

## Key developments during the week

- RBI Gandhi says plan centralised registry to prevent banking frauds
- RBI Gandhi says PSU banks need more capital to meet Basel-III, growth aim
- Power minister says new tariff policy to go to Cabinet soon
- Steel minister says sector to see 1.5-trln-rupees invest in next 10 years
- Govt notifies 60-bln-rupees soft loan scheme for sugar industry
- Jaitley to sign pact to join Asian Infra Investment Bank on Jun 29
- EPFO notifies new investment pattern; to invest 5%-15% funds in equity
- PM launches 3 urban plans, says have to make over 20 mln houses in cities
- MUDRA CEO says MUDRA Bank may get powers over micro finance sector
- Cabinet approves 814.6-bln-rupees revised estimate for freight corridors
- Finance minister source says to ink advance pricing pact with arm of US Company
- SEBI relaxes FPO, rights issue rules; cuts IPO allotment timeline
- Finance minister source says India May gold import 69.2 tn vs 52.6 tn YoY
- RBI likely to unveil new draft overseas borrowing policy soon

INDEX	26-Jun-15	19-Jun-15	Change (in %)
NIFTY	8381.10	8224.95	1.90
SENSEX	27811.84	27316.17	1.81
NSE 500	6908.40	6790.50	1.74
NSE MIDCAP	3245.10	3206.95	1.19
NIFTY JUNIOR	19802.35	19524.90	1.42
BSE SMALLCAP	11124.49	10942.79	1.66
BSE 200	3504.08	3444.71	1.72

INDEX	26-Jun-15	19-Jun-15	Change (in %)
BSE AUTO	18865.34	18560.24	1.64
BSE BANK	21058.76	20485.93	2.80
BSE CAPITAL GOODS	17558.46	17074.91	2.83
BSE CD	10691.98	10387.49	2.93
BSE FMCG	7613.17	7521.75	1.22
BSE HEALTHCARE	16424.58	16126.35	1.85
BSE IT	10719.36	10633.21	0.81
BSE METALS	9300.33	9235.97	0.70
BSE OIL AND GAS	9899.52	9861.20	0.39
BSE PSU	7666.94	7579.39	1.16
BSE REALTY	1440.07	1352.14	6.50
BSE TECH	6024.63	6013.72	0.18

INDEX	26-Jun-15	19-Jun-15	Change (in %)
DOW JONES	17946.68	18015.95	-0.38
HANG SENG	26659.03	26748.41	-0.33
NIKKEI	20706.15	20174.24	2.64
FTSE	6753.70	6710.45	0.64

## Domestic events week ahead

- **Jun 30:** CPI for industrial workers for May, by Labour Bureau.
- **Jun 30:** Government finances for Apr-May, by CGA.
- **Jun 30:** Core sector growth for May, by commerce and industry ministry.
- **Jul 01:** Manufacturing PMI for June, by HSBC.
- **Jul 02:** Rainfall for week to Jul 1, by IMD.
- **Jul 03:** Services and Composite PMI for June, by HSBC.
- **Jul 03-08:** Foreign tourist arrivals in June, by tourism ministry.
- **Jul 03-08:** Major port traffic in Apr-Jun, by Indian Ports Association.
- **Jul 03-08:** Power generation for June, by Central Electricity Authority.

Source: NW18

## Global events week ahead

- **Jun 29:** Japan Retail Sales y/y, Japan Prelim Industrial Production m/m, German Retail Sales m/m, German Prelim CPI m/m, US Pending Home Sales m/m
- **Jun 30:** Japan Housing Starts y/y, German Unemployment Change, UK Current Account, UK Final GDP q/q, Europe CPI Flash Estimate y/y, Europe Unemployment Rate, US Chicago PMI, US CB Consumer Confidence
- **Jul 01:** China Manufacturing PMI, China HSBC Final Manufacturing PMI, German Final Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, BOE Financial Stability Report, US ADP Non-Farm Employment Change, US Final Manufacturing PMI, US ISM Manufacturing PMI, US Crude Oil Inventories
- **Jul 02:** UK Construction PMI, Europe PPI m/m, ECB Monetary Policy Meeting Accounts, US Non-Farm Employment Change, US Unemployment Claims, US Unemployment Rate
- **Jul 03:** China HSBC Services PMI, Europe Spanish Services PMI, Europe Final Services PMI, UK Services PMI, Europe Retail Sales m/m



