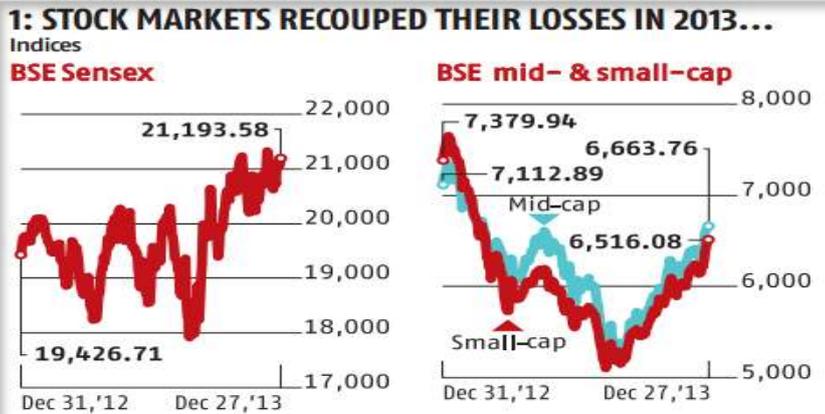


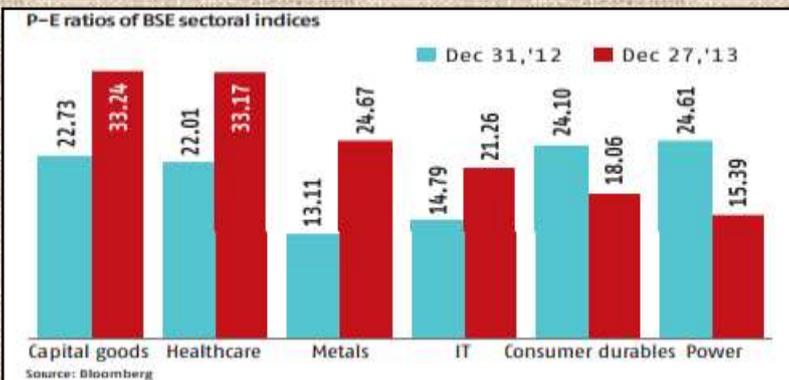
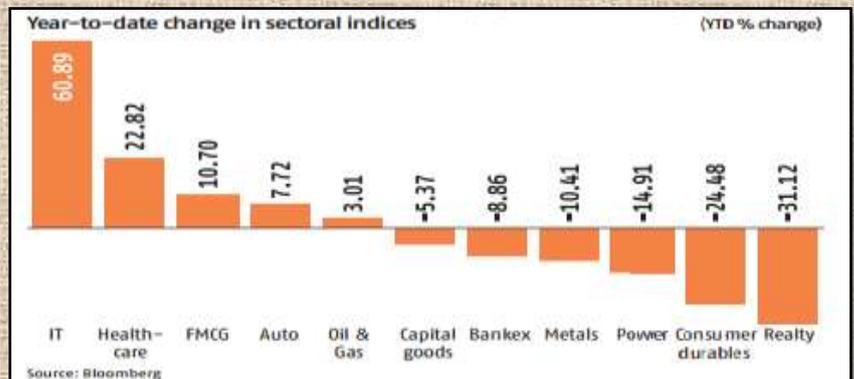
STATSGURU: Taking stock of the equity & commodities markets in 2013

How was the year 2013 for the equity and commodity markets? Here is the overview....



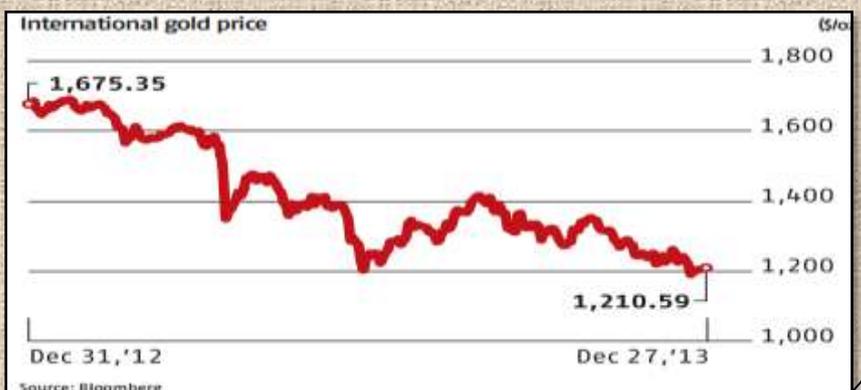
Indian stocks seemed to have done well, certainly - the Sensex ended the year on a high note, as **Table** shows. However, mid-cap and small-cap shares did not do quite as well, although they recovered some of their losses towards the end of the year

