

July Market Pulse: Monthly Investment Insights

July Snapshot: FPIs Dump Equities Aggressively in Second Half; DIIs and MFs Provide Strong Support

❖ FPIs Reverse Course Sharply in July; Sell-Off Intensifies in Second Half

- **Equity Outflows Surge Mid-Month:** After three straight months of equity inflows, **FPIs turned net sellers in July**, pulling out **₹17,741 Cr**—driven largely by a steep **₹31,988 Cr** of **secondary market selling**, partially offset by **₹14,248 Cr** in **primary market investments**. While the first half saw mild outflows of ₹1,446 Cr, the second half witnessed an aggressive sell-off of ₹16,295 Cr.
- **FPIs Prefer Debt, But Inflows Remain Measured:** While equity outflows surged, FPIs **continued to prefer Indian debt**, though **July inflows remained modest** at **₹11,812 Cr**—driven mainly by ₹10,609 Cr in the first half, followed by a minor ₹1,203 Cr in the second. This cautious stance brings **YTD debt inflows** to **₹25,933 Cr**, signaling a measured allocation to fixed income amid global uncertainty.
- **Sentiment Turns Risk-Off:** The reversal reflects profit booking and weak confidence amid global volatility and a stronger dollar, pushing **YTD FPI equity outflows** to **₹95,642 Cr**.

❖ DIIs Regain Momentum in Second Half, Led by Mutual Funds

- **DIIs Regain Momentum in Second Half:** Domestic Institutional Investors began July with **muted equity inflows** of just **₹15,746 Cr**—the **lowest fortnightly figure** in 2025. However, the **second half saw a sharp rebound**, with **₹45,193 Cr** of equity buying, pushing total July inflows to **₹60,939 Cr**.
- **YTD Snapshot:** This renewed momentum was driven primarily by Mutual Funds, reflecting selective accumulation during market weakness. So far in **2025**, DIIs have infused **₹4.18 Lakh Cr** into **equities**, offering a strong domestic cushion against persistent FPI selling.

❖ Mutual Funds Accelerate Equity Buying in Late July

- **Mutual Funds Turn Aggressive in Second Half:** Mutual Funds started July with a **defensive stance**, investing just **₹11,948 Cr** in equities. However, the **second half marked a sharp pivot**, with **equity inflows surging to ₹35,071 Cr**, making it one of the **strongest fortnightly deployments** in 2025.
- **YTD Snapshot:** So far in 2025, Mutual Funds have **invested ₹2.86 Lakh Cr** in equities, highlighting sustained confidence in the equity markets.

Monthly Investment Insights

Tracking Flows by Market Participants

Market Participants	For the month of July						Jan, 2025 - Jul, 2025	
	Equity (Cr₹)			Debt (Cr₹)			Equity (Cr₹)	Debt (Cr₹)
	1st - 15th	16th - 31st	Total	1st - 15th	16th - 31st	Total		
FPI	(1,446)	(16,295)	(17,741)	10,609	1,203	11,812	(95,642)	25,933
DII	15,746	45,193	60,939	-	-	-	418,515	-
Mutual Funds	11,948	35,071	47,019	7,525	(28,751)	(21,227)	285,914	(359,702)

*DII investments include MFs Investments.

Source: NSDL, SEBI, NSE

Mapping FPI Investments: Sector-wise Insights in Indian Equities

❖ July's Sectoral Sell-Off: FPIs Slash Positions in IT & Financials

- **Tech & Financials Bear the Brunt:** FPIs executed an **aggressive sell-off** in **Information Technology**, dumping **₹19,901 Cr**—with a sharp **₹14,422 Cr** outflow in the second half alone. **Financial Services** also witnessed heavy selling, with **₹5,900 Cr** of net outflows, reflecting risk aversion amid global headwinds and profit booking.
- **Cyclical Sectors Under Pressure:** Selling extended to **Realty (₹3,933 Cr)**, **Automobile & Auto Components (₹3,584 Cr)**, **Oil & Gas (₹3,272 Cr)**, and **Consumer Durables (₹2,614 Cr)**. Even **Construction** and **Media** saw steady exits, indicating a **broad-based pullback** from cyclical and rate-sensitive sectors in the face of macro uncertainties.

