

Indian Market Research
Weekly Market Summary

Saturday, 28 Aug 2010

WEEKLY HIGHLIGHTS

- Tata Motors in tie-up with IndusInd Bank
- Jayshree Tea plans to buy Rwandan tea estates
- Lumax Industries to set up 2 plants in 2 years: Official
- J&K Bank asks RBI to select a CEO as Drabu resigns
- Corus to sell Teesside steel unit to Thai co for \$500 Mn
- ONGC's royalty on Rajasthan field cut; possible obstacle to Vedanta-Cairn deal removed

WEEKLY SUMMARY

The key benchmark indices edged lower in the week ended Friday, 27 August 2010, halting a three-week rising trend, on weak global cues. Markets across the globe were gripped under selling pressure on worries about the pace of the economic recovery in the US, the world's biggest economy. The Sensex declined in three out of the five trading days of the week. The BSE Sensex fell below the psychological 18,000 mark while the S&P CNX Nifty retraced from 31-month high. Shares of Prakash Steelage made a strong debut on Wednesday, 25 August 2010. Volatility was high during the week as traders rolled positions in the derivatives segment from the August 2010 series to September 2010 series. The August 2010 derivatives contracts expired on Thursday, 26 August 2010. The Union Cabinet on 26 August 2010 approved a new set of direct tax rules. The basic exemption limit is proposed to be raised to 2 lakh from the current 1.6 lakh and corporate tax rate for both domestic and foreign companies is proposed at 30%, finance minister Pranab Mukherjee said after the meeting of the Union Cabinet. There will be no surcharge or cess on companies, thereby bringing the corporate tax rate to 30% from present 34%. The new changes in the tax rates, expected to come into effect from 1 April 2011, could lead to some loss in revenue and raise the government's deficit. However, the government proposes to raise the minimum alternate tax (MAT) on book profits to 20% from current 18%. The move will be a big blow for Reliance Industries (RIL) and a host of IT and infrastructure companies that pay MAT. Inflation in the Food Articles group stood at 10.05% for the week ended 14 August 2010, versus 10.35% in the previous week. But, inflation in the Non-food Articles group rose to 22.20% from 21.70% in the preceding week. The cumulative rainfall during the period from 1 June 2010 to 25 August 2010 was 2% below normal. The BSE Sensex lost 403.41 points or 2.19% to 17,998.41, in the week ended 27 August 2010. The 50-unit S&P CNX Nifty fell 121.95 points or 2.20% to settle at 5408.70.

Trading for the week started on a lackluster note with the key benchmark indices posting tiny gains on Monday. The BSE 30-share Sensex rose 7.53 points or 0.04% to 18,409.35. The S&P CNX Nifty rose 12.85 points or 0.23% to 5,543.50, its highest closing since 18 January 2008. Fears of a slowdown in global growth spooked equity and commodity markets across the globe including Indian stocks on Tuesday. The BSE 30-share Sensex was down 97.76 points or 0.53% to 18,311.59 and the S&P CNX Nifty was down 38.40 points or 0.69% to 5,505.10. The key benchmark indices edged lower on weak global cues in what was a choppy trading session on Wednesday. The BSE 30-share Sensex lost 131.95 points or 0.72% to 18,179.64 and the S&P CNX Nifty was down 42.75 points or 0.78% to 5,462.35. Market eked out small gains amid high volatility on Thursday, on bargain hunting after a two day slide. The BSE 30-share Sensex rose 46.71 points or 0.26% to 18,226.35 and the S&P CNX Nifty was up 15.55 points or 0.28% to 5,477.90. The key benchmark indices slumped on Friday, as investors fretted over the pace of the economic recovery in the US, the world's biggest economy. The BSE 30-share Sensex lost 227.94 points or 1.25% to 17,998.41 and the S&P CNX Nifty was down 69.20 points or 1.26% to 5,408.70.

EQUITY MARKETS & SECTOR PERFORMANCE

- Realty stood weak; lost max.
- Banks trimmed last week's gains.
- Metals, IT & Auto sectors stood amongst major losers.
- All the major indices, except Consumer Durables, ended in Red.

Sector	Average Var. %
Banks	(2.49)
IT – Software	(1.97)
Power Generation	(1.17)
Crude Oil & Natural Gas	(1.14)
Metal	(3.34)
Realty	(8.53)
Teck	(1.46)
Healthcare	(1.32)
FMCG	(0.60)
Capital Goods	(1.11)

INDUSTRY NEWS & TRENDS

- India's iron ore exports in the first four months of the current financial year that began in April was at 32.86 million tonnes against 31.39 million tonnes a year ago, data released by a trade body on Friday showed.
- Centre may remove restrictions on export of surplus cotton yarn produced in the country that is over and above the quantity required by the domestic textile industry.

