

# *ShroffConnect* Weekly Report

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**Aditya Shroff**

Stock Broking Services

**Shroff Securities Pvt. Ltd.**

Portfolio Management Services

Kolkata: 033 40662165/22627829

Bangalore: 080 25588305/25588306

Email: [contact@shroffsecurities.com](mailto:contact@shroffsecurities.com)

Web: [www.shroffsecurities.com](http://www.shroffsecurities.com)

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# Current news

## World economy

- New tax reforms in the US could be announced as early as next week, a top White House official has said while claiming that Donald Trump is one of the strongest presidents the country has had on economic issues.
- Japan's core consumer prices rose 0.5 percent in July from a year earlier to mark a seventh straight gaining month, a sign the economy is making slow but steady progress toward meeting the central bank's 2 percent inflation target.
- Britain's economy suffered weakness on all fronts in the three months to June, with shoppers pinched by the pound's tumble, exports failing to fill the gap, and business investment frozen by Brexit uncertainty.
- The European Central Bank's ultra-easy monetary policy is working and the euro zone's economic recovery has taken hold even if more time is needed to lift inflation to the bank's 2 percent target, ECB President Mario Draghi said.
- Rising corporate profits are providing Chinese policymakers with room to do more to tackle the country's growing debt problems without inflicting major damage on the economy.

## Indian economy

- Of the total investments in foreign ventures by Indian companies overseas, USD 900.66 million was in the form of issuance of guarantee, USD 513.81 million as loan and USD 353.55 million was part of equity investment.
- The foreign direct investments (FDI) into India have nearly doubled over the past decade to USD 42 billion, which was 1.9 per cent of GDP in 2016-17.
- India currently caps total foreign investments into corporate bonds at 2.44 trillion Indian rupees (\$38.1 billion). When overseas buying crossed 92 percent of that quota in July, the government suspended the issuance of offshore rupee-denominated bonds until foreign holding falls back below that level.
- India Inc profits dipped by 15.7 per cent to Rs 87,475 crore in the first quarter of the current fiscal, largely owing to destocking of goods by companies before execution of GST regime from July 1
- India is not keeping pace with its peers like China in adopting innovative farm technologies, especially biotechnology, a US embassy official said, cautioning that the country's agri import may rise if crop yields are not raised.

## MACRO ECONOMIC SNAPSHOT AS ON 26/08/2017

| USA                     | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 2.10    | 2.00     |
| Inflation Rate          | Monthly   | 1.70    | 1.60     |
| Unemployment Rate       | Monthly   | 4.30    | 4.40     |
| Benchmark Interest Rate | Weekly    | 1.25    | 1.25     |
| Govt. bond 10 year Rate | Weekly    | ↓2.17   | 2.20     |

| Euro Area               | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 2.20    | 1.90     |
| Inflation Rate          | Monthly   | 1.30    | 1.30     |
| Unemployment Rate       | Monthly   | 9.10    | 9.20     |
| Benchmark Interest Rate | Weekly    | 0.00    | 0.00     |
| Govt. bond 10 year Rate | Weekly    | ↓-0.46  | -0.45    |

| China                   | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 6.90    | 6.90     |
| Inflation Rate          | Monthly   | 1.40    | 1.50     |
| Unemployment Rate       | Monthly   | 3.95    | 3.97     |
| Benchmark Interest Rate | Weekly    | 4.35    | 4.35     |
| Govt. bond 10 year Rate | Weekly    | ↑3.70   | 3.65     |

| Japan                   | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 2.00    | 1.50     |
| Inflation Rate          | Monthly   | 0.40    | 0.40     |
| Unemployment Rate       | Monthly   | 2.80    | 3.10     |
| Benchmark Interest Rate | Weekly    | -0.10   | -0.10    |
| Govt. bond 10 year Rate | Weekly    | ↓0.01   | 0.04     |

