

Inflation Rate for the week ending 8 <sup>th</sup> May'10		
Categories	Weekly	Annual
Primary articles	-0.10	16.19
Fuel, power, light & lubricant	0.00	12.33

## Indicators

- WPI inflation rate for primary articles for the week ending 8<sup>th</sup> May'10 decreased to 16.19% as compared to previous week's level of 16.76%.
- Food inflation up by a notch to 16.49% for the week ended May 8<sup>th</sup> 2010 from 16.44% in the previous week.
- Inflation based on the CPI-AL and CPI-RL decreased from 15.77% and 15.52% respectively in March 2010 to 14.96% in April 2010 for both the series.
- Union Cabinet increased the price of natural gas produced by public sector companies to \$3.82 per million British thermal units (BTUs) from present level of \$1.79 BTUs.
- Auction for allocation of 3G Spectrum closed 19<sup>th</sup> May after 34 days and 183 rounds of intense bidding and earned Rs 67718.95 crore revenue to the government.
- India's merchandise export grew by 36.2% to \$16.9 billion in April 2010. Import also recorded healthy growth of 43.3% to \$27.3 billion during the month.
- Cabinet on 19<sup>th</sup> May 2010 cleared 24 foreign direct investment (FDI) proposals worth Rs 14.1 billion.
- Foreign Exchange Reserves as on 14<sup>th</sup> May'10 stood at US \$273.3 billion, down by US\$ 2.94 billion over previous week.
- The call money rates as on 21<sup>st</sup> May'10 traded in the range of 0.40 – 3.85 percent.
- One year LIBOR for US\$ as on 19<sup>th</sup> May'10 stood at 1.12%.
- At the Treasury bills auctions held during the week, the YTM for 91-day T-Bills stood at 4.2153%.

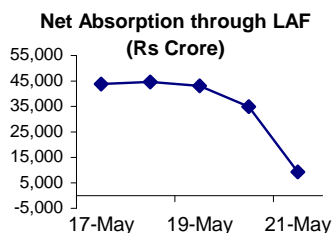
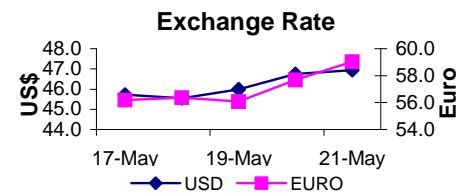
Dear Reader

The sentiment of global market remained flimsy owing to the concern that EU debt crisis could upset global economy recovery. Record budget deficit in UK and lower than expected Japanese economy growth added to the concern. The auction for allocation of 3G Spectrum ended last week earned record Rs 677 billion for government, which expected to pull down fiscal deficit to 5% level. But, Union government decision to increase natural gas prices may push inflation further.

Chandrajit Barerjee  
Director General  
Confederation of Indian Industry

## Policy Developments

- Government has approved the collection of an individual's biometric attributes, including iris scans, as a part of the unique identity programme (UID).
- In order to regulate non-banking entities acting as referral agents in life insurance space, IRDA has capped the referral fee paid to this channel.
- SEBI has notified guidelines for separate exchange or platform for small and medium enterprises (SMEs) and also for companies that wish to list in the SME segment.



Banking Indicators	Rs. Crore		
	Outstanding as on 7 <sup>th</sup> May'10	% Variation over	
Indicators		Fortnight	Year
Total Bank credit	32,27,771	0.4	17.2
Food Credit	52,627	-3.0	-4.7
Non Food Credit	31,75,144	-0.3	17.7
Aggregate Deposit	45,31,217	0.5	14.7
Broad Money (M3)	56,63,416	0.7	14.7
Credit Deposit Ratio	71.2		

Source: RBI

## Equity Markets

- Sentiment across the globe look a big hit after Germany's market regulator banned short selling in selected financial instruments. But the Euro rebounded from a fresh four-month low against the dollar by Friday. Finally, the US markets closed down with the Dow Industrials shrink by 0.4%. In Asian market Nikkei 225 index and KOSPI also down by 6.5% and 5.6% respectively during last week.
- The Indian market witnessed another deep cut during last week with Sensex and Nifty both loosing over 3%. The Nifty failed to rebound after slipped below its key technical level of 200 days DMA, after Germany banned short selling in certain financial instruments.
- BSE Capital Goods index ended last week with marginal gain of 1.1% largely on back of robust result by L&T. BSE Realty and BSE Metal index remained under pressure and both the index were narrowed by 9% and 6.7% respectively.
- L&T, ONGE and SBI were the top three gainers in Sensex last week. While Tata Motors, DLF and Jaiprakash Associate were the top loser in the index.
- Total turnover during the week on BSE stood at Rs 21, 491 crore and at NSE Rs 69, 491 crore.

## Commodity Market

- NYMEX light sweet Crude Oil for June delivery closed at US \$ 68.01 per barrel on 21<sup>st</sup> May'10, down by \$3.6 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1, 177.5 per ounce as on 21<sup>st</sup> May'10, down by US \$ 54.4 per ounce over the week.

Indian Equity Indices	Closing Value on 21 <sup>st</sup> May'10	Week's % Change
BSE SENSEX	16, 445.6	-3.2
BSE 500	6, 592.4	-3.3
S&P CNX NIFTY	4, 931.2	-3.2
S&P CNX 500	4, 101.6	-3.2

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 21 <sup>st</sup> May'10	Week's % Change
MCX AGRI	2, 129.9	1.5
MCX METAL	3, 238.5	-1.5
MCX ENERGY	2, 379.7	1.3
MCX COMDEX	2, 559.6	-0.1

Source: MCX, NCDEX

Global Stock Indices	Closing Value as on 21 <sup>st</sup> May'10	Weekly Change (%)
NYSE: DJIA	10, 193.4	-0.4
FTSE 100	5, 062.9	-3.8
Nikkei 225	9, 784.5	-6.5
Straits Times	2, 701.2	-5.4
KOSPI	1, 600.2	-5.6

Source: Yahoo Finance

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	-839.8	777.5
Year -to-date FII (US\$ million)	5308.2	5992.7
Weekly Mutual Funds# (Rs Crore)	-361.7	2, 665.9

Source:SEBI #For weekending 19<sup>th</sup> May'10

## Global Development

### US

- According to the US Commerce department, housing starts rose to 5.8% in April 2010 to 672, 000 units highest in 1.5 years.
- According to the US labour department, initial jobless claims climbed by 25,000 to 471,000 last week.
- The Brazilian economy grew by 9.8% in the first quarter of 2010 compared to the same period last year. The economy was up 2.4% compared to the fourth quarter of 2009.

### Europe

- Greece received a US\$ 17.9 billion emergency loan from European Union to repay US\$ 10.6 billion of bonds due on 19<sup>th</sup> May to avoid default.
- Britain posted its largest April budget deficit to \$14.4 billion, since monthly records began in 1993.
- Spain cut its economic growth forecast for 2011 to 1.3%, less than a previous projection for 1.8%. The government expressed its hope to cut deficit to 6% of GDP next year from 11.2% in 2009.

### Asia

- The Japanese economy grew by 1.2% in the first quarter of 2010. Economic recovery in Japan has been bolstered by a rebound in the nation's mainstay exports of cars and electronics, which posted the fourth year-on-year rise in March.

## Disclaimer

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