

Apr15<sup>th</sup> – Apr 20<sup>th</sup>, 2013

### Key developments during the week

- India Feb industrial growth 0.6% vs 4.3% yr ago
- India Mar CPI combined inflation rate 10.39% vs 10.91% Feb
- Chidambaram says want to remove procedural hurdle in tax administration
- PM says govt's resolve to spur economy, boost inflows "unwavering"
- Infosys' FY14 sales guidance disappoints, shares plunge over 17%
- Hardy Oil says govt yet to OK RIL's commerciality plan for KGD3 finds
- HC restrains Idea, Vodafone from adding new user via 3G roaming pact
- HC to hear Merck vs Glenmark diabetes drug patent case May 22
- Source says M&M to soon sign pact for Quanto assembly in Sri Lanka
- Central Bk source says end Mar gross NPA likely to be lower than Dec
- Tata Metaliks says got OK to operate Kharagpur unit from pollution body
- Tata Motors Mar global wholesales at 116,521 units
- Alembic Pharma gets tentative US FDA nod for generic of Abilify
- Eveready Ind hikes prices of full range pencil size batteries

| INDEX        | 12-Apr-13 | 05-Apr-13 | Change (in %) |
|--------------|-----------|-----------|---------------|
| NIFTY        | 5528.55   | 5553.25   | -0.44         |
| SENSEX       | 18242.56  | 18450.23  | -1.13         |
| NSE 500      | 4352.75   | 4366.65   | -0.32         |
| NSE MIDCAP   | 1966.8    | 1947.00   | 1.02          |
| NIFTY JUNIOR | 11323.3   | 11168.1   | 1.39          |
| BSE SMALLCAP | 5872.11   | 5914.39   | -0.71         |
| BSE 200      | 2239.72   | 2248.82   | -0.40         |

| INDEX             | 12-Apr-13 | 05-Apr-13 | Change (in %) |
|-------------------|-----------|-----------|---------------|
| BSE CD            | 6958.57   | 6939.63   | 0.27          |
| BSE OIL AND GAS   | 8362.56   | 8416.78   | -0.64         |
| BSE PSU           | 6455.5    | 6509.42   | -0.83         |
| BSE FMCG          | 5792.43   | 5723.78   | 1.20          |
| BSE Capital Goods | 8940.19   | 8914.64   | 0.29          |
| BSE AUTO          | 9920.53   | 9741.8    | 1.83          |
| BSE REALTY        | 1801.46   | 1770.2    | 1.77          |
| BSE BANK          | 13075.56  | 12742.79  | 2.61          |
| BSE TECH          | 3506.81   | 3798.59   | -7.68         |
| BSE HEALTHCARE    | 8289.1    | 8208.56   | 0.98          |
| BSE IT            | 6040.48   | 6730.9    | -10.26        |
| BSE METALS        | 8415.35   | 8518.54   | -1.21         |

| INDEX     | 12-Apr-13 | 05-Apr-13 | Change (in %) |
|-----------|-----------|-----------|---------------|
| Dow Jones | 14865.06  | 14565.25  | 2.06          |
| Hang seng | 22089.05  | 21726.9   | 1.67          |
| Nikkei    | 13485.14  | 12833.64  | 5.08          |
| FTSE      | 6384.39   | 6249.78   | 2.15          |

### Domestic events week ahead

- Apr 15:** WPI inflation for March, detailed by commerce and industry ministry.
- Apr 16:** IMF to release World Economic Outlook.
- Apr 18:** CPI for rural and farm labourers for March, by Labour Bureau.

