

Key developments during the week

- India April industrial growth 4.1% from 3.7% a year ago
- India May CPI Combined inflation rate 5.01% vs 4.87% in April
- Jaitley says govt will look at additional capital for banks in few months
- World Bank pegs India 2016 GDP growth at 7.9% vs 7.5% seen in 2015
- Govt source says May direct tax mop-up 358.7 bln rupees, down 3.7% YoY
- RBI says India FY15 current account gap at \$27.9 bln vs \$32.4 bln in FY14
- Cabinet approves 60-bln-rupees 1-year interest free loan for sugar companies
- Cabinet allows manufacturing in naphtha-based urea units till gas reaches site
- Coal secretary says Coal India output to surpass 550-mln-tn aim for FY16
- Banks' deposit on May 29 up 11.49% YoY, loans up 9.80% YoY
- India April FDI inflows at \$4.72 bln from \$2.62 bln YoY
- OPEC keeps 2015 world oil demand, supply growth forecast unchanged
- India May passenger car sales 160,067 units, up 7.7% YoY
- Telecom Commission takes final stand on spectrum trading, share norms
- India May electricity generation 94.94 bln kWh, up 5.5% YoY
- India gold imports at 63 tn in May from 84 tn in April
- India May pharma market sales 77.17 bln rupees, up 11% YoY

INDEX	12-Jun-15	05-Jun-15	Change (in %)
NIFTY	7982.90	8114.70	-1.62
SENSEX	26425.30	26768.49	-1.28
NSE 500	6577.40	6700.70	-1.84
NSE MIDCAP	3088.55	3190.85	-3.21
NIFTY JUNIOR	18880.20	19243.85	-1.89
BSE SMALLCAP	10573.78	10851.50	-2.56
BSE 200	3339.00	3398.88	-1.76

INDEX	12-Jun-15	05-Jun-15	Change (in %)
BSE AUTO	17698.58	18099.03	-2.21
BSE BANK	20077.07	20190.33	-0.56
BSE CAPITAL GOODS	16590.91	16808.98	-1.30
BSE CD	9925.38	10258.50	-3.25
BSE FMCG	7325.04	7492.90	-2.24
BSE HEALTHCARE	15435.41	15912.82	-3.00
BSE IT	10474.24	10705.99	-2.16
BSE METALS	9186.40	9458.78	-2.88
BSE OIL AND GAS	9392.88	9530.20	-1.44
BSE PSU	7438.67	7589.18	-1.98
BSE REALTY	1354.12	1410.28	-3.98
BSE TECH	5890.09	6005.67	-1.92

INDEX	12-Jun-15	05-Jun-15	Change (in %)
DOW JONES	17898.84	17849.46	0.28
HANG SENG	27280.54	27265.98	0.05
NIKKEI	20407.08	20460.90	-0.26
FTSE	6784.92	6804.60	-0.29

Domestic events week ahead

- Jun 15:** WPI inflation for May, by commerce and industry ministry.
- Jun 15-16:** Trade data for May, by commerce and industry ministry.
- Jun 15-16:** Rail freight traffic for May, by rail ministry.
- Jun 15-16:** GSM mobile subscribers' data for May, by COAI.
- Jun 19:** CPI for rural and farm labourers for May, by Labour Bureau.
- Jun 19:** WMA and forex reserves as on Jun 12, by RBI.

Source: NW18

Global events week ahead

- Jun 15:** German Buba President Weidmann Speaks, Europe Trade Balance, US Empire State Manufacturing Index, ECB President Draghi Speaks, US Capacity Utilization Rate, US Industrial Production m/m, US NAHB Housing Market Index
- Jun 16:** German Final CPI m/m, UK CPI y/y, UK PPI m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, US Building Permits, US Housing Starts
- Jun 17:** Japan Trade Balance, UK Claimant Count Change, UK MPC Official Bank Rate Votes, UK MPC Asset Purchase Facility Votes, UK Unemployment Rate, Europe Final CPI y/y, US Crude Oil Inventories, US FOMC Statement
- Jun 18:** UK Retail Sales m/m, Eurogroup Meetings, US CPI m/m, US Core CPI m/m, US Unemployment Claims, US Current Account, US Philly Fed Manufacturing Index
- Jun 19:** Japan Monetary Policy Statement, German PPI m/m, Europe Current Account, ECOFIN Meetings



