

Key developments during the week

- Jayant Sinha says hope to pass GST bill in Budget session
- Lok Sabha refers bankruptcy code to joint parliament panel
- EPFO source says in talks with SBI to cut bank commission by 50%
- Govt source says hope to roll out new aviation policy by April 1
- Industry ministry source says sought import duty cuts to boost Make in India
- India Nov gold imports 110 tn, down 26.6% YoY
- OPEC sees 2020 global crude demand 97.4 mln bpd, supply 97.6 mln bpd
- Govt says in process of amending RBI Act to form monetary policy panel
- Govt says 10 insurance companies have applied to bring in 62 bln rupees FDI
- Govt source says mulling board to monitor gold schemes, imports
- India Jul-Sep current account deficit at \$8.2 bln vs \$10.9 bln YoY
- Parliament approves net additional spending of 182 bln rupees in FY16
- Govt introduces Insolvency and Bankruptcy Code in Lok Sabha
- Divestment department wants "more realistic" target in FY17 Budget
- Commerce Minister to push for presumptive tax for gem, jewellery sector
- Mines secretary says Phase-I auction of 50-60 blocks may fetch 1 trln rupees
- FIPB to meet on Dec 29 to consider 9 FDI proposals
- Railways hikes tatkal charges by 25-100 rupees across classes
- Bihar bans diesel vehicles older than 15 years in Patna

INDEX	24-Dec-15	18-Dec-15	Change (in %)
NIFTY	7861.05	7761.95	1.28
SENSEX	25838.71	25519.22	1.25
NSE 500	6656.75	6570.80	1.31
NSE MIDCAP	3366.70	3315.90	1.53
NIFTY JUNIOR	19785.15	19593.85	0.98
BSE SMALLCAP	11730.59	11531.86	1.72
BSE 200	3343.43	3303.62	1.21

INDEX	24-Dec-15	18-Dec-15	Change (in %)
BSE AUTO	18263.23	18149.91	0.62
BSE BANK	19206.66	18933.50	1.44
BSE CAPITAL GOODS	14242.90	14029.66	1.52
BSE CD	12008.45	12130.47	-1.01
BSE FMCG	7810.39	7731.22	1.02
BSE HEALTHCARE	16725.66	16523.20	1.23
BSE IT	11020.82	10948.53	0.66
BSE METALS	7406.16	7183.67	3.10
BSE OIL AND GAS	9453.77	9216.97	2.57
BSE PSU	6753.57	6629.25	1.88
BSE REALTY	1332.18	1305.22	2.07
BSE TECK	6003.70	5926.44	1.30

INDEX	24-Dec-15	18-Dec-15	Change (in %)
DOW JONES	17552.17	17128.55	2.47
HANG SENG	22138.13	21755.56	1.76
NIKKEI	18769.06	18986.80	-1.15
FTSE	6254.64	6052.42	3.34

Domestic events week ahead

- **Dec 31:** CPI for industrial workers for November, by Labour Bureau
- **Dec 31:** Government finances for Apr-Nov, by CGA
- **Dec 31:** Core sector growth for November, by commerce and industry ministry
- **Jan 01:** Automobile Sales Data, by Automakers

Source: Cogencies

Global events week ahead

- **Dec 28:** Japan Retail Sales y/y, Japan Industrial Production m/m
- **Dec 29:** US Goods Trade Balance, US CB Consumer Confidence
- **Dec 30:** US Pending Home Sales m/m, US Crude Oil Inventories
- **Dec 31:** US Unemployment Claims, US Chicago PMI
- **Jan 01:** China Manufacturing PMI, China Non-Manufacturing PMI



Weekly Sector Outlook and Stock Picks

Auto Sector – Seen trading with positive bias; sales data eyed

Shares of major auto companies are seen trading with a positive bias, taking cues from the Nifty and led by an uptick in Hero Motocorp. Hero Motocorp is on a breakout level and can possibly outperform the Nifty this week as well. However, stocks that have already been bullish might just see a small pause. Maruti will now be a risky buy because the stock has already seen a lot of big movement. Compared with this, Hero looks a lot more attractive. Tata Motors also looks positive and can breach the critical 400 rupee mark. Shares of auto companies will also react to news of their monthly sales numbers which are expected on the first day of 2016. December is expected to be a positive month for most auto companies, which have doled out big discounts ahead of price revisions in the New Year.

