

## May Market Pulse: Fortnightly Investment Insights

### May Fortnight Review: FPIs Stay Risk-Off in Equities; FPI Debt Turns Positive, DIIs & MFs Cushion Pressure

- ❖ **Historic FPI Equity Sell-Off Continues, While Debt Flows Turn Supportive**
  - **FPIs Stay Risk-Off in First Half of May:** FPIs remained net sellers in Indian equities during **1st–15th May 2026**, recording outflows of **₹27,048 Cr**. The pressure came mainly from the **secondary market**, where FPIs sold **₹27,178 Cr**, while the **primary market/IPOs saw small buying of ₹130 Cr**. This shows that foreign investors continued to stay cautious in listed equities, even as IPO participation remained marginally positive.
  - **FPI Debt Flows Turn Positive:** FPI debt flows improved in the first half of May, with **net inflows of ₹2,429 Cr**, turning positive after **two consecutive months of sell-off**. This offered some support despite continued equity selling and indicates that while foreign investors remained cautious on **Indian equities**, they showed selective interest in **Indian fixed income**, possibly supported by relatively stable yields and better debt market visibility.
  - **FPIs Remain Net Sellers in CY2026:** In **CY2026 till 15th May**, FPIs have sold **₹2,19,017 Cr** in Indian equities, marking the **highest-ever FPI selling for the 1st Jan–15th May period**. This reflects continued **foreign risk-off sentiment** toward Indian equities. However, their **debt flows remain positive at ₹7,938 Cr**, indicating selective support from fixed income despite heavy equity outflows.
- ❖ **DIIs Stay Strong Buyers in May; Domestic Liquidity Offsets FPI Selling Pressure**
  - **DII Buying Remains Robust:** Domestic Institutional Investors continued their strong buying momentum in the first half of **May 2026**, with net equity purchases of **₹39,917 Cr** during **1st–15th May**. For **CY2026 till 15th May**, DIIs have invested a strong **₹3,41,586 Cr** in Indian equities, reinforcing their role as the key **stabilising force** as persistent FPI selling continues to weigh on market sentiment.
- ❖ **Mutual Funds Drive DII Buying in May**
  - **MF Equity Buying Remains Strong:** Mutual Funds emerged as the **major buyer within DIIs** during **1st–15th May 2026**, investing **₹33,191 Cr** in equities against total DII buying of **₹39,917 Cr**. This means MFs contributed nearly **83% of total DII equity inflows** during the fortnight. On a **CY2026-to-date** basis, MFs have invested **₹2,16,307 Cr** in equities.

## Fortnightly Investment Insights

### Tracking Investments of Market Participants

Market Participants	For the Period 1st May, 2026 to 15th May, 2026		For the Period 1st Jan, 2026 to 15th May, 2026	
	Equity (Cr)	Debt (Cr)	Equity (Cr)	Debt (Cr)
FPI	(27,048)	2,429	(219,017)	7,938
DII	39,917	-	341,586	-
Mutual Funds	33,191	(34,972)	216,307	(350,365)

\*DII investments include MF Investments. Data updated till 15th May

### Absolute Returns: A Snapshot of Index Performance (%)

Benchmark	First Half of May	CY2026 YTD
Sensex	(2.18)	(11.71)
Nifty 50	(1.48)	(9.51)
Nifty Midcap 150	1.17	(0.09)
Nifty Smallcap 250	(0.05)	0.23

## Mapping FPI Investments: Sector-wise Insights in Indian Equities

FPIs Remain Selectively Risk-Off in First Half of May; Services Sees Buying, Financials Face Heavy Selling

