

Indian Market Research
Weekly Market Summary

Saturday, 31 July 2010

WEEKLY HIGHLIGHTS

- SJVNL's June qtr net sales up 7%
- NTPC commissions 490-MW unit at Dadri plant
- SBI Macquarie to buy 12% in Adhunik arm for ₹1.25 Bn
- PVR Q1 net up at ₹55.6 Mn as against the loss of ₹126.2 Mn For same period
- Tata Chemicals posted a sharp surge in quarterly net profit to ₹2.16 Bn as against ₹0.43 Bn for same period

WEEKLY SUMMARY

Stocks lost ground during the last week of July 2010 as the central bank increased interest rates to control inflation. Sustained buying by foreign funds, revival of monsoon rains and latest data showing easing of food inflation, however, prevented a sharp decline. On the corporate front, the combined net profit of a total of 1,066 companies fell 12.8% to Rs 469.30 Bn on 23.1% rise in sales to Rs 6076.40 Bn in Q1 June 2010 over Q1 June 2009. The revival of monsoon rains in the crucial sowing month of July 2010 augurs well for the Indian economy which is driven by strong domestic demand. The annual monsoon rains were 38% above normal in the week to 28 July 2010, bouncing back from a 17-percent deficit in the previous week, the weather office said on Thursday, 29 July 2010. The food inflation declined to single digit levels at 9.67% in the week ended 17 July 2010 versus 12.47% in the previous week. The infrastructure sector output grew 3.4% in June from a year earlier, slower than the annual growth of 5% in May, government data showed on Wednesday. The Reserve Bank of India (RBI) at its Q1 monetary policy on Tuesday, 27 July 2010, raised its key short term interest rates for the fourth time this year to curb surging inflation. The central bank also raised its economic growth and inflation forecasts. The RBI raised GDP forecast to 8.5% for the year ending March 2011 (FY 2011), from 8% with an upside bias earlier. The RBI also signalled its strong preference for tight liquidity, saying it would ensure that excess liquidity in the system doesn't dilute the effectiveness of policy-rate actions.

The BSE Sensex fell 262.69 points or 1.45% to 17,868.29 in the week ended 30 July 2010. The 50-unit S&P CNX Nifty shed 81.50 points or 1.5% to settle at 5,367.60. Trading for the week began on a weak note. The key benchmark indices edged lower on Monday as European stocks moved off highs and as US index futures fell. The BSE 30-share Sensex fell 110.93 points or 0.61% to 18,020.05. The S&P CNX Nifty fell 30.50 points or 0.56% to 5,418.60. The key benchmark indices ended a tad higher on Tuesday as firm European stocks and higher US index futures, helped the domestic bourses shrug off a rate hike from the Reserve Bank of India (RBI) at a quarterly monetary policy review. The BSE 30-share Sensex was up 57.56 points or 0.32% to 18,077.61. The S&P CNX Nifty was up 12 points or 0.22% to 5,430.60. The key benchmark indices edged lower in volatile trade on Wednesday as European stocks and US index futures declined. The BSE 30-share Sensex shed 120.24 points or 0.67% to 17,957.37. The S&P CNX Nifty was down 33.05 points or 0.61% to 5,397.55. The key benchmark indices eked out small gains on Thursday, 29 July 2010, as global stocks rose. Sustained buying by foreign funds, revival of monsoon rains this month and latest data showing easing of food inflation, supported stocks. The BSE 30-share Sensex rose 34.63 points or 0.19% to 17,992. The S&P CNX Nifty rose 11.35 points or 0.21% to 5,408.90. The key benchmarks declined on Friday on emergence of selling by funds, triggered by a decline in the quarterly earnings of ONGC and Hero Honda Motors amid a weakening global trend. The BSE 30-share Sensex fell 123.71 points or 0.69% to 17,868.29. The S&P CNX Nifty fell 41.30 points or 0.76% to 5,367.60.

EQUITY MARKETS & SECTOR PERFORMANCE

- IT & auto sectors ended flat.
- FMCG pared last week's losses.
- Capital Good stood weak; lost maximum.
- Energy & Realty stood amongst major losers for the week.

Sector	Average Var. %
Banks	0.42
IT – Software	0.03
Power Generation	(1.81)
Crude Oil & Natural Gas	(3.49)
Metal	(0.75)
Realty	(3.23)
Teck	(0.55)
Healthcare	(0.57)
FMCG	0.42
Capital Goods	(4.82)

INDUSTRY NEWS & TRENDS

- The government on Friday decided to release Rs 48.68 Bn to state-owned banks for providing short-term crop loans to farmers at a concession of up to 4% to lending rates.
- Govt plans to set up a \$10-billion infrastructure debt fund for long-term financing infrastructure projects across the country, Planning Commission deputy chairman Montek Singh Ahluwalia said late Friday.

