

Indian Market Research
Weekly Market Summary

Saturday, 18 Sep 2010

WEEKLY HIGHLIGHTS

- BHEL to invest Rs 12Bn in R&D by 2012
- Bajaj Hindusthan to re-export raw sugar: Exec
- Vodafone will not be forced to sell minority stakes: Colao
- State Bank of India Chairman favours merger of remaining five associates
- Four funds eye Honda's stake in Hero Honda Motors: Report ; KKR & Co, TPG Capital, Carlyle Group and Bain Capital LIC

WEEKLY SUMMARY

The key benchmark indices surged to 32-month highs on strong foreign fund inflows, higher advance tax payment by prominent Indian firms and a less hawkish monetary policy stance from the central bank at a mid-term policy review. The market gained in 4 out of 5 trading sessions in the week. The BSE Sensex jumped 795.09 points or 4.23% in the week ended Friday, 17 September 2010, to settle at 19,594.75, its highest closing level since 17 January 2008. The S&P CNX Nifty gained 244.90 points or 4.34% to 5,884.90, its highest closing level since 17 January 2008. At a mid-term policy review on Thursday, 16 September 2010, the Reserve Bank of India (RBI) signaled that it may be nearing a pause in its current tightening cycle. The central bank said its rate and liquidity actions since October 2009 have been driven by two considerations -- normalization of the monetary policy stance as the crisis abated and inflation management. The Reserve Bank of India believes that the tightening that has been carried out over this period has taken the monetary situation close to normal, it said. Consequently, the role of normalization as a motivation for further actions is likely to be less important, the RBI said. The RBI raised its repo rate, or benchmark lending rate, by a quarter point to 6%, at a mid-term monetary policy review. The central bank also hiked the reverse repo rate, or the rate at which it borrows funds, by half a point to 5%. Both these changes will take place with immediate effect. India's economic expansion will not be impacted by the central bank's decision to hike policy rates, Montek Singh Ahluwalia, deputy chairman of the Planning Commission said on Thursday. The government's indirect tax collections grew 45% to Rs 279.47 Bn in August 2010 over August 2009. For the first five months from April 2010 to August 2010 of the current fiscal, the centre's indirect tax collections grew nearly 46% to Rs 1241.70 Bn over the previous year.

Robust July 2010 industrial production growth, good monsoon rains this year, data showing sustained buying by foreign funds and firm global stocks, helped domestic bourses kick off the new trading week with a bang on Monday. The BSE 30-share Sensex jumped 408.67 points or 2.17% to 19,208.33. The BSE 30-share Sensex jumped 138.63 points or 0.72% to 19,346.96 on Tuesday. The key benchmark indices gained for the seventh straight day on Wednesday on reports that prominent Indian firms such as Reliance Industries, HDFC, State Bank of India, Hindalco Industries and ICICI Bank, have paid higher advance tax in Q2 September 2010. Data showing heavy buying by foreign funds recently and good monsoon rains in the current monsoon season, underpinned sentiments. The BSE 30-share Sensex jumped 155.05 points or 0.8% to 19,502.11. The key benchmark indices edged lower on Thursday, as profit taking emerged after a recent solid surge. Weak European and Asian stocks and lower US index futures weighed on investor sentiment. The BSE 30-share Sensex lost 84.62 points or 0.43% to 19,417.49. Indian stocks resumed their winning ways on Friday, 17 September 2010, after a day's pause on Thursday, 16 September 2010. The barometer index BSE Sensex and the 50-unit S&P CNX Nifty scaled 32-month closing highs. Hopes that the central bank may be nearing a pause in its current interest rate tightening cycle, also aided the rally on the domestic bourses. The BSE 30-share Sensex jumped 177.26 points or 0.91% to 19,594.75.

EQUITY MARKETS & SECTOR PERFORMANCE

- Realty pared last week's loss.
- Energy stocks gained on crude weakening.
- CNX MidCap has underperformed major bourses.
- Banks have over performed major bourses; Gained Max..

Sector	Average Var. %
Banks	5.86
IT - Software	3.17
Power Generation	1.35
Crude Oil & Natural Gas	5.51
Metal	2.22
Realty	4.48
Teck	2.60
Healthcare	2.87
FMCG	2.75
Capital Goods	2.76

INDUSTRY NEWS & TRENDS

- Amid the Reserve Bank expressing doubts over the efficacy of industrial data, a top adviser to the Finance Ministry on Friday said manufacturing is on buoyant path that will keep Indian growth story going in the medium to long run.
- Fresh investment projects worth Rs 22000 Bn are expected to be commissioned in the country over the next three years with companies across sectors going in for capacity-addition during this period, an economic think-tank said has said.

