Sample daily Newsletter 21 December 2009

Indian Equity
- Indian benchmark indices ended around 1% down on Friday in broad based selling with the S&P CNX Nifty closing below the 5000 mark for the first time since November 27.
- Only three out of the thirteen sectoral indices ended in the positive for the day.
- BSE Healthcare was the biggest sectoral gainer on the BSE, up 1.32% on defensive buying.
- Frontline IT stocks like HCL Technologies and TCS rose 2% and 1%, respectively, on the recent strength in the US dollar.
- Among other individual gainers, Tata Motors, up 3% on strong global November sales, was the top gainer on Nifty.
- Among losers, interest rate-sensitive shares were the worst hit on expectations a rate hike may be on the cards due to inflation concerns.
- Unitech, down nearly 3%, was the worst hit on Nifty, while among banks, Axis Bank, SBI, ICICI Bank, UCO Bank, Vijaya Bank, and Andhra Bank fell 1-3% lower.
- Other index majors that took a hit on sell-off were RIL, down 2.6%, HUL, which lost 2%, Bharti Airtel down 2% and Infosys that bucked the otherwise firm trend in the IT sector to fall 1%.

Indian Debt
- Inter-bank call money rate ended down at 3.25-3.35% on Friday compared with Thursday's close of 4.00-4.50% as demand for funds was low with banks meeting most of their reserve needs well ahead of the Reporting Friday.
- Gilt prices ended sharply down on Friday because sentiment was battered by lower-than-expected auction results during the day.
- The partial devaluation of the 2016 paper on primary dealers also affected sentiments for gilts.
- Gilt prices also came under pressure due to heightened fear of immediate monetary action by the RBI after news came in of RBI Governor meeting with the FM.
- Bonds however recovered from their intraday lows after the FM tried to reassure markets saying the meeting was a "routine exercise".
- Gilt prices were also supported by government's mid-year review of the Indian economy, where it said that higher inflation numbers were because of base effect and exit from benign interest rate regime needed to be calibrated.
- The 6.35% 2019 paper will now be considered as the 10-year benchmark as per market participants, the paper closed at 7.5973% YTM on Friday vs. 7.5022% YTM on Thursday.
- The previous benchmark viz., 6.90% 2019 paper closed the day at 7.7192% YTM vs. 7.6435% YTM on Thursday.

Global Indices
- Straits Times closed lower on Friday in subdued trading ahead of the Christmas holidays.
- Nikkei fell on Friday, as the announcement of stricter capital rules led banks lower while metal stocks fell as the dollar's strength hit gold prices.
- Hang Seng fell to a three-week closing low on Friday, led by banks after tough new proposals by banking regulators reignited fears about the health of the sector.
- FTSE index closed lower on Friday with banks drifting lower on concerns over regulations suggested in Basel, which offset strength in some defensives.
- Dow Jones rose on Friday in choppy trade as quarterly results from Oracle and Research In Motion lifted the market, but the US dollar's climb curbed the gains.

Mutual Fund
- Sundaram BNP Paribas MF files offer documents with SEBI for launching three- and five-year capital protection oriented funds.

Capital Market
- ONGC makes gas discoveries in Kutch and Krishna-Godavari Basin.
- Shipping Corporation of India plans to buy a total of 37 vessels over the next couple of years, of which 31 would be new ones.
- BSE to pay Re 1 per lakh of transaction value to the member who has placed a passive order in the order book, and which gets matched with an opposite order in stock futures or index futures.
- SBI raises $100 mn through medium term notes.

Regulatory
- RBI and SEBI may come out with draft guidelines for additional currency pairs in the exchange-traded futures market in January.

Economy
- Govt releases mid-year review of economy says that the country is facing problem of rise in prices, expects food prices to remain at elevated levels for now, though easy imports of some staples are likely to bring in short-term relief.

Government
- The government will use the fast-track route provided by SEBI for the first time to raise about Rs.11000cr through sale of shares in NTPC next month.

International
- Eurozone trade balance rose to a seasonally adjusted surplus of 6.3 bn in October from a revised 4.3 bn euros in September.
- Japan's exports fell 6.2% to 5 trillion yen from a year earlier, the slowest pace of contraction in 14 months; in October, exports fell 23.2% on year.
- Dubai world is weighing two alternatives, including a full repayment option to pay back its debt amounting to more than $20bn.

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