

ShroffConnect Weekly Report

9th February, 2013



Aditya Shroff

Stock Broking Services

Shroff Securities Pvt. Ltd.

Portfolio Management Services

Kolkata: 033 32933592/3658

Bangalore: 080 32996004/6005

Email: contact@shroffsecurities.com

Web: www.shroffsecurities.com

(for private circulation only)

Opinion as on 09/02/2013

- Money flow: Into stocks and beginning to flow into commodities.
 - **Opinion on money flow:** Investors are more confident about economic recovery although the US GDP contracted unexpectedly. Investors seemed unfazed by this, probably due to positive economic signals from China.
-
- Indian market: The Indian market corrected and closed just above 5900.
 - Sectors: Private Banks, Cigarettes, IT and Paints are outperforming.
 - Positives: Good corporate results and FII buying.
 - Negatives: High fiscal and current account deficits and high interest rates.
 - **Opinion:** The Indian markets are experiencing the much needed correction to stabilize the uptrend. The next trigger for the markets will be the budget in which investors, both foreign and domestic, will look for policies to curtail the growing fiscal deficit. The Finance Minister will need to deliver on his promises. We are of the opinion that he will do so. Investors should hold onto their investments, and even purchase afresh on dips.



Current news and world
financial market prices

Current scenario & news

World economy

- In a bid to address widening wealth gap, China has unveiled a major plan to reform its income distribution mechanism, proposing to tax the rich and state units more besides imposing caps on salaries of top managers while increasing lower staff pay.
- Investor sentiment and behaviour across the world changed from "risk-off" to "risk-on" mode in January with Japan's asset purchase programmes on the way, said a global financial industry report.
- The Reserve Bank of Australia reduced its economic growth and inflation forecasts as investment outside the mining industry remains elusive, the labor market softens and a high local currency contains prices.
- The pound had its biggest weekly gain since 2011 versus the euro amid speculation the Bank of England will refrain from extending stimulus, while its European counterpart may cut interest rates further.

Indian economy

- Belying hopes of recovery, India's economic growth rate is estimated to slip to a decade's low of 5 percent in 2012-13, pulled down by poor performance of manufacturing, agriculture and services sectors.
- Net direct tax collection grew by 12.49 percent to over Rs 3.90 lakh crore in the April-January period, less than the budgeted annual target of 15 percent, reflecting the impact of slowdown.
- Foreign investors see tremendous growth opportunities in India and can infuse FDI worth about USD 250 billion a year, but they want a guarantee for a progressive and investment friendly policy framework, a top management guru said.
- The Cabinet Committee on Economic Affairs (CCEA) gave its in-principle' approval for coal pool pricing by which prices of domestic and imported coal are averaged to get a uniform price for the fuel in the country.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 9th Feb 2013	% Change
STOCKS	Australia	ASX	4989.40	0.96
	Brazil	Bovespa	58497.83	(3.07)
	China	Shanghai	2432.40	0.55
	France	CAC	3649.50	(3.29)
	Germany	DAX	7652.14	(2.31)
	Hong Kong	Hang Seng	23215.16	(2.14)
	India	Sensex	19484.77	(1.50)
	Japan	Nikkei	11153.16	(0.34)
	UK	FTSE	6263.93	(1.31)
	USA	DJIA	13992.97	(0.12)
COMMODITIES	Copper	\$/Pound	3.76	(0.53)
	Crude	\$/Barrel	95.72	(2.10)
	Gold	\$/Troy Ounce	1666.70	(0.23)
	Natural Gas	\$/MMBtu	3.27	(0.91)
	Silver	\$/Troy Ounce	31.44	(1.63)
	Aluminium	\$/Tonne	2119.00	(0.28)
	Lead	\$/Tonne	2421.00	(1.22)
	Nickel	\$/Tonne	18320.00	(1.64)
	Zinc	\$/Tonne	2205.00	1.33
CURRENCIES	USD/GBP		1.5797	0.65
	USD/EUR		1.3368	(2.03)
	USD/AUD		1.0323	(0.76)
	JPY/USD		92.67	(0.09)
	INR/USD		53.59	0.75
	HKD/USD		7.7544	(0.01)
	BRL/USD		1.9770	(0.18)
BONDS	2 Year	US Treasury	110.23	0.02
	10 Year		131.73	0.46
	30 Year		143.69	0.60

