Navigating Crests & Troughs

Quant

August 03, 2026


PL Capital

Navigating Crests & Troughs

Quant

July 02, 2026

June'26 sectoral PE trend

Quick Pointers

- This report reviews one year forward PE trends across 20 major sectors in Jun'26, comparing current valuations with LTAs and historical valuation bands.
- Valuations remain polarized, with 11 sectors trading above their LTAs, 8 sectors below, and Hospitals broadly in line with historical norms.

Overall, Jun'26 valuations remained mixed. Cyclical and industrial sectors such as capital goods, cement, chemicals, automobiles, auto parts & equipment and textiles continued to trade above their LTAs, while defence and power generation & distribution remained the most expensive sectors. In contrast, IT, FMCG, hotels, agro chemicals, building materials and real estate traded below historical averages, with retail remaining the most undervalued sector. Hospitals were valued broadly in line with their LTA, while consumer durables, pharma, metals & mining and oil & gas continued to trade at a premium. Despite valuation differences across sectors, most remained within their historical ranges, indicating a broadly balanced market.

Agro Chemicals PE remained stable from 18 at the start of Jun'26 to 18 by month end. Compared to the LTA PE of 20, the current valuation is below average but within the historical band of 9–39, with ±1 standard deviation levels at 26 and 14.

Auto Parts & Equipment PE increased from 33 at the start of Jun'26 to 34 by month end. Compared to the LTA 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 remained stable from 25 at the start of Jun'26 to 25 by month end. Compared to the LTA 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 Jun'26 to 45 by month end. Compared to the LTA 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 increased from 37 at the start of Jun'26 to 38 by month end. Compared to the LTA 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 increased from 31 at the start of Jun'26 to 32 by month end. Compared to the LTA 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 remained stable from 32 at the start of Jun'26 to 32 by month end. Compared to the LTA 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.

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July'26 Sectoral PE trend

Quick Pointers

- This report reviews one year forward PE trends across 20 major sectors in Jul'26, comparing current valuations with LTAs, SD bands and historical valuation bands.
- Sector valuations remained mixed, with 13 sectors trading above their LTAs and 7 sectors below. Automobiles and Pharma moved above their SD (+1) levels, while Retail continued to be the most undervalued sector relative to its historical average.

Overall, Jul'26 valuations remained broadly similar to Jun'26. Capital Goods, Cements, Chemicals, Automobiles, Auto Parts & Equipment, Textiles, Consumer Durables, Metals & Mining, Oil & Gas and Pharma continued to trade above their LTAs. Notably, Automobiles and Pharma moved above their SD (+1) levels, while Auto Parts & Equipment approached its SD (+1) threshold. Hospitals also moved from trading broadly in line with its LTA to a slight premium.

Defence and Power Generation & Distribution remained the most expensive sectors, trading well above their LTAs and SD (+1) levels despite some moderation in Defence valuations. In contrast, IT, FMCG, Hotels, Agro Chemicals, Building Materials, Real Estate and Retail remained below their LTAs, with Retail continuing to be the most undervalued sector. Overall, most sectors remained within their historical valuation bands, indicating a broadly balanced market environment.

Agro Chemicals PE remained stable at 19 throughout Jul'26, with no change between the start and end of the month. Compared to the LTA PE of 20, the current valuation remains marginally below average and within the historical valuation band of 9–39, with SD (+1) and SD (-1) levels at 26 and 14, respectively.

Auto Parts & Equipment sector PE expanded marginally from 34 at the start of Jul'26 to 35 by month end. Compared to the LTA PE of 30, the current valuation remains above average and is approaching the SD (+1) level of 36. The sector remains within the historical valuation band of 17–46, with SD (+1) and SD (-1) levels at 36 and 25, respectively

Automobile PE expanded from 27 at the start of Jul'26 to 29 by month end. Compared to the LTA PE of 23, the current valuation remains above average and has moved above the SD (+1) level of 27. The sector remains within the historical valuation band of 16–32, with SD (+1) and SD (-1) levels at 27 and 19, respectively.

Building Material PE remained stable at 44 during Jul'26, ending the month at the same level as it started. Compared to the LTA PE of 49, the current valuation remains below average but above the SD (-1) level of 39. The sector remains within the historical valuation band of 32–75, with SD (+1) and SD (-1) levels at 59 and 39, respectively.

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Capital Goods PE moderated marginally from 37 at the start of Jul'26 to 36 by month end. Compared to the LTA PE of 31, the current valuation remains above average and is trading close to the SD (+1) level of 38. The sector remains within the historical valuation band of 19–50, with SD (+1) and SD (-1) levels at 38 and 24, respectively.

