

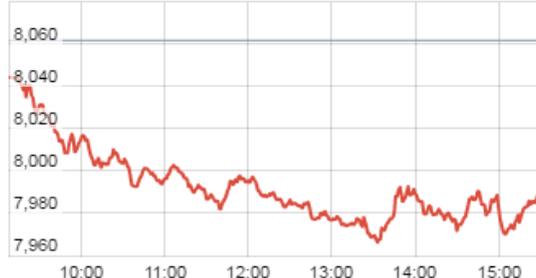
23-Dec-16

### KEY LEVELS

Support 1 : 7916

Resistance 1: 8110  
Resistance 2: 8275

### Nifty Intraday Chart



### Market Outlook

Indian equities opened at lower and traded in the negative territory throughout yesterday. Nifty continuously down to make an intraday low of 7967.75. Weakness in global stocks weighed on sentiment. At the end of the day the index closed at 7979.10. It had a net loss of 1.02% over the previous day's close. The midcap and small cap indices also down smartly and closed the day after declining 1.5% and 1.25% respectively.

On the sectoral front, the selling pressure was witnessed across the board. Banking, Auto, Financial services and Metal, Media, Pharma stocks were on the buyers' radar. The breadth of the market was very poor and about five shares declined for every share advanced at NSE.

In India participatory notes ( P-Notes) for investment in domestic capital markets plunged to nearly three year lowest level to Rs 1.79 lakh crore in end-November. RBI Governor Urjit Patel announced yesterday that they will brief a parliamentary panel on January 19 on issues concerning demonetization and its implications on the economy.

The foreign investors were the net sellers in the cash segment and they sell Rs 1178 crores worth of equities on Thursday.

Nifty yesterday broke the 8000 levels and stayed below that level for long. If the market stays below 8000 for another couple of days, there could be further selling pressure going forward. 7916 till then remains a critical support level.

### Market

| Market                          | Value     | % Change |
|---------------------------------|-----------|----------|
| <b>Morning Traded Market</b>    |           |          |
| SGX NIFTY                       | 7,972.50  | -0.23%   |
| NIKKIE                          | 19421.67  | -0.09%   |
| HANG SENG                       | 21,522.25 | -0.53%   |
| <b>Yesterday Closing Market</b> |           |          |
| Sensex                          | 25,979.60 | -1.00%   |
| Nifty                           | 7,979.10  | -1.02%   |
| DOW                             | 19,918.88 | -0.12%   |
| NASDAQ                          | 5,447.42  | -0.44%   |
| CAC                             | 4,834.63  | 0.02%    |
| DAX                             | 11,456.10 | -0.11%   |
| FTSE                            | 7,063.68  | 0.32%    |
| EW ALL SHARE                    | 14,323.94 | -1.24%   |

% Change in 1 day

### Commodity Price ( Yesterday Closing )

| Commodity/Currencies | Value    | % Change |
|----------------------|----------|----------|
| GOLD                 | 26968.00 | -0.08%   |
| SILVER               | 39970.00 | -0.43%   |
| CRUDEOIL             | 52.63    | -0.60%   |
| NATURALGAS           | 240.70   | 1.09%    |
| DOLLAR/RS.           | 67.99    | 0.11%    |
| EURO/RS.             | 70.80    | 0.02%    |
| POUND/RS.            | 83.27    | -0.05%   |

% Change in 1 day

### Institutional Turnover

| FII       |          |           |          |
|-----------|----------|-----------|----------|
| Investor  | Buy(Cr.) | Sale(Cr.) | Net(Cr.) |
| 22-Dec-16 | 3652     | 4267      | (614)    |
| Dec-16    | 32430    | 34362     | (1932)   |
| 2016      | 1012696  | 1011778   | 918      |
| DII       |          |           |          |
| Investor  | Buy(Cr.) | Sale(Cr.) | Net(Cr.) |
| 22-Dec-16 | 1891     | 1571      | 320      |
| Dec-16    | 13501    | 13473     | 29       |
| 2016      | 468525   | 440180    | 28345    |

**Quote of the Day :** "We never want to count on the kindness of strangers in order to meet tomorrow's obligations. When forced to choose, I will not trade even a night's sleep for the chance of extra profits." **Warren Buffett**

**SUNPHARMA**

"NEUTRAL"

23th Dec 2016

Synergies from the Ranbaxy acquisition are gaining momentum and the Company is on track to achieve the targeted benefits. Post 2QFY17, Sunpharma has further strengthened the branded ophthalmic pipeline through the acquisition of Ocular Technologies. But recent developments are not very conducive for the company. US business is under pricing pressure due to customer consolidation. Ongoing issue in Halol plant and inflated pricing issue on dermatology products in US will pose near term uncertainty. Though the company has maintained its guidance of 8-10% sales growth for FY17E, we are little skeptical about it considering on-going issues. Thus, we recommend "NEUTRAL" view on this stock.

