

FPIs PULLED OUT \$1.8 BN FROM FINANCIAL STOCKS IN FIRST HALF OF AUGUST

Foreign portfolio investors (FPIs) withdrew ₹14,790 crore (\$1.8 billion) from financial stocks in the first half of August, driven by global risk aversion sparked by US recession fears.

Additional factors contributing to the decline in banking stocks included subdued earnings growth in the June quarter, concerns about slowing deposit growth, and stricter liquidity norms imposed by the Reserve Bank of India. In contrast, FPIs invested in safe-haven sectors, purchasing stocks in healthcare and fast-moving consumer goods (FMCG).

On August 5, FPIs sold shares worth ₹10,073 crore, marking their third-largest single-day outflow, which led to a 3 per cent drop in

benchmark indices.

Global markets also plummeted following disappointing US unemployment data, fuelling concerns of a recession in the world's largest economy.

The total net FPI outflow for the first fortnight of August reached ₹18,823 crore.

Typically, during risk-off periods, FPIs withdraw from financial stocks, where they have the largest exposure.

As of August 15, FPI allocation to financial stocks stood at 27.28 per cent, down from 27.48 per cent on July 31.

The information technology sector had the second-highest FPI allocation at 9.33 per cent.

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FLOW CHART

FPI flows went into safe-haven stocks amid a global risk-off triggered by US recession fears



Ebb and flow

(₹ cr)

Financial	-14,790
Metals & mining	-2,668
Services	-2,088
Construction material	-2,036
Automotive	-1,628
Healthcare	3,462
Consumer services	2,196
FMCG	1,785
Power	1,169
Telecom	662

Source: primeinfobase.com