January Market Pulse: Investment Insights

January 2026: FPIs Extend Equity Selling, but Add Debt; DIIs and MFs Absorb the Supply

- **FPIs Extend Equity Selling in January; Debt Buying Continues**
  - **FPIs stayed net sellers in equities in January**, recording **₹35,962 Cr** of outflows. Selling was fairly evenly spread across the month—**₹19,015 Cr** in the **1st–15th** and **₹16,947 Cr** in the **16th–31st**—indicating sustained de-risking through January.
  - **Debt flows stayed supportive for FPIs**, with **₹6,013 Cr** of net inflows (**₹2,233 Cr** in the first half and **₹3,780 Cr** in the second), suggesting that even as risk was reduced in equities, FPIs continued to show preference for **fixed-income exposure**.
  - **FY2026 so far:** FPIs have sold **₹85,674 Cr** in equities but invested **₹15,484 Cr** in debt, reinforcing the **equity-to-debt tilt**.
- **DII Flows: Domestic Institutions Remain the Market's Core Support in January and FY26 YTD**
  - **Strong Equity Buying Continues in January:** DIIs stayed firm buyers in January, recording **₹69,221 Cr** of net equity inflows. Buying strengthened in the second half at **₹39,080 Cr** versus **₹30,141 Cr** in the first half, highlighting sustained domestic support even amid continued FPI selling.
  - **FY26 Shows Persistent Anchor Role:** For **FY2026 so far**, DIIs have infused a sizeable **₹6,68,981 Cr** into equities, reinforcing their position as the market's key stabiliser—**absorbing supply, supporting liquidity, and cushioning volatility** through periods of foreign risk reduction.
- **Mutual Funds Stay Firm Equity Buyers in January; FY26 YTD Equity Support Remains Strong**
  - **Mutual Funds Remain Net Buyers in Equities in January:** Mutual Funds continued steady equity deployment in January, investing **₹42,355 Cr**, with flows slightly higher in the second half at **₹22,412 Cr** versus **₹19,943 Cr** in the first half—indicating consistent domestic participation through the month.
  - **FY26 Equity Buying Stays Robust:** For **FY2026 so far**, Mutual Funds have infused a sizeable **₹4,26,055 Cr** into equities, supported by ongoing **SIP-led inflows** and resilient retail participation.

Monthly Investment Insights

Tracking Flows by Market Participants

Market Participants	For the month of January						FY 2026	
	Equity (Crs)			Debt (Crs)			Equity (Crs)	Debt (Crs)
	1st - 15th	16th - 31st	Total	1st - 15th	16th - 31st	Total		
FPI	(19,015)	(16,947)	(35,962)	2,233	3,780	6,013	(85,674)	15,484
DII	30,141	39,080	69,221	-	-	-	668,981	-
*Mutual Funds	19,943	22,412	42,355	(24,013)	(66,794)	(90,807)	426,055	(484,279)

*DII investments include MFs Investments. Source: NSDL, SEBI, NSE

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Mapping FPI Investments: Sector-wise Insights in Indian Equities

- **January 2026 Sectoral Shifts: Second-Half Buying Spikes in Metals; Financials & Consumption Stay the Key Drag**

  - **Second-half rotation lifts cyclicals:** FPI buying was heavily concentrated in **Metals & Mining**, totaling **₹11,526 Cr**, with a sharp acceleration in the **16th–31st** window (**₹8,837 Cr** vs **₹2,689 Cr** in the first half). **Capital Goods** also saw stronger late-month participation at **₹2,761 Cr**, driven largely by second-half buying (**₹2,435 Cr**), pointing to selective interest in **cyclical/capex themes**. Buying in **Chemicals** was marginal at **₹140 Cr**, while **Forest Materials** stayed broadly flat (**₹2 Cr**).

