ShroffConnect Weekly Report
30th November, 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

Opinion as on 30/11/2013

World Markets –

- Money flow: Into stocks of developed economies and treasuries.
- Opinion on money flow: Investors are cagey about investing in emerging markets on increasing talks of tapering within March 2014. Commodities are losing strength as well. The question which comes to mind is that if the economies are doing well, then why are commodity prices falling? The only logical answer is that this is a liquidity driven rally and actual economic growth is floundering.

Indian Market –

- Stock market: The Indian market rallied to 6176 Nifty.
- Sectors: There is no particular sector which is truly outperforming but selective companies are doing well because of inherent strength. These belong to Computer Software, Capital Goods, Metals, Consumer Goods, Pharma, Telecom and Auto.
- Positives: Almost nothing except FII buying.
- Negatives: High fiscal deficit, high inflation and interest rate, lack of governance.
- Opinion: The divergence between the economy and the stock prices continues and one can only hope is that the buoyant stock market is a precursor to good times economically as well. However, no one knows when tapering will happen and if it does, what its effect will be. Investors would do well to be cautious and not chase this market.

Current news and world financial market prices

Current scenario & news

World economy

- Europe is no longer the forbidden zone for U.S. money market funds, which have been adding to their holdings of securities from the region's banks after slashing their exposure during the height of the euro zone debt crisis two years ago.
- China will rely on market-based reforms to unleash fresh growth drivers to support the economy, not ultra-loose policies, central bank chief Zhou Xiaochuan said on Tuesday.
- Standard & Poor's agency cut the Netherlands' credit rating on Friday, reducing the euro zone club of full triple-A nations to just three, while rewarding Spain for efforts to reform its public finances.
- Gold rose on Friday as the dollar declined but made its biggest monthly drop in five months on signs that recovery in the US economy could lead to the curbing of easy central bank money.

Indian economy

- Retail inflation for industrial workers rose to 11.06 percent in October compared to 10.7 percent in the previous month mainly on account of rise in price of food items and higher electricity charges.
- An expansion in farm output and some infrastructure helped the economy recover slightly in the September quarter, but growth still hovered close to decade lows, tempering hopes of a sustained rebound ahead of elections due next year.
- The Indian economy grew a higher-than-expected 4.8 percent in the three months through September, helped by an uptick in agriculture and construction, government data showed on Friday.
- India could step up crude imports from Iran next month and start transferring billions of dollars it owes for oil as early as next week, following a deal between Tehran and six world powers to curb the Islamic Republic's nuclear programme.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 30th Nov 2013	% Change
STOCKS	Australia	ASX	5314.32	(0.30)
	Brazil	Bovespa	52482.49	(0.60)
	China	Shanghai	2220.50	1.10
	France	CAC	4295.21	0.39
	Germany	DAX	9405.30	2.02
	Hong Kong	Hang Seng	23881.29	0.78
	India	Sensex	20791.93	2.84
	Japan	Nikkei	15661.87	1.82
	UK	FTSE	6650.57	(0.36)
	USA	DJIA	16086.41	0.13
COMMODITIES	Copper	$/Pound	3.20	(0.31)
	Crude	$/Barrel	92.72	(2.24)
	Gold	$/Troy Ounce	1250.40	0.51
	Natural Gas	$/MMBtu	3.95	4.77
	Silver	$/Troy Ounce	20.03	0.86
	Aluminium	$/Tonne	1755.00	(1.52)
	Lead	$/Tonne	2074.50	(1.54)
	Nickel	$/Tonne	13515.00	(0.33)
	Zinc	$/Tonne	1879.00	(1.57)
CURRENCIES	USD/GBP		1.6359	0.85
	USD/EUR		1.3588	0.25
	USD/AUD		0.9107	(0.62)
	JPY/USD		102.39	1.13
	INR/USD		62.38	(0.72)
	HKD/USD		7.7522	(0.00)
	BRL/USD		2.3340	2.46
BONDS	2 Year	US Treasury	110.29	0.02
	10 Year		126.64	0.05
	30 Year		132.22	0.24

