

Apr22nd – Apr 27th, 2013

Key developments during the week

- Indoco Remedies gets US FDA OK to market Glimepiride tablets
- Govt releases FY14 trade policy supplement; more sops to lift exports
- Govt extends 2% interest subvention till Mar 31, 2014
- Rangarajan sees FY14 current acct gap down on commodity price fall
- RBI Subbarao says failed defence of exchange rate worse than no defence
- EPF head says investment in pvt sector bonds to up returns by 50 bps
- Labour secy says EPF to soon up minimum pension to 1,000 rupees/mo
- Minister Nath says political parties near consensus on land buy bill
- Head says IIFCL plans 100-bln-rupee tax-free bonds FY14
- Coal minister says hope to resolve issues with power min in a month
- SC says Sterlite's Niyamgiri ops to restart only after gramsabha, environ OK
- SC lifts embargo on grant of fresh mining leases in Karnataka
- Restart in Karnataka mining not to improve steel cos' FY14 earnings
- M&M Nashik unit wage pact delayed due to Igatpuri unit stir

INDEX	18-Apr-13	12-Apr-13	Change (in %)
NIFTY	5783.1	5528.55	4.60
SENSEX	19016.46	18242.56	4.24
NSE 500	4526.8	4352.75	4.00
NSE MIDCAP	2043.2	1966.8	3.88
NIFTY JUNIOR	11639.6	11323.3	2.79
BSE SMALLCAP	5975.59	5872.11	1.76
BSE 200	2328.46	2239.72	3.96

INDEX	18-Apr-13	12-Apr-13	Change (in %)
BSE CD	7112.02	6958.57	2.21
BSE OIL AND GAS	8649.6	8362.56	3.43
BSE PSU	6758.92	6455.5	4.70
BSE FMCG	6097.22	5792.43	5.26
BSE Capital Goods	9458.33	8940.19	5.80
BSE AUTO	10420.11	9920.53	5.04
BSE REALTY	1896.61	1801.46	5.28
BSE BANK	14056.76	13075.56	7.50
BSE TECH	3491.52	3506.81	-0.44
BSE HEALTHCARE	8447.51	8289.1	1.91
BSE IT	5899.79	6040.48	-2.33
BSE METALS	8486.25	8415.35	0.84

INDEX	18-Apr-13	12-Apr-13	Change (in %)
Dow Jones	14547.51	14865.06	-2.14
Hang seng	22013.57	22089.05	-0.34
Nikkei	13316.48	13485.14	-1.25
FTSE	6286.59	6384.39	-1.53

Domestic events week ahead

- **Apr 22:** Parliament to reconvene after mid-session recess.
- **Apr 22:** SC hearing on SEBI's petition for arrest of Sahara chief Subrata Roy.

Source: NW18

Global events week ahead

- **Apr 22:** Europe Consumer Confidence, US Existing Home Sales
- **Apr 23:** French Flash Manufacturing PMI, French Flash Services PMI, German Flash Manufacturing PMI, German Flash Services PMI, Italian Retail Sales m/m, Spanish HPI q/q, US Flash Manufacturing PMI, US HPI m/m, US New Home Sales
- **Apr 24:** German Ifo Business Climate, German 30-y Bond Auction, Italian 10-y Bond Auction, US Core Durable Goods Orders m/m, US Crude Oil Inventories
- **Apr 25:** Spanish Unemployment Rate, US Unemployment Claims, US Natural Gas Storage
- **Apr 26:** Japan Monetary Policy Statement, Japan Overnight Call Rate, BOJ Outlook Report, BOJ Press Conference, German Retail Sales m/m, M3 Money Supply y/y, US Advance GDP q/q, US Revised UoM Consumer Sentiment

Weekly Sector Outlook and Stock Picks

Auto sector – In a narrow range this week; earnings key

Shares of major automobile manufacturing companies may trade in range during this week in anticipation of the earnings for Jan-Mar coming in soon. India's leading carmaker Maruti Suzuki India Ltd and two-wheeler manufacturer Hero MotoCorp Ltd are both scheduled to detail their earnings on Apr 26. Free Trade Agreement between India and European Union not coming in for some time now would prove to be a breather for the domestic companies (automobile manufacturers). India is considering a free trade pact with the European Union, under which it may allow cheaper imports of vehicles from the latter, thereby affecting the domestic auto industry negatively.