- **Financials and Consumption Remain the Key Drag**

  - **Selling remains broad-based, led by Financials and consumer-facing sectors: Financial Services** recorded the deepest outflows at **₹8,592 Cr**, with selling intensifying in the second half (**₹5,402 Cr** vs **₹3,190 Cr**). **FMCG** selling totaled **₹7,497 Cr**, but was front-loaded in the first half (**₹6,128 Cr** vs **₹1,369 Cr** later).

  - **Healthcare** saw sharper second-half unwinding (**₹6,162 Cr** total; **₹5,113 Cr** in 16th–31st), while **Consumer Services** (**₹5,513 Cr**) and **Telecommunication** (**₹4,777 Cr**) also faced heavier late-month exits. **Automobile** (**₹3,594 Cr**), **Realty** (**₹2,655 Cr**) and **Services** (**₹1,971 Cr**) stayed net sold, though **Services** selling moderated in the second half (**₹384 Cr** vs **₹1,587 Cr**).

  - **Net-net:** January flows show a clear tilt **toward cyclicals (especially metals)** even as FPIs continued **de-risking in financials, consumption and defensives**, consistent with a month of heightened volatility and risk reduction.

Sector-Wise FPI Equity Purchases: Jan, 2026 (Amount in Crs)				Sector-Wise FPI Equity Sales: Jan, 2026 (Amount in Crs)			
Sector	1st - 15th	16th - 31st	Total	Sector	1st - 15th	16th - 31st	Total
Metals & Mining	2,689	8,837	11,526	Financial Services	(3,190)	(5,402)	(8,592)
Capital Goods	326	2,435	2,761	FMCG	(6,128)	(1,369)	(7,497)
Chemicals	69	71	140	Healthcare	(1,049)	(5,113)	(6,162)
Forest Materials	(10)	12	2	Consumer Services	(1,952)	(3,561)	(5,513)
				Telecommunication	(1,497)	(3,280)	(4,777)
				Automobile	(500)	(3,094)	(3,594)
				Realty	(699)	(1,956)	(2,655)
				Services	(1,587)	(384)	(1,971)

Sector-Wise FPI Equity Purchases in *FY2026		Sector-Wise FPI Equity Sales in *FY2026	
Sector	Amount (Crs)	Sector	Amount (Crs)
Telecommunication	32,230	Information Technology	(62,416)
Metals & Mining	17,832	FMCG	(26,358)
Oil & Gas	15,859	Healthcare	(25,384)
Capital Goods	10,640	Power	(20,865)
Services	5,932	Consumer Durables	(14,811)
Chemicals	4,882	Realty	(13,684)
		Consumer Services	(7,775)
		Financial Services	(5,829)

FY26 Snapshot: Where FPIs Placed Their Biggest Bets

FPI Sectoral Allocation (FY26 So Far): Telecom Leads Buying; IT Remains the Biggest Cut

- **Telecom Dominates FY26 FPI Purchases**
  - **Telecom Tops FPI Buying in FY26: Telecommunication** emerged as the largest buy-side pocket with purchases of **₹32,230 Cr**, indicating continued preference for structural themes such as **pricing discipline, ARPU improvement visibility and 5G monetisation**.
  - **Cyclicals & Capex Themes Form the Next Buying Cluster:** Beyond telecom, FPIs added meaningfully to **Metals & Mining (₹17,832 Cr)**, **Oil & Gas (₹15,859 Cr)** and **Capital Goods (₹10,640 Cr)**—signalling selective appetite for **industrial/commodity exposure and capex-linked plays**. **Services (₹5,932 Cr)** and **Chemicals (₹4,882 Cr)** also saw steady inflows, taking the top purchase sectors to a combined **~₹87,375 Cr**.
- **IT Faces the Sharpest Selling in FY26 So Far**
  - **IT Sees the Heaviest Selling:** On the sell side, **Information Technology** witnessed the sharpest unwind with sales of **₹62,416 Cr**, reflecting continued caution on **global-demand-sensitive** segments and/or portfolio rebalancing.
  - **Consumption, Defensives and Rate-Sensitives Also Face Exits:** FPIs also sold **FMCG (₹26,358 Cr)**, **Healthcare (₹25,384 Cr)** and **Power (₹20,865 Cr)**, alongside **Consumer Durables (₹14,811 Cr)** and **Realty (₹13,684 Cr)**—highlighting broad-based trimming across **consumer and rate-sensitive** pockets. **Consumer Services (₹7,775 Cr)** and **Financial Services (₹5,829 Cr)** also saw net selling, with the top sell sectors totaling **~₹177,122 Cr**.