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 30th Nov 2013	% Change
STOCKS	Nifty	Large Cap	6176.10	3.01
	Sensex	Large Cap	20791.93	2.84
	BSE Midcap	Mid Cap	6325.03	2.77
	BSE Smallcap	Small Cap	6099.40	1.76
Some Major Shares	ACC	Rs/share	1096.60	4.37
	Bharti Airtel		327.00	(2.65)
	HDFC Ltd		823.80	3.84
	Infosys		3354.55	0.21
	L&T		1045.95	8.48
	Reliance Inds		853.20	1.12
	Tata Motors		398.70	6.56
	Tata Steel		400.60	2.08
COMMODITIES	Aluminium	INR/Kg	106.75	(2.24)
	Copper	INR/Kg	444.40	0.08
	Crude	INR/Barrel	5839.00	(2.55)
	Gold	INR/10gms	30236.00	1.30
	Lead	INR/Kg	128.00	(2.25)
	Natural Gas	INR/1mmBtu	246.70	4.58
	Nickel	INR/Kg	836.90	(0.92)
	Silver	INR/Kg	44274.00	(0.61)
	Zinc	INR/Kg	116.00	(1.65)
CURRENCIES	INR/EUR		84.80	(0.46)
	INR/GBP		102.06	0.15
	INR/100 JPY		60.90	(1.85)
	INR/USD		62.38	(0.72)

Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 30/11/2013

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.60	1.60
Inflation Rate	Monthly	1.00	1.20
Unemployment Rate	Monthly	7.30	7.20
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	2.76	2.76

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.50	1.30
Inflation Rate	Monthly	2.20	2.70
Unemployment Rate	Monthly	7.60	7.70
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↓2.77	2.79

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.40	-0.60
Inflation Rate	Monthly	↑0.90	0.70
Unemployment Rate	Monthly	↓12.10	12.20
Benchmark Interest Rate	Weekly	0.25	0.50
Govt. bond 10 year Rate	Weekly	↓1.20	1.22

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.80	4.40
Inflation Rate	Monthly	7.00	6.46
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	7.75	7.50
Govt. bond 10 year Rate	Weekly	↓9.06	9.10

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.80	7.50
Inflation Rate	Monthly	3.20	3.10
Unemployment Rate	Monthly	4.00	4.10
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓4.30	4.79

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	3.30	1.90
Inflation Rate	Monthly	5.84	5.86
Unemployment Rate	Monthly	5.20	5.40
Benchmark Interest Rate	Weekly	↑10.00	9.50
Govt. bond 10 year Rate	Weekly	↑12.94	12.49

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.70	1.10
Inflation Rate	Monthly	1.10	1.10
Unemployment Rate	Monthly	4.00	4.00
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↓0.61	0.64

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.20	1.20
Inflation Rate	Monthly	6.30	6.10
Unemployment Rate	Monthly	5.50	5.30
Benchmark Interest Rate	Weekly	5.50	5.50
Govt. bond 10 year Rate	Weekly	↑7.81	7.63

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 30/11/2013

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1974.75	18.09	6.09
Bharat Heavy Electricals Ltd.	Electric Equipment	156.05	7.15	1.22
Bharti Airtel Ltd.	Telecommunication - Service Provider	327.20	65.62	2.22
Cipla Ltd.	Pharmaceuticals & Drugs	391.10	21.55	3.23
Coal India Ltd.	Mining & Minerals	271.60	10.34	3.12
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	2484.85	21.29	5.41
GAIL (India) Ltd.	Gas Transmission/Marketing	338.25	11.83	1.65
HDFC Bank Ltd.	Bank - Private	661.20	20.89	3.91
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	2050.60	19.57	6.78
Hindalco Industries Ltd.	Aluminium & Aluminium Products	122.70	14.50	0.71
Hindustan Unilever Ltd.	Household & Personal Products	594.45	35.79	27.81
Housing Development Finance Corporation Ltd.	Finance - Housing	824.45	17.40	3.57
ICICI Bank Ltd.	Bank - Private	1067.90	13.43	1.69
Infosys Ltd.	IT - Software	3353.50	20.18	4.46
ITC Ltd.	Cigarettes/Tobacco	320.15	31.34	9.55
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	257.90	9.29	1.06
Larsen & Toubro Ltd.	Engineering - Construction	1043.35	20.89	3.14
Mahindra & Mahindra Ltd.	Automobiles-Tractors	945.60	15.94	3.57
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1677.40	16.65	2.55
NTPC Ltd.	Power Generation/Distribution	147.35	10.13	1.44
Oil & Natural Gas Corpn. Ltd.	Oil Exploration	298.50	13.42	1.92
Reliance Industries Ltd.	Refineries	853.10	12.57	1.46
State Bank Of India	Bank - Public	1821.50	7.87	0.91
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	90.20	5.23	0.58
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	572.15	59.88	7.30
Tata Consultancy Services Ltd.	IT - Software	2004.60	25.12	8.93
Tata Motors Ltd.	Automobiles-Trucks/Lcv	398.60	10.06	1.98
Tata Power Company Ltd.	Power Generation/Distribution	79.50	0.00	1.45
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	400.85	0.00	0.98
Wipro Ltd.	IT - Software	470.95	16.95	3.79