Bank Sector – Seen weak on F&O rollovers; NPA woes to weigh

Bank stocks are likely to trade with a weak bias this week in volatile trade due to rollover of positions to January futures and options contracts ahead of the expiry of December series. However, volatility is expected to remain low as investor participation will be muted due to year-end holidays. While broader market indices are seen trading in a narrow range with a positive bias, banks are likely to move in the opposite direction. Market participants said that concerns outlined in the December Financial Stability Report published by the Reserve Bank of India has reinforced the view that asset quality stress, especially for public sector banks, is unlikely to subside in the near future. The report said that Indian banks' gross non-performing assets ratio could rise to 5.4% by September 2016 from 5.1% as on Sep 30 under the baseline. Gross bad loan ratio could rise to around 6.9% by March 2017 under a "severe stress" scenario. While the underlying bias in stocks of state-owned banks is likely to remain weak, cherry picking of stocks of fundamentally sound banks may limit losses in the Nifty Bank.

Capital Goods Sector – Seen tracking wider market; economic data eyed

Shares of most capital goods companies are seen tracking broader markets this week in the absence of stock specific actions, and are likely to remain in a range due to weak trading volumes. However, towards the end of the week, release of macro-economic data such as core sector growth for November is likely to impact the shares in the sector. While in the near term, shares of sector bellwether Larsen & Toubro are seen trading with a weak bias, long term investors see the current slump in the share price as a good opportunity to build their positions.

Cement Sector – Seen down on weak demand, low pricing power

Shares of cement manufacturing companies are seen falling this week due to persistent low demand across the country and the resulting low pricing power with companies. Across the country, cement prices have fallen by 15-30 rupees per 50-kg bag due to weak demand, particularly over the past three months. Market participants expect cement companies to take a hit on their margins in the near term due to price cuts.

FMCG Sector – Seen in range, volumes weak on lack of triggers

Shares of fast-moving consumer goods companies are seen trading in a range as there are no major triggers in the near term. Trading volumes are also expected to be muted, due to the on-going holiday season. Traders may prefer to stay on the sidelines until the companies announce their Oct-Dec results to see if volumes have revived, across segments. However, shares of alcohol-making companies may see some an uptrend on the back of festive demand during the current holiday season, and because consumption typically increases during winters. United Breweries Ltd shares are expected to trade upwards this week. Other stocks which are seen positive on the charts are Hindustan Unilever Ltd, Tata Global Beverages Ltd and Britannia Industries Ltd.

IT Sector – Seen rangebound with stock-specific movement

Shares of information technology companies are seen trading in range and stock-specific movement is expected in the following week. Market participants do not expect major triggers in the sector ahead of earnings. Reasonable valuations of some midcap companies such as Just Dial, Sonata Software, Geometric and KPIT Technologies have led market participants and investors to have a positive bias towards these stocks. Infosys and Tata Consultancy Services are expected to see some positive movement as participants would prefer to invest in safe stocks in a market which is seen volatile this week. Market participants have a mixed view on Wipro which made an announcement of acquisition



of US-based Viteos Group in a bid to expand its capital market portfolio in fund accounting services and to enhance the company's business process services capabilities. The weak sentiment around Tech Mahindra post the acquisition of Italian car designer Pininfarina continues to persist and the stock is expected trade slightly negative this week.

