

*Who Knew?  
WE CAN Re-eLECT A  
Silent,  
Dormant,  
Corrupt,  
Anti-Business,  
Populist  
LEADER  
YET AGAIN*



# ARI - Movers & Shakers

## INDIAN INDICES

Indices	Oct-13	Sep-13	Change %
SENSEX	21164.52	19379.77	9.21
S&P CNX NIFTY	6299.15	5735.30	9.83
BANK NIFTY	11473.15	9617.80	19.29
CNX MIDCAP	7534.80	6997.95	7.67
S&P CNX 500	4804.85	4392.05	9.40
CNX IT	8852.80	8167.80	8.39
CNX REALTY	172.10	149.65	15.00
CNX INFRA	2393.30	2135.65	12.06

(Source: BSE & NSE)

## BSE-SECTORAL INDICES

Indices	Oct-13	Sep-13	Change %
AUTO	12074.90	10996.59	9.81
BANKEX	13086.92	10964.19	19.36
CD	6306.53	5773.02	9.24
CG	9151.96	7706.52	18.76
FMCG	6814.17	6838.02	-0.35
HC	9609.08	9463.81	1.54
IT	8477.73	7839.26	8.14
METAL	9176.11	8371.23	9.61
OIL&GAS	8936.11	8216.34	8.76
PSU	5804.19	5446.02	6.58
REALTY	1343.47	1170.33	14.79
TECK	4814.74	4436.99	8.51

(Source: BSE)

## GLOBAL INDICES

Indices	Oct-13	Sep-13	Change %
DOW JONES	15553.00	15130.00	2.80
NASDAQ	3377.00	3218.00	4.94
HANG SENG	23206.00	22860.00	1.51
FTSE	6731.00	6462.00	4.16
NIKKEI	14327.00	14455.00	-0.89

(Source: Telequote software)

## COMMODITIES and FOREX

Particular	Oct-13	Sep-13	Change %
MCX GOLD	29793.00	30425.00	-2.08
MCX SILVER	48431.00	49148.00	-1.46
MCX CRUDE OIL	5996.00	6440.00	-6.89
MCX-SX USDINR	61.50	62.60	-1.76

(Source: Telequote software)

## FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Oct 2013	57,051.30	41,344.90	15,706.20
Total for 2013 *	676,766.69	587,833.31	88,933.60

(Source: SEBI)

## MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Oct 2013	7,157.30	11,175.10	-4,017.80
Total for 2013 *	94,067.40	114,321.20	-20,253.70

\* From Jan-Oct 2013

(Source: SEBI)

## Market Commentary

Indian equity markets kick-started October month on a strong note, overlooking the US government shutdown. The Indian indices rallied fiercely on strong foreign inflows as a delay in the US Federal Reserve's tapering of monetary stimulus led to a surge of money in risk assets. The Indian indices registered gains of over 9% marking their biggest monthly gain since January 2012 and propelling the S&P BSE Sensex to an all-time high of 21205.44 and CNX Nifty at five year high of 6309.05 levels, driven primarily by robust foreign fund inflow, good quarterly earnings from corporate and favourable global cues. Finally the Indian markets ended the month at their record high with S&P BSE Sensex shutting the shop with 9.21% gains to settle the month at 21164.52 and CNX Nifty ending the month at 6299.15, gaining 9.83%.

Markets witnessed a broad based rally with all sectors ending the month with gains barring FMCG that saw a marginal decline of 0.35%. Bankex turned out to be the best performing sector in October 2013 clocking gains of 19.36%, followed by Capital Goods (18.76%) and Realty (14.79%).

On the institutional side, foreign institutional investors (FIIs) remained bullish during the month and bought equities worth Rs 15,706.20 crore in October 2013 while the domestic mutual fund houses sold Rs 4,017.80 crore of equities during October 2013.

During the month, the Reserve Bank of India (RBI), in a surprise move, eased the liquidity tightening measures it had initiated earlier, by reducing the marginal standing facility (MSF) rate by a further 50 bps to 9% ahead of the festive season with the aim of improving liquidity and boosting economic activities, which also helped in improving the market sentiment. This is the second reduction in the rate since the September 20, 2013 mid-quarter monetary policy review, when it was lowered to 9.5% from 10.25%. RBI has also decided to provide additional liquidity through term repos of seven-day and 14-day tenor for a notified amount equivalent to 0.25% of net demand and time liabilities (NDTL) of the banking system through variable rate auctions on every Friday.

On the much awaited second quarter monetary policy, the RBI raised the repo rate by 25 basis points to 7.75% as widely expected, to contain inflation while keeping the cash reserve ratio (CRR) unchanged at 4%. RBI also reduced the MSF rate by 25 basis points to 8.75%. Consequently, the reverse repo rate under the LAF stands adjusted to 6.75% and the Bank Rate stands reduced to 8.75%.



