

ShroffConnect Weekly Report

14th April, 2012



Shroff Securities Pvt. Ltd.
Portfolio Investment Management Services

Kolkata: 033 32933592/3658
Bangalore: 080 32996004/6005
Email: contact@shroffsecurities.com
Web: www.shroffsecurities.com

(for private circulation only)

Opinion as on 14/04/2012

- Money flow: There is some movement out of stocks and commodities.
 - **Opinion on money flow:** The markets have realized the fact that liquidity alone is not enough for a sustained rally and some economic growth must come alongside. China GDP growth was down to 8.1% from 8.9%.
-
- Indian market: The market remained volatile and range bound.
 - Sectors: Auto & Auto Ancillaries, Banks, Consumer Goods & Pharma are outperforming.
 - Positives: Virtually none.
 - Negatives: High fiscal deficit, high interest rate, no political will to take tough steps.
 - **Opinion:** The markets remained range bound to easy. Inflation data and the RBI policy will drive the market in the coming week. The RBI may not move to cut interest rates in the absence of any governmental policy towards controlling fiscal deficit. Till interest rates do not begin to move down, the economy will not return to the growth path. The result season is at hand, and investors may wait and watch for a couple of weeks before fresh investments.



Current news and world
financial market prices

Current scenario & news

World economy

- China's economy grew at its slowest in nearly three years in the first three months of 2012, with a weaker than expected reading raising investor concerns that a five-quarter long slide has not bottomed and that more policy action would be needed to halt it.
- U.S. consumer prices rose modestly in March amid signs a spike in gasoline costs was ebbing, but inflation still outpaced workers' earnings and threatened to undermine consumer spending.
- The yen advanced for a second week versus the euro and the dollar after the Bank of Japan refrained from further moves to stimulate growth and Spanish bond yields climbed, reviving concern Europe's debt crisis will spread.

Indian economy

- The foreign trade policy, to be unveiled next month, will focus on addressing India's trade deficit, which ballooned to USD 185 billion in 2011-12, exerting pressure on the country's current account deficit.
- India's industrial production grew at a slower-than-expected pace in February, weighed down by a contraction in output of consumer durable goods, reinforcing expectations the Reserve Bank of India (RBI) will cut interest rates.
- Indian companies' foreign direct investments rose 38 percent on month in March, with bank guarantees continuing to be the biggest contributor.
- India to raise retail prices of subsidised fuels, including diesel, once parliament approves the finance bill for the current fiscal year early next month.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 14th Apr 2012	% Change
STOCKS	Australia	ASX	4404.17	0.05
	Brazil	Bovespa	62105.60	(2.49)
	China	Shanghai	2359.16	2.28
	France	CAC	3189.09	(3.94)
	Germany	DAX	6583.90	(2.82)
	Hong Kong	Hang Seng	20701.00	0.52
	India	Sensex	17332.62	(0.88)
	Japan	Nikkei	9637.99	(0.52)
	UK	FTSE	5651.79	(1.26)
	USA	DJIA	12849.60	(1.61)
COMMODITIES	Copper	\$/Pound	3.62	(4.74)
	Crude	\$/Barrel	102.84	(0.45)
	Gold	\$/Troy Ounce	1659.80	1.82
	Natural Gas	\$/MMBtu	1.99	(4.78)
	Silver	\$/Troy Ounce	31.48	(0.79)
	Aluminium	\$/Tonne	2070.00	(1.85)
	Lead	\$/Tonne	2065.00	0.27
	Nickel	\$/Tonne	18310.00	(0.52)
	Zinc	\$/Tonne	1984.00	(0.95)
CURRENCIES	USD/GBP		1.5854	(0.09)
	USD/EUR		1.3075	(0.15)
	USD/AUD		1.0376	0.67
	JPY/USD		80.91	(0.87)
	INR/USD		51.30	0.35
	HKD/USD		7.7600	(0.06)
	BRL/USD		1.8378	0.92
BONDS	2 Year	US Treasury	110.22	0.10
	10 Year		131.53	0.37
	30 Year		141.44	0.85

