

# *ShroffConnect Weekly Report*

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**Shroff Securities Pvt. Ltd.**

Portfolio Investment Management Services

**Email - [shroffsec@gmail.com](mailto:shroffsec@gmail.com)**

**Phone - 033 32933592 / 32933658**

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# Current scenario & news

## World economy

- Asian stocks declined for a third week after Standard & Poor's Rating Service cut the U.S. credit rating and as concern grew Europe debt crisis will spread, sparking speculation the global economic recovery will weaken
- China's exports hit a record high in July as shipments to Europe and the United States proved surprisingly buoyant, allaying concerns that debt problems abroad may hold back the world's No. 2 economy
- France and Britain are most vulnerable within Europe to a rating review following the U.S. downgrade, with anaemic growth and hefty borrowing placing them among the shakiest of the world's triple-A rated lenders
- Treasury yields on debt maturing in 10 years and less fell to all-time lows as the Federal Reserve economic growth was "considerably slower" than forecast

## Indian economy

- India's food inflation accelerated to 9.9 % in end-July, the highest since mid-March, suggesting the RBI would continue monetary tightening despite uncertainty over the global slowdown
- Production of iron ore, a vital steel-making raw material, in the country fell by 4.81 per cent in 2010-11 to 208.11 million tonnes (MT)
- India's foreign exchange reserves fell to \$317.226 billion as on August 5, from \$319.090 billion in the previous week
- India's exports surged nearly 82 % in July as demand soared for engineering goods, petroleum products and readymade garments
- Finance ministry to clear norms for new bank licences soon
- Indirect tax mopup rises 16.4% to Rs 31.5k cr in July

# Macro scenario

## World economy

- Sovereign debt issues in Europe
- Inflation in China
- Slowing recovery in developed markets

## Indian economy

- High inflation
- High interest rate
- GDP growth at 7-8%
- Over active environment ministry
- Monsoon below normal

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 13th Aug 2011	% Change
STOCKS	Australia	ASX	4237.88	1.64
	Brazil	Bovespa	53473.35	0.99
	China	Shanghai	2593.17	(1.27)
	France	CAC	3213.88	(1.97)
	Germany	DAX	5997.74	(3.82)
	Hong Kong	Hang Seng	19620.01	(6.33)
	India	Sensex	16839.63	(2.69)
	Japan	Nikkei	8963.72	(3.61)
	UK	FTSE	5320.03	1.39
	USA	DJIA	11269.02	(1.53)
COMMODITIES	Copper	\$/Pound	4.01	(2.67)
	Crude	\$/Barrel	85.30	(2.25)
	Gold	\$/Troy Ounce	1749.10	5.00
	Natural Gas	\$/MMBtu	4.07	3.04
	Silver	\$/Troy Ounce	39.07	1.93
	Aluminium	\$/Tonne	2400.00	(0.08)
	Lead	\$/Tonne	2380.00	0.80
	Nickel	\$/Tonne	21400.00	(4.91)
CURRENCIES	Zinc	\$/Tonne	2177.00	(1.05)
	GBP/USD		1.6274	(0.71)
	EUR/USD		1.4245	(0.23)
	AUD/USD		1.0346	(1.00)
	JPY/USD		76.67	(2.19)
	INR/USD		45.30	1.43
	HKD/USD		7.7924	(0.19)
BONDS	BRL/USD		1.6105	1.51
	2 Year	US Treasury	110.31	0.19
	10 Year		129.88	2.23
	30 Year		136.94	3.59

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 13th Aug 2011	% Change
STOCKS	Nifty	Large Cap	5072.95	(2.65)
	Sensex	Large Cap	16839.63	(2.69)
	BSE Midcap	Mid Cap	6513.68	(1.14)
	BSE Smallcap	Small Cap	7620.91	(2.48)
Some Major Shares	ACC	Rs/share	999.60	3.68
	Bharti Airtel		389.10	(6.42)
	HDFC Ltd		668.75	0.59
	Infosys		2375.20	(8.34)
	L&T		1646.85	0.50
	Reliance Inds		760.90	(3.93)
	Tata Motors		800.00	(10.07)
	Tata Steel		474.95	(10.88)
COMMODITIES	Aluminium	INR/Kg	108.40	2.55
	Copper	INR/Kg	402.40	0.76
	Crude	INR/Barrel	3893.00	1.30
	Gold	INR/10gms	25700.00	4.26
	Lead	INR/Kg	107.95	4.35
	Natural Gas	INR/1mmBtu	184.70	4.88
	Nickel	INR/Kg	979.10	(1.11)
	Silver	INR/Kg	58686.00	0.53
	Zinc	INR/Kg	98.45	3.04
CURRENCIES	INR/EUR		64.58	1.19
	INR/GBP		73.73	0.74
	INR/100 JPY		59.07	3.78
	INR/USD		45.30	1.43

## WORLD MARKETS - TECHNICAL SNAPSHOT

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

Mid Cap  
Nifty ↓  
Sensex  
Small Cap

### SECTORS

FMCG

Cons Durable  
Healthcare

Auto  
Bankex ↓  
Cap Goods  
Realty  
Teck ↓

IT ↓  
Metal  
Oil & Gas  
Power

### COMMODITIES

Gold

Copper  
Lead  
Natural Gas  
Silver ↓  
Zinc

Aluminium  
Crude Oil  
Nickel ↓

### CURRENCIES (against INR)

JPY

EUR  
GBP  
USD ↑

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

## MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

[illegible]

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

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

# Our opinion

- Money Flow: Out of stocks; into Gold, Treasuries, Swiss Franc and Japanese Yen.
  - Opinion on money flow: Flow of money is towards safe assets and currencies.
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- Indian markets: The market remained on the weaker side in a medium term correction.
  - Sectors: Auto ancillaries, Two wheelers, Cigarettes, FMCG, Gas and Telecom are outperforming.
  - Positives: Declining crude prices.
  - Negatives: High inflation, high interest rate and hawkish RBI stance, World and Indian macro factors.
  - Opinion: The markets may continue to remain weak till the foreign markets and domestic interest rates do not stabilize. Investors should wait and watch.

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