Oil Sector – Refiners seen up as GRMs continue northward trend

Shares of the state-owned refiners IOC, BPCL and HPCL are seen extending gains this week as market participants expect refining margins to remain robust in the near term. Crude oil prices are likely to remain in a trough as the glut in market is expected to worsen after the US opened up exports from the country after four decades. While crude oil prices recovered this week, the rise is expected to be capped below \$40 a barrel mark. The lower prices are helping demand for oil products, especially auto fuels, which has further lifted refining margins. The Indian basket of oil is still below \$35 a barrel mark. Indian refiners, especially Reliance Industries Ltd are seen benefiting because of their new and complex refineries and low oil prices. Also, the upcoming refineries of IOC, BPCL and the recently commissioned units of BPCL and HPCL are amongst the most complex globally and are much more competitive. This will help them earn a premium over the Singapore benchmark refining margins, which have moved up to \$10 a barrel, from \$8 a few months ago. However, the low prices are likely to weigh on ONGC and Oil India Ltd shares, which are expected to trade with a negative bias this week. The production cost of oil from some of ONGC's fields is higher than current prices, which will make extraction unviable. Even the average cost of production, whose largest producing asset is the ageing offshore field in Mumbai High, is over \$30 a barrel. If oil prices manage to hold on to this week's gains, ONGC shares may trade steady but significant gains from current levels are unlikely.

Pharma Sector – Seen rangebound; stock-specific movement likely

Shares of pharmaceutical companies are seen trading rangebound this week, with news-driven, stock-specific movement expected. Trading volumes are likely to be thin because of year-end holidays, and volatility is expected on account of expiry of the derivatives contracts on Thursday. Among largecap stocks, Sun Pharmaceutical Industries is seen trading sideways, while Dr Reddy's Laboratories may see a rebound after the sharp fall in the past few weeks. Though there is an overhang of regulatory issues at Sun Pharma's Halol unit after the US Food and Drug Administration issued a warning letter last week, there could be buying interest at dips in the stock as valuations are favourable. In the midcap space, market participants are positive on Aurobindo Pharma, Alembic Pharmaceuticals and Biocon in the medium term. After the 5% rise in Aurobindo Pharma's stock this week, there would be some consolidation in the near term but the overall trend is strong given the robust US pipeline.

Metal Sector – Largely seen consolidating this week

Shares of major metal producers and mining companies are seen consolidating this week unless a positive sectoral trigger expected for some time now pushes them higher. News of imposition of minimum import price on steel products may cause steel stocks to rally. The commerce ministry is likely to formalize a minimum import price on steel products, a move that aims to curb steel shipment coming into the country. Global commodity prices are also seen firming up, mainly due to currency fluctuations. Metal prices have been regularly hitting fresh lows, due to supply glut and the largest producer and consumer of metals China exporting too many countries.

Telecom Sector – Bharti Airtel, Idea, RComm to trade positive

Shares of major telecom companies are expected to continue their positive run on the bourses this week, even as Reliance Jio Infocomm Ltd, touted to be the biggest rival of the existing telecom firms, starts operations on Dec 28. The stocks of Bharti Airtel Ltd, Idea Cellular Ltd and Reliance Communications Ltd have been under stress for about a year over the impending launch of Reliance Jio, adding that they look positive in the coming week. Earlier this month, Reliance Industries Ltd's telecom arm Reliance Jio started offering full data and voice services to all employees of the group on a trial basis. Jio may have a soft launch on Dec 28, the birth anniversary of Reliance founder late Dhirubhai Ambani. Reliance Communications and Aircel entered into a 90-day exclusivity discussion agreement with promoters of Aircel to merge their wireless businesses in India. The proposed merger of operations will exclude Reliance Communications' towers and optical fibre infrastructure. Aditya Birla Group Company Idea Cellular, which announced high speed data services in parts of Andhra Pradesh, Telangana, Kerala, Tamil Nadu and Karnataka on Wednesday, is also expected to trade in the positive zone this week.



