



Confederation of Indian Industry  
Since 1895

# Economy Update

Weekly Newsletter

22-28 November 2010

## INDICATORS

### Inflation Rate for the week ending 13 November 2010

Categories	Weekly	Annual
Primary articles	0.89	13.38
Fuel, power, light & lubricant	0.00	10.57

- Annual **WPI inflation rate for primary articles** for the week ending 3 November, 2010 stood at 13.38% as compared to previous week's level of 13.30%.
- The annual **inflation** in food articles decreased to 10.15% for the week ended 13 November 2010, from 10.30% for the previous week.
- **Foreign Exchange Reserves** as on 19 November 2010 stood at US \$ 297.99 billion, down by US\$ 0.32 billion over previous week.
- The **call money rates** as on 19 November 2010 traded in the range of 3.3 – 6.4 percent.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 6.9%.
- One year **LIBOR** for US\$ as on 23 November 2010 stood at 0.76%.



### Dear Reader,

Data on India's second quarter GDP growth is expected tomorrow. Although industrial growth has decelerated in the second quarter compared to the

first, agricultural growth is likely to be strong. The CII ASCON Survey shows that many industrial sectors have shown acceleration in growth during the first half of 2010-11 compared to the same period in the previous year. Over one-third of the 127 sectors surveyed grew at a rate of over 20% during this period. CII is therefore optimistic that GDP growth in the first half will exceed 8.0%.

**Chandrajit Banerjee**

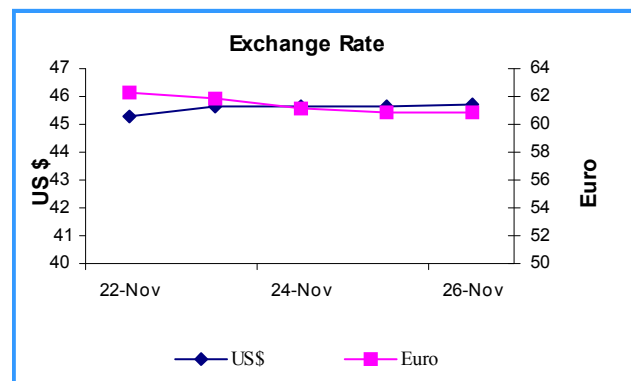
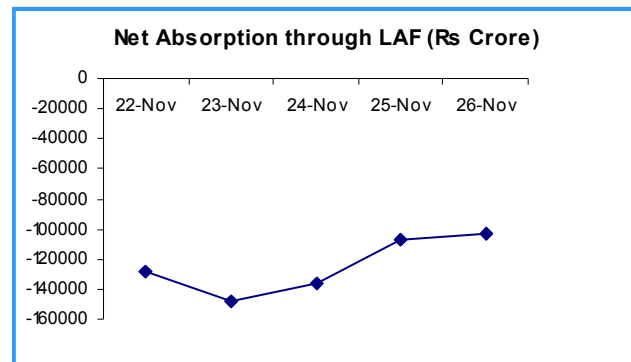
Director General, CII

## IN THIS ISSUE

- Markets
- Policy Update
- Industry News
- Global News

## POLICY UPDATE

- Government tightens PF norms for overseas workers in India. The new norms prohibit overseas workers employed in India from withdrawing their PF until they are 58 years old or are incapacitated.
- Reflecting slow implementation of SEZ scheme, the GOI has given more time to as much as 184 SEZ developers to execute their projects.
- India plans another round of export sops in January next year to help the country's manufacturers tide over weak demand in their traditional markets such as the US and EU.



## BANKING INDICATORS

Indicators	Outstanding as on 5 November 2010	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>35,30,790</b>	<b>1.6</b>	<b>22.0</b>
<b>Food Credit</b>	<b>53,749</b>	<b>13.8</b>	<b>27.6</b>
<b>Non Food Credit</b>	<b>34,77,042</b>	<b>1.4</b>	<b>22.0</b>
<b>Aggregate Deposit</b>	<b>48,10,227</b>	<b>-1.3</b>	<b>15.3</b>
<b>Broad Money (M3)</b>	<b>55,99,762</b>	<b>-0.7</b>	<b>15.9</b>
<b>Credit Deposit Ratio</b>	<b>73.4</b>		

Source: RBI

## EQUITY MARKETS

- Macro worries kept global equity markets depressed, in the week ending on November 26, 2010. US equity markets experienced light trade due to the Thanksgiving Day holiday, but that trade was volatile due to geopolitical concerns.
- European shares also performed poorly amidst concerns of European debt and Korean tension.
- The Indian market traded within a wide range amid high volatility to end in deep red. All the major sectoral indices ended in deep red, Realty and Metal counters being the worst hit.
- Total turnover during the week on BSE stood at Rs 23,374 crore and at NSE Rs 88,186 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for December delivery closed at US \$ 83.76 per barrel on 26 November 2010, down by \$ 2.3 per barrel over the previous week.
- New York **spot price for Gold** was US \$ 1355 per ounce as on 26 November 2010, up by US \$ 12.5 per ounce over the week.

