

Key developments during the week

- India Aug passenger car sales up 9.5%, total exports fall 15%
- SIAM raises FY17 passenger vehicle sales forecast to "double-digit"
- Finance minister source says meeting on Oct-Mar govt borrowing likely Sep 27-30
- Govt panel recommends merger of rail, general budgets
- President gives assent to GST Constitution amendment bill
- Jaitley says health of public sector banks a priority
- Finance minister source says monetary panel should be ready before next policy
- NITI Aayog suggests revival of 22 PSUs, including Air India
- Govt source says NITI Aayog recommended closure of 26 PSUs
- Finance minister source says sent Cabinet note on FDI via hybrid instruments
- NITI Aayog CEO says identifying more PSUs for strategic divestment
- Trade minister says India not yet ready for FDI in multi-brand retail
- Centre to fund 99 irrigation projects under PM's flagship programme
- Coal secretary says may tweak Coal India's FY17 production as per demand
- FII appetite for equities seen unabated as US rate hike odds fall
- PFRDA mulls hiking equity invest limit for National Pension System

INDEX	09-Sep-16	02-Sep-16	Change (in %)
NIFTY	8866.70	8809.65	0.65
SENSEX	28797.25	28532.11	0.93
NSE 500	7575.55	7504.60	0.95
NSE MIDCAP	3975.85	3913.95	1.58
NIFTY JUNIOR	23339.10	23031.05	1.34
BSE SMALLCAP	12861.39	12644.06	1.72
BSE 200	3810.84	3774.41	0.97

INDEX	09-Sep-16	02-Sep-16	Change (in %)
BSE AUTO	22844.28	22309.57	2.40
BSE BANK	23249.81	22803.57	1.96
BSE CAPITAL GOODS	15402.98	15100.25	2.00
BSE CD	12716.43	12475.53	1.93
BSE FMCG	8871.76	8858.35	0.15
BSE HEALTHCARE	16587.10	16232.58	2.18
BSE IT	10207.14	10402.30	-1.88
BSE METALS	10080.85	9942.40	1.39
BSE OIL AND GAS	11193.79	10970.40	2.04
BSE PSU	7679.40	7505.93	2.31
BSE REALTY	1612.07	1525.55	5.67
BSE TECK	5615.69	5697.46	-1.44

INDEX	09-Sep-16	02-Sep-16	Change (in %)
DOW JONES	18085.45	18491.96	-2.20
HANG SENG	24099.70	23266.70	3.58
NIKKEI	16965.76	16925.68	0.24
FTSE	6776.95	6894.60	-1.71

Domestic events week ahead

- Sep 12:** Index of Industrial Production for July, by CSO
- Sep 12:** CPI Combined inflation for August, by CSO
- Sep 12:** FDI inflow for June and July, by RBI
- Sep 12:** Freight traffic of major ports in Apr-Aug, by IPA
- Sep 12-16:** Balance of payments for Apr-Jun, by RBI
- Sep 13-16:** Trade data for August, by commerce and industry ministry
- Sep 14:** WPI inflation for August, by commerce and industry ministry
- Sep 15:** Rainfall for week to Sep 14, by IMD
- Sep 16-18:** Rail freight traffic for August, by rail ministry

Source: Cogencies

Global events week ahead

- Sep 12:** Japan PPI, US FOMC Member Brainard Speaks
- Sep 13:** China Industrial Production, China Retail Sales, UK CPI, UK PPI, ECB President Draghi Speaks, Europe ZEW Economic Sentiment, US Federal Budget Balance
- Sep 14:** Japan Revised Industrial Production, UK Claimant Count Change, UK Unemployment Rate, Europe Industrial Production, UK Inflation Report Hearings, US Crude Oil Inventories
- Sep 15:** UK Retail Sales, Europe CPI, Europe Trade Balance, Bank of England Monetary Policy, US PPI, US Retail Sales, US Unemployment Claims, US Current Account, US Industrial Production
- Sep 16:** US CPI, US Core CPI, US Prelim UoM Consumer Sentiment, US Prelim UoM Inflation Expectations



