

**Key developments during the week**

- Govt approves World Bank's \$1.5 bln plan to fund Swachh Bharat Mission
- Cabinet ratifies MoU with UAE to invest in national infra fund
- Govt hikes dearness allowance by 6%
- Cabinet approves national capital goods policy
- Jaitley to visit Australia Mar 29-Apr 1 to attract investment
- Environment minister says to release revamped e-waste management rules in 15 days
- India Oct-Dec CAD at \$7.1 bln or 1.3% of GDP vs \$7.7 bln or 1.5% of GDP YoY
- Maharashtra govt OKs 66.48-bln-rupee budget for MMRDA FY17
- Jaitley says modest success can't be govt aim for Fasal Bima Yojana
- Govt hopeful of Iran Farzad-B field rights' deal with Indian companies
- Citibank ups forecast on India FY17 CAD to 1.3% on lower remittances
- TRAI to submit report on net neutrality to DoT in a couple of months
- Minister says to seek Cabinet approval for India Post payments bank licence
- RBI Rajan says need new global policy pact like Bretton Woods
- Jaitley says time ripe for RBI to move in lower rate direction
- S&P says Indian banks' capitalisation seen under pressure next 12 months
- India Feb crude oil output 2.90 mln tn, up 0.7% YoY
- Govt may cut Apr-Sep gas price to \$3.05-3.15 per mBtu vs \$3.82 now
- FIPB clears 15 FDI proposals worth 72.62 bln rupees, rejects 10

INDEX	23-Mar-16	18-Mar-16	Change (in %)
NIFTY	7716.50	7604.35	1.47
SENSEX	25337.56	24952.74	1.54
NSE 500	6423.70	6322.65	1.60
NSE MIDCAP	3134.65	3044.25	2.97
NIFTY JUNIOR	18648.40	18284.90	1.99
BSE SMALLCAP	10501.80	10308.76	1.87
BSE 200	3245.10	3193.01	1.63

INDEX	23-Mar-16	18-Mar-16	Change (in %)
BSE AUTO	17830.08	17334.49	2.86
BSE BANK	18110.19	17851.58	1.45
BSE CAPITAL GOODS	12936.70	12474.09	3.71
BSE CD	11542.30	11273.15	2.39
BSE FMCG	7614.27	7582.21	0.42
BSE HEALTHCARE	15449.27	15268.94	1.18
BSE IT	11297.67	11177.50	1.08
BSE METALS	7643.19	7433.25	2.82
BSE OIL AND GAS	9060.42	9029.32	0.34
BSE PSU	6101.13	6025.37	1.26
BSE REALTY	1231.12	1180.50	4.29
BSE TECK	6072.73	5991.43	1.36

INDEX	25-Mar-16	18-Mar-16	Change (in %)
DOW JONES	17515.73	17602.30	-0.49
HANG SENG	20345.61	20671.63	-1.58
NIKKEI	17002.75	16724.81	1.66
FTSE	6106.48	6189.64	-1.34

**Domestic events week ahead**

- **Mar 31:** Government finances for Apr-Feb, by CGA
- **Mar 31:** CPI for industrial workers for February, by Labour Bureau
- **Mar 31:** Core sector growth for February, by commerce and industry ministry
- **Apr 01:** Nikkei Manufacturing PMI for March, by Markit Economics

Source: Cogencies

**Global events week ahead**

- **Mar 28:** US Goods Trade Balance, US Pending Home Sales
- **Mar 29:** Japan Unemployment Rate, Japan Retail Sales, US CB Consumer Confidence
- **Mar 30:** Japan Industrial Production, US ADP Non-Farm Employment Change, US Crude Oil Inventories
- **Mar 31:** Japan Housing Starts, UK Current Account, UK Final GDP, Europe CPI, ECB Monetary Policy Meeting Accounts, US Unemployment Claims, US Chicago PMI
- **Apr 01:** 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 Non-Farm Employment Change, US Unemployment Rate, US Final Manufacturing PMI, US ISM Manufacturing PMI, US Revised UoM Consumer Sentiment



## Weekly Sector Outlook and Stock Picks

### **Auto Sector – Some volatility seen ahead of March F&O expiry**

Shares of major automobile companies are seen mirroring the likely volatility in the broader market this week, on account of rollovers to the March derivatives contracts. The bias on the Auto Index is expected to remain positive. Most auto stocks will take cues from monthly sales numbers to be announced in the later part of the week. Sentiment on Hero Motocorp remains bullish, even as the government begins execution of steps to infuse liquidity into the rural economy, which is in doldrums following two consecutive years of drought. Ashok Leyland, which closed up almost 9% on a weekly basis, will likely see another week of swift business, following the company's pact with US-based Lockheed Martin. Passenger car segment market leader Maruti Suzuki India Ltd will remain volatile this week. The carmaker's fortunes have taken a dive for the worse as sports utility vehicles gain popularity, coupled with the company's weak portfolio in the segment. However, Maruti Suzuki will be pinning hopes on the newly-launched Vitara Brezza SUV, but whether or not the car finds flavour with buyers is yet to be seen.

