

Economy Update



» WEEKLY NEWSLETTER

» 23-29 April 2012

Dear Reader,

The CII Business Outlook Survey revealed that although the Business Confidence Index has been recovering moderately in the last two quarters, it remains subdued far below the levels achieved in the previous year. Most respondents believe that GDP growth will lie in the range of 7.0-7.5% in 2012-13. This seems achievable with some recovery in the industrial sector, driven by the reduction in interest rates. However, a return to the pre-crisis level of growth will require some movement on economic reforms such as fiscal consolidation, implementation of GST and increasing limits on FDI.

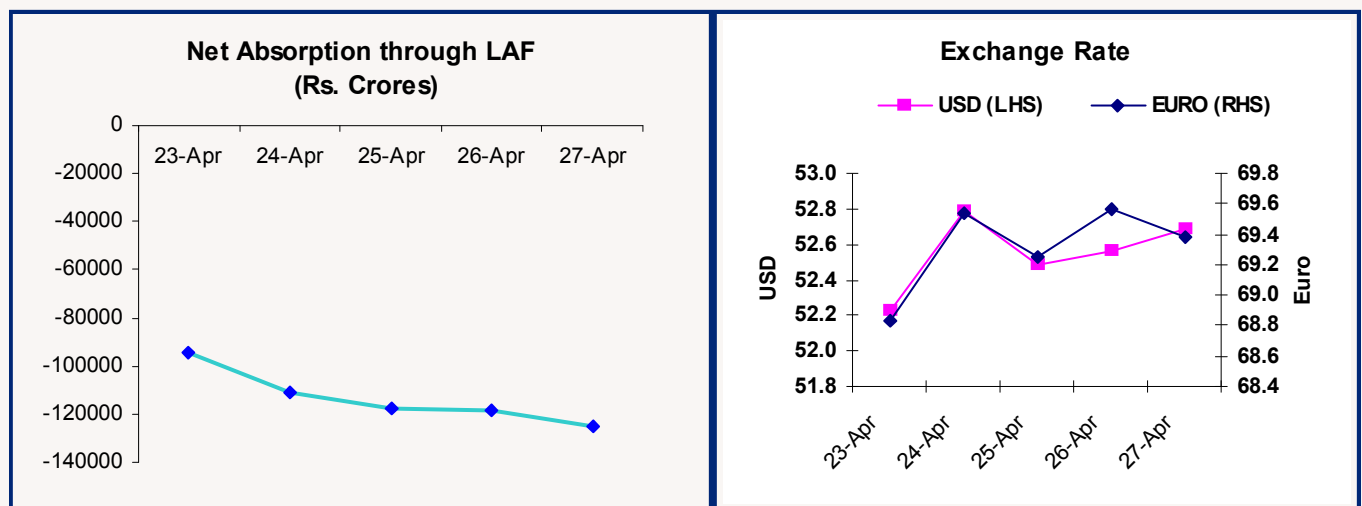
Chandrajit Banerjee
(Director General, CII)

INDICATORS

- » The **CII Business Confidence Index** (CII-BCI) recovered moderately in the first quarter of 2012-13 but remained below its level in the same quarter of the previous year. Compared to a value of 62.5 in the first quarter of 2011-12, the index reported a value of 55.0 in April-June 2012.
- » **Southwest monsoon rainfall** for the country as a whole is most likely to be Normal (96-104% of Long Period Average (LPA)) with probability of 47%. The probability (24%) of seasonal rainfall to be below normal (90-96% of LPA) is also higher than its climatological value. However, the probability of seasonal rainfall to be deficient (below 90% of LPA) or excess (above 110% of LPA) is relatively low (less than 10%)
- » **Foreign Exchange Reserves** as on April 20, 2012 stood at US\$ 294.6 billion, increasing by US\$ 1.5 billion from the previous week.
- » The **call money rates** as on April 27, 2012 traded in the range of 7.5-8.4%.

Policy Development

- » The Power Ministry has set up a panel to look into various proposals including introduction of appraisal system for central and state regulators. The mandate of the committee is to examine and make recommendations on proposed amendments in the Electricity Act, 2003.
- » In an effort to improve the framework for qualified foreign investors and facilitate board based investor participation, the market regulator (SEBI) is working towards making large-scale changes to present QFI framework.



BANKING INDICATORS

Indicators	Rs. Billion		
	Outstanding as on 6 April, 2012	% Variation over Fortnight	Year
Total Bank Credit	46,935.7	1.8	18.7
Food Credit	794.6	-0.4	59.2
Non Food Credit	46,141.1	-0.2	18.1
Aggregate Deposit	60,950.4	3.2	14.3
Broad Money (M3)	75,478.2	2.7	13.7
Credit Deposit Ratio	77.0		

Source: RBI

EQUITY MARKETS

- » The global scenario has been broadly positive with Europe and US posting gains over the past week.

