

WEEKLY | FUNDAMENTAL



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MARKET UPDATE

WEEKLY CHART OF SENSEX



OUTLOOK

Indian markets ended the week on a higher note courtesy the measures announced by the newly appointed RBI governor. Moreover the rupee somewhat recovered during the week. The rupee is expected to show some resilient in the following week which may enable to improve the investors sentiment. The markets are likely to remain rangebound with upward bias on the absence of any negative news flows at the moment. However the market is also keeping an eye on the Fed's meeting scheduled on September 18, 2013 to sense whether the U.S. is going to taper the ongoing QE. On the domestic front India's IIP data may draw some attention which is scheduled on September 13, 2013. U.S. president Barak Obama is going to address the nation on the decision regarding Syria on September 9, 2013 may induce some sort of market volatility in the initial part of the week. We recommend Dabur, Britannia, Rallis, LICHF for medium and long term portfolio. NMDC, Tata Steel and Hindalco can be bought on decline.

WEEK IN RETROSPECT

Indian markets settled the volatile week on a cheerful note with benchmark indices gaining nearly 4%. The intensions and initiatives of the new RBI Governor helped in changing the sentiments on the currency and equity markets. BSE Bankex, PSU, Oil & gas and Capital goods were the major gainers over the week.

On domestic front, Indian's HSBC Manufacturing (Purchasing Managers' Index) PMI sank to 48.5 in August 2013 from 50.1 in July, the lowest reading since March 2009. An index reading above 50 indicates expansion in the sector, while one below suggests decline.

India's Foreign Exchange Reserves have dipped to USD275.5 billion in the week ended 30 August, 2013, hitting the lowest level since June 2010.

India's cumulative seasonal rainfall for the country as a whole till September 04, 2013 was 8% above the LPA. The cumulative seasonal rainfall activity continued to be excess over all the four homogeneous regions except east & northeast India, where it was 26% below LPA.

On global front, The U.S. Unemployment Rate fell to 7.3 percent in August 2013 from 7.4 percent in July, its lowest since December 2008.

The U.S. Initial Jobless Claims decreased to a seasonally adjusted 323K in the week ended August 30, 2013 from 332K (revised) in the previous week.

Euro Zone's Manufacturing PMI increased to a 26-month high of 51.4 in August 2013 from 50.3 in July, as growth improved in Germany, the Netherlands, Austria, Ireland, Italy and Spain, while France and Greece registered a contraction, although the rate of decline in factory activity in Greece eased significantly.

China's Manufacturing PMI rose to 51.0 in August 2013 from 50.3 percent in July.

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	14922.50	0.55	(3.26)	(2.13)	12.14	14.29	13.49	12.43	2.88	2.77	2.55
NASDAQ	3660.01	1.09	(0.002)	5.49	16.69	21.94	18.54	16.03	3.02	2.86	2.59
S&P 500	1655.17	1.03	(2.14)	0.71	15.10	15.88	14.98	13.52	2.43	2.31	2.15
FTSE 100	6547.33	2.09	(0.54)	2.11	12.98	19.30	12.77	11.61	1.88	1.79	1.67
CAC 40	4049.19	2.93	(0.67)	4.56	15.06	17.30	12.85	11.53	1.36	1.28	1.22
DAX	8275.67	2.13	(0.75)	0.25	14.70	14.18	12.43	11.04	1.58	1.46	1.36
NIKKEI 225	13860.81	3.52	1.80	7.63	56.23	22.98	17.42	15.52	1.51	1.48	1.39
HANG SENG	22621.22	4.09	3.73	4.84	14.23	10.37	10.80	10.02	1.42	1.34	1.24
STRAITS TIMES	3048.35	0.64	(5.62)	(4.28)	1.21	12.55	14.11	12.91	1.34	1.29	1.22
TAIWAN TAIEX	8164.20	1.77	3.92	0.85	9.95	18.10	15.27	13.68	1.70	1.67	1.62
KOSPI	1955.31	1.50	3.96	1.63	1.33	15.00	10.62	8.49	1.03	1.08	0.98
BRAZIL BOVESPA	53749.42	7.48	7.76	4.12	(7.83)		61.08	13.06	1.03	0.82	0.79
RUSSIAN RTS	1351.17	4.58	1.92	2.79	(8.19)	5.37	3.75	3.63	0.76	0.44	0.41
SHANGHAI SE COMPOSIT	2139.99	1.98	4.27	(3.20)	0.57	11.19	9.42	8.34	1.46	1.26	1.14
BSE SENSEX	19270.06	3.49	2.55	(0.82)	8.97	16.53	14.77	12.57	2.54	2.36	2.09
NSE S&P CNX NIFTY	5680.40	3.81	2.06	(3.41)	6.33	15.18	14.03	11.71	2.31	2.18	1.90