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 14th Apr 2012	% Change
STOCKS	Nifty	Large Cap	5207.45	(2.17)
	Sensex	Large Cap	17094.51	(2.24)
	BSE Midcap	Mid Cap	6337.97	(2.10)
	BSE Smallcap	Small Cap	6799.23	(0.67)
Some Major Shares	ACC	Rs/share	1258.75	(6.39)
	Bharti Airtel		323.50	(2.00)
	HDFC Ltd		680.70	0.15
	Infosys		2402.55	(15.73)
	L&T		1282.30	(4.68)
	Reliance Inds		751.55	0.61
	Tata Motors		289.30	3.86
	Tata Steel		449.80	(5.41)
COMMODITIES	Aluminium	INR/Kg	105.80	(1.54)
	Copper	INR/Kg	413.70	(3.99)
	Crude	INR/Barrel	5314.00	0.45
	Gold	INR/10gms	28587.00	1.38
	Lead	INR/Kg	106.65	0.71
	Natural Gas	INR/1mmBtu	103.10	(5.41)
	Nickel	INR/Kg	945.20	0.12
	Silver	INR/Kg	55809.00	(0.70)
	Zinc	INR/Kg	103.00	0.15
CURRENCIES	INR/EUR		67.54	0.84
	INR/GBP		81.29	0.26
	INR/100 JPY		63.37	1.26
	INR/USD		51.30	0.35



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 14/04/2012

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.60	1.50
Inflation Rate	Monthly	2.70	2.90
Unemployment Rate	Monthly	8.20	8.30
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	1.99	2.03

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.70	1.40
Inflation Rate	Monthly	2.60	2.70
Unemployment Rate	Monthly	10.80	10.70
Benchmark Interest Rate	Weekly	1.00	1.25
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	8.10	8.90
Inflation Rate	Monthly	3.60	3.20
Unemployment Rate	Monthly	4.10	4.30
Benchmark Interest Rate	Weekly	6.56	6.56
Govt. bond 10 year Rate	Weekly	3.55	3.54

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.60	-1.00
Inflation Rate	Monthly	0.30	0.10
Unemployment Rate	Monthly	4.50	4.60
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	0.95	0.96

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.50	0.80
Inflation Rate	Monthly	3.40	3.60
Unemployment Rate	Monthly	8.40	8.30
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	2.04	2.05

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	8.50	7.50
Govt. bond 10 year Rate	Weekly	8.55	8.68

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	2.10
Inflation Rate	Monthly	5.20	5.80
Unemployment Rate	Monthly	5.70	5.50
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 14/04/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1640.70	13.07	6.65
Bharat Heavy Electricals Ltd.	Electric Equipment	258.25	9.79	2.65
Bharti Airtel Ltd.	Telecommunication - Service Provider	322.45	26.70	2.35
Cipla Ltd.	Pharmaceuticals & Drugs	313.95	24.09	3.39
Coal India Ltd.	Mining & Minerals	337.75	14.23	4.67
DLF Ltd.	Construction - Real Estate	197.85	27.82	1.33
HDFC Bank Ltd.	Bank - Private	530.25	25.77	4.28
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	2058.10	18.06	8.69
Hindalco Industries Ltd.	Aluminium & Aluminium Products	124.65	10.35	0.76
Hindustan Unilever Ltd.	Household & Personal Products	424.10	34.74	19.50
Housing Development Finance Corporation Ltd.	Finance - Housing	680.10	25.50	4.99
ICICI Bank Ltd.	Bank - Private	864.65	16.57	1.67
Infosys Ltd.	IT - Software	2403.30	17.28	5.63
ITC Ltd.	Cigarettes/Tobacco	236.20	31.67	9.02
Jaiprakash Associates Ltd.	Engineering - Construction	77.35	22.15	1.71
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	497.80	12.11	2.75
Larsen & Toubro Ltd.	Engineering - Construction	1281.95	18.59	3.27
Mahindra & Mahindra Ltd.	Automobiles-Tractors	692.15	16.28	3.46
Maruti Suzuki India Ltd.	Automobiles - Passenger cars	1323.35	23.10	2.57
NTPC Ltd.	Power Generation/Distribution	166.40	14.58	1.85
Oil & Natural Gas Corpn. Ltd.	Oil Exploration	260.85	10.02	1.92
Reliance Industries Ltd.	Refineries	751.25	11.59	1.52
State Bank Of India	Bank - Public	2211.45	12.49	1.46
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	106.50	4.21	0.76
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	586.40	23.61	5.26
Tata Consultancy Services Ltd.	IT - Software	1069.55	20.40	6.54
Tata Motors Ltd.	Automobiles-Trucks/Lcv	289.10	7.82	2.96
Tata Power Company Ltd.	Power Generation/Distribution	102.95	90.54	1.89
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	449.75	4.91	1.07
Wipro Ltd.	IT - Software	420.95	19.01	3.90

