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Source: chart & following table: Bloomberg

		Pts Chg	% Chg	2010/11	5 Yr	5 Yr	5 Yr
CLOSE: 31 Jan 2011	Index	Day	YTD	PER	PER Hi	PER Lo	Avg
<b>SENSEX 30</b>	18,328	-68	-10.3%	17.3x	25.0x	8.1x	18.6x
<b>NIFTY 50</b>	5,506	-6	-10.1%	17.5x	N/A	N/A	17.8x

## BOMBAY

INR ₹ /US\$ Rs45.90

INR ₹ /GB£ Rs72.78

INR ₹ /EUR Rs62.58

Although the SENSEX bounced off the lows in the final hour it still closed 0.4% in the red. Egypt fears takes oil to the \$100 mark per barrel and exacerbates inflation fears. Q1 2011 is seen by investors as being tough. Unwinding of P notes positions continues. Market sentiment is soft.

## LONDON / NEW YORK

All GDRS and ADRS are down in 2011. Indian AIM stocks do better and some show gains, with OPG Power up a sparkling 32% so far in 2011.

## ECONOMIC NEWS

⇒ **As expected, interest rates were raised on 25 January to contain inflationary pressures, which are seen as more of a threat to the economy than economic growth.** The RBI raised its repo rate (at which it lends to banks) to 6.5% from 6.25% and the reverse repo rate (at which it borrows from banks) to 5.5% from 5.25%. Last year the RBI raised interest rates 6 times from March 2010 as inflation remained stubbornly high. Further interest rate rises of another 50bp are expected by June.

⇒ **Despite short-term problems of higher inflation and rising interest rates in developing economies the urge for a global footprint has not abated for businessmen there.** At the recent World Economic Forum in Davos, Switzerland emerging markets were still a hot talking point. With more cash and confidence than ever before, businessmen from developing economies were increasingly reversing the traditional flow of investments, ie, developed Western economies buying into emerging markets as a hedge to compensate for flagging revenues in home markets where consumption has been hard hit by debt problems. The trend over the last five years in emerging markets is seen to continue, which has seen China's Lenovo buy IBM's PC business, India's Tat Motors buy global luxury brands Jaguar and Land Rover (and turn them round into profit in about three years) and Mexico's Grupo Bimbo set to become the world's largest bread maker when it completes Sara Lee's North American bakery business. According to the Boston Consulting Group, by 2020 the top 100 players of the emerging world could collectively generate about \$ 8 trillion in revenues. This is almost the same as aggregate S&P 500 revenues today. These 100 "global challengers" will come from 16 countries, but China, India, Brazil, Russia and Mexico will dominate the list. Despite short term setbacks, emerging markets will drive "the next phase of globalisation" according to Jim Quigley, CEO of Deloitte Touche Tohmatsu who added that "What the U.S. and U.K. accomplished in a 200-year span since the

Industrial revolution, we are going to watch China and India accomplish in a 30-year span".

⇒ **Below is a table of YTD performance of Asia-Pacific and some Western markets.** India is the worst performer in the region, with China a close 2nd. Foreign investors book profits in emerging markets in favour of developed markets which are showing signs of economic recovery, especially the U.S.

INDEX PERFOR MANCE (source : Thomson Reuters)	Index at 31.1.11	2011 %Chg	2010 %Chg
<b>ASIA PACIFIC:</b>			
AUSTRALIA 200 INDEX	4,754	+1	-1
CHINA SHANGHAI COMP	2,791	-2	-16
CHINA SHENZEN COMP	1,198	-8	+5
HONG KONG HANG SENG	23,447	+3	+5
INDIA NIFTY 50	5,506	-10	+17
INDIA SENSEX 30	18,328	-10	+17
INDONESIA JAKARTA COMP	3,409	-6	+46
JAPAN NIKKEI 225	10,238	-1	-3
MALAYSIA K.L. COMP.	1,519	n/c	+19
PAKISTAN KSE 100	12,359	+4	+28
PHILIPPINES PSEi	3,881	-5	+39
SINGAPORE STI	3,180	+1	+11
SRI LANKA ALL SHARE	7,175	+8	+95
STH. KOREA KOSPI	2,070	+3	+22
TAIWAN TAIEX	9,145	+2	+9
THAILAND SET INDEX	964	-5	+41
VIETNAM STOCK INDEX	511	+5	-3
<b>WESTERN:</b>			
UK FTSE 100	5,863	n/c	+9
US D.J. IND	11,891	+2	+11
USA NASDAQ	2,700	+1	+17
BRAZIL BOVESPA	66,575	-4	+1
RUSSIA MICEX 10	4,036	+3	+25

**SELECTED SHARE PRICES****GDR OFFER PRICES (US\$) LONDON – 31 Jan 2011 : 1530 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
L&T	\$35.59	-22%	SBI	\$117.50	-9%
M&M	\$14.90	-13%	Suzlon Energy	\$4.42	-1%
Ranbaxy	\$11.90	-13%	Tata Power	\$28.40	-11%
Rel. Inds	\$39.81	-16%	Tata Steel	\$14.08	-9%

Source : Thomson Reuters

**ADR OFFER PRICES (US\$) NEW YORK – 31 Jan 2011 : 1600 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Dr.Reddy	\$35.40	-4%	Satyam	\$2.78	-3%
HDFC Bank	\$141.32	-16%	Sterlite	\$14.29	-2%
ICICI Bank	\$43.31	-14%	Tata Com (ex VSNL)	\$10.19	-11%
Infosys	\$67.56	-11%	Tata Motor	\$24.38	-16%
MTNL	\$ 2.14	-12%	WIPRO	\$13.03	-17%

Source : Thomson Reuters

**AIM (LONDON): in GB p unless stated otherwise – 31 Jan 2011 : 1630 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Caparo Energy	119	+ 6%	Ishaan	63.5	- 2%
DQE	128	+ 3%	Jubilant Energy	69.25	+ 4%
Eredene	17.5	+ 1%	OPG Power	104.5	+32%
Eros	240	+ 8%	Photon Kaathas	48¢	- 8%
Greenko	180	- 7%	SKIL Ports	245	n/c
HIRCO	70	+ 1%	Trikona Trinity	52	+ 8%
IEnergizer	179	+ 1%	Unitech	28	- 9%
Indus Gas	675	+ 9%	W. Pioneer	28	+ 3%

Source : Thomson Reuters

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