

# WEEKLY | FUNDAMENTAL



## OUR REPORTS

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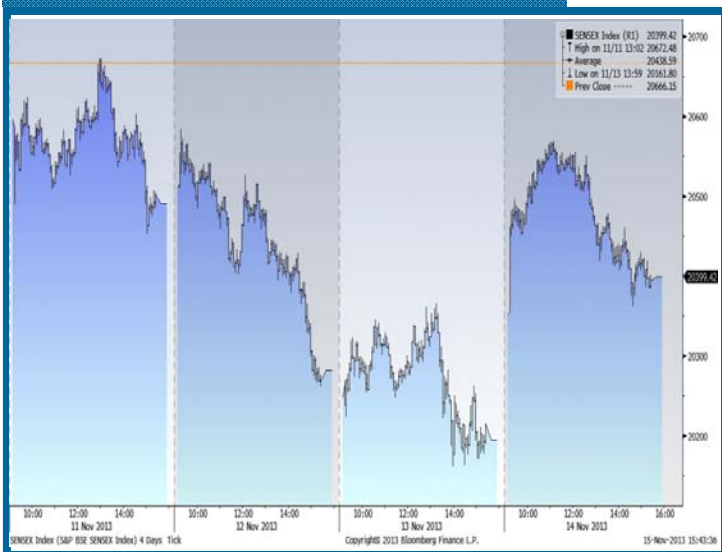
- Event Based Report
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November 16, 2013

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## WEEKLY CHART OF SENSEX



## OUTLOOK

Indian market is expected to remain range bound due to lack of any renewed positive or negative triggers. Results for the September quarter ending being better than expectations on an aggregate basis and stable INR and crude oil prices may support the fundamentals. Also comment from Fed Chairman nominee, Janet Yellen that tapering to happen only on clear signals of employment growth may lead to continued liquidity, keeping the markets firm. As the state election season kicked off and the general election is round the corner we may see infrastructure and media sectors to perform. Dabur, HUVR, Bharti Airtel, LICHF, Exide, TCS, Tech Mahindra, Rallis India, Pidilite remain our top long term picks. In the medium to short term, NCC, HPCL, BPCL may remain active.

## WEEK IN RETROSPECT

Indian markets was subdued for most of the trading sessions during the week but experienced a rally on the last trading session on the back of Raghuram Rajan's promising speech on containing INR as well as inflation.

**On domestic front,** India's WPI Inflation came in at an eight month high of 7.00 percent YoY in October 2013 against 6.46 percent YoY in the previous month. Inflation inched higher owing to higher Food Inflation (mainly vegetable Inflation) as well as pick up in Core Inflation to a six-month high. India's CPI Inflation also quickened to 10.09 percent YoY in October from 9.84 percent YoY in September 2013.

Despite the festive season, encouraging Core Infrastructure growth number and a lower base, India's Industrial Production growth for September 2013 came in at just 2.0 percent YoY. The main disappointment came from Capital Goods sector (-6.8 percent YoY) and Consumer Durables sector (-10.8 percent YoY).

India's Exports jumped by 13.47 percent YoY to USD27.27 billion in October 2013, while Imports dropped by 14.5 percent YoY to USD37.82 billion during the month. This has left Trade Deficit of USD10.55 billion in October.

**On global front,** The U.S. Initial Jobless Claims continued to go down for five weeks in a row. Initial Jobless Claims declined by 2,000 to 339,000 for the week ending November 09, 2013 from the previous week's revised figure of 341,000.

The Euro Zone Industrial Production fell by a seasonally adjusted 0.5 percent in September against a growth of 1 percent registered in August 2013.

The U.S. Industrial Production declined by a seasonally adjusted 0.1 percent in October 2013 from September 2013.

