

ShroffConnect Weekly Report

4th May, 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 04/05/2013

World Markets –

- **Money flow:** The money is flowing towards stocks once again.
 - **Opinion:** The governments and central banks of the three main economic powers – the USA, Europe and Japan – have all announced policies which will increase the liquidity available in the system. Till such liquidity persists, investors are betting on the stock market.
-

Indian Stock Market –

- **Stock Market:** The Indian stock market took a breather on Friday to close at 5944. However, it is up from last week.
- **Sectors:** Private Banks, FMCG, Paints and selective Pharma are outperforming.
- **Positives:** FII buying, lower prices of crude and gold – the two major import items for India.
- **Negatives:** High interest rates, high fiscal deficit, very negative political scenario.
- **Opinion:** We underestimated the extent of the up-move after the market tanked in late March and early April. Prices of certain outperforming stocks like private banks have moved up substantially. The valuations of these are quite rich. The political scenario on the other hand has become worse. Another minister, this time the Railway Minister, has been accused of taking a bribe to promote an officer to the Railway Board. The Parliament has not been functioning due to the 2G scam and Coalgate. In such circumstances we would advise investors to be cautious and wait for a large dip before investing.



Current news and world
financial market prices

Current scenario & news

World economy

- U.S. employment rose at a faster pace than expected in April and hiring was much stronger than previously thought in the prior two months, a sign of resilience that should help the economy absorb the blow from belt-tightening in Washington.
- The European Central Bank cut interest rates for the first time in 10 months on Thursday and held out the possibility of further policy action to support the recession-hit euro zone economy.
- China's factory-sector growth eased in April as new export orders fell for the first time this year, a private survey showed on Thursday, suggesting the euro zone recession and sluggish U.S. demand may be risks to China's economic recovery.
- Cyprus's parliament approved an EU bailout which will force it to wind down its second-largest bank and impose heavy losses on uninsured depositors at another, conditions that have intensified calls from islanders to exit the euro.

Indian economy

- The RBI cut its benchmark interest rate by 25 basis points on Friday for the third time since January, as expected, as growth slows and inflation ebbs, but said there is little room to ease monetary policy further, disappointing markets.
- Reflecting slowdown in the economy, the growth rate of core infrastructure industries slipped to a decade low of 2.6 percent in 2012-13 mainly on account of declining output of crude oil and natural gas.
- India cut tax rates for foreign investors on interest income from investments in government and corporate debt, hoping to attract more funding to bridge its current account deficit and polish its reformist credentials.
- The Reserve Bank of India on Friday further tightened the screws on gold import, restricting banks to import bullion on a consignment basis only to meet genuine needs of exporters of gold jewellery.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 4th May 2013	% Change
STOCKS	Australia	ASX	5105.39	0.45
	Brazil	Bovespa	55488.08	2.28
	China	Shanghai	2205.50	1.27
	France	CAC	3912.95	2.70
	Germany	DAX	8122.29	3.94
	Hong Kong	Hang Seng	22689.96	0.63
	India	Sensex	19575.64	1.50
	Japan	Nikkei	13694.04	(1.37)
	UK	FTSE	6521.46	1.48
	USA	DJIA	14973.96	1.78
COMMODITIES	Copper	\$/Pound	3.31	4.09
	Crude	\$/Barrel	95.61	2.81
	Gold	\$/Troy Ounce	1464.20	0.73
	Natural Gas	\$/MMBtu	4.04	(4.27)
	Silver	\$/Troy Ounce	24.01	1.05
	Aluminium	\$/Tonne	1882.00	0.21
	Lead	\$/Tonne	2038.00	0.05
	Nickel	\$/Tonne	15225.00	0.13
	Zinc	\$/Tonne	1885.00	(0.63)
CURRENCIES	USD/GBP		1.5568	0.76
	USD/EUR		1.3114	0.65
	USD/AUD		1.0314	0.41
	JPY/USD		99.00	0.98
	INR/USD		53.80	(1.05)
	HKD/USD		7.7585	(0.06)
	BRL/USD		2.0122	0.68
BONDS	2 Year	US Treasury	110.30	0.00
	10 Year		132.86	(0.43)
	30 Year		147.06	(1.22)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 4th May 2013	% Change
STOCKS	Nifty	Large Cap	5944.00	1.24
	Sensex	Large Cap	19575.64	1.50
	BSE Midcap	Mid Cap	6375.97	1.61
	BSE Smallcap	Small Cap	6032.38	0.14
Some Major Shares	ACC	Rs/share	1227.30	(1.63)
	Bharti Airtel		317.70	(0.24)
	HDFC Ltd		854.90	(2.03)
	Infosys		2307.95	4.34
	L&T		1570.40	1.92
	Reliance Inds		800.50	1.02
	Tata Motors		285.60	(3.61)
	Tata Steel		311.20	2.02
COMMODITIES	Aluminium	INR/Kg	100.55	0.15
	Copper	INR/Kg	394.55	3.20
	Crude	INR/Barrel	5143.00	1.42
	Gold	INR/10gms	26962.00	(0.83)
	Lead	INR/Kg	109.55	(0.09)
	Natural Gas	INR/1mmBtu	218.70	(5.16)
	Nickel	INR/Kg	814.70	(1.22)
	Silver	INR/Kg	45079.00	0.08
	Zinc	INR/Kg	100.75	(0.15)
CURRENCIES	INR/EUR		70.58	(0.40)
	INR/GBP		83.73	(0.30)
	INR/100 JPY		54.32	(2.02)
	INR/USD		53.80	(1.05)