Auto	↗
BFSI	↗
Construction	↗
Ind. Manufacturing	↗
Consumer goods	↗
Energy	↗
IT	↗
Metals	↗
Telecom	↗

N.B. Shows average trends of the week

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HINDUJA BANK (SWITZERLAND) LTD

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ECONOMIC AND POLITICAL HEADLINES

- The Reserve Bank of India, or RBI, has disputed the contention of the government that domestic financial sector regulations are archaic, signalling its resistance to the attempt by the finance ministry to rewrite laws governing this sector.
- Inflation in India continues to be a worry, central bank deputy governor Subir Gokarn said on Friday.
- The rural non-farming sector has been growing faster than that of the urban since early 1970s, says a report.
- The Prime Minister, Dr Manmohan Singh, on Friday reviewed the progress towards financial inclusion by banks in India.
- Deputy Governor of Reserve Bank of India, Dr Subir Gokarn, said that the development of alternate channels for finance for the infrastructure sector is on the Reserve Bank's reform agenda and there has been a great progress towards movement of infrastructure funding from public to public private partnership (PPP) projects.
- The finance ministry on Friday advocated removal of curbs on wheat exports so as to benefit from a global scarcity created by production loss in major producing nations such as Russia and Ukraine.

CORPORATE NEWS

- A day after the Reserve Bank raised its short terms lending and borrowing rates, the country's largest lender SBI on Friday said that it is not likely to hike its interest rates before 3-6 months.
- Standard Chartered bank has stepped up plans for possible relocation to the Far East where it does most of its business, as it bids to escape tighter regulations in Britain, a report said on Friday
- India's largest private sector bank HDFC Bank has got approval from the Hong Kong Monetary Authority (HKMA) to commence banking operations in that country.
- The Supreme Court on Friday dismissed NHA's petition challenging an order of the Delhi High Court that directed it to give performance-based bonus to a consortium of Gammons and Punj Llyod for completing a road project in Andhra Pradesh ahead of schedule.
- PTL Enterprises is buying a 15% stake in Artemis Health Sciences from its former CEO, Kushagra Kataria, said a senior company executive.
- Mafatlal Industries is expected to get over Rs 10 Bn by selling off a prime seven-acre plot kissing the Byculla zoo.
- HUL has dragged P&G to court on the latest Pantene shampoo advertisement, terming it as "disparaging" to its Dove brand.
- Bharti Walmart plans to open 40 more retail and three cash-and-carry wholesale stores by December, the company said on Tuesday.
- The Chinese vendor has clinched a near \$200-million (Rs 920 crore approximately) contract from Anil Ambani's RCOM to supply a mix of 3G and 2G gear.
- The telecom department has approved Etisalat DB's buyout of Allianz Infratech, marking the completion of the first acquisition among companies, which were given mobile licences in 2008, an official linked to the development said.
- Jet Airways on Friday reported a 21.8 per cent increase in its international operations in August as against the like period last year.
- Vijaya Mallya-owned Kingfisher Airlines, still owes Rs 2.20-Bn to state-run HPCL even after a part payment of its dues for purchase of jet fuel, a top HPCL official said

GLOBAL NEWS

- Asian stocks rose for a third straight week after Japan intervened to weaken the yen and U.S. and Chinese economic reports buoyed confidence global growth will strengthen.
- Japanese bonds completed the biggest weekly advance in 10 months as concern eased that a new government would increase debt sales and amid speculation funds created by currency intervention would flow into debt securities.
- Asian currencies strengthened for a third week, led by India's rupee, as global investors pumped more funds into the world's fastest-growing economies.
- China's central bank said swings in the value of the USD may threaten the global recovery, defending the benefits of currency stability after the US stepped up pressure for faster gains in the yuan
- Treasuries rose while the cost to insure Irish government bonds jumped to a record amid concern that Europe's debt crisis is worsening and American consumer confidence is slumping. U.S. stocks fluctuated; the euro fell.
- The final signing of Dubai World's restructuring agreement with creditors will take place in several weeks, Al Bayan reported, citing an unidentified spokesman for the company.



INDICES WEEKLY PERFORMANCE

Asian Indices	Weekly Performance		Var. %
	18/9/2010	11/9/2010	
BSE Sensex	19,594.75	18,799.66	↑ 4.23
China Shanghai Comp	2,598.69	2,663.21	↓ 2.42
Hongkong Hangseng	21,970.86	21,257.39	↑ 3.36
Indonesi Jakarta Comp	3,384.65	3,230.89	↑ 4.76
Japan Nikkei 225	9,626.09	9,098.39	↑ 5.80
Malaysia KLCI Comp	1,466.97	1,437.78	↑ 2.03
Pakistan Karachi 100	10,052.97	9,879.33	↑ 1.76
Philippines PSE Comp	3,979.35	3,902.56	↑ 1.97
S. Korea Seoul Comp	1,827.35	1,802.58	↑ 1.37
Singapore Straits Times	3,067.11	3,022.28	↑ 1.48
Srilanka All Share	6,469.83	6,023.41	↑ 7.41
Thailand SET	923.57	924.57	↓ 0.11

