2471.50	2509.75	2392.5	2351.75
WIPRO	560.25	566.80	580.20	600.15	546.85	533.45



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RCH-WMR-00