

Key developments during the week

- India Apr-May tax mop-up 778 bln rupees, down 8% on yr
- RBI sets up committee to study financial benchmarks
- Chidambaram says bit bullet on gas pricing on need for hiking output
- Chidambaram says to address power, fertiliser sectors' gas price issues
- Coal regulator to be set up on executive order pending Parliament OK
- Broadcast Min to seek views on newspaper FDI hike to 49%
- Chidambaram says Cabinet panel OKs 7.64% divest in National Fert
- Cabinet panel OKs YES Bk's 26.5-bln-rupee QIP issue
- Coal secy says India FY14 demand-supply gap seen 140 mln tn vs 135 mln
- Pharma jt secy says to soon detail 50 more drugs price under new policy
- Cabinet OKs Rangarajan panel formula on gas pricing, Gas price hiked to \$8.4
- India Jan-Mar current account gap narrows to 3.6% of GDP
- UN report says 2012 global FDI flows \$1.35 trln, down 18% on year.

INDEX	28-June-13	21-June-13	Change (in %)
NIFTY	5842.20	5667.65	3.08
SENSEX	19395.81	18774.24	3.31
NSE 500	4510.90	4420.15	2.05
NSE MIDCAP	1891.65	1886.30	0.28
NIFTY JUNIOR	11546.65	11525.10	0.19
BSE SMALLCAP	5643.52	5717.30	-1.29
BSE 200	2323.83	2276.55	2.08

INDEX	28-June-13	21-June-13	Change (in %)
BSE CD	6134.72	6524.58	-5.98
BSE OIL AND GAS	8900.41	8349.92	6.59
BSE PSU	6162.99	6075.13	1.45
BSE FMCG	6458.09	6486.80	-0.44
BSE Capital Goods	9111.38	9034.84	0.85
BSE AUTO	10715.77	10647.87	0.64
BSE REALTY	1511.02	1510.54	0.03
BSE BANK	13257.76	12967.26	2.24
BSE TECH	3679.08	3576.19	2.88
BSE HEALTHCARE	8845.26	8657.12	2.17
BSE IT	6255.10	6011.27	4.06
BSE METALS	7753.76	7604.88	1.96

Domestic events week ahead

- Jul 01:** Core sector growth for May, by commerce ministry.
- Jul 01:** Manufacturing PMI for June, by HSBC.
- Jul 01-02:** FDI equity inflow in April, by commerce and industry ministry.
- Jul 02-05:** Power generation for June, by Central Electricity Authority.
- Jul 02-08:** Major port traffic in Apr-Jun, by Indian Ports Association.
- Jul 02-08:** Foreign tourist arrivals in May, by tourism ministry.
- Jul 03:** Services PMI and composite PMI for June, by HSBC.
- Jul 05:** WMA and forex reserves as on Jun 28, by RBI.

Source: NW18

INDEX	28-June-13	21-June-13	Change (in %)
Dow Jones	14909.60	14799.40	0.74
Hang seng	20803.29	20263.31	2.66
Nikkei	13677.32	13230.13	3.38
FTSE	6215.47	6116.17	1.62

Global events week ahead

- Jul 01:** China HSBC Final Manufacturing PMI, Spanish Manufacturing PMI, Italian Manufacturing PMI, Final Manufacturing PMI, Italian Monthly Unemployment Rate, UK Manufacturing PMI, Europe CPI Flash Estimate y/y, Europe Unemployment Rate, US Final Manufacturing PMI, US ISM Manufacturing PMI.
- Jul 02:** Spanish Unemployment Change, UK Construction PMI, Europe PPI m/m, US Factory Orders m/m.
- Jul 03:** Spanish Services PMI, Italian Services PMI, Europe Final Services PMI, UK Services PMI, BOE Credit Conditions Survey, Europe Retail Sales m/m, US ADP Non-Farm Employment Change, US Trade Balance, US Unemployment Claims, US ISM Non-Manufacturing PMI, US Crude Oil Inventories.
- Jul 04:** Europe Final GDP q/q, UK MPC Rate Statement, Europe Minimum Bid Rate, ECB Press Conference.
- Jul 05:** French Trade Balance, German Factory Orders m/m, US Non-Farm Employment Change, US Unemployment Rate.

