Quant

Navigating Crests & Troughs

September 02, 2026

Quant

August 03, 2026

Navigating Crests & Troughs

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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Aug'26 Sectoral PE trend

Quick Pointers

- This report reviews one year forward PE trends across 20 major sectors inAug'26, comparing current valuations with LTAs, SD bands and historical valuation bands.
- Aug'26 valuations remained mixed, with 11 sectors trading above their LTAs, 7 sectors below and 2 sectors broadly in line with historical norms.

Overall, Aug'26 valuations remained broadly similar to Jul'26. Capital Goods, Cements, Automobiles, Auto Parts & Equipment, Consumer Durables, Defence, Metals & Mining, Oil & Gas, Pharma, Power Generation & Distribution and Textiles continued to trade above their LTAs. Notably, Auto Parts & Equipment remained at its SD (+1) level, while Automobiles, Cements, Defence, Oil & Gas, Pharma and Power Generation & Distribution continued to trade above their respective SD (+1) levels despite some moderation in valuations. Chemicals, which had traded above its LTA in Jul'26, reverted to trading broadly in line with its historical average.

In contrast, IT, FMCG, Hotels, Agro Chemicals, Building Materials, Real Estate and Retail remained below their LTAs. Hospitals, which traded at a slight premium to its LTA in Jul'26, moderated and moved back to trading broadly in line with historical averages.

Agro Chemicals PE moderated from 18 at the start of Aug'26 to 17 by month end. Compared to the LTA PE of 20, the current valuation remains 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 PE remained stable at 36 throughout Aug'26, with no change between the start and end of the month. Compared to the LTA PE of 30, the current valuation remains above average and is trading at 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 moderated from 29 at the start of Aug'26 to 28 by month end. Compared to the LTA PE of 23, the current valuation remains above average and 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 moderated from 43 at the start of Aug'26 to 42 by month end. 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 Aug'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 moderated from 35 at the start of Aug'26 to 33 by month end. Compared to the LTA PE of 25, the current valuation remains significantly above average and above the SD (+1) level of 31. The sector remains within the historical valuation band of 11–37, with SD (+1) and SD (-1) levels at 31 and 19, respectively.

Chemicals PE moderated marginally from 30 at the start of Aug'26 to 29 by month end. Compared to the LTA PE of 29, the current valuation is in line with its historical average and remains within the historical valuation band of 11–68, with SD (+1) and SD (-1) levels at 45 and 12, respectively.

Consumer Durables PE moderated from 49 at the start of Aug'26 to 48 by month end. 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 remained stable at 36 during Aug'26, ending the month at the same level as it started. 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 moderated from 37 at the start of Aug'26 to 35 by month end. Compared to the LTA PE of 39, the current valuation remains below average and at the SD (-1) level of 35. 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 moderated from 51 at the start of Aug'26 to 48 by month end. Compared to the LTA PE of 49, the current valuation remains broadly in line with historical averages and below the SD (+1) level of 61. The sector remains within the historical valuation band of 28–98, with SD (+1) and SD (-1) levels at 61 and 37, respectively.

Hotels PE moderated from 36 at the start of Aug'26 to 35 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 moderated from 18 at the start of Aug'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 Aug'26, with no change between the start and end of the month. 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 remained stable at 16 throughout Aug'26, with no change between the start and end of the month. 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 remained stable at 35 during Aug'26, ending the month at the same level as it started. Compared to the LTA PE of 29, the current valuation remains above average and 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 moderated from 23 at the start of Aug'26 to 21 by month end. 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.

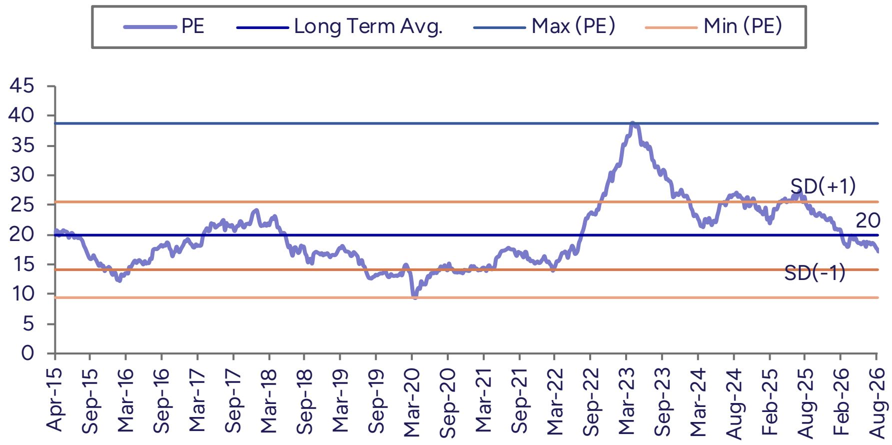
Real Estate PE remained stable at 28 throughout Aug'26, with no change between the start and end of the month. Compared to the LTA PE of 36, the current valuation remains below average and above the SD (-1) level of 21. The sector remains within the historical valuation band of 12–104, with SD (+1) and SD (-1) levels at 50 and 21, respectively.