❖ FPIs Bet on Domestic Demand and Defensive Plays in July

- **Services, Consumption & Mining Lead Buys:** Despite net equity outflows in July, FPIs selectively bought into **domestic-facing sectors**. **Services (₹3,457 Cr)**, **Metals & Mining (₹3,365 Cr)** and **Consumer Services (₹3,017 Cr)** topped the buy list, reflecting a tilt toward **consumption-led growth** and **earnings visibility**. **FMCG** staged a sharp rebound, reversing a **₹1,428 Cr** sell-off in the first half with a **₹2,986 Cr** buy-in later, ending the month with **₹1,558 Cr** inflows.
- **Broader Defensive Buying Continues, But Capital Goods Wobbles:** FPIs also favored **Telecom (₹1,473 Cr)**, **Chemicals (₹1,129 Cr)** and **Construction Materials (₹329 Cr)**. However, **Capital Goods** witnessed a shift in sentiment—turning from **₹922 Cr buying** in the first half to **₹617 Cr selling** in the second, ending with a tepid **₹305 Cr** net inflow.

Sector-Wise FPI Equity Purchases: July 2025 (Amount in Crs)				Sector-Wise FPI Equity Sales: July 2025 (Amount in Crs)			
Sector	1st - 15th	16th - 31st	Total	Sector	1st - 15th	16th - 31st	Total
Services	2,733	724	3,457	Information Technology	(5,479)	(14,422)	(19,901)
Metals & Mining	1,724	1,641	3,365	Financial Services	820	(6,720)	(5,900)
Consumer Services	953	2,064	3,017	Realty	(249)	(3,684)	(3,933)
FMCG	(1,428)	2,986	1,558	Automobile and Auto Comp	(1,159)	(2,425)	(3,584)
Telecommunication	283	1,190	1,473	Oil & Gas	905	(4,177)	(3,272)
Chemicals	168	961	1,129	Consumer Durables	(1,292)	(1,322)	(2,614)
Construction Materials	136	193	329	Construction	(38)	(1,316)	(1,354)
Capital Goods	922	(617)	305	Media	(91)	(106)	(197)

Sector-Wise FPI Equity Purchases from Jan-Jul, 25		Sector-Wise FPI Equity Sales from Jan-Jul, 25	
Sector	Amount (Crs)	Sector	Amount (Crs)
Telecommunication	28,158	Information Technology	(50,501)
Services	10,751	FMCG	(16,620)
Financial Services	7,817	Power	(15,360)
Chemicals	6,979	Automobile and Auto Comp	(14,622)
Textiles	806	Consumer Durables	(14,510)
Media	734	Construction	(10,690)
		Healthcare	(9,547)
		Consumer Services	(8,591)

*All data is updated as of 31st July.

YTD Snapshot: Where FPIs Placed Their Biggest Bets in 2025

FPI Sectoral Allocation: Telecom Stands Tall as Tech Takes a Beating

❖ Telecom, Services and Financials Lead FPI Sectoral Buys in 2025

- **Telecom Towers Above All:** From **January to July 2025**, **Telecommunication** led FPI equity inflows with a strong **₹28,158 Cr**, reflecting investor confidence in **India's digital infrastructure and connectivity story**. This sector emerged as the top pick among global investors amid long-term growth visibility.
- **Broader Bets on Services & Financials:** Other key gainers included **Services (₹10,751 Cr)** and **Financial Services (₹7,817 Cr)**, backed by steady performance and structural tailwinds. FPIs also favoured **Chemicals (₹6,979 Cr)**, driven by India's manufacturing push, while **Textiles (₹806 Cr)** and **Media (₹734 Cr)** saw modest but positive allocations.

❖ FPI Sectoral Sell-Off: Tech, FMCG & Cyclical Under Fire

- **IT & FMCG Bear the Brunt:** FPIs led the selling charge in **Information Technology**, offloading a staggering **₹50,501 Cr**—driven by **global tech headwinds**, valuation concerns, and currency pressures. Defensive staples weren't spared either, with **FMCG** exiting **₹16,620 Cr**, underscoring broad-based risk aversion.
- **Cyclicals & Interest-Rate Sensitive Sectors Offloaded:** Cyclical heavyweights saw significant outflows: **Power (₹15,360 Cr)**, **Automobile & Auto Components (₹14,622 Cr)**, and **Consumer Durables (₹14,510 Cr)**. Other notable exits included **Construction (₹10,690 Cr)**, **Healthcare (₹9,547 Cr)**, and **Consumer Services (₹8,591 Cr)**—reflecting a decisive rotation away from **high-beta** and **rate-sensitive** plays.

