



Inflation Rate for the week ending 10 th July '10		
Categories	Weekly	Annual
Primary articles	0.42	16.48
Fuel, power, light & lubricant	0.00	14.27

Indicators

- **WPI inflation rate for primary articles** for the week ending 10th July'10 stood at 16.48% as compared to previous week's level of 16.25%.
- **Food inflation** decreased to **12.47%** for the week ended July 10th 2010 from **12.81%** in the previous week, mainly due to lower prices of wheat, pulses and vegetables.
- **India's exports registered a growth of 30.4% in June, 2010, at US \$ 17.75 billion as compared to US \$ 13.5 billion during June 2009.**
- **India's engineering exports jumped by about 90 per cent on year-on-year basis in June to \$5.1 billion despite concerns of financial problems in some European economies.**
- **All India rainfall during the week 15-21 July was 17% deficient. Cumulative rainfall so far this year during 1 June to 21 July was deficient by 14%.**
- **Kharif sowing is in full swing and all major crops including rice, coarse cereals and pulses showed an increase in cropped area as of 22 July 2010.**
- **Foreign Exchange Reserves** as on 16th July'10 stood at US \$281.9 billion, up by US\$ 2.48 billion over previous week.
- The **call money rates** as on 23rd July'10 traded in the range of 4.0– 5.75 percent.
- One year **LIBOR** for US\$ as on 21st July'10 stood at 1.13%.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at 5.7%.

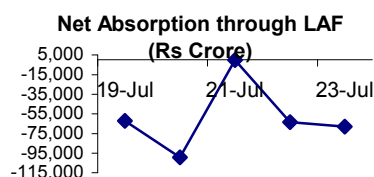
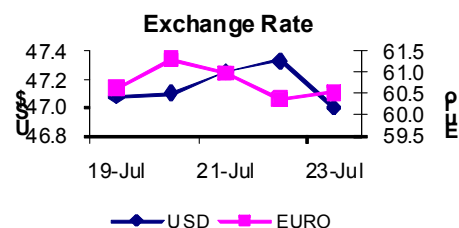
Dear Reader

The RBI's first quarter review of monetary policy is due tomorrow. With the headline inflation rate likely to remain in double digits in July, the RBI is widely expected to hike interest rates. Coming close on the heels of its last hike of 25 bps on 2nd July, the key question is how this will impact banks' lending rates. While banks have so far resisted from increasing their lending rates, they are now likely to begin tightening as credit growth is picking up while deposits remain subdued.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

1. Government pegs standard GST rate at 20%, lower rate at 12% and services at 16% in year one and single rate at 16% by 2014. The three year road map will start in April next year.
2. The Bombay Stock Exchange will start a separate platform for the small and medium-size (SME) enterprises by the year-end
3. The World Bank, which has partly financed the Mumbai Urban Transport Project of the MMRDA, is likely to fund the authority's ambitious metro rail projects too.



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 2 nd July'10	% Variation over	
		Fortnight	Year
Total Bank credit	34,02,390	2.8	21.7
Food Credit	54,450	2.8	-5.6
Non Food Credit	33,47,939	2.8	22.3
Aggregate Deposit	46,32,703	2.5	14.9
Broad Money (M3)	57,82,141	1.9	15.3
Credit Deposit Ratio	73.4		

Source: RBI

Equity Markets

- Global stocks rose and the Euro strengthened, backed by upbeat corporate results, better than expected US housing data and an improvement in European manufacturing and services activity. Expectations before the release of European bank's stress test result appeared to show easing concerns as the regions bank stocks ranked among the best performers.
- Asian markets remained strong following cues from the US markets overnight.. Also, Japanese shares are up on the easing yen against dollar.
- Indian shares surged for the third consecutive week and touched a 30 month high on 23rd July as robust US earnings sent the regional market higher.
- Third largest outsourcer Wipro rose as much as 4.2% as it posted a forecast beating, 31% rise in quarterly profits and said it was seeing strong business environment, pulling up sectoral stocks early.
- Total turnover during the week on BSE stood at Rs 20,818 crore and on NSE at Rs 61,449 crore.

Commodity Market

- NYMEX light sweet Crude Oil for September delivery closed at US \$ 78.98 per barrel on 23rd July'10.
- New York spot price for **Gold** was US \$ 1,190.3 per ounce as on 23rd July'10, up by \$1.05 over the previous week's level.

Indian Equity Indices	Closing Value on 23rd July'10	Week's % Change
BSE SENSEX	18,130.98	0.97
BSE 500	7,276.57	0.73
S&P CNX NIFTY	5,449.1	1.02
S&P CNX 500	4,523.25	0.73

Source: NSE, BSE

Global Stock Indices	Closing Value as on 23 rd July'10	Weekly Change (%)
NYSE: DJIA	10,424.62	3.23
FTSE 100	5,312.62	2.97
Nikkei 225	9,430.96	0.23
Straits Times	2,973.47	0.53
KOSPI	1,735.53	-0.17

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 24 th July'10	Week's % Change
MCX AGRI	2,250.26	1.85
MCX METAL	3,314.08	2.37
MCX ENERGY	2,688.73	3.04
MCX COMDEX	2,729.96	2.11

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	391.92	56.11
Year -to-date FII (US\$ million)	9,041.4	7,803.5
Weekly Mutual Funds# (Rs Crore)	-818.4	-4860.8

Source:SEBI #For weekending 22nd July'10

Global Development

US

- The US economy's GDP grew at a slow pace of 2.5% in the second quarter after increasing at 2.7% in the first quarter. The slower pace in the second quarter is because of moderating consumer spending and swelling trade deficit.
- U.S. bank failures reached 103 so far in 2010 on Friday as regulators seized seven small banks, a faster pace of closures than last year when the century mark was not reached until October
- Barack Obama signed into law on 21st July 2010 an overhaul of banking and Wall Street regulations .The legislation gives the government the power to break up companies that threaten the economic stability by creating a council to identify and address systemic risks posed by large, complex companies, products, and activities.
- Sales of existing homes in the US fell in June for the second month running, down 5% compared with May.

Europe

- The UK economy grew by 1.1% in the second quarter of the year, which was much higher than the expected rate of 0.6%. Much of the growth came from services, manufacturing and construction.
- German business confidence as measured by business climate index surged to a three year high of 106.2 after exports boomed and economic growth accelerated.

Asia

- South Korea's GDP grew 1.3% in the second quarter from the prior three months when it gained 2.1%
- Singapore's consumer price index climbed 2.7% from a year earlier. Consumer prices rose for a sixth month in June as an increase in car and electricity prices pushed transportation and housing costs higher.

Disclaimer

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