

**Key developments during the week**

- India may lower long-term steel output capacity aim
- Govt may cut FY26 steel output capacity aim to 200 mln tn
- Fitch says masala bonds to open up new investor base to Indian banks
- Better Jul-Dec crop may narrow South India 2016 tea output lag to 7% YoY
- National Payment Corp set to start unified payments interface operations
- Cabinet panel approves 243.74-bln-rupees rail infra projects in 9 states
- Cabinet approves hiked cost of 65 bln rupees for highway project
- Cabinet approves signing of revised tax pact with Cyprus
- India Jul refinery throughput 21.22 mln tn, up 13.7% YoY
- RBI Mundra says pace of new NPA formation clearly decelerated
- Railways tweaks freight rate structure for coal, imposes surcharge
- RBI reviewing definition of bank branch to cut operations' cost
- Govt tells states to take action against hoarders of fertilisers
- Finance minister source says no proposal yet on bank recapitalisation bonds
- Economy secretary hopes new RBI governor will balance growth, inflation aim
- CBDT head says Apr 1-Aug 16 direct tax collections up 22% YoY

INDEX	26-Aug-16	19-Aug-16	Change (in %)
NIFTY	8572.55	8666.90	-1.09
SENSEX	27782.25	28077.00	-1.05
NSE 500	7334.80	7397.80	-0.85
NSE MIDCAP	3795.25	3784.00	0.30
NIFTY JUNIOR	22797.45	22925.20	-0.56
BSE SMALLCAP	12487.12	12459.57	0.22
BSE 200	3689.49	3721.09	-0.85

INDEX	26-Aug-16	19-Aug-16	Change (in %)
BSE AUTO	21235.39	21417.62	-0.85
BSE BANK	22005.80	22296.27	-1.30
BSE CAPITAL GOODS	14673.26	15126.22	-2.99
BSE CD	12298.15	12198.64	0.82
BSE FMCG	8706.38	8699.29	0.08
BSE HEALTHCARE	16055.67	16201.37	-0.90
BSE IT	10390.48	10536.65	-1.39
BSE METALS	9870.22	10144.32	-2.70
BSE OIL AND GAS	10910.04	10851.64	0.54
BSE PSU	7405.78	7516.97	-1.48
BSE REALTY	1552.44	1583.51	-1.96
BSE TECK	5721.76	5786.29	-1.12

INDEX	26-Aug-16	19-Aug-16	Change (in %)
DOW JONES	18395.40	18552.57	-0.85
HANG SENG	22909.54	22937.22	-0.12
NIKKEI	16360.71	16545.82	-1.12
FTSE	6838.05	6858.95	-0.30

Domestic events week ahead

- Aug 29-31:** GSM mobile subscriber data for July, by COAI
- Aug 31:** GDP estimate for Apr-Jun, by CSO
- Aug 31:** CPI for industrial workers for July, by Labour Bureau
- Aug 31:** Government finances for Apr-Jul, by CGA
- Aug 31:** Core sector growth for July, by commerce and industry ministry
- Sep 01:** Automobile sales data by Automakers
- Sep 01:** Nikkei Manufacturing PMI for August, by IHS Markit
- Sep 02-06:** Power generation for August, by Central Electricity Authority

Source: Cogencies

Global events week ahead

- Aug 29:** US Personal Spending
- Aug 30:** Japan Retail Sales, US CB Consumer Confidence
- Aug 31:** Japan Prelim Industrial Production, Japan Housing Starts, Europe CPI and Core CPI, US ADP Non-Farm Employment, US Chicago PMI, US Pending Home Sales, US Crude Oil Inventories
- Sep 01:** China Manufacturing PMI, China Non-Manufacturing PMI, China Caixin Manufacturing PMI, Japan Final Manufacturing PMI, Europe Final Manufacturing PMI, UK Manufacturing PMI, US Unemployment Claims, US Final Manufacturing PMI, US ISM Manufacturing PMI
- Sep 02:** Japan Consumer Confidence, UK Construction PMI, Europe PPI, US Non-Farm Employment, US Unemployment Rate, US Trade Balance, US Factory Orders



