

ShroffConnect Weekly Report

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Opinion as on 27/04/2013

World Markets –

- **Money flow:** The money is flowing out of commodities and into treasuries.
 - **Opinion:** Investors, it seems, are looking for safety. They are undecided about the stock markets. US data is mixed and Chinese data has been below expectations. The G20 nations welcomed the stimulus by the Japanese central bank because the other major countries are already doing this. This could buy the world economy some more time before the low/negative growth begins to affect stock market prices.
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Indian Stock Market –

- **Stock Market:** The stock market witnessed some profit taking after a huge run up. It closed at approx. 5870.
- **Sectors:** Private Banks, Indian FMCG, Paints and selective Pharma are outperforming.
- **Positives:** Reducing inflation and the possibility of a rate cut.
- **Negatives:** High interest rate, high fiscal and current account deficit, increasingly deteriorating political situation.
- **Opinion:** The market has run up much more than expected on the back of good results by private banks. There is much exuberance that the fall in the price of gold and oil will result in mitigating the deficit issues which India is facing. The lower inflation figure has given rise to the expectation of a rate cut by the RBI in its May 3rd review. We feel that the run up is much more than deserved. There is too much money chasing too few stocks. However, if the cut in interest rate is 50 basis points, then the market sentiment will definitely change. Anything below this will result in good profit taking. Investors should wait for the event and take a call after it.



Current news and world
financial market prices

Current scenario & news

World economy

- The U.S. economy grew less than forecast in the first quarter as a drop in defense outlays undercut the biggest increase in consumer spending in two years.
- Growth in Chinese industrial companies' profits slowed in March, adding to evidence the nation's economic recovery is losing steam.
- Bank of Japan board members forecasting an end to more than a decade of deflation may need to add to an already unprecedented monetary stimulus plan should consumer prices fail to align with their projections by October.
- U.K. government bonds rose, with 10-year yields falling the most in three weeks, as a decline in European and U.S. stocks revived demand for safer assets.
- The downturn in Spain's economy is easing as European financial markets improve despite the uncertainty over the presidential election in Italy and complications in the Cyprus bailout, the Bank of Spain said.

Indian economy

- Gold imports declined 11.8 per cent to USD 50 billion (around Rs 2.7 lakh crore) in the April-February period of 2012-13 due to measures taken to curb the demand of the precious metal, government said.
- The PM's Economic Advisory panel expects foreign direct investment (FDI) in India to increase to \$ 36 billion this fiscal on the back of supportive policies.
- The government's indirect tax collection for 2012-13 has exceeded the revised estimate (RE) by Rs 6,000 crore.
- Seeking to prevent misuse of funds belonging to foreign investors, the Reserve Bank has proposed that transfer of such funds to the Indian entity should be allowed only through escrow mechanism under which the money would remain with the bank pending investment.
- The RBI is likely to cut interest rates in its annual monetary policy on May 3, drawing comfort from a fall in inflation as it seeks to help lift the economy from its lowest growth in a decade.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 27th Apr 2013	% Change
STOCKS	Australia	ASX	5082.65	3.24
	Brazil	Bovespa	54252.04	0.60
	China	Shanghai	2177.91	(2.97)
	France	CAC	3810.05	4.33
	Germany	DAX	7814.76	4.76
	Hong Kong	Hang Seng	22547.71	2.43
	India	Sensex	19286.72	1.42
	Japan	Nikkei	13884.13	4.26
	UK	FTSE	6426.42	2.22
	USA	DJIA	14712.55	1.13
COMMODITIES	Copper	\$/Pound	3.18	0.95
	Crude	\$/Barrel	93.00	5.67
	Gold	\$/Troy Ounce	1453.60	4.16
	Natural Gas	\$/MMBtu	4.22	(4.31)
	Silver	\$/Troy Ounce	23.76	3.48
	Aluminium	\$/Tonne	1878.00	(0.48)
	Lead	\$/Tonne	2037.00	0.84
	Nickel	\$/Tonne	15205.00	0.23
	Zinc	\$/Tonne	1897.00	0.56
CURRENCIES	USD/GBP		1.5450	1.45
	USD/EUR		1.3029	(0.18)
	USD/AUD		1.0272	0.15
	JPY/USD		98.04	(1.48)
	INR/USD		54.37	0.82
	HKD/USD		7.7630	(0.01)
	BRL/USD		1.9987	(0.34)
BONDS	2 Year	US Treasury	110.30	0.04
	10 Year		133.44	0.33
	30 Year		148.88	0.51