On the macro-economic front, India's HSBC Manufacturing PMI for the manufacturing industry stood at 49.6 in September 2013, higher from 48.5 in August 2013, but remained below the crucial 50 mark (below which it indicates contraction) for the second consecutive month. The HSBC Services PMI for India slipped to 44.6 in September 2013 from 47.6 in August 2013, the worst quarter for the Indian services sector in more than four years. India's industrial output growth measured by index of industrial production (IIP) growth fell to 0.6% in August 2013 from 2.8% in July 2013. The spark of industrial recovery in July 2013 didn't sustain, as factory production growth was almost stagnant in August 2013, pulled down by contraction in capital goods and consumer durables. Wholesale Price Index (WPI) rose to a seven-month high of 6.46% in September 2013 from 6.1% in August 2013 mainly due to stark rise in vegetable prices. The Consumer price index (CPI) or retail inflation also accelerated to a three-month high of 9.84% in September 2013 against 9.52% in August 2013.

On the positive side, India's trade deficit narrowed to a two-and-a-half-year low at \$6.76 bn in September 2013, compared with \$10.9 bn in August 2013, after India's exports posted double digit growth for third consecutive month, and with imports sliding for the fourth month in a row. India's exports grew by 11.15% at \$27.68 bn in September 2013 while imports during the month fell 18.1% to \$34.44 bn. The steep decline of imports for fourth consecutive month was witnessed on account of sharp slide of gold imports.

The Q2FY14 earnings season continued and most market heavyweights brought cheer with quarterly results beating consensus estimates. Better earnings by corporate bigwigs like Infosys, TCS, HCL Tech, Axis Bank, Bajaj Auto, Indusind Bank, Kotak Bank, Maruti Suzuki, Reliance Industries, ICICI Bank, ITC, Lupin, HDFC and HDFC Bank for Q2 September 2013 supported the market uptrend. However, there were some that failed to deliver; companies like ACC, Ambuja Cements, Bank of Baroda, Jindal Steel, L&T, NMDC, NTPC, Ultratech Cement and Wipro delivered disappointing numbers.

On the international front, global markets traded on an uncertain note during the passing month, as heightened political wrangling in the US led to partial government shutdown and raised concerns about a potential debt default. The US government shut down, first time since 1995-96, as the Republican and the Democrats failed to reach an agreement on spending and budget mainly due to their differences over the healthcare reforms, which is popular as Obamacare. US shutdown began on October 1, 2013, after the Congress missed the deadline for averting it. On 16 October, 2013 US Senate reached an agreement to lift the US debt ceiling and end the 16-day government shutdown. According to a Senate Democrat aide, Senate leaders agreed on a plan to fund the federal government through January 15, 2014, lift the debt ceiling through

February 7, 2014 and set up a committee to hammer out broader budget issues. A wider budget plan has a deadline of December 13.

The global markets ended the month of October 2013 on a positive note. Nasdaq and FTSE were the top two performers registering gains of 4.94% & 4.16% respectively. While Japan's Nikkei underperformed, losing by 0.89%.

Going ahead, the Indian stock markets will be influenced by global trends and earnings from major corporates are likely to be the key driver for the markets in November. Structurally, the Indian economy is on a weak footing, but the market movements will be speculative, depending more on external and domestic factors than economic fundamentals. While general elections for a national government at the centre are slated for next year, assembly elections in five states, scheduled for November-December this year, are being keenly watched. The results of the forthcoming assembly elections will impact the market sentiment. The results will be a cue for whether we will get a new government (at the centre next year) that will act decisively on economic front. Speculation is bound to gather steam. Until the general elections, volatility will grip the Indian market. Investors can continue to pick good companies whenever markets enter the correction phase.

### Key News and Events in Oct 2013

- India September trade deficit narrowed to \$6.76 bn vs \$10.91 bn in August: India's trade deficit narrowed to \$6.76 bn in September 2013, the lowest level since March 2011, compared with \$10.91 bn in August 2013 and \$17.15 bn a year ago. India's merchandise exports surged to a six-month high in September 2013, while imports plunged to a two-and-a-half-year low on the back of a decline in import of gold and petroleum products. India's exports surged 11.2% to \$27.68 bn in September 2013, while imports during the month fell 18.1% to \$34.44 bn. Gold has been one of the key drivers of India's current account deficit. In Apr-Sep 2013, India's gold & silver imports have risen 8.7% on year to \$23.1 bn.
- India August industrial growth slows to 0.6% vs 2.8% in July: India's industrial growth moderated to 0.6% in August 2013 mainly because of a contraction in output of capital goods and consumer durables sectors, which suggests that investment and consumer demand continues to remain fragile. The industrial production had risen to a four-month high of 2.8% in July 2013 and 2.0% a year ago. Overall output was weighed down by the capital goods sector, which slumped 2.0% in August 2013. Consumer durables declined for the ninth straight month in August 2013 down 7.6%, indicating weak demand in the economy. The sharp contraction in consumer durables pulled down overall consumer goods growth to negative 0.8% compared with 3.6% a year ago. The manufacturing sector, which accounts for nearly three-



fourths of the total weight of the Index of Industrial Production, contracted 0.1% in August 2013, compared with a 3.2% growth in July 2013. Mining sector too continued its dismal performance with output contracting 0.2% compared with a 2.5% fall in July 2013. Meanwhile, electricity growth rose to a 14-month high of 7.2% in August 2013 compared with 1.9% growth a year ago.

