

July 30, 2021

For the month ended July 30, 2021, Nifty 50 index was up 0.26% over previous month's close. Midcaps and small caps outperformed large caps. NSE Midcap 100 Index was up 3.13% and NSE Small cap 100 index was up 8.10%. Within sectors, technology, consumer, real estate, and metals outperformed Nifty 50 index whereas pharma and automobiles underperformed.

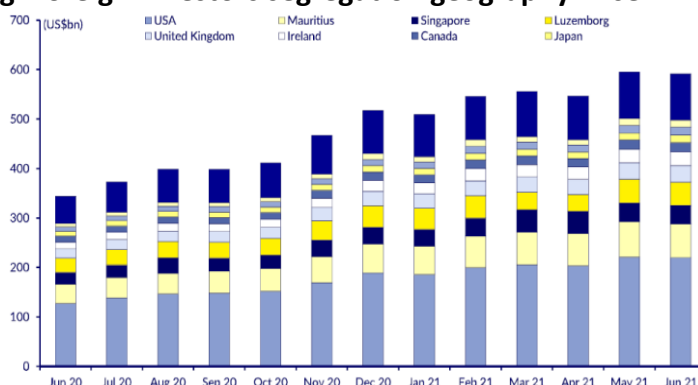
Fig: Index returns

Indices	30-Jun-21	30-Jul-21	M-o-M Returns
Nifty 50	15721.5	15763.05	0.26%
Nifty Midcap 100	26970.75	27815.25	3.13%
Nifty Smallcap 100	9733.75	10522.1	8.10%
Nifty Bank	34772.2	34584.35	-0.54%
Nifty Consumer Durables	22999.27	23855.96	3.72%
Nifty Financial services	16444.1	16468.65	0.15%
Nifty IT	29168	30480.05	4.50%
Nifty Metal	5215.8	5770.35	10.63%
Nifty Pharma	14308.9	14425.3	0.81%
Nifty Realty	343.95	398.65	15.90%
Nifty Auto	10600.35	10048.5	-5.21%

Source: NSE

Foreign funds (FIIs/FPIs) were net sellers in July 2021 at USD1.3bn and domestic funds were net buyers at USD2.47bn. Foreign funds have been net buyers at USD6.7bn so far this calendar year. Geography-wise, US, Mauritius, and Luxembourg figure among the top investor locations.

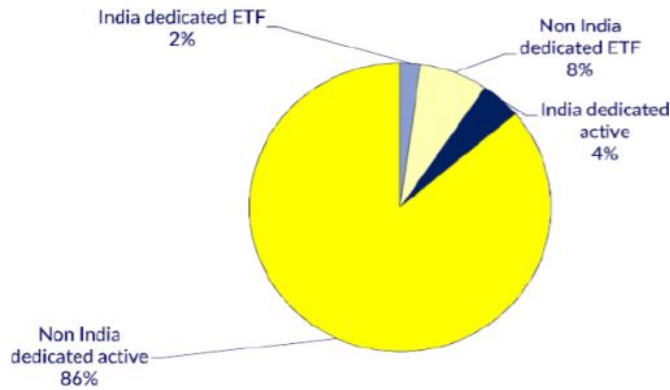
Fig: Foreign Investors segregation geography-wise.



Source: NSDL

Sovereign wealth funds, global funds, hedge funds, and private equity are dominant investors in India, significantly higher than India dedicated active funds and ETFs.

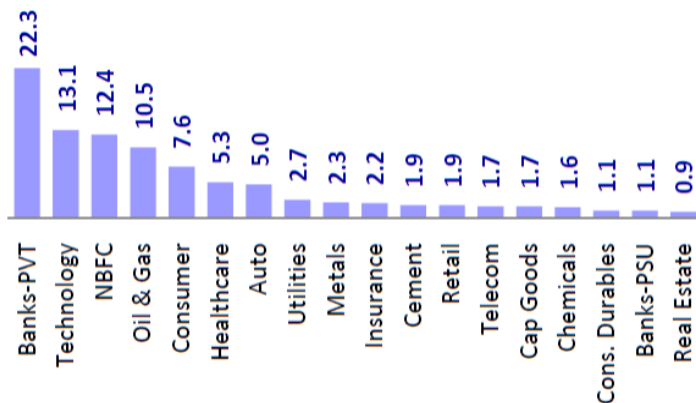
Fig: Foreign investors segregation category-wise



Source: Bloomberg. Foreign fund AUM as on July 31, 2021, at USD590bn.

For the year up to July 30, 2021, Indian markets have rallied with Nifty-50 up 13.61% and NSE Midcap-100 35.54%. Within the NSE-500, there is divergence between foreign fund and domestic fund activity. While domestic funds have raised weights in automobiles, insurance, NBFCs, oil & gas, and real estate, foreign funds on the other hand have increased weights in capital goods, chemicals, and consumer.

Fig: Foreign fund sectoral allocation within NSE 500 index





Our view:

There is enough evidence that India's economy may be getting back to pre-pandemic levels. Be it passenger vehicle sales in July (up 47%), power consumption (up 12%), GST collections at INR1.16trillion, easing pressure on Government's employment guarantee schemes (beneficiary households dropped by 29% and person-day work generated dropped by 47.5%), drop in fiscal deficit to 8 year low (reason being rise in revenue, tax receipts, non-tax receipts), property registrations among others are indicators.

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