Cements PE remained stable at 36 throughout Jul'26, with no change between the start and end of the month. Compared to the LTA PE of 25, the current valuation remains significantly above average and above the SD (+1) level of 31, while remaining just below the historical peak valuation of 37 and within the historical valuation band of 11–37.

Chemicals PE moderated marginally from 2 at the start of Jul'26 to 31 by month end. Compared to the LTA PE of 29, the current valuation remains above average and below the SD (+1) level of 46. The sector remains within the historical valuation band of 11–68, with SD (+1) and SD (-1) levels at 46 and 12, respectively.

Consumer Durables PE remained stable at 48 during Jul'26. Compared to the LTA PE of 41, the current valuation remains above average and below the SD (+1) level of 53. The sector remains within the historical valuation band of 18–67, with SD (+1) and SD (-1) levels at 53 and 29, respectively.

Defence PE moderated from 37 at the start of Jul'26 to 35 by month end. Compared to the LTA PE of 19, the current valuation remains significantly above average and above the SD (+1) level of 30. The sector remains within the historical valuation band of 6–47, with SD (+1) and SD (-1) levels at 30 and 8, respectively.

FMCG PE remained stable at 37 during Jul'26. Compared to the LTA PE of 39, the current valuation remains marginally below average and below the SD (+1) level of 42. The sector remains within the historical valuation band of 30–49, with SD (+1) and SD (-1) levels at 42 and 35, respectively.

Hospitals PE expanded from 49 at the start of Jul'26 to 51 by month end. Compared to the LTA PE of 49, the current valuation remains marginally above average and below the SD (+1) level of 62. The sector remains within the historical valuation band of 28–98, with SD (+1) and SD (-1) levels at 62 and 37, respectively.

Hotels PE moderated from 35 at the start of Jul'26 to 34 by month end. Compared to the LTA PE of 47, the current valuation remains below average but above the SD (+1) level of 30. The sector remains within the historical valuation band of 27–95, with SD (+1) and SD (-1) levels at 63 and 30, respectively.

IT PE expanded marginally from 16 at the start of Jul'26 to 17 by month end. Compared to the LTA PE of 21, the current valuation remains below average and is at the SD (-1) level of 17. The sector remains within the historical valuation band of 14–33, with SD (+1) and SD (-1) levels at 26 and 17, respectively.

Metals & Mining PE remained stable at 11 throughout Jul'26. Compared to the LTA PE of 9, the current valuation remains above average and below the SD (+1) level of 12. The sector remains within the historical valuation band of 3–16, with SD (+1) and SD (-1) levels at 12 and 7, respectively.

Oil & Gas PE expanded marginally from 16 at the start of Jul'26 to 17 by month end. Compared to the LTA PE of 12, the current valuation remains above average and above the SD (+1) level of 15. The sector remains within the historical valuation band of 7–21, with SD (+1) and SD (-1) levels at 15 and 10, respectively.

Pharma PE expanded marginally from 34 at the start of Jul'26 to 35 by month end. Compared to the LTA PE of 29, the current valuation remains above average and marginally above the SD (+1) level of 34. The sector remains within the historical valuation band of 17–39, with SD (+1) and SD (-1) levels at 34 and 24, respectively.

Power Generation & Distribution PE remained stable at 23 throughout Jul'26. Compared to the LTA PE of 15, the current valuation remains significantly above average and above the SD (+1) level of 20. The sector remains within the historical valuation band of 7–26, with SD (+1) and SD (-1) levels at 20 and 10, respectively.

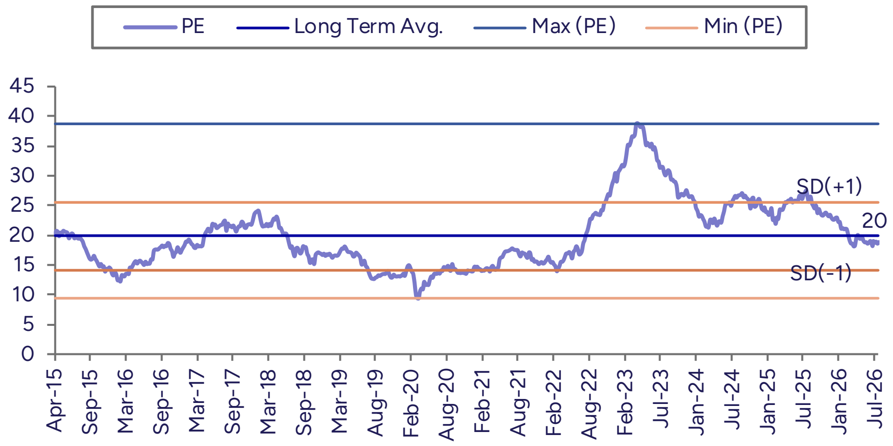
Real Estate PE remained stable at 29 during Jul'26. Compared to the LTA PE of 36, the current valuation remains below average and below the SD (+1) level of 50. The sector remains within the historical valuation band of 12–104, with SD (+1) and SD (-1) levels at 50 and 22, respectively.

