

ShroffConnect Weekly Report

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Opinion as on 29/03/2014

World Markets –

- **Money flow:** Money is flowing into stocks.
 - **Opinion on money flow:** The stock market has discounted the tapering. They are expecting further stimulus from ECB and China. Russia fears relating to Crimea have also receded somewhat. We expect the markets to remain bullish.
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Indian Market –

- **Stock market:** The Nifty rallied to close at a shade below 6700 Nifty.
- **Sectors:** Capital Goods, selective Banking and Pharma, Auto Ancillaries are outperforming.
- **Positives:** FII buying.
- **Negatives:** High interest rates, lack of governance.
- **Opinion:** The markets are gung-ho about a new Modi led government. However, a large chunk of FII money flowing in could be because of flight of capital from other emerging markets creating a small bubble in ours. The markets have moved ahead of the economy on expectations. However, investors would do well to stick to good companies and buying on dips.



Current news and world
financial market prices

Current scenario & news

World economy

- The U.S. economy grew a bit faster than previously estimated in the fourth quarter and new claims for jobless aid dropped to a near four-month low last week, suggesting the economy has plenty of momentum to break out of its winter chill.
- China's huge manufacturing engine stuttered in the early part of 2014 while a return to growth in French business activity this month suggested a solid, broad-based recovery was taking shape in the euro zone.
- The euro zone is not making any preparations for a third bailout for Greece and will consider it only if expressly asked by Athens, which has not happened so far, a senior euro zone official said on Thursday.
- Japan will speed up deployment of government cash in coming months as a surprise drop in consumer spending in February triggered concern the nation's long-awaited inflation is now damaging purchasing power.

Indian economy

- Fall in high Current Account Deficit (CAD) limits India's vulnerability to global financial market volatility although elevated inflation still poses risks.
- The Reserve Bank of India (RBI) is expected to keep its key interest rate steady at 8 percent on April 1 as inflation has eased, according to all 53 economists polled by a news agency.
- Indirect tax collections grew by 5.6 percent to Rs 4,41,826 crore in the April-February period of this fiscal amid a slowing economy.
- The government said it will borrow Rs 3.68 lakh crore in the first half of next fiscal, accounting for 61.5 per cent of the total budget target for 2014-15, which will leave more scope for private sector to tap the market in the second half.
- The net international investment position (IIP) or the difference between the nation's external financial assets and liabilities, deteriorated on the back of rise in the value of foreign-owned assets in the country, according to the RBI data.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 29th Mar 2014	% Change
STOCKS	Australia	ASX	5376.76	0.43
	Brazil	Bovespa	49768.06	5.04
	China	Shanghai	2041.71	(0.29)
	France	CAC	4411.26	1.75
	Germany	DAX	9587.19	2.61
	Hong Kong	Hang Seng	22065.53	2.93
	India	Sensex	22339.97	2.69
	Japan	Nikkei	14696.03	3.32
	UK	FTSE	6615.58	0.89
	USA	DJIA	16323.06	0.12
COMMODITIES	Copper	\$/Pound	3.04	3.05
	Crude	\$/Barrel	101.67	2.22
	Gold	\$/Troy Ounce	1294.30	(3.12)
	Natural Gas	\$/MMBtu	4.49	4.18
	Silver	\$/Troy Ounce	19.79	(2.56)
	Aluminium	\$/Tonne	1758.00	1.68
	Lead	\$/Tonne	2065.00	(0.49)
	Nickel	\$/Tonne	15710.00	(2.23)
	Zinc	\$/Tonne	1976.00	1.23
CURRENCIES	USD/GBP		1.6637	0.93
	USD/EUR		1.3748	(0.33)
	USD/AUD		0.9246	1.87
	JPY/USD		102.80	0.52
	INR/USD		59.87	(1.68)
	HKD/USD		7.7571	(0.01)
	BRL/USD		2.2629	(2.59)
BONDS	2 Year	US Treasury	110.07	0.05
	10 Year		123.56	0.09
	30 Year		133.53	0.66

