

Key developments during the week

- Econ secy says Unilever open offer to lead to \$3.5 bln inflows
- Food minister says sure of food security ordinance being promulgated
- Govt source says FIBP clears 7 pharma FDI plans, including GSK's
- Source says environ panel OKs IOC's 14-pipeline plan from Paradip unit
- Hero MotoCorp enters African market; sets up assembly line in Kenya
- Thermax wins 17-bln-rupee order to install high-pressure boilers
- LIC tendered nearly 50% of HUL shareholding in Unilever open offer
- SJVN gets coal block in Bengal for 1,320 MW Buxar thermal project
- Srei Infra extends loan repayment tenure of Kingfisher Airlines
- Source says UltraTech seeks 15-yr tax waiver for Tadipatri expansion
- Shipping minister sees 250 bln rupees invest in port projects FY14
- Karnataka CM says to decide on new iron ore mining leases shortly
- Neyveli Lignite Apr-Jun lignite output 6.64 mln tn vs 6.56 mln aim

INDEX	05-July-13	28-June-13	Change (in %)
NIFTY	5867.90	5842.20	0.44
SENSEX	19495.82	19395.81	0.52
NSE 500	4535.80	4510.90	0.55
NSE MIDCAP	1900.55	1891.65	0.47
NIFTY JUNIOR	11682.85	11546.65	1.18
BSE SMALLCAP	5692.05	5643.52	0.86
BSE 200	2338.61	2323.83	0.64

INDEX	05-July-13	28-June-13	Change (in %)
BSE CD	6159.64	6134.72	0.41
BSE OIL AND GAS	8915.96	8900.41	0.17
BSE PSU	6027.36	6162.99	-2.20
BSE FMCG	6845.94	6458.09	6.01
BSE Capital Goods	9122.82	9111.38	0.13
BSE AUTO	10818.24	10715.77	0.96
BSE REALTY	1513.22	1511.02	0.15
BSE BANK	13038.14	13257.76	-1.66
BSE TECH	3682.72	3679.08	0.10
BSE HEALTHCARE	9083.10	8845.26	2.69
BSE IT	6226.41	6255.10	-0.46
BSE METALS	7647.58	7753.76	-1.37

INDEX	05-July-13	28-June-13	Change (in %)
Dow Jones	15135.84	14909.60	1.52
Hang seng	20854.67	20803.29	0.25
Nikkei	14309.97	13677.32	4.63
FTSE	6375.52	6215.47	2.58

Domestic events week ahead

- **Jul 08:** Foreign tourist arrivals in May, by tourism ministry.
- **Jul 08-12:** Automobile sales data for May, by SIAM.
- **Jul 10-15:** Trade data for June, by commerce and industry ministry.
- **Jul 12:** Index of Industrial Production for May, by CSO.
- **Jul 12:** CPI for Combined, Rural, and Urban for June, by CSO.
- **Jul 12-18:** Rail freight traffic for June to be detailed by rail ministry.

Source: NW18

Global events week ahead

- **Jul 08:** Japan Current Account, China Unemployment Rate, German Trade Balance, German WPI m/m, Eurogroup Meetings, German Industrial Production m/m,
- **Jul 09:** US Consumer Credit m/m, China CPI y/y, French Gov Budget Balance, China Retail Sales y/y, ECOFIN Meetings,
- **Jul 10:** Japan Monetary Policy Meeting Minutes, Japan Consumer Confidence, German Final CPI m/m, French Industrial Production m/m, Italian Industrial Production m/m, US Crude Oil Inventories, US FOMC Meeting Minutes, US Fed Chairman Bernanke Speaks
- **Jul 11:** Japan Monetary Policy Statement, BOJ Press Conference, French CPI m/m, ECB Monthly Bulletin, US Unemployment Claims, US FOMC Member Tarullo Speaks, US Federal Budget Balance
- **Jul 12:** Japan Revised Industrial Production m/m, BOJ Monthly Report, Europe Industrial Production m/m, US PPI m/m, US Prelim UoM Consumer Sentiment, US FOMC Member Bullard Speaks