Weekly Sector Outlook and Stock Picks

Auto Sector – Seen range bound with overall positive bias

Shares of major automobile companies are seen trading in a range this week with an overall positive bias for the near term, aided by expectations of a healthy post-monsoon demand. Payout of arrears based on the recommendations of the Seventh Pay Commission is also seen lifting demand. The CNX Auto Index, which closed 0.7% higher at 9538.40 points, may remain range bound in the next few sessions. Last month, the government had approved recommendations of the Seventh Central Pay Commission with retrospective effect from Jan 1, 2016. The government will have to fork out in excess of 340 bln rupees on account of arrears for January to July and salary payments for August. Shares of Maruti Suzuki are seen consolidating this week, backed by strong fundamentals and a good order book for its Baleno hatchback and Vitara Brezza sports utility vehicles. Shares of most two-wheeler makers are seen consolidating with an upward bias, mainly due to expectations of an increase in the rural demand and a turnaround in sales. Hero MotoCorp, which has been outperforming the index, is seen consolidating at current levels. Shares of Bajaj Auto and Mahindra and Mahindra are seen trading in a narrow range this week.

Bank Sector – May consolidate this week, with Apr-Jun GDP eyed

Banking stocks are expected to consolidate with a positive bias this week. The Nifty Bank ended 1.1% lower for the week at 19195.75 points on Friday. A major trigger for stocks was expected to be US Federal Reserve Chair Janet Yellen's speech at the Jackson Hole Economic Policy Symposium. While Yellen did say that the case for an increase in the federal funds rate had "strengthened in recent months", she did not give indications on its timing, only reiterating that the central bank continued to be data dependent. Domestically, GDP data for Apr-Jun, slated to be released post market hours on Wednesday, should also lend cues for the second half of this week. In Jan-Mar, India's GDP grew at a one-and-a-half year high of 7.9%, taking the growth rate for 2015-16 (Apr-Mar) to 7.6%. However, in mid-July, the International Monetary Fund cut its forecast for India's GDP growth in 2016-17 by 10 basis points to 7.4%.

Capital Goods Sector – Seen in range, bias negative

Shares of capital goods companies are expected to trade in a range with a negative bias this week in the absence of major triggers and a weak outlook for the sector in the near-term. Sector bellwether Larsen & Toubro may see some upside this week, following Group Executive Chairman A. M. Naik's comments that the company has set a sales target of 2 trln rupees by 2021 without compromising on margins. Shares of Crompton Greaves are likely to trade sideways with the business not picking up much in the recent times. Shares of BHEL are seen bullish due to a possibility of the company losing out on a major power plant order from NTPC. A report by Macquarie Capital Markets has reportedly highlighted that NTPC is re-visiting its tender for four power plants of 1,000 MW capacities each. This contract was earlier awarded to BHEL and constitutes for about 4% of its total order book.

Cement Sector – Seen mixed; stock-specific movement likely

Shares of cement companies are likely to trade on a mixed note this week and seeing stock-specific movements. Demand for cement is likely to pick up post monsoon as infrastructure activity is seen rising after the rains. Some cement companies are likely to benefit on report of a 12-15% hike in cement prices in Andhra Pradesh. Demand for cement remained subdued in large parts of the country in the ongoing quarter due to monsoon season, which is traditionally considered a weak period for cement companies. With the monsoon progressing favourably so far in FY17 (Apr-Mar), revival in rural housing is likely to accelerate demand growth in FY18. Shares of ACC Ltd and Ambuja Cements Ltd are seen consolidating at their current levels with a downward bias, while UltraTech Cement Ltd is expected to rise this week.

FMCG Sector – Seen in range with downward bias as input costs up

Shares of fast moving consumer goods companies are seen trading in a range with a negative bias, as raw material prices have been rising in the past month. This may lead to higher expenditure for consumer companies in the quarter ending September. Higher raw material prices in the past month will negatively impact the movement of FMCG stocks, as margins may come under pressure. Shares of ITC Ltd and Britannia Industries Ltd are seen beating the trend this week, and are expected to trade higher.