### **Bank Sector – Trade seen positive next week on rate cut hopes**

Banking shares are seen trading positive this week on hopes of a repo rate cut by the Reserve Bank of India at the upcoming monetary policy review on Apr 5. Market participants are expecting the RBI to cut the repo rate on Apr 5 at its first bi-monthly monetary policy statement for 2016-17. A lower than expected headline retail inflation print of 5.18% in February from 5.69% in January fuelled these hopes, which have been building ever since the government decided to stick to its fiscal consolidation roadmap, and aimed to cut the deficit to 3.5% of GDP in the next fiscal. The government's decision to cut interest rates on small saving schemes by 40-130 basis points with effect from Apr 1 has also led to calls for more rate cuts from the RBI, as banks are now expected to pass on past repo rate cuts to borrowers.

### **Capital Goods Sector – Seen extending gains; L&T seen strong**

Shares of the capital goods companies are seen extending gains this week but the upside may be capped as investors are likely to turn cautious ahead of the release of core sector growth data for February, scheduled for Mar 31. The government announced that the Union Cabinet has approved the national capital goods policy. The capital goods policy, which was unveiled in February, is expected to improve utilization of Indian capital goods companies as it provides these companies an edge over international competitors that bid for orders in India. While the policy itself may take time before it is implemented, there will be positive sentiment arising from the announcement. Long-term loans for export orders will also be made available to Indian companies to support them in execution of export orders. Larsen & Toubro is one of the strongest counters right now; shares of the company are expected to gain further this week.

### **Cement Sector – Seen rising on Cabinet nod to housing plan**

Shares of cement makers are expected to trade positively this week, primarily due to the Union Cabinet today approving financial assistance of 819.75 bln rupees for the Pradhan Mantri Awaas Yojana-Gramin. Under the initiative, 10 mln households will be provided assistance for construction of 'pucca' houses. The plan will be executed over three years in rural areas, excluding those in Delhi and Chandigarh. Shares of UltraTech Cement are expected to gain this week, as the company has the capacity to serve any resultant spurt in cement demand. Besides, a rise in cement prices through the past few weeks has aided cement stocks, and this is expected to boost investor interest in the sector. Since January, cement prices have broadly increased across locations. Through this week, the movement in cement stocks is expected to be broadly positive.

### **FMCG Sector – Stock-specific movement seen as no new triggers**

Stock-specific movement is expected in fast-moving consumer goods space this week due to lack of fresh triggers. Volatility is likely ahead of the derivatives contracts' expiry on Mar 31. The Reserve Bank of India's monetary policy on Apr 5 and start of Jan-Mar and full year 2015-16 (Apr-Mar) earnings season later this month will provide a direction to FMCG stocks. On the near-term fundamentals, rural demand continues to be subdued and urban demand hasn't picked up much, which is seen weighing on sentiment for FMCG stocks. However, the long-term outlook of the sector is positive. Hopes of a rate cut by the RBI in its upcoming policy, which has invoked optimism in the broader market, may have some positive impact on the FMCG stocks pack as well.

**IT Sector – Seen trading in range with positive bias**

Shares of information technology companies are seen trading in a narrow range as investors though optimistic about the sector, will be cautious for now. Market participants are expected to be bullish on the stocks led by optimism in the broader markets but are seen investing selectively in the sector. Media reports said India will be meeting the US in Geneva in April on consultation over visa fee hike issue. Amidst negative comments from US Republican presidential frontrunner Donald Trump, this news has created hope for the IT companies and has led to improvement in sentiments over the sector which is the major user of US work visa. The Indian currency, which ended at 66.6350 rupees, is expected to strengthen against the dollar this week ahead of Reserve Bank of India's bi-monthly policy. This is seen marginally impacting the sector which does majority business in the US. With Jan-Mar quarter results around the corner, investors and market participants will watch out for any growth-related statements from the companies.

**Oil Sector – PSUs seen range-bound; crude price movement eyed**

Shares of public sector oil companies are likely to remain range-bound this week in the absence of any major triggers. The trend this week will primarily be dictated by the movement in global oil prices and broad market sentiment. Prices of crude oil have recovered through the past four weeks, helping exploration and production companies. Even as an uptick in prices of crude oil is considered a negative for margins of oil-refining companies, in the current environment, these entities too have benefited from the rise. Shares of state-owned retailers IOC, BPCL and HPCL have reacted positively on expectations of inventory gains due to the recent recovery in crude prices. The prices of crude oil are largely seen stabilizing after some upward movement in the near-to-medium term. In the broad market, some volatility is expected this week as traders will roll over positions to April derivative contracts ahead of March F&O expiry. This volatility could spill over to oil companies' stocks as well, particularly those of Reliance Industries, ONGC, BPCL and IOC. Fluctuation in the dollar-rupee exchange rates is also likely to affect stocks of downstream and upstream oil companies.

