

WEEKLY | FUNDAMENTAL



OUR REPORTS

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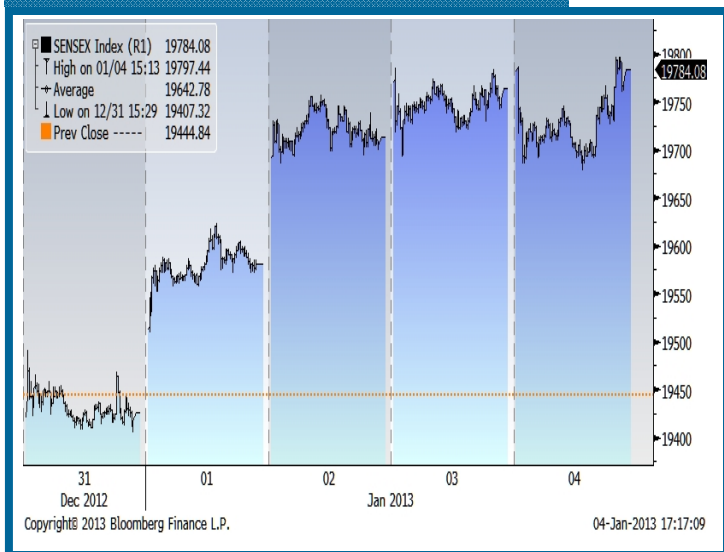
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MARKET UPDATE

WEEKLY CHART OF SENSEX



WEEK IN RETROSPECT

Indian markets settled the first week of 2013 on a buoyant note with Nifty closing above 6,000 levels after a gap of 2 years. Optimism in the market was very high at the start of the New Year after a last-minute deal pieced together by US politicians to avoid the fiscal cliff.

On domestic front, India's manufacturing activity surged to a six-month high in December 2012. The HSBC Markit Manufacturing PMI jumped to 54.7 in December from 53.7 in November, its biggest monthly rise since January 2012.

India's services sector grew at its strongest pace in three months during December 2012. The HSBC Markit Services PMI rose to 55.6 in December from November's 52.1.

OUTLOOK

Indian Markets is likely to remain range bound due to lack of major triggers. However, corporate earnings scheduled to begin next week may induce stock specific volatility. IIP data scheduled to be released on 11th Jan. may have minimal impact as rate cut expectations in the RBI policy on Jan. 29th is already built in. Besides stock specific movements, we expect Oil & Gas companies to remain strong on hopes of further reform in the sector. HPCL, BPCL, IOC, RIL, ONGC may continue to hog the limelight during the week. For a detailed Annual Outlook, kindly refer to our Annual India Strategy Report sent separately. For investments BUY on dips ICICI Bank, NMDC, LICHF, Hindalco, Sterlite. BUY IL&FS Transportation, Pidilite, Cera Ceramics, Eros International, Apollo Tyres, JK Cement, Aditya Birla Nuvo, Blue Star, Sesa Goa, Sundaram Clayton and NBCC.

On global front, Markit's Eurozone Manufacturing PMI edged down to 46.1 in December 2012 from November's 46.2. The final December figure was down from an earlier reported flash reading of 46.3. The index has been below the 50 mark that divides growth from contraction since August 2011.

The U.S. Unemployment rate for December 2012 remained unchanged at its previous month revised rate of 7.8 percent.