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 29th Mar 2014	% Change
STOCKS	Nifty	Large Cap	6695.90	3.12
	Sensex	Large Cap	22339.97	2.69
	BSE Midcap	Mid Cap	7010.29	3.55
	BSE Smallcap	Small Cap	6999.06	3.15
Some Major Shares	ACC	Rs/share	1362.40	7.26
	Bharti Airtel		317.40	8.53
	HDFC Ltd		875.80	3.86
	Infosys		3262.60	(1.30)
	L&T		1288.15	5.88
	Reliance Inds		916.15	3.43
	Tata Motors		397.30	2.09
	Tata Steel		381.50	5.14
COMMODITIES	Aluminium	INR/Kg	103.20	0.05
	Copper	INR/Kg	404.60	1.07
	Crude	INR/Barrel	6115.00	(0.10)
	Gold	INR/10gms	28380.00	(4.58)
	Lead	INR/Kg	122.85	(2.27)
	Natural Gas	INR/1mmBtu	270.50	2.81
	Nickel	INR/Kg	944.10	(3.49)
	Silver	INR/Kg	42759.00	(4.24)
	Zinc	INR/Kg	118.10	(0.34)
CURRENCIES	INR/EUR		82.36	(2.00)
	INR/GBP		99.60	(0.85)
	INR/100 JPY		58.22	(2.30)
	INR/USD		59.87	(1.68)

Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 29/03/2014

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.60	2.00
Inflation Rate	Monthly	1.10	1.60
Unemployment Rate	Monthly	6.70	6.60
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↓2.71	2.78

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	-0.30
Inflation Rate	Monthly	0.70	0.80
Unemployment Rate	Monthly	12.00	12.00
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↓1.02	1.13

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.70	7.80
Inflation Rate	Monthly	2.00	2.50
Unemployment Rate	Monthly	4.10	4.00
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↑4.58	4.50

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.60	2.30
Inflation Rate	Monthly	↑1.50	1.40
Unemployment Rate	Monthly	↓3.60	3.70
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↑0.61	0.58

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.70	1.80
Inflation Rate	Monthly	↓1.70	1.90
Unemployment Rate	Monthly	7.20	7.20
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↓2.73	2.77

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.70	4.80
Inflation Rate	Monthly	8.10	8.79
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	8.00	8.00
Govt. bond 10 year Rate	Weekly	↓8.81	8.82

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.90	2.20
Inflation Rate	Monthly	5.68	5.59
Unemployment Rate	Monthly	↑5.10	4.80
Benchmark Interest Rate	Weekly	10.75	10.50
Govt. bond 10 year Rate	Weekly	↓12.70	13.19

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.20	1.20
Inflation Rate	Monthly	6.20	6.10
Unemployment Rate	Monthly	5.60	5.60
Benchmark Interest Rate	Weekly	7.00	5.50
Govt. bond 10 year Rate	Weekly	↓9.17	9.29

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 29/03/2014

Company	Industry	Price	TTM P/E	P/BV
Axis Bank Ltd.	Bank - Private	1461.15	11.57	1.82
Bajaj Auto Ltd.	Automobile Two & Three Wheelers	2055.95	18.33	5.79
Bharat Heavy Electricals Ltd.	Electric Equipment	199.30	10.05	1.53
Bharti Airtel Ltd.	Telecommunication - Service Provider	317.50	54.71	2.14
Cipla Ltd.	Pharmaceuticals & Drugs	386.95	22.71	3.04
Coal India Ltd.	Mining & Minerals	285.90	11.22	3.06
Dr. Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	2617.00	19.87	5.29
GAIL (India) Ltd.	Gas Transmission/Marketing	380.90	12.01	1.75
HDFC Bank Ltd.	Bank - Private	744.95	22.22	4.17
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	2246.50	21.07	6.83
Hindalco Industries Ltd.	Aluminium & Aluminium Products	130.35	16.34	0.75
Hindustan Unilever Ltd.	Household & Personal Products	597.80	34.18	22.74
Housing Development Finance Corporation Ltd.	Finance - Housing	873.30	17.89	3.64
ICICI Bank Ltd.	Bank - Private	1258.75	15.36	1.96
Infosys Ltd.	IT - Software	3257.75	18.61	4.06
ITC Ltd.	Cigarettes/Tobacco	359.00	33.85	9.85
Larsen & Toubro Ltd.	Engineering - Construction	1288.30	25.17	3.73
Mahindra & Mahindra Ltd.	Automobiles-Tractors	967.25	15.88	3.45
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1932.00	18.11	2.84
NTPC Ltd.	Power Generation/Distribution	120.85	8.13	1.14
Oil & Natural Gas Corporation Ltd.	Oil Exploration	328.25	13.64	2.00
Reliance Industries Ltd.	Refineries	914.15	13.46	1.52
Sesa Sterlite Ltd.	Mining & Minerals	182.90	10.90	0.74
State Bank Of India	Bank - Public	1902.25	10.12	1.03
Sun Pharmaceutical Industries Ltd.	Pharmaceuticals & Drugs	563.50	44.40	6.48
Tata Consultancy Services Ltd.	IT - Software	2105.55	23.68	8.35
Tata Motors Ltd.	Automobiles-Trucks/Lcv	396.45	7.74	1.81
Tata Power Company Ltd.	Power Generation/Distribution	86.40	350.33	1.79
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	380.90	0.00	0.92
Wipro Ltd.	IT - Software	551.50	19.03	4.16