## Weekly Sector Outlook and Stock Picks

### **Auto sector – Under pressure on weak Jun sales eyed, El Nino**

Automobile stocks are seen under pressure this week in wait of June sales numbers to be announced by automakers, and in anticipation of below-average rains in the sowing months of July and August. The country received 167.5 mm rainfall during Jun 1-26, 27% above the long-period weighed average of 132.2 mm, India Meteorological Department said. The weather department has forecast the El Nino causing a negative impact on rains this year, which would pull down the market at large, including auto stocks. If the El Nino does have a negative effect on rains, stocks of tractor manufacturers such M&M and Escorts will erase recent gains, and the short term outlook will change to negative. In terms of sales numbers, Maruti Suzuki India Ltd is seen the top pick among passenger car manufacturers as it is seen posting a single-digit on-year rise in sales, backed mainly by a continued base effect due to the absence of its Ciaz hatchback in the year-ago period. The automaker is also reaping benefits of the rise in petrol car sales vis-a-vis diesel models, given the lower price difference between the two fuels now. Tata Motors Ltd's scrip is seen facing muted action this week, pulled down by a fall in sales of its subsidiary Jaguar Land Rover, but supported by a recovery in its own commercial vehicle segment.

### **Bank Sector – Seen trading with negative bias this week**

Bank stocks are expected to trade with a negative bias this week tracking weakness in the broad market. The Bank Nifty ended at 18371.50, up nearly 3% from a week ago. Investor sentiment was dented after the Reserve Bank of India, in its semi-annual Financial Stability Report, said that while the overall risks to the banking system moderated marginally, banks' asset quality had not witnessed any improvement. The gross non-performing assets of scheduled commercial banks rose to 4.6% at the end of March from 4.5% on Sep 30. This was mirrored on the stressed assets front, with the combination of gross NPAs and restructured standard advances rising to 11.1% of total advances at the end of March from 10.7% in September. Within the banking system, state-owned banks continued to show higher deterioration in the asset quality. Public sector banks' stressed assets rose to 13.5% as on Mar 31, compared to 4.6% for private banks.

### **Capital Goods Sector – In range this week; macro economic data eyed**

Shares of capital goods companies are seen moving in a narrow range this week, but stocks may see selling pressure at high levels. Detailing of macroeconomic data such as core sector growth on Tuesday may also be a trigger for shares of the sector. If economic data is in line with expectation, there is no major stock movement expected in capital goods space.

### **Cement Sector – Seen rangebound this week as rains progress**

Cement stocks are expected to be range-bound this week due to progress in the southwest monsoon, which signals a weakening of demand and likely tepid Apr-Jun quarter earnings by cement companies. Major downward trend is not seen in cement stocks unless there is correction in the whole market. Cement companies are likely to report weak results for Apr-Jun quarter. During monsoon, infrastructure activities slow down, so this quarter is going to be muted for the cement industry. Government projects like smart city and Atal Mission for Rejuvenation and Urban Transformation will take long time to implement. Cement stocks are good from the long-term perspective but short-term view is negative because of monsoon and slow infrastructure activities.

### **FMCG Sector – In range; bias positive on good monsoon progress**

Shares of fast-moving consumer goods companies are seen trading in a range this week, but the bias remains positive due to good progress of the monsoon, which has raised prospects of improvement in rural demand for consumer products. The India Meteorological Department said the southwest monsoon covered the entire country and total rainfall during Jun 1-26 was 27% above normal at 167.5 mm. While there is optimism over revival in demand, ITC said in its annual report that high growth in the FMCG sector is still a few quarters away. The company, however, expects rebound in FMCG growth in medium term. For the cigarettes segment, ITC sees the current financial year to remain challenging due to taxation and regulatory issues. Market participants will keep an eye on updates of reports that Hindustan Unilever may buy the Indulekha brand from Kerala-based Mosons Extractions Pvt Ltd for around 5 bln rupees. FMCG majors are looking to improve margins by adding niche and premium products to their portfolio. FMCG stocks will also track the movement in the broader equity markets, which are seen consolidating this week. The markets will keep a watch on Greece's negotiations with its European lenders.

