



Confederation of Indian Industry
Since 1895

Economy Update

Weekly Newsletter

28 March-3 April 2011

INDICATORS

Inflation Rate for the week ending 19 March 2011

Categories	Weekly	Annual
Primary articles	-0.4	13.0
Fuel, power, light & lubricant	0.4	13.1

- The annual **inflation** in **primary articles** for the week ending 19 March, decreased to 13.0% from 13.5% in the previous week.
- The annual **inflation** in **food articles** decreased to 9.5% for the week ended 19 March 2011, from 10.1% in the previous week.
- The **Index of Six Core** Industries registered a growth of 6.8% in February 2011 as compared to 4.2% in February 2010.
- **Current Account deficit** decreased by 24% to US\$ 9.7 billion in the quarter ended 2010 from US\$ 12.2 billion in the corresponding quarter last year.
- India's **Export** for April-February 2010-11 registered a growth of 31.4% while **imports** recorded a growth of 18%
- India's **Provisional population** according to the Census 2011 stands at 1.2 billion.
- **Foreign Exchange Reserves** as on 25 March 2011 stood flat at US \$ 303.5 billion as compared to the previous week.
- The **call money rates** as on 18 March 2010 traded in the range of 7.9 – 9.5%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 7.3%.



Dear Reader,

Data released last week shows some good news on the growth front. Buoyed by increased production of crude oil and finished steel, the Index of Six Core

Industries registered high growth in Feb 2011. India's merchandise exports during Apr-Feb 2010-11, exceeded the government's target of US\$ 200 billion for the financial year. The positive surprise on the export front also had an impact on the balance of payments data. Contrary to expectations, the current account deficit showed a significant reduction from US\$ 16.8 billion in Q2 2010-11 to US\$ 9.7 billion in Q3 2010-11. The moderation in CAD is a result of a decline in the trade deficit as well as a recovery in the invisibles surplus. Q3 2010-11 also registered a moderation in capital inflows as compared to the previous quarter primarily due to lower inflows of foreign portfolio investments.

Chandrajit Banerjee

Director General, CII

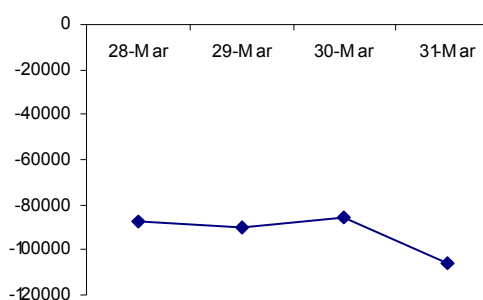
IN THIS ISSUE

- Markets
- Policy Update
- Industry News
- Global News

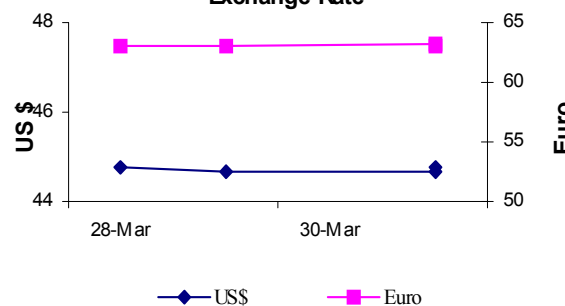
POLICY DEVELOPMENT

- The Government eased rules for foreign partners in JVs by scrapping the requirement that foreign companies need to obtain the approval of their existing Indian joint venture partners for further collaborations or solo ventures in the same field.
- In line with the budgetary announcement, the Securities and Exchange Board of India (SEBI) raised limit for investment by Foreign Institutional Investors (FIIs) in corporate bonds from US\$ 5 billion to US\$ 25 billion.
- Government launches Central registry to prevent fraudulent multiple borrowings against the same immovable property through several mortgages.

Net Absorption through LAF (Rs Crore)



Exchange Rate



BANKING INDICATORS

Indicators	Outstanding as on 11 March ,2011	% Variation over	
		Fortnight	Year
Total Bank Credit	38,56,066	1.2	23.2
Food Credit	66,073	1.2	33.7
Non Food Credit	37,89,994	1.2	23.2
Aggregate Deposit	51,40,369	1.1	16.6
Broad Money (M3)	64,32,753	1.2	16.6
Credit Deposit Ratio	75.0		

Source: RBI

EQUITY MARKETS

- Global indices closed higher and remained in positive territory due to better employment data in the US and Euro Area. Also, Irish stress test showed that banks needed 24 billion Euros in liquidity which was broadly in line with expectations.
- Indian key benchmark indices closed positive as sentiments remained strong on steady FII inflows and easing inflation amid firm global trends. Sector wise analysis shows that Realty, Consumer Durables and Auto segment were the largest gainers for the week ending 1 April 2011.
- Total turnover during the week on BSE stood at Rs 16,587 crore and at NSE at Rs 69,591 crore.