Weekly Sector Outlook and Stock Picks

Auto sector – Seen positive this week in hope of good rains

Stocks of major automakers are seen trading with a positive bias this week in hope of good rains. Mahindra & Mahindra Ltd is likely to witness positive action in its counter if rains are satisfactory this week, good monsoon would almost directly boost tractor sales. Stocks of two-wheeler manufacturers such as Hero MotoCorp, Bajaj Auto, and TVS Motor are also seen trading with a positive bias all in hope of satisfactory rains. The motorcycle segment particularly has taken a bad hit in sales over the past six-seven months due to sentiment in the rural parts of the country being down after a deficient monsoon last year. If rains are good during the weekend, and at the start of the coming week, Bajaj Auto's scrip will be well in the green. Bajaj Auto has high exposure to the motorcycle segment, and relies on them for a majority of its income. Maruti Suzuki India Ltd's counter is seen positive this week, as initial pre-launch response for its upcoming compact sport utility vehicle S-Cross has been good. Maruti Suzuki is expected to launch the compact SUV around Jul 15. Tata Motors Ltd's subsidiary Jaguar Land Rover is expected to detail its global wholesales figures for May this week, and after reports of a dull retail scenario, any rise in volumes at the dealer level could result in an upside for its counter.

Bank Sector – Seen trading with positive bias this week

Bank stocks are expected to trade with a positive bias this week and are likely to outperform the broad market. Consumer price index-based inflation for May, which was just a tad above market expectations, is expected to be a key factor that can impact banks as the Reserve Bank of India benchmarks its monetary policy actions to CPI data. As per data released, May consumer price indexed inflation stood at 5.01%, just marginally above the estimate of 5%. The RBI has already cut its repo rate by 75 basis points since January, and indicated in the Jun 2 policy statement that the space for more cuts was limited as it has increased its January 2016 CPI inflation expectation to 6% from 5.5% earlier. Also, the comments made by Finance Minister Arun Jaitley after his meeting with heads of banks were largely positive for the sector. Jaitley said the trend in bad loan ratio of banks was improving and that the government was closely monitoring the situation. He also said that public sector banks put up a strong case for infusion of additional capital. Banks will be holding talks with the government till Jul 3 regarding capital infusion.

Capital Goods Sector – In range; macro economic data to give cues

Shares of capital goods companies are seen in range this week tracking wider market, owing to announcement of wholesale price index-based inflation as well as global cues. After the end of what has been a weak Jan-Mar earnings season, fortunes of most capital goods companies are only seen improving after a visible pickup in government expenditure. While a lot has been promised from the government side, no material changes are evident at the ground level as of now. If the weak sentiment surrounding companies such as BHEL, Thermax and Larsen & Toubro continues, long-term investors may pick up shares in these companies.

Cement Sector – Seen pullback in stocks this week

Stocks of cement companies are seen pullback this week. Cement stocks have been in the correction mode since the announcement of union budget because of lower demand and declining prices. There was too much euphoria about demand and price of cement ahead of Union Budget presentation, on hopes that boost to the infrastructure sector would lead to higher demand. Cement stocks had seen major rise during that time. They have corrected since then. Shares of major cement companies are likely to remain under pressure in absence of government spending on infrastructure projects. Companies are still struggling to stimulate the demand for building material. It will take around another three to four months for government proposals to materialize. The stocks will be range-bound for next 2-3 months. Much movement is not seen in these stocks because of subdued demand all across the country. Prices of cement have been weak especially in northern and western India. Monsoon has already arrived in west which may impact the prices further.

