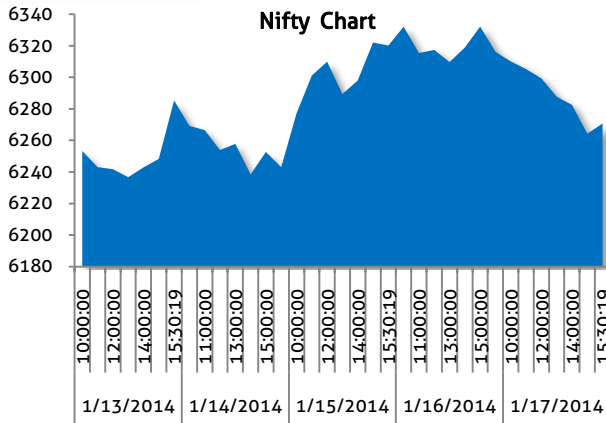


Ashika Weekly Insight

20 January 2014 to 25 January 2014



Market Outlook- Indian equity market kicked started the result season on an optimistic note with most of the companies result came in line with street's expectations. The rally in the market was influenced by some of the heavyweights in the Oil & Gas space as government notified of the new gas pricing norm. Development on the economic data front also propelled our domestic indices to register smart gains. Easing of CPI data and declining WPI numbers raised expectation of a growth intensive measure might be taken by RBI in its next policy meet considering the present contraction in IIP numbers. Going ahead, in the forthcoming week market is likely to remain choppy with stock specific action is likely. RBI coveted measure in its next policy meet scheduled on January 28 would be the object of speculation in the minds of investors however it seems market might have discounted that RBI would not hike interest rate. Much of the trend would be dictated from development in global front.

Global Indices

Indices	Closing	Return(%)					
		1 D	1 W	1 M	3 M	6 M	1 Y
Dow Jones	16,458.6	0.3	0.1	3.6	7.1	5.9	21.8
Nasdaq	4,197.6	(0.5)	0.5	4.2	8.7	16.6	34.6
FTSE 100	6,829.3	0.2	1.3	4.7	3.8	3.1	11.9
CAC 40	4,327.5	0.2	1.8	5.0	2.1	9.8	16.7
DAX	9,743.0	0.3	2.8	6.3	10.6	16.9	26.7
Hang Seng	23,133.4	0.6	1.3	0.1	0.2	8.0	(1.0)
Nikkei 225	15,734.5	(0.1)	(1.1)	3.8	7.9	7.3	48.4
Shanghai Comp.	2,005.0	(0.9)	(0.4)	(7.2)	(8.4)	0.0	(13.2)
Straits Times	3,147.3	0.2	0.1	3.1	(1.2)	(2.7)	(1.9)
Nifty	6,261.7	(0.9)	1.5	1.7	3.6	3.8	4.3
Sensex	21,063.6	(0.9)	1.5	2.0	3.2	4.5	6.3

Commodities

Commodities	Latest Price	%CH-1W	%CH-1M
Brent Crude(\$/BBL)	106.48	(0.7)	(1.9)
Gold (\$/oz)	1251.90	0.4	1.6
Silver (\$/oz)	20.30	0.4	2.1
Copper (\$/MT)	7379.50	1.3	1.3
Alum (\$/MT)	1766.00	2.9	1.2
Zinc(\$/MT)	2067.50	2.4	3.9

Global Updates

USA

- Wholesale inventories rose 0.5 percent in November
- Consumer sentiment in the U.S. unexpectedly deteriorated in the month of January as the consumer sentiment index fell to 80.4 in January from 82.5 in December.
- Industrial production in the U.S. rose in line with economist estimates in the month of December by 0.3 percent after jumping by a revised 1.0 percent in November.
- First-time claims for U.S. unemployment benefits showed a modest decrease in the week ended January 11th to 326,000, a decrease of 2,000 from the previous week's revised figure of 328,000.
- Consumer price index rose by 0.3 percent in December after coming in unchanged in November. The increased matched the expectations of economists.

EUROPE

- Eurozone construction output shrunk for the third consecutive month in November by 0.6 percent month-on-month, following a 1.1 percent fall in October.
- UK retail sales increased more than expected in December by 2.6 percent month-on-month, notably faster than the 0.3 percent growth expected.
- Eurozone inflation eased to 0.8 percent as initially estimated in December, down from 0.9 percent in November.