Weekly Sector Outlook and Stock Picks

Auto sector – To beat broad indices this week; Maruti, M&M up

Shares of most automobile companies are expected to trade with a positive bias this week. The counter of India's largest carmaker Maruti Suzuki India Ltd is expected to trade up on the depreciation of yen, even as the rupee, too, depreciates. The yen is depreciating more than the rupee. So that is a plus for Maruti. For automakers with good exports, such as Bajaj Auto Ltd, the rupee fall has been beneficial. Bajaj Auto's counter looks positive also on rumours that the government will soon notify norms for quadricycles. Mahindra & Mahindra Ltd is another major automaker that has seen an upside lately, thanks to "good" tractor sales, even though sales of both its commercial vehicles and passenger vehicles have been down. The counter of commercial vehicle manufacturer Ashok Leyland Ltd is expected to continue to trade with a negative bias, more so on the Delhi government hinting at importing buses from Europe to induct in the fleet of the state transport department. Ashok Leyland, along with Tata Motors Ltd, is currently a supplier of buses to Delhi government's Delhi Transport Corp. Automobile manufacturers reported yet another month of dismal sales, with almost all companies showing on year fall in despatches during June. The subsequent fall in counters of those companies, however, has been factored in, and the data to be released by Society of Indian Automobile Manufacturers on Jul 11 does not look to have any significant impact on the stocks.

Bank Sector – Up this week on short covering; PSUs in focus

Bank stocks are likely to trade with positive bias this week on likely short covering as most have bottomed out. After the recent underperformance, most public sector banks are trading below their historic low valuations. We believe the time is right to invest in them. Stocks of private sector banks are seen performing better than their public sector peers as deteriorating asset quality and sluggish credit pick-up continue to weigh on the latter. IndusInd Bank and South Indian Bank will be in focus as they are scheduled to detail their Apr-Jun results on Jul 10 and Jul 12, respectively. Canara Bank is likely to be in focus as the bank has cut its Base Rate by 30 basis points to 9.95%, effective from Jul 8. Other state-owned banks will also be in focus after Finance Minister P. Chidambaram asked them to look at cutting their base rate to boost the economy. Movement of the rupee against the dollar will also give cues on shares of banks giving loans to export-linked sectors.

Capital Goods sector – Seen weak on subdued order inflows

Shares of most capital goods and engineering companies are seen trading down this week, as market sentiment continues to be weighed down by tight liquidity in the sector and slow order booking. There is no immediate sign of revival in capital expenditure by private companies and the demand is still weak. However, Thermax and Larsen & Toubro are likely to trade with positive bias this week as the companies are seen having better revival prospects in terms of orders due to their exports. 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. Thermax has a steady order intake, which bears well for the company in comparison with its peers, who have high exposure to domestic market. We see some sporadic buying due to the 2.66-bln-rupee share buyback approved by Crompton Greaves, but see no significant impact on the sector's stocks. The company's buyback has been approved at 125 rupees a share, higher than its closing price of 87.15 rupees on the National Stock Exchange. Siemens, which imports around 40% of its raw materials, is also seen trading down as the volatile rupee movement is likely to have a negative impact on the company's margins.

Cement Sector – Seen rangebound with negative bias this week

Shares of major cement companies are seen trading rangebound with a negative bias this week as the sector enters seasonally weak period. Cement demand dries up for a few months starting July, as construction activity slows in most parts of the country due to monsoon rains. Additionally, expectations of a muted financial performance in Apr-Jun may weigh on the sentiment for cement stocks. Cement companies will post their Apr-Jun earnings later this month. Cement companies have continued to witness low demand for over six months, which is typically a seasonally strong period, as real estate and infrastructure activity remained subdued amid poor macroeconomic conditions. In addition, high costs have continued to weigh on profit margins of cement makers. Also, some negative impact of the anticipated poor Apr-Jun earnings has already been factored in by the Street.

