

ARIHANT'S

# VALUE *Plus*

Issue: June 2017

## 'PARTY' TIME



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# MOVERS AND SHAKERS

## INDIAN INDICES

Indices	May-17	Apr-17	Monthly Change (%)
SENSEX	31145.80	29918.40	4.10 ↑
NIFTY 50	9621.25	9304.05	3.41 ↑
NIFTY BANK	23424.80	22358.25	4.77 ↑
NIFTY MIDCAP 100	17509.90	18086.45	-3.19 ↓
NIFTY 500	8350.95	8214.30	1.66 ↑
NIFTY IT	10549.10	9943.70	6.09 ↑
NIFTY REALTY	250.40	251.05	-0.26 ↓
NIFTY INFRA	3213.15	3255.20	-1.29 ↓

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	May-17	Apr-17	Monthly Change (%)
AUTO 	24161.95	22782.40	6.06 ↑
BANKEX 	26547.35	25325.27	4.83 ↑
CD 	15400.15	15474.66	-0.48 ↓
CG 	17596.08	17865.77	-1.51 ↓
FMCG 	10106.15	9412.29	7.37 ↑
HC 	13563.80	15019.40	-9.69 ↓
IT 	10229.52	9618.99	6.35 ↑
METAL 	11247.61	11303.38	-0.49 ↓
OIL&GAS 	14247.08	14455.03	-1.44 ↓
PSU 	8677.14	9019.84	-3.80 ↓
REALTY 	1931.11	1923.92	0.37 ↑
TECK 	5710.69	5450.23	4.78 ↑





(Source: BSE)

## GLOBAL INDICES

Indices	May-17	Apr-17	Monthly Change (%)
DOW JONES	21008.65	20940.51	0.33 ↑
NASDAQ	6198.52	6047.61	2.50 ↑
HANG SENG	25660.65	24615.13	4.25 ↑
FTSE	7519.95	7203.94	4.39 ↑
NIKKEI	19650.57	19196.74	2.36 ↑

(Source: Telequote software)

## COMMODITIES

Particulars	May-17	Apr-17	Monthly Change (%)
MCX GOLD 	28843.00	28463.00	1.34 ↑
MCX SILVER 	40096.00	42326.00	-5.27 ↓
MCX CRUDE OIL 	3127.00	3161.00	-1.08 ↓
MCX NATURAL GAS 	198.60	201.00	-1.19 ↓

(Source: Telequote software)

## FOREX

Particulars	May-17	Apr-17	Monthly Change (%)
USD-INR ₹	64.51	64.35	0.25 ↑
EUR-INR €	72.41	70.34	2.94 ↑
GBP-INR £	82.82	83.13	-0.37 ↓
JPY-INR ¥	58.20	57.77	0.74 ↑

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2017	1,17,955.61	1,10,244.20	7,711.41 ↑
Total for 2017*	5,50,554.60	5,00,817.30	49,737.70 ↑

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for May 2017	49,458.48	39,480.74	9,977.64 ↑
Total for 2017*	2,11,214.88	1,80,352.09	30,863.09 ↑

\*From Jan - May, 2017

(Source: SEBI)



# MARKET OUTLOOK

## Monthly Market Roundup

The month of May took markets on ride with bulls partying on Dalal Street celebrating the third anniversary of Modi government. Modi fever has spread on both domestic and international fronts. With major initiatives such as Make in India, Housing for All, Swachh Bharat Abhiyan, Jan-Dhan Yojana, Surgical Strike and Demonetisation, the government has managed to do major tasks in a short span of time. Immediate factors responsible for pushing the benchmark indices to new highs include hopes of an above average monsoon, expectations of a rebound in earnings growth of corporate, the impending

GST implementation, power and banking sector reforms have also been seen as big drivers of the economy.

The month finally ended with upward bias as S&P BSE Sensex delivered positive returns of 4.10% to settle at 31145.80 and Nifty50 gained 3.41% ending the month at 9621.25.

On the institutional side, foreign institutional investors (FIIs) bought Rs 7,711.41 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 9,977.64 crore in May 2017.

## Economic Data Wrap Up – May

- India's Apr Nikkei manufacturing PMI unchanged at 52.5.
- India's Apr Nikkei Services PMI fell to 50.2 from 51.5 in Mar.
- India's Mar IIP growth rose to 2.7% from 1.9% in Feb.
- India's Apr CPI inflation fell to 2.99% from 3.81% in Mar.
- India's Apr WPI inflation fell to 3.85% from 5.29% in Mar.
- India's Apr trade deficit rose to \$13.25 bln from \$4.84 bln YoY.
- India's Apr core sector growth fell to 2.5% from 5.3% in Mar.
- India's Jan-Mar GDP growth at 6.1% from 7% QoQ.