**Pharma Sector – Seen weak; fixed dose drug ban case in HC eyed**

Regulatory concern will continue to weigh on pharmaceutical stocks this week, with investors awaiting the outcome of the Delhi High Court's hearing on the recent government order banning 344 fixed dose combinations of drugs. Pfizer, Wockhardt, Abbott India, and Ipca Laboratories will be the stocks in focus, as the ban on household brands of drugs such as Corex and Phensedyl cough syrups, Vicks Action 500, Crocin Cold and Flu, D-cold Total, and Panderm Plus comes up for hearing. Volatility is expected this week ahead of the expiry of the March series on Mar 31. Among the stocks, Cadila Healthcare was the worst hit last week, ending about 4% down due to concern over regulatory action against its Moraiya plant, after the World Health Organization issued a notice for data integrity issues. Lupin is another stock that could continue its slump, after US FDA cited nine observations of inadequacy and non-compliance to standard operating procedures at its Goa oral dosage manufacturing unit.

**Metal Sector – Seen up on likely fall in imports from China**

Shares of major metal and mining companies are seen trading up this week on account of improved outlook for the sector and a likely fall in steel exports from China in the coming months. According to news reports, steel prices in China are higher than other countries since December and are likely to result in lower exports from the country due to attractive pricing in domestic markets. To check cheap exports from China, the Indian government had imposed a safeguard duty last year. The government had also imposed a minimum import price on steel products this year to protect and support the domestic steel industry. Shares of Indian metal companies have shown an upward trend in last few weeks as the outlook for the sector has improved and companies have taken various steps to improve their cost competitiveness. Hindalco Industries Ltd's competitive cost of production in domestic aluminium operations has provided the company with an opportunity to ramp-up its new facilities, despite lower aluminium prices.

**Telecom Sector – Idea, RComm seen range bound, Bharti positive**

Shares of major telecom companies are expected to move in a narrow range with the exception of Bharti Airtel which is seen trading positive after it signed an agreement with the American Tower Corp to sell its towers in Tanzania. Bharti Airtel's African subsidiary Airtel Tanzania signed an agreement with American Tower Corp to sell 1,350 towers in Tanzania for around \$179 mln. The country's largest telecom operator also entered into a definitive agreement with Videocon Telecommunications to acquire the latter's 5 MHz spectrum in six circles for 44.28 bln rupees. RComm announced extending its exclusive pact with Aircel for merging its wireless operations. Idea Cellular announced termination of its contract with Videocon Telecommunication to use the latter's spectrum in Gujarat and Uttar Pradesh.



**Market range for the week 7520-8020**

Nifty	Values
Support 1	7680
Support 2	7620
Support 3	7550
Resistance 1	7780
Resistance 2	7950
Resistance 3	8020

**Resistance** – Nifty may face resistance at 7780 level above this level it may go up to 7950-8020 level.

**Support** - Nifty has support at 7680 level below this next support at 7620-7550 levels.

**Technical** – During the week, CNX Nifty opened at 7619.20 and touched the highest level of 7728.20 and lowest level of 7617.70. The CNX Nifty ended at 7716.50; gain 112.15 points or 1.47%. The S&P BSE Sensex opened at 25007.56 and touched the highest level of 25381.33 and lowest level of 24988.27. The S&P BSE Sensex closed at 25337.56; gain 384.82 points or 1.54%.

**For the coming week, we expect the market range of 7520-8020**

**Weekly Chart View –**

We had mentioned in last week’s report that on the daily chart we witness upper trendline breakout and on weekly chart narrow range body formation, because of that we had mentioned we can see stocks specific action and above 7650-7660 we can see move up to 7750-7780 and all we have seen same. Now on daily chart we can see Nifty above 100DMA and on weekly chart we can see oscillator showing strength. So overall from here we can see continue stocks specific move and above 7750-7780 we can see move up to 7880-7950 and 7550-7520 will be good support for buying at lower levels.

**Weekly Chart**





### Weekly Sectoral Technical Outlook

<b>NSE Auto Index</b>	<b>CMP: 7990</b>
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**NSE Auto**

At present, prices have tested the median line of the first channel. However, there is no clear pattern that suggests long in this sector. Hence one should stay at the side line and wait for positive pattern to emerge on the chart.

<b>NSE Bankex</b>	<b>CMP: 15887</b>
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**NSE Bankex**

At present we are observing a narrow range body formation which suggests indecisiveness prevailing at current level. Hence cautious approach toward this sector should be adopted. Further, there is no clear pattern that suggests going long. Hence, one should avoid this sector at present.