Retail PE expanded marginally from 61 at the start of Jul'26 to 62 by month end. Compared to the LTA PE of 78, the current valuation remains below average and below the SD (+1) level of 103. The sector remains within the historical valuation band of 33–169, with SD (+1) and SD (-1) levels at 103 and 53, respectively.

Textile PE moderated from 24 at the start of Jul'26 to 21 by month end. Compared to the LTA PE of 18, the current valuation remains above average and below the SD (+1) level of 27. The sector remains within the historical valuation band of 5–39, with SD (+1) and SD (-1) levels at 27 and 9, respectively.

Agro Chemicals

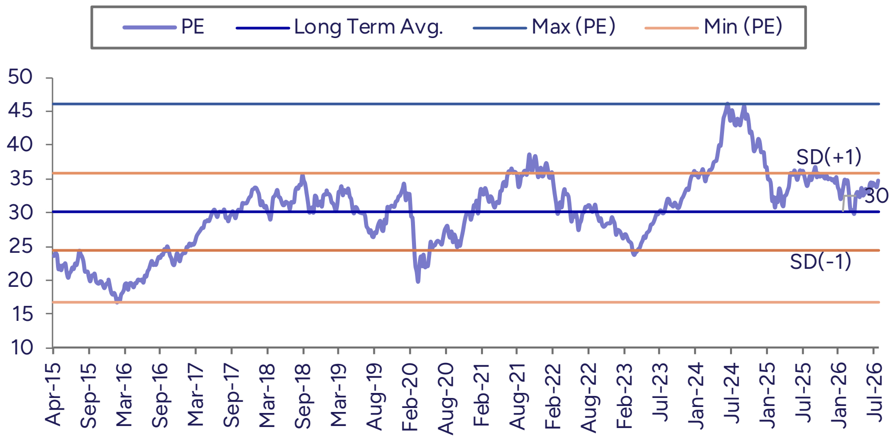
Exhibit 1: One year forward PE trading at 19x, marginally below the 20x LTA



Source: Company, PL

Auto Parts & Equipment

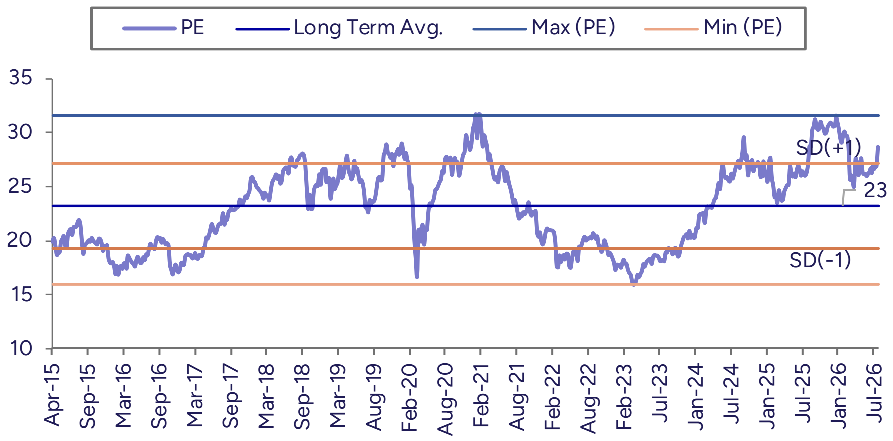
Exhibit 2: One year forward PE trading at 35x, versus a historical average of 30x



Source: Company, PL

Automobile

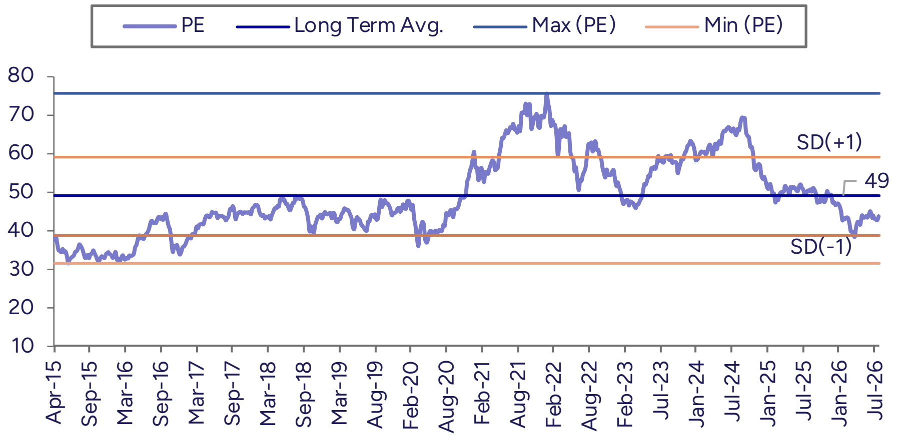
Exhibit 3: Sector valuations stand at 29x, above the 23x LTA



