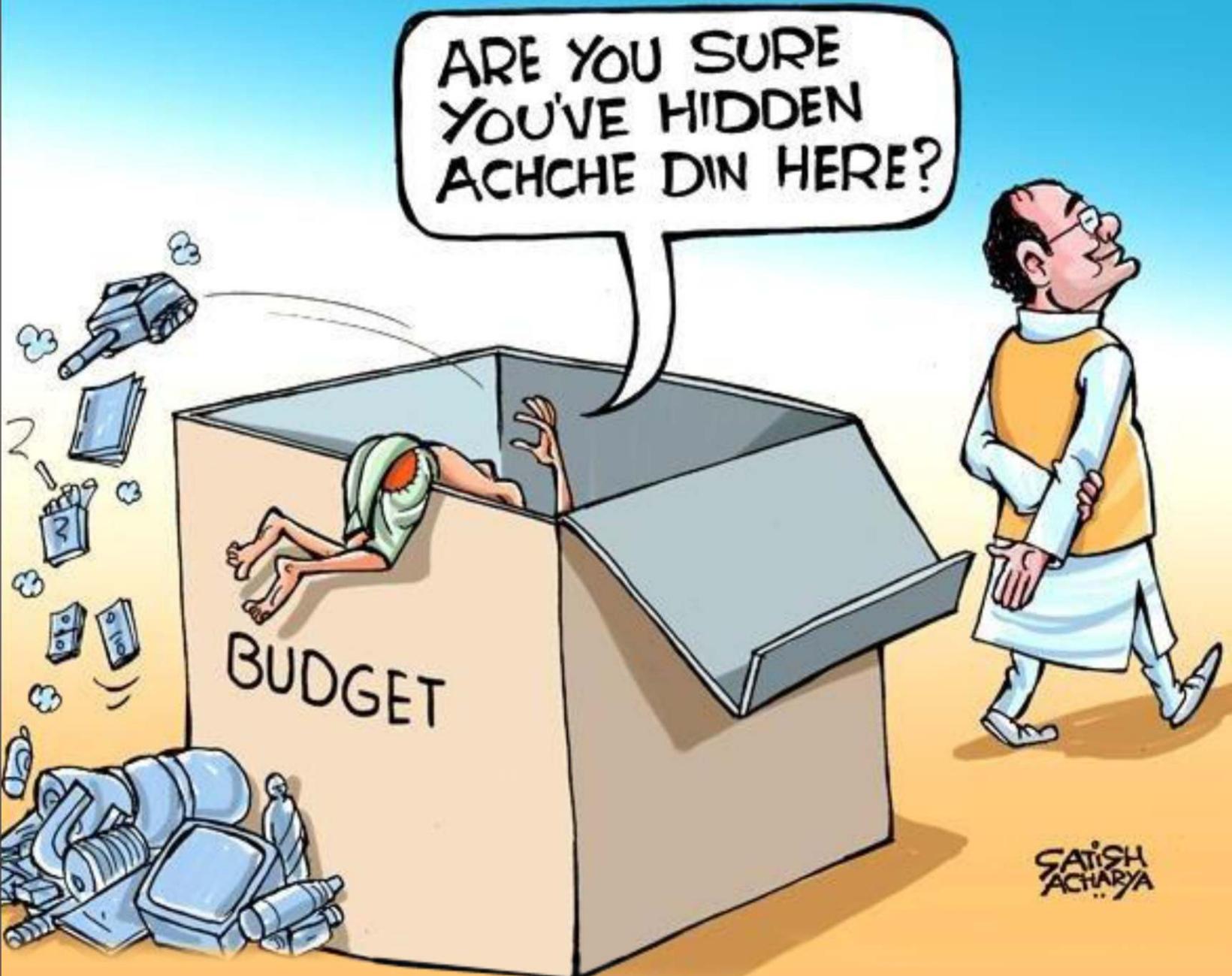


VALUE *Plus*



ARI - Movers & Shakers

INDIAN INDICES

Indices	Jul-14	Jun-14	Change%
SENSEX	25894.97	25413.78	1.89
S&P CNX NIFTY	7721.30	7611.35	1.44
BANK NIFTY	15267.60	15241.90	0.17
CNX MIDCAP	10838.20	11096.90	-2.33
S&P CNX 500	6194.45	6174.20	0.33
CNX IT	10304.70	9912.30	3.96
CNX REALTY	242.05	264.15	-8.37
CNX INFRA	3163.50	3372.75	-6.20

(Source: BSE & NSE)