| UK                      | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 1.70    | 2.00     |
| Inflation Rate          | Monthly   | 2.60    | 2.60     |
| Unemployment Rate       | Monthly   | 4.40    | 4.50     |
| Benchmark Interest Rate | Weekly    | 0.25    | 0.25     |
| Govt. bond 10 year Rate | Weekly    | ↓1.05   | 1.09     |

| India                   | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 6.10    | 7.00     |
| Inflation Rate          | Monthly   | 2.36    | 1.54     |
| Unemployment Rate       | Monthly   | no data |          |
| Benchmark Interest Rate | Weekly    | 6.00    | 6.25     |
| Govt. bond 10 year Rate | Weekly    | 6.35    | 6.35     |

| Brazil                  | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | -0.40   | -2.50    |
| Inflation Rate          | Monthly   | 2.71    | 3.00     |
| Unemployment Rate       | Monthly   | 13.00   | 13.30    |
| Benchmark Interest Rate | Weekly    | 9.25    | 10.25    |
| Govt. bond 10 year Rate | Weekly    | ↑10.15  | 10.13    |

| Russia                  | Period    | Current | Previous |
|-------------------------|-----------|---------|----------|
| GDP Annual Growth Rate  | Quarterly | 2.50    | 0.50     |
| Inflation Rate          | Monthly   | 3.90    | 4.40     |
| Unemployment Rate       | Monthly   | 5.10    | 5.10     |
| Benchmark Interest Rate | Weekly    | 9.00    | 9.00     |
| Govt. bond 10 year Rate | Weekly    | 7.79    | 7.79     |

## WORLD MARKETS - A SNAPSHOT

|             | Name        | Description    | Week ended<br>26th Aug 2017 | % Change |
|-------------|-------------|----------------|-----------------------------|----------|
| STOCKS      | Australia   | Aus Ordinaries | 5803.42                     | 0.08     |
|             | Brazil      | Bovespa        | 71073.65                    | 3.43     |
|             | China       | Shanghai       | 3331.52                     | 1.92     |
|             | France      | CAC            | 5104.33                     | (0.19)   |
|             | Germany     | DAX            | 12167.94                    | 0.02     |
|             | Hong Kong   | HANGSENG       | 27848.16                    | 2.96     |
|             | India       | Sensex         | 31596.06                    | 0.23     |
|             | Japan       | Nikkei         | 19452.61                    | (0.09)   |
|             | UK          | FTSE           | 7401.46                     | 1.06     |
|             | USA         | DJIA           | 21813.67                    | 0.64     |
| COMMODITIES | Copper      | \$/Pound       | 3.03                        | 3.06     |
|             | Crude       | \$/Barrel      | 47.87                       | (1.62)   |
|             | Gold        | \$/Troy Ounce  | 1297.90                     | 0.49     |
|             | Natural Gas | \$/MMBtu       | 2.92                        | 1.04     |
|             | Silver      | \$/Troy Ounce  | 17.05                       | 0.29     |
|             | Aluminium   | \$/Tonne       | 2070.00                     | 0.39     |
|             | Lead        | \$/Tonne       | 2325.00                     | (1.52)   |
|             | Nickel      | \$/Tonne       | 11485.00                    | 4.60     |
|             | Zinc        | \$/Tonne       | 3063.50                     | (1.94)   |
| CURRENCIES  | USD/GBP     |                | 1.29                        | 0.00     |
|             | USD/EUR     |                | 1.19                        | 0.85     |
|             | USD/AUD     |                | 0.79                        | 0.00     |
|             | JPY/USD     |                | 109.34                      | (0.16)   |
|             | INR/USD     |                | 64.00                       | 0.14     |
|             | HKD/USD     |                | 7.82                        | 0.00     |
|             | BRL/USD     |                | 3.16                        | (0.32)   |
|             | CNY/USD     |                | 6.65                        | 0.30     |