- ❖ **FPI Selling: Financial Services Leads the Outflows**
  - During 1st–15th May 2026, FPI selling remained concentrated in **Financial Services**, which saw the highest outflow of ₹17,960 Cr, making it the biggest drag during the fortnight. Selling was also seen in **Oil & Gas** at ₹6,885 Cr, followed by **Telecom** at ₹2,542 Cr, **Information Technology** at ₹1,643 Cr, **FMCG** at ₹1,625 Cr, **Construction Materials** at ₹1,207 Cr, **Consumer Durables** at ₹1,162 Cr and **Power** at ₹1,157 Cr. This indicates that FPIs continued to reduce exposure across key large-cap, consumption and rate-sensitive sectors.
- ❖ **FPI Buying: Selective Interest in Services and Capital Goods**
  - On the buy side, FPI buying was relatively selective, led by **Services**, which attracted inflows of ₹7,019 Cr. **Capital Goods** also saw healthy buying of ₹2,645 Cr, followed by **Metals & Mining** at ₹1,698 Cr, while **Diversified** saw marginal inflows of ₹33 Cr.
- ❖ **CY2026 FPI Flow Snapshot Till 15th May: Financials Remain the Biggest Drag, Capital Goods & Metals Stay Preferred**
  - On the sell side, **CY2026 till 15th May** continues to be dominated by heavy FPI selling in **Financial Services**, which saw outflows of ₹1,09,645 Cr, making it the biggest drag. Persistent selling was also visible in **Information Technology** at ₹26,513 Cr, followed by **Consumer Services** at ₹19,961 Cr, **FMCG** at ₹19,697 Cr, **Telecom** at ₹19,203 Cr, **Healthcare** at ₹18,473 Cr, **Automobile & Auto Components** at ₹18,342 Cr and **Oil & Gas** at ₹13,276 Cr, keeping the overall FPI stance cautious.
  - On the buy side, FPIs remained selective, favouring **Capital Goods** with inflows of ₹25,028 Cr and **Metals & Mining** with ₹16,915 Cr, reflecting preference for capex and cyclical themes. Smaller inflows were seen in **Power** at ₹6,809 Cr and **Services** at ₹3,011 Cr, while **Forest Materials** and **Diversified** saw negligible buying.

Sector-Wise FPI Equity Purchases: 1st–15th May 2026		Sector-Wise FPI Equity Sales: 1st–15th May 2026	
Sector	Amount (Cr)	Sector	Amount (Cr)
Services	7,019	Financial Services	(17,960)
Capital Goods	2,645	Oil, Gas & Consumable Fuels	(6,885)
Metals & Mining	1,698	Telecommunication	(2,542)
Diversified	33	Information Technology	(1,643)
		Fast Moving Consumer Goods	(1,625)
		Construction Materials	(1,207)
		Consumer Durables	(1,162)
		Power	(1,157)

Sector-Wise FPI Equity Purchases in Jan-*May, 2026		Sector-Wise FPI Equity Sales in Jan-*May, 2026	
Sector	Amount (Cr)	Sector	Amount (Cr)
Capital Goods	25,028	Financial Services	(109,645)
Metals & Mining	16,915	Information Technology	(26,513)
Power	6,809	Consumer Services	(19,961)
Services	3,011	Fast Moving Consumer Goods	(19,697)
Forest Materials	36	Telecommunication	(19,203)
Diversified	11	Healthcare	(18,473)
		Automobile and Auto Components	(18,342)
		Oil, Gas & Consumable Fuels	(13,276)

