

# *ShroffConnect* Weekly Report

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

**Shroff Securities Pvt. Ltd.**

Portfolio Investment Management Services

**Kolkata: 033 32933592/3658**

**Bangalore: 080 32996004/6005**

**Email: [shroffsec@gmail.com](mailto:shroffsec@gmail.com)**

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

**(for private circulation only)**

# Current scenario & news

## World economy

- Euro zone leaders struck a deal with private banks and insurers on Thursday for them to accept a 50 % loss on their Greek government bonds under a plan to lower Greece's debt burden and try to contain the two-year-old euro zone crisis.
- The U.S. economy grew at its fastest pace in a year in the third quarter as consumers and businesses stepped up spending, creating momentum that could carry into the final three months of the year.
- Japan's bonds dropped, sending benchmark 10-year yields to the highest level in more than seven weeks, as signs of improvement in the U.S. economy sapped demand for the relative safety of government debt.

## Indian economy

- Food inflation has jumped to a six-month high of 11.43% fuelled by costlier vegetables, fruits and milk.
- The RBI raised interest rates on for the 13th time since early 2010 to battle stubbornly high inflation but signaled it may end the tightening cycle that has put it at odds with peers more concerned about weak global growth.
- RBI deregulates savings deposit rate; cost of funds to rise.
- The World Bank has signed a \$975 million loan agreement with the Indian government on Thursday to build part of a massive freight railway line connecting northern and eastern India.
- India's foreign exchange reserves rose to \$318.358 billion as on Oct. 21, from \$317.500 billion in the previous week.

# Macro scenario

## World economy

- Slowing recovery in developed markets
- Higher than expected US growth
- EU bailout deal buys some time but threat of recession lingers

## Indian economy

- High inflation persists
- High Interest rate
- GDP growth at 7-8%

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 29th Oct 2011	% Change
STOCKS	Australia	ASX	4411.42	4.95
	Brazil	Bovespa	59513.13	7.71
	China	Shanghai	2473.41	6.74
	France	CAC	3348.63	5.59
	Germany	DAX	6346.19	6.28
	Hong Kong	Hang Seng	20019.24	11.06
	India	Sensex	17804.80	6.07
	Japan	Nikkei	9050.47	4.28
	UK	FTSE	5702.24	3.89
	USA	DJIA	12231.11	3.58
COMMODITIES	Copper	\$/Pound	3.72	14.46
	Crude	\$/Barrel	93.49	6.81
	Gold	\$/Troy Ounce	1743.50	6.12
	Natural Gas	\$/MMBtu	3.93	7.97
	Silver	\$/Troy Ounce	35.37	12.79
	Aluminium	\$/Tonne	2242.00	5.51
	Lead	\$/Tonne	2090.00	9.14
	Nickel	\$/Tonne	19700.00	4.79
CURRENCIES	Zinc	\$/Tonne	1985.00	9.97
	GBP/USD		1.6130	1.15
	EUR/USD		1.4146	1.83
	AUD/USD		1.0700	3.34
	JPY/USD		75.81	(0.60)
	INR/USD		48.65	(2.35)
	HKD/USD		7.7636	(0.23)
BONDS	BRL/USD		1.6725	(5.75)
	2 Year	US Treasury	110.07	(0.02)
	10 Year		128.09	(0.44)
	30 Year		136.88	(1.17)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 29th Oct 2011	% Change
STOCKS	Nifty	Large Cap	5360.70	6.15
	Sensex	Large Cap	17804.80	6.07
	BSE Midcap	Mid Cap	6274.93	2.67
	BSE Smallcap	Small Cap	6959.73	1.97
Some Major Shares	ACC	Rs/share	1224.00	9.48
	Bharti Airtel		391.95	3.69
	HDFC Ltd		688.70	8.73
	Infosys		2858.65	5.00
	L&T		1417.00	6.12
	Reliance Inds		900.00	7.69
	Tata Motors		206.80	16.08
	Tata Steel		483.70	11.71
COMMODITIES	Aluminium	INR/Kg	108.70	2.21
	Copper	INR/Kg	398.75	10.38
	Crude	INR/Barrel	4541.00	3.65
	Gold	INR/10gms	27558.00	2.95
	Lead	INR/Kg	99.65	4.45
	Natural Gas	INR/1mmBtu	190.50	4.73
	Nickel	INR/Kg	964.00	2.41
	Silver	INR/Kg	57373.00	8.18
	Zinc	INR/Kg	95.05	4.62
CURRENCIES	INR/EUR		68.86	(0.58)
	INR/GBP		78.48	(1.60)
	INR/100 JPY		64.17	(2.11)
	INR/USD		48.65	(2.35)

## WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS				Australia ↑ Brazil ↑ Germany ↑ India ↑ USA UK	France Hong Kong ↑ Japan ↑	China
COMMODITIES				Crude Oil ↑ Gold	Natural Gas ↑	Aluminium Copper Lead Nickel Silver ↓ Zinc
CURRENCIES (against USD)	JPY		HKD	AUD EUR GBP	BRL ↑	INR
BONDS (US Treasury)			30 Year ↓	2 Year 10 Year ↓		

