

# *ShroffConnect* Weekly Report

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# Current scenario & news

## World markets

- The IMF on Friday approved a 26 billion euro loan for Portugal to help the country recover from a debilitating sovereign debt crisis
- U.S. factory output slipped for the first time in 10 months in April as a shortage of parts from Japan crimped activity and home building slumped, showing the economy got off to a weak start in the second quarter
- China's foreign direct investment inflows in the first four months rose 26 % from a year ago to \$38.8 billion, as global firms trooped into the country to tap its booming services sector and get a foothold in its cheaper western areas

## Indian markets

- RBI allows FIIs to hedge investments under ASBA route
- India's 10-year bonds completed a sixth weekly decline on speculation the central bank will raise benchmark interest rates further to curb inflation
- The government said it will end a tax break for exporters because the \$250 billion sector no longer needs it, drawing stinging criticism from manufacturers
- India's foreign exchange reserves fell to 307.493 billion as of May 13 from \$309.535 billion in the previous week

# Macro scenario

## World markets

- Strengthening recovery
- Inflation
- Political unrest in Middle East
- Effects of Japanese earthquake

## Indian markets

- High inflation
- Increasing interest rate
- GDP growth at 7-8%

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 21st May 2011	% Change
STOCKS	Australia	ASX	4807.74	0.43
	Brazil	Bovespa	62596.52	(1.01)
	China	Shanghai	2858.38	(0.47)
	France	CAC	3990.85	(0.70)
	Germany	DAX	7266.82	(1.84)
	Hong Kong	Hang Seng	23199.39	(0.33)
	India	Sensex	18326.09	(1.11)
	Japan	Nikkei	9607.08	(0.43)
	UK	FTSE	5948.49	0.38
	USA	DJIA	12512.04	(0.66)
COMMODITIES	Copper	\$/Pound	4.10	2.50
	Crude	\$/Barrel	99.91	0.57
	Gold	\$/Troy Ounce	1513.60	1.30
	Natural Gas	\$/MMBtu	4.26	0.00
	Silver	\$/Troy Ounce	35.07	(0.76)
	Aluminium	\$/Tonne	2500.00	(2.65)
	Lead	\$/Tonne	2510.00	9.56
	Nickel	\$/Tonne	23540.00	(3.52)
CURRENCIES	Zinc	\$/Tonne	2151.00	(0.14)
	GBP/USD		1.6228	0.19
	EUR/USD		1.4161	0.36
	AUD/USD		1.0658	0.79
	JPY/USD		81.69	1.10
	INR/USD		44.93	0.16
	HKD/USD		7.7746	0.03
BONDS	BRL/USD		1.6225	(0.86)
	2 Year	US Treasury	109.81	0.06
	10 Year		122.81	0.25
	30 Year		124.84	0.32

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 21st May 2011	% Change
STOCKS	Nifty	Large Cap	5486.35	(1.05)
	Sensex	Large Cap	18326.09	(1.11)
	BSE Midcap	Mid Cap	6756.41	(2.12)
	BSE Smallcap	Small Cap	8185.18	(2.19)
Some Major Shares	ACC	Rs/share	992.75	(0.46)
	Bharti Airtel		373.85	1.66
	HDFC Ltd		658.85	2.19
	Infosys		2849.85	(0.99)
	L&T		1652.25	8.10
	Reliance Inds		923.20	(2.62)
	Tata Motors		1168.65	(3.50)
	Tata Steel		579.55	(2.43)
COMMODITIES	Aluminium	INR/Kg	112.75	(2.93)
	Copper	INR/Kg	411.10	2.37
	Crude	INR/Barrel	4506.00	0.87
	Gold	INR/10gms	22167.00	0.94
	Lead	INR/Kg	113.05	8.81
	Natural Gas	INR/1mmBtu	191.20	(0.10)
	Nickel	INR/Kg	1065.10	(3.87)
	Silver	INR/Kg	53278.00	(0.82)
	Zinc	INR/Kg	97.10	(0.72)
CURRENCIES	INR/EUR		63.63	0.51
	INR/GBP		72.92	0.43
	INR/100 JPY		54.98	(0.97)
	INR/USD		44.93	0.16

## WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
<b>STOCKS</b>	Germany USA			Australia China France Hong Kong India Japan UK	Brazil ↓	
<b>COMMODITIES</b>	Gold			Aluminium ↓ Copper Crude Oil ↓ Lead Natural Gas Nickel Silver Zinc ↑		
<b>CURRENCIES</b> (against USD)			AUD ↓ BRL EUR GBP	HKD ↓ INR JPY ↓		
<b>BONDS</b> (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			FMCG	Auto ↓ Cons Durable ↓ Healthcare IT Metal Oil & Gas Teck	Bankex ↓ Cap Goods Power Realty	
COMMODITIES	Gold		Silver	Aluminium ↓ Crude Oil ↓ Lead Natural Gas Zinc ↑	Copper ↓ Nickel ↓	
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	Bharti Airtel ITC Nestle India	Hero Honda ↑ M R P L Petronet LNG Tata Chem	ACC Adani Ent Ambuja Cem B P C L Bajaj Auto BOB BEL Cairn Grasim Ind H P C L HDFC HDFC Bank Hind Unilever Hind Zinc ↑ ICICI Bank Idea Cellular IOB ↓ Jindal Steel M&M Maruti Suzuki MRF Power Grid PNB Ranbaxy ↑ Sesa Goa Siemens Sterlite Ind Suzlon	Allahabad Bank Andhra Bank ↓ Axis Bank Bank Of India Bhel Canara Bank ↓ Cipla GAIL ↓ Hindalco Infosys Tech ↓ Jindal Saw ↓ JP Associates ↓ JSW Steel O N G C ↓ Reliance Ind ↓ SAIL Syndicate Bank ↓ UCO Bank Union Bank United Spirits ↑ <div>Neutral</div> Tata Motors Tata Power Tata Steel TCS Ultratech Wipro	Ashok Leyland LT NTPC ↓ PFC Punj Loyd RCOM Reliance Infra SBI ↓

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

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

# Our opinion

- Money Flow: Out of stocks and commodities, into treasuries.
  - Opinion on Money Flow: The money seems to be flowing into treasuries, and out of stocks and commodities. Only Gold seems to be still outperforming.
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- Indian stocks: The market corrected from its higher levels.
  - Sectors: Generally consumer goods shares are outperforming.
  - Positives: Selectively good corporate results.
  - Negatives: High and increasing interest rates, high inflation.
  - Opinion: The market is corrective and sideways. Macro factors remain negative. There is a fear of slowdown due to increasing interest rates. Investors should wait for the pending petro price hike and monsoons before investing. Long term investors may book some profits on the rally.

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