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SENSEX TUMBLES MORE THAN 9% AS BUDGET DISAPPOINTS

Key benchmarks corrected sharply on concerns of a ballooning fiscal deficit. Investors were also disappointed as the Finance Minister did not announce major liberalization measures in his new budget. A cautionary statement on India's sovereign rating by Standard & Poor's (S&P), the credit rating agency, further weighed on the bourses.

BSE 30-SHARE INDEX AND CNX NIFTY

The 30-share BSE Sensex tanked 1,408.83 points or 9.45% to 13,504.22 in the week ended Friday, 10 July 2009. The 50-unit S&P Nifty lost 420.35 points or 9.50% to 4003.90 in the week.

BSE SMALL & MID CAP INDEX

The BSE Small-Cap index fell 590.45 points or 10.14% to 5,234.50 in the week. The BSE Mid-Cap index fell 468.63 points or 9.03% to 4,718.59 in the week.

IIP NUMBERS

India's industrial output rose by a higher-than-expected 2.7% in May 2009, indicating interest-rate cuts and stimulus measures are helping revive demand.

FII & DII ACTIVITIES

Foreign institutional investors (FIIs) inflow in July 2009 totaled Rs.4294 cr, while inflow in calendar year 2009 totaled Rs.28597.40 cr (till 9 July 2009).

A rating downgrade forces many foreign investors to withdraw money from a country since their agreement with investors does not allow them to invest in lower-rated economies.

FOREX

GBP/\$	1.6204/1.6207	\$/Yen	92.5900/92.6400
EUR/\$	1.3902/1.3905	\$/INR	48.9700/9900

WEEK AHEAD: MARKET MAY REMAIN VOLATILE

The market may remain choppy next week as companies post their Q1 June 2009 earnings. Larsen and Toubro, HDFC Bank, and Axis Bank are some major companies announcing results next week.

Despite the prevailing market weakness, the undertone still remains bullish as analysts expect a turnaround in the economy in near future as government stimulus packages take effect.

India's monsoon is another notable factor to watch out. Rains have caught up in the last seven days over most of India but water in the main reservoirs has more than halved, putting at risk even winter-sown oilseeds and wheat. Monsoon rains were 8% below normal in early July 2009. Investors are suggested to start investing in the market. The market is already discounted. Invest in Infrastructure, Power and banking sector.