

### Weekly review as on 29<sup>th</sup> June, 2013

Indices	Date	Value	Previous Close	Change	% Change
CAC 40	28/06/2013	3,738.91	3,762.19	-23.28	-0.62
DAX	28/06/2013	7,959.22	7,990.75	-31.53	-0.39
STRAITS TIMES	28/06/2013	3,150.44	3,118.03	32.41	1.04
DOW JONES	28/06/2013	14,909.60	15,024.49	-114.89	-0.76
SHANGHAI	28/06/2013	1,979.21	1,950.02	29.19	1.50
HANG SENG	28/06/2013	20,803.29	20,440.08	363.21	1.78
NASDAQ	28/06/2013	3,403.25	3,401.87	1.38	0.04
NIKKEI	28/06/2013	13,677.32	13,213.55	463.77	3.51
FTSE	28/06/2013	6,215.47	6,243.40	-27.93	-0.45

Index	Value	Change in Points	% Change WoW
Sensex	19,395.81	621.57	3.31
Nifty	5,842.20	174.55	3.08
Mid-Cap	5,964.50	-73.10	-1.21
Small-Cap	5,643.52	-73.78	-1.29
Bank Nifty	11,617.25	277.10	2.44

Index Name	Date	Open	High	Low	Close
S&P BSE 100	28/06/2013	5,724.92	5,811.19	5,724.92	5,802.30
S&P BSE 200	28/06/2013	2,296.22	2,327.22	2,293.25	2,323.83
S&P BSE 500	28/06/2013	7,078.31	7,173.02	7,071.98	7,164.06
S&P BSE Auto Index	28/06/2013	10,518.64	10,739.85	10,518.64	10,715.77
S&P BSE Bankex	28/06/2013	12,990.21	13,295.66	12,990.21	13,257.76
S&P BSE Capital Goods	28/06/2013	8,878.34	9,135.07	8,878.34	9,111.38
S&P BSE Carbonex	28/06/2013	931.63	943.85	930.18	942.46
S&P BSE Consumer Durables	28/06/2013	6,146.12	6,160.72	6,044.46	6,134.72
S&P BSE Dollex - 100	28/06/2013	985.96	1,011.47	984.31	1,011.11
S&P BSE Dollex - 200	28/06/2013	635.20	652.05	634.38	651.72
S&P BSE Dollex - 30	28/06/2013	2,612.35	2,682.89	2,610.73	2,682.38
S&P BSE FMCG	28/06/2013	6,456.85	6,508.72	6,419.70	6,458.09
S&P BSE Greenex	28/06/2013	1,518.66	1,550.50	1,518.66	1,547.95
S&P BSE HealthCare	28/06/2013	8,689.86	8,868.35	8,689.86	8,845.26
S&P BSE IPO Index	28/06/2013	1,382.87	1,399.97	1,382.14	1,397.05
S&P BSE Infotech	28/06/2013	6,224.76	6,265.11	6,120.61	6,255.10
S&P BSE Metal Index	28/06/2013	7,513.90	7,768.48	7,513.90	7,753.76
S&P BSE Mid-Cap	28/06/2013	5,866.26	5,974.21	5,866.26	5,964.50
S&P BSE Oil & Gas Index	28/06/2013	9,044.66	9,078.35	8,768.11	8,900.41
S&P BSE Power Index	28/06/2013	1,565.18	1,629.04	1,564.63	1,622.5



**Mr. Ajmera's column:**

**Benchmark indices bounce back; rupee concerns still persist...**

Key equity benchmarks rose nearly 3 percent on Friday owing to the government's move to propose doubling of the gas prices from April next year, coupled with stability in the global markets helped perk up the sentiment on Rupee, Bonds and Stocks. After being under tremendous pressure in June, Indian equities started off the new July series with a bang.

Oil & Gas stocks such as RIL, ONGC, Oil India and Gail were in the limelight after the CCEA approved an increase in gas prices from US\$4.2/mmbtu now to US\$8.4/mmbtu, based on the mechanism suggested by the Rangarajan Committee. Sentiment was also boosted as the rupee gained on Friday, further retreating from a record low hit earlier in the week. Eventually, the Indian stock indices had a fairly positive week but the recent volatility and FII outflows remain a cause for concern.

