Foreign investors have pulled out more than Rs 55 bn from capital markets this month so far due to global trade war worries coupled with hawkish commentary by the US Federal Reserve.

This comes following a net outflow of over Rs 450 bn from capital markets (equity and debt) in the last two months. Prior to that, foreign portfolio investors (FPIs) had pumped in Rs 26 bn in March.

According to latest data available with depositories, FPIs withdrew a net sum of Rs 8.31 bn from equities and a net amount of Rs 46.83 bn from debt markets during June 1-15, resulting in a total outflow of Rs 55.14 bn.

"Investors were concerned as it was reported that the US President Donald Trump approved tariffs on about USD 50 billion of Chinese goods," said Abhijeet Dey, Senior Fund Manager Equities at BNP Paribas Mutual Fund.

"Further, the sentiments were dampened due to rate hike and the hawkish commentary by the US Federal Reserve," said Jayant Manglik President at Religare Broking Ltd.

"We believe one should remain cautious in the market due to global sentiments, movement of Indian Rupee against the US dollar and crude oil prices," he added.

However, Indian equities had seen some buying from FPI's in the first week of June 2018 on the back of easing of global oil prices from their recent highs.

The easing was premised on expectations that global crude output will increase by at least 1 million barrels per day post June 22 meeting between OPEC members (led by Saudi Arabia) and Russia, said Ajay Bodke CEO and Chief Portfolio Manager at PMS Prabhudas Lilladher.

Further, Bodke had said that the just concluded fourth quarterly results pointed to revival in corporate earnings (baring corporate focused public and private sector banks) with volume growth in double digits in many sectors such as FMCG, retail, autos among others.

So far this year, FPIs have invested over Rs 24 bn in equities and pulled out more than Rs 350 bn from the debt market.