Market range for the week 7650- 8080

Nifty	Values
Support 1	7820
Support 2	7750
Support 3	7680
Resistance 1	7880
Resistance 2	7980
Resistance 3	8050

Resistance – Nifty may face resistance at 7880 level above this level it may go up to 7980-8050 level.

Support - Nifty has support at 7820 level below this next support at 7750-7680 levels.

Technical – During the week, CNX Nifty opened at 7745.65 and touched the highest level of 7888.75 and lowest level of 7733.45. The CNX Nifty ended at 7861.05; gain 99.10 points or 1.28%. The S&P BSE Sensex opened at 25425.32 and touched the highest level of 25922.4 and lowest level of 25413.54. The S&P BSE Sensex closed at 25838.71; gain 319.49 points or 1.25%.

For the coming week, we expect the market range of 7650-8080.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart we witness “Double bottom” formation and on weekly chart we witness “Bullish” candle, because of that we had mentioned 7830-7860 will be major resistance only above that we can see upside move, but Nifty fail to cross that and all we have seen stocks specific move. Now on daily chart we can see Narrow range body formation. On weekly chart near to 100WMA and above upper line of channel. So overall we can see stocks specific action and from here remain 7880-7920 will be major resistance above that we can see move up to 8020-8050 and down side 7720-7650 will be good support.

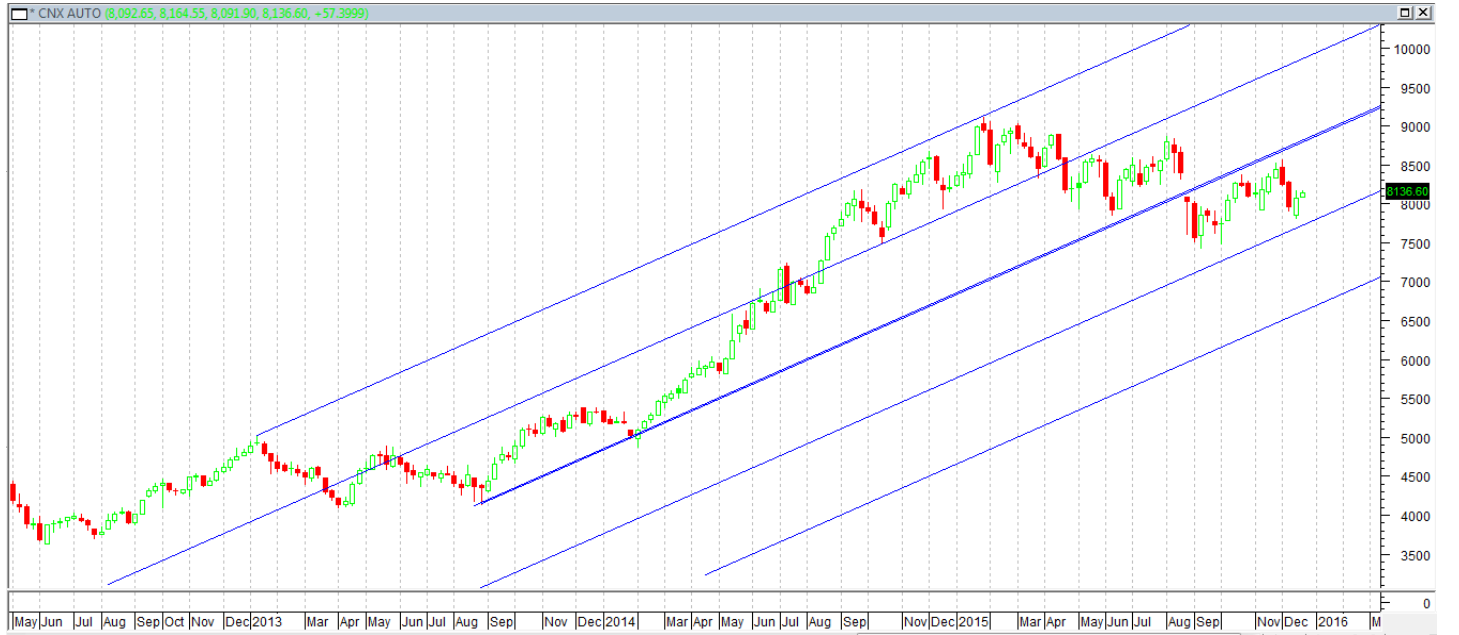
Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 8136
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NSE Auto