FMCG Sector – Bias weak; bargain buys likely post recent fall

Shares of fast-moving consumer goods companies is seen remaining weak, but some bouts of bargain buying is likely this week after recent declines. The CNX FMCG Index declined more than 6% in the last two weeks. The rise in India's inflation based on the new Consumer Price Index to 5.01% in May from 4.87% in April is seen weighing on FMCG stock. Higher inflation dents demand for consumer products. Concerns over weak monsoon forecast for this year and increased regulatory scan on processed food products had weighed on FMCG stocks in past few days. After the ban on Nestle India



Ltd's Maggi noodles, the Food Safety and Standards Authority of India blacklisted 500 products that failed to get approvals, and many of them were found to have high levels of heavy metals, caffeine, and iron filings. The food regulator has also ordered state food safety inspectors to test samples from as many as seven companies, including ITC, Glaxosmithkline Consumer Healthcare, and Nestle India. Hindustan Unilever decided to withdraw its Knorr Chinese range of instant noodles, as the food regulator's approval for the product was still pending. With uncertainties prevailing over monsoon, and increasing concerns over safety of packaged food products, the overall sentiment is seen weak for the FMCG sector.

IT Sector – Seen positive; gains may be capped on visa issue

Shares of information technology companies are broadly seen positive this week, but concerns over visa issues could cap gains. If the broader markets continue to remain weak despite better-than-expected industrial production numbers and stable inflation, there could be some buying in IT stocks. The rupee-dollar movement will also be the key. The Indian currency continued to weaken, and ended below the 64-to-a-dollar mark on Friday. If it remains there or falls further, it would be seen as a positive for most IT companies which will benefit largely being exporters. The US dollar is expected to strengthen further as a series of upbeat data suggesting a recovery in the US economy has stoked expectations of an interest rate hike by the US federal reserve as soon as September. Resurfacing of the US visa issues, bringing into focus two large-cap IT Companies Infosys and TCS may weigh on sentiments. The US Department of Labor had commenced investigations against Infosys and TCS for possible H1-B visa violations. Though IT giants have said they are rigorously following the US visa norms, the focus will be on them as market participants await updates.

Oil Sector – PSU refiners, RIL seen positive on upbeat GRMs

Low crude oil prices and robust demand resulting in strong refining margins may keep shares of state-owned oil marketing companies upbeat in the near term while Reliance Industries Ltd's counter may also see some positive momentum aided by clarity on its telecom business. There are no major triggers expected this week. However, the companies are likely to revise petrol and diesel prices early this week which may have a sentimental impact initially. Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd skipped the fortnightly revision due on Jun 1 and there is likely to be only a minor change this week. However, a likely weak broader market may cap the gains in stocks of the three oil retailers.

Pharma sector – Seen down this week; mid-cap better than blue-chip

Even as a negative bias towards shares of pharmaceutical companies is seen continuing this week due to correction, shares of mid-cap drug makers are likely to perform better than their blue-chip peers. During the week a good correction was seen in the pharma stocks, which is expected to continue going ahead also. Outlook is weak for both the medium term and the short term. Despite the correction in the sector, lesser weakness was witnessed in the mid-cap stocks compared to their blue-chip counterparts, and due to this, the former would outperform the latter this week.

Metal Sector – Seen range-bound with a negative bias

Shares of major metal companies are seen range-bound with a negative bias this week due to a fall in commodity prices on the London Stock Exchange. Better-than-expected industrial production growth at 4.1% in April is likely to have a positive impact on the sector. However, the upward movement of metal stocks would be short-lived as the overall trend in the sector is negative. Jindal Steel & Power Ltd is seen weak this week as the steel-maker shares earlier this week hit an over six-year low of 92 rupees, as foreign institutional investors chose to liquidate positions in high leveraged companies on concerns over their ability to service debt.

Telecom Sector – Seen range bound to negative this week

Shares of major telecom companies are likely to remain negative to range bound taking cues from the bearish benchmark indices. The announcement of Reliance Jio Infocomm Ltd, an arm of Reliance Industries Ltd, to launch commercial services by December may also affect stocks of major telecom companies. The company has tied up with major device makers to offer competitively priced 4G devices, and will offer a bouquet of digital services at around 300-500 rupees per month. Bharti Airtel's expansion of the 4G network and the decision of the Telecom Commission to send its final views on spectrum sharing and trading guidelines to the Cabinet before the end of the month may help the stock gain some momentum. Bharti Airtel launched its 4G internet services in Ambala, city and cantonment in Haryana, making it the eighth circle in the country to have the company's 4G internet services.



