

ShroffConnect Weekly Report

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Current scenario & news

World markets

- Oil price rises as Libya's violent uprising threatened to disrupt exports
- European central banks appear to be edging closer to interest rate increases as inflation runs above targets
- Euro zone countries are working on a comprehensive package of measures to resolve their year-long debt crisis, aiming for a deal by the end of March
- Japan swung to its first trade deficit in 22 months in January as exports to Asia slowed and a surge in commodity prices pushed up import costs
- Inflation concerns in Europe are showing no signs of letting up, forcing equity investors to reduce exposure to vulnerable sectors, with German shares particularly prone to further inflation risks

Indian markets

- The Govt. raises "serious concern" about the trade deficit that could more than double to \$278.5 billion in three years and may cause an unsustainable current account deficit
- BP Plc makes one of the biggest FDIs in India, with a \$7.2 billion tie-up with Reliance to explore for deepwater oil and gas
- India's steel minister called for curbs on exports of iron ore, as the federal government heads into a budget that could raise export duty on the steel-making ingredient marginally
- The Govt. says that spiralling crisis in the Middle East and rising global commodity prices could increase inflationary pressures at home
- Govt. hopes to introduce food bill in Budget session

Macro scenario

World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK

Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- GDP growth at 8–9%

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 26th Feb 2011	% Change
STOCKS	Australia	ASX	4924.91	(2.01)
	Brazil	Bovespa	66902.53	(1.71)
	China	Shanghai	2878.58	(0.74)
	France	CAC	4070.38	(2.09)
	Germany	DAX	7185.17	(3.25)
	Hong Kong	Hang Seng	23012.37	(2.47)
	India	Sensex	17700.91	(2.80)
	Japan	Nikkei	10526.76	(2.91)
	UK	FTSE	6001.20	(1.34)
	USA	DJIA	12130.45	(2.10)
COMMODITIES	Copper	\$/Pound	4.45	(0.67)
	Crude	\$/Barrel	98.23	14.02
	Gold	\$/Troy Ounce	1410.00	1.48
	Natural Gas	\$/MMBtu	4.02	4.15
	Silver	\$/Troy Ounce	33.32	2.15
	Aluminium	\$/Tonne	2565.00	(0.11)
	Lead	\$/Tonne	2517.65	(5.62)
	Nickel	\$/Tonne	28190.00	(3.29)
CURRENCIES	Zinc	\$/Tonne	2490.85	(2.43)
	USD/GBP		1.6120	(0.80)
	USD/EUR		1.3758	0.49
	USD/AUD		1.0173	0.39
	JPY/USD		81.66	(1.80)
	INR/USD		45.31	0.35
	HKD/USD		7.7939	0.11
BONDS	BRL/USD		1.6625	(0.33)
	2 Year	US Treasury	109.42	0.16
	10 Year		120.17	0.93
	30 Year		121.72	2.10

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 26th Feb 2011	% Change
STOCKS	Nifty	Large Cap	5303.55	(2.85)
	Sensex	Large Cap	17700.91	(2.80)
	BSE Midcap	Mid Cap	6353.52	(4.63)
	BSE Smallcap	Small Cap	7789.47	(4.18)
Some Major Shares	ACC	Rs/share	994.00	1.00
	Bharti Airtel		329.75	(0.48)
	HDFC Ltd		623.60	(3.15)
	Infosys		3007.30	(3.00)
	L&T		1513.95	(7.64)
	Reliance Inds		966.25	3.28
	Tata Motors		1110.70	(7.87)
	Tata Steel		606.85	(4.93)
COMMODITIES	Aluminium	INR/Kg	114.85	0.31
	Copper	INR/Kg	445.10	(0.08)
	Crude	INR/Barrel	4462.00	9.58
	Gold	INR/10gms	20961.00	2.01
	Lead	INR/Kg	115.35	(3.59)
	Natural Gas	INR/1mmBtu	183.40	6.01
	Nickel	INR/Kg	1281.20	(2.51)
	Silver	INR/Kg	50101.00	3.22
	Zinc	INR/Kg	112.20	(1.58)
CURRENCIES	INR/EUR		62.35	0.81
	INR/GBP		73.02	(0.23)
	INR/100 JPY		55.50	2.25
	INR/USD		45.31	0.35

WORLD MARKETS - TECHNICAL SNAPSHOT



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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
Nifty					
Sensex					
Mid Cap					↓
Small Cap					

SECTORS

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
IT					
Teck					
Auto					
Bankex					
Cons Durable					
FMCG				↓	
Healthcare				↓	
Metal					
Oil & Gas					↑
Cap Goods					
Power					
Realty					

COMMODITIES

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
Aluminium					
Copper					
Crude Oil					↑
Nickel					
Silver					
Zinc					
Gold					
Lead					↓
Natural Gas					↑

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

CURRENCIES
(against INR)

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
EUR					
GBP					
JPY					↑
USD					

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES			BOB BEL ↑ Cairn Grasim Ind Hind Unilever Hind Zinc Hindalco Infosys Tech Jindal Saw Nestle India Petronet LNG Power Grid Siemens Sterlite Ind Tata Motors Tata Steel TCS ↓ Wipro	ACC Adani Ent ↓ Ambuja Cem Andhra Bank Axis Bank Bajaj Auto Bank Of India ↓ Bharti Airtel ↓ Canara Bank Cipla ↓ GAIL ↓ HDFC HDFC Bank ↓ ICICI Bank Idea Cellular IOB ↓ ITC ↓ Jindal Steel ↓ M&M ↓ Ranbaxy ↓ Reliance Ind ↑ Sesa Goa ↓ Suzlon Syndicate Bank ↑ Tata Chemicals Tata Power Ultratech Union Bank	Allahabad Bank ↓ Ashok Leyland B P C L ↓ Bhel H P C L Hero Honda JP Associates JSW Steel LT M R P L Maruti Suzuki ↓ MRF NTPC O N G C PFC Punj Loyd PNB ↓ RCOM Reliance Infra SAIL SBIN ↓ UCO Bank United Spirits

↑ = 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			Dr Reddy HCL Tech ↓ Mphasis Mundraport OFSS Patni Comp Shriram Trans Sun Pharma Titan Ind	Aditya Bir Nuv Asian Paints Bharat Forge Biocon Chambal Fert Colgate-Palm Cummins Dabur Exide Inds Federal Bank Glenmark Ph ↓ GSPL Havells India IFCI IGL ↓ Jain Irrigation Kotak Bank LIC Housing Fin Lupin ↓ Piramal Health ↑ Shr Renuka ↓ SRF Sun Tv Tech Mahindra	Apollo Tyres Crompton Gr ↓ Divi's Lab ↓ DLF GMR Infra HDIL HCC I D F C IDBI Bank ↓ Indian Hotel ↓ RECL Reliance Cap Sterlite Tech Tata Global United Phosp Voltas ↓ Yes Bank ↓
↑ = moved up from last week ↓ = moved dn from last week					

Our opinion

- Money flow: Into stocks of developed markets and bullion.
 - Opinion on money flow: Money is flowing out of emerging markets. Developed markets seem cheaper and more stable on account of low inflation and strengthening recovery. Money is flowing into gold and silver. This is probably as a hedge against Middle East uncertainties and due to the weakness of the USD.
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- Indian stocks: The market is in a long term correction.
 - Current trend in sectors: No sector is bullish as of now.
 - Positives: Strong foreign markets.
 - Negatives: High inflation and high deficits.
 - Opinion: The market is in a correction mode, and continues to remain weak, though there may be a short term Budget induced rally. Long term investors may hold onto their investments. Fresh investments are best avoided till a new trend emerges.

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