FMCG Sector – Seen muted after strong rally this week

Stocks of fast-moving consumer goods companies are likely to remain muted in the week ahead, after a stellar performance previous week. The BSE FMCG Index gained 6% this week against a meagre 0.5% gain in the Sensex. It was positive sentiment and some good news on certain companies like ITC that drove up prices of FMCG stocks. In the week ahead, sentiment will fade and ground realities will come into play; stocks of most FMCG players will consolidate for some time now. India's largest tobacco company ITC said it has raised prices of Gold Flake Filter and Gold Flake Premium Filter cigarettes by 4 rupees and 3 rupees, respectively, for a pack of 10 cigarettes. This is the second hike in cigarette prices by the Kolkata-based company in the current financial year. Unilever Plc's open offer to acquire shares in its Indian arm Hindustan Unilever ended on Jul 4. Unilever acquired 319.7 mln shares of Hindustan Unilever against 487.0 mln shares it had sought in the open offer.

IT Sector – Rangebound with positive bias due to weak rupee

Despite concerns over the US immigration bill, shares of major information technology companies are seen rangebound with a positive bias this week as a weak rupee is likely to benefit these companies in the short term. Since the beginning of the current financial year, the Indian currency has tumbled over 8% against the dollar. The rupee breached the 60-per-dollar level on Jun 26, falling to a record low of 60.75 a dollar, weighed down by dollar purchases of crude oil importers. Lack of support from the Reserve Bank of India near the psychologically crucial level triggered stop losses by banks, exacerbating the rupee's losses. However, the US immigration bill remains a major concern for IT companies. The proposed immigration reforms in the US will likely have negative ramifications not only in terms of costs, but also with regards to revenues. Apart from increasing salaries for employees on H1B visas and increased charges for H1B visas \$10,000 fees for every additional worker on visa over the 50% limit the proposed bill will necessitate increased local hiring by offshore technology companies, thereby increasing average onsite costs. Investors will eye Infosys as it prepares to announce its Apr-Jun results on Jul 12.

Oil Sector – PSU fuel retailers seen under pressure

Shares of state-owned oil marketing companies may continue to be lacklustre this week with the firming up of crude oil prices and weakness of the Indian currency. US crude oil futures are trading at near 14-month high. Friday, crude oil futures on the New York Mercantile Exchange rose nearly \$2 per barrel to over \$103 after better-than-expected US jobs data and concern over rising unrest in Egypt. As it is rupee's fall has done enough damage for the oil retailing companies, and now the hardening crude prices will make things worse. So, the negative overhang will continue on these companies this week. Both the factors make crude imports costlier for companies like Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd and Hindustan Petroleum Corp Ltd. This would widen the revenue losses on regulated fuels like diesel, kerosene and liquefied petroleum gas.

Steel Sector – Down on expectation of weak Apr-Jun earnings

Shares of major steel companies are seen bearish this week on expectations that earnings for Apr-Jun would be weaker compared with final quarter of 2012-13 (Apr-Mar). Seasonally, earnings for Jan-Mar are the highest in a financial year and so the Apr-Jun results being lower are not a surprise. However, since the sentiment will drop, it will reflect in share prices of steel companies. Rise in volume of steel produced is also not expected to help companies as demand is relatively weak in the domestic market. Volumes of Tata Steel or Steel Authority of India have outperformed government data of production growth. Tata Steel's volume grew 19% on year, while that of SAIL rose 14%. We expect downside in select steel stocks may be limited this week following Karnataka Chief Minister K. Siddaramaiah's statement that the state government will shortly decide on new iron ore mining leases in the Bellary-Hospet region. JSW Steel and Kalyani Steel are among other primary steel producers that have interest in iron ore mines of Karnataka. The Supreme Court in April allowed resumption of mining in 63 Category-B iron ore mines in the state, subject to reclamation, rehabilitation and compensation payments. After banning all mining activities in Karnataka's Bellary and Hospet regions in July 2011, the apex court had on Sep 3 last year partially lifted the ban by allowing conditional resumption of mining operations in category-A mines, where the Central Empowered Committee found no irregularities.

