

Quant

May'26 sectoral PE trend

Quick Pointers

- This report reviews one year forward PE and market cap trends across major sectors in May'26, benchmarking current valuations against long term averages to assess sector positioning.
- Out of the 20 sectors analysed, 9 are currently trading below their long-term averages.

Overall, May'26 valuations remain mixed. Industrial and cyclical sectors such as capital goods, cement, chemicals, automobiles, auto parts, textiles continue to trade above long-term averages, with defence and power among the most expensive pockets. On the other hand, sectors including IT, FMCG, hospitals, hotels, agro chemicals, building materials and real estate are trading below historical averages, offering relatively better valuation comfort, while retail remains the most undervalued. Consumer durables continue to appear expensive, pharma is broadly fairly valued, and metals, oil & gas and textiles trade moderately above averages, reflecting ongoing cyclical strength. Despite the moderation during the month, most sectors remain within their historical valuation bands, indicating limited signs of deep undervaluation across the market.

Agro Chemicals PE softened marginally from 19 at the start of May'26 to 18 by month end. Compared to the long-term average PE of 20, the current valuation is slightly below average but within the historical band of 9–39, with ± 1 standard deviation levels at 26 and 14.

Auto Parts & Equipment PE moderated from 34 at the start of May'26 to 33 by month end. Compared to the long-term average PE of 30, the current valuation is above average but within the historical band of 17–46, with ± 1 standard deviation levels at 36 and 24.

Automobile PE softened from 27 at the start of May'26 to 25 by month end. Compared to the long-term average PE of 23, the current valuation is above average but within the historical band of 16–32, with ± 1 standard deviation levels at 27 and 19.

Building Material PE remained stable from 45 at the start of May'26 to 45 by month end. Compared to the long-term average PE of 49, the current valuation is below average but within the historical band of 32–75, with ± 1 standard deviation levels at 59 and 39.

Capital Goods PE expanded from 36 at the start of May'26 to 37 by month end. Compared to the long-term average PE of 31, the current valuation is above average but within the historical band of 19–50, with ± 1 standard deviation levels at 38 and 24.

Cements PE softened from 33 at the start of May'26 to 32 by month end. Compared to the long-term average PE of 25, the current valuation is above average but within the historical band of 11–37, with ± 1 standard deviation levels at 31 and 19.

Chemicals PE moderated from 35 at the start of May'26 to 33 by month end. Compared to the long-term average PE of 29, the current valuation is above average but within the historical band of 11–68, with ± 1 standard deviation levels at 46 and 12.

Consumer Durables PE expanded from 50 at the start of May'26 to 51 by month end. Compared to the long-term average PE of 41, the current valuation is above average but within the historical band of 18–67, with ± 1 standard deviation levels at 53 and 29.

Defence PE moderated from 39 at the start of May'26 to 36 by month end. Compared to the long-term average PE of 19, the current valuation is above average but within the historical band of 6–47, with ± 1 standard deviation levels at 30 and 8.

FMCG PE softened from 37 at the start of May'26 to 35 by month end. Compared to the long-term average PE of 39, the current valuation is below average but within the historical band of 30–49, with ± 1 standard deviation levels at 42 and 35.

Hospitals PE softened marginally from 47 at the start of May'26 to 46 by month end. Compared to the long-term average PE of 49, the current valuation is below average but within the historical band of 28–98, with ± 1 standard deviation levels at 62 and 37.

Hotels PE softened from 34 at the start of May'26 to 32 by month end. Compared to the long-term average PE of 47, the current valuation is below average but within the historical band of 27–95, with ± 1 standard deviation levels at 64 and 30.

IT PE remained stable from 17 at the start of May'26 to 17 by month end. Compared to the long-term average PE of 22, the current valuation is below average but within the historical band of 14–33, with ± 1 standard deviation levels at 26 and 17.

Metals & Mining PE remained stable from 11 at the start of May'26 to 11 by month end. Compared to the long-term average PE of 9, the current valuation is above average but within the historical band of 3–16, with ± 1 standard deviation levels at 12 and 7.