BSE-SECTORAL INDICES

Indices	Jul-14	Jun-14	Change%
AUTO	15490.71	15249.29	1.58
BANKEX	17485.61	17475.08	0.06
CD	8556.87	8870.04	-3.53
CG	14651.63	16200.21	-9.56
FMCG	7169.75	6676.19	7.39
HC	12341.28	11462.23	7.67
IT	9742.34	9346.10	4.24
METAL	13064.27	13099.95	-0.27
OIL&GAS	10749.83	11150.89	-3.60
PSU	8012.05	8633.61	-7.20
REALTY	1893.03	2077.13	-8.86
TECK	5488.13	5266.36	4.21

(Source: BSE)

GLOBAL INDICES

Indices	Jul-14	Jun-14	Change%
DOW JONES	16563.30	16826.60	-1.56
NASDAQ	4369.77	4408.18	-0.87
HANG SENG	24756.85	23190.72	6.75
FTSE	6730.11	6743.94	-0.21
NIKKEI	15620.77	15162.10	3.03

(Source: Telequote software)

COMMODITIES & FOREX

Indices	Jul-14	Jun-14	Change%
MCX GOLD	27818.00	27776.00	0.15
MCX SILVER	44399.00	44114.00	0.65
MCX CRUDE OIL	6006.00	6337.00	-5.22
MCX-SX USDINR	60.55	60.17	0.63

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jul 2014	98,199.84	85,076.00	13,123.84
Total for 2014 *	605,123.08	532,204.30	72,918.80

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jul 2014	21,526.50	16,462.80	5,063.80
Total for 2014 *	103,806.00	105,745.60	-1,939.90

*From Jan - Jul, 2014

(Source: SEBI)

Market Commentary

After rallying for past two consecutive months, Indian markets witnessed a roller-coaster ride in the month of July to finally close in green. The month started on a positive note in the beginning owing to a pre-budget rally. The budget however failed to meet market expectations on lack of any big-bang market reforms and skepticism whether the new government will be able to achieve its ambitious fiscal deficit target. However, the second half of the month saw better-than-expected macro data and upbeat corporate earnings that was hailed positively by market participants. The month finally ended on a positive note with S&P BSE Sensex delivering return of 1.89% for the month to settle at 25894.97, after hitting a new high of 26300.17 and CNX Nifty gaining 1.44% ending the month at 7721.30, after hitting a new high of 7840.95.

On the sectoral front, Healthcare turned out to be the best performing sector in July 2014 clocking gains of 7.67%, followed by FMCG (7.39%), IT (4.24%), Teck (4.21%), Auto (1.58%) and Bankex (0.06%) while Capital Goods (-9.56%) was the worst performing sector followed by Realty (-8.86%), PSU (-7.20%), Oil & Gas (-3.60%), Consumer Durables (-3.53%) and Metal (-0.27%).

Driven by an investment friendly government at the centre, foreign institutional investors (FIIs) pumped in a staggering Rs 13,123.84 crore into equities in July 2014 taking their overall net inflows since beginning of 2014 to Rs 72,918.80 crores. On the other hand, domestic mutual fund houses bought Rs 5,063.80 crore of equities during July 2014.

Prime Minister Narendra Modi's new government unveiled its maiden budget on July 10 focusing on structural reforms aimed at reviving growth, winning praise from investors despite a lack of clarity over how he would cap the increasing fiscal deficit. Finance Minister Arun Jaitley said he would uphold the fiscal deficit target of 4.1% inherited from the last government, while incremental steps were also announced to boost capital spending. Another key positive of the budget was the clarity on tax administrative regime to make it less adversarial and introduction of steps to reduce tax disputes. Further, intentions to improve the quality of government spending with higher allocations for infrastructure (roads, railways, ports etc) were clearly visible.

Some of the key highlights of the budget are:

Area	Announcements
Fiscal Deficit	<ul style="list-style-type: none"> ■ Vows to keep fiscal deficit target of 4.1% of GDP for 2014-15 ■ Fiscal deficit forecast to fall to 3.6% of GDP in 2015-16, 3% of GDP in 2016-17
Growth	<ul style="list-style-type: none"> ■ GDP growth in 2014-15 estimated at 5.4-5.9% year-on-year ■ Aims for sustained growth of 7-8% in the next 3-4 years
Policy Reforms	<ul style="list-style-type: none"> ■ Raises limit on foreign direct investment in defence sector to 49% from 26% ■ Raises FDI limit in insurance sector to 49% from 26% ■ Pledges to provide necessary tax changes to introduce real estate investment trusts and infrastructure investment trusts
Taxation	<ul style="list-style-type: none"> ■ Retains tax collection targets and makes no major changes to direct tax rates ■ Aims to approve goods and services tax by end of this year ■ Extends 5% withholding tax on corporate bonds until June 30 2017 ■ Extends 10-year tax holiday for power generation companies ■ Imposes 10% customs duty on some telecom products ■ Introduces uniform customs duty on all types of coals ■ Raises export tax on bauxite to 20% from 10% ■ Raises income tax exemption limits for individuals
Revenues	<ul style="list-style-type: none"> ■ Revenue deficit seen at 2.9% of GDP in 2014-15 ■ Capital receipts forecast to total Rs 739.5 billion in 2014-15 ■ Targets Rs 634.25 billion from total stake sales of companies in 2014-15; Rs 150 billion from stake sales of non-government companies
Expenditure	<ul style="list-style-type: none"> ■ Total expenditure forecast at Rs 17.95 trillion in 2014-15 ■ To provide Rs 134.5 billion capital infusion to state-run banks in 2014-15 ■ Allocates Rs 2.29 trillion for defence spending in 2014-15; capital outlay raised by Rs 50 billion over interim budget ■ Earmarks Rs 70.6 billion to create 100 "smart cities" ■ Proposes Rs 50 billion for warehousing capacity ■ Plans Rs 100 billion of private capital for start-up companies ■ Proposes Rs 378 billion of investment in national and state highways ■ Rs 40 billion for affordable housing planned through national housing bank; Rs 80 billion proposed for rural housing scheme
Borrowing	<ul style="list-style-type: none"> ■ Net market borrowing forecast at Rs 4.6 trillion in 2014-15 ■ Gross market borrowing forecast at Rs 6 trillion in 2014-15 versus Rs 5.97 trillion in interim budget ■ Forecasts interest payments and debt servicing will total Rs 4.27 trillion in 2014-15
Subsidies	<ul style="list-style-type: none"> ■ Plans to make food and petroleum subsidies better targeted ■ Food subsidy bill estimated at Rs 1.15 trillion for 2014-15 ■ Petroleum subsidy bill seen at Rs 634.27 billion for 2014-15 ■ Fertiliser subsidy bill forecast at Rs 729.7 billion for 2014-15
Agriculture	<ul style="list-style-type: none"> ■ Will focus on achieving 4% growth per year in agriculture ■ Sets farm credit target at Rs 8 trillion for 2014-15 ■ Proposes a long-term rural credit fund with an initial corpus of Rs 50 billion

On the macro-economic front, India's HSBC manufacturing Purchasing Managers' Index for June 2014 rose to a four month high and HSBC services PMI also shot up to a 17-month high indicating robust expansion. Index of industrial production (IIP) growth surged to a 19 month high in May. Wholesale Price Index (WPI) moderated to a four-month low of 5.43% in June 2014 and Consumer price index (CPI) fell to its lowest level ever of 7.31%. The fall in WPI and CPI

numbers was primarily on account of the statistical effect of a high base. Lower prices of cereals, vegetables and fuel inflation also aided the fall in CPI inflation in June 2014. However, India's trade deficit rose to an 11 month high due to an increase in gold and oil imports.

In a major move, the Reserve Bank of India announced incentives to raise long term bonds for infrastructure financing with a minimum maturity of seven years. The

move is targeted to raise resources for long term projects in infrastructure sub-sectors and affordable housing. Further, Cabinet approved the hike of the foreign direct investment (FDI) in insurance sector to 49% from 26% with full Indian management and control, through the Foreign Investment Promotion Board (FIPB) route that boosted sentiments.

The multilateral agency, International Monetary Fund lowered its global economic growth estimate to 3.4% from 3.6% growth forecasted in April. IMF also cut US 2014 gross domestic product growth forecast to 1.7% from 2.8% earlier, and that of China to 7.4% from 7.5% earlier, owing to weakness in US and China, and conflict in Ukraine and West Asia. IMF kept its forecast on India's gross domestic product growth in 2014-15 unchanged at 5.4% and added that economic expansion appeared to have bottomed out in the country.

The Q1FY15 earnings season continued and better earnings by corporate bigwigs like Axis Bank, Bank of Baroda, Bharti Airtel, Dr Reddy's Lab, HCL Tech, HDFC, HDFC Bank, ICICI Bank, Infosys, ITC, Lupin, Maruti Suzuki, PNB, Reliance, TCS and Wipro supported the market. However, there were some that failed to deliver; companies like ACC, Cairn India, DLF, IDFC, NTPC, and Tech Mahindra came out with disappointing numbers.