\*All data considered till 15th May

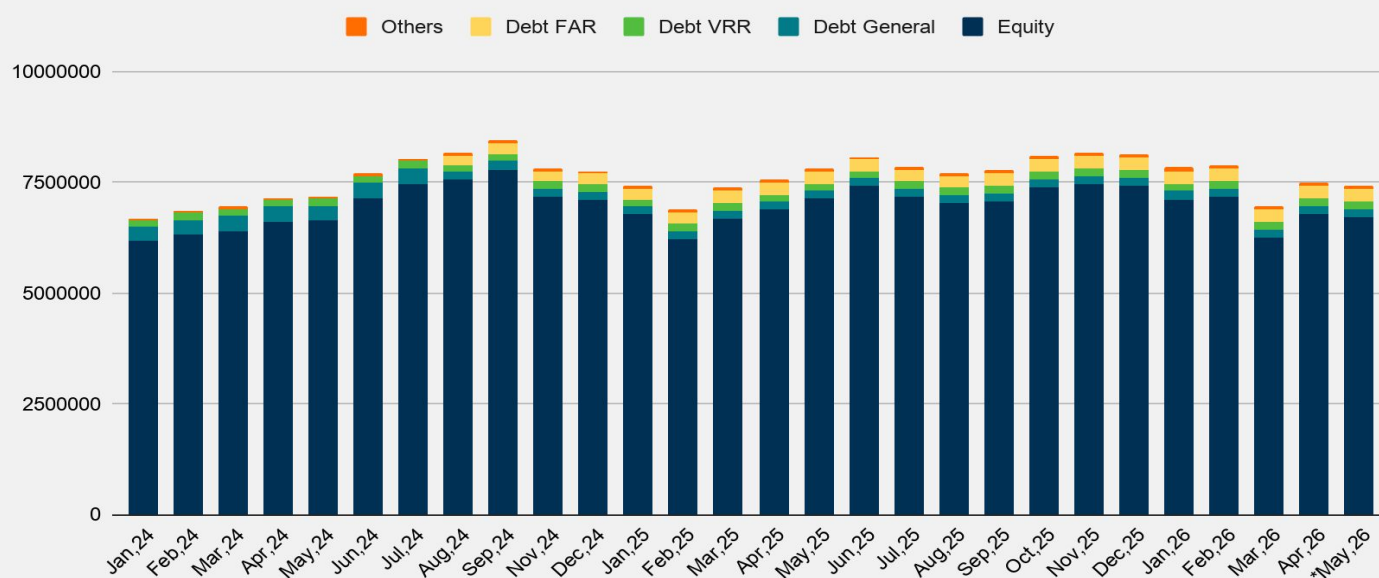
## Tracking FPI AUC in Indian Markets

### FPI AUC Moderates in First Half of May; Equity Custody Drag Pulls Total Lower

- ❖ Foreign Portfolio Investors' **Assets Under Custody (AUC)** moderated to **₹74.35 Lakh Cr** till **15th May 2026** from **₹74.93 Lakh Cr** in **Apr 2026**, marking a decline of **₹57,892 Cr** or **0.77%**. The fall was mainly led by equities, where **Equity AUC** declined to **₹67.30 Lakh Cr** from **₹67.92 Lakh Cr**, slipping by **₹61,676 Cr** or **0.91%**. This indicates that the overall value of FPI holdings softened in the first half of May, largely reflecting pressure in equity custody values.
- ❖ On the debt side, the trend remained mixed but broadly stable. **Debt General** declined marginally to **₹1.81 Lakh Cr** from **₹1.82 Lakh Cr**, while **Debt VRR** declined marginally by **₹458 Cr** to **₹1.64 Lakh Cr**. However, **Debt FAR** improved to **₹2.84 Lakh Cr** from **₹2.81 Lakh Cr**, rising by **₹3,447 Cr** or **1.23%**. Overall, the decline in May FPI AUC was largely **equity-led**, while debt custody remained relatively resilient, with FAR providing some support.
- ❖ Overall, **FPI AUC** declined mildly in the first half of **May 2026**, mainly due to weakness in **equity custody**, while **debt holdings** stayed broadly stable. The rise in **Debt FAR** offered some support, but the overall movement remained largely **equity-driven**.

Asset Under Custody (AUC) of FPIs (INR Cr)				Key Sectoral Breakdown of FPI Equity AUC (INR Cr)			
Segment	*May,26	Apr,26	Change	Sector	*May,26	Apr,26	Change
Equity	6,730,038	6,791,714	(61,676)	Financial Services	2,007,949	2,046,350	(38,401)
Debt General	181,497	182,196	(699)	Automobile	505,010	503,316	1,694
Debt VRR	163,714	164,172	(458)	Capital Goods	490,576	490,799	(223)
**Corporate Bonds	287,484	288,916	(1,432)	Healthcare	489,272	463,301	25,971
Debt FAR	284,238	280,791	3,447	Oil & Gas	484,992	521,467	(36,475)
Others	75,302	73,808	1,494	IT	366,479	389,432	(22,953)
<b>Total</b>	<b>7,434,789</b>	<b>7,492,681</b>	<b>(57,892)</b>	Telecom	364,095	358,995	5,100

