

# FINANCIAL STOCKS ACCOUNT FOR HALF OF FPI SELLOFFS

Foreign portfolio investors (FPIs) intensified their selling during the second half of October as 10-years US Treasury yields rose over 40 basis points, breaching 5 per cent for the first time since 2007. Between October 15 and October 31, FPIs withdrew ₹14,764 crore from domestic stocks, triggering a near 5 per cent fall in the benchmark indices. Financials accounted for nearly half of this selloff. According to an analysis done by Prime Infobase, stocks in the banking and financial services space saw selling to the tune of ₹7,336 crore followed by information technology (IT), and fast-moving consumer goods (FMCG), which saw FPI selling worth ₹1,723 crore and

₹1,608 crore, respectively. Financial stocks account for nearly a third of the FPI portfolio, while IT accounts for nearly a tenth. "Rise in US bond yields triggered risk off sentiment last month. FPIs resorted to selling in large liquid names such as HDFC Bank, ICICI Bank, Infosys, Reliance Industries. The selling pressure was less intense in the broader markets," said an analyst who requested anonymity as he isn't allowed to comment on individual stocks. Meanwhile, capital goods continued to find favour among FPIs. The sector has featured in the top positive net investment list during the previous several fortnights.

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## EXIT ROUTE

FINANCIALS, IT ACCOUNTED FOR BULK OF THE SELLOFF

NET INVESTMENT (₹ cr)

|              |        |
|--------------|--------|
| Financials   | -7,336 |
| IT           | -1,723 |
| FMCG         | -1,608 |
| Energy       | -1,575 |
| Construction | -1,171 |

NET INVESTMENT (₹ cr)



Source: Primeinfobase.com; Note: Flows for between Oct 15 and Oct 31

