

FII's dump nearly Rs 4000 crore of equities in last 4 trading sessions

Foreign institutional investors (FIIs) which have remained the backbone of over 26 per cent rally seen in Indian markets so far in the year 2014, sold nearly Rs 4000 crore in equities in the last four trading sessions.

However, despite the net sell figure, overseas investors have poured in a whopping over Rs 20,000 crore in the Indian capital markets since the beginning of this month as influenced by the reform agenda of the new government.

Net investments by foreign investors in the equity market were Rs 5,117 crore (\$ 848 million) from September 1 to 26, while they infused a net amount of Rs 15,308 crore (\$ 2.5 billion) in the debt market during the period, taking the total to Rs 20,425 crore (\$ 3.4 billion), as per the latest official data.

Since the beginning of the year, foreign investors have made a net investment of over Rs 2 lakh crore (\$ 33 billion) into the country's securities market, PTI reported.

According to analysts, Indian markets are in a bearish phase atleast in the short term, but the long term growth story remain intact and investors should use any dips to enter markets or accumulate quality stocks at low levels.

Volatility is likely to remain high till the time Nifty is trading below 8100 levels, say analysts. Investors should trade with caution and maintain a strict stop loss of 7840 o Nifty for all positional trades.

This is evident from the fact that on Friday when global rating agency Standard & Poor's (S&P) upgraded India's credit outlook to stable from negative, markets bounced back but FIIs still sold Rs 1133.64 crore in equities.

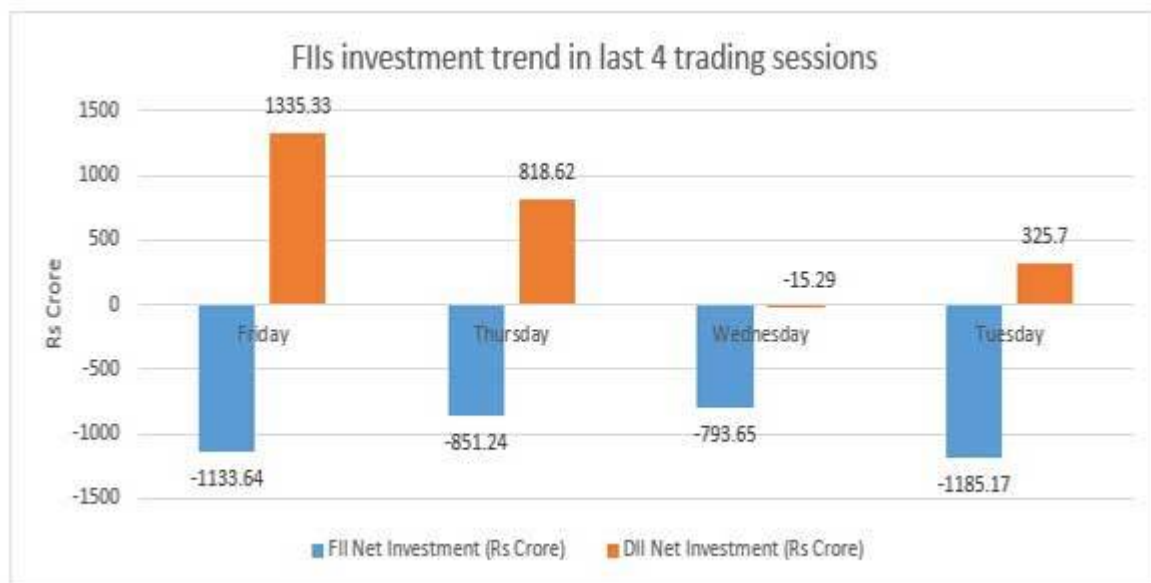
Equities, INR and bonds understandably reacted positively to S&P's revision on Friday. But, this is at best a kneejerk reaction, say CLSA.

All the three main rating agencies now have India's sovereign credit rating at one notch above junk grade and with a stable outlook.

Image

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| Date | FII Net Investment (Rs Crore) | DII Net Investment (Rs Crore) |
|----------------|-------------------------------|-------------------------------|
| Friday | -1133.64 | 1335.33 |
| Thursday | -851.24 | 818.62 |
| Wednesday | -793.65 | -15.29 |
| Tuesday | -1185.17 | 325.7 |
| Total | -3963.7 | 2464.36 |
| Source: ET Now | | |



Although Nifty did breach the 50 Day EMA in intraday trade, but it respected the support of 7840 on Friday. The index is still 1.88 per cent down on a weekly basis.

"We need to see some constructive action in the coming week and it is still critical that the level of 7840 be respected as a support for the present positional bearish setup to reverse," GEPL Capital said in a report.

"On the higher side there may be upside till 8000 to 8040 range; however, till the time we do not get a conclusive move beyond the resistance of 8100 Nifty would still remain susceptible to a sudden sell off," added the report.

To sum up a move beyond 8100 or below 7840 would provide investors with trading cues for this week. GEPL continues to recommend a stop loss of 7840 for positional traders.

Commenting on Friday's bounce back, Jayant Manglik, President-retail distribution, Religare Securities Limited says that it was a normal rebound in the market after three successive declining sessions and the overall bias would remain on the negative side till the Nifty sustains below 8050.

"Currently, excessive volatility is the key issue for the participants and it would remain so in the coming week. In such situation, it's advisable to maintain strict to risk management rules and keep a check on your position sizing to avoid unmanageable losses," he added.

(Economic Times)