

ShroffConnect Weekly Report

13th April, 2013



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Opinion as on 13/04/2013

World Markets –

- **Money flow:** Out of stocks (except US and Japan) and into treasuries.
 - **Opinion:** Investors are uneasy about Euro issues, North and South Korea war rhetoric, ordinary macro-economic numbers, weak emerging markets etc., and hence are opting for safer investments like government bonds.
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Indian Stock Market –

- **Stock Market:** The Indian market remained weak at about 5500 Nifty.
- **Sectors:** There is no particular sector in which all stocks are doing well. However, some stocks are outperforming.
- **Positives:** None really.
- **Negatives:** High current and fiscal deficits, high interest rates and political turmoil.
- **Opinion:** The markets are near support levels and so there could be a rebound. However, each rebound will give opportunities to sell. Investors should be cautious and take some money off the table.



Current news and world
financial market prices

Current scenario & news

World economy

- Confidence among consumers fell in April to a nine-month low as Americans grew more pessimistic about the outlook for the economy.
- China's foreign trade growth continued to pick up in the first quarter, as the country's supportive policies initiated last year began to take effect amid the improving economy.
- Cyprus said that an increase in the cost of its total bailout package to about 23 billion euros would not lead to more money being taken from depositors in the country's banks.
- The International Monetary Fund (IMF) has warned central banks to be alert to the potential financial risks of super-loose monetary policy adopted to cope with the financial crisis.
- Italy's caretaker government on Wednesday sharply hiked its targets for public debt this year and next despite waves of austerity measures, and said there was now room for less restrictive fiscal policy.

Indian economy

- The Finance Ministry made a strong case for rating upgrade of Indian economy by global agency Fitch on the back of increasing investments, declining import of gold and government's commitment to fiscal prudence.
- Concerned over mounting cases of service tax evasion, the Government is mulling to create a separate intelligence unit to check the menace and stop leakage of revenue.
- Steel consumption in the country grew by just 3.3 percent to 73.3 million tonne in 2012-13 on subdued demand due to slackening economy and high interest rates.
- India's gems and jewellery exports declined by 9.3 per cent to USD 39 billion in 2012-13 because of lower demand from global markets, especially in the US and Europe.
- Expressing disappointment over poor industrial performance, India Inc pressed for rate cut by the RBI to boost production and further revive the economic growth.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 13th Apr 2013	% Change
STOCKS	Australia	ASX	5016.02	2.38
	Brazil	Bovespa	54962.65	(0.16)
	China	Shanghai	2206.78	(0.83)
	France	CAC	3729.30	1.80
	Germany	DAX	7744.77	1.12
	Hong Kong	Hang Seng	22089.05	1.67
	India	Sensex	18242.56	(1.13)
	Japan	Nikkei	13485.14	5.08
	UK	FTSE	6384.39	2.15
	USA	DJIA	14865.06	2.06
COMMODITIES	Copper	\$/Pound	3.35	0.30
	Crude	\$/Barrel	91.29	(1.52)
	Gold	\$/Troy Ounce	1501.40	(4.73)
	Natural Gas	\$/MMBtu	4.22	2.18
	Silver	\$/Troy Ounce	26.33	(3.27)
	Aluminium	\$/Tonne	1853.50	(1.75)
	Lead	\$/Tonne	2049.00	0.20
	Nickel	\$/Tonne	15850.00	(0.63)
	Zinc	\$/Tonne	1875.00	(0.48)
CURRENCIES	USD/GBP		1.5342	0.05
	USD/EUR		1.3107	0.92
	USD/AUD		1.0507	1.18
	JPY/USD		98.31	0.83
	INR/USD		54.61	(0.35)
	HKD/USD		7.7619	(0.04)
	BRL/USD		1.9660	(0.96)
BONDS	2 Year	US Treasury	110.26	0.00
	10 Year		132.98	(0.14)
	30 Year		147.53	(0.32)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 13th Apr 2013	% Change
STOCKS	Nifty	Large Cap	5528.55	(0.44)
	Sensex	Large Cap	18242.56	(1.13)
	BSE Midcap	Mid Cap	6099.64	(0.73)
	BSE Smallcap	Small Cap	5872.11	(0.71)
Some Major Shares	ACC	Rs/share	1148.10	1.67
	Bharti Airtel		273.50	1.20
	HDFC Ltd		764.80	(0.78)
	Infosys		2296.65	(19.86)
	L&T		1359.75	0.74
	Reliance Inds		775.35	(0.61)
	Tata Motors		275.15	7.82
	Tata Steel		299.50	(3.14)
COMMODITIES	Aluminium	INR/Kg	100.35	(2.43)
	Copper	INR/Kg	404.50	(0.28)
	Crude	INR/Barrel	4975.00	(2.58)
	Gold	INR/10gms	27925.00	(6.19)
	Lead	INR/Kg	111.05	(0.76)
	Natural Gas	INR/1mmBtu	231.10	0.70
	Nickel	INR/Kg	863.80	(1.57)
	Silver	INR/Kg	48901.00	(5.18)
	Zinc	INR/Kg	100.80	(1.85)
CURRENCIES	INR/EUR		71.62	0.59
	INR/GBP		83.75	(0.32)
	INR/100 JPY		55.51	(1.18)
	INR/USD		54.61	(0.35)



