

ShroffConnect Weekly Report 25th August, 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 25/08/2012

- Money flow: Into stocks and commodities.
 - **Opinion on money flow:** Safe haven USD has given up some gains and investors are moving towards riskier assets again on hope that the Euro issues will get sorted out.
-
- Indian market – The Indian stock market was range bound between 5300-5400 although the under current is positive.
 - Sectors – Banks (private), Cement, Consumer goods, IT and Pharma are outperforming.
 - Positives – FII buying and foreign cues.
 - Negatives – High fiscal deficit, high interest rate, political apathy.
 - **Opinion:** The Indian market has moved up on FII buying. The government is promising much but has done nothing so far. It is embroiled in another CAG report on coal mine allocation. The Parliament monsoon session which should have seen some legislation has come to a virtual standstill. The fiscal situation is again becoming worse due to rising crude prices. Investors may hold onto their investments and switch to companies which are showing sales and profit growth.



Current news and world
financial market prices

Current scenario & news

World economy

- China's factories contracted in August the most in nine months according to a survey showing falling export orders and rising inventories, signs that more policy action is probably needed to stop a slowdown in economic growth now in a seventh quarter.
- Japan's exports slumped the most in six months in July as shipments to Europe and China tumbled, adding to concerns over global demand after a string of dire trade figures from Asia's export engines.
- Treasuries rose, with 10-year notes snapping the longest weekly losing streak since 2010, amid bets the Federal Reserve will buy more debt under quantitative easing as global economic growth slows, renewing demand for safety.

Indian economy

- The Reserve Bank of India (RBI) said that fighting inflation remained the cornerstone of its monetary policy, and urged the government to cut expenditure, indicating it was unlikely to act soon to ease rates despite slowing growth.
- India's annual consumer price inflation slowed slightly in July to 9.86 percent, helped by a drop in petrol prices at the pump, but a drought in parts of the country pushed food prices higher.
- The Government is set to lose over Rs 100k crore on diesel subsidies alone in the current fiscal, as the country's diesel consumption gallops and the fuel stays at substantial discount to its cost.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 25th Aug 2012	% Change
STOCKS	Australia	ASX	4376.50	(0.39)
	Brazil	Bovespa	58425.76	(1.11)
	China	Shanghai	2092.10	(1.08)
	France	CAC	3433.21	(1.58)
	Germany	DAX	6971.07	(0.99)
	Hong Kong	Hang Seng	19880.03	(1.17)
	India	Sensex	17783.21	0.52
	Japan	Nikkei	9070.76	(1.00)
	UK	FTSE	5776.60	(1.30)
	USA	DJIA	13157.97	(0.88)
COMMODITIES	Copper	\$/Pound	3.48	1.75
	Crude	\$/Barrel	96.15	0.15
	Gold	\$/Troy Ounce	1672.90	3.30
	Natural Gas	\$/MMBtu	2.70	(0.74)
	Silver	\$/Troy Ounce	30.62	9.36
	Aluminium	\$/Tonne	1918.00	3.23
	Lead	\$/Tonne	1971.00	4.01
	Nickel	\$/Tonne	16475.00	5.41
	Zinc	\$/Tonne	1879.00	4.56
CURRENCIES	USD/GBP		1.5800	0.66
	USD/EUR		1.2512	1.55
	USD/AUD		1.0396	(0.38)
	JPY/USD		78.65	(1.07)
	INR/USD		55.49	(0.43)
	HKD/USD		7.7565	0.01
	BRL/USD		2.0263	0.56
BONDS	2 Year	US Treasury	110.20	0.04
	10 Year		133.58	0.82
	30 Year		148.38	1.71

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 25th Aug 2012	% Change
STOCKS	Nifty	Large Cap	5386.70	0.38
	Sensex	Large Cap	17783.21	0.52
	BSE Midcap	Mid Cap	6119.21	(0.63)
	BSE Smallcap	Small Cap	6574.78	(0.61)
Some Major Shares	ACC	Rs/share	1338.35	0.90
	Bharti Airtel		247.95	(5.47)
	HDFC Ltd		722.50	1.29
	Infosys		2444.80	3.99
	L&T		1420.80	(2.14)
	Reliance Inds		782.10	(4.17)
	Tata Motors		246.05	2.44
	Tata Steel		387.80	(1.77)
COMMODITIES	Aluminium	INR/Kg	104.75	2.44
	Copper	INR/Kg	426.75	1.51
	Crude	INR/Barrel	5354.00	(0.43)
	Gold	INR/10gms	30947.00	2.59
	Lead	INR/Kg	108.85	3.52
	Natural Gas	INR/1mmBtu	150.30	(1.64)
	Nickel	INR/Kg	911.80	4.65
	Silver	INR/Kg	57508.00	7.25
	Zinc	INR/Kg	102.95	2.74
CURRENCIES	INR/EUR		69.45	1.19
	INR/GBP		87.66	0.37
	INR/100 JPY		70.52	0.67
	INR/USD		55.49	(0.43)



Detailed macro analysis

MACRO ECONOMIC SNAPSHOT AS ON 25/08/2012

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.20	2.40
Inflation Rate	Monthly	1.40	1.70
Unemployment Rate	Monthly	8.30	8.20
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	↑1.82	1.65

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.40	-0.10
Inflation Rate	Monthly	2.40	2.40
Unemployment Rate	Monthly	11.20	11.20
Benchmark Interest Rate	Weekly	0.75	0.75
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	7.60	8.10
Inflation Rate	Monthly	1.80	2.20
Unemployment Rate	Monthly	4.10	4.10
Benchmark Interest Rate	Weekly	6.00	6.31
Govt. bond 10 year Rate	Weekly	↑3.34	3.31