The global markets ended the month of July 2014 on a mixed note. Hang Seng was the best performer, which ended the month with gain of 6.75% followed by Japan's Nikkei (3.03%) while Dow Jones was the worst performer, which ended the month with loss of 1.56% followed by Nasdaq (-0.87%) and FTSE (-0.21%).

On the international front, the European Central Bank held the key short-term interest rate below zero. European Industrial Production fell 1.1% in May 2014 from 0.7% gain in April 2014. The US Federal Reserve in its monetary policy meeting announced that it will continue to trim its monthly bond purchase program by \$10 bn to \$25 bn since August, staying on track to end the program later this year. China's HSBC Manufacturing PMI rose to an 18-month high of 52 in July, from 50.7 in June and the economy grew 7.5% in Apr-Jun quarter on year, up from a 7.4% expansion in the Jan-Mar quarter.

Going forward

Going ahead, Reserve Bank of India (RBI)'s monetary policy review on 5 August 2014 and the next batch of Q1FY15 corporate earnings will dictate the near term trend. The geo-political tensions in Russia and Middle East may fuel uncertainty across the world. Besides, trend in investment by foreign institutional investors (FIIs), the movement of rupee against the dollar, crude oil price

movement and progress of monsoon will be closely tracked by the investors.

Domestic Data Releases in July 2014

Positive

- **May FDI inflows \$5.42 bn, up 113% on year:** Total foreign direct investment inflows into India in May 2014 more than doubled to \$5.422 bn from \$2.542 bn a year ago. FDI inflows into India in April 2014 stood at \$2.589 bn. In the first two months of the current financial year, FDI inflows into India were \$8.011 bn as against \$5.775 bn a year ago. The total FDI inflows include equity capital, re-invested earnings, and other capital.
- **May industrial output growth at 19-month high of 4.7%:** India's industrial output growth surged to a 19-month high of 4.7% in May 2014, indicating a turnaround in the country's industrial activity. 3.4% in April 2014, snapping a two-month contracting trend, as investment activity showed signs of revival. The Index of Industrial Production had risen by 3.4% in April 2014 and contracted by 2.5% in the year ago period.

Sector	May 2014 YoY
Capital Goods	4.5%
Manufacturing Sector	4.8%
Consumer Goods	3.7%
Electricity	6.3%
Intermediate Goods	2.7%
Mining Output	2.7%

- **June WPI inflation falls to 5.43% from 6.01% May:** India's inflation rate based on the Wholesale Price Index (WPI), moderated to a four-month low of 5.43% in June 2014 from 6.01% in May 2014, mainly on account of the statistical effect of a high base. The WPI inflation rate was 5.16% a year ago. India's inflation rates based on retail prices fell in June 2014; the inflation rate based on Consumer Price Index (combined) Index plummeted to a 30-month low of 7.31% in June 2014 from 8.28% a month ago.

Inflation	June 2014	May 2014
Food articles	8.14%	9.50%
Primary articles	6.84%	8.58%
Manufactured products	3.61%	3.55%
Fuel & power	9.04%	10.53%

- **Apr-Jun indirect tax mop-up Rs 1.14 trln, up 4.5% on year:** Indirect tax collections during the Apr-Jun period rose 4.5% on year to Rs 1.14 trln, which translated in 18.2% of the budgeted indirect tax collections target for the year 2014-15 (Apr-Mar). Indirect tax collections in

June 2014 saw a healthy rise of 13.5% to Rs 443.6 bn. Service tax collections for the Apr-Jun period saw a jump of 19.1% to Rs 388.6 bn, while for June went up by 27.9% to Rs 153.8 bn. Central excise collections for the Apr-Jun period fell 0.2% to Rs 351.6 bn while for June went up 8.1% to Rs 146.7 bn. Customs collections for the Apr-Jun period witnessed a sharp fall of 3.1% to Rs 395.5 bn while for June 2014 were up 6% to Rs 143.1 bn.

- **June core sector growth surges to 9-month high of 7.3%:** Growth in India's key core industries surged to a nine-month high of 7.3% in June 2014 mainly due to an expansion in cement, electricity and coal production. Cement production saw a 21-month high growth of 13.6%, while electricity grew at a record high of 15.7% and Coal output showed a nine-month high growth of 8.1% in June 2014. The output of eight core industries coal, crude oil, natural gas, refinery products, steel, cement, fertilisers and electricity had grown 1.2% in June last year and 2.3% in the previous month. The pickup in core sector, which accounts for 37.9% of the total weight of the Index of Industrial Production, could indicate a further growth in the infrastructure sectors in the current financial year.

