

WEEKLY | FUNDAMENTAL



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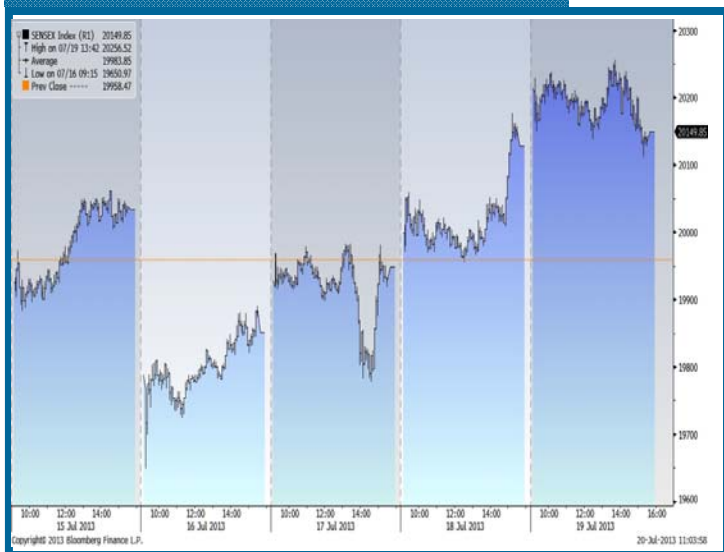
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MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

The Indian markets are likely to remain volatile on the back of anticipation regarding the outcome of the earnings of some heavyweights. Moreover the F&O clearing is also scheduled which may fuel the volatility. The rising Brent crude oil price is a worrying thing considering the Indian economic perspective. The important results scheduled in the following week are GAIL India, ITC, HUL, ICICI Bank, HeroMotocorp and others. We recommend buying for Dabur, Britannia and Escorts.

WEEK IN RETROSPECT

Indian markets ended the volatile week higher. The RBI introduced some measures aimed to curtail liquidity in the system with an objective to reduce speculation on the INR. Indian government's decision to raise the foreign investment (FDI) limit in the various sectors also boosted the sentiment.

On domestic front, India's WPI Inflation came in at 4.86 percent YoY in June 2013 as compared to 4.70 percent YoY in the previous month owing to surge in Primary Articles (in particular vegetable) Inflation.

India's Foreign Exchange Reserves rose by USD21.1 million to USD280.19 billion for the week ended July 12, 2013. Reserves had dipped by USD4.48 billion to USD280.16 billion in the previous reporting week.

On global front, Ben Bernanke, chairman of the US Federal Reserve in his semi-annual monetary policy report to the House Financial Services Committee said that he still expects to start scaling back its bond purchase programme later this year, but left open the option of changing that plan if the economic outlook shifted.

China's GDP grew 7.5% over the previous year during Q2 of 2013 compared with 7.7% YoY growth reported in Q1 of 2013.

The U.S. Housing Starts declined 9.9% in June 2013 from a month earlier to a seasonally adjusted annual rate of 836,000 units.