## 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	15961.70	1.26	3.65	5.83	26.79	15.46	15.08	13.95	2.93	2.84	2.61
NASDAQ	3985.96	1.70	1.83	10.63	39.70	23.67	20.08	17.46	3.43	3.11	2.83
S&P 500	1798.18	1.55	3.07	8.59	32.23	17.01	16.25	14.69	2.59	2.48	2.29
FTSE 100	6693.44	(0.22)	1.07	2.97	19.40	16.62	13.73	12.41	1.92	1.86	1.72
CAC 40	4292.23	0.74	0.14	4.08	28.45	18.43	14.12	12.64	1.43	1.38	1.31
DAX	9168.69	0.99	3.42	9.25	31.91	145.12	13.58	12.29	1.72	1.63	1.52
NIKKEI 225	15165.92	7.66	4.15	11.10	68.06	21.97	19.42	17.19	1.63	1.62	1.53
HANG SENG	23032.15	1.26	(1.32)	2.28	8.85	10.42	11.00	10.20	1.42	1.36	1.26
STRAITS TIMES	3201.27	0.75	0.26	0.11	8.67	13.67	15.05	13.72	1.41	1.35	1.29
TAIWAN TAIEX	8177.12	(0.63)	(3.12)	3.18	14.68	16.85	15.89	14.12	1.68	1.67	1.60
KOSPI	2005.64	1.04	(2.27)	4.45	7.78	12.18	11.92	9.35	1.05	1.13	1.03
BRAZIL BOVESPA	53451.60	1.34	(2.78)	4.99	(5.02)	54.80	14.03	10.88	1.08	1.03	0.98
RUSSIAN RTS	1446.36	1.29	(4.63)	9.29	5.10	6.00	4.59	4.43	0.91	0.77	0.71
SHANGHAI SE COMPOSIT	2135.82	1.41	(2.64)	3.25	6.01	10.68	9.41	8.35	1.41	1.279	1.14
BSE SENSEX	20399.42	(2.03)	(2.31)	9.68	11.41	17.53	15.04	12.58	2.53	2.41	2.12
NSE S&P CNX NIFTY	6056.15	(2.11)	(0.54)	5.46	7.55	16.21	14.56	12.13	2.38	2.29	2.02

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1621.50	1.58	1.46	7.47	29.37
MSCI AC WORLD	399.96	1.51	0.89	7.18	26.03
MSCI AC ASIA PACIFIC	141.57	1.86	(1.31)	5.37	18.12
MSCI EM	1005.17	0.99	(3.54)	4.91	3.64

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	12.19	(12.36)	(6.51)	(15.17)	(25.71)
INDIA NSE VOLATILITY	19.26	(3.07)	(4.27)	(18.52)	18.74

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.70	(1.61)	(0.89)	(2.28)	69.72
UK Govt Bonds 10 Year Note Gen	2.74	(0.79)	(2.14)	2.19	58.39
Brazil Government Generic Bond	4.43	(0.60)	1.79	(1.11)	75.37
Japan Govt Bond Year to maturity	0.63	6.73	(5.51)	(15.01)	(14.20)
Australia Govt Bonds Generic M	4.20	1.72	0.02	7.83	39.19
India Govt Bond Generic Bid Yi	9.01	0.30	5.24	6.13	9.81

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	80.85	(0.55)	0.45	(0.40)	(0.28)
EUR-USD X-RATE	1.35	0.96	(0.20)	1.11	5.59
USD-GBP X-RATE	0.62	(0.60)	(0.73)	(2.95)	(1.55)
USD-BRL X-RATE	2.31	(0.35)	(5.69)	0.45	(10.70)
USD-JPY X-RATE	100.19	(1.13)	(2.02)	(2.81)	(18.98)
USD- X-RATE	63.12	(1.11)	(2.49)	(2.65)	(13.06)
USD-CNY X-RATE	6.09	(0.02)	0.16	0.33	2.32
USD-KRW X-RATE	1063.53	0.12	0.30	5.06	2.18

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.23	(0.54)	(2.23)	(9.53)	(23.44)
MIBOR Offer Market 3M	0.22	0	(4.35)	(4.35)	15.79
India Indicative Call Rate	8.05	87.21	(10.06)	(21.08)	(1.11)

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	7010.00	(2.19)	(3.17)	(4.09)	(8.24)
ALUMINUM (USD/T)	1791.00	(1.32)	(3.39)	(6.13)	(8.80)
ZINC (USD/T)	1899.00	(0.26)	(1.55)	(3.08)	(2.86)
LEAD (USD/T)	2096.00	(2.05)	(2.19)	(5.20)	(4.68)
OIL (USD/BBL)	93.84	(0.80)	(7.28)	(12.56)	9.81
NATURAL GAS (USD/MMBTU)	3.66	2.83	(6.98)	(2.19)	(13.43)