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 9th Feb 2013	% Change
STOCKS	Nifty	Large Cap	5903.50	(1.59)
	Sensex	Large Cap	19484.77	(1.50)
	BSE Midcap	Mid Cap	6756.01	(3.04)
	BSE Smallcap	Small Cap	6794.14	(3.72)
Some Major Shares	ACC	Rs/share	1303.75	(1.14)
	Bharti Airtel		321.80	(2.31)
	HDFC Ltd		808.80	3.97
	Infosys		2789.45	0.67
	L&T		1511.10	(1.45)
	Reliance Inds		863.55	(3.41)
	Tata Motors		285.40	1.33
	Tata Steel		387.45	(3.34)
COMMODITIES	Aluminium	INR/Kg	112.55	0.27
	Copper	INR/Kg	445.85	0.48
	Crude	INR/Barrel	5152.00	(0.67)
	Gold	INR/10gms	30815.00	2.60
	Lead	INR/Kg	129.80	(0.88)
	Natural Gas	INR/1mmBtu	176.10	(0.11)
	Nickel	INR/Kg	982.80	(0.82)
	Silver	INR/Kg	58246.00	(0.29)
	Zinc	INR/Kg	117.60	1.99
CURRENCIES	INR/EUR		71.66	(1.28)
	INR/GBP		84.64	1.43
	INR/100 JPY		57.80	0.82
	INR/USD		53.59	0.75



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 09/02/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.50	2.60
Inflation Rate	Monthly	1.70	1.80
Unemployment Rate	Monthly	7.90	7.80
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑2.01	1.95

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.60	-0.50
Inflation Rate	Monthly	2.00	2.20
Unemployment Rate	Monthly	11.70	11.70
Benchmark Interest Rate	Weekly	0.75	0.75
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.90	7.40
Inflation Rate	Monthly	↓2.00	2.50
Unemployment Rate	Monthly	4.10	4.10
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓3.62	3.71

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	3.90
Inflation Rate	Monthly	-0.10	-0.20
Unemployment Rate	Monthly	4.20	4.10
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↑0.80	0.72

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.00	0.00
Inflation Rate	Monthly	2.70	2.70
Unemployment Rate	Monthly	7.70	7.80
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↑2.10	2.06

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	5.30	5.50
Inflation Rate	Monthly	7.18	7.24
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	7.75	8.00
Govt. bond 10 year Rate	Weekly	↑7.91	7.89

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.90	0.50
Inflation Rate	Monthly	↑6.15	5.84
Unemployment Rate	Monthly	4.60	4.90
Benchmark Interest Rate	Weekly	7.25	7.25
Govt. bond 10 year Rate	Weekly	↑9.52	9.48

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.90	4.00
Inflation Rate	Monthly	↑7.10	6.60
Unemployment Rate	Monthly	5.30	5.40
Benchmark Interest Rate	Weekly	8.25	8.25
Govt. bond 10 year Rate	Weekly	↓6.59	6.63