**ASIANPAINT**

"NEUTRAL"

22th Dec 2016

The government's move to demonetise Rs500/Rs1,000 currency notes could cause a slowdown in discretionary consumption due to wealth destruction in affluent households and liquidity issues in the trade and contractor channels. We expect the re-painting cycle to get extended, which will impact the paint industry's growth.

Asian Paints' long-term story remains intact as there is a strong moat around the business. However, we could see significant lowering of volume growth over the next 12 months. Asian Paints' margins are at life time high levels due to the drop in input costs in FY16. Some of those input costs have started firming up which could also put pressure on margins especially when operating leverage of high sales growth is missing.

We maintain Neutral on the stock. The stock trades at 42x FY18 earnings which is a 15-25% premium over consumer staples. We cut our earnings by 5-11% over FY17-19 and lower our target multiple to 32x September 2018.

\*For details, refer to our daily report- *India Equity Analytics*

**Top News**
**• BEML management interview :**

Company is aiming 5000cr order out of which Rs 1,600 crore in rail and metro, around Rs 2,200 crore would be in the mining and construction space, and balance another Rs 1,200 crore would be the defence space.

Management is expecting to close the year in mining at about Rs 1,800 crore, defence around Rs 800 crore plus and rail this year is going to be extremely depressed at Rs 600cr.

As far as rail is concerned, even though we are expecting to close this year at Rs 600 crore, next year it is going to be the coaches where the topline will come totally to the company.

In mining company is expecting some big orders next year on the high-end dumpers and dozers.

Company is expecting again defence to double Last year company had done about Rs 370 crore and this year they are expecting Rs 800 crore plus. So, next year defence, Rs 1,200 crore is a sure shot.

Management is expecting more orders in Armored recovery vehicle(ARV) and expects execution to start next year.

**Mgt Int : JAMNAAUTO**

No payment issues by OEMs post demonetisation

There have been no payment delays from original equipment manufacturers (OEMs).

Most of the OEMs are producing extra ahead of the implementation of Euro-IV in April and so expect a lot of pre-buying, too.

The cost of vehicles post Euro IV compliance will be higher by around Rs 2.4 lakh, Therefore, the real impact could be felt in the first quarter of FY18

• **Phoenix Mills** has entered into a non-binding pact with Canada Pension Plan Investment Board to sell up to 49 per cent stake in its wholly-owned subsidiary Island Star Mall Developers Pvt Ltd (ISML). ISML owns and operates a retail mall Phoenix Marketcity in Bengaluru. ISML recorded revenues of Rs 164.30 crore and net profit of Rs 37.10 crore during the last fiscal.

• **Sun Pharma Advanced Research Company (SPARC)**, the subsidiary of healthcare major Sun Pharmaceutical is receiving complete response letter from the US health regulator for preservative-free eye drop. Company has received a complete response letter from the US Food and Drug Administration for the new drug application for Xelpros, Latanoprost BAK-free eyedrops

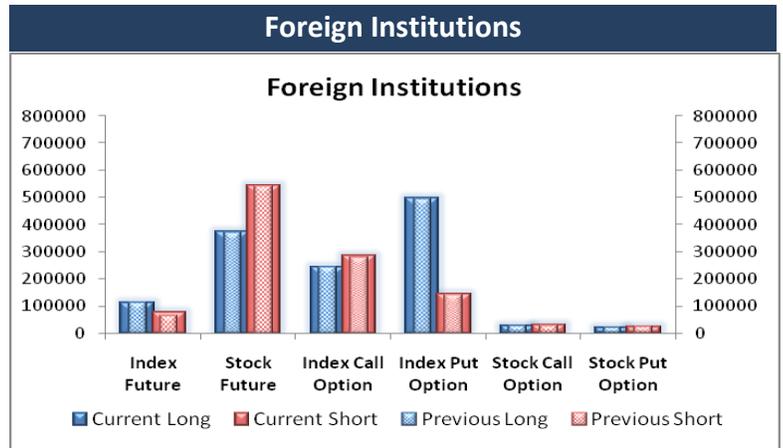
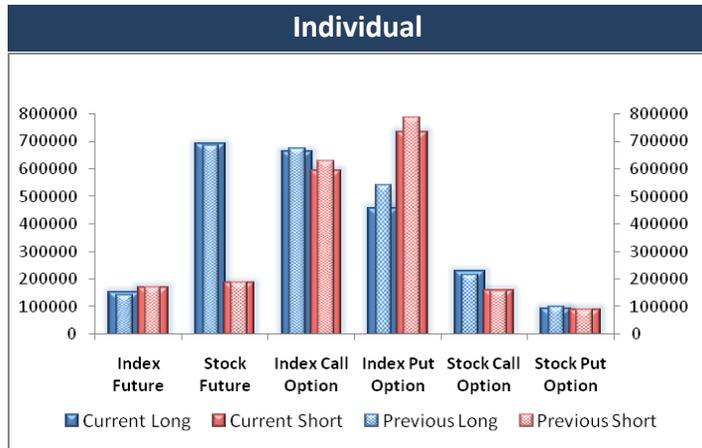
• **The U.S. economy grew** at a 3.5% rate during the third quarter, the fastest pace in two years. But the U.S. economy, overall, is expected to finish 2016 with one of its worst performances since the Great Depression.