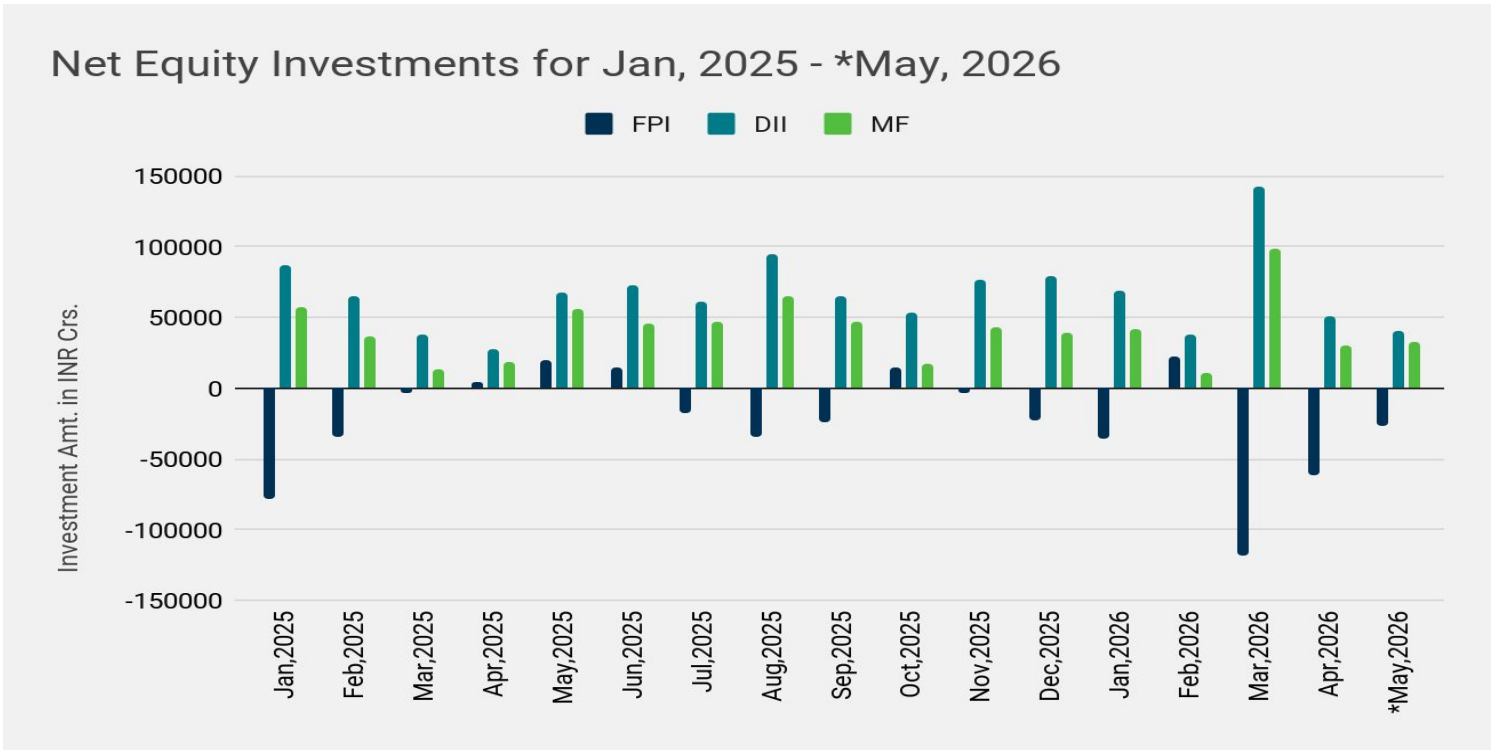
### Asset Under Custody(AUC) of FPIs (INR Cr)