GLOBAL MARKET DURING LAST 5 DAYS

NAME	LAST PRICE	5D % CH	1M % CH	3M % CH	1Y % CH	Current P/E	FY13 EST P/E	FY14 EST P/E	Current P/B	FY13 EST P/B	FY14 EST P/B
DOW JONES	13435.21	2.58	2.13	(1.28)	8.69	13.49	12.18	11.15	2.65	2.39	2.18
NASDAQ	3101.65	3.87	4.15	(1.10)	15.98	20.90	15.72	13.26	2.78	2.51	2.25
S&P 500	1466.47	3.41	3.41	0.38	14.76	14.85	13.20	11.85	2.19	2.01	1.84
FTSE 100	6089.84	2.27	2.96	3.72	7.79	15.64	11.24	10.28	1.78	1.61	1.49
CAC 40	3730.02	1.51	3.45	7.89	18.89	12.75	10.96	9.83	1.24	1.14	1.08
DAX	7776.37	1.83	3.44	5.11	28.36	15.03	11.36	10.06	1.48	1.36	1.26
NIKKEI 225	10688.11	7.52	12.18	20.58	27.38	27.74	19.75	16.26	1.36	1.30	1.22
HANG SENG	23331.09	3.14	5.13	11.03	25.48	11.98	11.33	10.32	1.56	1.40	1.29
STRAITS TIMES	3225.22	1.29	3.80	3.77	18.76	12.22	14.47	13.21	1.45	1.39	1.31
TAIWAN TAIEX	7805.99	2.25	2.14	1.49	9.62	23.50	14.78	13.02	1.67	1.67	1.60
KOSPI	2011.94	1.49	2.78	0.84	9.15	15.47	9.24	8.07	1.08	1.07	0.96
BRAZIL BOVESPA	62523.06	2.56	6.90	6.74	6.69	21.51	11.65	9.77	1.26	1.17	1.09
RUSSIAN RTS	1530.41	0.96	6.53	3.70	10.75	5.88	5.82	5.71	0.81	0.84	0.76
SHANGHAI SE COMPOSIT	2276.99	2.86	10.43	9.14	5.25	12.59	9.85	8.65	1.65	1.38	1.23
BSE SENSEX	19784.08	1.74	1.85	4.46	24.68	16.65	15.64	13.70	2.78	2.55	2.26
NSE S&P CNX NIFTY	6016.15	1.82	1.84	4.68	26.54	16.54	15.59	13.68	2.72	2.54	2.23

MSCI INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
MSCI WORLD	1370.11	2.53	3.73	2.65	14.97
MSCI AC WORLD	347.68	2.55	3.93	3.18	15.14
MSCI AC ASIA PACIFIC	131.89	2.33	4.55	7.54	15.29
MSCI EM	1077.90	2.71	5.25	6.81	16.27

VOLATILITY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M % CH	1Y% CH
CBOE SPX VOLATILITY	13.83	(28.96)	(13.01)	(3.49)	(32.96)
INDIA NSE VOLATILITY	13.37	(1.90)	(10.62)	(20.32)	(47.48)

10 YEARS BOND MARKETS					
NAME	YIELD	5D% CH	1M % CH	3M% CH	1Y% CH
US Generic Govt 10 Year Yield	1.89	11.65	18.48	13.50	(3.94)
UK Govt Bonds 10 Year Note Gen	2.12	16.30	17.07	24.42	3.16
Brazil Government Generic Bond	2.68	4.76	5.87	4.55	(32.40)
Japan Govt Bond Year to maturity	0.82	4.42	16.83	6.85	(16.65)
Australia Govt Bonds Generic M	3.44	3.58	8.30	15.38	(9.42)
India Govt Bond Generic Bid Yi	7.93	(2.17)	(2.92)	(2.67)	(5.16)

FOREX MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
DOLLAR INDEX SPOT	80.49	1.10	1.07	1.44	0.46
EUR-USD X-RATE	1.30	(1.11)	(0.19)	0.39	0.97
USD-GBP X-RATE	0.62	0.55	0.19	0.76	(2.79)
USD-BRL X-RATE	2.03	0.73	4.29	(0.67)	(9.83)
USD-JPY X-RATE	88.15	(2.48)	(7.09)	(10.97)	(12.96)
USD- X-RATE	55.07	(0.54)	(0.70)	(6.04)	(3.80)
USD-CNY X-RATE	6.23	0.02	(0.08)	0.86	1.02
USD-KRW X-RATE	1063.68	0.64	1.85	4.70	7.98

MONEY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BBA LIBOR USD 3M	0.30	(0.97)	(1.77)	(13.41)	(47.64)
MIBOR Offer Market 3M	0.19	0	0	(13.64)	(85.61)
India Indicative Call Rate	7.80	(3.70)	(3.70)	(0.65)	(8.24)

INDUSTRIAL METALS & ENERGY MARKETS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COPPER (USD/T)	8085.00	2.14	0.66	(2.59)	7.22
ALUMINUM (USD/T)	2060.00	(0.96)	(1.62)	(2.83)	(0.24)
ZINC (USD/T)	2040.00	(2.99)	0.89	(1.21)	9.15
LEAD (USD/T)	2335.50	(0.02)	4.66	1.98	13.37
OIL (USD/BBL)	93.09	2.44	5.18	(1.50)	(9.81)
NATURAL GAS (USD/MMBTU)	3.28	(3.66)	(7.72)	(14.29)	(16.86)

