

Arihant's

VALUE

Plus

Issue |

August 2018



MONSOON SESSION!

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INDIAN INDICES

Indices	Jul-18	Jun-18	Monthly Change (%)
SENSEX	37606.58	35423.48	6.16 ↑
NIFTY 50	11356.50	10714.30	5.99 ↑
NIFTY BANK	27764.15	26364.20	5.31 ↑
NIFTY MIDCAP 100	18876.90	18181.30	3.83 ↑
NIFTY 500	9650.60	9162.45	5.33 ↑
NIFTY IT	14587.80	13989.50	4.28 ↑
NIFTY REALTY	272.85	271.55	0.48 ↑
NIFTY INFRA	3158.10	3125.70	1.04 ↑

(Source: BSE & NSE)

BSE SECTORAL INDICES

Indices	Jul-18	Jun-18	Monthly Change (%)
AUTO 	24496.98	23838.30	2.76 ↑
BANKEX 	31005.96	29250.56	6.00 ↑
CD 	20902.46	20206.69	3.44 ↑
CG 	18295.56	17488.15	4.62 ↑
FMCG 	12012.67	11213.28	7.13 ↑
HC 	14205.73	14003.64	1.44 ↑
IT 	14527.23	13920.07	4.36 ↑
METAL 	12659.62	13064.49	-3.10 ↓
OIL&GAS 	15023.57	13659.50	9.99 ↑
PSU 	7688.09	7291.60	5.44 ↑
REALTY 	2094.86	2073.37	1.04 ↑
TECK 	7383.64	7164.97	3.05 ↑




(Source: BSE)

GLOBAL INDICES

Indices	Jul-18	Jun-18	Monthly Change (%)
DOW JONES	25415.19	24271.41	4.71 ↑
NASDAQ	7671.79	7510.30	2.15 ↑
HANG SENG	28583.01	28497.32	0.30 ↑
FTSE	7748.76	7636.93	1.46 ↑
NIKKEI	22553.72	22304.51	1.12 ↑

(Source: Telequote software)

COMMODITIES

Particulars	Jul-18	Jun-18	Monthly Change (%)
MCX GOLD 	29878.00	30432.00	-1.82 ↓
MCX SILVER 	38321.00	39228.00	-2.31 ↓
MCX CRUDE OIL 	4734.00	5086.00	-6.92 ↓
MCX NATURAL GAS 	192.80	200.80	-3.98 ↓

(Source: Telequote software)

FOREX

Particular	Jul-18	Jun-18	Monthly Change (%)
USD-INR ₹	68.54	68.47	0.10 ↑
EUR-INR €	80.09	79.77	0.40 ↑
GBP-INR £	89.90	90.00	-0.11 ↓
JPY-INR ¥	61.28	61.88	-0.97 ↓

(Source: Telequote software)

FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jul 2018	108,342.33	106,078.41	2,263.92
Total for 2018*	807,342.90	811,510.20	-4,166.40

(Source: SEBI)

MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Jul 2018	59,897.02	55,902.00	3,995.02
Total for 2018*	427,991.09	360,592.85	67,398.24

From Jan - 31 July 2018

(Source: SEBI)

Market Outlook

Monthly Market Roundup

Indian equity markets started the July month on a pessimistic note as sentiment across the globe was negative on worries of escalating US-China trade war. Markets traded volatile in most of the sessions during the month. Benchmark indices gained and touched all time high levels after the Narendra Modi government winning the no-confidence motion in the Lok Sabha. Of the 451 lawmakers present in the Lok Sabha at the time of voting, 325 voted in favour of the National Democratic Alliance government, while 126 voted against the government.

Almost six months later, the Indian equity market touched its record high levels as the Sensex crossed the 37,600-mark and the Nifty climbed above 11,350. It was driven by a few largecap stocks and consistent domestic money inflows. The major reason behind this upswing is stable Q1FY19 corporate earnings and hopes of a further recovery in future, likely easing of asset quality concerns, and stability in global markets on fading trade war tensions, crude oil prices and rupee-dollar movement.

