

# *ShroffConnect* Weekly Report

15<sup>th</sup> October, 2011

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# Current scenario & news

## World economy

- China's consumer inflation dipped to 6.1 percent in September, retreating further from three-year highs, although stubborn food price pressures will deter the central bank from loosening its policy reins anytime soon.
- Euro zone countries will ask banks to accept losses of up to 50 percent on their holdings of Greek debt, as part of a grand plan to avert a disorderly default and stem a crisis that threatens the world economy.
- U.S. 30-year bonds capped the longest weekly losing streak since January as concern eased that Europe is unable to curb its debt crisis and U.S. retail sales climbed, damping bets the country will fall into a recession.
- China's foreign exchange reserve hit a record \$3.2017 trillion at the end of September

## Indian economy

- The profit-making state-run companies will have greater financial and operational freedom to acquire raw material assets, like coal and iron ore overseas, under a new policy approved by the government to secure necessary inputs to fire India's growth.
- The Reserve Bank of India (RBI) did not buy or sell dollars in the foreign exchange market in August, for the ninth successive month, continuing its hands-off approach.
- India's September exports rose an annual 36.1 percent to \$24.8 billion, while imports for the month rose 17 percent to \$34.6 billion.
- India's industrial production expanded less than expected in August in further evidence of a slowdown as soaring interest rates and persistently high inflation weigh on demand.

# 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 15th Oct 2011	% Change
STOCKS	Australia	ASX	4268.97	1.04
	Brazil	Bovespa	55030.45	7.39
	China	Shanghai	2431.38	3.05
	France	CAC	3217.89	3.95
	Germany	DAX	5967.20	5.14
	Hong Kong	Hang Seng	18501.79	4.49
	India	Sensex	17082.69	5.24
	Japan	Nikkei	8747.96	1.65
	UK	FTSE	5466.36	3.07
	USA	DJIA	11644.49	4.88
COMMODITIES	Copper	\$/Pound	3.44	4.88
	Crude	\$/Barrel	87.28	5.32
	Gold	\$/Troy Ounce	1681.80	2.41
	Natural Gas	\$/MMBtu	3.69	6.03
	Silver	\$/Troy Ounce	32.17	3.01
	Aluminium	\$/Tonne	2225.00	(0.13)
	Lead	\$/Tonne	2026.00	4.43
	Nickel	\$/Tonne	18875.00	(0.16)
	Zinc	\$/Tonne	1931.00	0.57
CURRENCIES	GBP/USD		1.5821	1.70
	EUR/USD		1.3875	3.73
	AUD/USD		1.0339	5.86
	JPY/USD		77.21	0.66
	INR/USD		49.00	(0.06)
	HKD/USD		7.7776	(0.06)
	BRL/USD		1.7315	(2.26)
BONDS	2 Year	US Treasury	110.11	0.08
	10 Year		128.13	(0.59)
	30 Year		138.41	(2.05)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 15th Oct 2011	% Change
STOCKS	Nifty	Large Cap	5132.30	5.00
	Sensex	Large Cap	17082.69	5.24
	BSE Midcap	Mid Cap	6189.92	3.87
	BSE Smallcap	Small Cap	6907.96	2.77
Some Major Shares	ACC	Rs/share	1119.50	0.54
	Bharti Airtel		383.65	8.13
	HDFC Ltd		666.80	3.32
	Infosys		2743.75	9.37
	L&T		1407.55	1.03
	Reliance Inds		866.90	7.97
	Tata Motors		180.05	13.13
	Tata Steel		437.85	4.32
COMMODITIES	Aluminium	INR/Kg	108.30	0.51
	Copper	INR/Kg	371.80	3.19
	Crude	INR/Barrel	4259.00	4.62
	Gold	INR/10gms	26881.00	2.02
	Lead	INR/Kg	98.80	3.13
	Natural Gas	INR/1mmBtu	181.50	5.34
	Nickel	INR/Kg	929.30	(0.38)
	Silver	INR/Kg	53292.00	1.90
	Zinc	INR/Kg	94.20	0.53
CURRENCIES	INR/EUR		68.03	3.66
	INR/GBP		77.24	1.26
	INR/100 JPY		63.49	(0.67)
	INR/USD		49.00	(0.06)

WORLD MARKETS - TECHNICAL SNAPSHOT



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

## INDIAN MARKETS - TECHNICAL SNAPSHOT



### INDICES

Nifty ↑  
Mid Cap ↑  
Sensex ↑  
Small Cap

### SECTORS

Auto  
Cons Durable  
FMCG  
Healthcare ↑  
IT ↑  
Oil & Gas ↑  
Realty ↑  
Teck ↑  
Bankex  
Cap Goods  
Metal  
Power

### COMMODITIES

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

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

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

# Opinion on 15/10/2011

- Money Flow: Into stocks – US, Germany and India.
  - Opinion on Money Flow: The money flow into stocks and especially out of treasuries and bullion is the market reaction to improved perception of the world economies, even though news flows are not so great. It confirms an indicator that the news is the worst at the very bottom and best at the very top.
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- Indian market: Volatile, some sectors up with volume.
  - Sectors: Two wheelers, Pvt. Banks, Cement, Cigarettes, Consumer Goods, Info Technology and Pharma are outperforming.
  - Positives: Lower commodity prices, foreign market cues.
  - Negatives: High interest (with an imminent increase), lower industrial growth, high inflation, non-governance.
  - Opinion on Indian Markets: The Indian market may have begun a process of consolidation between 4750 and 5250 levels. It remains to be seen whether a new trend will begin or not. An indication will be available after the majority of the quarterly results are announced. Sadly though the government continues to fire fight, and instead of announcing any concrete action against corruption and inflation, it is debating whether to contain the RTI act which led to exposing corruption. These two issues, probably, give a very negative view to foreign investors who, at this time, are looking for stability. Investors may hold onto their investments, and further invest, on dips, in outperforming sectors.

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