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1290.20	0.12	0.61	(5.57)	(24.80)
SILVER (USD/OZ)	20.80	(3.28)	(2.61)	(9.51)	(36.23)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1507.00	(4.68)	(23.23)	38.13	47.16
BBG WORLD IRON INDEX	174.58	0.29	(1.16)	9.09	5.62

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	109.10	1.86	(8.78)	(14.43)	(35.88)
COTTON (USD/IB)	78.20	(0.56)	(7.66)	(12.09)	0.86
SUGAR (USD/IB)	17.55	(2.93)	(6.15)	(0.73)	(12.03)
WHEAT (USD/BU)	654.50	(1.05)	(5.89)	(1.09)	(24.92)
SOYBEAN (USD/BU)	1280.50	(1.19)	1.14	0.96	0.27

INSTITUTIONAL FLOW IN Cr (11/11-14/11)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	7213.10	6169.50	1043.60
DII	2813.79	5130.54	(2316.75)
MF	576.60	724.50	(147.90)

FII DERIVATIVE SEGMENT IN Cr (11/11-14/11)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	8499.19	9774.88	(1275.69)
INDEX OPTION	60193.30	57470.01	2723.29
STOCK FUTURE	6583.63	7351.19	(767.56)
STOCK OPTION	6033.74	6159.18	(125.44)

# BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
HEALTHCARE	9646.14	0.08	5.81	24.29	46.48	31.30
AUTOMOBILES	12079.00	-0.04	11.03	14.40	18.31	14.79
METAL & MINING	9182.17	-1.11	24.70	-7.43	-46.33	22.66
SMALLCAPS	5956.17	-1.23	10.60	-17.18	-45.28	#N/A N/A
IT	8462.29	-1.23	11.11	46.23	39.94	19.42
CNXMCAP INDEX	7516.35	-1.24	7.98	-5.33	-20.85	13.15
MIDCAPS	6141.05	-1.28	9.84	-8.59	-27.31	14.16
POWER	1582.46	-1.34	8.36	-19.50	-49.15	24.14
CAPITAL GOODS	8883.75	-1.56	15.71	-17.72	-44.64	28.95
FMCG	6451.79	-1.67	-4.14	11.07	76.35	34.62
REALTY	1304.57	-1.68	-3.04	-33.26	-62.17	25.06
SENSEX INDEX	20399.42	-2.03	5.33	9.26	1.20	17.53
NIFTY INDEX	6056.15	-2.12	5.47	7.55	-1.07	16.21
BANKEK	12326.33	-2.32	7.79	-6.85	-15.05	11.12
CONSUMER DURABLES	5752.11	-3.29	-10.58	-22.68	-17.49	17.78
OIL & GAS	8398.10	-3.65	-2.02	3.27	-21.64	8.76

## TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
TATA STEEL	METAL & MINING	5.51	ADANI ENTER-PRISE	DIVERSIFIED	12.58
M&M	AUTOMOBILE	5.30	DIVI LABS LTD	PHARMA	12.53
DRREDDY'S LAB	PHARMA	2.47	INDIA CEMENTS	CEMENT	9.43
CAIRN INDIA	OIL & GAS	2.06	AUROBINDO PHARMA	PHARMA	8.28
MARUTI SUZUKI	AUTOMOBILE	2.03	TORRENT POWER	POWER	7.51
WIPRO	IT	0.99	BATA INDIA	FOOTWEAR	7.11
TATA MOTORS	AUTOMOBILE	0.75	MAX INDIA	NBFC	5.64
BOB	BANKING	0.27	TV18 BROADCAST	MEDIA	4.69
ICICI BANK	BANKING	0.21	AMARA RAJA BATTERIES	AUTO ANCILLARY	3.92
NTPC LTD	POWER	0.16	PFC	NBFC	3.36



## BANKING

The RBI will unveil steps to improve the liquidity and the depth of the Government securities segment. It will roll out more recommendations of the Gandhi Committee report to improve the liquidity and depth of the G-Sec market. The RBI will introduce new variants of interest rate futures and products like inflation indexed certificates, and work to improve liquidity in derivative markets. A 13-member group, headed by RBI Executive Director R. Gandhi, has, among other things, suggested that the investment limit for foreign institutional investors (FIIs) in G-Secs be increased gradually from the present limits of \$30 billion in G-Secs and \$51 billion in corporate debt. The RBI also plans to build its developmental measures over the next few quarters on five pillars. These are: clarifying and strengthening the monetary policy framework, strengthening banking structure, broadening and deepening financial markets, expanding access to finance, and improving the system's ability to deal with corporate and financial institution distress. According to the Finance Minister, aspirants with differentiated models of banking will be preferred while issuing new banking licences. The RBI is scrutinising 26 applications by private entities to run banks. The new banking licences are expected to be issued in January. The RBI estimated that the current account deficit will be around \$56 billion or 3 per cent of GDP. This is \$32 billion less than last year. The RBI would inject Rs 8,000 crore into the system through open market operations on 18<sup>th</sup> November 2013.