ASIA

- Japan's consumer confidence deteriorated unexpectedly in December. The consumer sentiment index fell to seasonally adjusted 41.3 from 42.5 in November.
- China attracted \$12.08 billion foreign direct investment in December. Investment grew 3.3 percent year-on-year and was up from \$8.5 billion FDI posted in November.
- Core machine orders in Japan jumped a seasonally adjusted 9.3 percent on month in November, coming in at 882.6 billion yen. The headline figure shattered forecasts for an increase of 1.1 percent following the 0.6 percent gain in October.

Global Economic Calendar

Date	Curr.	Event	Forecast	Previous
20-Jan-14	CNY	Chinese GDP (YoY)	7.60%	7.80%
20-Jan-14	CNY	Chinese Industrial Prod. (YoY)	9.80%	10.00%
20-Jan-14	EUR	Consumer Confidence		
20-Jan-14	JPY	Industrial Production (MoM)		0.10%
22-Jan-14	JPY	All Industry Activity Index MoM		7.40%
22-Jan-14	GBP	Claimant Count Change	-35.0K	-36.7K
22-Jan-14	GBP	Unemployment Rate	7.30%	7.40%
22-Jan-14	USD	MBA 30-Year Mortgage Rate		4.66%
23-Jan-14	CNY	Chinese HSBC Manufacturing PMI		50.5
23-Jan-14	EUR	Manufacturing PMI	53	52.7
23-Jan-14	EUR	Services PMI	51.4	51
23-Jan-14	USD	Chicago Fed National Activity		0.6
23-Jan-14	USD	Initial Jobless Claims	326K	326K
23-Jan-14	USD	Manufacturing PMI	55	55
23-Jan-14	USD	House Price Index (MoM)		0.50%
23-Jan-14	EUR	Consumer Confidence	-13	-13.6
23-Jan-14	USD	CB Leading Index (MoM)	0.20%	0.80%
23-Jan-14	USD	Existing Home Sales	4.95M	4.90M

Indian Economy

Economy

- The government notified a new natural gas pricing formula that will be almost double the rate of all domestically produced fuel to \$8.2-8.4 a unit starting April 1. (BS)
- Weak festive demand and sluggish investment activity led to a slump in factory production in November when the output contracted to a six-month low of 2.1%, according to economists. (BS)
- Tightening norms for issue of participatory notes (P-Notes) by overseas investors, Sebi has barred "unregulated" foreign funds from dealing in offshore derivative instruments even if their investment managers are appropriately regulated by their concerned regulators. (BS)
- In a bid to attract more global oil majors, the Ministry of Petroleum and Natural Gas has proposed exemption from royalty payment and an income-tax holiday of up to 10 years for the next round of auction of oil and gas exploration blocks. (BS)
- India may cut Iranian oil imports by 15% in 2014-15 from the current fiscal year's target, if western sanctions on Iran are not eased and the situation remains the same, a senior oil ministry official said on Tuesday. (BS)

Corporate

- Housing Finance firm HDFC Ltd said it plans to raise \$300 million through external commercial borrowing (ECB) to fund its expansion. (BS)
- Heads of several blue-chip state-owned firms assured Finance Minister P Chidambaram that they will try to meet their capital expenditure plans for 2013-14 and maintain the dividend paid last fiscal. (BS)
- The environment ministry has given its go-ahead to Posco's planned steel plant in the country, but has asked it to spend on "social commitments", a company spokesman said, raising the project's cost by \$600 million to \$12.6 billion. (BS)
- Indian companies raised \$2.19 billion from overseas markets in November through external commercial borrowings and foreign currency convertible bonds. (BS)
- Cairn India plans to invest Rs 3,000 crore over the next three years to improve recovery from its prolific Rajasthan oilfield. (BS)
- Competition Appellate Tribunal will issue notice to fair trade regulator CCI on its order slapping Rs 1,773 crore penalty on state-owned Coal India Ltd on charges of anti-competitive practices. (BS)
- FIPB cleared Rs 6,400 crore FDI proposal of GlaxoSmithKline to acquire additional 24.33 per cent stake in its India arm. (BS)
- The US Food and Drug Administration (FDA) has raised concerns about the manufacturing practices at a factory owned by Ranbaxy Laboratories Ltd, the drug maker said on Monday, sending its shares down to nearly a one-month low. (BS)

