

Key developments during the week

- India May industrial growth (-)1.6% vs 2.30% in April
- India Jun CPI Combined inflation rate 9.87% vs 9.31% in May
- India Jun trade deficit \$12.24 bln vs \$20.14 bln in May
- India Jun local car sales down 9% on yr; CVs fall 13.4%
- ONGC, Oil India may bear part of fert subsidy post gas price hike
- Chidambaram discusses defence, fincl svcs FDI hike with US lawmakers
- SC to now hear pollution board plea on Sterlite Tuticorin unit Wed
- DLF to sell 11.2-MW Karnataka wind turbine unit to Goyal MG Gases
- SC notice to govt on RIL plea for arbitration over Tapti Basin
- SC to hear Bharti Airtel plea on 3G roaming pact case Sep 11
- Tech Mahindra completes shr swap with Satyam Computer shareholders
- IDBI Bank launches platform for retail trade in inflation bonds
- Uniquet Infra plans 100-bln-rupee investment in highway projects
- Defence ministry clears Pipavav Defence JV with Mazagon Dockyards
- Duty drawback on silver jewellery cut 31% to 1,795.5 rupees per kg
- Cabinet panel OKs STC, India Tourism Development Corp divest plan
- Cabinet approves infra upgrade scheme with outlay of 10.3 bln rupees
- Axis Bank launches subsidiary to commence banking ops in UK
- SC defers hearing in 10.5-bln-rupee tax demand on Sanofi

INDEX	12-July-13	05-July-13	Change (in %)
NIFTY	6009.00	5867.90	2.40
SENSEX	19958.47	19495.82	2.37
NSE 500	4630.95	4535.80	2.10
NSE MIDCAP	1946.75	1900.55	2.43
NIFTY JUNIOR	11943.50	11682.85	2.23
BSE SMALLCAP	5737.16	5692.05	0.79
BSE 200	2389.97	2338.61	2.20

INDEX	12-July-13	05-July-13	Change (in %)
BSE CD	6297.68	6159.64	2.24
BSE OIL AND GAS	8799.68	8915.96	-1.30
BSE PSU	5966.09	6027.36	-1.02
BSE FMCG	6947.83	6845.94	1.49
BSE Capital Goods	9528.70	9122.82	4.45
BSE AUTO	10571.60	10818.24	-2.28
BSE REALTY	1518.25	1513.22	0.33
BSE BANK	13376.26	13038.14	2.59
BSE TECH	3973.38	3682.72	7.89
BSE HEALTHCARE	9385.12	9083.10	3.33
BSE IT	6825.82	6226.41	9.63
BSE METALS	7747.18	7647.58	1.30

INDEX	12-July-13	05-July-13	Change (in %)
Dow Jones	15464.30	15135.84	2.17
Hang seng	21277.28	20854.67	2.03
Nikkei	14506.25	14309.97	1.37
FTSE	6544.94	6375.52	2.66

Domestic events week ahead

- Jul 15:** WPI inflation for June, by commerce and industry ministry.
- Jul 15-19:** GSM mobile subscriber's data for June, by COAI.
- Jul 19:** CPI for rural and farm labourers for June, by Labour Bureau.
- Jul 19:** WMA and forex reserves as on Jul 12, by RBI.

Source: NW18

Global events week ahead

- Jul 15:** China GDP, China Industrial Production y/y, US Core Retail Sales m/m, US Retail Sales m/m, US Empire State Manufacturing Index, US Business Inventories m/m
- Jul 16:** Italian Trade Balance, UK CPI y/y, UK PPI Input m/m, German ZEW Economic Sentiment, Europe CPI y/y, Europe Core CPI y/y, Europe ZEW Economic Sentiment, Europe Trade Balance, UK BOE Inflation Letter, UK MPC Member Fisher Speaks, US Core CPI m/m, US CPI m/m, US TIC Long-Term Purchases, US Industrial Production m/m, US FOMC Member George Speaks
- Jul 17:** Japan Monetary Policy Meeting Minutes, UK Claimant Count Change, UK Unemployment Rate, German 10y Bond Auction, US Building Permits, US Housing Starts, US Fed Chairman Bernanke Testifies, US Crude Oil Inventories, US FOMC Member Raskin Speaks
- Jul 18:** China Trade Balance, Europe Current Account, UK Retail Sales m/m, Spanish 10-y Bond Auction



