

Inflation Rate for the week ending 26 th Dec'09		
Categories	Weekly	Annual
Primary articles	-0.7	14.39
Fuel, power, light & lubricant	0.4	4.85

Indicators

- Annual **WPI inflation rate for primary articles** for the week ending 26th Dec'09 stood at 14.39% as compared to previous week's level of 15.49%.
- The annual inflation in food articles cooled off to 18.22% for the week ended 26 Dec'09, from a 11 year high of 19.83% for the previous week.
- Foreign Exchange Reserves** as on 1st Jan'10 stood at US \$283.5 billion, up by US\$ 22 million over the previous week.
- The **call money rates** as on 8th Jan'10 traded in the range of 2.10 – 3.35 percent.
- One year **LIBOR for US\$** as on 6th Jan'10 stood at 0.98%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 3.68%.
- Automobile sales for December 2009 stood at 1,000,500 units, an increase of 67.5 per cent against 597,622 units in December 2008. This growth is the highest so far in 2009-10.
- The HSBC Markit Business Activity Index for India rose to 57.41 in December; it's highest since September 2008, after slowing to 55.20 in November.
- As per the tourism ministry, about 6.46 lakh foreigners visited the country during December 2009, up 21% compared to 5.34 lakh in the corresponding month the previous year. Foreign exchange earning from tourists during December stood at \$1,510 million, up 44%.
- ICICI Bank has cut interest rates on car loans to 9.75-10.5% from 10.5-11.5%.



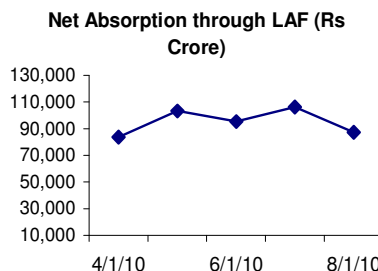
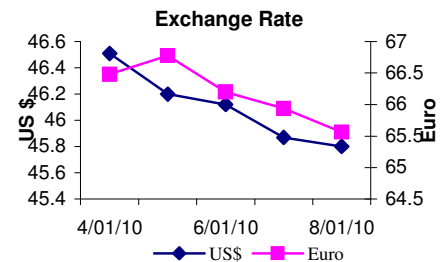
Dear Reader

With Budget season coming up, the foremost concern among economists is whether the government will be able to meet its target of 6.8% of GDP for the fiscal deficit. Data for April-November 2009 shows that the government's fiscal deficit has already reached 76.4% of its full-year target. Of course, revenue collections usually pick up during the last quarter and direct taxes have been fairly buoyant this year despite the slowdown. With equity markets remaining strong, divestment of PSUs is also likely to yield more than what had been budgeted.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

- SEBI has made it compulsory for credit rating agencies (CRAs) to have internal audits. The internal audit to be conducted on a half yearly basis will cover all aspects of CRA operations and procedures, including investor grievance redressal mechanism.
- The government is expected to allow companies to adjust the fringe benefit tax (FBT) paid by them against the advance tax due in the March quarter.



Indicators	Outstanding as on 25 th Dec'09	% Variation over	
		Fortnight	Year
Total Bank credit	2,969,193	2.1	12.2
Food Credit	45,239	6.8	-14.8
Non Food Credit	2,923,954	2.1	2.3
Aggregate Deposit	4,210,745	0.3	18.0
Broad Money (M3)	5,209,322	-0.2	17.2
Credit Deposit Ratio	70.51		

Source: RBI

Equity Markets

- Among Global Indices, Chinese markets remained on the edge after its central bank moved to tighten liquidity in the money markets. Elsewhere markets were up during the week, on positive manufacturing data for most regions. Meanwhile a Federal Reserve Official said that US policymakers should start tightening sooner than later.
- The key stock indices moved in a narrow range ahead of the third quarter corporate results, but eventually closed the week at 22-month highs. Prime Minister Manmohan Singh's comments that India will return to 9-10 per cent economic growth in a couple of years, reports of strong auto sales, jump in manufacturing activity in December 2009 and a surge in exports in November 2009, supported the strong momentum.
- IT and Auto sector were the only ones which closed in red during the week. IT stocks fell on expectations that the appreciating rupee may affect companies' third quarter results. On the other spectrum was high beta realty sector which increased by 5.6% over the week, being the best performer among sectors. BSE top five gainers include Grasim Industries, JP Associates, Hindalco Industries, Tata Power and M&M.
- Total turnover during the week on BSE stood at Rs 33,023 crore and at NSE Rs 87,862 crore.

Commodity Market

- NYMEX light sweet Crude Oil for February delivery closed at US \$ 82.8 per barrel on 8th Jan'10, up by \$3.4 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1138.0 per ounce as on 8th Jan'10, up by US \$ 41.3 per ounce over the week.

Global Stock Indices	Closing Value as on 8 th Jan '10	Weekly Change (%)
NYSE: DJIA	10,618	1.8
FTSE 100	5,534	2.2
Nikkei 225	10,798	2.4
Straits Times	2,923	0.9
KOSPI	1,695	0.7

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 8 th Jan'10	Week's % Change
BSE SENSEX	17,540	0.4
BSE 500	6,957	1.7
S&P CNX NIFTY	5,245	0.8
S&P CNX 500	4,405	1.8

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 9 th Jan'10	Week's % Change
MCX AGRI	2,202	-0.7
MCX METAL	3,270	0.9
MCX ENERGY	2,790	1.7
MCX COMDEX	2,743	1.0

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	807	959
Year -to-date FII (US\$ million)	807	959
Weekly Mutual Funds# (Rs Crore)	-1,132	14,613

Source: SEBI *as on 7th Jan'10

Global Development

US

- According to the US Labor Department, jobless rate was unchanged at 10 percent in December, following a decline the previous month. There was a larger-than-expected loss of 85,000 jobs in December.
- The Global Total Output Index, produced by JP Morgan with research and supply management organisations, rose to 53.4 in December from 51.7 in November. This is the fifth consecutive month the index has been above the 50.0 mark that divides growth from contraction.

UK

- The Bank of England kept the scale of its asset purchase programme unchanged at 200 billion pounds (\$319 billion) in its policy meeting. It also left key interest rate at a record-low 0.5 percent.

Asia

- As a signal to tighten the excess liquidity, the People's Bank of China offered 60 billion yuan (\$8.8 billion) of three – month bills at a yield of 1.3684%, four basis points higher than at last week's sale.
- China edged past Germany in 2009 to become the top exporter, yet another sign of its rapid rise. According to China's custom agency, total 2009 exports were more than \$1.2 trillion, ahead of the 816 billion euros (\$1.17 trillion) forecast for Germany by its foreign trade organization.
- South Korea's central bank left its benchmark seven-day repurchase rate unchanged at 2 percent for an 11th straight month.

Disclaimer

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