

Key developments during the week

- India Sep passenger car sales up 9.5% YoY; CVs up 12.1% YoY
- Bank sources say RBI reviewing Base Rate model; impact on transmission
- India Sep electricity generation 95.18 bln kWh, up 10.8% YoY
- Jaitley calls for automatic exchange of tax information globally
- CBDT head warns tax avoidance era over for companies, favours stern action
- Bank of England maintains Bank Rate at 0.5%; asset buy programme unchanged
- RBI Khan says paid \$700 mln Iran oil dues, bought another \$700 mln
- RBI cuts risk weight on home loans with lower loan-to-value ratio
- HC grants relief to Vodafone in 85-bln-rupees transfer pricing case
- Banking sources say RBI keen banks offer more fixed-rate loans
- Govt approves 11 FDI proposals worth 15.68 bln rupees
- India Sep Nikkei services PMI at 51.3 from 51.8 in Aug
- PM Modi says hope to roll out GST in 2016; need to boost manufacturing
- Bank sources say RBI, govt mulling holding co structure for all banks
- Economic secretary says govt to launch gold bond, monetisation schemes in Nov
- Chief economic adviser says govt absolutely committed to fiscal glide path

INDEX	09-Oct-15	01-Oct-15	Change (in %)
NIFTY	8189.70	7950.90	3.00
SENSEX	27079.51	26220.95	3.27
NSE 500	6829.40	6654.50	2.63
NSE MIDCAP	3299.90	3201.20	3.08
NIFTY JUNIOR	19944.30	19752.40	0.97
BSE SMALLCAP	11348.58	11042.60	2.77
BSE 200	3446.11	3357.07	2.65

INDEX	09-Oct-15	01-Oct-15	Change (in %)
BSE AUTO	18009.21	17312.27	4.03
BSE BANK	20059.24	19608.18	2.30
BSE CAPITAL GOODS	15735.92	15222.30	3.37
BSE CD	11618.14	10905.90	6.53
BSE FMCG	7982.46	7769.95	2.74
BSE HEALTHCARE	18212.88	18039.28	0.96
BSE IT	11520.30	11550.61	-0.26
BSE METALS	7439.05	6825.40	8.99
BSE OIL AND GAS	9062.53	8703.59	4.12
BSE PSU	6955.32	6687.82	4.00
BSE REALTY	1418.57	1371.19	3.46
BSE TECK	6273.82	6270.93	0.05

INDEX	09-Oct-15	02-Oct-15	Change (in %)
DOW JONES	17084.49	16472.37	3.72
HANG SENG	22458.80	21506.09	4.43
NIKKEI	18438.67	17725.13	4.03
FTSE	6416.16	6129.98	4.67

Domestic events week ahead

- Oct 12:** Index of Industrial Production for August, by CSO
- Oct 12:** CPI Combined inflation for September, by CSO
- Oct 12-13:** FDI inflow in August, by RBI
- Oct 14:** WPI inflation for September, by commerce and industry ministry
- Oct 14-16:** Trade data for September, by commerce and industry ministry
- Oct 14-20:** GSM mobile subscribers' data for September, by COAI

Source: NW18

Global events week ahead

- Oct 12:** US FOMC Member Lockhart Speaks, US FOMC Member Evans Speaks
- Oct 13:** Japan Monetary Policy Meeting Minutes, China Trade Balance, Japan Consumer Confidence, German Final CPI m/m, UK CPI y/y, UK PPI m/m, German ZEW Economic Sentiment, Europe ZEW Economic Sentiment, US Federal Budget Balance
- Oct 14:** China CPI y/y, China PPI y/y, UK Unemployment Rate, Europe Industrial Production m/m, US Retail Sales m/m, US Core Retail Sales m/m, US PPI m/m
- Oct 15:** Japan Revised Industrial Production m/m, US CPI m/m, US Core CPI m/m, US Unemployment Claims, US Philly Fed Manufacturing Index, US FOMC Member Dudley Speaks, US Crude Oil Inventories
- Oct 16:** Europe Final CPI y/y, Europe Trade Balance, US Industrial Production m/m, US Prelim UoM Consumer Sentiment, US JOLTS Job Openings, US Prelim UoM Inflation Expectations

