

WEEKLY | FUNDAMENTAL



OUR REPORTS

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Daily & Weekly

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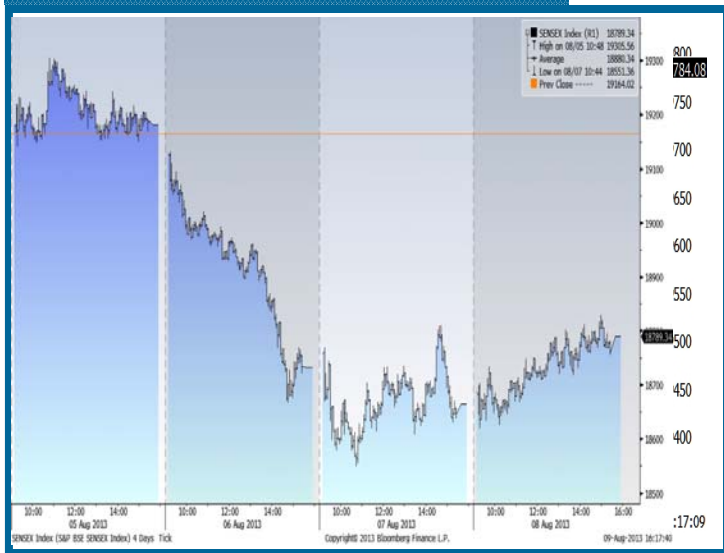
August 10, 2013

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MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

Indian market is likely to remain volatile with the lack of potential triggers at the moment. The important macroeconomic data coupled with some heavyweight's earnings are the key to decide the momentum of the market in this week. The IIP data and the WPI Inflation data will present a better view of the current economic scenario more profoundly. The depreciating INR and rising Brent crude prices remained the worrisome factor in the markets. Stock specific volatility is very much in the offing on the back of largecap corporate earnings. SBI, ONGC, IOC, LICH, Eros, Hindalco, Tata Steel et al. are important results scheduled during the week. We recommend investors to buy defensive stocks with growth visibility. Rallis, Britannia., Swaraj engines, LICHF and Pidilite are good defensive bets with medium to short term. However long term investors with investment horizon of ~3 years can buy Exide, SBI, Engineers India, L&T, RIL, ONGC, Dabur.

WEEK IN RETROSPECT

Markets continued its losing streak and settled the week on a negative note by losing close to 2% due to INR depreciation & lower-than-expected earnings from several companies. BSE Capital goods, Consumer durables and FMCG were the major losers over the week.

On domestic front, India's HSBC Markit Services Purchasing Managers' Index (PMI) fell to 47.9 in July 2013 from 51.7 in the previous month. The latest PMI is the first time since October 2011 the headline index has fallen below the 50 mark that divides growth from contraction, and the lowest since April 2009.

India's Foreign Exchange Reserves fell by almost USD3 billion to USD277.17 billion for the week ended August 2, 2013, the lowest level in over three years. The previous occasion when the Reserves had reached this level was in the week ended June 25, 2010.

On global front, The US Trade Deficit narrowed sharply in June 2013 to its lowest level in more than 3-1/2 years. Trade Gap fell 22.4% to USD34.2 billion, the smallest since October 2009. The percentage decline was the largest since February 2009.

The US Initial Jobless Claims rose by 5,000 to 333,000 in the week ended August 03, 2013 from its previous week.

China's Industrial Production growth accelerated to a five-month high in July 2013. Industrial Production rose 9.7% YoY in July compared to a 8.9% YoY gain in June 2013.

