

ShroffConnect Weekly Report

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Opinion on 17/12/2011

- Money Flow: Into US treasuries.
 - **Opinion on money flow:** Investors have begun to move their money into US treasuries after weeks of sideways movement. Even favoured commodities like Gold and Silver have borne the brunt. The reason for this mainly is the strength of the US dollar against all major currencies, and the desire to remain in risk free USD based assets.
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- Indian market: The markets ended weak, at new 2 year lows.
 - Sectors: Cement, IT and selective Pharma are outperforming.
 - Positives: The RBI signaling a halt in the cycle of increasing interest rates; RBI taking steps to support the Indian rupee; falling food inflation.
 - Negatives: High interest rates; nil governance; weak INR; high fiscal deficit.
 - **Opinion on the Indian market:** The Indian market seems to have moved into an intermediate down trend. There are virtually no positive signals to support the market. RBI is taking some policy decisions which could help the economy but it seems to be doing too little and has left it till too late. There are virtually no new major policies being announced. It does not seem that there will be any major positive news coming from foreign markets as Europe resigns itself to a tough economic environment for the next few years. Investors should book profits on rallies, and wait for stability before investing fresh money.

Detailed Analysis

Current scenario & news

World economy

- Foreign direct investment growth in China fell year-on-year for the first time in 28 months, with November's \$8.8 billion of commitments down 9.8 percent and hurt by a sharp drop in inflows from the United States.
- The euro is likely to stay under pressure until early next year as investors grow bearish about euro zone growth prospects and policymakers' ability to bring a rapid conclusion to the region's debt crisis.
- German manufacturing contracted for a third straight month in December and looked unlikely to provide a lift to Europe's largest economy soon as new orders continued to dry up.
- China expects trade disputes to increase next year as global markets contract due to European and U.S. economic weakness.

Indian economy

- India's industrial output fell in October for the first time in more than two years as capital goods investment slumped, ramping up pressure on the RBI to ease monetary or liquidity conditions.
- India's food inflation eased to 4.35 percent in the year to December 3 - its lowest reading since late February 2008.
- The RBI refrained from raising interest rates for the first time in eight meetings as inflation cools and the fallout from Europe's debt crisis threatens growth.
- India's foreign exchange reserves dropped \$69 million to \$306.77 billion during the week ended December 9, 2011, mainly on account of revaluation of currencies in the reserves.
- India is looking at various ways to boost capital inflows, including reducing the lock-in period for foreign institutional investors (FIIs) in some infrastructure bonds.

Macro scenario

World economy

- Global economy slowdown
- Eurozone debt crisis
- Downside of euro area industrial production
- Contraction in China, UK

Indian economy

- High fiscal deficit
- High input cost
- Rupee depreciation
- Pause in the interest rate to shift focus on economic growth

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 17th Dec 2011	% Change
STOCKS	Australia	ASX	4218.81	(1.06)
	Brazil	Bovespa	56096.90	(3.67)
	China	Shanghai	2224.84	(3.91)
	France	CAC	2972.30	(6.31)
	Germany	DAX	5701.78	(4.76)
	Hong Kong	Hang Seng	18285.40	(1.62)
	India	Sensex	15491.35	(4.45)
	Japan	Nikkei	8401.72	(1.58)
	UK	FTSE	5387.34	(2.57)
	USA	DJIA	11866.40	(2.61)
COMMODITIES	Copper	\$/Pound	3.35	(6.16)
	Crude	\$/Barrel	93.78	(6.06)
	Gold	\$/Troy Ounce	1601.50	(6.61)
	Natural Gas	\$/MMBtu	3.13	(6.29)
	Silver	\$/Troy Ounce	29.73	(7.93)
	Aluminium	\$/Tonne	2004.00	(2.95)
	Lead	\$/Tonne	1960.00	(9.47)
	Nickel	\$/Tonne	18550.00	(0.54)
	Zinc	\$/Tonne	1868.00	(6.74)
CURRENCIES	GBP/USD		1.5544	(0.77)
	EUR/USD		1.3040	(2.57)
	AUD/USD		0.9961	(2.49)
	JPY/USD		77.72	0.15
	INR/USD		52.56	1.35
	HKD/USD		7.7850	0.05
	BRL/USD		1.8510	2.53
BONDS	2 Year	US Treasury	110.24	0.00
	10 Year		131.95	1.00
	30 Year		145.56	2.87

