

June Market Pulse: Investment Insights

June 2026: FPIs Record Highest-Ever Debt Buying but Remain Equity Sellers; DIIs & MFs Deliver Record H1 Support

- ❖ **FPI Flows: Record Debt Buying on Policy Reforms; Equity Selling Extends to 4th Month Despite Second-Half Revival**
 - **Record FPI Debt Buying in June as Tax Breaks and RBI Reforms Boost Foreign Appetite:** On the debt side, FPIs recorded record inflows of ₹55,518 Cr in June 2026, marking the second consecutive month of positive debt flows. Importantly, inflows were positive across all three routes, with Debt-General Limit attracting ₹30,620 Cr, Debt-VRR ₹3,246 Cr and Debt-FAR ₹21,652 Cr, reflecting broad-based foreign appetite for Indian debt instruments.
 - The sharp surge in FPI debt buying was supported by major Government and RBI reforms aimed at boosting foreign participation in Indian G-Secs. Key measures included tax exemptions on G-Sec interest and capital gains, wider FAR eligibility covering additional long-tenor G-Secs and Sovereign Green Bonds, and relaxation of General Route limits. These reforms improved access and post-tax attractiveness, contributing to record FPI buying in Indian debt during June 2026.
 - **FPIs Turn Net Buyers in the Second Half, Raising Hopes of Continued Buying in July:** FPIs remained net sellers in Indian equities in June 2026, marking the fourth consecutive month of net outflows, with total equity selling of ₹49,340 Cr. The selling was largely driven by heavy secondary market outflows of ₹53,957.9 Cr, partly offset by primary market/IPO inflows of ₹4,618 Cr. However, the monthly trend showed a notable improvement, with FPIs selling ₹63,450 Cr in the first half before turning net buyers of ₹14,110 Cr in the second half. This sharp reversal towards month-end indicates an improvement in foreign investor sentiment and raises hopes that the buying momentum could continue into July.
 - **H1 CY2026 Highlights a Sharp FPI Divide Between Equities and Debt:** Foreign investors pulled out a record ₹2,74,272 Cr from Indian equities, marking the highest-ever H1 equity selling, with FPIs remaining net sellers in 5 out of 6 months. In contrast, Indian debt attracted positive inflows of ₹63,784 Cr, with buying seen in 4 out of 6 months, highlighting continued caution towards equities but rising foreign investor confidence in India's fixed-income market.

Monthly Investment Insights

Tracking Flows by Market Participants

Market Participants	For the month of June						H1 CY2026	
	Equity (Cr)			Debt (Cr)			Equity (Cr)	Debt (Cr)
	1st - 15th	16th - 30th	Total	1st - 15th	16th - 30th	Total		
FPI	(63,450)	14,110	(49,340)	22,695	32,823	55,518	(274,272)	63,784
DII	61,137	15,264	76,401	-	-	-	460,738	-
*Mutual Funds	42,725	7,491	50,216	(74,017)	(18,190)	(92,207)	296,420	(480,996)

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



Mapping DII & Mutual Fund Investments in Indian Equities

- ❖ **DII Flows: Record H1 CY26 Buying Reinforces Domestic Institutions as the Market’s Strongest Support Pillar**
 - **H1 CY2026 Records Highest-Ever DII Buying:** During H1 CY2026, DIIs infused a record ₹4,60,738 Cr into Indian equities, compared with ₹3.58 Lakh Cr in H1 CY2025, marking the highest-ever DII buying in the first half of a calendar year. Their sustained participation played a crucial role in absorbing record FPI selling, supporting market liquidity and cushioning volatility, reinforcing DIIs as the market’s key domestic anchor.
 - **June DII Buying Remains Strong, Though Pace Moderates in the Second Half:** Domestic Institutional Investors continued to provide strong support to Indian equities in June 2026, investing ₹76,401 Cr during the month. Buying was heavily front-loaded, with inflows of ₹61,137 Cr in the first half, while purchases moderated to ₹15,264 Cr in the second half, coinciding with FPIs turning net buyers during the latter half of June.