Negative ↓

- **June trade gap widens to 11-month high; gold and oil imports surge:** India's trade deficit rose to an 11-month high of \$11.76 bn in June 2014 as compared to \$11.26 bn in May 2014, due to an increase in imports, led by a surge in gold. The country's trade deficit for the month is up 4.3% from the year ago level of \$11.28 bn. India's exports rose 10.2% on year to \$26.5 bn in June 2014. After having contracted for 11 months, imports rose 8.3% on year to \$38.2 bn. Gold imports jumped 65.1% on year to \$3.12 bn. Oil imports rose 10.9% in June 2014 to \$13.34 bn while non-oil imports in June rose 7% to \$24.9 bn.
- **Apr-Jun fiscal gap tops 56% of FY15 Budget target:** The Indian government's fiscal deficit in Apr-Jun widened to Rs 2.979 trln, accounting for 56.1% of the Budget estimate of Rs 5.312 trln for the full year. The fiscal deficit in Apr-Jun rose 13.3% on year, mainly on account of higher non-plan expenditure and lower tax collections. The non-plan expenditure in Apr-Jun rose 12.9% on year to Rs 3.018 trln, even as plan spending declined 2.6% to Rs 1.118 trln. The revenue deficit in Apr-Jun rose 18.5% on year to Rs 2.494 trln. The government's net tax collections in Apr-Jun declined 2.8% on year to Rs 991 bn rupees. Total expenditure in Apr-Jun rose 8.2% on year to Rs 4.136 trln, while total receipts fell 3.1% on year to Rs 1.157 trln. Fiscal deficit in June declined 30.6% on year to Rs 570 bn rupees from Rs 1.274 trln in May.

Auto Sector July Sales

Passenger vehicle (PV) segment; Maruti Suzuki's volume up, M&M and Tata Motors sales decline

India's largest car manufacturer, **Maruti Suzuki's**, PVs volume was up 15.5% yoy to 72,782 units in July 2014. Company's domestic volumes also went up 19.9% yoy to 90,093 units while exports rose by 38.4% yoy to 11,287 units. Even the second largest player Hyundai (unlisted) posted 1.4% yoy decline in total sales while exports were down 17.5% yoy. **Mahindra & Mahindra** PV shipments were down 5% yoy, while its total sales were down 7% yoy. Sales of the company's 4W CVs fell 9% yoy at 12,472 units and its exports were down 3% yoy to 2,520 units. **Tata Motors** trend continued to remain weak. Its PV volumes registered a 15% drop yoy to 9,167 units. Company's CV sales witnessed a 28% yoy decline to 26,089 units, with medium and heavy CV sales remained flat at 9,725 units. The total sales of the company were down 23% yoy to 39,623 vehicles.

2Ws: Two-wheeler segment witnessed strong volume growth

Country's largest two-wheeler maker, **Hero MotoCorp's** volumes were up 9% yoy to 529,862 units in July 2014, whereas its toughest competitor, **Honda** (unlisted), saw its 2W shipments grow strongly by 33% yoy driven by 60% yoy growth in scooters and 7% yoy in motorcycles. **Bajaj Auto's** motorcycle sales witnessed a rise of 9% yoy at 267,841 units while company's total sales also rose 13% yoy at 319,292 units while its total exports up 54% yoy at 169,755 units. **TVS Motor** 2W volumes increased 32% yoy and its total sales also registered 32% yoy growth pushed by a jump of 41% yoy in exports.

3-wheeler segment reported volume growth

Atul Auto, India's leading 3W manufacturer, registered volume growth of 17.7% yoy at 3,537 units in July 2014. Sales of **TVS's** 3W also recorded a strong growth of 28% yoy at 8,964 units.

Tractor segment volume decline

M&M's July total tractor sales declined 6% yoy at 17,407 units while **Escorts** registered 3.3% yoy drop in total tractor sales to 4,317 units in July 2014.

Commercial vehicle segment volume mixed

The trend in the medium and heavy commercial vehicle (M&HCV) segment was weak. **Ashok Leyland's** sales were down by 8% yoy to 5,736 units while **Tata Motors** M&HCV sales stood flat at 9,725 units. **Tata Motor's** light commercial vehicle (LCV) shipments also registered a decline of 39% yoy to 16,364 units, followed by poor

performance by **Ashok Leyland**, in LCV, with 15% yoy dip in sales to 2,111 units. **Eicher Motors'** sales of branded trucks and buses recorded a jump of 6.06% yoy to 3,341 units in July 2014. In the domestic CV market (5T and above), Eicher trucks and buses have recorded sales of 2,955 units in July 2014 as compared to 2,915 units in July 2013, up by 1.37% yoy while its exports, recorded sales of 386 units in July 2014, a growth of 64.25% yoy.

