



Confederation of Indian Industry

Economy Update

Weekly Newsletter

31 October-6 November 2011

INDICATORS

Inflation Rate for the week ending 22 Oct 2011

Categories	Weekly	Annual
Primary articles	0.2	12.1
Fuel, power, light & lubricant	-0.2	14.5

- The annual **inflation** in **primary articles** increased to 12.1% for the week ended 22 October 2011, from 11.8% in the previous week.
- The annual **inflation** in **food articles** increased to 12.2% for the week ended 22 October 2011 from 11.4% in the previous week, while annual inflation in **Non-Food articles** declined to 6.4% from 7.7% in the previous week.
- The **Index of Eight core industries** having a combined weight of 37.9% in the Index of Industrial Production (IIP) showed a growth rate of 2.3% in September 2011 compared to 3.3% in September 2010.
- India's **export** in September 2011 recorded a growth of 36.4%, standing at US\$ 24.8 billion. **Imports** stood at US\$ 34.6 billion, recording a growth of 17.2%.
- India's **Human Development Index** ranking falls by 15 ranks to 134.
- Foreign Exchange Reserves** as on 28 October 2011 stood at US\$ 320.4 billion, up by US\$ 2.0 billion from the previous week.
- The **call money rates** as on 4 November 2011 traded in the range of 5.0 - 8.6%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 8.6%.



Dear Reader,

In the backdrop of rising international crude oil prices and depreciation of India rupee, the government owned oil firms increased petrol prices by Rs 1.82 per litre effective from November 5. This is the 13th hike in petrol prices since the fuel was decontrolled in June last year, and second since the

middle of the last month.

This move would be another blow to consumers who are already battling high double digit food inflation. However, this increase in petrol prices is expected to have somewhat limited in inflation because cascading effect of petrol is less as compared to diesel. Thus, expectations of RBI pausing the interest rate hike in the forthcoming Monetary Policy Review remains intact.

Chandrajit Banerjee

Director General, CII

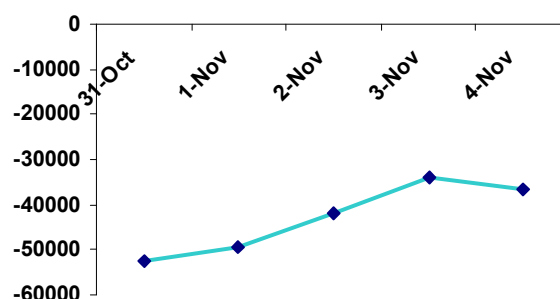
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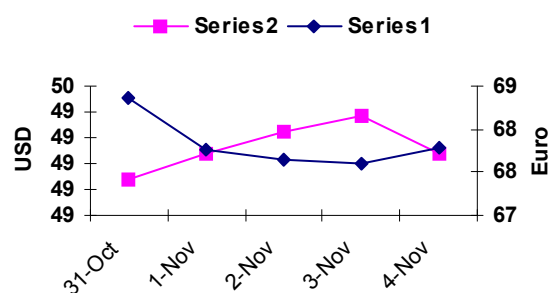
POLICY DEVELOPMENT

- The Financial Services Secretary announced that RBI is likely to come out with guidelines on allowing new private banks by November end.
- The Indian Government has approved 140 billion rupees (US\$ 2.85 billion) for the recapitalization of state-run banks in the current fiscal year that ends in March.
- The Comptroller and Auditor general of India will scrutinize the expenditure and outcome of the public works initiated under the Mahatma Gandhi National Rural Employment Guarantee Scheme in the 12 states that receive the largest share of the fund.

Net Absorption through LAF (Rs Crore)



Exchange Rate



BANKING INDICATORS

Indicators	Outstanding as on 21 October, 2011	% Variation over	
		Fortnight	Year
Total Bank Credit	41,50,520	0.0	19.3
Food Credit	68,922	8.9	46.0
Non Food Credit	40,81598	-0.1	19.0
Aggregate Deposit	56,18,986	-0.1	15.2
Broad Money (M3)	69,58,664	-0.1	12.0
Credit Deposit Ratio	73.9		

Source: RBI

EQUITY MARKETS

- Markets across the globe tumbled on account of the unexpected Greek proposal of a referendum on the EU bailout package. However, Papandreou instead opted for political consensus and is ready to negotiate a coalition government if his socialist allies give him the confidence vote.
- On a positive note, ECB's rate cut of 25 basis points to 1.25%, prevented stocks from tumbling further downwards, as it indicated that the new ECB head will support growth in the face of inflation.
- Indian stock markets continued to be volatile on account of the establishments in Greece.
- Total turnover during the week on BSE stood at Rs 11,365 crore and on NSE at Rs 53,774 crore.