Source: NW18

### Global events week ahead

- Apr 15:** Europe Trade Balance, US NAHB Housing Market Index.
- Apr 16:** Italian Trade Balance, German ZEW Economic Sentiment, US Building Permits, US CPI m/m, US Housing Starts, US Industrial Production m/m.
- Apr 17:** Japan Consumer Confidence, US Crude Oil Inventories, US FOMC Member Bullard Speaks, US FOMC Member Rosengren Speaks.
- Apr 18:** Japan Trade Balance, US Unemployment Claims, US Philly Fed Manufacturing Index, US Natural Gas Storage, US FOMC Member Raskin Speaks, G20 Meetings.
- Apr 19:** Japan All Industries Activity m/m, German PPI m/m, Europe Current Account, IMF Meetings, G20 Meetings.

## Weekly Sector Outlook and Stock Picks

### **Auto sector – Negative next week on low sales; earnings eyed**

Shares of major automobile manufacturing companies may trade in range with a negative bias this week due to the continued lull in the sector on account of falling sales. Tata Motors Ltd saw its counter rise on account of the company posting strong global sales figures for March. The continued depreciation in the value of the Japanese Yen would see Maruti Suzuki India Ltd's counter gaining value even through the coming week. He added that the value gain would be controlled in the run up to the company's quarterly earnings scheduled to be detailed on Apr 26.

### **Capital Goods sector – Seen mixed; L&T may gain**

Shares of capital goods and engineering companies are seen mixed this week, with investors likely to cherry-pick those of Larsen & Toubro and Cummins India on account of their attractive valuations. L&T is likely to post good results, and is currently trading at a good valuation. The company has strong fundamentals and is largely seen meeting its order inflow guidance for the year.

### **FMCG Sector – Seen rising this week ahead of Jan-Mar earnings**

Fast-moving consumer goods stocks are seen remaining strong ahead of their Jan-Mar earnings, as they are expected to report steady sales volume and net profit growth in an otherwise tough macroeconomic scenario. Dabur India and Godrej Consumer Products are expected to report their Jan-Mar earnings on Apr 30. Companies in other sectors have been affected more by the economic slowdown, which is seen making FMCG companies attractive for investors. Many investors have already taken positions in FMCG shares anticipating uncertainty in other sectors and steadiness in FMCG companies' performance, and so these shares are likely to retain strength.

### **Cement Sector – Rangebound this week, Jan-Mar earnings eyed**

Shares of major cement makers are seen rangebound this week, and may take cues from the market trend. Investors are likely to wait and watch for Jan-Mar earnings before taking any further views about the sector. India's largest cement maker by capacity, UltraTech Cement, will detail its earnings on Apr 22. Other companies are expected to announce Jan-Mar earnings over the following weeks. Jan-Mar earnings of cement makers are seen muted as demand remained tepid during the quarter. Steep input costs, higher freight charges, and low demand are likely to weigh on margins.

### **IT Sector – TCS, HCL results to set tone for sector this week**

With Infosys delivering tepid Jan-Mar earnings and guidance for the current year, results of Tata Consultancy Services, Wipro Ltd and HCL Technologies due this week will set the tone for the information technology sector in the coming few sessions. Investors are now likely to keep a close watch on the Jan-Mar earnings of Tata Consultancy Services and HCL Technologies, which will be announced on Apr 17, as well as that of Wipro, which will details its results on Apr 19. The quarterly results of MindTree, to be announced Apr 22, will also be eyed.

### **Oil Sector – Focus on RIL Jan-Mar result; PSU oil cos subdued**

Reliance Industries Ltd will be in focus this week ahead of its Jan-Mar results on Apr 16 while the counters of state-owned oil marketing companies may witness subdued activity. Reliance Industries is expected to report a 30% rise in Jan-Mar net profit at 55.10 bln rupees and a 10% rise in turnover at 937.40 bln rupees. The Street is optimistic that the company will manage to spring a positive surprise in terms of the bottomline and refining margins. Shares of the state-owned oil marketing companies Indian Oil Corp, Bharat Petroleum Corp, and Hindustan Petroleum Corp may not witness much activity in the absence any trigger, and the focus will be more on companies announcing results. The counters are likely to take cues from the broad market, which is seen trading in a narrow range this week.

