

# *ShroffConnect Weekly Report*

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# Opinion as on 19/04/2014

## World Markets –

- **Money flow:** The money is flowing into stocks.
  - **Opinion on money flow:** As USA and UK amongst other developed countries enter into an accord with Russia to maintain peace in Ukraine, worries have receded and investors, once again, believe in an economic revival, and hence, are interested in the stock market.
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## Indian Market –

- **Stock market:** The stock market was volatile and closed flat for the week at 6779 Nifty.
- **Sectors:** Capital Goods, Metals, Oil & Gas, Banks and Auto are outperforming.
- **Positives:** FII buying.
- **Negatives:** High interest rates, low growth.
- **Opinion:** The elections are in full swing and investors are hoping for a stable government. The markets are exuberant and this may be pre-mature. However, no investor can ignore the fact that the trend is upward. Therefore, investing in dips is a good idea.



Current news and world  
financial market prices

# Current scenario & news

## World economy

- The dollar posted weekly gains against the euro and the yen as improvements in economic data strengthened the case for the Federal Reserve to remove stimulus this year.
- China's annual economic growth slowed between January and March 2014 to 7.4 percent from 7.7 percent in the previous three months, but beat market expectations for growth of 7.3 percent.
- The euro is still off the peaks of 2011, but because inflation is now heading close to zero, the ECB is sensitive to its current rate because anything that makes it stronger pushes deflation nearer.
- Japanese companies invested 2.33 trillion yen (\$22.8 billion) in Singapore, Thailand, Indonesia, Malaysia, the Philippines and Vietnam last year, compared with 887 billion yen in China, Japan's largest trading partner, the Japan External Trade Organization said.

## Indian economy

- India's annual consumer price inflation in March quickened to 8.31 percent, driven by higher food prices.
- Bank deposits grew at 14.98 percent year-on-year to Rs 79,31,104 crore as on April 4, better than credit growth, according to RBI data.
- Government bonds jumped on recovering from two sessions of falls, after the RBI fully sold the 200 billion rupees (\$3.31 billion) worth of debt on offer, accomplishing the country's biggest-ever auction.
- India's foreign exchange reserves rose for the seventh straight week since February 21 as overseas investors poured in dollars into the local markets as they expect a stable and pro-reform government post election.
- Capital market watchdog SEBI is probing at least three large global banks and many Indian companies for alleged round tripping of funds by way of multi-layered transactions.

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 19th Apr 2014	% Change
STOCKS	Brazil	Bovespa	52111.85	0.47
	China	Shanghai	2098.89	(1.49)
	France	CAC	4431.81	1.51
	Germany	DAX	9409.71	1.01
	India	Sensex	22628.84	(0.00)
	Japan	Nikkei	14417.53	3.28
	UK	FTSE	6625.25	0.97
	USA	DJIA	16408.54	2.38
COMMODITIES	Copper	\$/Pound	3.05	0.33
	Crude	\$/Barrel	104.30	0.54
	Gold	\$/Troy Ounce	1293.90	(1.90)
	Natural Gas	\$/MMBtu	4.74	2.60
	Silver	\$/Troy Ounce	19.60	(1.75)
	Aluminium	\$/Tonne	1866.00	(0.61)
	Lead	\$/Tonne	2142.00	2.05
	Nickel	\$/Tonne	17925.00	2.58
CURRENCIES	Zinc	\$/Tonne	2063.50	1.78
	USD/GBP		1.6788	0.35
	USD/EUR		1.3808	(0.55)
	USD/AUD		0.9328	(0.68)
	JPY/USD		102.42	0.82
	INR/USD		60.26	0.15
	HKD/USD		7.7538	0.01
	BRL/USD		2.2370	0.92
BONDS	2 Year	US Treasury	109.88	(0.09)
	10 Year		123.75	(0.84)
	30 Year		133.91	(0.65)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 19th Apr 2014	% Change
STOCKS	Nifty	Large Cap	6779.40	0.05
	Sensex	Large Cap	22628.84	(0.00)
	BSE Midcap	Mid Cap	7339.29	0.01
	BSE Smallcap	Small Cap	7524.01	0.01
Some Major Shares	ACC	Rs/share	1358.35	(2.38)
	Bharti Airtel		325.55	1.02
	HDFC Ltd		879.80	(4.23)
	Infosys		3192.05	(1.33)
	L&T		1268.95	(2.28)
	Reliance Inds		959.10	0.56
	Tata Motors		429.30	1.35
	Tata Steel		418.90	(0.23)
COMMODITIES	Aluminium	INR/Kg	111.00	(0.94)
	Copper	INR/Kg	407.40	0.10
	Crude	INR/Barrel	6287.00	(0.08)
	Gold	INR/10gms	28505.00	(0.87)
	Lead	INR/Kg	128.80	2.43
	Natural Gas	INR/1mmBtu	285.50	1.71
	Nickel	INR/Kg	1083.30	2.59
	Silver	INR/Kg	42377.00	(1.85)
	Zinc	INR/Kg	124.25	1.68
CURRENCIES	INR/EUR		82.28	(1.57)
	INR/GBP		101.16	0.48
	INR/100 JPY		58.83	(0.63)
	INR/USD		60.26	0.15