Source: Company, PL

Building Materials

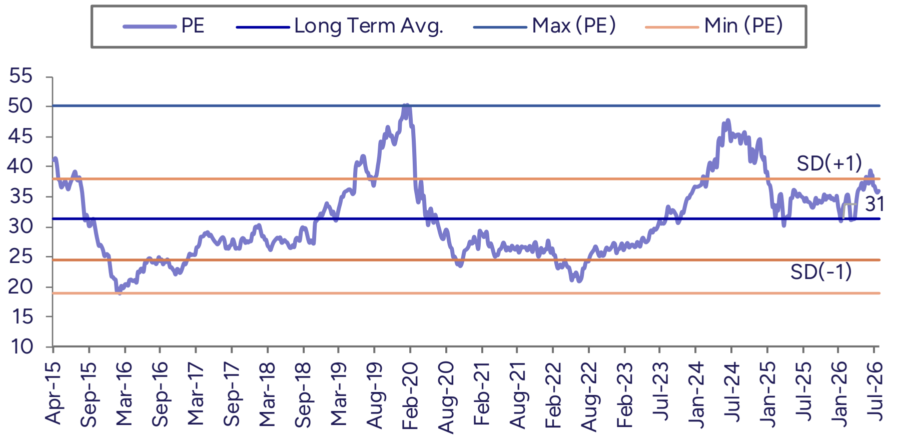
Exhibit 4: Sector valuation at 44x remains below the 49x LTA



Source: Company, PL

Capital Goods

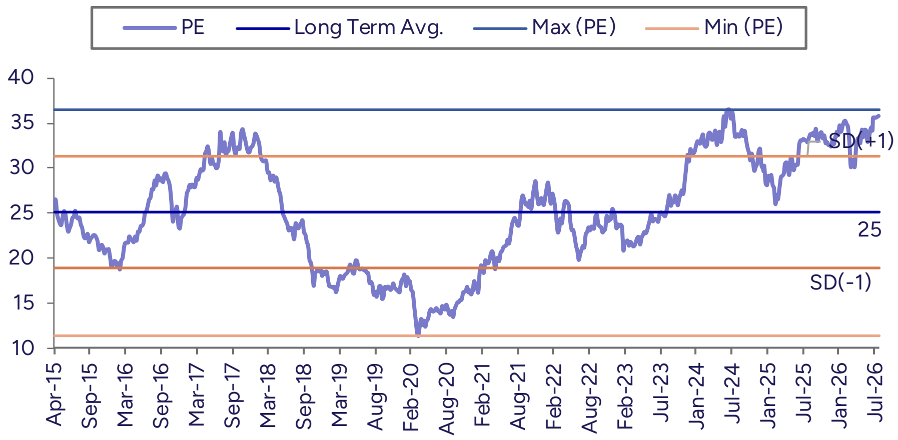
Exhibit 5: Sector quoted at 36x, ahead of its historical average of 31x



Source: Company, PL

Cement

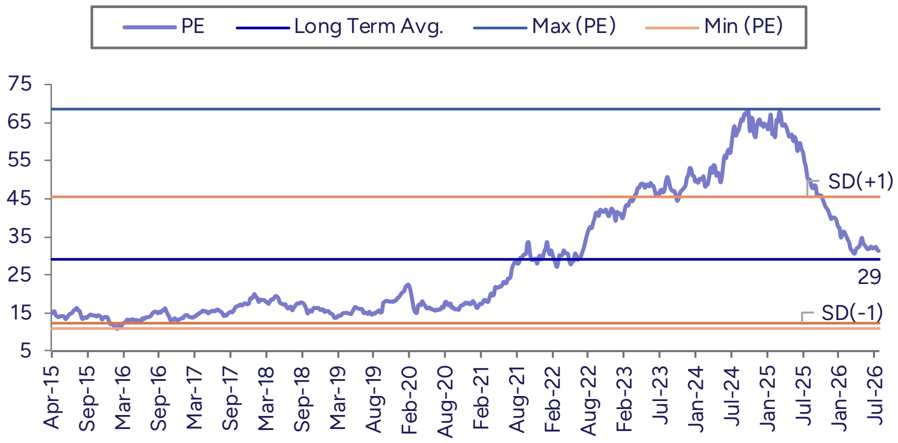
Exhibit 6: One year forward PE trading at 36x, compared with its 25x LTA