- ❖ **Mutual Fund Flows: Record H1 CY2026 Equity Buying; June Purchases Moderate in the Second Half**
 - **H1 CY2026 Records Highest-Ever Mutual Fund Equity Buying:** During H1 CY2026, Mutual Funds invested a record ₹2,96,420 Cr in equities, compared with ₹2.39 Lakh Cr in H1 CY2025. This marks the highest-ever MF equity buying in the first half of a calendar year, reinforcing Mutual Funds as a key domestic support pillar for Indian equities.
 - **June MF Flows Remain Strong, Though Buying Slows in the Second Half:** Mutual Funds continued to provide strong support to Indian equities in June 2026, investing ₹50,216 Cr during the month. Buying was heavily front-loaded, with ₹42,725 Cr invested in the first half, while purchases moderated sharply to ₹7,491 Cr in the second half, indicating a slower pace of domestic fund buying towards month-end.

Indian Benchmark Indices: Tracking Performance

Absolute Returns: A Snapshot of Index Performance (%)		
Benchmark	June	H1 CY2026
Sensex	2.28	(10.26)
Nifty 50	1.35	(8.66)
Nifty Midcap 150	0.90	2.23
Nifty Smallcap 250	4.29	6.21

- ❖ **June 2026: Markets Rebound Across Segments; Smallcaps Lead the Recovery**
 - Indian equities witnessed a **broad-based recovery in June 2026**, with all major benchmark indices ending the month in positive territory. The **Sensex gained 2.28%**, while the **Nifty 50 rose 1.35%**, indicating a recovery in frontline stocks. The broader market also remained positive, with the **Nifty Midcap 150 gaining 0.90%** and the **Nifty Smallcap 250 surging 4.29%**, emerging as the **best-performing index during the month**. This performance indicates relative strength in smallcap stocks during the month, even as gains in midcaps remained comparatively modest.
 - On a **H1 CY2026 basis**, large-cap indices continued to remain under pressure, with the **Sensex down 10.26%** and the **Nifty 50 lower by 8.66%**. In contrast, broader indices remained firmly positive, with the **Nifty Midcap 150 up 2.23%** and the **Nifty Smallcap 250 gaining 6.21%**. Overall, **June marked a recovery across market segments**, but the **H1 CY26 trend continued to highlight a clear divergence**, with **large-caps remaining negative while midcap and smallcap indices retained relative strength**.

Mapping FPI Investments: Sector-wise Insights in Indian Equities

Sector-Wise FPI Equity Purchases: Jun, 2026 (Amount in Crs)				Sector-Wise FPI Equity Sales: Jun, 2026 (Amount in Crs)			
Sector	1st - 15th	16th - 30th	Total	Sector	1st - 15th	16th - 30th	Total
Financial Services	(11,263)	14,634	3,371	Oil & Gas	(10,488)	(2,789)	(13,277)
Services	302	2,592	2,894	Automobile	(9,044)	(1,324)	(10,368)
Construction	(603)	3,484	2,881	Metals & Mining	(4,722)	(4,371)	(9,093)
Consumer Durables	(634)	2,564	1,930	Information Technology	(6,733)	(733)	(7,466)
Consumer Services	(1,852)	3,081	1,229	Power	(2,577)	(3,743)	(6,320)
Realty	(1,093)	1,893	800	FMCG	(5,063)	(474)	(5,537)
Utilities	7	216	223	Capital Goods	(2,586)	(1,442)	(4,028)
Textiles	(146)	241	95	Construction Materials	(2,426)	(650)	(3,076)

❖ June 2026 Sectoral Rotation: Oil & Gas and Auto Face Heavy FPI Selling; Financials, Services & Construction See Second-Half Buying Revival

- **Oil & Gas Leads the Selloff; Automobile, Metals & Mining and IT Also Face Heavy Pressure:** On the selling side, **Oil & Gas** witnessed the highest FPI selling at **₹13,277 Cr in June 2026**, with pressure persisting across both halves of the month at **₹10,488 Cr during 1st–15th June** and **₹2,789 Cr during 16th–30th June**. **Automobile** followed with selling of **₹10,368 Cr**, though the intensity moderated sharply in the second half to **₹1,324 Cr** from **₹9,044 Cr** in the first half.
- Among other sectors, **Metals & Mining** saw heavy selling of **₹9,093 Cr**, followed by **Information Technology** at **₹7,466 Cr**, **Power** at **₹6,320 Cr** and **FMCG** at **₹5,537 Cr**. **Capital Goods** at **₹4,028 Cr** and **Construction Materials** at **₹3,076 Cr** also remained under pressure, indicating broad-based FPI caution across energy, automobiles, technology, industrial and consumption-linked sectors.