However, the rupee has lost 9.1 percent against the dollar in the second quarter, making it one of the currency's largest percentage fall. The rally comes on back of a 324 point gain on Thursday, after sentiment in Asian markets turned bullish on hopes that the US Federal Reserve might not begin to withdraw its stimulus in the near future.

**FII and MFs activity...**

FII pulled out ~US\$1.0bn from Indian stocks between June 21 and June 27, taking their net outflows for June to US\$1.8bn. Their net investment into Indian shares for May stood at ~US\$4.0bn versus US\$1.0bn in April and ~US\$1.67bn in March. FII poured in US\$4.57bn into Indian shares in February after pumping US\$4bn in January. FII invested US\$24.0bn into Indian shares in 2012. Mutual Funds pumped in a net of INR 380.80 crore into Indian shares between June 21 and June 27. They are still net sellers for the month at INR 100.60 crore. They offloaded shares worth INR 3,508.0 cr from Indian equities in May. Mutual Funds were net sellers of ~INR 894.00 crore in April. They had net sold Indian shares worth INR 1,767 crore in March. They were net sellers of Indian equities worth INR 847.90 crore in February after being net sellers of INR 5,212 crore in January.

## Global Scenario

Globally, the S&P 500 ended Friday's session with its strongest first half of any year since 1998 after reaching record highs in May on a rally underpinned by the Federal Reserve's massive monetary stimulus. While the S&P 500 closed down for the month of June on concerns that the Fed might begin reducing its bond-buying program, the benchmark index ended the second quarter with a gain - marking its first positive second quarter in four years. The Dow Jones industrial average and the Nasdaq also dipped in June, but rose in the second quarter. Volatility surged last week after Federal Reserve Chairman Ben Bernanke suggested the central bank could slow its \$85 billion a month in bond purchases before the end of the year if the economy is strong enough. After two Fed speakers seemed to back away on Thursday from Bernanke's comments, Fed Governor Jeremy Stein and Richmond Fed President Jeffrey Lacker sounded a more aggressive tone on Friday on when the central bank's unprecedented policy accommodation might be reduced. The mixed signals from both the economic data and the Fed's direction have caused a lot of anxiety and some opportunistic buying and selling, and it's just created a much less predictive environment going forward. Both the S&P 500 and Nasdaq snapped a seven-month winning streak, while the Dow broke a six-month surge. For the month, the Dow fell 1.4 percent, the S&P 500 lost 1.5 percent and the Nasdaq dropped 1.5 percent.

## Ajcon's view

Going ahead, all eyes would be on the following events:

1-Jul: India Jun Market Manufacturing PMI

1-12: Jul India Local Car Sales

10-15: Jul Exports and Imports YoY% for June

12-Jul: Monthly New CPI YoY% for June  
12-Jul 1Q F2014 earnings season starts, Industrial Production YoY for May,  
Fortnightly Credit Growth Update

15-Jul: Monthly Wholesale Prices YoY% for June

26-31 Jul: Parliament Monsoon Session

27-Jul: Fortnightly Credit Growth Update

30-Jul: RBI Monetary Policy Review

31-Jul: Monthly Old CPI YoY% for June, Centre's Gross Fiscal Deficit and it's Financing

1-Aug: India July Manufacturing PMI

6-7 Aug: Ownership Data for QE

1-12 Aug: India Local Car Sales

12-16 Aug: Exports and Imports YoY% for July

12-Aug: Fortnightly Credit Growth Update, Industrial Production YoY for June, Monthly New CPI YoY% for July

14-Aug: Monthly Wholesale Prices YoY% for July, MSCI Indices Quarterly Index Review

20-21 Aug: Promoter Pledging Data for QE Jun-13

27-Aug: Fortnightly Credit Growth Update

30-31 Aug: Aug Centre's Gross Fiscal Deficit and it's Financing, Qtrly GDP for 1Q F2014, Monthly Old CPI YoY% for July

Q1 FY14 results will also start trickling in the next couple of weeks. One also needs to keep a close eye on global markets post the recent volatility.

