

# WEEKLY | FUNDAMENTAL



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## WEEKLY CHART OF SENSEX



## WEEK IN RETROSPECT

Indian stock markets fell more than 4 percent during the week on worries about the health of the world economy. Market echoed the sell-off seen a week ago when S&P downgraded the credit rating of the U.S. Although the market commenced the week on an upbeat note following relief rally across the globe, but fell sharply as concerns over global growth and high debt in Euro-zone countries hurt the sentiments. On Friday market touched its lowest level since May 2010.

India's inflation eased marginally in July 2011 mainly on account of the base effect. On YoY basis, inflation decreased to 9.22 percent from 9.44 percent in June 2011.

India's monsoon was 26 percent above LPA during this week ended August 17, 2011 and cumulative rainfall from June 01 to August 17, 2011 was 1 percent below the LPA.

On the global front, On the global front, the U.S. US Philly Fed Manufacturing Index fell to -30.7 in August 2011 from +3.2 in July 2011. It leaves it at a level last seen in March 2009, when the US was last in recession. The U.S. Existing Home sales fell 3.5 percent MoM to an annual rate of 4.67 million units in July from a revised 4.84 million-unit rate in June 2011. The U.S. Initial Jobless benefits in the week ending August 12 rose by 9,000 to a seasonally adjusted 408,000 from a revised 399,000 in the previous week. The U.S. Industrial output rose 0.9 percent in July 2011, more than twice June's 0.4 percent gain. Euro Zone GDP grew by 0.2 percent in Q2 of 2011 from Q1 and was up 1.7 percent from Q2 of 2010. German GDP climbed 0.1 percent in Q2 of 2011, after jumping 1.3 percent in Q1 of 2011.

## OUTLOOK

Indian stock market is likely to trade on global cues. The U.S. economic policy symposium in Jackson Hole, Wyoming on August 26, 2011 will be the next major event. In its last FOMC meeting the Fed discussed the range of policy tools available to promote a stronger economic recovery and said that it is "prepared to employ these tools as appropriate". That may have included QE3. This all sounds similar to the comment at the August 2010 meeting that the Fed "will employ its policy tools as necessary". That was eventually followed by Chairman Bernanke flagging up QE2 in a speech at Jackson Hole at the end of August and QE2 being launched in November. A repeat is now a bit more likely and Bernanke's 2011 Jackson Hole speech has just become even more important. However, the big difference between this year and last is the inflation picture. On the domestic front, concern about political instability raise once again as activist Anna Hazare began the anti-corruption campaign to enact reforms to fight corruption. Volatility may increase during the week due to F&O clearing.

## GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y% CH	Current P/E	FY12 EST P/E	Current P/B	FY12 EST P/B
DOW JONES	10817.65	(4.01)	(14.70)	(13.54)	5.91	11.60	10.90	2.31	2.21
NASDAQ	2341.84	(6.62)	(18.08)	(16.46)	7.44	17.83	13.99	2.38	2.30
S&P 500	1123.53	(4.69)	(16.47)	(15.73)	4.84	12.29	11.26	1.84	1.77
FTSE 100	5040.76	(5.25)	(15.07)	(15.26)	(2.97)	10.15	9.02	1.53	1.44
CAC 40	3016.99	(6.13)	(21.49)	(24.40)	(14.44)	8.84	8.05	1.00	0.94
DAX	5480.00	(8.63)	(25.20)	(24.59)	(8.75)	9.64	8.35	1.16	1.08
NIKKEI 225	8719.24	(2.73)	(13.94)	(9.24)	(5.01)	16.45	14.42	1.12	1.08
HANG SENG	19399.92	(1.12)	(13.57)	(16.38)	(7.54)	9.30	10.37	1.43	1.35
STRAITS TIMES	2733.63	(4.10)	(14.12)	(13.73)	(6.91)	7.81	12.62	1.34	1.35
TAIWAN TAIEX	7342.96	(3.85)	(16.23)	(16.91)	(7.37)	13.46	12.96	1.54	1.55
KOSPI	1744.88	(3.99)	(19.64)	(17.36)	(1.73)	11.08	7.96	1.04	1.08
BRAZIL BOVESPA	52447.63	(1.92)	(12.98)	(16.21)	(21.34)	8.01	8.60	1.23	1.15
RUSSIAN RTS	1564.44	(5.47)	(20.86)	(14.29)	9.78	4.23	5.07	1.03	0.87
SHANGHAI SE COMPOSIT	2534.36	(2.27)	(8.53)	(11.34)	(4.09)	13.89	11.65	2.12	1.77
BSE SENSEX	16141.67	(5.38)	(13.78)	(11.92)	(12.28)	14.44	13.43	2.66	2.38
NSE S&P CNX NIFTY	4845.65	(5.70)	(13.99)	(11.68)	(12.39)	13.93	13.17	2.46	2.21

