

India's Sensex Drops for Fifth Day on Bihar Vote, Fed Concern

Indian stocks tumbled, with the benchmark gauge dropping for a fifth day, after Prime Minister Narendra Modi's party lost state elections in Bihar and concern grew the Federal Reserve could raise interest rates next month.

Reliance Industries Ltd., owner of the world's largest oil-refining complex, slid the most in 11 weeks. Bharat Heavy Electricals Ltd., the nation's biggest power-equipment maker, fell to an 18-month low. Dr. Reddy's Laboratories Ltd. extended losses over a five-day period to 23 percent.

The S&P BSE Sensex tumbled 1.5 percent to a seven-week low of 25,743.26 at the close in Mumbai. The Bharatiya Janata Party's defeat in Bihar elections has raised concern that Modi's ability to push through policies to strengthen the economy will be hampered. The MSCI Asia Pacific Index declined 0.7 percent amid anxiety that the era of near-zero U.S. borrowing costs will come to an end next month and China's slower-than-estimated inflation signaled more weakness in the world's second-biggest economy.

After the Bihar election results, "a lot more focus will be laid on how economic policies evolve over the next few months," Mayuresh Joshi, head of institutional sales at Mumbai-based Angel Broking Ltd., told Bloomberg TV India. "If the Fed rate hike does happen in December, you are going to see a selloff."



Sensex stocks' performance since last year's Diwali

Special Trading

The stock market will be closed for regular trade over the next two days. It'll open for a one-hour special trading session Wednesday evening for Diwali, the Hindu festival of lights. Determined by the new moon, the so-called Muhurat trading session is deemed the most auspicious time to start investments, with investors following a centuries-old practice of seeking the blessings of Lakshmi, the Hindu goddess of wealth.

Reliance Industries dropped 4 percent, the most since Aug. 24. Bharat Heavy retreated 3.3 percent to its lowest level since May 2014 and Infosys Ltd., India's second-largest software exporter, slid 2.4 percent.

Dr. Reddy's, the nation's third-largest drugmaker by market value, sank 4.9 percent. A U.S. court restrained sales of Esomeprazole capsules, the company said in a filing.

Earnings Report

Hindalco Industries Ltd. fell 0.9 percent, paring an earlier drop of as much as 3.6 percent. The aluminum producer reported second-quarter profit of 1.03 billion rupees, compared with analysts' estimate for a 965 million-rupee loss in a Bloomberg survey.

BloombergBusiness

Fifty-nine percent of Sensex companies that have posted results for the July-to-September quarter so far have matched or beaten estimates, versus 60 percent in June, data compiled by Bloomberg show.

InterGlobe Aviation Ltd., which runs India's biggest airline, IndiGo, jumped 15 percent in its trading debut from the initial public offering price.

International investors bought \$240 million of local stocks on Nov. 6, taking this year's inflows to \$4.4 billion. The Sensex has lost 6.4 percent this year and trades at 15.2 times projected 12-month earnings, compared with a multiple of 11.1 for the MSCI Emerging Markets Index.