

Key developments during the week

- RBI Subbarao says monetary policy first line of defence against inflation
- RBI Subbarao says current account deficit biggest risk to economy
- Aban Offshore gets 10.5-bln-rupee, 3-yr ONGC contract for drill ship
- 2G trial court rejects plea to lodge FIR against prime minister
- RIL arm in 120-bln-rupee deal to rent 45,000 RComm towers for 4G svc
- CDDT official says issued notices to 4 more banks on Cobrapost sting
- Govt source says Cabinet panel meet on coal price mechanism deferred
- Arvind Ltd says aim to expand retail stores to over 400 in next 5 yrs
- Chidambaram says government won't compress expenditure in FY14
- Chidambaram says panel to track stalled infra projects gets PM nod
- RIL to pump in 1.5-trln-rupee over 3 yrs to expand all businesses
- Source says PMO, Cabinet secretariat seek fresh view on gas pricing

INDEX	07-June-13	31-May-13	Change (in %)
NIFTY	5881.00	5985.95	-1.75
SENSEX	19429.23	19760.30	-1.68
NSE 500	4621.10	4681.45	-1.29
NSE MIDCAP	2035.20	2023.75	0.57
NIFTY JUNIOR	12276.95	12312.05	-0.29
BSE SMALLCAP	5962.31	5943.46	0.32
BSE 200	2377.02	2409.22	-1.34

INDEX	07-June-13	31-May-13	Change (in %)
BSE CD	7384.02	7695.00	-4.04
BSE OIL AND GAS	8488.41	8654.79	-1.92
BSE PSU	6528.74	6655.84	-1.91
BSE FMCG	6707.91	6772.13	-0.95
BSE Capital Goods	9350.06	9407.38	-0.61
BSE AUTO	10891.55	11166.34	-2.46
BSE REALTY	1683.45	1684.92	-0.09
BSE BANK	13985.75	14261.24	-1.93
BSE TECH	3625.38	3602.53	0.63
BSE HEALTHCARE	8891.92	8846.91	0.51
BSE IT	6138.27	6065.34	1.20
BSE METALS	8400.10	8503.01	-1.21

INDEX	07-June-13	31-May-13	Change (in %)
Dow Jones	15248.10	15115.57	0.88
Hang seng	21575.30	22392.16	-3.65
Nikkei	12877.50	13774.54	-6.51
FTSE	6411.99	6583.09	-2.60

Domestic events week ahead

- **Jun 10-11:** Automobile Sales data for May, by SIAM.
- **Jun 10-14:** Trade data for May, by commerce and industry ministry.
- **Jun 10-14:** Rail freight traffic for May to be detailed by rail ministry.
- **Jun 12:** Index of Industrial Production for April, by CSO.
- **Jun 12:** CPI for Combined, Rural, and Urban for May, by CSO.
- **Jun 14:** WPI inflation for May, by commerce and industry ministry.
- **Jun 15:** Advance tax payment data.

Source: NW18

Global events week ahead

- **Jun 10:** Japan Current Account, Japan Final GDP q/q, Japan Consumer Confidence, French Industrial Production m/m, Italian Industrial Production m/m, US FOMC Member Bullard Speaks
- **Jun 11:** Japan BSI Manufacturing Index, Japan Monetary Policy Statement, BOJ Press Conference, German Constitutional Court Ruling, UK Manufacturing Production m/m,
- **Jun 12:** Japan Core Machinery Orders m/m, BOJ Monthly Report, French Final Non-Farm Payrolls q/q, German Final CPI m/m, French CPI m/m, German Constitutional Court Ruling, UK Unemployment Rate, Europe Industrial Production m/m, US Crude Oil Inventories, US Federal Budget Balance
- **Jun 13:** ECB Monthly Bulletin, US Core Retail Sales m/m, US Retail Sales m/m, US Unemployment Claims
- **Jun 14:** Japan Monetary Policy Meeting Minutes, Europe CPI y/y, US PPI m/m, US Current Account, US Industrial Production m/m, US Prelim UoM Consumer Sentiment, G8 Meetings

Weekly Sector Outlook and Stock Picks

Auto sector – To track broader market this week; SIAM data eyed

Shares of major automobile companies are seen tracking broader markets this week. Detailed data on the industry's monthly sales and projections from Society of Indian Automobile Manufacturers, due on Jun 10, will also influence the trajectory of shares of automobile manufacturing companies as well as those of auto component makers. The automobile industry has been seeing a slowdown in sales due to a combination of high interest rates and fuel cost, which has kept consumers away from making purchases. This scenario is unlikely to change in the near future and, therefore, weakness in automobile shares is seen continuing. Maruti Suzuki has had to close two of its manufacturing facilities for a day owing to weak demand. These shutdowns due to weak demand outlook will affect auto companies' stocks in the near-term.