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 17th Dec 2011	% Change
STOCKS	Nifty	Large Cap	4651.60	(4.42)
	Sensex	Large Cap	15491.35	(4.45)
	BSE Midcap	Mid Cap	5277.27	(6.11)
	BSE Smallcap	Small Cap	5688.39	(6.03)
Some Major Shares	ACC	Rs/share	1128.75	(3.01)
	Bharti Airtel		336.55	(6.18)
	HDFC Ltd		626.35	(4.43)
	Infosys		2724.50	0.52
	L&T		1072.65	(12.57)
	Reliance Inds		721.85	(4.48)
	Tata Motors		172.40	(5.79)
	Tata Steel		364.95	(8.20)
COMMODITIES	Aluminium	INR/Kg	105.75	(2.13)
	Copper	INR/Kg	393.20	(4.72)
	Crude	INR/Barrel	4950.00	(4.55)
	Gold	INR/10gms	27636.00	(5.05)
	Lead	INR/Kg	103.95	(6.65)
	Natural Gas	INR/1mmBtu	165.80	(5.31)
	Nickel	INR/Kg	976.90	0.60
	Silver	INR/Kg	53714.00	(5.65)
	Zinc	INR/Kg	99.00	(5.44)
CURRENCIES	INR/EUR		68.57	0.20
	INR/GBP		81.70	0.62
	INR/100 JPY		67.62	1.09
	INR/USD		52.56	1.35

WORLD MARKETS - TECHNICAL SNAPSHOT



STOCKS

Australia

Germany ↓

China

Brazil

France ↓

UK

Hong Kong ↓

USA

India ↓

Japan

COMMODITIES

Crude Oil ↓

Copper

Aluminium

Gold

Lead ↓

Natural Gas

Zinc ↓

Nickel

Silver ↓

CURRENCIES

(against USD)

HKD ↓

AUD ↓

BRL ↓

JPY

GBP

EUR ↓

INR

BONDS

(US Treasury)

10 Year

2 Year

30 Year

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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap
Nifty ↓
Sensex ↓
Small Cap

SECTORS

Auto
FMCG ↓
IT
Teck

Healthcare ↓

Bankex
Cap Goods
Cons Durable ↓
Metal
Oil & Gas ↓
Power
Realty

COMMODITIES

Crude Oil
Gold

Copper
Lead
Nickel
Silver
Zinc

Aluminium ↓
Natural Gas ↓

CURRENCIES (against INR)

GBP
JPY
USD

EUR ↓

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

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Hind Unilever	Ambuja Cem ↓ Bajaj Auto ↓ Cipla Havells India Sun Pharma TCS Ultratech ↓ Wipro	ACC ↓ Apollo Tyres Ashok Leyland Bharti Airtel Bosch Ltd Cairn ↓ DLF Dr Reddy Grasim Ind HCL Tech Hero Motoco ↓ Idea Cellular Infosys Tech ITC Jindal Steel Kotak Bank Lupin MRF Nestle India Petronet LNG Power Grid RECL Tata Chemicals Tata Global	Canara Bank Chambal Fert ↓ Coal India HDFC ↓ HDFC Bank ↓ Hind Zinc ↓ Jaiprakash Asso M&M ↓ NTPC ↓ RCOM Reliance Ind Tata Motors ↓ Thermax	ABB Andhra Bank Axis Bank Bank of Baroda BPCL ↓ Bhel Crompton Gr Exide Inds GAIL Hindalco ICICI Bank JSW Steel ↓ LT Maruti Suzuki O N G C ↓ PNB ↓ Ranbaxy Reliance Cap Reliance Infra ↓ Sesa Goa Shriram Trans Siemens SBIN ↓ 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			Colgate-Palm ↑	Bata India	Asian Paints	Bharat Forge ↓
			GSK Con Health	Britannia Ind	Dabur	Biocon ↓
				GMDC	Federal Bank ↓	Castrol India
				LIC Housing	Godrej Cons	Cummins
				Yes Bank	GSPL ↓	GE Shipping
					I D F C	Glaxo Pharma
					I G L ↓	HCC
					Marico	Indian Hotel
					Titan Ind	S C I
						Voltas

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

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