

ShroffConnect Weekly Report

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Current scenario & news

World economy

- The central bank seeks to keep eurozone inflation below but close to 2.0 % but it stood at 2.5 % in July.
- Confidence of U.S. consumers dropped in August to lowest level since 2008.
- The number of people unable to get work in France rose in July for the third month running to hit the highest level in more than 11 years.
- China's five biggest banks posted first-half profits that surpassed the total of their 14 largest U.S. and European rivals, highlighting the Asian nation's financial power as other economies falter.
- Japan consumer prices rise 0.1% even amid signs nation still in deflation.

Indian economy

- The Reserve Bank of India is likely to continue with its tight monetary policy stance to fight inflation and effect another hike in key interest rates in September.
- The country's current account deficit fell to 2.6 % of the Gross Domestic Product in 2010-11, from 2.8 % in the previous fiscal.
- India's household savings, which have fuelled growth over the last few years, have dropped to below 10% of gross domestic product, or national income, for the first time in 13 years.
- The country's foreign exchange reserves surged USD 1.615 billion to USD 318.22 billion on the back of a sharp rise in foreign currency assets (FCAs) for the week ended August 19.

Macro scenario

World economy

- Inflation in China
- Slowing recovery in developed markets

Indian economy

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

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 27th Aug 2011	% Change
STOCKS	Australia	ASX	4271.05	2.38
	Brazil	Bovespa	53350.79	1.72
	China	Shanghai	2612.19	3.07
	France	CAC	3087.64	2.34
	Germany	DAX	5537.48	1.05
	Hong Kong	Hang Seng	19582.88	0.94
	India	Sensex	15848.83	(1.81)
	Japan	Nikkei	8797.78	0.90
	UK	FTSE	5129.92	1.77
	USA	DJIA	11284.54	4.32
COMMODITIES	Copper	\$/Pound	4.10	3.02
	Crude	\$/Barrel	85.55	3.45
	Gold	\$/Troy Ounce	1831.70	(1.27)
	Natural Gas	\$/MMBtu	3.94	0.25
	Silver	\$/Troy Ounce	41.72	(2.82)
	Aluminium	\$/Tonne	2378.00	0.98
	Lead	\$/Tonne	2485.00	7.95
	Nickel	\$/Tonne	21450.00	1.16
CURRENCIES	Zinc	\$/Tonne	2247.00	2.46
	GBP/USD		1.6367	(0.58)
	EUR/USD		1.4498	0.73
	AUD/USD		1.0574	1.61
	JPY/USD		76.65	0.20
	INR/USD		46.15	1.10
	HKD/USD		7.7971	0.02
BONDS	BRL/USD		1.6040	0.28
	2 Year	US Treasury	110.28	0.01
	10 Year		130.28	(0.40)
	30 Year		138.16	(1.47)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 27th Aug 2011	% Change
STOCKS	Nifty	Large Cap	4747.80	(2.02)
	Sensex	Large Cap	15848.83	(1.81)
	BSE Midcap	Mid Cap	6034.86	(1.51)
	BSE Smallcap	Small Cap	6911.36	(1.33)
Some Major Shares	ACC	Rs/share	992.55	(0.64)
	Bharti Airtel		398.65	3.91
	HDFC Ltd		621.80	(2.72)
	Infosys		2202.55	(1.00)
	L&T		1531.35	(0.92)
	Reliance Inds		719.40	(1.80)
	Tata Motors		698.50	(1.94)
	Tata Steel		422.30	(8.08)
COMMODITIES	Aluminium	INR/Kg	108.10	1.36
	Copper	INR/Kg	416.45	3.36
	Crude	INR/Barrel	3944.00	3.71
	Gold	INR/10gms	27638.00	(1.13)
	Lead	INR/Kg	115.50	8.45
	Natural Gas	INR/1mmBtu	182.10	0.72
	Nickel	INR/Kg	1008.00	3.86
	Silver	INR/Kg	63514.00	(4.15)
	Zinc	INR/Kg	103.50	3.92
CURRENCIES	INR/EUR		65.95	0.29
	INR/GBP		75.53	0.55
	INR/100 JPY		60.20	0.87
	INR/USD		46.15	1.10

WORLD MARKETS - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS				China USA	Australia Brazil France Germany ↓ Hong Kong India Japan ↓ UK
COMMODITIES	Gold	Silver	Copper Lead Natural Gas 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

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
INDICES					Mid Cap Small Cap	Nifty ↓ Sensex
SECTORS				Cons Durable FMCG ↓	Cap Goods Healthcare Realty	Auto ↓ Bankex ↓ IT Metal Oil & Gas Power Teck
COMMODITIES	Gold		Silver	Copper Lead Natural Gas 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

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Hero Honda ↑ Idea Cellular ITC Nestle India Petronet LNG	Bajaj Auto ↑ Bharti Airtel	ACC Adani Ent Ambuja Cem Ashok Leyland B P C L ↓ BEL H P C L HDFC HDFC Bank Hind Unilever Hind Zinc LT M R P L M&M MRF O N G C Power Grid Ranbaxy Siemens Tata Chemicals Ultratech	Allahabad Bank Andhra Bank Cipla GAIL ↓ Grasim Ind NTPC ↓ Punj Loyd PNB Reliance Infra ↑ Suzlon Syndicate Bank TCS <div style="background-color: red; color: black; text-align: center; padding: 5px;">Very Bearish</div> UCO Bank Union Bank United Spirits ↓ Wipro	Axis Bank ↓ Bank of Baroda ↓ Bank Of India Bhel Cairn Canara Bank Hindalco ICICI Bank IOB Infosys Tech Jindal Saw Jindal Steel JP Associates JSW Steel Maruti Suzuki ↓ PFC RCOM Reliance Ind SAIL Sesa Goa SBIN Sterlite Ind Tata Motors Tata Power ↓ Tata Steel

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

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

Our opinion

- Money flow: Into gold, silver and treasuries.
 - Opinion on money flow: The flow is due to desire to invest in “safe” assets.
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- Indian market: The medium term correction continues this week as well, as many shares are at their 52 week lows.
 - Sectors: Two wheelers, Cigarettes, FMCG, Food, Gas, Paints & Telecom are outperforming.
 - Positives: Crude prices and commodity prices have come down easing pressure on corporate margins.
 - Negatives: High inflation, and RBI’s hawkish stance on interest rates.
 - Opinion: The correction is at the theoretical bottom but the momentum on the weaker side is strong. There is a possibility of a short technical rally in the next week. Investors should avoid investing till a trend is clear and there is consolidation in the market.

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