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 27th Apr 2013	% Change
STOCKS	Nifty	Large Cap	5871.45	1.53
	Sensex	Large Cap	19286.72	1.42
	BSE Midcap	Mid Cap	6275.12	0.92
	BSE Smallcap	Small Cap	6023.86	0.81
Some Major Shares	ACC	Rs/share	1247.65	2.97
	Bharti Airtel		318.45	6.27
	HDFC Ltd		872.60	6.64
	Infosys		2212.00	(3.65)
	L&T		1540.85	4.43
	Reliance Inds		792.40	1.38
	Tata Motors		296.30	4.90
	Tata Steel		305.05	1.75
COMMODITIES	Aluminium	INR/Kg	100.40	(0.64)
	Copper	INR/Kg	382.30	1.61
	Crude	INR/Barrel	5071.00	6.18
	Gold	INR/10gms	27189.00	4.38
	Lead	INR/Kg	109.65	0.55
	Natural Gas	INR/1mmBtu	230.60	(2.29)
	Nickel	INR/Kg	824.80	0.45
	Silver	INR/Kg	45043.00	3.73
	Zinc	INR/Kg	100.90	0.55
CURRENCIES	INR/EUR		70.86	0.61
	INR/GBP		83.98	2.40
	INR/100 JPY		55.44	2.34
	INR/USD		54.37	0.82



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 27/04/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.70	2.60
Inflation Rate	Monthly	1.50	2.00
Unemployment Rate	Monthly	7.60	7.70
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑1.71	1.70

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	↓1.01	1.07

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.70	7.90
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	↑3.49	3.45

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.40
Inflation Rate	Monthly	↓-0.90	-0.70
Unemployment Rate	Monthly	4.30	4.20
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↓0.58	0.60

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	↑0.60	0.20
Inflation Rate	Monthly	2.80	2.80
Unemployment Rate	Monthly	7.90	7.80
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↑1.72	1.69

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.50	5.30
Inflation Rate	Monthly	5.96	6.84
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	7.50	7.75
Govt. bond 10 year Rate	Weekly	↓7.77	7.80

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	0.90
Inflation Rate	Monthly	6.59	6.31
Unemployment Rate	Monthly	↑5.70	5.60
Benchmark Interest Rate	Weekly	7.50	7.25
Govt. bond 10 year Rate	Weekly	↑9.68	9.62

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.10	2.90
Inflation Rate	Monthly	7.00	7.30
Unemployment Rate	Monthly	5.70	5.80
Benchmark Interest Rate	Weekly	8.25	8.25
Govt. bond 10 year Rate	Weekly	↓6.65	6.96