❖ FPIs Turn Selectively Positive in June; Financials, Services and Construction Lead Buying

- **Strong Second-Half Buying Drives a Sharp Reversal in Financial Services:** FPI buying in June 2026 was led by **Financial Services**, which recorded net purchases of **₹3,371 Cr** for the month. The sector witnessed heavy selling of **₹11,263 Cr in the first half**, but a sharp reversal in the second half, with buying of **₹14,634 Cr**, more than offsetting earlier outflows and signalling a **strong revival in foreign investor interest**.
- **Services and Construction Emerge as Key Buying Pockets:** **Services** attracted purchases of **₹2,894 Cr**, with buying strengthening from **₹302 Cr in the first half** to **₹2,592 Cr in the second half**. **Construction** followed closely with purchases of **₹2,881 Cr**, as strong second-half buying of **₹3,484 Cr** offset first-half selling of **₹603 Cr**. **Consumer Durables** also saw net buying of **₹1,930 Cr**, while **Consumer Services** at **₹1,229 Cr** and **Realty** at **₹800 Cr** turned positive on the back of strong second-half inflows.
- **Second-Half Revival, but Sectoral Positioning Remains Selective:** Overall, **June 2026** witnessed a clear shift in FPI positioning during the second half, with strong buying emerging in **Financial Services, Services, Construction** and consumer-facing sectors. However, persistent selling in **Oil & Gas, Automobile, Metals & Mining** and **IT** highlighted continued caution across several major sectors, indicating that **FPI participation remained highly selective rather than broad-based**.

Source: NSDL, SEBI

H1 CY2026 Snapshot: FPI Sectoral Positioning and Biggest Moves

Sector-Wise FPI Equity Purchases in H1 CY2026		Sector-Wise FPI Equity Sales in H1 CY2026	
Sector	Amount (INR Cr)	Sector	Amount (INR Cr)
Capital Goods	21,154	Financial Services	(111,455)
Metals & Mining	12,821	Information Technology	(34,247)
Services	6,090	Automobile	(30,885)
Power	965	Oil & Gas	(28,646)
Utilities	49	FMCG	(27,170)
Forest Materials	13	Healthcare	(20,938)
		Consumer Services	(20,362)
		Telecommunication	(17,423)
		Construction Materials	(9,668)
		Realty	(8,337)

FPI Sectoral Positioning (H1 CY2026): Capital Goods Leads Buying; Financial Services Faces Deepest Selling

- ❖ **Financial Services Sees the Sharpest FPI Selling in H1 CY2026:** On the selling side, **Financial Services** remained the biggest drag on FPI allocations, witnessing the steepest selling of ₹1,11,455 Cr during Jan–Jun 2026. This was followed by heavy selling in **Information Technology** at ₹34,247 Cr, **Automobile** at ₹30,885 Cr, **Oil & Gas** at ₹28,646 Cr and **FMCG** at ₹27,170 Cr. Among other major sectors, **Healthcare** saw selling of ₹20,938 Cr, followed by **Consumer Services** at ₹20,362 Cr and **Telecommunication** at ₹17,423 Cr. The broad spread of selling indicates sustained FPI caution across **financials, technology, automobiles, consumption-linked sectors and energy**, with several large index-heavy segments facing continued foreign investor pressure during H1 CY2026.
- ❖ **Capex and Cyclical Themes Continue to Lead FPI Buying in H1 CY2026:** Despite broad-based selling across several sectors, FPIs remained selectively positive on **capex-led, industrial and commodity-linked themes**, reflecting continued preference for areas linked to **domestic infrastructure spending, manufacturing expansion and cyclical opportunities**. **Capital Goods** emerged as the most-bought sector with purchases of ₹21,154 Cr, highlighting sustained foreign interest in India's capex and infrastructure growth story. This was followed by **Metals & Mining**, which attracted purchases of ₹12,821 Cr, indicating continued interest in commodity-linked and cyclical plays. **Services** also saw meaningful buying of ₹6,090 Cr, while **Power** remained in the positive zone with purchases of ₹965 Cr. **Utilities** at ₹49 Cr and **Forest Materials** at ₹13 Cr recorded only marginal buying.
- ❖ **Capex Preferred, Financials & Consumption Themes Trimmed:** Overall, FPI positioning in **H1 CY2026** remained highly selective, with clear preference for **Capital Goods, Metals & Mining and Services**, while exposure was sharply reduced in **Financial Services, IT, Automobile, Oil & Gas and FMCG**. The sectoral pattern suggests that foreign investors continued to favour **capex, manufacturing and cyclical themes**, while remaining cautious on several **large index sectors and consumption-linked pockets**, resulting in a sharp divergence between preferred investment themes and sectors facing persistent selling pressure.