## Market Outlook: June

Going ahead, the Indian economy will strengthen as the government pushing through several key reforms such as liberalisation of FDI rules in key sectors, July rollout of the Goods & Service Tax (GST) and a national bankruptcy code which will improve growth in long term. Further, expectations of good monsoon, banking sector reforms, RBI monetary policy which will be scheduled on 7<sup>th</sup> Jun, 2017 are the major factors which will be keenly watched by investors. On the global front, the US FOMC meeting, European Central Bank (ECB) monetary policy, Japanese monetary policy and BoE Monetary Policy will be keenly watched by market participants. Hence, we recommend investors to invest in good companies with long term horizon.

## Nifty Technical Outlook: June



On the monthly chart, we are observing a bull candle which clearly reflects that momentum on the upside is likely to continue. In the coming month if Nifty trades and closes above 9696 level then it is likely to test 9807 – 9918 – 10047 levels. However, if Nifty trades and closes below 9545 level then it can test 9435 – 9324 – 9195 levels.

**Broadly, we are of the opinion that as long as Nifty holds 9435 there is high probability that Nifty may test the 9800 – 9900 in couple of months.**





**Balkrishna Industries Ltd**

**BUY**

CMP: ₹1550 (As on 1<sup>st</sup> June 2017)

Buy: ₹1550-1500

Target Price: ₹1690-1740

Stop-Loss: ₹1440



## TECHNICAL PICK



Balkrishna Industries Limited is mainly engaged in the business of manufacturing and selling of tyres. It focuses on the production of a range of off-highway tyres that include agricultural, industry, material handling, forestry, lawn and garden, construction and earth moving tyres. Over 95% of the tyre production is exported under the BKT brand, with the main export markets being countries in Western Europe, North America and Australasia including original equipment manufacturers. In the domestic market, the company supplies to all the major construction equipment manufacturers and has a presence in the replacement market of the road construction sector. The company exports its products to approximately 130 countries worldwide through a network of national distributors. Its products include AGRIMAX RT 855, PL 801, EARTHMAX SR 41, EM 934, AGRIMAX TERIS and EARTHMAX SR 30, among others.

### Technical Outlook:

On the weekly chart, the stock is in a steady uptrend. At present the momentum indicators are gaining strength. This suggests upside momentum in the counter.

Hence we recommend buying in stock at Rs 1550 or on a decline up to Rs 1500 with a stop loss of Rs 1440 for a target of Rs 1690-1740 levels.



**Colgate Palmolive India Ltd**

**BUY**

CMP: ₹1030 (As on 1<sup>st</sup> June 2017)

Buy: ₹1030-1010

Target Price: ₹1090-1150

Stop-Loss: ₹980



## TECHNICAL PICK



Colgate-Palmolive (India) Ltd is a consumer products company. The company operates in two product segments includes oral care, personal care, home care, and pet nutrition. The oral, personal and home care product segment is operated through five geographic segments, which include North America, Latin America, Europe, Asia Pacific and Africa. The company's products are marketed in over 200 countries and territories worldwide. The company has a presence in Indian oral care market for 75 years and it enjoys strong brand equity. It markets its products, like toothpaste, toothpowders and toothbrushes, under the brand name 'Colgate' and personal care products, under the brand name 'Palmolive'. Other products include personal care products like shower gels, shower creams, toilet soaps, liquid hand washes, and shaving creams mostly under the Palmolive brand. The company, through its Hill's pet nutrition segment (Hill's), manufactures pet nutrition products for dogs and cats

### Technical Outlook:

On the weekly chart, the stock has witnessed strong consolidation. However the weekly RSI is gaining momentum and clearly suggests that stock is likely to continue its upside momentum.

Hence we recommend buying in stock at Rs 1030 or on a decline up to Rs 1010 with a stop loss of Rs 980 for a target of Rs 1090-1150 levels.