ITC reported better than expected Q3FY14 Result

ITC, a diversified conglomerate registered a net profit growth of 16.3% YoY during Q3FY14 at Rs 2385.3 crore and revenue jumped 13.1% YoY to Rs 8623.1 crore. The reported result was a tad ahead of Bloomberg estimates, which had estimated the sales at Rs 8516 crore and net profit at Rs 2366 crore respectively. Increase in revenue growth along with 51 bps improvement in EBITDA Margin; aided the company to beat the street estimates. Revenue growth was led by price rise in cigarette segment; however the volume has dipped by 2.5%. The cigarette division posted a sales growth of 12.5% YoY at Rs 4116.07 crore. Cigarette volume took a toll for last three quarters and according to industry experts the recovery in this segment will be seen at the end of FY15. The most significant achievement in the quarter is the constant turnaround of its FMCG business. The FMCG segment reported a profit of Rs 10.05 crore as against a loss of Rs 24 core in the corresponding quarter, driven by enhanced scale and improvement in operating leverage. This is second time that the segment has reported profitability. As per the company's statement the turnaround of the FMCG segment will be the key positive for the company, going ahead. FMCG segment also witnessed a 16% YoY sales growth during Q3FY14 at Rs 2078 crore. Seasonal effect bore well for the company's hotel business, which registered a 12% YoY net profit growth during the quarter at Rs 62.20 crore. However sales remain subdued during Q3FY14, as this trend has prevailed across the sector. Revenue in hotel business grew mere 2% YoY at Rs 315 crore, primarily driven by its ITC Grand Chola property. Company's agri business witnessed a 19% YoY profit growth at Rs 205 crore, led by higher realisation and superior product mix. In paper business the sales grew 18.45% YoY at Rs 1257 crore, however profitability grew mere 1.36% YoY at Rs 231 crore, owing to higher input price.

The most positive take from this quarter is the profit sustainability in its FMCG business, the sector which has stable demand throughout the year. However, on Friday the stock closed at Rs 324.85 down by 0.20% from previous close, as the broader market witnessed selling pressure throughout the day.

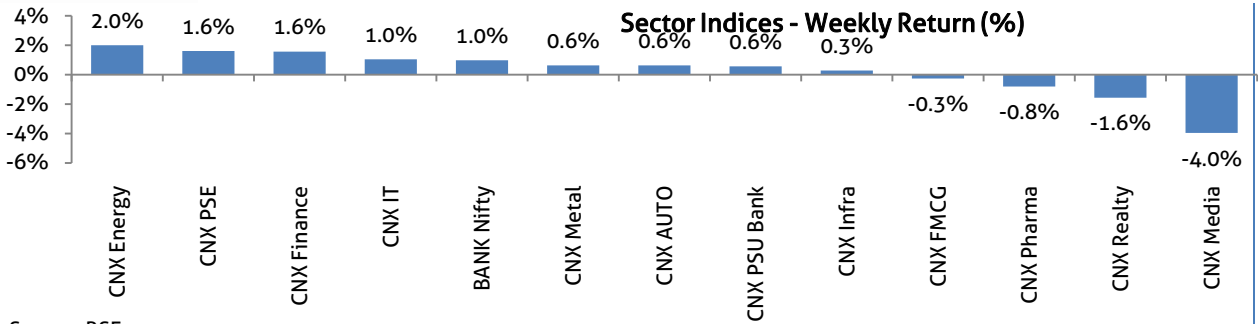
Corporate Action for the week

Events

Sl. Nos.	Scrp Name	Ex-Date	Purpose
1	BS Ltd	21-Jan-14	Stock Split from Rs.10/- to Re.1/-
2	SHREYCHEM	24-Jan-14	BONUS 2:1

Dividend

Sl. Nos.	Scrp Name	Ex-Date	CMP	Div. Amt	Div Yield(%)
1	BOB	20-Jan-14	628.4	11.00	1.75
2	Claris Lifesciences	20-Jan-14	197.2	9.00	4.56
3	Indian Bank	20-Jan-14	107.2	3.00	2.80
4	Syndicate Bank	20-Jan-14	94.6	2.50	2.64
5	Uco Bank	20-Jan-14	75.6	2.00	2.65
6	Union Bank	20-Jan-14	122.1	2.70	2.21
7	Allahabad Bank	21-Jan-14	92.7	2.50	2.70
8	Oriental Bank	21-Jan-14	196.6	4.00	2.04
9	Andhra Bank	22-Jan-14	60.9	1.10	1.81
10	Wipro	22-Jan-14	552.7	3.00	0.54
11	Bank of India	23-Jan-14	234.0	5.00	2.14
12	Dena Bank	23-Jan-14	59.4	1.10	1.85
13	IDBI Bank	23-Jan-14	63.2	0.73	1.16
14	Torrent Pharma	24-Jan-14	475.2	-	#VALUE!
15	Mindtree	21-Jan-14	1420.9	5.00	0.35
16	HCL Tech	22-Jan-14	1379.7	4.00	0.29
17	Mphasis	22-Jan-14	409.0	17.00	4.16