- India WPI inflation rises to seven-month high of 6.46% in September: India's headline inflation rate, based on the Wholesale Price Index (WPI), rose to a seven-month high of 6.46% in September 2013 from 6.1% a month ago, mainly on account of an increase in prices of fuels, minerals, and vegetables. The headline inflation rate was 8.07% in the year ago period. While the food articles prices rose to a 38-month high of 18.4% in September from 18.18% a month ago, the core sector inflation rose to a two-month high of 2.1% in September 2013 from a 44-month low of 1.9% in August 2013. The WPI all-commodities index rose 1.2% on month in September 2013, as indices for primary articles fuel & power and manufactured products rose during the month. The index of primary articles rose 1.5% in September 2013, while fuel & power and manufactured products rose 2.6% and 0.7%, respectively. Inflation in fuel & power group eased to 10.08% in September 2013 from 11.34% in August 2013.
- India August FDI equity inflows \$1.41 bn, down 37.8% on year: Foreign direct investment (FDI) equity inflows into India in August 2013 shrunk 37.8% on year to \$1.41 bn. This is the first time in the current financial year started April that equity FDI inflows have contracted on a year-on-year basis during a month. The FDI equity inflows were at \$1.65 bn in July and \$2.26 bn in August last year. FDI equity inflows in Apr-Aug 2013 rose 3.6% on year to \$8.46 bn. The inflows were \$8.16 bn a year ago. The government has been liberalising foreign direct investment norms to attract more inflows. Recently, FDI norms were further eased by allowing 100% foreign direct investment in telecom services and 49% in petroleum and natural gas refining sector through the automatic route. India has been trying to attract capital inflows to fund its wide current account deficit.
- RBI hiked policy rates by 0.25%: The Reserve Bank of India hiked the repo rate by 25 basis points to 7.75%, in its second-quarter monetary policy statement for 2013-14 (Apr-Mar). The RBI kept the cash reserve ratio (CRR) unchanged at 4% while reducing the marginal standing facility (MSF) rate by 25 basis points to 8.75%. Besides that, RBI also increased the liquidity provided through term repos of 7-days and 14-days tenure to 0.50% of banks NDTL from 0.25% earlier.
- India Apr-Sep fiscal gap Rs 4.12 trln, 76% of FY14 aim: India's fiscal deficit in Apr-Sep 2013 touched Rs 4.12 trln accounting for 76% of the budgeted target of Rs 5.42 trln for current financial year. Total expenditures in Apr-Sep

2013 jumped 16.6% to Rs 8.09 trln, with an over 16% rise each in non-plan and plan expenditures. Total receipts were Rs 3.97 trln, up 11.2% in the first half of the current financial year, despite the quarterly corporate advance tax mop-up by the government in September 2013. Corporate taxes in Apr-Sep 2013 grew by only 7.5% to Rs 1.53 trln, indicating that the economic slowdown is hurting the government's tax collections. Tax receipts increased by merely 4.7% to Rs 3.07 trln in Apr-Sep 2013, while revenue receipts were up 11.1% at Rs 3.89 trln. The Budget has projected the financial year's fiscal deficit to narrow down to 4.8% of the GDP from 4.9% last year. In absolute terms, the fiscal deficit in 2013-14 is projected to rise 10.7% from Rs 4.89 trln last year. Revenue deficit during Apr-Sep 2013 rose 22.4% on year to Rs 3.22 trln. In September 2013, fiscal deficit was Rs 74.37 bn in contrast to a surplus of Rs 6.34 bn a year ago.

### Auto Sector October Sales

- Escorts' EAM reports 25% growth in October sales: Escorts, one of India's leading engineering conglomerates' Agri Machinery Segment (EAM) sold 9,209 tractors in the domestic market, a growth of 25% against 7,371 tractors a year ago. The total tractor sales including both the domestic sales and export in October 2013 stood at 9,307 units as against 7,475 tractors sold a year ago. Exports for the month of October 2013 stood at 98 tractors as that of 104 tractors a year ago.
- Hero MotoCorp sells record 6,25,420 units October, up 18.2% on year: Hero MotoCorp Ltd, India's largest two-wheeler manufacturer by sales, sold 6,25,420 vehicles in October 2013, a growth of 18.2% from the 5,29,215 units in the same month last year. This is the first time any two-wheeler manufacturer has touched the 6,00,000 mark in terms of sales within a single month.
- Maruti Suzuki October total sales up 1.9% on year, exports up 27%: India's largest carmaker Maruti Suzuki India Ltd reported a marginal rise of 1.9% on year in its total vehicle sales for October 2013 at 1,05,087 units. Maruti's total exports rose 27.0% on year to 9,025 units, while domestic sales were almost flat at 96,062 units. Sales of the company's mainstay mini passenger cars segment fell 6.8% on year to 39,379 units. The segment includes Maruti Suzuki's largest selling model Alto, along with M800, A-Star and WagonR. The company's passenger car sales fell 1% on year, dragged by the drop in sales of its mini and compact cars, and the mid-size sedan SX4 (-62%). Maruti sold 17,211 units of DZire in October 2013, up 19.6% from 14,389 units sold a year ago. Utility vehicle sales saw a fall during the month, shrinking 2.2% on year to 7,236 units from 7,400 units a year ago.
- Mahindra & Mahindra reports 5% fall in October auto sales: Mahindra & Mahindra, India's leading SUV manufacturer, has reported 5.39% fall in its auto sales numbers in October 2013 at 50,558 units. The Passenger