We maintain our stances that close above 8165 level the positive implication of piercing candlestick would get activated. Hence, aggressive traders can go long above 8165 with a stop loss of 7750. In such scenario it can test 8300 – 8550 levels.

NSE Bankex	CMP: 16811
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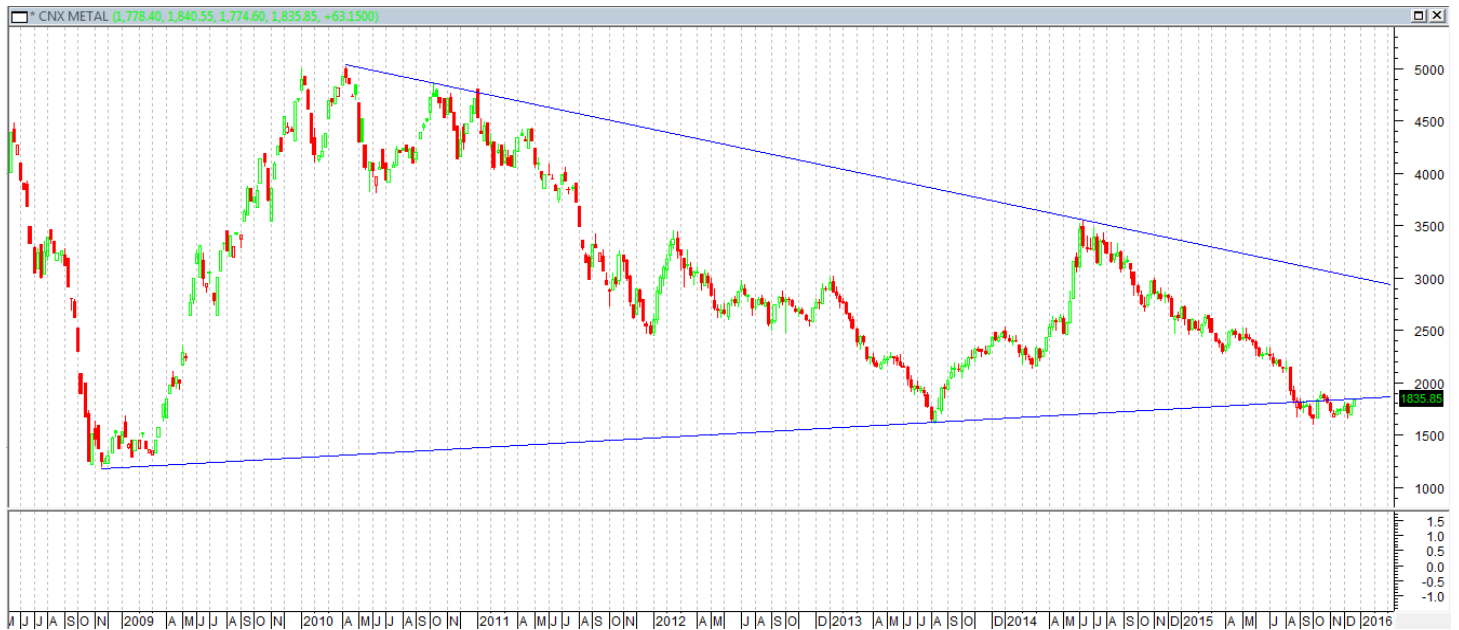


NSE Bankex

We reiterate our view that there is no clear positive candlestick pattern emerging on the chart. Hence, one should avoid this sector. However if it breaks 16550 level then it can test 15900 – 15600 levels.