## WORLD MARKETS - TECHNICAL SNAPSHOT

|                             |           | Very Bullish | Bullish | Neutral | Bearish | Very Bearish |
|-----------------------------|-----------|--------------|---------|---------|---------|--------------|
| STOCKS                      | Brazil    |              |         |         |         |              |
|                             | HongKong  |              |         |         |         |              |
|                             | India     |              |         |         |         |              |
|                             | USA       |              |         |         |         |              |
| COMMODITIES                 | Aluminium |              |         |         |         |              |
|                             | Copper    |              |         |         |         |              |
|                             | Zinc      |              |         |         |         |              |
|                             |           |              |         |         |         |              |
| CURRENCIES<br>(against USD) |           |              |         |         |         |              |
|                             |           |              |         |         |         |              |
|                             |           |              |         |         |         |              |
|                             |           |              |         |         |         |              |

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

## INDIAN MARKETS - A SNAPSHOT

|                      | Name          | Description | Week ended<br>26th Aug 2017 | % Change |
|----------------------|---------------|-------------|-----------------------------|----------|
| STOCKS               | Nifty         | Large Cap   | 9857.05                     | 0.20     |
|                      | Sensex        | Large Cap   | 31596.06                    | 0.23     |
|                      | BSE Midcap    | Mid Cap     | 15252.10                    | 0.29     |
|                      | BSE Smallcap  | Small Cap   | 15646.60                    | 0.18     |
| Some Major<br>Shares | ACC           | Rs/share    | 1781.50                     | (0.71)   |
|                      | Bharti Airtel |             | 432.95                      | 2.84     |
|                      | HDFC Ltd      |             | 1757.35                     | 1.29     |
|                      | Infosys       |             | 912.15                      | (1.20)   |
|                      | L&T           |             | 1131.70                     | 0.10     |
|                      | Reliance Inds |             | 1568.05                     | (0.47)   |
|                      | Tata Motors   |             | 384.15                      | 0.99     |
|                      | Tata Steel    |             | 639.00                      | 2.13     |
| COMMODITIES          | Aluminium     | INR/Kg      | 131.30                      | 0.19     |
|                      | Copper        | INR/Kg      | 427.55                      | 2.94     |
|                      | Crude         | INR/Barrel  | 3058.00                     | (1.48)   |
|                      | Gold          | INR/10gms   | 29167.00                    | 0.01     |
|                      | Lead          | INR/Kg      | 147.30                      | (2.06)   |
|                      | Natural Gas   | INR/1mmBtu  | 185.00                      | (0.54)   |
|                      | Nickel        | INR/Kg      | 729.30                      | 3.59     |
|                      | Silver        | INR/Kg      | 39012.00                    | (0.13)   |
|                      | Zinc          | INR/Kg      | 195.50                      | (2.64)   |
| CURRENCIES           | INR/EUR       |             | 76.31                       | (1.25)   |
|                      | INR/GBP       |             | 82.48                       | 0.01     |
|                      | INR/100 JPY   |             | 58.52                       | 0.27     |
|                      | INR/USD       |             | 64.00                       | 0.14     |

INDIAN MARKETS - TECHNICAL SNAPSHOT

|               |              | Very Bullish | Bullish   | Neutral     | Bearish     | Very Bearish |
|---------------|--------------|--------------|-----------|-------------|-------------|--------------|
| INDICES       | Mid Cap      |              | Small Cap |             |             |              |
|               | Nifty        |              |           |             |             |              |
|               | Sensex       |              |           |             |             |              |
| SECTORS       | Bankex       |              | Auto      | Cap Goods   | IT          | Healthcare   |
|               | Cons Durable |              | Power     | FMCG ↓      |             |              |
|               | Metal        |              |           | Teck        |             |              |
|               | Oil & Gas    |              |           |             |             |              |
|               | Realty       |              |           |             |             |              |
| COMMODITIES   | Aluminium    |              | Gold      | Natural Gas | Crude Oil ↓ |              |
|               | Copper       |              | Lead      | Nickel      |             |              |
|               | Zinc         |              |           | Silver      |             |              |
| CURRENCIES    |              |              | EUR       | JPY         | GBP         |              |
| (against INR) |              |              |           |             | USD         |              |

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

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