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

N.B. Shows average trends of the week

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ECONOMIC AND POLITICAL HEADLINES

- The six infrastructure industries grew 3.9% in July, but contraction in steel and cement production has raised doubts about the overall industrial output growth.
- The direct taxes code (DTC) approved by the Cabinet gives a reprieve to special economic zones till 2014 from the proposed regime.
- The government said it has earmarked Rs 9.06 Bn for implementing the Prime Minister's Employment Generation Programme scheme during 2010-11.
- India is likely to sign free trade agreements with Japan and Malaysia in three to four months.
- India's growth is getting more broad-based and inflationary pressures are easing and the central bank will calibrate policy action to the evolving growth-inflation dynamics, RBI governor Subbarao said on Friday.

CORPORATE NEWS

- Barely three months after Tata Motors certified the Nano as "absolutely safe", in a first in Delhi, a car went up in flames at a parking lot in Aurobindo Marg on Friday.
- Power Grid Corporation is among the three firms shortlisted by the Nigerian Government to manage the country's electricity grid to be constructed at a cost of \$ 3.5 billion
- Motorcycle maker TVS Motor Company on Thursday said it will invest Rs 2Bn by April next year to increase its production capacity to 2.8 Mn units.
- Fortis Healthcare aims at pan-Asia presence; Parkway setback fails to deter Fortis chairman who's now looking at hospital management as an alternative.
- Healthcare major Apollo Hospitals on Wednesday said it plans to invest nearly Rs 24Bn during the 2012-14 period to increase its capacity by about 3,000 beds.
- Novartis on Thursday said it has concluded a \$28.3 billion deal with Alcon Inc that will give the Swiss drug-maker a controlling stake in the US eye-care group.
- Work at RCom's 3G Innovation Lab has started with hopes of providing the operator with applications that will drive higher data consumption.
- Footwear major Liberty group has tied up with Israel-based Runcom Technologies to offer WiMax mobile broadband and communication services.
- CEO Ganesh Ayyar said MphasiS would use its cash reserve of \$320 million to make the acquisitions but declined to disclose likely targets or regions.
- Jet Airways Ltd, the country's largest private carrier by sales, has approached RBI to raise \$750 million via external commercial borrowings to repay debt, officials said on Thursday.
- Tata Power on Friday asserted it did not waive its right as a bidder by not participating in the entire process for Rs 20,000 crore Sasan Power Project though admitting in the Supreme Court that it could not have matched successful bid by rival Reliance Power.
- The National Thermal Power Corporation (NTPC) would shortly undertake work for site selection to set up nuclear power projects in Madhya Pradesh and other states

GLOBAL NEWS

- The Bank of Japan may hold an emergency meeting early next week to consider more monetary easing after Prime Minister Naoto Kan stepped up pressure on the central bank to boost the economy, Nikkei English News reported.
- Asian stocks slumped, dragging the MSCI Asia Pacific Index to its second drop in three weeks, as a record plunge in U.S. home sales and slowing export growth in Japan added to evidence the global recovery is faltering.
- Natural disasters may block any increase in China's grain production this year as the worst floods in a decade ruin crops that escaped earlier droughts.
- Yields on Asia's dollar Islamic bonds have slumped to the lowest levels in three months relative to local-currency debt on evidence that the U.S. economic recovery is flagging as growth accelerates across the region
- Swaziland yesterday sold its first bonds to raise money for development projects and plans further sales this year, a central bank official said.



INDICES WEEKLY PERFORMANCE

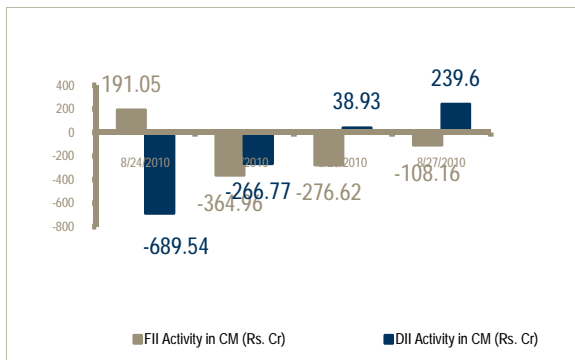
Asian Indices	Weekly Performance		Var. %
	28/8/2010	21/8/2010	
BSE Sensex	17,998.41	18,401.82	↓ 2.19
China Shanghai Comp	2,610.74	2,642.31	↓ 1.19
Hongkong Hangseng	20,597.35	20,981.82	↓ 1.83
Indonesi Jakarta Comp	3,104.73	3,117.72	↓ 0.42
Japan Nikkei 225	8,991.06	9,179.38	↓ 2.05
Malaysia KLCI Comp	1,411.05	1,395.02	↑ 1.15
Pakistan Karachi 100	9,598.71	9,860.35	↓ 2.65
Philippines PSE Comp	3,558.67	3,593.60	↓ 0.97
S. Korea Seoul Comp	1,729.56	1,775.54	↓ 2.59
Singapore Straits Times	2,938.74	2,936.48	↑ 0.08
Srilanka All Share	5,634.15	5,563.00	↑ 1.28
Thailand SET	900.37	893.92	↑ 0.72

