

January 19, 2009

MARKET SUMMARY

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Domestic Markets

The Indian equity markets ended the week on the negative side, as extremely weak global cues weighed on the market sentiment offsetting an improved industrial production data. The 30 share index, Sensex dropped 82.88 points, or 0.88%, to 9,323.59 in the week ended Jan. 16, 2009. On the other hand, the broad based NSE Nifty dropped 44.55 points, or 1.55%, to 2,828.45 in the same period.

Inflation, based on the wholesale price index (WPI), fell to a new 11-month low of 5.24% for the week ended Jan. 3, 2009, from 5.91% in the week before. Ashok Chawla, secretary of the economic affairs department in the finance ministry, said the government expected the rate to come down to 3-4% by end of the current fiscal.

Index of Industrial Production (IIP) grew 2.4% in November as against the negative 0.3% growth it had clocked in October. The infrastructure sector output grew 2.2% in November 2008 from a year earlier, below 3.4% annual growth in October 2008.

Global Markets

The global equity markets tumbled on renewed concerns over the financial well-being of the banking system. US bank Citigroup, after suffering a loss of USD 8.29 billion – its fifth straight quarterly deficit, announced that it was splitting the bank in two.

Bank of America reported a USD 2.39 billion loss for the three months ended in December, just hours after the US Treasury agreed to provide a USD 20 billion lifeline to help it survive the losses surrounding its recent acquisition of Merrill Lynch & Co.

Canada-based telephone equipment maker, Nortel Networks Corp's subsidiaries in the US and Canada filed for bankruptcy protection. In Europe, Deutsche Bank said it will report a big Q4 loss. The European Central Bank cut its key rate by a half-percentage point to 2%.

Highlights:

Sensex down 0.88% for the week ended Jan. 16

Inflation dips to 5.24% for the week ended Jan. 3

IIP growth up 2.4% in November

Economic woes to persist in next fiscal: PM

RBI unlikely to cut key rates in policy: Bankers

India to grow at 7% - 7.5%: Ashok Chawla

SBI to create fund for investing in equity of infra projects

Indices	% Change	Points	Close
BSE Sensex	-0.88	-82.88	9323.59
S&P CNX Nifty	-1.55	-44.55	2828.45
BSE Mid Cap	-3.01	-93.96	3026.83
BSE Small Cap	-4.02	-142.83	3412.77
BSE Health Care	-0.71	-20.31	2852.44
BSE PSU	-1.90	-98.62	5085.6
BSE Bank Index	-6.38	-343.52	5037.84
BSE Auto	1.13	28.51	2552.02
BSE Metal	-4.01	-208.43	4995.43
BSE Oil & Gas	2.70	156.1	5933.69
BSE I T	2.49	52.99	2184.98

**For the week ended January 16, 2009*

Indices	% Change	Points	Close
Dow Jones	-3.70	-317.96	8281.22
NASDAQ Composite	-2.69	-42.26	1529.33
FTSE	-6.78	-301.48	4147.06
Nikkei	-6.87	-606.65	8230.15
Hang Seng	-7.80	-1121.93	13255.51
Straits Times	-4.18	-75.57	1730.45

**For the week ended January 16, 2009*

ECONOMIC WOES TO PERSIST IN NEXT FISCAL: MANMOHAN SINGH

Prime Minister Manmohan Singh said the country will have to live with economic woes through the next fiscal because the government policy measures cannot fully insulate the domestic economy from the impact of the global downturn.

SBI TO CREATE FUND FOR INVESTING IN EQUITY OF INFRA PROJECTS

State Bank of India (SBI) entered into an agreement with the Gujarat government to create a fund of Rs 50 billion for investing in equity of infrastructure projects. This will be over and above the deployment of Rs 300 billion in SMEs.

RBI UNLIKELY TO CUT KEY RATES IN POLICY: BANKERS

With inflation declining sharply in recent weeks and slowing demand, the Reserve Bank of India (RBI) may signal softer interest rates even though it may not tinker much with key-rates in the quarterly review of its annual monetary policy, bankers said.

STRONG CORPORATE GOVERNANCE LAWS NEEDED: SCINDIA

Minister of State for Information Technology Jyotiraditya Scindia said that a stronger corporate governance framework is needed to prevent Satyam- like financial frauds.

SBI TO WAIT FOR CLARITY BEFORE LENDING FURTHER TO MAYTAS

State Bank of India (SBI), which has an exposure of Rs 5 billion to Raju family-promoted two Maytas firms, has said it has put on hold any further lending until there is clarity on the status of the companies, which are under scanner due to Satyam-scam.

INDIA TO GROW AT 7% - 7.5%: ASHOK CHAWLA

Ashok Chawla, secretary of the department of economic affairs, said that the Indian economy is now projected to grow between 7% and 7.5% in the current fiscal. With the presence of strong domestic demand stimulus, India is expected to maintain a strong pace of economic growth despite continuation of global recession.

PRIMA FACIE MAJOR DIVERSION OF FUNDS FROM SATYAM

The government said prima facie there appeared diversion of funds from scam-tainted Satyam Computer Services where the facts and figures in the balance sheet are not based on correct information. Corporate Affairs Minister Prem Chand Gupta said that the first information about Satyam is encouraging as the company's liabilities were not much.