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 04/05/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	↑1.80	1.70
Inflation Rate	Monthly	1.50	2.00
Unemployment Rate	Monthly	↓7.50	7.60
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↓1.63	1.71

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.90	-0.60
Inflation Rate	Monthly	↓1.20	1.70
Unemployment Rate	Monthly	↑12.10	12.00
Benchmark Interest Rate	Weekly	↓0.50	0.75
Govt. bond 10 year Rate	Weekly	↓0.95	1.01

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	↓3.27	3.49

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.40
Inflation Rate	Monthly	-0.90	-0.70
Unemployment Rate	Monthly	↓4.10	4.30
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↓0.56	0.58

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	↓1.62	1.72

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	↓7.25	7.50
Govt. bond 10 year Rate	Weekly	↓7.73	7.77

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	↓9.47	9.68

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	↓6.53	6.65

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 04/05/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1812.00	17.19	6.20
Bharat Heavy Electricals Ltd.	Electric Equipment	191.50	6.94	1.63
Bharti Airtel Ltd.	Telecommunication - Service Provider	317.70	53.02	2.25
Cipla Ltd.	Pharmaceuticals & Drugs	401.30	21.04	3.67
Coal India Ltd.	Mining & Minerals	317.95	12.60	3.85
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	2001.00	23.45	5.08
GAIL (India) Ltd.	Gas Transmission/Marketing	336.35	10.98	1.70
HDFC Bank Ltd.	Bank - Private	681.05	23.61	4.43
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1609.90	15.18	6.42
Hindalco Industries Ltd.	Aluminium & Aluminium Products	98.05	10.11	0.57
Hindustan Unilever Ltd.	Household & Personal Products	572.40	32.33	43.22
Housing Development Finance Corporation Ltd.	Finance - Housing	854.95	20.89	4.18
ICICI Bank Ltd.	Bank - Private	1130.00	13.57	1.90
Infosys Ltd.	IT - Software	2307.80	14.05	3.49
ITC Ltd.	Cigarettes/Tobacco	330.75	36.79	10.61
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	318.55	10.23	1.40
Larsen & Toubro Ltd.	Engineering - Construction	1569.00	19.36	3.39
Mahindra & Mahindra Ltd.	Automobiles-Tractors	959.30	17.64	4.02
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1665.50	20.37	3.21
NTPC Ltd.	Power Generation/Distribution	159.25	12.12	1.64
Oil & Natural Gas Corp. Ltd.	Oil Exploration	324.10	11.96	2.14
Reliance Industries Ltd.	Refineries	801.20	12.39	1.43
State Bank Of India	Bank - Public	2216.55	7.79	1.24
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	96.60	5.36	0.64
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	984.25	36.19	7.13
Tata Consultancy Services Ltd.	IT - Software	1418.75	19.99	7.20
Tata Motors Ltd.	Automobiles-Trucks/Lcv	285.30	6.34	1.87
Tata Power Company Ltd.	Power Generation/Distribution	93.75	0.00	1.76
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	311.20	0.00	0.72
Wipro Ltd.	IT - Software	355.55	13.19	3.08

