



Confederation of Indian Industry  
Since 1895

# Economy Update

Weekly Newsletter

6-10 June 2011

## INDICATORS

### Inflation Rate for the week ending 28 May 2011

Categories	Weekly	Annual
Primary articles	0.5	11.5
Fuel, power, light & lubricant	0.0	12.5

- The annual **inflation** in **primary articles** increased to 11.5% for the week ended 28 May 2011, from 10.9% in the previous week.
- The annual **inflation** in **food articles** increased to 9.0% for the week ended 28 May 2011, from 8.1% in the previous week.
- The **Index of Industrial Production** for April 2011 with 2004-05 as base year stood at 6.3% as against 13.1% a year ago.
- India's **exports** have registered a growth of 56.9% during May 2011, at US\$ 25.9 billion. During April-May 2011, exports have reached a level of US\$49.8 billion at a growth of 45.3% while **imports** were US\$ 73.7 billion with a growth of 33.3% and a **trade deficit** of US\$ 40.9 billion.
- **Foreign Exchange Reserves** as on 3 June 2011 stood at US\$ 312.9 billion, up by US\$ 2.7 billion from the previous week.
- The **call money rates** as on 10 June 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 8.2%.



Dear Reader,

**Chandrajit Banerjee**

Decelerating industrial growth has emerged as one of the major concerns. This week's IIP data release shows that India's industrial output growth decelerated further in April 2011. The index of industrial production slowed down to just 6.3% during April from 13.1% in the corresponding month of the previous year. This is mainly contributed to poor performance of the manufacturing and mining sectors. Low offtake of capital goods has emerged as another area of concern.

Declining IIP growth is raising concerns on sustainability of high economic growth in the coming years

Director General, CII

## IN THIS ISSUE

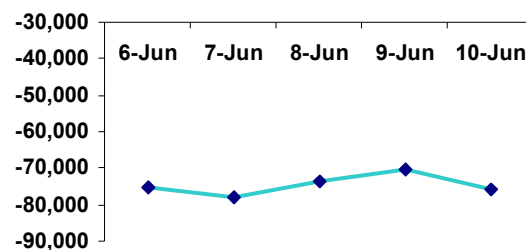
● **Markets  
Development**

● **Policy**

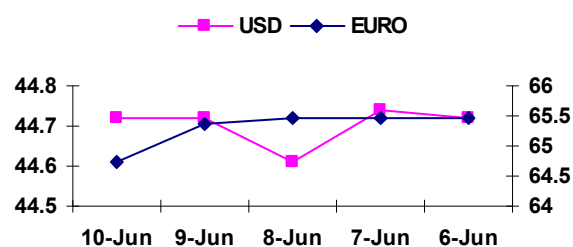
## POLICY DEVELOPMENT

- India's National Manufacturing Policy expects India to scale up the value added from manufacturing sector to 25% of the GDP in 15 years. Manufacturing Industry Promotion Board is to be set up as a parallel body to the FIPB.
- The policy also targets to create 100 million new jobs by 2025.
- Food ministry plans to augment wheat and rice procured by 10 million tones to meet expected demand under proposed National Food Security Act.
- The Government has launched a new Index of Industrial Production (IIP), which seeks to offer a better gauge of the country's industrial activity.

Net Absorption through LAF (Rs Crore)



Exchange Rate



## BANKING INDICATORS

Indicators	Outstanding as on 20 May, 2011	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>39,52,114</b>	<b>-0.1</b>	<b>22.3</b>
<b>Food Credit</b>	<b>66557</b>	<b>12.8</b>	<b>34.7</b>
<b>Non Food Credit</b>	<b>38,85,557</b>	<b>-0.3</b>	<b>22.4</b>
<b>Aggregate Deposit</b>	<b>53,19,256</b>	<b>0.1</b>	<b>17.4</b>
<b>Broad Money (M3)</b>	<b>66,55,037</b>	<b>0.1</b>	<b>16.8</b>
<b>Credit Deposit Ratio</b>	<b>74.3</b>		

Rs. Crore

Source: RBI

## EQUITY MARKETS

- European indices also continued to hover in red region taking cue from weak Asian session as China's exports triggered concerns over a slowdown of second biggest economy.
- Asian markets were mixed, lingering European worries and continued signs of a global slowdown are leaving equities unsure of where to go.
- Most key benchmark indices in Indian ended in red on 10 June 2011, as sentiments remained subdued due to poor IIP data and fears of another round of interest rate hike with inflation being a persistent problem.
- Total turnover during the week on BSE stood at Rs 12,458 crore and on NSE at Rs 23,550 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for July delivery stood at US\$ 99.3 per barrel on 10 June 2011, a fall of US\$ 0.9 per barrel.
- New York **spot price for Gold** was US\$ 1,528.7 per ounce as on 10 June 2011, down by US\$ 13.0 per ounce from the previous week.

Global Stock Indices	Closing Value as on 10 June 2011	Weekly Change (%)
NYSE: DJIA	11,951.9	-1.6
FTSE 100	5,765.8	-1.5
Nikkei 225	9,514.4	0.2
Straits Times	3,078.4	-2.1
KOSPI	2,046.7	-3.2

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 10 June 2011	Week's % Change
BSE SENSEX	18,268.5	-0.6
BSE 500	7,151.8	-0.4
S&P CNX NIFTY	5,521.0	0.1
S&P CNX 500	4,468.3	0.2

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	105.3	69.9
Year -to-date FII (US\$ million)	190.1	3,168.5
Weekly Mutual Funds# (Rs Crore)	268.8	7,299.6

Source: SEBI

#as on 9 June, 2011

Commodity Spot Indices	Closing Value as on 11 June 2011	Week's % Change
MCX AGRI	2,742.2	-1.4
MCX METAL	4,488.3	1.9
MCX ENERGY	3,168.1	1.2
MCX COMDEX	3,457.5	1.1

Source: MCX, NCDEX

## GLOBAL NEWS

### USA

- In the week ending June 4 2011, the advance figure for seasonally adjusted initial claims was 427,000, an increase of 1,000 from the previous week's revised average of 426,000.
- Total exports for April stood at US\$ 175.6 billion and imports of US\$ 219.2 billion, which resulted in a goods and services deficit of US\$ 43.7 billion, down from US\$ 46.8 billion in March.

### Europe

- The EU 27 external current account recorded a deficit of 32.8 billion euro in the first quarter of 2011, compared with a deficit of 27.7 billion in the first quarter of 2010 and a deficit of 18.2 billion in the fourth quarter of 2010.
- GDP increased by 0.8% in both euro area and EU 27 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 27.

- In April 2011, compared with March 2011, the volume of retail trade rose by 0.9% in the Euro Area and by 1.1% in the EU27.

### Asia

- Japan's factory orders declined 3.3% in April 2011 from March, when they rose 1%.
- China's lending declined to 551.6 billion Yuan (US\$ 85 billion), in May 2011 from 639 billion Yuan a year earlier. China's lending slowed down to the slowest pace since 2008, adding signs that the world's second biggest economy is cooling.

### 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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