Vehicles segment, which includes the UVs and Verito sold 22,924 units in October 2013, down by 14.88% as against 26,932 units a year ago. The company's domestic sales stood at 47,787 units during October 2013, as against 51,316 units a year ago, down by 6.88%. Besides, the 4 wheeler commercial segment, which includes passenger and load vehicles, sold 17,362 units as compared to 16,561 units sold in same month previous year, while the 3 wheeler segment clocked 6,999 units in October 2013 as against 6,973 unit a year ago. Exports for the month of October 2013 jumped 30.6% yoy at 2,771 units.

- Tata Motors October total sales down 28% on year at 51,638 units: Tata Motors Ltd's total sales in October 2013 stood at 51,638 units, down 28% from the corresponding period a year ago. The company's domestic sales during the month fell 31.1% to 46,926 units. It sold a total of 32,793 commercial vehicles in October 2013, down 30.3% on-year. Sales of medium and heavy commercial vehicles continued to be weak, falling 34.5% to 7,935 units. Tata Motors sold 14,133 passenger vehicles in October, down 33.1% on year. Sales of the Nano, Indica, and Indigo stood at 10,944, while those of Sumo, Safari, and Aria were at 3,189 units. Exports during the month stood at 4,712 units, up nearly 30% on year.
- TVS Motor October total sales up 4% on year at 1,97,905 units: TVS Motor Co Ltd reported total sales of 1,97,905 units for the month of October 2013, up 4% from a year ago. Two-wheeler sales during the month rose only 2% to 1,89,979 units, while three-wheeler sales almost doubled yoy to 7,926 units. The company's total exports rose 25% during the month under review to 23,154 units against 18,563 a year ago. Two wheeler exports grew 4% on-year to 16,750 units in October 2013. Motorcycle sales grew 13% on-year in October 2013, while scooter sales, surprisingly, fell 4%. TVS sold a total of 82,352 motorcycles and 42,124 scooters last month.

## Q2FY14 Result Update: Nifty Companies

### Positive Performance:

- Asian Paints reported a 38.77% rise in net profit at Rs 310.60 crore for the quarter ended Sept 30, 2013 as compared to Rs 223.82 crore in the same period previous year.
- Axis Bank reported a 21.25% rise in net profit at Rs 1362.31 crore for the quarter ended Sept 30, 2013 as compared to Rs 1123.54 crore last year.
- Bajaj Auto reported a 13.03% rise in net profit at Rs 837.16 crore for the quarter ended Sept 30, 2013 as compared to Rs 740.67 crore last year.
- Cairn India reported a net profit of Rs 2235.88 crore for the quarter ended Sept 30, 2013 as compared to a net loss of Rs 25.01 crore last year.
- DLF reported a net profit of Rs 83.03 crore for the quarter ended Sept 30, 2013 as compared to a net loss of Rs 19.54 crore last year.
- Dr Reddys Laboratories reported a 113.03% rise in net profit at Rs 773.38 crore for the quarter ended Sept 30, 2013 as compared to Rs 363.03 crore last year.
- Grasim Industries reported a 8.04% rise in net profit at Rs 413.51 crore for the quarter ended Sept 30, 2013 as compared to Rs 382.73 crore last year.
- HCL Technologies reported a 84.47% rise in net profit at Rs 1290.97 crore for the quarter ended Sept 30, 2013 as compared to Rs 699.84 crore last year.
- HDFC reported a 10.01% rise in net profit at Rs 1266.33 crore for the quarter ended Sept 30, 2013 as compared to Rs 1151.12 crore last year.
- HDFC Bank reported a 27.07% rise in net profit at Rs 1982.32 crore for the quarter ended Sept 30, 2013 as compared to Rs 1559.98 crore last year.
- Hero Motocorp reported a 9.27% rise in net profit at Rs 481.41 crore for the quarter ended Sept 30, 2013 as compared to Rs 440.58 crore for the quarter ended September 30, 2012.
- Hindustan Unilever reported a 13.25% rise in net profit at Rs 913.80 crore for the quarter ended Sept 30, 2013 as compared to Rs 806.92 crore last year.
- ICICI Bank reported a 20.24% rise in net profit at Rs 2352.05 crore for the quarter ended Sept 30, 2013 as compared to Rs 1956.11 crore last year.
- IDFC reported a 7.96% rise in net profit at Rs 498.10 crore for the quarter ended Sept 30, 2013 as compared to Rs 461.38 crore last year.
- Indusind Bank reported a 31.96% rise in net profit at Rs 330.23 crore for the quarter ended Sept 30, 2013 as compared to Rs 250.25 crore last year.
- ITC reported a 21.46% rise in net profit at Rs 2230.53 crore for the quarter ended Sept 30, 2013 as compared to Rs 1836.42 crore last year.
- Kotak Bank reported a 25.74% rise in net profit at Rs 352.54 crore for the quarter ended Sept 30, 2013 as compared to Rs 280.38 crore last year.
- Lupin reported a 151.33% rise in net profit at Rs 809.12 crore for the quarter ended Sept 30, 2013 as compared to Rs 321.94 crore last year.
- Maruti Suzuki India reported a 194.67% rise in net profit at Rs 670.23 crore for the quarter ended Sept 30, 2013 as compared to Rs 227.45 crore last year.
- Powergrid Corporation reported a 10.06% rise in net profit at Rs 1239.20 crore for the quarter ended Sept 30, 2013 as compared to Rs 1125.89 crore last year.
- Reliance Industries reported a 2.12% rise in net profit at Rs 5490.00 crore for the quarter ended Sept 30, 2013 as compared to Rs 5376.00 crore last year.
- Sesa Sterlite reported a 46.84% rise in net profit at Rs 73.76 crore for the quarter ended Sept 30, 2013 as



