



Inflation Rate for the week ending 29 th May'10		
Categories	Weekly	Annual
Primary articles	0.47	17.21
Fuel, power, light & lubricant	0.08	14.23

Indicators

- **WPI inflation rate for primary articles** for the week ending 29th May'10 increased to 17.21% as compared to previous week's level of 16.89%.
- **Food inflation** increased a tad to **16.74%** for the week ended May 29th 2010 from **16.55%** in the previous week, driven by higher prices of fruits, pulses and milk.
- **Industrial output rose 17.6% in April 2010**, growing in double digits for the seventh straight month, on good showing by manufacturing sector, which registered a growth of 19.4% in the month.
- The government has raised over Rs 38,300 crore at the end of 16-day long auction for Broadband Wireless Access (BWA) spectrum.
- **India's domestic car sales** at 1.48 lakh units in **May 2010 rose 30% year-on-year**.
- The government has infused Rs 1,500 crore into four public sector banks (Vijaya Bank, UCO, UBI and Central Bank of India) as part of their recapitalization package.
- Government's wheat procurement has dropped nearly 7% to 22.46 million tonnes so far, since it began in April 2010.
- **Foreign Exchange Reserves** as on 4th June'10 stood at US \$271.09 billion, down by US\$ 0.88 billion over previous week.
- The **call money rates** as on 11th June'10 traded in the range of 2.85 – 5.40 percent.
- One year **LIBOR** for US\$ as on 9th June'10 stood at 1.2%.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at 5.2418%.

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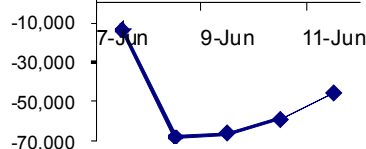
April industrial growth at 17.6% turned out to be much stronger than expected. The growth rate in the capital goods sector was exceptionally robust at 72.8%, indicating a strong upturn in investment demand. Consumer goods also accelerated to grow at 14.5%. If the performance of the monsoon is normal this year and inflation moderates in the coming months, we are likely to see very strong GDP growth in the current year and India is likely to remain one of the fastest growing countries in the global economy.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

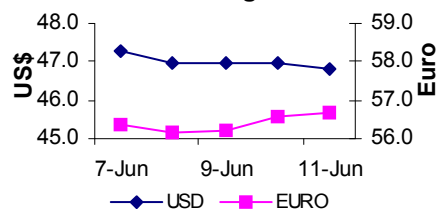
Policy Developments

1. The government raised the **minimum support price (MSP) of paddy by Rs 50 per quintal to Rs 1,000**. The MSP for tur (arhar) and moong has been increased to Rs 3,000 and Rs 3,170 per quintal from Rs 2,300 and Rs 2,760 respectively. Support price for urad has also been increased to 2,900 a quintal from Rs 2,520 last year.
2. The government announced a draft national fiber policy to improve cotton production and supply and calibrate exports.
3. RBI has asked non scheduled commercial banks to review their deposit exposure to other non-scheduled banks.

Net Absorption through LAF (Rs Crore)



Exchange Rate



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 21 st May'10	% Variation over	
		Fortnight	Year
Total Bank credit	32, 30, 178	0.1	18.0
Food Credit	49, 403	-6.1	-14.1
Non Food Credit	31, 80, 776	0.2	18.7
Aggregate Deposit	45, 26, 220	-0.1	14.2
Broad Money (M3)	56, 72, 224	0.2	14.6
Credit Deposit Ratio	71.4		

Source: RBI

Equity Markets

- After sliding in the previous week, the European stock markets bounces back after the European central bank, Germany's constitutional court and China's pension fund gave triple boost to the effort to stabilize euro market. Finally, the USA, Germany market closed in green. However Japan, Hong Kong and Chinese stock market ended the week with loss.
- India stock market witnessed lot of volatility with a week full of gap-downs and gap-ups. Indian equities witnessed huge selling pressure during the early part of the week but better than expected IIP numbers backed with positive clues of European market helped the Sensex to recover almost all its losses during the last three days of the week. Finally the BSE Sensex and NSE Nifty close flat on week on week.
- Impressive monthly auto sales figure by domestic car manufacturer boosted BSE-Auto index. BSE-Healthcare and BSE-Capital Goods were the other top sectors to register growth. But realty sector witnessed some serious offloading. BSE-metal index also fell on the news of lower than expected Chinese PMI output data.
- Cipla, M&M and HDFC Bank were the top three gainers in Sensex last week. While DLF, Hindalco Industries and Infosys were the top losers in the index.
- Total turnover during the week on BSE stood at Rs 18,292 crore and on NSE at Rs 58,842 crore.

Commodity Market

- NYMEX light sweet Crude Oil for June delivery closed at US \$ 73.78 per barrel on 11th June'10, up by \$2.27 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1,228 per ounce as on 11th June'10, up by US \$ 7.5 per ounce over the week.

Indian Equity Indices	Closing Value on 11 th June'10	Week's % Change
BSE SENSEX	17,065.0	-0.3
BSE 500	6,827.5	-0.3
S&P CNX NIFTY	5,119.4	-0.3
S&P CNX 500	4,257.3	-0.4

Source: NSE, BSE

Global Stock Indices	Closing Value as on 11 th June'10	Weekly Change (%)
NYSE: DJIA	10,211.1	2.8
FTSE 100	5,163.7	0.7
Nikkei 225	9,705.3	-2.0
Straits Times	2,796.3	-0.4
KOSPI	1,675.3	0.7

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 12 th June'10	Week's % Change
MCX AGRI	2,148.0	-1.5
MCX METAL	3,253.5	2.1
MCX ENERGY	2,597.4	1.3
MCX COMDEX	2,663.4	1.2

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	188.6	173.2
Year -to-date FII (US\$ million)	4,945.3	6,875.3
Weekly Mutual Funds# (Rs Crore)	172.5	-4,842.7

Source:SEBI

#For weekending 10th June'10

Global Development

US

- According to the US Labor Department, jobless claims dropped by 3,000 to 456,000 in the week ended 5 June 2010.
- According to the Commerce Department, the trade deficit in the U.S. widened in April 2010 to \$40.3 billion, the most since December 2008.

Europe

- The European Central Bank (ECB) has held eurozone interest rates at a record low of 1% for the 10th month in a row.
- The UK's trade deficit in goods and services marginally increased to £3.3bn in April 2010 from March's revised figure of £3.2bn. In April 2010 exports plunged by 0.6%, and imports fell by 0.4%.
- UK interest rates are kept on hold at a record low of 0.5% by the Bank of England for the 15th month in a row.
- French government has decided to sell 1,700 government buildings to help cut national debt, which is at euro1.49 trillion or about 77% of the country's GDP.

Asia

- The Bank of Japan in its policy statement has kept interest rates on hold at 0.1%
- China's exports surged 48.5% year on year in May 2010, the fastest pace of growth in this recovery cycle. Trade balance improved to \$19.5 billion in May 2010 from \$1.7 billion in April 2010.

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