Weekly Sector Outlook and Stock Picks

Auto Sector – Seen positive this week as passenger car sales rise

Sentiment for automobile makers' shares is seen remaining upbeat this week on the back of a healthy revival in sales of passenger cars and medium-to-heavy commercial vehicles. Mood was buoyed due to a 9.5% y-o-y rise in sales of passenger cars during September. Besides, sales of M&HCVs rose nearly 64% y-o-y to 31,172 units during the month. Both Tata Motors Ltd and Ashok Leyland Ltd are expected to see brisk business on their counters due to exceptionally good quarter sales where M&HCVs are concerned. Given the sluggish sales of two-wheelers and light commercial vehicles, both Hero Motocorp Ltd, and Mahindra and Mahindra are likely to remain laggards. Auto stocks are also likely to take cues from the broader market, which in turn is expected to track data on Consumer Price Index-based inflation and Index of Industrial Production to be released on Oct 12. Shares of Maruti Suzuki are expected to continue their decline this week, as sentiment remains negative around the company's plans for its Gujarat plant.

Bank Sector – To take cues from CPI, IIP, Jul-Sep results

The September retail inflation and August industrial growth data to be released on Oct 12 will decide the course for bank stocks this week, while bias is expected to remain positive tracking the broader market outlook. Select banks are expected to continue to trend upward on the Reserve Bank of India's decision to lower risk weight requirements on some home loans. Shares of State Bank of India, IDBI Bank, and Bank of Baroda are seen outperforming the sector. The banking gauge has ended its volatile week with modest gains of 2.5%. Banks such as DCB Bank, Karur Vysya Bank and Lakshmi Vilas Bank will be in focus as they will detail their Jul-Sep earnings this week. Economic data will be a key input but with start of earnings, there will be a lot of stock specific action. From a medium term perspective, how the asset quality trend is panning out, especially for state-owned banks, will be keenly watched.

Capital Goods Sector – Seen shedding gains on profit booking

Shares of most capital goods companies are seen shedding some gains that they have accumulated over the last week on account of profit booking in the absence of any key sector related or company-specific development. However, shares of sector major L&T are seen remaining firm as the high exposure to construction and infrastructure segment is likely to shield the company from the sluggish order inflows and execution in the heavy industries segment. Siemens is likely to see erosion of share prices as its current valuation is expensive. Shares of BHEL and Thermax are seen trading in range with a negative bias this week. Most companies in the sector are seen reporting weak numbers in the upcoming Jul-Sep earnings season and this may weigh on the near-term shares prices.

Cement Sector – Seen in phase of consolidation this week

Shares of major cement companies are seen in a phase of consolidation in the run up to their respective Jul-Sep earnings. Investors would be seen building their positions before the companies start coming up with their results. Cement companies typically see a weak quarter in Jul-Sep as monsoon keeps demand subdued and this year the added hit of a slowdown in the infrastructure sector has hurt the industry hard. As one positive, an increase in cement prices across the northern parts of the country would bode well for manufacturers. Prices holding on to their levels in other parts of the country would also act as a positive.

FMCG Sector – Seen rangebound; HUL Jul-Sep earnings in focus

Shares of fast moving consumer goods companies are seen trading rangebound this week as investors keep an eye on Jul-Sep earnings. Hindustan Unilever, which will release its results on Oct 14, is expected to set the tone for the earnings season. HUL is likely to post a consolidated net profit of 10.25 bln rupees in Jul-Sep, up 4% y-o-y, while net sales are seen rising 5% y-o-y to 79.89 bln rupees. Market participants will watch out for volume growth in FMCG companies given the uncertain demand scenario. Bajaj Corp came out with its results. Though the earnings were higher y-o-y, volume growth declined to about 8% in Jul-Sep from 12% in Apr-Jun, which weighed on market sentiment. ITC stock, which rose 4.5% on week, is likely to consolidate this week. ITC has cut prices of all variants of its 4X100 gm soap packs of its flagship mid-segment brand Vivel by 4.3% to 90 rupees. The company has hiked prices of all variants of Fiam Di Wills shower gel 5.4% to 195 rupees. Prices of Vivel Perfect Glow cream has been hiked by a steep 33.6% for a 20-gm tube to 199 rupees. Data on consumer price index-based inflation and industrial growth that will be released on Oct 12 will impact broader market and in turn have a bearing on the FMCG stocks.