**IT Sector – Expected to trade with positive bias this week**

Shares of information technology companies are seen broadly positive this week as the upward revision in the revenue growth forecast by outsourcing giant Accenture bodes well for Indian companies too. In another development, Larsen & Toubro Ltd had earlier in the week announced its plan to list its IT arm L&T Infotech Ltd on the stock exchanges by December. The company to be in the lower end of the mid-cap range with Mindtree and Mphasis Ltd for competitors.

**Oil Sector – PSU oil retailers seen in range; Cairn weak**

Shares of state-owned oil marketing companies are seen moving in a narrow range this week in the absence of any major triggers. The trend will be dictated primarily by news flow and global crude oil prices. There could be some sentimental impact of the petrol and diesel price revision due on Tuesday. However, it is unlikely to be significant as it is now seen as a routine affair. The three PSU refiners IOC, BPCL and HPCL revise retail prices of petrol and diesel once a fortnight. If these companies do go ahead and affect a hike or a cut, their shares are likely to move accordingly. Low crude oil prices and robust demand resulting in strong refining margins may keep also help shares of the three companies' upbeat in the near term. Through the week, the three stocks will take cues from the broad market and movement in crude oil prices and the dollar-rupee exchange rates. The broad market will take cues from the ongoing talks between Greece and its creditors. Any possibility of a default by the European nation might trigger a financial crisis in the euro zone that will adversely impact global markets. Taking cue from the broad market, major oil stocks are also likely to perform in a subdued range; softening global crude prices due to oversupply might provide some cushion to downstream companies, while putting pressure on upstream players like ONGC and Cairn India. The investor will also watch out for outcome on Iran's talks with the West on nuclear weapons and a positive outcome on the same could lead to lifting of sanctions on the West Asian nation. Back home, market participants will take cues from development of the monsoon in the short term and wait for the Parliament session for long-term direction. The Monsoon session of the Parliament starts on July 21. Cairn India Ltd's counter, however, is likely to trade with a negative bias as it may continue to be weighed down by the company's proposed merger with parent Vedanta Ltd.

**Pharma sector – Seen outperforming broader market this week**

Shares of frontline pharmaceutical companies are likely to outperform the broader market this week as there is a continuous positive momentum in the sector. Shares of Dr Reddy's Laboratories Ltd, Lupin Ltd and Alembic Pharmaceuticals Ltd are seen better than peers in the sector. Shares of Alembic Pharmaceuticals are seen positive based on the approval received by the company from the US Food and Drug Administration to sell generic of anti-inflammatory drug Celecoxib.

**Metal Sector – Seen range-bound on lack of fresh triggers**

Shares of major metal companies are seen largely range-bound this week due to lack of fresh triggers in the sector. The street would be watching for a further increase in the import duty on steel products. Anand Geete, heavy industries minister said he is discussing the issues related to steel import duty with the finance ministry. The government on Jun 17 raised import duty on select flat and long steel products to 10% and 7.5%, respectively, in a move aimed at saving the domestic steel industry reeling under cheaper imports from countries like China. The industry, however, is vying for a bigger hike.

**Telecom Sector – A mixed trend; Bharti Airtel seen negative**

Shares of major telecom companies that have been trading within a narrow range for the past two weeks are expected to show a mixed trend this week, with sector leader Bharti Airtel turning negative and Reliance Communications gaining some positive momentum. Bharti Airtel would face some resistance at higher levels and is expected to trade with a negative bias. The rest of the telecom stocks are expected to remain range bound, taking cues from the benchmark indices that are expected to move sideways. Domestic indices are likely to consolidate due to uncertainty over the Greece crisis and expectations that a better-than-expected monsoon may lead to a rate cut by the Reserve Bank of India. There is likely to be sideways movement or consolidation as June contracts expired and there is uncertainty in the market. Reliance Communications has seen some positive movement in their stock after the company announced that it had entered into exclusive discussions with Sistema on a potential merger of the Indian telecom business of Sistema Shyam Teleservices with itself through a share swap deal. Shares of telecom firms may get some boost from the government's Digital India initiative which will be launched this week.



