

Inflation Rate for the week ending 27 th Mar'10		
Categories	Weekly	Annual
Primary articles	0.6	14.50
Fuel, power, light & lubricant	0.0	12.71

Indicators

- Annual **WPI inflation rate for primary articles** for the week ending 27th Mar'10 stood at 14.50% as compared to previous week's level of 13.86%.
- The annual inflation in food articles inched up to 17.70% for the week ended 27th Mar'10, from 16.35% for the previous week.
- Foreign Exchange Reserves** as on 2nd Apr'10 stood at US \$279.1 billion, up by US\$ 2.1 billion over the previous week.
- The **call money rates** as on 9th Apr'10 traded in the range of 1.75 – 3.60 percent.
- One year **LIBOR** for US\$ as on 7th Apr'10 stood at 0.92%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 3.97%.
- According to the telecom regulator TRAI, country's total telecom subscriber base rose by 10.4% to 562.16 million in October-December 2009 over the previous quarter. The overall teledensity in the country has reached 47.88 as on December 31, 2009.
- The government has approved a follow-on offer (FPO) by Steel Authority of India Ltd (SAIL) that is expected to raise Rs 16,000 crore. While the country's largest steelmaker will issue fresh shares equivalent to 10% of its paid-up equity, the government will divest 10% of its holding.

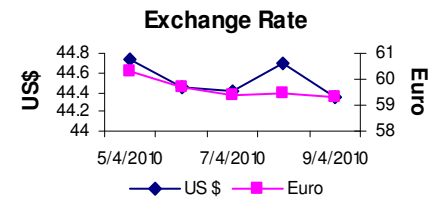
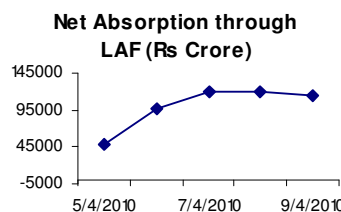
Dear Reader

With major central banks keeping their policy rates unchanged at exceptionally low levels, capital flows moved towards India and other emerging markets. As a result of strong FII inflows, equity markets outperformed and the rupee appreciated, touching a 19-month high. The RBI began the auction of government bonds during the week even as there are clear signs of a pick-up in credit growth. The financial year 2009-10 ended with a year-on-year credit growth of 16.7% picking up from a low of below 10% in October 2009.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

- The RBI has announced the guidelines on the New Base Rate System, which will replace the BPLR system with effect from July 1, 2010. The Base Rate will be the minimum rate for all loans. Accordingly, the current stipulation of BPLR as the ceiling rate for loans up to Rs. 2 lakh stands withdrawn. The stipulation for export credit will be separately announced.
- According to a notification by SEBI, companies making initial public offerings (IPOs) will have to list their shares within 12 days after the subscription closes, starting from May. Currently, companies have 22 days to list the shares after the issue closes.



Banking Indicators	Rs. Crore		
	Outstanding as on 26 th 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

- Global markets were on the edge over the week fearing a fresh wave of contagion on a possible Greek default, after Fitch downgraded Greece's debt rating to BBB-. However concerns eased after the finance ministers of the euro zone nations agreed to offer euro 30 billion in loans to Greece this year if needed. Bank of England, ECB and Bank of Japan kept the policy rates unchanged once again. Meanwhile the US Federal Reserve's officials again reiterated their commitment to low interest rates for "an extended period", given the fragile nature of the economic recovery.
- The Indian equity indices outperformed the global markets. The benchmark BSE Sensex managed to cross the 18,000 mark during the week; however due to selling pressure at higher level and concerns over Greece, it could not sustain the psychological mark. In addition, higher food inflation and nervousness ahead of corporate results, restricted gains for investors. Meanwhile the auctions for 3G and broadband wireless airwaves that got under way on Friday is expected to fetch Rs 45,000 crore to Indian government.
- Among sectors, Realty space and power space were the top performers, increasing by 5.7% and 3.2% respectively. IT sector was the only loser this week. IT stocks closed in red after the Indian rupee touched a 19-month high during the week. BSE top five gainers include Reliance Infra, DLF, BHEL, Tata steel and Tata Motors.
- Total turnover during the week on BSE stood at Rs 25,798 crore and at NSE Rs 72,064 crore.

Commodity Market

- NYMEX light sweet Crude Oil for May delivery closed at US \$ 84.9 per barrel on 9th April'10, marginally up by \$0.4 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1161.9 per ounce as on 9th Apr'10, up by US \$ 35.0 per ounce over the week.

Global Stock Indices	Closing Value as on 9 th Apr'10	Weekly Change (%)
NYSE: DJIA	10,997	0.6
FTSE 100	5,771	0.5
Nikkei 225	11,204	-0.7
Straits Times	2,972	1.0
KOSPI	1,725	0.1

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 9 th Apr'10	Week's % Change
BSE SENSEX	17,933	1.4
BSE 500	7,100	1.7
S&P CNX NIFTY	5,362	-0.5
S&P CNX 500	4,410	0.4

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 9 th Apr'10	Week's % Change
MCX AGRI	2,116	-0.3
MCX METAL	3,294	1.4
MCX ENERGY	2,683	-0.5
MCX COMDEX	2,694	0.4

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	806	15
Year -to-date FII (US\$ million)	5,353	4,728
Weekly Mutual Funds# (Rs Crore)	-466	36,464

Source: SEBI *as on 8th Apr'10

Global Development

US

- New jobless claims in US surged to a seasonally adjusted 460,000 for the week ending April 3, climbing by a surprising 18,000. Initial claims for the previous week were also revised just higher to 442,000 from 439,000.
- As per the new proposed rules by the Securities and Exchange Commission (SEC), credit rating agencies would not formally evaluate certain bonds backed by consumer loans, like home mortgages. Instead, the companies issuing these bonds would have to vouch for their soundness.

Europe

- The European Central Bank (ECB) has left its main refinance rate unchanged at 1%. Jean-Claude Trichet, President, European Central Bank, said the euro zone's recovery remains on track.
- The Bank of England has kept interest unchanged for the 12th consecutive month at 0.5 per cent. The Bank's Monetary Policy Committee also voted to maintain its policy of quantitative easing at its current level of £200 billion.

Asia

- The Bank of Japan's policy board voted unanimously to keep its overnight call rate at a record-low of 0.1 percent. The Board members pledged to maintain an "extremely accommodative financial environment."

Disclaimer

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