

Headline: Retail investors take Nifty to 10,000 peak via MF route

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Retail investors take Nifty to 10,000 peak via MF route

Pump More Than ₹4,800 Crore Through SIPs In June Alone

TIMES NEWS NETWORK

Mumbai: If most of the bull rallies of the past piggybacked on strong buying by foreign investors, the current rally — which took the Nifty to an all-time peak of 10,011 in Tuesday's early trade — is very different. For the first time since foreign funds were allowed into the Indian markets in 1992, the rally has been predominantly led by funds from retail investors through the mutual fund route.

Consider this: So far in 2017, domestic institutions — which include mutual funds and insurance companies — have net bought stocks worth almost Rs 24,000 crore, BSE data showed.

This is more than four times the Rs 5,700-crore net in-

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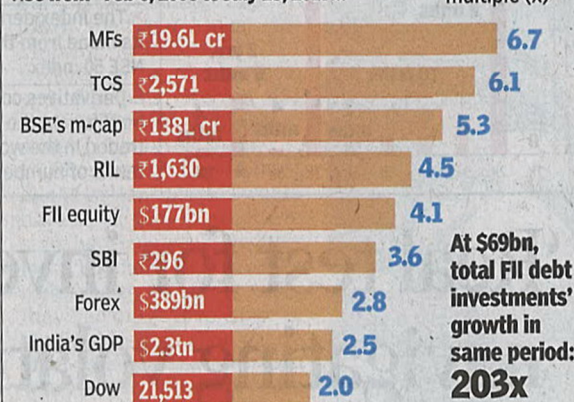
flow recorded by these entities in the same period of 2016. In comparison, at \$8.4-billion (Rs 56,000-crore) net foreign fund inflow in 2017 is twice the \$4.2-billion (Rs 27,800-crore) net inflow recorded during the comparable period of 2016, CDSL data showed.

"Foreign funds were also buyers this year, but the strong domestic flows provided the much needed downside protection to the market," said A Balasubramanian, chairman, AMFI, the mutual fund industry trade body. According to him, among the domestic institutions, the main thrust came from the strong retail flows into the stock market through the systematic investment plan (SIP) route which, according to latest available data, brought in Rs 4,855 crore in June. Of the to-

MARKING MILESTONES

SENSEX@10K* TO NIFTY@10K

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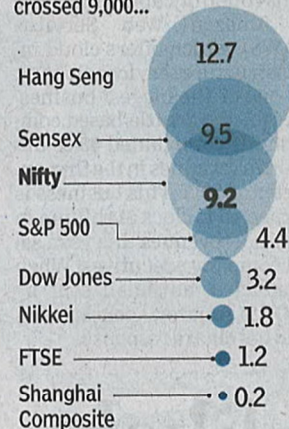


OF THE 50 COS IN NIFTY WHEN IT WAS LAUNCHED, THESE 15 ARE STILL THERE

- ACC ■ Ambuja Cements ■ Bajaj Auto ■ HDFC Bank ■ Hindalco ■ HUL
- HDFC ■ ICICI Bank ■ ITC ■ L&T ■ Reliance Inds ■ SBI ■ Tata Motors
- Tata Power ■ Tata Steel

NIFTY VS OTHER BOURSES

How other indices fared (in %) from Mar 14, 2017 when Nifty crossed 9,000...



Source: BSE, NSE, ETIG Database, RBI, CDSL, Bloomberg

tal, about 85% of the mandate is for investing through equity funds. "And this (SIP inflow) is growing at the rate of about Rs 250-300 crore per month," Balasubramanian, who is also the CEO of Birla Mutual Fund, said.

Industry players said for a long time, when foreign portfolio investors (FPIs) sold (and often they did that together), domestic funds were no match to cushion the impact of the selling. However, with mutual fund houses now witnessing strong flows through SIPs, they are emerging as a counterbalance who could help 'cap the downside' from any sudden selling by FPIs.

Despite the untold assurance and growing money power of mutual funds, investors in stocks are becoming cautious with every rise in

the leading indices.

On Tuesday, along with the Nifty, which after crossing the 10k peak closed barely changed at 9,965, the sensex too hit a new all-time peak at 32,374 and closed just 18 points lower at 32,228.

According to Motilal Oswal, CMD, Motilal Oswal Financial Services, in the context of fundamentals of stocks and the market, these number look like they are at dizzying heights as — along with demonetisation and then GST-related disruptions — quarterly results will not help the cause. "We think at this point, from a short-term perspective, market appears to be over heated and trading rich. Correction cannot be ruled out at this juncture. This correction will not be very deep as a huge pool of cash

is waiting to be deployed in the market (both from FPIs and MFs) at lower levels," he said. However, he believes if a correction does happen at current levels, that would be a healthy one for the bull run to sustain in the long run.

Some market players also believe that there are domestic as well as global factors that may be weighing on sentiment, trying to pull the market down. Among those factors is the looming US Federal Reserve decision to start unwinding its massive \$4.5 trillion worth of assets, which may come in any time this year. The current military standoff between India and China and the not-too-enthusiastic quarterly results by top corporates may also weigh on investor sentiment, they said.