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1502.40	2.01	(1.60)	2.18	14.50
MSCI AC WORLD	371.63	2.10	(1.38)	1.64	12.51
MSCI AC ASIA PACIFIC	133.76	2.75	(0.09)	2.59	12.30
MSCI EM	955.73	2.81	0.45	(2.54)	(1.35)

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	15.85	(5.71)	18.19	4.69	10.22
INDIA NSE VOLATILITY	28.65	3.02	35.20	65.13	87.74

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	2.93	5.39	11.05	41.27	74.85
UK Govt Bonds 10 Year Note Gen	2.93	5.95	18.52	45.11	71.35
Brazil Government Generic Bond	4.78	0.65	7.36	28.68	72.32
Japan Govt Bond Year to maturity	0.78	8.89	(0.50)	(5.88)	(3.21)
Australia Govt Bonds Generic M	4.14	6.34	11.55	24.04	33.73
India Govt Bond Generic Bid Yi	8.61	0.01	4.88	19.27	5.50

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	82.14	0.07	0.66	0.74	1.34
EUR-USD X-RATE	1.31	(0.33)	(0.95)	(0.51)	4.33
USD-GBP X-RATE	0.64	(0.82)	(1.79)	(0.18)	1.92
USD-BRL X-RATE	2.30	3.42	(0.32)	(7.66)	(12.03)
USD-JPY X-RATE	99.11	(0.94)	(1.38)	(2.16)	(20.43)
USD- X-RATE	65.24	0.70	(6.79)	(12.86)	(14.70)
USD-CNY X-RATE	6.12	0.01	0.03	0.27	3.65
USD-KRW X-RATE	1092.93	1.56	2.06	2.36	3.74

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.25	(1.19)	(3.75)	(6.50)	(37.21)
MIBOR Offer Market 3M	0.22	0	(4.35)	10.00	(18.52)
India Indicative Call Rate	10.25	0	0.49	41.38	34.87

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	7160.00	0.84	2.21	(2.38)	(7.02)
ALUMINUM (USD/T)	1824.00	0.57	1.98	(7.08)	(7.64)
ZINC (USD/T)	1894.00	(0.57)	1.93	(2.01)	(0.78)
LEAD (USD/T)	2151.00	(0.04)	1.91	(2.27)	4.97
OIL (USD/BBL)	110.53	1.59	4.96	16.64	15.70
NATURAL GAS (USD/MMBTU)	3.53	(2.43)	5.59	(8.45)	1.23

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1391.90	(0.23)	8.47	(1.55)	(18.13)
SILVER (USD/OZ)	23.86	(1.42)	22.20	5.32	(26.91)

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	1352.00	19.43	29.25	67.74	100.29
BBG WORLD IRON INDEX	163.36	5.37	2.68	7.07	(3.87)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	117.85	0.17	(2.36)	(12.54)	(32.11)
COTTON (USD/IB)	83.21	(0.03)	(2.89)	(2.55)	3.23
SUGAR (USD/IB)	16.79	2.56	1.45	0.23	(16.59)
WHEAT (USD/BU)	647.75	(0.99)	(2.26)	(10.09)	(25.54)
SOYBEAN (USD/BU)	1367.75	(0.05)	17.17	4.74	(0.76)