# ARI - Equity Outlook

compared to Rs 50.23 crore last year.

- TCS reported a 50.63% rise in net profit at Rs 5607.75 crore for the quarter ended Sept 30, 2013 as compared to Rs 3722.76 crore last year.

Negative Performance: 📉

- ACC reported a 51.41% decline in net profit at Rs 120.84 crore for the quarter ended Sept 30, 2013 as compared to Rs 248.67 crore last year.
- Ambuja Cements reported a 45.40% decline in net profit at Rs 165.97 crore for the quarter ended Sept 30, 2013 as compared to Rs 303.97 crore last year.
- Bank of Baroda reported a 10.24% decline in net profit at Rs 1168.10 crore for the quarter ended Sept 30, 2013 as compared to Rs 1301.39 crore last year.
- Bharti Airtel reported a 0.40% decline in net profit at Rs 1784.40 crore for the quarter ended Sept 30, 2013 as compared to Rs 1791.60 crore last year.
- GAIL reported a 7.07% decline in net profit at Rs 915.67 crore for the quarter ended Sept 30, 2013 as compared to Rs 985.38 crore last year.
- Infosys reported a 0.68% decline in net profit at Rs 2326.00 crore for the quarter ended Sept 30, 2013 as compared to Rs 2342.00 crore last year.
- Jindal Steel & Power reported a 55.91% decline in net profit at Rs 256.68 crore for the quarter ended Sept 30, 2013 as compared to Rs 582.21 crore last year.
- Larsen & Toubro reported a 14.05% decline in net profit at Rs 977.51 crore for the quarter ended Sept 30, 2013 as compared to Rs 1137.31 crore last year.
- NMDC reported a 21.46% decline in net profit at Rs 1318.36 crore for the quarter ended Sept 30, 2013 as compared to Rs 1678.62 crore last year.
- NTPC reported a 20.67% decline in net profit at Rs 2492.90 crore for the quarter ended Sept 30, 2013 as compared to Rs 3142.35 crore last year.
- Ranbaxy reported a net loss of Rs 842.23 crore for the quarter ended Sept 30, 2013 as compared to a net profit of Rs 552.19 crore last year.
- Ultratech Cement reported a 51.98% decline in net profit at Rs 264.11 crore for the quarter ended Sept 30, 2013 as compared to Rs 550.03 crore last year.
- Wipro reported a 5.98% decline in net profit at Rs 1616.40 crore for the quarter ended Sept 30, 2013 as compared to Rs 1719.30 crore last year.

## Nifty Technical Outlook

Markets ended near all time high in the month of Oct 2013 due to strong FII inflows. On the sectoral front bankex, capital goods, realty and metals led the rally whereas FMCG turned into ugly duckling ending the month with marginal losses. The Sensex closed with a net gains of 9.21% whereas the Nifty gained 9.83% vis-à-vis the previous month.



## Technical Observation

- On the monthly chart  
We are observing a bull candle which has closed near the all time high. Further the momentum indicator viz the CCI is positively posed which suggests continuation of the up move.
- On the weekly chart  
We are observing a positive candle above the median line of the channel. This suggests further momentum on the upside.
- On the daily chart  
We are observing a narrow range body formation which resembles a spinning top. This gives small clue that prior upmove is losing breath.

Future Outlook:

Combining the above pattern formations it is evident that the all time high of 6357 is major resistance going forward. However, the placement of the momentum oscillator viz the CCI suggests there is a high probability that markets would trade and close above the all time high of 6357 levels. In such scenario Nifty is likely to test to 6429 – 6513- 6652 levels. On the flip side a daily close below 6252 level could witness some kind of consolidation or a correction where nifty may test 6100 – 6000- 5800 levels.

Broadly, only a close below 6050 would terminate the current up wave. Hence as long as Nifty holds 6050 levels there is high probability that the current wave may test the all time high of 6357 levels or even extend their gains up to 6429 – 6513- 6652 levels.

