ShroffConnect Weekly Report

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Opinion on 03/12/2011

- Money Flow: Into treasuries and gold.
- **Opinion on Money Flow: The money is flowing into relatively 'safe' assets.**

- Indian market: The market remained volatile and rallied up to the resistance level of 5050-5100.
- Sectors: Two wheelers, Cement, FMCG, IT and Pharma are outperforming.
- Positives: Food inflation coming down.
- Negatives: High interest rate, weak INR, high and rising deficit.
- **Opinion: The market trend remains uncertain. The rally of the week should be attributed largely to short covering. News flow from abroad and within the country remains weak and positive news is largely speculative. The government's intention to bring about reforms is half hearted and announced reform like FDI in retail is facing huge opposition within the country. Investors should wait and watch before investing. Investors already invested should either switch to stronger sectors and/or book some profits.**

Detailed Analysis

Current scenario & news

World economy

- U.S. factories shrugged off weakness in the global economy in November as manufacturing activity rose to its highest level in five months, a fresh sign the domestic economy was accelerating.
- Euro central bank to provide loans as much as 200 billion euros ($270 billion) to fight the debt crisis through the International Monetary Fund.
- China's factory sector shrank in November in the face of weakening demand both at home and abroad, underlining the central bank's move to cut bank reserve requirements to shore up the economy.
- Japan jobless rate rises to 4.5% in October, suggesting firms are cautious about hiring due to worries about the impact of the euro zone debt crisis and a strong yen.
- Treasury yields at highest in a month as Fed eases debt contagion concern.

Indian economy

- The Indian economy grew 6.9 % in July-September 2011, its slowest pace in more than two years, reflecting the adverse impact of a persistently high inflation, policy logjam that has hurt investments and the global crisis.
- In signs of deterioration of the country's financial situation, the government's fiscal deficit has risen to Rs 3.07 lakh crore, or 74 per cent of the Budget estimates, in the first seven months of 2011-12.
- India's October exports rose an annual 10.8 percent to $19.9 billion, while imports for the month rose 21.7 percent to $39.5 billion.
- The Reserve Bank of India to use all available tools to stem a fall in the rupee if the currency's downward spiral escalates and will take steps to keep liquidity in the country's markets at comfortable levels.

Macro scenario

World economy

- Eurozone sovereign debt crisis
- Slowing recovery in developed markets
- High unemployment
- Contraction in China, UK

Indian economy

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

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 3rd Dec 2011	% Change
STOCKS	Australia	ASX	4346.10	7.11
	Brazil	Bovespa	57885.80	5.45
	China	Shanghai	2360.66	(0.82)
	France	CAC	3164.95	10.78
	Germany	DAX	6080.68	10.70
	Hong Kong	Hang Seng	19040.40	7.64
	India	Sensex	16846.83	7.34
	Japan	Nikkei	8643.75	5.93
	UK	FTSE	5552.29	7.51
	USA	DJIA	12019.40	7.01
COMMODITIES	Copper	$/Pound	3.59	9.45
	Crude	$/Barrel	101.13	4.51
	Gold	$/Troy Ounce	1749.10	4.05
	Natural Gas	$/MMBtu	3.59	1.41
	Silver	$/Troy Ounce	32.69	5.62
	Aluminium	$/Tonne	2130.00	6.93
	Lead	$/Tonne	2110.00	5.29
	Nickel	$/Tonne	17740.00	4.66
	Zinc	$/Tonne	2052.00	7.43
CURRENCIES	GBP/USD		1.5592	1.00
	EUR/USD		1.3393	1.19
	AUD/USD		1.0214	5.19
	JPY/USD		77.96	0.31
	INR/USD		51.10	(1.90)
	HKD/USD		7.7670	(0.37)
	BRL/USD		1.7908	(4.99)
BONDS	2 Year	US Treasury	110.19	0.03
	10 Year		130.50	(0.12)
	30 Year		142.06	(1.24)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 3rd Dec 2011	% Change
STOCKS	Nifty	Large Cap	5050.15	7.22
	Sensex	Large Cap	16846.83	7.34
	BSE Midcap	Mid Cap	5763.40	2.69
	BSE Smallcap	Small Cap	6190.03	2.32
Some Major Shares	ACC	Rs/share	1214.00	8.36
	Bharti Airtel		390.60	4.12
	HDFC Ltd		667.60	8.77
	Infosys		2694.15	3.63
	L&T		1310.30	3.50
	Reliance Inds		812.05	7.73
	Tata Motors		191.90	11.67
	Tata Steel		419.10	11.77
COMMODITIES	Aluminium	INR/Kg	109.45	5.44
	Copper	INR/Kg	407.95	8.05
	Crude	INR/Barrel	5175.00	2.11
	Gold	INR/10gms	28943.00	1.88
	Lead	INR/Kg	107.80	4.20
	Natural Gas	INR/1mmBtu	185.40	(2.98)
	Nickel	INR/Kg	904.00	1.62
	Silver	INR/Kg	55270.00	1.73
	Zinc	INR/Kg	105.10	5.73
CURRENCIES	INR/EUR		68.46	(0.83)
	INR/GBP		79.68	(0.94)
	INR/100 JPY		65.54	(2.22)
	INR/USD		51.10	(1.90)