PRECIOUS METALS					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
GOLD (USD/OZ)	1655.65	(0.51)	(2.46)	(7.52)	2.73
SILVER (USD/OZ)	30.21	0.15	(8.26)	(13.71)	3.54

INDUSTRY INDICES					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
BALTIC DRY INDEX	706.00	1.00	(26.91)	(19.31)	(47.58)
BBG WORLD IRON INDEX	195.80	3.57	12.71	13.29	(3.12)

AGRO MARKET					
NAME	LAST PRICE	5D% CH	1M% CH	3M% CH	1Y% CH
COFFEE (USD/IB)	147.35	(0.37)	(0.67)	(17.70)	(37.91)
COTTON (USD/IB)	75.05	(1.26)	2.93	2.68	(18.76)
SUGAR (USD/IB)	18.85	(3.08)	(3.03)	(12.73)	(22.20)
WHEAT (USD/BU)	747.25	(3.23)	(12.75)	(15.06)	1.46
SOYBEAN (USD/BU)	1367.25	(3.30)	(5.72)	(9.96)	10.61

INSTITUTIONAL FLOW IN Cr (31/12-04/13)			
INSTRUMENT	PURCHASE	SALE	NET
FII (P)	11069.50	5644.50	5425.10
DII	5185.67	7941.55	(2755.88)
MF	1390.60	1760.50	(370.00)

FII DERIVATIVE SEGMENT IN Cr (31/12-28/03)			
INSTRUMENT	PURCHASE	SALE	NET
INDEX FUTURE	3485.15	3328.01	157.14
INDEX OPTION	38415.27	32952.96	5462.31
STOCK FUTURE	3604.60	4267.31	(662.71)
STOCK OPTION	3196.83	3531.56	(334.73)

BSE SECTORAL RETURNS VS INDICES

SECTORS	LAST PRICE	5D%	3M%	1YR%	3YR%	PE ratio
REALTY	2198.41	5.19	13.06	54.36	-43.20	25.81
OIL & GAS	8856.29	4.06	0.46	14.45	-15.24	11.06
SMALLCAP	7615.60	3.72	5.61	33.81	-10.32	42.57
CONSUMER DURABLES	7924.37	3.48	11.40	46.47	105.62	94.44
CNXMCAP INDEX	8746.95	3.29	9.23	39.69	16.18	15.63
MIDCAPS	7314.12	3.12	8.65	38.92	7.29	18.00
POWER	2032.49	2.57	-2.81	9.63	-36.59	20.41
BANKEK	14695.11	2.54	10.01	52.38	45.38	13.96
METAL	11289.77	2.25	6.18	14.19	-36.27	11.98
IT	5798.62	1.96	-3.49	-2.13	11.04	15.54
AUTOMOBILES	11590.59	1.86	11.07	43.06	53.00	13.16
NIFTY INDEX	6016.15	1.82	3.95	26.67	14.98	16.55
CAPITAL GOODS	11096.51	1.76	-1.72	29.76	-21.96	20.52
SENSEX INDEX	19784.08	1.74	3.81	24.56	12.67	16.65
HEALTHCARE	8205.97	0.96	8.93	37.35	63.37	28.93
FMCG	5884.22	-0.81	4.97	46.93	108.47	40.41

TOP 10 PERFORMING STOCKS OF THE WEEK

NIFTY			CNXMIDCAP		
COMPANY	INDUSTRY	RETURNS(%)	COMPANY	INDUSTRY	RETURNS(%)
PNB	BANKING	7.76	INDIABULLS FIN	NBFC	15.37
ONGC	OIL & GAS	7.15	IFCI LTD.	NBFC	15.08
BHEL	CAPITAL GOODS	6.73	S. INDIAN BANK	BANKING	14.23
BPCL	OIL & GAS	6.16	INDIAN BANK	BANKING	10.55
IDFC LTD	NBFC	6.01	IOB	BANKING	9.85
RELINFRA	IFRASTRUCTURE	5.83	ALLAHABAD BANK	BANKING	9.10
DLF LTD	REALTY	5.71	LANCO INFRA	CAPITAL GOODS	8.89
GAIL INDIA LTD.	OIL & GAS	5.65	UCO BANK	BANKING	8.51
CAIRN INDIALTD.	OIL & GAS	5.36	INDIABULLS REAL	REALTY	7.90
SBI	BANKING	4.51	SINTEX INDUS	PL.PRODUCTS	7.75