Source: NSDL, SEBI



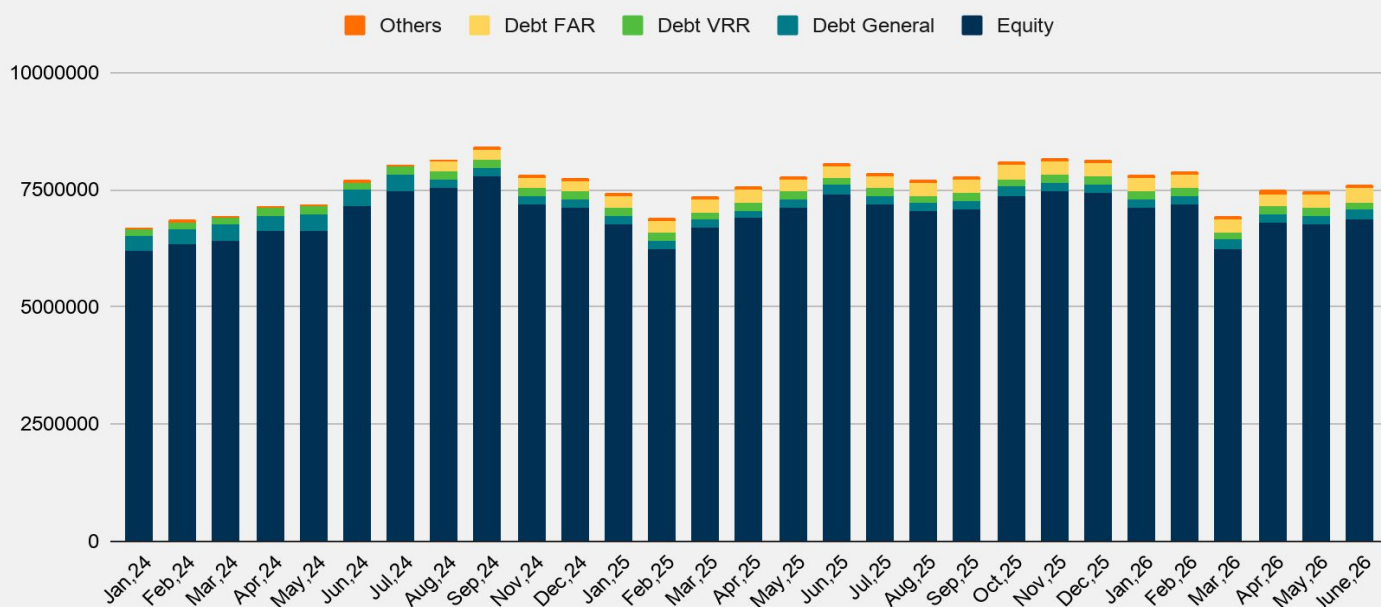
Tracking FPI's AUC in Indian Markets

June 2026: FPI AUC Rebounds; Equity and Debt FAR Drive Recovery

- Foreign Portfolio Investors' **Assets Under Custody (AUC)** increased to **₹76.22 Lakh Cr** in Jun'26 from **₹74.78 Lakh Cr** in May'26, marking a rise of **₹1.44 Lakh Cr** or **1.93% MoM**. The improvement was mainly led by **Equity AUC**, which rose to **₹68.65 Lakh Cr** from **₹67.73 Lakh Cr**, up **₹0.92 Lakh Cr** or **1.36% MoM**. This indicates a **recovery in FPI custody values during June**, supported by improved equity market sentiment and a rebound in market valuations.
- On the debt side, the trend was also **positive**. **Debt General AUC** increased sharply to **₹2.03 Lakh Cr** from **₹1.81 Lakh Cr**, adding **₹0.22 Lakh Cr** or **12.33% MoM**. **Debt FAR AUC** also strengthened to **₹3.14 Lakh Cr** from **₹2.86 Lakh Cr**, up **₹0.28 Lakh Cr** or **9.96% MoM**, reflecting stronger custody values under the **Fully Accessible Route (FAR)**. **Debt VRR AUC** remained broadly stable, rising marginally to **₹1.65 Lakh Cr** from **₹1.63 Lakh Cr**. **Others AUC** was largely unchanged at **₹0.75 Lakh Cr**.
- Overall, **June 2026 showed a broad-based recovery in FPI AUC** after May's consolidation. The rise was primarily driven by **Equity AUC**, while strong gains in **Debt General** and **Debt FAR** provided additional support. This suggests that **FPI custody values improved meaningfully during the month**, with both **equity market recovery and higher debt custody values** contributing to the overall increase.

