



Confederation of Indian Industry
Since 1895

Economy Update

Weekly Newsletter

14-20 February 2011

INDICATORS

Inflation Rate for the week ending 5 February 2011

Categories	Weekly	Annual
Primary articles	-1.7	14.6
Fuel, power, light & lubricant	0.1	11.9

- The annual **inflation** in **primary articles** decreased to 14.6% for the week ended 5 February 2011, from 16.2% in the previous week.
- The annual **inflation** in **food articles** decreased to 11.1% for the week ended 5 February 2011, from 13.1% in the previous week.
- India received **FDI** worth US\$ 21 billion in the 2010 calendar year, a decline of 22% over the previous year.
- All India **CPI (UNME)** for December 2010 showed a growth of 9.4%
- **Foreign Exchange Reserves** as on 11 February 2010 stood at US \$ 298.7 billion, down by US\$ 0.8 billion over previous week.
- The **call money rates** as on 18 February 2010 traded in the range of 5.6 – 7.0%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 7.1%.



Dear Reader,

With just a week to go for the announcement of the Union Budget, many ideas are being generated on what the focus should be this year. At CII, we think that the focus should be on creating a positive environment for investments. Removing supply side hurdles to growth and undertaking policy reforms to improve productivity of Indian industry would give a boost to the growth momentum. Foremost in the wish list of industry is the early implementation of GST which has been held back for far too long.

Chandrajit Banerjee

Director General, CII

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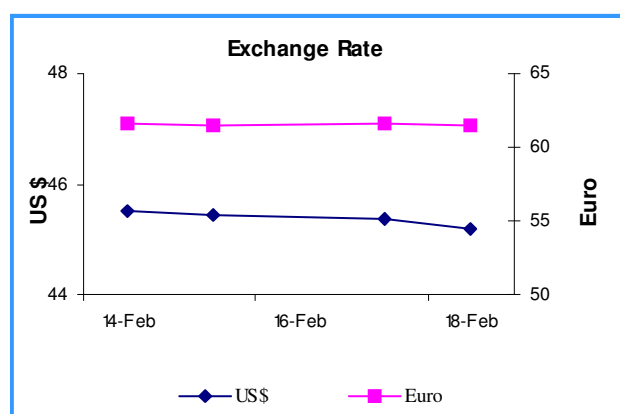
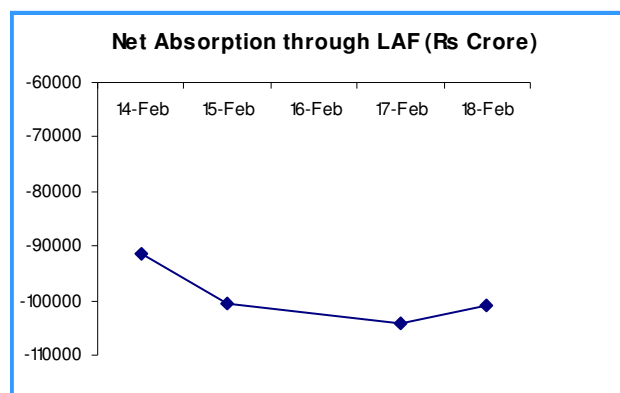
● **Policy Update**

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POLICY DEVELOPMENTS

- The Union Finance Ministry has approved the creation of a Rs 50,000 crore National Electricity Fund (first mooted in the 2008-09 Budget) for attracting investment in this area.
- The Government said that it will create a special purpose vehicle (SPV) to attract private investment for setting up bulk food grains storage facilities, besides playing the role of a think-tank to undertake studies on bulk storage handling and transportation requirement for food grains.
- Aiming at making cities slum free across the country, the Centre will soon announce a Rs 6,000 crore grant for construction of over 200,000 houses under the Rajiv Awas Yojna, as a pilot project.
- Government lifts ban on Onion exports.



BANKING INDICATORS

Indicators	Outstanding as on 28 January 2011	% Variation over	
		Fortnight	Year
Total Bank Credit	37,35,233	0.4	23.2
Food Credit	61,182	-4.3	39.3
Non Food Credit	36,74,052	0.5	23.1
Aggregate Deposit	49,83,378	0.8	15.9
Broad Money (M3)	62,00,420	2.8	16.6
Credit Deposit Ratio	75.0		

Source: RBI

EQUITY MARKETS

- US stocks showed gains for another week, as improving corporate earnings and manufacturing data overshadowed higher than forecast growth in consumer prices and poor jobless claims numbers.
- The FTSE showed 1.4% increase over the past week due to positive corporate earnings and FOMC's more optimistic outlook on US Economy.
- Indian key benchmark indices rebounded last week as data showed easing of food inflation. Sectoral break up shows that Bank, Metal and Capital goods were major gainers while Realty remained in red and Healthcare index showed a mere 0.6% growth over last week
- Total turnover during the week on BSE stood at Rs 17,111 crore and at NSE at Rs 62,855 crore.

COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for February delivery closed at US \$ 86.2 per barrel on 18 February 2011, up by US \$ 0.6 per barrel over the previous week.
- New York **spot price for Gold** was US \$ 1,387.9 per ounce as on 18 February 2011, up by US \$ 28.2 per ounce over the week.

Global Stock Indices	Closing Value as on 18 February 2011	Weekly Change (%)
NYSE: DJIA	12,391.3	1.0
FTSE 100	6,083.0	1.4
Nikkei 225	10,842.8	2.2
Straits Times	3,086.9	0.3
KOSPI	2,013.1	1.8

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 18 February 2011	Week's % Change
BSE SENSEX	18,211.5	2.7
BSE 500	7,028.2	2.9
S&P CNX NIFTY	5,459.0	2.8
S&P CNX 500	4,365.3	2.9

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	12.9	494.3
Year -to-date FII (US\$ million)	-1,510.7	2,769.8
Weekly Mutual Funds# (Rs Crore)	110.6	-1,726

Source:SEBI

#as on 17 February 2011

Commodity Spot Indices	Closing Value as on 19 February 2011	Week's % Change
MCX AGRI	2,916.3	-1.5
MCX METAL	4,317.2	1.3
MCX ENERGY	2,756.3	-1.3
MCX COMDEX	3,253.4	-0.5

Source: MCX, NCDEX

INDUSTRY NEWS

Aviation

- The Airports Authority of India (AAI) has invited bids to raise funds to the tune of Rs 300 crore to modernize airports.

Power

- Thermal capacity of 2,635.8 MW has been added during the month of December 2010

Oil And Gas

- Refiner Essar Oil Ltd is set to buy Royal Dutch Shell Plc's Stanlow refinery in the UK for US\$ 350-400 million.
- ONGC begins road show for 5% stake sale and is expected to raise Rs 12,000 Crore. The issue is scheduled to open on March 15 and close on March 18.

Steel

- State run Steel Authority of India (SAIL), the country's largest steel producer has initiated the process for its Rs 7,000 crore follow on public offer (FPO) and is planning to enter the market by March end or early April.

BSE Indices	Closing Value on 18 February 2011	Week's % Change
AUTO INDEX	8,717.7	2.7
BANKEX	12,419.7	4.9
BSE CAPITAL GOODS	13,132.5	3.9
BSE CONSUMER DURABLE	5,719.0	3.4
BSE FMCG	3,295.4	2.9
BSE HEALTHCARE	5,951.2	0.6
BSE INFOTECH	6,227.9	1.4
BSE MID CAP	6,661.7	2.9
BSE SMALL CAP	8,128.9	4.1
BSE TECK INDEX	3,648.0	1.5
METAL INDEX	15,892.3	4.0
OIL & GAS INDEX	9,330.0	1.0

Source: BSE

CNX Segment Indices	Closing Value on 18 February 2011	Week's % Change
CNX NIFTY Junior	10,807.1	3.9
CNX MIDCAP	7,699.4	2.9
BANK NIFTY	10,949.7	4.8
CNX IT	6,832.1	1.7
CNX Realty	272.0	-2.4
CNX Infrastructure	2,946.0	2.7

Source: NSE

GLOBAL NEWS

USA

- In the week ending February 12 2011, the advanced figures for seasonally adjusted initial claims was 410,000, an increase of 25,000 from the previous week's revised figure of 385,000.
- US Consumer prices increased 0.4% in January as energy and grocery store food prices rise.
- The Philadelphia Federal Reserve Bank said its business activity index rose to 35.9 in February from 19.3 the month before. It was the highest reading since January 2004

Europe

- Euro Area GDP increased by 0.3% and by 0.2% in the EU 27 during the fourth quarter of 2010 compared with the previous quarter.
- In December 2010 compared with November 2010,

seasonally adjusted industrial production fell by 0.1% in both the Euro Area and the EU 27. In November 2010 production rose by 1.4% and 1.2% respectively.

- Euro Area trade balance with the rest of the world in December 2010 gave a 0.5 billion euro deficit, compared with a surplus of 3.2 billion in December 2009.

Asia

- Thailand's GDP rose 1.2% in the fourth quarter of 2010 on the back of strong exports and consumer spending, capping the fastest annual expansion in 15 years and adding to the central bank's case to raise borrowing costs further.
- China increased Bank's required reserve ratio by 50 basis points to tackle inflation.

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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