

Arihant's

# VALUE

Plus

Issue Nov 2017















# MOVERS AND SHAKERS

## INDIAN INDICES

Indices	Oct-17	Sep-17	Monthly Change (%)
SENSEX	33213.13	31283.72	6.17 ↑
NIFTY 50	10335.30	9788.60	5.59 ↑
NIFTY BANK	25019.35	24053.00	4.02 ↑
NIFTY MIDCAP 100	19578.40	18107.95	8.12 ↑
NIFTY 500	9153.60	8600.00	6.44 ↑
NIFTY IT	10837.90	10475.35	3.46 ↑
NIFTY REALTY	304.50	273.50	11.33 ↑
NIFTY INFRA	3581.85	3245.65	10.36 ↑

(Source: BSE & NSE)

## BSE SECTORAL INDICES

Indices	Oct-17	Sep-17	Monthly Change (%)
AUTO 	25414.76	24180.04	5.11 ↑
BANKEX 	28284.00	27025.26	4.66 ↑
CD 	18465.61	17554.86	5.19 ↑
CG 	18423.27	17172.12	7.29 ↑
FMCG 	10263.72	9772.71	5.02 ↑
HC 	14281.60	13487.76	5.89 ↑
IT 	10362.22	9946.60	4.18 ↑
METAL 	14730.27	13563.90	8.60 ↑
OIL&GAS 	16552.40	14842.54	11.52 ↑
PSU 	9400.88	8322.24	12.96 ↑
REALTY 	2301.28	2065.41	11.42 ↑
TECK 	5974.65	5607.57	6.55 ↑





(Source: BSE)

## GLOBAL INDICES

Indices	Oct-17	Sep-17	Monthly Change (%)
DOW JONES	23377.24	22405.09	4.34 ↑
NASDAQ	6727.67	6495.96	3.57 ↑
HANG SENG	28245.54	27554.30	2.51 ↑
FTSE	7493.08	7372.76	1.63 ↑
NIKKEI	22011.61	20356.28	8.13 ↑

(Source: Telequote software)

## COMMODITIES

Particulars	Oct-17	Sep-17	Monthly Change (%)
MCX GOLD 	29153.00	29557.00	-1.37 ↓
MCX SILVER 	38818.00	39457.00	-1.62 ↓
MCX CRUDE OIL 	3528.00	3373.00	4.60 ↑
MCX NATURAL GAS 	187.80	198.40	-5.34 ↓

(Source: Telequote software)

## FOREX

Particular	Oct-17	Sep-17	Monthly Change (%)
USD-INR ₹	64.75	65.28	-0.81 ↓
EUR-INR €	75.31	77.11	-2.33 ↓
GBP-INR £	85.58	87.36	-2.04 ↓
JPY-INR ¥	57.12	58.03	-1.57 ↓

(Source: Telequote software)

## FII Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Oct 2017	1,12,796.03	1,09,741.06	3,054.97 ↑
Total for 2017*	10,99,546.10	10,62,137.70	37,408.30 ↑

(Source: SEBI)

## MF Activity (Rs. Cr.)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Oct 2017	44,894.68	36,273.98	8,620.70 ↑
Total for 2017*	4,51,626.41	3,55,839.01	95,787.70 ↑

\*From Jan - 27 Oct, 2017

(Source: SEBI)





## Monthly Market Roundup

The bulls continued their party on Dalal Street with markets delivering robust returns of 6% in October, its best monthly gain since March 2016. Benchmark indices Sensex and Nifty touched record high levels of 33340.17 and 10384.50 respectively after the government announced unprecedented measure of recapitalizing public sector banks to the tune of Rs 2.11 lakh crore and a massive road building programme Rs 6.92 lakh crore. PSU banks and infra stocks pushed the market to fresh record high levels. Apart from this, early opinion polls predicted victory for BJP in Gujarat and Himachal Pradesh assembly elections also

boosted market sentiments. Further, global markets rallied on expectations that the US Fed will leave rates unchanged also helped investor sentiment.