**Market range for the week 8220- 8600**

Nifty	Values
Support 1	8320
Support 2	8280
Support 3	8220
Resistance 1	8460
Resistance 2	8520
Resistance 3	8580

**Resistance** – Nifty may face resistance at 8460 level above this level it may go up to 8520-8580 level.

**Support** - Nifty has support at 8320 level below this next support at 8280-8220 levels.

**Technical** – During the week, CNX Nifty opened at 8259.30 and touched the highest level of 8423.15 and lowest level of 8257.40. The CNX Nifty ended at 8381.10; gain 156.15 points or 1.90%. The S&P BSE Sensex opened at 27427.19 and touched the highest level of 27968.75 and lowest level of 27417.03. The S&P BSE Sensex closed at 27811.84; gain 495.67 points or 1.81%.

**For the coming week, we expect the market range of 8220-8600.**

**Weekly Chart View –**

We had mentioned in last week’s report that on the daily and as well as on weekly chart, we witness positive candle, because of that we had mentioned we can see stocks specific move and all we have seen same. Now on daily chart we can see some consolidation near 200DMA. On weekly chart we get closed above 50WMA and near to upper line of channel. So overall from here remain 8440-8460 will be major resistance only above that we can see further upside move up to 8550-8580 and from here 8280-8220 will be good support.

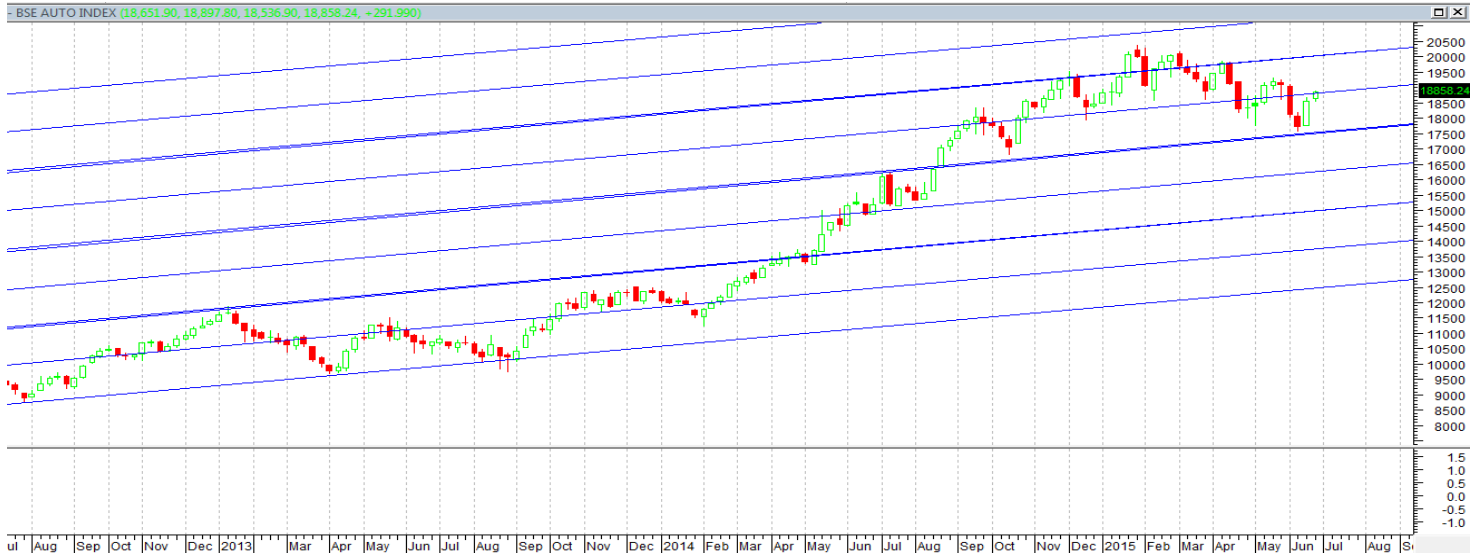
**Weekly Chart**





### Weekly Sectoral Technical Outlook

<b>BSE Auto Index</b>	<b>CMP: 18865</b>
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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. Hence, one should avoid this sector at present.

