

ShroffConnect Weekly Report

8th January, 2011

Shroff Securities Pvt. Ltd.
Portfolio Investment Management Services

(for private circulation only)

Current scenario & news

World markets

- US jobs growth disappoints, but jobless rate falls
- Singapore's economy grows 14.7% in 2010, the fastest in Asia
- Epic floods sweeping Australia could seriously limit the world's coal supplies, driving up prices and raising inflationary pressures globally
- Britain's factory activity grew at its fastest pace in 16 years at the end of 2010
- December factory output accelerates in U.S., Europe

Indian markets

- Food inflation spikes to 18.32% for the week December 25
- The govt. signals that there will be no hike in diesel prices for now
- India's exports in Nov rose an annual 26.5% to \$18.9 bln, while import for the month grew 11.2% to \$27.8 bln
- India's tea imports during Jan-Oct '10 dips 22% to 16 mn kgs against 20.5 mn kgs during the same period last year
- FDI inflows dips 7% to USD 1.6 bln in Nov 2010

Macro scenario

World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK
- Yen at historically high levels – pressure on Japanese economy

Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- High FII inflows
- GDP growth at 8–9%

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 8th Jan 2011	% Change
STOCKS	Australia	ASX	4812.02	(0.72)
	Brazil	Bovespa	70057.20	1.04
	China	Shanghai	2838.80	1.09
	France	CAC	3865.58	1.60
	Germany	DAX	6947.84	0.49
	Hong Kong	Hang Seng	23686.60	2.83
	India	Sensex	19691.81	(3.98)
	Japan	Nikkei	10541.00	3.05
	UK	FTSE	5984.33	1.43
	USA	DJIA	11674.80	0.84
COMMODITIES	Copper	\$/Pound	4.28	(3.39)
	Crude	\$/Barrel	88.48	(3.19)
	Gold	\$/Troy Ounce	1369.70	(3.68)
	Natural Gas	\$/MMBtu	4.42	0.68
	Silver	\$/Troy Ounce	28.71	(7.18)
	Aluminium	\$/Tonne	2518.20	1.94
	Lead	\$/Tonne	2648.85	3.88
	Nickel	\$/Tonne	24200.00	(2.22)
CURRENCIES	Zinc	\$/Tonne	2444.50	(0.39)
	USD/GBP		1.5544	(0.42)
	USD/EUR		1.2904	(3.58)
	USD/AUD		0.9957	(2.64)
	JPY/USD		83.06	2.39
	INR/USD		45.34	1.43
	HKD/USD		7.7720	(0.01)
BONDS	BRL/USD		1.6835	1.45
	2 Year	US Treasury	109.43	(0.19)
	10 Year		120.67	0.19
	30 Year		120.97	(0.95)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 8th Jan 2011	% Change
STOCKS	Nifty	Large Cap	5904.60	(3.75)
	Sensex	Large Cap	19691.81	(3.98)
	BSE Midcap	Mid Cap	7470.70	(4.26)
	BSE Smallcap	Small Cap	9363.19	(3.18)
Some Major Shares	ACC	Rs/share	1002.30	(6.81)
	Bharti Airtel		338.50	(5.66)
	HDFC Ltd		683.90	(6.10)
	Infosys		3370.75	(2.09)
	L&T		1846.25	(6.72)
	Reliance Inds		1065.40	0.63
	Tata Motors		1190.20	(9.03)
	Tata Steel		661.25	(2.81)
COMMODITIES	Aluminium	INR/Kg	113.70	2.62
	Copper	INR/Kg	432.15	(1.68)
	Crude	INR/Barrel	4020.00	(1.64)
	Gold	INR/10gms	20373.00	(1.82)
	Lead	INR/Kg	120.85	4.68
	Natural Gas	INR/1mmBtu	201.60	1.41
	Nickel	INR/Kg	1103.40	(1.86)
	Silver	INR/Kg	44249.00	(4.36)
	Zinc	INR/Kg	110.65	0.73
CURRENCIES	INR/EUR		58.54	(2.12)
	INR/GBP		70.35	0.86
	INR/100 JPY		54.46	(1.14)
	INR/USD		45.34	1.43

WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS	Germany UK USA	Australia France ↑ Hong Kong ↑ India Japan	Brazil China			
COMMODITIES	Aluminium Copper Crude Oil Gold Lead Nickel ↑ Silver Zinc ↑	Natural Gas				
CURRENCIES (against USD)	AUD	BRL JPY ↓	GBP INR		EUR ↓ HKD ↓	
BONDS (US Treasury)					2 Year	10 Year 30 Year

↑ = moved up from last week

↓ = moved dn from last week

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Nifty
Sensex

Mid Cap ↑

Small Cap

SECTORS

Healthcare
IT
Teck

FMCG

Auto ↓
Bankex
Cons Durable
Metal
Oil & Gas

Cap Goods
Power

Realty

COMMODITIES

Aluminium
Copper
Crude Oil
Gold
Lead
Nickel ↑
Silver

Natural Gas
Zinc

↑ = moved up from last week

↓ = moved dn from last week

CURRENCIES (against INR)