The month finally ended with upward bias as S&P BSE Sensex delivered positive returns of 6.17% to settle at 33213.13 and Nifty50 gained 5.59% ending the month at 10335.30.

On the institutional side, foreign institutional investors (FIIs) bought Rs 3,054.97 crore worth of equities during the month while domestic mutual fund houses continued their buying spree with net purchases of Rs 8,620.70 crore in October 2017.

## Economic Data Wrap Up – October

- India's Sep Nikkei manufacturing PMI at 51.2 unchanged from Aug.
- India's Sep Nikkei Services PMI rose to 50.7 from 47.5 in Aug.
- India's Aug IIP growth rose to 4.3% from 0.9% in Jul.
- India's Sep CPI inflation fell to 3.28% from 3.36% in Aug.
- India's Sep WPI inflation fell to 2.60% from 3.24% in Aug.
- India's Sep trade deficit fell to \$8.98 bln from \$11.64 bln in Aug.
- India's Sep core sector growth rose to 5.2% from 4.4% in Aug.
- India's Apr-Sep fiscal deficit rose to Rs 4.99 trln from Rs 4.48 trln YoY.

## Market Outlook: November

Going ahead, Indian equity markets are in a bull phase and look positive. Government is not leaving any stone unturned to bring the economy on track. The mega announcement on bank recapitalization will strengthen banks which will lead to more jobs, more growth and encourage investment. Market participants will closely watch GST council meeting, implementation of bank recapitalization and road building programme. Apart from this, Q2FY18 ongoing corporate earnings, US FOMC meeting, BOE monetary policy, BOJ monetary Policy, FIIs trend, currency movement and crude oil price movement are the major factors which will decide the market direction. We recommend investors to stay invested in fundamentally sound companies for long term.

## Nifty Technical Outlook: November



On the monthly chart, after two months of consolidation we are observing strong bull candle which suggests that upside momentum is likely to continue. In the coming month if Nifty trades and closes above 10442 level then it is likely to test 10604 – 10765 – 10954 levels. However, if Nifty trades and closes below 10227 level then it can test 10066 – 9905 – 9717 levels.

**Broadly, we are of the opinion that for current month 9905 remains strong support for the markets. Hence, as long as Nifty holds this mentioned level we are of the opinion that Nifty may test 10700 – 10900 levels in couple of months.**



REC Ltd

BUY

CMP: Rs 177 (As on 02<sup>nd</sup> Nov 2017)

Buy: Rs 177-174

Target Price: Rs 191-205

Stop-Loss: Rs 167



## TECHNICAL PICK



Rural Electrification Corporation Ltd (REC) is a listed Government of India public sector enterprise which provides finance to power sector. Its main objective is to finance and promote rural electrification projects all over the country. It provides financial assistance to state electricity boards, state government departments and rural electric cooperatives for rural electrification projects as are sponsored by them. It provides loan assistance to state electricity boards (SEBs)/ State Power Utilities for investments in rural electrification schemes through its corporate office located at New Delhi and over 20 field units, which are located in most of the states. It has sanctioned approximately 580 transmission and distribution schemes, which include primary power evacuation schemes associated with generating plants, system improvement schemes, including feeder segregation schemes, bulk loan schemes, intensive electrification schemes and pumpset energization schemes.

### Technical Outlook:

On the daily chart, the stock has given a falling channel breakout and has started trading above the 200-day SMA which suggests strength going forward. Further the momentum oscillator viz. RSI is gaining momentum.

Hence we recommend buying in stock at Rs 177 or on a decline up to Rs 174 levels with a stop loss of Rs 167 for a target of Rs 191-205 levels.