Capital Goods sector – Seen marginally up on short-covering

Shares of capital goods and engineering companies may rise marginally this week on account of short-covering ahead of the expiry of April futures contracts on Apr 25. Most of the capital goods and engineering companies are also seen posting weak earnings owing to the weak order inflow in Jan-Mar and sluggish execution. Investors are banking on L&T and diesel-powered generator maker Cummins India as these companies are seen as steady performers, with strong fundamentals. The two companies are also likely report Jan-Mar earnings in line with market expectations.

FMCG Sector – Expect stocks to consolidate this week

Shares of FMCG companies to consolidate at current levels this week, after outperforming the benchmark indices over the last two weeks. The next trigger for FMCG stocks will come when Hindustan Unilever announces its results for Jan-Mar quarter on Apr 29. The recent fall in commodity prices especially the price of crude is positive for FMCG stocks but that is only if crude prices stabilise at these levels. Crude prices are important for FMCG companies as linear alkylbenzene, a key raw material in detergents, is derived from crude oil. Also, most of the packing material used by FMCG companies is made from by-products of crude oil. Over the past week, the broader market indices have risen by over 4% each, while the BSE-FMCG index gained over 5% due to rise in heavyweight ITC's share price.

Cement Sector – Jan-Mar earnings eyed; UltraTech in focus

Shares of major cement companies are seen taking cues from UltraTech Cement's Jan-Mar earnings that will be announced on Apr 22. Investors will also await the earnings of ACC and Ambuja Cements, which are scheduled to be announced on May 3. Profits of cement majors are seen down in Jan-Mar, as the sector was plagued with low demand due to a lull in construction activity, in both real estate and infrastructure sectors. The high interest rate regimes have kept home buyers away from the market and have also hit construction companies.

IT Sector – Seen rangebound this week

Shares of major information technology companies are seen trading in a range this week following mixed Jan-Mar earnings. After Infosys' disappointing guidance last week, the market was eagerly waiting for the results of IT behemoth Tata Consultancy Services. TCS delivered results in line with market expectations but its outlook for the current financial year is seen as too optimistic. On Apr 17, TCS, the country's largest software exporter, posted a net profit of 35.97 bn rupees for Jan-Mar, up 1.3% sequentially, while net sales increased 2.2% to 164.30 bn rupees. The same day, HCL Technologies reported 7.8% quarter-on-quarter growth in consolidated net profit to 10.40 bn rupees, aided by foreign exchange gain and operational efficiencies. Consolidated revenue for the quarter was at 64.24 bn rupees, up 2.4% on quarter.

Oil Sector – PSUs seen up on softening crude; BPCL to lead

Softening crude oil prices and a stronger rupee may keep shares of the three state-owned oil marketing companies Indian Oil Corp, Bharat Petroleum Corp, and Hindustan Petroleum Corp Ltd buoyant this week. BPCL's arm Bharat Petro Resources announced another discovery in the promising Area-1 block in Mozambique's Rovuma basin. This may potentially lead to increase in gas reserves from the block. Shares of BPCL are expected to end the week with handsome gains. The fall in crude oil prices have reduced revenue losses on diesel and other subsidised fuel significantly. From 17 rupees a ltr in September, the revenue loss on diesel has shrunk to just 6.4 rupees now. This will also benefit upstream companies such as Oil and Natural Gas Corp and Oil India as they share a significant portion of the revenue losses on

subsidised fuel. Shares of these companies are seen rangebound with a positive bias as decline in crude prices also mean lower revenues for these companies.