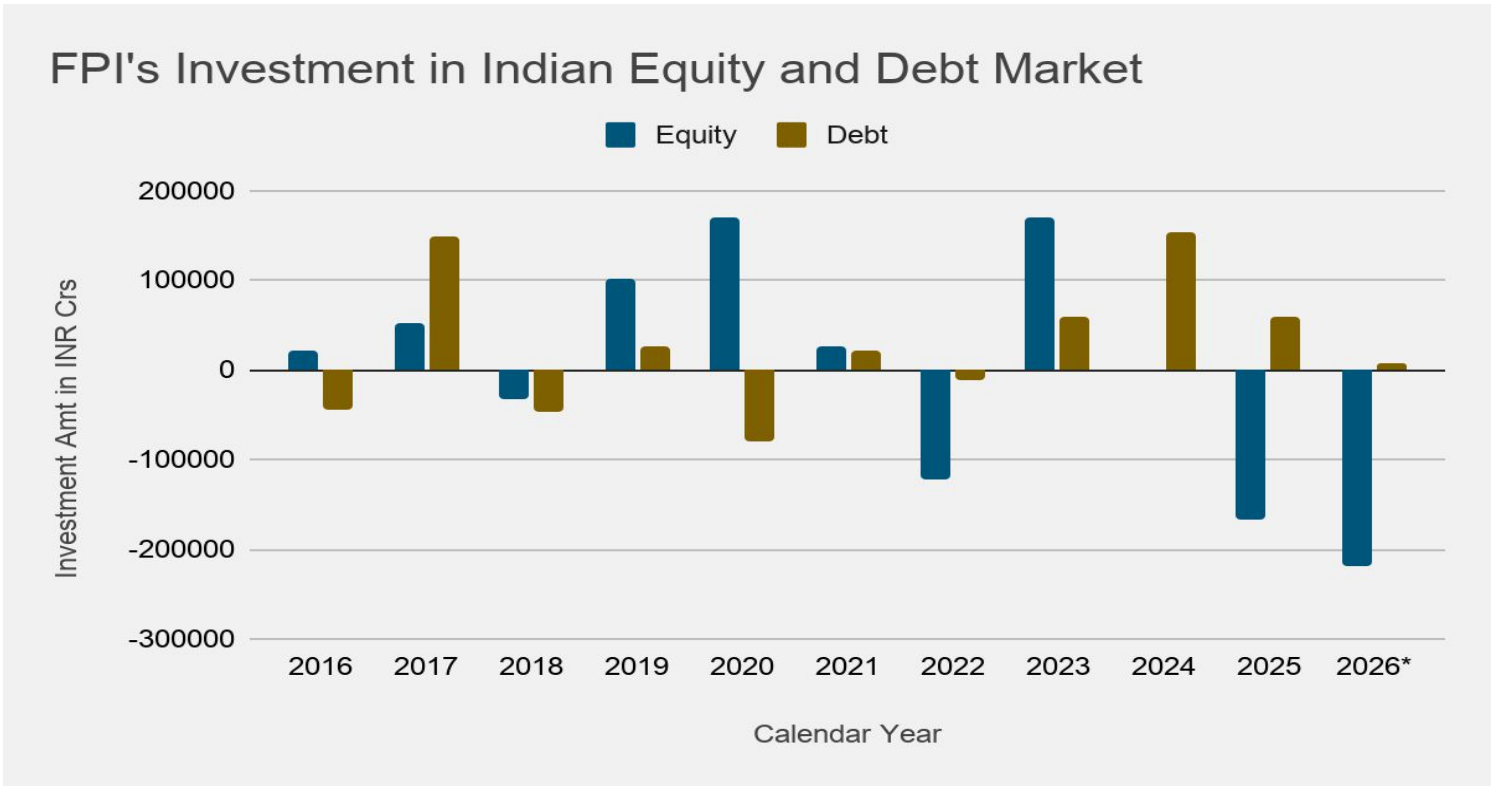
\*\*Corporate bond figures are already included within Debt General and Debt VRR; they are shown separately only for category-wise reporting.

\*All data is updated till 15th May.

## Equity Investment Breakdown by Participant



## FPI Investment in Indian Equity and Debt Markets



\*All data is updated till 15th May. DII investments include MF investments.

Source: NSDL, SEBI