World macro scenario

- USA – US economic data is improving. QE3 tapering has begun in Jan 2014 and will be complete within this year. Low interest rates to continue for now.
- Europe – Easy money policy to continue.
- China – Economy seems to be wavering a bit.
- Japan – Japanese easy money policy to continue.
- Emerging markets – EM are again facing reduced inflows / outflows on tapering.

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 is 4.7% but no clear growth-encouraging policies.
- Politics – BJP is the clear favourite to win a large number of seats in the forthcoming general elections.
- Inflation – Headline inflation is under 6%.

Our concerns on the macro front

World economies

- QE3 tapering.
- Eurozone's low GDP growth.
- China's wavering economy.

Indian economy

- Low GDP growth.
- High interest rate.
- High fiscal deficit.
- Populist politics.

Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS		India ↑ USA	Australia France	Brazil ↑ China Germany Japan ↑ UK	Hong Kong	
COMMODITIES		Nickel	Crude Oil	Aluminium ↑ Gold ↓ Lead Natural Gas Silver Zinc	Copper ↑	
CURRENCIES (against USD)			EUR GBP INR	AUD BRL JPY	HKD	
BONDS (US Treasury)				2 Year 30 Year	10 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 ↑ Sensex ↑ Small Cap					
SECTORS	Auto Bankex Cap Goods	Healthcare Metal ↑ Oil & Gas Power	Cons Durable FMCG IT Realty Teck			
COMMODITIES	Nickel		Crude Oil Natural Gas Zinc	Gold ↓ Lead Silver ↓	Aluminium Copper	
CURRENCIES (against INR)			EUR GBP	JPY USD		

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	ABB ACC ↑ Bank Of Baroda ↑ Crompton Gr Dr Reddy Eicher Motors Havells India HDFC Bank ICICI Bank L & T Maruti Suzuki MRF Siemens Tata Motors Ultratech Cem ↑	Asian Paints ↑ Axis Bank BHEL Cairn India ↑ Dabur India Godrej Ind ↑ HCL Tech ↓ Hindalco Ind ↑ HCC HDFC IndusInd Bank Jindal Steel ↑ JSW Energy JSW Steel Kotak Bank ↑ Lupin M & M ↓ Petronet LNG PNB SBIN ↑ Sh ram Tran Fin ↑ Tata Chem Tech Mahindra Titan Ind Yes Bank ↑	Ambuja Cem Bajaj Auto Bharti Airtel ↑ Britannia Ind Canara Bank Exide Ind Hero Moto Co Hind Unilever ↑ Hindustan Zinc ↑ Idea Cellular ↑ Infosys ITC Ranbaxy Lab ↑ Reliance Ind Sun Pharma TCS Tata Global ↑ Tata Power Tata Steel United Phos ↓ United Spirits Wipro ↓	Cipla Nestle India Sesa Sterlite	

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

MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Adani Ports Amara Raja Batt Arvind Aurobindo Ph Bajaj Finance Bata India Ceat Ltd Century Tex Cummins DiviS Lab Finolex Cables Finolex Ind Indian Hotels J & K Bank Mercator Raymond ↑ Sintex Ind GESHIP ↑ Thermax Whirlpool	Colgate-Palm HDIL ↑ Sobha Dev STAR ↑	Apollo Hos Ballarpur Berger Paints ↑ Biocon ↓ Castrol ↑ Dish T V Emami Glaxo Pharma ↓ Glenmark Ph Godrej Cons ↑ IFCI IGL Jain Irrigation ↑ Koltepatil Dev L&T Finance Mcleod Russel Mindtree R Power ↑ SCI ↓ Sun TV United Breweries Zee Ent	GSK Con Ind Bulls Re Est ↑ Jubilant Food ↑ M & M Fin Marico	Unitech

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