IT Sector – Infosys Jul-Sep earnings to set trend

Infosys Ltd, the first in the sector to announce Jul-Sep earnings, is expected to set the trend for information technology company stocks this week. The Bengaluru-based company will detail its Jul-Sep earnings on Oct 12 followed by Tata Consultancy Services Ltd, which will announce its results on Oct 13. According to estimates, both Infosys and TCS are seen reporting 7% sequential rise in consolidated net profit to 32.45 bln rupees and 60.56 bln rupees respectively. Infosys' consolidated revenue is seen 6% higher at 152.44 bln rupees while that of TCS is seen rising 9% on quarter to 272.83 bln rupees. Market participants have pinned their hopes on positive earnings from these two large-cap companies, given that HCL Technologies Ltd had issued a profit warning that its dollar-denominated sales in Jul-Sep will be adversely impacted and that it will take a \$200 mln charge to resolve a dispute with a client. If Infosys and TCS perform well, the sector will see buying interest barring HCL Technologies, which is expected to be rangebound in following sessions. Among the mid-cap companies, Mindtree Ltd will detail its earnings on Oct 15. According to estimates, Mindtree is likely to report 8% sequential rise in Jul-Sep net profit to 1.5 bln rupees and 17% sequential rise in revenues to 11.24 bln rupees.

Oil Sector – RIL in focus on news flow, earnings; ONGC seen up

Reliance Industries Ltd will be in focus this week as market participants will keenly track development on likely government action against the company after a report blamed it for siphoning off gas from ONGC Ltd's block. RIL may have to pay up to 120 bln rupees as compensation to state-owned ONGC for the alleged theft of gas from the latter's G4 and KG-DWN-98/2 blocks, if the government agrees with the draft report prepared by expert agency DeGolyer and MacNaughton. RIL shares declined almost 3% in the last two trading sessions and are expected to remain muted in the near term. More so, since RIL's KG-D6 block--through which it allegedly extracted gas from ONGC's fields, has not shown any signs of improvement in its production profile. RIL is battling several other allegations with regards to the KG-D6 block, including inflating costs. The news is clearly positive for ONGC, whose shares gained more than 13% in last one week, also aided by the recent uptick in crude oil price. The price of Indian basket of crude has increased more than 10% in last one week and breached the key level of \$50-a-barrel. Continued rise in oil prices may lift ONGC and Oil India shares further. Also, RIL will detail its Jul-Sep earnings after market hours on Oct 16. Refining margins softened in the quarter and that may weigh on the company's numbers. RIL's net profit is seen declining 7% sequentially in Jul-Sep while revenue is seen 9% lower. Revision in petrol and diesel prices, due on Oct 15, may have a sentimental impact on the stocks of IOC, BPCL and HPCL. However, broadly the stocks are expected to come under pressure in the near term as margins will continue to weaken, from the highs seen in Apr-Mar.

Pharma sector – Sun Pharma, Aurobindo trading firm this week

While shares of several pharmaceutical stocks are expected to trade in a narrow range this week, the Street is likely to witness buying in counters of Sun Pharmaceutical Industries and Aurobindo Pharma on expectations of good Jul-Sep earnings and a significant product launch. Hyderabad-based Aurobindo Pharma said that it has received approval from the US Food and Drug Administration for generic of Otsuka Pharmaceutical Co Ltd's Abilify tablets in six strengths, market size of which is estimated at \$7.3 bln for the 12-months period ending August. Aurobindo Pharma's shares will continue with the upward momentum after the news.

Metal Sector – May be in range with negative bias this week

Shares of metals and mining companies may move in a narrow range with a negative bias this week after a recent rally following a bounceback in global commodity prices. The global mining behemoth Glencore Plc cut its annual zinc production target by 500,000 tn a year, more than a third of its annual production, hoping to support zinc prices, which had been languishing at five-year lows. Following the move, prices of zinc rose along with those of other metals, improving sentiment for shares of metal companies. Shares of Vedanta surged 11.52% to 103.60 rupees. Vedanta would continue to outperform its peers this week due to its diversified business across oil, aluminium, copper and zinc.

Telecom Sector – Further up this week on positive sentiment

Shares of major telecom companies are expected to extend gains this week. Outlook for sector behemoths like Bharti Airtel Ltd and Idea Cellular Ltd remains positive. The overall outlook for the telecom sector is expected to remain positive in the wake of government clearance to several key policy decisions in the recent past. The spectrum sharing guidelines, which were approved by the Cabinet in August, were notified last month. According to an official in the Department of Telecommunications, the spectrum trading guidelines are also likely to be notified soon.

