



Confederation of Indian Industry

# Economy Update

Weekly Newsletter

21-27 November 2011

## INDICATORS

### Inflation Rate for the week ending 12 Nov 2011

Categories	Weekly	Annual
Primary articles	-0.5	9.1
Fuel, power, light & lubricant	0.0	15.5

- The annual **inflation** in **primary articles** decreased to 9.1% for the week ended 12 November 2011, from 10.4% in the previous week.
- The annual **inflation** in **food articles** declined to 9.1% for the week ended 12 November 2011 from 10.6% in the previous week, while annual inflation in **non-food articles** fell to 4.1% from 5.4% in the previous week.
- The **Rupee** fell to a new low against the dollar and ended at Rs 52.7 per dollar on 22 November 2011.
- **Foreign Exchange Reserves** as on 18 November 2011 stood at US\$ 308.6 billion, down by US\$ 5.7 billion from the previous week.
- The **call money rates** as on 25 November 2011 traded in the range of 7.0 - 8.5%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 8.9%.



Dear Reader,

Even as financial markets had a disastrous week, with the BSE Sensex falling by 4.1% and the rupee touching a historic low, there was good news on the policy front. The Cabinet approved FDI up to 51% in multi-brand and 100% in single brand retail. CII has welcomed this decision, as it will greatly boost the organized retail sector in India and benefit both farmers and consumers. It will also create employment as large investments are made in back-end infrastructure and logistics. Such policy reforms will greatly improve investor sentiment despite the adverse global developments

**Chandrajit Banerjee**

Director General, CII

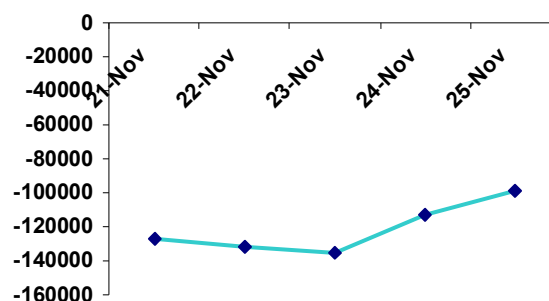
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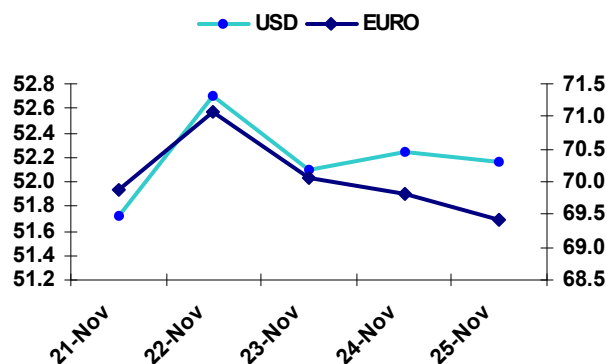
## POLICY DEVELOPMENT

- Cabinet approves FDI in Multi-brand Retail. The liberalized retail norms now include- 100% FDI in single brand increasing from the current level of 51% and 51% FDI in multi brand with few riders; which includes-
  - A minimum investment of US\$ 100 million in FDI is required to be brought into a project.
  - At least 50% of the total FDI must be put into back-end infrastructure.
  - Retail stores must come up in cities with a population of more than one million.
  - Multi-brand stores must source 30% of manufactured items from small and medium enterprises.
  - States to have final say in allowing multi-brand stores.
- Cabinet approved the draft Companies Bill, 2011, which will replace 55 year old legislation. The bill is aimed at increasing the accountability of firms while making it easier for them to do business.

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

- Global stocks remained in the red with the persistence of the euro-zone crisis which kept sentiments low.
- Indian markets edged lower for the tenth time in past twelve trading session and settled to a two year low on 25th November 2011, as euro-zone debt worries and heavy selling by foreign funds recently adversely hurt sentiments. Organized retailers stocks rallied after the Union Cabinet cleared a proposal to allow 51% FDI in multi-brand retail and increase in FDI in single-brand retail to 100% from current 51%. Also, aviation shares rose on hopes that government may allow foreign air carriers to invest in domestic aviation firms. However, the downward movement was mainly led by selling pressure in IT, metal, oil& gas and capital goods stocks.
- Total turnover during the week on BSE stood at Rs 10,425 crore and on NSE at Rs 52,555 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\$ 1,683 per ounce as on 25 November 2011, down by US\$ 42.1 per ounce from the previous week.