\* EMA : Exponential Moving Average , SMA : Simple Moving Average



# ARI - Stock to Watch & Currency Pick

## NTPC Ltd.

BUY

CMP: ₹ 152 (06<sup>th</sup> Nov. 2013)

Buy: ₹ 152-147

Target Price: ₹ 165-176

Stop-Loss: ₹ 145



NTPC Limited (NTPC) is engaged in the generation and sale of bulk power to state power utilities. The Company's other business includes providing consultancy, project management and supervision, oil and gas exploration, and coal mining. The Company's projects under construction include Bongaigaon-I with a capacity of 750 Megawatts (MW), Barh-I with a capacity of 1,980 MW, Barh-II with a capacity of 1,320 MW, Gadarwara with a capacity of 1,600 MW, and Rihand with a capacity of 500 MW. The Company has an installed capacity of approximately 42,000 MW. Its subsidiaries include NTPC Electric Supply Company Limited, NTPC Vidyut Vyapar Nigam Limited, NTPC Hydro Limited, Kanti Bijlee Utpadan Nigam Limited and Bhartiya Rail Bijlee Company Limited.

On the daily chart, the stock, after a consolidation, has given a symmetrical triangular breakout. It has also taken a support on the 200-day SMA and formed a bull candle. These observations suggest an upside momentum.

We, therefore, recommend BUY on the stock at current level or on a decline up to Rs 147 and maintain a stop loss of Rs 145. The upside target are in the range of Rs 165 – 176.

## USD-INR

In the month of October 2013, USD-INR futures drifted lower towards 61.05, and closed at 61.81 with drop of 2.22%, while spot closed at 61.50. The pair saw drastic selling on speculation that partial showdown in Washington, that started in the first week October, could make the U.S. economic recovery fragile and might cause to push back the Fed plans to wind down stimulus efforts.



On the domestic front, a talk for entry into the global gilts index and an increase of 25 basis points in repo rate by RBI supported the Rupee.

Key International Events:

- 08<sup>th</sup> Nov: Fed Chairman Bernanke Speaks.
- 20<sup>th</sup> Nov: FOMC Meeting Minutes and Monetary Policy Statement.
- 21<sup>st</sup> Nov: HSBC Flash Manufacturing PMI of China.
- 30<sup>th</sup> Nov: Manufacturing PMI of China.

Key Domestic Events:

- 12<sup>th</sup> Nov: India IIP for Sept. (August month stands positive at 0.60%)
- 14<sup>th</sup> Nov: WPI inflation for Oct. (September month stands at 6.46%)
- 29<sup>th</sup> Nov: GDP for Jul –Sep. (Previous quarter growth was at 4.40%)

Technical Outlook: USD-INR remained in between the Raff Regression channel line with 64.80 as resistance levels and a median line support of 60.80 levels. As mentioned in the last month's report USD-INR hit first downside target of 61.60. A corrective wave count is yet to retrace at 61.8% of previous wave with a support at 60.00-59.80. Hence, there is a probability for bounce back on every dip only if the pair fails to hold below 60.80 on the closing basis.

Strategy: Buy USD-INR around 61.70 with a target of 62.80-63.80 and a stop loss of 60.60. Selling in the pair should be initiated only below 60.50 levels with a target 59.80, then 59.10.



## ARI - Commodity Pick

### Crude Oil

BUY

Buy: ₹ 5,980-5,900

Target Price: ₹ 6,120-6,300

Stop-Loss: Below ₹ 5,850



A powerful rally took MCX Crude prices to record highs in August end this year followed by an equally powerful correction, that is seen presently, which has tumbled fuel prices by nearly 25% from its high. The recent correction in prices can be attributed to rising inventories but there are two important factors which played key role - first is the fear of tapering of bond purchasing program by US Fed and the second one is the psychology to bring the commodity back on its true value specially after such an over-extended rally. Coming back on the first factor of US-Fed tapering - if we analyze last one month's US economic data then it becomes clear that the economy is slowly but steadily improving and Fed's comment that the 'gradual withdrawal of bond purchasing program will actually bring in the real growth' will have a long lasting impact on a commodity like crude, which is the driver of global economy.

So, somewhere down the line the fear of US-Fed tapering and its negative impact must vanish and support any short term rally. Now, to study this sudden psychological change, we will have to move towards second factor i.e. attainment of true value by a commodity - keeping all the fundamental and global issues in mind, the recent correction has somewhat brought the fuel back to its fair value. Articulating all these facts, we can conclude that crude has almost attained its fair value and that the fear of US Fed's tapering will vanish slowly & all industrial commodities may go back to follow core fundamentals in line with economic growth.

Based on the above factors, we recommend a Buy on Crude Oil December contract at CMP Rs 5,980 and on dips up to Rs 5,920-5,900 level with a target of Rs 6,120-6,300 and a stop loss below Rs 5,850.