Indian Main Indices	Weekly Performance		Var. %
	18/9/2010	11/9/2010	
BSE Sensex	18,221.43	17,998.41	↑ 1.24
S&P CNX Nifty	5,479.40	5,408.70	↑ 1.31
BSE 100	9,784.41	9,647.60	↑ 1.42
BSE 200	2,345.91	2,309.70	↑ 1.57
BSE Smallcap	9,912.64	9,640.95	↑ 2.82
CNX Midcap	8,923.35	8,757.80	↑ 1.89

Sectoral Indices	Weekly Performance		Var. %
	18/9/2010	11/9/2010	
BSE Auto	9,275.97	9,096.55	↑ 1.97
BSE Bank	13,744.71	12,984.19	↑ 5.86
BSE Consumer Durable	6,154.17	5,909.50	↑ 4.14
BSE Capital Goods	15,511.40	15,094.78	↑ 2.76
BSE FMCG	3,563.10	3,467.60	↑ 2.75
BSE Healthcare	5,842.24	5,679.04	↑ 2.87
BSE IT	5,843.80	5,664.43	↑ 3.17
BSE Metal	16,489.16	16,131.46	↑ 2.22
BSE Oil& Gas	10,736.07	10,175.11	↑ 5.51
BSE Power	3,163.55	3,121.31	↑ 1.35
BSE PSU	10,242.43	10,053.16	↑ 1.88
BSE Realty	3,712.71	3,553.50	↑ 4.48
BSE Teck	3,656.04	3,563.32	↑ 2.60

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FII / MF ACTIVITY OVER THE WEEK



FII's started with a huge buying on the first session of the week. The numbers after third session showed a slight lacuna in sentiments by FIIs but markets saw a comeback on last trading session & FIIs remained on buying side for all the sessions. FII inflow in September 2010 totaled ₹124.43 Bn*. FIIs had bought equities worth ₹116.88 Bn in August 2010. FII inflow in the calendar year 2010 totaled ₹718.25 Bn*. Trading for the week, backed by Robust July 2010 industrial production growth, started with a good nod. FIIs stood bullish with a huge buying of ₹25.19Bn. Tuesday saw a slight lacuna in the sentiments as investors stood wary about the RBI's move regarding hike in Repo. FIIs became slightly conscious about the same though ended up with net buying of ₹16.51Bn. Higher advance tax payment for Q2 September 2010 by big corporate houses such as RIL, HDFC, SBI, Hindalco and ICICI boosted the sentiments again on the third day of the week & FIIs buying stood around ₹22.15Bn. Fourth day saw a sudden fall in numbers due to profit booking as markets took global cues from Global markets as well as Repo hike by RBI, though, FIIs stood as net buyer for the day. Last day saw a surge into market and scaled to 32-month's closing high on firm global cues. Net buying for last day was significant with higher numbers than previous session though lower than rest of the three sessions. FIIs stood bullish on Indian bourses for the week and made a significant buying of around ₹90.25Bn as against the DIIs selling of ₹48.47Bn for last week.

* Till 16 September 2010

SENSEX GAINERS & LOSERS

BSE 30	Date		Var. %
	18/9/2010	11/9/2010	
DLF LIMITED	352.2	322	↑ 9.38
HDFC BANK	2399.65	2196.5	↑ 9.25
ICICI BANK	1115.6	1032	↑ 8.10
HDFC	684.1	633.1	↑ 8.06
M&M	679	635	↑ 6.93
TATA POWER	1264.35	1289.95	↓ 1.98
CIPLA	309	312.25	↓ 1.04
JINDAL STEEL & PO	708.85	714.05	↓ 0.73
TATA MOTORS	1035.65	1038.7	↓ 0.29
BHEL	2444.45	2450	↓ 0.23

NIFTY GAINERS & LOSERS

NIFTY 50	Date		Var. %
	18/9/2010	11/9/2010	
KOTAK BANK	473.25	424.75	↑ 11.42
DLF LIMITED	352.5	320	↑ 10.16
HDFC BANK	2400.6	2195	↑ 9.37
AXIS BANK	1506.5	1385	↑ 8.77
HDFC	683.65	631	↑ 8.34
POWER GRID CORP	105.25	106.9	↓ 1.54
JINDAL STEEL & PO	708.4	718	↓ 1.34
TATA POWER	1264.6	1280.5	↓ 1.24
CIPLA	308.9	311.1	↓ 0.71
BHEL	2443.6	2445.1	↓ 0.06

IMPORTANT DATES

- Sep 18: Results- Modi Rubber, AGM-Krishna Venture (Right Issue)
- Sep 20: AGM- APL Apollo Tubes, Net 4 India, Rajrayon, Sagar Cem, Shree Ashta
- Sep 21: Results- Sarda Paper, AGM- BL Kashyap, Vidarbha Iron (Preferential Issue)
- Sep 22: Results- Morarjee Tex
- Sep 23: Results- Zee Enter

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