Weekly Sector Outlook and Stock Picks

Auto sector – To trade with negative bias this week

Shares of most automobile companies are expected to trade with a negative bias this week as the rupees continues its downfall against dollar making imports of components costlier. The rupee has depreciated around 10% against the US dollar since Jan 1, 2013. However, for automakers with good exports, the rupee fall has been beneficial. Bajaj Auto Ltd shares have seen upside movement on the Indian currency's fall. Companies such as Maruti Suzuki India Ltd and Hero MotoCorp Ltd would not incur heavy losses on currency movement as the Japanese yen has depreciated along with the rupee. Maruti Suzuki, Hero MotoCorp, both import parts from Japan. Automobile manufacturers are scheduled to detail their monthly sales figures for the month for June on Jul 1. Domestic vehicle sales are down on account of slowing economic growth, damp consumer sentiment, high interest rates and fuel costs. These factors do not look to be changing over the medium term, and are likely to keep the pressure on share prices of automobile companies.

Bank Sector – Up on short covering, tracking equity market

Bank stocks are likely to trade with a positive bias this week on short covering, and will be supported by steady improvement in the market. The rupee's turnaround after hitting an all-time low of 60.75 a dollar on Jun 26 also provided some solace to market participants. Rupee depreciation may affect individual banks directly or/and indirectly. The indirect effects of the exchange rate depreciation on the banks may be more severe in the current macro conditions. The rupee's depreciation in a slowing economy is compressing corporate margins, creating difficulties in making repayments to banks.

Capital Goods sector – Weak on subdued order inflows

Shares of most capital goods and engineering companies are seen trading down this week due to lack of visibility in order booking. However, shares of sector bellwether Larsen & Toubro and electrical equipment manufacturer Crompton Greaves could see some upside. The board of directors of Crompton Greaves approved a proposal to buy back shares worth up to 2.66 bln rupees. The company said it would buy back shares from the open market at a price of up to 125 rupees a share. The news of the buyback may see the stock rise this week. Larsen & Toubro, which got orders worth 880 bln rupees in 2012-13, offers a strong investment opportunity owing to its strong fundamentals and attractive valuation.

Cement Sector – To move up along with broader market this week

Most cement sector stocks are likely remain in the positive territory this week along with the broader market. However, the rise is likely to be limited due to concerns over monsoon. The stock market is seen extending gains during the week due to continued short covering by market participants. During the start of the week, market is likely to react to the government setting infrastructure targets for 2013-14 (Apr-Mar). The prime minister set a target of two new airports at Bhubaneswar and Imphal, 50 new low cost small airports, eight greenfield airports, and two public-private-partnership ports at West Bengal and Andhra Pradesh. A target of rolling out public-private-partnership projects of around 1.5 tln rupees in the next six months was also set. The government has estimated that the infrastructure sector would require \$1 tln during the 12th Plan Five Year Plan (2012-17) and expects the private sector to contribute at least half of it. Development in the infrastructure sector has a direct bearing on cement demand.

FMCG Sector – See buying opportunity this week

The recent fall in prices of fast-moving consumer goods companies' shares will provide a good buying opportunity over the next two weeks. FMCG companies like ITC and Colgate Palmolive have fallen almost 10-20% from their 52-week highs. These are companies that have well-established business models, excellent brand value and well-established distribution networks. FMCG stocks are the only safe haven left for equities investors, any fall in stocks prices of marquee FMCG companies should be seen as a buying opportunity.