Assets Under Custody (AUC) of FPIs (INR Cr)				Key Sectoral Breakdown of FPI Equity AUC (INR Cr)			
Segment	June,26	May,26	Change	Sector	June,26	May,26	Change
Equity	6,864,934	6,772,782	92,152	Financial Services	2,111,441	1,996,508	114,933
Debt General	203,087	180,791	22,296	Capital Goods	515,370	514,716	654
Debt VRR	165,039	163,235	1,804	Healthcare	506,738	482,596	24,142
**Corporate Bonds	288,829	284,984	3,845	Automobile	502,793	506,398	(3,605)
Debt FAR	314,375	285,905	28,470	Oil & Gas	464,731	482,896	(18,165)
Others	74,691	75,059	(368)	Telecom	360,095	358,092	2,003
Total	7,622,126	7,477,772	144,354	IT	338,594	382,141	(43,547)

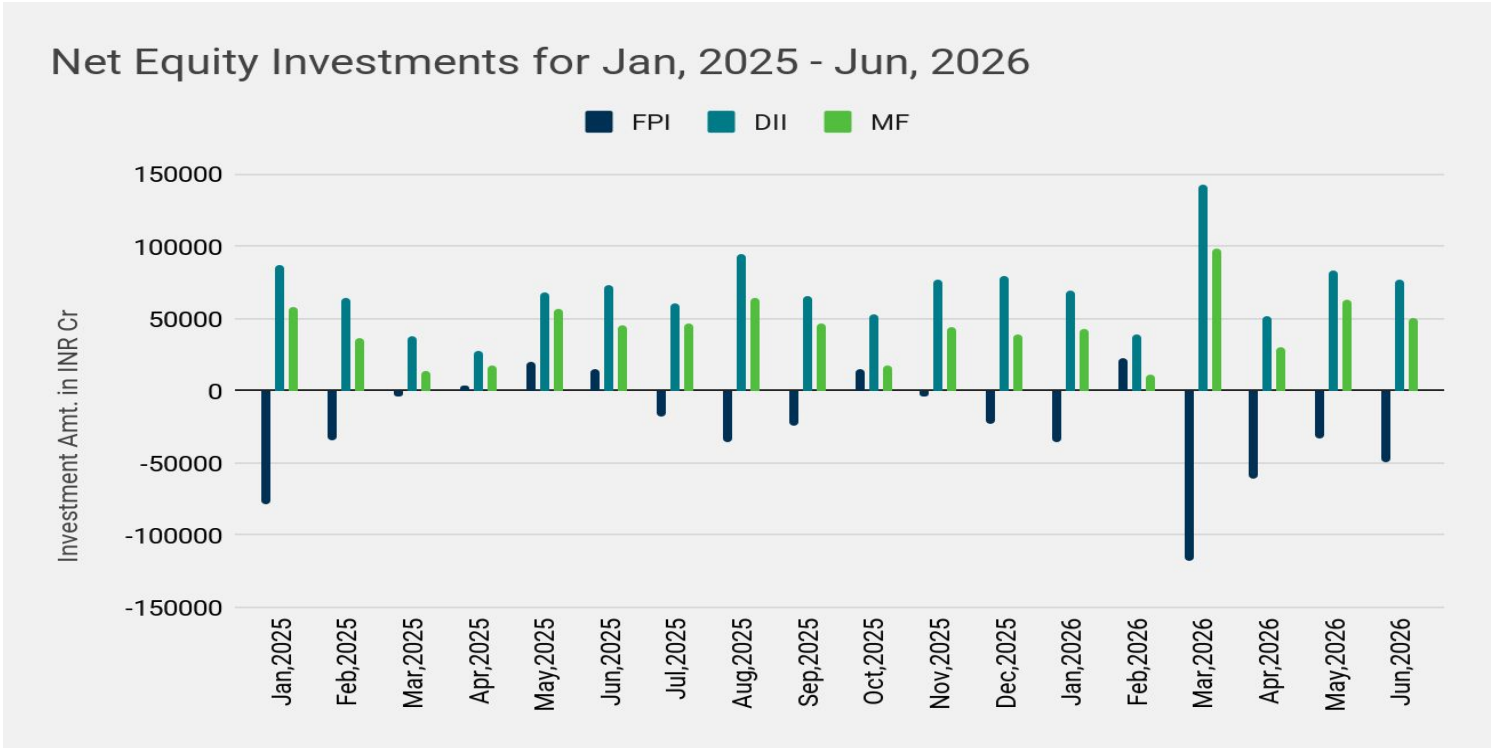
Assets Under Custody(AUC) of FPIs (INR Cr)