INSTITUTIONAL FLOW IN Cr (02/08-06/08)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	18100.20	17218.20	882.00
DII	5430.89	6073.98	(643.09)
MF	1590.20	2063.40	(473.20)

FII DERIVATIVE SEGMENT IN Cr (02/08-06/08)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	15707.62	14666.16	104.45
INDEX OPTION	86145.59	86308.61	(163.02)
STOCK FUTURE	13204.58	11074.69	2129.90
STOCK OPTION	3345.09	3345.72	(0.64)

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
BANKEX	11333.44	9.99	-20.05	-0.16	-10.96	10.03
OIL & GAS	8572.54	5.19	0.09	4.64	-15.78	10.46
CAPITAL GOODS	7443.02	5.05	-21.17	-19.58	-49.87	19.54
METAL & MINING	8148.09	4.67	-4.14	-14.14	-48.69	22.73
NIFTY INDEX	5680.40	3.81	-4.07	8.44	1.85	15.18
POWER	1436.55	3.60	-17.27	-22.99	-53.86	18.84
SENSEX INDEX	19270.06	3.49	-1.28	11.09	3.83	16.53
REALTY	1211.18	3.20	-29.03	-19.60	-65.95	20.90
SMALLCAP	5343.81	2.94	-10.46	-16.59	-47.06	188.18
MIDCAPS	5451.01	2.84	-15.14	-9.79	-31.54	13.64
CNXMCAP INDEX	6767.55	2.70	-13.95	-5.04	-24.98	13.99
FMCG	6490.67	2.34	-3.42	22.37	86.69	36.61
AUTOMOBILE	10416.32	2.10	-5.69	11.92	14.17	13.16
HEALTHCARE	9148.59	2.04	2.85	22.91	60.93	30.20
CONSUMER DURABLES	5713.41	1.74	-23.36	-8.39	-2.97	16.30
IT	7856.42	-2.13	30.03	33.79	41.22	19.35

TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
BHEL	CAPITAL GOODS	19.54	ENGINEERS INDIA	CONSULTING SRVCS.	29.67
ICICI BANK	BANKING	19.24	FINANCIAL TECH	IT	20.98
INDUSIND BANK	BANKING	15.84	L&T FINANCE	NBFC	20.74
ONGC	OIL & GAS	15.71	HDFC	NBFC	16.77
JP ASSOCIATES	CONSTRUCTION	14.65	OBC	BANKING	14.60
AXIS BANK	BANKING	14.34	RCOM	TELECOM	13.23
COAL INDIA	METAL & MINING	10.32	GODREJ INDUSTRY	COMMODITY CHEMI-CALS	13.21
BPCL	OIL & GAS	9.76	KARNATAKA BK.	BANKING	12.77
RANBAXY LABS	PHARMA	8.95	GMR INFRA	INFRASTRUCTURE	12.41
IDFC LTD.	NBFC	8.63	IPCA LABS.	PHARMA	12.00

BANKING

New RBI Governor Raghuram Rajan came out with a slew of measures, including more trade settlement in rupees to rescue the battered financial markets and hinted at a shift in focus from inflation control, doggedly pursued by his predecessor, to boosting growth. He also rescheduled by a few days the date for his much-anticipated first monetary policy statement to September 20. The new Governor set up a number of committees for revising and strengthening monetary policy framework, financial stability, financial inclusion, NPAs and an outside panel of experts headed by former Governor Bimal Jalan to screen applications for new bank licenses. The new bank licences will be issued around January next year. Apparently reflecting a shift in the approach from his predecessor D Subbarao, who had serious differences with the government of late, Rajan said the primary role of the bank is monetary stability to sustain confidence in the value of the rupee. "Ultimately, this means low and stable expectations of inflation, whether that inflation stems from domestic sources or from changes in the value of the currency, from supply constraints or demand pressures."...but we have two other important mandates; inclusive growth and development, as well as financial stability," Rajan also said the bunch of reforms has been unveiled today to enhance growth. The former IMF chief economist and economic advisor to the Finance Ministry said there were some positive developments in the economy which will help to boost growth. The measures disclosed to support the rupee include liberalisation of the financial market by enhancing the limits for exporters to re-book cancelled forward exchange contracts and opening a special concessional window for swapping foreign currency non-resident (FCNR) deposits and dollar funds.

