

Inflation Rate for the week ending 4 th September '10		
Categories	Weekly	Annual
Primary articles	0.2	16.2
Fuel, power, light & lubricant	-0.4	11.5

Indicators

- WPI inflation rate for primary articles for the week ending 4th September '10 stood at 16.2% as compared to previous week's level of 15.4%.
- Food inflation increased to 15.1% for the week ended September 4th 2010 from 11.5% in the previous week due to higher prices of vegetables.
- WPI inflation for the month of August 2010 for all commodities stood at 8.5%
- India's trade deficit in August reached \$13.06 billion, the highest in about two years. Exports grew by an annual 22.5% to \$16.64 billion in August, while imports jumped by 32.2% to \$29.7 billion
- Indirect tax collections rose 45% in April-August period to Rs 124,170 crore, aided by the continued buoyancy in customs collections
- All India rainfall during the week 9th -15th Sep was 19% above long period average (LPA). Cumulative rainfall so far during this year's monsoon upto 15th Sep has been 2% above LPA.
- Foreign Exchange Reserves as on 10th Sep'10 stood at US \$284.5 billion, up by US\$ 0.8 billion over previous week.
- The call money rates as on 17th Sep'10 traded in the range 4-6.20%.
- One year LIBOR for US\$ as on 15th Sep'10 stood at 0.82%.
- At the Treasury bills auctions held during the week, the YTM for 91-day T-Bills stood at 6.1%.

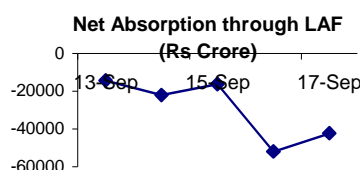
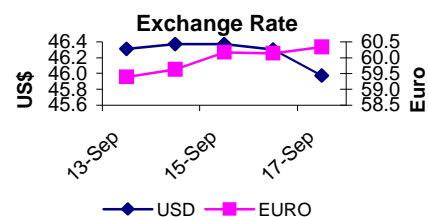
Dear Reader

The RBI further tightened monetary policy at its first mid-quarter review held last week. The move was probably triggered by the strong industrial production data released earlier. Encouragingly, the RBI says that with this move, the process of normalization of monetary policy is over. Future moves will now be driven by macroeconomic conditions particularly inflation. With inflation trending down, there is reason to believe that RBI will now move at a slower pace.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

- The RBI in its mid quarter monetary policy review hiked repo rate by 25 basis points from 5.75% to 6.0 % and increased the reverse repo rate by 50 basis points from 4.5% to 5.0%.
- The government is likely to make it mandatory for big companies to earmark at least 2 per cent of their net profit for corporate social responsibility (CSR) activities in the new Companies Bill
- The government will soon allow Indian units of foreign companies to file tax returns without the scrutiny of tax authorities, a move that will help such companies avoid procedural hassles



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	-4.0	5.2
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

- Despite a drop in consumer sentiments in August, US stock market closed modestly higher than the previous week due to positive tech earning news. Asian stock markets mostly posted subdued gains amid a week punctuated by holidays in Japan and other major regional markets.

Indian Equity Indices	Closing Value on 17 th Sep'10	Week's % Change
BSE SENSEX	19,594.8	5.0
BSE 500	7,881.8	3.8
S&P CNX NIFTY	5,885.0	8.8
S&P CNX 500	4,876.5	3.3

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 17 th Sep'10	Week's % Change
MCX AGRI	2,347.8	-0.5
MCX METAL	3,580.4	0.9
MCX ENERGY	2,515.1	-1.9
MCX COMDEX	2,765.8	-0.2

Source: MCX, NCDEX

- Indian markets scaled to 32-month closing highs on Friday on positive cues from global peers. Buying was seen across the board as funds and retail investors both participated actively. All the sectoral indices closed positive with consumer durable, pharma, oil & gas and metal stocks leading the gain. Metal stocks gained on rise in metal prices on the London Metal Exchange while sugar stocks rose on reports of farm ministry considering decontrol of the sector.
- Total turnover during the week on BSE stood at Rs 26,141 crore and on NSE at Rs 81,744 crore.

Global Stock Indices	Closing Value as on 17 th Sep'10	Weekly Change (%)
NYSE: DJIA	10,607.9	1.4
FTSE 100	5,552.0	0.9
Nikkei 225	9,626.1	4.2
Straits Times	3,076.4	1.8
KOSPI	1,827.4	1.4

Source: Yahoo Finance

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	1,949.6	345.4
Year -to-date FII (US\$ million)	15,623.2	9,159.8
Weekly Mutual Funds# (Rs Crore)	-2,336.3	1,999.4

Source:SEBI #For weekending 16th Sepy'10

Commodity Market

- NYMEX light sweet Crude Oil for October delivery closed at US \$ 73.7 per barrel on 17th Sep'10, down by \$2.8 over the previous week's level.
- New York spot price for Gold was US \$1,275.0 per ounce as on 17th September'10, up by \$28.5 over the previous week's level.

Global Development

US

- US initial jobless claims dropped by 3,000 to 4, 50,000 in the week ended September 11, the lowest level in two months.
- US budget deficit narrows 13% to \$ 90.5 billion on rising tax receipts in August.
- US industrial output rose 0.2% after a 0.6% gain in July, pointing to slower growth of the economy.
- US retail sales in August rose by 0.4%, the largest gain in five months due to strong receipts at gasoline stations and clothing outlets, further assuaging fears of a double-dip recession.
- Import prices in US increased 0.6% in August, after rising 0.1% the previous month. Higher fuel and non-fuel prices contributed to the overall advance. Export prices rose 0.8% in August after declining 0.2 % in July and 0.7 percent in June.

Europe

- European inflation slowed in August, led by energy costs and lower hiring rate by companies. Consumer prices in the 16 euro nations increased 1.6% from a year earlier after rising 1.7% in July.
- In July 2010 compared with June 2010, seasonally adjusted industrial production remained stable in both the euro area (EA16) and the EU27. In June production fell by 0.2% in the euro area, but rose by 0.1% in the EU27.
- European exports fell 0.6% in June while imports falls 1.5% and the trade gap was 200 million euros, down from a deficit of 1.4 billion euros in the previous month.

Asia

- China's Foreign Direct Investment rose 1.4% from a year earlier to \$7.6 billion, climbing for the thirteenth straight month in August.

Disclaimer

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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