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	3.50	2.90
Inflation Rate	Monthly	-0.20	0.20
Unemployment Rate	Monthly	4.30	4.40
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	↑0.85	0.79

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	↑-0.50	-0.20
Inflation Rate	Monthly	2.60	2.40
Unemployment Rate	Monthly	↓8.00	8.10
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	↑1.67	1.56

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	5.30	6.10
Inflation Rate	Monthly	6.87	7.25
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	8.00	8.00
Govt. bond 10 year Rate	Weekly	↑8.24	8.20

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.80	1.40
Inflation Rate	Monthly	5.20	4.92
Unemployment Rate	Monthly	↑6.50	6.30
Benchmark Interest Rate	Weekly	8.00	8.50
Govt. bond 10 year Rate	Weekly	12.55	12.53

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.90	4.80
Inflation Rate	Monthly	5.60	4.30
Unemployment Rate	Monthly	5.40	5.40
Benchmark Interest Rate	Weekly	8.00	8.00
Govt. bond 10 year Rate	Weekly	6.00	6.00

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS AS ON 25/08/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1712.05	16.45	7.33
Bharat Heavy Electricals Ltd.	Electric Equipment	231.15	7.92	2.15
Bharti Airtel Ltd.	Telecommunication - Service Provider	248.00	24.74	1.83
Cipla Ltd.	Pharmaceuticals & Drugs	366.90	23.17	3.71
Coal India Ltd.	Mining & Minerals	366.90	15.35	6.13
Dr Reddys Laboratories Ltd.	Pharmaceuticals & Drugs	1679.20	19.02	5.41
GAIL (India) Ltd.	Gas Transmission/Marketing	366.90	12.24	2.04
HDFC Bank Ltd.	Bank - Private	596.35	25.57	4.45
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	1936.85	15.88	7.88
Hindalco Industries Ltd.	Aluminium & Aluminium Products	110.95	10.53	0.67
Hindustan Unilever Ltd.	Household & Personal Products	518.85	32.41	23.33
Housing Development Finance Corporation Ltd.	Finance - Housing	723.00	25.89	5.53
ICICI Bank Ltd.	Bank - Private	955.70	15.86	1.75
Infosys Ltd.	IT - Software	2445.35	15.81	4.18
ITC Ltd.	Cigarettes/Tobacco	265.15	32.29	10.21
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	397.65	10.86	1.98
Larsen & Toubro Ltd.	Engineering - Construction	1421.20	19.07	3.40
Mahindra & Mahindra Ltd.	Automobiles-Tractors	762.50	15.61	3.66
Maruti Suzuki India Ltd.	Automobiles - Passenger Cars	1190.25	22.78	2.20
NTPC Ltd.	Power Generation/Distribution	168.65	14.42	1.87
Oil & Natural Gas Corp. Ltd.	Oil Exploration	287.10	9.06	2.08
Reliance Industries Ltd.	Refineries	782.10	13.41	1.51
State Bank Of India	Bank - Public	1894.80	7.05	1.14
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	112.25	8.60	0.79
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	665.40	23.91	5.27
Tata Consultancy Services Ltd.	IT - Software	1323.00	22.88	7.89
Tata Motors Ltd.	Automobiles-Trucks/Lcv	246.00	4.84	1.91
Tata Power Company Ltd.	Power Generation/Distribution	98.35	0.00	1.79
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	387.70	58.73	0.87
Wipro Ltd.	IT - Software	365.00	15.44	3.15

World macro scenario

- USA – US economic data is mixed. The GDP growth rate has decreased. The government has fixed the interest to remain as low as 0.25% till 2014. A “fiscal cliff” which entails automatic cutting of govt. expenditure is due from 1st Jan, 2013.
- Europe – Economic slowdown in most countries. ECB officials decide to help countries in trouble on easier terms and cuts interest rates to their lowest level but Germany holds the key.
- China – Lowest GDP growth in several years. Govt. cuts key interest rate to boost growth.
- Japan – Improvement in GDP growth.
- Rest of the World – Positive political development and growth in South East Asia. Syria and Iran are the pressure points for the developed world.

Indian macro scenario

- Economy – Fiscal deficit is much above the desired levels with subsidies becoming bigger. The monsoon is officially deficient.
- Government policies – New panel for GAAR formed. Govt. rethinks income tax amendments. Govt. may bring in the Food Security Bill.
- RBI – The RBI leaves rates unchanged on 31st July.
- Inflation – Inflation has moderated to below 7%.
- Foreign exchange – The balance of payments situation is negative.
- Politics – The Parliament monsoon session has not seen any business due to the CAG report on allotment of captive coal mines and opposition agitation thereon.
- National – Assam is tense and a large number of Indians from the North East are returning to the state in fear of violence
- Sectors – Defensive sectors are doing better – consumer products and pharma.

Our concerns on the macro front

World economies

- Mixed data from USA.
- Eurozone's low to negative GDP growth.
- Chinese GDP growth slowdown.
- Syria and Iran political issues.

Indian economy

- High interest rate.
- High and growing fiscal deficit through subsidies.
- Lack of governance and populist politics.
- Deficient monsoon
- Sporadic violence in different parts of the country



Detailed technical analysis

WORLD MARKETS - TECHNICAL SNAPSHOT



STOCKS

Germany

Australia

China ↓

Brazil
France
Hong Kong
India
Japan
UK
USA

COMMODITIES

Copper
Crude Oil
Gold
Lead ↑
Natural Gas ↓
Silver ↑

Zinc

Aluminium
Nickel

CURRENCIES
(against USD)

AUD ↑
JPY ↑

GBP
HKD

BRL
EUR

INR

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

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

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

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

MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

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

↑ = 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.