IT Sector – Seen rangebound with positive bias on weak rupee

Shares of major information technology companies are seen in a range this week with a positive bias, the sharp fall in Indian rupee against the greenback likely benefitting the companies as the Apr-Jun quarter draws to a close. The rupee breached the 60/\$1 level on Jun 26 and fell to a record low of 60.75 to a dollar, weighed down by dollar purchases of crude oil importers. Cross-currency movements directly impact the earnings of Indian information technology

companies, as most large players in the sector get around 80% of their revenues from overseas. A 1% depreciation in the value of the rupee leads to as much as 50 basis point gains in the operating margins of most information technology companies. Investors will continue to eye Infosys as it prepares to announce its Apr-Jun results on Jul 12.

Oil Sector – Upstream companies seen upbeat, marketing companies to eye rupee

Shares of state owned upstream oil companies and Reliance Industries Ltd are seen upbeat this week backed by the announcement of a market-linked pricing mechanism for gas that is expected to significantly benefit these companies going forward. Shares of state owned refining and marketing companies like Indian Oil Corp, Bharat Petroleum Corp and Hindustan Petroleum Corp are likely to track the rupee dollar movement and the broad market. The government decided to shift to a market-based pricing mechanism which may result in near doubling of gas prices to \$8.4 per mBtu from the next financial year. Also, prices will be revised every quarter after that. Reliance Industries is seen one of the biggest beneficiaries of the move, as volumes are expected to rise from the company's KG-D6 block in around two years and a higher price may prod it to expedite production from other blocks as well. However, in the first year of implementation, ONGC is seen the biggest gainer. ONGC's earnings could improve by around 35%, while Oil India can witness an increase of 30% in 2014-15 (Apr-Mar).

Pharma sector – To move with broad market; Ranbaxy may recover

Shares of major pharmaceutical manufacturers are seen moving along with the broader markets this week, even as stock specific triggers may affect movement of some shares. Pharmaceutical shares are considered defensive stocks, but are seen moving along with market as macroeconomic news flow steers the market momentum in the next few sessions. Ranbaxy Laboratories shares are seen gaining some momentum as the drug regulatory authority of the UK is reported to have issued a statement clarifying that they have found no evidence of any Ranbaxy product in the UK market being of unacceptable quality. Shares of pharmaceutical companies are also likely to take cues from the broader market that has seen choppy trade this week due to the rupee falling to new lows against the greenback. Indian pharmaceutical companies are seen gaining from the rupee's fall against the US dollar as they export to the US and Europe, among other markets.

Steel Sector – Slightly down on weak demand; rupee movement eyed

Shares of major steel companies are seen slightly down this week due to sluggish demand for the commodity in the domestic market. Demand for steel usually takes a hit during Jun-Sep as monsoons lead to slowing of industrial activity across the country. This is expected to bring down demand for the alloy in the market, in turn impacting prices. Worries that the weakening trend in the rupee may hurt margins of companies in coming sessions is also another factor that could keep performance of steel companies muted during the week. The Indian steel industry relies on imports to meet its coking coal demand. Coking coal and iron ore are the two key raw materials used by domestic steel companies in steel making.

Telecom Sector – Range-bound this week with positive bias

Telecom stocks are expected to trade in range this week with Idea Cellular and Bharti Airtel expected to display a positive bias, while Reliance Communications appears weak. With the broad market expected to trade taking cues from the movement of the rupee, which has weakened considerably in the past few weeks, trade could also be volatile in the equity market and telecom stocks may follow suit. Telecom companies' balance sheet remains highly leveraged and most of their debt is in dollar terms. The rupee declined to an all-time low of 60.75 on Jun 26 against the dollar.

