

ShroffConnect Weekly Report

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Opinion as on 23/03/2013

World Markets –

- **Money flow:** Undecided, but leaning towards stocks of developed economies.
 - **Opinion:** The Cyprus loan default issue was the main headline from Europe. The German Chancellor led Eurozone finance ministers put stringent conditions for help to Cyprus. Their parliament rejected these sanctions and now will vote on Monday afresh for fresh measures to contain the situation. The markets will take this in their stride, but the other troubled nations should probably note the newfound German toughness.
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Indian Stock Market –

- **Money flow:** The Indian market continued to correct and ended the week at approx. 5650.
- **Sectors:** Cigarettes, IT and Paints are outperforming.
- **Positives:** The RBI cuts interest rates by 0.25%.
- **Negatives:** High fiscal and current account deficits, political turmoil.
- **Opinion:** The Indian market is correcting and will probably do so till their next support at 5550 while being volatile in between. Any new economic policies announced will probably dictate the trend after that. The political situation continues to be precarious as the DMK withdrew support from the ruling UPA coalition leaving it dependent upon the SP and BSP, two mercurial parties with their own vested interests. It is not a good situation. The growth situation and the lack of encouraging policies by the government or the RBI have affected investor sentiment. Investors should try and book profits where they can, and wait for clarity before investing again.



Current news and world
financial market prices

Current scenario & news

World economy

- As Cyprus scrambles to stave off a bankruptcy of its banks and a possible exit from the single currency, the euro group has expressed readiness to discuss a new proposal regarding implementation of a 10 billion euros (USD 13 billion) bailout for Nicosia offered by EU and IMF.
- The Federal Reserve pressed forward with its aggressive efforts to stimulate the U.S. economy through large-scale bond purchases, saying unemployment remains too high and citing "restrictive" fiscal policy.
- Japan's merchandise trade deficit in February narrowed from its record pace in the previous month, amid hopes that a weaker yen and a global economic recovery will revive Japan's long-suffering export industries.
- Leaders from the world's major emerging economies are likely to endorse plans at a summit next week to create a joint foreign exchange reserves pool and an infrastructure bank for developing countries.

Indian economy

- While risks arising from high inflation and fiscal slippage have receded, concerns about growth and current account deficit have worsened, which may pull down GDP growth to about 6.2 percent next fiscal.
- The transportation of goods including foodgrains, edible oil, cement, coal and iron ore will be costlier from April 1 as the freight rate is being revised by about 5.7 percent to absorb the rising fuel cost by railways.
- The government said it will borrow Rs 3.49 lakh crore in the first half of the current fiscal, accounting for 58 percent of the total budget target for 2013-14, which will leave more scope for private sector to tap the market in the second half.
- Undeterred by adverse political developments, The Finance Minister said there will be no let up in the government's efforts to continue with the economic reforms and he will go ahead with his meetings with foreign investors to persuade them to invest in India.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 23rd Mar 2013	% Change
STOCKS	Australia	ASX	4980.78	(2.90)
	Brazil	Bovespa	55243.40	(2.86)
	China	Shanghai	2328.28	2.19
	France	CAC	3770.29	(1.92)
	Germany	DAX	7911.35	(1.63)
	Hong Kong	Hang Seng	22115.30	(1.85)
	India	Sensex	18735.60	(3.56)
	Japan	Nikkei	12338.53	(1.77)
	UK	FTSE	6392.76	(1.49)
	USA	DJIA	14512.03	(0.01)
COMMODITIES	Copper	\$/Pound	3.47	(1.42)
	Crude	\$/Barrel	93.71	0.28
	Gold	\$/Troy Ounce	1606.10	0.85
	Natural Gas	\$/MMBtu	3.93	1.55
	Silver	\$/Troy Ounce	28.70	(0.52)
	Aluminium	\$/Tonne	1947.00	(0.87)
	Lead	\$/Tonne	2189.50	(1.46)
	Nickel	\$/Tonne	17150.00	1.48
	Zinc	\$/Tonne	1952.00	(0.10)
CURRENCIES	USD/GBP		1.5229	0.76
	USD/EUR		1.2988	(0.67)
	USD/AUD		1.0443	0.45
	JPY/USD		94.45	(0.88)
	INR/USD		54.34	0.59
	HKD/USD		7.7628	0.07
	BRL/USD		2.0095	1.96
BONDS	2 Year	US Treasury	110.23	0.00
	10 Year		131.52	(0.47)
	30 Year		143.63	0.17