# MARKET STATS

## MSCI INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
MSCI WORLD	1131.69	(4.16)	(16.09)	(15.33)
MSCI AC WORLD	290.42	(3.87)	(16.06)	(15.28)
MSCI AC ASIA PACIFIC	119.53	(1.96)	(14.03)	(11.21)
MSCI EM	970.16	(1.98)	(15.87)	(14.94)

## VOLATILITY INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
CBOE SPX VOLATILITY	43.05	18.40	145.72	146.99
INDIA NSE VOLATILITY	29.19	0.34	62.98	50.08

## 10 YERS BOND MARKETS

NAME	YIELD	5D % CH	1M % CH	3M % CH
US Generic Govt 10 Year Yield	2.06	(8.54)	(28.40)	(34.96)
UK Govt Bonds 10 Year Note Gen	2.39	(5.76)	(21.64)	(29.61)
Brazil Government Generic Bond	3.97	(0.58)	(0.43)	(12.70)
Japan Govt Bond Year to maturity	0.99	(5.62)	(7.82)	(14.29)
Australia Govt Bonds Generic M	4.23	(4.56)	(13.53)	(20.85)
India Govt Bond Generic Bid Yi	8.26	0.76	0.16	(0.54)

## FOREX MARKET

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
DOLLAR INDEX SPOT	74.01	(0.80)	(1.61)	(1.48)
EUR-USD X-RATE	1.44	1.05	1.70	0.62
USD-GBP X-RATE	0.61	(1.12)	(2.06)	(1.38)
USD-BRL X-RATE	1.60	0.76	(2.25)	1.04
USD-JPY X-RATE	76.55	0.21	3.44	6.61
USD-INR X-RATE	45.75	(0.75)	(2.56)	(1.51)
USD-CNY X-RATE	6.39	(0.04)	1.11	1.76
USD-KRW X-RATE	1087.55	(0.73)	(2.56)	(0.12)

## MONEY MARKETS

NAME	LAST	5D % CH	1M % CH	3M % CH
BBA LIBOR USD 3M	0.30	4.46	20.24	17.21
MIBOR Offer Market 3M	1.53	(0.65)	(4.97)	6.99
India Indicative Call Rate	7.75	0.00	1.97	4.31

## INDUSTRIAL METALS & ENERGY MARKETS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COPPER (USD/T)	8825.00	(0.45)	(10.32)	(1.39)
ALUMINUM (USD/T)	2355.00	(1.88)	(7.65)	(5.76)
ZINC (USD/T)	2193.00	0.73	(11.93)	2.72
LEAD (USD/T)	2302.00	(3.28)	(16.90)	(6.91)
OIL (USD/BBL)	82.26	(3.65)	(15.63)	(16.44)
NATURAL GAS (USD/MMBTU)	3.94	(2.96)	(12.66)	(7.16)

## PRECIOUS METALS

NAME	LAST	5D % CH	1M % CH	3M % CH
GOLD (USD/OZ)	1852.10	6.02	16.60	24.02
SILVER (USD/OZ)	42.91	9.75	9.85	22.56

## INDUSTRY INDICES

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
BALTIC DRY INDEX	1462.00	13.60	9.92	10.01
BBG WORLD IRON INDEX	232.61	(6.02)	(22.17)	(21.37)