Market Range for Week 5720- 6020

Nifty	Values	Resistance – Nifty facing Resistance level @5930 level above this level it may go up to @5980 & @ 6020 level.
Support 1	5820	Support - Support comes for market @5820 level for Nifty; below this level Nifty next support @5750 and @5720 will be the major support for Market.
Support 2	5750	
Support 3	5720	
Resistance 1	5930	
Resistance 2	5980	
Resistance 3	6020	

Technical – Last week Nifty opened at 5638 & it made a high of 5852. Last week we have seen some recovery from lower level. Nifty made a low of 5566 & closed at 5842. Last week Nifty gain 214 points from its low & on weekly basis it closed at 175 point's higher. Sensex made a weekly high of 19432 & a low of 18467 almost it gain 965 points in the week from its low. So overall last week we have seen recovery from lower level.

For the coming week the market range we expect 5550-5800

Weekly Chart View –

Last week we had expected market range (5550-5800) market made a high of 5852 & low of 5566, so overall it holds our lower side range & just by 50 points broke upper range.

In last week report we had mentioned, on the daily chart market was below 200&100SMA & on weekly chart was below 50WMA, but near to lower trendline & it was in oversold zone also, because of that we had seen last week, recovery from lower level. Now on daily chart market above 200SMA & made a bullish candle & forming rounding bottom formation. On weekly chart taking support 50WMA & lower trendline. So overall we can use as a buying opportunity on every correction around 5820-5780 & upper side can see up to 5970-6020.

On Friday the Dow dipped 114 points, or 0.8%. The S&P500 lost 0.4%. Only the Nasdaq gained ground, moving just slightly positive. All three indexes finished the week higher.