Retail PE moderated from 62 at the start of Aug'26 to 61 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 expanded marginally from 23 at the start of Aug'26 to 24 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 10, respectively.

Agro Chemicals

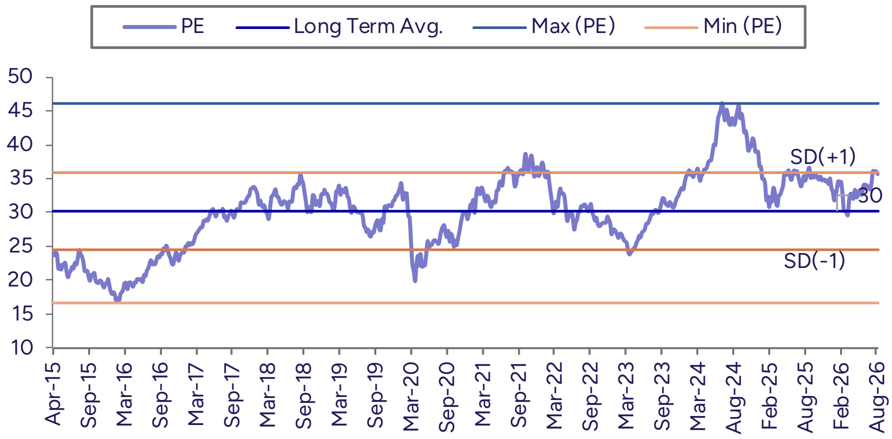
Exhibit 1: One year forward PE trading at 17x, below the 20x LTA.



Source: Company, PL

Auto Parts & Equipment

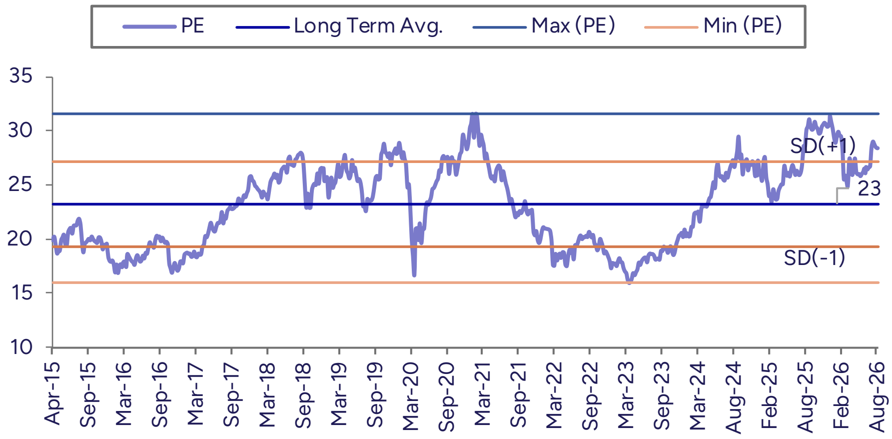
Exhibit 2: One year forward PE trading at 36x, versus a historical average of 30x.



Source: Company, PL

Automobile

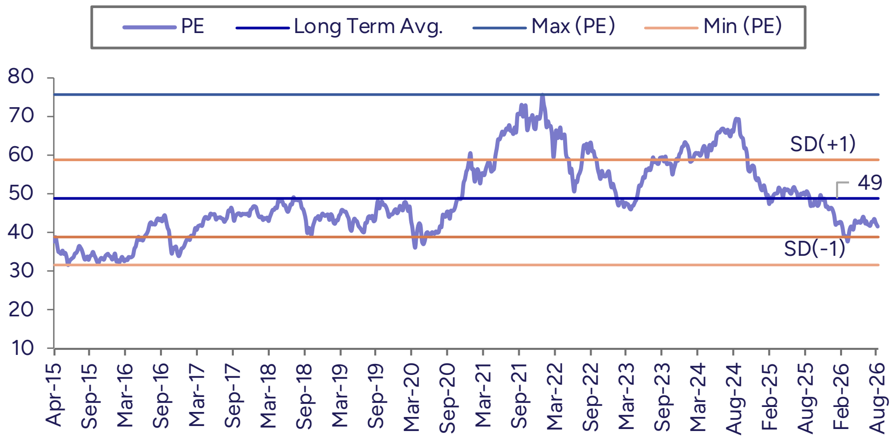
Exhibit 3: Sector valuations stand at 28x, above the 23x LTA.