Weekly Sector Outlook and Stock Picks

Auto Sector – Bias positive, but may see some correction

Shares of major automobile companies are seen trading in a range this week, with some possibility of a correction after outperforming the index in the last few weeks. Overall, the bias remains positive for the sector as payout of salary hike arrears to government servants and good monsoon rains are viewed as lifting demand during the upcoming festival season. Society of Indian Automobiles Manufactures raised the growth projection for FY17 to double digit, from 7-8% projected at the beginning of the year. The CNX Auto Index, which closed 2.45% higher on week at 10299.20 points, may remain range-bound with a possibility of profit booking by investors. Shares of Maruti Suzuki India Ltd are seen "overbought" but looks positive, backed by strong fundamentals and a good order book for its Baleno hatchback and Vitara Brezza sports utility vehicles. Hero MotoCorp, which has been outperforming the broader index, is seen consolidating at current levels. Shares of Bajaj Auto and M&M are seen trading in a narrow range this week.

Bank Sector – To track broad markets; CPI, IIP data in focus

Bank stocks are seen tracking broader equity markets this week, with focus on India's headline inflation and industrial production, to be announced on Sep 12. Bank stocks are expected to take cues from key economic data releases as inflation and industrial output data are crucial factors that can impact the monetary policy stance of the Reserve Bank of India. India's August headline inflation rate, based on the consumer price-index is seen falling to 5.3% from a 23-month high of 6.07% in July, as per Cogencis poll. Industrial growth is likely to have fallen to 1.4% in July from an eight-month high 2.1% in June on account of sluggish pick-up in core industries, as per Cogencis poll. State Bank of India is likely to be in focus as the lender may issue dollar denominated, additional tier-I bonds this week. Apart from being a capital boost, the issuance by SBI is also seen as a chance for getting cues for investor appetite for Indian bank paper. Focus will also remain on YES Bank which deferred its \$1 bln share issue, citing market volatility and regulatory hurdles.

Capital Goods Sector – Seen trading in range; bias negative

Shares of capital goods companies are likely to trade range-bound with a negative bias this week, in the absence of major triggers. Sector major L&T could see an upside, as recommendations of subscribing to subsidiary L&T Technology Services' IPO. As the company is well placed to tap the under-penetrated engineering research and development outsourcing space, it offers an attractive investment theme. The IPO which opens for subscription on Sep 12 and closes on Sep 15, has been set price band at 850-860 rupees a share. Shares of Crompton Greaves could rise this week, as the company has decent prospects of sales growth in the near term, especially in the motors segment. State-owned BHEL could fall, despite reporting a 54.2% y-o-y rise in net profit for Apr-Jun at 777.70 mln rupees, as "outlook on BHEL continues to be weak due to deterioration in margin profile, aggressive pricing in orders, and risk of write-offs from stranded projects". Demand for power equipment is likely to be muted, given the already low plant load factor of current capacities, as well as large under-construction capacities.

Cement Sector – Subdued this week as broader market seen slack

Shares of major cement manufacturers are seen sluggish this week because investors are likely to move to defensive stocks like those of pharmaceuticals and information technology companies. The market has moved into a relatively over-bought position. Some pullback witnessed in ACC, Ambuja, UltraTech Cement and India Cements this week can percolate to mid-size companies as well this week. The cement sector could face further pressure from the likely weakness in the broader market. However, for the medium- to long-term, market participants are hopeful that industry dynamics are turning favourable due to an improvement in demand, slowdown in setting up of new capacities, and high consolidation within the industry. Moreover, an increase in utilisation levels of units, barring those in south India, to over 80% is likely to drive an improvement in pricing. Good monsoon rains, improved farm income and wage hikes for central government employees are also expected to drive demand from rural housing during Oct-Mar.

FMCG Sector – Seen consolidating as monsoon likely to pick up

Shares of fast moving consumer goods companies are seen consolidating this week, as monsoon rains gather momentum. The monsoons have increased the reservoir levels at a healthy rate which would improve sowing and further provide better irrigation for rabi crops, thus, increasing rural consumption. As of Thursday, India had received 736.7 mm rainfall, down 4% from its normal of 768.9 mm. Rainfall is likely to be normal to above normal over east and



northeast India and south peninsula during the next two weeks, the India Meteorological Department said. Market development in emerging categories like liquid detergents, fabric conditioners, liquid dishwash, colour cosmetics, body lotions, and premium skin cream are also seen aiding the company's earnings going forward.