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

## INDIAN MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
INDICES				Nifty ↑ Sensex ↑		Mid Cap Small Cap
SECTORS			FMCG	Auto Bankex ↑ Cons Durable Healthcare IT Oil & Gas ↑ Realty ↑ Teck		Cap Goods Metal Power
COMMODITIES	Gold			Aluminium ↑ Crude Oil Natural Gas	Copper ↑ Silver	Lead Nickel Zinc ↓
CURRENCIES (against INR)	EUR GBP JPY 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	ACC ↑ Ambuja Cem Bajaj Auto ↑ Hero Motoco Hind Unilever ↑ M&M ↑	Grasim Ind Idea Cellular ITC Sun Pharma ↑ Ultratech	Ashok Leyland Axis Bank ↑ Bharti Airtel ↑ Bosch Ltd Cairn ↑ Chambal Fert Cipla ↑ Coromandel Int Dr Reddy Havells India HCL Tech HDFC HDFC Bank ICICI Bank ↑ Infosys Tech Jindal Steel ↑ Kotak Bank Lupin Maruti Suzuki ↑ MRF Nestle India NMDC NTPC O N G C Petronet LNG Power Grid ↑ Ranbaxy	Apollo Tyres ↑ BEL ↑ Canara Bank Coal India EID-Parry ↓ GAIL Hind Zinc PFC PNB Shr Renuka Shriram Trans Standard Chart ↑ Tata Chemicals ↑ Tata Global ↑ Tata Steel ↑  RECL ↑ Reliance Ind Siemens ↑ Tata Motors TCS United Phosp Wipro ↑	BOB ↓ Bank Of India Bhel Crompton Gr Exide Inds Hindalco JSW Steel LT Sesa Goa SBIN Sterlite Ind Tata Power 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 CRISIL VIP Industries VST Ind	Colgate-Palm GMDC	Asian Paints Bajaj Electricals Bajaj Finserv Bayer Crop Bharat Forge ↑ Biocon Britannia Ind Dewan Housing Divi's Lab Federal Bank Glenmark Pharma Godrej Cons GSK Con Health GSPL Gujarat Gas I D F C I G L ↓ Jubilant Food LIC Housing Marico Patni Comp Pidilite Ind Rallis India ↓ Supreme Ind Tata Coffee	Cadila Health Castrol India Container Corp ↓ Dabur Emami Glaxo Pharma IDBI Bank ↑ Indian Hotel ↑ Opto Circuits  Titan Ind TTK Prestige Yes Bank	CMC Cummins India Engineers India IFCI Jain Irrigation JSW Energy Sintex Ind Voltas

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

# Opinion on 29/10/2011

- Money flow: Into stocks, and again somewhat into commodities.
  - Opinion on money flow: The flow of money into stocks is now happening almost all over the world due to some stability in the Eurozone and higher than expected growth in the USA. Investors are probably seeing some consolidation if not growth in developed markets. If only China would also follow suit, the chances of global recovery would become better.
- 
- Indian markets: Large caps of the market rallied smartly past the resistance at 5200-5300 level.
  - Sectors: Two wheelers, Cement, Cigarettes, Consumer goods are outperforming.
  - Positives: Indication of RBI that the interest rate hikes may be paused, foreign cues.
  - Negatives: High inflation, high interest rates, poor governance, weak INR.
  - Opinion: The Indian market has given a clear indication of a new trend especially due to the possibility of a pause in interest rate hikes and positive foreign cues. The October lows should not be breached for a few months. Investors should retain their portfolios and invest fresh money into strong sectors. It may be better to avoid sectors which are dependent on foreign markets, negatively affected by high interest rates and weak INR.

# Disclaimer

- The report is for private circulation only. The information contained herein does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any financial instruments/ investment products. All information, statements, opinions, statistics contained in the report are provided "as is" for informational purposes only, not intended for trading purposes or advice. The information provided is based on historical data. The past is not necessarily a guide to the future values and prices. The information provided in this report thus provides non-binding information, for which Shroff Securities Private Limited ("Company"), its directors, officers or employees disclaim liability. Trading in financial instruments and trade practices in the stock markets carries a great deal of risk. Recipient of this report should take independent professional advice before doing any transaction(s). The Company, its directors, officers or employees shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. Recipient of this report expressly understands and agrees that it is their sole responsibility to authenticate, verify and evaluate or take professional advice on the accuracy and completeness of all information, statements, opinions and other materials contained or expressed in this report. This report is not meant for any person located in or resident in jurisdictions which restrict the distribution of such material. The Recipient of this report is required to observe any relevant restrictions.
- No guarantee, representation or warranty whatsoever is made by the Company , its directors, officers or employees regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the information, statements, opinions, products, services and materials contained in this report or of the results obtained from the use of such information, statements, opinions and materials and no warranties whether express or implied, responsibility or liability, contingent or otherwise of any kind and nature whatsoever regarding the accuracy, quality, performance, merchantability and/or fitness for a particular purpose of the information, statements, opinions and materials contained, in his report or of the results obtained from the use of such information, statements, opinions and materials the security suitability for the investor, accounting and tax consequences of investing in securities or the future value developments of the stocks.
- The Company, its directors, officers or employees expressly disclaim liability and shall not be held responsible for any profit or loss which may arise out of any transaction(s) based on information, material or opinions appearing in this report. The Company or its group entities, their directors, owners, partners, officers, employees or clients may / may not have personal positions in the mentioned financial instruments.