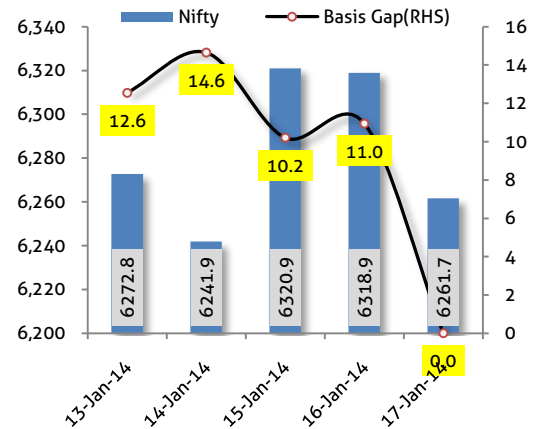
Source: BSE

Technical Analysis- NIFTY



Nifty-technical

Indian equity market kicked started the result season on an optimistic note with most of the companies result came in line with street's expectations. The rally in the market was influenced by some of the heavyweights in the Oil & Gas space as government notified of the new gas pricing norm. Development on the economic data front also propelled our domestic indices to register smart gains. Easing of CPI data and declining WPI numbers raised expectation of a growth intensive measure might be taken by RBI in its next policy meet considering the present contraction in IIP numbers. Going ahead, in the forthcoming week market is likely to remain choppy with stock specific action is likely. RBI coveted measure in its next policy meet scheduled on January 28 would be the object of speculation in the minds of investors however it seems market might have discounted that RBI would not hike interest rate. Much of the trend would be dictated from development in global front.



On the daily chart Nifty ended the previous trading week in green amidst high volatility and low volume. A slew of positive corporate earning helped the Index to beach past the narrow trading range in the market and closed with a gain of 1.46%. On technical front Nifty started the week on a positive note led by aftermath of positive result from IT bellwether Infosys. The consolidation in price action since the start of 2014 was suggesting of a definite breakout past the narrow trading range of 6120-6250 which it did materialized during the week. The recent pullback in prices can be further reasoned on technical jargon was due to oversold reading in oscillators. Further the recent low of 6139 coincided with the 50SMA followed by 61.8% retracement of the entire upmove since November 2013 onward. The rising trendline since October 2013 further provided added support to the market to instigate the pullback. The rally in the market got extended but faced resistance from the downward sloping trendline at 6350 which proved to be the upside cap past week. Nifty had been trading above all the crucial short term moving averages with momentum indicators suggesting that bias to remain positive as long as Nifty stays above 6240 while resistance is now placed at 6350 and breach past the said level would led to upside target of 6450 in near term. On the F&O front decrease in OI with decrease in cost of carry indicates of closure of existing long position might have been squared off and fresh shorts might have been added. Comfort resides for the bulls as IV had been hovering between 15-16 range . Compression of Premium with decrease in OI further validates of unwinding of long position in the market. On the option front heavy unwinding in seen in ATM Put option, while writing activity was seen in Calls of higher strikes. Hence it seems Nifty might remain rangebound with negative bias during the week according to derivative data. To sum up, in the forthcoming week market is likely witness a new trading range amidst 6200-6350 however beach of 6200 level might change the existing trend in the market to negative. Resistance is presently seen at initially seen at 6360 followed by 6400.

