

ShroffConnect Weekly Report

22nd January, 2011

Shroff Securities Pvt. Ltd.
Portfolio Investment Management Services

(for private circulation only)

Current scenario & news

World markets

- China 2010 GDP up 10.3%; Dec CPI up 4.6%
- U.S. growth view rises as recovery seen taking hold
- U.K. inflation leaps to 8-mth high, pressure on BOE
- Copper output in China gains to record as high prices encourage smelting
- The world's first gold-selling vending machine has been installed in Tokyo, Japan
- China drew a record \$105.7 bln in FDI in 2010

Indian markets

- Food inflation falls to 15.52%
- Indonesia to sign \$15 bln economic partnership deal with India
- Oil ministry seeks customs, excise duty cut to avoid fuel price hike that have become necessary because of spiralling global oil rates
- India plans to spend \$1.5 trillion in the next 10 yrs to revamp its creaky infrastructure

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 22nd Jan 2011	% Change
STOCKS	Australia	ASX	4860.85	(0.97)
	Brazil	Bovespa	69133.09	(2.55)
	China	Shanghai	2715.95	(2.68)
	France	CAC	4017.45	0.86
	Germany	DAX	7062.42	(0.19)
	Hong Kong	Hang Seng	23876.86	(1.67)
	India	Sensex	19007.53	0.78
	Japan	Nikkei	10274.52	(2.14)
	UK	FTSE	5896.25	(1.76)
	USA	DJIA	11871.84	0.72
COMMODITIES	Copper	\$/Pound	4.31	(2.71)
	Crude	\$/Barrel	89.10	(2.80)
	Gold	\$/Troy Ounce	1341.90	(1.43)
	Natural Gas	\$/MMBtu	4.72	5.36
	Silver	\$/Troy Ounce	27.50	(3.44)
	Aluminium	\$/Tonne	2418.80	(2.16)
	Lead	\$/Tonne	2425.00	(9.51)
	Nickel	\$/Tonne	26159.00	1.10
CURRENCIES	Zinc	\$/Tonne	2318.00	(5.66)
	USD/GBP		1.5996	0.81
	USD/EUR		1.3612	1.68
	USD/AUD		0.9897	0.11
	JPY/USD		82.56	(0.36)
	INR/USD		45.60	0.60
	HKD/USD		7.7875	0.16
BONDS	BRL/USD		1.6720	(0.48)
	2 Year	US Treasury	109.43	(0.05)
	10 Year		120.16	(0.58)
	30 Year		120.09	(0.68)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 22nd Jan 2011	% Change
STOCKS	Nifty	Large Cap	5696.50	0.74
	Sensex	Large Cap	19007.53	0.78
	BSE Midcap	Mid Cap	7191.87	(0.44)
	BSE Smallcap	Small Cap	8946.17	(0.53)
Some Major Shares	ACC	Rs/share	996.35	(0.75)
	Bharti Airtel		336.05	(2.24)
	HDFC Ltd		651.20	1.47
	Infosys		3243.85	1.23
	L&T		1649.45	(3.54)
	Reliance Inds		986.80	(1.47)
	Tata Motors		1187.40	0.42
	Tata Steel		629.55	1.14
COMMODITIES	Aluminium	INR/Kg	109.75	(2.23)
	Copper	INR/Kg	437.85	(1.96)
	Crude	INR/Barrel	4099.00	(1.54)
	Gold	INR/10gms	20069.00	(0.95)
	Lead	INR/Kg	113.25	(7.78)
	Natural Gas	INR/1mmBtu	217.10	6.53
	Nickel	INR/Kg	1196.60	0.89
	Silver	INR/Kg	42708.00	(2.59)
	Zinc	INR/Kg	106.10	(5.14)
CURRENCIES	INR/EUR		62.18	2.39
	INR/GBP		72.95	1.45
	INR/100 JPY		55.23	0.95
	INR/USD		45.60	0.60

WORLD MARKETS - TECHNICAL SNAPSHOT

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

Gold ↓
Natural Gas

↑ = moved up from last week

↓ = moved dn from last week

CURRENCIES (against INR)

EUR
GBP
JPY
USD

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Grasim Ind Hind Zinc Hindalco Infosys Tech Petronet LNG TCS	Cipla Hind Unilever ↓ ITC M&M ↑ Nestle India ↓ Tata Motors Tata Steel Wipro	ACC Adani Ent Ambuja Cem Bajaj Auto Bank Of India ↑ BEL Bharti Airtel ↓ Cairn GAIL HDFC Hero Honda ICICI Bank Idea Cellular Jindal Saw Jindal Steel M R P L ↑ Maruti Suzuki NTPC Ranbaxy ↓ Reliance Ind Sesa Goa Siemens Sterlite Ind Suzlon ↑ Tata Chem Tata Power Ultratech	Allahabad Bank Ashok Leyland Axis Bank Bank of Baroda ↓ Bhel ↓ Canara Bank HDFC Bank IOB JSW Steel LT ↓ O N G C ↓ PFC Power Grid Punj Loyd PNB RCOM SBIN Syndicate Bank Union Bank United Spirits ↓	Andhra Bank B P C L ↓ 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	IGL Mphasis ↑ Titan Ind ↑	Aditya Bir Nuv Asian Paints Bharat Forge Biocon Chambal Fert Colgate-Palm Crompton Gr Cummins India Dabur Dr Reddy's Lab Exide Inds Federal Bank Glenmark Ph ↓ GSPL Indian Hotel Jain Irrigation Lupin Mundraport OFSS Patni Comp Piramal Health Shr Renuka ↓ SRF Sun Tv Tech Mahindra	Divi's Lab Havells India I D F C IDBI Bank ↓ IFCI ↓ Kotak Bank ↓ LIC Housing ↑ Shriram Trans Tata Global Voltas ↓ Yes Bank	Apollo Tyres ↓ DLF GMR Infra HDIL HCC RECL Reliance Cap Sterlite Tech United Phosp ↓

↑ = moved up from last week

↓ = moved dn from last week

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, Auto, Cigarettes, Gas, IT, Pharma and Watches/Jewellery. A large number of sectors continue to remain 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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