

Inflation Rate for the week ending 23 rd Jan'10		
Categories	Weekly	Annual
Primary articles	-0.2	14.56
Fuel, power, light & lubricant	0.2	5.88

Indicators

- Annual **WPI inflation rate for primary articles** for the week ending 23rd Jan'10 stood at 14.56% as compared to previous week's level of 14.66%.
- The annual inflation in food articles rose to 17.56% for the week ended 23rd Jan'10, from 17.40% for the previous week.
- Foreign Exchange Reserves** as on 29th Jan'10 stood at US \$281.0 billion, down by US\$ 2.0 billion over the previous week.
- The **call money rates** as on 5th Feb'10 traded in the range of 2.10 – 3.35 percent.
- One year **LIBOR** for US\$ as on 3rd Feb'10 stood at 0.85%.
- At the **Treasury bills auctions** held during the week, the YTM for 91-day T-Bills stood at 4.09%.
- India's exports registered positive growth for the second consecutive month in December 2009. Growing by 9.3%, in Dec'09, total exports stood at \$14.6 bn, whereas imports grew sharply by 27.2%. Accordingly, trade deficit was higher at \$10.2 bn in Dec'09, up from \$6.1 bn during the corresponding month of last year.
- According to the advanced estimates released by CSO, the Indian economy is expected to grow at 7.2% in 2009-10 compared to 6.7% in the previous year. While agriculture is expected to decline by 0.2%, Industry and Service sectors are to grow at 8.2% and 8.7% respectively in 2009-10.

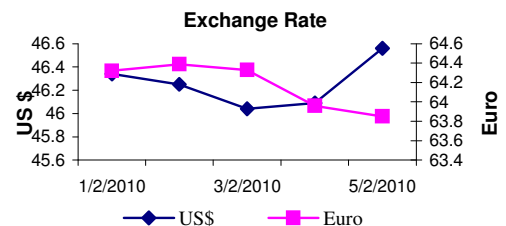
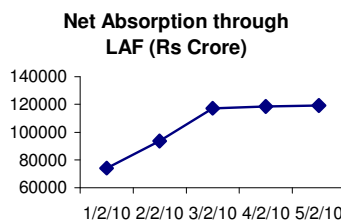
Dear Reader

CSO released their advance estimate for GDP growth in 2009-10 at 7.2%. The numbers were along expected lines, reflecting the remarkable recovery in industry and also the drag from agriculture. The estimate turned out to be a shade lower than the 7.5% projected by RBI and the 7.75% projected by the Finance Ministry. One positive fallout of these numbers for the Government is that the fiscal deficit for 2009-10 B.E. now amounts to 6.5% of GDP instead of 6.8% that had been targeted.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

Policy Developments

- The expert group chaired by the former Planning Commission member Kirit Parikh has suggested market-linked prices for auto fuels and a sharp increase in the prices of kerosene and cooking gas. The recommendations are expected to result in annual savings of over Rs 30,000 crore at current levels of under-recoveries for oil companies, if implemented.
- The SEBI has directed mutual fund to value money market and debt securities with maturity over 91 day on a mark-to-market basis.



Banking Indicators	Outstanding as on 15 th Jan'10	Rs. Crore	
		% Variation over	
Indicators		Fortnight	Year
Total Bank credit	3,008,909	-0.4	13.9
Food Credit	42,534	-8.3	-14.4
Non Food Credit	2,966,375	-0.2	14.4
Aggregate Deposit	4,242,573	-0.5	16.8
Broad Money (M3)	5,279,684	-0.1	16.5
Credit Deposit Ratio	70.92		

Source: RBI

Equity Markets

- The global markets continued to fall and remained volatile over the week. The increased volatility has stemmed from sovereign debt concerns centered on the more fiscally troubled European nations such as Portugal, Spain and Greece. The US stock indices closed at the lowest level in three months, despite a pullback in the headline unemployment rate in January.
- The Indian markets continue to display weakness during the week. Risk aversion has risen of late amid a spate of fresh worries from European part of the world. Back home, the government's follow on public offer of NTPC received a poor response despite being offered at 5% discount. Also, global ratings firm Fitch has said that it may downgrade India's sovereign rating if the country's fiscal deficit worsens.
- All the sectoral indices ended in red over the week. Realty space was the top loser, shedding more than 7.0% points, on fear of a hike in interest rates in near future. Banking stocks continue to fall following hike in CRR and on back of further increase in NPA levels. Top five BSE losers over the week include Ranbaxy Labs, JP Associate, SBI, DLF and Hindalco.
- Total turnover during the week on BSE stood at Rs 23,733 crore and at NSE Rs 71,287 crore.

Commodity Market

- NYMEX light sweet Crude Oil for March delivery closed at US \$ 71.2 per barrel on 5th Feb'10, down by \$1.7 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1065.5 per ounce as on 5th Feb'10, down by US \$ 15.2 per ounce over the week.

Global Stock Indices	Closing Value as on 5 th Feb '10	Weekly Change (%)
NYSE: DJIA	10,012	-0.5
FTSE 100	5,061	-2.5
Nikkei 225	10,057	-1.4
Straits Times	2,684	-2.2
KOSPI	1,567	-2.2

Source: Yahoo Finance

Indian Equity Indices	Closing Value on 6 th Feb'10	Week's % Change
BSE SENSEX	15,916	-2.7
BSE 500	6,378	-2.0
S&P CNX NIFTY	4,757	-2.6
S&P CNX 500	4,067	-2.1

Source: NSE, BSE

Commodity Spot Indices	Closing Value as on 6 th Feb'10	Week's % Change
MCX AGRI	2,111	0.9
MCX METAL	2,925	-4.4
MCX ENERGY	2,533	-0.6
MCX COMDEX	2,495	-2.2

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	131	115
Year -to-date FII (US\$ million)	36	2,059
Weekly Mutual Funds# (Rs Crore)	-505	712

Source: SEBI *as on 4th Feb'10

Global Development

US

- According to the US Labor Department, the economy shed 20,000 jobs in January after losing 150,000 jobs in December. As a result, the unemployment rate fell to 9.7% from 10% in December.
- US President Barack Obama has proposed to temporarily expand credit through two Small Business Administration (SBA) programs. The proposal includes a temporary increase in the cap on SBA Express loans to \$1 million from \$350,000 and aims to expand the existing SBA program to support refinancing of owner-occupied commercial real estate loans.

Europe

- The Portuguese parliament defeated a government plan to cut back expenditure aimed at getting their deficits under control, triggering renewed concern that the financial crisis in Greece are spreading to other financially troubled governments such as Portugal and Spain.

Asia

- South Korea's foreign currency reserves totaled \$273.7 billion at the end of January, up \$3.7 billion from \$270 billion at the end of December; the figure marked the largest on record.
- Lower prices for fruits and vegetables helped bring inflation in the Philippines down to 4.3 percent in January; the monthly rate eased slightly from 4.4 percent in December.

Disclaimer

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