**NSE Metal Index**

**CMP: 1948**



**NSE Metal Index**

We maintain our bearish stance on the sector. At present, we are observing that prices have given a downward sloping trendline breakout. This suggests that momentum on the upside could continue. Aggressive traders gone long in this sector can trial their stop loss to 1868 for a target of 2050 - 2200 levels.

**NSE IT**

**CMP: 11228**



**NSE IT**

We maintain our stance that this sector is in a bear grip. At present, there is no clear positive pattern emerging which suggests long in this sector. Hence, one should avoid this sector at present.



## Weekly Technicals of Key Companies –

Company	Closing 23-Mar-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1372.65	1370.22	1402.43	1432.22	1340.43	1308.22
ADANIPORTS	238.30	239.93	243.37	248.43	234.87	231.43
AMBUJACEM	228.25	227.90	234.30	240.35	221.85	215.45
ASIANPAINT	850.00	857.02	867.98	885.97	839.03	828.07
AXISBANK	437.50	439.80	445.30	453.10	432.00	426.50
BAJAJ-AUTO	2356.40	2336.60	2383.80	2411.20	2309.20	2262.00
BANKBARODA	144.00	144.88	146.92	149.83	141.97	139.93
BHARTIARTL	358.20	354.27	365.33	372.47	347.13	336.07
BHEL	116.40	115.07	119.13	121.87	112.33	108.27
BOSCHLTD	20217.50	19831.73	20929.37	21641.23	19119.87	18022.23
BPCL	868.50	872.22	884.08	899.67	856.63	844.77
CAIRN	158.40	157.17	160.83	163.27	154.73	151.07
CIPLA	532.80	532.45	539.35	545.90	525.90	519.00
COALINDIA	298.00	297.08	300.62	303.23	294.47	290.93
DRREDDY	3047.90	3092.93	3154.87	3261.83	2985.97	2924.03
GAIL	356.10	359.78	364.82	373.53	351.07	346.03
GRASIM	3781.00	3749.37	3858.63	3936.27	3671.73	3562.47
HCLTECH	817.70	820.70	828.00	838.30	810.40	803.10
HDFC	1162.75	1154.93	1181.82	1200.88	1135.87	1108.98
HDFCBANK	1049.35	1046.07	1059.88	1070.42	1035.53	1021.72
HEROMOTOCO	2871.40	2846.13	2939.97	3008.53	2777.57	2683.73
HINDALCO	91.30	89.10	93.90	96.50	86.50	81.70
HINDUNILVR	873.60	867.90	888.70	903.80	852.80	832.00
ICICIBANK	234.20	233.47	236.33	238.47	231.33	228.47
IDEA	104.95	104.32	107.13	109.32	102.13	99.32
INDUSINDBK	928.05	929.25	935.80	943.55	921.50	914.95
INFY	1207.80	1196.83	1221.67	1235.53	1182.97	1158.13
ITC	324.25	326.93	333.52	342.78	317.67	311.08
KOTAKBANK	659.95	662.78	672.97	685.98	649.77	639.58
LT	1242.55	1228.63	1262.92	1283.28	1208.27	1173.98
LUPIN	1524.15	1532.42	1563.73	1603.32	1492.83	1461.52
M&M	1249.35	1243.78	1271.42	1293.48	1221.72	1194.08
MARUTI	3736.00	3695.00	3785.00	3834.00	3646.00	3556.00
NTPC	127.35	127.48	128.67	129.98	126.17	124.98
ONGC	214.60	215.22	218.53	222.47	211.28	207.97
PNB	84.70	85.47	86.73	88.77	83.43	82.17
POWERGRID	137.45	137.68	139.12	140.78	136.02	134.58
RELIANCE	1029.20	1034.62	1046.83	1064.47	1016.98	1004.77
SBIN	196.60	195.95	198.90	201.20	193.65	190.70
SUNPHARMA	846.20	838.33	859.87	873.53	824.67	803.13
TATAMOTORS	377.00	374.75	383.75	390.50	368.00	359.00
TATAPOWER	62.65	61.48	64.57	66.48	59.57	56.48
TATASTEEL	317.20	311.92	323.18	329.17	305.93	294.67
TCS	2473.80	2460.57	2501.13	2528.47	2433.23	2392.67
TECHM	479.90	484.32	493.98	508.07	470.23	460.57
ULTRACEMCO	3198.45	3191.50	3271.95	3345.45	3118.00	3037.55
VEDL	96.85	95.83	99.22	101.58	93.47	90.08
WIPRO	555.75	553.32	564.83	573.92	544.23	532.72
YESBANK	849.25	837.95	863.15	877.05	824.05	798.85
ZEEL	388.50	389.73	394.22	399.93	384.02	379.53

Source: Iris Software

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