Oil & Gas PE moderated from 16 at the start of May'26 to 15 by month end. Compared to the long-term average PE of 12, the current valuation is above average but within the historical band of 7–21, with ± 1 standard deviation levels at 15 and 10.

Pharma PE remained stable from 24 at the start of May'26 to 24 by month end. Compared to the long-term average PE of 27, the current valuation is below average but within the historical band of 17–39, with ± 1 standard deviation levels at 32 and 23.

Power Generation Distribution PE remained stable from 24 at the start of May'26 to 24 by month end. Compared to the long-term average PE of 15, the current valuation is above average but within the historical band of 7–26, with ± 1 standard deviation levels at 19 and 10.

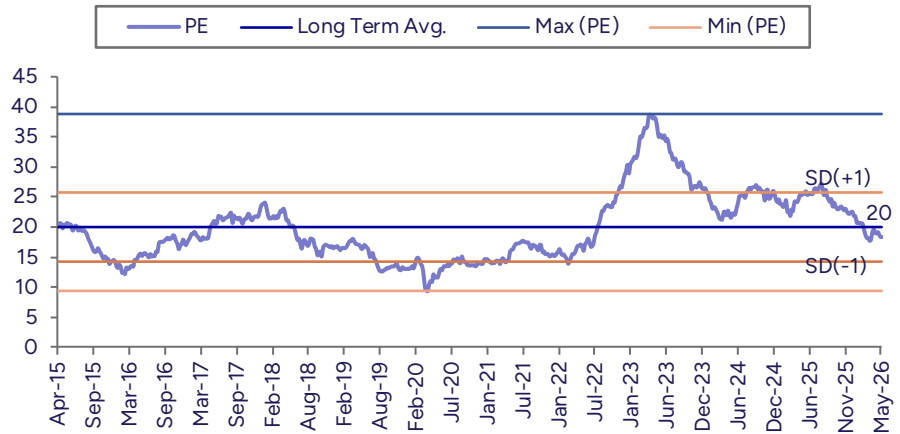
Real Estate PE softened from 27 at the start of May'26 to 26 by month end. Compared to the long-term average PE of 36, the current valuation is below average but within the historical band of 12–104, with ± 1 standard deviation levels at 51 and 22.

Retail PE softened from 62 at the start of May'26 to 57 by month end. Compared to the long-term average PE of 78, the current valuation is below average but within the historical band of 33–169, with ± 1 standard deviation levels at 104 and 53.

Textile PE remained stable from 22 at the start of May'26 to 22 by month end. Compared to the long-term average PE of 18, the current valuation is above average but within the historical band of 5–39, with ± 1 standard deviation levels at 27 and 9.

Agro Chemicals

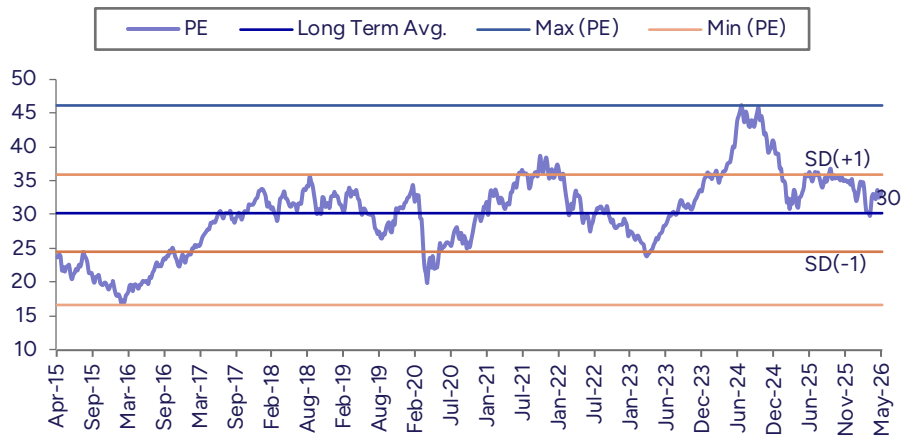
Exhibit 1: One-year forward PE trading at 18x, slightly below the LTA of 20x.