Global Stock Indices	Closing Value as on 25 November 2011	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>11,231.8</b>	<b>-4.8</b>
<b>FTSE 100</b>	<b>5,164.7</b>	<b>-3.7</b>
<b>Nikkei 225</b>	<b>8,160.0</b>	<b>-2.6</b>
<b>Straits Times</b>	<b>2,643.9</b>	<b>-3.2</b>
<b>KOSPI</b>	<b>1,776.4</b>	<b>-3.4</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 25 November 2011	Week's % Change
<b>BSE SENSEX</b>	<b>15,695.4</b>	<b>-4.1</b>
<b>BSE 500</b>	<b>6,008.9</b>	<b>-3.3</b>
<b>S&amp;P CNX NIFTY</b>	<b>4,710.1</b>	<b>-4.0</b>
<b>S&amp;P CNX 500</b>	<b>3,742.2</b>	<b>-3.3</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>-844.2</b>	<b>-331.0</b>
<b>Year -to-date FII (US\$ million)</b>	<b>-166.9</b>	<b>4,193.4</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>1,061.6</b>	<b>4,708.2</b>

Source:SEBI

#as on 24 Nov, 2011

Commodity Spot Indices	Closing Value as on 26 November 2011	Week's % Change
<b>MCX AGRI</b>	<b>3,142.7</b>	<b>-2.8</b>
<b>MCX METAL</b>	<b>4,729.2</b>	<b>-0.9</b>
<b>MCX ENERGY</b>	<b>3,432.5</b>	<b>-1.5</b>
<b>MCX COMDEX</b>	<b>3,727.7</b>	<b>-1.4</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

BSE Indices	Closing Value on 25 November 2011	Week's % Change
AUTO INDEX	8,362.9	-2.1
BANKEK	9,768.7	-3.9
BSE CAPITAL GOODS	9,533.5	-0.2
BSE CONSUMER DURABLE	5,777.9	-4.9
BSE FMCG	3,899.6	-4.3
BSE HEALTHCARE	5,932.0	0.2
BSE INFOTECH	5,403.6	-3.8
BSE MID CAP	5,612.6	-9.2
BSE SMALL CAP	6,049.4	-2.1
BSE TECK INDEX	3,286.1	-3.9
METAL INDEX	9,875.0	-5.4
OIL & GAS INDEX	7,899.6	-4.8

Source: BSE

### Automobile

- Car makers plan to increase prices by up to Rs 10,000 for small cars and up to Rs 25,000 for sedans to offset the impact of weakening rupee on import costs despite the recent slump in sales.

### Diamond

- Amid tight global economic conditions and weakening Indian rupee, the diamond industry in India seems to be doing a balancing act by limiting the imports of rough diamonds and clearing inventories of polished diamonds in overseas markets so as to cash-in from the appreciation of the US dollar.

### Pharmaceuticals

- Drug firm Lupin is expecting revenues up to Rs 150 million (over Rs 780 crore) from its oral contraceptive segment in the US market by 2013-14, a segment in which it had forayed recently.

### Port

- The shipping ministry has estimated that private players would invest Rs 51,036.6 crore in the port sector during the 12th Five Year Plan, 6% less than the previous plan period.

### Roads

- The National Highways Authority of India (NHAI) would soon raise Rs 10,000 crore through a public debt issue to fund various projects across the country in road transport and highways.

CNX Segment Indices	Closing Value on 25 November 2011	Week's % Change
CNX NIFTY Junior	9,083.0	-2.0
CNX MIDCAP	6,597.7	-7.4
BANK NIFTY	8,488.6	-4.1
CNX IT	5,797.5	-6.0
CNX Realty	209.7	-14.2
CNX Infrastructure	2,379.3	-9.4

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.
- The US real gross domestic product increased at an annual rate of 2.0% in the third quarter of 2011 (q-o-q) according to the second estimate. In the second quarter real GDP increased by 1.3%.

### Europe

- German debt agency could not find buyers for 6 billion euro auction of German bonds, there was only 60% subscription. The immediate reaction was a hike in German yields, from 1.98% to 2.04% and a 1% fall in the euro.
- In September 2011 compared with August 2011, the euro area industrial new orders index fell by 6.4%.

In August the index rose by 1.4%.

- The USA remained the EU's largest trading partner for both goods and services at the end of the first half of 2011. EU27 surplus in trade in goods with the USA stood at 35 billion euro in the first half 2011 .

### Asia

- China's non-manufacturing industries grew at a slower pace in October as shrinking investment in real estate and railways offset increased consumer spending. The non-manufacturing Purchasing Manager's Index fell to 57.7 from 59.3 in September.

#### 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**.  
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