

Indian Stocks Extend Last Week's Gain as Rally Resumes in Asia

Indian stocks rose for a second day, with the benchmark gauge climbing to a more than two month high, as foreign funds added to their holdings of domestic shares and a global stocks rally gathered momentum in Asia.

Tata Motors Ltd., owner of Jaguar Land Rover, is on course for its longest winning streak since 2003. ICICI Bank Ltd., the nation's biggest private lender, rose for the first time in five days. Coal India Ltd., the world's top producer of the fuel, climbed after report of a buyback. Adani Ports & Special Economic Zone Ltd. climbed most in a week. A gauge of small-cap shares headed for a one-month high.

The S&P BSE Sensex rose 0.4 percent at 11:46 a.m. in Mumbai. The gauge capped a second weekly advance on Friday as overseas investors bought \$175.6 million of domestic shares March 10, boosting the month's inflow to \$1.41 billion. Risk appetite has returned globally before central banks including the U.S. Federal Reserve review policy this week.

"Investors are focusing on the global central bank meetings," Vikas Gupta, an executive vice president at Arthveda Fund Management Pvt. in Mumbai, said by phone. "The central bank firepower is limited. The market will be driven by basic economic data." He prefers consumer companies and makers of appliances.

Policy Reviews

Central banks are being relied on to revive the global economy after a worsening growth outlook wiped almost \$9 trillion off the value of equities worldwide this year through mid-February. The bulk of the stock-market losses have been clawed back, helped by monetary easing in China and last week's announcement of unprecedented stimulus by the European Central

Bank. The Bank of Japan will conclude a policy review on Tuesday and a Federal Reserve meeting ends Wednesday.

In India, equities have risen in eight out of 10 days after Finance Minister Arun Jaitley in his Feb. 29 federal budget pledged to further cut the fiscal deficit, stoking speculation of an interest-rate reduction by the central bank. Policy measures to boost economic growth, including the passage of the real-estate bill and easing rules for mining companies, have added to the momentum.

Budget Praise

The goal to reduce the fiscal gap to 3.5 percent of gross domestic product in the year starting April 1 “is a firm indication of government intent on fiscal consolidation,” RBI Governor Raghuram Rajan said over the weekend. The budget drew praise at a central bank board meeting on Saturday for fiscal responsibility, public investment and various reform moves, he said. Rajan said last month that he’d look at both the budget and inflation before making his next move.

“While chances of a rate cut in India have increased, Rajan may do something different because he doesn’t want people to out-guess him,” Gupta said. “He likes to surprise.”

India’s consumer prices may have climbed 5.5 percent from a year earlier in February, compared with 5.7 percent in January, according to the median estimate of 32 economists in a Bloomberg survey. That compares with January’s 5.69 percent gain. The data is due after market hours Monday. Wholesale price index likely fell to -0.19 percent, a separate survey showed.

Tata Motors surged 3.5 percent, taking its gains in the past nine days to 22 percent. ICICI Bank increased to its highest level since Jan. 29. State Bank of India added 1.1 percent.

Coal India rallied 2.2 percent to 298 rupees. The Economic Times newspaper reported Monday the company may buy back 5 percent of its equity at 330-340 rupees per share.

Pfizer India Ltd. tumbled 5.3 percent, the most in 15 months, after the company said it has discontinued making Corex cough syrup. The government banned the sale of fixed dose combination of Chlopheniramine Maleate and Codeine syrup with immediate effect, the drugmaker said in a filing. Corex recorded sales of 1.76 billion rupees in the April-December period, the company said.

The Sensex has fallen 4.7 percent this year and trades at 15.2 times 12-month projected earnings. The MSCI Emerging Markets Index is valued at a multiple of 11.6.