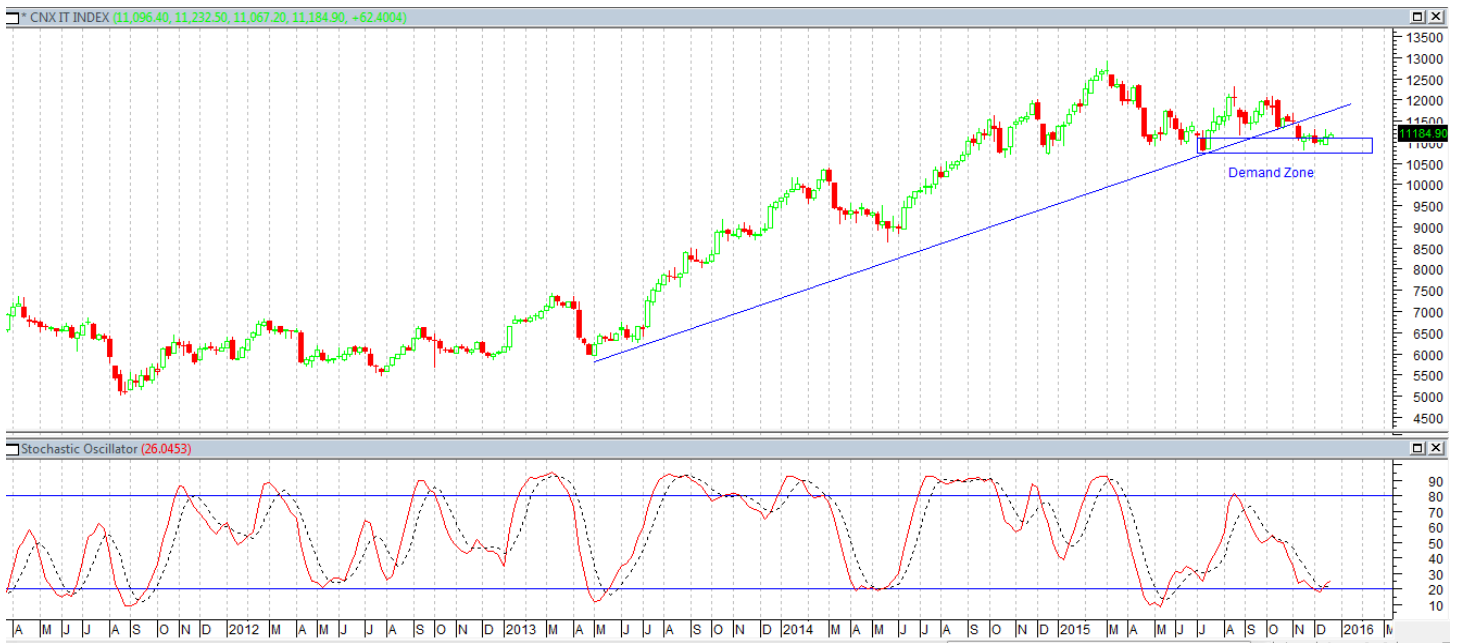
NSE Metal Index	CMP: 1835
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NSE Metal Index

We maintain our bearish stance on the sector. It is in a strong downtrend and at present we are witnessing a short covering rally. Hence, one should avoid this sector at present.

NSE IT	CMP: 11184
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NSE IT

We maintain our positive stance on this sector as it is holding on to the demand zone (shown above in the graph). One should hold their long positions in this sector with a stop loss of 10795. On the upside it can test 11400 – 11600 - 11800 levels.