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 23rd Mar 2013	% Change
STOCKS	Nifty	Large Cap	5651.35	(3.77)
	Sensex	Large Cap	18735.60	(3.56)
	BSE Midcap	Mid Cap	6079.79	(4.80)
	BSE Smallcap	Small Cap	5772.93	(6.58)
Some Major Shares	ACC	Rs/share	1147.60	(8.14)
	Bharti Airtel		294.05	(5.24)
	HDFC Ltd		796.40	(2.56)
	Infosys		2863.20	(0.52)
	L&T		1399.15	(7.23)
	Reliance Inds		810.60	(3.92)
	Tata Motors		270.35	(7.13)
	Tata Steel		321.85	(9.20)
COMMODITIES	Aluminium	INR/Kg	104.95	0.10
	Copper	INR/Kg	419.75	(0.97)
	Crude	INR/Barrel	5118.00	1.11
	Gold	INR/10gms	29693.00	1.08
	Lead	INR/Kg	119.00	(0.50)
	Natural Gas	INR/1mmBtu	214.60	2.58
	Nickel	INR/Kg	930.50	1.83
	Silver	INR/Kg	54159.00	(0.06)
	Zinc	INR/Kg	105.70	0.96
CURRENCIES	INR/EUR		70.59	(0.11)
	INR/GBP		82.73	1.36
	INR/100 JPY		57.51	1.48
	INR/USD		54.34	0.59



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 23/03/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.60	2.60
Inflation Rate	Monthly	2.00	1.60
Unemployment Rate	Monthly	7.70	7.90
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↓1.93	2.04

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.90	-0.60
Inflation Rate	Monthly	1.80	2.00
Unemployment Rate	Monthly	11.90	11.80
Benchmark Interest Rate	Weekly	0.75	0.75
Govt. bond 10 year Rate	Weekly	↑1.30	1.40

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.90	7.40
Inflation Rate	Monthly	3.20	2.00
Unemployment Rate	Monthly	4.10	4.10
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓3.62	3.64

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.40
Inflation Rate	Monthly	-0.30	-0.10
Unemployment Rate	Monthly	4.20	4.30
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↓0.58	0.61

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.30	0.20
Inflation Rate	Monthly	↑2.80	2.70
Unemployment Rate	Monthly	7.80	7.80
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↓1.87	1.97

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.50	5.30
Inflation Rate	Monthly	6.84	6.62
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	↓7.50	7.75
Govt. bond 10 year Rate	Weekly	↑7.94	7.87

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	0.90
Inflation Rate	Monthly	6.31	6.15
Unemployment Rate	Monthly	5.40	4.60
Benchmark Interest Rate	Weekly	7.25	7.25
Govt. bond 10 year Rate	Weekly	↑9.84	9.73

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.90	4.00
Inflation Rate	Monthly	7.30	7.10
Unemployment Rate	Monthly	↓5.80	6.00
Benchmark Interest Rate	Weekly	8.25	8.25
Govt. bond 10 year Rate	Weekly	↑6.92	6.84

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 23/03/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1822.85	17.30	6.24
Bharat Heavy Electricals Ltd.	Electric Equipment	180.00	6.52	1.53
Bharti Airtel Ltd.	Telecommunication - Service Provider	294.20	40.29	2.25
Cipla Ltd.	Pharmaceuticals & Drugs	382.25	20.04	3.50
Coal India Ltd.	Mining & Minerals	297.45	11.79	3.60
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1751.95	20.53	4.44
GAIL (India) Ltd.	Gas Transmission/Marketing	320.15	10.45	1.62
HDFC Bank Ltd.	Bank - Private	605.40	22.89	4.06
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1656.20	15.40	5.67
Hindalco Industries Ltd.	Aluminium & Aluminium Products	89.65	9.24	0.52
Hindustan Unilever Ltd.	Household & Personal Products	459.20	26.86	15.21
Housing Development Finance Corporation Ltd.	Finance - Housing	796.00	19.44	3.89
ICICI Bank Ltd.	Bank - Private	1028.35	14.97	1.77
Infosys Ltd.	IT - Software	2860.60	17.58	4.28
ITC Ltd.	Cigarettes/Tobacco	305.20	33.94	9.79
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	351.90	9.92	1.60
Larsen & Toubro Ltd.	Engineering - Construction	1398.35	17.24	3.02
Mahindra & Mahindra Ltd.	Automobiles-Tractors	873.80	16.07	3.66
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1302.50	21.00	2.29
NTPC Ltd.	Power Generation/Distribution	139.55	10.62	1.44
Oil & Natural Gas Corp. Ltd.	Oil Exploration	295.85	10.92	1.95
Reliance Industries Ltd.	Refineries	810.80	13.36	1.50
State Bank Of India	Bank - Public	2083.90	7.46	1.13
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	92.50	5.74	0.61
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	820.30	30.16	5.94
Tata Consultancy Services Ltd.	IT - Software	1540.95	22.85	7.80
Tata Motors Ltd.	Automobiles-Trucks/Lcv	270.40	6.01	1.77
Tata Power Company Ltd.	Power Generation/Distribution	95.85	0.00	1.80
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	322.10	0.00	0.76
Wipro Ltd.	IT - Software	435.90	16.80	3.28