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 13/04/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.70	2.60
Inflation Rate	Monthly	2.00	1.60
Unemployment Rate	Monthly	7.60	7.70
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑1.79	1.76

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.90	-0.60
Inflation Rate	Monthly	1.70	1.80
Unemployment Rate	Monthly	12.00	12.00
Benchmark Interest Rate	Weekly	0.75	0.75
Govt. bond 10 year Rate	Weekly	↓1.14	1.16

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.90	7.40
Inflation Rate	Monthly	↓2.10	3.20
Unemployment Rate	Monthly	4.10	4.10
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓3.44	3.50

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.40
Inflation Rate	Monthly	-0.70	-0.30
Unemployment Rate	Monthly	4.30	4.20
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↑0.55	0.44

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.20	0.30
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	↑1.77	1.74

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	↓7.90	7.96

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	0.90
Inflation Rate	Monthly	↑6.59	6.31
Unemployment Rate	Monthly	5.60	5.40
Benchmark Interest Rate	Weekly	7.25	7.25
Govt. bond 10 year Rate	Weekly	↓9.65	9.90

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.10	2.90
Inflation Rate	Monthly	7.00	7.30
Unemployment Rate	Monthly	5.80	6.00
Benchmark Interest Rate	Weekly	8.25	8.25
Govt. bond 10 year Rate	Weekly	↓6.79	7.08

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 13/04/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1720.55	16.32	5.89
Bharat Heavy Electricals Ltd.	Electric Equipment	179.45	6.50	1.53
Bharti Airtel Ltd.	Telecommunication - Service Provider	273.35	37.43	2.09
Cipla Ltd.	Pharmaceuticals & Drugs	404.50	21.21	3.70
Coal India Ltd.	Mining & Minerals	299.95	11.89	3.63
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1901.55	22.28	4.82
GAIL (India) Ltd.	Gas Transmission/Marketing	315.85	10.31	1.60
HDFC Bank Ltd.	Bank - Private	643.95	24.37	4.32
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1450.55	13.49	4.97
Hindalco Industries Ltd.	Aluminium & Aluminium Products	91.55	9.44	0.54
Hindustan Unilever Ltd.	Household & Personal Products	478.00	27.97	15.83
Housing Development Finance Corporation Ltd.	Finance - Housing	767.20	18.73	3.74
ICICI Bank Ltd.	Bank - Private	1044.95	15.21	1.80
Infosys Ltd.	IT - Software	2295.45	13.99	3.43
ITC Ltd.	Cigarettes/Tobacco	293.10	32.60	9.40
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	327.70	9.24	1.49
Larsen & Toubro Ltd.	Engineering - Construction	1359.60	16.78	2.94
Mahindra & Mahindra Ltd.	Automobiles-Tractors	823.85	15.15	3.45
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1409.80	22.72	2.48
NTPC Ltd.	Power Generation/Distribution	140.75	10.71	1.45
Oil & Natural Gas Corpn. Ltd.	Oil Exploration	308.50	11.39	2.04
Reliance Industries Ltd.	Refineries	775.30	12.78	1.43
State Bank Of India	Bank - Public	2082.05	7.32	1.17
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	88.50	5.50	0.59
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	870.20	31.99	6.30
Tata Consultancy Services Ltd.	IT - Software	1511.30	22.41	7.65
Tata Motors Ltd.	Automobiles-Trucks/Lcv	275.40	6.12	1.81
Tata Power Company Ltd.	Power Generation/Distribution	95.15	0.00	1.78
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	299.35	0.00	0.71
Wipro Ltd.	IT - Software	383.30	14.77	2.88

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.
- Europe – Economic slowdown in most countries. Portuguese bailout in trouble.
- 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. War rhetoric between North Korea and South Korea/USA.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels with subsidies becoming bigger. Current account deficit is highest ever.
- Government policies – GDP growth down but no clear growth-encouraging policies.
- RBI – Cuts repo rate by 0.25% but stand remains hawkish.
- Politics – Possible early 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.
- Middle Eastern political issues.
- North Korea-US tensions.

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

Healthcare

FMCG
IT ↓
Oil & Gas
Realty
Teck ↓

Bankex
Cons Durable

Auto ↓
Cap Goods
Metal
Power

COMMODITIES

Natural Gas ↑

Crude Oil

Aluminium ↑
Nickel
Zinc

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

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

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