

Inflation Rate for the week ending 3 <sup>rd</sup> Apr'10		
Categories	Weekly	Annual
Primary articles	0.1	13.88
Fuel, power, light & lubricant	0.1	12.43

## Indicators

- Annual **WPI inflation rate for primary articles** for the week ending 3<sup>rd</sup> Apr'10 stood at 13.88% as compared to previous week's level of 14.50%.
- The annual inflation in food articles fell marginally to 17.22% for the week ended 3<sup>rd</sup> Apr'10, from 17.70% for the previous week.
- The annual rate of inflation, based on monthly WPI, stood at 9.90% for the month of March, 2010 as compared to 9.89% for the previous month and 1.20% during the corresponding month of the previous year.
- Foreign Exchange Reserves** as on 9<sup>th</sup> Apr'10 stood at US \$280.0 billion, up by US\$ 932 million over the previous week.
- The **call money rates** as on 16<sup>th</sup> Apr'10 traded in the range of 2.00 – 3.65 percent.
- One year **LIBOR** for US\$ as on 14<sup>th</sup> Apr'10 stood at 0.94%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 4.26%.
- The Index of Industrial Production for the month of February 2010 grew by 15.1% as compared to 0.2% in the month of February 2009. The cumulative growth for the period April-February 2009-10 stands at 10.1%.
- The Domestic air traffic registered double-digit growth during March this year. Domestic airlines flew 39.76 lakh passengers, up 23% over the corresponding month last year.

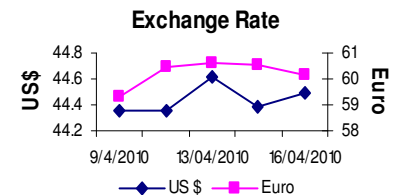
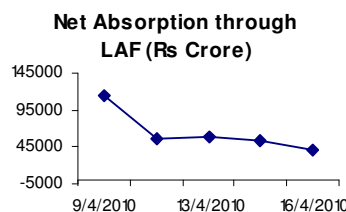
Dear Reader

There is widespread expectation of a rate hike at tomorrow's Annual Monetary Policy announcement by the RBI. WPI inflation continued to print at a high level of 9.9% in March 2010, driven mainly by primary products and fuels. Industrial data released last week also shows that the growth momentum remains strong. In addition to the policy moves, the RBI's guidance in terms of expected growth and inflation trends in 2010-11 is also keenly awaited.

Chandrajit Banerjee  
Director General  
Confederation of Indian Industry

## Policy Developments

- The new rule released by the Department of Industrial Policy and Promotion or DIPP has clarified that an individual FII will not be allowed to pick up more than 10% equity in an Indian company even if it is coming as a foreign direct investor.
- The government has imposed a duty of Rs 2,500 per tonne on raw cotton exports in order to moderate prices of the commodity in the domestic market and help the local textiles industry.
- The Central Board of Direct Taxes has notified the valuation rules for gifts over Rs 50,000, and these will come into effect retrospectively from October 1, 2009.



Banking Indicators	Rs. Crore		
	Outstanding as on 26 <sup>th</sup> Mar'10	% Variation over	
Indicators		Fortnight	Year
Total Bank credit	3,240,399	3.7	16.7
Food Credit	48,489	-1.8	4.9
Non Food Credit	3,191,909	3.8	16.9
Aggregate Deposit	4,486,574	1.9	17.0
Broad Money (M3)	5,583,259	1.8	16.7
Credit Deposit Ratio	72.22		

Source: RBI

## Equity Markets

- The stock market's six-session streak of gains ended following news that the Securities Exchange Commission (SEC) has levied a charge against Goldman Sachs. The weakness got extended on expectations that disruption to air travel from the Icelandic volcano will undermine the global economic recovery. Not even the better-than-expected earnings from Google, Bank of America and General Electric and statement from US Treasury Secretary Timothy Geithner that economy is growing faster than expected, could keep the momentum going.
- After an uninterrupted rally for 10 weeks, the Indian markets gave away the winning streak last week. Weaker investor sentiment globally, coupled with lower than expected IIP data dampened the momentum. Though inflation held steady in single digits, market players were cautious ahead of the RBI's Annual Policy review and fourth quarter corporate results season. Meanwhile CMIE has projected that the economy will grow by 7.1% in 2009-10, followed by a robust pace of 9.2% in the current fiscal year.
- Among sectors, Capital Goods, Banning space and Oil& Gas were the major losers over the week, falling by more than 3.0%. Banking stocks were down on concerns of an interest rate hike by RBI in its Annual Policy Review. FMCG, Realty and IT space were gainers this week. BSE top five gainers include Infosys, TCS, Tata Steel, HUL and Wipro.
- Total turnover during the week on BSE stood at Rs 18,160 crore and at NSE Rs 54,975 crore.

## Commodity Market

- NYMEX light sweet Crude Oil for May delivery closed at US \$ 83.2 per barrel on 16th April' 10, down by \$1.7 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1137.3 per ounce as on 16<sup>th</sup> Apr'10, down by US \$ 24.6 per ounce over the week.

Global Stock Indices	Closing Value as on 16 <sup>th</sup> Apr'10	Weekly Change (%)
NYSE: DJIA	11,019	0.2
FTSE 100	5,744	-0.5
Nikkei 225	11,102	-0.9
Straits Times	3,007	1.2
KOSPI	1,735	0.6

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 16 <sup>th</sup> Apr'10	Week's % Change
BSE SENSEX	17,591	-1.9
BSE 500	6,986	-1.6
S&P CNX NIFTY	5,263	-1.8
S&P CNX 500	4,342	-1.5

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 16 <sup>th</sup> Apr'10	Week's % Change
MCX AGRI	2,118	0.1
MCX METAL	3,335	1.2
MCX ENERGY	2,645	-1.4
MCX COMDEX	2,696	0.1

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	327	57
Year -to-date FII (US\$ million)	5,680	4,785
Weekly Mutual Funds# (Rs Crore)	-725	37,955

Source: SEBI \*For the week ending 9<sup>th</sup> Apr'10

## Global Development

### US

- U.S. housing starts rose 1.6% in March for the third straight month to a seasonally adjusted 626,000 annualized units. February starts were also revised higher to a 616,000 pace from the 570,000 previously reported. This was up 1.1% from the prior month.
- U.S. industrial production rose 0.1% in March and extended the monthly string of increases to nine. Production in February was revised higher to an increase of 0.3%, up from the initial estimate of a 0.1% gain.

### Europe

- International talks on a bailout package for heavily indebted Greece that were to start in Athens on 19<sup>th</sup> Apr'10 have been postponed until 21<sup>st</sup> Apr'10 because of the global travel chaos caused by Iceland's volcano.

### Asia

- The Chinese government has raised the required down payment for a family purchasing a second house from the existing 40 percent to 50 percent, as a measure to curb soaring property prices.
- China's GDP rose 11.9% in the first quarter of 2010 from the year-ago period, accelerating from 10.7% in the last quarter of 2009. The expansion was the fastest in nearly three years.

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