# AUT SECTOR

## May Sales



### Maruti Suzuki

**Total Sales: 136,962 units, 11.3% yoy up**  
 PV Sales: 130,248 units, 15.1% yoy up  
 Domestic Sales: 130,676 units, 15.5% yoy up  
 Exports: 6,286 units, 36.3% yoy down



### TVS Motor

**Total Sales: 282,007 units, 15.6% yoy up**  
 2Wheeler Sales: 275,426 units, 15.5% yoy up  
 3Wheelers Sales: 6,581 units, 20.5% yoy up  
 Exports: 40,617 units, 14.3% yoy up



### Mahindra & Mahindra

**Total Sales: 41,895 units, 3% yoy up**  
 PV Sales: 20,290 units, 3.3% yoy up  
 CV Sales: 16,255 units, 24% yoy up  
 Exports: 1,293 units, 68% yoy down



### Atul Auto

**Total Sales: 3,184 units, 5.3% yoy up**



### Tata Motors

**Total Sales: 38,361 units, 4% yoy down**  
 PV Sales: 10,855 units, 27% yoy up  
 CV Sales: 23,606 units, 13% yoy down  
 Exports: 3,900 units, 12% yoy down



### Escorts

**Total Sales: 6,886 units, 29% yoy up**  
 Domestic Sales: 6,770 units, 28.9% yoy up  
 Exports: 116 units, 46.8% yoy up



### Bajaj Auto

**Total Sales: 313,756 units, 10% yoy down**  
 Domestic Sales: 174,047 units, 15% yoy down  
 CV Sales: 36,641 units, 9% yoy down  
 Motorcycle Sales: 277,115 units, 10% yoy down  
 Exports: 139,709 units, 3% yoy down



### Ashok Leyland

**Total Sales: 9,071 units, 8% yoy down**  
 M&HCV Sales: 6,139 units, 18% yoy down  
 LCV Sales: 2,932 units, 22% yoy up



### Hero MotoCorp

**Total Sales: 633,884 units, 8.7% yoy up**



### Volvo-Eicher Commercial Vehicles

**Total Sales: 4,573 units, 20.8% yoy down**  
**Eicher Branded Trucks & Buses**  
**Total Sales: 4,539 units, 20.5% yoy down**  
 Domestic Sales: 3,953 units, 16% yoy down  
 Exports: 586 units, 41.7% yoy down



# COMMODITY OUTLOOK



## Nickel-Will bulls achieve silvery ambitions?

CMP: ₹ 579.30 (As on 02<sup>nd</sup> June, 2017)

Strategy: Buy > ₹ 590.00

Targets: ₹ 717.00-810.00

Stop loss: < ₹ 515.00

Nickel...the industrial metal also known as the distant cousin of Silver due to its color and shine is ironically facing the same fate in terms of price and trend as its heavyweight relative. After scoring an all time high in April 2011, Silver prices have seen a decline of almost 65%. Nickel too had followed in the footsteps with nearly 60% fall during the same time period. Let us gauge that underlying scope of a reversal in Nickel prices if any positive news flow starts on a possible rise in demand in future.

First things first, weak fundamentals have continuously dominated the price trend in Nickel and what we have seen is a state of oversupply from leading producers Indonesia and Philippines. More importantly, at the same time, demand has not seen any magical growth, not even in small spells. This state is not likely to change overnight BUT it seems that the time has now come for few small spells of that much needed spike in demand before a complete trend reversal. Technically, the



bearish trend and few pockets of sluggishness have completely distorted the chart. The oversold zone has not triggered any important bounce backs and what we saw are just few disheartened attempts within a particular day or week. Through Elliott wave analysis, it seems we have cracked the puzzle! On weekly chart, a double three pattern has actually shaped-up and if the placements are right, we guess this is the completion point and a strong reversal is awaiting. The oversold zone and their lackluster behavior discussed above are typical characteristics of a 'double three pattern' during its formation. This pattern is going to be the base formation when Nickel charts will be viewed after a quarter by the poor trend followers! Act now and do not settle for less than being a 'trend maker'!

**We recommend buying in Nickel July contract above Rs.590.00 for targets in the range of Rs.717.00-810.00. Maintain stop loss below Rs.515.00.**

# MUTUAL FUND

## MUTUAL FUND ROUNDUP

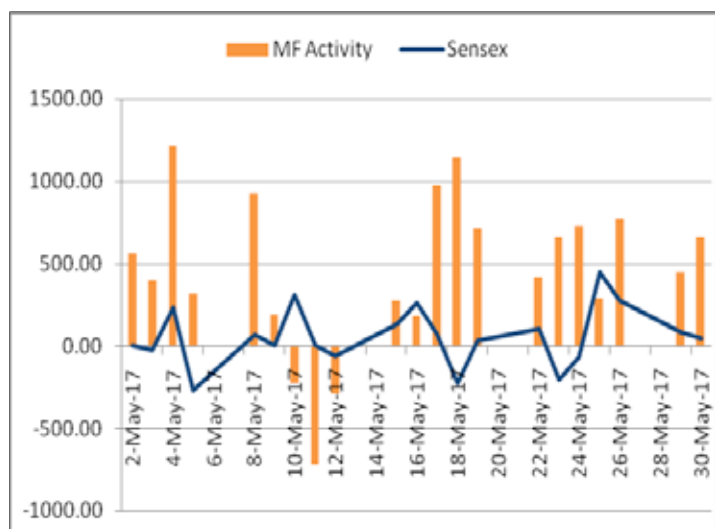
Indian equity markets ended at record high levels in May 2017. The barometer index, S&P BSE Sensex delivered positive return of 4.10% to settle at 31145.80 and Nifty50 gained 3.41% ending the month at 9621.25.

## MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 9,977.64 crore in the month of May 2017. Highest buying was recorded in the third week of the month when the fund houses made total net buy of Rs 3,285.44 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 7,711.41 crore worth of equities in May 2017.

## MUTUAL FUND ACTIVITY IN MAY 2017

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1st Week	8897.17	6408.68	2488.49
2nd Week	9642.84	9770.71	-127.87
3rd Week	11814.73	8529.29	3285.44
4th Week	12749.42	9885.15	2864.17
5th Week	6354.32	4886.91	1467.41
Total	49458.48	39480.74	9977.64





## EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	AUM as on 30 <sup>th</sup> Apr 2017 (Rs in Cr)	Launch Date	Returns (%)				Min. Investment Amount	
				One Year	Three Years	Five Years	Since Inception	SIP	Lump sum
Large Cap Fund									
Birla Sun Life Frontline Equity Fund	200.13	16,962	30-Aug-02	21.29	15.47	20.66	23.22	1,000	5,000
Mirae Asset India Opportunities Fund	42.29	3,653	04-Apr-08	27.86	19.79	22.69	17.06	1,000	5,000
SBI Blue Chip Fund	35.05	13,339	14-Feb-06	17.17	18.50	21.42	11.69	500	5,000
Multi Cap Fund									
Birla Sun Life Advantage Fund	390.08	3,406	24-Feb-95	29.96	21.55	24.52	18.51	1,000	5,000
Franklin India High Growth Companies Fund	36.44	6,343	26-Jul-07	25.39	23.08	26.12	14.02	500	5,000
ICICI Prudential Value Discovery Fund	133.58	17,306	16-Aug-04	17.03	17.33	23.05	22.46	1,000	5,000
Motilal Oswal MOST Focused Multicap 35 Fund	23.92	6,543	28-Apr-14	34.71	30.00	N.A.	32.58	1,000	5,000
Mid Cap & Small Cap Fund									
DSP BlackRock Small and Mid Cap Fund	51.30	3,804	14-Nov-06	36.39	26.19	25.87	16.76	500	1,000
Franklin India Smaller Companies Fund	53.53	5,579	13-Jan-06	28.47	27.62	32.73	15.87	500	5,000
HDFC Mid-cap Opportunities Fund	51.13	16,685	25-Jun-07	33.29	24.56	26.97	17.88	1,000	5,000
Mirae Asset Emerging Bluechip Fund	45.29	3,769	09-Jul-10	41.63	31.71	32.79	23.99	1,000	N.A.
Reliance Small Cap Fund	36.50	3,718	16-Sep-10	40.95	30.40	32.70	21.09	500	5,000

Note: Returns as on 31<sup>st</sup> May, 2017, Returns < 1 yr annualized, Returns > 1 yr compounded annualized.

## DEBT SCHEME- LIQUID FUNDS RECOMMENDATION

Scheme Name	Latest NAV*	AUM as on 30 <sup>th</sup> Apr 2017 (Rs in Cr.)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund							
DSP BlackRock Liquidity Fund	2342.89	15,222	0.52	1.64	3.25	6.95	7.67
HDFC Liquid Fund	3233.82	33,463	0.52	1.64	3.24	6.92	7.31
Ultra Short Term Fund							
Birla Sun Life Cash Manager Fund	396.46	7,210	0.62	1.63	2.99	7.75	7.49
Franklin India Ultra Short Bond Fund	22.57	9,769	0.76	2.08	4.06	9.38	8.99
Reliance Money Manager Fund	2267.59	17,865	0.63	1.68	3.15	7.83	8.35

Note: NAV and Returns as on 31<sup>st</sup> May 2017, 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
Birla Sun Life Tax Relief 96	26.65	06-Mar-08	20.97	20.86	23.03	11.19
DSP BlackRock Tax Saver	42.66	18-Jan-07	28.28	20.28	23.02	15.02
Franklin India Taxshield	508.05	10-Apr-99	17.08	18.59	20.42	24.36
Motilal Oswal MOST Focused Long Term Fund	15.83	15-Jan-15	39.33	N.A.	N.A.	21.51