Source: Company, PL

Auto Parts & Equipment

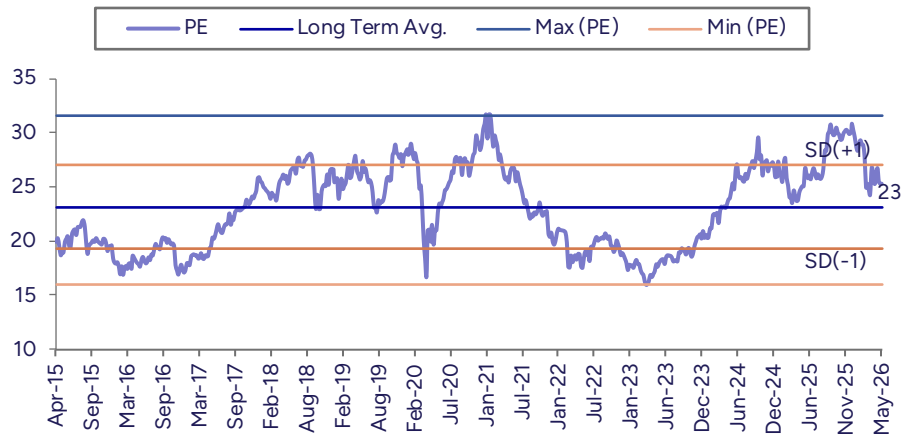
Exhibit 2: One-year forward PE trading at 33x, slightly above the LTA of 30x.



Source: Company, PL

Automobile

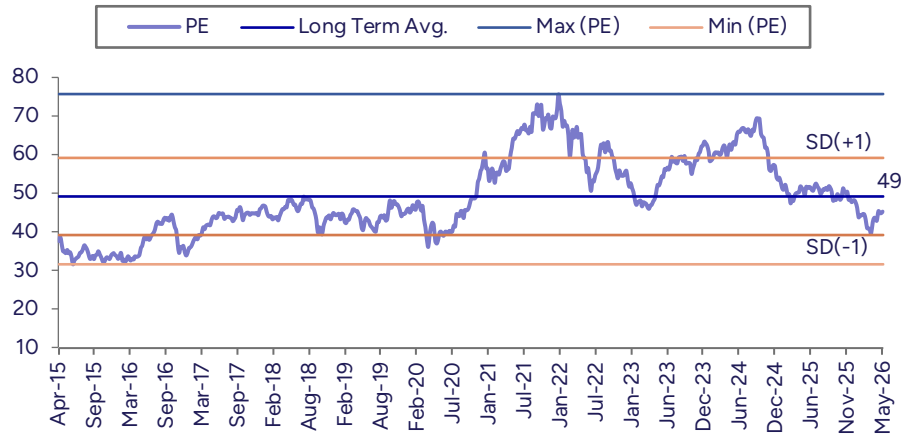
Exhibit 3: One-year forward PE trading at 25x, above the LTA of 23x.



Source: Company, PL

Building Materials

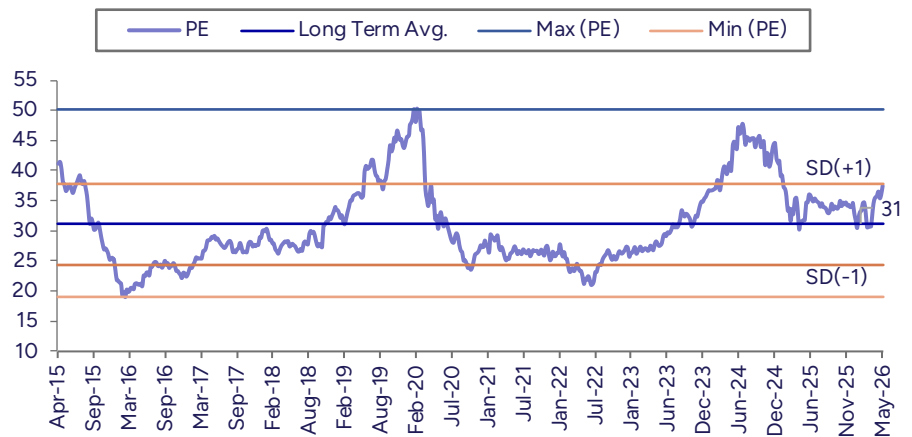
Exhibit 4: One-year forward PE trading at 45x, below the LTA of 49x.