The U.S. Retail Sales rose 0.4% in June 2013 from May, after a 0.5% increase the previous 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	15543.74	0.51	5.03	6.70	21.22	15.01	13.98	12.88	3.01	2.85	2.60
NASDAQ	3587.61	(0.34)	6.86	10.95	22.64	22.90	19.03	16.35	3.00	2.87	2.60
S&P 500	1692.09	0.70	6.25	8.29	24.17	16.30	15.38	13.76	2.49	2.37	2.17
FTSE 100	6630.67	1.31	8.41	5.57	17.32	17.05	12.46	11.35	1.89	1.75	1.64
CAC 40	3925.32	1.82	7.30	7.48	22.90	16.36	12.48	11.01	1.28	1.23	1.17
DAX	8331.57	1.44	6.96	11.41	25.66	15.77	12.27	10.84	1.51	1.45	1.35
NIKKEI 225	14589.91	0.81	10.27	7.52	68.28	26.92	18.37	16.32	1.64	1.57	1.48
HANG SENG	21362.42	0.40	5.42	(3.09)	8.76	9.87	10.16	9.36	1.36	1.27	1.17
STRAITS TIMES	3213.26	(0.70)	2.84	(2.89)	6.55	13.25	14.56	13.29	1.42	1.36	1.29
TAIWAN TAIEX	8062.03	(1.92)	3.44	1.15	12.52	19.29	14.90	13.13	1.64	1.56	1.62
KOSPI	1871.41	0.07	2.66	(2.85)	2.66	15.21	9.79	7.90	0.98	1.01	0.92
BRAZIL BOVESPA	47400.23	4.10	0.73	(12.70)	(12.53)		13.42	9.22	0.90	0.81	0.78
RUSSIAN RTS	1389.73	2.59	11.56	4.55	(0.13)	6.11	5.45	5.37	0.74	0.67	0.62
SHANGHAI SE COMPOSIT	1992.64	(2.29)	(3.88)	(11.12)	(8.11)	10.73	8.76	7.74	1.36	1.19	1.07
BSE SENSEX	20149.85	0.95	7.32	5.11	17.43	17.48	14.67	12.82	2.70	2.34	2.13
NSE S&P CNX NIFTY	6029.20	0.33	6.38	3.33	15.83	16.47	14.38	12.26	2.56	2.26	2.06

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1513.52	1.01	6.49	6.05	22.91
MSCI AC WORLD	373.85	0.96	6.39	4.59	20.15
MSCI AC ASIA PACIFIC	134.92	0.03	5.62	(1.78)	15.66
MSCI EM	950.47	0.54	5.54	(6.07)	1.45

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	12.54	(9.39)	(33.65)	(12.85)	(22.92)
INDIA NSE VOLATILITY	18.13	(2.99)	(4.73)	11.77	7.34

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.48	(3.80)	5.57	45.69	64.74
UK Govt Bonds 10 Year Note Gen	2.28	(1.89)	7.13	37.42	49.87
Brazil Government Generic Bond	4.04	(6.80)	0.29	44.13	33.17
Japan Govt Bond Year to maturity	0.81	(0.97)	(0.24)	40.10	9.70
Australia Govt Bonds Generic M	3.67	(1.92)	7.15	14.57	24.99
India Govt Bond Generic Bid Yi	7.94	5.40	9.11	2.04	(1.85)

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	82.60	0.46	1.44	(0.13)	(0.33)
EUR-USD X-RATE	1.31	0.58	(1.14)	0.69	7.02
USD-GBP X-RATE	0.65	(1.04)	1.42	(0.22)	3.00
USD-BRL X-RATE	2.24	0.89	(0.99)	(10.50)	(10.45)
USD-JPY X-RATE	100.65	(1.42)	(4.17)	(1.12)	(21.91)
USD- X-RATE	59.35	0.47	(1.07)	(9.06)	(7.10)
USD-CNY X-RATE	6.13	(0.004)	(0.18)	0.63	3.81
USD-KRW X-RATE	1121.75	0.24	0.78	(0.48)	1.55

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.26	(1.08)	(2.59)	(4.12)	(41.58)
MIBOR Offer Market 3M	0.22	0	4.76	4.76	(52.17)
India Indicative Call Rate	6.00	(12.41)	(17.24)	(17.24)	(25.00)

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	6915.00	(0.56)	(0.64)	(1.07)	(10.54)
ALUMINUM (USD/T)	1825.00	(0.77)	(0.27)	(3.28)	(6.12)
ZINC (USD/T)	1864.00	(2.05)	0.21	(1.19)	(1.19)
LEAD (USD/T)	2033.00	(1.88)	(1.59)	0.64	5.36
OIL (USD/BBL)	108.05	1.98	9.98	22.77	16.61
NATURAL GAS (USD/MMBTU)	3.79	3.98	(4.91)	(15.80)	5.22

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1296.10	5.11	(7.43)	(13.30)	(18.21)
SILVER (USD/OZ)	19.51	5.41	(8.53)	(23.35)	(26.61)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1138.00	(0.95)	14.37	28.15	8.07
BBG WORLD IRON INDEX	151.31	1.64	5.01	(4.24)	11.48