The month finally ended with upward bias as S&P BSE Sensex delivered positive returns of 6.16% to settle at 37606.58 and Nifty50 gained 5.99% ending the month at 11356.50.

On the institutional side, foreign institutional investors (FIIs) buy Rs 2263.92 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 3,995.02 crore in July 2018.

Market Outlook : August

Going ahead, Indian equity markets are expected to remain positive this month. The main focus of investors will be on RBI's monetary policy statement. Investors will also track the Monsoon Session of the Parliament

closely after a no-confidence motion against the government. Developments in the Monsoon Session of the Parliament, Q1FY19 earnings of corporate bigwigs, macroeconomic data, Q1FY19 GDP, movement in global markets, rupee-dollar movement and crude oil prices will be monitored keenly. On the global front, US FOMC meeting, BoE Monetary Policy, ECB monetary policy meeting minutes and OPEC meeting are the major factors which will be tracked by investors.

Nifty Technical Outlook: August



The current price action on the monthly chart reflects that the undertone in the market is positive.

In coming month if Nifty trades and close above 11502 level then it is likely to test 11724 – 11946 – 12205 levels. However, if Nifty trades and close below 11120 level then it can 10988 – 10766 – 10508 levels.

Broadly, the monthly trend remains up and buy on decline strategy has to be adopted. Hence, any corrective move toward 10988 – 10766 should be used as a buying opportunity for upside targets of 11724 – 11946 – 12205 levels in couple of months.

Economic Data Wrap Up – JULY

- India's Jun Nikkei manufacturing PMI rose to 53.1 from 51.2 in May.
- India's Jun Nikkei services PMI rose to 52.6 from 49.6 in May.
- India's May IIP growth fell to 3.2% from 4.8% in April.
- India's Jun CPI inflation rose to 5.00% from 4.87% in May.
- India's Jun WPI inflation rose to 5.77% from 4.43% in May.
- India's Jun trade deficit rose to \$16.60 bln from \$12.96 bln YoY.
- India's Jun fiscal gap rose to Rs 835 bln vs Rs 683 bln YoY.

Fundamental Stock



ACC Ltd

BUY

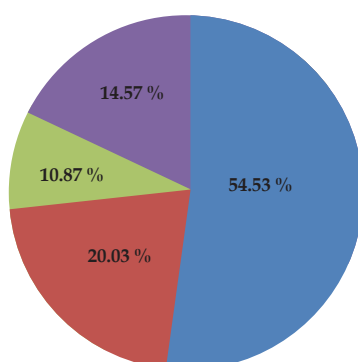
Target Price Rs: 1707

Value Parameters

BSE Code	500410
NSE Symbol	ACC
CMP (As on 03rd Aug, 2018)	Rs 1519
Face Value	Rs 10
52 Week High/Low	1870/1256
Market Cap (Rs cr)	28,531
EPS (TTM)	49.2
PE ratio (x)	30.9

Shareholding Pattern % (Jun' 18)

Promoters DII's FIIs Other



Company Overview

ACC Ltd is India's foremost manufacturer of cement and concrete. The company's research and development facility has a unique track record of innovative research, product development and specialized consultancy services. ACC's brand name is synonymous with cement and enjoys a high level of equity in the Indian market. The company has also extended its services overseas to the Middle East, Africa, and South America, where it has provided technical and managerial consultancy to a variety of consumers, and also helps in the operation and

maintenance of cement plants abroad. It is amongst the few companies in India to include commitment to environmental protection as one of its corporate objectives, long before pollution control laws came into existence. The company is also in the business activities of Cement, Ready Mixed Concrete.

Investment Rationale

- Although the industry has been plagued with rising input costs, ACC has managed to curb this inflationary environment by optimising its expenses. Post commissioning of its plants in the Jamul and Sindri, the company has benefited with the Eastern region posting double-digit growth.
- With the Government's increased focus on rural and affordable housing, as well as infrastructure development, we expect increased volumes to sustain. Four (Bihar, West Bengal, Orissa, Jharkhand) of the top ten beneficiaries of government housing schemes lie in the Eastern region, where ACC has recently expanded its capacity. Cost control initiatives pursued by the company, such as using alternate fuels and higher mix of premium products is expected to further boost margins.