Market range for the week 7920- 8380

Nifty	Values
Support 1	8120
Support 2	8080
Support 3	7980
Resistance 1	8180
Resistance 2	8250
Resistance 3	8350

Resistance – Nifty may face resistance at 8180 level above this level it may go up to 8250-8350 level.

Support - Nifty has support at 8120 level below this next support at 8080-7980 levels.

Technical – During the week, CNX Nifty opened at 8005.10 and touched the highest level of 8232.20 and lowest level of 8005.10. The CNX Nifty ended at 8156.60; gain 205.7 points or 3.00%. The S&P BSE Sensex opened at 26379.42 and touched the highest level of 27200.40 and lowest level of 26375.31. The S&P BSE Sensex closed at 26960.90; gain 739.95 points or 3.27%.

For the coming week, we expect the market range of 7920-8380.

Weekly Chart View –

We had mentioned in last week's report that on the daily as well as on weekly chart we witness "Narrow range" body formation, because of that we had mentioned we can see stocks specific move and all we have seen same. Now on daily chart still we can see series of "Narrow range" body formation and on weekly chart near to 100WMA and near to gap area. So still we can see stocks specific action and from here 8220-8250 will be major resistance only above that we can see some good upside and 8080-8020 will be good support.

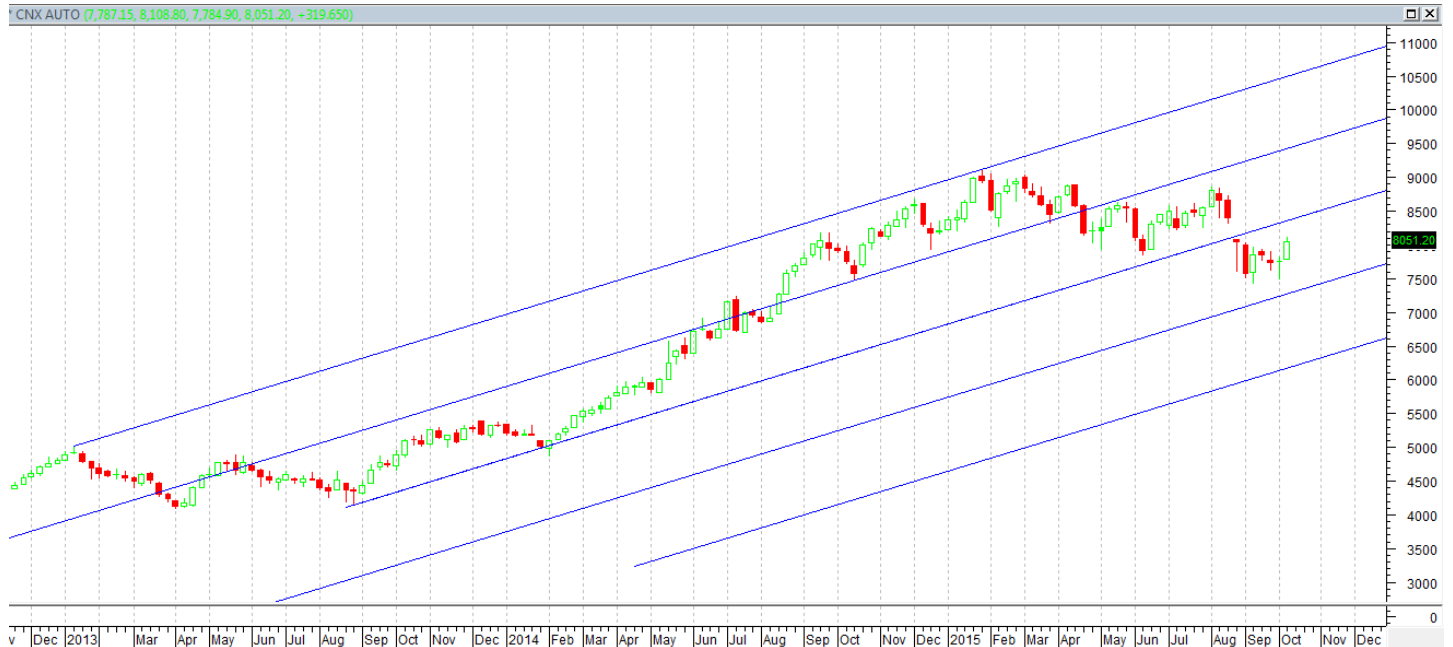
Weekly Chart



Weekly Sectoral Technical Outlook

NSE Auto Index

CMP: 8051



NSE Auto

At present we are observing a strong bull candle which suggests upside momentum. Aggressive traders, gone long above 7816 can trial the stop loss to 7770. On the upside it can test 8300 - 8500 levels.