### **Steel Sector – Down as cos' Jan-Mar results expected to be weak**

Shares of major steel companies are seen down in the next 4-5 sessions on expectations that poor domestic demand in Jan-Mar despite it being the peak season may have affected earnings. Domestic steel demand is at its peak during Oct-May on full-fledged industrial activity. Dull demand for flat steel products from the automobile industry and dwindling demand for long products from the infrastructure sector are expected to hurt steel companies' earnings going ahead.

### **Bank sector – Seen in a narrow range; Jan-Mar earnings eyed**

Bank stocks are likely to trade in a narrow range this week in line with the overall market, with stock specific cues emerging from smaller private banks that will report their Jan-Mar earnings. Development Credit Bank kick started the earnings season for banks with a near 100% on year rise in profits for Jan-Mar. YES Bank and IndusInd Bank will be announcing their earnings on Apr 17 and Apr 18, respectively.

### **Pharma sector – In range this week; Jan-Mar results eyed**

Shares of major pharmaceutical companies are seen in a range this week with an upward bias, thanks to positive earnings expectations among investors. Among large capital pharmaceutical stocks, Dr Reddy's Laboratories, Lupin, and Sun Pharmaceuticals Industries are seen outperforming this quarter.

### **Telecom Sector – RComm expected to gain this week, Bharti eyed**

Reliance Communications Ltd is seen extending its rise this week as the overall sentiment over the stock remains positive following the recent fibre optic deal with Reliance Industries Ltd, while legal issues faced by Bharti Airtel will keep that scrip in focus. Sentiment around the Reliance Communications stock has also been positive on account of reports that the company may soon ink a deal with Batelco for selling 80% stake in its step-down subsidiary Globalcom for 50-60 bln rupees. Shares of Bharti Airtel will be in much focus this week as the Supreme Court's three-judge bench headed by Chief Justice Altamas Kabir will on Apr 15 hear Central Bureau of Investigation's reply to company Chairman Sunil Bharti Mittal challenging the 2G trial court's summons against him in the excess spectrum grant case.

### **Market Range for Week 5400- 5700**

| Nifty        | Values | <b>Resistance</b> – Nifty facing Resistance level @5580 level above this level it may go up to @5620 & @ 5680 level.<br><br><b>Support</b> - Support comes for market @5510 level for Nifty; below this level Nifty next support @5480 and @5450 will be the major support for Market. |
|--------------|--------|--|
| Support 1    | 5510   |  |
| Support 2    | 5480   |  |
| Support 3    | 5450   |  |
| Resistance 1 | 5580   |  |
| Resistance 2 | 5620   |  |
| Resistance 3 | 5680   |  |

**Technical** – Last week Nifty opened at 5550 & it made a high of 5610. Last week we have seen some bounce from low. Nifty made a low of 5477 & closed at 5528. Last week Nifty gain 133 points from its low & on weekly basis it closed at 25 point's lower. Sensex made a weekly high of 18599 & a low of 18173 almost it gain 426 points in the week from its low. So overall last week we have seen stocks specific action.

***For the coming week the market range we expect 5400-5700***

### **Weekly Chart View –**

Last week we had expected market range (5400-5750) market made a high of 5610 & low of 5477 so overall it holds our both side range.

In last week report we had mentioned, on daily chart market was below 200DMA, but above 20<sup>th</sup> Nov 2012 low on closing basis & oscillator was in oversold. On weekly chart market was above 50WMA on closing basis, because of that we had mentioned 5545-5540 will be major support level & closed below that can see some more downside & all we have seen same & upper side 5750-5780 will be resistance. Now on daily chart oscillator showing oversold & "Doji" candlestick, but below 200DMA. On weekly chart market closed below 50WMA, but oscillator in oversold. So overall downside 5480-5450 will be major support & 5650-5680 will be major resistance unless we did not get either side range breakout can see consolidation in the market.

On Friday's Dow ended the day flat, while the S&P500 & Nasdaq lost about 0.2%. For the week Dow increased 2.1%, while the S&P500 added 2.3% & the Nasdaq climbed 2.8%.