Pharma sector – Seen up this week on defensive buying

Shares of major pharmaceutical companies may gain this week as investors are expected to bet more and more on defensive stocks such as pharma and fast moving-consumer goods. Though the broader market is also seen quite positive this week, focus on defensive stocks is seen stronger as investors would be a little cautious ahead of the

economic data Consumer Price Index inflation for June and Index of Industrial Production for May to be released by the Central Statistics Office towards the end of the week. Also, ahead of the companies' Apr-Jun earnings set to start this week, pharmaceutical companies are seen reporting healthy numbers. However, companies are expected to report lower domestic sales due to inventory adjustment in the supply chain post price-ceiling notification under Drug Price Control Order 2013.

Telecom Sector – To track broad market this week; RComm weak

Telecom stocks are expected to trade in line with the broad market this week. The broad market is likely to see some profit sales after the Nifty gained about 3.7% in the last two weeks. Most of the gains in the broad market during the last few sessions were led by gains in the oil and gas stocks as well as defensive stocks, which may see some profit sales in the coming week. As most foreign institutional investors exited key portfolios owing to the weakness of the rupee, telecom stocks may also further see their FII exposure declining. FII exposure has now declined by almost three-fourths, from over 10% in 2008 to around 2.5%, primarily due to the expected fall in margins because of tariff wars and heightened competition, accompanied by ongoing regulatory challenges. The underlying bias for Bharti Airtel and Idea Cellular remains positive, even when they have not been able to make substantial gains in recent weeks like Reliance Communications, bias for which remains weak. Reliance Communications ended the week gaining 14.5%, while Bharti Airtel gained 1.4% and Idea Cellular declined 2.8%.

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 - 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 1	5820	
Support 2	5750	
Support 3	5720	
Resistance 1	5930	
Resistance 2	5980	
Resistance 3	6020	

Technical – Last week Nifty opened at 5834 & it made a high of 5904. Last week we have seen some rangebound trade. Nifty made a low of 5760 & closed at 5867. Last week Nifty drag 144 points from its high & on weekly basis it closed at 25 point's higher. Sensex made a weekly high of 19640 & a low of 19177 almost it drags 463 points in the week from its high. So overall last week we have seen some rangbound trade.

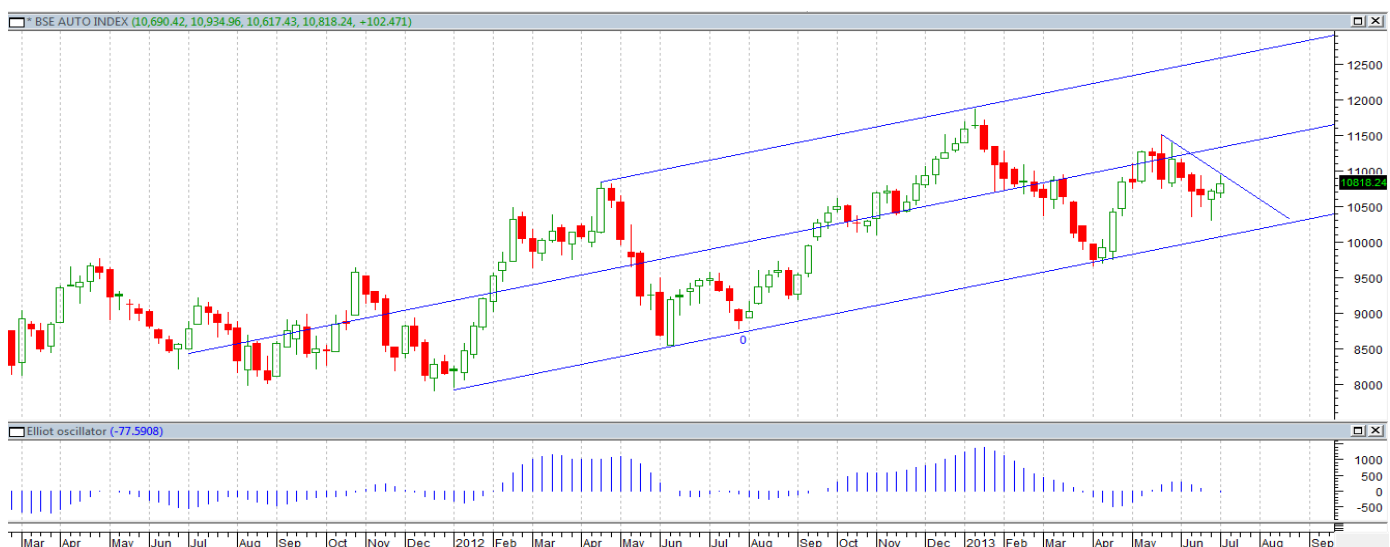
For the coming week the market range we expect 5720-6020