IT Sector – Weakness to continue due to negative outlook

Shares of information technology companies are expected to see weakness this week because of expectations of a slowdown in the profit growth of these companies in Jul-Sep. Sector major Tata Consultancy Services scaled down its Jul-Sep guidance, making it the second company to warn investors of a bleak September quarter, after Infosys and Mindtree. Infosys is seeing erosion in margins in traditional business areas, echoing the view that the traditional outsourcing model has probably run its course for Indian information technology companies. Shares of other IT companies would look for cues in the performance of sector bellwethers this week, as TCS cautioning against slowing customer growth has worried investors.

Oil Sector – Seen mixed this week; ONGC may rise further

Stocks of oil companies are seen trading mixed this week, while ONGC is expected to rise further as the company's better-than-expected earnings for Apr-Jun continue to buoy sentiment. Reliance Industries may decline this week, as traders' book profits. The company was more in the news for its telecom business rather than its core business of energy and petrochemicals. News around the company's subsidiary Reliance Jio Infocomm will continue to be in focus. Prices of crude oil would also be in focus this week, and any significant change in prices will impact stocks. Downstream companies are expected to trade mixed this week. Cairn India's fortunes are directly linked to those of Vedanta, after shareholders of the latter and parent Vedanta Resources approved their merger. A report in Mint newspaper said that Life Insurance Corp of India, which holds 9.06% stake in Cairn India, is set to vote in favour of the company's merger with Vedanta Ltd. The merger requires approval from at least 51% of Cairn India's minority shareholders. Fluctuation in the dollar-rupee exchange rates is also likely to affect shares of oil companies.

Pharma Sector – Uptrend may continue this week led by largecaps

Shares of pharmaceutical companies are may continue to trade with a positive bias this week with gains likely to be led by largecaps. Defensive sectors such as pharma, fast moving consumer goods, and information technology are expected to witness buying interest in the coming days even as broader market is seen sluggish. Largecaps such as Aurobindo Pharma, Dr Reddy's Laboratories, and Lupin are seen rising further this week, while Cipla and Sun Pharmaceutical Industries are likely to trade range-bound with a positive bias. The company's investments in better-value products are set to help offset the impact of pricing pressure in the US, beat competition and sustain a healthy growth momentum for a longer period. Lupin, which gained 3.4% on week, may continue its upward movement as the pace of product approvals in the US has been good. Among other companies, Glenmark Pharmaceuticals' shares, which rose 7% on week, may continue to gain in the coming days, and Ipca Laboratories is also likely to see some upside.

Metal Sector – Seen positive this week, Tata Steel result in focus

Shares of major metal and mining companies are seen trading with a positive bias this week due to possibility of easing of global glut. According to reports, for the first time in nearly two years, China's imports has risen 1.5% on year in August, with exports dropping 2.8%. China is the world's largest producer, importer and exporter of metals. Demand in China was been severely hit due to slowdown, leaving it with a surplus stock that it dumped in the international market. Several countries bore the brunt of dumping of metals by China. Market participants are likely to track shares of Tata Steel as it is scheduled to announce Apr-Jun earnings on Sep 12. Tata Steel is seen reporting a consolidated net profit of 4.05 bln rupees in Apr-Jun largely due to improved volumes and operational performance in its Indian operations, according to estimates.

Telecom Sector – Under pressure this week on RJio impact

Shares of telecom companies are seen trading lower as conviction over Reliance Jio's impact on incumbents grows stronger. Reliance Jio, which started operations on Sep 5, sold SIM cards aplenty over the past week as data-hungry customers queued up to grab the three-month free services offer. Reliance Jio is likely to on-board 100 mln subscribers by the end of 2021-22. Incumbent operators agreed to provide addition interconnection points to Reliance Jio on "incremental basis," after executive from all carriers met Telecom Regulatory Authority of India officials in the capital. As the bitter spat, which is far from over, shapes further, investors are seen holding their bets on telecom stocks.



