



Confederation of Indian Industry
Since 1895

Economy Update

Weekly Newsletter

15-21 November 2010

INDICATORS

Inflation Rate for the week ending 6 November 2010		
Categories	Weekly	Annual
Primary articles	-0.11	13.30
Fuel, power, light & lubricant	0.13	10.57

- Annual **WPI for all commodities** for the month of October 2010 stood flat at 8.6%
- Annual **WPI inflation rate for primary articles** for the week ending 6 November, 2010 stood at 13.30% as compared to previous week's level of 14.87%.
- The annual **inflation** in food articles decreased to 10.30% for the week ended 6 November 2010, from 12.30% for the previous week.
- India's **exports** registered a growth of 21.3% in October 2010, while **imports** grew by 6.8% with a **trade deficit** of US\$ 9.7 billion.
- **Foreign Exchange Reserves** as on 12 November 2010 stood at US \$ 298.3 billion, down by US\$ 1.9 billion over previous week.
- The **call money rates** as on 19 November 2010 traded in the range of 4.5 – 7.5 percent.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 6.8%.
- One year **LIBOR** for US\$ as on 17 November 2010 stood at 0.76%.



Dear Reader,

The crisis in Ireland that unfolded over last week was another reminder that the global financial crisis is not yet over. Investors' refusal to fund Irish banks

had driven up borrowing costs and the Irish government had to finally seek a bailout in order to protect the European region's financial stability. Meanwhile, China raised its reserve ratio for banks, on concern that inflation would continue to rise. People's Bank of China is likely to continue tightening in response to speculative inflows of capital even as US officials criticize Beijing for not allowing greater flexibility in its exchange rate.

Chandrajit Banerjee

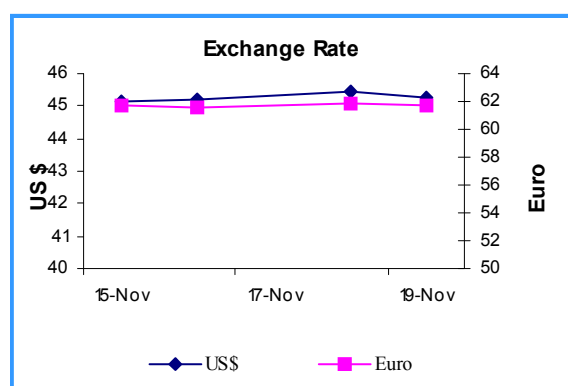
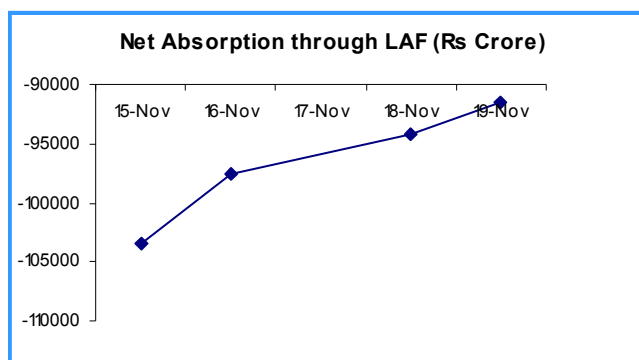
Director General, CII

IN THIS ISSUE

- **Markets**
- **Policy Update**
- **Industry News**
- **Global News**

POLICY UPDATE

- Director General of Civil Aviation (DGCA) is to monitor route-wise tariff of all domestic airlines across their network, in order to maintain transparency in tariff publication.
- The Interest Subvention Scheme which provides subsidized short term crop loans to farmers has been extended further for 2001-11 for Public Banks, Regional Rural banks and Co-operative Banks. Also, this year an additional subvention of 2% is available for farmers who repay on time.
- Minister of State for Finance said that there are no plans to invest General Provident Fund (GPF) corpus in stock market.



BANKING INDICATORS

Indicators	Outstanding as on 5 November 2010	% Variation over	
		Fortnight	Year
Total Bank Credit	35,30,790	1.6	22.0
Food Credit	53,749	13.8	27.6
Non Food Credit	34,77,042	1.4	22.0
Aggregate Deposit	48,10,227	-1.3	15.3
Broad Money (M3)	55,99,762	-0.7	15.9
Credit Deposit Ratio	73.4		

Source: RBI

EQUITY MARKETS

- Speculation that China will raise rates, concerns regarding the state of Ireland and successful IPO from General Motors influenced trade during the week. US equity remained flat in the week ending on Friday.
- Asian equity markets were mixed in the week's final session, as the early rally supported by broad based gains on Wall Street fizzled to profit taking and concerns over continued tightening from PBoC.
- The Indian market witnessed huge sell off during the last hour of trade and ended in deep red. All the major sectoral indices ended in red, Realty and Oil and Gas counters being the worst hit.
- Total turnover during the week on BSE stood at Rs 26,642 crore and at NSE Rs 87,252 crore.

COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for December delivery closed at US \$ 81.5 per barrel on 19 November 2010, down by \$ 3.4 per barrel over the previous week.
- New York **spot price for Gold** was US \$ 1342.5 per ounce as on 19 November 2010, down by US \$ 46 per ounce over the week.

Global Stock Indices	Closing Value as on 19 November 2010	Weekly Change (%)
NYSE: DJIA	11,203.6	0.1
FTSE 100	5,732.8	-1.1
Nikkei 225	10,022.4	3.1
Straits Times	3,192.6	-1.8
KOSPI	1,941.0	1.5

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 19 November 2010	Week's % Change
BSE SENSEX	19,585.4	-2.8
BSE 500	7,844.1	-3.0
S&P CNX NIFTY	5,890.3	-3.0
S&P CNX 500	4,850.6	-6.7

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	-88.3	-106.8
Year -to-date FII (US\$ million)	28,597.9	10,152.2
Weekly Mutual Funds# (Rs Crore)	-77.1	632.0

Source: SEBI

#as on 15 November 2010

Commodity Spot Indices	Closing Value as on 20 November 2010	Week's % Change
MCX AGRI	2,663.6	-1.0
MCX METAL	3,897.3	-2.7
MCX ENERGY	2,613.6	-4.8
MCX COMDEX	3,003.7	-3.1

Source: MCX, NCDEX

INDUSTRY NEWS

Banking/Finance

- Faced with a liquidity crunch, microfinance companies have asked RBI to direct banks to set up an emergency fund of Rs 1,000 crore to help them tide over slowdown in their business.
- ICICI Bank expects 18% credit growth in 2010-11.
- Axis Bank buys Enam Securities business for Rs 20,640 million.

Energy

- Tata power to invest around Rs 5,000 crore in wind energy by 2017.
- Suzlon, RRB Energy in race for Nalco's Rs 300 crore project.
- Muthoot Group to invest Rs 1,000 million in wind energy plans.

Industrial Goods

- Mexico's Cemex is set to buy Murli Cement for \$550 million
- HCL to double MP mine capacity.
- Hindalco arm to invest US\$ 300 million in Brazil plant.

BSE Indices	Closing Value on 19 November 2010	Week's % Change
AUTO INDEX	9,940.9	-1.8
BANKEX	13,705.1	-3.2
BSE CAPITAL GOODS	15,625.5	-2.6
BSE CONSUMER DURABLE	6,455.9	-7.4
BSE FMCG	3,595.1	-1.7
BSE HEALTHCARE	6,579.8	-0.1
BSE INFOTECH	5,889.9	-2.6
BSE MID CAP	8,077.4	-4.2
BSE SMALL CAP	10,237.3	-6.2
BSE TECK INDEX	3,617.6	-1.7
METAL INDEX	16,461.2	-3.3
OIL & GAS INDEX	10,227.5	-4.7

Source: BSE

CNX Segment Indices	Closing Value on 19 November 2010	Week's % Change
CNX NIFTY Junior	12,671.5	-2.6
CNX MIDCAP 200	9,191.9	-2.8
BANK NIFTY	12,063.0	-3.2
CNX IT	6,503.5	-2.4
CNX Reality	417.1	-9.7
CNX Infrastructure	3,480.5	-3.1

Source: NSE

GLOBAL NEWS

USA

- In the week ending November 13, the advanced figures for seasonally adjusted initial claims was 439,000, an increase of 2,000 from the previous week's revised figure of 437,000.
- US consumer price index (CPI) rose 0.2% in October after rising 0.1% in September 2001.

Europe

- The government deficit to GDP ratio in the euro area increased from 2.0% in 2008 to 6.3% in 2009 and in the EU 27 from 2.3% to 6.8%
- Euro Area external trade surplus for September 2010 stood at 2.9 billion euro.
- Euro Area annual inflation was 1.9% in October 2010, up from 1.8% in September.

- Ireland sought aid from EU and IMF, becoming the second euro country to need a rescue as the cost of saving its bank threatened a rerun of the Greek debt crisis that destabilized the currency.

Asia

- The People's Bank of China raised the reserve requirement ratio for its banks by half percentage point, in an attempt to control the flow of new money and combat inflation.
- Thailand's economy grew at 6.7% in the third quarter, the slowest pace in three quarters as exports eased and agriculture declined.

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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