Market range for the week 7800- 8220

Nifty	Values
Support 1	7950
Support 2	7850
Support 3	7800
Resistance 1	8080
Resistance 2	8150
Resistance 3	8200

Resistance – Nifty may face resistance at 8080 level above this level it may go up to 8150-8200 level.

Support - Nifty has support at 7950 level below this next support at 7850-7800 levels.

Technical – During the week, CNX Nifty opened at 8124.35 and touched the highest level of 8163.05 and lowest level of 7940.30. The CNX Nifty ended at 7982.90; drag 131.80 points or -1.62%. The S&P BSE Sensex opened at 26814.31 and touched the highest level of 27000.14 and lowest level of 26307.0. The S&P BSE Sensex closed at 26425.30; drag 343.19 points or -1.28%.

For the coming week, we expect the market range of 7800-8220.

Weekly Chart View –

We had mentioned in last week’s report that on the daily chart, Nifty was near to demand zone and on weekly chart we had witness “Bearish candle”, because of that we had mentioned below 8080-8050 we can see pressure and all we have seen same. Now on daily chart we can see market near to gap area and oversold position. On weekly chart we get closed below lower trendline and low of bearish candle. So overall 7950-7920 will be important level below that we can see some more pressure and 8080-8120 will remain major resistance.

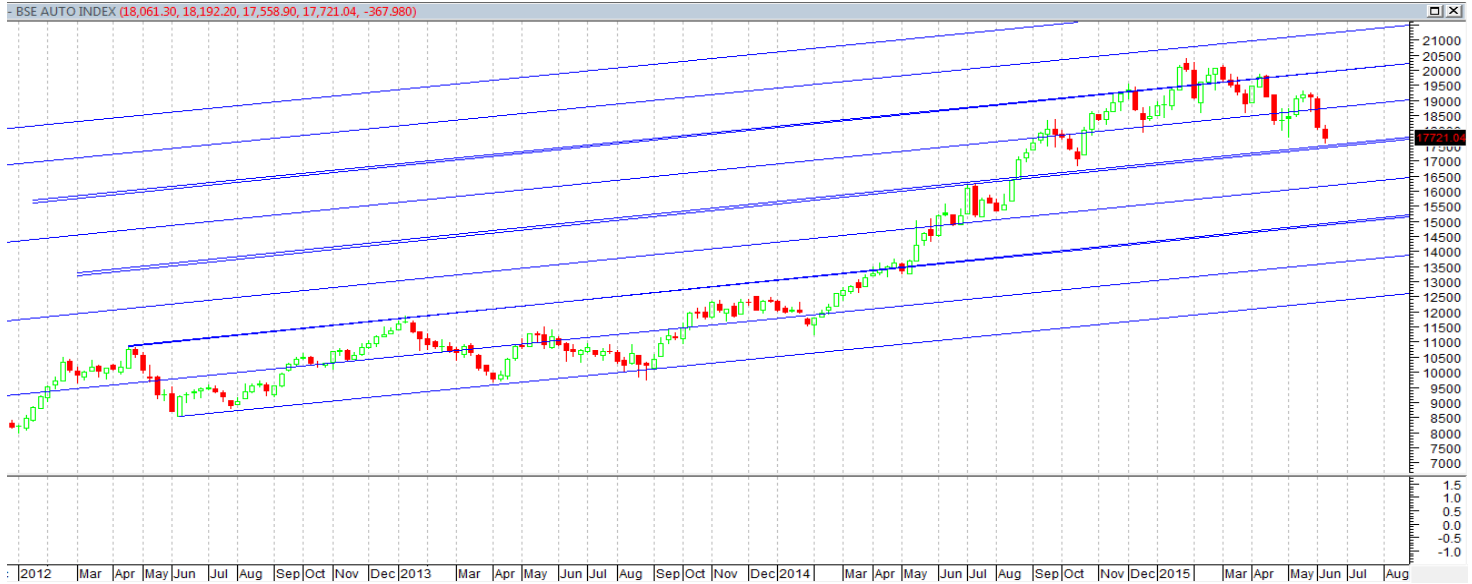
Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index	CMP: 17698
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BSE Auto

The current price action has formed a bear candle this suggests weakness. On the downside this sector can test 17400 - 16821 levels. Hence one should avoid this sector.

