



Confederation of Indian Industry

Economy Update

Weekly Newsletter

15-21 August 2011

INDICATORS

Inflation Rate for the week ending 6th August 2011

Categories	Weekly	Annual
Primary articles	-0.9	11.6
Fuel, power, light & lubricant	0.9	13.1

- The annual **inflation in primary articles** stood at 11.6% for the week ended 6th August 2011—down from 12.2% in the previous week.
- The annual **inflation in food articles** increased to 9.0% for the week ended 6th August 2011 from 9.9% in the previous week, while annual inflation in **Non-Food articles** increased to 16.1% from 15.1% in the previous week.
- The **annual rate of inflation** for the month of July 2011 stood at 9.2% as compared to 9.4% in the previous month.
- **Foreign Exchange Reserves** as on 12 August 2011 stood at US\$ 316.6 billion, down by US\$ 0.6 billion from the previous week.
- The **call money rates** as on 12th August 2011, traded in the range of 6.6– 8.1%.
- At the **Treasury bills auctions** held during the week, the YTM for 91–day T-Bills stood at 8.4%.
- **All India rainfall** during the week 11-17 August was 26% above than the long period average (LPA). Cumulative rainfall during this year's monsoon has so far up to 17th August been 1% below LPA.



Dear Reader,

Domestic financial markets did not remain insulated from developments in the developed economies as capital outflows gathered steam. Further, lack of clarity about the domestic growth trajectory amidst sticky inflation and tight monetary policy continued to worry investors. India Inc's performance results for Q1 2011-12 have also not been very encouraging. The sector reported a moderation in profit growth in Q1 2011-12 due to increase in the cost of production and interest burden. Significant slowdown in revenue and profit growth is reported from sectors such as steel, pharmaceuticals, cement, FMCG, power, oil drilling, gems & jewellery, alcohol and realty. The profit outlook for companies could be further affected by worsening economic scenario in the US and Europe.

Chandrajit Banerjee

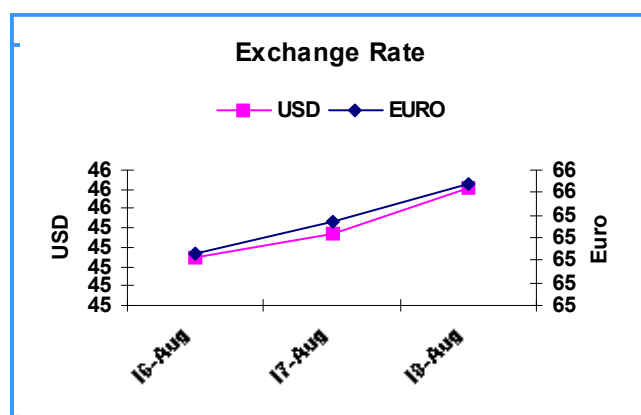
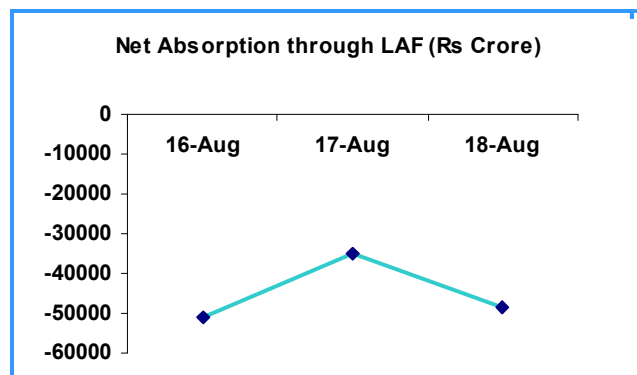
Director General, CII

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POLICY DEVELOPMENT

- Finance Minister Pranab Mukherjee ruled out dual pricing of diesel which could have made the fuel expensive for passenger car owners.
- The Union finance ministry has told all state owned banks and financial institutions to make payments only electronically from next month. The move is aimed at checking corruption in transfer of funds through cheques and making the entire process transparent and faster.



BANKING INDICATORS

Indicators	Outstanding as on 29 July ,2011	% Variation over	
		Fortnight	Year
Total Bank Credit	40,05,366	-0.2	18.5
Food Credit	70,452	-7.8	50.1
Non Food Credit	39,34,914	-0.1	18.6
Aggregate Deposit	54,81,132	1.2	17.2
Broad Money (M3)	67,98,108	0.7	16.4
Credit Deposit Ratio	73.1		

Source: RBI

EQUITY MARKETS

- Global sentiments remained extremely low as all markets felt the weight of global economic uncertainty and the unresolved debt crisis in Europe.
- European shares continued to trade down over concerns on European sovereign crisis.
- Indian markets continued downward trend and closed to their lowest in nearly 15 months, mirroring weak Asian and European peers as gloom global growth outlook prompted investors to cut exposure to riskier assets.
- Total turnover during the week on BSE stood at Rs 11,786 crore and on NSE at Rs 52,025 crore.

