

India Stocks Climb to Record on Global Growth Outlook; Sun Leads
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By Rajhkumar K Shaaw

Jan. 22 (Bloomberg) -- Indian stocks climbed to a record, led by metal producers and software exporters, as an improving global economy boosted the outlook for their earnings.

Tata Steel Ltd., the country's top producer of the alloy, had its biggest two-day advance since November. Aluminum maker Hindalco Industries Ltd. gained for a third day. Wipro Ltd., India's third-largest software maker, added 1.6 percent. Sun Pharmaceutical Industries Ltd., India's most valuable drugmaker which gets 60 percent of its sales from abroad, was the biggest gainer on the benchmark S&P BSE Sensex.

The Sensex gained 0.4 percent to 21,337.67 at the close in Mumbai. The global economy will expand 3.7 percent this year, compared with an October estimate of 3.6 percent, the International Monetary Fund said in revisions to its World Economic Outlook released in Washington yesterday. Investors are the most upbeat about the global economy in almost five years, encouraged by the U.S.-led revival of industrialized economies, according to a Bloomberg Global Poll.

"We are more positive on companies tied to the global economy as outlook is improving," Alex Mathews, head of research at Geojit BNP Paribas Financial Services Ltd., said from Kollam in south India today. "The tapering by the U.S. Fed will be gradual and is unlikely to have big impact on fund flows."

Tata Steel advanced 2.5 percent, adding to yesterday's 2.4 percent increase. Hindalco rallied 2 percent, its highest close in two weeks.

Earnings Scorecard

Wipro, which receives 90 percent of its sales from abroad, rose 1.6 percent to 577.95 rupees. Larger rival Infosys Ltd. advanced for the 10th day, the longest stretch of gains since April 1997. India's top three technology companies, which get most of their sales from overseas, were among the five largest gainers on the Sensex in 2013 as growth in developed economies and an 11 percent decline in the rupee boosted the outlook for exporters' earnings.

Housing Development Finance Corp., India's biggest mortgage lender, posted a 12 percent increase in third-quarter profit as loans grew 19 percent. Net income climbed to 12.8 billion rupees (\$207 million), in the three months ended Dec. 31 from 11.4 billion rupees, a year earlier. That compared with the 12.7 billion-rupee median of 32 analyst estimates compiled by Bloomberg. The stock rose 0.4 percent.

All eight Sensex companies that have reported profits for the December quarter so far have beaten or matched forecasts.

Fed Meeting

The Reserve Bank of India should adopt a 4 percent target for consumer-price inflation when it sets interest rates, a panel appointed by Governor Raghuram Rajan recommended in a report yesterday. The RBI meets for its next policy review on Jan. 28.

The U.S. Federal Reserve is scheduled to meet Jan. 28-29. Richmond Fed President Jeffrey Lacker said Jan. 17 that the central bank, which is cutting its stimulus by \$10 billion to \$75 billion starting January, may consider more reductions.

"In the short term, the RBI and Fed policy meetings are the most anticipated events," Geojit BNP's Mathews said. "We are unlikely to see major buy or sell decision before clarity emerges on those issues."

Rajan has made the battle against consumer-price increases a priority since taking over the RBI in September. He raised rates twice before leaving the key repurchase rate unchanged at 7.75 percent at the last review on Dec. 18. The rate will be held again at next week's meeting, according to all 14 economists in a Bloomberg survey.

International investors bought a net \$2.1 million of domestic shares on Jan. 21, data compiled by Bloomberg show.

They invested \$20 billion last year, the most in Asia after Japan, and \$24.6 billion in 2012, the data show.

The Sensex has risen 0.8 percent this year and trades at 13.3 times projected 12-month profits, compared with the five-year average of 14.4 times. The MSCI Emerging Markets Index is valued at 9.2 times forward earnings.

The CNX Nifty Index added 0.4 percent to 6,338.95. The India VIX gained 1.9 percent.

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