

## Key developments during the week

- Fin min source says govt current cash balance around 500 bln rupees
- HPCL says fire shuts only one Vizag unit, two others running normal
- ONGC in talks with Shell for upstream, downstream partnership
- TRAI source says each co may get 10-15 Mhz/circle in 700 Mhz auction
- SBI in pact with Harvel Agua for loan disbursement to farmers
- Mills' body seeks hike in sugar import duty to 30%, export subsidy
- Tribunal asks cement cos to pay 10% of 63-bln-rupee penalty in a mon
- Wipro-GE JV, Ensocare enter healthcare PPP with Maharashtra govt
- IRB Infra source says L&T given Sindhudurg airport construction order
- Govt source says probing Bhushan Steel for CENVAT credit violations
- Banking secy says RBI to act in Cobrapost case after banks respond
- Govt to select merchant bks on May 20 to sell 10% of Engineers India
- Coal India arm's Jharkhand mine expansion project gets environ OK

INDEX	17-May-13	11-May-13	Change (in %)
NIFTY	6187.30	6107.25	1.31
SENSEX	20286.12	20122.32	0.81
NSE 500	4847.10	4779.75	1.41
NSE MIDCAP	2171.90	2147.00	1.16
NIFTY JUNIOR	12737.55	12461.90	2.21
BSE SMALLCAP	6199.19	6186.46	0.21
BSE 200	2491.39	2458.93	1.32

INDEX	17-May-13	11-May-13	Change (in %)
BSE CD	7542.41	7705.61	-2.12
BSE OIL AND GAS	9031.71	8847.47	2.08
BSE PSU	7010.80	6893.13	1.71
BSE FMCG	6682.57	6884.57	-2.93
BSE Capital Goods	10423.08	9993.35	4.30
BSE AUTO	11202.29	11268.85	-0.59
BSE REALTY	2032.03	1918.23	5.93
BSE BANK	15214.45	14616.96	4.09
BSE TECH	3594.36	3656.52	-1.70
BSE HEALTHCARE	9164.19	8904.33	2.92
BSE IT	5946.56	6056.79	-1.82
BSE METALS	8794.03	8834.86	-0.46

INDEX	17-May-13	10-May-13	Change (in %)
Dow Jones	15354.40	15118.49	1.56
Hang seng	23082.68	23321.22	-1.02
Nikkei	15138.12	14607.54	3.63
FTSE	6723.06	6624.98	1.48

## Domestic events week ahead

- May 20:** CPI for rural and farm labourers for April, by Labour Bureau.
- May 20-30:** FDI equity inflow in Apr-Mar, by commerce and industry ministry.
- May 22-26:** Crude, refinery output for April, from petroleum ministry.

source: NW18

## Global events week ahead

- May 20:** US FOMC Member Evans Speaks
- May 21:** Japan All Industries Activity m/m, German PPI m/m, US Treasury Sec Lew Speaks, FOMC Member Bullard Speaks, FOMC Member Dudley Speaks
- May 22:** Japan Trade Balance, Japan Monetary Policy Statement, BOJ Press Conference, Europe Current Account, German 10-y Bond Auction, EU Economic Summit, US Existing Home Sales, Fed Chairman Bernanke Testifies, US Crude Oil Inventories, FOMC Meeting Minutes
- May 23:** BOJ Monthly Report, French Flash Manufacturing PMI, French Flash Services PMI, German Flash Manufacturing PMI, German Flash Services PMI, Europe Flash Manufacturing PMI, Europe Flash Services PMI, Italian Retail Sales m/m, Spanish 10-y Bond Auction, US FOMC Member Bullard Speaks, US Unemployment Claims, US Flash Manufacturing PMI, US New Home Sales
- May 24:** BOJ Gov Kuroda Speaks, GfK German Consumer Climate, German Final GDP q/q, German Ifo Business Climate, US Core Durable Goods Orders m/m, US Durable Goods Orders m/m

## Weekly Sector Outlook and Stock Picks

### **Auto sector – In range this week, Maruti may see profit booking**

Shares of major automakers are seen moving in a narrow range this week due to lack of sector-specific triggers. None of the major companies is scheduled to detail its quarterly earnings (Jan-Mar) during the week. India's largest carmaker Maruti Suzuki is seen facing some profit booking after weeks of an upward rally following depreciation of yen. Maruti Suzuki pays royalty to its Japanese parent and also imports parts from the country, hence any fall in yen's value helps the company pare its cost. With the monsoon round the corner, demand for tractors may rise leading to positive affect on Mahindra & Mahindra Ltd.

