



Confederation of Indian Industry  
Since 1895

# Economy Update

Weekly Newsletter

9-15 May 2011

## INDICATORS

### Inflation Rate for the week ending 30 April 2011

Categories	Weekly	Annual
Primary articles	0.1	11.7
Fuel, power, light & lubricant	0.0	12.3

- The annual **inflation** in **primary articles** decreased to 11.7% for the week ended 30 April 2011, from 12.1% in the previous week.
- The annual **inflation** in **food articles** decreased to 7.7% for the week ended 30 April 2011, from 8.8% in the previous week.
- India's factory output as measured by the **IIP** rose 7.3% in March from a year earlier, almost double the revised 3.7% expansion in February.
- India's **exports** have registered a growth of 34.4% during April 2011, standing at US\$ 23.9 billion, while **import's** recorded a growth of 14.1%, standing at US\$ 32.8 billion.
- **Foreign Exchange Reserves** as on 6 May 2011 stood at US\$ 303.9 billion, down by US\$ 3.9 billion from the previous week.
- The **call money rates** as on 13 May 2011 traded in the range of 6.0– 7.5%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 8.1%.



Dear Reader,

The rebound in industrial growth and the moderation in food inflation came as a relief last week. However, the approaching end of quantitative easing in the US is leading to some softness in global stocks and commodities. Despite the softening in international oil prices, India has had to raise the retail price of petrol to compensate for the earlier hardening in global prices. With elections over in five states, the government has been able to go ahead with the decision. While this will be a welcome relief for the oil marketing companies, it is likely to lead to a further increase in inflation, especially if it is followed by a hike in diesel prices as well.

**Chandrajit Banerjee**

Director General, CII

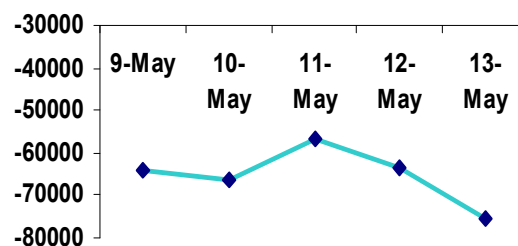
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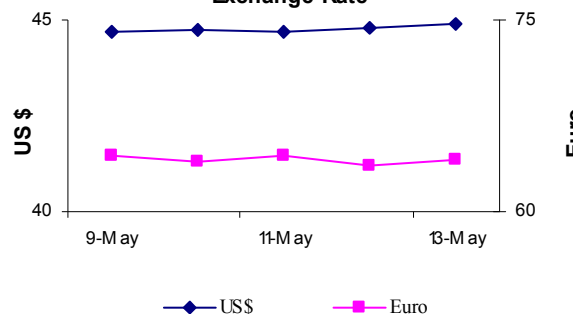
## POLICY DEVELOPMENT

- Petrol prices have been raised by Rs 5, with effect from Saturday 28 May 2011.
- Capital market regulator, Securities and Exchange Board of India (SEBI) and the Unique Identification Authority of India (UID-AI) are considering linking all securities transactions with the UID (unique identification) or Aadhaar number and will soon launch pilot project to explore how this can be done.
- The Government plans to carry out an economic census next year to assess the impact of economic reforms on various industries and to formulate policies better.
- Foreign Direct Investment in LLPs will be allowed only in those sectors where 100% foreign ownership is permitted.

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 22 April ,2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>39,19,000</b>	<b>-0.9</b>	<b>21.9</b>
<b>Food Credit</b>	<b>43,628</b>	<b>-12.6</b>	<b>-9.1</b>
<b>Non Food Credit</b>	<b>38,75,372</b>	<b>-0.8</b>	<b>21.4</b>
<b>Aggregate Deposit</b>	<b>53,19,432</b>	<b>0.4</b>	<b>17.9</b>
<b>Broad Money (M3)</b>	<b>66,40,947</b>	<b>0.2</b>	<b>17.6</b>
<b>Credit Deposit Ratio</b>	<b>74.3</b>		

Source: RBI

## EQUITY MARKETS

- Global stock market remained subdued due to weaker commodity prices and further monetary tightening by China by raising RRR by 50 bps.
- Key Indian benchmark indices were weighed down on negative cues from US markets, which settled lower. Despite better IIP numbers for March, the market recovery remained weak, triggered by sell off over multiple macroeconomic concerns of high inflation and elevated interest rate. Major indices remained subdued due to weak sentiments over fears of poor corporate profitability as a consequence of stubbornly high inflation.
- Total turnover during the week on BSE stood at Rs 10,969 crore and on NSE at Rs 38,506 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for June delivery stood at US\$ 99.7 per barrel on 13 May 2011, up by US\$ 2.45 per barrel from the previous week.
- New York **spot price for Gold** was US\$ 1,493.7 per ounce as on 13 May 2011, up by US\$ 2.1 per ounce from the previous week.