WORLD MARKETS - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS			Brazil	Australia ↑	France
			Germany ↑	China	Japan
			UK	Hong Kong	
			USA	India	
COMMODITIES		Crude Oil ↑	Copper ↑	Lead ↑	Aluminium
		Gold ↑		Silver	Natural Gas
				Zinc	Nickel
CURRENCIES		HKD ↑	AUD	EUR	BRL
(against USD)			JPY	GBP	INR
BONDS	10 Year	2 Year ↑			
(US Treasury)	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		FMCG ↑ IT ↑	Auto Cons Durable Healthcare 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	ACC ↑	Ambuja Cem	Apollo Tyres	Coal India ↑	ABB
	Bajaj Auto ↑	Cairn ↑	Ashok Leyland	J P Associates	Andhra Bank
	Hind Unilever	Cipla ↑	Bharti Airtel	JSW Steel	Axis Bank
		Hero Motoco	Bosch Ltd	Ranbaxy	Bank of Baroda
		Idea Cellular	Canara Bank ↑	RCOM ↑	BPCL
		Kotak Bank ↑	Chambal Fert ↑	Reliance Ind	Bhel
		Sun Pharma	DLF ↑	Reliance Infra	Crompton Gr
		TCS ↑	Dr Reddy	Siemens	Exide Inds
		Ultratech	Grasim Ind	Tech Mahindra ↑	GAIL
		Wipro ↑	Havells India		Hindalco
			HCL Tech ↑		ICICI Bank
			HDFC ↑		LT
			HDFC Bank		Maruti Suzuki
			Hind Zinc ↑		PNB
			Infosys Tech		Reliance Capital
			ITC		Sesa Goa
			Jindal Steel ↑		Shriram Trans
			Lupin		SBIN
			M&M		Sterlite Ind
			MRF		Tata Power
			Nestle India	**Neutral**	Tata Steel
			NTPC ↑		UCO Bank
			O N G C ↑	Tata Chemicals	
			Petronet LNG	Tata Global ↑	
			Power Grid	Tata Motors	
			RECL	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		Colgate-Palm	Bata India	Asian Paints	Cummins
		GMDC	Britannia Ind	Bharat Forge	GE Shipping
		GSK Con Health	Federal Bank ↑	Biocon	Glaxo Pharma
		LIC Housing ↑	Godrej Cons	Castrol India	HCC
			GSPL	Dabur	Indian Hotel
			IGL	I D F C	Shipping Corpn
			Marico	Titan Ind ↓	Voltas
			Yes Bank		

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