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	122.70	2.76	(1.32)	(15.72)	(38.74)
COTTON (USD/IB)	86.18	1.29	(0.48)	1.18	10.64
SUGAR (USD/IB)	16.29	1.43	(5.78)	(10.64)	(28.17)
WHEAT (USD/BU)	664.50	(2.42)	(6.96)	(7.45)	(18.56)
SOYBEAN (USD/BU)	1274.00	1.33	(2.80)	5.02	(1.62)

INSTITUTIONAL FLOW IN Cr (15/07-19/07)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	14729.90	20444.70	(5714.90)
DII	7279.10	7577.74	(298.64)
MF	754.60	627.10	(127.50)

FII DERIVATIVE SEGMENT IN Cr (15/07-19/07)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	11360.06	11077.96	282.10
INDEX OPTION	72628.77	71558.82	1069.95
STOCK FUTURE	11339.97	11518.24	(178.27)
STOCK OPTION	7266.25	7144.67	121.58

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
FMCG	7441.09	7.10	21.35	50.70	132.22	41.23
OIL & GAS	9161.16	4.11	5.72	14.14	-13.37	11.25
IT	7097.29	3.98	23.22	33.39	30.06	17.86
AUTOMOBILES	10686.71	1.09	2.23	16.64	26.76	13.83
SENSEX INDEX	20149.85	0.96	5.11	17.43	11.24	17.48
CONSUMER DURABLES	6352.41	0.87	-14.33	-0.56	21.08	19.12
NIFTY INDEX	6029.20	0.34	3.34	15.83	10.79	16.47
HEALTHCARE	9346.05	-0.42	10.42	33.72	65.23	27.15
SMALLCAP	5706.48	-0.53	-5.36	-14.51	-39.88	42.12
CNXMCAP INDEX	7408.10	-0.69	-4.59	0.78	-12.36	15.57
MIDCAPS	5993.46	-0.91	-4.98	-3.08	-19.62	14.89
POWER	1643.48	-1.27	-5.12	-15.00	-48.10	20.25
CAPITAL GOODS	9320.45	-2.19	-4.63	-6.25	-38.92	25.61
METAL	7478.28	-3.47	-13.63	-29.94	-52.15	16.85
REALTY	1456.36	-4.08	-25.74	-13.41	-58.81	23.19
BANKEK	12543.48	-6.23	-12.86	4.16	9.46	11.38

TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
HUL	FMCG	11.71	GODREJ CON-SUMER	PERSONAL PRODUCTS	9.30
ASIAN PAINTS LTD.	PAINTS	7.33	MRF LTD.	TYRES	7.65
ONGC	OIL & GAS	7.04	HEXAWARE TECH	IT	7.39
TCS	IT	6.16	AB NUVO	DIVERSIFIED	6.80
AMBUJACEM	CEMENT	5.23	UNITED PHOSPORUS	CHEMICALS	5.67
BHARTIARTL	TELECOM	4.90	JAIN IRRIGATION	PLASTIC PRODUCTS	4.64
ITC LTD.	FMCG	4.67	APOLLO TYRES LTD.	TYRES	4.45
TATA POWER CO	POWER	4.40	BRITANNIA INDS	PACJAGED FOODS	4.40
INFOSYS LTD.	IT	3.82	BIOCON LTD.	BIOTECHNOLOGY	3.96
BAJAJ AUTO	AUTOMOBILE	3.38	PIRAMAL ENT.	PHARMACEUTICALS	3.72

BANKING

After rejecting the Treasury Bill auction the Reserve Bank of India (RBI) on Thursday sucked out only Rs 2,532 crore, which is about a fifth of the Rs 12,000 crore that it planned to drain out through sale of government securities under its open market operations (OMO). The RBI had received bids worth Rs 24,279.2 crore, but it accepted bids worth only Rs 2,532 crore as it refused to raise the yields. It accepted 11 bids worth Rs 777 crore for the 2026 bonds and 10 bids worth Rs 1,755 crore for 2030 bonds. The results released by the RBI revealed that there was no bid for 8.07 per cent, 2017 bonds and 8.15 per cent, 2022 bonds.

