

Inflation Rate for the week ending 19 th June'10		
Categories	Weekly	Annual
Primary articles	0.17	14.75
Fuel, power, light & lubricant	0.0	12.90

Indicators

- WPI inflation rate for primary articles for the week ending 19th June'10 stood at 14.75% as compared to previous week's level of 17.60%.
- Food inflation decreased to 12.92% for the week ended June 19th 2010 from 16.9% in the previous week, mainly due high base effect.
- CPI-IW rose 13.91% in May 2010 from a year ago level, marginally higher than April 2010 figure of 13.33%.
- In May 2010 Central Government fiscal deficit increased to 26.5% of full-year target. It was lower at 22.6% in the same period last fiscal.
- The South-West monsoon has been 16% below normal for the country as a whole as on June 30th 2010.
- India's Foreign Direct Investment in May 2010 rose by 5.6% to \$2.21 billion, reversing the decline in past two months.
- The Index of Six core industries having a combined weight of 26.7% in IIP recorded 5% growth in May 2010 compared to 3.5% in same month last year.
- Foreign Exchange Reserves as on 25th June'10 stood at US \$276.98 billion, up by US\$ 1.01 billion over previous week.
- The call money rates as on 2nd July'10 traded in the range of 3.5 – 5.5 percent.
- One year LIBOR for US\$ as on 30th June'10 stood at 1.18%.
- At the Treasury bills auctions held during the week, the YTM for 91-day T-Bills stood at 5.2830%.

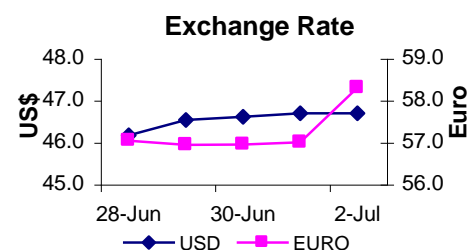
Dear Reader

RBI decided to go in for an intra-meeting rate hike towards the end of last week. The RBI has been normalizing interest rates in through a series of rate hikes given the persistent problem of inflation and inflationary expectation. However, CII is concerned about the impact on the cost of funds for industry, which should remain within a reasonable band for growth and recovery to become broad-based. Banks are already facing a tight liquidity situation and have been borrowers from RBI during the past month.

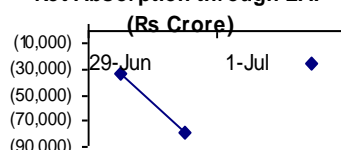
Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

- RBI on 2nd July 2010 has increased Repo and Reverse Repo Rate by 25 basis points to 5.50% and 4% respectively.
- RBI said banks could offer loans at a sub-base rate to four sectors- handicraft, carpets, handlooms and SMEs- which enjoy interest subsidy.
- SEBI relaxed the reporting requirement on the lending of Securities by FIs for the purpose of short selling.
- The finance ministry has agreed to states' demand that tobacco be kept within the GST ambit and alcohol outside it.



Net Absorption through LAF



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 18 th June'10	% Variation over	
		Fortnight	Year
Total Bank credit	33,10,417	22,343	0.7
Food Credit	52,970	821	1.6
Non Food Credit	32,57,447	21,522	0.7
Aggregate Deposit	45,17,541	-23,761	-0.5
Broad Money (M3)	56,77,076	-12,699	-0.2
Credit Deposit Ratio			

Source: RBI

Equity Markets

- Global markets continued to remain weak throughout the week. Disappointing U.S. jobs report sparked worries that a recovery in the world's largest economy is losing steam. Finally in US the Dow Jones index close down by 4.7% week on week. Similarly week reading Japanese export demand and revised reading on Chinese leading economic indicators pull down the Asian market.
- Equity markets in India finished the previous week with a negative undertone. Trading remained volatile throughout the week. After opening on a positive note on the first day of the week both indices could not hold onto their gains and shrugged off all the gains during the very next day. Finally Sensex and Nifty closed down by 0.6% week-on-week.
- Metals continued to underperforms due to global factors mainly signs of Chinese slowdown while phased deregulation of fuel pricing helped oil and gas to outperform during the previous week
- ONGC, NTPC and Reliance Infra were the top three gainers in Sensex last week while Dr. Reddy's, Hindalco and Tata Steel were the top losers in the index.
- Total turnover during the week on BSE stood at Rs 22,801 crore and on NSE at Rs 65,289 crore.

Commodity Market

- NYMEX light sweet Crude Oil for August delivery closed at US \$ 72.14 per barrel on 2nd July'10, down by \$6.72 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1,211.80 per ounce as on 2nd July'10, down by US \$ 44.4 per ounce over the week.

Indian Equity Indices	Closing Value on 2 nd July'10	Week's % Change
BSE SENSEX	17,461.0	-0.6
BSE 500	7,023.6	-0.1
S&P CNX NIFTY	5,237.1	-0.6
S&P CNX 500	4,382.6	0.4

Source: NSE, BSE

Global Stock Indices	Closing Value as on 2 nd July'10	Weekly Change (%)
NYSE: DJIA	9,686.5	-4.7
FTSE 100	4,838.1	-4.3
Nikkei 225	9,203.7	-5.8
Straits Times	2,844.2	-0.3
KOSPI	1,671.8	-3.5

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 3 rd July'10	Week's % Change
MCX AGRI	2,156.3	-1.3
MCX METAL	3,242.0	-2.6
MCX ENERGY	2,516.2	-6.4
MCX COMDEX	2,629.4	-3.8

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	206.8	1011.52
Year -to-date FII (US\$ million)	6993.5	5999.7
Weekly Mutual Funds# (Rs Crore)	-114.7	-1380.1

Source:SEBI

#For weekending 30th June'10

Global Development

US

- According to US Labor Department, Initial claims for jobless benefits rose to a seasonally adjusted 472,000 in the week ending June 26th 2010, an increase of 13,000 from the previous week's upwardly revised level of 459,000.
- The National Association of Realtors' pending home sales index, a forward-looking indicator based on the number of purchase contracts signed in the U.S., dropped to 77.6 in May from 110.9 in April.
- According to Labor Department, there were about 125,000 US jobs lost in June 2010, first time jobs were shed on a month-on-month basis since October 2009. The overall decline was driven by the departure of 225,000 temporary employees who had been working on the US census in May.

Europe

- Sweden's central bank raised its key interest rate by a quarter of a percentage point to 0.5% for the first time in nearly a year, but gave a gloomy assessment of the likely impact of economic stresses in the neighboring euro zone.
- The euro zone's unemployment rate was steady at 10% for a third consecutive month in May 2010.

Asia

- Ending the six decades hostility, China and Taiwan signed historic trade pact under which Beijing granted tariff cuts and concession on hundreds of products to export dependent Taipei.
- According to Philippines Government, rice import by the country, the world top buyer may surge by 24% after a typhoon in 2009 cut production.

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.

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