Bank Sector – Seen rangebound this week; inflation data eyed

Shares of major banks are seen rangebound this week, ahead of Reserve Bank of India's mid-quarter policy review on Jun 17. Expectations of a rate cut have increased after the country's gross domestic product growth fell to 5% in 2012-13 (Apr-Mar). A cut in policy rates by the central bank would be a positive for bank stocks. Investors will eye inflation data that will be detailed this week. Any signs of further cooling in inflation may raise chances of a rate cut. The government will detail inflation based on the Consumer Price Index on Jun 12, and inflation rate based on Wholesale Price Index on Jun 14. Industrial production data, which will be detailed on Jun 12, will also be in focus. The revised norms on restructuring of advances by banks and financial institutions increased the provisioning for new restructured standard account, or a restructured loan, to 5% with effect from Jun 1. The provisioning on existing standard restructured accounts as on Mar 31, 2013, will be increased to 5.00% from the current 2.75% over three years. Concerns over this revised norm led to pressure on shares of most banks this week.

Capital Goods sector – Seen down as local orders remain elusive

Shares of most capital goods and engineering companies are seen trading down this week as investors may refrain from investing in the sector owing to sluggish order booking, and increased competition. While the government is taking policy initiatives to push stalled projects, not much has materialised in terms of order booking. Bigger companies like sector bellwether Larsen & Toubro are focusing on international markets to mitigate the shrinking domestic order booking. A limited number of domestic orders are being floated, and the competition for these is high, which is affecting margins of the orders.

Cement Sector – Seen subdued this week with onset of monsoon

Stocks of cement companies are seen in the red this week as the onset of monsoon is likely to lead to a significant decline in demand as well as price of cement in the near term. Cement despatches and production will see a decline in June, continuing with the trend in May. Demand for cement is generally low during the monsoon season, but it was not upbeat in the past five months either. During the week, market will keep a close eye on Ultratech Cement, which has moved the Supreme Court against Competition Appellate Tribunal's May 17 order that had asked 10 cement companies to deposit 10% of the 63-bln-rupee penalty imposed on them by the Competition Commission of India for alleged cartelisation. The tribunal had asked the cement companies to deposit the money in one month and had posted the case for hearing in August.

FMCG Sector –Mid-cap cos may find favour with investors

Stocks of mid-cap fast moving consumer goods companies rising on value buying as stocks of large cap companies in the FMCG space have turned expensive. Stocks of companies like ITC, Nestle and GSK Consumer are trading at almost 30-35 times their two year forward earnings, while those of companies like Dabur, Marico and Tata Global are trading at 25-26 times two year forward earnings, valuation of mid-cap companies are likely to rise and catch up with their larger peers. Many large FMCG companies like Hindustan Unilever, Dabur and Marico get 30-50% of their revenues from the rural market, and a normal and timely monsoon will ensure that rural demand for FMCG products remains strong, helping them to achieve robust growth in sales volumes, which in-turn will justify the high valuations that FMCG stocks command.

IT Sector – Positive this week on weak rupee; Infosys eyed

Shares of major information technology companies are seen up this week aided by a weak rupee, which is expected to augur well for the companies in the near term. So far, the rupee has depreciated 5.39% against the dollar since May. The Indian currency, which ended at 57.06 last week, has traded in the range of 53.00-56.00 per dollar since March. Investors will keep an eye on Infosys, which announced the re-appointment of its founder N.R. Narayana Murthy as its executive chairman, in a bid to revive its sagging fortunes. We are of the opinion that while the news will be positive for the company's stocks in the coming weeks, only larger deal signing and better execution will help the company return to growth. For the last two years, Infosys has been subjected to harsh criticism due to its constant underperformances. Investors have expressed severe disappointment not only on its inability to meet its own annual guidance but also the poor outlooks it has been providing.

Oil Sector – PSU cos seen subdued as rupee slide continues

Shares of state-owned oil marketing companies are seen subdued this week because of the sharp fall in the rupee against the dollar. Rising crude prices will also erode the benefits of the recent increase in fuel prices. The rupee continued to slide against the dollar last week. Friday, the Indian currency touched a new 11-month low of 57.11 to a dollar, but ended a tad higher at 57.06, a decline of almost 1% in one week. Last week, the rupee depreciated around 2% against the greenback. Crude oil prices too reversed trend and started rising, gaining almost \$2 a barrel last week. The state-owned refining and marketing companies Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd import almost 80% of their crude oil requirement, and a decline in the rupee makes the commodity costlier for them. Last week, the companies had announced a hike of 50 paise per litre on diesel and 75 paise per litre on petrol. However, gains from the increase were almost wiped out by the sudden rise in crude prices and sustained depreciation of the rupee. Both the factors will continue to weigh on the stocks, and traders will keep a close watch on them. The rupee is expected to weaken further in the next week.