Source: Company, PL

Capital Goods

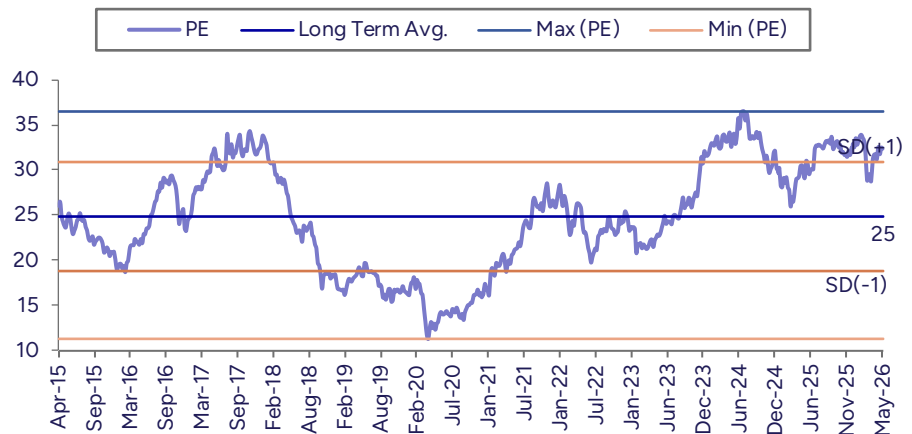
Exhibit 5: One-year forward PE trading at 37x, above the LTA of 31x.



Source: Company, PL

Cement

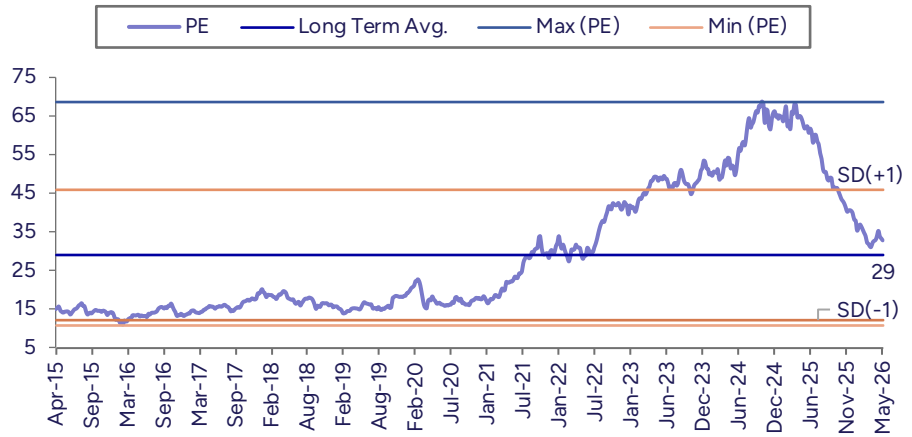
Exhibit 6: One-year forward PE trading at 32x, above the LTA of 25x.



Source: Company, PL

Chemicals

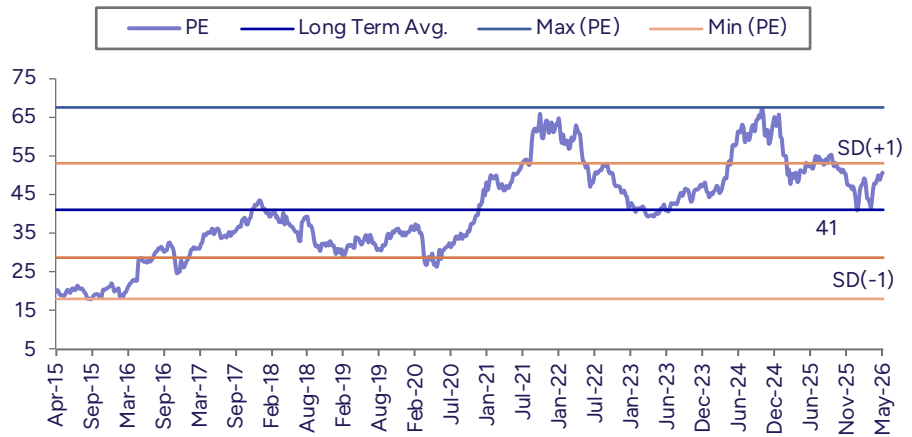
Exhibit 7: One-year forward PE trading at 33x, above the LTA of 29x.



