

# *ShroffConnect* Weekly Report

10<sup>th</sup> December, 2011

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# Opinion on 10/12/2011

- Money Flow: There is no discernible trend.
  - **Opinion on money flow:** The news flows from world markets are confusing, and this situation is not leading to any trend in the money flow. Markets are trading in a range though treasuries, gold and US stocks seem to be stronger than the rest.
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- Indian markets: The Indian markets lost a large part of the gains of the previous week.
  - Sectors: Two wheelers, Cement, IT and selective Pharma are outperforming.
  - Positives: Decreasing food inflation.
  - Negatives: Lower growth, high interest rate, high fiscal deficit, weak Rupee and lack of governance.
  - **Opinion:** The Indian markets remained volatile on its own macro picture deteriorating and due to uncertain foreign cues. The total lack of reforms, lack of stable policies, high inflation & decelerating growth have taken a toll on companies and consumers alike. Investors should book profits / exit on rallies. They should wait and watch prior to making new commitments.

# Detailed Analysis

# Current scenario & news

## World economy

- Singapore's manufacturing sector contracted for a fifth straight month in November as orders continued to shrink, adding to evidence of a deepening global economic slowdown.
- China's annual inflation rate tumbled in November to 4.2 percent, the lowest level in more than a year, fuelling expectations of further monetary policy easing to combat deteriorating domestic and international economic conditions.
- Growth in the U.S. service sector eased last month, and new orders for factory goods fell in October, tempering recent optimism that the U.S. economy may be poised for a more vigorous rebound.
- The European Central Bank cut interest rates by a quarter of a point to counter the twin threats of recession and deflation in the euro zone, and is expected to unveil fresh measures to help banks hurt by the bloc's debt crisis.

## Indian economy

- Food inflation fell sharply to 6.60 per cent for the week ended November 26, reflecting a decline in prices of essential items like vegetables, onions, potatoes and wheat.
- India's industrial output declined by 7 percent in October, dragged down by a fall in the capital goods sector, the first time it moved into negative territory since June 2009.
- Realty and metal have been the worst-performing sectors in the Indian equity markets in 2011. The BSE Realty Index and the BSE Metals Index have lost 44% and 40%, respectively in 2011 so far.
- The net direct tax collection jumped 8.63 per cent to Rs 2,35,333 crore during the first eight months of this fiscal.
- India will roll out a long-awaited direct tax code, aimed at simplifying archaic tax laws, on April 1, 2012.

# Macro scenario

## World economy

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

## Indian economy

- Slowing growth
- High Interest rate
- High fiscal deficit
- High input cost
- Rupee depreciation