Source: Company, PL

Chemicals

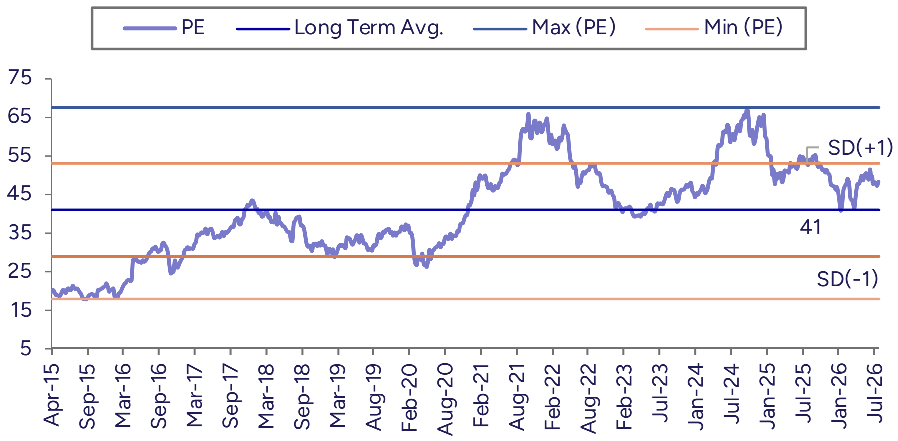
Exhibit 7: Sector trades at 31x, a premium to the 29x historical average



Source: Company, PL

Consumer Durables

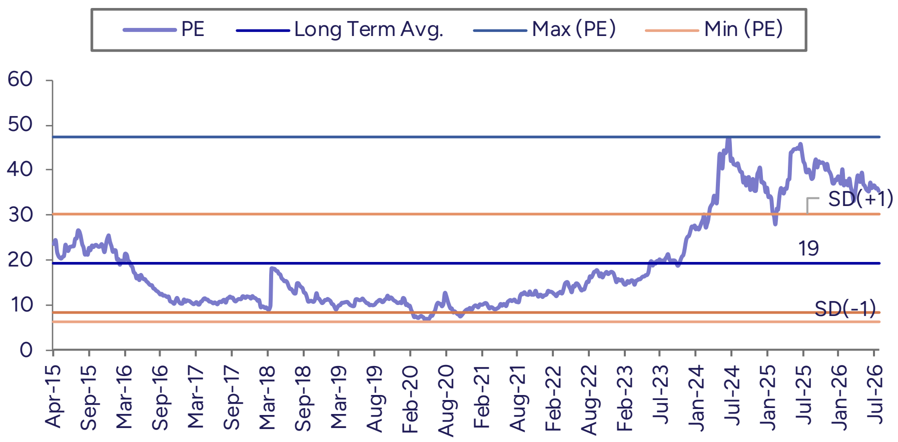
Exhibit 8: One year forward PE trading at 48x, above the 41x LTA



Source: Company, PL

Defence

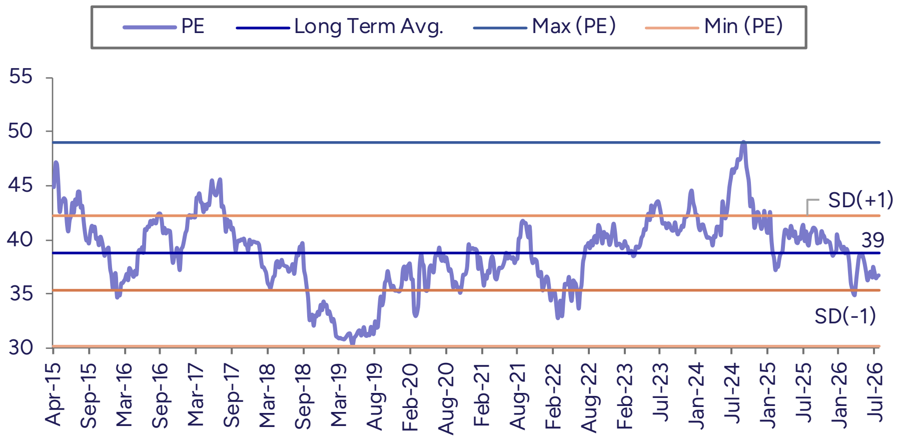
Exhibit 9: Sector valuations stand at 35x, significantly above the 19x LTA