Weekly Chart View –

Last week we had expected market range (5720-6020) market made a high of 5904 & low of 5760, so overall it holds our both side range.

In last week report we had mentioned, on the daily chart market was above 200SMA & on weekly chart it was taking support 50WMA, because of that we had mentioned we can see some buying opportunity in correction, but we have seen some consolidation after correction. Now on daily chart market has touched upper line of channel & 50DMA, but above 200SMA. On weekly chart still taking support at 50WMA, but still below median line. So overall 5780-5750 is good support for market & 5880-5920 will be major resistance unless we did not get either side range breakout can see rangebound trade in the market.

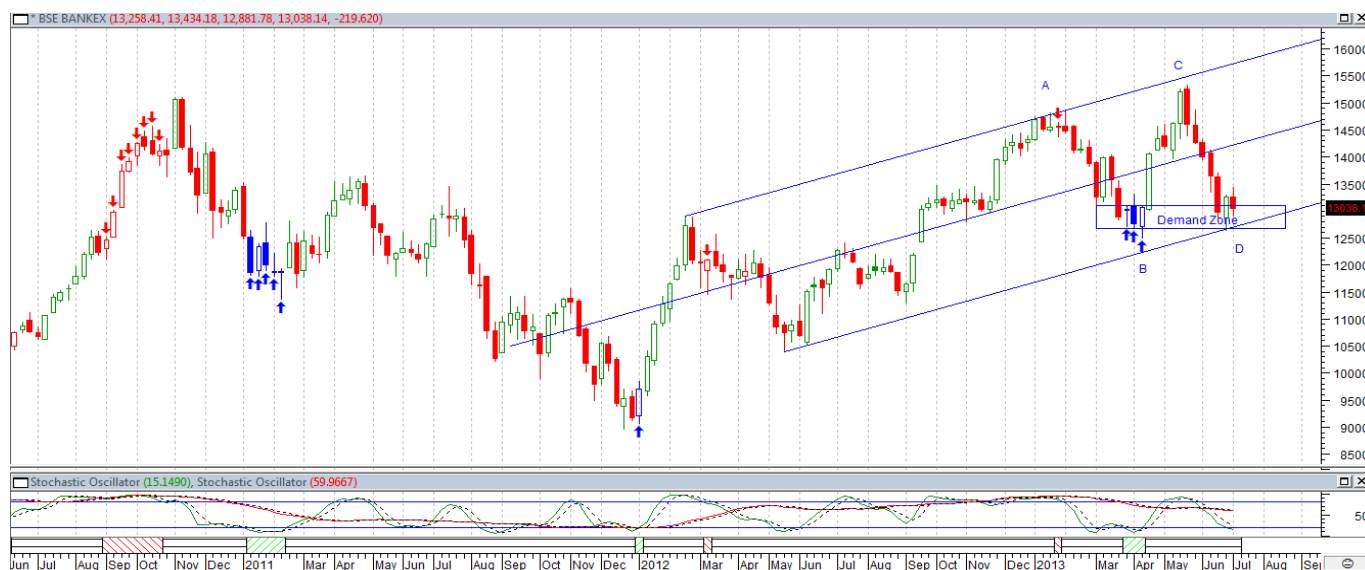
On Friday the Dow, the S&P500, the Nasdaq gained about 0.9%. For the week, the Dow & the S&P500 both rose more than 1.5%, while the NASDAQ gained over 2%.