Detailed macro analysis

## MACRO ECONOMIC SNAPSHOT AS ON 19/04/2014

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.60	2.00
Inflation Rate	Monthly	↑1.50	1.10
Unemployment Rate	Monthly	6.70	6.70
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑2.71	2.62

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	-0.30
Inflation Rate	Monthly	0.50	0.70
Unemployment Rate	Monthly	11.90	11.90
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑1.01	0.98

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	↓7.40	7.70
Inflation Rate	Monthly	2.40	2.00
Unemployment Rate	Monthly	4.10	4.00
Benchmark Interest Rate	Weekly	6.00	6.00
Govt. bond 10 year Rate	Weekly	↓4.38	4.65

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	↓0.60	0.61

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.70	1.80
Inflation Rate	Monthly	↓1.60	1.70
Unemployment Rate	Monthly	↓6.90	7.20
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↑2.67	2.61

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.70	4.80
Inflation Rate	Monthly	↑8.31	8.03
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	8.00	8.00
Govt. bond 10 year Rate	Weekly	↓8.85	8.94

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.90	2.20
Inflation Rate	Monthly	6.15	5.68
Unemployment Rate	Monthly	↓5.00	5.10
Benchmark Interest Rate	Weekly	11.00	10.75
Govt. bond 10 year Rate	Weekly	↑12.64	12.54

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	↓0.80	2.00
Inflation Rate	Monthly	6.90	6.20
Unemployment Rate	Monthly	↓5.40	5.60
Benchmark Interest Rate	Weekly	7.00	5.50
Govt. bond 10 year Rate	Weekly	↑8.99	8.93



# 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, growth issues and the Russian annexation of Crimea.

# 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.
- RBI holds interest rates and bars FIIs from buying short term debt.
- Politics – BJP is the clear favourite to win a large number of seats in the forthcoming general elections.
- Inflation – Headline inflation is under 6%.
- IIP – IIP data is -1.9%.

# 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 ↑		France ↑	Brazil China Germany UK	Japan	
COMMODITIES	Nickel		Crude Oil	Aluminium Gold Lead Natural Gas ↑ Silver Zinc		Copper
CURRENCIES (against USD)	GBP INR		AUD BRL	EUR ↓ HKD JPY		
BONDS (US Treasury)				10 Year 30 Year ↓		2 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		FMCG	IT		
	Bankex		Healthcare	Teck		
	Cap Goods		Metal			
	Cons Durable		Realty			
	Oil & Gas					
	Power					
COMMODITIES	Nickel			Aluminium	Gold	Copper
				Crude Oil	Lead ↑	Silver ↓
				Natural Gas ↑		
				Zinc		
CURRENCIES (against INR)					EUR ↓ GBP ↓	JPY USD

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

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