Pharma sector – Seen tad up this week due to defensive nature

Shares of major pharmaceutical companies, which are defensive in nature, are seen gaining slightly this week due to continued concerns over the weakness in the rupee and cautious approach by investors ahead of the release of the key economic data. Market participants will also eye the release of India's industrial production data for April and the inflation rate for May, which will offer clues to the Reserve Bank of India's likely rate action and stance at its mid-quarter review on Jun 17.

Telecom Sector – RComm seen steady; Bharti, Idea weak this week

Shares of Reliance Communications remain overbought, the stock is unlikely to see sell-off this week as the relative strength of the stock is still strong. The stock saw some profit booking in reaction to news that the company has entered into a tower-sharing deal with Reliance Industries Ltd. Investors have been looking to book profits in the scrip, which has risen 83.6% since Apr 2, when the company announced that it had entered into a fibre network-sharing deal with Reliance Industries. Until and unless the 110-rupee level is breached on the lower side, heavy selling is not likely to occur in the stock. Shares of Bharti Airtel Ltd and Idea Cellular are expected to trade with a bearish bias this week.

Market Range for Week 5750- 5980

Nifty	Values	Resistance – Nifty facing Resistance level @5950 level above this level it may go up to @5980 & @ 6010 level. Support - Support comes for market @5850 level for Nifty; below this level Nifty next support @5820 and @5775 will be the major support for Market.
Support 1	5850	
Support 2	5820	
Support 3	5775	
Resistance 1	5950	
Resistance 2	5980	
Resistance 3	6010	

Technical – Last week Nifty opened at 5997 & it made a high of 6011. Last week we have seen some pressure from higher level. Nifty made a low of 5869 & closed at 5881. Last week Nifty drags 142 points from its high & on weekly basis it closed at 104 point's lower. Sensex made a weekly high of 19860 & a low of 19395 almost it drags 465 points in the week from its high. So overall last week we have seen selling pressure.

For the coming week the market range we expect 5750-5980

Weekly Chart View –

Last week we had expected market range (5880-6080) market made a high of 6011 & low of 5869, so overall it holds our boths side range.

In last week report we had mentioned, on the daily chart market was below short term moving avg & trendline, on weekly chart we had witnessed bearish candle & not able to cross upper line of channel, because of all that we had mentioned close below 5980-5950 can see more pressure & all we have seen same. Now on daily chart market below 50 & 100SMA. On weekly chart we witness a bearish candle, but taking support 20WMA & above 5870. So overall if we get close below 5870-5850 can see more pressure in the market, 5950-5980 will remain major resistance.

On Friday the Dow rallied more than 200 points, or 1.4%. The S&P500 & Nasdaq rose 1.3%. For the week Dow & S&P500 gained 0.9% and 0.8%, while the Nasdaq ticked up 0.4%.

Weekly Chart



Market Commentary –

Movement of rupee, macroeconomic data and trend in investment by foreign institutional investors will dictate trend on the bourses. A weakness in rupee against the dollar has triggered volatility on the bourses off late. The rupee hit near one-year low below 57 a dollar on Friday, 7 June 2013. A weak rupee makes imports costlier, stoking inflation concerns, thereby capping the Reserve Bank of India's scope to extend monetary easing and counter the slowest economic growth in a decade.

RBI undertakes mid-quarter review of the monetary policy on 17 June 2013.

Investors will watch the figures of Q1 advance tax payment of India Inc which falls due on 15 June 2013. The Q1 advance tax numbers could provide cues on Q1 June 2013 corporate earnings. Advance taxes are collected in four installments -- 15% by 15 June; 40% by 15 September; 75% by 15 December and 100% by 15 March.

On the global front, Asian market will on Monday, 10 June 2013, react to the influential US monthly nonfarm payrolls report for May 2013 which is due for release on Friday, 7 June 2013. Federal Reserve Chairman Ben Bernanke said last month that the bank could start scaling back its aggressive easing program in coming months if data continue to improve.