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 27/04/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1893.15	17.96	6.48
Bharat Heavy Electricals Ltd.	Electric Equipment	188.90	6.84	1.61
Bharti Airtel Ltd.	Telecommunication - Service Provider	318.40	43.60	2.43
Cipla Ltd.	Pharmaceuticals & Drugs	409.65	21.48	3.75
Coal India Ltd.	Mining & Minerals	319.10	12.64	3.86
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1990.05	23.32	5.05
GAIL (India) Ltd.	Gas Transmission/Marketing	350.80	11.45	1.78
HDFC Bank Ltd.	Bank - Private	689.15	23.88	4.48
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1596.95	14.85	5.47
Hindalco Industries Ltd.	Aluminium & Aluminium Products	99.00	10.21	0.58
Hindustan Unilever Ltd.	Household & Personal Products	465.15	27.21	15.41
Housing Development Finance Corporation Ltd.	Finance - Housing	872.60	21.31	4.26
ICICI Bank Ltd.	Bank - Private	1144.30	16.66	1.97
Infosys Ltd.	IT - Software	2212.30	13.47	3.34
ITC Ltd.	Cigarettes/Tobacco	318.95	35.47	10.23
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	314.70	10.11	1.38
Larsen & Toubro Ltd.	Engineering - Construction	1541.80	19.03	3.33
Mahindra & Mahindra Ltd.	Automobiles-Tractors	891.25	16.39	3.74
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1673.45	28.20	3.08
NTPC Ltd.	Power Generation/Distribution	154.80	11.78	1.59
Oil & Natural Gas Corp. Ltd.	Oil Exploration	324.35	11.97	2.14
Reliance Industries Ltd.	Refineries	793.15	12.27	1.42
State Bank Of India	Bank - Public	2289.55	8.04	1.28
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	89.70	5.57	0.59
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	955.85	35.14	6.92
Tata Consultancy Services Ltd.	IT - Software	1368.20	19.27	6.95
Tata Motors Ltd.	Automobiles-Trucks/Lcv	296.25	6.59	1.94
Tata Power Company Ltd.	Power Generation/Distribution	94.90	0.00	1.78
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	304.85	0.00	0.71
Wipro Ltd.	IT - Software	330.10	12.25	2.86

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.
- China – GDP growth figures not good.
- Japan – An unlimited stimulus package has been announced. Weak Yen.
- Rest of the World – Positive economic growth in South East Asia.
- Markets – Commodity prices have crashed.

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. Land Acquisition Bill may possibly be cleared. Export sops announced.
- RBI – Next review on 3/5/13.
- Politics – Possible early elections.
- Inflation – Headline inflation under 6%.

Our concerns on the macro front

World economies

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

Indian economy

- Lowest GDP growth in years.
- High interest rate.
- High fiscal deficit.
- 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		Japan USA	Australia UK	China France Germany Hong Kong India	Brazil ↑	
COMMODITIES	Natural Gas			Crude Oil	Aluminium Nickel Zinc ↑	Copper Gold Lead Silver
CURRENCIES (against USD)				AUD BRL EUR INR	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

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
INDICES				Nifty Sensex	Small Cap ↑	Mid Cap
SECTORS			Bankex ↑ FMCG Healthcare	Auto ↑ Cons Durable Oil & Gas	Cap Goods IT ↓ Realty ↓ Teck	Metal Power
COMMODITIES	Natural Gas			Crude Oil	Aluminium Zinc	Copper Gold Lead Nickel ↓ 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	Asian Paints Dabur India Idea Cellular ↑ ITC ↑ Lupin Sun Pharma	Axis Bank Britannia Ind BPCL ↑ Dr Reddy ICICI Bank ↑ Maruti Suzuki MRF ↑ ONGC Yes Bank ↑	Apollo Tyres Bharti Airtel Cipla DLF Exide Ind ↑ HCL Tech ↓ HDFC HDFC Bank JP Associates ↑ JSW Steel ↑ L & T ↑ LIC Housing ↑ M & M SBIN TCS ↓ Tata Motors Titan Ind ↑	ACC Ambuja Cem Bajaj Auto ↑ Bank Of Baroda ↑ Cairn India ↑ Hind Unilever ↓ Infosys Nestle India OBC Reliance Ind ↓ Ultratech Cem	BHEL Hero Moto Co Hindalco Ind Jindal Steel Pantaloon 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	Finolex Ind Godrej Con ↑ IGL	Berger Paints CMC Emami M & M Finan ↑ Mindtree ↓ Pidilite Ind Supreme Ind ↑ Tata Coffee	Adani Ports Amara Raja Batt Apollo Hospitals Arvind Balrampur Chini ↑ Biocon Castrol India Colgate-Pal Cummins DiviS Lab Glenmark Ph GSK Consumer ↓ GSPL ↑ IFCI L&T Finance Marico Sobha Dev Sun TV Wockhardt Zee Ent	Bajaj Finance Bajaj Finserv Indian Hotels Jain Irrigation Jubilant Food Rallis India	Bata India KPIT Cummins OFSS Sintex Ind

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

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