



Confederation of Indian Industry

# Economy Update

Weekly Newsletter

14-20 November 2011

## INDICATORS

### Inflation Rate for the week ending 5 Nov 2011

Categories	Weekly	Annual
Primary articles	-0.8	10.4
Fuel, power, light & lubricant	1.0	15.0

- The annual **inflation** in **primary articles** decreased to 10.4% for the week ended 5 November 2011, from 11.4% in the previous week.
- The annual **inflation** in **food articles** declined to 10.6% for the week ended 5 November 2011 from 11.8% in the previous week, while annual inflation in **Non-Food articles** fell to 5.4% from 6.4% in the previous week.
- The **Rupee** fell to a new 32 month low against the dollar and ended at Rs 51.4 per dollar on 18 November 2011.
- **Foreign Exchange Reserves** as on 11 November 2011 stood at US\$ 314.3 billion, down by US\$ 0.3 billion from the previous week.
- The **call money rates** as on 18 November 2011 traded in the range of 7.0 - 9.1%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 8.9%.



Dear Reader,

The rupee's sharp fall over last week has been triggered by concern about the domestic macroeconomic outlook. Of course, the persistence of the stalemate in the Euro region has made global investors avert risky markets. Foreign fund outflows were witnessed in both equity and debt markets. Given that industry has been facing a sharp rise in input costs and the depreciation in the rupee will further add to these costs, CII believes that the RBI should intervene to curtail the free fall in the currency.

**Chandrajit Banerjee**

Director General, CII

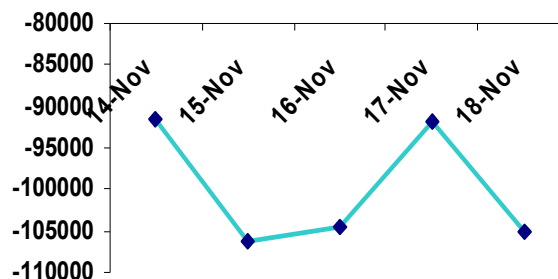
## IN THIS ISSUE

- Markets
- Policy Development
- Industry News
- Global News

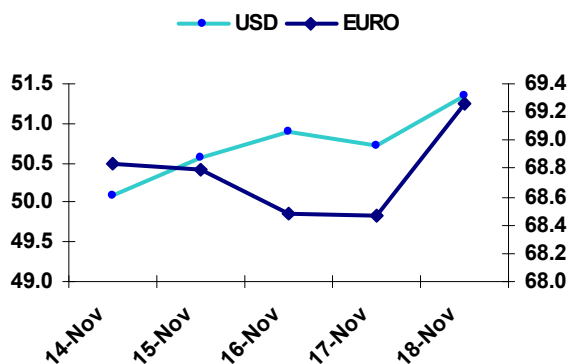
## POLICY DEVELOPMENT

- Cabinet approves 26% FDI in pension sector, a move that would help bring much-needed marketing strength to India's burgeoning pension industry and diversify the product basket to enable its rapid growth.
- The Reserve Bank of India said that it will buy government bonds worth Rs 10,000 crore from investors for the first time this fiscal, aiming to ease pressure on interest rates after three of the four bond sales this quarter did not have enough takers at the specified price.

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 4 November, 2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>41,80,474</b>	<b>0.7</b>	<b>18.4</b>
<b>Food Credit</b>	<b>77,464</b>	<b>12.4</b>	<b>33.5</b>
<b>Non Food Credit</b>	<b>41,03,011</b>	<b>0.5</b>	<b>18.0</b>
<b>Aggregate Deposit</b>	<b>56,54,106</b>	<b>0.6</b>	<b>17.5</b>
<b>Broad Money (M3)</b>	<b>70,10,561</b>	<b>0.7</b>	<b>16.1</b>
<b>Credit Deposit Ratio</b>	<b>73.9</b>		

Source: RBI

## EQUITY MARKETS

- The European crisis and the consequent rise in bond yields kept equity markets suppressed globally. Consistent negative news flows from Euro zone and dip in China's property prices kept investor sentiment low.
- Weak global cues and worries over domestic economic indicators pulled down the Indian markets as funds and investors sold heavily fearing a further fall. Also, the RBI's statement that it will not interfere in the currency market also dampened markets.
- Total turnover during the week on BSE stood at Rs 11,928 crore and on NSE at Rs 501,142 crore.

## COMMODITY MARKETS

- NYMEX **West Texas Intermediate Crude Oil** for December delivery stood at US\$ 97.4 per barrel on 18 November 2011, down by US\$ 1.6 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,725.1 per ounce as on 18 November 2011, down by US\$ 63.0 per ounce from the previous week.