Source: Company, PL

Consumer Durables

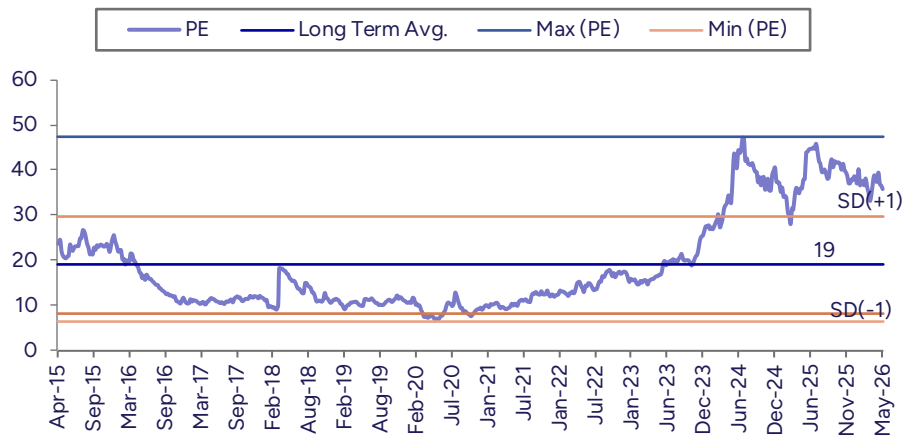
Exhibit 8: One-year forward PE trading at 51x, above the LTA of 41x.



Source: Company, PL

Defence

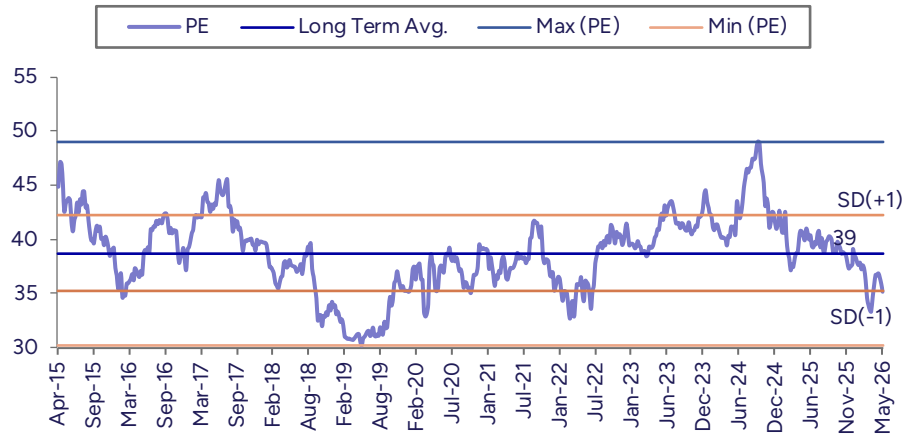
Exhibit 9: One-year forward PE trading at 36x, well above the LTA of 19x.



Source: Company, PL

FMCG

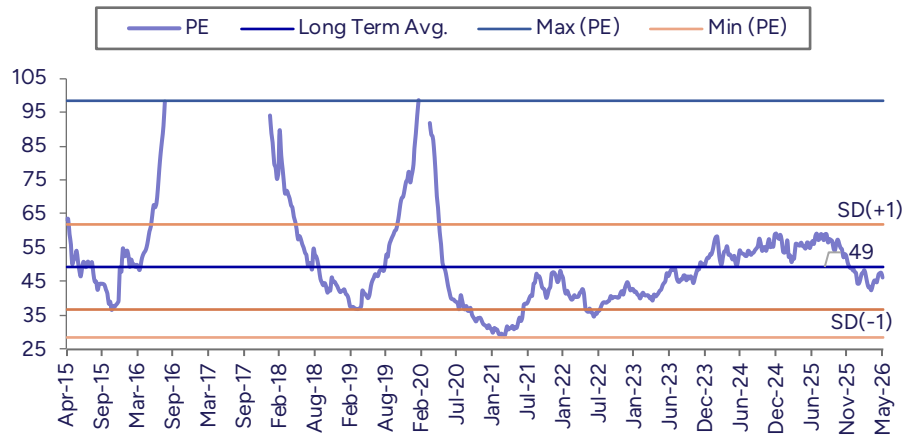
Exhibit 10: One-year forward PE trading at 35x, below the LTA of 39x.