# Cadila

## Healthcare Limited

**Cadila Healthcare Ltd**

**BUY**

CMP: Rs 496 (As on 03<sup>rd</sup> Nov 2017)

Buy: Rs 496-475

Target Price: Rs 535-550

Stop-Loss: Rs 460

## TECHNICAL PICK



Cadila Healthcare Ltd is one of the largest privately held pharmaceutical companies in India. It operates in areas of active pharmaceutical ingredients (API) to formulations, and animal health products to cosmeceuticals. It has been developing and manufacturing pharmaceutical products and selling and distributing these in over 50 countries around the world. It caters to over 45 therapeutic areas that include cardiovascular, gastrointestinal, analgesics, haematinics, anti-infectives and antibiotics, respiratory agents, antidiabetics and immunologicals. The company focuses on providing high quality, appropriately priced products to its customers and supports all these with dedicated customer service. It has a multicultural, multilingual and multinational workforce of more than 4,000 employees including over 200 people outside India in 49 countries of Africa, CIS, Japan and USA. The Company's subsidiaries include Zydus Wellness Limited, Liva Pharmaceuticals Ltd, Biochem Pharmaceutical Industries Ltd, Zydus Technologies Ltd, German Remedies Ltd, Dialforhealth India Ltd, Dialforhealth Unity Ltd and Dialforhealth Greencross Ltd.

### Technical Outlook:

On the daily chart, the stock has given downward sloping trendline breakout. Further the RSI is positively poised hence momentum on the upside is likely to continue.


**Hence we recommend buying in stock at Rs 496 or on a decline up to Rs 475 with a stop loss of Rs 460 for a target of Rs 535-550 levels.**






# AUT SECTOR


## October Sales

**Maruti Suzuki**  
**Total Sales: 146,446 units, 9.5% yoy up**  
 Domestic Sales: 136,000 units, 9.9% yoy up  
 PV Sales: 99,077 units, 6.7% yoy up  
 Exports: 10,446 units, 4.2% yoy up




**TVS Motor**  
**Total Sales: 317,411 units, 3% yoy up**  
 2Wheeler Sales: 308,364 units, 1.5% yoy up  
 3Wheelers Sales: 9,047 units, 88.3% yoy up  
 Exports: 45,437 units, 29.3% yoy up



**Mahindra & Mahindra**  
**Total Sales: 51,149 units, 2% yoy down**  
 Domestic Sales: 48,818 units, 0.2% yoy up  
 PV Sales: 23,413 units, 5% yoy down  
 CV Sales: 19,279 units, 7% yoy up  
 Exports: 2,331 units, 29% yoy down




**Atul Auto**  
**Total Sales: 3,477 units, 30.9% yoy down**



**Tata Motors**  
**Total Sales: 48,886 units, 5% yoy up**  
 PV Sales: 16,475 units, 1% yoy up  
 CV Sales: 32,411 units, 7% yoy up  
 M&HCV Sales: 11,391 units, 8% yoy up  
 Exports: 4,311 units, 32% yoy down



**Escorts**  
**Total Sales: 10,205 units, 13.8% yoy up**  
 Domestic Sales: 10,001 units, 12.9% yoy up  
 Exports: 204 units, 83.8% yoy up



**Bajaj Auto**  
**Total Sales: 382,464 units, 7% yoy up**  
 Domestic Sales: 247,210 units, 4% yoy up  
 CV Sales: 56,686 units, 17% yoy up  
 Motorcycle Sales: 325,778 units, 6% yoy up  
 Exports: 135,254 units, 15% yoy up



**Ashok Leyland**  
**Total Sales: 12,914 units, 3% yoy up**  
 M&HCV Sales: 9,110 units, 4.9% yoy down  
 LCV Sales: 3,804 units, 29% yoy up



**Hero MotoCorp**  
**Total Sales: 631,105 units, 4.8% yoy down**



**Volvo-Eicher Commercial Vehicles**  
**Total Sales: 5,228 units, 14.6% yoy up**  
**Eicher Branded Trucks & Buses**  
**Total Sales: 5,166 units, 16.1% yoy up**  
 Domestic Sales: 4,463 units, 15.8% yoy up  
 Exports: 703 units, 18.2% yoy up