## AGRO MARKET

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH
COFFEE (USD/IB)	269.85	10.66	8.94	(0.09)
COTTON (USD/IB)	106.22	5.67	5.34	(10.88)
SUGAR (USD/IB)	30.96	11.21	7.57	43.27
WHEAT (USD/BU)	761.25	3.96	4.75	(15.51)
SOYBEAN (USD/BU)	1368.50	2.53	(0.98)	1.41

## INSTITUTIONAL FLOW IN Cr (16/08-19/08)

INSTRUMENT	PURCHASE	SALE	NET
FII (P)	9993.5	12053.58	(2060.08)
DII	4915.52	3740.76	1174.76
MUTUAL FUND (16/08-17/08)	821.00	765.10	55.90

## FII DERIVATIVE SEGMENT IN Cr (16/08-19/08)

INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	13407.37	12671.40	735.97
INDEX OPTION	56149.18	57408.22	(1259.04)
STOCK FUTURE	11644.70	11315.98	328.72
STOCK OPTION	1559.51	1524.68	34.83

## IT & Telecom

**HCL Infosystems** has posted consolidated net profit of INR114.8 million for the quarter ended June 30, 2011 as compared to INR672.3 million for the quarter ended June 30, 2010, representing a decrease of 82.92 percent. Total income has decreased from INR32.04 billion for the quarter ended June 30, 2010 to INR26.15 billion for the quarter ended June 30, 2011, representing decrease of 18.38 percent.

NIIT Technologies announced on Tuesday the acquisition of Proyecta Sistemas de Informacion S.A (Proyecta), software services company headquartered in Madrid. The acquisition enables NIIT Technologies to enhance its European footprint with Proyecta's successful experience in servicing industry leaders in the Travel and Financial Services segments. This coagulates NIIT Technologies front-end capabilities for larger European engagements and provides a gateway to the traditional Spanish speaking countries in Latin America.

The Government has received over INR2.15 lakh crore so far from telecom operators as spectrum fee and licence fee. Up to June 2011, the government has received INR1,27,775.47 crore as spectrum charges and INR88,095.38 crore as licence fee from operators, total amounting to INR2,15,870.85 crore.

The Government said state-run MTNL is sharing its passive infrastructure such as mobile towers with Reliance Communications, Bharti airtel, Vodafone and Idea for generating revenue. However, MTNL has not shared any Base Transceiver Station (BTS) till date, Minister of State for Communications and IT Milind Deora informed the Rajya Sabha in a written reply. MTNL is sharing 15 sites with Reliance Communications, two with Bharti airtel, five with Vodafone, eight with Idea Cellular and one with Aircel.

Hughes Communications, the world's largest VSAT services provider, has edged out Bharti Airtel and Tatanet in the race to provide satellite-based broadband connectivity across Uttarakhand, Himachal Pradesh, J&K, Assam and Northeast.

Reliance Communications has hired UBS to sell its 95-percent stake in tower unit Reliance Infratel and has reached out to several strategic and private-equity firms, including Blackstone and UAE's Etisalat, asking for USD5 billion for the stake. (Source ET)

Axiata, formerly Telecom Malaysia International, is looking to raise its stake in its Indian partner, Idea Cellular, to about 25 percent, once it receives permission from the promoters of Idea - the Aditya Birla group - and the promulgation of the new takeover code, according to two people familiar with the proposed transaction.

## METAL & MINING

**Coal India** has posted consolidated net profit of INR41.44 billion for the quarter ended June 30, 2011 as compared to INR25.26 billion for the quarter ended June 30, 2010 representing rise of 64.06 percent. Total income has increased from INR125.17 billion for the quarter ended June 30, 2010 to INR160.58 billion for the quarter ended June 30, 2011, representing increase of 28.29 percent.