JPY
USD

EUR ↓
GBP ↓

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	ACC Grasim Ind ↑ Hind Unilever Hind Zinc ↑ Hindalco Infosys Tech Nestle India Petronet LNG Tata Steel TCS	Bharti Airtel Cipla ↓ GAIL HDFC ↓ ITC M&M ↓ Ranbaxy Tata Motors ↓ Wipro	Allahabad Bank Ambuja Cem ↓ Bajaj Auto ↓ BOB Bank Of India ↑ BEL Bhel ↑ Cairn Canara Bank ↓ HDFC Bank Hero Honda ICICI Bank ↓ Idea Cellular IOB Jindal Saw ↑ Jindal Steel LT Maruti Suzuki NTPC O N G C Punj Loyd ↑ Reliance Ind Sesa Goa ↑ Siemens Sterlite Ind Suzlon Tata Chem Tata Power Ultratech United Spirits	Adani Ent Andhra Bank ↓ Ashok Leyland Axis Bank B P C L H P C L JP Associates ↑ JSW Steel M R P L MRF PFC Power Grid Punjab Nat Bank Reliance Comm SAIL SBIN ↓ Syndicate Bank ↓ Union Bank	Reliance Infra

↑ = moved up from last week

↓ = moved dn from last week

MAJOR MEDIUM & SMALL CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	HCL Tech ↑ Lupin Sun Pharma	Asian Paints Bharat Forge Biocon Cummins India Dr Reddy's Lab Exide Inds Glenmark Ph IGL Shr Renuka Sun Tv ↑ Titan Ind	Aditya Bir Nuv Apollo Tyres Chambal Fert ↓ Colgate-Palm Crompton Gr Dabur Federal Bank GSPL Havells India IDBI Bank IFCI Indian Hotel Jain Irrigation ↑ Kotak Bank Mphasis Mundraport OFSS Patni Comp Piramal Health Shriram Trans SRF Tech Mahindra Voltas	Divi's Lab I D F C Reliance Cap Tata Global United Phosp Yes Bank	DLF ↓ GMR Infra HDIL HCC LIC Housing RECL Sterlite Tech

↑ = moved up from last week

↓ = moved dn from last week

Our opinion

- Money flow: Into stocks (developed markets) and commodities.
 - Opinion on money flow: The above money flow is probably because stocks in developed markets seem cheaper in comparison to those in emerging markets. Developed economies are showing signs of strengthening recovery.
-
- Indian stocks: The large caps based Sensex had recovered a bit and is in bullish zone, but mid caps and small caps still remain in weak territory. This could also mean end of the rally in a larger correction.
 - Current trend in sectors: Sectors which relatively strong: Aluminium, Auto, Cement, Gas, IT, Pharma and Zinc. Sectors which are relatively weak: Banks, Capital Goods, Finance, Power, Realty and Refineries.
 - Positives: Growth and consumption story. Strong foreign markets.
 - Negatives: Rising raw material costs, high inflation and uncertain political conditions. An interest rate hike is possible.
 - Opinion: The market seems to be in a correction mode in the longer term period as well. The only saving grace is a strong foreign market. The correction may last for a few weeks to a couple of months with intermittent rallies. Long term investors may hold onto their investments and short term investors may book profits. Fresh investments are not advised now till the uptrend does not resume.

Disclaimer

- The report is for private circulation only. The information contained herein does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any financial instruments/ investment products. All information, statements, opinions, statistics contained in the report are provided "as is" for informational purposes only, not intended for trading purposes or advice. The information provided is based on historical data. The past is not necessarily a guide to the future values and prices. The information provided in this report thus provides non-binding information, for which Shroff Securities Private Limited ("Company"), its directors, officers or employees disclaim liability. Trading in financial instruments and trade practices in the stock markets carries a great deal of risk. Recipient of this report should take independent professional advice before doing any transaction(s). The Company, its directors, officers or employees shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. Recipient of this report expressly understands and agrees that it is their sole responsibility to authenticate, verify and evaluate or take professional advice on the accuracy and completeness of all information, statements, opinions and other materials contained or expressed in this report. This report is not meant for any person located in or resident in jurisdictions which restrict the distribution of such material. The Recipient of this report is required to observe any relevant restrictions.
- No guarantee, representation or warranty whatsoever is made by the Company , its directors, officers or employees regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the information, statements, opinions, products, services and materials contained in this report or of the results obtained from the use of such information, statements, opinions and materials and no warranties whether express or implied, responsibility or liability, contingent or otherwise of any kind and nature whatsoever regarding the accuracy, quality, performance, merchantability and/or fitness for a particular purpose of the information, statements, opinions and materials contained, in his report or of the results obtained from the use of such information, statements, opinions and materials the security suitability for the investor, accounting and tax consequences of investing in securities or the future value developments of the stocks.
- The Company, its directors, officers or employees expressly disclaim liability and shall not be held responsible for any profit or loss which may arise out of any transaction(s) based on information, material or opinions appearing in this report. The Company, its directors, officers or employees may / may not have personal positions in the mentioned financial instruments.