

FII's offload over \$1 bn in first eight sessions

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THE FIRST EIGHT trading sessions of 2023 have seen outflows by foreign institutional investors (FIIs) continue, with \$817.58 million being offloaded from equities between January 2 and January 10, according to Sebi data.

FIIs sold a provisional ₹3,208.15 crore (\$392.6 million) of shares on January 11, according to data from the National Stock Exchange.

This takes the total amount withdrawn by FIIs until January 11 to \$1.21 billion.

According to the data, while the first session of the new year saw inflows of \$201 million, the remaining days have seen continuous outflows, except for January 9, a day on which there was a meagre \$7 million of inflow.

"The US Fed meeting, along with concerns regarding recession, which has led to volatility in global markets, has been the key factor.

Also, in the beginning of the year, FIIs tend to go on a vacation.

Add to that, with the upcoming Budget, they are awaiting clarity.



FIIs trim money whenever there is volatility, and there are multiple factors causing volatility at present," said Chandan Taparia, Head (Technical & Derivatives Research), Motilal Oswal Financial Services.

Agrees Deepak Jasani, head of retail research at HDFC Securities, saying that the outflows are a reflection of new year allocations getting deferred.

"With the US Fed not moving away from its hawkish stance and China gradually re-opening, there are contrary sig-

nals as regards global appetite.

"Many who bought in anticipation are also getting out, primarily because of the key triggers ahead — the upcoming Budget and US Fed meet, both on February 1.

Many short-term FIIs have withdrawn money, and will come back later once there is clarity," he said.

He added that while the rupee has recovered to below the 82-mark, the weakness could have caused some panic among FIIs in the initial sessions.

Foreign Institutional Investors (FIIs) withdrew over

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\$16 billion from Indian equities in 2022, turning net sellers for the first time in four years.

This was despite India being the second-best performing market in the world in 2022, with the Sensex and Nifty raking in gains of over 4% each.

Brokerages have, in their outlook for 2023, said FII flows are expected to remain volatile.

BoFA Securities, in its outlook, had said that with valuations at a 10% premium to their long-term average, FII inflows could stay volatile.

The brokerage had cited a slowdown in the US and global economy, the Fed pivot, a strengthening yuan, higher crude, and reopening in China, along with geopolitical uncertainties such as Russia-Ukraine and China-Taiwan, as key events to watch in 2023.