**IT Sector – Subdued this week; Infosys may fall**

Shares of information technology companies are expected to continue their downward trend this week as negative bias over the sector is largely expected to continue. The only solace would be possibility of depreciation in Indian currency this week that may cap the fall in stock of Indian software exporters. Weakness in the broader market is also seen weighing on the IT stocks after Federal Reserve Chair Janet Yellen who at the Jackson Hole Economic Policy Symposium today signalled likely hood of an interest rate hike soon. Yellen said the case for another interest rate hike is strengthening; sending a strong signal the US central bank is preparing to increase rates at of the Federal Open Market Committee meeting to be held on Sep 20-21. During an analyst meet today, Infosys Ltd said that it expects uncertainties created by 'Brexit' to continue and the loss of a contract from the Royal Bank of Scotland may not be a one-off case. The company said clarity on the extent of impact of Brexit on it will emerge in October but did not clarify whether it will review or retain its sales growth guidance for 2016-17 (Apr-Mar). This further dampened the view on its stock and on the sector.

Oil Sector – PSU refiners seen mixed; IOC, BPCL earnings eyed

It's likely to be mixed bag for shares of state-owned oil refining companies IOC, BPCL and HPCL are seen trading in a range this week. In case of IOC and BPCL, expectations of strong Apr-Jun earnings may lend some positivity to their scrip. Earnings are expected to be driven by inventory gains and strong gross refining margin. IOC is slated to announce its Apr-Jun earnings on Monday, while BPCL will do so on Thursday. In the absence of any other major trigger, the trend for oil companies over the next few sessions will be determined by the movement in crude oil prices as well as sentiment in the broad market. Prices of crude oil may slip this week as cracks have appeared among members of the Organization of the Petroleum Exporting Countries ahead of a meeting next month. High level of the US crude oil inventory is also weighing on oil prices and may continue to do so this week. The three companies will revise fuel prices on Wednesday, and while it is a routine exercise, it may have some sentimental impact on their scrip. For upstream companies like ONGC, Oil India, and Cairn India Ltd, weakness in crude oil prices will have a negative impact, while it could lend some positivity to stocks of refining companies. Fluctuation in dollar-rupee exchange rates is also likely to affect shares of oil companies. If the dollar strengthens against the rupee, it will hit refining companies and benefit upstream players. A weak dollar, on other hand, is advantageous for downstream companies.

Pharma Sector – Seen rangebound; Aurobindo Pharma may extend gains

Shares of pharmaceutical companies are seen trading largely in a narrow range this week with the trend in large-caps likely to be mixed. Among the Nifty 50 constituents, Aurobindo Pharma may continue with its upward journey as its growth prospects remain bright given the strong pipeline for the US market. Aurobindo currently has a pipeline of 39 injectables awaiting approval and plans to launch nine injectable products in next 3 months. The stock of Aurobindo Pharma looks positive. Sun Pharmaceutical Industries may see some rebound this week, while Lupin shares may consolidate in a narrow range. Shares of both the companies have been under pressure since the release of their Apr-Jun earnings on concerns over US business growth. Uncertainty over resolution of regulatory issues at Halol unit is also weighing on sentiment for Sun Pharma. Pharma stocks will also track movement in broader market for cues.

Metal Sector – Companies' shares to rebound, seen positive this week

Shares of major metal and mining companies are seen rebounding this week after the consolidation in the last few successive trading days. At a fundamental level, there has been no sharp movement in stocks mainly due to lack of sector as well as company specific news. Among stocks, Tata Steel may underperform among its peers as it has the maximum weightage in the Nifty Metal Index.

Telecom Sector – Seen mixed; Bharti Airtel may slide further

Stocks of major telecommunication companies are seen trading mixed this week, with Bharti Airtel and Idea Cellular Ltd likely to continue with their negative trend. Shares of Reliance Communications and Tata Communications, however, are expected to continue with their short-term uptrend. The Bharti Airtel and Idea Cellular stocks have been under pressure in the last two weeks, owing to the ongoing tussle between existing players and Reliance Jio Infocomm, ahead of the latter's public launch of Jio. There is no specific reason for the downtrend, except for the uncertainty of Jio launch.