Weekly Technicals of Key Companies –

Company	Closing 07-June-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1205.00	1209.00	1232.00	1259.00	1182.00	1159.00
AMBUJACEM	171.95	175.02	180.53	189.12	166.43	160.92
ASIANPAINT	4576.80	4665.57	4771.13	4965.47	4471.23	4365.67
AXISBANK	1378.25	1394.78	1427.47	1476.68	1345.57	1312.88
BAJAJ-AUTO	1745.00	1765.50	1799.85	1854.70	1710.65	1676.30
BANKBARODA	657.65	663.72	675.43	693.22	645.93	634.22
BHARTIARTL	288.30	294.50	302.30	316.30	280.50	272.70
BHEL	189.40	193.37	197.88	206.37	184.88	180.37
BPCL	376.20	374.33	383.17	390.13	367.37	358.53
CAIRN	288.10	286.83	292.47	296.83	282.47	276.83
CIPLA	373.30	372.47	380.93	388.57	364.83	356.37
COALINDIA	319.70	322.80	327.60	335.50	314.90	310.10
DLF	198.50	197.58	206.37	214.23	189.72	180.93
DRREDDY	2190.30	2156.68	2232.62	2274.93	2114.37	2038.43
GAIL	307.05	309.60	315.30	323.55	301.35	295.65
GRASIM	2781.65	2795.43	2859.87	2938.08	2717.22	2652.78
HCLTECH	744.20	739.70	758.40	772.60	725.50	706.80
HDFC	839.35	857.05	880.95	922.55	815.45	791.55
HDFCBANK	676.15	683.58	693.97	711.78	665.77	655.38
HEROMOTOCO	1646.90	1673.93	1712.87	1778.83	1607.97	1569.03
HINDALCO	101.95	101.90	104.55	107.15	99.30	96.65
HINDUNILVR	591.15	591.08	593.92	596.68	588.32	585.48
ICICIBANK	1141.70	1142.62	1165.23	1188.77	1119.08	1096.47
IDFC	147.40	147.57	150.93	154.47	144.03	140.67
INDUSINDBK	507.15	511.33	521.22	535.28	497.27	487.38
INFY	2446.80	2495.90	2575.90	2705.00	2366.80	2286.80
ITC	333.85	335.28	340.47	347.08	328.67	323.48
JINDALSTEL	279.20	284.37	290.73	302.27	272.83	266.47
JPASSOCIAT	64.40	65.47	67.03	69.67	62.83	61.27
KOTAKBANK	762.90	769.10	779.50	796.10	752.50	742.10
LT	1412.30	1410.83	1446.42	1480.53	1376.72	1341.13
LUPIN	762.00	759.47	776.43	790.87	745.03	728.07
M&M	966.35	970.35	995.00	1023.65	941.70	917.05
MARUTI	1554.90	1562.70	1592.15	1629.40	1525.45	1496.00

NMDC	115.75	116.08	118.42	121.08	113.42	111.08
NTPC	147.80	149.80	153.60	159.40	144.00	140.20
ONGC	319.30	321.45	327.40	335.50	313.35	307.40
PNB	762.95	765.23	781.37	799.78	746.82	730.68
POWERGRID	110.65	111.65	112.85	115.05	109.45	108.25
RANBAXY	378.35	373.53	389.77	401.18	362.12	345.88
RELIANCE	783.60	789.37	799.58	815.57	773.38	763.17
RELINFRA	377.30	374.10	392.90	408.50	358.50	339.70
SBIN	2024.15	2038.22	2069.93	2115.72	1992.43	1960.72
SESAGOA	154.50	157.53	160.82	167.13	151.22	147.93
SUNPHARMA	1012.45	1015.93	1043.37	1074.28	985.02	957.58
TATAMOTORS	301.90	305.90	313.80	325.70	294.00	286.10
TATAPOWER	88.60	88.63	89.72	90.83	87.52	86.43
TATASTEEL	292.05	294.83	299.62	307.18	287.27	282.48
TCS	1518.95	1502.70	1555.25	1591.55	1466.40	1413.85
ULTRACEMCO	1860.20	1864.07	1901.13	1942.07	1823.13	1786.07

Source: Iris Softwre

Contact

SMS: 'Arihant' to 56677

Website
www.arihantcapital.com
Email Id
research@arihantcapital.com

**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg**

Disclaimer: This document has been prepared by Arihant Capital Markets Limited (hereinafter called as Arihant) and its subsidiaries and associated companies. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. Receipt and review of this document constitutes your agreement not to circulate, redistribute, retransmit or disclose to others the contents, opinions, conclusion, or information contained herein. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this material may not be suitable for all investors. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material. Arihant Capital Markets Ltd (including its affiliates) or its officers, directors, personnel and employees, including persons involved in the preparation or issuance of this material may; (a) from time to time, have positions in, and buy or sell or (b) be engaged in any other transaction and earn brokerage or other compensation in the financial instruments/products discussed herein or act as advisor or lender/borrower in respect of such securities/financial instruments/products or have other potential conflict of interest with respect to any recommendation and related information and opinions. The said persons may have acted upon and/or in a manner contradictory with the information contained here and may have a position or be otherwise interested in the investment referred to in this document before its publication. The user of this report assumes the entire risk of any use made of this data / Report. Arihant especially states that it has no financial liability, whatsoever, to the users of this Report.

ARIHANT Capital Markets Ltd

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E), Mumbai 400057.

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

RCH-WMR-00