Weekly Sector Outlook and Stock Picks

Auto sector – Under pressure this week; output cuts bad for cos

Lack of triggers would see the shares of major automobile manufacturers under pressure during this week. Mahindra & Mahindra Ltd, which announced a production cut last week, should see its counter react negatively to the news during the coming week. Tata Motors Ltd would see its counter performing well on the back of continued strong performance by its subsidiary Jaguar Land Rover. In the two wheeler space, Bajaj Auto Ltd's counter would react to the outcome of the ongoing tussle between its workers and the company management. About 1,500 employees, including 600 contract and temporary workers, have halted work at Bajaj Auto's Chakan plant in Maharashtra since June 25, demanding wage revision, better work conditions, and also heavily discounted shares of the company for each one of them. In the commercial vehicles segment, Ashok Leyland Ltd would see activity in its counter because of the launch of its multi-purpose vehicle Stile on Jul 16.

Bank Sector – Up ahead of Apr-Jun results; market cues eyed

Bank stocks are likely to trade with positive bias this week, ahead of Apr-Jun earnings of some of the large banks. But some profit sales is likely on account of pressure on market. The market is likely to come under pressure due to disappointing industrial production data that was released post market hours on Jul 12. India's industrial production contracted 1.6% in May, compared with a growth of 2.3% in April. The data indicated a 11-month low in industrial production figures and was sharply off market expectations of 1.5% growth. Development Credit Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank, IDBI Bank and Federal Bank will announce Apr-Jun results in the coming week.

Capital Goods sector – Seen down as results likely to disappoint

Shares of most capital goods and engineering companies are seen trading with a negative bias this week, as investors remain cautious ahead of the Apr-Jun earnings. Most of these companies are not expected to report any significant improvement in terms of order booking in Apr-Jun. Companies with strong order backlog like Larsen & Toubro may report growth, but the operating margins will remain under pressure. Shares of Thermax, which recently won a 17-bln-rupee order, are also likely to be bought by investors. The sector could see some signs of revival in the second half of 2013-14 (Apr-Mar), but investors feel it is too early to start accumulating shares of capital goods companies until the order visibility does not improve.

Cement Sector – Seen down on likely weak Apr-Jun earnings

Major cement companies' shares are expected to decline this week, due to likely weak first-quarter earnings. Cement companies will continue to post disappointing financial results, especially with Apr-Jun being a seasonally weak quarter. Usually, demand for cement falls with the advent of monsoon. Cement companies have been witnessing demand slowdown for over six months, which is typically a seasonally strong period, as realty and infrastructure activity remained subdued amid poor macroeconomic conditions. In addition, high costs have continued to weigh on profit margins of cement makers. Although there is some news here and there regarding capacity expansion by cement companies, but those are also long-term plans and not to be factored in the near term.

FMCG Sector – Stocks likely to remain muted, results awaited

Stocks of fast moving consumer goods companies to remain muted this week ahead, as prominent companies in the sector will declare results in the week that begins Jul 22. Most of the action in the FMCG sector has taken place for now. Consumer-related companies that provide a play on the rising demand in India for edible goods and personal care products will continue to be in focus as international investors are keen to be a part of the 'India growth story'. Kohinoor Foods is likely to be in focus this week as the company announced on Jul 12 that it is issuing 7.04 mln shares to Al Dahra International Investment at a price of 160 rupees a share.

IT Sector – Seen positive this week; TCS results eyed

Shares of major information technology companies are seen positive this week following upbeat sentiment after Infosys' strong Apr-Jun result. However, the upside may be capped as the stocks have already risen. Infosys' consolidated net profit of 23.74 bln rupees for Apr-Jun was down 0.8% on quarter, but managed to beat market estimates marginally. The company's consolidated net sales rose 7.8% sequentially to 112.67 bln rupees, beating Street expectation of 110.01 bln



rupees. The company now expects its revenue in rupee terms to grow 13-17% against 6-10% targeted earlier. The Bengaluru-based company also kept its 6-10% dollar revenue growth guidance unchanged. Investors are now likely to keep a close watch on Apr-Jun earnings of Tata Consultancy Services which will be announced on Jun 18. Also, Tech Mahindra completed allocation of shares of the company to shareholders of erstwhile Satyam Computer Services, which it had merged with itself, on Jun 24.

