FPIs turned net buyers in second half of August

August was a tale of two halves when it came to overseas flows into the domestic equities. While during the first half of the month, the foreign portfolio investors (FPIs) were sellers amid concerns of a US recession, they turned into strong buyers in the second half as those apprehensions receded.

After regaining their risk appetite, FPIs pumped money into consumer durables and information technology (IT) stocks. Power and metals stocks saw the maximum net outflows. Consumer durables and IT stocks saw buying worth ₹5,297 crore and ₹4,529 crore, respectively, while power stocks saw the selling of ₹2,305 crore, according to data collated by Primeinfobase. Good monsoon, which raised hopes of a recovery in rural demand, is attributed as the reason for the uptick in buying of consumer durables. The imminent rate cuts by the Federal Reserve are seen as a positive for IT stocks, which earn a chunk of their revenues from the country.

"The management commentary of IT companies has been positive, and the valuations are decent as they haven't moved," said Ambareesh Baliga, an independent equity analyst. Profit booking after a good run was attributed to the selling of power and metals stocks.

The net investment by FPIs stood at ₹26,141 crore between August 16 and 30, helping the benchmark Nifty end with gains on all days. Financial services and oil and gas also saw positive flows.

Among the sectoral allocations, financial services saw the most inflows at 27.38 per cent, slightly higher than 27.28 per cent in the previous fortnight. The allocation to IT rose to 9.6 per cent from 9.3 per cent. Despite the inflows, the allocation to oil and gas stocks reduced to 8.48 per cent compared to 8.53 per cent.

SUNDAR SETHURAMAN

PUNTS AND PRUNING

Top five net positive investment sectors

	Amount (₹ crore)
Consumer durables	5,297
Information technology	4,529
Services	4,251
Financial services	2,782
Oil, gas & consumable fuels	2,518

Top five net negative investment sectors

	Amount (₹ crore)
Power	-2,305
Metals & mining	-1,105
Automobiles & auto components	-751
Realty	-277
Media, entertainment & publication	-180

Data is from August 16 to 31

Source: *primeinfobase.com*