**Hindalco Industries** has posted a net profit of INR6.44 billion for the quarter ended June 30, 2011 as compared to INR5.34 billion for the quarter ended June 30, 2010, representing a rise of 20.51 percent. Total income has increased from INR52.47 billion for the quarter ended June 30, 2010 to INR62.09 billion for the quarter ended June 30, 2011, representing an increase of 18.32 percent.

## BANKING & FINANCIAL

Dhanlaxmi Bank hiked its retail term deposit rates in two baskets, taking it into double digits in one maturity. Under the new rate slabs applicable today, depositors will earn 10 percent per annum for a special 300-day term deposit. The rate of 10 percent is applicable for deposits under INR1 crore. A decision to introduce the special product offering 10 percent has been taken keeping in mind the present high inflation environment. Dhanlaxmi Bank has also increased interest rate on its 500 day deposit by 25 bps to 9.75 per annum. This rate will be applicable for deposits of less than and equal to INR15 lakh.

ICICI Bank has been slapped with a fine of INR25,000 by a Delhi district consumer forum for wrongly deducting INR40,578 from the account of one of its customers. Deprecating the bank's act of wrongly deducting the money from its customer Mahesh Kumar's salary account as a breach of trust, the consumer forum headed by its president B B Chaudhary asked the bank official to credit both the sum for the fine and the wrongly deducted money to his account.

Reserve Bank of India has put in place a series of measures to ensure that banks are held accountable for service deficiency. Banks, too, have agreed to adhere to a BCSBI (Banking Codes and Standards Board of India) code of commitment to customers, which is available on banks' websites.