Indian Benchmark Indices: Tracking Performance

Absolute Returns: A Snapshot of Indices Performance(%)		
Benchmark	**January**	**FY2026**
Sensex	(3.46)	6.27
Nifty 50	(3.10)	7.66
Nifty Midcap 150	(3.53)	12.40
Nifty Smallcap 250	(5.52)	4.37

- **Broader Markets Slide in Jan'26; FY26 So Far Still Positive with Midcaps Leading**
  - Markets saw a **sharp risk-off move in January**, with **Sensex down 3.46%** and **Nifty 50 lower by 3.10%**, reflecting a clear bout of **profit-booking and de-risking**. The pressure was stronger in the broader market—**Nifty Midcap 150 fell 3.53%**, while **Nifty Smallcap 250 dropped 5.52%**, signalling **higher stress in high-beta segments**.
  - Despite the weak January print, for **FY2026 so far, returns remain positive**, led by **Midcaps (+12.40%)** and **Nifty 50 (+7.66%)**, while **Sensex is up 6.27%** and **Smallcaps stand at 4.37%**, indicating that the broader trend is still constructive, though **leadership has been more selective**.

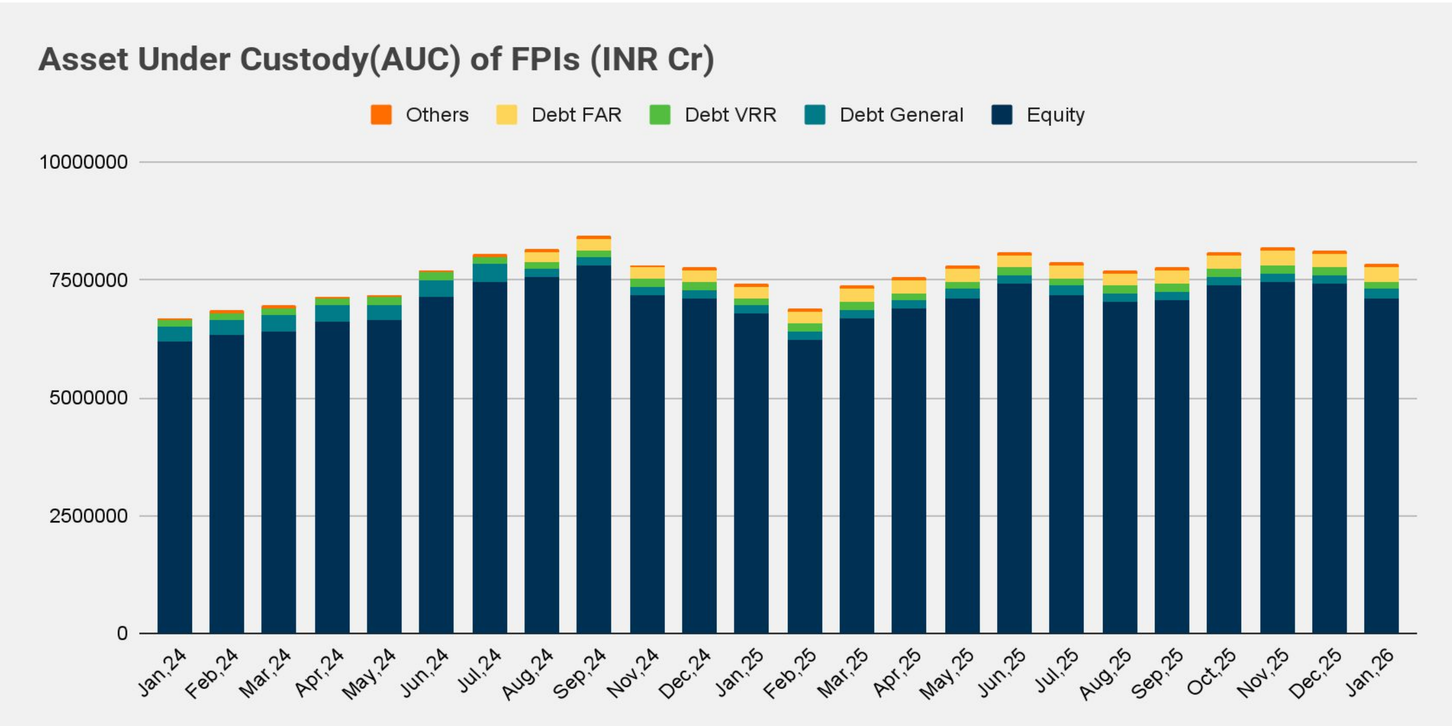
Tracking FPI's AUC in Indian Markets

FPIs' AUC Drops in Jan'26 as Equity Correction Bites, Debt Stays Steady

- ➢ **Total AUC Slips After Year-End High:** FPIs' **Assets Under Custody (AUC)** fell to **₹78.40 lakh cr in January 2026** from **₹81.39 lakh cr in December 2025** — a decline of **~₹2.99 lakh cr (-3.67% MoM)**. The drop reflects a **January equity market correction** along with **FPI outflows from equities**, leading to a meaningful mark-to-market and positioning reset after year-end level.