China's Exports rose 5.1% YoY in July 2013, swinging from June's 3.1% YoY fall. Imports which had dropped 0.7% YoY in June, jumped 10.9% YoY during July, leaving the Trade Surplus of USD17.8 billion for the month.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y % CH	Current P/E	FY13 EST P/E	FY14 EST P/E	Current P/B	FY13 EST P/B	FY14 EST P/B
DOW JONES	15425.51	(1.48)	(0.25)	2.03	16.79	14.97	13.92	12.85	2.98	2.87	2.62
NASDAQ	3660.10	(0.79)	1.66	6.50	21.16	21.88	18.48	15.94	3.01	2.87	2.60
S&P 500	1691.42	(1.06)	0.66	3.53	20.31	16.30	15.33	13.83	2.48	2.36	2.19
FTSE 100	6583.39	(0.97)	0.58	(0.62)	12.59	17.80	12.73	11.53	1.89	1.78	1.66
CAC 40	4076.55	0.76	5.74	3.10	18.65	17.55	12.89	11.51	1.37	1.29	1.22
DAX	8338.31	(0.81)	1.52	0.72	20.07	14.04	12.33	10.96	1.57	1.45	1.36
NIKKEI 225	13615.19	(5.88)	(6.14)	(6.79)	53.12	22.80	17.17	15.28	1.49	1.47	1.38
HANG SENG	21807.56	(1.72)	2.49	(6.49)	8.30	10.12	10.38	9.59	1.39	1.29	1.20
STRAITS TIMES	3229.91	0.24	2.36	(5.36)	5.82	13.34	14.78	13.50	1.42	1.37	1.30
TAIWAN TAIEX	7856.14	(3.01)	(4.43)	(5.12)	5.57	17.37	14.62	12.96	1.60	1.52	1.57
KOSPI	1880.71	(2.21)	0.57	(3.29)	(3.37)	14.20	9.97	8.04	0.99	1.03	0.94
BRAZIL BOVESPA	48474.90	2.89	9.53	(9.49)	(15.86)		14.74	10.09	0.94	0.86	0.83
RUSSIAN RTS	1328.28	(0.38)	(1.52)	(7.09)	(6.94)	3.89	3.57	3.60	0.48	0.43	0.40
SHANGHAI SE COMPOSIT	2052.23	1.12	0.62	(8.66)	(5.37)	11.03	9.02	7.90	1.40	1.23	1.10
BSE SENSEX	18789.34	(2.73)	(3.34)	(5.76)	6.99	16.20	14.02	12.03	2.49	2.26	2.00
NSE S&P CNX NIFTY	5565.65	(2.83)	(5.00)	(8.00)	4.56	15.03	13.53	11.36	2.30	2.13	1.86

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1526.90	(0.45)	1.90	2.07	19.44
MSCI AC WORLD	376.83	(0.45)	1.76	0.69	16.56
MSCI AC ASIA PACIFIC	133.89	(1.25)	(0.73)	(5.61)	11.11
MSCI EM	951.37	(0.41)	0.63	(9.45)	(2.84)

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	13.41	11.93	(3.10)	6.51	(9.02)
INDIA NSE VOLATILITY	21.19	6.96	9.68	27.65	29.76

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.59	(0.67)	(2.11)	42.38	52.74
UK Govt Bonds 10 Year Note Gen	2.46	1.44	1.06	37.89	51.85
Brazil Government Generic Bond	4.44	(1.02)	(1.24)	63.19	60.13
Japan Govt Bond Year to maturity	0.75	(7.90)	(12.99)	26.16	(5.96)
Australia Govt Bonds Generic M	3.71	(2.16)	(4.25)	17.62	11.47
India Govt Bond Generic Bid Yi	8.14	(1.50)	7.48	5.76	0.03

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	81.12	(0.95)	(4.08)	(2.01)	(1.83)
EUR-USD X-RATE	1.33	0.49	4.39	2.29	8.41
USD-GBP X-RATE	0.64	(1.36)	(4.10)	(0.33)	0.89
USD-BRL X-RATE	2.27	0.68	(0.51)	(11.37)	(11.38)
USD-JPY X-RATE	96.21	2.83	5.13	4.55	(18.33)
USD- X-RATE	60.86	(0.68)	(0.40)	(11.00)	(8.94)
USD-CNY X-RATE	6.12	0.12	0.12	0.14	3.87
USD-KRW X-RATE	1112.30	1.03	2.64	(1.88)	1.18

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.26	(0.71)	(1.63)	(3.78)	(39.49)
MIBOR Offer Market 3M	0.23	0	4.55	15.00	(36.11)
India Indicative Call Rate	10.25	10.81	50.74	41.38	28.13

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	7275.00	3.85	8.09	(1.07)	(3.43)
ALUMINUM (USD/T)	1871.00	3.42	4.52	(1.00)	(1.52)
ZINC (USD/T)	1944.00	4.23	4.01	3.84	4.51
LEAD (USD/T)	2180.00	2.78	7.02	8.16	13.48
OIL (USD/BBL)	105.97	(0.90)	2.35	9.93	13.50
NATURAL GAS (USD/MMBTU)	3.23	(3.49)	(11.70)	(20.44)	(12.22)