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

- Amid a concerted Opposition attack on the government within and outside Parliament on rising prices, the Planning Commission today said inflation will come down to 6 per cent from its present "uncomfortable" level by this year-end.
- The crucial issue of harmonising the service tax rules with those on taxation of goods is set to be addressed soon, marking another progress in the direction of roll out of the comprehensive GST regime.
- The pressure on government finances has eased considerably after the the windfall from auction of 3G spectrum and a pick up in tax collections.
- Foreign exchange reserves rose sharply during the week ended July 23, largely on account of inflows through the portfolio investment route and partly due to revaluation of non-dollar assets in reserves.
- The India-European Union Free Trade Agreement, under negotiations for the last three years, is expected to be finalised by the end of this year, Commerce and Industry Minister Anand Sharma said.
- The weather office on Friday forecast heavy monsoon rains over top grain and cane areas, raising prospects of good rice and sugar output in the world's second-biggest producer of the two commodities

CORPORATE NEWS

- In an unprecedented move to defend market share, the country's largest carmaker Maruti Suzuki India will launch five cars in CNG version in a single day in the second week of next month.
- Within days of the Reserve Bank increasing short-term policy rates, Punjab National Bank (PNB) today announced raising its prime lending rates by 75 basis points to 11.75 per cent, making loans to its existing borrowers dearer.
- A host of private and state-owned banks like Union Bank of India, Bank of India and Axis Bank are likely to up their deposit rates by 0.25-0.5 per cent in the next few days taking a cue from the Reserve Bank's rate actions early this week.
- Eveready Industries India Ltd is planning to expand its products portfolio to reduce dependency on batteries, a company official said here Friday.
- SAIL, sees steel prices firming up on the back of demand from construction and automobile firms and may revise the rates for its products.
- Aurobindo Pharma has received US FDA approval for ranitidine hydrochloride syrup, the drug regulator's website showed on Friday.
- Unichem Laboratories has received US FDA approval for bisoprolol fumarate and hydrochlorothiazide in tablet form, the drug regulator's website showed on Friday. Both drugs are used in the treatment of hypertension.
- S Kumars Nationwide Limited, a leading textile and apparel company targets to achieve sales of ₹5 Bn in the next three to four years from its newly launched apparel brand World Player, said Johnny John, COO - World Player here today.
- India's Reliance ADA Group is in talks with Universal Studios to build a \$1.5 billion, 400-acre theme park and resort in India.
- Inox Leisure on Friday said that its promoters were not negotiating to sell a stake to Reliance MediaWorks.
- Uninor, a JV between Unitech and Norway-based Telenor, today offered an up to 60 per cent discount on one paise-per- second tariffs, depending upon the location and timing of a call.
- The Supreme Court today declined to stay the Bombay High Court order that directed Vijay Mallya-promoted Kingfisher Airlines to cooperate with the fair trade regulator CCI

GLOBAL NEWS

- Asian stocks rose for the fourth consecutive week, their longest winning streak in four months, as company earnings reports boosted confidence in the strength of the global economy.
- Asian currencies strengthened this week, led by the Philippine peso and Indonesia's rupiah, as the fastest economic growth in the world and relatively high interest rates attracted funds to the region.
- The dollar touched a level below 86 yen for the first time this year and had a third straight monthly loss against Japan's currency as a government report showed U.S. economic growth slowed in the second quarter.
- Japanese bonds rose, with 10-year debt completing a fourth monthly gain, after government reports showed the jobless rate unexpectedly increased and consumer prices declined, boosting demand for the safety of debt.
- Canadian Foreign Minister Lawrence Cannon said Iran is "hiding" the truth about its nuclear program and added that the effectiveness of new sanctions will be reviewed by Group of Eight officials when they next meet in September.



INDICES WEEKLY PERFORMANCE

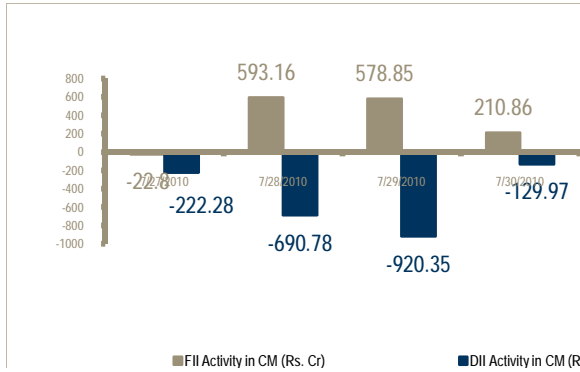
Asian Indices	Weekly Performance		Var. %
	31/7/2010	24/7/2010	
BSE Sensex	17,868.29	18,130.98	↓ 1.45
China Shanghai Comp	2,637.50	2,572.03	↑ 2.55
Hongkong Hangseng	21,029.81	20,815.33	↑ 1.03
Indonesi Jakarta Comp	3,069.28	3,042.02	↑ 0.90
Japan Nikkei 225	9,537.30	9,430.96	↑ 1.13
Malaysia KLCI Comp	1,360.92	1,345.68	↑ 1.13
Pakistan Karachi 100	10,519.02	10,296.04	↑ 2.17
Philippines PSE Comp	3,426.95	3,416.10	↑ 0.32
S. Korea Seoul Comp	1,759.33	1,758.06	↑ 0.07
Singapore Straits Times	2,987.70	2,973.47	↑ 0.48
Srilanka All Share	5,161.42	4,895.51	↑ 5.43
Thailand SET	855.83	840.24	↑ 1.86