Q1FY15 Result Update: Nifty Companies

Positive Performance: 👍

- **Ambuja Cement** reported a rise of 26.06% in net profit, yoy, at Rs 408.70 crore for the quarter ended June 30, 2014.
- **Asian Paints** reported a 8.78% rise in net profit, yoy, at Rs 308.84 crore.
- **Axis Bank** reported a 18.30% rise in net profit, yoy, at Rs 1,666.76 crore.
- **Bajaj-Auto** reported a 0.31% rise in net profit, yoy, at Rs 739.98 crore.
- **Bank of Baroda** reported a 16.61% rise in net profit, yoy, at Rs 1,361.88 crore.
- **Bharti Airtel** reported a 125.32% rise in net profit, yoy, at Rs 2,160.40 crore.
- **Dr Reddy's Laboratories** reported a 829.31% rise in net profit, yoy, at Rs 602.75 crore.
- **HCL Technologies** reported a 37.04 % rise in net profit, yoy, at Rs 1,983.24 crore.
- **HDFC** reported a 14.62% rise in net profit, yoy, at Rs 1,344.66 crore.
- **HDFC Bank** reported a 21.11% rise in net profit, yoy, at Rs 2,233.04 crore.
- **Hindustan Unilever** reported a 3.69% rise in net profit, yoy, at Rs 1,056.85 crore.
- **ICICI Bank** reported a 16.76% rise in net profit, yoy, at Rs 2,655.30 crore.
- **Indusind Bank** reported a 25.75% rise in net profit, yoy, at Rs 421.06 crore.
- **Infosys** reported a 20.89% rise in net profit, yoy, at Rs 2,720 crore.
- **ITC** reported a 15.60% rise in net profit, yoy, at Rs 2,186.39 crore.
- **Kotak Mahindra Bank** reported a 6.70% rise in net profit, yoy, at Rs 429.80 crore.
- **L&T** reported a 18.19% rise in net profit, yoy, at Rs 893.55 crore.

- **Lupin** reported a 147.65% rise in net profit, yoy, at Rs 1,016.73 crore.
- **Maruti Suzuki** reported a 20.69% rise in net profit, yoy, at Rs 762.28 crore.
- **Punjab National Bank** reported a 10.18% rise in net profit, yoy, at Rs 1,405.12 crore.
- **Reliance Industries** reported a 5.55% rise in net profit, yoy, at Rs 5,649 crore.
- **Sesa Sterlite Ltd** reported a net profit of Rs 170.24 crore as compared to a net loss of Rs 191.92 crore (yoy).
- **TCS** reported a 54.56% rise in net profit, yoy, at Rs 5,096.87 crore.
- **Wipro** reported a 58.28% rise in net profit, yoy, at Rs 2,067.20 crore.

Negative Performance: 👎

- **ACC** reported a decline of 6.97% in net profit, yoy, at Rs 241.02 crore for the quarter ended June 30, 2014.
- **Cairn India** reported a 67.63% decline in net profit, yoy, at Rs 643.81 crore.
- **DLF** reported a 51.62% decline in net profit, yoy, at Rs 72.64 crore.
- **IDFC** reported a 12.72% decline in net profit, yoy, at Rs 449.07 crore.
- **NTPC** reported a 12.89% decline in net profit, yoy, at Rs 2,201.20 crore.
- **Tech Mahindra** reported a 12% decline in net profit, yoy, at Rs 527.01 crore.
- **Ultratech Cement** reported a 6.99% decline in net profit, yoy, at Rs 625.57 crore.

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ARI - Equity Outlook & Commodity Pick

Nifty Technical Outlook

Markets rallied in month of July and registered new all time high on announcement of good quarterly earnings. On the sectoral front FMCG, Healthcare, IT and Teck led the rally whereas Realty, PSU ended on the losing side. The barometer index, Sensex closed with a net gain of 1.89% whereas the 50-shares CNX Nifty gained 1.44% vis-à-vis the previous month.



Technical Observation

- On the **monthly chart**, we are observing a candlestick pattern that resembles a spinning top. This gives small clue that the prior uptrend is losing breath.
- On the **weekly chart**, we are observing a candlestick pattern that resembles a bearish engulfing pattern which has taken a resistance at the upper trendline of the second channel. The said pattern will get activated once Nifty trades and closes below 7593 level. Any weekly close above 7840 would negate the said pattern.
- On the **daily chart**, we are observing a correction of the previous rise which started from 7422 to 7840 levels. However, on the downside there is strong demand zone in the range of 7532 – 7460. Hence a bounce back could be expected from those levels.

