

ShroffConnect Weekly Report

5th November, 2011

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Current scenario & news

World economy

- Intense European pressure forced debt-stricken Greece to seek political consensus on a new bailout plan instead of holding a referendum after EU leaders raised the prospect of a Greek exit from the euro to preserve the single currency.
- The world's manufacturing economy stagnated in October with the crisis-wracked euro zone by far the worst performing region, new export orders declining at the fastest pace in almost two-and-a-half years.
- China's services sector is running at its fastest pace since June, propelled by an increase in the rate of new orders, but overall optimism in the industry lags historic levels.
- The European Central Bank cut interest rates by a quarter point to 1.25 % in a surprise move and forecasts that the euro zone could subside into a "mild recession" in the latter part of 2011.

Indian economy

- India's infrastructure sector grew at its slowest in 31 months in September, dragged down by a virtual standstill in coal mining and a drop in the production of natural gas and fertilisers.
- India's exports grew by 36.3% in September 2011, demonstrating impressive growth despite a slowdown in US and Europe. Exports came in at \$24.8 billion compared to \$18.2 billion in the year-ago period.
- The (RBI) allowed foreign institutional investors (FIIs) to invest up to USD 25 billion, up from existing limit of USD 5 billion, in bonds and debentures of Indian infrastructure companies.
- Service sector contracted for a second straight month in October, as new business grew at its weakest pace since May 2009, dragged by sagging global demand and tight monetary policy.

Macro scenario

World economy

- Slowing recovery in developed markets
- Slowdown of global factory activity
- Eurozone crisis grave threat to global economy

Indian economy

- High inflation persists
- High Interest rate
- High input cost
- Steep depreciation in rupee
- GDP growth at 7-8%

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 5th Nov 2011	% Change
STOCKS	Australia	ASX	4342.47	(1.56)
	Brazil	Bovespa	58669.92	(1.42)
	China	Shanghai	2528.29	2.22
	France	CAC	3123.55	(6.72)
	Germany	DAX	5966.16	(5.99)
	Hong Kong	Hang Seng	19842.79	(0.88)
	India	Sensex	17562.61	(1.36)
	Japan	Nikkei	8801.40	(2.75)
	UK	FTSE	5527.16	(3.07)
	USA	DJIA	11983.24	(2.03)
COMMODITIES	Copper	\$/Pound	3.57	(4.03)
	Crude	\$/Barrel	94.42	0.99
	Gold	\$/Troy Ounce	1755.30	0.68
	Natural Gas	\$/MMBtu	3.80	(3.31)
	Silver	\$/Troy Ounce	34.14	(3.48)
	Aluminium	\$/Tonne	2140.00	(4.55)
	Lead	\$/Tonne	2048.00	(2.01)
	Nickel	\$/Tonne	18900.00	(4.06)
CURRENCIES	Zinc	\$/Tonne	1950.00	(1.76)
	GBP/USD		1.6031	(0.61)
	EUR/USD		1.3789	(2.52)
	AUD/USD		1.0374	(3.05)
	JPY/USD		78.23	3.19
	INR/USD		48.99	0.70
	HKD/USD		7.7675	0.05
BONDS	BRL/USD		1.7525	4.78
	2 Year	US Treasury	110.22	0.14
	10 Year		130.25	1.69
	30 Year		141.00	3.01

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 5th Nov 2011	% Change
STOCKS	Nifty	Large Cap	5284.20	(1.43)
	Sensex	Large Cap	17562.61	(1.36)
	BSE Midcap	Mid Cap	6298.39	0.37
	BSE Smallcap	Small Cap	6958.13	(0.02)
Some Major Shares	ACC	Rs/share	1223.50	(0.04)
	Bharti Airtel		397.30	1.36
	HDFC Ltd		683.90	(0.70)
	Infosys		2825.95	(1.14)
	L&T		1393.70	(1.64)
	Reliance Inds		879.95	(2.23)
	Tata Motors		188.10	(9.04)
	Tata Steel		467.15	(3.42)
COMMODITIES	Aluminium	INR/Kg	105.60	(2.85)
	Copper	INR/Kg	387.65	(2.78)
	Crude	INR/Barrel	4618.00	1.70
	Gold	INR/10gms	27904.00	1.26
	Lead	INR/Kg	100.05	0.40
	Natural Gas	INR/1mmBtu	186.60	(2.05)
	Nickel	INR/Kg	931.30	(3.39)
	Silver	INR/Kg	56258.00	(1.94)
	Zinc	INR/Kg	96.30	1.32
CURRENCIES	INR/EUR		67.57	(1.87)
	INR/GBP		78.60	0.15
	INR/100 JPY		62.68	(2.32)
	INR/USD		48.99	0.70

WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS				Australia Brazil Germany India USA UK	France Hong Kong Japan	China
COMMODITIES			Gold ↑	Crude Oil	Copper ↑ Natural Gas Silver ↑	Aluminium Lead Nickel Zinc
CURRENCIES (against USD)			HKD	AUD EUR GBP JPY ↓	BRL	INR
BONDS (US Treasury)	30 Year ↑		10 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			FMCG	Auto Bankex Cons Durable Healthcare IT Oil & Gas Realty Teck	Power ↑	Cap Goods Metal
COMMODITIES	Gold			Crude Oil Natural Gas	Aluminium ↓ Copper Silver Zinc ↑	Lead Nickel
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 Lupin ↑ Ultratech	Ashok Leyland Axis Bank Bharti Airtel Bosch Ltd Cairn Canara Bank ↑ Chambal Fert Cipla Coromandel Dr Reddy Havells India HCL Tech HDFC HDFC Bank Infosys Tech Jindal Steel Kotak Bank Maruti Suzuki MRF Nestle India NMDC NTPC O N G C Petronet LNG Power Grid Ranbaxy RECL Reliance Ind Siemens	Apollo Tyres Bank of Baroda ↑ Bank Of India ↑ BEL Coal India Crompton Gr ↑ EID-Parry GAIL Hind Zinc ICICI Bank ↓ JSW Steel ↑ PFC PNB Shr Renuka Standard Chart Tata Chemicals Tata Global Tata Power ↑ Tata Steel Tech Mahindra ↑ <div>Neutral</div> Sun Pharma ↓ Tata Motors TCS United Phos Wipro	Bhel Exide Inds Hindalco LT Sesa Goa Shriram Trans ↓ SBIN Sterlite Ind 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	GMDC IGL ↑ VST Ind ↓	Asian Paints Bajaj Electricals Bajaj Finserv Bayer Crop Bharat Forge Biocon Britannia Ind Container Corp ↑ Dewan Housing Divi's Lab Federal Bank Glenmark Ph Godrej Cons GSK Con Health GSPL Gujarat Gas I D F C ↑ IDBI Bank Jubilant Food LIC Housing Marico Patni Comp Pidilite Ind Rallis India Tata Coffee	Cadila Health Castrol India Dabur Emami Glaxo Pharma Indian Hotel Opto Circuits Supreme Ind ↓	CMC Cummins India Engineers India IFCI Jain Irrigation JSW Energy Sintex Ind Voltas
				Neutral	
				Titan Ind TTK Prestige VIP Industries ↓ Yes Bank	

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

Opinion on 05/11/2011

- Money Flow: Into stocks and somewhat into commodities and treasuries.
 - Opinion on money flow: The trends seem uncertain in world financial markets due to conflicting news from Europe. While economic data is better from USA, all eyes are on the troubled economies of Greece, Italy etc. Stocks should continue their upward movement if there is stability in Europe.
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- Indian market: The market remained range bound, and near the resistance levels of 5250-5350.
 - Sectors: Two wheelers, Cement, Cigarettes and FMCG are outperforming.
 - Positives: Good topline growth of some Indian companies.
 - Negatives: Eurozone issues, high food inflation.
 - Opinion: The Indian market is on the cusp of an uptrend, but it is not confirmed as yet. The market internals are improving but high inflation continues to be a drag. Defensive sectors - consumer goods - continue to do better than the others on an average basis. Investors would do well to hold onto their investments, and invest in strong sectors on dips.

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