

# *ShroffConnect* Weekly Report

6<sup>th</sup> Aug, 2011

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# Current scenario & news

## World economy

- More than \$2.5 trillion have been wiped off the value of world stocks this week on mounting concerns the global economy is heading towards another recession and Italy and Spain are being engulfed by the euro zone sovereign debt crisis
- China's factories struggled with their weakest activity in 28 months in July, as manufacturers grappled with credit shortages and softening global demand
- Oil falls to lowest level in 6 months over sliding energy demand and sluggish US economy
- European Central Bank to pause rate hike cycle, under pressure on bond buys
- Steep rate rise cycles in Brazil, India and China are nearing peaks
- U.S. loses prized AAA credit rating from S&P

## Indian economy

- India's services sector expanded at its fastest clip in three months in July, driven by solid expansion of new business, but input prices also rose faster, a survey showed on Wednesday
- India is set to fund bailouts in financially-stricken Europe, marking a dramatic role reversal from 20 years ago when it went knocking on the doors of the International Monetary Fund (IMF) to avert a balance of payments crisis
- Goods exports from the country continued to move on the high growth track rising 46.4% in June to \$ 29.21 billion
- India's foreign exchange reserves rose to \$319.090 billion as on July 29, from \$316.801 billion in the previous week
- India's revenue from import of gold almost doubled in 2010-11 as compared to the previous year

# Macro scenario

## World economy

- Slowing recovery in Europe
- Inflation in China
- QE3 expected in USA
- U.S. loses AAA credit rating

## Indian economy

- High inflation
- High interest rate
- GDP growth at 7-8%
- Environment ministry puts pressure on mining companies
- Monsoon below normal
- Global fears, easing prices to impact RBI stance
- FDI in retail allowed with condition
- Land acquisition issues persist

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 6th Aug 2011	% Change
STOCKS	Australia	ASX	4169.68	(7.35)
	Brazil	Bovespa	52949.22	(9.99)
	China	Shanghai	2626.42	(2.79)
	France	CAC	3278.56	(10.70)
	Germany	DAX	6236.16	(12.89)
	Hong Kong	Hang Seng	20946.14	(6.66)
	India	Sensex	17305.87	(4.90)
	Japan	Nikkei	9299.88	(5.42)
	UK	FTSE	5246.99	(9.77)
	USA	DJIA	11444.61	(5.75)
COMMODITIES	Copper	\$/Pound	4.12	(8.04)
	Crude	\$/Barrel	87.26	(8.97)
	Gold	\$/Troy Ounce	1665.80	2.26
	Natural Gas	\$/MMBtu	3.95	(4.82)
	Silver	\$/Troy Ounce	38.33	(3.91)
	Aluminium	\$/Tonne	2402.00	(8.46)
	Lead	\$/Tonne	2361.00	(9.64)
	Nickel	\$/Tonne	22505.00	(9.96)
CURRENCIES	Zinc	\$/Tonne	2200.00	(11.65)
	GBP/USD		1.6391	0.20
	EUR/USD		1.4278	(0.34)
	AUD/USD		1.0450	(4.98)
	JPY/USD		78.39	0.81
	INR/USD		44.66	1.34
	HKD/USD		7.8074	0.19
BONDS	BRL/USD		1.5865	1.21
	2 Year	US Treasury	110.10	0.13
	10 Year		127.05	1.08
	30 Year		132.19	3.17

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 6th Aug 2011	% Change
STOCKS	Nifty	Large Cap	5211.25	(4.94)
	Sensex	Large Cap	17305.87	(4.90)
	BSE Midcap	Mid Cap	6588.85	(4.72)
	BSE Smallcap	Small Cap	7815.05	(5.91)
Some Major Shares	ACC	Rs/share	964.15	(4.69)
	Bharti Airtel		415.80	(4.91)
	HDFC Ltd		664.80	(3.51)
	Infosys		2591.20	(6.65)
	L&T		1638.65	(5.04)
	Reliance Inds		792.00	(4.34)
	Tata Motors		889.60	(6.17)
	Tata Steel		532.95	(5.51)
COMMODITIES	Aluminium	INR/Kg	105.70	(8.52)
	Copper	INR/Kg	399.35	(8.58)
	Crude	INR/Barrel	3843.00	(9.30)
	Gold	INR/10gms	24651.00	6.41
	Lead	INR/Kg	103.45	(11.01)
	Natural Gas	INR/1mmBtu	176.10	(4.86)
	Nickel	INR/Kg	990.10	(9.89)
	Silver	INR/Kg	58379.00	(0.88)
	Zinc	INR/Kg	95.55	(13.10)
CURRENCIES	INR/EUR		63.82	1.00
	INR/GBP		73.19	1.51
	INR/100 JPY		56.92	0.42
	INR/USD		44.66	1.34

## WORLD MARKETS - TECHNICAL SNAPSHOT

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

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

## INDIAN MARKETS - TECHNICAL SNAPSHOT



### INDICES

Nifty

Mid Cap ↓

Sensex ↓

Small Cap ↓

### SECTORS

FMCG

Bankex

Auto ↓

Metal ↓

Cons Durable ↓

Cap Goods ↓

Oil & Gas

Healthcare ↓

IT

Power ↓

Teck

Realty ↓

### COMMODITIES

Gold

Silver

Copper

Aluminium ↓

Lead

Crude Oil

Natural Gas

Nickel

Zinc

### CURRENCIES

(against INR)

JPY ↑

EUR

USD

GBP

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

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

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# Our opinion

- Money Flow: Out of stocks, into gold and US treasuries.
  - Opinion on Money Flow: Investors are looking for safety and hence there is a rush towards gold and US treasuries. The impact of the U.S. re-rating shall affect the market in coming few weeks.
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- Indian Markets: In correction mode in the medium term.
  - Sectors: FMCG, Gas and Telecom are steady whereas others are weaker.
  - Positives: Oil price is down by approximately 10% in the international market.
  - Negatives: Weak foreign markets, possibility of further interest rate hike and nil governmental support.
  - Opinion: The market followed weak global trends and went into correction mode again. The medium term trend seems weak with possibility of interim rallies. Investors would do well to book some profits on rallies. Fresh investments are best avoided now till the trend seems clearer.

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