

FII ownership of Sensex stocks at 8-year high

Foreign institutional investors' ownership of the thirty stocks that make up the Sensex are at its highest level in eight years.

This comes even as promoters shed their stake in these companies to the lowest in eight years, according to a Bank of America Merrill Lynch India Strategy report.

Foreign institutional investors have been buyers across the board in the March quarter, according to the report authored by research analysts Jyotivardhan Jaipuria and Anand Kumar.

“FIIs had shown huge interest in the Indian markets during the quarter buying across all sectors. Buying in Autos coupled with exclusion of Maruti from MSCI led to its overweight increase. Buying in consumer staples less than its weight in MSCI led to an increase in its underweight. All other changes were largely due to relative price movement,” said the report dated 10th May, 2013.

Meanwhile domestic mutual funds sold across most sectors like financials and autos. They bought utilities and energy which has resulted in a lower underweight position for mutual funds in these sectors, noted the report.

It added that LIC was also a net seller. LIC sold companies in the software, financials and pharma sectors. It was a buyer in Metals and Mining, and Utilities.

Foreign institutional investors were net buyers by \$10 billion during the quarter, while mutual funds were net sellers of \$1 billion worth of Indian equities, according to the report.

(Business Standard)