Star Performers

Fund	Nature	1 Yr Return %
UTI SPREAD Fund	Arbitrage Fund	10.92
ICICI Prudential Blended Plan A	Balanced	8.70
Birla Sun Life International Equity Fund - Plan A	Equity	-27.96
Sundaram BNP Paribas Tax-saver	Equity-ELSS	-48.19
HDFC Index Sensex Plus Plan	Equity-Index	-46.99
UTI Gold Exchange Traded Fund	ETF	14.81
LICMF Floating Rate Fund - Short Term Plan	Floating Rate Fund	10.19
ICICI Prudential Gilt fund Investment Plan - PF	Gilt	35.85
Canara Robeco Income	Income	30.57
Birla Sun Life MIP II - Savings 5 Plan	MIP	21.32

**For the week ended January 16, 2009*

GOVT. WILL GET TO THE ROOT OF THE SATYAM FRAUD: PM

Prime Minister Manmohan Singh described the Satyam Computer Services episode as a blot on India's corporate image and said the government was determined to get to the root of the fraud.

CITIGROUP POSTS USD 8.29 BN Q4 LOSS, PLANS BIZ SPLIT

US bank Citigroup, after suffering a loss of USD 8.29 billion – its fifth straight quarterly deficit, announced that it was splitting the bank in two.



THE WAY TO FINANCIAL FREEDOM

FAAIDA can become the voice of IFAs: Balvir Chawla



Balvir Chawla, founder of Life Lite, is a Certified Financial Planner (CFP). He is a post graduate in management with specialization in finance. He has also completed a post graduate diploma course in Investment and Financial Analysis.

Life - Lite is the brainchild of Balvir Chawla for providing professional services in financial planning, life insurance planning and

investment planning.

Balvir Chawla has also qualified for MDRT - 2006 which is a premier association of financial professionals all over the world.

FAAIDA managed to get an exclusive interview with Balvir Chawla. Here are some excerpts from the interview.

What led you to choose financial planning as a career?

I started my career as an insurance agent with Life Insurance Corporation of India (LIC) in 2002. However, when I met customers, I saw that they were keen to be associated with someone who could advise them in all areas of investments and there were not many people offering it. They were not worried about rebates or charges but wanted an honest and transparent opinion on all products. I did my research on the courses available and I found out CFP as the best solution.

What services do you offer? How long have you been advising clients?

We are offering complete financial planning solutions to our clients which include insurance, mutual funds, stocks, real estate and estate planning. We have been advising clients since 2002.

Briefly explain the investment / selling scenario of the financial products you offer in current market?

We have been advocating the SIP route to our clients for entry in the stock markets. We are more focused on maintaining the asset allocation we have decided for them and are ensuring that the allocation remains as decided.

How important is an independent financial advisor (IFA) in the total sales process?

I believe the IFA is the most critical part in the sales process. He is the one who can create a long-term relationship with the client and advise correctly without any targets to achieve.

Have you heard of FAAIDA? What role do you think FAAIDA can play with you to improve the IFA performance?

FAAIDA can be the connector between IFA and the regulatory bodies. FAAIDA can become the voice of the IFA who is not aware of the changes happening and has no common platform to make his voice heard. Also it becomes a good platform where IFAs` can interact amongst themselves and exchange views.

In today's fluctuating market conditions, what's been the most common reaction from your clients?

Just as everyone our clients too are a bit cautious but they are optimistic. Since they have planned properly, they are aware of the benefits they will receive if invest in these times.

How many clients do you currently manage?

We are managing around 400 clients.

How many clients do you think an IFA can handle comfortably?

If the IFA is tech savvy and operates with his staff and office, I think there is no limit for him. However, a base of around 500 good customers is a comfortable level.

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Financial Advisors Association of India

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Planning Software, Training
Solutions, Branding
Solutions, e.t.c.

Getting inside your prospect's mind!



When dealing with a new client, a successful preliminary meeting will help you identify common concerns that your potential client might have and plan a proposal accordingly that meet his needs.

Your prospective client may have a number of concerns relating to managing cash, income tax exposure, education funding, future health care costs, retirement planning, personal debt, estate planning, investment risks, asset growth, etc.

When a potential client comes to you, he seeks expert advice that could have a dramatic improvement in his financial life. You should be able to communicate very clearly that your service meets his needs.

In today's fiercely competitive financial services marketplace, it is very important to clearly demonstrate to your prospective client, what sets you apart as a financial advisor. Describe how your plan might differ from those of your competitors.

Your ability to solve his problem becomes the focal point for your client relationship. He needs to feel there is a low level of risk involved in working with you. Remember, don't rush to get solutions. Have patience. Listen carefully. Carefully listening to your prospect is extremely important.

In your exuberance to provide solutions to the client's problems, you may forget to listen to him. When paying attention to conversation, you learn a lot about the potential client. Therefore, listen more and glean the knowledge that will help you understand the prospect's goals, concerns and overall needs.

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Financial Advisors Association of India

This economic slump is just another 'Bump in the Road'
Enhance your knowledge &
Service Delivery

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