Weekly Technicals of Key Companies –

Company	Closing 24-Dec-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1344.15	1347.47	1356.78	1369.42	1334.83	1325.52
ADANI PORTS	258.10	258.38	262.32	266.53	254.17	250.23
AMBUJACEM	203.30	201.88	205.62	207.93	199.57	195.83
ASIANPAINT	881.80	878.50	890.30	898.80	870.00	858.20
AXISBANK	450.75	446.05	459.95	469.15	436.85	422.95
BAJAJ-AUTO	2482.90	2485.85	2504.05	2525.20	2464.70	2446.50
BANKBARODA	158.30	158.75	160.95	163.60	156.10	153.90
BHARTIARTL	338.45	331.73	346.47	354.48	323.72	308.98
BHEL	172.70	170.88	176.32	179.93	167.27	161.83
BOSCHLTD	18205.25	18192.77	18512.48	18819.72	17885.54	17565.82
BPCL	904.10	902.03	911.97	919.83	894.17	884.23
CAIRN	138.65	135.45	142.90	147.15	131.20	123.75
CIPLA	648.20	647.90	654.70	661.20	641.40	634.60
COALINDIA	322.30	322.23	328.47	334.63	316.07	309.83
DRREDDY	3010.00	3007.20	3051.85	3093.70	2965.35	2920.70
GAIL	362.20	353.27	372.93	383.67	342.53	322.87
GRASIM	3718.60	3717.03	3753.07	3787.53	3682.57	3646.53
HCLTECH	860.30	856.48	869.82	879.33	846.97	833.63
HDFC	1229.55	1230.92	1243.63	1257.72	1216.83	1204.12
HDFCBANK	1074.00	1072.63	1081.27	1088.53	1065.37	1056.73
HEROMOTOCO	2696.40	2679.77	2721.63	2746.87	2654.53	2612.67
HINDALCO	85.25	83.37	87.53	89.82	81.08	76.92
HINDUNILVR	864.25	859.32	875.43	886.62	848.13	832.02
ICICIBANK	257.95	257.18	264.37	270.78	250.77	243.58
IDEA	141.20	139.05	144.55	147.90	135.70	130.20
INDUSINDBK	945.40	942.82	955.33	965.27	932.88	920.37
INFY	1096.35	1089.90	1113.85	1131.35	1072.40	1048.45
ITC	323.70	322.73	328.42	333.13	318.02	312.33
KOTAKBANK	701.35	701.22	708.13	714.92	694.43	687.52
LT	1294.50	1290.67	1305.33	1316.17	1279.83	1265.17
LUPIN	1803.90	1802.32	1823.63	1843.37	1782.58	1761.27
M&M	1257.75	1260.58	1281.17	1304.58	1237.17	1216.58
MARUTI	4598.40	4614.85	4643.55	4688.70	4569.70	4541.00
NTPC	139.30	138.07	141.13	142.97	136.23	133.17
ONGC	233.85	231.78	241.87	249.88	223.77	213.68
PNB	120.10	121.07	122.73	125.37	118.43	116.77
POWERGRID	140.10	138.78	142.17	144.23	136.72	133.33
RELIANCE	1000.55	997.25	1010.50	1020.45	987.30	974.05
SBIN	228.30	229.02	231.53	234.77	225.78	223.27
SUNPHARMA	790.85	773.42	815.83	840.82	748.43	706.02
TATAMOTORS	382.40	381.45	385.70	389.00	378.15	373.90
TATAPOWER	66.40	65.87	67.33	68.27	64.93	63.47
TATASTEEL	263.35	261.47	268.28	273.22	256.53	249.72
TCS	2434.25	2428.08	2456.17	2478.08	2406.17	2378.08
TECHM	516.95	519.27	524.48	532.02	511.73	506.52
ULTRACEMCO	2813.25	2808.17	2833.58	2853.92	2787.83	2762.42
VEDL	91.95	89.45	94.90	97.85	86.50	81.05
WIPRO	557.20	555.23	561.97	566.73	550.47	543.73
YESBANK	724.35	721.92	731.83	739.32	714.43	704.52
ZEEL	410.75	413.78	417.47	424.18	407.07	403.38

Source: Iris Software

**Contact**

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com

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ARIHANT Capital Markets Ltd

#1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

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