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1314.40	0.20	5.03	(9.86)	(18.72)
SILVER (USD/OZ)	20.55	3.26	6.44	(13.38)	(26.94)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1001.00	(6.01)	(10.62)	12.59	26.70
BBG WORLD IRON INDEX	159.09	3.67	6.86	(4.27)	(11.77)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	122.90	3.93	0.53	(18.06)	(32.08)
COTTON (USD/IB)	88.93	4.64	3.43	2.20	12.45
SUGAR (USD/IB)	16.98	1.13	3.91	(4.82)	(19.48)
WHEAT (USD/BU)	647.25	(3.82)	(6.26)	(13.49)	(25.26)
SOYBEAN (USD/BU)	1182.25	0.06	(7.36)	(3.01)	(7.96)

INSTITUTIONAL FLOW IN Cr (05/08-05/08)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	9603.50	9348.90	254.60
DII	5097.56	4946.55	151.01
MF	837.80	568.70	269.10

FII DERIVATIVE SEGMENT IN Cr (05/08-08/08)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	8344.93	9425.28	(1080.35)
INDEX OPTION	57478.04	60267.60	(2789.56)
STOCK FUTURE	8075.84	8352.51	(276.67)
STOCK OPTION	3449.54	3352.70	96.84

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
METAL	6855.54	1.47	-22.14	-34.78	-56.35	17.19
CONSUMER DURABLES	6197.53	0.33	-17.58	-2.72	10.78	18.78
IT	7467.64	0.32	23.24	36.54	31.65	18.38
OIL & GAS	8344.69	-0.13	-5.13	0.69	-17.18	10.29
SMALLCAP	5234.25	-0.24	-14.93	-20.31	-46.15	59.39
MIDCAPS	5409.14	-0.76	-16.87	-11.30	-29.03	13.35
CNXMCAP INDEX	6723.10	-0.80	-15.79	-7.23	-22.32	13.80
REALTY	1249.78	-1.16	-34.62	-24.04	-65.31	19.41
AUTOMOBILES	10215.33	-1.86	-7.31	7.72	18.36	13.42
SENSEX INDEX	18789.34	-2.73	-5.77	7.00	2.74	16.20
HEALTHCARE	8809.10	-2.74	0.81	20.55	57.52	25.71
NIFTY INDEX	5565.65	-2.83	-8.01	4.56	1.45	15.03
BANKEK	11204.07	-3.24	-22.23	-6.57	-6.20	9.88
FMCG	6529.51	-3.66	-3.40	25.80	98.20	36.89
POWER	1417.17	-3.86	-20.45	-27.48	-54.97	18.36
CAPITAL GOODS	7522.76	-7.56	-24.67	-24.06	-49.07	19.62

TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
RANBAXY LABS	PHARMA	31.53	FINANCIAL TECH.	IT	20.88
JINDAL STEEL & P	METAL	10.91	BHARAT FORGE	OTHER IND. PROD.	17.08
RELIANCE INFRA	INFRASTRUCTURE	10.87	IRB INFRA	INFRASTRUCTURE	15.00
TATA STEEL LTD.	METAL & MINING	8.13	STRIDES ACROLAB	PHARMA	14.30
DLF LTD.	REALTY	7.59	OPTO CIRCUITS	MEDICAL EQUIP- MENT	13.80
SESA GOA LTD.	METAL & MINING	6.09	ADANI PORTS	PORTS	13.53
HINDALCO INDS	METAL & MINING	5.77	UNITECH LTD.	REALTY	12.50
COAL INDIA LTD	COAL	5.71	UNITED BREWER- IES	BREWeries	10.51
NTPC LTD	POWER	5.58	UNITED PHOSPHO- RUS	CHEMICAL	9.73
NMDC LTD	METAL & MINING	5.27	ADANI POWER	POWER	8.95

BANKING

Housing finance companies (HFCs) have been allowed to raise public deposits with tenure of up to 10 years. Till now, these firms were permitted to raise public deposits with maximum tenure of seven years. A decision to this effect was taken by the National Housing Bank (NHB), the regulator of housing finance companies. With this decision, these companies can now get access to longer-term funds. "This will help in better asset-liability management for HFCs, whose assets are growing. They also need to go in for longer-term lending and this move will help them do that. Not all HFCs registered with NHB can raise public deposits – they need special approval from the regulator. Currently, there are only 18 registered HFCs that are authorised to raise deposits from the public. The total outstanding public deposits for these 18 companies stood at about Rs 40,000 crore. Since 2005, NHB has not granted fresh authorisation to any HFCs to mop up funds from the public.