Indian equities ended negative on account of cut in India's sovereign ratings outlook to negative by Standard and Poor's (S&P) in light of the country's economic and fiscal challenges. The worries over the provisions of GAAR (general anti-avoidance regulations) and their likely implications on foreign institutional investors (FIIs) also kept both foreign investors and domestic sentiments down as there are a lot of uncertainties related to the taxation of foreign investors.

- » Total turnover during the week on BSE stood at Rs. 10,985 crore and on NSE at Rs. 53,297 crore.

Global Stock Indices	Closing Value as on 27 April 2012	Weekly Change (%)
NYSE: DJIA	13,228.3	1.5
FTSE 100	5,777.1	0.1
Nikkei 225	9,561.8	0.0
Straits Times	2,994.5	-0.4
KOSPI	1,975.4	0.0

Source: Yahoo Finance

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	-251.3	-367.8
Year -to-date FII (US\$ million)	8,707.1	3,385.4
Weekly Mutual Funds# (Rs Crore)	-345.5	2,953.8

Source: SEBI

#as on 26 March, 2012

Indian Equity Indices	Closing Value on 27 April 2012	Week's % Change
BSE SENSEX	17,187.3	-1.1
BSE 500	6,650.3	-1.9
S&P CNX NIFTY	5,290.0	-1.5
S&P CNX 500	4,147.1	-1.9

Source: NSE, BSE

COMMODITY MARKETS

- » NYMEX West Texas Intermediate Crude Oil for April delivery stood at US\$ 104.9 per barrel on 27 April 2012, up by US\$ 1. per barrel from the previous week.

- » New York spot price for Gold was US\$ 1,665.1 per ounce as on 27 April 2012, up by US\$ 22.8 per ounce from the previous week.

Commodity Spot Indices	Closing Value as on 28 April 2012	Week's % Change
MCX AGRI	3,639.2	-1.5
MCX METAL	4,997.4	1.8
MCX ENERGY	3,539.1	3.5
MCX COMDEX	3,966.3	1.8

Source: MCX, NCDEX

INDUSTRY

Electronics

- » The Government may introduce a 'reverse subsidy' scheme for local manufacturer of electronic goods. The scheme will be part of the proposed national electronic policy, which aims to encourage local manufacturing of goods, including mobile handsets, semiconductor wafer fabs, consumer electronics and telecom network equipment .

Energy

- » The National Solar Mission, which aims to install 20,000 MW capacity of solar energy by 2020, has commissioned 89% of its allotted capacity in its first stage. The Government has signed power purchase agreements (PPA) with 28 solar power developers for 140 MW solar photo voltaic (PV) projects in January 2011, out of which 125 MW of capacity stands commissioned currently.

BSE Indices	Closing Value on 27 April 2012	Week's % Change
AUTO INDEX	10,575.0	-1.7
BANKEX	11,759.9	-2.4
BSE CAPITAL GOODS	9,397.5	-4.8
BSE CONSUMER DURABLE	6,636.0	-0.8
BSE FMCG	4,784.9	2.6
BSE HEALTHCARE	6,778.1	-0.6
BSE INFOTECH	5,572.4	2.0
BSE MID CAP	6,272.3	-2.3
BSE SMALL CAP	6,726.2	-2.5
BSE TECK INDEX	3,263.1	0.3
METAL INDEX	10,969.1	-2.7
OIL & GAS INDEX	7,881.7	-0.8

Source: BSE

CNX Segment Indices	Closing Value on 27 April 2012	Week's % Change
CNX NIFTY Junior	10,103.3	-3.4
CNX MIDCAP	7,415.9	-2.8
BANK NIFTY	10,148.7	-2.9
CNX IT	5,940.4	1.6
CNX Realty	221.8	-6.2
CNX Infrastructure	2,341.5	-5.3

Source: NSE

GLOBAL NEWS

USA

» In the week ending 21 April, the advance figure for seasonally adjusted initial claims was 388,000, a decrease of 1,000 from the previous week's revised figure of 389,000.

» US real GDP increased at an annual rate of 2.2% in the first quarter of 2012. In the fourth quarter of 2011, real GDP increased 3.0%

Europe

» In 2011, the government deficit of both the euro area and the EU27 decreased in absolute terms compared with 2010, while the government debt rose in both zones. In

the euro area the government deficit to GDP ratio decreased from 6.2% in 2010 to 4.1% in 2011, and in the EU 27 from 6.5% to 4.5%. In the euro area the government debt to GDP ratio increased from 85.3% at the end of 2010 to 87.2% at the end of 2011, and in the EU 27 from 80.0% to 82.5%.

Asia

Singapore's unemployment rate climbed to 2.1% in the three months through March from 2% in the previous quarter.

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