

# *ShroffConnect* Weekly Report

15<sup>th</sup> January, 2011

**Shroff Securities Pvt. Ltd.**  
Portfolio Investment Management Services

(for private circulation only)

# Current scenario & news

## World markets

- The U.S. trade deficit widened in November as higher oil prices and a growing economy boosted imports faster than exports
- Coal at 28-month high on Australia flood
- China's economic growth to slow to 8.7% in 2011 from 10% last year, as the Govt. tries to limit increase in asset prices
- European union may offer \$78 billion to Portugal to contain debt crisis
- World Bank sees capital flow risk, 3.3% global growth in 2011

## Indian markets

- Record imports of gold by India show the central bank may be losing the battle to tame inflation
- Food inflation at 16.91% y/y on Jan1
- India's annual industrial output growth in November plunged to an 18-months low of 2.7%
- RBI to raise key rates by 25 bps by the end of this month to tackle rising inflationary pressure
- RBI purchased a net of \$870 mn from the currency market in November

# Macro scenario

## World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK

## Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- GDP growth at 8–9%

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 15th Jan 2011	% Change
STOCKS	Australia	ASX	4908.56	2.01
	Brazil	Bovespa	70940.22	1.26
	China	Shanghai	2790.68	(1.70)
	France	CAC	3983.28	3.04
	Germany	DAX	7075.70	1.84
	Hong Kong	Hang Seng	24283.23	2.52
	India	Sensex	18860.44	(4.22)
	Japan	Nikkei	10499.04	(0.40)
	UK	FTSE	6002.07	0.30
	USA	DJIA	11787.38	0.96
COMMODITIES	Copper	\$/Pound	4.43	3.50
	Crude	\$/Barrel	91.67	3.61
	Gold	\$/Troy Ounce	1361.40	(0.61)
	Natural Gas	\$/MMBtu	4.48	1.36
	Silver	\$/Troy Ounce	28.48	(0.80)
	Aluminium	\$/Tonne	2472.15	(1.83)
	Lead	\$/Tonne	2680.00	1.18
	Nickel	\$/Tonne	25875.00	6.92
CURRENCIES	Zinc	\$/Tonne	2457.00	0.51
	USD/GBP		1.5868	2.08
	USD/EUR		1.3387	3.74
	USD/AUD		0.9886	(0.71)
	JPY/USD		82.86	(0.24)
	INR/USD		45.33	(0.02)
	HKD/USD		7.7747	0.03
BONDS	BRL/USD		1.6800	(0.21)
	2 Year	US Treasury	109.49	0.05
	10 Year		120.86	0.16
	30 Year		120.91	(0.05)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 15th Jan 2011	% Change
STOCKS	Nifty	Large Cap	5654.55	(4.23)
	Sensex	Large Cap	18860.44	(4.22)
	BSE Midcap	Mid Cap	7223.78	(3.31)
	BSE Smallcap	Small Cap	8993.84	(3.94)
Some Major Shares	ACC	Rs/share	1003.90	0.16
	Bharti Airtel		343.75	1.55
	HDFC Ltd		641.75	(6.16)
	Infosys		3204.30	(4.94)
	L&T		1710.05	(7.38)
	Reliance Inds		1001.50	(6.00)
	Tata Motors		1182.40	(0.66)
	Tata Steel		622.45	(5.87)
COMMODITIES	Aluminium	INR/Kg	112.25	(1.28)
	Copper	INR/Kg	446.60	3.34
	Crude	INR/Barrel	4163.00	3.56
	Gold	INR/10gms	20261.00	(0.55)
	Lead	INR/Kg	122.80	1.61
	Natural Gas	INR/1mmBtu	203.80	1.09
	Nickel	INR/Kg	1186.10	7.50
	Silver	INR/Kg	43842.00	(0.92)
	Zinc	INR/Kg	111.85	1.08
CURRENCIES	INR/EUR		60.73	3.74
	INR/GBP		71.91	2.22
	INR/100 JPY		54.71	0.46
	INR/USD		45.33	(0.02)

WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS	Australia ↑ Germany Hong Kong ↑ Japan ↑ UK USA		Brazil ↑ France	China India ↓		
COMMODITIES	Aluminium Copper Crude Oil Gold Lead Nickel Silver Zinc		Natural Gas			
CURRENCIES (against USD)	AUD		BRL	EUR ↑ GBP INR JPY ↓	HKD	
BONDS (US Treasury)					2 Year 10 Year ↑	30 Year

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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES			Nifty ↓ Sensex ↓	Mid Cap ↓ Small Cap	
SECTORS	IT Teck	FMCG Healthcare ↓	Auto Cons Durable Metal Oil & Gas	Bankex ↓ Cap Goods Power	Realty
COMMODITIES	Aluminium Copper Crude Oil Gold Lead Nickel Silver Zinc ↑	Natural Gas			
CURRENCIES (against INR)			EUR ↑ GBP ↑ JPY USD		

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

## MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Grasim Ind Hind Unilever Hind Zinc Hindalco Infosys Tech Nestle India Petronet LNG TCS	Bharti Airtel Cipla ITC Ranbaxy Tata Motors Tata Steel ↓ Wipro	ACC ↓ Adani Ent ↑ Ambuja Cem Bajaj Auto BOB BEL Bhel Cairn GAIL ↓ HDFC ↓ Hero Honda ICICI Bank Idea Cellular Jindal Saw Jindal Steel LT M&M ↓ Maruti Suzuki NTPC O N G C Reliance Ind Sesa Goa Siemens Sterlite Ind Tata Chem Tata Power Ultratech United Spirits	Allahabad Bank ↓ Ashok Leyland Axis Bank B P C L Bank Of India ↓ Canara Bank ↓ HDFC Bank ↓ IOB ↓ JSW Steel M R P L PFC Power Grid Punj Loyd ↓ PNB RCOM SBIN Suzlon ↓ Syndicate Bank Union Bank	Andhra Bank ↓ H P C L ↓ JP Associates ↓ MRF ↓ Reliance Infra SAIL ↓

↑ = moved up from last week

↓ = moved dn from last week



## MAJOR MEDIUM & SMALL CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	HCL Tech Sun Pharma	Glenmark Ph IGL Shr Renuka	Aditya Bir Nuv Asian Paints ↓ Bharat Forge ↓ Biocon ↓ Chambal Fert Colgate-Palm Crompton Gr Cummins ↓ Dabur Dr Reddy ↓ Exide Inds ↓ Federal Bank GSPL IDBI Bank IFCI Indian Hotel Jain Irrigation Kotak Bank Lupin ↓ Mphasis Mundraport OFSS Patni Comp Piramal Health SRF Sun Tv ↓ Tech Mahindra Titan Ind ↓ Voltas	Apollo Tyres ↓ Divi's Lab Havells India ↓ I D F C Shriram Trans ↓ Tata Global United Phosp Yes Bank	DLF GMR Infra HDIL HCC LIC Housing RECL Reliance Cap ↓ Sterlite Tech

↑ = moved up from last week

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# Our opinion

- Money flow: Into stocks of developed markets.
  - Opinion on money flow: Developed economies are showing signs of strengthening recovery. Money is flowing out of emerging markets into them because they seem cheaper.
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- Indian stocks: The large caps based Sensex has weakened and is now in neutral zone, and mid caps and small caps are in weak territory.
  - Current trend in sectors: Sectors which relatively strong: Aluminium, Cigarettes, Gas, IT, and Pharma. A very large number of sectors are weak.
  - Positives: Growth and consumption story. Strong foreign markets.
  - Negatives: Rising raw material costs, high inflation and uncertain political conditions. An interest rate hike is possible. Mixed corporate results.
  - Opinion: The market seems to be in a correction mode in the longer term period. The saving grace is a strong foreign market. The correction may last for a few weeks to a couple of months with intermittent rallies. Long term investors may hold onto their investments and short term investors may book profits where possible. Fresh investments are not advised now till the uptrend does not resume.

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