### Mentha Oil

BUY

Buy: ₹ 883-855

Target Price: ₹ 949-988

Stop-Loss: Below ₹ 847



2013 hasn't been a good year so far for Mentha oil traders as prices saw a massive correction of about 50% during the year. A ban on Gutkha imposed by various state governments played a major role in hampering local demand which in turn tumbled prices of Mentha Oil, the commodity with a strong fragrance which is also extensively used in personal care FMCG and pharmaceutical products. But things are slightly taking a positive turn now on both fundamental and technical levels and the price consolidation which we saw in last 3 weeks is heading towards a strong breakout.

Additionally, demand from China is also expected to increase in next 2-3 months while local demand may also see a rise in upcoming winter season. The above mentioned price consolidation has been captured within a strong single day candlestick reversal pattern called 'Hammer' whereas if we look through the peak and trough and analyze on a broader time frame then a falling wedge pattern can also be seen which is again a reversal pattern. Most importantly, volume and open interest have started to pick-up in line with prices approaching a breakout. Thus, the year so far may not have proved to be good for traders but the next 2 months are likely to turn the fortunes in favor. Overall, the current price levels are attractive and a buy strategy can be framed at a very low risk ratio. We recommend Buy and Accumulate on MCX Mentha Oil December contract at CMP Rs 883 and on dips to Rs 865-Rs 855 for targets of Rs 949 and Rs 988 with a stop loss below Rs 847.



# ARI - Mutual Fund Update

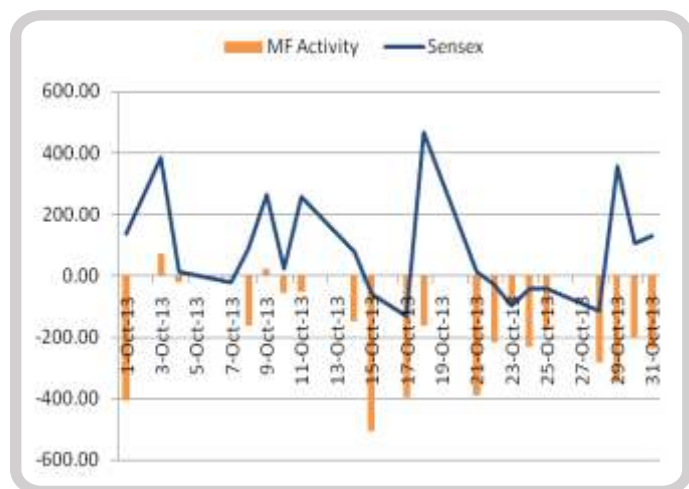
## Mutual Fund Roundup

Indian equity markets registered strong gains in October 2013, with S&P BSE Sensex clocking a gain of 9.21% at 21164.52 and Nifty ending with 9.83% gains to settle the month at 6299.15. Despite the Bull Run, the mutual fund houses turned net sellers of equity clocking net sales of Rs 4,017.80 crore during the month, this was even when the foreign institutional investors (FIIs) were again bullish on Indian equities that was seen from their October buying spree. FIIs were net buyers of Indian equities to the tune of Rs 15,706.20 crore in October 2013.

### Mutual Fund Activity in October 2013

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	1165.50	1524.20	-358.70
2 <sup>nd</sup> Week	1729.50	1985.50	-256.10
3 <sup>rd</sup> Week	1129.50	2342.60	-1213.10
4 <sup>th</sup> Week	1626.60	2740.70	-1114.10
5 <sup>th</sup> Week	1506.20	2582.10	-1075.80
Total	7157.30	11175.10	-4017.80

(Source : SEBI )



We're trying to do it different this time. Month on month performance of mutual fund schemes is definitely not the right parameter to select a scheme for investment. This month you might see a particular scheme topping the best performer's chart, while the next month it may switch to the worst performer.

With the onset of New Year (Diwali), we'll focus on the fundamentals and create a winning portfolio that would stand strong despite the volatility proving its mettle with the test of time.

Now the obvious question here is, what fundamentals are we talking about here?

Before you commit to any investment, ask yourself this question: am I making a random investment because it 'seems' good or am I investing with a proper plan that will ensure all my financial goals are met not just now but until the end of my life and even after that.

Investment begins from first and foremost defining financial goals, a goal being defined as the combination of a target amount and target date. E.g. I am looking for Rs 30 lacs after sixteen years for my daughter's education; I want Rs 4 lacs to take my wife for a holiday in Far East.

Each of these goals need to be very precise and once these are set the amount of risk you can take as well as amount needed to be invested to achieve these goals can be worked out. Once this is done, the asset class mix is decided and the best mode of investment is chosen.

For your long term goals (over 10 years), where you can afford to take high risk, we recommend the following portfolio of equity schemes:

### Aggressive: High Risk, High Return

Scheme Name	Scheme Inception	Asset Allocation	One Year	Returns (%)		
				Three Year	Five Year	Since inception
HDFC Equity Fund	Jan 1995	15%	5.37	-1.53	21.06	19.50
HDFC Top 200	Sep 1996	25%	7.61	0.08	19.63	19.95
DSP BlackRock Opportunities Fund	May 2000	10%	13.89	0.30	18.91	18.17
IDFC Premier Equity Fund	Sep 2005	25%	7.56	3.22	25.26	18.25
DSP BlackRock Small & Midcap Fund	Nov 2006	10%	-1.71	-2.73	22.51	9.01
Tata Pure Equity Fund	Dec 1993	15%	11.56	2.46	19.38	17.10

Stay tuned for the medium risk and conservative equity portfolios.



