

FPIs Turn Their Focus Back on BFSI, Buy Stocks Worth ₹7,690 cr in April

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Mumbai: Foreign portfolio investors (FPIs) turned their focus back on banking and financial services stocks in April after cutting their bets on the sector for over a year amid rising interest rates.

These investors bought shares worth ₹7,690 crore into India's banking and financial services stocks in April, after being sellers to the tune of ₹15,700 crore in the sector between January and March 2023, according to data compiled by primeinfobase.com. In calendar 2022, FPIs sold banking and financial services shares worth ₹61,177 crore.

Banks tend to be the most affected by foreign fund selling in India because the sector has the highest weightage in the benchmark indices — the Nifty and Sensex. Foreign funds net sold Indian shares worth ₹35,700 crore in January and February after selling ₹1.5 lakh crore in 2022 amid a heightened global risk-off sentiment.

Most banks reported better-than-expected earnings growth in the March quarter with further margin expansion, while asset quality improved. Over a dozen bank stocks, including IDFC First, IDBI, Punjab & Sindh, Indian Bank, and AU Small Finance Bank, have rallied

between 12% to 26% in last one month. The Bank Nifty jumped 4.1% in one month compared to a 2.9% gain in the Nifty index despite a 2% decline in index heavyweight HDFC Bank.

Capital goods, fast-moving consumer goods, and metals and mining are the three sectors where FPIs bought consistently this year and last year.

FPI sell-off in the IT sector intensified in April. FPIs, who pulled out ₹7,974 crore from IT stocks between January

and March, sold shares worth ₹4,908 crore in April. FPIs sold IT shares worth ₹71,357 crore in 2022.

Analysts said the crisis in US financial system that threatens to deepen a slowdown in the world's largest economy has dented investor sentiment in the sector. All major domestic IT companies cut their FY24 guidance after witnessing unexpected cuts in discretionary spending in the developed economies.

Long & Short

Sector	FPIs Sectoral Investments		
	Apr '23	Jan-Mar '23	2022
Banks & Financial Services	7,690	-15,655	-61,177
Auto Components	1,987	4,615	-483
Capital Goods	1,613	5,085	5,317
Metals & Mining	1,420	4,665	3,024
Fast Moving Consumer Goods	1,150	693	14,284
Construction Materials	607	4,252	-4,544
Consumer Durables	-177	-3,900	-12,841
Realty	-216	-292	-2,657
Media & Entertainment	-219	-620	-2,920
Information Technology	-4,908	-7,974	-71,357

(Fig in ₹Cr)

Source: primeinfobase.com