Indian Benchmark Indices: Tracking Performance

Absolute Returns: A Snapshot of Indices Performance(%)		
Benchmark	July	YTD
Sensex	(2.90)	3.90
Nifty 50	(2.93)	4.75
Nifty Midcap 150	(2.85)	1.04
Nifty Smallcap 250	(3.67)	(3.42)

❖ Indices Slip in July; Small Caps Lead the Decline

- July turned out to be a **weak month for Indian equities** across the board, with all major indices ending in the red. The **Nifty Smallcap 250** was the worst performer, plunging **3.67%**, reflecting investor risk aversion in broader markets. The **Nifty 50** and **Sensex** declined **2.93%** and **2.90%**, respectively.
- The **Nifty Midcap 150** fared slightly better but still fell **2.85%**, indicating that mid-sized companies were not immune to the broader market weakness. Despite this correction, largecaps (Nifty 50 and Sensex) continue to hold **positive YTD returns**, while **smallcaps remain in negative territory**, down **3.42%** for the year so far.

*All data is updated as of 31st July.

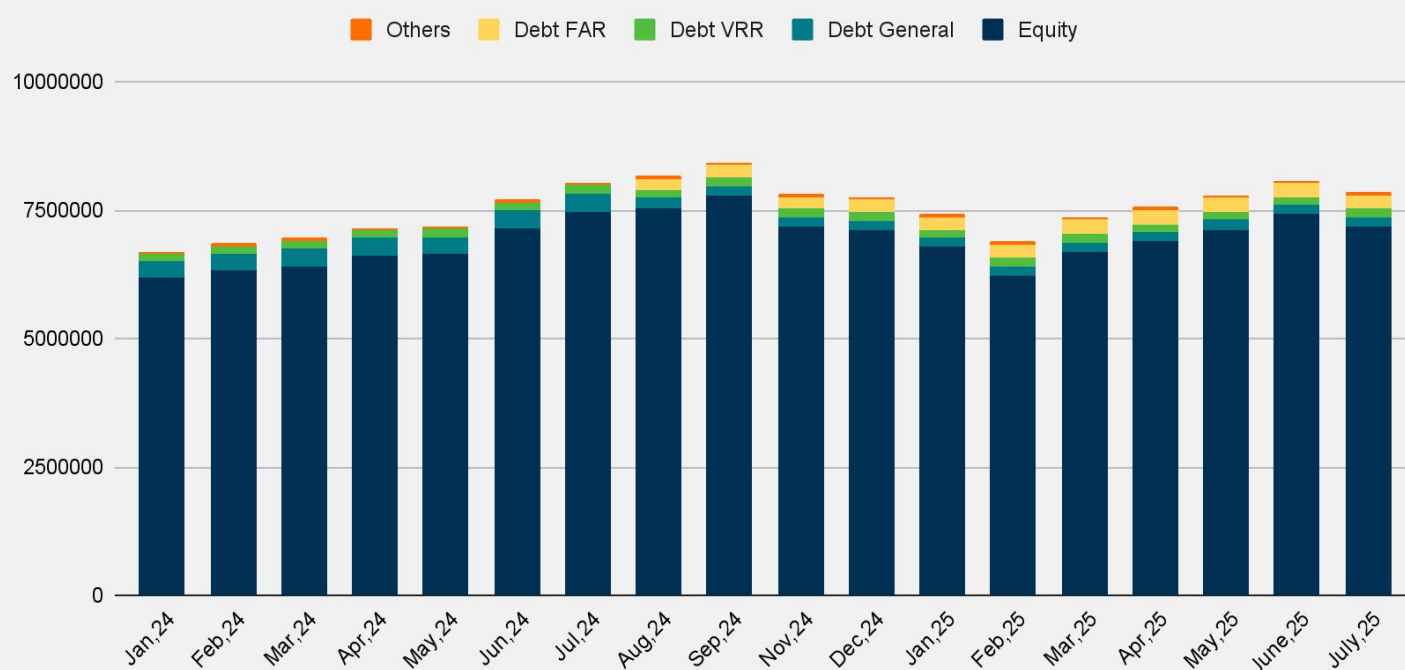
Tracking FPI's AUC in Indian Markets

FPIs Trim Holdings in July After Record High in June

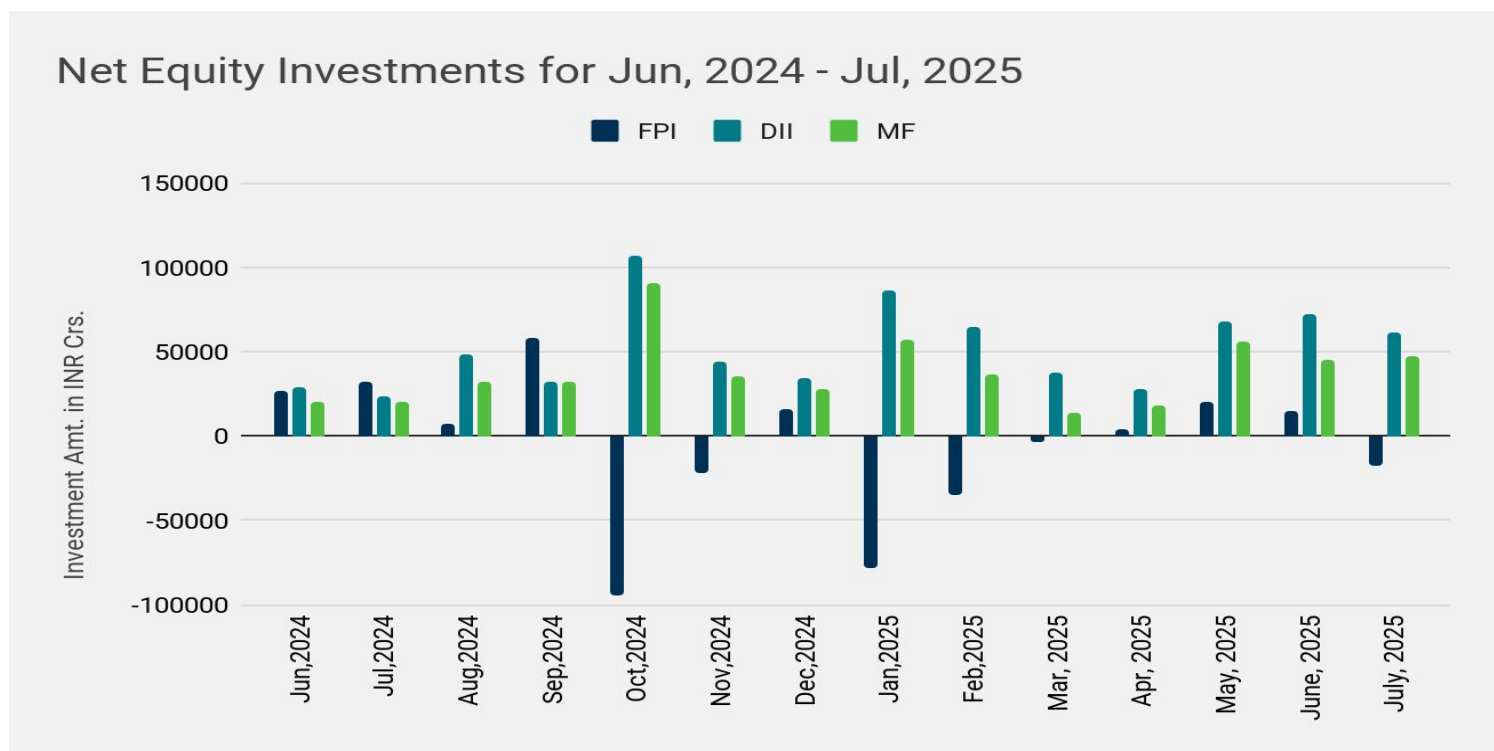
