



Inflation Rate for the week ending 3 rd July '10		
Categories	Weekly	Annual
Primary articles	0.07	16.25
Fuel, power, light & lubricant	-0.08	14.27

Indicators

- **WPI inflation rate for primary articles** for the week ending 3rd July'10 stood at 16.25% as compared to previous week's level of 16.08%.
- **Food inflation** increased to **12.81%** for the week ended July 3rd 2010 from **12.63%** in the previous week, mainly due to higher prices of pulses, fruits and milk.
- **The Index of Industrial Production (IIP) in India for the month of May 2010 stands at 11.5%, sliding from 16.5% in April**
- **The government has asked industry to consider giving 5 per cent of jobs to disadvantaged sections wherever fiscal incentives are given.**
- **Diesel will be cheaper by Rs.2.37 per litre in the capital as the Delhi government announced a decrease in the value added tax on the fuel.**
- **There was a rainfall deficiency of 24% during the week end on 14th July 2010. However, rainfall activity is likely to enhance over many parts of the country from 19th July 2010.**
- **Foreign Exchange Reserves** as on 9th July'10 stood at US \$279.42 billion, up by US\$ 1.16 billion over previous week.
- **The call money rates** as on 16th July'10 traded in the range of 3.50 – 5.65 percent.
- **One year LIBOR for US\$** as on 14th July'10 stood at 1.15%.
- **At the Treasury bills auctions held during the week, the YTM for 91-day T-Bills** stood at 5.406%.

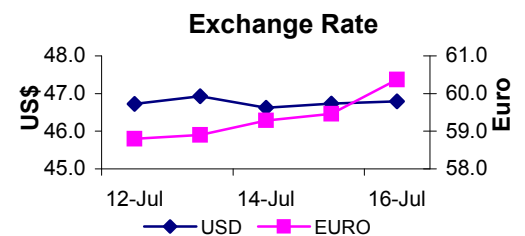
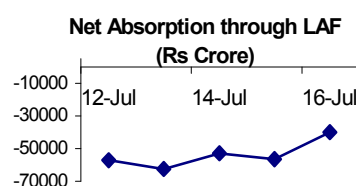
Dear Reader

The strong growth in industrial output in May 2010 reflects continued strength in industrial production. Investment momentum remained strong as evident in the strong growth in the capital goods sector. However, growth in consumer non-durables remained soft, raising concerns about the possible impact of high inflation in essential commodities. The good news is that food inflation seems to have moderated to around 12-13% compared to 16-17% earlier. If fuel prices do not rise again, a moderation in headline inflation can be expected in July.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

1. OMC has decided that prices of petrol will be reviewed on a monthly basis, unless there is a sharp fluctuation in international prices.
2. Government gives Oil regulators PNGRB power to issue gas distribution license.
3. Government aims to deregulate the sugar sector within three months, which could include more open market sales and letting firms build larger stocks.
4. The Supreme Court declared that there will be no export duty on transfer of goods to SEZs from areas outside these tax free enclaves.



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		
Broad Money (M3)	57,82,141	1.9	15.3
Credit Deposit Ratio	73.4	0.2	5.9

Source: RBI

Equity Markets

- The US market moved up after Intel and Alcoa announced stellar numbers but fresh bad economic data and reduction in US GDP growth by Fed hit investor confidence. Finally Dow Jones index lost over 1% in the previous week. The fear of moderation of Chinese economy also pulled down the China and Japan stock market.
- After showing promise of scaling past resistance zones, the key indices faltered in the face of weaker than estimated IIP data and worse than forecast Infosys results. Lack of momentum in the broader indices and mixed global cues restricted gains for the indices. Finally, the NSE Nifty added 0.8% for the week and the BSE Sensex rose 0.7%.
- Lower than anticipated growth in WPI-based inflation in June, triggering relief rally in rate-sensitive sectors such as Real Estate and Banks. Capital Goods stocks also cheered shrugging off the slowest growth in IIP in May 2010. But Sectors like IT, Oil & Gas, Pharmacy recorded some amount of consolidation in the last week
- DLF, Tata Motors and TCS were the top gainers in BSE Sensex, whereas M&M, Maruti and Infosys were the top losers in the index.
- Total turnover during the week on BSE stood at Rs 21,825 crore and on NSE at Rs 68,364 crore.

Commodity Market

- NYMEX light sweet Crude Oil for August delivery closed at US \$ 76.01 per barrel on 16th July'10, almost flat at the previous week level.
- New York spot price for **Gold** was US \$ 1,193.5 per ounce as on 16th July'10, down by \$18.4 over the previous week's level.

Indian Equity Indices	Closing Value on 16 th July'10	Week's % Change
BSE SENSEX	17,955.8	0.7
BSE 500	7,223.8	0.8
S&P CNX NIFTY	5,393.9	0.8
S&P CNX 500	4,490.1	0.6

Source: NSE, BSE

Global Stock Indices	Closing Value as on 16 th July'10	Weekly Change (%)
NYSE: DJIA	10,097.9	-1.0
FTSE 100	5,158.9	0.5
Nikkei 225	9,408.4	-1.8
Straits Times	2,957.7	1.4
KOSPI	1,738.5	0.9

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 17 th July'10	Week's % Change
MCX AGRI	2,209.2	1.2
MCX METAL	3,237.3	-1.3
MCX ENERGY	2,609.3	0.3
MCX COMDEX	2,673.5	-0.3

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	1,410.1	423.7
Year -to-date FII (US\$ million)	8,649.5	7,747.4
Weekly Mutual Funds# (Rs Crore)	-1,174.3	-201.6

Source:SEBI

#For weekending 15th July'10

Global Development

US

- The US Fed cut its growth outlook for the US economy in 2010 from a range of 3.2-3.7% to 3-3.5%.
- US Bureau of Labor statistics reported on 2nd July 2010 that the unemployment rate declined to 9.5% while the number of unemployed persons stood at 4.6 million.
- The US Senate passed the Wall Street Reform Bill on 15th July 2010 that will make financial institutions more accountable and make them pay for any repeat of a 2008-like credit crisis by liquidating their assets.
- US retail sales fell by 0.5% in June due to drop in sales of petrol, cars and building materials.

Europe

- Industrial production increased by 0.9% in the 16 countries that use the euro for the third consecutive month in May 2010.
- Greece had sought to raise 1.25bn euros but the offer was oversubscribed, with bids totaling 3.6bn euros hence was able to sell government bonds successfully in its first attempt since the huge EU-IMF loan bail out in early May.

Asia

- China's GDP moderated to 10.3% in the second quarter from 11.9% in the first quarter.. Also, China's stocks dropped, with the benchmark index falling the most in two weeks, after the nation's economic growth moderated.
- China's forex reserves rose at the slowest pace in 11 years in the second quarter as expectations of yuan appreciating diminished and the European debt crisis saw capital move out of emerging markets.

Disclaimer

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