



Confederation of Indian Industry

# Economy Update

Weekly Newsletter

5-11 December 2011

## INDICATORS

### Inflation Rate for the week ending 26 Nov 2011

Categories	Weekly	Annual
Primary articles	-0.6	6.9
Fuel, power, light & lubricant	0.0	15.5

- The annual **inflation** in **primary articles** decreased to 6.9% for the week ended 26 November 2011, from 7.7% in the previous week.
- The annual **inflation** in **food articles** declined to 6.6% for the week ended 26 November 2011 from 8.0% in the previous week, while annual inflation in **Non-Food articles** fell to 1.4% from 2.1% in the previous week.
- **October IIP** sinks to -5.1% as compared to 11.4% recorded in the same month last year. September IIP data has been revised up to 2.0% as compared to 1.9% earlier. IIP for April-October 2011 stood at 3.5%
- **Per Capita income** in the country rose to over Rs 54,000 in 2010-11 from Rs 18,450 in 2001-02.
- **Foreign Exchange Reserves** as on 25 November 2011 stood at US\$ 304.4 billion, down by US\$ 4.3 billion from the previous week.
- The **call money rates** as on 2 December 2011 traded in the range of 7.0 - 8.6%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 8.6%.



Dear Reader,

The sharp fall in the October IIP data is indeed disappointing even though a negative outcome had been expected. With the year-to-date industrial growth rate at 3.5%, it will be difficult to achieve even 7.0% GDP growth in 2011-12 unless some urgent measures

are taken to improve sentiments and kick-start investments. The good news is that some moderation in food inflation is apparent in the November data and this should enable the RBI to start reducing interest rates. The RBI's mid-quarter monetary policy statement is expected on Friday and CII hopes that some action will be taken.

Chandrajit Banerjee

Director General, CII

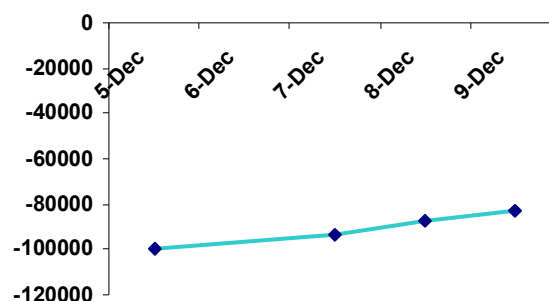
## IN THIS ISSUE

- Markets
- Policy Development
- Industry News
- Global News

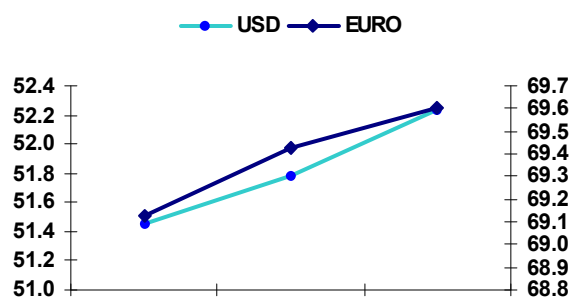
## POLICY DEVELOPMENT

- Due to intense pressure from within and outside, government announced the suspension of its decision to allow FDI in retail.
- The Government has circulated a draft Cabinet note proposing imposition of 14% duty on imports of power equipment, a proposal aimed at providing a level-playing field to domestic manufacturers .
- The civil aviation ministry has agreed to the proposal of allowing foreign carriers to buy 26% stake in private airlines. Earlier the aviation ministry had proposed to fix a cap of 24%

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 18 November, 2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>41,89,044</b>	<b>0.2</b>	<b>17.7</b>
<b>Food Credit</b>	<b>78,713</b>	<b>1.6</b>	<b>35.7</b>
<b>Non Food Credit</b>	<b>41,10,331</b>	<b>0.2</b>	<b>17.4</b>
<b>Aggregate Deposit</b>	<b>56,47,264</b>	<b>-0.1</b>	<b>16.4</b>
<b>Broad Money (M3)</b>	<b>70,13,674</b>	<b>0.0</b>	<b>15.2</b>
<b>Credit Deposit Ratio</b>	<b>74.2</b>		

Source: RBI

Source: RBI

## EQUITY MARKETS

- US equity markets inched higher on account of the EU leaders summit, whereby the 17 euro zone and nine of the ten non-euro zone nations agreed to deepen fiscal integration via a new treaty rather than some sort of inter-governmental agreement.
- Indian markets closed in red on 9 December, as concerns over a slowdown in the economy intensified after the finance ministry cut the country's growth forecast for the current fiscal year. Worries over economic growth weighed on some optimism created after European leaders agreed to spend 200 billion euro to fight the Euro zone crisis.
- Total turnover during the week on BSE stood at Rs 11,144 crore and on NSE at Rs 49,277 crore.

## COMMODITY MARKETS

- NYMEX **West Texas Intermediate Crude Oil** for January delivery stood at US\$ 96.8 per barrel on 9 December 2011, up by US\$ 2.6 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,711.9 per ounce as on 9 December 2011, down by US\$ 34.5 per ounce from the previous week.

