

ShroffConnect Weekly Report

5th February, 2011

Shroff Securities Pvt. Ltd.
Portfolio Investment Management Services

(for private circulation only)

Current scenario & news

World markets

- European Union and German officials are examining possible steps to reduce Greece's debt burden
- Record net outflow from emerging market stocks
- U.S. private employers adds more jobs than expected adding to hopes that the weak American labor market is slowly recovering
- Euro zone manufacturing and service activity accelerated in January, pulled by Germany and France
- World food prices seen at record high in January

Indian markets

- Business activity in India's services sector grew at a faster clip in January boosted by new orders and expectations of solid growth
- India's coal imports are likely to jump 70% in the next fiscal, as delays in environmental clearances has hit mining projects
- Food inflation shoots up to 17.05%
- India's infrastructure sector output grew 6.6 percent in December on y/y
- A new scheme to refund service tax to exporters is in the works as the government seeks to neutralize all input taxes to enhance competitiveness of the country's export sector.

Macro scenario

World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK

Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- GDP growth at 8–9%

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 5th Feb 2011	% Change
STOCKS	Australia	ASX	4958.84	1.77
	Brazil	Bovespa	65595.54	(1.65)
	China	Shanghai	2798.96	1.67
	France	CAC	4047.21	1.12
	Germany	DAX	7216.21	1.60
	Hong Kong	Hang Seng	23908.96	1.24
	India	Sensex	18008.15	(2.11)
	Japan	Nikkei	10543.52	1.77
	UK	FTSE	5997.38	1.97
	USA	DJIA	12092.15	2.27
COMMODITIES	Copper	\$/Pound	4.59	5.52
	Crude	\$/Barrel	89.12	(0.41)
	Gold	\$/Troy Ounce	1349.10	0.75
	Natural Gas	\$/MMBtu	4.31	(0.46)
	Silver	\$/Troy Ounce	29.11	4.11
	Aluminium	\$/Tonne	2541.25	2.79
	Lead	\$/Tonne	2583.80	6.00
	Nickel	\$/Tonne	28350.00	6.49
CURRENCIES	Zinc	\$/Tonne	2506.00	6.45
	USD/GBP		1.6107	1.62
	USD/EUR		1.3577	(0.24)
	USD/AUD		1.0137	1.98
	JPY/USD		82.11	0.13
	INR/USD		45.56	(0.52)
	HKD/USD		7.7870	(0.04)
BONDS	BRL/USD		1.6735	(0.46)
	2 Year	US Treasury	109.19	(0.41)
	10 Year		118.58	(2.13)
	30 Year		117.88	(2.93)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 5th Feb 2011	% Change
STOCKS	Nifty	Large Cap	5395.75	(2.11)
	Sensex	Large Cap	18008.15	(2.11)
	BSE Midcap	Mid Cap	6734.52	(2.38)
	BSE Smallcap	Small Cap	8331.20	(2.52)
Some Major Shares	ACC	Rs/share	974.70	(1.76)
	Bharti Airtel		332.50	1.60
	HDFC Ltd		604.15	(6.37)
	Infosys		3047.90	(3.80)
	L&T		1570.05	(2.32)
	Reliance Inds		920.00	0.77
	Tata Motors		1150.85	0.05
	Tata Steel		635.90	(0.24)
COMMODITIES	Aluminium	INR/Kg	115.85	3.07
	Copper	INR/Kg	464.50	5.20
	Crude	INR/Barrel	4088.00	(0.70)
	Gold	INR/10gms	19970.00	0.22
	Lead	INR/Kg	118.60	3.22
	Natural Gas	INR/1mmBtu	197.60	(2.47)
	Nickel	INR/Kg	1294.10	5.95
	Silver	INR/Kg	44516.00	3.53
	Zinc	INR/Kg	114.10	7.69
CURRENCIES	INR/EUR		61.87	(0.82)
	INR/GBP		73.37	0.96
	INR/100 JPY		55.43	(0.61)
	INR/USD		45.56	(0.52)

WORLD MARKETS - TECHNICAL SNAPSHOT

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

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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Nifty
Sensex

Mid Cap
Small Cap

SECTORS

IT ↓

Cons Durable
FMCG
Healthcare
Metal
Teck ↓

Auto ↓
Bankex
Cap Goods
Oil & Gas

Power
Realty

COMMODITIES

Aluminium
Copper
Lead
Nickel
Silver
Zinc

Crude Oil

Gold
Natural Gas

↑ = moved up from last week

↓ = moved dn from last week

CURRENCIES (against INR)

JPY ↑

EUR
GBP
USD

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Petronet LNG TCS	Hind Zinc ↓ Hindalco	ACC Ambuja Cem Bank Of India BEL Bharti Airtel Cairn Cipla GAIL Grasim Ind ↓ HDFC Hind Unilever ICICI Bank Idea Cellular Infosys Tech ↓ ITC Jindal Saw Jindal Steel M&M Nestle India Power Grid ↑ Ranbaxy Sesa Goa Siemens Sterlite Ind Tata Motors Tata Power Tata Steel ↓ Ultratech Wipro	Adani Ent Allahabad Bank Andhra Bank ↑ Axis Bank B P C L Bajaj Auto BOB Canara Bank HDFC Bank IOB M R P L ↓ Maruti Suzuki ↓ NTPC ↓ O N G C ↑ PNB Reliance Ind Suzlon ↓ Tata Chemicals Union Bank United Spirits	Ashok Ley Bhel H P C L Hero Honda ↓ JP Associates JSW Steel LT ↓ MRF PFC Punj Loyd ↓ RCOM Reliance Infra SAIL SBIN Syndicate Bank ↓

↑ = moved up from last week

↓ = moved dn from last week

Our opinion

- Money flow: Into stocks of developed markets.
 - Opinion on money flow: Developed economies are showing signs of strengthening recovery. Money is flowing out of emerging markets, probably because they seem cheaper and more stable on account of low inflation.
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- Indian stocks: The market is in a long term correction.
 - Current trend in sectors: Sectors which relatively strong: Aluminium, IT and Watches/Jewellery.
 - Positives: Growth and consumption story. Strong foreign markets.
 - Negatives: Rising raw material costs, high inflation and uncertain political conditions. Mixed corporate results.
 - Opinion: The market is in a correction mode in the longer term period. Inflation could temper our Indian consumption and growth story. The saving grace is a strong foreign market. During the next two months the market should be volatile. Long term investors may hold onto their investments. Fresh investments are not advised now.

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