



Confederation of Indian Industry  
Since 1895

# Economy Update

Weekly Newsletter

18-24 October 2010

## INDICATORS

### Inflation Rate for the week ending 9 October 2010

Categories	Weekly	Annual
Primary articles	-0.22	18.05
Fuel, power, light & lubricant	0.00	11.14

- Annual **WPI inflation rate for primary articles** for the week ending 9 October 2010 stood at 18.05% as compared to previous week's level of 18.54%.
- The annual **inflation** in food articles decreased to 15.53% for the week ended 9 October 2010, from 16.37% for the previous week.
- In the first six months of the current fiscal, Indian companies raised a total of \$10.65 billion through **External Commercial Borrowing** and **Foreign Currency Convertible Bonds**, thus reaching pre-crisis levels.
- **Foreign Exchange Reserves** as on 15 October 2010 stood at US \$296.4 billion, up by US\$ 0.6 billion over previous week
- The **call money rates** as on 22 October 2010 traded in the range of 3.6 – 6.6 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 20 October stood at 0.77%.



Dear Reader,

At the G-20 meeting of finance ministers and central bankers in Korea last week, an agreement was reached to refrain from competitive devaluation of currencies, create a mechanism to examine excessive imbalances in current accounts, reshape the governance of the IMF and develop a financial safety net for developing nations affected by volatile capital flows. Following the agreement, India should see its position rising from 11<sup>th</sup> to 8<sup>th</sup> in terms of voting rights in the IMF.

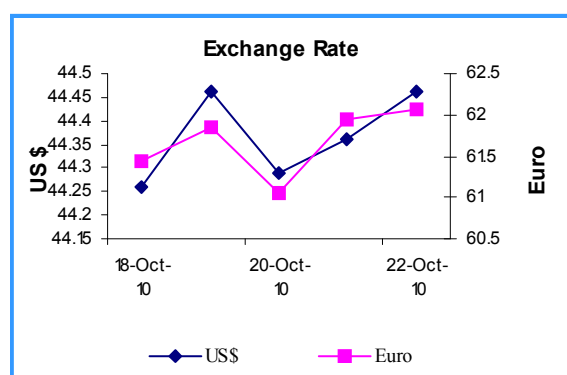
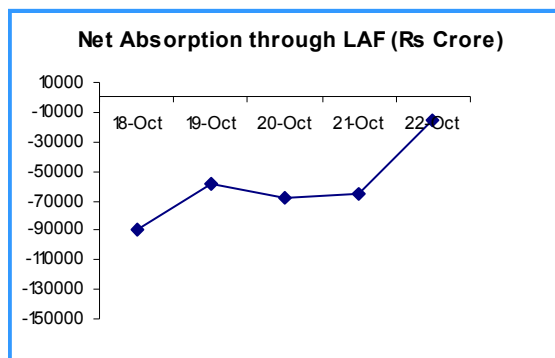
**Chandrajit Banerjee**  
Director General, CII

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## POLICY UPDATE

- The National Advisory Council recommended to the government to grant differential legal entitlement of food-grains to nearly 800 million people through a reformed PDS network from the next financial year.
- The Union Government has proposed to set up a central regulatory body i.e National Mining Regulatory Authority, under the new mining legislation to curb illegal mining.



## BANKING INDICATORS

Indicators	Outstanding as on 8 October 2010	% Variation over	
		Fortnight	Year
<b>Total Bank Credit</b>	<b>34,68,999</b>	<b>1.4</b>	<b>20.1</b>
<b>Food Credit</b>	<b>49,754</b>	<b>-1.0</b>	<b>16.5</b>
<b>Non Food Credit</b>	<b>34,19,245</b>	<b>1.4</b>	<b>20.1</b>
<b>Aggregate Deposit</b>	<b>47,88,309</b>	<b>1.7</b>	<b>15.0</b>
<b>Broad Money (M3)</b>	<b>59,62,123</b>	<b>1.5</b>	<b>15.2</b>
<b>Credit Deposit Ratio</b>	<b>72.4</b>		

*Source: RBI*

## EQUITY MARKETS

- US market closed mixed as Dow closed marginally lower while other two major equity averages closed positive.
- European shares opened lower retreating from their 6-month high tracking Wall Street losses and ahead of G20 currency meeting. Corporate earnings were positive providing some support.
- Indian markets traded within a tight range amid high volatility and ended in red. Moderate buying was seen in Technology and Oil & Gas counters while Reality and FMCG stocks witnessed some selling pressure. The Mid cap and Small cap indices ended on a flat note.
- Coal India's mega IPO has received an overwhelming responses from investors and was over subscribed 13.5 times. The IPO got total bids for 850.3 crore shares, valued worth Rs. 2,08,323.5 lakh crore.
- Total turnover during the week on BSE stood at Rs 24,871 crore and at NSE Rs 77,357 crore.

## COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for December delivery closed at US \$ 81.7 per barrel on 22 October 2010, down by \$0.4 per barrel over the previous week.
- New York **spot price for Gold** was US \$ 1322.53 per ounce as on 22 October 2010, down by US \$ 44.7 per ounce over the week.

Global Stock Indices	Closing Value as on 22 October 2010	Weekly Change (%)
NYSE: DJIA	11,132.6	0.6
FTSE 100	5,741.4	0.7
Nikkei 225	9,426.7	-0.8
Straits Times	3,173.6	-1.0
KOSPI	1,897.3	-0.3

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 22 October 2010	Week's % Change
BSE SENSEX	20,165.9	0.2
BSE 500	8,119.1	0.4
S&P CNX NIFTY	6,066.1	0.1
S&P CNX 500	5,018.7	0.4

Source: NSE, BSE

### Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	811.5	-509.5
Year -to-date FII (US\$ million)	24,173.9	9854.1
Weekly Mutual Funds# (Rs Crore)	-681.1	-9751.6

Source:SEBI

\*as on 21 October 2010

Commodity Spot Indices	Closing Value as on 23 October 2010	Week's % Change
MCX AGRI	2,533.2	2.2
MCX METAL	3,713.3	-1.9
MCX ENERGY	2,508.1	-1.8
MCX COMDEX	2,867.9	-1.2

Source: MCX, NCDEX

## GLOBAL NEWS

### USA

- In the week ending October 16, the advance figure for seasonally adjusted initial claims was 452,000, a decrease of 23,000 from the previous week's revised figure of 462,250.

### Europe

- UK's retail sales fell by 0.2% in September as compared to August due to fall in clothing and car fuel sales.
- According to the latest available data, the EU 27 external current account recorded a deficit of 37.1 billion euro in the second quarter of 2010, compared with a deficit of 42.1 billion in the second quarter of 2009.
- In the construction sector, seasonally adjusted production fell by 0.4% in the euro area, but rose by 0.3% in the EU 27 in August 2010, compared with previous month.

### Asia

- China raised interest rates for the first time since 2007, as it tries to rein in inflation and dampen its over heated real estate market. The People's Bank of China raised its one year rate to 5.6% from 5.31% and its one year deposit rate to 2.5% from 2.25%
- Japan's exports grew at the slowest pace this year in September, hit by cooling foreign demand and a strong yen. Exports climbed 14.4% from a year earlier to 5.8 trillion yen, while imports rose 9.9% to 5.04 trillion yen.

### 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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