- ➢ **Equity AUC Sees the Sharpest Cut:** Equity holdings fell to **₹71.25 lakh cr** in **Jan'26** from **₹74.26 lakh cr** in **Dec'25**—down **~₹3.01 lakh cr (-4.05% MoM)**. This **equity-led de-risking** was the primary driver of the overall monthly AUC decline.
- ➢ **Debt AUC Steady; FAR Up:** Debt General slipped to **₹1.81 lakh cr** (from **₹1.87 lakh cr**) and Debt VRR was largely flat at **₹1.69 lakh cr** (from **₹1.71 lakh cr**). In contrast, Debt FAR rose to **₹2.87 lakh cr** (from **₹2.77 lakh cr**), showing selective preference for **FAR** even amid equity de-risking. Overall, total debt AUC stayed almost unchanged at **~₹6.37 lakh cr** (vs **~₹6.35 lakh cr**).
- ➢ **FY26 Trend:** FPIs' **Total AUC** rose to **₹78.40 lakh cr** in **Jan'26** from **₹73.76 lakh cr** in **Mar'25**—up **~₹4.64 lakh cr (+6.3%)**. After peaking at **₹81.86 lakh cr** in **Nov'25** (up **~₹8.09 lakh cr vs Mar'25**), AUC corrected by **~₹3.45 lakh cr (-4.2%)** by **Jan'26**, largely reflecting the **equity-led pullback**.

Asset Under Custody(AUC) of FPIs (INR Cr)			
Segment	**Jan,26**	**Dec,25**	**Change**
Equity	7,125,350	7,426,445	(301,095)
Debt General	181,179	187,487	(6,308)
Debt VRR	169,361	170,570	(1,209)
*Corporate Bonds	124,589	127,891	(3,302)
Debt FAR	286,589	277,342	9,247
Others	77,875	77,526	349
Total	**7,840,354**	**8,139,370**	**(299,016)**

Key Sectoral Breakdown of FPI Equity AUC (INR Cr)			
Sector	**Jan,26**	**Dec,25**	**Change**
Financial Services	2,302,818	2,363,331	(60,513)
Automobile	536,293	574,896	(38,603)
IT	533,953	537,779	(3,826)
Oil & Gas	524,352	568,986	(44,634)
Healthcare	439,490	470,466	(30,976)
Capital Goods	421,683	415,937	5,746
Telecom	378,716	406,630	(27,914)