The central bank chief said the worry expressed by market participants that demand for dollars from oil marketing companies (OMCs) will add to further downward pressure on the rupee "is a non-issue". The process of the OMCs returning to the market started on October 14. "The market absorbed the demand smoothly. In fact, participants did not even know until some talk from the Finance Ministry. I have no doubt that once markets calm down, the OMCs' remaining demand will be absorbed easily. We have no intention of rushing this process. Governor also said the market's fears are overstated and that at such times, it makes sense to "take a deep breath and examine the fundamentals." The RBI raised \$18 billion through FCNR(B) deposits by NRIs and the swap window. "So, even if foreign investors pull out significantly more money this year than they have so far, we still can break-even on capital flows." The Governor also estimated that the current account deficit will be around \$56 billion or 3 per cent of GDP. This is \$32 billion less than last year. The RBI would inject Rs 8,000 crore into the system through open market operations on 18<sup>th</sup> November 2013.

## AUTOMOBILES

Continuing with this year's trend of declining automobile sales, passenger vehicle sales stood at 239,137 units in October, a 2% fall from the year-ago period. Total sale of commercial vehicles (CV) also declined 19.8%, year-on-year, to 53,533 units in October. Within the CV segment, medium and heavy vehicle sales stood at 14,261 units, a fall of 31.6% compared to the year-ago period. Commercial vehicle sales were a reflection of the health of any economy and this was the 20th month of decline in their sales. Demand is only coming from the replacement market as major sectors such as mining and infrastructure continue to be affected. However, the 31.6% drop in medium and heavy commercial vehicle was slightly better than the 41.8% and 38.2% decline recorded in September and August, respectively. While two wheelers sales were up 18% in October over last year. Two wheelers constitute 80% of the overall market. Purchases around the festive season, in addition to the rural demand, improved the numbers. Total sale of vehicles across categories registered a growth of 12.6% to 18,58,386 units in October 2013 as against 16,51,028 units in the same month of 2012.

TVS Motor Company, registered total sales of 197,905 units in October 2013, compared to 190,438 units in the corresponding month of the previous year, hence, showing a Growth of 3.92%. On monthly basis, the company reported a growth of 0.25%. Sales volume of Maruti Suzuki stood at 105087 units in October, 2013 against 103,108 units in the same month of last year, registering a YoY growth of 1.92%. On MoM basis, sales also up by 0.12%. Mahindra & Mahindra October Auto sales declined by 5.39% to 50,558 units on YoY basis. However, MoM sales is up by 16.79%. Mahindra & Mahindra total tractor sales increased by 29.42% to 38,263 units in October 2013. Hero MotoCorp, reported total sales of 625,420 units in the month of October 2013, registering a growth of 18.18% over the corresponding month of 2012, when the company had sold 529,215 units. On MoM sales increased by 33.45%. Total sales of Tata Motors stood at 51,638 units in October 2013, showing a decline of 28.05% on YoY basis but up by 2.40% on MoM basis.

## November 18, 2013

- ◆ U.S. Total net TIC flows data for the month ended September, 2013.

## November 19, 2013

- ◆ U.S. Employment Cost Index data for Q3.

## November 20, 2013

- ◆ U.S. MBA Mortgage Application data for the week ended November 15, 2013.
- ◆ U.S. Retail sales Advance data for the month ended October, 2013
- ◆ U.S. Existing Home sales data for the month ended October, 2013.

## November 21, 2013

- ◆ Philadelphia Fed Business Outlook for the month of November, 2013.
- ◆ The U.S. Initial Jobless Claims data for the week ended November 16, 2013.
- ◆ The Bloomberg Consumer Comfort data for the week ended November 17, 2013.

## November 22, 2013

- ◆ Germany's Export-Import data for Q3.

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