

Financials, Cap Goods & Auto Stocks Net Over 90% of FPI Inflows in June

Flowing In & Out

FPIs Sectoral Investments (₹ Cr)

Sectors	1-15 June	Jan-May '23	CY 2022	CY 2021
INFLOWS IN				
Financial Services	5,523	9,706	-61,177	-25,577
Capital Goods	3,460	9,203	5,317	9,070
Auto & Auto Components	3,079	15,304	-483	2,598
Consumer Durables	2,193	-3,013	-12,841	3,610
Consumer Services	1,638	1,291	2,988	26,761
Construction	1,572	3,073	347	--
Healthcare	1,233	2,712	14,181	-7,034
Construction Materials	1,069	4,515	-4,544	-2,577
OUTFLOWS FROM				
Information Technology	-3,139	-13,773	-71,357	-39,927
Metals & Mining	-2,243	5,466	3,024	308
Power	-968	-267	730	--
Oil & Gas	-919	-16,292	-22,247	3,014
Chemicals	-840	660	2,366	2,818

SOURCE: Primeinfobase.com

Rajesh.Mascaenhas
@timesgroup.com

Mumbai: Foreign portfolio investors (FPIs) continued to buy shares of Indian banks, NBFCs, capital goods, auto, consumer durables, construction, and healthcare in the first-half of June. They turned fresh buyers in shares of construction materials companies in this period.

Almost 92% of FPIs inflow between June 1 and 15 went into just three sectors: financial services, capital goods, and auto, which have been favourites of overseas fund managers since the beginning of the year.

FPIs bought banks and financial services shares worth ₹5,523 crore during this period. Indian banks are seeing the best-ever asset quality in the past ten years. According to India Ratings & Research, public sector banks' gross non-performing assets declined to 5%

in FY23 from a peak of 14.1% in FY18, while that of private banks reduced to 2.3% from 6.3%.

FPIs bought capital goods and auto stocks worth ₹3,460 crore and ₹3,079 crore, respectively. These investors have been buyers of capital goods shares for 13 out of the previous 14 months, amid the re-rating of the sector.

FPIs were sellers in IT stocks in this period for the third consecutive month. They sold IT shares worth ₹3,139 crore in the first fortnight of June and overall ₹15,848 core since March 1, 2023 as investors have been cautious about the sector's prospects because of slowdown fears in developed economies. The Nifty IT index gained just 4% in the last one year compared to the Nifty's 22% gain.

FPIs have sold metal and mining shares also worth ₹2,243 crore between June 1 and 15.

92% OF FPI INVESTMENT IN 12 MTHS GOES TO 2 THEMES

It's a Twin Focus on Capex, Consumption

Ashutosh.Shyam
@timesgroup.com

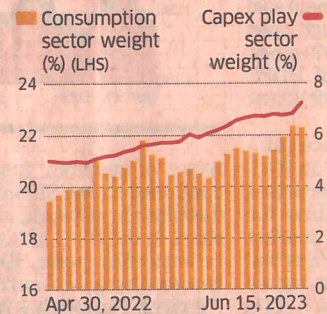
ET Intelligence Group: Foreign portfolio investors (FPIs) are playing the India theme with a rare combination during the current leg of investment: Betting simultaneously on capital expenditure (capex) and consumption. FPIs have invested close 92% of the total investment of \$15.17 billion (₹1.24 lakh crore) in the two themes over the past 12 months, the data from NSDL show.

Typically, investors choose capex theme when the GDP is expected to rise as demand recovers while consumption is selected as a defensive stance when the economic growth is likely to moderate.

FPIs have invested nearly \$5 billion in infrastructure segments including capital goods, and construction and related sectors and a similar amount in FMCG, consumer durables and telecom over the past twelve months. In addition, the automobile sector, which is considered as non-discretionary, has attracted \$3.26 billion of investment. The cumulative weight of infrastructure and consumption play in the FPI equity portfolio reached a multi-year high of 29.6% at the end of the first fortnight of June 2023, the data from NSDL showed.

The FPI equity AUM in the infrastructure and consumption sectors

Shift to value stocks over growth



Source: NSDL, compiled by ETIG

rose by 35% year-on-year to \$178 billion compared with the 13% growth in the total FPI AUM in the first fortnight of June. Total FPI AUM expanded to a six-month high of \$605 billion.

The government's capital expenditure continues to remain robust and the private sector participation is gradually improving. The order backlog of the top 30 engineering and construction companies was at \$154 billion offering a revenue visibility for three years. On the consumption front, companies reported signs of rural improvement in the March 2023 quarter. This may augur well for the current fiscal year as companies tend to rely on volume growth. Also, margins are likely to improve as raw material costs have moderated.