

# *ShroffConnect* Weekly Report

5<sup>th</sup> March, 2011

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# Current scenario & news

## World markets

- Growth in the service sectors in the US and Europe hit its highest in five yrs in February, suggesting economic growth is accelerating though inflationary pressures are building
- Global food prices hit a record high in February, warning that fresh oil price spikes and stockpiling by importers keen to head off popular unrest would hit already volatile cereal markets.
- Euro zone inflationary pressures hit a 28-month high in January
- China relaxed its tight grip over FDI, saying investment and merger and acquisition deals worth less than \$300 million will no longer need to be approved by Beijing

## Indian markets

- India's services sector expanded in February at its fastest pace in seven months, helped by a steady expansion of new business
- India pays 1.5 billion euros to clear pending dues for oil imports from Iran
- Driven by a pick-up demand in the US and Latin American markets, India's exports rose by 32.4% yoy to USD 20.6 billion in January
- The Indian railways raised freight rates on iron ore meant for exports by 100 rupees per tonne to 1,600 rupees
- The infrastructure sector output growth picked up in January, indicating industrial growth could be better in fiscal fourth quarter

# 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 5th Mar 2011	% Change
STOCKS	Australia	ASX	4958.59	0.68
	Brazil	Bovespa	68012.10	1.66
	China	Shanghai	2942.17	2.21
	France	CAC	4020.21	(1.23)
	Germany	DAX	7178.90	(0.09)
	Hong Kong	Hang Seng	23408.86	1.72
	India	Sensex	18486.45	4.44
	Japan	Nikkei	10693.66	1.59
	UK	FTSE	5991.50	(0.16)
	USA	DJIA	12169.88	0.33
COMMODITIES	Copper	\$/Pound	4.49	0.90
	Crude	\$/Barrel	104.91	6.80
	Gold	\$/Troy Ounce	1433.10	1.64
	Natural Gas	\$/MMBtu	3.80	(5.47)
	Silver	\$/Troy Ounce	35.63	6.93
	Aluminium	\$/Tonne	2600.15	1.37
	Lead	\$/Tonne	2630.00	4.46
	Nickel	\$/Tonne	28800.00	2.16
	Zinc	\$/Tonne	2461.00	(1.20)
CURRENCIES	USD/GBP		1.6264	0.89
	USD/EUR		1.3984	1.64
	USD/AUD		1.0128	(0.44)
	JPY/USD		82.28	0.76
	INR/USD		44.97	(0.75)
	HKD/USD		7.7892	(0.06)
	BRL/USD		1.6478	(0.88)
BONDS	2 Year	US Treasury	109.51	0.08
	10 Year		120.00	(0.14)
	30 Year		120.81	(0.75)

## INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 5th Mar 2011	% Change
STOCKS	Nifty	Large Cap	5538.75	4.43
	Sensex	Large Cap	18486.45	4.44
	BSE Midcap	Mid Cap	6592.12	3.76
	BSE Smallcap	Small Cap	7998.99	2.69
Some Major Shares	ACC	Rs/share	987.25	(0.68)
	Bharti Airtel		326.95	(0.85)
	HDFC Ltd		681.50	9.28
	Infosys		3062.20	1.83
	L&T		1610.80	6.40
	Reliance Inds		982.20	1.65
	Tata Motors		1175.75	5.86
	Tata Steel		618.20	1.87
COMMODITIES	Aluminium	INR/Kg	116.40	1.35
	Copper	INR/Kg	448.75	0.82
	Crude	INR/Barrel	4731.00	6.03
	Gold	INR/10gms	21098.00	0.65
	Lead	INR/Kg	118.80	2.99
	Natural Gas	INR/1mmBtu	171.50	(6.49)
	Nickel	INR/Kg	1302.20	1.64
	Silver	INR/Kg	50740.00	1.28
	Zinc	INR/Kg	111.60	(0.53)
CURRENCIES	INR/EUR		62.94	0.95
	INR/GBP		73.15	0.18
	INR/100 JPY		54.63	(1.57)
	INR/USD		44.97	(0.75)

**WORLD MARKETS - TECHNICAL SNAPSHOT**

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
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STOCKS	Australia France Germany Japan USA	China UK ↓	Brazil Hong Kong	India	
COMMODITIES	Aluminium Copper Crude Oil ↑ Lead ↑ Nickel Silver Zinc	Gold	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	Nifty Sensex	Mid Cap Small Cap
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SECTORS	IT Teck	Bankex Cons Durable FMCG Metal Oil & Gas	Auto ↓ Cap Goods Healthcare ↓ Power Realty
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COMMODITIES	Aluminium Copper Crude Oil Nickel Silver Zinc	Gold Lead	Natural Gas
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↑ = moved up from last week  
↓ = moved dn from last week

CURRENCIES (against INR)	EUR ↑	GBP	JPY ↓ USD
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## MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES		Siemens ↑ TCS ↑	Adani Ent ↑ Bank of Baroda BEL Cairn Canara Bank ↑ Grasim Ind HDFC ↑ HDFC Bank ↑ Hind Zinc Hindalco IOB ↑ Infosys Tech Jindal Saw Jindal Steel ↑ Nestle India Petronet LNG Power Grid Tata Motors Tata Steel Ultratech ↑	ACC Allahabad Bank ↑ Andhra Bank Axis Bank Bajaj Auto Bank Of India Bharti Airtel Hind Unilever ↓ ICICI Bank Idea Cellular ITC M&M Maruti Suzuki ↑ PNB ↑ Ranbaxy Reliance Ind Sesa Goa SBIN ↑ Sterlite Ind ↓ Suzlon Syndicate Bank Tata Chemicals Union Bank United Spirits ↑ Wipro ↓	Ambuja Cem ↓ Ashok Ley B P C L Bhel Cipla ↓ GAIL ↓ H P C L Hero Honda JP Associates JSW Steel LT M R P L MRF NTPC O N G C PFC Punj Loyd RCOM Reliance Infra SAIL Tata Power ↓ 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			Aditya Bir Nuv ↑ Dabur ↑ HCL Tech OFSS Shriram Trans Sun Pharma Tech Mahindra ↑ Titan Ind	Asian Paints Bharat Forge Chambal Fert Colgate-Palm Cummins Dr Reddy's Lab ↓ Exide Inds Federal Bank Glenmark Ph GSPL Havells India IFCI Jain Irrigation Kotak Bank LIC Housing Mphasis ↓ Mundraport ↓ Patni Comp ↓ Piramal Health Shr Renuka SRF Sun Tv Yes Bank ↑	Apollo Tyres Biocon ↓ Crompton Gr Divi's Lab DLF GMR Infra HDIL HCC I D F C IDBI Bank Indian Hotel IGL ↓ Lupin ↓ RECL Reliance Cap Sterlite Tech Tata Global United Phosp Voltas

↑ = 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: Developed markets seem more stable on account of low inflation and strengthening recovery. Money is flowing into gold and silver as a probable hedge against Middle East uncertainties.
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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, though Auto, Banks and Finance have rallied from the low prices last week.
  - Positives: Strong foreign markets.
  - Negatives: High inflation, high deficits and uncertain political conditions.
  - Opinion: The market is in a correction mode, but in a Budget induced rally. Long term investors may hold onto their investments. That a new uptrend has begun is not certain. Thus, fresh investments are best avoided till there is certainty.

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