**Weekly Chart****Weekly Sectoral Technical Outlook****BSE Auto Index****CMP: 10818****BSE Auto**

As expected and mentioned in our earlier report prices have activated the bullish implication of the pattern. At present the prices are facing resistance at the downward sloping trendline shown in the above graph. One can trail the stop loss to 10550 and hold their long positions.

BSE Bankex

CMP: 13038



BSE Bankex

The sector witnessed a bounce from the demand zone .However the prices didn't sustain the higher level and has formed a bear candle. At present the reciprocal AB=CD pattern has not being violated. Hence we maintain our stance that one can keep a stop loss of 12600 for their long positions.

BSE Metal Index

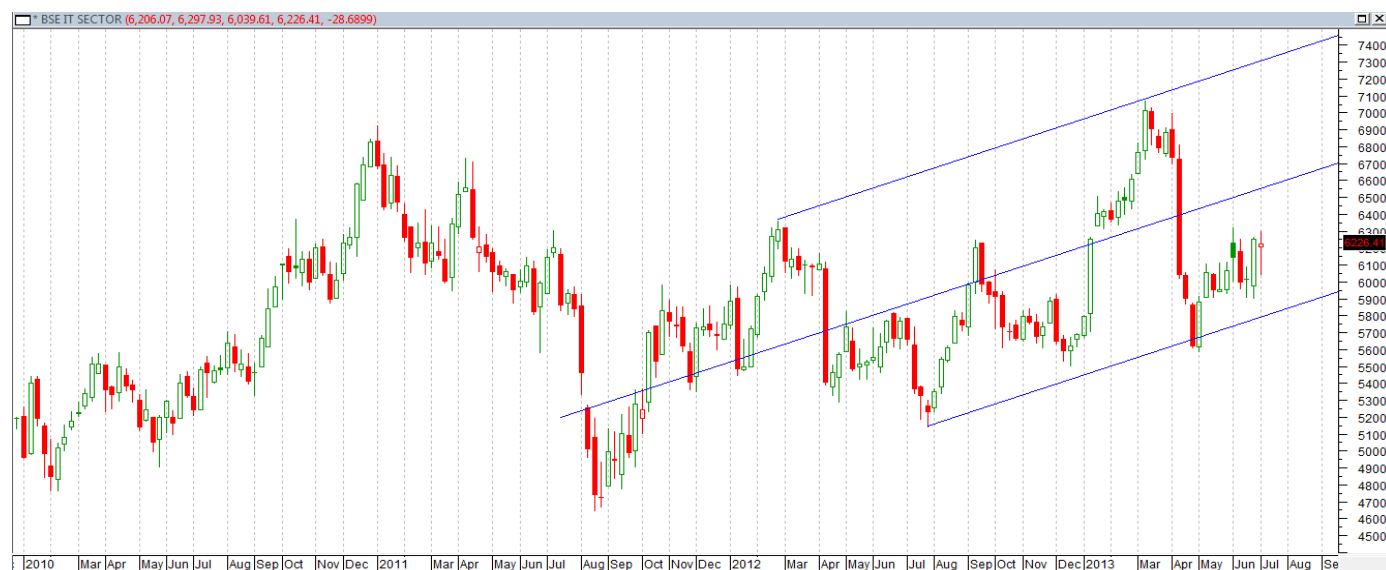
CMP: 7647



BSE Metal Index

We are observing a prominent positive divergence on the weekly chart. However there is no positive price movement seen in this sector. We maintain our earlier stance that if this sector trades above 7770 level then it may activate the positive divergence. In this scenario this sector can test 7885 to 8000 level.

Hence one can adopt cautious approach at current level.

BSE IT
CMP: 7647


BSE IT

We maintain our previous view that the sector has taken support at the demand level and is trading sideways. However the high wave candle which has occurs suggests that indecisiveness prevailing at current level. At present immediate resistance is at 7966 level. Any move above this level would propel this sector to test the median line of the channel. The value of the median line of the channel is at 6600. One should trial the stop loss to 6000 level for their long positions.

