



Inflation Rate for the week ending 22 nd May'10		
Categories	Weekly	Annual
Primary articles	0.47	16.89
Fuel, power, light & lubricant	1.83	14.14

Indicators

- **WPI inflation rate for primary articles** for the week ending 22nd May'10 increased to 16.89% as compared to previous week's level of 15.9%.
- **Food inflation** increased to **16.55%** for the week ended May 22nd 2010 from **16.23%** in the previous week, driven by higher prices of pulses, milk and fruits.
- **Indian Economy expanded by 7.4% in FY10**, helped by strong growth in manufacturing sector. In Q4FY10 GDP grew by 8.6% with 16.3% growth in manufacturing sector.
- South-west Monsoon, vital for farm output in India's trillion dollar economy, has hit the country's southern coast as scheduled on May 30th 2010. It further advanced into most parts of northeastern states and some parts of Sub-Himalayan West Bengal & Sikkim on 2nd June 2010.
- **The Average Asset Under Management (AUMs)** of domestic mutual funds registered a growth rate of 4.47% on month-on-moth basis in May 2010, highest since November 2009. **The AUMs of fund houses crossed Rs 8 trillion mark in May'10.**
- **Foreign Exchange Reserves** as on 28th May'10 stood at US \$271.97 billion, down by US\$ 1.39 billion over previous week.
- The **call money rates** as on 4th June'10 traded in the range of 2.95 – 5.35 percent.
- One year **LIBOR** for US\$ as on 2nd June'10 stood at 1.2%.
- At the Treasury bills auctions held during the week, the **YTM for 91-day T-Bills** stood at 5.2006%.

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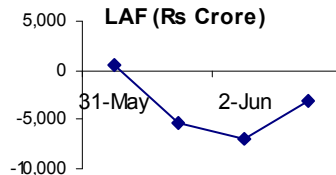
While domestic news has been largely positive, global tremors continue to affect sentiment. The Europe crisis continues unabated with Hungary now suspected of being close to sovereign default. The strength of the US economy remains uncertain with employment data for May showing an unexpected plunge. In addition, indicators are pointing to a slowdown in China's manufacturing sector. As a result, global equity and commodity prices are down while the dollar continues to strengthen against the euro.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

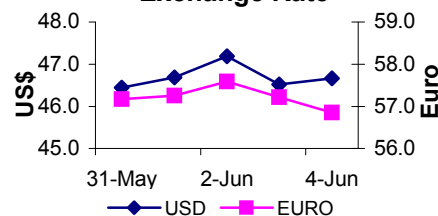
Policy Developments

1. Central Government has agreed to allow import of China-made telecom gear, certified by international security audit firms, till a dedicated certification centre and test lab is in place.
2. The government has come up with Easy Exit Scheme 2010 in order to allow unlisted companies that have stopped functioning to exit.
3. RBI has approved the proposal to hire specialist professionals from outside- the first such move in the central bank's 75-year history.

Net Absorption through LAF (Rs Crore)



Exchange Rate



Banking Indicators		(Rs. Crore)	
Indicators	Outstanding as on 21 st May'10	% Variation over	
		Fortnight	Year
Total Bank credit	32, 30, 178	0.1	18.0
Food Credit	49, 403	-6.1	-14.1
Non Food Credit	31, 80, 776	0.2	18.7
Aggregate Deposit	45, 26, 220	-0.1	14.2
Broad Money (M3)	56, 72, 224	0.2	14.6
Credit Deposit Ratio	71.4		

Source: RBI

Equity Markets

- The Euro-zone debt crisis, a possibility of softening of US economy due to slower than expected expansion of employment in May 2010 and political instability in Japan dominated the global market sentiment last week. In Europe the FTSE 100 was down by 1.2%. US markets also closed in red and Dow Industrials was down by 2% last week.
- The faster than expected growth of Indian economy in FY10 brought cheer to the Indian market. But, uncertainty over progress of Monsoon and the ongoing concerns on Euro zone restricted gains in the Indian market. The BSE Sensex was up by 1.5% and Nifty registered week-on-week gain of 1.4% last week.
- Impressive monthly auto sales figure by domestic car manufacturer boosted BSE-Auto index which grew by 4.4% during the week. BSE-FMCG and BSE-Pharma were the other top sectors to register growth. But Metal and realty index plunged by 2.1% and 0.7% respectively last week.
- Reliance Communication and Maruti Suzuki and M&M were the top three gainers in Sensex last week. While Grasim industries, JP Associate and Tata Power were the top losers in the index.
- Total turnover during the week on BSE stood at Rs 19,054 crore and on NSE at Rs 61,351 crore.

Commodity Market

- NYMEX light sweet Crude Oil for July delivery closed at US \$ 71.51 per barrel on 4th June'10, down by \$2.46 per barrel over the previous week.
- New York spot price for **Gold** was US \$ 1,220.5 per ounce as on 4th June'10, up by US \$ 5.7 per ounce over the week.

Indian Equity Indices	Closing Value on 4 th June'10	Week's % Change
BSE SENSEX	17, 117.7	1.5
BSE 500	6, 845.4	1.7
S&P CNX NIFTY	5, 135.5	1.4
S&P CNX 500	4, 263.4	1.8

Source: NSE, BSE

Global Stock Indices	Closing Value as on 4 th June'10	Weekly Change (%)
NYSE: DJIA	9, 932	-2.0
FTSE 100	5,126	-1.2
Nikkei 225	9, 901.2	1.4
Straits Times	2, 806.5	2.4
KOSPI	1, 664.1	2.5

Source: Yahoo Finance

Commodity Spot Indices	Closing Value as on 5 th June'10	Week's % Change
MCX AGRI	2, 180.7	1.3
MCX METAL	3, 185.6	-4.0
MCX ENERGY	2, 565.1	0.4
MCX COMDEX	2, 631.2	-1.6

Source: MCX, NCDEX

Net Institutional Activity		
	Equity	Debt
Weekly FII (US \$ Million)	254.1	434.2
Year -to-date FII (US\$ million)	4756.7	6702.1
Weekly Mutual Funds# (Rs Crore)	-19.5	17, 555.4

Source:SEBI #For weekending 1st June'10

Global Development

US

- Non-farm payrolls in May 2010 increased by 431,000, which is well below the market estimate of 500,000. The private-sector new job creation dropped to 41,000 in May 2010 from 218,000 in April 2010. The federal government hired 411,000 temporary workers to help conduct the census.
- According to the National Association of Realtors, the pending home sale index, based on contracts signed in April 2010, rose 6% to 110.9, the highest level since October 2009.

Europe

- The Greece government plans to sell minority stakes in its state-owned rail company, the postal service and in two water companies in an effort to raise funds to boost government finances.
- The number of new cars sold in the UK increased for the 11th successive month till May 2010 to 153,095 units compared with 134,858 in May last year, the Society of Motor Manufacturers and Traders (SMMT) said.

Asia

- The HSBC China Manufacturing PMI, or purchasing manager's index, fell to 11-Month low at 52.7 in May 2010 from a revised figure of 55.2 in April 2010.
- Pakistan imposed taxes on shares and electronic appliances and reduced ministers' salaries to help cut the budget deficit to a six-year low of 4% of GDP and slow inflation, which is currently running over 13%.

Disclaimer

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