Outlook & Valuation

- The company has reported good volume growth and demand in the east has picked up. Also the company has been able to maintain a stable cost structure which led to operational efficiency for the company. We expect prices in the Eastern region to be strong and aid healthy realizations in the near term. We have valued the stock at 10.5(x) its EV/EBITDA of CY19 estimate and have arrived at a fair value of Rs 1,707 per share. This is an upside of 12%.

AUT SECTOR

July Sales



Maruti Suzuki

Total Sales: 164,369 units, -0.6% yoy down
 Domestic Sales: 154,150 units, 0.1% yoy up
 PV Sales: 112,131 units, 0.3% yoy up
 Exports: 10,219 units, -9.9% yoy down



TVS Motor

Total Sales: 321,179 units, 18% yoy up
 2Wheeler Sales: 307,856 units, 17% yoy up
 3Wheelers Sales: 13,323 units, 70% yoy up
 Exports: 72,242 units, 42% yoy up



Mahindra & Mahindra

Total Sales: 47,199 units, 13% yoy up
 Domestic Sales: 44,605 units, 12% yoy up
 PV Sales: 19,781 units, -6% yoy down
 CV Sales: 19,284 units, 28% yoy up
 M&HCV Sales: 866 units, 32% yoy up
 Exports: 2,594 units 31% yoy up



Atul Auto

Total Sales: 3,855 units, 13.32% yoy up



Tata Motors

Total Sales: 51,896 units, 21% yoy up
 PV Sales: 17,079 units, 14% yoy up
 CV Sales: 34,817 units, 25% yoy up
 M&HCV Sales: 10,233 units, 18% yoy up
 Exports: 4,971 units, 44% yoy up



Escorts

Total Sales: 5,610 units, 3.5% yoy up
 Domestic Sales: 5,483 units, 3.9% yoy up
 Exports: 127 units, -11.2% yoy down



Bajaj Auto

Total Sales: 400,343 units, 30% yoy up
 Domestic Sales: 237,511 units, 27% yoy up
 CV Sales: 67,663 units, 59% yoy up
 Motorcycle Sales: 332,680 units, 25% yoy up
 Exports: 162,832 units, 34% yoy up



Ashok Leyland

Total Sales: 15,199 units, 27% yoy up
 M&HCV Sales: 10,996 units, 22% yoy up
 LCV Sales: 4,203 units, 42% yoy up



Hero MotoCorp

Total Sales: 679,862 units, 9% yoy up



Volvo-Eicher Commercial Vehicles

Total Sales: 5,964 units, 36.7% yoy up
Eicher Branded Trucks & Buses
Total Sales: 5,916 units, 36.9% yoy up
 Domestic Sales: 5,158 units, 38.7% yoy up
 Exports: 758 units, 25.9% yoy up

Commodity Outlook

Natural Gas-Get Ready to Fill & Fly!

Natural Gas

Buy

CMP: Rs.194.30 (As on 02nd Aug 2018)

Strategy: Buy August contract above Rs.196.00

Targets: Rs.216.00-Rs.229.00

Stop-Loss: below Rs.184.00

Natural Gas is one of the most sought after fuel and a vital component of the world's energy supply. At the same time, it is also considered as a highly volatile commodity in futures trading due to some very dynamic factors like weather conditions & hurricane season in US affecting its consuming pattern there. The level of price volatility can be understood from statistics that show the fuel trading as high as \$13 per MMBTU at NYMEX or nearly Rs.600 per MMBTU at MCX in the year 2008 and tumbling below \$2 per MMBTU at NYMEX or Rs.99 per MMBTU at MCX in April 2012! But the price movement in last one and a half year has certainly been very choppy & range bound with volumes in futures trading seeing a major cut by over seventy percent. So, is this an indication of the primary bearish trend getting extended or is it a halt looking to buy time for bulls to consolidate before they can propel a big rally to challenge the dominating lot of bears. Let us explore.