Oil Sector – Upstream cos seen under pressure this week

Stocks of major upstream oil and gas companies are likely to remain under pressure this week due to regulatory uncertainties. Shares of public sector oil marketing companies, however, could see some upside with expectations of an increase in prices of some fuels. Oil and Natural Gas Corp Ltd and Oil India Ltd may have to bear a part of the fertiliser subsidy after the hike in natural gas price comes into effect from April. Shares of both companies fell sharply on the news and are likely to reel under pressure this week. During the last week, stocks of the upstream companies, including Reliance Industries Ltd, suffered a decline on reports that the government might cap the gains on the hike in gas prices. Petroleum Minister M. Veerappa Moily on Jul 11 clarified that the government had no intention to review the new gas pricing policy that had been approved by the Cabinet Committee on Economic Affairs last month. He said the government had no proposal to cap natural gas prices.

Steel Sector – Down on expectations of not-so-strong earnings

Shares of major steel companies are seen slightly down this week on expectations of not-so-strong Apr Jun earnings amid subdued domestic demand for the commodity. India Ratings has also cut its outlook for the domestic steel sector in Jul-Dec to negative from stable because of subdued demand for products from the end-user industries. High cost of production coupled with weak demand for steel products is expected to hurt earnings of steel companies for the quarter ended June. India Ratings expects profit margins of domestic steel producers to remain broadly flat in 2013-14 (Apr-Mar) from the previous year due to persistent high cost of production and producers' limited ability to pass on higher costs. Sluggish steel demand and weakness in global market due to oversupply will limit companies' ability to hike product prices. Shares of Tata Steel may see marginal upside as the company's sales in Apr-Jun rose 26% on year. The quarter ended Jun 30 is considered as the peak demand season for steel in the country, as industrial activities are on in full swing ahead of monsoon season.

Pharma sector – Up this week on likely strong Apr-Jun earnings

With Apr-Jun earnings season round the corner, shares of major pharmaceutical companies are seen gaining this week as investors are upbeat about the companies' performance in the quarter. Pharmaceutical companies' earnings for Apr-Jun will be mostly driven by strong exports amid slower domestic growth. Ranbaxy Laboratories margins are expected to remain steady in Apr-Jun. Base business margins are likely to contract by 250 bps to 7.8% due to increase FDA (Food and Drug Administration) remediation cost and higher fixed overheads. Moreover, as company has paid \$500 mln to DoJ (US Department of Justice) to settle all pending claims, interest income will come down 42% YoY and 36% QoQ during Q2CY13 (Apr-Mar). Sharp currency movement (rupee depreciation of 10% during the quarter) will lead to MTM (marked-to-market) forex loss of 7,600 mln rupees.

Telecom Sector – Seen up this week as fundamentals improving

Shares of most telecom companies are expected to trade in the positive territory this week amid signs of a turnaround in an adverse regulatory environment and improved fundamentals. The contentious issue of spectrum pricing has been referred back to the Telecom Regulatory Authority of India, and it is likely that the regulator will seek industry view on it, resulting in downward revision of prices. Telecom companies have vociferously opposed the high spectrum base price set by the government, which had resulted in failure of auctions conducted in November and March. Moreover, telecom operators have undertaken definitive steps to reign in on their massive debt. Last week, Bharti Airtel Ltd used the entire proceeds of 5% stake sale to Qatar Foundation Endowment to retire 67.96-bln-rupee debt, which is about 10.5% of the total 638.40 bln rupees as on Mar 31. Bharti Airtel is expected to trade in positive zone this week. Earlier in the month, Reliance Communications repaid overseas loans worth \$1.207 bln. The company has also securitised the 12-bln-rupee fee, which it would receive from Reliance Jio Infocomm in the coming years for making available 120,000 km intercity fibre optic network to the latter. The company will use the proceeds of the securitisation transaction with banks to repay high cost rupee debt to reduce interest costs. As on Mar 31, Reliance Communications had a debt of 355 bln rupees.



Market Range for Week 5920- 6120

Nifty	Values
Support 1	5950
Support 2	5920
Support 3	5880
Resistance 1	6050
Resistance 2	6080
Resistance 3	6150

Resistance – Nifty facing Resistance level @6050 level above this level it may go up to @6080 & @ 6150 level.

Support - Support comes for market @5950 level for Nifty; below this level Nifty next support @5920 and @5880 will be the major support for Market.