World macro scenario

- USA – US economic data is mixed. The government has fixed the interest to remain low till 2015. Fed has announced that QE3 will end sometime in 2013. Automatic cuts in govt. spending called 'sequester' kick in.
- Europe – Economic slowdown in most countries. Italy elections undecided. Cyprus banks may default.
- 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. Current account deficit is very high.
- Government policies – GDP growth down.
- RBI – Cuts repo rate by 0.25% but stand remains hawkish.
- Politics – Rahul Gandhi appointed as Congress no. 2 just behind his mother Sonia Gandhi. Narendra Modi is the BJP's likely PM candidate for 2014 elections.
- Inflation – WPI has increased to 6.84% but CPI remains stubbornly over 10%.

Our concerns on the macro front

World economies

- Mixed data from USA. QE3 may end this year.
- Eurozone's low to negative GDP growth. Cyprus loan default issue.
- 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.
- High Consumer Price Inflation.
- Populist politics.
- Possibility of early elections.



Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

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

Nifty
Sensex

Mid Cap

Small Cap

SECTORS

IT
Teck

Healthcare ↑

Bankex
FMCG
Oil & Gas
Realty

Auto ↓
Cons Durable

Cap Goods ↓
Metal
Power

COMMODITIES

Natural Gas ↑

Copper
Crude Oil
Lead
Nickel
Zinc

Aluminium ↓
Gold

Silver

CURRENCIES

(against INR)

EUR
USD

GBP
JPY

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Asian Paints HCL Tech Infosys Sun Pharma TCS	Britannia Ind ↑ DLF ↓ Idea Cellular ↓ ITC Lupin	Apollo Tyres Axis Bank ↓ Bajaj Auto BPCL ↓ Bharti Airtel Dabur India Dr Reddys HDFC Bank HDFC ICICI Bank M&M ↓ Maruti Suzuki MRF ↓ Nestle India ONGC ↓ Reliance Ind Tata Motors Yes Bank ↓	Ambuja Cem Cipla Exide Ind Hind Unilever ↑ Jindal Steel ↓ JSW Steel ↓ L & T ↓ OBC Pantaloon SBIN ↓ Sterlite Ind Titan Ind Ultratech Cem ↓	ACC ↓ Bank Of Baroda ↓ BHEL ↓ Cairn India Hero Moto Co Hindalco Ind JP Associates ↓ LIC Housing ↓ Sesa Goa ↓ Tata 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	Berger Paints	Apollo Hospitals	Adani Ports ↓	Arvind ↓	Balrampur Ch ↓
	Finolex Ind	CMC ↓	Amara Raja Batt ↓	Bajaj Finance ↓	Bata India
	GSK Cons	Emami	Biocon	Bajaj Finserv	OFSS ↓
	Mindtree	Godrej Con ↓	Castrol India ↓	Colgate-Pal	Rallis India ↓
	Pidilite Ind	Supreme Ind	Cummins India	DiviS Lab	Sintex Ind ↓
	Wockhardt	Tata Coffee ↓	Glenmark Ph ↓	GSPL	
			IGL	IFCI ↓	
			L&T Finance ↓	Indian Hotels	
			M&M Financial	Jain Irrigation	
			Marico	Jubilant Food ↓	
			Sobha Deve ↓	KPIT Cummins	
			Sun TV ↓		
			Zee Ent		

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