Providing relief to the government, the Reserve Bank will transfer to the Centre its surplus profit of over Rs 33,000 crore, more than double the amount given last year. "The Reserve Bank's Central Board...approved the transfer of surplus profit to the Government of India amounting to Rs 330.10 billion for the year ended June 30, 2013 as against Rs 160.10 billion for the year ended June 30, 2012," the central bank said in a statement. The amount will provide some relief to the government, which proposes to bring down the fiscal deficit to 4.8 per cent of GDP from 4.9 per cent last year.

The Finance Ministry is likely to finalise a Rs 14,000-crore capital infusion for public sector banks by the end of this month to meet their global capital requirement norms, Basel III. The fund allocation will be done to individual banks by issue of preferential shares. The Government's holding will increase if capital infusion is through preferential allotment of shares. Last month, Finance Minister P. Chidambaram had said all public sector banks are meeting Basel III requirements for capitalisation, though four of them — Indian Overseas Bank, IDBI Bank, Bank of Maharashtra and Dena Bank — have Tier-1 capital below eight per cent. The Government will take steps to ensure that these banks have eight per cent Tier-1 capital by the end of the current fiscal year, Chidambaram had said. Other lenders like Punjab National Bank have made a request of Rs 1,500 crore capital infusion by the Government while Chennai-based Canara Bank has sought Rs 1,000 crore during the current fiscal. In the Budget speech (2013-14), it was proposed to provide a further amount of Rs 14,000 crore for capital infusion to the nationalized bank.

INFRASTRUCTURE

Larsen and Turbo Ltd (L&T) has been awarded Rs 646.56 crore contract for equipment supply & construction of 28 mega lift irrigation projects in Tel River basin by the water resources department Of Odisha government. The Engineering Procurement & Construction (EPC) contract for the Tel River basin is meant to provide irrigation facility in 35,400 ha farm fields of drought prone districts of Kalahandi, Bolangir, Subarnapur & Boudh districts. Each lift irrigation scheme will be designed to cover 500 to 2000 ha area close to rivers & existing reservoirs. The contract was awarded to L&T for 2 clusters out of 5 clusters selected for implementation in the 1st phase. The government has plans to cover 15 clusters with an estimated cost of Rs 3,000 crore for 174 lift irrigation projects.

The disinvestment department has shelved plans to sell a stake in power equipment maker Bharat Heavy Electricals Ltd (BHEL), citing valuation concerns & a depleting order book. The department had withdrawn the 5% disinvestment proposal in view of BHEL's low share price, decreased capital expenditure & less demand for power-sector equipment. The plan to offload the government's 5% stake in BHEL through a follow-on public offer (FPO) was approved by the Cabinet in August 2011. The government holds a 67.72% stake in the Navratna company. In the 1st quarter of the current financial year, BHEL's net sales declined 23.7% to Rs.6,352.55 crores from Rs.8,326.24 crores a year earlier. At the end of the June quarter, the company's outstanding order book stood at over Rs 1.08 lakh crores, less than over Rs 1.15 lakh crores in the March quarter. Sluggish prospects in the domestic power sector as well as cheap overseas imports of power equipment have adversely affected BHEL's business.

August 12, 2013

- ◆ India's IIP data for the month ended June,2013.
- ◆ U.S. Monthly Budget Statement for the month ended July,2013.

August 13, 2013

- ◆ U.S. Import Price Index data for the month ended July,2013.
- ◆ U.S. Retail Sales Advance data for the month of July,2013.

August 14, 2013

- ◆ U.S. MBA Mortgage Application data for the week ended August 09,2013.
- ◆ U.S. PPI YoY data for the month ended July,2013.
- ◆ India's WPI data for the month of July,2013.

August 15, 2013

- ◆ U.S. Empire Manufacturing data for the month of August,2013.
- ◆ The U.S. Initial Jobless Claims data for the week ended August 10,2013.
- ◆ The Bloomberg Consumer Comfort data for the week ended August 11,2013.

August 16, 2013

- ◆ U. of Michigan confidence data for the month of August,2013.
- ◆ U.S. Housing starts data for the month ended July,2013.

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