Future Outlook:

Combining the above pattern formations it is evident that market could witness correction initially up to the demand zone of 7532–7460. Hence, we are of the opinion that mentioned demand zone holds significance. If Nifty holds the mentioned demand zone, then a bounce up to 7700 – 7800 – 7900 cannot be ruled out. On the flip side, any breach of the mentioned zone would drag down Nifty to 7300–7200 levels.

Broadly at current level one should adopt cautious approach towards the markets. However near the demand zone of 7532 – 7460 one should wait for a reversal which could take Nifty back to 7700–7800–7900 levels.

Aluminium

BUY

CMP: ₹ 122.50 (As on 05th Aug 2014)

Buy: ₹ 122.50-117

Target Price: ₹ 134-139

Stop-Loss: Below ₹ 116



At Indian commodity bourses, Aluminium was viewed as a low volume commodity over the years but much has changed in recent times, both technically & fundamentally.

If viewed from Elliott wave perspective, Aluminium has successfully debuted in a very impulsive 3rd wave on a higher time frame on monthly and weekly chart. The current impulsive rally's first leg began in early 2009 from the bottom of Rs 62.20 and completed in May 2011, thus bringing an end to the primary bearish trend. For next two years, prices went into 2nd wave correction and then got into the electrifying 3rd wave from May 2013. Considering the time spent in transforming into bullish primary trend, the current third wave structure is looking solid and long lasting. Volumes have obviously improved at Indian bourses to a remarkable level and are likely to get much support in days to come. Momentum indicators are enjoying the current rise and are looking well set to display a fair picture.

Fundamentally, demand from automobile industry in US, Europe and Japan is very strong and looking at the technological transformation in car making, Aluminium is surely going to get much share then its siblings due to its core characteristics. Producers in different parts of the world are cutting down production to battle rising costs. Also a ban from Indonesia on bauxite export is indicating that the metal is heading towards deficit.

We recommend buy in MCX August contract at CMP of Rs 122.50 and accumulate on dips upto Rs 117 levels for target in the range of Rs 134-139 with a stop loss below Rs 116.

ARI - Stocks to Watch

Godrej Industries Ltd

BUY

CMP: ₹ 343.35 (As on 05th Aug 2014)

Buy: Above ₹ 345

Target Price: ₹ 366-384

Stop-Loss: ₹ 322



Godrej Industries is India's leading manufacturer of oleo chemicals and makes various chemicals for use in diversified industries. Its products also include edible oils, vanaspati and bakery fats. Besides, it also operates in real estate. Godrej Industries has built a strong manufacturing base capable of delivering international quality products at competitive prices. It operates two plants, one at Valia in the Indian state of Gujarat and a second at Vikhroli in suburban Mumbai. The company's products are exported to 40 countries in North and South America, Asia, Europe, Australia and Africa, and it leads the Indian market in the production of fatty acids, fatty alcohols and AOS.

Technical Outlook:

On the daily chart, the stock has bounced from the lower trendline of the channel. At present stock is facing a resistance at the downward sloping trendline joining the two high of 372.80 and 352. Any closing move above the trendline would intensify the upside momentum.

We recommend BUY on the stock above Rs 345 levels with a stop loss of Rs 322 for a target of Rs 366-384 levels.

Infosys Ltd

BUY

CMP: ₹ 3465.55 (As on 04th Aug 2014)

Buy: ₹ 3465.55-3350

Target Price: ₹ 3600-3720-3800

Stop-Loss: ₹ 3200



Infosys Limited is the second largest IT-services company in India. Its end-to-end business solutions include consulting, enterprise solutions, systems integration; business information technology services consisting application development and maintenance, independent validation services and infrastructure management; engineering services comprising product engineering and life cycle solutions; and business process management including products, business platforms and solutions. Its banking solution product - Finacle is the choice of 183 clients across 84 countries and serves 14% of the world's banked population. Infosys has a global presence with 73 offices and 94 development centers in the United States, India, China, Australia, Japan, Middle East, and Europe. On 31st March 2014, Infosys had 890 clients across 30 countries.

Technical Outlook:

On the daily chart, the stock has bounced from the lower trendline of the channel. Further the stock has closed above the major resistance of 3411. This suggests upside momentum.

We recommend BUY on the stock at Rs 3465.55 or on a decline up to Rs 3350 levels with a stop loss of Rs 3200 for a target of Rs 3600-3720-3800 levels.