Weekly Chart



Weekly Sectoral Technical Outlook

BSE Auto Index

CMP: 10715

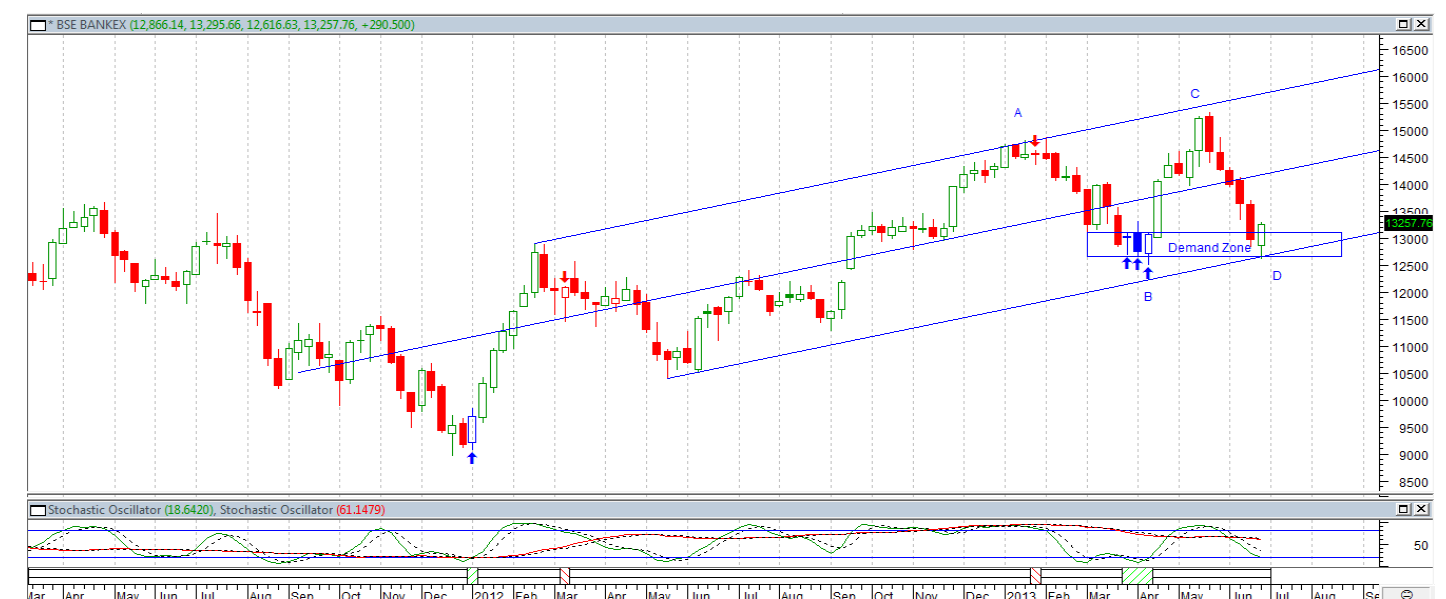


BSE Auto

At present we are witnessing a hammer formation on the weekly chart. The said pattern will get activated once this sector trades above 10740 levels. In such scenario this sector can rally up to the median line of the channel or even test the prior swing high of 11512. The value of the median line for current week is at 11310. Hence one can trade the sector with positive bias with a stop loss of 10295.

BSE Bankex

CMP: 13257

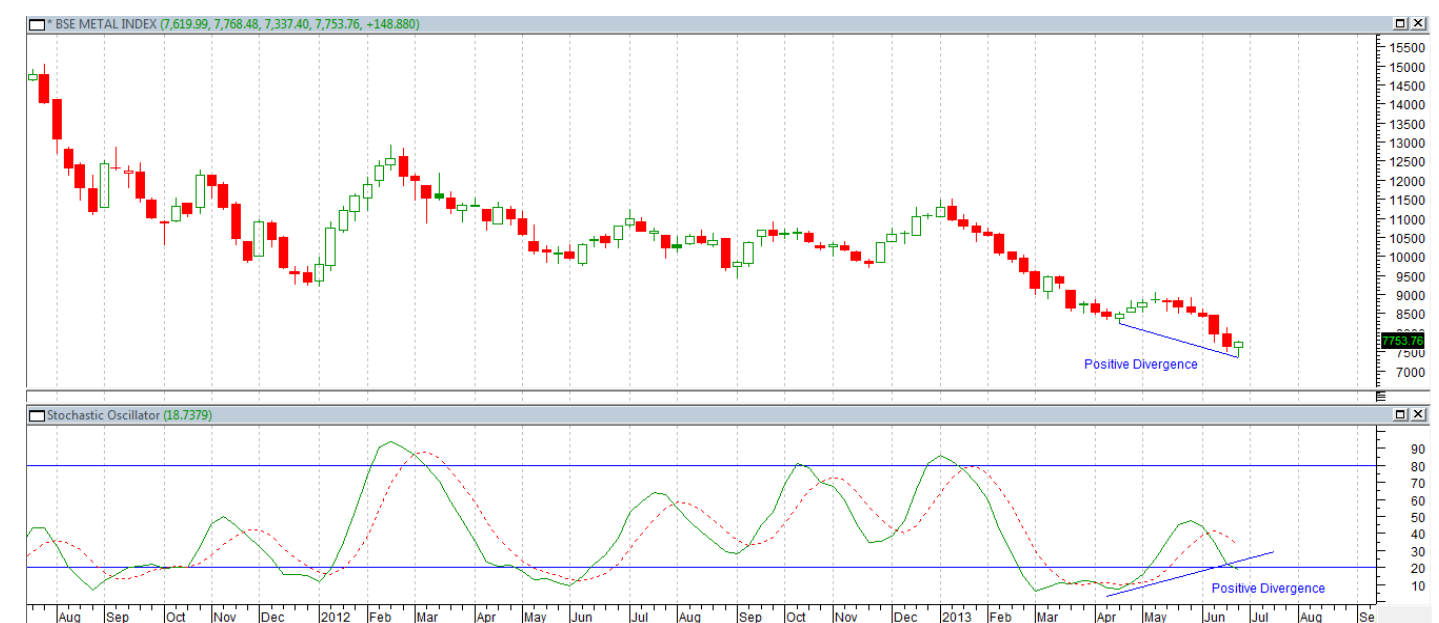


BSE Bankex

As expected and mentioned prices have bounced from the demand zone and has formed a positive candle. Further we are seeing a reciprocal $AB=CD$ which suggests high probability of upside momentum. If this sector trades above 13300 level then it has potential to test the median line of the channel. The value of the median line of the channel is at 14200 level. One should trade this sector with positive bias with a stop loss of 12600.

