

ShroffConnect Weekly Report

1st October, 2011

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Current scenario & news

World economy

- The chances of the U.S. economy averting a new recession got a boost with claims for jobless benefits falling to a five-month low last week and growth a touch stronger in the second quarter than previously estimated.
- China's manufacturing sector contracted for a third consecutive month in September, suggesting that the world's second-largest economy is not immune to global headwinds, while factory inflation quickened.
- Europe overcame its latest obstacle on Thursday with Germany approving a stronger euro zone bailout fund, but a series of challenges remains as Greece tries to secure more aid to avoid imminent default.
- China's factory activity picked up in September for a second month in a row and export orders strengthened, offering some reassurance that the world's second-largest economy can weather the global economic turmoil.

Indian economy

- India's food and fuel inflation accelerated in mid September, indicating persistently high inflationary pressures in the economy which may prompt the central bank to continue to tighten rates.
- India could import about 114 million tonnes of coal in 2011/12, up by over a third from the previous year, mainly from Indonesia and South Africa to help prevent power stations and factories from slowing down.
- India's fiscal deficit during April to August was 2.74 trillion rupees (\$55.86 billion), or 66.3 % of the full-year target.
- India's infrastructure sector output grew 3.5% in August from a year earlier, sharply slower than a revised annual growth of 7.5% in July, government data showed.
- India increased its bond sale target for the financial year to make up for a shortfall in a government scheme for small savers, spooking investors already girding for extra borrowing to fill an anticipated fiscal gap.

Macro scenario

World economy

- Slowing recovery in developed markets
- High unemployment in developed markets
- Euro zone debt crisis

Indian economy

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

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 1st Oct 2011	% Change
STOCKS	Australia	ASX	4070.09	2.30
	Brazil	Bovespa	52324.42	(1.70)
	China	Shanghai	2359.22	(3.43)
	France	CAC	2981.96	6.12
	Germany	DAX	5502.02	5.88
	Hong Kong	Hang Seng	17592.41	(0.43)
	India	Sensex	16453.76	1.80
	Japan	Nikkei	8700.29	1.64
	UK	FTSE	5128.48	1.22
	USA	DJIA	10913.38	1.32
COMMODITIES	Copper	\$/Pound	3.11	(6.33)
	Crude	\$/Barrel	78.75	(1.51)
	Gold	\$/Troy Ounce	1626.50	(2.01)
	Natural Gas	\$/MMBtu	3.66	(0.81)
	Silver	\$/Troy Ounce	29.98	(3.35)
	Aluminium	\$/Tonne	2157.00	(2.22)
	Lead	\$/Tonne	1985.00	1.53
	Nickel	\$/Tonne	17600.00	(3.67)
CURRENCIES	Zinc	\$/Tonne	1860.00	(2.64)
	GBP/USD		1.5581	0.79
	EUR/USD		1.3386	(0.84)
	AUD/USD		0.9660	(1.28)
	JPY/USD		77.05	0.67
	INR/USD		49.01	(0.39)
	HKD/USD		7.7846	(0.24)
BONDS	BRL/USD		1.8795	2.56
	2 Year	US Treasury	110.16	(0.06)
	10 Year		130.09	(0.67)
	30 Year		142.63	(1.44)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 1st Oct 2011	% Change
STOCKS	Nifty	Large Cap	4943.25	1.55
	Sensex	Large Cap	16453.76	1.80
	BSE Midcap	Mid Cap	6129.59	(1.50)
	BSE Smallcap	Small Cap	6881.08	(2.27)
Some Major Shares	ACC	Rs/share	1098.55	2.74
	Bharti Airtel		378.00	0.80
	HDFC Ltd		640.90	2.54
	Infosys		2533.05	8.31
	L&T		1357.60	(6.45)
	Reliance Inds		808.35	4.90
	Tata Motors		156.05	6.26
	Tata Steel		415.35	(4.03)
COMMODITIES	Aluminium	INR/Kg	106.75	(1.20)
	Copper	INR/Kg	346.80	(6.00)
	Crude	INR/Barrel	3933.00	(1.72)
	Gold	INR/10gms	26031.00	(2.56)
	Lead	INR/Kg	97.95	0.15
	Natural Gas	INR/1mmBtu	182.50	(0.27)
	Nickel	INR/Kg	875.00	(4.34)
	Silver	INR/Kg	51181.00	(4.74)
	Zinc	INR/Kg	92.20	(1.91)
CURRENCIES	INR/EUR		65.62	(1.25)
	INR/GBP		76.43	0.54
	INR/100 JPY		63.66	(0.95)
	INR/USD		49.01	(0.39)