COMMODITY MARKETS

- NYMEX **light sweet Crude Oil** for May delivery stood at US \$ 107.9 per barrel on 1 April 2011, up by US \$ 2.4 per barrel from the previous week.
- New York **spot price for Gold** was US \$ 1,427.7 per ounce as on 1 April 2011, up by US\$ 1 per ounce.

Global Stock Indices	Closing Value as on 1 April 2011	Weekly Change (%)
NYSE: DJIA	12,376.7	1.3
FTSE 100	6,009.9	1.8
Nikkei 225	9,708.4	1.8
Straits Times	3,120.5	1.6
KOSPI	2,121.0	3.3

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 1 April 2011	Week's % Change
BSE SENSEX	19,420.4	3.2
BSE 500	7,464.4	3.2
S&P CNX NIFTY	5,826.1	3.0
S&P CNX 500	4,640.1	3.3

Source: NSE, BSE

Net Institutional Activity

	Equity	Debt
Weekly FII (US \$ Million)	1,016.5	-372.9
Year -to-date FII (US\$ million)	-519.8	2,531.7
Weekly Mutual Funds# (Rs Crore)	-723.3	-7,748.7

Source: SEBI

#as on 31 March 2011

Commodity Spot Indices	Closing Value as on 1 April 2011	Week's % Change
MCX AGRI	2,715.7	-0.7
MCX METAL	4,437.2	-0.9
MCX ENERGY	3,324.8	2.2
MCX COMDEX	3,492.9	0.2

Source: MCX, NCDEX

INDUSTRY NEWS

Telecom

- Vodafone Groups said it will purchase Indian partner Essar Group's 33% stake Vodafone Essar Ltd (VEL) for US \$ 5 billion (Rs 22,350 crore) in cash .
- Japan's NTT DoCoMo Inc said it plans to invest around US\$ 179 million in a rights issue by Tata Teleservices Ltd, in which the Japanese firm owns a 26% stake.

Aviation

- Indigo Airlines have placed an order for 300 Pratt and Whitney engines from US based United Technologies Corp. for 150 French made Airbus jets.
- Macquarie State Bank of India Infrastructure fund, the US\$ 2 billion infrastructure fund being raised jointly by Australia's Macquarie Capital Group Ltd and State Bank of India, invested US\$ 200 million in GMR Airports Holding Ltd.

Consumer Goods

Starbucks will soon turn its MoU with Tata Coffee into a full fledged JV, in which it will initially hold a 26% stake and later it will raise its stakes up to 51%.

BSE Indices	Closing Value on 1 April 2011	Week's % Change
AUTO INDEX	9,355.9	5.7
BANKEX	13,189.9	2.0
BSE CAPITAL GOODS	13,345.2	2.5
BSE CONSUMER DURABLE	6,281.0	6.0
BSE FMCG	3,612.5	2.9
BSE HEALTHCARE	6,058.3	1.6
BSE INFOTECH	6,517.5	2.7
BSE MID CAP	6,982.9	3.9
BSE SMALL CAP	8,358.2	4.5
BSE TECK INDEX	3,844.3	3.1
METAL INDEX	16,346.9	3.2
OIL & GAS INDEX	10,180.1	2.0
Source: BSE		

CNX Segment Indices	Closing Value on 1 April 2011	Week's % Change
CNX NIFTY Junior	11,361.0	3.8
CNX MIDCAP	8,129.1	3.9
BANK NIFTY	11,591.0	1.8
CNX IT	7,109.9	2.6
CNX Realty	321.8	7.6
CNX Infrastructure	3,096.0	3.6
Source: NSE		

GLOBAL NEWS

USA

- In the week ending March 26 2011, the advanced figures for seasonally adjusted initial claims was 388,000, a decrease of 6,000 from the previous week's revised average of 394,000.
- The unemployment rate in the US unexpectedly fell to a two year low of 8.8% in March 2011, thus adding evidence that the labor market is gaining traction.
- Personal Income in the US increased by 0.3% to US\$ 38.1 billion and disposable personal income increased by 0.3% to US\$ 36.0 billion in February. Personal Consumption expenditure, on the other hand registered a growth of 0.7% to US\$ 69.1

billion.

Europe

- The Euro Area's seasonally adjusted unemployment rate was 9.9% in February 2011 compared with 10% in January 2011.
- Euro Area annual inflation is expected to be 2.6% in March 2011 according to flash estimates issued by the statistical office of European Union.

Asia

- As per the Central bank of Japan Large manufacturers' business confidence fell to 6 in the period 12 March to 31 March from 7 in the period 24 February to 11 March.

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**.
Reach us at: ecopolicy@cii.in



Confederation of Indian Industry
Since 1895

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