Technical – Last week Nifty opened at 5833 & it made a high of 6019. Last week we have seen some recovery. Nifty made a low of 5775 & closed at 6009. Last week Nifty gain 244 points from its low & on weekly basis it closed at 142 point’s higher. Sensex made a weekly high of 19991 & a low of 19185 almost it gain 806 points in the week from its low. So overall last week we have seen some recovery from lower level.

For the coming week the market range we expect 5920-6120

Weekly Chart View –

Last week we had expected market range (5720-6020) market made a high of 6019 & low of 5775, so overall it holds our both side range.

In last week report we had mentioned, on the daily chart market was above 200SMA, but below upper line of channel & 50DMA, on weekly chart it was below median line but it was taking support 50WMA, because of that we had mentioned for further move market need to closed above 5880-5920 & after broke that range all we have seen good rally. Now on daily chart market has given closed above 30&50DMA, above upper line of channel & made a bullish candle. On weekly chart taking support 50WMA, osilator showing positive crossover & heading toward upper line of channel. So overall we can see some more momentum continue in the market with stock specific action & 5950-5920 will be good buying level.

On Friday the Dow rose just 3 points, the S&P500 added 5 points, the Nasdaq gained 0.6%. All three indexes finished sharply higher for the week. The Dow climbed 2.2%, the S&P500 jumped 3% & the Nasdaq rallied 3.5%.

Weekly Chart





Weekly Sectoral Technical Outlook

BSE Auto Index

CMP: 10571

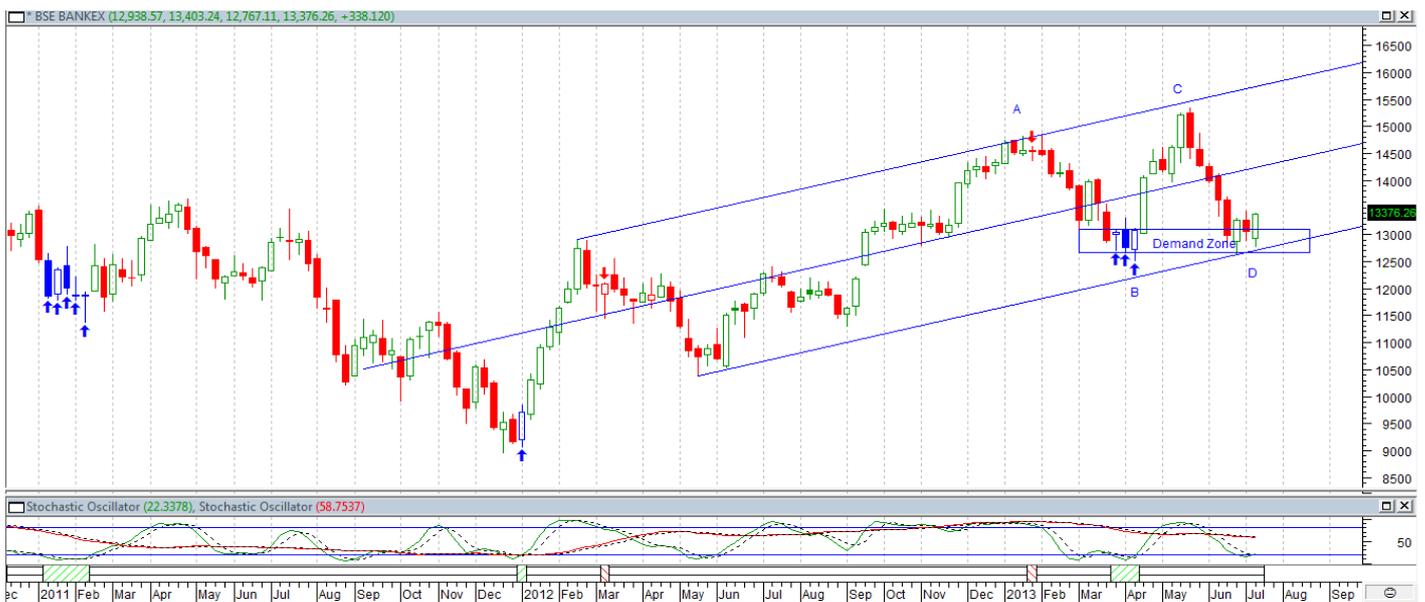


BSE Auto

On the weekly chart we are witnessing a bear candle. One can **only** trade this sector with positive bias once it trades above 10732 level. In such scenario this sector can test 10850 – 10950 levels. At present the low of the hammer which is at 10293 may act as support going forward.