Bank Nifty: Bank Nifty underperformed the broader market and settled with marginal gain during the past week. Index major like YesBank, BankIndia and BankBaroda were the major gainers with marginal gain of 1.5%. On the technical front Bank Nifty too had been grinding amidst the narrow range of 10790-11200 for the last 5 consecutive days. At the initial start of the week Bank Nifty started on an optimistic note but failed to sustain higher level and ended the week with a gain of 0.98%. Bank Nifty had been trading within the upward rising channel line since September 2013 onward. Selling pressure for the past couple of days had led the Index to provide breakdown from the crucial support level of 11000. However according to retracement principle the sector is able to close above the 38.2% retracement level of 10750 which would prove to be the trend deciding level for the Index. On the oscillator front Bank Nifty had been trading in neutral price territory with buy crossover in both daily and weekly time frame however presence of negative divergence in weekly chart calls for a cautious approach in the market and further price correction can be seen with occasional hiccups. Momentum has been lost below 11000 and would only change if it provides a decisive close above the said resistance level. Going ahead in the forthcoming week Bank Nifty is likely to remain choppy with negative bias. Crucial support for Bank Nifty exists at 10700 followed by 10500 while resistance is seen at 11200 followed by 11500.

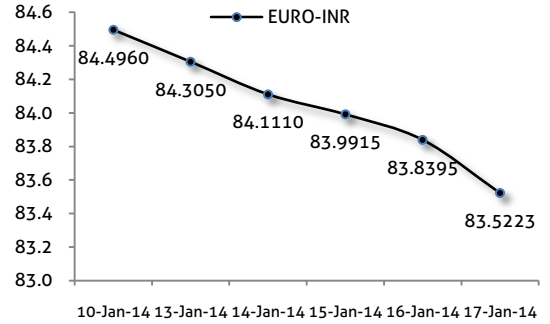
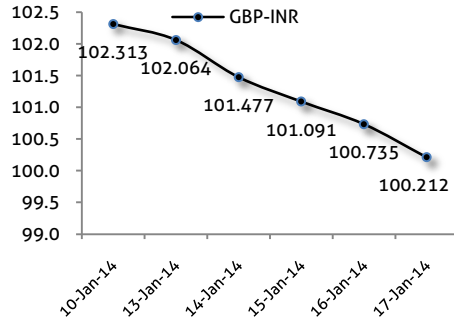
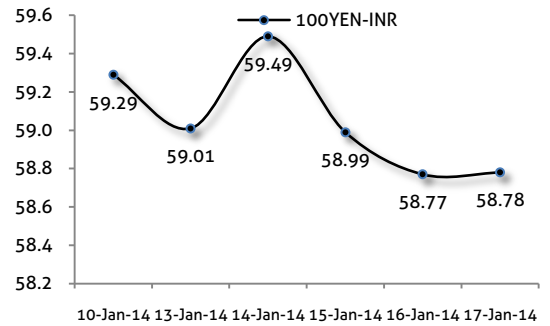
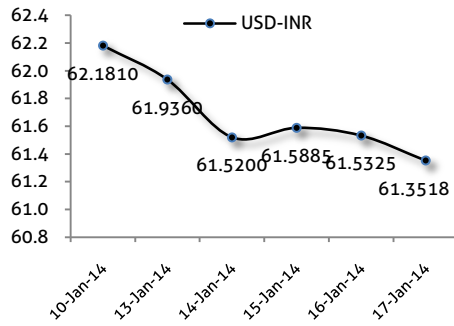


Dollar Index: Global market remained firm on the back of World Bank upgrading its global economic outlook. The revised growth projection of World Bank presently stands at 3.2% v/s previous estimate of 3%. On the economic data front disappointment struck after US employment report said that the economy added just 74,000 jobs during December, as compared with expectations of an increase to 196,000. This led to a sharp drop in US dollar. However, the unemployment rate dipped to 6.7%, better than projected rate of 7%. Further strong December retail sales reading eased concerns about a slowdown in earnings and the economy. And these retail sales numbers indicate that the economy is most likely to move forward at a decent pace. While on the European front, data too had been encouraging with Euro Zone Industrial Production expanded to 1.8% v/s -0.8% but disappointed with widening Trade balance number at 1.60B v/s 14.3B. However the positive from US macroeconomic backdrop was overshadowed by Chinese economic related concerns cause as per the estimates, the Chinese economy might expand to 7.6% in the quarter ending December 2013. Going ahead in the forthcoming week, a slew of economic data from across the globe is likely to dictate the trend in the financial market.