COMMODITY MARKETS

- NYMEX **West Texas Intermediate Crude Oil** for November delivery stood at US\$ 94.1 per barrel on 3 November 2011, up by US\$ 3.9 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,755.8 per ounce as on 4 November 2011, up by US\$ 14.8 per ounce from the previous week.

Global Stock Indices	Closing Value as on 4 November 2011	Weekly Change (%)
NYSE: DJIA	11,983.2	-2.0
FTSE 100	5,527.2	-3.1
Nikkei 225	8,801.4	-2.8
Straits Times	2,848.2	-2.0
KOSPI	1,928.4	-0.1

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 4 November 2011	Week's % Change
BSE SENSEX	17,481.9	-1.8
BSE 500	6,706.1	-1.1
S&P CNX NIFTY	5,265.8	-1.8
S&P CNX 500	4,179.7	-1.2

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	644.0	3.1
Year -to-date FII (US\$ million)	558.3	-2,933.0
Weekly Mutual Funds# (Rs Crore)	-441.4	1,227.4

Source: SEBI

#as on 3 Nov, 2011

Commodity Spot Indices	Closing Value as on 5 November 2011	Week's % Change
MCX AGRI	3,247.5	1.0
MCX METAL	4,752.7	2.2
MCX ENERGY	3,205.2	1.8
MCX COMDEX	3,669.7	1.8

Source: MCX, NCDEX

INDUSTRY NEWS

BSE Indices	Closing Value on 4 November 2011	Week's % Change
AUTO INDEX	9,212.4	-3.7
BANKEX	11,232.6	-1.2
BSE CAPITAL GOODS	10,889.9	-1.3
BSE CONSUMER	6,510.6	-1.9
BSE FMCG	4,173.1	0.5
BSE HEALTHCARE	6,137.5	-0.5
BSE INFOTECH	5,731.5	-1.7
BSE MID CAP	6,251.2	-0.4
BSE SMALL CAP	6,932.0	-0.4
BSE TECK INDEX	3,489.8	-0.9
METAL INDEX	11,650.0	-4.0
OIL & GAS INDEX	9,054.7	-1.4

Source: BSE

Mining

- Coal India Ltd (CIL), the world's largest miner of the fuel, will use satellite technology to prevent shipments from being hijacked amid a shortage that has hit supplies to thermal power projects across the country.
- Supreme court commissioned study on iron ore mining in Karnataka's Bellary district has suggested production of the steel making raw material should be cut by as much as 40% to prevent environmental degradation.

Fertilizer

- The Department of Fertilizer has objected to giving direct cash subsidy to retailers even in the interim period, saying that it will not serve the purpose of a new mechanism.

Oil and Gas

- The oil marketing companies announced petrol price hike by Rs 1.8 per litre. This is the third hike in less than six months. The exact price hike for users would vary as different State Governments levy different levels of local taxes on petrol.

Auto

- Attempting to internationalize its automotive brand aggressively outside the crisis ridden Euro-zone, leading French carmaker PSA Peugeot Citroen announced it will introduce its products in the New Delhi Auto Expo 2012 and roll out new cars from the upcoming Sanand plant in 2014.

CNX Segment Indices	Closing Value on 4 November 2011	Week's % Change
CNX NIFTY Junior	10,178.7	1.8
CNX MIDCAP	7,320.0	1.1
BANK NIFTY	9,836.4	-0.8
CNX IT	6,200.2	-1.2
CNX Realty	262.5	0.1
CNX Infrastructure	2,698.6	0.3

Source: NSE

GLOBAL NEWS

USA

- In the week ending 29 October, the advance figure for seasonally adjusted initial claims was 397,000, a decrease of 9,000 from the previous week's revised figure of 406,000.
- US Non-farm payroll employment continued to trend up in October (+80,000), and the unemployment rate was little changed at 9.0%. Employment in the private sector rose, with modest job growth continuing in professional and business services, leisure and hospitality, health care and mining. Government employment continued to trend downwards.

Europe

- Post the Euro Zone's leaders decision on a package to deal with the sovereign debt crisis, Greek

president announced for a referendum on the same. However, the referendum did not take place, instead the Greek PM faced a vote of confidence on Saturday, which he survived despite great speculation. Thus, avoiding snap elections that would have torpedoed Greece's debt bailout deal and inflamed the euro zone's economic crisis.

Asia

- Indonesia's economy grew by 6.5% in the three months through September from a year earlier. Indonesian economy has grown over 6% for the fourth consecutive quarter as consumption and investment countered the impact of a faltering global economy.

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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