

FPIs BANK ON FINANCIAL STOCKS DESPITE US CRISIS

Foreign portfolio investors (FPI) were high on financial stocks, mainly banks, in the second half of April, despite the turmoil in the banking sector in the US. Information technology (IT), on the other hand, saw the highest pullback due to growth uncertainty. Financial services sector saw buying worth ₹3,280 crore by FPIs, while IT stocks saw selling to the tune of ₹5,910 crore during the last 15 days of April, according to data collated by Primeinfobase. Historically, these two sectors account for the bulk of the overseas investments into the country.

Strong flows into domestic banks was underpinned by improved outlook.

"There is an indication that we are nearing the end of the interest hike cycle and credit growth continues. Most banks' net non-performing assets (NPAs) are down. Banking and finance are the sectors which are in the best position to give double-digit profit growth," said G Chokkalingam, founder of Equinomics.

"The banking woes are continuing in the US. The IT sector in India receives a chunk of its income from the banking and finance segment. IT exports are growing in single digits in dollar terms. IT stocks might see more pressure in the coming days," he added. The net investment by FPIs stood at ₹2,864 crore in the 15-day period.

Among sectoral allocations, financial services saw the most inflows – 34.16 per cent or slightly higher than 34.09 per cent in the previous fortnight. The allocation to IT, meanwhile, fell from 10.5 per cent to 9.9 per cent.

SUNDAR SETHURAMAN

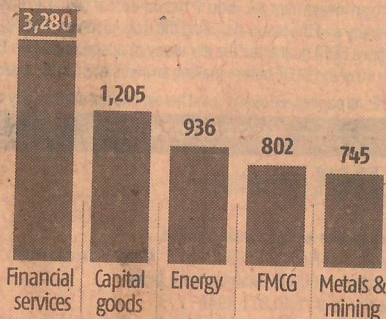


IT PIE SUFFERS

As banks in the US went through a turmoil, the IT sector suffered as a result due to growth uncertainty

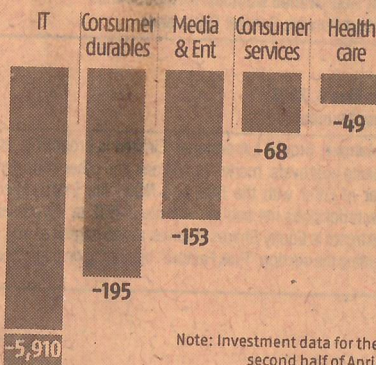
Top inflows

Net investment (₹ cr)



Top outflows

Net investment (₹ cr)



Note: Investment data for the second half of April
Source: primeinfobase.com