Steel Sector – Up; no gains soon from SC Karnataka mining OK

Shares of major steel companies are expected to move up in line with the market this week in the absence of independent factors governing the steel sector. Stock indices are likely to rise in the coming sessions over continued optimism of a rate cut from the Reserve Bank of India when it meets early next month given the recent surge in economic indicators. The recent decline in international commodity prices, particularly gold and crude oil, coupled with the easing inflation trend is likely to support market sentiment in coming sessions. The Supreme Court order to resume mining in Karnataka category B mines is not going to have any immediate positive impact on steel companies.

Bank sector – Positive; large private banks' earnings eyed

Bank stocks are likely to maintain their positive bias this week on rising expectations that favourable macro-economic data, along with falling gold and oil prices, will prompt the Reserve Bank of India to reduce policy rates. The Reserve Bank of India is set to announce its annual monetary policy statement for 2013-14 (Apr-Mar) on May 3. Positive Jan-Mar earnings performance from YES Bank, Development Credit Bank and IndusInd Bank reported so far have also raised expectations from upcoming bank earnings. HDFC Bank, ICICI Bank and Axis Bank will be in focus on account of their Jan-Mar earnings that will be reported this week.

Pharma sector – Up this week; mkt volatility, earnings key

Shares of major pharmaceutical stocks are likely to continue their gaining streak this week due to expected volatility in the market following expiry of the April futures contract on Apr 25. As market is likely to turn volatile during expiry, investors are expected to turn towards safer havens such as pharmaceuticals and fast-moving consumer goods. Investors would also keep an eye on the companies' Jan-Mar earnings.

Telecom Sector –RComm may see profit sales, Idea result eyed

On a continued climbing spree for two straight weeks, Reliance Communications Ltd is expected to see some bouts of profit booking this week. Since Apr 2, when RComm signed a 12-bln-rupee optic fibre network sharing deal with Reliance Industries Ltd, the stock has risen 35.7% so far, aided by investors' expectations that more such deal may be in offing. The rise in the stock witnessed in the last two weeks may not be sustainable going forward and investors may book profits. Idea Cellular will be in focus on account of their Jan-Mar earnings that will be reported on Apr 25.

Market Range for Week 5680- 5920

Nifty	Values	Resistance – Nifty facing Resistance level @5820 level above this level it may go up to @5880 &@ 5920 level. Support - Support comes for market @5750 level for Nifty; below this level Nifty next support @5720 and @5680 will be the major support for Market.
Support 1	5750	
Support 2	5720	
Support 3	5680	
Resistance 1	5820	
Resistance 2	5880	
Resistance 3	5920	

Technical – Last week Nifty opened at 5508 & it made a high of 5794. Last week we have seen some bounce from low. Nifty made a low of 5500 & closed at 5780. Last week Nifty gain 294 points from its low & on weekly basis it closed at 252 point's higher. Sensex made a weekly high of 19058 & a low of 18144 almost it gain 914 points in the week from its low. So overall last week we have seen recovery from lower level.

For the coming week the market range we expect 5680-5920

Weekly Chart View –

Last week we had expected market range (5400-5700) market made a high of 5794 & low of 5500 so it holds our lower side range & last day of the week broke upper side range.

Weekly Chart



The market may remain volatile in a truncated week as traders roll over positions in the futures & options (F&O) segment from the near month April 2013 series to May 2013 series. The focus of the market is on Q4 results.

PSU divestment will also add to share sale glut in FY 2014. The government has set a target of Rs 40000 crore from divestment of government stake in state-run firms and Rs 14000 crore from divestment of stake in non-government companies for FY 2014.