Weekly Technicals of Key Companies –

Company	Closing 07-July-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1238.45	1227.12	1259.23	1280.02	1206.33	1174.22
AMBUJACEM	190.20	188.97	193.23	196.27	185.93	181.67
ASIANPAINT	4668.80	4645.47	4763.58	4858.37	4550.68	4432.57
AXISBANK	1288.05	1300.68	1342.27	1396.48	1246.47	1204.88
BAJAJ-AUTO	1879.50	1903.47	1945.93	2012.37	1837.03	1794.57
BANKBARODA	558.55	563.43	591.87	625.18	530.12	501.68
BHARTIARTL	295.85	295.10	307.40	318.95	283.55	271.25
BHEL	178.70	178.98	185.42	192.13	172.27	165.83
BPCL	365.40	366.23	379.22	393.03	352.42	339.43
CAIRN	291.10	293.23	298.47	305.83	285.87	280.63
CIPLA	399.05	396.77	404.18	409.32	391.63	384.22
COALINDIA	296.85	298.95	305.90	314.95	289.90	282.95
DLF	177.65	180.23	187.27	196.88	170.62	163.58
DRREDDY	2238.85	2227.40	2300.00	2361.15	2166.25	2093.65
GAIL	326.95	324.77	338.98	351.02	312.73	298.52
GRASIM	2806.10	2800.60	2840.70	2875.30	2766.00	2725.90
HCLTECH	795.65	786.15	816.50	837.35	765.30	734.95
HDFC	850.10	863.75	879.35	908.60	834.50	818.90

HDFCBANK	667.75	661.78	679.97	692.18	649.57	631.38
HEROMOTOCO	1648.90	1667.13	1694.27	1739.63	1621.77	1594.63
HINDALCO	99.95	100.62	103.68	107.42	96.88	93.82
HINDUNILVR	609.35	607.98	633.37	657.38	583.97	558.58
ICICIBANK	1051.55	1060.58	1074.97	1098.38	1037.17	1022.78
IDFC	129.80	127.95	135.25	140.70	122.50	115.20
INDUSINDBK	475.05	474.38	485.67	496.28	463.77	452.48
INFY	2456.20	2444.12	2495.63	2535.07	2404.68	2353.17
ITC	342.60	335.92	351.68	360.77	326.83	311.07
JINDALSTEL	223.85	219.55	230.80	237.75	212.60	201.35
JPASSOCIAT	54.45	54.02	57.73	61.02	50.73	47.02
KOTAKBANK	702.65	710.72	726.93	751.22	686.43	670.22
LT	1408.80	1417.93	1447.87	1486.93	1378.87	1348.93
LUPIN	835.00	820.88	868.72	902.43	787.17	739.33
M&M	971.65	972.12	993.83	1016.02	949.93	928.22
MARUTI	1554.55	1563.98	1612.97	1671.38	1505.57	1456.58
NMDC	103.95	103.37	107.58	111.22	99.73	95.52
NTPC	143.65	145.03	147.27	150.88	141.42	139.18
ONGC	316.05	320.12	335.18	354.32	300.98	285.92
PNB	625.20	634.75	665.45	705.70	594.50	563.80
POWERGRID	107.60	109.05	111.85	116.10	104.80	102.00
RANBAXY	342.00	335.98	362.87	383.73	315.12	288.23
RELIANCE	880.35	873.17	898.98	917.62	854.53	828.72
RELINFRA	360.25	359.18	374.77	389.28	344.67	329.08
SBIN	1894.45	1932.02	1991.43	2088.42	1835.03	1775.62
SESAGOA	143.20	145.77	151.43	159.67	137.53	131.87
SUNPHARMA	1035.75	1048.10	1104.25	1172.75	979.60	923.45
TATAMOTORS	296.20	290.50	304.00	311.80	282.70	269.20
TATAPOWER	85.80	85.60	89.20	92.60	82.20	78.60
TATASTEEL	264.70	271.47	279.53	294.37	256.63	248.57
TCS	1530.20	1517.73	1570.47	1610.73	1477.47	1424.73
ULTRACEMCO	1926.25	1917.30	1957.95	1989.65	1885.60	1844.95

Source: Iris Softwre

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