World macro scenario

- USA – US economic data is somewhat better with employment figures and consumer data being encouraging. The government has fixed the interest to remain as low as 0.25% till 2014. However, they have signaled an end to quantitative easing.
- Europe – Economic slowdown and even recession is on the cards for most countries. Spain may be having debt issues.
- China – Lower exports to the US and Europe are leading to lack of demand in the manufacturing sector and lower GDP growth.
- Japan – Lower exports but strong Yen.
- Rest of the World – Iran is now a nuclear power. Major powers are agreeing to hold a dialogue with Iran to assuage fears.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels and inflation pressures remain due to high crude prices.
- Government policies – Excise & Service Tax hiked by 2% to 12%. GAAR announced.
- RBI – The RBI has left all major rates unchanged despite the corporate sector crying for an interest rate decrease.
- Politics – Political issues have disrupted the Railway Budget. There is an absolute lack of political will to do anything.
- Sectors – Defensive sectors are doing better.

Our concerns on the macro front

World economies

- Eurozone debt issue and 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.
- Possibility of a mid term poll.
- High price of crude oil.
- GAAR may impact foreign investments.



Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT

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

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
INDICES			Mid Cap	Nifty Sensex Small Cap		
SECTORS	FMCG		Auto ↓ Cons Durable Healthcare IT	Bankex Cap Goods Metal Oil & Gas Power Realty Teck		
COMMODITIES	Crude Oil		Copper ↓	Aluminium Gold Lead Silver Zinc	Nickel ↓	Natural Gas
CURRENCIES (against INR)			USD	EUR GBP JPY ↑		

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

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

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

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

Disclaimer

- This report or newsletter (collectively called 'Report') is for private circulation only. The content, information, statements, opinion, statistics, newsletters, reports and material (collectively called 'Content') contained in this Report does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any stocks, commodities, foreign exchange, bonds, mutual funds, debt instruments, financial instruments or any investment products (collectively called 'Securities').
- All Content contained herein are provided "as is" for informational purposes only, and is not intended for trading purposes or advice. The Content provided is based on historical data. The past is not necessarily a guide to the future values and prices. No guarantee, representation or warranty whatsoever is made by M/s Shroff Securities Private Limited, its subsidiary (ies), group entities, their owners, directors, partners, officers or employees (collectively called 'Company & Others') regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the Content contained in this Report or of the results obtained from the use of such Content and no warranties whether express or implied, responsibility or liability, contingent or otherwise of any kind and nature whatsoever regarding the accuracy, quality, performance, merchantability and/or fitness for a particular purpose of the Content contained herein or of the results obtained from the use of such Content, the security suitability for the investor, accounting and tax consequences of investing in Securities or the future value developments of such Securities.
- The Content provided in this report thus provides non-binding Content for which the Company & Others disclaim liability. Transacting in Securities carries a great deal of risk. Readers and recipients should take independent professional advice before doing any transaction(s). The Company & Others shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on Content contained herein.