

ShroffConnect Weekly Report

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Current scenario & news

World economy

- Private sector business activity in Europe and China declined sharply this month as the euro zone debt crisis and a stalling U.S. recovery hit confidence, stoking fears that the global economy could sink back into recession.
- Gold prices slumped more than \$100 an ounce on Friday, the biggest fall on record in dollar terms, as traders sold to cover losses, while global stocks edged up on expectations the European Central Bank will take new measures to contain the euro zone debt crisis.
- Oil prices tumbled more than 4 % to six-week lows on Thursday as the US Federal Reserves weak economic outlook and disappointing China data stirred fears of a global recession and battered markets.
- Asian currencies had their biggest weekly drop since 1998 as concern the global economy is headed for another recession.

Indian economy

- The rupee weakened to 50 against the dollar, a level not seen in more than 28 months, as investors globally continued to dump high yielding riskier asset for the safety of government bonds.
- India has lowered its exposure to America's ballooning debt for three consecutive months, as its holding of the US Treasury bonds fell by USD 4.2 billion (more than Rs 20,000 crore) between May and July this year.
- Despite the high interest rate regime, credit offtake from banks grew 20.5 % to over Rs 42 lakh crore during 12 months to September 9, indicating strong momentum in the country's economic activity.
- Govt. to announce a package for exporters that will rejig incentives, address problems related to foreign currency credit, rising rates of interest.
- RBI to announce Q2 policy review on Oct 25.

Macro scenario

World economy

- Slowing recovery in developed markets
- High unemployment in developed markets
- Deeping Euro zone debt crisis
- Possible Greece sovereign default

Indian economy

- High inflation
- High interest rate
- GDP growth at 7-8%

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Sep 2011	% Change
STOCKS	Australia	ASX	3978.47	(5.94)
	Brazil	Bovespa	53230.36	(6.40)
	China	Shanghai	2443.06	(1.58)
	France	CAC	2810.11	(8.59)
	Germany	DAX	5196.56	(7.60)
	Hong Kong	Hang Seng	17668.83	(9.18)
	India	Sensex	16162.06	(4.56)
	Japan	Nikkei	8560.26	(3.43)
	UK	FTSE	5066.81	(5.62)
	USA	DJIA	10771.48	(6.41)
COMMODITIES	Copper	\$/Pound	3.32	(15.52)
	Crude	\$/Barrel	79.96	(9.03)
	Gold	\$/Troy Ounce	1659.90	(8.54)
	Natural Gas	\$/MMBtu	3.69	(3.40)
	Silver	\$/Troy Ounce	31.02	(23.78)
	Aluminium	\$/Tonne	2206.00	(7.31)
	Lead	\$/Tonne	1955.00	(17.34)
	Nickel	\$/Tonne	18270.00	(15.06)
	Zinc	\$/Tonne	1910.50	(11.51)
CURRENCIES	GBP/USD		1.5459	(2.07)
	EUR/USD		1.3499	(2.12)
	AUD/USD		0.9785	(5.52)
	JPY/USD		76.54	(0.29)
	INR/USD		49.20	4.08
	HKD/USD		7.8030	0.14
	BRL/USD		1.8325	5.77
BONDS	2 Year	US Treasury	110.23	(0.10)
	10 Year		130.97	0.38
	30 Year		144.72	2.84

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Sep 2011	% Change
STOCKS	Nifty	Large Cap	4867.75	(4.26)
	Sensex	Large Cap	16162.06	(4.56)
	BSE Midcap	Mid Cap	6222.80	(2.62)
	BSE Smallcap	Small Cap	7041.12	(2.38)
Some Major Shares	ACC	Rs/share	1069.25	3.02
	Bharti Airtel		375.00	(2.80)
	HDFC Ltd		625.00	(5.64)
	Infosys		2338.80	(2.35)
	L&T		1451.25	(9.79)
	Reliance Inds		770.60	(6.67)
	Tata Motors		146.85	(9.27)
	Tata Steel		432.80	(6.09)
COMMODITIES	Aluminium	INR/Kg	108.05	(2.92)
	Copper	INR/Kg	368.95	(10.90)
	Crude	INR/Barrel	4002.00	(3.71)
	Gold	INR/10gms	26716.00	(3.66)
	Lead	INR/Kg	97.80	(13.60)
	Natural Gas	INR/1mmBtu	183.00	0.66
	Nickel	INR/Kg	914.70	(10.40)
	Silver	INR/Kg	53726.00	(16.58)
	Zinc	INR/Kg	94.00	(7.98)
CURRENCIES	INR/EUR		66.45	1.76
	INR/GBP		76.02	1.85
	INR/100 JPY		64.27	4.40
	INR/USD		49.20	4.08