# COMMODITY OUTLOOK



## Soybean: Arrived at the 'Eleventh Hour'

### Soybean December

**BUY**

CMP: Rs 2927 (As on 02<sup>nd</sup> Nov 2017)

Buy: Rs 2927 & add more above Rs 3000

Targets: Rs 3290-3400

Stop loss: < Rs 2800

Due to its high oil content and more popular use as a source of vegetable oil and industrial applications such as biodiesel, Soybean is generally classified as an oilseed rather than a pulse. In Indian scenario, we can easily conclude Soybean as the most popular oilseed that has replaced Groundnut and Mustard in last one and a half decade to achieve the feat. Soybean is also one of the most favorite and active commodity on futures trading bourses in India.

From trading around Rs 1100 per quintal in late 2005 to topping the chart by hitting a price range above Rs 5000 per quintal in mid 2012, Soybean has seen it all! In last 18 months, prices have broadly remained under pressure and have seen a relentless decline till May this year. Prices are once again on a falling spree since last two months. However, technical charts are favoring a strong bullish reversal from here as we can see prices registering gains of around four percent in first two days of November after hitting the dip oversold zone that has actually triggered some positivity in the overall outlook. First of all,



the changing picture was foreseen by momentum indicators like RSI and MACD which registered positive divergences on a couple of occasions. Now, both of them are in a positive crossover as well with ADX turning the strength back in the bulls' den by having started to converge. At the same time, we can see a very crucial trend line breakout after yesterday's gap-up candlestick that is forcing itself to get out of the equally crucial moving average band. Thus, we have a very good set-up for buyers and interestingly, it has been discovered right at its emergence.

**We recommend buying in Soybean December contract at CMP Rs 2927 and add more above Rs 3000 for targets in the range of Rs 3290-3400. Maintain stop loss below Rs 2800.**



# MUTUAL FUND

## MUTUAL FUND ROUNDUP

Indian equity markets ended at record high levels in October 2017. The barometer index, S&P BSE Sensex delivered positive return of 6.17% to settle at 33213.13 and Nifty50 gained 5.59% ending the month at 10335.30.

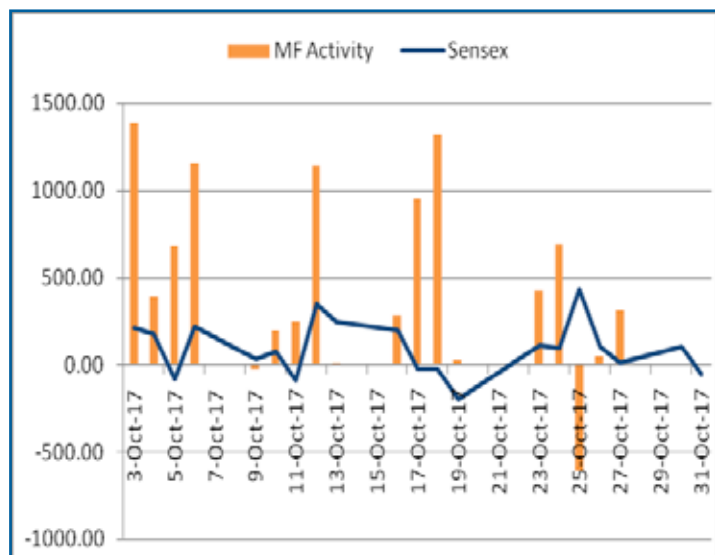
## MF ACTIVITY

Indian mutual funds turned net buyers of equities to the tune of Rs 8,620.70 crore in the month of October 2017. Highest buying was recorded in the first week of the month when the fund houses made total net buy of Rs 3,610.50 crore of equities. On the other hand, foreign institutional investors (FIIs) bought Rs 3,054.97 crore worth of equities in October 2017.