Indian Main Indices	Weekly Performance		Var. %
	31/7/2010	24/7/2010	
BSE Sensex	17,868.29	18,130.98	↓ 1.45
S&P CNX Nifty	5,367.60	5,449.10	↓ 1.50
BSE 100	9,556.67	9,668.74	↓ 1.16
BSE 200	2,281.63	2,304.98	↓ 1.01
BSE Smallcap	9,348.97	9,439.32	↓ 0.96
CNX Midcap	8,415.30	8,423.35	↓ 0.10

Sectoral Indices	Weekly Performance		Var. %
	31/7/2010	24/7/2010	
BSE Auto	8,424.20	8,413.35	↑ 0.13
BSE Bank	11,539.55	11,490.73	↑ 0.42
BSE Consumer Durable	5,294.49	5,270.42	↑ 0.46
BSE Capital Goods	14,591.67	15,331.18	↓ 4.82
BSE FMCG	3,229.86	3,216.46	↑ 0.42
BSE Healthcare	5,597.19	5,629.25	↓ 0.57
BSE IT	5,474.84	5,473.39	↑ 0.03
BSE Metal	15,399.81	15,515.62	↓ 0.75
BSE Oil & Gas	10,166.13	10,534.08	↓ 3.49
BSE Power	3,110.24	3,167.45	↓ 1.81
BSE PSU	9,576.60	9,526.51	↑ 0.53
BSE Realty	3,372.93	3,485.59	↓ 3.23
BSE Teck	3,400.59	3,419.34	↓ 0.55

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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 for second session showed a lack of sentiments by FIIs as numbers went on selling side for the session. Trading for the week started with the weak note led by the fall in US futures & European stocks. But, FIIs were quite positive for the day & stood as net buyer for the day. Next day, market trimmed the initial losses as European shares were firm on Tuesday. But, rate hike by RBI on quarterly policy review led FIIs to sell, though numbers were not so significant. Third day saw a significant fall into market due to huge selling by DIIs and week US futures, though FIIs stood bullish and their buying absorbed most of the selling by DIIs. Fourth day was almost flat amidst choppy session due to Sustained buying by foreign funds, revival of monsoon rains this month and latest data showing easing of food inflation which supported stocks. Few of the disappointing results by big corporate houses such as L&T, ABB, ONGC, BPCL & Hero Honda snapped the market on last day of the week. This led to skepticism about the numbers on last trading session though FIIs stood as net buyer for the day. Continued with the trend FIIs stood bullish on Indian bourses for the week and made a significant buying of ₹15.6 Bn as against the last week's net buying of around ₹17 Bn. Foreign funds have bought shares worth a net ₹97 Bn this month, absorbing selling by domestic institutional investors. Domestic funds have sold shares worth a net ₹89 Bn this month, as per data from the stock exchanges. Investors would closely have a look on results of the large corporate, such as GAIL, Bhushan Steel, NMDC, Grasim etc as well as global cues from European markets.

SENSEX GAINERS & LOSERS

BSE 30	Date		Var. %
	31/7/2010	24/7/2010	
M&M	661.5	627	↑ 5.50
HDFC BANK	2127.45	2038.95	↑ 4.34
ITC	308.75	300.7	↑ 2.68
HINDALCO	160.3	158	↑ 1.46
ACC LIMITED	831.45	819.55	↑ 1.45
MARUTI SUZUKI	1198.15	1358.25	↓ 11.8
JAIPRAKASH ASSO.	118.25	128.6	↓ 8.05
HERO HONDA	1815.4	1957.9	↓ 7.28
L&T	1797.1	1937.3	↓ 7.24
DLF LIMITED	301.3	322.35	↓ 6.53

NIFTY GAINERS & LOSERS

NIFTY 50	Date		Var. %
	31/7/2010	24/7/2010	
M&M	661.5	627.9	↑ 5.35
HCL TECH.	392.2	372.8	↑ 5.20
HDFC BANK	2126.9	2038.6	↑ 4.33
IDEA CELLULAR	70.6	68.65	↑ 2.84
AMBUJA CEMENT	117.8	115	↑ 2.43
MARUTI SUZUKI	1198.6	1358.2	↓ 11.8
JAIPRAKASH ASSO.	118.1	128.7	↓ 8.24
L&T	1794.3	1937.85	↓ 7.41
HERO HONDA	1814.85	1950.65	↓ 6.96
DLF LIMITED	301.4	322.5	↓ 6.54

IMPORTANT DATES

- July 31: Result- Bank of India, Bhushan Steel, Grasim Inds, Gujarat Fluor, Gujarat State Fert, GVK Power, IOB, J&K Bank, Natco, Nirma, Syndicate Bank, Torrent Power
- Aug 01: Result- Nucleus Soft
- Aug 02: Result- Camphor & Allied, GAIL, GSK Cons, Gulf Oil, India Cements, Madras Cem, Nestle India, NMDC, Ramco Inds, Surya Foods, Ultramarine.

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