# Meet your life goals



Get your child a  
best education



Give your daughter a  
wonderful wedding



Build your  
dream house

## Get Rs 30 lakh or more just by investing Rs 2000 per month for 20 years.

Plan properly and invest regularly  
to meet your goals.

For more details:  
SMS: <Arihant> to 56677  
Email at [research@arihantcapital.com](mailto:research@arihantcapital.com)  
Visit us at [www.arihantcapital.com](http://www.arihantcapital.com)



**ARIHANT** capital markets ltd.

Equities & Derivatives | Commodities | Currency | Bonds | IPO | Mutual Fund Advisory | PCG | Depository | Online Trading | Financial Planning

Registered Office: E-5 Ratlam Kothi, Indore – 452001 (M.P.) BSE – INB/INF 010705532; NSE – INB/INF 230783938;  
NSDL : IN-DP-NSDL-165-2000; CDSL: IN-DP-CDSL-317-2005; AMFI – ARN 15114

### Regional Offices

**AHMEDABAD:** 079-40701700 / 40701719  
**ALWAR:** 09352209641 / 0144-2700799 / 2700201  
**AMRITSAR:** 0183-2560195-96 / 09872285462  
**BANGLORE:** 080-41509992-93 / 09341690342  
**BARODA:** 0265-232070 / 3096692 / 09898366222 / 09328257555  
**BEAWAR:** 01462- 253953 / 54 / 09352424325  
**BHILWARA:** 01482-220390,227070 / 09829046070  
**BHOPAL:** 0755-4224672 / 4223672 / 09302167358  
**CHENNAI:** 044-42725254 / 25387808 / 09841160104  
**DIBRUGARH:** 094350-31452 / 09435747381  
**GURGAON:** 0124-4371660-61 / 3241102 / 09999355707  
**GWALIOR:** 0751 - 4070634 / 4072127 / 09301105571

**INDORE-AHINSA TOWER:** 0731- 4217350 -365 / 09977250700  
**INDORE-LAD COLONY:** 0731-4217100-101 / 09302104504  
**INDORE-PALASIA:** 0731- 2434070-71 / 4247436 / 094066-83366  
**INDORE-RAJBADA:** 0731-4054025, 2539971 / 09302132322  
**INDORE-RATLAM KOTHI:** 0731-4217500 / 521 / 09329776346  
**INDORE-SILVER SANCHORA:** 0731-4217300-306 / 09826010295  
**JABALPUR:** 0761-4037990 / 91 / 93 / 09755005570  
**JAIPUR:** 9828024688 / 0141-4107659  
**JODHPUR:** 0291-3266000 / 2440004-6 / 09414128888  
**KOLKATA:** 033-40052638,32407373 / 09830268964  
**KOPERGAON:** 02423-224151,224161 / 09423783766  
**KOTA:** 0744-2366255-2366355 / 09414178394

**MUMBAI-BORIWALI(W):** 022-42664025 / 09320444364  
**MUMBAI-OPERA HOUSE:** 23674731-32 / 09619378273  
**MUMBAI-VILE PARLE:** 022-42254800  
**NEEMUCH:** 07423-224412, 226922 / 09425106124  
**PANIPAT:** 0180-4016357-358 / 09215124767  
**PUNE:** 020 41064921 / 020 41064901 / 09860270881  
**RAIPUR:** 0771 – 3052034/36/37 / 93000-56436 / 09300002700  
**SAGAR:** 07582- 244483 / 400664 / 09993833866  
**SECUNDRABAD:** 040-66148831-33-34 / 09348849901  
**SURAT:** 0261-3253597 / 09374718168  
**UJJAIN:** 0734-4050201-235 / 09425092746

### CONNECT WITH US



022-42254800 [www.arihantcapital.com](http://www.arihantcapital.com)



[facebook.com/  
arihantcapitalmarkets](https://facebook.com/arihantcapitalmarkets)



[twitter.com/  
arihantcapital](https://twitter.com/arihantcapital)



[contactus@arihantcapital.com](mailto:contactus@arihantcapital.com)

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd (hereinafter referred to as Arihant). This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant and/or its affiliates and/or employees may have interest/positions, final or otherwise in securities/commodities, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Any decision to purchase or sell as a result of the opinions expressed in his report will be the full responsibility of the person authorizing such transactions. The products/instruments discussed in this report may not be suitable for all investors. Any person subscribing to or investing in any product/instruments should do so on the basis of and after verifying the terms attached to such product/instrument. Products/instruments are subject to market risks and returns may fluctuate depending on various factors. Past performance of the products/instruments does not indicate the future prospects & performance thereof. Such past performance may not be sustained in future. The investors shall obtain, read and understand the risk disclosure documents, offer documents and/or any other relevant documents before making any decision for investment. This information is subject to change without any prior notice. No matter contained in this document may be reproduced or copied without the consent of the firm.