<b>BSE Bankex</b>	<b>CMP: 21058</b>
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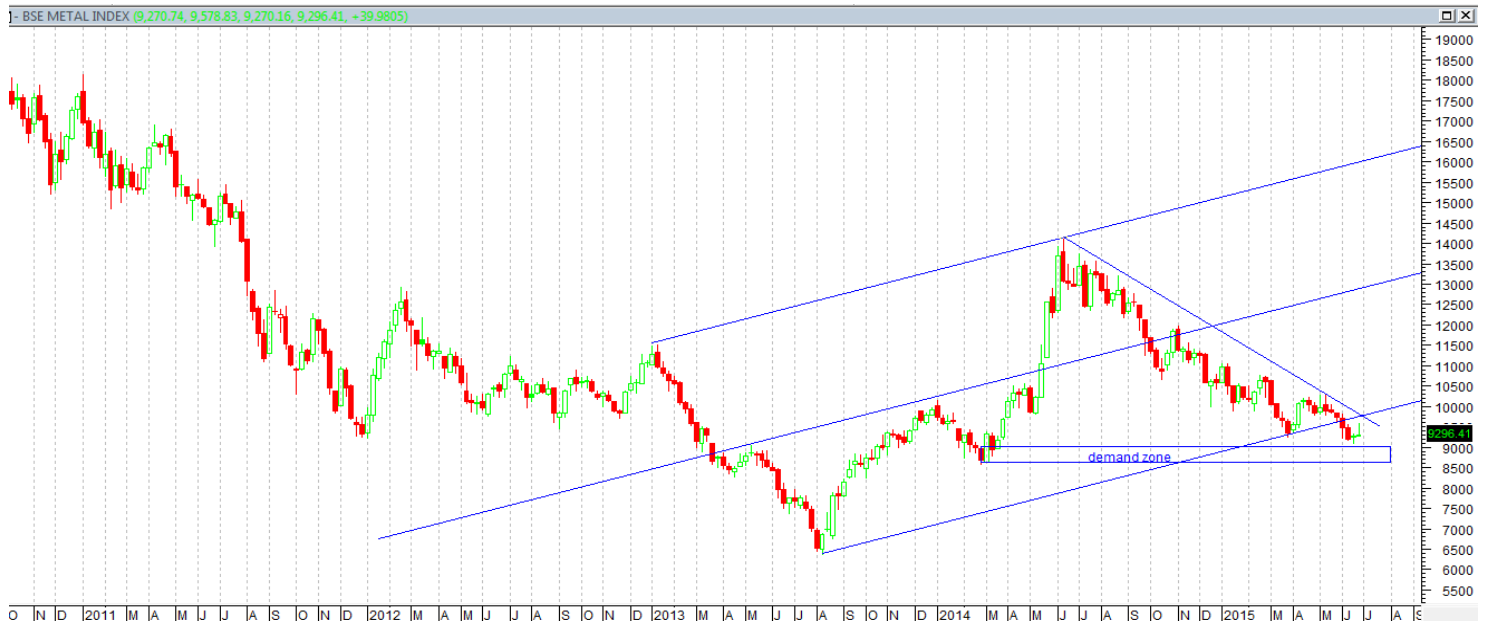
**BSE Bankex**

We maintain our stance that there is no strong reversal pattern. However this sector can bounce up to 21647 levels which is strong supply zone. We maintain our stance that one should avoid this sector, as it is in lower top lower bottom formation and rallies if any would attract selling pressure.



**BSE Metal Index**

**CMP: 9300**



**BSE Metal Index**

At present, prices have bounced from the demand zone. We reiterate our view that the prices are facing resistance at the downward sloping trendline shown above in the graph. One has to wait for prices to close above the downward sloping trendline to go long in this sector. Hence, one should avoid the sector.

**BSE IT**

**CMP: 10719**



**BSE IT**

At present we are observing that the prices have closed above the upward sloping trendline. However, there is no clear signal to go long in this sector hence one should avoid the sector.