BSE Metal Index

CMP: 7753



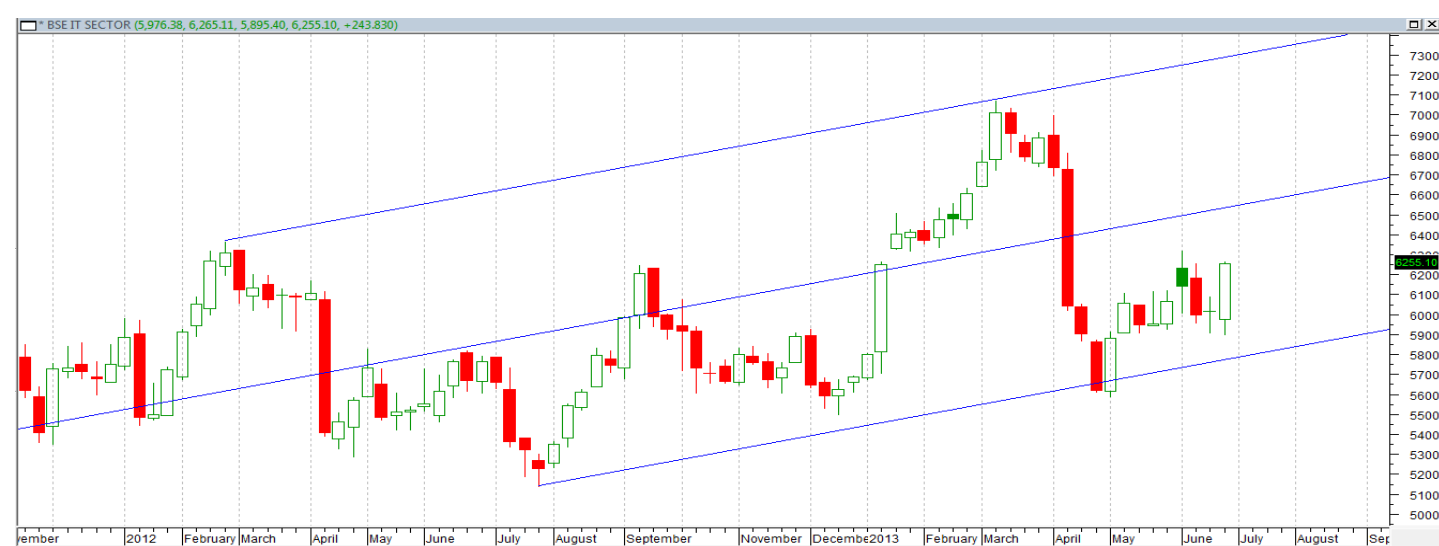
BSE Metal Index

At present we are observing a prominent positive divergence on the weekly chart. Further, we are witnessing a positive candle which suggests that a bounce in this sector cannot be ruled out. If this sector trades above 7770 level then it may test 7885 to 8000 level.

Hence one can adopt positively cautious approach at current level.

BSE IT

CMP: 6255



BSE IT

The sector has taken support at the demand level and is trading sideways. However the positive candle which has occurs suggests that the upward momentum can continue further and prices may test the median line of the channel. The value of the median line of the channel is at 6600. We maintain our view that one should hold longs with a stop loss of 5923 on weekly closing basis.