**Weekly Chart****Market Commentary –**

Corporate earnings for the fourth quarter and foreign investor activity will set the trend for the market in the coming week. Foreign institutional investors (FIIs) have sold shares worth Rs 206.50 crore in April 2013 so far (till 9 April 2013). FIIs had purchased shares worth Rs 9124.30 crore in March 2013. FIIs have purchased shares worth net Rs 55415.90 crore in 2013 so far (till 9 April 2013). FIIs bought shares worth net Rs 128359.80 crore in calendar 2012.

Corporate earnings will be the focus of the market in the next two months. Among the key results next week. The government will unveil data on the wholesale price index (WPI) for March 2013 on Monday, 15 April 2013.

The upside on the bourses may be capped as reduction of promoter stake to meet the Securities & Exchange Board of India (Sebi) mandated minimum public shareholding of 25% for private companies and 10% for state-run firms will result in supply of equity in the market over the next few months.

The second half of the Budget session of the Parliament begins on 22 April 2013. The government has lined up a number of key bills for consideration and passing during the Budget session of the parliament, which include The Forward Contracts (Regulation) Amendment Bill, 2010, The Pension Fund Regulator and Development Authority Bill, 2011, The Land Acquisition, Rehabilitation and Resettlement Bill, 2011, The National Food Security Bill, 2011 and The Insurance Laws (Amendment) Bill, 2008. The Budget Session of the Parliament ends on 10 May 2013.

