

# *ShroffConnect* Weekly Report

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# Opinion as on 10/03/2012

- Money flow: Into stocks and commodities and out of US treasuries.
  - **Opinion on money flow:** There is a distinct flow out of US treasuries and into other riskier assets on the back of good economic data from the US, and the near end of the Greek sovereign debt issues. There could be choppiness on the equity front, but the sentiment is bullish.
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- Indian market: The Indian market remained volatile and range bound.
  - Sectors: Auto, Banks, Cement, Food and IT are outperforming.
  - Positives: CRR cut of 75 basis points, possible rate cut.
  - Negatives: Weak political climate, high interest, high deficit, possible hike in petrol and diesel rates.
  - **Opinion:** The market should continue to remain volatile in the next week with the impending RBI review, budget and hike in rates of petroleum products. Investors would do well to take advantage of the volatility and buy profit making, India centric stocks on dips.

**Current news and  
current world financial  
market prices**

# Current scenario & news

## World economy

- One-time financial powerhouse Lehman Brothers emerged from bankruptcy and is now a liquidating company whose main business in the coming years will be paying back its creditors and investors.
- China's annual rate of consumer inflation slowed sharply to a 20-month low of 3.2 percent in February, comfortably within Beijing's 2012 target of 4 percent, giving policymakers room to further loosen monetary policy to support slowing growth.
- Australia recorded a trade deficit in January, its first in 11 months, as weaker shipments of iron ore and coal contributed to the biggest drop in total exports in almost three years.
- The U.S. services sector expanded at its fastest pace in a year in February, helped by a gain in new orders and as the housing market shows signs of stabilizing.

## Indian economy

- The Indian government's subsidy burden is expected to reach 2.5 percent of the country's gross domestic product (GDP) for the fiscal ending March 31, the highest in 10 years, due to higher price of crude oil and other commodities.
- To ease liquidity situation, the Reserve Bank slashed CRR by 0.75 percentage points, a step that will infuse Rs 48,000 crore into the economy.
- India's exports grew an annual 4.3 per cent to \$24.6 billion in February, while imports grew 20.6 per cent to \$39.8 billion. The trade deficit widened to \$15.2 billion during the month from \$14.8 billion in January.
- The government may miss the indirect tax collection target for the current fiscal by a whisker, as it has collected only 89 per cent of the budget estimates totalling Rs 3.48 lakh crore till February end.

## WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 10th Mar 2012	% Change
STOCKS	Australia	ASX	4300.50	(1.46)
	Brazil	Bovespa	66703.96	(1.59)
	China	Shanghai	2439.46	(0.86)
	France	CAC	3487.48	(0.39)
	Germany	DAX	6880.21	(0.59)
	Hong Kong	Hang Seng	21086.00	(2.21)
	India	Sensex	17503.24	(0.76)
	Japan	Nikkei	9929.74	1.56
	UK	FTSE	5887.49	(0.40)
	USA	DJIA	12922.00	(0.43)
COMMODITIES	Copper	\$/Pound	3.85	(1.53)
	Crude	\$/Barrel	107.42	0.86
	Gold	\$/Troy Ounce	1713.40	0.06
	Natural Gas	\$/MMBtu	2.31	(6.48)
	Silver	\$/Troy Ounce	34.33	(1.29)
	Aluminium	\$/Tonne	2240.00	(3.78)
	Lead	\$/Tonne	2120.00	(3.20)
	Nickel	\$/Tonne	19300.00	(0.90)
	Zinc	\$/Tonne	2070.00	(2.36)
CURRENCIES	USD/GBP		1.5681	(0.93)
	USD/EUR		1.3121	(0.56)
	USD/AUD		1.0576	(1.44)
	JPY/USD		82.42	0.78
	INR/USD		49.85	0.69
	HKD/USD		7.7569	(0.02)
	BRL/USD		1.7825	3.00
BONDS	2 Year	US Treasury	110.16	(0.09)
	10 Year		131.06	(0.25)
	30 Year		141.75	(0.64)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 10th Mar 2012	% Change
STOCKS	Nifty	Large Cap	5333.55	(0.48)
	Sensex	Large Cap	17503.24	(0.76)
	BSE Midcap	Mid Cap	6330.15	(0.24)
	BSE Smallcap	Small Cap	6749.21	(1.15)
Some Major Shares	ACC	Rs/share	1318.75	(1.47)
	Bharti Airtel		338.85	(3.30)
	HDFC Ltd		680.50	1.17
	Infosys		2855.30	0.34
	L&T		1302.35	0.21
	Reliance Inds		773.80	(4.95)
	Tata Motors		280.65	4.86
	Tata Steel		455.20	(2.30)
COMMODITIES	Aluminium	INR/Kg	110.70	(3.19)
	Copper	INR/Kg	426.50	(1.19)
	Crude	INR/Barrel	5348.00	0.81
	Gold	INR/10gms	27982.00	(0.15)
	Lead	INR/Kg	106.10	(2.26)
	Natural Gas	INR/1mmBtu	116.00	(6.75)
	Nickel	INR/Kg	961.40	(1.50)
	Silver	INR/Kg	59052.00	1.66
	Zinc	INR/Kg	103.00	(2.00)
CURRENCIES	INR/EUR		65.30	(0.08)
	INR/GBP		77.98	(0.47)
	INR/100 JPY		60.32	(0.31)
	INR/USD		49.85	0.69