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 continue till required.
- Europe – Economic slowdown in most countries. ECB cuts interest rates from 0.75% to 0.5%.
- China – GDP growth figures show a slowing economy.
- Japan – An unlimited stimulus package has been announced.
- 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. Budget session of Parliament nearly washed out with no major business.
- RBI – Reduces repo rate by 0.25%.
- Politics – Possible early elections.
- Inflation – Headline inflation under 6%. Petrol prices cut by Rs.3/- per litre.

Our concerns on the macro front

World economies

- Mixed data from USA. QE3 to go on till required.
- 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		Australia ↑ Japan UK ↑ USA	France ↑ Germany ↑ India ↑	China Hong Kong	Brazil	
COMMODITIES		Natural Gas		Crude Oil	Aluminium Zinc	Copper Gold Lead Nickel ↓ Silver
CURRENCIES (against USD)				AUD BRL EUR GBP ↑ INR	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 ↑		Mid Cap ↑ Small Cap	
SECTORS	Healthcare ↑		Bankex FMCG	Auto Cap Goods ↑ Cons Durable Oil & Gas Realty ↑	IT Power ↑ Teck	Metal
COMMODITIES	Natural Gas			Crude Oil		Aluminium ↓ Copper Gold Lead Nickel Silver Zinc ↓
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	Axis Bank	Apollo Tyres	ACC	BHEL
	Britannia Ind ↑	BPCL	Bharti Airtel	Ambuja Cem	Future Retail
	Dabur India	Dr Reddys	Cairn India ↑	Bajaj Auto	Hindalco Ind
	Idea Cellular	HCL Tech ↑	Cipla	BOB	Jindal Steel
	ITC	Hind Unilever ↑	Exide Ind	DLF ↓	Tata Steel
	Lupin	ICICI Bank	HDFC	Hero Moto Co ↑	
	ONGC ↑	Maruti Suzuki	HDFC Bank	Infosys	
	Sun Pharma	MRF	JP Associates	LIC Housing ↓	
		Yes Bank	JSW Steel	Oriental Bank	
			L & T	Sesa Goa ↑	
			M & M	Sterlite Ind ↑	
			Nestle India ↑	Ultratech Cem	
			Reliance Ind ↑		
			SBIN		
			TCS		
			Tata Motors		
			Titan Ind		

↑ = 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 ↑	Adani Ports ↑	Amara Raja Batt	Bajaj Finance	KPIT Cummins	
	Emami ↑	Castrol India ↑	Apollo Hosp	Bajaj Finserv	OFSS	
	Finolex Ind	CMC	Arvind	Bata India ↑	Sintex Ind	
	Godrej Con	Colgate-Pal ↑	Balrampur Chini	Indian Hotels		
	IGL	GSK Cons ↑	Biocon	Jain Irrigation		
	Tata Coffee ↑	Mindtree	Cummins India	Jubilant Food		
		Pidilite Ind	Divis Lab			
		Supreme Ind	Glenmark Ph			
		Zee Ent ↑	GSPL			
			IFCI			
			L&T Finance			
			M & M Fin ↓			
			Marico			
			Rallis India ↑			
			Sobha Dev			
			Sun TV			
			Wockhardt			

↑ = 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.