



Confederation of Indian Industry
Since 1895

Economy Update

Weekly Newsletter

28 February-6 March 2011

INDICATORS

Inflation Rate for the week ending 19 February 2011

Categories	Weekly	Annual
Primary articles	-0.4	14.9
Fuel, power, light & lubricant	0.0	12.6

- The annual **inflation** in **primary articles** decreased to 14.9% for the week ended 19 February 2011, from 15.8% in the previous week.
- The annual **inflation** in **food articles** decreased to 10.4% for the week ended 19 February 2011, from 11.5% in the previous week.
- **Foreign Exchange Reserves** as on 25 February 2011 stood at US \$ 300.8 billion, up by US \$ 0.2 billion over previous week.
- The **call money rates** as on 18 February 2010 traded in the range of 6.0 – 7.0%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 7.1%.



Dear Reader,

The reaction from financial markets has been largely positive in the post-Budget period. Equity markets are up despite lower inflows from foreign institutional investors and the debt market is also showing some moderation in yields. Meanwhile, the tension in the Middle-east has resulted in a steady rise in the price of crude and some moderation in global equity markets. This is a concern for us as it will keep inflation up even as food inflation is showing signs of moderation and may prompt another mid-quarter rate hike by the RBI.

Chandrajit Banerjee

Director General, CII

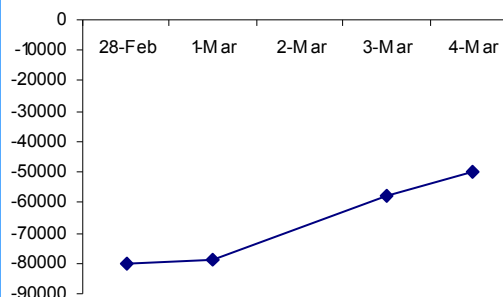
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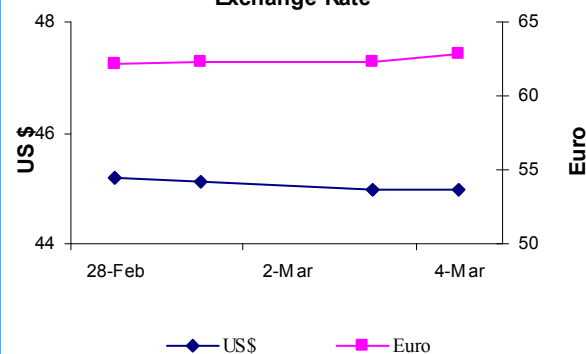
POLICY DEVELOPMENT

- The Government has earmarked Rs 8,300 crore to compensate banks that offer low interest rates to farmers making timely repayment. The finance minister had allocated Rs 4,868 crore in the Budget for the interest subvention scheme. This marks a 70% increase in the outlay for the schemes covering short term credits to farmers.
- The Government sought Parliament nod for an additional Rs 80,000 crore of expenditure through supplementary demand.
- Sarva Shiksha Abhiyan and National Rural Health Mission have got an increase of 24% and 20%, respectively, in their allocations for 2011-12

Net Absorption through LAF (Rs Crore)



Exchange Rate



BANKING INDICATORS

Indicators	Outstanding as on 11 February, 2011	% Variation over	
		Fortnight	Year
Total Bank Credit	37,84,570	1.3	23.9
Food Credit	64,002	4.6	43.7
Non Food Credit	37,84,570	3.0	25.9
Aggregate Deposit	50,42,155	1.2	16.9
Broad Money (M3)	63,07,412	1.1	16.9
Credit Deposit Ratio	75.1		

Source: RBI

EQUITY MARKETS

- Global sentiments is driven by the interplay of crude oil prices and US February jobs report . Stocks remained volatile as tension in Middle East continued as Gadaffi launches counter-offensive on Libyan rebels.
- Indian key benchmark indices rebounded in the week post budget. SENSEX and the NIFTY showed over 4.0% growth as compared to the previous week as food prices declined. Auto, Bank and FMCG sector were the biggest gainers for the week ending march 4,2011.
- Total turnover during the week on BSE stood at Rs 18,421 crore and at NSE at Rs 76,637 crore.

COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for February delivery closed at US \$ 104.2 per barrel on 4 March 2011, up by US \$ 6.3 per barrel over the previous week.
- New York **spot price for Gold** was US \$ 1,421.5 per ounce as on 3 March 2011, up by US \$ 10.0 per ounce over the week.

Global Stock Indices	Closing Value as on 4 March 2011	Weekly Change (%)
NYSE: DJIA	12,1169.9	0.3
FTSE 100	5,990.4	-0.2
Nikkei 225	10,693.7	1.6
Straits Times	3,061.3	1.2
KOSPI	2,004.7	2.1

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 4 March 2011	Week's % Change
BSE SENSEX	18,486.5	4.4
BSE 500	7,090.4	4.1
S&P CNX NIFTY	5,538.8	4.4
S&P CNX 500	4,403.8	4.2

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	34.0	266.1
Year -to-date FII (US\$ million)	-1,909.5	2,808.6
Weekly Mutual Funds# (Rs Crore)	1,212.2	9,271.6

Source:SEBI

#as on 3 March 2011

Commodity Spot Indices	Closing Value as on 5 March 2011	Week's % Change
MCX AGRI	2,863.4	0.1
MCX METAL	4,421.2	1.9
MCX ENERGY	3,188.7	5.5
MCX COMDEX	3,462.9	2.8

Source: MCX, NCDEX

INDUSTRY NEWS

Telecom

- According to TRAI 71% of mobile subscribers in India are active users. Around 548.7 million people were using mobile phones of the total subscriber base of 771 million mobile subscribers.

Oil and Gas

- State run Oil and Natural Gas Corporation (ONGC) plans to invest over Rs 17,000 crore on onshore operations in Gujarat over the next five years.
- ONGC also plans to set up 1 10MW solar power project in the state with an investment of Rs 150 crore.

Healthcare

- Apollo Hospitals will add 2,000 beds in the next 24 months for an estimated outlay of nearly Rs 1,200 crore.
- Fortis Global Healthcare has acquired a 28.6% stake in Lanka Hospitals Corporation Plc, a Colombo Stock Exchange listed healthcare firm.

BSE Indices	Closing Value on 4 March 2011	Week's % Change
AUTO INDEX	8,919.3	8.1
BANKEX	12,444.6	9.9
BSE CAPITAL GOODS	12,950.7	5.1
BSE CONSUMER DURABLE	5,743.4	2.0
BSE FMCG	3,508.7	6.8
BSE HEALTHCARE	5,743.4	2.7
BSE INFOTECH	6,229.8	2.0
BSE MID CAP	6,592.1	3.8
BSE SMALL CAP	7,999.0	2.7
BSE TECK INDEX	3,639.1	1.9
METAL INDEX	15,826.9	3.1
OIL & GAS INDEX	9,649.3	2.6

Source: BSE

CNX Segment Indices	Closing Value on 4 March 2011	Week's % Change
CNX NIFTY Junior	10,807.2	3.8
CNX MIDCAP	7,654.2	4.1
BANK NIFTY	10,963.4	5.1
CNX IT	6,810.6	2.0
CNX Realty	276.4	6.5
CNX Infrastructure	2,912.8	3.7

Source: NSE

GLOBAL NEWS

USA

- In the week ending February 26 2011, the advanced figures for seasonally adjusted initial claims was 368,000, a decrease of 20,000 from the previous week's revised figure of 388,000.
- US jobless rate decreased to 8.9% in February 2011, the lowest since April 2009 .

Europe

- Euro Area GDP increased by 0.3% during the fourth quarter of 2010 compared with the previous quarter.
- The Euro Area seasonally adjusted unemployment rate was 9.9% in January 2011, compared with 10.0% in December 2010.
- In January 2011 compared with December 2010,

the industrial producer price index rose by 1.5% in the Euro Area.

- In January 2011, compared with December 2010, the volume of retail trade rose by 0.4% in the Euro Area and by 0.6% in the EU 27.

Asia

- China plans to run a budget deficit of 900 billion yuan (US \$ 137 billion) in 2011. Fiscal spending is targeted to rise 11.9% to 10 trillion yuan and revenue will grow 8% to 8.97 trillion yuan. The budget deficit is estimated to be 2% of the nation's GDP.

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.

CII Economy Update is a weekly report prepared by the **CII Economic Research Group**.
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