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 09/02/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	2043.80	19.39	6.99
Bharat Heavy Electricals Ltd.	Electric Equipment	208.50	7.55	1.78
Bharti Airtel Ltd.	Telecommunication - Service Provider	321.10	43.97	2.46
Cipla Ltd.	Pharmaceuticals & Drugs	380.90	19.97	3.48
Coal India Ltd.	Mining & Minerals	339.15	13.75	4.48
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1856.50	19.72	4.98
GAIL (India) Ltd.	Gas Transmission/Marketing	335.90	11.53	1.79
HDFC Bank Ltd.	Bank - Private	649.65	24.50	4.35
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1724.05	16.03	5.90
Hindalco Industries Ltd.	Aluminium & Aluminium Products	109.75	11.21	0.65
Hindustan Unilever Ltd.	Household & Personal Products	452.30	26.46	14.98
Housing Development Finance Corporation Ltd.	Finance - Housing	808.00	26.96	4.87
ICICI Bank Ltd.	Bank - Private	1130.10	16.45	1.94
Infosys Ltd.	IT - Software	2788.30	17.14	4.17
ITC Ltd.	Cigarettes/Tobacco	301.65	33.47	9.65
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	412.65	11.19	1.95
Larsen & Toubro Ltd.	Engineering - Construction	1509.35	18.61	3.26
Mahindra & Mahindra Ltd.	Automobiles-Tractors	882.80	17.13	3.93
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1588.30	25.60	2.79
NTPC Ltd.	Power Generation/Distribution	148.00	11.27	1.52
Oil & Natural Gas Corp. Ltd.	Oil Exploration	313.45	11.01	2.16
Reliance Industries Ltd.	Refineries	864.20	14.24	1.60
State Bank Of India	Bank - Public	2286.40	8.02	1.32
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	101.25	6.29	0.67
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	744.05	29.59	5.81
Tata Consultancy Services Ltd.	IT - Software	1423.25	21.11	7.20
Tata Motors Ltd.	Automobiles-Trucks/Lcv	285.55	5.54	1.95
Tata Power Company Ltd.	Power Generation/Distribution	97.10	0.00	1.78
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	386.70	580.12	0.90
Wipro Ltd.	IT - Software	411.45	15.86	3.09

World macro scenario

- USA – US economic data unexpectedly contracts. The government has fixed the interest to remain low till 2015. Fed has announced that QE3 will end sometime in 2013. Debt ceiling issues postponed for 3 months.
- Europe – Economic slowdown in most countries.
- China – Has reported a higher GDP figure in many quarters leading to a prima facie conclusion that the economy has bottomed out.
- Japan – An unlimited stimulus package has been announced. Weak Yen. Political tension with China.
- Rest of the World – Positive economic growth in South East Asia.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels with subsidies becoming bigger. Diesel prices partially deregulated. Lowest manufacturing PMI in three months although services PMI remains high.
- Government policies – GDP growth down to 5.3%.
- RBI – Cuts repo and CRR by 0.25% and leaves scope for further cuts.
- Politics – Rahul Gandhi appointed as Congress no. 2 just behind his mother Sonia Gandhi.
- Inflation – Inflation has decreased marginally to 7.18%. Import duty on gold hiked to 6% from 4%.

Our concerns on the macro front

World economies

- Mixed data from USA. QE3 may end this year.
- Eurozone's low to negative GDP growth.
- Middle Eastern political issues.

Indian economy

- Lowest GDP growth in years.
- High interest rate.
- High and growing fiscal deficit through subsidies.
- High current account deficit.
- Populist politics.
- Possibility of early elections.



Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

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

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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap

Small Cap

Nifty ↓

Sensex ↓

SECTORS

Oil & Gas

Teck

Auto

Bankex ↓

Cons Durable

Healthcare

IT

Realty ↓

Cap Goods

FMCG ↓

Metal

Power

COMMODITIES

Lead

Zinc

Crude Oil

Nickel

Aluminium ↓

Copper ↓

Natural Gas

Gold

Silver

CURRENCIES

(against INR)

EUR ↓

GBP

USD

JPY

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

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

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

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

Disclaimer

- This report or newsletter (collectively called 'Report') is for private circulation only. The content, information, statements, opinion, statistics, newsletters, reports and material (collectively called 'Content') contained in this Report does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any stocks, commodities, foreign exchange, bonds, mutual funds, debt instruments, financial instruments or any investment products (collectively called 'Securities').
- All Content contained herein are provided "as is" for informational purposes only, and is not intended for trading purposes or advice. The Content provided is based on historical data. The past is not necessarily a guide to the future values and prices. No guarantee, representation or warranty whatsoever is made by M/s Aditya Shroff or M/s Shroff Securities Private Limited, their subsidiaries, group entities, owners, directors, partners, officers or employees (collectively called 'the Companies & Others') regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the Content contained in this Report or of the results obtained from the use of such Content 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 Content contained herein or of the results obtained from the use of such Content, the security suitability for the investor, accounting and tax consequences of investing in Securities or the future value developments of such Securities.
- The Content provided in this report thus provides non-binding Content for which the Companies & Others disclaim liability. Transacting in Securities carries a great deal of risk. Readers and recipients should take independent professional advice before doing any transaction(s). The Companies & Others shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on Content contained herein.