WORLD MARKETS - TECHNICAL SNAPSHOT



STOCKS					Australia Brazil China France Germany Hong Kong India Japan UK USA
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COMMODITIES		Gold ↓		Natural Gas Silver ↓	Aluminium ↓ Copper ↓ Crude Oil ↓ Lead ↓ Nickel Zinc ↓
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CURRENCIES (against USD)	JPY		AUD EUR GBP	BRL ↑ HKD	INR
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BONDS (US Treasury)	2 Year 10 Year 30 Year				
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↑ = moved up from last week, ↓ = moved dn from last week

INDIAN MARKETS - TECHNICAL SNAPSHOT

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

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

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Bajaj Auto Chambal Fert Hero Motoco Hind Unilever Idea Cellular Petronet LNG	Bosch Ltd Lupin M&M Nestle India ↓ Ultratech ↑	ACC Ambuja Cem Ashok Leyland Bharti Airtel Coal India EID-Parry Grasim Ind Havells India HDFC Bank Hind Zinc ITC ↓ Kotak Bank MRF Shriram Trans Sun Pharma United Phos	BEL Coromandel Int ↓ Dr Reddy Exide Inds ↓ GAIL HCL Tech HDFC ↓ Jindal Steel ↑ LT Maruti Suzuki ↑ NMDC NTPC ↑ O N G C ↓ Power Grid Ranbaxy Siemens Tata Chemicals Tata Global ↓ TCS Tech Mahindra ↓	Apollo Tyres ↓ Axis Bank BOB Bank Of India Bhel Cairn Canara Bank Cipla ↓ Crompton Gr Hindalco ICICI Bank Infosys Tech JSW Steel PFC PNB RECL Reliance Ind Sesa Goa Shr Renuka Standard Chart SBIN Sterlite Ind Tata Motors Tata Power Tata Steel Thermax 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	Bata India CRISIL GMDC IGL Jubilant Food Rallis India VIP Industries VST Ind	Britannia Ind Colgate-Palm Gujarat Gas ↓ Supreme Ind ↓ Titan Ind ↓	Asian Paints Bajaj Finserv Bayer CropSci Biocon ↑ Castrol India Dabur Dewan Housing Emami Glenmark Ph Godrej Cons GSK Con Health GSPL LIC Housing Marico Pidilite Ind Tata Coffee TTK Prestige ↓	Cadila Health ↓ Divis Lab ↓ Engineers India ↑ Jain Irrigation ↓ Opto Circuits Sintex Ind Yes Bank	Bajaj Electricals Bharat Forge CMC Container Corpn Cummins India Federal Bank Glaxo Pharma I D F C IDBI Bank IFCI Indian Hotel JSW Energy ↓ Patni Comp Voltas

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

Opinion on 24/09/2011

- Money Flow: Into treasuries.
 - Opinion on money flow: Somehow bullion has lost the shine of being a “safe” asset. Investors should realize that a majority of the world trading in metals is speculative, and hence prices can be very volatile. Indian investors have been saved somewhat from the entirety of the fall due to the weakening rupee.
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- Indian market: The market correction in the medium term has resumed as expected in the absence of any major positives.
 - Sectors: Two wheelers, Cement, Food, FMCG, Industrial gases (LNG and CNG), Telecom and Jewellery are outperforming.
 - Positives: Advance tax collections up, lower commodity and hence lower input prices.
 - Negatives: Strengthening rupee and hence more inflation, high interest rates.
 - Opinion: In the past week, the market lost value rapidly as the US Fed did not announce Quantitative Easing no. 3. Europe also looked shaky on Greek sovereign default fears. The Indian government again got caught in the 2G scam with the current Finance Minister putting some blame on the former Finance Minister. There is nothing really positive on which to take a positive position in the markets, except the fact that everyone is bearish, and that is sometimes a market bottom. As it is we are quite near the correction bottom at 4600-4750 below which this market will become a bear market in the medium term. Investors should wait and watch for a couple of weeks before investing.

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