In a move to check the currency's volatility, the Reserve Bank of India (RBI) has decided to lower rupee liquidity in the system by capping the liquidity adjustment facility at (LAF) INR75,000 crore from 17th July 2013. RBI also raised the Marginal Standing Facility (MSF) rate by 200 bps to 10.25%. Accordingly, the bank rate also stands adjusted at 10.25 per cent. Moreover, RBI has decided to conduct open-market sales of government securities worth Rs 12,000 crore on July 18.

The Reserve Bank of India (RBI) on Monday imposed fines totaling Rs 49.5 crore on 22 private and public sector banks including SBI, PNB and Yes Bank for violating KYC/anti-money laundering norms. It also gave cautionary letters to seven including Citibank and Stanchart following an expose made by an online portal.

Private sector lender IndusInd Bank is likely to foray into the gold loans business in this quarter. The bank is likely to set a conservative loan-to-value (LTV) ratio of 50-65 per cent depending on the client profile.

METALS & MINING

JSW Steel, owned by billionaire Sajjan Jindal, is in talks to purchase a significant stake in Sandur Manganese and Iron Ores in Karnataka to improve its access to iron ore and cut logistics costs. The promoter, who owns 74.15% stake in the company, has appointed investment banker Edelweiss Financial Services to scout for a buyer. JSW, India's largest domestic steelmaker by capacity, currently sources iron ore from India's largest iron ore miner, the state-owned National Mineral Development Corporation through e-auction. The iron ore comes from NMDC's mines in Odisha and Chhattisgarh. The proposed transaction is intended to ensure assured supply from the Sandur mines located 30 kilometres from its 12 MT Vijayanagar plant in Karnataka. The company is already buying a part of its iron ore requirement from Sandur. It is open to selling stake in the listed company to a partner if they are interested in buying surplus iron ore for which an equity holding is essential. It is in talks with five strategic investors including JSW to build an alloy steel plant with an investment of anywhere between INR900 and INR1,000 crore which is partly financed by equity and debt. Sandur will continue to own majority stake in the new joint venture.

The National Green Tribunal on Monday allowed Sterlite Industries to resume normal operations at its Tuticorin copper smelter, which has been shut since March after an order of the TN Pollution Control Board. The clean chit was based on the report of an expert committee, set up by the green tribunal, headed by PST Sai of the IIT-Madras. The expert committee, which submitted its report on July 10, found that the emissions from the unit were within the permissible limits set by the Central Pollution Control Board.

Billionaire Anil Agarwal-led Vedanta Resources will seek renewed approval from shareholders for its proposal to buy back as many as 27,300,000 shares, amounting to about 10 per cent of the company's equity. London-listed Vedanta Resources proposes to buy a maximum of 27,337,819 shares through market purchases at a minimum price of \$ 0.10 a share. Any shares purchased under this authority will either be treated as cancelled or held as treasury shares. Listed firms, with authorisation from shareholders, may buy and hold their own shares in treasury instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, re-sold or used to provide shares for employee share schemes," Vedanta Resources said. In December 2008, Vedanta had announced a \$250-million share buyback programme to purchase up to 10 per cent of the company's shares. In April 2010, it increased the size of the programme to \$ 825 million.

July 22, 2013

- ◆ Chicago Fed Nat Activity Index data for the month ended June,2013.
- ◆ Existing Home sales data for the month ended June,2013.

July 23, 2013

- ◆ Richmond Fed. Manf. Index for the month of July,2013.

July 25, 2013

- ◆ U.S. Durable Goods order for the month ended June,2013.
- ◆ The U.S. Initial Jobless Claims data for the week ended July 20,2013.
- ◆ The Bloomberg Consumer Comfort data for the week ended July 21,2013.

July 26, 2013

- ◆ U. of Michigan confidence data for the month ended July,2013.

July 24 , 2013

- ◆ U.S. MBA Mortgage Application data for the week ended July 19 ,2013.
- ◆ U.S. New home sales data for the month ended June,2013..

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