• **U.S. Natural Gas Storage** fell to a seasonally adjusted annual rate of -209B, from -147B in the preceding month. Analysts had expected U.S. Natural Gas Storage to fall -201B last month.

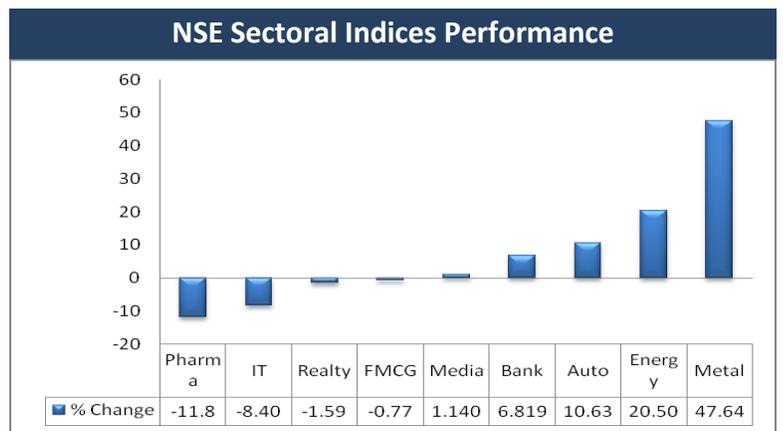
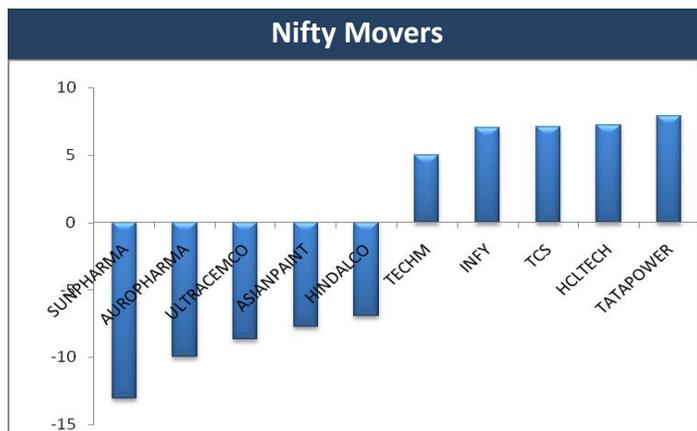
• **U.S. Personal Income remained** unchanged at a seasonally adjusted 0.0%, from 0.5% in the preceding month whose figure was revised down from 0.6%. Analysts had expected U.S. Personal Income to rise 0.3% last month.

• **U.S. CB Leading Index** remained unchanged at a seasonally adjusted annual rate of 0.0%, from 0.1% in the preceding month. Analysts had expected U.S. CB Leading Index to rise 0.2% last month.

**F&O OPEN INTEREST ( Number of Contracts )**



**MARKET MOVERS (1 MONTH CHANGE)**



**TRADING IDEAS**

| Scrip                   | Reco                      | Initiation Price | Target 1 | Target 2 | Stop Loss | Rational  |
|-------------------------|---------------------------|------------------|----------|----------|-----------|---|
| BEML                    | Buy                       | 963.7            | 1018     | 1098     | 885       | The stock has given a price volume breakout above Rs 960 yesterday. Some fresh buying is likely to emerge in the stock at the current level.                              |
| PETRONET<br>Dec. 370 CE | Long<br>(1 lot =<br>1500) | 4.2              | 7        | 12       | 1.8       | The stock found a strong support at 100 DMA and thereafter gave a sharp pullback rally yesterday. In the extreme short term another 5-6% upside is expected in the stock. |

| Economic Calendar |  |   |  |   |  |
|-------------------|--|---|--|---|--|
| Country           | Monday<br>19th Dec 16  | Tuesday<br>20th Dec 16  | Wednesday<br>21th Dec 16   | Thursday<br>22th Dec 16   | Friday<br>23th Dec 16  |
| US                |  |   | Existing Home Sales , Crude Oil Inventories , Flash Services PMI , Flash Manufacturing PMI.  | Final GDP q/q , Unemployment Claims , Core PCE Price Index m/m , Personal Spending m/m. | Core Durable Goods Orders m/m , Durable Goods Orders m/m , New Home Sales , Revised UoM Consumer Sentiment . |
| UK/EURO ZONE      | German Ifo Business Climate , CBI Realized Sales , German Buba Monthly Report. | Public Sector Net Borrowing , Italian Retail Sales m/m, Italian 10-y Bond Auction , German PPI m/m , Current Account. | French Flash Manufacturing PMI , French Flash Services PMI , Spanish Unemployment Rate , German Constitutional Court Ruling , German Flash Manufacturing PMI , German Flash Services PMI , Flash Manufacturing PMI, Flash Services PMI . | ECB Economic Bulletin , BBA Mortgage Approvals.   | Italian Prelim CPI m/m.  |
| INDIA             |  |   |  |   |  |

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