Source: Company, PL

Building Materials

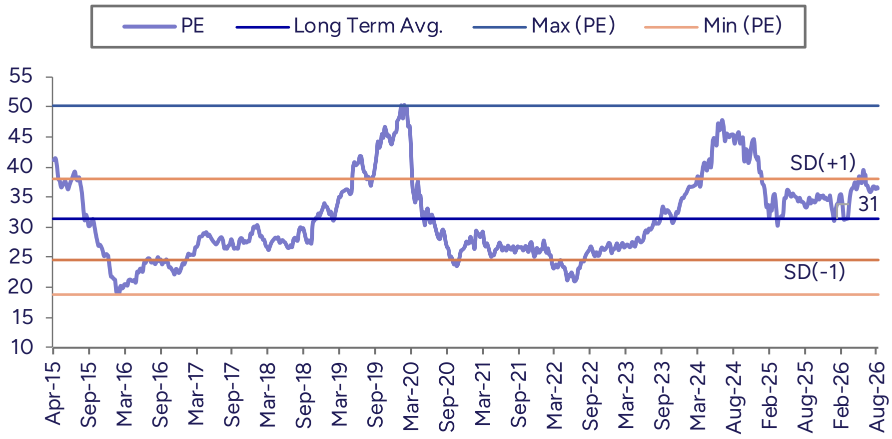
Exhibit 4: Sector valuation at 42x remains below the 49x LTA.



Source: Company, PL

Capital Goods

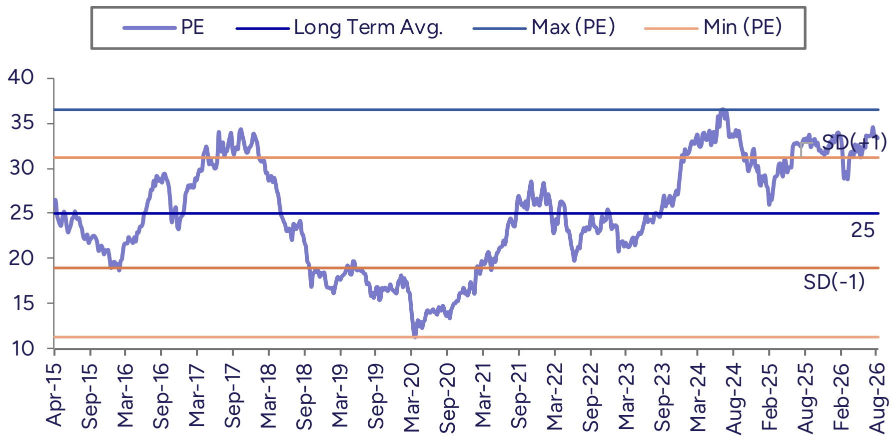
Exhibit 5: Sector quoted at 36x, ahead of its historical average of 31x.



Source: Company, PL

Cement

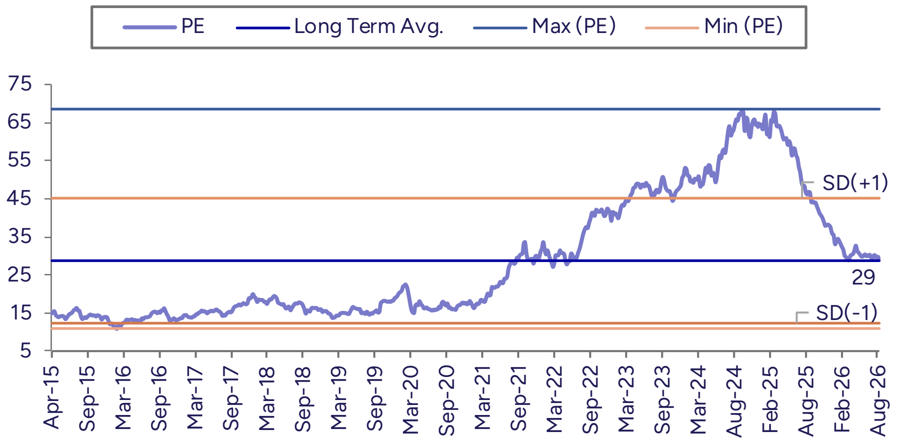
Exhibit 6: One year forward PE trading at 33x, compared with its 25x LTA.