Detailed macro /  
fundamental analysis  
of world economies

## MACRO ECONOMIC SNAPSHOT AS ON 10/03/2012

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.60	1.50
Inflation Rate	Monthly	2.90	3.00
Unemployment Rate	Monthly	8.30	8.50
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	1.97	1.98

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.70	1.40
Inflation Rate	Monthly	2.60	2.70
Unemployment Rate	Monthly	10.70	10.40
Benchmark Interest Rate	Weekly	1.00	1.25
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	8.90	9.10
Inflation Rate	Monthly	3.20	4.50
Unemployment Rate	Monthly	4.10	4.30
Benchmark Interest Rate	Weekly	6.56	6.56
Govt. bond 10 year Rate	Weekly	3.58	3.54

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.60	-1.00
Inflation Rate	Monthly	0.10	-0.20
Unemployment Rate	Monthly	4.60	4.50
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	0.97	0.98

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.80	0.50
Inflation Rate	Monthly	3.60	4.20
Unemployment Rate	Monthly	8.40	8.30
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	2.14	2.07

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	6.10	6.90
Inflation Rate	Monthly	6.55	7.47
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	7.50	7.50
Govt. bond 10 year Rate	Weekly	8.89	8.93

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	2.10
Inflation Rate	Monthly	5.80	6.20
Unemployment Rate	Monthly	5.50	4.70
Benchmark Interest Rate	Weekly	9.75	10.50
Govt. bond 10 year Rate	Weekly	12.55	12.53

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.80	3.40
Inflation Rate	Monthly	3.70	4.20
Unemployment Rate	Monthly	6.60	6.10
Benchmark Interest Rate	Weekly	8.00	8.25
Govt. bond 10 year Rate	Weekly	6.00	6.00

## IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 10/03/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1749.50	13.94	7.09
Bharat Heavy Electricals Ltd.	Electric Equipment	278.50	10.55	2.86
Bharti Airtel Ltd.	Telecommunication - Service Provider	338.90	28.06	2.47
Cipla Ltd.	Pharmaceuticals & Drugs	308.15	23.65	3.33
Coal India Ltd.	Mining & Minerals	334.85	14.11	4.63
DLF Ltd.	Construction - Real Estate	203.75	28.65	1.37
HDFC Bank Ltd.	Bank - Private	522.85	25.39	4.21
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1909.65	16.75	8.06
Hindalco Industries Ltd.	Aluminium & Aluminium Products	134.60	11.18	0.82
Hindustan Unilever Ltd.	Household & Personal Products	382.05	31.29	17.57
Housing Development Finance Corporation Ltd.	Finance - Housing	679.25	25.44	4.98
ICICI Bank Ltd.	Bank - Private	914.70	17.53	1.77
Infosys Ltd.	IT - Software	2859.85	21.01	5.14
ITC Ltd.	Cigarettes/Tobacco	208.30	27.88	7.95
Jaiprakash Associates Ltd.	Engineering - Construction	77.90	22.31	1.72
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	572.85	13.94	3.16
Larsen & Toubro Ltd.	Engineering - Construction	1302.05	18.88	3.32
Mahindra & Mahindra Ltd.	Automobiles-Tractors	676.25	15.90	3.38
Maruti Suzuki India Ltd.	Automobiles - Passenger cars	1341.90	23.42	2.61
NTPC Ltd.	Power Generation/Distribution	173.60	15.21	1.93
Oil & Natural Gas Corpn. Ltd.	Oil Exploration	282.85	10.87	2.08
Reliance Industries Ltd.	Refineries	773.60	11.95	1.56
State Bank Of India	Bank - Public	2222.30	11.88	1.50
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	114.45	4.52	0.82
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	569.95	22.94	5.11
Tata Consultancy Services Ltd.	IT - Software	1206.35	23.01	7.38
Tata Motors Ltd.	Automobiles-Trucks/Lcv	279.20	7.55	2.86
Tata Power Company Ltd.	Power Generation/Distribution	108.75	95.65	2.00
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	453.70	4.95	1.08
Wipro Ltd.	IT - Software	432.15	19.52	4.00

# World macro scenario

- USA – The government continues its stimulus policies by extending tax rate cuts and forcing interest to remain as low as 0.25% till 2014, although some economic data is quite encouraging.
- Europe – Greece has obtained its debt package from bondholders. Economic slowdown and even recession is on the cards for most countries.
- China – Lower exports to the US and Europe are leading to lack of demand in the manufacturing sector and lower GDP growth estimates.
- Japan – Lower exports to the US and Europe but strong Yen.
- Rest of the World – Iran is now a nuclear power. Israel may declare hostilities against Iran.

# Indian macro scenario

- Economy – The economy is slowing and the impact is being felt across the board. Fiscal deficit is much above the desired levels though inflation has decreased.
- Government policies – There has been a lack of growth oriented policies for the past one year and above. Landmark legislations have been postponed due to the compulsions of coalition politics. The yearly budget is awaited.
- RBI – The RBI has again cut CRR rates.
- Politics – Elections results have been dismal for the ruling party.
- Sectors – The sectors which generally do well at the bottom of a business cycle are showing good results. This is hinting at a revival of the cycle.

# Our concerns on the macro front

## World economies

- US need for continuous stimulus through low interest rates and tax cuts.
- Eurozone contraction.
- Chinese slowdown.

## Indian economy

- High interest rate.
- High and growing fiscal deficit through subsidies and less collection of taxes
- Lack of governance and populist politics.
- High price of crude oil.

# Detailed technical analysis of world financial markets

## WORLD MARKETS - TECHNICAL SNAPSHOT

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

Bankex  
FMCG  
Healthcare  
Power  
Realty  
Teck

Cap Goods  
Cons Durable  
Metal  
Oil & Gas ↓

### COMMODITIES

Crude Oil ↑

Copper  
Gold ↓  
Silver

Aluminium ↓  
Lead  
Nickel  
Zinc ↓

Natural Gas

### CURRENCIES (against INR)

EUR ↑  
GBP ↑  
USD ↑

JPY ↑

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

## MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

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

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

## MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Astrazeneca Ph Britannia ↑ Godrej Cons ↑ I D F C ↑ IndusInd Bank Jubilant Food Titan Ind ↑ Yes Bank	Asian Paints ↑ Bata India ↑ Bharat Forge Castrol India Colgate-Palm CRISIL Cummins Federal Bank GE Shipping GMDC GSK Con Health HCC ↑ LIC Housing ↓ Marico Opto Circuits SKF India ↑ Voltas ↑	ABG Shipyard Dabur Glaxo Pharma Indian Hotel Pidilite Ind Shipping Corpn Tata Sponge TTK Prestige	GSPL ↑ Hawkins Cookers IGL	Biocon ↓

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

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