Global Stock Indices	Closing Value as on 13 May 2011	Weekly Change (%)
<b>NYSE: DJIA</b>	<b>12,595.8</b>	<b>-0.3</b>
<b>FTSE 100</b>	<b>5,925.9</b>	<b>-2.4</b>
<b>Nikkei 225</b>	<b>9,648.8</b>	<b>-2.0</b>
<b>Straits Times</b>	<b>3,163.7</b>	<b>2.1</b>
<b>KOSPI</b>	<b>2,120.1</b>	<b>-1.3</b>

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 13 May 2011	Week's % Change
<b>BSE SENSEX</b>	<b>18,531.3</b>	<b>0.1</b>
<b>BSE 500</b>	<b>7,205.8</b>	<b>0.3</b>
<b>S&amp;P CNX NIFTY</b>	<b>5,544.8</b>	<b>-0.1</b>
<b>S&amp;P CNX 500</b>	<b>4,470.4</b>	<b>0.2</b>

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
<b>Weekly FII (US \$ Million)</b>	<b>-142.5</b>	<b>282.1</b>
<b>Year -to-date FII (US\$ million)</b>	<b>335.2</b>	<b>-941.6</b>
<b>Weekly Mutual Funds# (Rs Crore)</b>	<b>150.9</b>	<b>-113.4</b>

Source: SEBI

#as on 12 May, 2011

Commodity Spot Indices	Closing Value as on 14 May 2011	Week's % Change
<b>MCX AGRI</b>	<b>2,684.4</b>	<b>1.2</b>
<b>MCX METAL</b>	<b>4,420.1</b>	<b>2.0</b>
<b>MCX ENERGY</b>	<b>3,119.5</b>	<b>0.0</b>
<b>MCX COMDEX</b>	<b>3,401.7</b>	<b>1.2</b>

Source: MCX, NCDEX

## INDUSTRY NEWS

### Auto

- The production of **automobiles** increased by 20.3% in April 2011 as compared to the previous year. Domestic sales and exports increased by 22.8% and 29.6% respectively.
- Passenger vehicle** production increased by 22.5% in April 2011, while domestic sales and exports recorded a growth of 14% and 12.7% respectively.
- Production of **Commercial vehicles** in April 2011 stood at 69,176 units, registering a growth of 24.8%, while domestic sales and exports recorded a growth of 8.2% and 36% respectively.

### Banking

- SBI raised its benchmark prime lending rate by 75 basis points to 14% and the base rate below which it will not lend to anyone by the same amount to 9.25%. Deposit rates on shorter tenors were raised as much as 225 basis points. Besides SBI, 22 other banks have raised lending rates.

BSE Indices	Closing Value on 13 May 2011	Week's % Change
<b>AUTO INDEX</b>	<b>9,222.0</b>	<b>0.0</b>
<b>BANKEX</b>	<b>12,590.2</b>	<b>-0.6</b>
<b>BSE CAPITAL GOODS</b>	<b>12,688.6</b>	<b>-0.6</b>
<b>BSE CONSUMER DURABLE</b>	<b>6,210.2</b>	<b>-0.1</b>
<b>BSE FMCG</b>	<b>3,803.3</b>	<b>4.4</b>
<b>BSE HEALTHCARE</b>	<b>6,149.4</b>	<b>1.4</b>
<b>BSE INFOTECH</b>	<b>6,039.6</b>	<b>-0.3</b>
<b>BSE MID CAP</b>	<b>6,902.6</b>	<b>0.6</b>
<b>BSE SMALL CAP</b>	<b>8,368.2</b>	<b>0.3</b>
<b>BSE TECK INDEX</b>	<b>3,629.2</b>	<b>0.5</b>
<b>METAL INDEX</b>	<b>15,404.2</b>	<b>0.3</b>
<b>OIL &amp; GAS INDEX</b>	<b>9,768.8</b>	<b>-0.5</b>

Source: BSE

CNX Segment Indices	Closing Value on 13 May 2011	Week's % Change
<b>CNX NIFTY Junior</b>	<b>11,185.4</b>	<b>1.7</b>
<b>CNX MIDCAP</b>	<b>8,034.9</b>	<b>0.9</b>
<b>BANK NIFTY</b>	<b>11,021.0</b>	<b>-1.1</b>
<b>CNX IT</b>	<b>6,609.6</b>	<b>-0.3</b>
<b>CNX Realty</b>	<b>289.2</b>	<b>4.7</b>
<b>CNX Infrastructure</b>	<b>2,903.8</b>	<b>-3.9</b>

Source: NSE

## GLOBAL NEWS

### USA

- In the week ending May 7 2011, the advanced figure for seasonally adjusted initial claims was 434,000, a decrease of 44,000 from the previous week's revised average of 478,000.
- US exports for March stood at US\$ 172.7 billion and imports at US\$ 220.8 billion, resulting in a goods and services deficit of US\$ 48.2 billion, up from US\$ 45.4 billion in February.
- On a seasonally adjusted basis, the CPI-U increased 0.4% in April after rising 0.5% in March

### Europe

- GDP increased by 0.8% in both the euro area and the EU during the first quarter of 2011, compared

with the previous quarter. In the fourth quarter of 2010, growth rates were 0.3% in the euro area and 0.2% in the EU.

- In march 2011 compared with February 2011, seasonally adjusted industrial production fell by 0.2% in the Euro Area and by 0.3% in the EU. In February production rose by 0.6% and 0.4% respectively.

### Asia

- Hong Kong's economy expanded by 7.2% in the first quarter of 2011. In the fourth quarter of 2010 Hong Kong grew at 6.4%.

#### 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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