World macro scenario

- USA – US economic data is improving. QE3 tapering uncertain.
- Europe – Recession seems to be over based on German and French data. Easy money policy to continue.
- China – Govt. has unveiled an aggressive reforms document. Economy seems to have stabilized.
- Japan – Japanese easy money policy to continue with some higher tax rates.
- Emerging markets – EM are again facing reduced inflows / outflows on uncertain tapering talks.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels with subsidies becoming bigger. Current account deficit has moderated on lower imports.
- Government policies – GDP growth upto 4.8% but no clear growth-encouraging policies.
- RBI – RBI announces an increase in repo rate by 0.25% while easing short term interest rates by 0.25%.
- Politics – 5 states going into elections in Nov-Dec. Possibility of early general elections.
- Inflation – Headline inflation at 7%.

Our concerns on the macro front

World economies

- QE3 may be curtailed by the end of the financial year.
- Eurozone's low GDP growth. Unemployment in troubled economies.

Indian economy

- Low GDP growth.
- High interest rate.
- High fiscal deficit.
- Populist politics.
- Lack of investor confidence.
- Possibility of early elections.

Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS	France	Australia ↓	Brazil		
	Germany	China ↑			
	Hong Kong	India			
	Japan ↑	UK			
	USA				
COMMODITIES			Aluminium	Crude Oil	
			Copper	Gold	
			Lead	Nickel	
			Natural Gas	Silver	
			Zinc		
CURRENCIES (against USD)	GBP	EUR	JPY	AUD	
		HKD		BRL	
				INR	
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		Mid Cap Nifty Small Cap Sensex			
SECTORS	Auto IT Metal Teck	Bankex Cap Goods Healthcare Power ↑	FMCG Oil & Gas Realty		Cons Durable
COMMODITIES		Gold	Copper Lead Natural Gas Nickel Zinc	Aluminium ↓ Crude Oil 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	ABB ↑	Asian Paints ↓	Ambuja Cem	ACC	
	Britannia Ind	Bank Of Baroda	Axis Bank	Canara Bank	
	Crompton Gr ↑	Cairn India	Bajaj Auto	Exide Ind	
	Dr Reddys Lab	Havells India	BHEL	Hind Unilever	
	Eicher Motors	HCL Tech	Bharti Airtel ↓	ITC ↓	
	Hero Moto Co ↑	Hindalco Ind ↑	Cipla	Shriram Tr Fin	
	Infosys	Hindustan Zinc ↑	Dabur India	Titan Ind	
	JSW Steel	ICICI Bank	Godrej Ind		
	L & T ↑	Idea Cellular ↓	HCC ↓		
	Maruti Suzuki	Jindal Steel ↑	HDFC		
	MRF	JSW Energy	HDFC Bank		
	Tata Motors	Kotak Bank ↑	IndusInd Bank		
	Tata Steel	M & M ↑	Lupin		
	Tech Mahindra	Nestle India ↓	Petronet LNG		
	United Phos	Ranbaxy Lab	PNB		
		Siemens	Reliance Ind		
		TCS ↓	Sesa Goa		
		Wipro ↓	SBIN		
		Yes Bank ↑	Sun Pharma ↓		
			Tata Chemicals		
			Tata Global		
			Tata Power ↑		
			Ultratech Cem		
			United Spirits		

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

MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Arvind	Adani Ports	Adani Power ↑	Apollo Hospitals	
	Aurobindo Ph	Berger Paints ↑	Cummins India	Castrol India ↑	
	Bata India	Century Textiles	Dish T V India	Colgate-Palm	
	Biocon	Divis Lab	Emami	Unitech	
	Jubilant Food ↑	Godrej Con ↑	GSK Con		
	M & M Fin	HDIL	GVK Power		
		IFCI ↑	India Cements		
		Ind bulls R Est ↑	Indian Hotels		
		Jain Irrigation	IGL		
		Raymond	IRB Infra		
		Zee Ent	Jaiprakash Power		
			L&T Finance ↓		
			Mcleod Russel		
			Reliance Power		
			Sintex Ind		
			Sun TV Net		

↑ = 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.