## Weekly Technicals of Key Companies –

Company	Closing 26-Jun-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1420.85	1425.55	1454.30	1487.75	1392.10	1363.35
AMBUJACEM	227.00	228.00	231.60	236.20	223.40	219.80
ASIANPAINT	750.25	747.58	762.67	775.08	735.17	720.08
AXISBANK	565.50	567.18	577.82	590.13	554.87	544.23
BAJAJ-AUTO	2544.80	2495.80	2603.00	2661.20	2437.60	2330.40
BANKBARODA	144.55	146.35	150.70	156.85	140.20	135.85
BHARTIARTL	417.95	423.73	430.22	442.48	411.47	404.98
BHEL	250.95	251.13	259.77	268.58	242.32	233.68
BOSCHLTD	21805.00	21549.00	22598.00	23391.00	20756.00	19707.00
BPCL	862.05	858.05	877.00	891.95	843.10	824.15
CAIRN	182.15	183.57	187.83	193.52	177.88	173.62
CIPLA	619.30	617.83	635.67	652.03	601.47	583.63
COALINDIA	411.40	409.48	423.42	435.43	397.47	383.53
DRREDDY	3530.10	3490.03	3580.07	3630.03	3440.07	3350.03
GAIL	399.50	402.88	414.52	429.53	387.87	376.23
GRASIM	3397.15	3416.38	3460.77	3524.38	3352.77	3308.38
HCLTECH	957.25	943.08	974.17	991.08	926.17	895.08
HDFC	1287.85	1279.98	1321.87	1355.88	1245.97	1204.08
HDFCBANK	1062.85	1054.10	1079.70	1096.55	1037.25	1011.65
HEROMOTOCO	2539.20	2546.43	2582.77	2626.33	2502.87	2466.53
HINDALCO	117.00	119.03	122.42	127.83	113.62	110.23
HINDUNILVR	887.95	885.10	911.75	935.55	861.30	834.65
ICICIBANK	311.70	312.72	319.38	327.07	305.03	298.37
IDEA	172.30	173.75	176.45	180.60	169.60	166.90
INDUSINDBK	869.40	861.35	893.50	917.60	837.25	805.10
INFY	1005.25	1007.22	1026.78	1048.32	985.68	966.12
ITC	307.95	310.25	315.80	323.65	302.40	296.85
KOTAKBANK	1380.30	1374.27	1420.23	1460.17	1334.33	1288.37
LT	1780.70	1771.42	1826.28	1871.87	1725.83	1670.97
LUPIN	1841.60	1819.57	1874.03	1906.47	1787.13	1732.67
M&M	1304.10	1307.83	1338.17	1372.23	1273.77	1243.43
MARUTI	4069.95	4034.13	4113.22	4156.48	3990.87	3911.78
NMDC	118.00	118.47	120.53	123.07	115.93	113.87
NTPC	137.70	137.62	140.23	142.77	135.08	132.47
ONGC	313.20	315.73	320.87	328.53	308.07	302.93
PNB	135.90	137.27	143.48	151.07	129.68	123.47
POWERGRID	139.10	140.05	141.25	143.40	137.90	136.70
RELIANCE	1000.70	999.93	1014.87	1029.03	985.77	970.83
SBIN	265.20	265.15	271.25	277.30	259.10	253.00
SUNPHARMA	867.20	866.03	881.92	896.63	851.32	835.43
TATAMOTORS	437.60	437.70	447.30	457.00	428.00	418.40
TATAPOWER	73.85	73.73	75.92	77.98	71.67	69.48
TATASTEEL	298.65	304.12	311.23	323.82	291.53	284.42
TCS	2592.80	2581.65	2619.15	2645.50	2555.30	2517.80
TECHM	521.80	533.48	546.92	572.03	508.37	494.93
ULTRACEMCO	2914.70	2892.77	2991.83	3068.97	2815.63	2716.57
VEDL	174.85	177.00	180.00	185.15	171.85	168.85
WIPRO	558.65	558.80	567.85	577.05	549.60	540.55
YESBANK	850.75	853.22	871.33	891.92	832.63	814.52
ZEEL	359.25	353.43	368.07	376.88	344.62	329.98

Source: Iris Software

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