- ◆ **Punj Lloyd** has posted consolidated net loss of INR126.6 million for the quarter ended June 30, 2011 as compared to net loss of INR304.1 billion for the quarter ended June 30, 2010. Net sales has increased from INR16.06 billion for the quarter ended June 30, 2010 to INR22.48 billion for the quarter ended June 30, 2011, representing increase of 40.01 percent.
- ◆ **Unitech** has posted consolidated net profit of INR983.60 million for the quarter ended June 30, 2011 as compared to INR1,800.40 million for the quarter ended June 30, 2010, representing a decrease of 45.37 percent. Total income has decreased from INR8.44 billion for the quarter ended June 30, 2010 to INR6.67 billion for the quarter ended June 30, 2011, representing decrease of 20.91 percent.
- ◆ **Reliance Capital** has posted consolidated net profit of INR348.30 million for the quarter ended June 30, 2011 as compared to INR769.70 million for the quarter ended June 30, 2010 representing decrease of 54.75 percent. Total income has increased from INR12.67 billion for the quarter ended June 30, 2010 to INR14.92 billion for the quarter ended June 30, 2011, representing increase of 17.78 percent.
- ◆ **Lanco Infratech** has posted consolidated net profit of INR137.70 million for the quarter ended June 30, 2011 as compared to INR1,946.90 million for the quarter ended June 30, 2010 representing sharp decrease of 92.93 percent. Total income has decreased from INR20.51 billion for the quarter ended June 30, 2010 to INR19.73 billion for the quarter ended June 30, 2011, representing decrease of 8.26 percent.
- ◆ **GTL** has posted consolidated net profit of INR119.46 million for the quarter ended June 30, 2011 as compared to INR374.88 million for the quarter ended June 30, 2010, representing a decrease of 68.13 percent. Total income has increased from INR6.17 billion for the quarter ended June 30, 2010 to INR8.34 billion for the quarter ended June 30, 2011, representing an increase of 35.13 percent.
- ◆ **Vishal Retail** has posted a net loss of INR47.77 million for the quarter ended June 30, 2011 as compared to net loss of INR194.78 million for the quarter ended June 30, 2010. Total income has decreased from INR3,346.36 million for the quarter ended June 30, 2010 to INR17.37 million for the quarter ended June 30, 2011.
- ◆ **MBL Infrastructures** has secured INR2.12 billion project for developing the Seoni-Katangi to Maharashtra Border Section of State Highway-54 of Madhya Pradesh on BOT (toll) basis by Madhya Pradesh Road Development Corporation (MPRDC). The concession period is 30 years and MPRDC will contribute non-refundable grant/subsidy of INR598.5 million. The length of the project highway is 75.60 km and the construction period is 730 days. The project will be executed through a 100 percent owned subsidiary.
- ◆ **Sadbhav Engineering** has been awarded project worth INR2.01 billion by Bihar State Road Development Corporation, Patna in joint venture with GKC Projects, Hyderabad. The contract includes improvement / upgradation of Mohammadpur Raja Patti - Mashrakh - Khaira- Chhapra Road (SH-90) Length - 64.71 Km. Contract Package No.-3 of Bihar State Highway Project - II. The company will lead the joint venture with 50 percent participation share.
- ◆ **Siemens** in consortium with Siemens AG, Germany (SAG) secured a contract worth INR2.87 billion from Power Grid Company, Bangladesh. The contract is on a turnkey basis for supply of equipment for the 500 MW Back to Back HVDC project set up at Bheramara in Bangladesh. This project is being set up under India-Bangladesh Power exchange program and is being funded by ADB.
- ◆ **Suzlon Energy (SEL)** won a second order from the Indian Oil Corporation (IOC) to set up, operate and maintain wind energy projects of 48.3 MW in the state of Andhra Pradesh, India. The order comprises of 23 units of Suzlon's S88-2.1 MW wind turbines and the power generated will be sold to the local power utility.
- ◆ **Jubilant Life Sciences** signed a long term supply agreement in proprietary products business with a leading international Life Sciences company. The total contract is valued at over USD80 million to be supplied in 3 years from the quarter Apr.-June 2012.
- ◆ **Hotel Leelaventure (Leela)** signed a memorandum of understanding with Travancore Enterprises (TEPL), a company owned by B. Ravi Pillai, to transfer 100 percent stake in Kovalam hotel undertaking to TEPL for a total cash consideration of INR5 billion. However, Leela will continue to manage the said hotel under "The Leela" brand name through a long term Management Contract to be finalised with the SPV.
- ◆ **Life Insurance Corporation of India (LIC)** acquired 0.94 million shares in Tata Steel from the open market to 14.06 percent. Tata Steel said that following the acquisition of additional shares on August 12, LIC currently holds 134.9 million shares, or a 14.06 percent stake, in the firm. LIC had a 13.97 percent stake in Tata Steel before the latest transaction. As of June-end, Tata Steel's promoters, including Tata Sons, held a 30.60 percent stake in the company.

## August 22, 2011

- ◆ The U.S. Chicago Fed Nat Activity Index for the month of July 2011.
- ◆ Japan's Supermarket Sales data for July 2011.

## August 23, 2011

- ◆ The U.S. New Home Sales data for July 2011.
- ◆ The U.S. Richmond Fed Manufacturing Index data for August 2011.
- ◆ Germany ZEW Survey data for August 2011.
- ◆ Germany PMI Manufacturing and Services data for August 2011.

## August 24, 2011

- ◆ The U.S. MBA Mortgage Application data for the week ended August 19, 2011.
- ◆ The U.S. House Price Index data for June 2011.
- ◆ The U.S. Durable Goods Orders data for July 2011.

## August 25, 2011

- ◆ India's weekly Inflation Food and Fuel Inflation data for the week ended August 13, 2011.
- ◆ The U.S. Initial Jobless Claims data for the week ended August 20, 2011.
- ◆ The U.S. Bloomberg Consumer Confidence data for the week ended August 21, 2011.

## August 26, 2011

- ◆ The U.S. GDP data for Q2 of 2011.
- ◆ The U.K. GDP data for Q2 of 2011.
- ◆ The U.S. University of Michigan Survey of Consumer Confidence Index data for August 2011.
- ◆ Germany Retail Sales data for July 2011.

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# accountable... answerable, always



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