Source: Company, PL

Hospitals

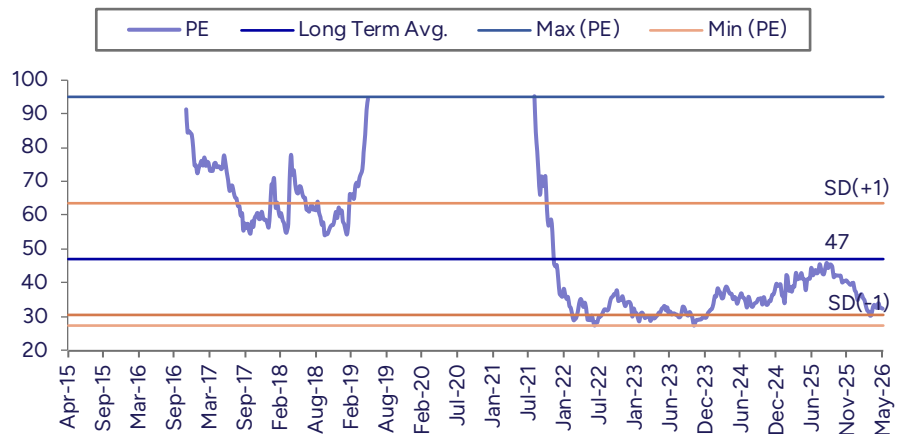
Exhibit 11: One-year forward PE trading at 46x, below the LTA of 49x.



Source: Company, PL

Hotels

Exhibit 12: One-year forward PE trading at 32x, below the LTA of 47x.



Source: Company, PL

IT

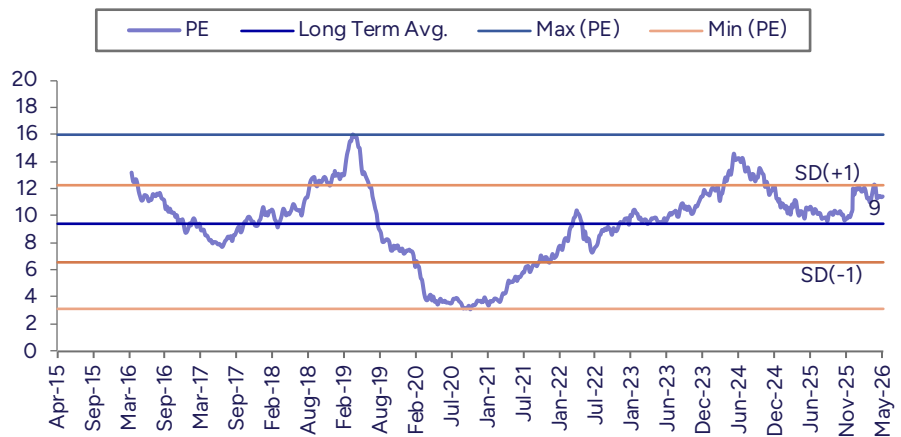
Exhibit 13: One-year forward PE trading at 17x, below the LTA of 22x.