BANKING

The Government may soon consider a proposal for capital infusion of Rs 12,000 crore in various state-owned banks. The formal approval of the Cabinet has been sought and this may be taken up next week. Also, the DFS is seeking nod for not coming back to the Cabinet up to 2018 for all the capital infusions to be made into public sector banks (PSBs) for Basel III rules purposes. The thinking is Cabinet approval should not be necessary if bank capital infusion funds are being provided through the Union Budget. A formal approval of the Cabinet is being sought as each of the capital infusion in various PSBs will exceed the specified investment level of Rs 300 crore. The current rules require a Cabinet approval for any investment exceeding Rs 300 crore in a public sector company. The Centre had in Budget 2012-13 provided Rs 15,888 crore towards capitalisation of public sector and regional rural banks and Nabard. Of this amount, the DFS is looking to get approval for Rs 12,000 crore. The DFS has already firmed up the list of 12 banks that would get capital support. The funds are likely to be disbursed in January itself soon after Cabinet approval. Besides State Bank of India, the banks that may get the capital support include Bank of Maharashtra, United Bank of India, and Indian Overseas Bank.

Against the backdrop of its disinvestment plan, the government will soon come out with a notification allowing LIC to invest up to 30 per cent of its funds in listed as well as non-listed companies. It is already given in the LIC Act 1959 that the LIC can invest up to 30 per cent of its total fund in a single entity. However, the Insurance Act stipulates that an insurance company can invest only 10 per cent of the fund or have 10 per cent of a company's stake, whichever is lower, in an entity. The Law Ministry, meanwhile, has already clarified that LIC Act 1959 supersedes Insurance Act 1999.

The board of Indian Overseas Bank has approved a rights issue. The bank proposes to issue 20 crore equity shares of face value Rs 10 each at a premium to be decided based on the market conditions. The bank also proposes to issue 20 crore fully convertible preference shares of face value Rs 10 each at a premium to be decided at the time of the issue. The resolution is subject to approval by RBI and other authorities. The Government's shareholding in the equity capital of the bank is at 69.62 per cent.

METAL & MINING

JSW Steel has increased prices by about 2% or about INR750 per tonne across all categories for the current month. It has increased the prices after three months. This was about 2% on all the categories and had become necessary due to increasing input costs. Before the price hike, JSW was selling hot-rolled coils (HR coils) at about INR40,500 per tonne and long products like TMT bars at INR41,000 per tonne. It was buying low and inferior quality of iron ore at higher prices due to suspension of mining in Karnataka, Goa and Odisha. Then freight costs have also increased following the hike in diesel prices in September. All of this was impacting margins.

Country's major steel makers are set to add around 24 million tonnes per annum (mtpa) capacity through brownfield expansions by 2017-18 involving investments to the tune of Rs 1 lakh crore. The current capacity of the ten major Indian steel makers stands at 54.5 mtpa and this will go up to 78.5 mtpa by FY' 18 with the ongoing capacity expansions at their existing plant locations, according to a Steel Ministry data. Over half of the proposed expansions will come from the two state-run firms SAIL and RINL. It normally takes about INR4,000 crore investment to hike steel capacity by one million tonnes. SAIL's capacity expansion will take its capacity to 21.40 mtpa.

State-owned iron ore miner NMDC is engaged in active talks to acquire coking coal assets in Russia and Mozambique to feed its upcoming steel-making plant in Chhattisgarh. NMDC is in active discussions to acquire coking coal assets in Mozambique and Russia. It is scouting for coking coal assets in the US also. NMDC is setting up a three-million tonne an annum steel plant at Negara in Chhattisgarh with a INR15,525 crore outlay. The country's largest iron ore producer can ensure uninterrupted supply of raw materials by partially depending on imported coal.

January 07, 2012

- ◆ Japan's vehicles sales data for the month ended December,2012.

January 08, 2013

- ◆ U.S. NFIB Small Business Optimism data for the month ended December,2012.

January 09, 2012

- ◆ U.S. MBA Mortgage Application data for the week ended January 04 ,2012.
- ◆ India's local car sales data for the month ended December,2012.