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ARI - Mutual Fund Update

Mutual Fund Roundup

With the Modi government presenting its much awaited budget in the month of July, Indian equity markets generated volatile sessions during the month and ended registering positive returns. The barometer index, Sensex delivered gains of 1.89% closing the month at 25894.97 while CNX Nifty ended with 1.44% gain settling at 7721.30.

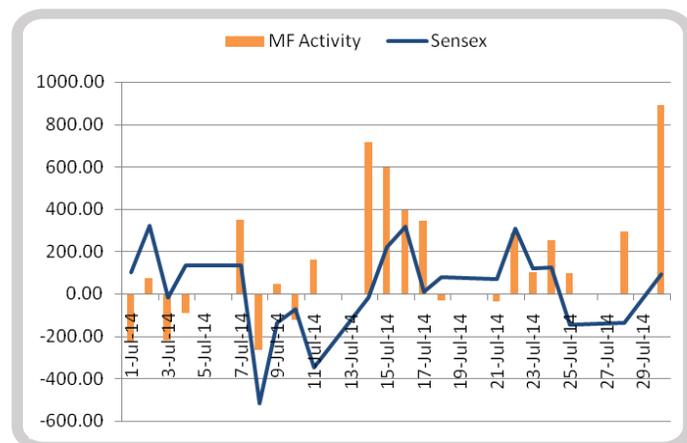
MF Activity

Indian equity markets continued to deliver gains during the month of July 2014. While pre budget expectations and post budget reactions led to volatile sessions during the first two weeks, encouraging macro-economic data and good corporate numbers gripped the sentiments thereon turning fund houses into net buyers during the later half of the month. Indian mutual funds turned net buyers of equities to the tune of Rs 5,063.80 crore for the month of July 2014. Out of the 23 trading sessions in the month, MFs were net buyers in 15 sessions. Highest buying was recorded in the fifth week of the month when the fund houses made total net buy of Rs 2,637.40 crore of equities. Foreign institutional investors (FIIs), on the other hand, also turned net buyers of Indian equities pumping in flows of an astounding Rs 13,123.84 crore.

Mutual Fund Activity in July 2014

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1 st Week	2831.10	3294.50	-463.50
2 nd Week	4565.60	4396.90	168.80
3 rd Week	4767.30	2751.60	2015.80
4 th Week	3858.20	3152.90	705.30
5 th Week	5504.30	2866.90	2637.40
Total	21526.50	16462.80	5063.80

(Source : SEBI)



Movers and Shakers

Equity Category

In the equity diversified category, ICICI Prudential Exports and Other Services Fund delivered positive returns of 5.43% followed by IDFC Equity Opportunity Fund (4.94%), SBI Small & Midcap Fund (4.83%), Escorts Leading Sectors Fund (4.57%) and Franklin India Smaller Companies Fund (4.29%).

Monthly Best Performer: All Equity Diversified Funds

Scheme Name	Last 1 Month %
ICICI Prudential Exports and Other Services Fund	5.43
IDFC Equity Opportunity - Series 1	4.94
SBI Small & Midcap Fund	4.83
Escorts Leading Sectors Fund	4.57
Franklin India Smaller Companies Fund	4.29

(Source : Mutual Fund India)

In the sectoral category, SBI Pharma Fund outperformed during the month registering a return of 7.57% followed by SBI FMCG Fund (7.31%), UTI Pharma and Healthcare Fund (6.95%), ICICI Prudential FMCG Fund (6.74%) and Franklin Infotech (5.80%).

Monthly Best Performer: All Sectoral Funds

Scheme Name	Last 1 Month %
SBI Pharma Fund	7.57
SBI FMCG Fund	7.31
UTI Pharma and Healthcare Fund	6.95
ICICI Prudential FMCG Fund	6.74
Franklin Infotech Fund	5.80

(Source : Mutual Fund India)

Debt Category

Among the debt fund category, Axis Hybrid Fund delivered positive return of 5.66% during the month followed by DSP BlackRock Dual Advantage Fund (5.45%), DWS Hybrid Fixed Term Fund (4.48%), JPMorgan India Hybrid Fund (4.07%) and Reliance Dual Advantage Fixed Tenure Fund (2.77%).

Monthly Best Performer: All Debt Funds

Scheme Name	Last 1 Month %
Axis Hybrid Fund - Series 5	5.66
DSP BlackRock Dual Advantage Fund - Series 15 - 36M	5.45
DWS Hybrid Fixed Term Fund - Series 12	4.48
JPMorgan India Hybrid Fund - Series 2	4.07
Reliance Dual Advantage Fixed Tenure Fund IV - Plan C	2.77

(Source : Mutual Fund India)

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