

## India's Nifty Index Rises to Record as Fed Keeps Rate Outlook

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By Ameya Karve

(Bloomberg) -- India's NSE Nifty 50 Index rose to a record and the Sensex climbed back to a two-year high after the U.S.

Federal Reserve struck a dovish tone as it signaled plans for two more interest-rate increases this year. The outlook was seen stimulating emerging-market flows.

The NSE Nifty 50 Index rose 0.8 percent to close at a record as the India VIX Index, a gauge of expected stock-price swings, closed at its lowest level since September 2014.

The benchmark Sensex gauge gained 0.6 percent to close in Mumbai its highest level since March 2015. Adani Ports & Special Economic Zone Ltd. rose 5 percent and Tata Steel Ltd. climbed

4.3 percent. All the 13 sector gauges compiled by BSE Ltd.

rallied, led by the S&P BSE Metal Index's advance of 2.8 percent.

"The U.S. Fed action was in line with market expectations and allayed concerns that the outlook comments might turn hawkish," Hemant Kanawala, head of equities at Mumbai-based Kotak Mahindra Old Mutual Life Insurance Ltd., said on phone.

"This is positive for emerging-market flows and overseas inflows to Indian stocks will resume," he said.

Resumption of foreign inflows and seven straight months of net purchases by local funds have boosted the valuations of Indian stocks to their highest level in more than six years. The Sensex traded at 17.3 times estimated 12-month earnings, the highest since November 2010.

Foreign funds have purchased \$3.5 billion of local shares so far this year after a record \$4.6 billion outflow in the three months through December. Domestic funds have been buyers for seven straight months through February, including a record

138 billion rupees (\$2.1 billion) in November.

"In an environment where earnings haven't been so exciting the valuations from the price-to-earnings perspective will always look expensive," Kanawala said. "Price-to-book ratio is a better parameter in such cases."

Read more: [Big Money Missing India Stock Rally as Earnings Sign Awaited](#)

The Sensex traded at 2.8 times its estimated 12-month book value versus a decade high of 4.8 in 2008.

## Summary

\* Reliance Capital (RCAPT) jumps 8.5%, highest close since July

2014 as it plans to separate health insurance operations into a new unit; rise most on S&P BSE 200 Index

\* Suzlon Energy (SUEL) jumps as much as 9.4%, headed for

highest closing in 8 months; most-traded stock by volume; almost 7.2m crossed in 4 blocks on NSE; buyers and sellers not immediately known

\* Steel Authority (SAIL) +5.5%, JSW Steel (JSTL) +4.8%,

Jindal Steel (JSP) +4.7% pace rally in metal stocks; NOTE:

Earlier Thursday, Steel Mills in India Reversing Import Woes With Export Push

\*\* Separately, JSP was raised to hold from buy at Deutsche Bank, PT +78% to 112 rupees

\* United Spirits (UNSP) -2.4%, steepest on S&P BSE 200 Index; cut to sell from underperform at CLSA

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