Market range for the week 8680-9050

Nifty	Values
Support 1	8780
Support 2	8720
Support 3	8680
Resistance 1	8880
Resistance 2	8950
Resistance 3	9050

Resistance – Nifty may face resistance at 8880 level above this level it may go up to 8950-9050 level.

Support - Nifty has support at 8780 level below this next support at 8720-8680 levels.

Technical – During the week, CNX Nifty opened at 8852.70 and touched the highest level of 8968.70 and lowest level of 8848.45. The CNX Nifty ended at 8866.70; gain 57.05 points or 0.65%. The S&P BSE Sensex opened at 28631.27 and touched the highest level of 29077.28 and lowest level of 28631.27. The S&P BSE Sensex closed at 28797.25; gain 265.14 points or 0.93%.

For the coming week, we expect the market range of 8680-9050

Weekly Chart View –

We had mentioned in last week's report that we witnessed Gap area on daily chart and on weekly chart we witnessed strong bull candle, because of that we had mentioned we can see some more momentum and all we have seen same. Now on daily chart Nifty Moving toward lower trendline and on weekly chart we witness "Spinning Top". So combining above two pattern formation from here 8950-8980 will be major resistance for Nifty only above that we can see some upside move up to 9050-9120 and downside remain 8720-8680 will be good support. So as of now some stocks specific move will be continue with in range.

Weekly Chart

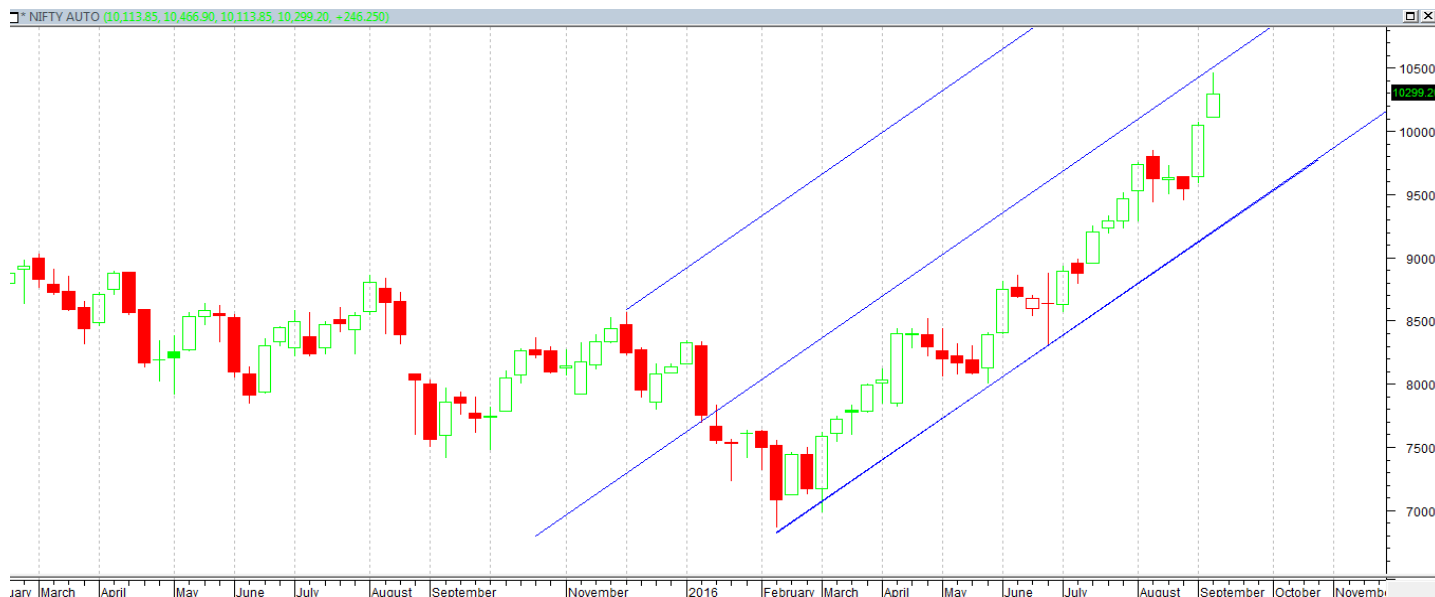




Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 10299



NSE Auto

At present, prices have tested the median line of the channel. Any close above the median line would propel the upside momentum. Aggressive traders gone long at lower level should maintain the trailing stop loss at 10100. On the upside it can test 10500 - 10800 levels.

