

# Moving the needle on stock prices

Buying and selling by mutual funds and FPIs have a bigger impact on markets than other investor classes

The January–March quarter of calendar year 2023 (CY23) was weak apropos market performance. However, the stocks in which foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) raised stakes fell less than the ones in which they had pruned their holdings.

FPIs increased their stake in a total of 609 National Stock Exchange–listed companies. There was an average fall of 6.13 per cent in these companies, according to PRIME Database.

Meanwhile, the average fall in the 714 stocks they trimmed their exposure to was 14.2 per cent. Similarly, the 529 and 417 stocks DIIs and mutual funds (MFs) increased stake in fell an average of 6 per cent. At least 438 stocks DIIs pared back

their exposure to fell 12 per cent; the 290 stocks MF lowered their exposure to fell close to 10 per cent on average.

In the first quarter of CY23, the benchmark S&P BSE Sensex had shed about 3 per cent. Oddly enough, stocks which saw an increase in retail holding fell close to 18 per cent, while those with increased exposure gained less than 8 per cent. In addition, the stocks, to which Life Insurance Corporation (LIC) of India heightened its exposure fell more than those to which it had curtailed exposure.

Market observers say the buying and selling by MFs and FPIs have a bigger impact on the markets than other investor classes. Characteristically, LIC and retail converge on counters where there is a correction.

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## INVESTMENT PICTURE

Stocks in which FPIs, DIIs raised stakes fell less than the ones in which they had pruned their holdings

	Holdings increased		Holdings decreased	
	No. of cos	Average stock price gain (%)	No. of cos	Average stock price gain (%)
■ FPIs	609	-6.13	714	-14.21
■ DIIs	529	-6.2	438	-11.83
■ MFs	417	-6.08	290	-9.5
■ Insurance cos	237	-6.15	287	-8.62
■ LIC	63	-10.5	82	-8.89
■ Private	221	-10.68	272	-9.48
■ Retail	819	-17.62	972	-7.56
■ HNI	812	-12.56	784	-12.43

Change in holdings and stock–price change for December 2022 to March 2023 quarter (Q4FY23)

Source: PRIME Database