Source: Company, PL

Metals & Mining

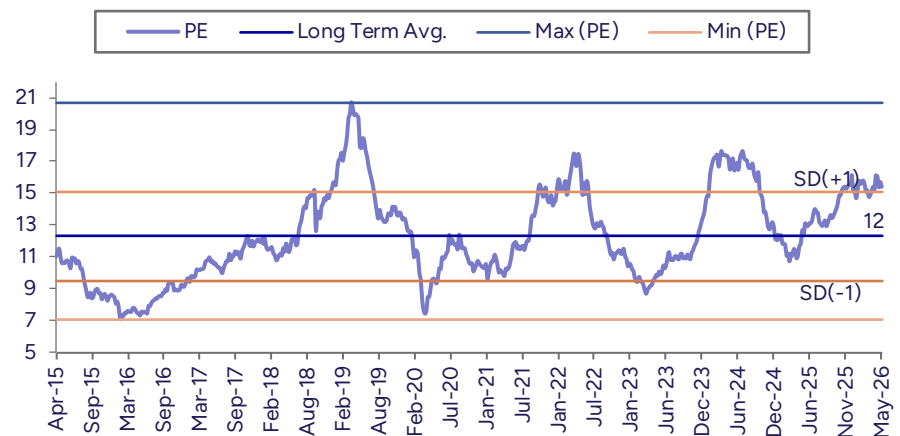
Exhibit 14: One-year forward PE trading at 11x, above the LTA of 9x.



Source: Company, PL

Oil & Gas

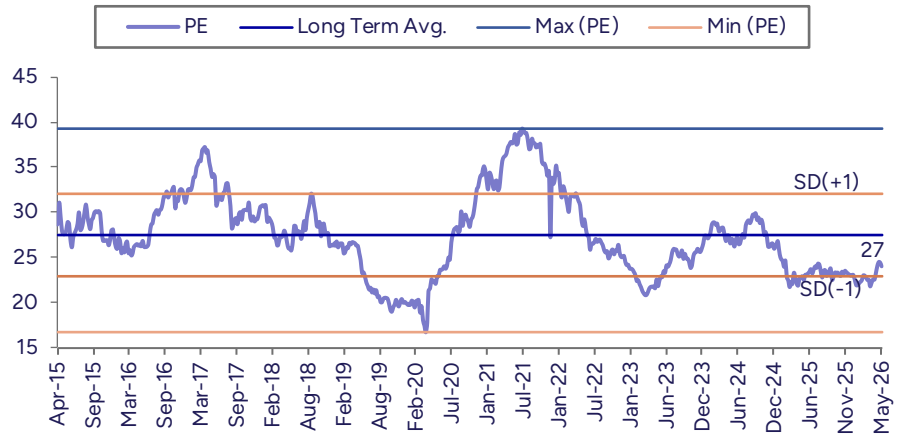
Exhibit 15: One-year forward PE trading at 15x, above the LTA of 12x.



Source: Company, PL

Pharma

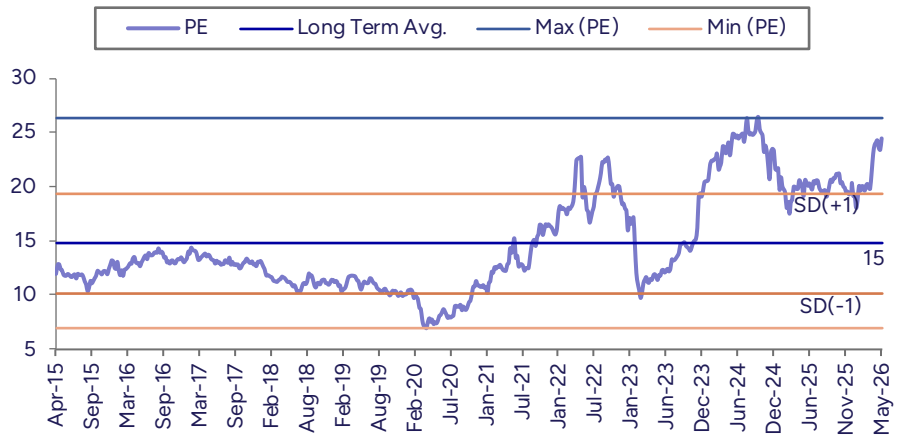
Exhibit 16: One-year forward PE trading at 24x, below the LTA of 27x.



