

# *ShroffConnect Weekly Report*

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# Opinion on 24/12/2011

- Money Flow: There is no discernible trend. But stocks markets in developed markets are outperforming those in emerging markets. There is outflow of funds from precious metals, and even treasuries, but the USD remains strong against all major currencies.
  - **Opinion on money flow:** The reason that there is no discernible trend indicates that investors are favouring cash as the moment. Probably they want to see how the Eurozone debt issues and Chinese property market issues pan out over the next couple of months.
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- Indian market: The Indian market remained volatile over the past week.
  - Sectors: Cement, selective FMCG, IT and selective Pharma are outperforming.
  - Positives: Decreasing food inflation, RBI policy to not raise interest rates any more.
  - Negatives: High interest rates, high deficit, lack of governance, weak INR.
  - **Opinion on the Indian market:** The Indian market is lacking direction, and bias is on downside. We seem to be in an intermediate down trend. The macro factors in India are quite alarming, and this has eroded the confidence of investors in our markets. Foreign cues, except some positivity from the USA, are negative on the whole. Investors should book profits or exit on rallies. New investments in stocks should be avoided. For investors in debt, investments in medium and longer term debt are the best option at this time.

# Detailed Analysis

# Current scenario & news

## World economy

- The U.S. economy is gaining momentum and should push through next year with only a few bruises despite an almost certain European recession and slower global growth.
- After breezing through the euro zone debt crisis for the past two years, Germany's economy could fall into recession as anxious businesses hold off on investment and exports wither.
- Singapore's industrial production unexpectedly declined in November, adding to evidence of a weakening Asian outlook that prompted Fitch Ratings to cut its growth forecasts for the region.
- Japan's central bank offered a bleaker view of the economy and the government warned of worsening business sentiment as exports slumped, adding to evidence of the pain Europe's debt crisis is inflicting on global growth and Japan's recovery prospects.

## Indian economy

- Food inflation fell sharply to a near four-year low of 1.81 per cent for the week ended December 10 as prices of essential items like vegetables, onion, potato and wheat declined.
- A government plan to borrow 500 billion rupees (\$9.5 billion) from state banks will reduce the need to increase record sales of new bonds and help the market extend the best rally among the biggest emerging nations.
- RBI says, India's current account deficit is expected to widen further on the back of higher oil prices and sharp increase in imports of bullion, machinery and electronics.
- The Reserve Bank of India will announce the third quarter review of the monetary policy on January 24 at 11:00 a.m.
- India's foreign exchange reserves stood at \$302.100 billion as of December 16, down from \$306.775 billion in the previous week

# Macro scenario

## World economy

- US GDP growth under 2%
- US unemployment rate 8.6%
- Eurozone debt crisis
- China property bubble

## Indian economy

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

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Dec 2011	% Change
STOCKS	Australia	ASX	4192.15	(0.63)
	Brazil	Bovespa	57701.10	2.86
	China	Shanghai	2204.78	(0.90)
	France	CAC	3102.09	4.37
	Germany	DAX	5878.93	3.11
	Hong Kong	Hang Seng	18629.20	1.88
	India	Sensex	15738.70	1.60
	Japan	Nikkei	8395.16	(0.08)
	UK	FTSE	5512.70	2.33
	USA	DJIA	12294.00	3.60
COMMODITIES	Copper	\$/Pound	3.47	3.58
	Crude	\$/Barrel	99.86	6.48
	Gold	\$/Troy Ounce	1608.70	0.45
	Natural Gas	\$/MMBtu	3.11	(0.64)
	Silver	\$/Troy Ounce	29.10	(2.12)
	Aluminium	\$/Tonne	2016.00	0.60
	Lead	\$/Tonne	2020.00	3.06
	Nickel	\$/Tonne	18505.00	(0.24)
	Zinc	\$/Tonne	1855.00	(0.70)
CURRENCIES	GBP/USD		1.5580	0.23
	EUR/USD		1.3044	0.03
	AUD/USD		1.0140	1.80
	JPY/USD		78.05	0.42
	INR/USD		52.83	0.51
	HKD/USD		7.7747	(0.13)
	BRL/USD		1.8610	0.54
BONDS	2 Year	US Treasury	110.12	(0.11)
	10 Year		129.86	(1.58)
	30 Year		141.97	(2.47)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Dec 2011	% Change
STOCKS	Nifty	Large Cap	4714.00	1.34
	Sensex	Large Cap	15738.70	1.60
	BSE Midcap	Mid Cap	5185.19	(1.74)
	BSE Smallcap	Small Cap	5614.90	(1.29)
Some Major Shares	ACC	Rs/share	1139.05	0.91
	Bharti Airtel		330.65	(1.75)
	HDFC Ltd		660.90	5.52
	Infosys		2694.75	(1.09)
	L&T		1008.85	(5.95)
	Reliance Inds		746.40	3.40
	Tata Motors		184.95	7.28
	Tata Steel		347.30	(4.84)
COMMODITIES	Aluminium	INR/Kg	105.65	(0.09)
	Copper	INR/Kg	407.00	3.51
	Crude	INR/Barrel	5289.00	6.85
	Gold	INR/10gms	27796.00	0.58
	Lead	INR/Kg	105.85	1.83
	Natural Gas	INR/1mmBtu	165.60	(0.12)
	Nickel	INR/Kg	985.40	0.87
	Silver	INR/Kg	53112.00	(1.12)
	Zinc	INR/Kg	98.20	(0.81)
CURRENCIES	INR/EUR		68.96	0.57
	INR/GBP		82.34	0.78
	INR/100 JPY		67.64	0.03
	INR/USD		52.83	0.51

## WORLD MARKETS - TECHNICAL SNAPSHOT

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

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



## INDIAN MARKETS - TECHNICAL SNAPSHOT



### INDICES

Mid Cap  
Nifty  
Sensex  
Small Cap

### SECTORS

FMCG  
IT  
Teck

Auto ↓  
Healthcare

Bankex  
Cap Goods  
Cons Durable  
Metal  
Oil & Gas  
Power  
Realty

### COMMODITIES

Crude Oil  
Gold

Copper  
Lead  
Nickel  
Zinc

Aluminium  
Natural Gas  
Silver ↓

### 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	Cipla ↑ Hind Unilever	ACC ↑ Ambuja Cem Cairn ↑ Sun Pharma TCS Ultratech Wipro	Apollo Tyres Ashok Leyland Bajaj Auto ↓ DLF Dr Reddy Grasim Ind Havells India ↓ HDFC ↑ Hero Motoco Hind Zinc ↑ Idea Cellular Infosys Tech ITC Kotak Bank Lupin MRF Nestle India Petronet LNG Power Grid Tata Global Tata Motors ↑	Bharti Airtel ↓ Bosch Ltd ↓ Chambal Fert HCL Tech ↓ HDFC Bank Jaiprakash Asso Jindal Steel ↓ M&M O N G C ↑ RECL ↓ Reliance Ind Tata Chemicals ↓  Sterlite Ind Tata Power Tata Steel Tech Mahindra Thermax ↓ UCO Bank	ABB Andhra Bank Axis Bank Bank of Baroda B P C L Bhel Canara Bank ↓ Coal India ↓ Crompton Gr Exide Inds GAIL Hindalco ICICI Bank JSW Steel LT Maruti Suzuki NTPC ↓ PNB Ranbaxy RCOM ↓ Reliance Capital Reliance Infra S B I Sesa Goa Shriram Trans Siemens

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

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

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