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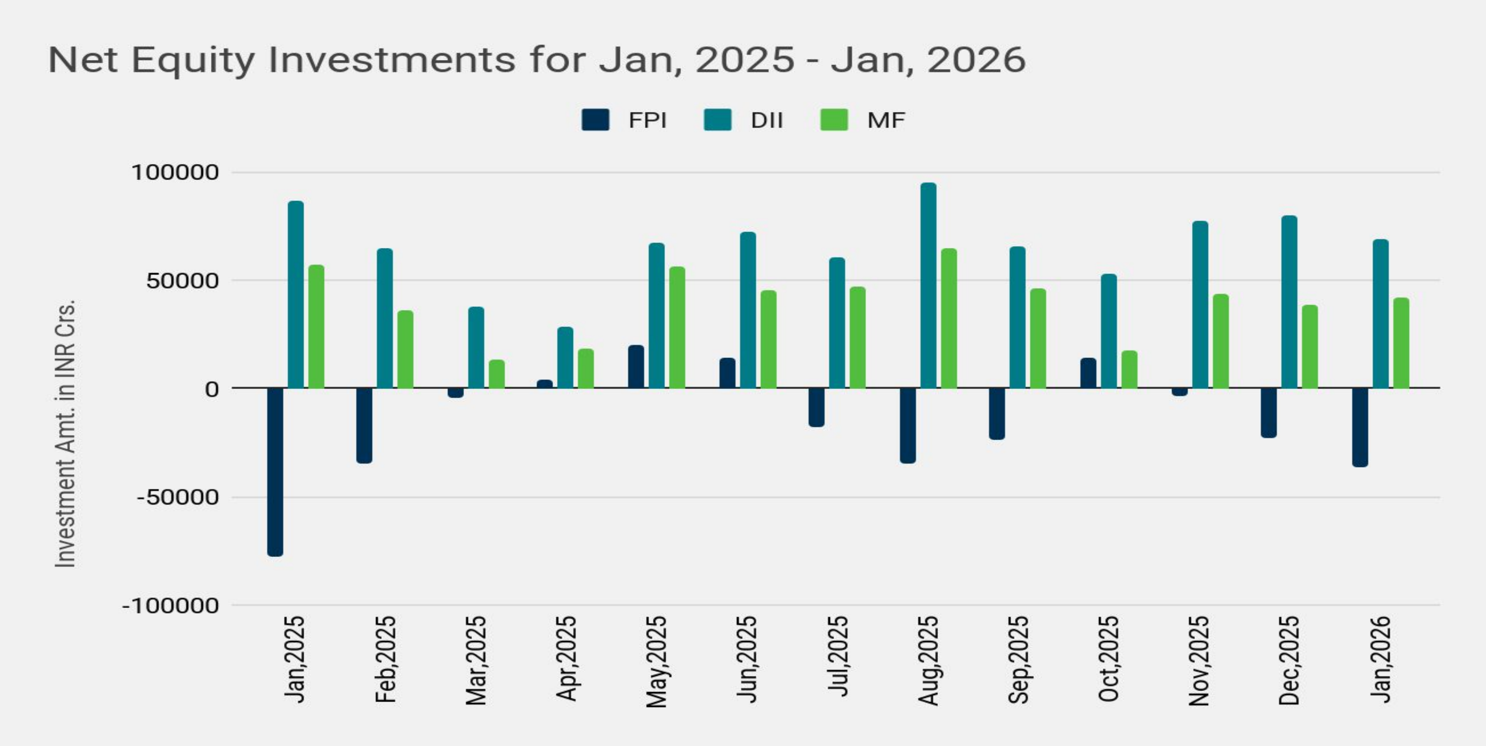
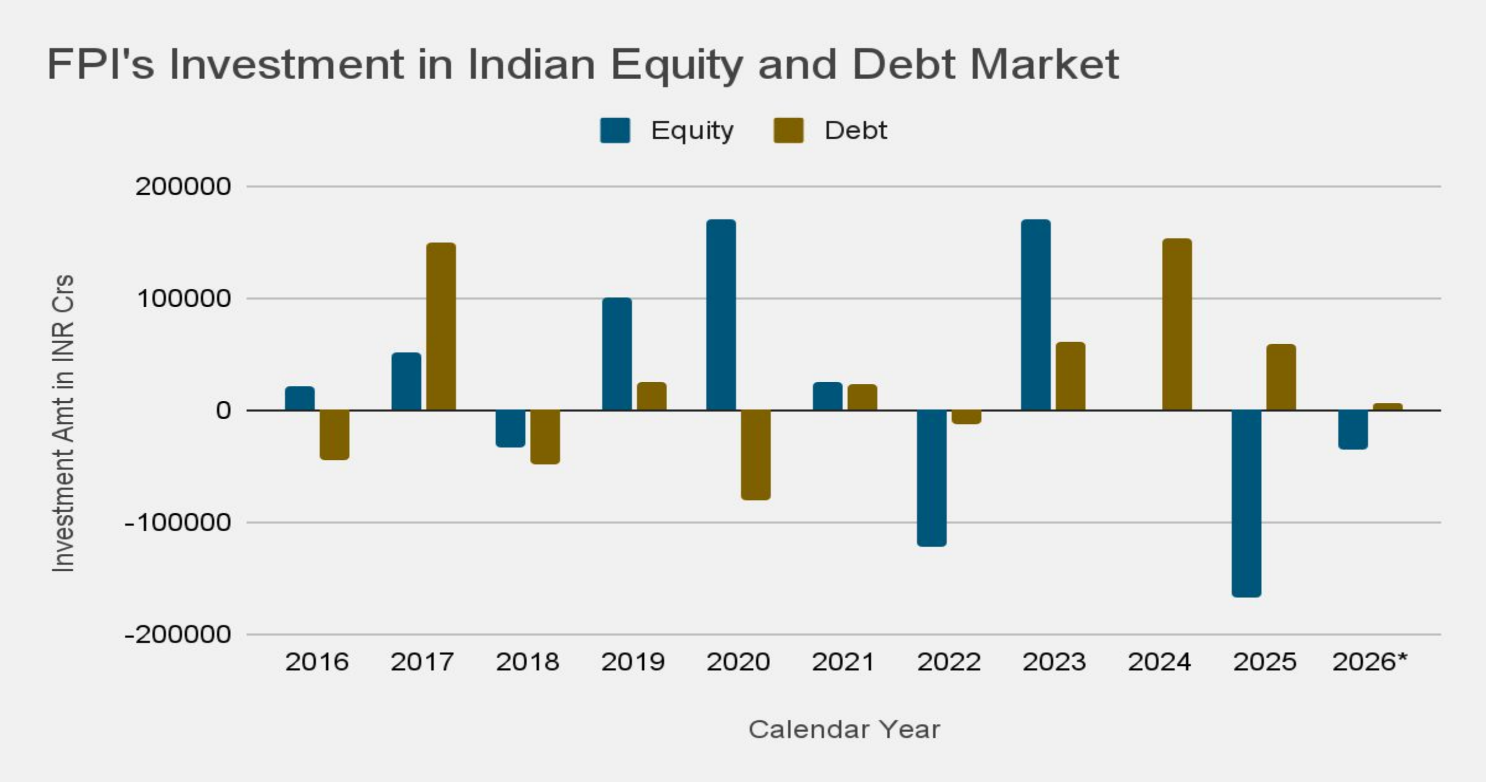
Equity Investment Breakdown by Participant



FPI's Strategic Investments in Equity and Debt Markets



*Data is updated as of 31st January. DII investments include MF investments.

Source: NSDL, SEBI