BSE Bankex

CMP: 13376



BSE Bankex

As expected prices tested the demand zone and has strongly bounced back. We expect the momentum to continue further and test the median line of the channel in couple of weeks. The value of the median line of the channel is in the range of 1400 – 14250 levels for current week. Hence one can trade with positive bias in this sector with a stop loss of 12600.



BSE Metal Index	CMP: 7747
------------------------	------------------



BSE Metal Index

We maintain our stance that a prominent positive divergence on the weekly chart is observed. We reiterate our view 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.

BSE IT	CMP: 6825
---------------	------------------



BSE IT

As expected the prices tested the median line of the channel and has closed above it. At present prices are at the supply zone hence profit booking cannot be ruled out. One holding long positions can book partial profit at current level and trail the stop loss to 6500 level.



Weekly Technicals of Key Companies –

Company	Closing 12-July-13	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1241.40	1244.82	1271.58	1301.77	1214.63	1187.87
AMBUJACEM	197.15	194.15	201.75	206.35	189.55	181.95
ASIANPAINT	4826.70	4785.38	4940.77	5054.83	4671.32	4515.93
AXISBANK	1291.55	1279.15	1312.30	1333.05	1258.40	1225.25
BAJAJ-AUTO	1869.65	1875.00	1911.75	1953.85	1832.90	1796.15
BANKBARODA	570.90	562.75	585.40	599.90	548.25	525.60
BHARTIARTL	305.50	300.78	312.42	319.33	293.87	282.23
BHEL	188.25	183.97	193.68	199.12	178.53	168.82
BPCL	343.95	346.68	359.37	374.78	331.27	318.58
CAIRN	291.95	291.73	299.22	306.48	284.47	276.98
CIPLA	405.45	401.13	411.12	416.78	395.47	385.48
COALINDIA	299.95	295.70	307.10	314.25	288.55	277.15
DLF	177.00	176.10	181.10	185.20	172.00	167.00
DRREDDY	2349.45	2305.62	2402.53	2455.62	2252.53	2155.62
GAIL	322.70	320.88	328.27	333.83	315.32	307.93
GRASIM	2811.75	2805.38	2846.27	2880.78	2770.87	2729.98
HCLTECH	862.60	842.30	885.55	908.50	819.35	776.10
HDFC	851.30	842.95	867.90	884.50	826.35	801.40
HDFCBANK	695.75	682.07	711.38	727.02	666.43	637.12
HEROMOTOCO	1715.10	1692.03	1746.07	1777.03	1661.07	1607.03
HINDALCO	101.80	100.98	105.22	108.63	97.57	93.33
HINDUNILVR	601.60	601.62	612.78	623.97	590.43	579.27
ICICIBANK	1060.40	1051.72	1082.33	1104.27	1029.78	999.17
IDFC	134.85	131.90	138.60	142.35	128.15	121.45
INDUSINDBK	502.85	495.88	523.77	544.68	474.97	447.08
INFY	2804.20	2723.43	2986.37	3168.53	2541.27	2278.33
ITC	350.60	347.92	357.08	363.57	341.43	332.27
JINDALSTEL	222.55	221.28	229.07	235.58	214.77	206.98
JPASSOCIAT	52.40	53.00	54.65	56.90	50.75	49.10
KOTAKBANK	758.10	734.37	785.63	813.17	706.83	655.57
LT	995.50	973.21	1021.29	1047.08	947.42	899.34
LUPIN	869.20	856.50	888.85	908.50	836.85	804.50
M&M	907.25	921.98	948.97	990.68	880.27	853.28
MARUTI	1447.95	1488.52	1538.53	1629.12	1397.93	1347.92
NMDC	107.10	105.50	110.00	112.90	102.60	98.10
NTPC	146.10	143.92	148.88	151.67	141.13	136.17
ONGC	296.55	301.75	310.65	324.75	287.65	278.75
PNB	633.50	627.77	645.53	657.57	615.73	597.97
POWERGRID	110.30	108.83	112.87	115.43	106.27	102.23
RANBAXY	338.45	341.42	348.63	358.82	331.23	324.02
RELIANCE	889.95	874.98	910.97	931.98	853.97	817.98
RELINFRA	385.65	374.35	399.70	413.75	360.30	334.95
SBIN	1893.40	1890.50	1930.90	1968.40	1853.00	1812.60
SESAGOA	152.05	148.32	156.93	161.82	143.43	134.82
SUNPHARMA	1108.70	1083.57	1140.13	1171.57	1052.13	995.57
TATAMOTORS	292.50	289.20	297.60	302.70	284.10	275.70
TATAPOWER	89.60	87.95	91.55	93.50	86.00	82.40
TATASTEEL	262.65	261.08	266.92	271.18	256.82	250.98
TCS	1609.85	1576.65	1658.00	1706.15	1528.50	1447.15
ULTRACEMCO	1939.70	1929.45	2010.20	2080.70	1858.95	1778.20

