



Inflation Rate for the week ending 31 <sup>st</sup> July '10		
Categories	Weekly	Annual
Primary articles	-0.06	15.66
Fuel, power, light & lubricant	0.00	12.66

## Indicators

- **WPI inflation rate for primary articles** for the week ending 31<sup>st</sup> July'10 stood at 15.7% as compared to previous week's level of 14.4%.
- **Food inflation** increased to **11.4%** for the week ended July 31<sup>st</sup> 2010 from **9.5%** in the previous week due to high prices of pulses & milk
- **IIP for the month of June 2010** stood at **7.1%**, lowest in 13 months.
- **Planning Commission** expressed confidence that the economy would grow by 8.5% despite the industrial growth rate slipping.
- **Indirect tax collections in the first four months (April-July) of this financial year** jumped **46%** to **Rs 96,223 crore**.
- **All India rainfall during the week 5<sup>th</sup> - 11<sup>th</sup> Aug** was **26% below long period average (LPA)**. Cumulative rainfall so far during this year's monsoon upto 11<sup>th</sup> August has been **4% below LPA**.
- **Foreign Exchange Reserves** as on 6<sup>th</sup> Aug'10 stood at **US \$287.36 billion**, up by **US\$ 3.2 billion** over previous week.
- The **call money rates** as on 13th Aug'10 traded in the range of **3.80– 5.65%**.
- One year **LIBOR** for US\$ as on 11<sup>th</sup> Aug'10 stood at **1%**.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at **6.15%**.

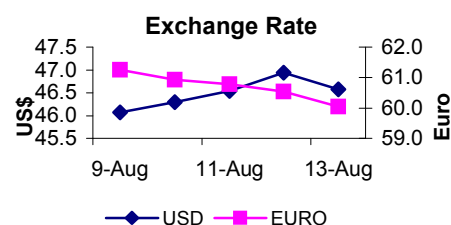
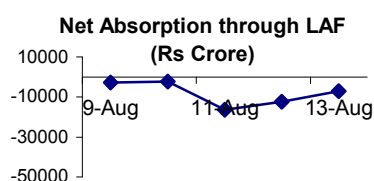
## Dear Reader

After eight straight months of double-digit growth in the Index of Industrial Production (IIP), the year-on-year growth rate fell to a sober 7.1% in June 2010. Although this seems disappointing, there is clearly a base effect at work, given that industrial growth had picked up since June 2009. Of course, it will now be more challenging to grow on a higher base but our surveys show that Indian industry remains optimistic although a likely rise in the interest rate environment remains a cause for concern.

Chandrajit Banerjee  
Director General  
Confederation of Indian Industry

## Policy Developments

1. Goods for mega power projects can be imported duty-free.
2. SBI raises PLR by 50 basis points to 12.25% thus making borrowing more expensive
3. Government drops the proposal for creating \$5 billion sovereign wealth fund.
3. The Union Cabinet approved the implementation of the Swavalamban scheme to provide pension worth Rs 1000 per year to workers in the unorganized sector.



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 30 <sup>th</sup> July'10	% Variation over	
		Fortnight	Year
Total Bank credit	33,57,265	-0.2	19.7
Food Credit	51,427	13.3	5.2
Non Food Credit	33,05,839	-0.4	19.9
Aggregate Deposit	46,39,595	1.0	14.0
Broad Money (M3)	57,91,002	0.7	14.7
Credit Deposit Ratio	72.4		

Source: RBI

## Equity Markets

- US stocks saw their worst week in six weeks as mixed economic data did little to convince investors of the strength of economic recovery. Although US retail sales and Consumer Price Index for July rebounded the data pointed to an economy that was slowed considerably in recent months. Sentiments further soured this week as the Federal Reserve gave a darker assessment of the economy.
- Asian shares fell after data showed Japan's economic growth stalled in the second quarter, adding to worries that a global recovery is quickly faltering and prompting investors to sell riskier assets.
- Indian markets were witnessing a lackluster session due to lack of cues from Asian peers. Gains in FMCG and realty space were offset by losses in IT and power stocks.
- Total turnover during the week on BSE stood at Rs 26,346 crore and on NSE at Rs 72,471 crore.

## Commodity Market

- NYMEX light sweet Crude Oil for September delivery closed at US \$ 75.39 per barrel on 13<sup>th</sup> Aug'10, down by \$5.31 over the previous week's level.
- New York spot price for **Gold** was US \$1,216.96 per ounce as on 13<sup>th</sup> August'10, up by \$9.21 over the previous week's level.

Indian Equity Indices	Closing Value on 13 <sup>th</sup> Aug'10	Week's % Change
BSE SENSEX	18,167.0	0.1
BSE 500	7,349.2	0.6
S&P CNX NIFTY	5,452.1	0.2
S&P CNX 500	4,576.4	0.8

Source: NSE, BSE

Global Stock Indices	Closing Value as on 13 <sup>th</sup> August'10	Weekly Change (%)
NYSE: DJIA	10,303.2	-3.5
FTSE 100	5,275.4	-1.0
Nikkei 225	9,253.5	-4.0
Straits Times	2,940.0	-1.8
KOSPI	1,783.83	-2.1

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 14 <sup>th</sup> Aug'10	Week's % Change
MCX AGRI	2,351.8	2.2
MCX METAL	3,384.3	0.5
MCX ENERGY	2,549.3	-6.0
MCX COMDEX	2,722.9	-1.7

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	437.2	-47.8
Year -to-date FII (US\$ million)	11623.0	8223.2
Weekly Mutual Funds# (Rs Crore)	-288.6	1,401.1

Source:SEBI #For weekending 12th Augy'10

## Global Development

### US

1. The United States racked up a \$165.04 billion budget deficit during July 2010 which is 8.7% below the last years level of deficit as economic stimulus and bailout spending subsided from peak levels
2. The number of new claims for state unemployment insurance rose by 2,000 to 484,000 in the week ended August 7, the second straight increase, the Labor Department reported.
3. The US trade deficit widened to 18.8% in June on a surge of consumer goods from China and other suppliers. The monthly trade gap totaled \$49.9 billion, the highest since October 2008

### Europe

4. The German economy grew by 2.2% in the three months to the end of June, its fastest quarterly growth in more than 20 years.
5. The Greek economy shrank by a further 1.5% in the second quarter of the year. Greece's GDP has fallen 3.5% since this time last year.

### Asia

6. China's trade surplus reached \$28.7 billion, showing a 170% growth from the previous year as exports increased 38.1% to 145.5 billion and imports advanced 22.7% to \$116.8 billion.
7. Japan's quarterly gross domestic product growth rate stood at 0.1% which translates to annualized expansion of 0.4%, well below the median market forecast of 2.3 percent and the United States' 2.4 percent annualized growth in the same quarter.

## Disclaimer

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