At the current levels domestic bourses trade at 14.0x FY14E and 12.0x FY15E versus historic average of 15.5x. We believe that valuations have room for upside. The RBI in its May 03 Annual Monetary policy meeting cut the repo rate by another 25 bps to 7.25%, to support economic recovery, as it acknowledged that inflation is moderating at the wholesale level due to reduced demand. The CRR was left untouched at 4.0%. However, the RBI reiterated that it has "little space" for further monetary easing given the elevated level of CAD and sticky CPI inflation. The RBI also projected relatively lower level of GDP growth at ~5.7% YoY while WPI inflation has been projected at ~5.5% YoY. The RBI is likely to cut the repo rate by another 50bps during the remaining part of FY14 and undertake open market operations (OMO) to ease liquidity conditions and aid monetary transmission.

The Indian government has moved on a number of important policy reforms in the form of FDI in multi-brand retail and aviation, besides unleashing other measures like SEB debt restructuring, diesel price deregulation, Cabinet Committee on Investment (CCI) and direct cash transfer (DCT). The Union Budget has also been balanced and credible one with more emphasis on fiscal correction. The biggest reform has been the curtailment of the fiscal deficit and the diesel price deregulation. The Finance Minister has also promised that the Government will stick to the reforms agenda, notwithstanding the political uncertainty

surrounding the Lok Sabha elections. As a result, the Indian markets could gradually advance over the next 12 months, as the Government's policy measures start to bear fruit.

In the Banking space, we recommend buying Bank of Baroda, Karur Vyasa Bank, ING Vyasa Bank, HDFC Bank, ICICI Bank, DCB, Bajaj Finserv, Bajaj Finance and Standard Chartered. In the Infrastructure space, we recommend investors to accumulate stocks like Larsen and Toubro (Q4FY13 topline was as per our expectation, it expects sales to rise 15-17 percent for the fiscal year to March 2014 and order inflows to be up about 20 percent this fiscal year), Pratibha Industries, KEC International, IL and FS Engineering and Construction Company and Sadbhav Engineering.

In the NBFC space, we prefer Bajaj Finance, Bajaj Finserv and M&M

In the Oil space, we recommend buying Oil India, ONGC and Cairn.

In the Commodities space, we recommend investors to accumulate NMDC. In the Pharma sector, we advise to accumulate stocks like Sun Pharma, Sun Pharma Advanced Research, Lupin, Merck, Glenmark Pharma and Dr. Reddy's.

In the Consumption space, we recommend accumulating ITC and Nestle.

In the midcap space, we recommend investors to accumulate Petronet LNG, GAIL, DCW, Page Industries, Rallis India, Ramky Infrastructure, Liberty Phosphate, Wheels India, Repco Home Finance, VaTech Wabag, Voltas, CanFin Homes, United Phosphorous, KSB Pumps, Hathway Cable, Industrial Prudential and Investment Company.

Your friendly advisor since 1986,

Ashoka Ajmera

Note: Recipients who do not wish to receive research emails may reply to this email

AJMERA

## Disclaimer

The content in this research report has been prepared by Ajcon Global Services Ltd. and is meant for the recipient for use as intended and not for circulation. The content in the research report should not be research reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as decision such.

Ajcon Global Services Ltd. would not be responsible for any loss to the investors; they should verify all the fundamentals before investing. Ajcon Global Services Ltd., its directors and employees, will not in any way be responsible for the contents of this research report. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this research report may not be suitable for all investors. Investors must make their own investment based on their own investment objectives, goals and financial position and based on their own analysis.

Ajcon Global Services Ltd. proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The analyst for this research report certifies that all of the views expressed in this research report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this research report. Ajcon Global Services Ltd., may be considered as interested party in view of its relationship as the financial advisors and consultants to some of the companies discussed in the research report.

AJMERA