

ShroffConnect Weekly Report

24th November, 2012



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Opinion as on 24/11/2012

- Money flow: Into precious metals – gold and silver.
 - **Opinion on money flow:** Once again, investors are looking for safety in precious metals. Governments are working on issues like the Greece debt disbursement and the Fiscal Cliff and some answers should be available soon.
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- Indian market: Range bound between 5550-5650.
 - Sectors: Selective Auto, Private Banks, Cement, Cigarettes, Consumer Goods and Jewellery are outperforming.
 - Positives: Good corporate results from a few leading companies.
 - Negatives: High interest rates, high inflation, rising fiscal deficit, petty politics.
 - **Opinion:** The government's reluctance to face Parliamentary debate and voting on the FDI issue has rendered the winter session useless. Hopefully it will relent this week and some business will happen. Sectors which are performing are becoming expensive and the sectors which are underperforming are finding no takers. However, investors could take advantage of the recent price correction and get into sectors which are doing well. A bottom could set in sooner than later.



Current news and world
financial market prices

Current scenario & news

World economy

- Prospects of a deal on the European Union's long-term budget dimmed on Friday after a fresh compromise proposal offered concessions to France and Poland but ignored British and German demands for deeper overall spending cuts.
- German business confidence unexpectedly rose from a 2 1/2 year low in November, signaling growth in Europe's largest economy may rebound.
- China's outbound direct investment (ODI) in non-financial sectors surged 25.8 percent year on year to \$58.17 billion during the first 10 months of 2012.
- South Korean consumers faced with falling home prices and elevated household debt are cutting spending, dragging on demand just as export growth is restrained by gains in the won.

Indian economy

- Economic slowdown is impacting revenue realization as the indirect tax collection has shown only a moderate growth of 17 per cent to Rs. 2.57 lakh crore in April-October period as against the annual growth target of 27 per cent.
- The government is considering a proposal to raise the ceiling on foreign investments in government and corporate bonds by \$5 billion each, as the country looks to increase vital capital flows.
- India received bids worth 150.69 billion rupees in unused foreign debt limits for government and corporate bonds, more than the 106.16 billion rupees on offer.
- The government cleared the National Pharmaceutical Pricing Policy that will bring 348 essential drugs under price control, leading to reduction in prices.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Nov 2012	% Change
STOCKS	Australia	ASX	4431.52	1.64
	Brazil	Bovespa	57574.03	3.92
	China	Shanghai	2027.38	0.63
	France	CAC	3528.80	5.60
	Germany	DAX	7309.13	5.16
	Hong Kong	Hang Seng	21913.98	3.57
	India	Sensex	18506.57	1.08
	Japan	Nikkei	9366.80	3.80
	UK	FTSE	5819.14	3.81
	USA	DJIA	13009.68	3.35
COMMODITIES	Copper	\$/Pound	3.53	2.32
	Crude	\$/Barrel	88.28	1.86
	Gold	\$/Troy Ounce	1751.40	2.14
	Natural Gas	\$/MMBtu	3.90	2.90
	Silver	\$/Troy Ounce	34.12	5.41
	Aluminium	\$/Tonne	1983.00	1.64
	Lead	\$/Tonne	2196.00	2.14
	Nickel	\$/Tonne	16620.00	4.14
	Zinc	\$/Tonne	1961.00	2.14
CURRENCIES	USD/GBP		1.6032	0.95
	USD/EUR		1.2973	1.84
	USD/AUD		1.0457	1.12
	JPY/USD		82.38	1.29
	INR/USD		55.52	0.67
	HKD/USD		7.7500	(0.03)
	BRL/USD		2.0870	0.58
BONDS	2 Year	US Treasury	110.20	(0.05)
	10 Year		133.33	(0.64)
	30 Year		150.03	(1.44)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Nov 2012	% Change
STOCKS	Nifty	Large Cap	5626.60	0.94
	Sensex	Large Cap	18506.57	1.08
	BSE Midcap	Mid Cap	6597.42	(0.91)
	BSE Smallcap	Small Cap	7057.11	(0.75)
Some Major Shares	ACC	Rs/share	1381.30	0.23
	Bharti Airtel		305.45	1.44
	HDFC Ltd		779.35	0.58
	Infosys		2377.55	1.46
	L&T		1587.35	0.57
	Reliance Inds		773.75	(0.18)
	Tata Motors		260.50	(1.70)
	Tata Steel		364.85	(1.42)
COMMODITIES	Aluminium	INR/Kg	108.80	1.45
	Copper	INR/Kg	431.25	2.24
	Crude	INR/Barrel	4906.00	1.24
	Gold	INR/10gms	32248.00	1.92
	Lead	INR/Kg	122.05	1.75
	Natural Gas	INR/1mmBtu	215.80	3.11
	Nickel	INR/Kg	920.60	4.14
	Silver	INR/Kg	63271.00	3.93
	Zinc	INR/Kg	107.80	2.33
CURRENCIES	INR/EUR		72.07	2.52
	INR/GBP		88.99	1.55
	INR/100 JPY		67.37	(0.72)
	INR/USD		55.52	0.67