BSE Bankex	CMP: 20077
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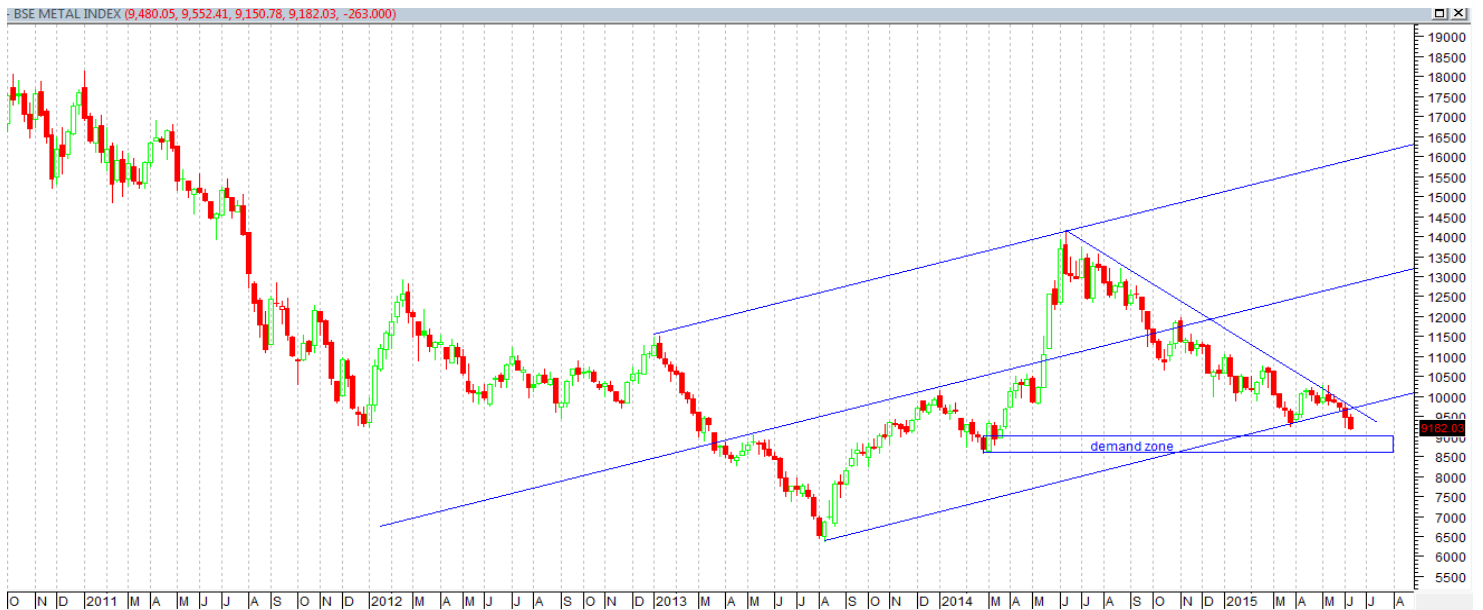
BSE Bankex

At present we are observing a spinning top which gives small clue that the downside is losing breath. Hence bounce cannot be ruled out from current level. 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: 9186



BSE Metal Index

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, at present one should avoid the sector.

BSE IT

CMP: 10474



BSE IT

At present we are observing that the prices have breached the upward sloping trendline but have managed to close marginally above it. At present there are no clear signal to go long in this sector hence one should avoid it.