January 10, 2012

- ◆ U.S. wholesale inventories data for the month ended November ,2012.
- ◆ The U.S. Initial Jobless claims data for the week ended Jan 05,2012.
- ◆ The Bloomberg Consumer comfort data for the week ended Jan 06,2012.

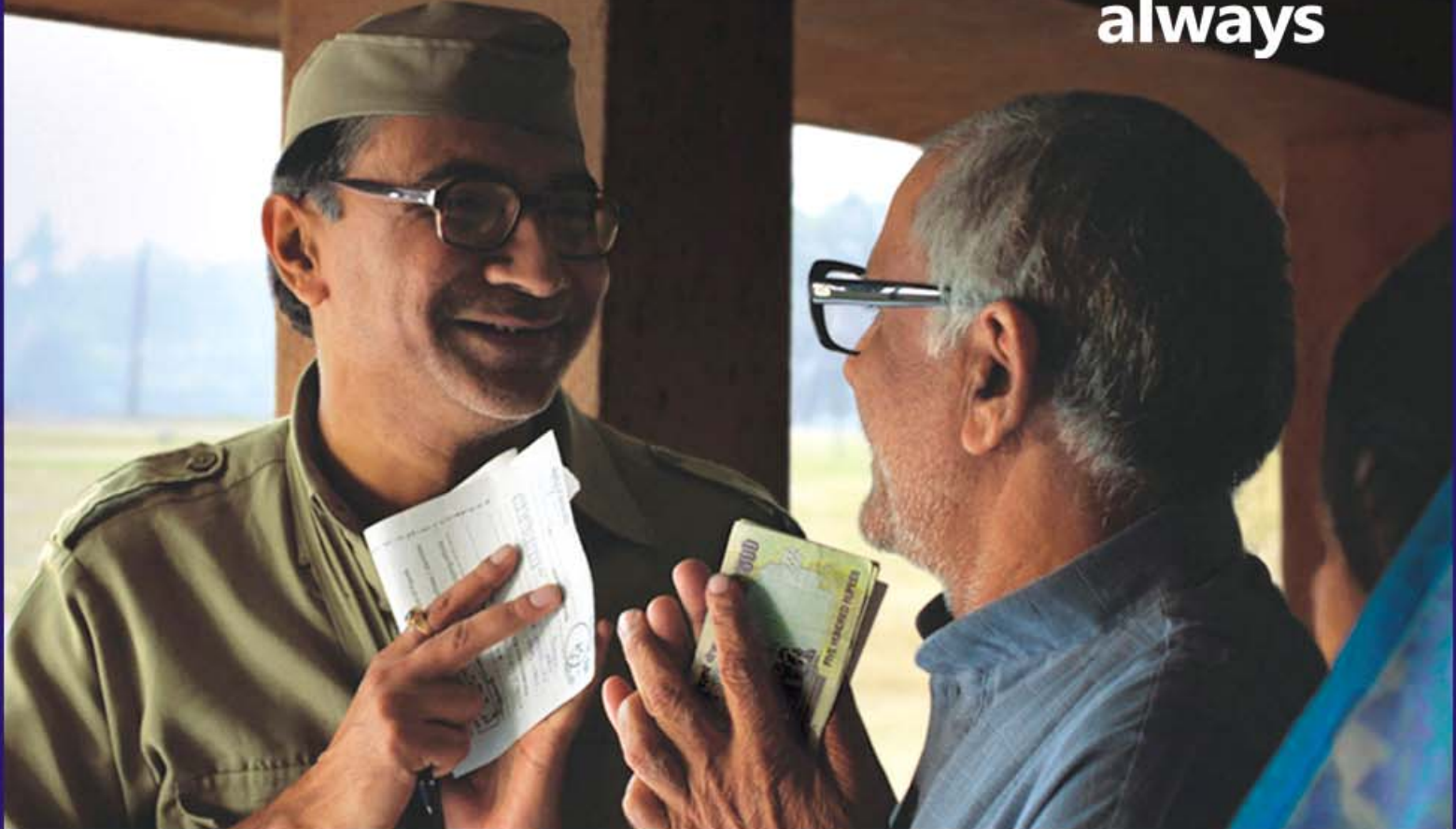
January 11, 2012

- ◆ India's IIP data for the month of November,2012.
- ◆ U.S. Trade Balance data for the month of November,2012.
- ◆ U.S. Monthly Budget Statement data for the month ended December,2012.

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