## Mutual Fund Activity In October 2017

Rs in Crores	Gross Purchases	Gross Sales	Net Investment
1 <sup>st</sup> Week	9855.96	6245.46	3610.50
2 <sup>nd</sup> Week	8841.17	7269.83	1571.34
3 <sup>rd</sup> Week	7681.69	5109.53	2572.16
4 <sup>th</sup> Week	18515.86	17649.16	866.70
Total	44894.68	36273.98	8620.70

Note: Mutual Fund activity as on 27<sup>th</sup> Oct 2017





## EQUITY SCHEME RECOMMENDATION

Scheme Name	Latest NAV*	AUM as on 29 <sup>th</sup> Sep 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	217.06	18,969	30-Aug-02	18.59	12.55	18.73	23.16	1,000	5,000
Mirae Asset India Opportunities Fund	46.68	4,738	04-Apr-08	24.78	15.70	21.69	17.46	1,000	5,000
SBI Blue Chip Fund	37.49	15,654	14-Feb-06	15.77	13.51	13.51	11.95	500	5,000
Multi Cap Fund									
Birla Sun Life Advantage Fund	437.89	4,499	24-Feb-95	23.36	19.32	24.17	18.74	1,000	5,000
Kotak Select Focus Fund	32.89	13,974	26-Jul-07	22.57	16.34	21.81	15.46	500	5,000
Motilal Oswal MOST Focused Multicap 35	26.18	9,179	28-Apr-14	26.02	23.20	N.A.	31.54	1,000	5,000
Mid Cap and Small Cap Fund									
DSP BlackRock Small and Mid Cap Fund	55.71	45.67	14-Nov-06	21.07	20.58	24.57	16.95	500	1,000
Franklin India Smaller Companies Fund	58.95	6,283	13-Jan-06	21.44	20.43	30.52	16.21	500	5,000
HDFC Mid-cap Opportunities Fund	56.29	17,917	25-Jun-07	21.55	19.58	26.42	18.19	1,000	5,000
Mirae Asset Emerging Bluechip Fund	50.04	4,428	09-Jul-10	28.01	24.74	31.08	24.15	1,000	5,000
Reliance Small Cap Fund	42.70	4,546	16-Sep-10	33.09	23.45	32.22	22.39	500	5,000

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

## DEBT SCHEME- LIQUID FUNDS RECOMMENDATION

Scheme Name	Latest NAV*	AUM as on 29 <sup>th</sup> Sep 2017 (Rs in Cr.)	Returns (%)				
			One Month	Three Months	Six Months	One Year	Since Inception
Liquid Fund							
DSP BlackRock Liquidity Fund	2406.21	14,435	0.52	1.60	3.29	6.64	7.63
HDFC Liquid Fund	3319.45	26,907	0.54	1.56	3.24	6.57	7.29
Ultra Short Term Fund							
Birla Sun Life Cash Manager Fund	407.81	8,357	0.57	1.43	3.51	7.04	7.48
Reliance Money Manager Fund	2334.26	16,836	0.59	1.57	3.58	7.22	8.30

Note: NAV and Returns as on 31<sup>st</sup> Oct 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	30.34	06-Mar-08	23.84	18.12	22.46	12.18
DSP BlackRock Tax Saver	46.50	18-Jan-07	20.01	16.10	21.63	15.31
Reliance Tax Saver (ELSS) Fund	65.46	10-Apr-99	28.50	13.78	23.15	16.77
Motilal Oswal MOST Focused Long Term Fund	17.04	15-Jan-15	26.27	N.A.	N.A.	21.16

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

# THE MONTH AHEAD KEY FINANCIAL EVENTS NOVEMBER 2017



## NOV 01

- Indian Automobile Sales Data, by Automakers
- Indian Nikkei Manufacturing PMI
- Chinese Caixin Manufacturing PMI
- US FOMC Meeting



