

# *ShroffConnect* Weekly Report

2<sup>nd</sup> April, 2011

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# Current scenario & news

## World markets

- U.S. and European factory growth eased slightly in March but remained at levels consistent with a brisk recovery, while America's jobless rate retreated for a fourth straight month
- Portugal revealed that its budget deficit had ballooned above target and Ireland said its banks needed 24 billion euros in extra capital, shaking euro zone markets and deepening the bloc's debt crisis
- Chinese factories raised production a touch in March while cost inflation slowed, early signs that China was scoring some success in taming prices with its gradual monetary policy tightening

## Indian markets

- The strong pace of expansion in India's manufacturing sector steadied in March, helped by sustained new orders and output
- India's external debt rose \$1.7 billion in the quarter to December 2010, taking the overall debt to \$297.5 billion at the end of the month
- All major sectors in India except agriculture saw faster growth in credit offtake in February versus a year ago, says RBI
- India's exports in February rose 49.7% to \$23.6 bn, while imports for the month rose 21.2% on the year to \$31.7 bn

# Macro scenario

## World markets

- Low interest rates
- Strengthening recovery
- Inflation in Europe
- Political unrest in Middle East
- Effects of Japanese earthquake

## Indian markets

- High deficit
- High inflation
- Increasing interest rate
- GDP growth at 8-9%

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 2nd Apr 2011	% Change
STOCKS	Australia	ASX	4954.59	2.36
	Brazil	Bovespa	69268.29	2.22
	China	Shanghai	2967.00	(0.38)
	France	CAC	4054.76	2.07
	Germany	DAX	7179.81	3.36
	Hong Kong	Hang Seng	23801.90	2.78
	India	Sensex	19420.39	3.21
	Japan	Nikkei	9708.39	1.81
	UK	FTSE	6009.92	1.85
	USA	DJIA	12376.72	1.28
COMMODITIES	Copper	\$/Pound	4.26	(3.62)
	Crude	\$/Barrel	108.31	2.64
	Gold	\$/Troy Ounce	1429.20	(0.05)
	Natural Gas	\$/MMBtu	4.34	(2.03)
	Silver	\$/Troy Ounce	37.84	1.34
	Aluminium	\$/Tonne	2631.00	(0.38)
	Lead	\$/Tonne	2698.00	1.05
	Nickel	\$/Tonne	25599.00	(5.36)
	Zinc	\$/Tonne	2390.00	0.55
CURRENCIES	GBP/USD		1.6108	0.42
	EUR/USD		1.4232	1.04
	AUD/USD		1.0384	1.22
	JPY/USD		84.06	3.34
	INR/USD		44.37	(0.52)
	HKD/USD		7.7782	(0.21)
	BRL/USD		1.6075	(3.31)
BONDS	2 Year	US Treasury	109.02	(0.36)
	10 Year		118.02	(0.98)
	30 Year		120.38	0.11

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 2nd Apr 2011	% Change
STOCKS	Nifty	Large Cap	5826.05	3.04
	Sensex	Large Cap	19420.39	3.21
	BSE Midcap	Mid Cap	6982.94	3.89
	BSE Smallcap	Small Cap	8358.19	4.46
Some Major Shares	ACC	Rs/share	1091.85	5.21
	Bharti Airtel		355.30	4.59
	HDFC Ltd		708.20	6.70
	Infosys		3218.15	1.74
	L&T		1647.05	3.04
	Reliance Inds		1036.40	0.95
	Tata Motors		1241.80	4.90
	Tata Steel		626.60	1.81
COMMODITIES	Aluminium	INR/Kg	116.95	(0.21)
	Copper	INR/Kg	419.10	(4.55)
	Crude	INR/Barrel	4825.00	1.75
	Gold	INR/10gms	20660.00	(0.81)
	Lead	INR/Kg	122.55	1.07
	Natural Gas	INR/1mmBtu	194.80	(1.32)
	Nickel	INR/Kg	1150.60	(5.43)
	Silver	INR/Kg	55884.00	0.73
	Zinc	INR/Kg	106.25	0.05
CURRENCIES	INR/EUR		63.18	0.54
	INR/GBP		71.30	(0.36)
	INR/100 JPY		52.78	(3.76)
	INR/USD		44.37	(0.52)

# WORLD MARKETS - TECHNICAL SNAPSHOT



**STOCKS**

**USA**

**China**

**Australia**  
**Brazil**  
**France**  
**Germany**  
**Hong Kong**  
**India**  
**Japan**  
**UK**

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

**COMMODITIES**

**Aluminium**  
**Crude Oil**  
**Gold**  
**Silver**

**Lead**

**Copper ↓**  
**Natural Gas**  
**Nickel ↓**  
**Zinc**

**CURRENCIES**  
**(against USD)**

**EUR**

**AUD**  
**BRL ↑**

**GBP**  
**INR**  
**JPY**

**HKD**

**BONDS**  
**(US Treasury)**

**2 Year ↓**  
**10 Year**  
**30 Year**

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES			Mid Cap ↑ Nifty Sensex		Small Cap
SECTORS		IT ↑	Auto ↑ Bankex Cons Durable FMCG Healthcare ↑ Metal Oil & Gas Teck	Cap Goods Power ↑ Realty ↑	
COMMODITIES	Aluminium Crude Oil Gold Silver	Lead	Copper ↓ Natural Gas Nickel Zinc	↑ = moved up from last week ↓ = moved dn from last week	
CURRENCIES (against INR)	EUR		GBP JPY USD		

## MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

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

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

↑ = moved up from last week

↓ = moved dn from last week

# Our opinion

- Money flow: The money seems to be flowing into US stocks and bullion.
  - Opinion on money flow: The US un-employment rates are at the lowest levels in the last couple of years giving an indication of improving economy. Europe markets are neutral on renewed fears of sovereign default. Hence the flow to the US markets. Bullion seems to be attractive due to the Middle East crisis.
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- Indian stocks: The markets have improved by about 10% over the lows of the previous few weeks. It could be a short term rally in a correction, or a renewed bull market.
  - Current trend in sectors: Banks, Cement, Cigarettes, Housing Finance, IT, Metals (selective), Oil & Gas, Textiles and Watches & Jewellery are doing better than the others, but none are in bullish mode.
  - Positives: Good advance tax numbers; FII inflows.
  - Negatives: High inflation, high interest rates.
  - Opinion on Indian stocks: The chance of a bull market renewing itself is more likely than the supposition of a short term rally within a correction. Investors may invest on dips in those sectors which are showing growth in sales and earnings with a low debt equity ratio.

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