FPIs bet on consumer durables, health care in 2nd half of July

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Foreign portfolio investors (FPIs) bought the stocks of consumer durables, health care, and information technology (IT) firms the most in the second fortnight of July. FPIs bought consumer durable shares worth ₹4,958 crore, health care stocks worth ₹3,654 crore, and IT stocks worth ₹3,298 crore.

"FPIs have been buying consumer durables because there are signs of an improvement in domestic consumption. We have already seen some pickup in fast-moving consumer goods (FMCG) demand, and there is an expectation that this recovery could gradually spread to discretionary categories such as consumer durables as well," said Chokkalingam G, founder of Equinomics. Chokkalingam added that health care remains structurally attractive.

"The hospital segment in particular is seeing strong investor interest because India remains significantly under-penetrated in terms of hospital beds relative to comparable economies. At the same time, listed hospital companies are reporting healthy year-on-year growth," said Chokkalingam.

The buying interest in IT stocks was attributed to better valuations after a prolonged correction. Moreover, foreign investors are looking to diversify away from artificial intelligence stocks, where sharp gains have pushed valuations higher and, possibly, ahead of underlying fundamentals.

Meanwhile, they were net sellers in capital goods stocks worth ₹3,618 crore, telecommunication stocks worth ₹3,271 crore, and financial services worth ₹2,669 crore.

The sale of capital goods was attributed to profit-taking after a substantial rally and elevated valuations.

FPIs were net buyers to the tune of ₹4,642 crore in the last two weeks of July. FPIs turned net buyers in July after being net sellers in the preceding four months. FPIs were net buyers of Indian equities worth ₹20,202 crore in July. In the preceding four months, FPIs were net sellers to the tune of ₹2.6 trillion amid the US-Iran conflict, which spooked oil prices and triggered a global energy crisis.

FPI flows to India are expected to improve as benchmark indices have delivered muted returns over the past two years, even as corporate earnings have continued to grow, making valuations relatively more attractive.

A potential decline in crude oil prices could further strengthen India's external position and improve its appeal to foreign investors. At the same time, with the AI-led rally in global markets appearing to be unwinding, investors could look to diversify into India, which offers exposure to a broader range of sectors supported by strong domestic demand.

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(₹ crore)

Sector	Net investment (Jul 16 to 31)
Consumer durables	4,958
Health care	3,654
Information technology	3,298
Consumer services	2,840
Automobiles & auto components	2,372
Power	-1,596
Construction	-1,602
Financial services	-2,669
Telecommunication	-3,271
Capital goods	-3,618

Source:primeinfobase.com