Source: Company, PL

Power Generation & Distribution

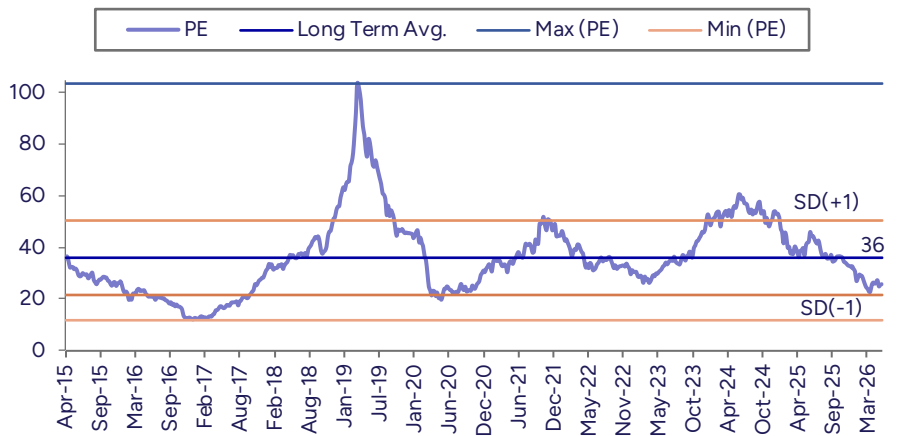
Exhibit 17: One-year forward PE trading at 24x, well above the LTA of 15x.



Source: Company, PL

Real Estate

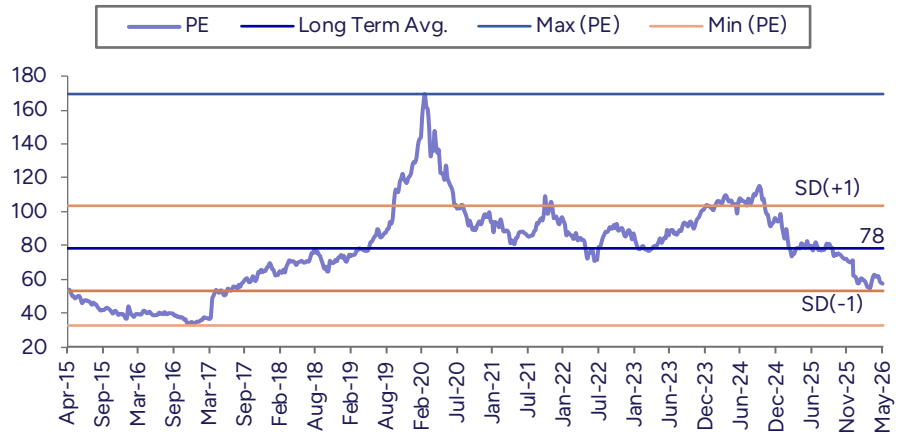
Exhibit 18: One-year forward PE trading at 26x, below the LTA of 36x.



Source: Company, PL

Retail

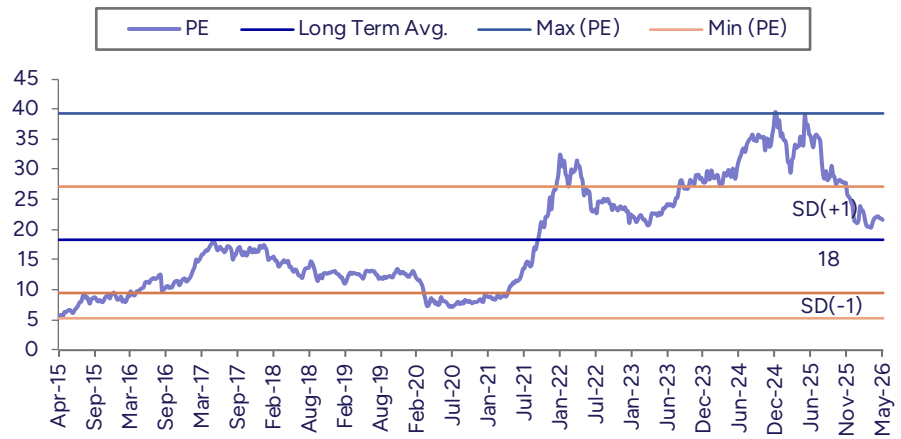
Exhibit 19: One-year forward PE trading at 57x, below the LTA of 78x.



Source: Company, PL

Textiles

Exhibit 20: One-year forward PE trading at 22x, above the LTA of 18x.



Source: Company, PL

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BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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