Global Stock Indices	Closing Value as on 26 November 2010	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>11,092.0</b>	<b>-1.0</b>
<b>FTSE 100</b>	<b>5,668.7</b>	<b>-1.1</b>
<b>Nikkei 225</b>	<b>10,039.6</b>	<b>0.2</b>
<b>Straits Times</b>	<b>3,158.1</b>	<b>-1.1</b>
<b>KOSPI</b>	<b>1,901.8</b>	<b>-2.0</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 26 November 2010	Week's % Change
<b>BSE SENSEX</b>	<b>19,136.6</b>	<b>-2.3</b>
<b>BSE 500</b>	<b>7,552.1</b>	<b>-3.7</b>
<b>S&amp;P CNX NIFTY</b>	<b>5,752.0</b>	<b>-2.3</b>
<b>S&amp;P CNX 500</b>	<b>4,677.5</b>	<b>-3.6</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>401.2</b>	<b>-14.4</b>
<b>Year -to-date FII (US\$ million)</b>	<b>28,999</b>	<b>10,137.7</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>-218.3</b>	<b>4,467.8</b>

Source:SEBI

#as on 25 November 2010

Commodity Spot Indices	Closing Value as on 27 November 2010	Week's % Change
<b>MCX AGRI</b>	<b>2,647.9</b>	<b>-0.6</b>
<b>MCX METAL</b>	<b>3,933.9</b>	<b>0.9</b>
<b>MCX ENERGY</b>	<b>2,726.4</b>	<b>4.3</b>
<b>MCX COMDEX</b>	<b>3,057.9</b>	<b>1.8</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

### CII ASCON Survey

- Out of 127 sectors covered in the survey, 43 sectors have registered excellent growth of over 20% in April-September 2010.

### Energy

- Videocon Industries and its partners including Amadarko, Cove Energy and BPRL have discovered gas in the Lagosta well in Mozambique, the consortium's third gas discovery in the region.
- NTPC Ltd, Asian Development Bank and Kyuden International Corporation signed a Joint Venture Agreement to form a JV Company in Delhi.

### Infrastructure/Industrial Goods

- GMR Infrastructure sealed the deal to sell 50% stake in InterGen to Chinese Electricity company Huaneng Power for \$1.23 billion.
- RIL ranked 20th in list of worlds largest chemical firms.
- Driven by strong domestic demand from the automobile, infrastructure and other allied sectors, steel prices likely to move up by \$ 25-30 in 3-4 months, according to industry experts.

### FMCG

- According to a CII report, the FMCG sector is set to grow at 13.0% in the current fiscal.

BSE Indices	Closing Value on 26 November 2010	Week's % Change
AUTO INDEX	9,866.5	-0.7
BANKEX	13,283.1	-3.1
BSE CAPITAL GOODS	14,806.1	-5.2
BSE CONSUMER DURABLE	6,202.6	-3.9
BSE FMCG	3,508.0	-2.4
BSE HEALTHCARE	6,480.9	-1.5
BSE INFOTECH	6,009.1	2.0
BSE MID CAP	7,612.5	-5.8
BSE SMALL CAP	9,515.9	-7.0
BSE TECK INDEX	3,642.82	0.7
METAL INDEX	15,415.0	-6.4
OIL & GAS INDEX	9852.9	-3.7

Source: BSE

CNX Segment Indices	Closing Value on 26 November 2010	Week's % Change
CNX NIFTY Junior	11,846.8	-6.5
CNX MIDCAP 200	8,689.7	-5.5
BANK NIFTY	11,668.9	-3.3
CNX IT	6,615.4	1.7
CNX Reality	320.6	-23.1
CNX Infrastructure	3,203.7	-8.0

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending November 20, the advanced figures for seasonally adjusted initial claims was 407,000, a decrease of 2,000 from the previous week's revised figure of 443,500.
- US Consumer sentiments rose to its highest level since June on tentative signs of improved job conditions and early discounts from retailers. The Thomson Reuters/University of Michigan's overall index stood at 71.6 in November up from 67.7 in October.
- Durable goods order fell 3.3% in October, the largest decline since January 2009.

### Europe

- Ireland won approval for an 85 billion-euro (\$ 113 billion) emergency aid package as European finance ministers battle to contain the fiscal crisis.

- In September 2010 as compared to August 2010, Industrial new orders went down by 3.8% in euro area and 2.5% in EU 27.
- UK house prices fell for a fifth month in November as demand for property dropped the most in almost two years.

### Asia

- Singapore economy grew by 10.6% on a y-o-y basis in the third quarter of 2010, moderating from the record expansion of 19.5% in the second quarter.

### Disclaimer

The data used here are from various published and electronically available primary and secondary sources. We have taken care to verify and cross-check the accuracy of such data. However, 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**.  
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