- **Total AUC Declines After June Peak:** Foreign Portfolio Investors' **Assets Under Custody (AUC)** saw a moderate decline in **July 2025**, slipping to **₹78.67 lakh Cr** from **₹80.83 lakh Cr** in **June 2025**, marking a **drop of ₹2.16 Lakh Cr**. This decline follows a record high in June and reflects profit booking, market correction, and outflows in key asset classes—especially equities.
- **Equity AUC Falls the Most:** FPI equity holdings dropped sharply from **₹74.19 Lakh Cr** in **June** to **₹71.97 Lakh Cr** in **July**, a fall of **₹2.22 Lakh Cr**, mirroring the aggressive equity sell-off during the month. This aligns with net outflows of ₹17,741 Cr in July and correction in Indian equities, dragging down overall AUC.
- **Debt AUC Shows Mixed Trends:** In contrast, FPI exposure to **debt instruments** saw **marginal changes**. General debt holdings fell slightly to **₹1.76 Lakh Cr** (vs. ₹1.79 Lakh Cr in June), while **VRR debt** rose to **₹1.68 Lakh Cr** (vs. ₹1.64 Lakh Cr), and **FAR debt** increased to **₹2.58 Lakh Cr** (vs. ₹2.54 Lakh Cr), indicating **continued interest in long-term and dedicated FPI debt routes** despite overall equity volatility.