COMMODITY MARKETS

- NYMEX **Crude Oil** for September delivery fell to US\$ 86.9 per barrel on 5th August 2011.
- New York **spot price for Gold** was US\$ 1,849.1 per ounce as on 19th August 2011, up by US\$ 92.0 per ounce from the previous week.

Global Stock Indices	Closing Value as on 19th August 2011	Weekly Change (%)
NYSE: DJIA	10,817.7	-4.0
FTSE 100	5,040.8	-5.2
Nikkei 225	8,719.2	-6.2
Straits Times	2,733.6	-8.7
KOSPI	1,744.9	-10.2

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 19th August 2011	Week's % Change
BSE SENSEX	16,141.7	-4.1
BSE 500	6,311.3	-4.8
S&P CNX NIFTY	4,845.7	-4.5
S&P CNX 500	3,925.8	-4.7

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	-225.5	197.9
Year -to-date FII (US\$ million)	912.2	3,585.5
Weekly Mutual Funds# (Rs Crore)	55.9	812.2

Source:SEBI

#as on 17th August, 2011

Commodity Spot Indices	Closing Value as on 20th August 2011	Week's % Change
MCX AGRI	3,015.0	0.9
MCX METAL	4,952.1	4.9
MCX ENERGY	2,636.7	-5.1
MCX COMDEX	3,483.8	1.2

Source: MCX, NCDEX

INDUSTRY NEWS

BSE Indices	Closing Value on 19th August 2011	Week's % Change
AUTO INDEX	8,161.7	-4.4
BANKEX	10,763.3	-7.5
BSE CAPITAL GOODS	11,502.8	-5.5
BSE CONSUMER DURABLE	6,156.0	-3.7
BSE FMCG	3,887.3	-0.5
BSE HEALTHCARE	5,798.2	-4.1
BSE INFOTECH	4,691.3	-6.3
BSE MID CAP	6,130.1	-5.9
BSE SMALL CAP	7,006.0	-8.1
BSE TECK INDEX	3,020.4	-4.7
METAL INDEX	11,764.2	-4.4
OIL & GAS INDEX	8,173.0	-2.9

Source: BSE

Auto

- Honda Motorcycle and Scooter India (HMSI), the 100% subsidiary of Honda Motor Company, having surpassed the 8 million sales mark recently, plans to have an annual production capacity of 40 lakh units against 21 lakh units per annum by the end of 2011-12.

Telecom

- Rural India beats urban in users (Rural 218.8 million; Urban 188.4 million) and active SIMs (rural 269.1 million; Urban 218.8.1 million)
- Number of users grew by 34% to reach 407 million this year, from 303 million last year.

Aviation

- Air India got 60 day credit on behalf of public sector oil companies. Also, a group of ministers (GoM) will meet in mid September to review the Airline's performance and clear the restructuring plan prepared by SBI caps.

CNX Segment Indices	Closing Value on 19th August 2011	Week's % Change
CNX NIFTY Junior	9,864.1	-4.6
CNX MIDCAP	7,131.3	-5.9
BANK NIFTY	9,404.9	-7.6
CNX IT	5,113.9	-5.6
CNX Realty	222.4	-7.8
CNX Infrastructure	2,683.5	-4.4

Source: NSE

GLOBAL NEWS

USA

- In the week ending August 6 2011, the advance figure for seasonally adjusted initial claims was 395,000, a decrease of 7,000 from the previous week's revised average of 402,000.
- The Consumer Price Index for All Urban Consumers increased 0.5% in July on a seasonally adjusted basis, on account of higher gas, food and shelter prices.

Europe

- Euro Area and EU27 GDP increased by 0.2% in the second quarter of 2011, compared with the previous quarter.
- Euro Area annual inflation was 2.5% in July 2011,

down from 2.7% in June. A year earlier the rate was 1.7%.

- In June 2011, Euro Area recorded a trade surplus of 0.9 billion euros, with the rest of the world as compared to 0.7 billion surplus in June 2010.

Asia

- Thailand's GDP rose 2.6% in the three months through June from a year earlier, after climbing a revised 3.2% in the previous quarter..

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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