Global Stock Indices	Closing Value as on 18 November 2011	Weekly Change (%)
NYSE: DJIA	11,8796.2	-0.8
FTSE 100	5,362.9	-3.3
Nikkei 225	8,374.9	-1.6
Straits Times	2,730.3	-2.2
KOSPI	1,839.2	-1.3

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 11 November 2011	Week's % Change
BSE SENSEX	16,371.5	-4.8
BSE 500	6,214.1	-5.6
S&P CNX NIFTY	4,905.8	-6.0
S&P CNX 500	3,869.1	-5.7

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	-111.7	-142.5
Year -to-date FII (US\$ million)	677.3	4,524.4
Weekly Mutual Funds# (Rs Crore)	81.4	996.5

Source: SEBI

#as on 17 Nov, 2011

Commodity Spot Indices	Closing Value as on 19 November 2011	Week's % Change
MCX AGRI	3,234.0	1.2
MCX METAL	4,771.8	0.2
MCX ENERGY	3,483.8	3.0
MCX COMDEX	3,781.2	1.3

Source: MCX, NCDEX

## INDUSTRY NEWS

BSE Indices	Closing Value on 18 November 2011	Week's % Change
AUTO INDEX	8,538.3	-6.6
BANKEX	10,161.3	-4.9
BSE CAPITAL GOODS	9,551.0	-10.0
BSE CONSUMER DURABLE	6,551.0	-4.9
BSE FMCG	4,075.0	-3.8
BSE HEALTHCARE	5,918.5	-2.1
BSE INFOTECH	5,614.1	-2.3
BSE MID CAP	6,182.3	-7.2
BSE SMALL CAP	6,182.3	-8.6
BSE TECK INDEX	3,418.8	-2.1
METAL INDEX	10,433.5	-7.4
OIL & GAS INDEX	8,298.9	-6.9

Source: BSE

### Railways

- The government for the first time is inviting tender from foreign players for 14 broad-gauge air-conditioned rakes for the Kolkata metro rail in order to meet the rising standards of modern urban public transportation systems. The project has successfully evinced response from Bombardier, BEML and some Japanese players.

### Infrastructure

- Karnataka government has approved a proposal for upgrading 3,411 km of state highways with a total investment worth Rs 2,150 crore over the next three years.

### Textiles

- As per industry estimates, Indian man-made fibre industry which currently produces 6.1 million tonnes per annum is the second largest in the world and is expecting a production growth of 9.0% during 2011-12. The industry prospects look bright in the wake of limitation of cotton due to its yield per hectare, quality, water needs and overall pressure on food security due to lack of availability of arable land.
- Tamil Nadu government is following cluster, group approach and is providing financial and infrastructure assistance for expanding handloom sector in a big way. Government has sanctioned Rs 17.09 crore for 271 group approach projects which is expected to benefit 13,621 weavers.

### Defence

- Defence Research and Development Organisation has successfully tested its new Agni-4 missile, intermediate range ballistic missiles. Agni-4 is capable of comfortably deliver a nuclear weapon to a target 3,500 km away. The department is now focusing on the successful launch of Agni-5, next in line.

CNX Segment Indices	Closing Value on 18 November 2011	Week's % Change
CNX NIFTY Junior	9,268.2	-6.2
CNX MIDCAP	7,124.3	-1.6
BANK NIFTY	8,850.3	-4.8
CNX IT	6,168.9	-1.7
CNX Realty	244.3	-6.8
CNX Infrastructure	2,626.2	-2.3

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending 12 November, the advance figures for seasonally adjusted initial claims was 388,000, a decrease of 5,000 from the previous week's revised figure of 393,000.
- On a seasonally adjusted basis, the CPI\_U decreased 0.1% in October after increasing 0.3% in September. The index for all items less food and energy rose 0.1% in October, the same increase as in September.

### Europe

- Euro Area and EU 27 GDP went up by 0.2% during the third quarter of 2011, compared with the previous quarter. In the second quarter of 2011, growth rates were 0.2% in both zones.

- Euro Area annual inflation was 3.0% in October 2011, unchanged compared with September. A year earlier the rate was 1.9%
- The first estimate for Euro area trade with the rest of the world in September 2011 gave a 2.0 billion euro surplus, compared with 0.5 billion euro in September 2010.
- Australia's parliament has passed the carbon tax

### Asia

- Japan's exports fell for the first time in three months, indicating that the yen's appreciation and financial turmoil in Europe are slowing nation's recovery. Shipments dropped 3.7% in October from a year earlier.

#### Disclaimer

The data used here are from various published and electronically available primary and secondary sources. Despite due diligence, the source data may contain occasional errors. In such instances, CII is not responsible for such errors.

CII Economy Update is a weekly report prepared by the **CII Economic Research Group**.  
Reach us at: [ecopolicy@cii.in](mailto:ecopolicy@cii.in)



**Confederation of Indian Industry**

249-F, Sector 18, Udyog Vihar, Phase IV, Gurgaon - 122 015, Haryana, INDIA  
Tel: +91-124-401 4060-67 • Fax: +91-124-401 4080 • Email: [ecopolicy@cii.in](mailto:ecopolicy@cii.in) • Website: [www.cii.in](http://www.cii.in)