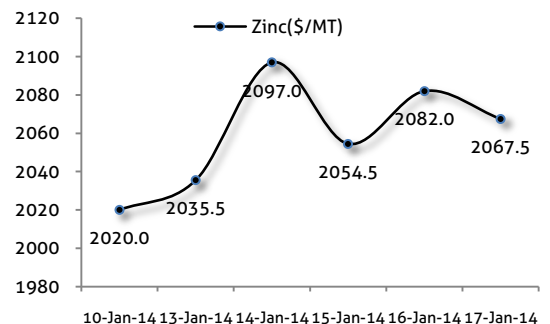
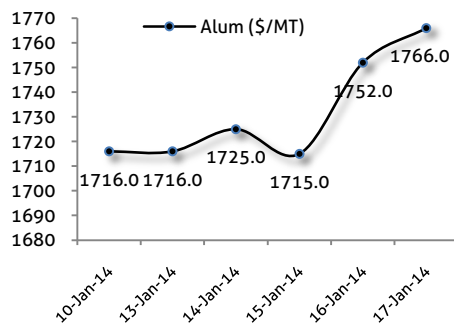
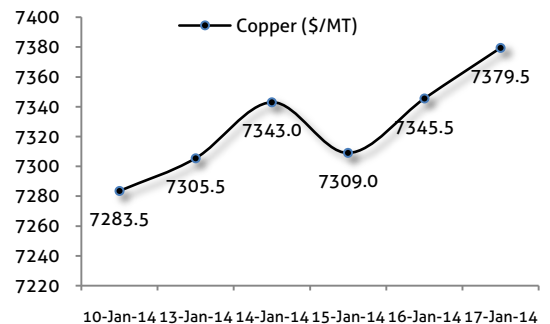
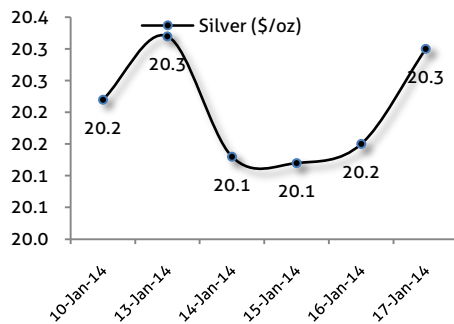
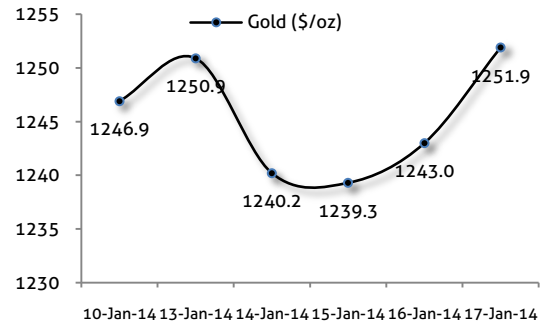
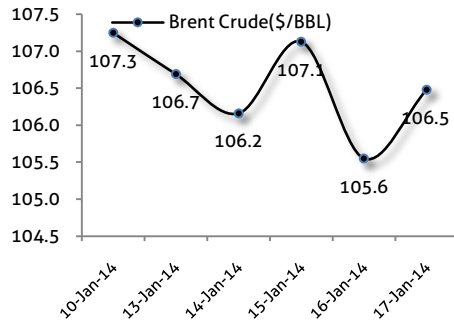
Dollar Index posted a handsome gain of 0.77% during the week marinating higher high formation in both daily and weekly time frame. Present setup in the currency continues to remain positive according to Dow Theory and on technical parlance it seems that the currency might in a bottoming out situation. Downward sloping trendline since July 2013 has been breached and the currency has been trading decisively above it further the currency had been trading amidst the rising channel formation with 4th leg of the pattern is near completion which validates that the positive momentum in the market to remain. US economic data continues to surprise positively and had been benefitting the dollar Index hence, long term outlook would remain positive. Immediate hurdle for the currency presently exist at 81.50 which happens to be the recent swing high for the currency. According to Elliot wave theory the currency might have ended its a-b-c zig-zag formation and the next leg of wave considering the present momentum can be concluded that a new impulse wave might be in the making. To sum up, in the forthcoming week the currency might remain positive and might breach past the previous swing high of 81.50. Crucial support in the currency for next week exist at 80.50 followed by 80 while resistance is seen at 81.50 and then at 81.90.



