

Inflation Rate for the week ending 17 <sup>th</sup> July '10		
Categories	Weekly	Annual
Primary articles	0.42	14.5
Fuel, power, light & lubricant	-0.10	14.29

## Indicators

- WPI inflation rate for primary articles for the week ending 17<sup>th</sup> July'10 stood at 14.5% as compared to previous week's level of 16.5%.
- Food inflation decreased to 9.7% for the week ended July 17<sup>th</sup> 2010 from 12.5% in the previous week. This is the first time that the rate of food inflation has come down to single digit in a year.
- The Index of Six core industries registered a growth of 3.4% in June 2010.
- The Centre's fiscal deficit fell by 68% during the April-June period year-on-year, on increased revenue receipts from the auction of 3G spectrum.
- ECB increased to \$1.8 billion in June 2010 compared to \$0.7 billion in the previous month due to demands by telecom companies.
- India's food grain imports increased by over 28 times in April, vis-a-vis the corresponding period a year ago.
- All India rainfall during the week 22-28 July was 38% above long period average. Cumulative rainfall so far this year during 1 June to 28 July has been deficient by 5%.
- Foreign Exchange Reserves as on 23<sup>rd</sup> July'10 stood at US \$282.93 billion, up by US\$ 1.03 billion over previous week.
- The call money rates as on 30th July'10 traded in the range of 3.3–5.3 percent.
- One year LIBOR for US\$ as on 28<sup>th</sup> July'10 stood at 1.08%.
- At the Treasury bills auctions held during the week, the YTM for 91-day T-Bills stood at 5.7%.

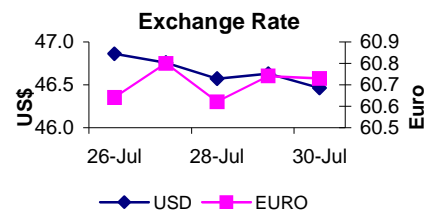
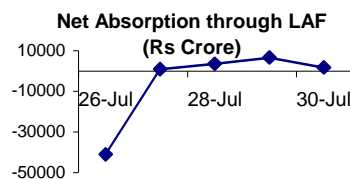
Dear Reader

While the RBI's 25 bp increase in the repo rate was on expected lines, there was a small surprise in that the reverse repo rate was hiked by a stronger 50 bps. This will keep the inter-bank rate in a narrower corridor. RBI said that liquidity will be kept on a tighter leash as it would enable better transmission of monetary policy signals. Almost all banks have responded by raising their deposit rates and it is only a matter of time before lending rates start moving up.

  
 Chandrajit Banerjee  
 Director General  
 Confederation of Indian Industry

## Policy Developments

- The RBI raised the repo rate from 5.5% to 5.75% and the reverse repo rate from 4.0% to 4.5% in its first quarter review of monetary policy 2010-11.
- The government introduces a bill to allow insurers to sell unit-linked insurance plans, without seeking the approval of SEBI.
- The government has informed the Lok Sabha that it has no plans to bring about a policy to ban export of iron ore.
- The government will consider selling stakes in ONGC and IOC in the current fiscal year to end-March



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 16th July'10	% Variation over	
		Fortnight	Year
Total Bank credit	33,63,477	-1.1	21.3
Food Credit	45,404	-16.6	-5.7
Non Food Credit	33,189.72	-0.9	21.7
Aggregate Deposit	459,1,836	-0.9	14.6
Broad Money (M3)	57,50,560	-0.5	15.2
Credit Deposit Ratio	73.2		

Source: RBI

## Equity Markets

- Stocks ended relatively flat on 30<sup>th</sup> July '10 after a disappointing US GDP report but the Dow logged its best month in a year, rising more than 7%
- Britain's leading share index, FTSE ended lower on Friday, led by falls in commodity stocks after weak U.S. growth data raised fresh concerns about the global economic recovery.
- Indian markets ended volatile trade in negative note on Friday tracking weak global markets and lower-than expected results from ONGC and Hero Honda. Weak European markets and lower US index futures triggered further selling in the markets. All sectoral indices closed lower led by selling activities witnessed in real estate, IT and capital goods stocks
- Total turnover during the week on BSE stood at Rs 22,355 crore and on NSE at Rs 71,549 crore.

## Commodity Market

- NYMEX light sweet Crude Oil for September delivery closed at US \$ 78.95 per barrel on 30<sup>th</sup> July'10, almost flat at the previous week level.
- New York spot price for Gold was US \$ 1,169.0 per ounce as on 30<sup>th</sup> July'10, down by \$21.3 over the previous week's level.

Indian Equity Indices	Closing Value on 30th July'10	Week's % Change
BSE SENSEX	17,868.3	-1.45
BSE 500	7,205.2	-0.98
S&P CNX NIFTY	5,367.6	-1.49
S&P CNX 500	4,475.15	-1.06

Source: NSE, BSE

Global Stock Indices	Closing Value as on 30th July'10	Weekly Change (%)
NYSE: DJIA	10,465.94	0.4
FTSE 100	5,258.02	-1.03
Nikkei 225	9,537.3	1.13
Straits Times	2,987.7	0.48
KOSPI	1,759.33	1.37

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 31 <sup>st</sup> July'10	Week's % Change
MCX AGRI	2,267.73	0.77
MCX METAL	3,293.83	-0.61
MCX ENERGY	2,613.36	-2.80
MCX COMDEX	2,696.69	-1.22

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	1,390.2	12.54
Year -to-date FII (US\$ million)	10,431.6	7,816.1
Weekly Mutual Funds# (Rs Crore)	-1814.5	711.8

Source:SEBI #For weekending 29<sup>th</sup> July'10

## Global Development

### US

- US GDP grew at a slow pace of 2.4% in the second quarter, less than forecast because scarcity of jobs eroded consumer spending.
- US initial jobless claims dropped by 11,000 in the week ended July 24<sup>th</sup> from a revised 468,000. The number of people receiving unemployment benefits rose while those getting extended payments declined.
- According to IMF stress test, the US financial system remains fragile and banks subjected to additional economic stress might need as much as \$76 billion in capital.

### Europe

- Euro zone economic sentiment indicator for the 16-nation currency area rose to 101.3 in July, a 28-month high, from an upwardly revised 99.0 in June 2010. The increase was driven by strong figures in Germany, the euro zone's biggest economy.
- German retail sales adjusted for inflation and seasonal swings slipped 0.9% from May, when they rose 3%
- Asia
- Japan's jobless rate climbed to a seven month high of 5.3% in June and factory output slid 1.5% from May. Also, the consumer prices excluding fresh food declined 1% a year before.
- Singapore employers expanded payroll for 4th consecutive quarter as record economic growth of 18.1% in the first half prompted companies in the services and construction industries to boost hiring. The seasonally adjusted unemployment rate rose to 2.3% from 2.2% in the previous quarter as more jobseekers entered the labor market.
- S. Korea's output gained 16.9% from a year earlier, expanding for a 12<sup>th</sup> month, showing resilience to risks from advanced economies.

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