

**SENSEX LOSES 491 POINTS; NIFTY SLIPS BELOW 11,700**

# Now US-India Trade Tiff Rattles Sentiment on D-St

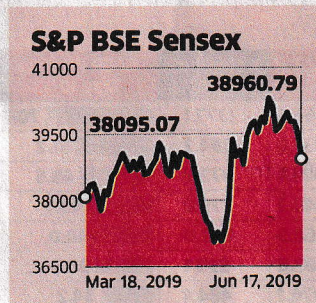
Analysts say fear in credit markets is spreading to equities market in a bigger way now

Our Bureau

**Mumbai:** The stock market tumbled on Monday, extending losses to the fourth straight day, as the mood soured further after India raised tariffs on US exports in retaliation to Washington's move to remove New Delhi's preferential access to American markets. The risk of a tit-for-tat tariff dispute has added to concerns over the health of domestic Non-Banking Finance Companies and its impact on the economy with the Sensex falling below 39,000 and the Nifty ending below 11,700.

BSE's Sensex fell 491.28 points or 1.25% to close at 38,960.79. NSE's Nifty dropped 151.15 points or 1.28% to end at 11,672.15. The Sensex and Nifty have declined almost 3.2% in the past four days.

"Sentiment is fragile. The US-India



trade dispute could be a big source of worry because it could impact Global EM (emerging market) flows," said Aditya Sood, chief investment officer and founder, Vishuddha Capital Management, a Mumbai-based investment fund.

The government increased tariffs on 28 products exported from the US starting Sunday. The move comes when there are existing worries about the effect of US-China trade dispute on the global economy. The US had also threatened to impose sanctions if India continued to buy oil from Iran and purchase Russian anti-aircraft missiles. Asian markets ended mixed on Monday with the MSCI Asia Apex 50 index ending 0.1% higher over Friday.

At home, Tata Steel, Tata Motors

and Vedanta, which fell 3-6%, led the markets lower.

Volatility Index or VIX jumped 5.43% to 14.65 on Monday, indicating traders foresee higher risks to the markets in the near-term.

"The fear in the credit markets is spreading to equities in a bigger way now. Investors are finding it difficult to digest the events at the pace at which they have begun to unravel," said Sood.

Shares of lenders such as Yes Bank, DHFL and Indiabulls along with indebted groups such as Anil Ambani's Reliance have been under pressure of late because of the credit troubles in these companies.

Foreign portfolio investors net sold shares worth Rs331 crore on Monday. Domestic institutions including insurers and mutual funds bought to the tune of Rs 1,258 crore, according to provisional data.

Global investors will now watch the outcome of US Federal Reserve's rate-setting meeting on Wednesday when it is expected to give the market hints of where interest rates are headed. The policy statements will give investors an insight into the American central bank's thinking on the US-China trade dispute and its impact on the economy.