## NOV 02

BOE Monetary Policy



## NOV 03

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



## NOV 08-13

- Chinese Trade Balance
- Indian Automobile Sales Data, by SIAM
- Indian FDI Equity Inflow



## NOV 09-10

GST Council Meeting



## NOV 10

Indian Industrial Production (IIP)



## NOV 13-15

- Indian Consumer Price Index (CPI)
- European Industrial Production
- Indian Trade Data



## NOV 14

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



## NOV 16

US Industrial Production



## NOV 20

Japanese Trade Balance



## NOV 22

US FOMC Meeting Minutes



## NOV 23

ECB FOMC Meeting Minutes



## NOV 28

- UK Bank Stress Test Results
- UK GDP



## NOV 29

- OPEC Meetings
- US Prelim GDP



## NOV 30

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

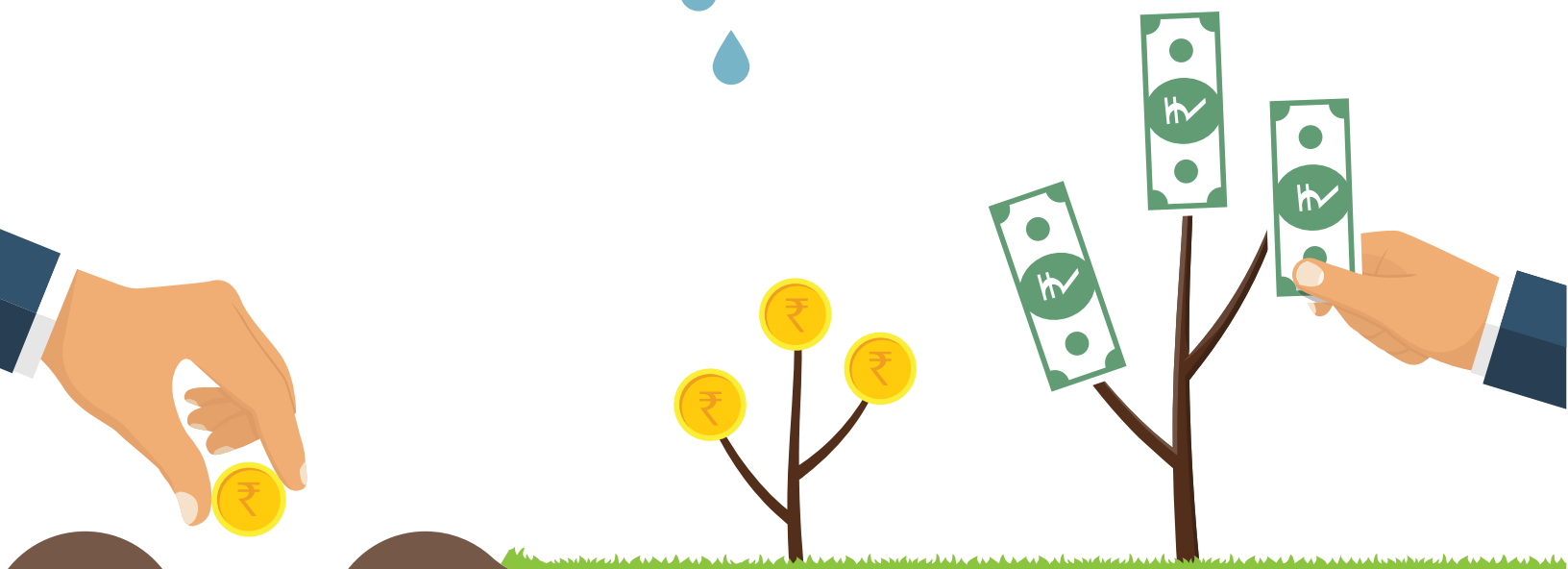


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