



| Inflation Rate for the week ending<br>15 <sup>th</sup> May'10 |        |        |
|---|--------|--------|
| Categories  | Weekly | Annual |
| Primary articles  | -0.10  | 15.90  |
| Fuel, power, light & lubricant                                | 0.05   | 12.08  |

## Indicators

- **WPI inflation rate for primary articles** for the week ending 15<sup>th</sup> May'10 decreased to 15.90% as compared to previous week's level of 16.19%.
- **Food inflation** down marginally to **16.23%** for the week ended May 15<sup>th</sup> 2010 from **16.49%** in the previous week.
- **UN has predicted growth rate of 7.9% for Indian economy in current fiscal year.** The body has also forecasted 3% growth rate for global economy in this fiscal.
- Despite the controversy around regulation of unit-linked insurance plans, **the Indian life insurance industry recorded a healthy growth of 36% growth in new income in April 2010.**
- **Investment by private equity (PE) companies rose over three-fold to US\$ 3.04 billion during January-April 2010 period** compared to US\$ 0.83 billion in same period last year.
- According to the ministry of labor and employment, **the overall employment in eight sectors** (IT, textile, leather, metals, auto, handloom, gems and Jewellery, transport) **increased by 1.066 million during the last quarter of FY10 over the corresponding period of FY09.**
- **Foreign Exchange Reserves** as on 21<sup>st</sup> May'10 stood at US \$273.36 billion, up marginally by US\$ 64 million over previous week.
- The **call money rates** as on 28<sup>th</sup> May'10 traded in the range of 2.50 – 4.20 percent.
- One year **LIBOR** for US\$ as on 26<sup>th</sup> May'10 stood at 1.15%.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at 5.0361%.

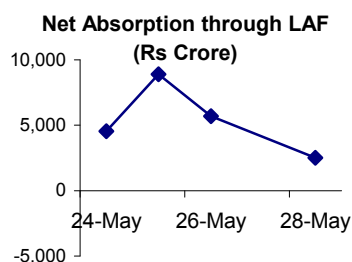
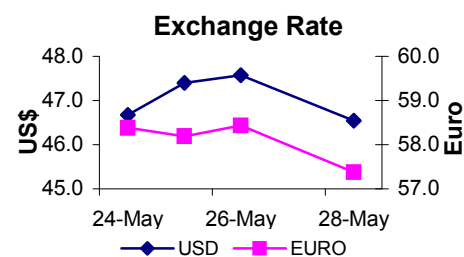
## Dear Reader

Global sentiment recovered somewhat after the European debacle had spooked investors last week. For India, however, the fallout of the new crisis is not entirely negative. The decline in global commodity prices and the depreciation of the INR are likely to have a positive impact on many Indian companies. Meanwhile, the liquidity easing measures announced by the RBI are indeed welcome, as they illustrate RBI's willingness to address any temporary mismatches in the supply and demand for funds.

Chandrajit Banerjee  
Director General  
Confederation of Indian Industry

## Policy Developments

1. RBI has announced additional fund of Rs. 22, 600 crore to be available to banks through overnight lending facility. This is to help money markets tide over an imminent cash crunch in June.
2. With the beginning of Kharif season, government has allowed cotton exports, but under a licensing regime.
3. The Ministry of Corporate Affairs (MCA) has decided to relax the norms for companies to maintain minimum paid-up capital.



| Banking Indicators   |  | (Rs. Crore)      |      |
|----------------------|--|------------------|------|
| Indicators           | Outstanding as on 7 <sup>th</sup> May'10 | % Variation over |      |
|                      |  | 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