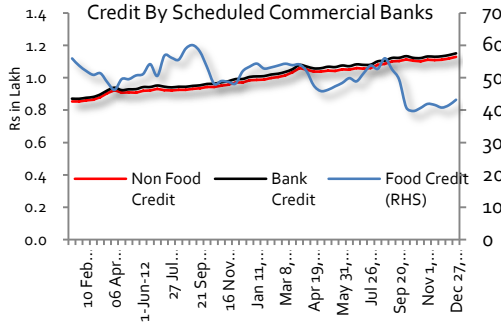
Currencies



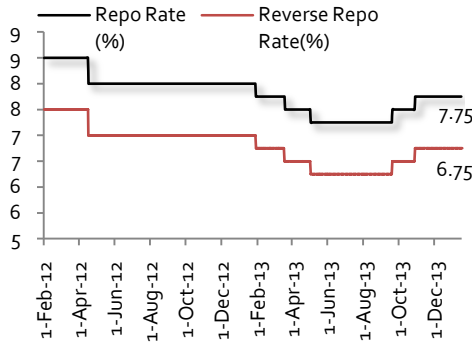
Commodities



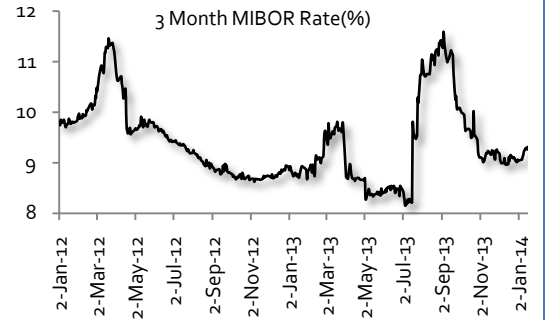
Banking Updates



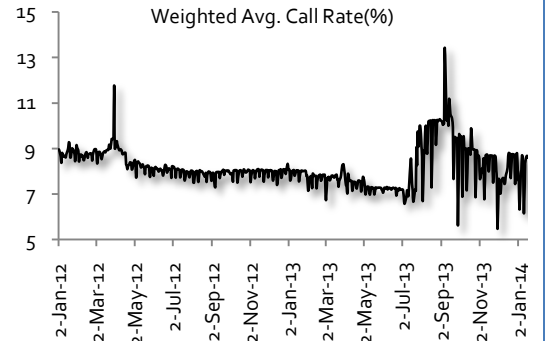
Source: RBI



Source: RBI



Source: RBI



Source: RBI

Weekly Option Strategy

IDBI – BEAR PUT SPREAD

Strategy Rationale –

IDBI has witnessed rise in OI in the underlying Future contract. On the option front lower strike price put option witnessed long addition. Hence overall it seems a bearish setup might be in place.

The Strategy

Buy 1 lot of 62.5 PE @ Rs. 1.50; Sell 1 lot of 60.0 PE @ Rs. 0.40
 Net premium outflow is Rs 1.10[-1.50+0.40] per share. Initial outflow on the complete strategy is estimated to be ~ Rs. 4400[i.e. 1.10*4000]

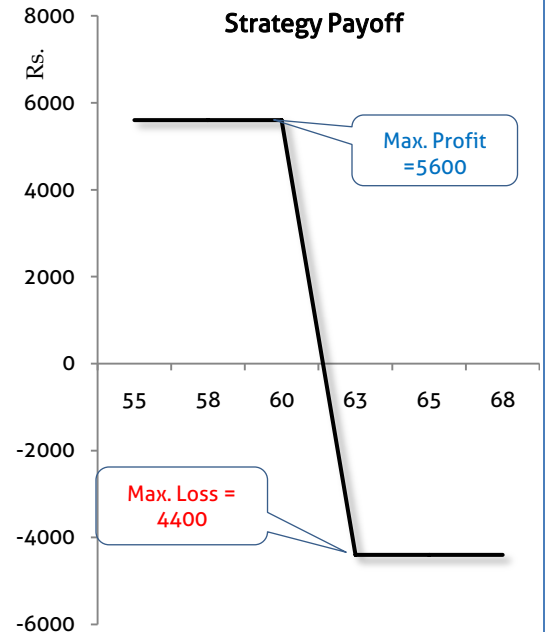
Pay-off Matrix

Initial outflow from the strategy is expected to be Rs 4400 while maximum profit from the strategy is capped till Rs. 5600 if the underlying stock trades below 62.5.

Buy 1 lot of 62.5 PE @ ~Rs 1.50
 Sell 1 lot of 60.0 PE @ ~Rs 0.40

Scrip Name	IDBI
Future Price (Rs.)	62.95
Expiry Date	30-Jan-14
Contract Size	4000

Strategy Payoff	In Rs.
Potential Profit	5600
Potential Loss (with Hedge)	4400



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