Asset Under Custody(AUC) of FPIs (INR Cr)			
Segment	July, 2025	June, 2025	Change
Equity	7,196,613	7,418,855	(222,242)
Debt General	176,491	178,995	(2,504)
Debt VRR	168,150	164,916	3,234
Corporate Bonds	126,270	126,650	(380)
Debt FAR	258,065	254,079	3,986
Others	67,609	65,902	1,707
Total	7,866,928	8,082,747	(215,819)

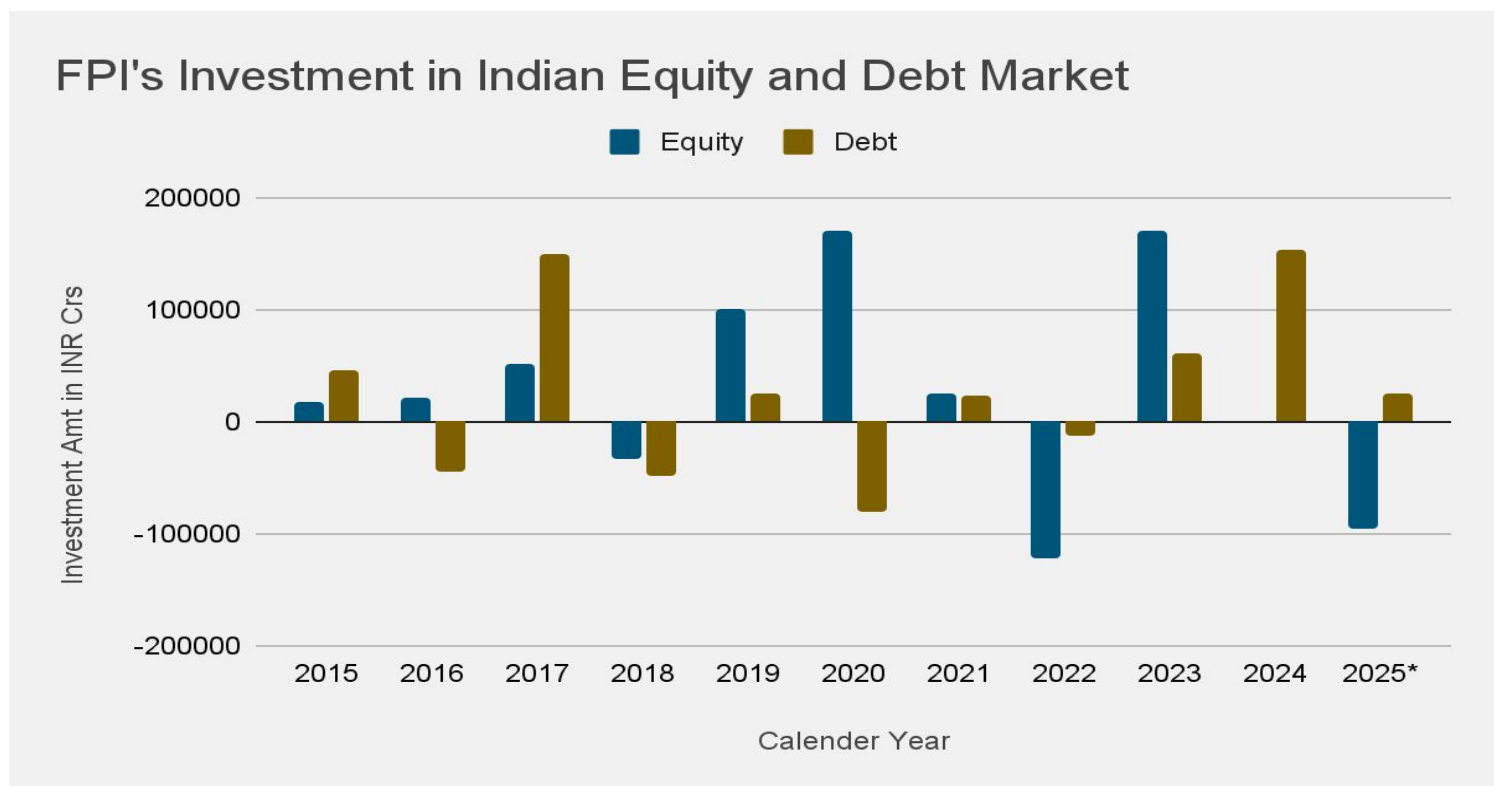
Asset Under Custody(AUC) of FPIs (INR Cr)



Equity Investment Breakdown by Participant



FPI's Strategic Investments in Equity and Debt Markets



*All data is updated as of 31st July. DII investments include MF investments.

Source: NSDL, SEBI