Market range for the week 8320-8780

Nifty	Values
Support 1	8520
Support 2	8450
Support 3	8380
Resistance 1	8650
Resistance 2	8720
Resistance 3	8780

Resistance – Nifty may face resistance at 8650 level above this level it may go up to 8720-8780 level.

Support - Nifty has support at 8520 level below this next support at 8450-8380 levels.

Technical – During the week, CNX Nifty opened at 8667.00 and touched the highest level of 8684.85 and lowest level of 8547.55. The CNX Nifty ended at 8572.55; drag 94.35 point or 1.09%. The S&P BSE Sensex opened at 28088.07 and touched the highest level of 28154.21 and lowest level of 27696.90. The S&P BSE Sensex closed at 27782.25; drag 294.75 points or 1.05%.

For the coming week, we expect the market range of 8320-8780

Weekly Chart View –

We had mentioned in last week’s report that we witnessed consolidation zone on daily chart and on weekly chart “Doji” candle, because of that we had mentioned we will see stocks specific move and 8820-8850 will be major resistance and all we have seen Nifty fail to sustain above mentioned resistance levels. Now on daily chart we can see small breakdown of previous consolidation and on weekly chart Nifty is moving toward upward gap area. So combining above two formations we can see some pressure unless we did not cross 8820-8850 levels and on the downside from here 8350-8320 can act as a good support.

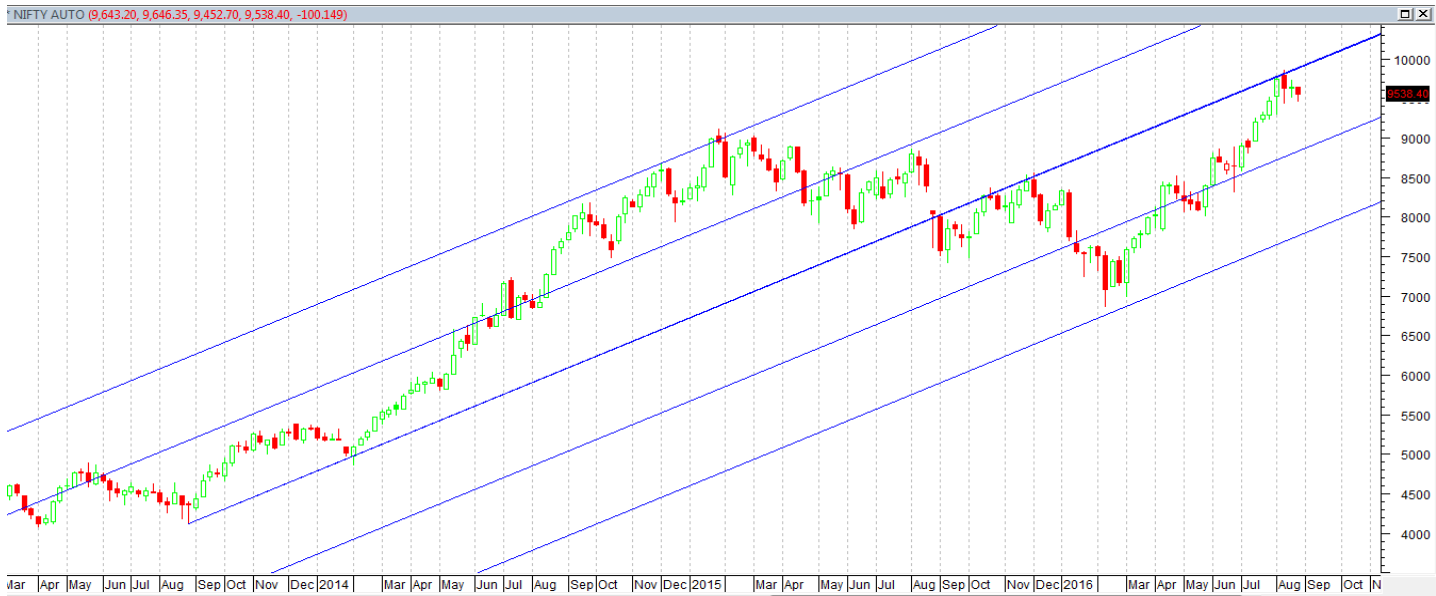
Weekly Chart





Weekly Sectoral Technical Outlook

NSE Auto Index	CMP: 9538
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NSE Auto