Indian Main Indices	Weekly Performance		Var. %
	28/8/2010	21/8/2010	
BSE Sensex	17,998.41	18,401.82	↓ 2.19
S&P CNX Nifty	5,408.70	5,530.65	↓ 2.20
BSE 100	9,647.60	9,850.83	↓ 2.06
BSE 200	2,309.70	2,357.91	↓ 2.04
BSE Smallcap	9,640.95	9,875.76	↓ 2.38
CNX Midcap	8,757.80	8,930.85	↓ 1.94

Sectoral Indices	Weekly Performance		Var. %
	28/8/2010	21/8/2010	
BSE Auto	8,710.05	8,874.83	↓ 1.86
BSE Bank	12,216.07	12,527.49	↓ 2.49
BSE Consumer Durable	5,772.48	5,691.76	↑ 1.42
BSE Capital Goods	14,722.82	14,887.65	↓ 1.11
BSE FMCG	3,354.73	3,375.01	↓ 0.60
BSE Healthcare	5,536.40	5,610.65	↓ 1.32
BSE IT	5,408.36	5,517.00	↓ 1.97
BSE Metal	14,910.82	15,426.31	↓ 3.34
BSE Oil& Gas	10,092.17	10,208.56	↓ 1.14
BSE Power	3,060.20	3,096.47	↓ 1.17
BSE PSU	9,694.91	9,707.19	↓ 0.13
BSE Realty	3,379.98	3,695.27	↓ 8.53
BSE Teck	3,380.26	3,430.30	↓ 1.46

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FII / MF ACTIVITY OVER THE WEEK



FII started with a significant buying on the first session of the week. The numbers after second session showed a lacuna in sentiments by FIIs & they remained on selling side for last three sessions. Trading for the week started with the weak note with small gains though European stocks & US Index Futures gained after the expectation that the election results in Australia would end plans for a new mining tax. FIIs were bullish for the day & stood as net buyers with significant numbers as against DIIs who ended up with significant selling. Next day, markets edged lower due to weak preliminary reading for the euro-zone's purchasing managers index for August 2010 & ears over the strength of the US recovery. FIIs witnessed a lack of sentiments though remained on buying side with nominal numbers. Third day saw a broad decline due to weak global cues as well as significant selling by FIIs into market. On fourth day markets ended with small gains amidst choppy session. But, FIIs stood on net selling side though trade numbers were significant due to expiry of derivatives. Last day saw a consistent and sloppy fall into the market as bourses couldnt manage to show strong technicals due to approval of the new Direct Taxes Code bill wherein Government of India (GOI) proposed a hike in the rate of minimum alternate tax (MAT) on book profits to 20% from the prevailing 18%. Expectation of slight recovery on next day & cues from the economic data that will give an insight into the health of the U.S. economy led the FIIs on conservative side and they ended up with a nominal selling. With an end to the buying trend for last three weeks, FIIs showed a lack of interest into Indian bourses for the week and made a nominal selling of ₹2.4Bn as against the last week's net buying of around ₹29.62Bn. Investors would closely have a look on GDP data to be unveiled on Tuesday as well as PMI figures from HSBC.

SENSEX GAINERS & LOSERS

BSE 30	Date		Var. %
	28/8/2010	21/8/2010	
ONGC	1317.65	1266.95	↑ 4.00
JINDAL STEEL & PO	689.45	677.1	↑ 1.82
BHARTI AIRTEL	316.2	311	↑ 1.67
L&T	1832.25	1812	↑ 1.12
NTPC	195.95	193.95	↑ 1.03
JAIPRAKASH ASSO.	111.9	123.1	↓ 9.10
REL. INFRA	982	1070.25	↓ 8.25
HINDALCO	163.55	177.1	↓ 7.65
HERO HONDA	1785	1902.55	↓ 6.18
STERLITE INDUS.	152	161	↓ 5.59

NIFTY GAINERS & LOSERS

NIFTY 50	Date		Var. %
	28/8/2010	21/8/2010	
BPCL	776.4	687	↑ 13.01
IDFC	181.55	166	↑ 9.37
ONGC	1318.2	1263	↑ 4.37
PNB	1193.5	1152.35	↑ 3.57
SIEMENS	714.3	698	↑ 2.34
JAIPRAKASH ASSO.	111.85	123	↓ 9.07
HINDALCO	164	179.5	↓ 8.64
REL. INFRA	983.15	1070	↓ 8.12
UNITECH	77.05	83.5	↓ 7.72
HERO HONDA	1785.75	1912.45	↓ 6.63

IMPORTANT DATES

- Aug 28: Results- Amar Remed, Centrum Cap, Ispat Inds, Lumax Autom, Pantaloon Retail, Ruchi Soya, .
- Aug 29: Results- Dhanus Tech.
- Aug 30: Results- Birla Power, Camson Bio, Coral Hub, Hariyana Ship, Indo Bonito, MVL Indus, RR Fin, Ruchi Infra, Shri Lakshmi, Teledata Info, WEBEL SL ENE

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