### **Bank Sector – Firm; markets eye cues from SBI Jan-Mar result**

Bank stocks are seen trading firm in line with broad equity markets with investors eyeing State Bank of India's Jan-Mar earnings on May 23 for sectoral cues. Market participants are positive on SBI results following recent management comments indicating sharp improvement in asset quality, credit growth and also net interest margin performance. State Bank of India's Jan-Mar earnings are seen up 11% on quarter but down 7% on year to 37.76 bln rupees. SBI will be taking a hit of 8 bln rupees in Jan-Mar on account of wage hike provisions. In terms of asset quality, the fourth quarter is generally the best quarter for the bank.

### **Capital Goods sector – Seen up in first half of this week**

Shares of capital goods and engineering companies are seen up in the first half of this week on positive sentiment, but likely weak Jan-Mar earnings from Crompton Greaves and profit booking could erase the gains. Shares of most capital goods companies ended up on talks of likely improvement in order inflow from state-owned companies. Some also reacted positively to talks that their promoters would either announce a share buyback or delisting plans. Thermax and Larsen & Toubro are among the most preferred stocks by investors. Thermax is expected to report strong earnings on improved order inflow. Investors expect L&T to meet its order inflow guidance. L&T and Thermax will detail Jan-Mar results on May 22.

### **Cement Sector – Track market, ignore competition tribunal order**

Cement stocks are likely to track the market which looks upbeat in the coming sessions. Although demand for cement is still sluggish and unlikely to show any major signs of improvement in the near future, market will mostly discount this fact, as the general trend in the street is on the upside. Shares of cement companies did not react much to the Competition Appellate Tribunal's order that directed them to pay 10% of the 63.07-bln-rupee penalty, imposed on them for forming a cartel, in four weeks. Most cement companies, especially the big three players, have already detailed their Jan-Mar numbers. Results of most of the companies have been disappointing but that has already been factored in by the market and there is no immediate trigger. Investors will now keep an eye on Jan-Mar earnings of India Cements, scheduled on May 20.

### **FMCG Sector – High valuations to keep stocks muted**

Shares of fast-moving consumer goods companies to remain muted in the week ahead because of high valuations, even though most FMCG companies have reported results in line with market estimates. Most FMCG companies have reported their numbers, and they have been in line with market estimates, but there is visible slowdown in volumes, and most FMCG companies are trading 30 times their 2-year forward earnings. India's largest tobacco company ITC beat analysts' estimates. Its Jan-Mar net profit rose 19.4% on year to 19.28 bln rupees, as margins in its cigarette business expanded and as its fast-moving consumer goods business turned profitable. Net sales were up 19.2% at 81.80 bln rupees. We expect stocks of FMCG companies being range-bound.

### **Oil Sector – PSU refiners seen up, market trend may help**

Declining revenue losses on diesel along with stable crude prices and rupee-dollar exchange rates may keep shares of the state-run oil marketing companies Indian Oil Corp Ltd, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd buoyant this week. The broader market is also seen trading with a positive bias this week which is also likely to add to the buoyancy in the oil stocks. The revenue loss of these three on sale of subsidised fuels has declined to 2.52 bln rupees in the current fortnight. More importantly, the revenue loss on diesel has shrunk to just 3.73 rupees per ltr after

the companies raised prices by almost a rupee last week, at a time when global crude and product prices are declining. The government's determination in letting companies continue with the price hikes in diesel despite facing political challenges is seen as a big sentiment booster for the oil companies' stocks. The reduction in revenue losses of the oil marketing companies is also significantly positive for the upstream companies Oil and Natural Gas Corp Ltd and Oil India Ltd who share around 40% of it. The stocks of both the upstream companies are seen trading in the positive territory in the near term.

