

Mint - Market Watch

2.3% loss

Sensex reverses early gains; RIL, SBI drop

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Indian stocks declined on Tuesday, with the benchmark index reversing earlier gains, as selling by overseas funds overwhelmed investor optimism about the US government's rescue of Citigroup Inc.

Reliance Industries Ltd (RIL), the nation's most valuable company, fell 6.2%. State Bank of India (SBI), the country's largest lender, dropped 6.7%, the most in a month.

"Redemption pressures from overseas funds still continue," said Shashank Khade, who manages about \$400 million (Rs2,000 crore) at Kotak Securities Ltd in Mumbai. "Until we see that selling abating it will be difficult for markets to advance."

The Bombay Stock Exchange's (BSE) Sensex fell 207.59 points, or

2.3%, to 8,695.53. The index earlier rose as much as 3.1%. The S&P CNX Nifty index on the National Stock Exchange (NSE) declined 54.25 points, or 2%, to 2,654. The BSE-200 index slid 1.9% to 1,028.04. Nifty futures for November delivery dropped 2.8% to 2,641.

Overseas funds sold a net Rs514 crore of Indian stocks on 21 November, increasing outflows this year to a record \$13.4 billion, the nation's stock market regulator said. Foreign investors have offloaded equities for eight straight days, their longest selling streak in a month.

RIL fell 6.4% to Rs1,071.80. SBI declined 6.6% to Rs1,071.85, the most since 27 October. Share prices are composite of BSE and NSE rates.

Stocks earlier rose after Citigroup on Monday received a US

government support package that injects \$20 billion of capital and shields the bank from losses on \$306 billion of mortgages, commercial loans and other securities. The bank's stock soared 58% on Monday, rebounding from last week's 60% plunge.

KS Oils Ltd gained Rs3.30, or 8.4%, to Rs42.40. The cooking oils manufacturer acquired an edible oil refinery at Haldia port in West Bengal for Rs125 crore, the company said in a statement to BSE on Tuesday.

Oil and Natural Gas Corp. Ltd, India's biggest exploration company, added Rs7.35, or 1.1%, to Rs685.85 after the company said on Monday that it found oil in a block in the Krishna-Godavari basin off the country's east coast.

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