## Weekly Technicals of Key Companies –

| Company    | Closing<br>12-Apr-13 | Buy/Sell Trigger | Resistance<br>1 | Resistance<br>2 | Support<br>1 | Support<br>2 |
|------------|----------------------|------------------|-----------------|-----------------|--------------|--------------|
| ACC        | 1148.10              | 1143.05          | 1166.80         | 1185.50         | 1124.35      | 1100.60      |
| AMBUJACEM  | 175.95               | 172.30           | 180.65          | 185.35          | 167.60       | 159.25       |
| ASIANPAINT | 4662.00              | 4642.17          | 4807.78         | 4953.57         | 4496.38      | 4330.77      |
| AXISBANK   | 1264.30              | 1246.43          | 1294.87         | 1325.43         | 1215.87      | 1167.43      |
| BAJAJ-AUTO | 1721.00              | 1711.67          | 1743.33         | 1765.67         | 1689.33      | 1657.67      |
| BANKBARODA | 655.35               | 649.17           | 667.28          | 679.22          | 637.23       | 619.12       |
| BHARTIARTL | 273.50               | 275.92           | 281.98          | 290.47          | 267.43       | 261.37       |
| BHEL       | 179.60               | 180.13           | 184.77          | 189.93          | 174.97       | 170.33       |
| BPCL       | 374.35               | 374.90           | 384.80          | 395.25          | 364.45       | 354.55       |
| CAIRN      | 293.55               | 290.75           | 299.70          | 305.85          | 284.60       | 275.65       |
| CIPLA      | 405.55               | 401.03           | 415.07          | 424.58          | 391.52       | 377.48       |
| COALINDIA  | 299.90               | 304.13           | 309.27          | 318.63          | 294.77       | 289.63       |
| DLF        | 247.40               | 241.82           | 255.18          | 262.97          | 234.03       | 220.67       |
| DRREDDY    | 1903.80              | 1907.58          | 1945.22         | 1986.63         | 1866.17      | 1828.53      |
| GAIL       | 316.00               | 316.33           | 322.47          | 328.93          | 309.87       | 303.73       |
| GRASIM     | 2731.60              | 2724.27          | 2781.78         | 2831.97         | 2674.08      | 2616.57      |
| HCLTECH    | 776.10               | 768.77           | 801.03          | 825.97          | 743.83       | 711.57       |
| HDFC       | 764.80               | 767.63           | 785.17          | 805.53          | 747.27       | 729.73       |
| HDFCBANK   | 643.70               | 635.65           | 653.90          | 664.10          | 625.45       | 607.20       |
| HEROMOTOCO | 1455.35              | 1466.97          | 1493.83         | 1532.32         | 1428.48      | 1401.62      |
| HINDALCO   | 91.60                | 91.22            | 93.63           | 95.67           | 89.18        | 86.77        |
| HINDUNILVR | 479.05               | 474.85           | 484.70          | 490.35          | 469.20       | 459.35       |
| ICICIBANK  | 1045.35              | 1025.98          | 1070.27         | 1095.18         | 1001.07      | 956.78       |
| IDFC       | 144.40               | 143.50           | 147.60          | 150.80          | 140.30       | 136.20       |
| INDUSINDBK | 400.55               | 396.80           | 410.55          | 420.55          | 386.80       | 373.05       |
| INFY       | 2296.65              | 2500.32          | 2731.93         | 3167.22         | 2065.03      | 1833.42      |
| ITC        | 292.90               | 289.90           | 298.65          | 304.40          | 284.15       | 275.40       |
| JINDALSTEL | 327.85               | 331.12           | 340.03          | 352.22          | 318.93       | 310.02       |
| JPASSOCIAT | 70.80                | 68.45            | 73.85           | 76.90           | 65.40        | 60.00        |
| KOTAKBANK  | 638.35               | 632.33           | 649.67          | 660.98          | 621.02       | 603.68       |
| LT         | 1359.75              | 1353.25          | 1393.50         | 1427.25         | 1319.50      | 1279.25      |
| LUPIN      | 659.80               | 642.72           | 679.93          | 700.07          | 622.58       | 585.37       |
| M&M        | 823.35               | 830.42           | 844.78          | 866.22          | 808.98       | 794.62       |
| MARUTI     | 1408.45              | 1410.57          | 1439.88         | 1471.32         | 1379.13      | 1349.82      |
| NMDC       | 125.40               | 124.72           | 127.58          | 129.77          | 122.53       | 119.67       |
| NTPC       | 140.60               | 141.08           | 142.77          | 144.93          | 138.92       | 137.23       |
| ONGC       | 308.80               | 307.62           | 319.58          | 330.37          | 296.83       | 284.87       |
| PNB        | 713.10               | 706.95           | 731.85          | 750.60          | 688.20       | 663.30       |
| POWERGRID  | 105.50               | 104.83           | 106.87          | 108.23          | 103.47       | 101.43       |

|            |         |         |         |         |         |         |
|------------|---------|---------|---------|---------|---------|---------|
| RANBAXY    | 441.60  | 440.15  | 455.30  | 469.00  | 426.45  | 411.30  |
| RELIANCE   | 775.35  | 778.37  | 792.58  | 809.82  | 761.13  | 746.92  |
| RELINFRA   | 347.15  | 340.13  | 359.02  | 370.88  | 328.27  | 309.38  |
| SBIN       | 2081.80 | 2051.63 | 2127.17 | 2172.53 | 2006.27 | 1930.73 |
| SESAGOA    | 147.95  | 147.40  | 151.95  | 155.95  | 143.40  | 138.85  |
| SUNPHARMA  | 869.75  | 866.02  | 885.73  | 901.72  | 850.03  | 830.32  |
| TATAMOTORS | 275.15  | 269.92  | 286.63  | 298.12  | 258.43  | 241.72  |
| TATAPOWER  | 95.35   | 95.38   | 97.27   | 99.18   | 93.47   | 91.58   |
| TATASTEEL  | 299.50  | 302.78  | 310.52  | 321.53  | 291.77  | 284.03  |
| TCS        | 1511.75 | 1512.28 | 1549.57 | 1587.38 | 1474.47 | 1437.18 |
| ULTRACEMCO | 1815.45 | 1800.50 | 1846.65 | 1877.85 | 1769.30 | 1723.15 |

Source: Iris Software

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