### **Steel Sector – Down on weak demand; Tata Steel earnings eyed**

Shares of major steel companies are seen bearish this week on continued weak fundamentals. Weak domestic steel demand amid high supply may continue to weigh on local steel prices. Demand for steel is also dampened by slowing economic growth. However, the downside in shares of steel companies is expected to be limited on expectations of not-so-poor Jan-Mar earnings of Tata Steel Ltd, especially after the company announced \$1.6 bln consolidated goodwill impairment charge for 2012-13 (Apr-Mar). Tata Steel is the country's leading primary steel producer and is also the sixth largest producer of the alloy in the world. Worsening macroeconomic environment in Europe and shrinking demand in the continent forced Tata Steel Ltd to take the goodwill impairment hit. Tata Steel is scheduled to announce its Jan-Mar earnings on May 23. JSW Steel Ltd is also scheduled to release its Jan-Mar earnings on May 23.

### **Pharma sector – Likely to consolidate this week**

Shares of major pharmaceutical companies are likely to consolidate this week after trading at high valuations throughout last week. Shares of Cadila Healthcare, Cipla and Ranbaxy Laboratories are seen consolidating this week after substantial gains last week. As no company is reporting their quarterly earnings this week, no stock-specific movement is likely in the pharma space. However, there could be some movement in Sun Pharmaceuticals Industries in anticipation of comparatively better earnings this quarter.

### **Telecom Sector – Profit booking may pull RComm down this week**

After the recent rally in the shares of Reliance Communications, upside in the stock looks limited this week as investors may now book profit. In the last one month, the stock has gained as much as 38% as sentiment around it has remained positive aided by prospects of a possible tower sharing deal with Reliance Industries and stake sale in arm Reliance Globalcom. These would help bring down its burgeoning debt. Bharti Airtel is expected to continue trading with a bearish bias this week, with another 4-5% downside expected after having declined 3% this week. Bharti Airtel's addition of mobile subscribers for April was lower than its competitors, with the company adding just 601,252 subscribers in the month. Vodafone India and Idea Cellular added 1.42 mln and 1.28 mln subscribers, respectively, in April. Idea Cellular is expected to largely trade positively but in a narrow range this week.

## **Market Range for Week 6080- 6330**

Nifty	Values	<b>Resistance</b> – Nifty facing Resistance level @6220 level above this level it may go up to @6280 & @ 6330 level.  <b>Support</b> - Support comes for market @6150 level for Nifty; below this level Nifty next support @6110 and @6080 will be the major support for Market.
Support 1	6150	
Support 2	6110	
Support 3	6080	
Resistance 1	6220	
Resistance 2	6280	
Resistance 3	6330	

**Technical** – Last week Nifty opened at 6098 & it made a high of 6199. Last week we have seen upside movement. Nifty made a low of 5970 & closed at 6187. Last week Nifty gain 229 points from its low & on weekly basis it closed at 80 point's higher. Sensex made a weekly high of 20328 & a low of 19652 almost it gain 676 points in the week from its low. So overall last week was good for bulls.

**For the coming week the market range we expect 6080-6330**

**Weekly Chart View –**

Last week we had expected market range (5970-6330) market made a high of 6199 & low of 5970 so it hold our both side range.

In last week report we had mentioned, on the daily chart market was not so far from short term moving avg(5SMA),but RSI was around 70 & on weekly chart RSI was not in overbought, because of all that we had mentioned can see buying at support level & can see more movement in the market & all we have seen same in the market. Now on daily chart market facing resistance around upper trendline. On weekly chart market has given triangle breakout & RSI still not in overbought. So overall still we can see continue upside movement in the market, may be because of continue 5-week gain can see some consolidation, but undertone still look positive.

The Dow, S&P500 and Nasdaq all ended higher Friday, with the Dow & S&P500 finishing at record levels. For the week, the S&P500 added 2%, the Dow rose 1.5% & the Nasdaq advanced 1.7%.

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

Trend in inflow of money from foreign institutional investors (FIIs) and Q4 March 2013 results of prominent companies will dictate near term trend on the bourses. A global market rally, sparked by easier monetary policy, has led to strong inflow of money from foreign portfolio investors into Indian stocks.

The Q4 results announced so far showed that the combined net profit of a total of 1,056 companies rose 6.4% to Rs 59473 crore on 6.8% growth in sales to Rs 623097 crore in Q4 March 2013 over Q4 March 2012.

The Reserve Bank of India (RBI) undertakes mid-quarter review of the monetary policy on 17 June 2013. RBI Governor D Subbarao on 14 May 2013 said that the central bank will take note of falling inflation when discussing potential interest rate cuts.