NSE Bankex

CMP: 17590



NSE Bankex

At present we are witnessing a narrow range body formation which indicated indecisiveness prevailing at current level. We maintain our stance that the pullback rally is losing breath. Hence one should avoid this sector at present.

NSE Metal Index

CMP: 1834

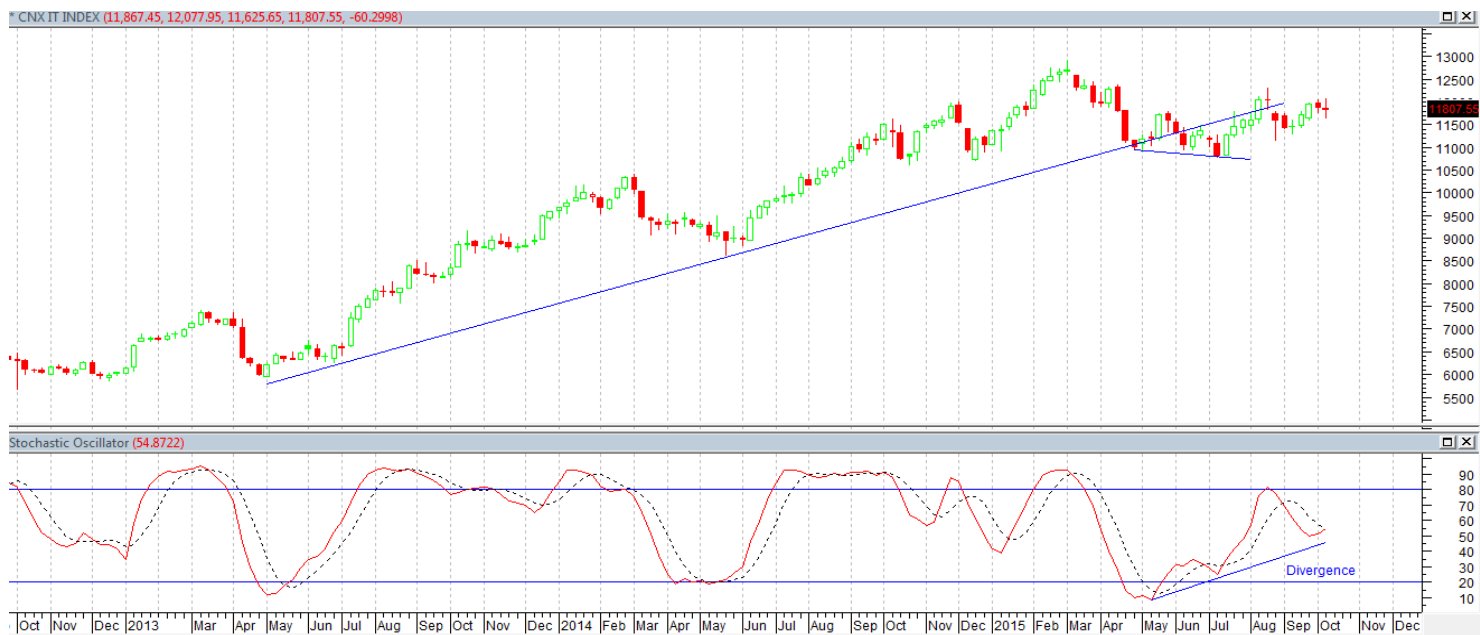


NSE Metal Index

We are observing a strong bull candle which has tested the lower trendline of the symmetrical triangle pattern. However, there is no positive divergence on the momentum oscillator which suggests going long in this sector. Hence we are of the opinion that this only a short covering rally. We maintain our stance that one should avoid this sector at present.

NSE IT

CMP: 11807



NSE IT

At present we are observing a “Doji” candlestick pattern which suggests indecisiveness prevailing at current level. Further, prices have also triggered our trailing stop loss of 11700 by making a low of 11625. Hence at present one has to wait for positive pattern to emerge to go long in this sector.