On studying volume & open interest on monthly chart, it can be concluded that from February to June this year, these components saw a consistent slide. However in July, an uptick in open interest was



recorded but volume is still lacking behind. If we consider price consolidation seen in last few months as a base for any make or break situation in future then we can figure out that chances are more for a breakout as open interest has already started to add numbers. Momentum indicators like RSI & MACD are reflecting our point. RSI is moving strongly and is clearly into a positive divergence on daily chart whereas MACD is well into a positive crossover after a huge time gap making swift movements to get above the zero line. ADX may be the game changer once again as its directional threads are well positioned and they just need the reading to go past 20 to pave the way for a price breakout.

Buy Natural Gas August contract above Rs.196.00 for targets in the range of Rs.216.00-229.00. Maintain stop loss below Rs.184.00.

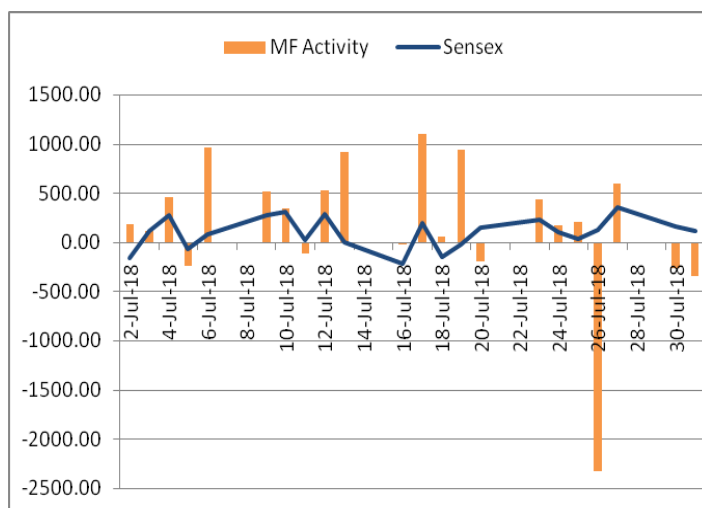


MUTUAL FUND ROUNDUP

Indian equity markets ended on positive note in July 2018. The barometer index, S&P BSE Sensex delivered positive returns of 6.16% to settle at 37606.58 and Nifty50 gain 5.99% ending the month at 11356.50.

MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 3,995.02 crore in the month of July 2018. Highest buying was recorded in the second week of the month when the fund houses made total net buy of Rs 2,183.42 crore of equities. On the other hand, foreign institutional investors (FIIs) buy Rs 2,263.92 crore worth of equities in July 2018.



Mutual Fund Activity In July 2018

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 st Week	12221.94	10751.26	1470.68
2 nd Week	13681.03	11497.61	2183.42
3 rd Week	12708.06	10850.12	1857.94
4 th Week	15093.58	16001.79	-908.21
5 th Week	6192.41	6801.22	-608.81
Total	59897.02	55902.00	3995.02