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 10th Dec 2011	% Change
STOCKS	Australia	ASX	4264.06	(1.89)
	Brazil	Bovespa	58236.50	0.61
	China	Shanghai	2315.27	(1.92)
	France	CAC	3172.35	0.23
	Germany	DAX	5986.71	(1.55)
	Hong Kong	Hang Seng	18586.20	(2.39)
	India	Sensex	16213.46	(3.76)
	Japan	Nikkei	8536.46	(1.24)
	UK	FTSE	5529.21	(0.42)
	USA	DJIA	12184.30	1.37
COMMODITIES	Copper	\$/Pound	3.57	(0.56)
	Crude	\$/Barrel	99.83	(1.29)
	Gold	\$/Troy Ounce	1714.90	(1.96)
	Natural Gas	\$/MMBtu	3.34	(6.96)
	Silver	\$/Troy Ounce	32.29	(1.22)
	Aluminium	\$/Tonne	2065.00	(3.05)
	Lead	\$/Tonne	2165.00	2.61
	Nickel	\$/Tonne	18650.00	5.13
	Zinc	\$/Tonne	2003.00	(2.39)
CURRENCIES	GBP/USD		1.5665	0.47
	EUR/USD		1.3384	(0.07)
	AUD/USD		1.0215	0.01
	JPY/USD		77.60	(0.46)
	INR/USD		51.86	1.49
	HKD/USD		7.7814	0.19
	BRL/USD		1.8054	0.82
BONDS	2 Year	US Treasury	110.24	0.05
	10 Year		130.64	0.11
	30 Year		141.50	(0.39)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 10th Dec 2011	% Change
STOCKS	Nifty	Large Cap	4866.70	(3.63)
	Sensex	Large Cap	16213.46	(3.76)
	BSE Midcap	Mid Cap	5620.85	(2.47)
	BSE Smallcap	Small Cap	6053.51	(2.21)
Some Major Shares	ACC	Rs/share	1163.80	(4.14)
	Bharti Airtel		358.70	(8.17)
	HDFC Ltd		655.40	(1.83)
	Infosys		2710.30	0.60
	L&T		1226.85	(6.37)
	Reliance Inds		755.70	(6.94)
	Tata Motors		183.00	(4.64)
	Tata Steel		397.55	(5.14)
COMMODITIES	Aluminium	INR/Kg	108.05	(1.28)
	Copper	INR/Kg	412.70	1.16
	Crude	INR/Barrel	5186.00	0.21
	Gold	INR/10gms	29106.00	0.56
	Lead	INR/Kg	111.35	3.29
	Natural Gas	INR/1mmBtu	175.10	(5.56)
	Nickel	INR/Kg	971.10	7.42
	Silver	INR/Kg	56933.00	3.01
	Zinc	INR/Kg	104.70	(0.38)
CURRENCIES	INR/EUR		68.43	(0.04)
	INR/GBP		81.20	1.91
	INR/100 JPY		66.89	2.06
	INR/USD		51.86	1.49

## WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
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### STOCKS

Australia ↑	France ↑	China ↓
Brazil	Hong Kong	Japan
Germany		
India ↑		
UK		
USA		

### COMMODITIES

Crude Oil	Gold ↓	Copper ↓	Aluminium
	Lead ↑	Silver	Natural Gas
	Zinc ↑		Nickel

### CURRENCIES (against USD)

HKD	AUD	BRL ↑	INR
	JPY	EUR	
		GBP	

### 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				Sensex ↑	Nifty	Mid Cap Small Cap
SECTORS			FMCG	Auto Cons Durable Healthcare IT ↓ Teck	Oil & Gas	Bankex Cap Goods Metal Power Realty
COMMODITIES	Crude Oil Gold			Aluminium ↑ Copper Lead Natural Gas Nickel ↑ Silver 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 Hind Unilever Ultratech ↑	Cairn Cipla Havells India ↑ Hero Motoco Sun Pharma TCS Wipro	Apollo Tyres Ashok Leyland Bharti Airtel Bosch Ltd Chambal Fert DLF Dr Reddy Grasim Ind HCL Tech HDFC HDFC Bank Hind Zinc Idea Cellular ↓ Infosys Tech ITC Jindal Steel Kotak Bank ↓ Lupin M&M MRF Nestle India NTPC O N G C	BPCL ↑ Canara Bank ↓ Coal India Jaiprakash Asso JSW Steel PNB ↑ RCOM Reliance Ind Reliance Infra SBIN ↑ Thermax ↓  <b>Neutral</b>  Petronet LNG Power Grid RECL Tata Chemicals Tata Global Tata Motors	ABB Andhra Bank Axis Bank Bank of Baroda Bhel Crompton Gr Exide Inds GAIL Hindalco ICICI Bank LT Maruti Suzuki Ranbaxy ↓ Reliance Cap Sesa Goa Shriram Trans Siemens ↓ Sterlite Ind Tata Power Tata Steel Tech Mahindra ↓ UCO Bank

↑ = 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			GSK Con Health	Bata India	Asian Paints	Castrol India ↓
				Britannia Ind	Bharat Forge	Cummins India
				Colgate-Palm ↓	Biocon	GE Shipping
				Federal Bank	Dabur	Glaxo Pharma
				GMDC ↓	Godrej Cons ↓	HCC
				GSPL	I D F C	Indian Hotel
				IGL	Marico ↓	S C I
				LIC Housing ↓	Titan Ind	Voltas
				Yes Bank		

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

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