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 24/11/2012

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.30	2.10
Inflation Rate	Monthly	2.20	2.00
Unemployment Rate	Monthly	7.90	7.80
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑1.68	1.59

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.60	-0.40
Inflation Rate	Monthly	2.50	2.60
Unemployment Rate	Monthly	11.60	11.40
Benchmark Interest Rate	Weekly	0.75	0.75
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.40	7.60
Inflation Rate	Monthly	1.70	1.90
Unemployment Rate	Monthly	4.10	4.10
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓3.56	3.57

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.10	3.20
Inflation Rate	Monthly	-0.30	-0.40
Unemployment Rate	Monthly	4.20	4.20
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	0.74	0.75

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.00	-0.50
Inflation Rate	Monthly	2.70	2.20
Unemployment Rate	Monthly	7.80	7.90
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↑1.85	1.75

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	5.50	5.30
Inflation Rate	Monthly	7.45	7.81
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	8.00	8.00
Govt. bond 10 year Rate	Weekly	↑8.23	8.21

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.80
Inflation Rate	Monthly	5.45	5.28
Unemployment Rate	Monthly	↓5.30	5.40
Benchmark Interest Rate	Weekly	7.25	7.50
Govt. bond 10 year Rate	Weekly	9.42	9.40

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.90	4.00
Inflation Rate	Monthly	6.50	6.60
Unemployment Rate	Monthly	↑5.30	5.20
Benchmark Interest Rate	Weekly	8.25	8.25
Govt. bond 10 year Rate	Weekly	↓7.05	7.40

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 24/11/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1816.70	17.37	6.88
Bharat Heavy Electricals Ltd.	Electric Equipment	224.65	7.85	1.99
Bharti Airtel Ltd.	Telecommunication - Service Provider	305.40	33.13	2.35
Cipla Ltd.	Pharmaceuticals & Drugs	381.45	20.94	3.63
Coal India Ltd.	Mining & Minerals	358.00	14.51	4.73
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1740.60	18.49	4.67
GAIL (India) Ltd.	Gas Transmission/Marketing	340.00	11.68	1.82
HDFC Bank Ltd.	Bank - Private	669.50	27.00	4.75
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1824.35	16.03	6.81
Hindalco Industries Ltd.	Aluminium & Aluminium Products	107.90	11.02	0.64
Hindustan Unilever Ltd.	Household & Personal Products	529.65	32.00	20.24
Housing Development Finance Corporation Ltd.	Finance - Housing	778.45	26.89	4.91
ICICI Bank Ltd.	Bank - Private	1025.35	15.97	1.83
Infosys Ltd.	IT - Software	2376.00	14.60	3.79
ITC Ltd.	Cigarettes/Tobacco	286.40	33.50	10.02
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	374.70	10.16	1.78
Larsen & Toubro Ltd.	Engineering - Construction	1586.75	20.08	3.57
Mahindra & Mahindra Ltd.	Automobiles-Tractors	954.15	18.52	4.24
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1494.15	28.84	2.71
NTPC Ltd.	Power Generation/Distribution	159.50	12.69	1.70
Oil & Natural Gas Corp. Ltd.	Oil Exploration	251.10	8.82	1.73
Reliance Industries Ltd.	Refineries	773.10	13.47	1.47
State Bank Of India	Bank - Public	2089.70	7.33	1.20
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	96.30	6.30	0.66
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	705.35	28.05	5.51
Tata Consultancy Services Ltd.	IT - Software	1288.10	20.25	7.19
Tata Motors Ltd.	Automobiles-Trucks/Lcv	260.70	5.06	1.78
Tata Power Company Ltd.	Power Generation/Distribution	102.05	0.00	1.87
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	364.35	546.59	0.85
Wipro Ltd.	IT - Software	366.65	14.73	2.91