We maintain our stance that prices are facing resistance at upper trendline of the first channel. Aggressive traders gone long at lower level should maintain the trailing stop loss at 9350. On the upside it can test 9800 - 10300 levels.

NSE Bankex	CMP: 19195
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NSE Bankex

We reiterate our stance that aggressive traders gone long above 19080 levels should trial the stop loss to 18800. On the upside this sector can test 19650 – 20200 levels.



NSE Metal Index

CMP: 2552



NSE Metal Index

Current price action after a breakout from the downward sloping trendline is maintaining higher top higher bottom formation. Aggressive traders gone long at lower levels can still maintain the trailing the stop loss at 2450. On the upside, it can test 2700 - 2850 levels.

NSE IT

CMP: 10523



NSE IT

We still maintain our stance that there is no clear positive pattern. Hence one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 26-Aug-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1638	1652	1682	1726	1609	1579
ADANI PORTS	258	264	273	289	249	240
AMBUJACEM	266	269	275	284	260	253
ASIANPAINT	1123	1115	1139	1154	1100	1076
AUROPHARMA	790	775	820	849	745	701
AXISBANK	586	586	594	602	579	571
BAJAJ-AUTO	2858	2884	2924	2989	2819	2779
BANKBARODA	158	160	163	168	156	153
BHARTIARTL	344	348	354	365	338	331
BHEL	139	140	145	151	134	129
BOSCHLTD	23695	23763	24226	24757	23232	22769
BPCL	596	591	610	625	576	557
CIPLA	567	565	577	587	555	542
COALINDIA	333	333	337	342	329	325
DRREDDY	3040	3034	3085	3129	2990	2939
EICHERMOT	22331	22077	22607	22883	21801	21271
GAIL	379	375	388	398	366	353
GRASIM	4533	4553	4631	4728	4455	4377
HCLTECH	779	783	801	823	761	743
HDFC	1366	1368	1388	1409	1347	1327
HDFCBANK	1257	1255	1269	1281	1243	1229
HEROMOTOCO	3305	3319	3352	3400	3271	3238
HINDALCO	156	156	158	160	153	151
HINDUNILVR	905	913	926	947	892	879
ICICIBANK	245	248	252	260	241	236
IDEA	94	96	100	105	91	88
INDUSINDBK	1164	1175	1191	1219	1148	1131
INFRATEL	347	345	352	357	340	332
INFY	1020	1030	1052	1083	999	978
ITC	254	253	256	259	250	247
KOTAKBANK	781	780	790	800	770	759
LT	1427	1451	1481	1534	1397	1367
LUPIN	1512	1529	1551	1591	1489	1467
M&M	1425	1432	1455	1486	1401	1378
MARUTI	4921	4902	5003	5085	4819	4718
NTPC	158	161	165	173	154	150
ONGC	238	239	243	247	235	232
POWERGRID	181	182	184	187	179	177
RELIANCE	1028	1021	1037	1047	1012	995
SBIN	247	251	256	266	242	236
SUNPHARMA	755	764	776	797	744	732
TATAMOTORS	504	502	517	531	488	472
TATAMTRDVR	330	328	341	353	316	302
TATAPOWER	76	76	79	82	73	71
TATASTEEL	369	376	385	400	361	352
TCS	2525	2549	2581	2637	2493	2461
TECHM	460	463	471	482	452	445
ULTRACEMCO	3803	3829	3902	4000	3731	3658
WIPRO	490	500	512	534	478	466
YESBANK	1327	1332	1346	1365	1313	1300
ZEEL	506	511	521	535	496	487

Source: Iris Software

**Research Analyst Registration No.**

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
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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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