Source: Iris Software



Arihant Fundamental Desk: Stocks under our radar

Company and Sector	Current	Target	Research	EPS			P/E			ROE %			Dividend Yield %		
	Price	Price	Call	FY13	FY14E	FY15E	FY13	FY14E	FY15E	FY13	FY14E	FY15E	FY13	FY14E	FY15E
Cement															
Ultratech Cement	1879	2247	Buy	98.9	122.2	147.9	19.0	15.4	12.7	17.8	18.3	18.3	0.4	0.4	0.4
ACC	1110	1728	Buy	66.1	64.2	109.1	19.7	16.8	17.3	14.4	15.6	14.2	1.7	1.7	1.7
Ambuja	170	185	Hold	8.4	10.7	10.4	20	16	16	14.9	16.8	14.7	2.1	1.9	1.9
JK Lakshmi	90	154	Buy	15.9	13.4	17.1	5.7	6.7	5.3	14.8	11.3	12.8	4.5	4.5	4.5
JK Cement	236	295	Buy	33.4	28.2	42.0	7.1	8.4	5.6	13.8	10.7	14.2	2.6	2.6	2.6
Grasim Ind	2950	3857	Buy	294.9	292.0	346.2	10.0	10.1	8.5	13.9	12.2	12.8	0.8	0.8	0.8
Automobile															
Hero MotoCorp	1650	1670	Neutral	106.1	105.8	133.3	15.7	15.8	12.5	45.6	40.2	45.1	3.6	4.2	4.8
Bajaj Auto	1860	1850	Neutral	105.2	119.8	135.7	17.7	15.5	13.7	43.7	39.4	37.0	2.4	2.7	3.2
Tata Motors	288	337	Hold	31.0	37.7	44.1	9.3	7.6	6.5	28.2	27.9	28.0	0.7	0.9	1.0
M&M	944	1040	Hold	56.8	64.6	72.6	16.6	14.6	13.0	25.0	23.7	22.6	1.4	1.6	1.9
Maruti Suzuki	1551	1780	Hold	79.2	108.1	129.5	19.6	14.3	12.0	14.2	16.3	16.8	0.5	0.5	0.6
TVS Motors	32	40	Neutral	2.4	4.5	5.4	13.3	7.1	5.9	9.6	16.4	17.7	3.8	4.4	4.4
Ashok Leyland	18.7	21.0	Accumulate	1.6	1.2	1.9	11.4	15.5	10.0	10.0	7.0	10.5	3.2	3.2	3.8
Metals															
SAIL	48	55	Accumulate	5.3	4.9	5.2	9.1	9.8	9.2	5.29	4.77	4.92	4.2	4.2	4.2
JSW Steel	687	850	BUY	43.2	59.6	73.1	15.9	11.5	9.4	5.44	7.10	8.46	1.5	1.5	1.5
Monnet Ispat	245	205	Buy	38.6	34.5	41.3	6.4	7.1	5.9	9.67	8.02	8.81	0.9	0.9	0.9
Godawari Power & Ispat	82	90	HOLD	46.9	21.7	20.6	1.8	3.8	4.0	16.75	7.81	7.17	3.0	3.0	3.0
Adhunik Metaliks	25	19	SELL	6.5	42.8	-3.5	4.3	0.7	0.0	6.03	42.50	0.00	0	0	0
IMFA	218	197	SELL	24.4	20.6	20.0	8.9	10.6	10.9	7.68	6.19	5.76	2.3	2.3	2.3

ontact

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