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Weekly Technicals of Key Companies –

Company	Closing 18-Apr-13	Buy/Sell Trigger	Resistnace 1	Resistance 2	Support 1	Support 2
ACC	1211.70	1186.02	1244.53	1277.37	1153.18	1094.67
AMBUJACEM	189.30	183.68	195.62	201.93	177.37	165.43
ASIANPAINT	4649.50	4654.38	4714.02	4778.53	4589.87	4530.23
AXISBANK	1429.40	1377.80	1501.60	1573.80	1305.60	1181.80
BAJAJ-AUTO	1792.10	1772.77	1836.53	1880.97	1728.33	1664.57
BANKBARODA	688.25	676.78	708.47	728.68	656.57	624.88
BHARTIARTL	299.65	290.83	310.82	321.98	279.67	259.68
BHEL	185.85	183.27	189.03	192.22	180.08	174.32
BPCL	405.35	398.23	418.52	431.68	385.07	364.78
CAIRN	293.40	291.08	297.12	300.83	287.37	281.33
CIPLA	401.15	401.67	408.83	416.52	393.98	386.82
COALINDIA	299.60	297.75	303.50	307.40	293.85	288.10
DLF	248.40	246.50	253.70	259.00	241.20	234.00
DRREDDY	1906.10	1895.93	1946.62	1987.13	1855.42	1804.73
GAIL	333.05	328.10	340.95	348.85	320.20	307.35
GRASIM	2818.75	2790.47	2884.93	2951.12	2724.28	2629.82
HCLTECH	736.25	758.97	787.28	838.32	707.93	679.62
HDFC	818.25	801.78	837.47	856.68	782.57	746.88
HDFCBANK	673.60	661.33	687.67	701.73	647.27	620.93
HEROMOTOCO	1505.00	1486.67	1538.33	1571.67	1453.33	1401.67
HINDALCO	93.75	92.52	95.53	97.32	90.73	87.72
HINDUNILVR	483.20	480.58	490.57	497.93	473.22	463.23
ICICIBANK	1122.65	1093.78	1156.07	1189.48	1060.37	998.08
IDFC	161.25	155.32	168.28	175.32	148.28	135.32
INDUSINDBK	450.35	435.45	470.90	491.45	414.90	379.45
INFY	2295.70	2285.57	2367.13	2438.57	2214.13	2132.57
ITC	315.30	307.00	324.80	334.30	297.50	279.70
JINDALSTEL	337.45	335.58	346.17	354.88	326.87	316.28
JPASSOCIAT	76.10	74.30	78.70	81.30	71.70	67.30
KOTAKBANK	668.95	658.07	682.88	696.82	644.13	619.32
LT	1475.45	1434.17	1526.13	1576.82	1383.48	1291.52
LUPIN	671.85	668.68	689.07	706.28	651.47	631.08
M&M	903.90	875.43	941.92	979.93	837.42	770.93
MARUTI	1524.60	1484.80	1573.25	1621.90	1436.15	1347.70
NMDC	123.90	125.23	128.17	132.43	120.97	118.03
NTPC	145.85	143.83	148.47	151.08	141.22	136.58
ONGC	334.35	325.70	345.15	355.95	314.90	295.45
PNB	766.50	748.53	788.97	811.43	726.07	685.63
POWERGRID	107.00	106.27	108.88	110.77	104.38	101.77

RANBAXY	456.05	450.33	464.17	472.28	442.22	428.38
RELIANCE	781.60	786.93	804.67	827.73	763.87	746.13
RELINFRA	364.75	359.22	378.93	393.12	345.03	325.32
SBIN	2299.65	2224.93	2387.27	2474.88	2137.32	1974.98
SESAGOA	151.50	148.60	156.90	162.30	143.20	134.90
SUNPHARMA	916.25	902.38	938.77	961.28	879.87	843.48
TATAMOTORS	282.45	276.55	290.30	298.15	268.70	254.95
TATAPOWER	94.90	96.00	98.40	101.90	92.50	90.10
TATASTEEL	299.80	298.60	304.70	309.60	293.70	287.60
TCS	1452.75	1464.73	1502.02	1551.28	1415.47	1378.18
ULTRACEMCO	1927.65	1890.88	1971.77	2015.88	1846.77	1765.88

Source: Iris Software

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