

India Stocks Jump Most in Two Months After Three Weeks of Losses

(Bloomberg) -- Indian stocks rallied as oil prices fell, with the benchmark gauge rising after dropping for three straight weeks.

Oil & Natural Gas Corp., India's largest explorer, climbed the most in five months. Bharti Airtel Ltd. jumped the most in two weeks, pacing gains among mobile-phone carriers. Housing Development Finance Corp., the biggest mortgage lender, rose for the first time in four days, and cigarette maker ITC Ltd. increased the most in two months.

The S&P BSE Sensex surged 1.9 percent to 27,975.86 at the close, the biggest advance in two months. The gauge's 14-day relative strength index fell to 29 on Friday, indicating that prices may be poised to rise. Crude dropped for a second day, cutting energy costs for India, which buys about 80 percent of its oil from abroad.

"March is out of the way and some position-building took place" before the start of the new financial year on April 1, Deven Choksey, managing director at Mumbai-based brokerage K.R. Choksey Shares & Securities Pvt., said in an interview with Bloomberg TV India. "The market will stabilize from here on."

The Sensex has fallen 4.7 percent in March, set for its worst monthly performance since February 2013, amid concern an increase in U.S. interest rates may spur outflows from emerging markets. The first drop in six quarters in earnings-per-share for the gauge's 30 companies in the three months ended Dec. 31 also has weighed on sentiment, data compiled by Bloomberg show.

The decline dragged the gauge's valuation to 15.3 times projected 12-month earnings on Friday, the cheapest since Jan. 14, the data show.

'Buying Opportunity'

"This is buying opportunity for long-term value investors as India's economic fundamentals are solid," Vikas Gupta, an executive vice president for investment

research at Arthveda Fund Management Pvt., said by phone from Mumbai. “We could see some volatility due to global events in the short term.”

Today’s rally coincided with gains in equities around the world after China’s central bank said the government can do more to support growth. The Stoxx Europe 600 Index climbed 0.7 percent, and the MSCI Emerging Markets Index added 0.9 percent. Standard & Poor’s 500 Index futures rose 0.7 percent.

Housing Development Finance added 3.5 percent, paring last week’s 5.7 percent decrease. State Bank of India, the nation’s biggest lender, gained 1.6 percent after falling for six weeks in a row. Axis Bank Ltd. increased 3.1 percent. HDFC added 3.5 percent, ending a three-day, 7.1 percent slide.

Mid-Cap Rally

Bharti jumped 3.4 percent and Idea Cellular Ltd. soared 6.2 percent to a 17-month high. Reliance Communications added 3.3 percent. Larsen & Toubro Ltd., the largest engineering company, increased 3 percent, while ITC rose 3.2 percent.

S&P BSE Mid-Cap Index jumped 1.9 percent, the most since Dec. 18, rebounding from last week’s 2.5 percent drop that was the most since the week ended Dec. 14. A gauge of smaller companies rallied 3.4 percent, the steepest jump since last May 19. The index tumbled 3.9 percent last week.

Global investors sold a net \$2 billion of shares on March 27, paring this year’s inflows to \$5.8 billion, data compiled by Bloomberg show. They bought \$16 billion of stocks last year.

Indian markets are closed Thursday and Friday for holidays.

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