Note: NAV and Returns as on 31<sup>st</sup> May 2017, Returns < 1 yr annualised, > 1 yr compounded annualised

# THE MONTH AHEAD KEY FINANCIAL EVENTS JUNE 2017



## JUNE 01

- Indian Automobile Sales Data, by Automakers
- Indian Nikkei Manufacturing PMI
- Chinese Caixin Manufacturing PMI
- UK Manufacturing PMI



## JUNE 02

- US Non-Farm Employment
- US Trade Balance



## JUNE 05

- Indian Nikkei Services PMI



## JUNE 07

- RBI Monetary Policy
- Europe Revised GDP



## JUNE 08

- Chinese Trade Balance
- ECB Monetary Policy
- Japanese Current Account
- UK Parliamentary Elections



## JUNE 08-12

- Indian FDI Equity Inflow
- Indian Automobile Sales Data, by SIAM



## JUNE 09

- UK Industrial Production



## JUNE 12

- Indian Industrial Production (IIP)
- Indian Consumer Price Index (CPI)



## JUNE 14

- Indian WPI Inflation
- Chinese Industrial Production
- US FOMC Meeting



## JUNE 14-16

- Indian Trade Data
- Balance of Payment



## JUNE 15

- BoE Monetary Policy
- European Trade Balance



## JUNE 16

- Japanese Monetary Policy



## JUNE 19

- Japanese Trade Balance



## JUNE 29

- US Final GDP



## JUNE 30

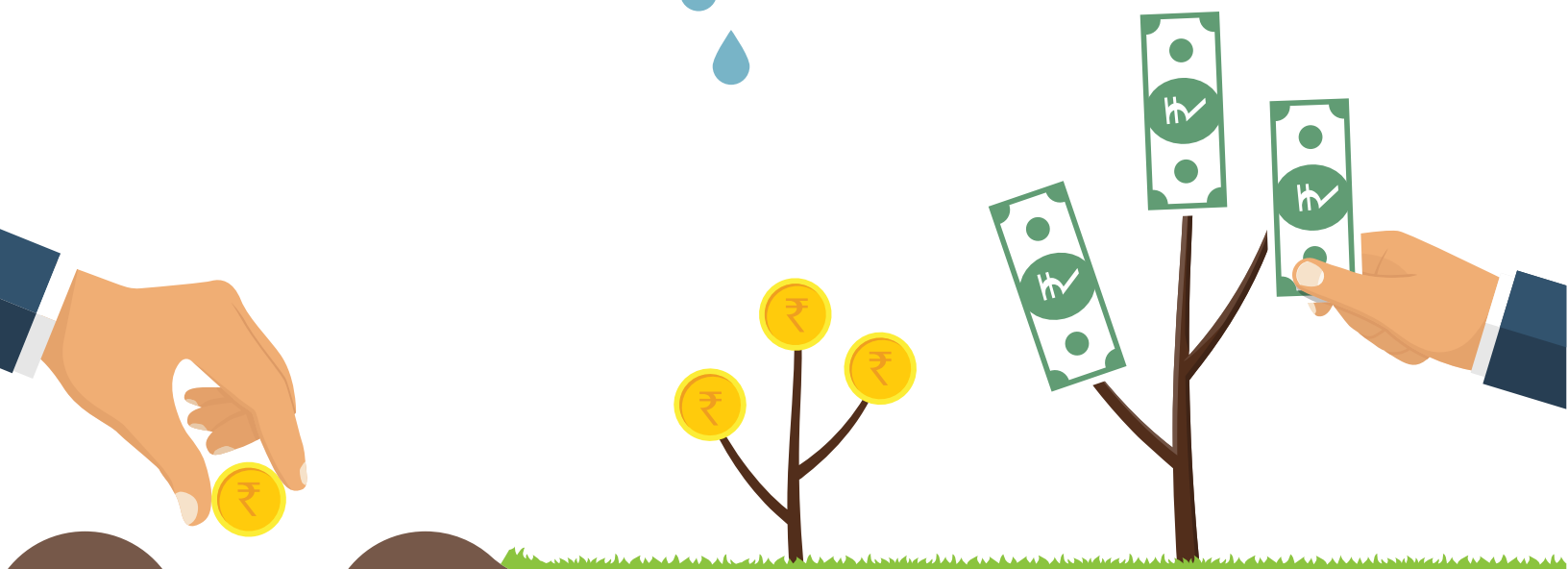
- Indian Core Sector Growth
- Indian Government Finance
- UK Final GDP



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