Within the market, the fate of sectors differed greatly, as **Table** points out. Realty and power continued to lose value, while information technology and healthcare prospered



The price-earnings (P-E) ratios of various sectors also varied widely. Capital goods increased their P-E but consumer durables decreased the ratio

One big story of the year was the consistent slide in gold prices. This helped reduce the pressure on India's current account deficit



FM may extend excise relief, but won't cut rates

The interim budget for 2014-2015 is likely to extend some state and sector-specific indirect tax breaks although tax rate changes are unlikely to happen. Certain end-use specific exemptions in service tax could be expected. While the tax rate presently at 12% is unlikely to be changed, services rendered to certain infrastructure businesses could get relief. The government is also considering an extension of the excise duty exemption in hill states such as HP and J&k by either five years or until GST comes into force.

Post FCI to raise Rs 15k cr via short term loan

Market With a sharp rise in outstanding dues against funds allocated under the food subsidy head, the Food Corporation of India will seek Rs 15k crore as a short term credit to meet the expenses for procuring and distributing grain till end of current fiscal. According to FCI officials the "unsettled dues" from the government is expected to rise to more than Rs 40k crore in the current fiscal after exhausting the budgetary allocation of Rs 90k crore for 2013-2014 under the food subsidy allocation. Out of food subsidy allocation, Rs 10k crore was earmarked for implementation of National Food Security Act, 2013, which had been rolled out in only few states.

Gold linked money pooling schemes under SEBI scanner

SEBI has come across a large number of cases where investors are being lured into various gold-linked bond schemes. However a lack of clarity with regard to regulations for most of such schemes is making it difficult for SEBI to act against their operators. SEBI is now seeking help from other regulators and government departments, including RBI, on these cases.

Corruption As Janet Yellen makes Fed debut, expect no fireworks

With the world's financial markets watching, Yellen, who succeeded Ben Bernanke last week, will have a chance to set a mostly upbeat tone and point to signs of steady economic progress, despite some recent bumps in the road. The Fed has embarked on perhaps its most difficult policy shift after five years of ultra easy money. It has begun scaling back its bond buying stimulus, but at a measured pace that could frustrate some republicans who think the programme is reckless. Two months of weak US jobs growth, a slump in manufacturing and a recent sell off in emerging markets now complicate things for the new chief.

China top bank to tolerate tenable volatility in rates

China's central bank said reasonable volatility in money-market interest rates must be tolerated as it manages liquidity in the country's financial system to rein in credit growth. China's benchmark repurchase rate surged to a record in June after the Central Bank refrained from addressing a cash crunch in the interbank market as it cracked down on shadow finance. While it will use tools including the reserve requirement ratio and short-term lending facilities to ensure "appropriate liquidity", it won't bankroll a growth model that relies on investment and debt.

Japan's current account woes throw spotlight on economic risks

Japan posted its smallest current account surplus on record last year, throwing the spotlight back on Tokyo's ability to service its huge debt and exposing a danger point in an economy starting to find its feet after years of underperformance. The world's third-biggest economy sped past many of its Group of seven counterparts in 2013 spurred by an aggressive mix of fiscal and monetary expansionary policies. But a deteriorating external position has cast a shadow on the recovery as policy makers worry that the economy may falter if exports do not regain momentum. At the same time the energy import bill has risen sharply as Japan's nuclear power plants are idled following the Fukushima nuclear accident three years ago. For 2013, Japan's current account recorded a 3.3 trillion yen surplus, the data showed. This was the smallest surplus in comparable data available from 1985.