



Confederation of Indian Industry  
Since 1895

# Economy Update

■ Weekly Newsletter

■ 25 April-1 May 2011

## INDICATORS

### Inflation Rate for the week ending 16 April 2011

Categories	Weekly	Annual
Primary articles	0.1	12.8
Fuel, power, light & lubricant	0.6	13.5

- The annual **inflation** in **primary articles** increased to 12.8% for the week ended 16 April 2011, from 12.0% in the previous week.
- The annual **inflation** in **food articles** increased to 8.76% for the week ended 16 April 2011, from 8.7% in the previous week.
- **Non-food credit** grew by 20.6% during 2010-11 as compared to 16.8% in the previous year.
- **Credit growth** to **agriculture** decelerated to 10.6% in 2010-11 from 22.9% a year earlier.
- Led by infrastructure, metals, food processing, rubber, plastic and their products and engineering, **Credit to industry** grew by 23.6% in 2010-11 as compared to 24.4% in the preceding year.
- **Credit to services sector** grew by 23.9% during 2010-11 as compared to 12.5% in the previous year due to NBFCs, professional services, transport operators and tourism, hotels and restaurants .
- **Foreign Exchange Reserves** as on 22 April 2011 stood at US\$ 309.7 billion, up by US\$ 1.8 billion from the previous week.
- The **call money rates** as on 29 April 2010 traded in the range of 4.8 – 6.9%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 7.5%.



**Dear Reader,**

The RBI will be announcing its annual monetary policy for 2011-12 on 3<sup>rd</sup> May and the debate is focused on whether it will hike interest rates by 25 or 50 basis points. For industry, the concern is that rising interest rates have so far had little success in controlling inflation and has become an added burden to rising raw material costs. Oil and other commodities continue to remain firm. With the US Federal Reserve announcing that it will continue with an easy monetary stance, this trend is likely to persist.

**Chandrajit Banerjee**

Director General, CII

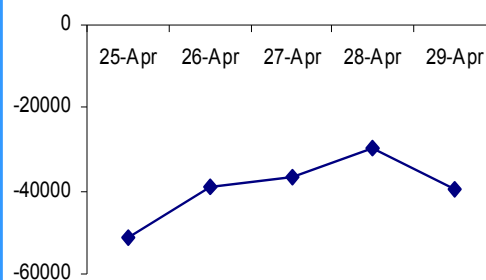
## IN THIS ISSUE

- Markets
- Policy Development
- Industry News
- Global News

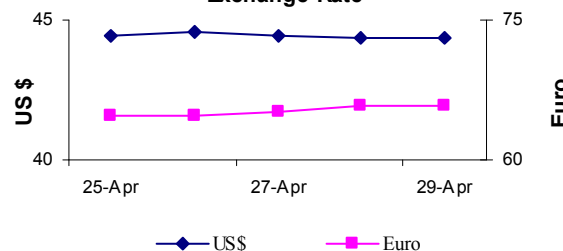
## POLICY DEVELOPMENT

- The Government is in the process of framing a new steel policy to replace the existing guidelines and therefore, will soon appoint four task forces to come out with reports.
- The Government is planning to put a ceiling on annuity payment for private partnership (PPP) projects. The move is intended to reduce the pressure on future budgets due to commitments made today.
- Cotton and pulses go off Government support after years, as prices have overshoot the Minimum Support Price

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 8 April ,2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>39,56,407</b>	<b>0.5</b>	<b>22.0</b>
<b>Food Credit</b>	<b>49,927</b>	<b>-22.3</b>	<b>3.7</b>
<b>Non Food Credit</b>	<b>39,06,480</b>	<b>0.8</b>	<b>22.3</b>
<b>Aggregate Deposit</b>	<b>53,24,953</b>	<b>2.3</b>	<b>17.2</b>
<b>Broad Money (M3)</b>	<b>66,28,680</b>	<b>2.0</b>	<b>17.0</b>
<b>Credit Deposit Ratio</b>	<b>74.3</b>		

Source: RBI

## EQUITY MARKETS

- US stocks were pushed higher on the back of strong earnings and the latest reports on personal income and spending.
- Asian markets were mixed due to lingering concern on how China will deal with their mounting inflation and a possible rate hike.
- Key Indian benchmark indices turned red in the week ending 29 April 2011 because of persistent high inflation and growing concerns of further monetary tightening by RBI. Realty showed the largest dip on week on week basis, followed by capital goods and Infrastructure.
- Total turnover during the week on BSE stood at Rs 15,822 crore and on NSE at Rs 63,020 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for May delivery stood at US\$ 113.3 per barrel on 29 April 2011, up by US\$ 1.6 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,556.6 per ounce as on 29 April 2011, up by US\$ 52.8 per ounce from the previous week.