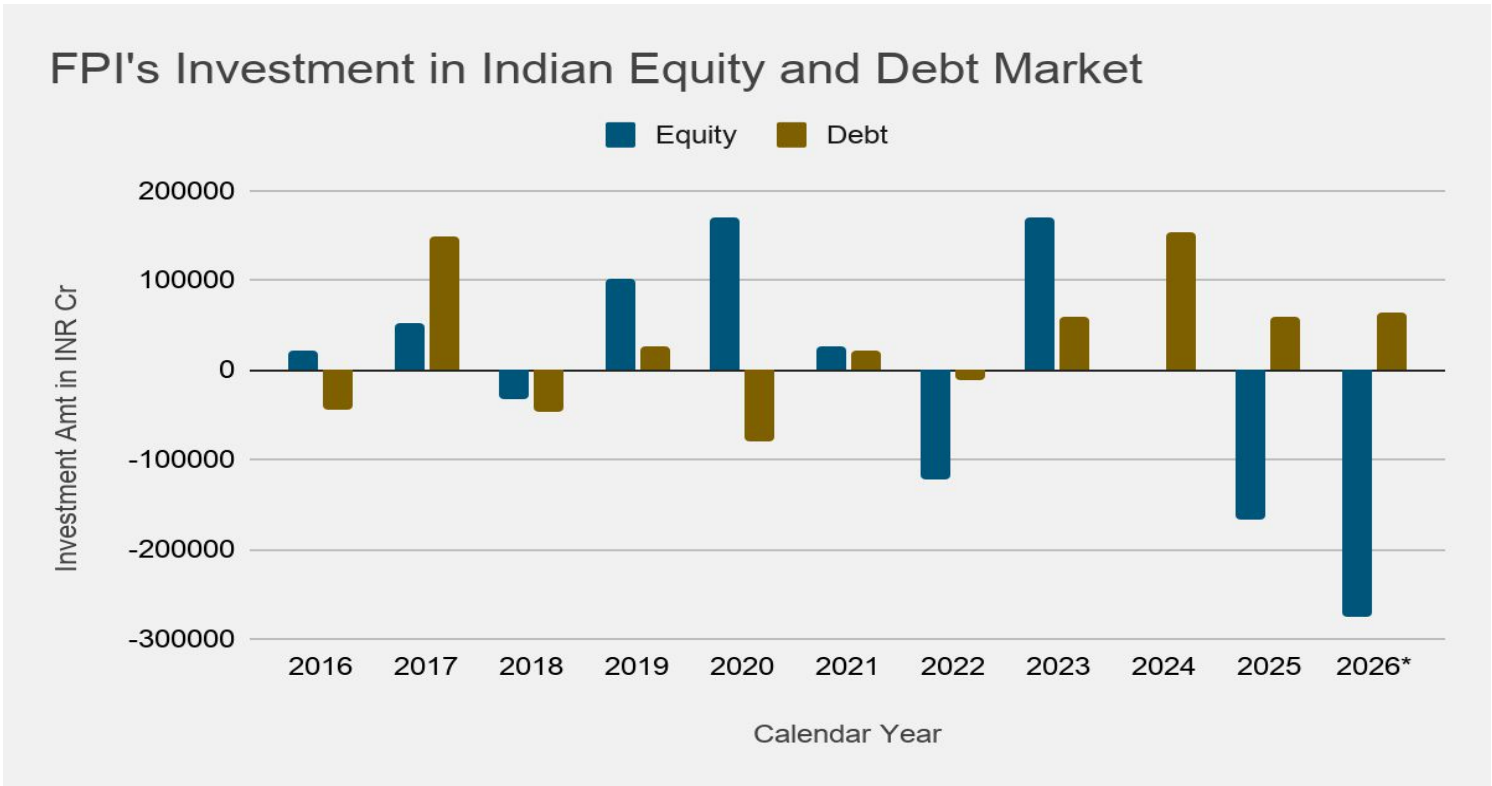
**Corporate Bonds are shown separately for reference and are not added again in Total AUC.



Equity Investment Breakdown by Participant



FPI's Strategic Investments in Equity and Debt Markets



*Data is updated as of 30th June. DII investments include MF investments.

Source: NSDL, SEBI