

Near another high

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The Indian equity markets are close to their all-time highs of October 2021, before the Ukraine crisis and rate increases, by central banks roiled sentiment.

The S&P BSE Sensex closed at 60,950.36 on Friday. This is 815 points away from the October 18 all-time closing high of 61,765.60. The market touched 62,245.43 during trade the next day but closed lower. A comparison with global markets shows that India has outperformed most since then amid all the global volatility (chart 1).

Some sectors have moved higher since then. The capital goods index is 22.5 per cent higher than it was when the market hit its all-time high. The auto index is up 15 per cent since then. Others like information technology have lagged (chart 2).

The recent buoyancy came amid a let-up in foreign investor selling. They had

sold nearly ₹2.1 trillion worth of Indian stocks in the 12 months since October 2021. Domestic institutions had picked up the slack by buying to the tune of more than ₹3 trillion (chart 3).

Subdued sentiment has affected fund-raising. Fewer companies came out with initial public offerings (chart 4).

The relative resilience of Indian markets may not have translated into similar returns for foreign investors. The depreciation of the rupee has meant that the S&P BSE Sensex is still around 10 per cent below its all-time high in dollar terms (chart 5).

The benchmark index aside, many stocks are still to regain their October 2021 peak. Around 21.9 per cent of S&P BSE 500 companies for which data is available show returns of 20 per cent or more. Another 7.4 per cent show returns between 10 per cent and 20 per cent. A tenth of the companies show single-digit gains. The bulk of companies (60.5 per cent) are still in the negative territory (chart 6).



ILLUSTRATION: AIJAY MOHANTY

1: INDIA HAS OUTPERFORMED MOST MARKETS

Index	Change (in %)
MSCI Brazil	3.0
MSCI India	-2.4
MSCI USA	-19.1
MSCI World	-20.7
MSCI Emerging Markets	-32.9
MSCI China	-46.3

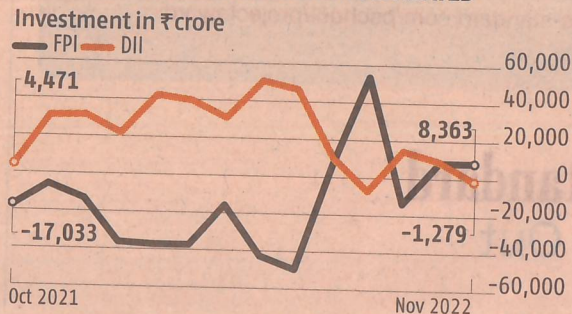
Note: Compiled by BS Research Bureau. Calculates returns from the time the Indian S&P Sensex hit an all-time closing high on 18th October 2022. Source: Bloomberg

2: CAPITAL GOODS, AUTO COMPANIES HAVE SURGED

BSE sectoral indices	Change (in %)
Capital goods	22.5
Auto	15.0
Fast moving consumer goods	6.0
Bankex	4.8
Energy index	2.7
Healthcare index	-7.5
Consumer durables	-8.8
Metal	-11.3
Information technology	-19.3

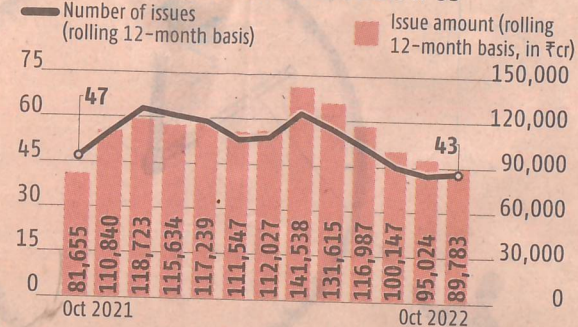
Note: Compiled by BS Research Bureau. Calculates returns from the time the Indian S&P Sensex hit an all-time closing high on 18th October 2022. Source: Bloomberg

3: FOREIGN INVESTOR SELLING HAS ABATED



Note: Foreign portfolio investor (FPI) data as of November 3rd. Domestic institutional investor (DII) data as of November 4. Compiled by BS Research Bureau. Source: NSDL, Sebi, Exchange

4: DIP IN FUNDRAISING THROUGH IPOs



Source: Prime Database, Business Standard calculations

5: WIDENING GAP ON DOLLAR RETURNS



Note: Compiled by BS Research Bureau. Calculates returns from the time the Indian S&P Sensex hit an all-time closing high on 18th October 2022. Numbers rebased to 100. Source: Bloomberg

6: MAJORITY OF STOCKS STILL IN NEGATIVE TERRITORY

Share of stocks by return category (in %)



Note: Compiled by BS Research Bureau. Calculates returns from the time the Indian S&P Sensex hit an all-time closing high on 18th October 2022. Based on 489 companies from the S&P BSE 500 index with available data. Category with defined upper and lower limits excludes upper limit value. Source: Bloomberg