Note: Mutual Fund activity as on 31st July 2018



Equity Scheme Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Jun 2018 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Aditya Birla SL Frontline Equity	225.04	20203	30-Aug-02	6.08	10.08	18.82	22.24	1000	1000
ICICI Pru Bluechip Fund (G)	41.69	17496	23-May-08	10.15	11.30	18.52	15.03	500	1000
SBI Blue Chip Fund	39.25	19064	14-Feb-06	7.10	10.12	19.93	11.60	500	5000
Axis Bluechip Fund(G)	28.68	2234	05-Jan-10	20.96	12.86	18.38	12.81	1000	5000
Multi Cap Fund									
Axis Focused 25 Fund(G)	29.24	4724	29-Jun-12	20.53	16.51	21.19	19.10	1000	5000
Mirae Asset India Equity Fund	49.07	7945	04-Apr-08	9.72	13.15	22.90	16.66	1000	5000
Motilal Oswal Multicap 35	27.07	13016	28-Apr-14	6.80	13.60	N.A.	26.33	1000	5000
SBI Magnum Multicap Fund (G)	48.14	5413	29-Sept-05	8.52	12.11	23.13	13.05	500	1000
Mid Cap and Small Cap Fund									
Aditya Birla SL Small Cap Fund (G)	38.48	2182	31-May-07	0.97	14.77	27.63	12.81	1000	1000
DSP BlackRock Mid Cap Fund	55.92	5266	14-Nov-06	6.00	12.96	28.76	15.82	500	1000
HDFC Mid-Cap Opportunities Fund	57.33	19990	25-Jun-07	5.98	13.64	28.28	17.06	500	5000
Franklin India Smaller Companies	57.45	7114	13-Jan-06	4.20	12.82	29.94	14.94	500	5000
Reliance Small Cap Fund	42.27	6696	16-Sep-10	8.18	17.48	36.70	19.92	500	5000

Note: Returns as on 31st July, 2018, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

Debt Scheme- Liquid Funds Recommendation

Scheme Name	Latest NAV*	AUM as on 30 th Jun 2018 (Rs in Cr.)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund							
Aditya Birla Sun Life Liquid Fund	284.87	51233	0.60	1.81	3.62	7.00	7.43
Axis Liquid Fund	1966.89	19308	0.60	1.83	3.63	7.04	7.97
Ultra Short Term Fund							
Aditya Birla SL Savings Fund(G)	349.06	17769	0.71	1.87	3.53	6.52	7.74
UTI Treasury Adv Fund - Inst Plan	2447.44	10454	0.77	1.90	3.45	6.56	8.26

Note: NAV and Returns as on 31st July, 2018, Returns < 1 yr annualised, > 1 yr compounded annualised.

ELSS Scheme Recommendation

Scheme Name	Latest NAV*	Launch Date	Returns (%)			
			OneYear	Three Years	Five Years	Since Inception
DSP BlackRock Tax Saver	47.18	18-Jan-07	5.79	12.00	21.75	14.39
Reliance Tax Saver (ELSS) Fund	56.93	10-Apr-99	-6.86	6.44	23.07	14.47
Axis LT Equity Fund(G)	45.26	29-Dec-09	17.20	12.89	25.27	19.13
Aditya Birla SL Tax Relief '96(G)	32.18	29-Mar-96	12.56	12.88	24.16	11.88

Note: NAV and Returns as on 31st July, 2018, Returns <1 yr annualised, >1 yr compounded annualised

THE MONTH AHEAD KEY FINANCIAL EVENTS AUGUST 2018



AUG 01

- Indian Automobile Sales Data, by Automakers
- Indian Nikkei Manufacturing PMI
- RBI MPC Monetary Policy
- US FOMC Meeting



AUG 02

- BoE Monetary Policy



AUG 03

- Indian Nikkei Services PMI
- US Non-Farm Employment
- US Trade Balance



AUG 08-10

- Indian Automobile Sales Data, by SIAM



AUG 10

- Indian Industrial Production (IIP)
- Indian FDI Equity Inflow
- UK GDP



AUG 13

- Indian Consumer Price Index (CPI)
- Japanese Prelim GDP



AUG 14

- Indian WPI Inflation
- Chinese Industrial Production
- European Flash GDP
- European Industrial Production



AUG 14-16

- Indian Trade Data



AUG 15

- US Industrial Production



AUG 16

- European Trade Balance



AUG 21

- OPEC-JMMC Meetings



AUG 22

- US FOMC Meeting Minutes



AUG 23

- ECB Monetary Policy Meeting Accounts



AUG 29

- US Prelim GDP



AUG 31

- Indian Q1 GDP
- Indian Core Sector Growth
- Indian Government Finance



ACHIEVE FINANCIAL FREEDOM

This Independence Day
take first step towards your
Financial Freedom by starting
MF-SIP

Enrolment Period - 20th July, 2018 to 13th August, 2018
Punching Date - 16th August, 2018

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