Global Stock Indices	Closing Value as on 9 December 2011	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>12,184.3</b>	<b>1.4</b>
<b>FTSE 100</b>	<b>5,529.2</b>	<b>-0.4</b>
<b>Nikkei 225</b>	<b>8,536.5</b>	<b>-1.2</b>
<b>Straits Times</b>	<b>2,694.6</b>	<b>-2.8</b>
<b>KOSPI</b>	<b>1,874.8</b>	<b>-2.2</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 9 December 2011	Week's % Change
<b>BSE SENSEX</b>	<b>16,213.5</b>	<b>-3.8</b>
<b>BSE 500</b>	<b>6,151.8</b>	<b>-3.2</b>
<b>S&amp;P CNX NIFTY</b>	<b>4,866.7</b>	<b>-3.6</b>
<b>S&amp;P CNX 500</b>	<b>3,830.9</b>	<b>-3.3</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>233.1</b>	<b>1,325.5</b>
<b>Year -to-date FII (US\$ million)</b>	<b>45.8</b>	<b>6,203.4</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>-64.3</b>	<b>7,922.3</b>

Source: SEBI

#as on 8 dec, 2011

Commodity Spot Indices	Closing Value as on 10 December 2011	Week's % Change
<b>MCX AGRI</b>	<b>3,093.7</b>	<b>1.9</b>
<b>MCX METAL</b>	<b>4,883.9</b>	<b>-0.2</b>
<b>MCX ENERGY</b>	<b>3,492.0</b>	<b>-1.6</b>
<b>MCX COMDEX</b>	<b>3,800.4</b>	<b>-0.4</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

BSE Indices	Closing Value on 9 December 2011	Week's % Change
<b>AUTO INDEX</b>	<b>8,521.7</b>	<b>-3.4</b>
<b>BANKEX</b>	<b>10,157.1</b>	<b>-3.7</b>
<b>BSE CAPITAL GOODS</b>	<b>9,394.9</b>	<b>-5.4</b>
<b>BSE CONSUMER DURABLE</b>	<b>5,704.6</b>	<b>-3.0</b>
<b>BSE FMCG</b>	<b>3,989.2</b>	<b>-3.0</b>
<b>BSE HEALTHCARE</b>	<b>5,958.7</b>	<b>-2.7</b>
<b>BSE INFOTECH</b>	<b>5,733.5</b>	<b>0.1</b>
<b>BSE MID CAP</b>	<b>5,620.9</b>	<b>-2.5</b>
<b>BSE SMALL CAP</b>	<b>6,053.5</b>	<b>-2.2</b>
<b>BSE TECK INDEX</b>	<b>3,413.4</b>	<b>-1.6</b>
<b>METAL INDEX</b>	<b>10,420.3</b>	<b>-4.5</b>
<b>OIL &amp; GAS INDEX</b>	<b>8,022.0</b>	<b>-4.6</b>

Source: BSE

### Telecom

- India's telecom operators added 7.8 million mobile subscribers in October 2011, taking the total number of telephone users in the country to 914.6 million.
- The overall tele-density in India reached 76.0%

### Aviation

- Domestic air passenger traffic in April-September 2011 registered a growth of 18.8% from the corresponding period last year.

### Auto

- In the month of November 2011, domestic sales of passenger vehicles recorded a growth of 8.3%, as compared with 21.7% in the same month last year.
- Domestic sales of Commercial vehicles grew by 35% in November 2011, as compared to 18.3% in the corresponding period last year. This was primarily on account of, 77.9%, 62.0% and 46.1% growth in sales of Piaggio Vehicles Pvt Ltd, Mahindra Navistar Automotives Ltd and Mahindra and Mahindra Ltd, respectively.
- Sale of two wheelers registered a growth of 25.3% in November 2011, against 17.7% in November 2010.
- Overall auto sales increased by 22.2% in November 2011 as compared to 17.8% recorded in the same month last year.

CNX Segment Indices	Closing Value on 9 December 2011	Week's % Change
<b>CNX NIFTY Junior</b>	<b>9,148.4</b>	<b>-2.8</b>
<b>CNX MIDCAP</b>	<b>6,654.3</b>	<b>-2.4</b>
<b>BANK NIFTY</b>	<b>8,811.1</b>	<b>-3.9</b>
<b>CNX IT</b>	<b>6,135.3</b>	<b>0.2</b>
<b>CNX Realty</b>	<b>211.1</b>	<b>-5.1</b>
<b>CNX Infrastructure</b>	<b>2,354.0</b>	<b>-5.8</b>

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending 3 December, the advance figure for seasonally adjusted initial claims was 381,000, an decrease of 23,000 from the previous week's revised figure of 404,000.
- US total exports for October stood at US\$ 179.2 billion and imports of US\$ 222.6 billion, resulting in a goods and services deficit of US\$ 43.5 billion, down from US\$ 44.2 billion in September.

### Europe

- GDP increased by 0.2% in the Euro Area and by 0.3% in the EU27 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.

- The EU27 external current account recorded a deficit of 17.2 billion euro in the third quarter of 2011, compared with a deficit of 18.1 billion in the third quarter of 2010.

### Asia

- China's exports fell to 13.8% in November 2011, the slowest pace since 2009, compared with 15.9% in October. On the other hand, imports cooled down to 22.1% from 28.7% in October. Consequently, trade surplus narrowed to US\$ 14.5 billion.

### 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)