

20 Feb 2012**A few things**

- **Food Inflation:** -1.03% (for the week ended Jan 27)
- **Forex reserves:** \$293.25 bn (as on Jan 20)
- **Brent Crude:** 122.36 USD
- **Sensex:** 18,289.35 (as on Feb 17) Net change: 540.66, or 3.05 %, (from Feb 10)
- **Gold** (10 gm): Rs. 27, 930 (as on Feb 17)
- **Rupee:** 49.28/\$ (as on Feb 17)

Did you know?

- The terms Bulls and Bears, used to denote the movement of the markets are said to derive from the way in which the respective animals attack; the bull thrusts its horn up into the air and bear swipes down.
- The name Wall Street has a direct reference to an actual wall that was built by Dutch settlers on Manhattan Island.

Contact Us:**Mail Us At**finstreet.simsr@gmail.com**Visit Us At**<http://finstreet.weebly.com>**Like Us At**<https://www.facebook.com/TeamFinstreet>**RESTRUCTURING IS IN THE AIR**

The thirteen-bank consortium of lenders of Air India, headed by the State Bank of India, has approved a corporate debt restructuring plan worth Rs. 180 bn for the national carrier. Also approved is a cash credit of Rs. 22 bn as working capital loan.

Part of the plan consists of issuing non-convertible debentures, worth Rs. 74 bn, guaranteed by the Government.

NOT SO FREE

The proposed India-European Union Free Trade Agreement is giving sleepless nights to players in the automobile sector in the country, with duties on imports being reduced to half. This, they say, could wipe out investment plans of the future and disrupt the level playing field.

India exported around 230,000 cars to the EU in the year 2011, amount to \$ 1.7 bn.

RUNNING OF THE BULLS

NIFTY has gained 20% in the year 2012, after having lost about a quarter of its value. This rally is largely due to FII inflows of 221.26 bn (as of Feb 14). The Sensex has risen a full 20% increase from December, 2011 levels.

State elections, the Union budgets and policies for fiscal consolidation are expected to be the deciding factors of the continuance of this run.

WE DON'T WANT YOUR OIL!

Several of Europe's big oil buyers have severed ties with Iran, either partially or completely. Flows to the continent have reduced by 300,000 barrels daily.

Among those implementing cuts, arising out of the political situation with Iran, are Total of France, Greece's Motor Oil Hellas and Hellenic Petroleum, Royal Dutch Shell and Spain's Cepsa and Repsol.

RISING SHORT-TERM RATES

Certificates of Deposits (CDs) have witnessed their rates reach a one-year high. Banks are now borrowing heavily from the debt markets, with issuances of CDs close to Rs. 50 bn against the usual quantum of Rs. 30 bn. CDs with a 3-month maturity period saw their rates go up 25 bps on Feb 17.

The markets are expecting a cut in CRR in the next mid-quarter policy review of the Central bank.