Source: Company, PL

FMCG

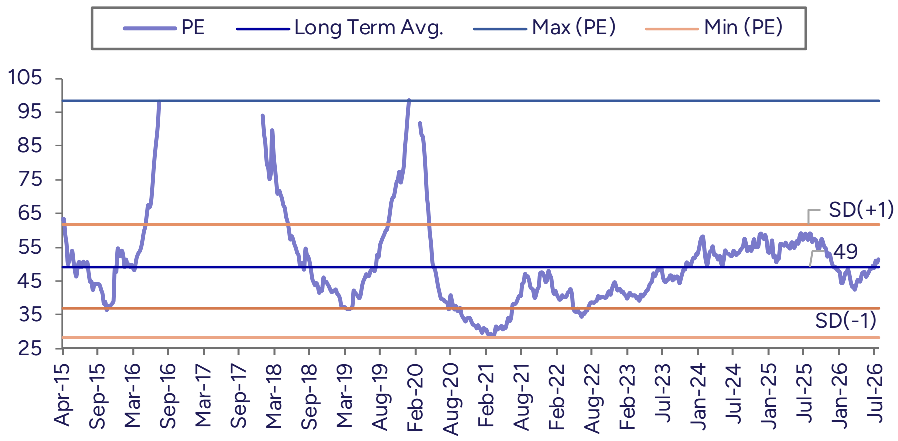
Exhibit 10: One year forward PE trading at 37x, slightly below the 39x LTA



Source: Company, PL

Hospitals

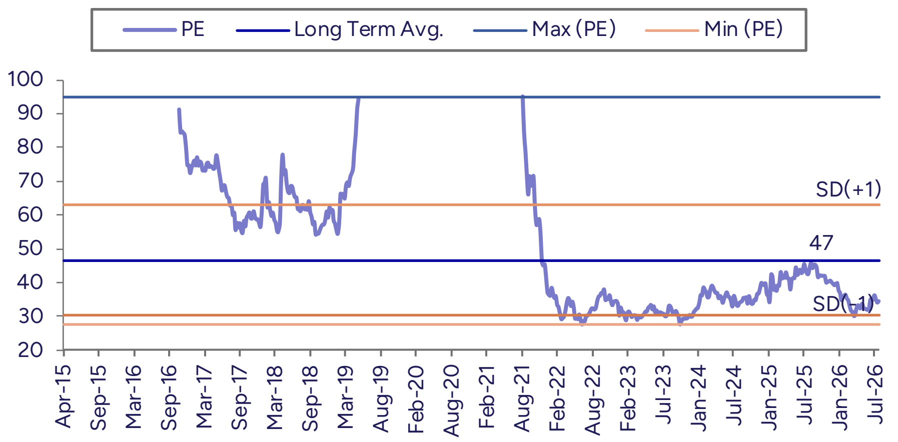
Exhibit 11: Sector trades at 51x, broadly in line with the 49x LTA



Source: Company, PL

Hotels

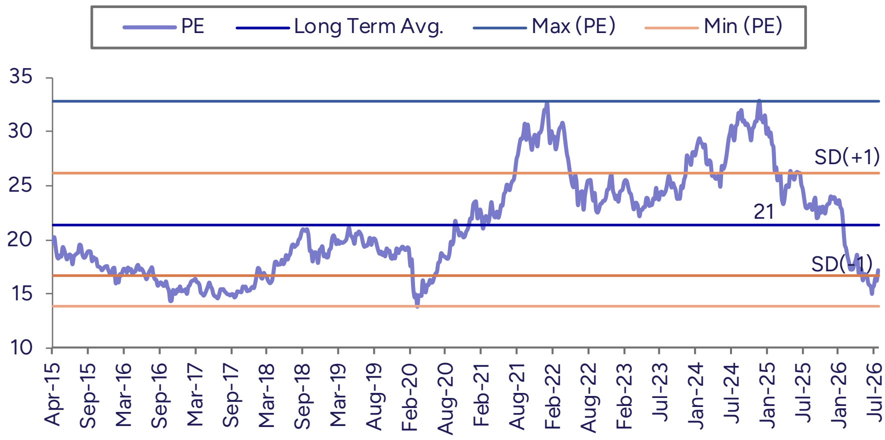
Exhibit 12: Sector valuation at 34x remains below the 47x LTA