Global Stock Indices	Closing Value as on 29 April 2011	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>12,810.5</b>	<b>2.4</b>
<b>FTSE 100</b>	<b>6,069.9</b>	<b>0.9</b>
<b>Nikkei 225</b>	<b>9,849.7</b>	<b>1.7</b>
<b>Straits Times</b>	<b>3,179.9</b>	<b>-0.5</b>
<b>KOSPI</b>	<b>2,192.4</b>	<b>2.4</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 29 April 2011	Week's % Change
<b>BSE SENSEX</b>	<b>19,136.0</b>	<b>-2.4</b>
<b>BSE 500</b>	<b>7,427.1</b>	<b>-2.0</b>
<b>S&amp;P CNX NIFTY</b>	<b>5,749.5</b>	<b>-2.3</b>
<b>S&amp;P CNX 500</b>	<b>4,615.3</b>	<b>-2.0</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>429.1</b>	<b>-60.2</b>
<b>Year -to-date FII (US\$ million)</b>	<b>1,444.3</b>	<b>-839.2</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>112.3</b>	<b>6,579.1</b>

Source: SEBI

#as on 21 April, 2011

Commodity Spot Indices	Closing Value as on 30 April 2011	Week's % Change
<b>MCX AGRI</b>	<b>2,676.2</b>	<b>-0.3</b>
<b>MCX METAL</b>	<b>4,807.4</b>	<b>1.2</b>
<b>MCX ENERGY</b>	<b>3,489.8</b>	<b>2.4</b>
<b>MCX COMDEX</b>	<b>3,690.3</b>	<b>1.5</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

### Energy

- State owned Oil and Natural Gas Corp. Ltd (ONGC) stated that it has made two oil and gas discoveries in Gujarat.

### Health care

- Global Healthcare products manufacturer Johnson and Johnson is set to acquire global manufacturer of orthopedic devices Synthes Inc for US \$ 21.3 billion in cash and stock deal.

### Telecom

- TRAI has proposed deep cuts in charges paid by operators to each other (inter-connect charges), a move that could lower tariffs for consumers and worsen the rancor in a deeply divided industry.
- Nokia India will cut 300 jobs in India by 2012, as part of its global restructuring plans. Restructuring is expected to affect 7,000 employees globally due to layoffs and transfers as a result of its collaboration with Accenture.

BSE Indices	Closing Value on 29 April 2011	Week's % Change
<b>AUTO INDEX</b>	<b>9,559.9</b>	<b>-1.1</b>
<b>BANKEX</b>	<b>13,077.0</b>	<b>-3.5</b>
<b>BSE CAPITAL GOODS</b>	<b>13,036.9</b>	<b>-4.5</b>
<b>BSE CONSUMER DURABLE</b>	<b>6,392.9</b>	<b>-1.4</b>
<b>BSE FMCG</b>	<b>3,755.2</b>	<b>0.7</b>
<b>BSE HEALTHCARE</b>	<b>6,232.6</b>	<b>1.2</b>
<b>BSE INFOTECH</b>	<b>6,144.4</b>	<b>-1.1</b>
<b>BSE MID CAP</b>	<b>7,094.3</b>	<b>-1.9</b>
<b>BSE SMALL CAP</b>	<b>8,715.3</b>	<b>-1.8</b>
<b>BSE TECK INDEX</b>	<b>3,708.3</b>	<b>-0.9</b>
<b>METAL INDEX</b>	<b>16,190.6</b>	<b>-2.8</b>
<b>OIL &amp; GAS INDEX</b>	<b>10,008.3</b>	<b>-2.9</b>

Source: BSE

CNX Segment Indices	Closing Value on 29 April 2011	Week's % Change
<b>CNX NIFTY Junior</b>	<b>11,376.7</b>	<b>-1.4</b>
<b>CNX MIDCAP</b>	<b>8,201.0</b>	<b>-1.4</b>
<b>BANK NIFTY</b>	<b>11,483.8</b>	<b>-3.5</b>
<b>CNX IT</b>	<b>6,718.4</b>	<b>-0.9</b>
<b>CNX Realty</b>	<b>289.3</b>	<b>-9.2</b>
<b>CNX Infrastructure</b>	<b>3,022.7</b>	<b>-3.7</b>

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending April 23 2011, the advanced figure for seasonally adjusted initial claims was 429,000, an increase of 25,000 from the previous week's revised average of 404,000.
- US real GDP increased at an annual rate of 1.8% in the first quarter of 2011, slowing down from 3.1% growth in the fourth quarter.
- The Fed announced that as part of its QE policy, it will continue expanding its holdings of securities as announced in November. In particular, the Committee is maintaining its existing policy of reinvesting principal payments from its securities holdings and will continue purchases of US\$ 600 billion of long term Treasury securities by the end of the current quarter.

### Europe

- The Euro Area's seasonally adjusted unemployment rate was 9.9% in March 2011, unchanged compared with February. It was 10.1% in March 2010.

- Euro Area annual inflation is expected to be 2.8% in April 2011. It was 2.7% in March.
- Industrial new orders index in the Euro Area rose by 0.9% in February 2011 as compared to January 2011.

### Asia

- South Korea's consumer price slowed to 4.2% in April from the fastest pace in 29 months when consumer price reached 4.7% in March.
- South Korea's exports climbed 26.6% from a year earlier to a record US\$ 49.8 billion, as the won gained strength. Hence, adding pressure on the central bank to boost borrowing costs to rein in consumer prices.
- China's Purchasing Manager's Index was 52.9 in April from 53.4 in March.
- Bank of Japan slashes its growth forecast for the fiscal year 2011-12 to 0.6% as compared with 1.6% expansion forecasted in its interim review.

### 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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