NSE Bankex

CMP: 20245



NSE Bankex

Aggressive traders gone long at lower level can trial the stop loss to 19800. On the upside this sector can test 20500 - 21000 levels.

**NSE Metal Index****CMP: 2607****NSE Metal Index**

We still maintain our earlier stance that the current price action after a breakout from the downward sloping trendline is maintaining higher top higher bottom formation. Aggressive traders gone long at lower levels can trail the stop loss at 2500. On the upside, it can test 2700 - 2850 levels.

NSE IT**CMP: 10291****NSE IT**

At present, the prices have marginally close below the lower trendline of the channel. This suggests further weakness. Hence one should avoid this sector at present.



Weekly Technicals of Key Companies –

Company	Closing 09-Sep-16	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1693	1694	1714	1735	1673	1652
ADANIPO RTS	276	273	279	283	269	263
AMBUJACEM	276	276	279	282	273	270
ASIANPAINT	1183	1189	1207	1232	1164	1146
AUROPHARMA	807	797	820	833	784	761
AXISBANK	629	623	644	659	608	588
BAJAJ-AUTO	3089	3063	3146	3203	3006	2923
BANKBARODA	175	173	179	183	169	163
BHARTIARTL	324	321	330	336	316	307
BHEL	157	151	168	180	140	122
BOSCHLTD	24448	24448	24844	25241	24051	23654
BPCL	587	591	597	606	581	575
CIPLA	595	590	604	613	581	566
COALINDIA	333	330	336	339	327	322
DRREDDY	3188	3167	3219	3250	3137	3085
EICHERMOT	23419	23243	23675	23932	22986	22554
GAIL	389	394	403	416	380	372
GRASIM	4776	4742	4853	4931	4665	4554
HCLTECH	774	777	804	834	747	721
HDFC	1438	1439	1462	1487	1415	1392
HDFCBANK	1289	1293	1302	1314	1280	1271
HEROMOTOCO	3704	3673	3771	3838	3606	3508
HINDALCO	162	161	165	167	158	154
HINDUNILVR	952	942	963	974	931	911
ICICIBANK	276	274	286	295	265	253
IDEA	85	84	86	87	83	81
INDUSINDBK	1220	1224	1252	1284	1192	1164
INFRATEL	358	353	367	376	344	329
INFY	1038	1040	1056	1075	1021	1005
ITC	265	264	267	269	262	259
KOTAKBANK	820	814	828	837	806	792
LT	1540	1530	1556	1572	1513	1487
LUPIN	1582	1562	1609	1635	1535	1488
M&M	1492	1490	1502	1511	1481	1470
MARUTI	5489	5396	5592	5694	5294	5098
NTPC	160	161	163	166	158	156
ONGC	246	246	255	263	238	230
POWERGRID	186	185	189	191	183	179
RELIANCE	1033	1027	1042	1050	1019	1005
SBIN	268	265	275	281	259	250
SUNPHARMA	808	798	820	831	786	765
TATAMOTORS	584	580	603	622	561	538
TATAMTRDVR	370	367	381	392	357	343
TATAPOWER	78	78	79	81	76	74
TATASTEEL	403	395	416	430	382	361
TCS	2322	2376	2467	2611	2231	2140
TECHM	459	466	477	494	448	437
ULTRACEMCO	4115	4100	4145	4175	4070	4024
WIPRO	474	478	486	498	466	458
YESBANK	1328	1366	1411	1494	1283	1238
ZEEL	539	537	544	549	532	525

Source: Iris Software



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