Source: Company, PL

IT

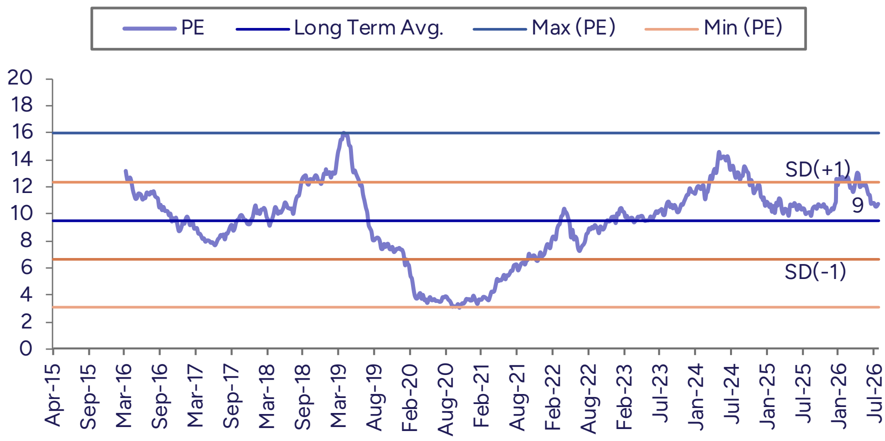
Exhibit 13: One year forward PE trading at 17x, below the 21x LTA



Source: Company, PL

Metals & Mining

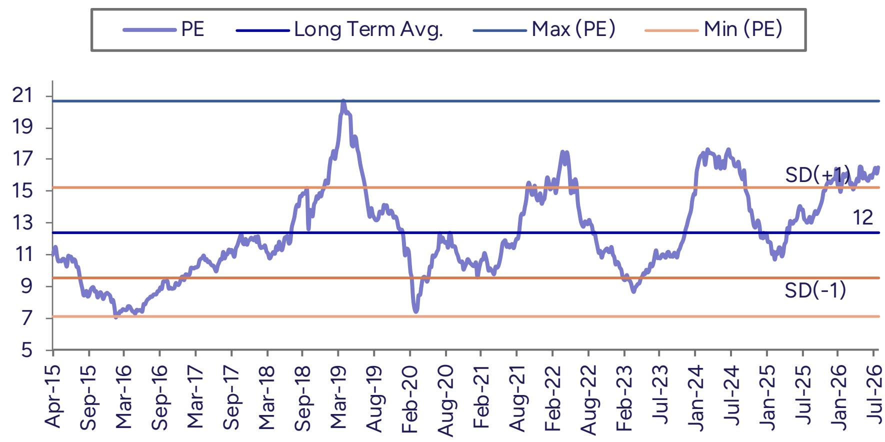
Exhibit 14: Sector trades at 11x, above the 9x historical average



Source: Company, PL

Oil & Gas

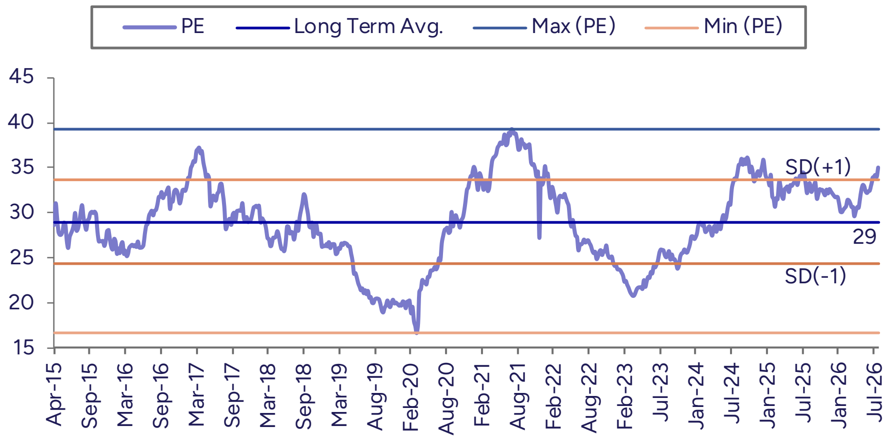
Exhibit 15: One year forward PE trading at 17x, versus a historical average of 12x



Source: Company, PL

Pharma

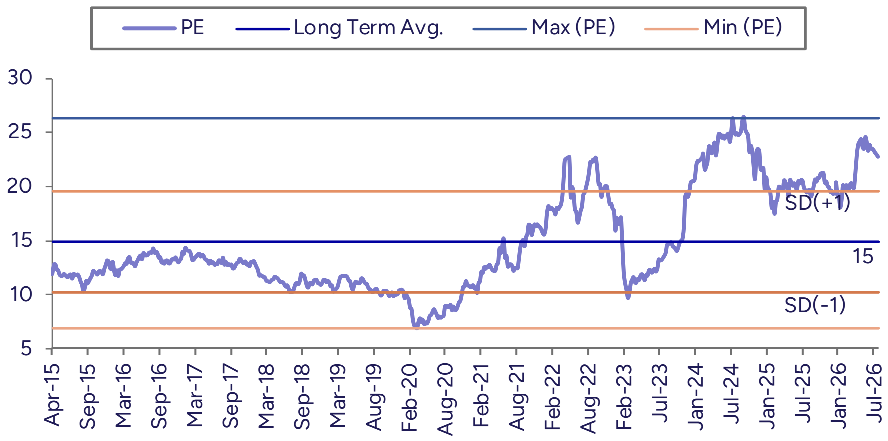
Exhibit 16: Sector valuations stand at 35x, above the 29x LTA