The process for setting up a high-level advisory committee to screen the applications of the 26 new bank licence aspirants, such as the Tatas, Anil Ambani's Reliance Group and India Post, has moved a step forward. RBI Governor D. Subbarao had zeroed in on five names that could form part of this panel. But, the final call on whether the names recommended by Subbarao will make the cut or not, rests with RBI Governor-designate Raghuram Rajan, who will assume charge on September 5. The five names recommended by Subbarao are SEBI Chairman U.K. Sinha, IRDA Chairman T.S. Vijayan, PFRDA Chairman Yogesh Agarwal, Financial Services Secretary Rajiv Takru, and financial sector expert Y.H. Malegam.

Metal & Mining

The Ministry of Mines is expected to soon file an affidavit in the Supreme Court (SC) explaining the need to lift the ban on mining in major iron ore producing states, including Goa and Karnataka. According to the latest data by the Federation of Indian Mineral Industries (FIMI), following the ban, iron ore exports declined drastically by around 70 per cent to 18 million tonnes by the end of 2012-13, against 61.74 million tonnes in 2011-12. It is estimated the country lost about \$ 10 billion in iron ore exports in the last financial year. The ban on mining in Goa is expected to come up for hearing in the Supreme Court in the second half of September. India, which has been the third-largest iron ore exporter in the world, is expected to become a net importer of iron ore in FY14. There has been a constant decline in iron ore exports since 2009-10, when exports stood at 117.72 million tonnes (mt). This came down to 97.6 mt in 2010-11. The Supreme Court banned mining in Karnataka in July 2011. Goa, which accounted for more than half of iron ore exports from India, is awaiting a verdict from the apex court after the ban in September last year. In Odisha, too, the state government had banned export of iron ore in October 2012. It said iron ore mining could be done only for captive use. The ban in Karnataka was partially lifted in April this year, but it will take about year to fully resume operations.

Steel Authority of India Ltd (SAIL) sales rose 15.77% during August to 10.86 lakh tonnes over the same month last year. Notwithstanding the slowdown in the steel market, SAIL registered a 16% growth in sales during the month of August'13 by selling 10.86 lakh tonnes of steel products as compared to 9.38 lakh tonnes in corresponding period last year (CPLY). Concerted efforts to harness the rising dollar materialised in a significant growth in exports to a level of 31,000 tonnes, a CPLY growth of 36%. The rise in sales was on account of increase in flat product sales, which went up by 26%. The long products saw a growth of 3%, retail sales at 53,800 tonnes in the month were up by 62% on a month-to-month basis.

September 09, 2013

- ◆ India's HSBC PMI Manufacturing data for the month ended August,2013.

September 10, 2013

- ◆ U.S. ISM Manf. Index data for the month of August,2013.
- ◆ U.S. construction spending data for the month ended July,2013.

September 11, 2013

- ◆ U.S. MBA Mortgage Application data for the week ended August 30,2013.
- ◆ U.S. Trade Balance data for the month ended July,2013.

September 12, 2013

- ◆ U.S. Total Vehicles data for the month ended august ,2013.
- ◆ The U.S. Initial Jobless Claims data for the week ended August 31,2013.
- ◆ The Bloomberg Consumer Comfort data for the week ended September 01,2013.

September 13, 2013

- ◆ U.S. change in Nonfarm Payrolls data for the month ended August ,2013.

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