Weekly Technicals of Key Companies –

Company	Closing 09-Oct-15	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1347.35	1353.78	1378.37	1409.38	1322.77	1298.18
ADANI PORTS	318.55	317.43	325.82	333.08	310.17	301.78
AMBUJACEM	209.15	209.42	212.58	216.02	205.98	202.82
ASIANPAINT	853.80	860.17	877.93	902.07	836.03	818.27
AXISBANK	490.45	497.73	511.27	532.08	476.92	463.38
BAJAJ-AUTO	2449.60	2415.75	2519.85	2590.10	2345.50	2241.40
BANKBARODA	182.10	184.80	188.30	194.50	178.60	175.10
BHARTIARTL	347.60	345.05	353.15	358.70	339.50	331.40
BHEL	201.90	201.80	206.60	211.30	197.10	192.30
BOSCHLTD	21271.40	20776.95	22153.90	23036.40	19894.45	18517.50
BPCL	848.50	856.58	875.92	903.33	829.17	809.83
CAIRN	168.30	164.33	176.77	185.23	155.87	143.43
CIPLA	689.55	671.70	709.75	729.95	651.50	613.45
COALINDIA	335.85	336.15	348.60	361.35	323.40	310.95
DRREDDY	4257.85	4242.20	4320.15	4382.45	4179.90	4101.95
GAIL	311.60	306.47	320.73	329.87	297.33	283.07
GRASIM	3642.90	3622.92	3708.73	3774.57	3557.08	3471.27
HCLTECH	849.20	843.70	876.30	903.40	816.60	784.00
HDFC	1291.70	1265.32	1325.38	1359.07	1231.63	1171.57
HDFCBANK	1086.15	1089.82	1104.23	1122.32	1071.73	1057.32
HEROMOTOCO	2564.85	2527.28	2619.57	2674.28	2472.57	2380.28
HINDALCO	83.95	80.27	89.18	94.42	75.03	66.12
HINDUNILVR	818.00	817.00	833.00	848.00	802.00	786.00
ICICIBANK	286.10	282.13	291.87	297.63	276.37	266.63
IDEA	157.95	155.83	162.37	166.78	151.42	144.88
INDUSINDBK	940.05	948.07	961.88	983.72	926.23	912.42
INFY	1167.40	1162.00	1197.95	1228.50	1131.45	1095.50
ITC	343.45	340.08	353.37	363.28	330.17	316.88
KOTAKBANK	659.50	653.98	670.52	681.53	642.97	626.43
LT	1546.40	1538.48	1572.87	1599.33	1512.02	1477.63
LUPIN	2055.60	2070.57	2114.03	2172.47	2012.13	1968.67
M&M	1273.35	1275.93	1296.37	1319.38	1252.92	1232.48
MARUTI	4276.35	4369.70	4476.65	4676.95	4169.40	4062.45
NTPC	126.00	126.60	129.30	132.60	123.30	120.60
ONGC	263.65	252.55	276.10	288.55	240.10	216.55
PNB	138.15	137.85	142.15	146.15	133.85	129.55
POWERGRID	132.55	132.67	134.38	136.22	130.83	129.12
RELIANCE	887.35	889.08	916.32	945.28	860.12	832.88
SBIN	243.45	242.83	248.42	253.38	237.87	232.28
SUNPHARMA	906.20	906.78	933.37	960.53	879.62	853.03
TATAMOTORS	356.45	339.38	376.27	396.08	319.57	282.68
TATAPOWER	69.70	68.87	71.88	74.07	66.68	63.67
TATASTEEL	251.10	239.43	264.67	278.23	225.87	200.63
TCS	2629.65	2669.22	2730.43	2831.22	2568.43	2507.22
TECHM	561.20	565.42	574.63	588.07	551.98	542.77
ULTRACEMCO	2818.75	2810.97	2886.83	2954.92	2742.88	2667.02
VEDL	103.60	97.00	111.35	119.10	89.25	74.90
WIPRO	592.35	595.78	606.57	620.78	581.57	570.78
YESBANK	725.65	734.12	748.13	770.62	711.63	697.62
ZEEL	401.45	400.02	407.53	413.62	393.93	386.42

Source: Iris Software

**Contact**

SMS: 'Arihant' to 56677

Websitewww.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

#1011, Solitaire Corporate Park, Building No.10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E), Mumbai-400093

T. 022-42254800. Fax: 022-42254880

www.arihantcapital.com

RCH-WMR-00