

ShroffConnect Weekly Report

26th November, 2011

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Current scenario & news

World economy

- Chinese factories battled with their weakest activity in 32 months in November, reviving worries that China may be skidding toward an economic hard landing and compounding global recession fears.
- Japan's consumer prices fell for the first time since June, casting doubt on central bank forecasts for the world's third-biggest economy to emerge from more than a decade of deflation.
- U.S. consumer spending growth slowed in October and business capital investment plans were weak, raising questions about expectations for solid economic performance in the fourth quarter.
- The euro fell to a seven-week low against the dollar as French consumer confidence declined, adding to concern the sovereign-debt crisis is pushing the region into a recession.

Indian economy

- India threw open its \$450 billion retail market to global supermarket giants, approving its biggest reform in years that may boost sorely needed investment in Asia's third-largest economy.
- Petroleum Minister hinted that the government will not rush into raising retail fuel prices just yet, even though a falling rupee has increased cost of oil imports.
- Investments into India's power sector are slowing despite a chronic electricity shortage that threatens GDP growth, due to coal shortages, land hassles and an inability by distribution companies to raise tariffs.
- With Indian exporters witnessing "unexpected" gains due to rupee depreciation against the US dollar, global buyers have started putting pressure on them to offer discounts of 5-10 per cent on shipments.

Macro scenario

World economy

- Slowing recovery in developed markets
- Eurozone crisis
- Global slowdown triggers China factory strikes
- IMF drawing up £517 package to save euro

Indian economy

- High inflation
- High Interest rate
- High input cost
- Rupee depreciation
- GDP growth at 7-8%

WORLD MARKETS - A SNAPSHOT

| | Name | Description | Week ended 26th Nov 2011 | % Change |
|-------------|-------------|---------------|-----------------------------|----------|
| STOCKS | Australia | ASX | 4057.59 | (4.45) |
| | Brazil | Bovespa | 54894.00 | (3.24) |
| | China | Shanghai | 2380.22 | (1.50) |
| | France | CAC | 2856.97 | (4.67) |
| | Germany | DAX | 5492.87 | (5.30) |
| | Hong Kong | Hang Seng | 17689.50 | (4.34) |
| | India | Sensex | 15695.43 | (4.13) |
| | Japan | Nikkei | 8160.01 | (2.57) |
| | UK | FTSE | 5164.65 | (3.70) |
| | USA | DJIA | 11231.80 | (4.78) |
| COMMODITIES | Copper | \$/Pound | 3.28 | (3.53) |
| | Crude | \$/Barrel | 96.77 | (1.04) |
| | Gold | \$/Troy Ounce | 1681.00 | (2.61) |
| | Natural Gas | \$/MMBtu | 3.54 | 6.63 |
| | Silver | \$/Troy Ounce | 30.95 | (4.53) |
| | Aluminium | \$/Tonne | 1992.00 | (5.59) |
| | Lead | \$/Tonne | 2004.00 | (2.67) |
| | Nickel | \$/Tonne | 16950.00 | (4.53) |
| | Zinc | \$/Tonne | 1910.00 | (2.80) |
| CURRENCIES | GBP/USD | | 1.5437 | (2.32) |
| | EUR/USD | | 1.3235 | (2.12) |
| | AUD/USD | | 0.9710 | (2.95) |
| | JPY/USD | | 77.72 | 1.16 |
| | INR/USD | | 52.09 | 1.68 |
| | HKD/USD | | 7.7959 | 0.09 |
| | BRL/USD | | 1.8849 | 5.99 |
| BONDS | 2 Year | US Treasury | 110.16 | 0.04 |
| | 10 Year | | 130.66 | 0.28 |
| | 30 Year | | 143.84 | 0.74 |

INDIAN MARKETS - A SNAPSHOT

| | Name | Description | Week ended 26th Nov 2011 | % Change |
|----------------------|---------------|-------------|-----------------------------|----------|
| STOCKS | Nifty | Large Cap | 4710.05 | (3.99) |
| | Sensex | Large Cap | 15695.43 | (4.13) |
| | BSE Midcap | Mid Cap | 5612.63 | (1.82) |
| | BSE Smallcap | Small Cap | 6049.39 | (2.15) |
| Some Major Shares | ACC | Rs/share | 1120.30 | (2.62) |
| | Bharti Airtel | | 375.15 | (5.62) |
| | HDFC Ltd | | 613.75 | (4.93) |
| | Infosys | | 2599.70 | (5.15) |
| | L&T | | 1265.95 | 1.72 |
| | Reliance Inds | | 753.80 | (6.72) |
| | Tata Motors | | 171.85 | 0.91 |
| | Tata Steel | | 374.95 | (4.20) |
| COMMODITIES | Aluminium | INR/Kg | 103.80 | (3.98) |
| | Copper | INR/Kg | 377.55 | (2.88) |
| | Crude | INR/Barrel | 5068.00 | 0.88 |
| | Gold | INR/10gms | 28409.00 | (1.03) |
| | Lead | INR/Kg | 103.45 | (1.90) |
| | Natural Gas | INR/1mmBtu | 191.10 | 10.78 |
| | Nickel | INR/Kg | 889.60 | (3.50) |
| | Silver | INR/Kg | 54329.00 | (2.72) |
| | Zinc | INR/Kg | 99.40 | (1.19) |
| CURRENCIES | INR/EUR | | 69.03 | (0.38) |
| | INR/GBP | | 80.44 | (0.64) |
| | INR/100 JPY | | 67.03 | 0.59 |
| | INR/USD | | 52.09 | 1.68 |

WORLD MARKETS - TECHNICAL SNAPSHOT



STOCKS

Brazil

China

Australia ↓

UK

Germany ↓

France ↓

USA

Hong Kong

Japan

India ↓

COMMODITIES

Crude Oil

Silver

Aluminium

Gold

Zinc

Copper ↓

Lead

Natural Gas

Nickel

CURRENCIES

(against USD)

AUD

EUR ↓

BRL ↓

HKD ↓

GBP ↓

INR

JPY ↓

BONDS

(US Treasury)

10 Year ↑

2 Year

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

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

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Opinion on 26/11/2011

- Money Flow: Out of stocks, and into treasuries.
 - Opinion on Money Flow: Once again, the flow has resumed into the safety of US treasuries.
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- Indian market: The market just about managed to hold onto the support level of 4700-4750.
 - Sectors: Two wheelers, Cement, FMCG and Telecom are outperforming.
 - Positives: Hardly any.
 - Negatives: High interest, high inflation, weak currency, lower growth and lack of governance.
 - Opinion: The market is at the lower end of the medium term correction, and the corrective trend is showing signs of turning into a down trend. Unfortunately foreign cues are also pointing to a down trend. Investors should aim to preserve capital, by exiting weak sectors on rally and retaining shares belonging to strong sectors. Some may also aim to exit the market and re-enter when macro conditions seem better.

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