



MARKET NEWS :

Key benchmark indices edged higher after moving between the positive and negative terrain in late trade as the Finance Ministry's Economic Survey for 2009-2010 tabled in the parliament today, 25 February 2010, predicted that India would bounce back to a high 9% growth in 2011-12 and is on its way to becoming the world's fastest growing economy in four years. Meanwhile, the latest data showed a strong growth in the infrastructure sector in the month of January 2010. The BSE 30-share Sensex was provisionally up 10.31 points or 0.06%, up close to 110 points from the day's low and off close to 65 points from the day's high

Asian stocks edged lower and US index futures fell. Auto stocks were mixed. IT, capital goods and realty stocks rose. But, index heavyweight Reliance Industries edged lower. FMCG stocks fell.

The Economic Survey said, the broad based nature of the recovery creates scope for a gradual roll back, in due course, of some of the measures undertaken over the last 15 to 18 months to put the economy back on the growth path.

The infrastructure sector output grew 9.4% in January 2010 from a year earlier, higher than an upwardly revised annual growth of 6.4% in December 2009, government data showed on Thursday. During April-January, the first 10 months of the 2009/10 fiscal year, output rose 5.4% from 3% a year ago. The infrastructure sector accounts for 26.7% of India's industrial output.

The Economic Survey tabled in the parliament today said capital inflows from advanced economies could be a challenge for India as they might lead to overheating of the economy. With interest rates at historic lows in most advanced economies, capital flows from these countries are finding their way into the fast growing Asian economies, including India.

Meanwhile, the 13th Finance Commission recommended increase in states share to 32% of Central tax proceeds from the current level of 30.5%. The Commission said the government must cut its fiscal deficit to 3% of the GDP by 2013/14 and eliminate its revenue deficit in the year after. It also said the government must also cap its total debt at 68% of the GDP by the 2014/15 financial year. These recommendations have been accepted in principle by the government, the Commission said.

The Commission has projected fiscal deficit of 5.7% for the the year to March 2011 and 4.8% for the year through March 2012. The fiscal deficit should drop to 4.2% in 2012/13 and to 3% in 2013/14, it said. The Commission said the government should list all low-yielding state firms



The Reserve Bank of India has estimated the economy has capacity to absorb federal and state borrowings equal to 5-6% of GDP in the fiscal years 2010/11 to 2014/15, the Commission's said.

The economic survey for the 2009-10 financial year urged a calibrated exit from fiscal stimulus, which cushioned India's economy from the worst of the global downturn. The report, presented in parliament ahead of Friday's general budget, forecast economic growth at 8.25-8.75% in 2010/11, accelerating to over 9% the year after, compared with projected growth of 7.2-7.5% in the current year.

It also highlighted the possibility of the economy achieving a double-digit growth within the next four years, underscoring the view that the economy is on a firm footing.

downgraded, putting the global economic recovery at risk. The key benchmark indices in Indonesia, Japan, South Korea, Hong Kong, Singapore and Taiwan fell by between 0.479% to 1.57%. But China's Shanghai Composite rose 1.27%.

Trading in US index futures indicated Dow could fall 17 points at the opening bell on Thursday, 25 February 2010.

US stocks closed higher on Wednesday after Federal Reserve Chairman Ben Bernanke reassured lawmakers interest rates will remain low, promising more cheap money to investors. Stocks had slipped in initial trade on disappointing new home sales data for January. The 11.2% drop in home sales was their worst monthly downturn since January 2009.

The Dow Jones Industrial Average rose 91.75 points or 0.89% to 10,374.16. The Nasdaq Composite index rose 22.46 points or 1.01% to 2235.90 and the S&P 500 gained 10.64 points or 0.97% to 1105.24.

As per provisional figures, the BSE 30-share Sensex was up 10.31 points or 0.06% to 16,266.28. The barometer index rose 73.36 points at the day's high of 16,329.33 in early trade. The Sensex fell 88.84 points at the day's low of 16,167.13 in mid-morning trade.

The S&P CNX Nifty was up 7.60 points or 0.16% to 4866.20 as per provisional figures.

The market breadth, indicating the overall health of the market was negative. The breadth was strong earlier in the day. On BSE, 1513 shares declined as compared with 1239 that rose. A total of 109 shares remained unchanged.

From the 30 share Sensex pack, 16 declined while the rest rose.

BSE clocked turnover of Rs 2950 crore, much lower than Rs 4578.74 crore on Wednesday, 24 February 2010. The BSE Mid-Cap index fell 0.35% and the BSE Small-Cap index fell 0.19%.



CIL SECURITIES LIMITED

Registered Office

214-Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad-500 001
Andhra Pradesh
Phone: 040-23203155
Fax: : 040-23203028
Email: advisors @cilsecurities.com.

Corporate Office

Great Western Building
20, 2nd Floor, 130/132
Apollo Street, Opp. Lion Gate
Mumbai - 400 023.
Phone: 022-22885177 / 78
Fax: 022-22885176

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