World macro scenario

- USA – US economic data is better than expected. The government has fixed the interest to remain low till 2015. Fed announces unlimited QE3. A “fiscal cliff” which entails automatic cutting of govt. expenditure is due from 1st Jan, 2013.
- Europe – Economic slowdown in most countries. Spain is in trouble and may ask for aid.
- China – Lowest GDP growth in several years although the economy may be bottoming out. PMI higher after several months. Change in leadership of the ruling Communist Party.
- Japan – Exports lower especially to China. Political tension with China.
- Rest of the World – Positive economic growth in South East Asia. Indonesia and Philippines overtake India in GDP growth. Middle East zone tense.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels with subsidies becoming bigger. Fuel prices have been hiked to control this. 2G auctions do not get required funds to curb fiscal deficit.
- Government policies – Govt. announces FDI in multi-brand retail, aviation, insurance and pension funds. Most plans will have to be passed by Parliament. Winter session begins on a stormy note.
- RBI – CRR cut by 0.25% on 30/10/12. Repo rate cut unlikely till Jan 2013.
- Inflation – Inflation has decreased marginally to 7.45%.
- Foreign exchange – The INR has weakened to beyond Rs.55/USD
- Politics – Elections in Himachal Pradesh and Gujarat.
- Sectors – In terms of growth, private banks, cement, consumer goods and financial services sectors are doing better.

Our concerns on the macro front

World economies

- Mixed data from USA. Need for QE3. Fiscal cliff.
- Eurozone's low to negative GDP growth. Spain debt issues.
- Chinese GDP growth slowdown.
- Middle Eastern issues.

Indian economy

- High interest rate.
- High and growing fiscal deficit through subsidies.
- Populist politics.
- Possibility of early elections.



Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

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

↑ = moved up from last week, ↓ = moved dn from last week

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap ↓
Nifty
Sensex
Small Cap ↓

SECTORS

Auto
Bankex
Cons Durable
FMCG
Healthcare

Cap Goods ↓
IT
Metal
Oil & Gas
Power
Realty ↓
Teck

COMMODITIES

Gold ↑
Lead ↑
Natural Gas
Silver ↑

Aluminium
Copper
Nickel
Zinc

Crude Oil

CURRENCIES (against INR)

EUR ↑

GBP
JPY
USD

↑ = moved up from last week, ↓ = moved dn from last week

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Ambuja Cem Axis Bank Bajaj Auto Cipla HCL Tech HDFC HDFC Bank ITC L & T M&M Maruti Suzuki Sun Pharma ↑ Tata Global Ultratech	Bharti Airtel ↑ Bosch Ltd ↑ Dr Reddy Grasim Ind ↓ Hind Unilever Hind Zinc ICICI Bank ↓ Idea Cellular JP Associates ↓ Kotak Bank Nestle India ↓ RECL Tech Mahindra Thermax ↓	ABB ACC ↓ Andhra Bank Ashok Leyland Bank of Baroda ↓ Bhel Cairn Canara Bank ↓ Coal India Crompton Gr DLF Exide Inds GAIL Havells India Infosys Tech JSW Steel ↓ Lupin NTPC ↓ Petronet LNG Power Grid PNB Ranbaxy RCOM Reliance Cap Reliance Ind	Apollo Tyres ↓ BPCL Hero Motoco Hindalco ↓ MRF ↓ O N G C ↓ Reliance Infra ↓ Sesa Goa ↓ Sterlite Ind ↓ Tata Steel ↓ <div>Neutral</div> Shriram Trans ↓ Siemens State Bank of India Tata Chemicals Tata Motors Tata Power TCS UCO Bank Wipro	Chambal Fert Jindal Steel ↓

↑ = moved up from last week, ↓ = moved dn from last week

MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Asian Paints ↑	ABG Shipyard	Bata India	Bharat Forge	Astrazeneca Ph
	Colgate-Palm	Biocon ↓	Castrol India ↓	Britannia Ind	HCC ↓
	Godrej Cons	Federal Bank	Cummins India	CRISIL Ltd	Opto Circuits
	Marico	GMDC	Dabur	Glaxo Pharma	
	Titan Ind	GSK Con Health	GE Shipping	LIC Housing ↓	
	Yes Bank	I D F C ↓	GSPL	TTK Prestige ↓	
		IndusInd Bank	Indian Hotel		
		Pidilite Ind	IGL		
			Jubilant Food ↓		
			Shipping Corpn		
			SKF India		
			Tata Sponge		
			Voltas		

↑ = moved up from last week, ↓ = moved dn from last week

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