- Pullback was seen across the globe, as risk aversion subsided somewhat after China dismissed a report saying it was planning to pare its holding of European bonds. It sparked a worldwide rally in equities and commodities. Finally, in Europe the FTSE 100 was up by 2.5%. US markets closed almost flat with the Dow Industrials down marginally by 0.6%.
- In a highly volatile week, the Indian markets managed to recover their losses during the previous week to finish on a positive note. On the very first day, both indices failed to hold on to earlier gains and fell sharply to their three-month lows breaching some important levels. After that, however, the markets saw a smart recovery during the next three days following upbeat global sentiments.
- After few weeks of sharp correction, pull back was seen in realty and oil & gas sector. Tech stocks also shot up as the rupee continue to weaken against US dollar.
- JP Associates, Reliance Infra and Tata Motors were the top three gainers in Sensex last week. While Grasim industries, ACC Ltd and Tata Steel were the top losers in the index.
- Total turnover during the week on BSE stood at Rs 18,715 crore and at NSE Rs 68,026 crore.

## Commodity Market

- NYMEX light sweet Crude Oil for July delivery closed at US \$ 73.97 per barrel on 27<sup>th</sup> May'10, up by \$5.96 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1,214.80 per ounce as on 28<sup>th</sup> May'10, up by US \$ 37.3 per ounce over the week.

| Indian Equity Indices | Closing Value on 28 <sup>th</sup> May'10 | Week's % Change |
|-----------------------|--|-----------------|
| BSE SENSEX            | 16, 863.1                                | 2.5             |
| BSE 500               | 6, 728.8                                 | 2.1             |
| S&P CNX NIFTY         | 5, 066.6                                 | 2.7             |
| S&P CNX 500           | 4, 186.8                                 | 2.1             |

Source: NSE, BSE

| Commodity Spot Indices | Closing Value as on 28 <sup>th</sup> May'10 | Week's % Change |
|------------------------|---|-----------------|
| MCX AGRI               | 2152.2                                      | 1.0             |
| MCX METAL              | 3319.4                                      | 2.5             |
| MCX ENERGY             | 2555.4                                      | 7.4             |
| MCX COMDEX             | 2673.4                                      | 4.4             |

Source: MCX, NCDEX

| Global Stock Indices | Closing Value as on 28 <sup>th</sup> May'10 | Weekly Change (%) |
|----------------------|---|-------------------|
| NYSE: DJIA           | 10, 136.6                                   | -0.6              |
| FTSE 100             | 5, 188.4                                    | 2.5               |
| Nikkei 225           | 9, 763.0                                    | -0.2              |
| Straits Times        | 2, 739.7                                    | 1.4               |
| KOSPI                | 1, 622.8                                    | 1.4               |

Source: Yahoo Finance

| Net Institutional Activity       |        |        |
|----------------------------------|--------|--------|
|                                  | Equity | Debt   |
| Weekly FII (US \$ Million)       | -805.6 | 275.2  |
| Year -to-date FII (US\$ million) | 4502.6 | 6267.9 |
| Weekly Mutual Funds# (Rs Crore)  | -350.1 | -409.6 |

Source:SEBI #For weekending 25<sup>th</sup> May'10

## Global Development

### US

1. According to US Commerce Department, **US GDP expanded by 3% in the first quarter of 2010 below its initial estimate of 3.2%**. Economic activity also slowed from the fourth quarter's robust pace of 5.6%.
2. According to the US labour department, new applications for state jobless benefits fell 14,000 to 460,000 last week.
3. According to US Commerce Department, Consumer spending paused in April 2010 after growing in the first quarter at the fastest pace in three years as Americans used gains in wages to rebuild savings.

### Europe

4. **The UK economy grew at 0.3%** slightly faster than the initial estimate of 0.2% in the first three months of the year, the Office for National Statistics (ONS) has said.
5. **Fitch cut Spain's credit grade one step from AAA to AA+ and assigned it a "stable" outlook.**

### Asia

6. The Organization for Economic Cooperation and Development raised its growth forecast for the Japanese economy to 3.0% in 2010 from the previous estimate of 1.8% as a result of export recovery and government stimulus.
7. South Korea proposed a permanent arrangement for central banks to swap foreign currencies to address funding shortages that emerged during the global financial crisis.

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