WORLD MARKETS - TECHNICAL SNAPSHOT



STOCKS

USA ↑

Australia
Brazil
China
France
Germany
Hong Kong
India
Japan
UK

COMMODITIES

Gold ↓

Natural Gas
Silver

Aluminium
Copper
Crude Oil
Lead
Nickel
Zinc

CURRENCIES (against USD)

JPY

AUD
EUR
GBP
HKD ↑

BRL ↓
INR

BONDS (US Treasury)

10 Year
30 Year

2 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	Nifty Sensex Small Cap
SECTORS				Auto Cons Durable FMCG	Healthcare Realty ↑	Bankex Cap Goods ↓ IT Metal Oil & Gas Power Teck
COMMODITIES	Gold			Aluminium ↑ Crude Oil Natural Gas Zinc	Copper Lead ↓ Silver ↓	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	Hero Motoco Hind Unilever Idea Cellular Ultratech ↑	Bajaj Auto ↓ Chambal Fert ↓ Lupin M&M Nestle India Petronet LNG ↓	ACC Ambuja Cem Ashok Leyland Bharti Airtel Bosch Ltd ↓ EID-Parry Grasim Ind Havells India HDFC ↑ HDFC Bank ITC Kotak Bank MRF Ranbaxy ↑ Shriram Trans Sun Pharma	Cipla ↑ Coal India ↓ Coromandel Int Dr Reddy Exide Inds HCL Tech Hind Zinc ↓ LT Maruti Suzuki NMDC O N G C Power Grid Siemens Tata Chemicals Tata Global TCS United Phos ↓ Wipro ↑	Apollo Tyres Axis Bank Bank of Baroda Bank Of India BEL ↓ Bhel Cairn Canara Bank Crompton Gr GAIL ↓ Hindalco ICICI Bank Infosys Tech Jindal Steel ↓ JSW Steel NTPC ↓ PFC PNB RECL Reliance Ind Sesa Goa Shr Renuka Standard Chart SBIN Sterlite Ind Tata Motors

↑ = 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 Colgate-Palm ↑ CRISIL GMDC IGL Rallis India VIP Industries VST Ind	Britannia Ind Gujarat Gas Jubilant Food ↓	Asian Paints Bajaj Finserv Bayer Crop Biocon Castrol India Dabur Dewan Housing Emami Glenmark Ph Godrej Cons GSK Con Health GSPL LIC Housing Marico Pidilite Ind Supreme Ind ↓ Tata Coffee Titan Ind ↓ TTK Prestige	Cadila Health Divi's Lab Engineers India Federal Bank ↑ Indian Hotel ↑ Jain Irrigation Sintex Ind Yes Bank	Bajaj Electricals Bharat Forge CMC Container Corp Cummins India Glaxo Pharma I D F C IDBI Bank IFCI JSW Energy Opto Circuits ↓ Patni Comp Voltas

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

Opinion on 01/10/2011

- Money Flow: Into long term US treasuries, and beginning into US stocks
 - Opinion on Money Flow: The flow remains into long term US treasuries and there is some movement into US stocks as well. Though the news flows from the world are mostly negative, there may be some movement from the previously considered “safe” assets (gold and silver) into US stocks due to high volatility in their prices.
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- Indian markets: The markets continue to be volatile and range bound.
 - Sectors: Two wheelers, Cement, Consumer Products and Industrial gases are outperforming sectors.
 - Positives: Falling commodity prices.
 - Negatives: High interest rates, high government borrowings, the Mining bill, high inflation.
 - Opinion: The markets are range bound to weak and in a medium term correction. There are huge problems of non-governance, retrograde policies like the Mining bill, hawkish RBI stand on interest rates and high inflation which really do not inspire confidence in the markets. It is best to remain defensive rather than aggressive in the markets. Investors would do well to lighten positions on market rallies and buying defensive sectors on dips.

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