



Inflation Rate for the week ending 28 th August '10		
Categories	Weekly	Annual
Primary articles	0.48	15.4
Fuel, power, light & lubricant	0.00	12.71

Indicators

- **WPI inflation rate for primary articles** for the week ending 28th August '10 stood at 15.4% as compared to previous week's level of 14.75%.
- **Food inflation** increased to **11.5%** for the week ended August 28th 2010 from 10.05% in the previous week due to higher prices of cereals, fruits and milk.
- **The Index of Industrial Production for the month of July** stood at **13.8%**, on the back of a **63%** jump in capital goods production.
- **Net direct tax collections during April-August** registered a growth of **13.9%**, at **Rs 100,112 crore**, compared with **Rs 87,888 crore** in the corresponding period of the previous financial year, on the back of growth in revenue receipts from the corporate sector.
- **All India rainfall during the week 1st -8th Sep** was **25% above long period average (LPA)**. Cumulative rainfall so far during this year's monsoon upto **8th September** has been **1% above LPA**.
- **Foreign Exchange Reserves** as on 3rd Sep'10 stood at **US \$285.3 billion**, up by **US\$ 2.5 billion** over previous week.
- The **call money rates** as on 27th Aug'10 traded in the range **2.95-5.0%**.
- One year **LIBOR** for US\$ as on 9th Sep'10 stood at **0.83%**.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at **6.0%**.

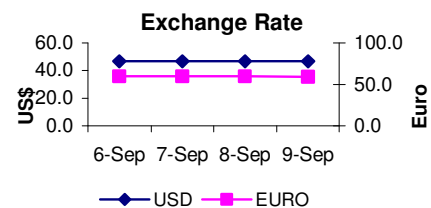
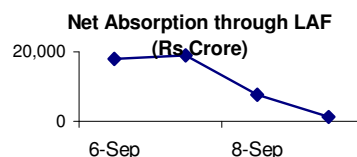
Dear Reader

July Industrial growth far exceeded most expectations as it reversed the slowdown seen in the previous month. The growth rate in the capital goods sector was extremely robust indicating that the investment momentum remains strong. Growth in the consumer non-durables sector, however, remains weak pointing to stressed household budgets. CII believes that a moderate interest rate environment is needed for a revival in consumer confidence to take place.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

1. The finance ministry has sought a lower credit rating threshold for investment in infrastructure sector by insurance companies to facilitate greater flow of the long-term savings into creation of physical assets.
2. Insurance regulator IRDA said it is examining a proposal for removing cap on investment in infrastructure bonds of highly rated companies by insurers.
3. The new companies' bill, which is being reworked by the ministry of corporate affairs, will seek to prevent businesses from using complex corporate structures to escape scrutiny of law.



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 27 th Aug '10	% Variation over	
		Fortnight	Year
Total Bank credit	33,51,396	-0.4	19.4
Food Credit	47,285	0.76	-3.7
Non Food Credit	33,04,111	-0.4	19.8
Aggregate Deposit	46,70,238	0.8	14.4
Broad Money (M3)	58,30,510	0.6	15.1
Credit Deposit Ratio	71.8		

Source: RBI

Equity Markets

- US stocks closed the week with their seventh gain in eight sessions in a turnaround period for stocks that has seen investors' worst fears about the economy start to dissipate. Also, European shares were seen boosted by gains in Asian market after data showed Chinese factories increased production in August and money growth easily topped analysts' expectations, showing that the economy remained buoyant despite government efforts to clamp down on bank lending and property speculation.
- Indian markets rallied to highest close in almost 32 months on Thursday as rapid growth expected in Asia's third-largest economy drew investors. Higher European markets, gains in US index futures, data showing sustained buying of Indian stocks by foreign funds and good monsoon rains, underpinned sentiments. Auto stocks gained after an industry body said car sales rose by a third to a record high in August. The up-move was mainly led by gains in banks, capital goods, and consumer durables stocks while oil & gas and pharma stocks witnessed profit booking.
- Total turnover during the week on BSE stood at Rs 27,185 crore and on NSE at Rs 71,933 crore.

Commodity Market

- NYMEX light sweet Crude Oil for September delivery closed at US \$ 76.45 per barrel on 10th Sep'10, up by \$1.85 over the previous week's level.
- New York spot price for **Gold** was US \$1,255.0 per ounce as on 9th September'10, up by \$6.5 over the previous week's level.

Indian Equity Indices	Closing Value on 9 th Sep'10	Week's % Change
BSE SENSEX	18,666.7	2.4
BSE 500	7,596.4	2.1
S&P CNX NIFTY	5,408.7	2.3
S&P CNX 500	4,720.8	2.1

Source: NSE, BSE

Global Stock Indices	Closing Value as on 10 th Sep'10	Weekly Change (%)
NYSE: DJIA	10,462.8	0.1
FTSE 100	5,501.6	1.4
Nikkei 225	9,239.2	1.4
Straits Times	3,022.3	0.7
KOSPI	1,802.6	1.3

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 10 th Sep'10	Week's % Change
MCX AGRI	2,351.8	1.5
MCX METAL	3,548.2	0.6
MCX ENERGY	2,515.1	2.6
MCX COMDEX	2,772.6	1.4

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	470.0	-341.3
Year -to-date FII (US\$ million)	13673.6	8814.30
Weekly Mutual Funds# (Rs Crore)	280.4	2,553.2

Source:SEBI #For weekending 8th Sepy'10

Global Development

US

- US initial claims for state unemployment benefits dropped 27,000 to 451,000, the lowest since the week ended July '10.
- US trade deficit shrank by 14% to \$42.8 billion in July, the most since February 2009. Exports rose 1.8% to \$153.3 billion, led by strong overseas demand for US civilian aircrafts, machinery, computers and other capital goods, while imports fell 2.1% to \$196.1 billion

Europe

- UK's overall output price index rose 4.7% in the year to August, compared with a rise of 5.0% in the year to July, while the overall input price index rose 8.1% in August as compared with 10.8% in July 2010.
- UK's employment rate for Apr-June 2010 was 70.5% while unemployment rate stood at 7.8%
- The EU27 external current account recorded a deficit of 50.8 billion euro in the second quarter of 2010, compared with a deficit of 44.7 bn in the second quarter of 2009 and a deficit of 34.8 bn in the first quarter of 2010

Asia

- China's trade surplus rose to \$20.03 billion in August 2010 as compared to \$ 15.7 billion a year earlier.
- China's production gained 13.9% from a year earlier while consumer prices jumped 3.5%, the most in 22 months as food costs climbed.

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.

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Confederation of Indian Industry

249-F, Sector 18, Udyog Vihar, Phase IV, Gurgaon - 122 015, Haryana, INDIA

Tel: +91-124-401 4060-67 • Fax: +91-124-401 4080 • Email: ecopolicy@cii.in • Website: www.cii.in