Source: Company, PL

Power Generation & Distribution

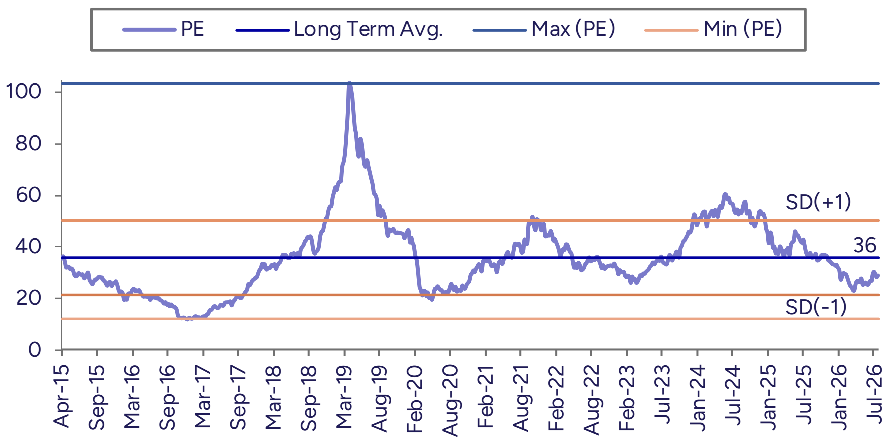
Exhibit 17: Sector quoted at 23x, well ahead of its historical average of 15x



Source: Company, PL

Real Estate

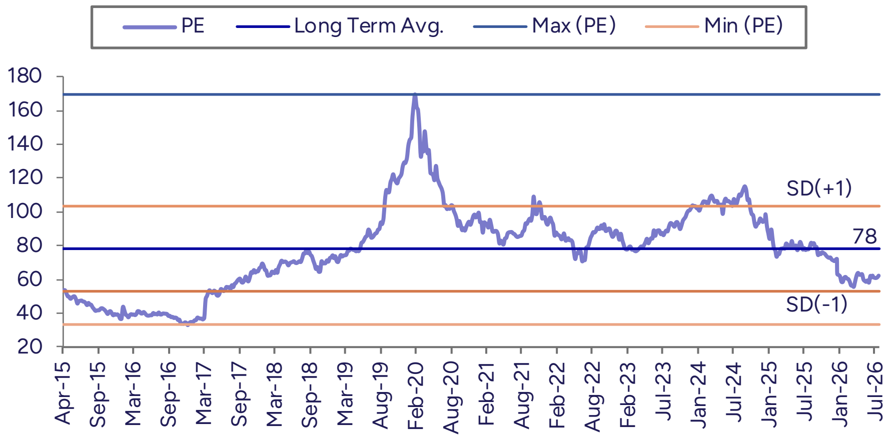
Exhibit 18: One year forward PE trading at 29x, below the 36x LTA



Source: Company, PL

Retail

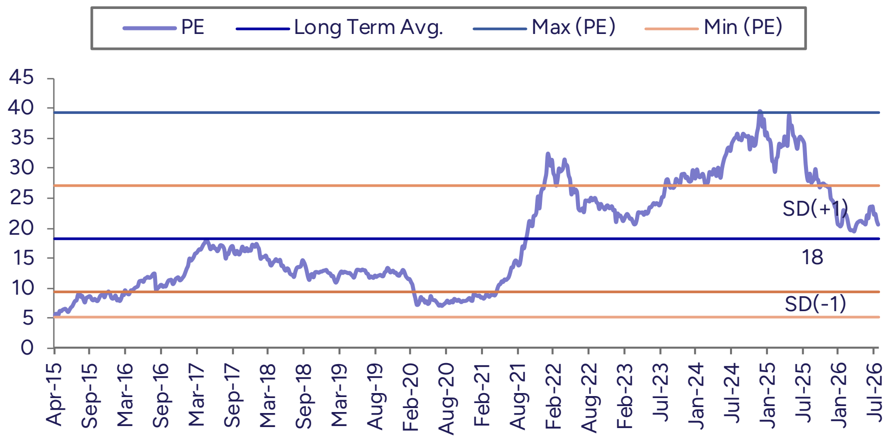
Exhibit 19: Sector valuation at 62x remains below the 78x LTA



Source: Company, PL

Textiles

Exhibit 20: Sector trades at 21x, a premium to the 18x historical average



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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