## Weekly Technicals of Key Companies –

Company	Closing 17-May-13	Buy/Sell Trigger	Resistance 1	Resistance 2	Support 1	Support 2
ACC	1269.35	1248.32	1300.93	1332.52	1216.73	1164.12
AMBUJACEM	190.50	188.77	194.23	197.97	185.03	179.57
ASIANPAINT	4812.80	4802.33	4919.47	5026.13	4695.67	4578.53
AXISBANK	1535.25	1507.10	1569.10	1602.95	1473.25	1411.25
BAJAJ-AUTO	1832.05	1830.93	1884.87	1937.68	1778.12	1724.18
BANKBARODA	740.45	722.30	762.15	783.85	700.60	660.75
BHARTIARTL	315.55	317.87	325.53	335.52	307.88	300.22
BHEL	201.90	197.97	208.13	214.37	191.73	181.57
BPCL	418.25	417.68	428.87	439.48	407.07	395.88
CAIRN	300.50	300.15	306.10	311.70	294.55	288.60
CIPLA	425.60	415.28	438.32	451.03	402.57	379.53
COALINDIA	297.50	298.60	303.15	308.80	292.95	288.40
DLF	249.65	242.93	257.52	265.38	235.07	220.48
DRREDDY	2078.30	2082.73	2147.57	2216.83	2013.47	1948.63
GAIL	336.90	337.75	345.60	354.30	329.05	321.20
GRASIM	3126.95	3092.85	3186.10	3245.25	3033.70	2940.45
HCLTECH	719.95	737.77	758.88	797.82	698.83	677.72
HDFC	903.35	892.03	928.82	954.28	866.57	829.78
HDFCBANK	718.90	709.33	733.57	748.23	694.67	670.43
HEROMOTOCO	1684.40	1687.38	1713.77	1743.13	1658.02	1631.63
HINDALCO	110.15	108.72	113.98	117.82	104.88	99.62
HINDUNILVR	586.00	584.95	588.65	591.30	582.30	578.60
ICICIBANK	1230.45	1203.08	1264.27	1298.08	1169.27	1108.08
IDFC	163.85	159.37	169.93	176.02	153.28	142.72
INDUSINDBK	511.10	508.50	529.90	548.70	489.70	468.30
INFY	2351.75	2345.90	2378.55	2405.35	2319.10	2286.45
ITC	334.90	340.52	348.38	361.87	327.03	319.17
JINDALSTEL	312.60	309.45	318.45	324.30	303.60	294.60
JPASSOCIAT	82.30	79.40	86.30	90.30	75.40	68.50
KOTAKBANK	794.35	771.37	821.98	849.62	743.73	693.12
LT	1623.40	1585.33	1668.82	1714.23	1539.92	1456.43
LUPIN	803.60	787.73	826.87	850.13	764.47	725.33
M&M	987.30	977.07	1007.23	1027.17	957.13	926.97
MARUTI	1708.70	1719.40	1747.30	1785.90	1680.80	1652.90
NMDC	122.35	124.05	127.65	132.95	118.75	115.15
NTPC	159.90	157.90	163.00	166.10	154.80	149.70
ONGC	340.75	335.37	350.58	360.42	325.53	310.32
PNB	834.25	809.27	864.83	895.42	778.68	723.12
POWERGRID	116.05	114.78	118.17	120.28	112.67	109.28

RANBAXY	471.50	456.88	492.62	513.73	435.77	400.03
RELIANCE	835.50	825.27	854.93	874.37	805.83	776.17
RELINFRA	426.65	411.58	445.07	463.48	393.17	359.68
SBIN	2424.85	2376.78	2487.17	2549.48	2314.47	2204.08
SESAGOA	166.10	164.47	170.63	175.17	159.93	153.77
SUNPHARMA	966.15	961.97	985.93	1005.72	942.18	918.22
TATAMOTORS	303.35	303.57	311.73	320.12	295.18	287.02
TATAPOWER	93.95	93.60	95.20	96.45	92.35	90.75
TATASTEEL	311.85	309.87	323.23	334.62	298.48	285.12
TCS	1473.80	1466.18	1488.62	1503.43	1451.37	1428.93
ULTRACEMCO	2016.75	1998.28	2053.47	2090.18	1961.57	1906.38

Source: Iris Software

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RCH-WMR-00