

# Foreign investors sell financials, IT stocks

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Mumbai, 5 September

Foreign portfolio investors (FPIs) turned net sellers to the tune of ₹14,020 crore in domestic equities during the second fortnight of August, with financial services and information technology (IT) stocks taking the heaviest hit, according to data compiled by Prime Infobase.

Financial services saw the sharpest outflows, with FPIs pulling out ₹9,817 crore, followed by IT (₹4,905 crore), oil, gas & consumable fuels (₹2,017 crore), power (₹1,708 crore) and telecommunications (₹1,680 crore). On the other hand, buying was led by automobiles & auto components (₹2,617 crore), aided by optimism over the rationalisation of goods and services tax (GST) rates.

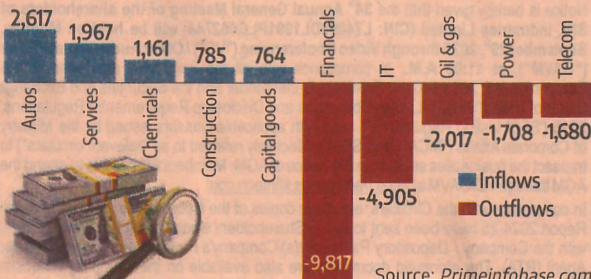
FPIs also showed interest in services (₹1,967 crore), chemicals (₹1,161 crore), construction materials (₹785 crore) and capital goods (₹764 crore).

The positive FPI flows saw the Nifty Auto index gain 5.5 per cent in August, even as the benchmark Nifty 50 index fell 1.4 per cent.

Analysts attributed the

## In spotlight

FPIs favoured sectors benefiting from impending GST cuts (₹ cr)



renewed focus on auto post the GST reset.

"Sentiment turned favourable for automakers as the prospects of lower effective GST rates are seen supporting demand and revenue growth," said a market strategist.

In contrast, selling in IT was triggered by growth uncertainties, weak Q1 earnings, and a challenging export outlook amid the global headwinds.

From the June-peak, the Nifty IT index is down 12 per cent. Some experts, however, believe the sector could attract contra bets going forward, given the rupee's recent weakness.

For the entire month, FPIs offloaded ₹23,290 crore worth

of financial services stocks — the highest in seven months.

This came amid worries over margins and rising stress in retail lending segments such as consumer loans, credit cards, and microfinance.

The Nifty Financial Services index fell 4.1 per cent in August.

Even after the pullback, financial services continued to dominate FPI sectoral allocations, accounting for 30.79 per cent as on August 31. This is down from 31.5 per cent a fortnight earlier.

The share of automobiles & auto components rose to 7.58 per cent, while IT edged up to 7.33 per cent over the same period.