Weekly Technicals of Key Companies –

Company	Closing 28-June-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1222.65	1199.57	1253.08	1283.52	1169.13	1115.62
AMBUJACEM	186.85	183.87	190.78	194.72	179.93	173.02
ASIANPAINT	4636.50	4543.70	4792.70	4948.90	4387.50	4138.50
AXISBANK	1325.20	1288.37	1368.83	1412.47	1244.73	1164.27
BAJAJ-AUTO	1923.95	1873.38	1990.57	2057.18	1806.77	1689.58
BANKBARODA	574.15	565.57	590.23	606.32	549.48	524.82
BHARTIARTL	291.75	288.45	300.45	309.15	279.75	267.75
BHEL	174.25	170.47	178.88	183.52	165.83	157.42
BPCL	366.95	357.00	379.20	391.45	344.75	322.55
CAIRN	290.00	287.52	302.48	314.97	275.03	260.07
CIPLA	391.95	385.88	399.57	407.18	378.27	364.58
COALINDIA	302.55	299.22	313.23	323.92	288.53	274.52
DLF	181.25	174.98	188.77	196.28	167.47	153.68
DRREDDY	2218.85	2177.63	2275.12	2331.38	2121.37	2023.88
GAIL	313.30	302.32	328.48	343.67	287.13	260.97
GRASIM	2759.90	2764.47	2815.43	2870.97	2708.93	2657.97
HCLTECH	776.00	773.67	802.33	828.67	747.33	718.67
HDFC	879.05	858.20	907.35	935.65	829.90	780.75
HDFCBANK	669.50	654.23	688.47	707.43	635.27	601.03
HEROMOTOCO	1663.05	1637.22	1710.83	1758.62	1589.43	1515.82
HINDALCO	99.80	97.70	102.75	105.70	94.75	89.70
HINDUNILVR	585.15	586.00	590.90	596.65	580.25	575.35
ICICIBANK	1070.75	1056.07	1090.83	1110.92	1035.98	1001.22
IDFC	128.15	129.57	134.93	141.72	122.78	117.42
INDUSINDBK	467.45	465.42	481.83	496.22	451.03	434.62
INFY	2498.85	2450.53	2556.07	2613.28	2393.32	2287.78
ITC	324.35	321.78	332.57	340.78	313.57	302.78
JINDALSTEL	217.45	210.68	226.72	235.98	201.42	185.38
JPASSOCIAT	53.60	52.97	57.48	61.37	49.08	44.57
KOTAKBANK	722.20	710.73	738.47	754.73	694.47	666.73
LT	1407.90	1384.30	1433.60	1459.30	1358.60	1309.30
LUPIN	781.45	778.52	802.93	824.42	757.03	732.62
M&M	970.60	950.18	996.37	1022.13	924.42	878.23
MARUTI	1537.75	1537.33	1572.42	1607.08	1502.67	1467.58
NMDC	105.45	103.52	108.33	111.22	100.63	95.82
NTPC	143.75	142.25	147.15	150.55	138.85	133.95
ONGC	331.10	326.75	357.40	383.70	300.45	269.80
PNB	650.85	650.32	667.53	684.22	633.63	616.42
POWERGRID	111.30	108.48	114.92	118.53	104.87	98.43
RANBAXY	309.05	319.18	336.87	364.68	291.37	273.68
RELIANCE	862.60	838.03	897.57	932.53	803.07	743.53

RELINFRA	349.20	339.75	361.45	373.70	327.50	305.80
SBIN	1953.80	1944.33	1996.57	2039.33	1901.57	1849.33
SESAGOA	142.80	139.85	147.95	153.10	134.70	126.60
SUNPHARMA	1011.55	987.85	1039.80	1068.05	959.60	907.65
TATAMOTORS	281.30	277.35	291.60	301.90	267.05	252.80
TATAPOWER	86.30	84.05	88.90	91.50	81.45	76.60
TATASTEEL	273.75	270.17	278.98	284.22	264.93	256.12
TCS	1518.15	1474.38	1568.07	1617.98	1424.47	1330.78
ULTRACEMCO	1877.00	1845.70	1931.30	1985.60	1791.40	1705.80

Source: Iris Software

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