Weekly Technicals of Key Companies –

Company	Closing 12-Jun-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1402.15	1410.13	1444.17	1486.18	1368.12	1334.08
AMBUJACEM	218.45	222.05	229.30	240.15	211.20	203.95
ASIANPAINT	705.65	722.55	743.10	780.55	685.10	664.55
AXISBANK	551.45	554.15	567.50	583.55	538.10	524.75
BAJAJ-AUTO	2286.30	2253.57	2329.73	2373.17	2210.13	2133.97
BANKBARODA	146.95	150.85	156.70	166.45	141.10	135.25
BHARTIARTL	414.80	413.00	423.15	431.50	404.65	394.50
BHEL	248.30	247.27	254.43	260.57	241.13	233.97
BOSCHLTD	20283.90	20636.82	21648.58	23013.27	19272.13	18260.37
BPCL	837.50	843.25	856.25	875.00	824.50	811.50
CAIRN	180.75	180.90	191.25	201.75	170.40	160.05
CIPLA	581.65	591.53	611.82	641.98	561.37	541.08
COALINDIA	396.10	401.22	408.83	421.57	388.48	380.87
DRREDDY	3317.55	3353.85	3411.70	3505.85	3259.70	3201.85
GAIL	396.15	391.38	404.77	413.38	382.77	369.38
GRASIM	3355.30	3382.83	3445.47	3535.63	3292.67	3230.03
HCLTECH	896.35	908.37	933.98	971.62	870.73	845.12
HDFC	1190.40	1183.80	1211.60	1232.80	1162.60	1134.80
HDFCBANK	1009.15	1006.10	1022.05	1034.95	993.20	977.25
HEROMOTOCO	2503.55	2527.18	2570.17	2636.78	2460.57	2417.58
HINDALCO	116.75	118.22	120.33	123.92	114.63	112.52
HINDUNILVR	814.50	819.03	831.97	849.43	801.57	788.63
ICICIBANK	295.95	291.17	301.98	308.02	285.13	274.32
IDEA	170.45	171.95	178.90	187.35	163.50	156.55
INDUSINDBK	810.80	808.50	833.00	855.20	786.30	761.80
INFY	1975.05	1991.77	2028.03	2081.02	1938.78	1902.52
ITC	297.55	300.27	305.53	313.52	292.28	287.02
KOTAKBANK	1311.10	1313.38	1362.57	1414.03	1261.92	1212.73
LT	1657.45	1677.30	1704.60	1751.75	1630.15	1602.85
LUPIN	1721.60	1735.60	1779.10	1836.60	1678.10	1634.60
M&M	1192.95	1199.65	1223.30	1253.65	1169.30	1145.65
MARUTI	3736.80	3739.05	3802.30	3867.80	3673.55	3610.30
NMDC	115.10	117.47	120.53	125.97	112.03	108.97
NTPC	136.50	137.62	139.63	142.77	134.48	132.47
ONGC	300.40	303.30	307.10	313.80	296.60	292.80
PNB	131.90	135.83	140.42	148.93	127.32	122.73
POWERGRID	145.40	145.28	148.32	151.23	142.37	139.33
RELIANCE	889.85	891.17	908.68	927.52	872.33	854.82
SBIN	253.95	256.23	260.67	267.38	249.52	245.08
SUNPHARMA	813.55	824.93	842.62	871.68	795.87	778.18
TATAMOTORS	421.80	429.48	441.72	461.63	409.57	397.33
TATAPOWER	72.65	72.22	75.03	77.42	69.83	67.02
TATASTEEL	297.55	301.83	310.67	323.78	288.72	279.88
TCS	2505.80	2531.87	2586.93	2668.07	2450.73	2395.67
TECHM	551.45	544.93	570.82	590.18	525.57	499.68
ULTRACEMCO	2748.50	2758.17	2836.33	2924.17	2670.33	2592.17
VEDL	183.80	183.45	191.30	198.80	175.95	168.10
WIPRO	537.35	544.43	559.87	582.38	521.92	506.48
YESBANK	805.45	814.30	834.60	863.75	785.15	764.85
ZEEL	333.70	333.53	342.07	350.43	325.17	316.63

Source: Iris Software

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