Source: Company, PL

Chemicals

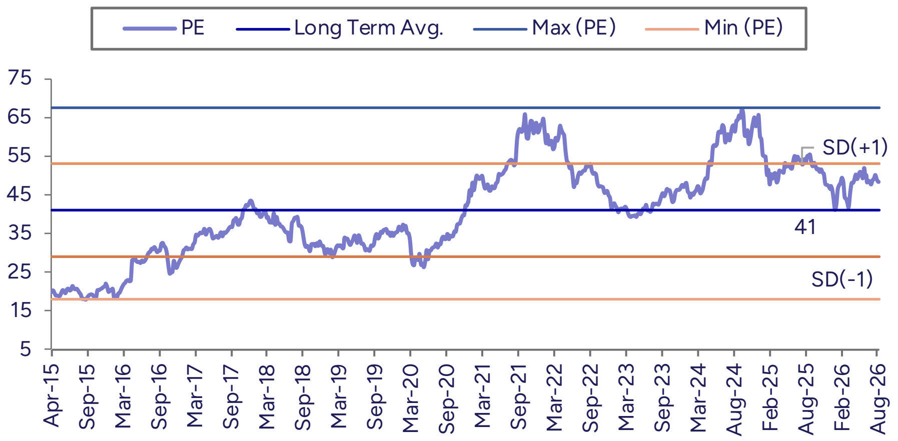
Exhibit 7: Sector trades at 29x, in line with its 29x historical average.



Source: Company, PL

Consumer Durables

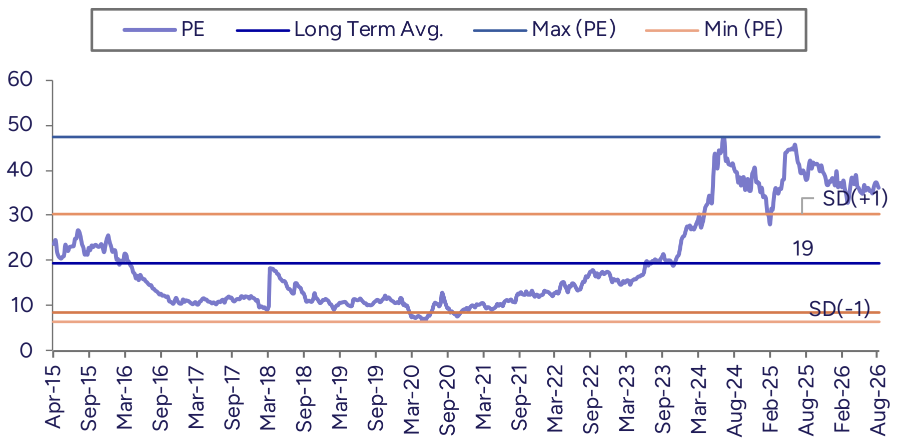
Exhibit 8: One year forward PE trading at 48x, versus a historical average of 41x.



Source: Company, PL

Defence

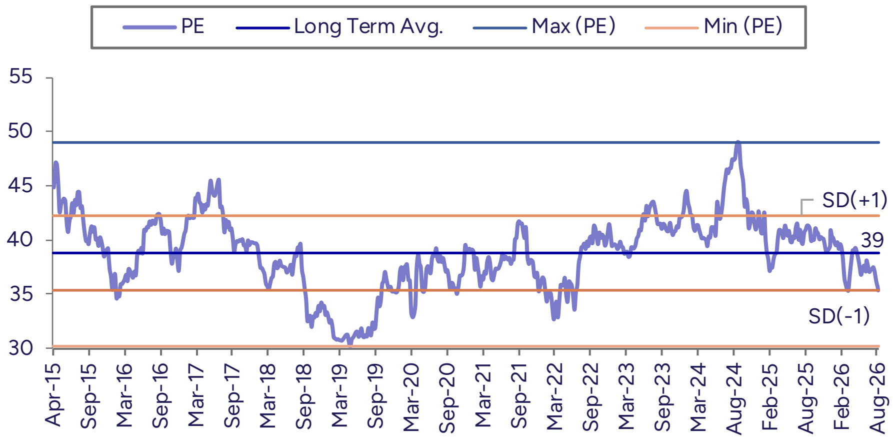
Exhibit 9: Sector valuations stand at 36x, significantly above the 19x LTA.



Source: Company, PL

FMCG

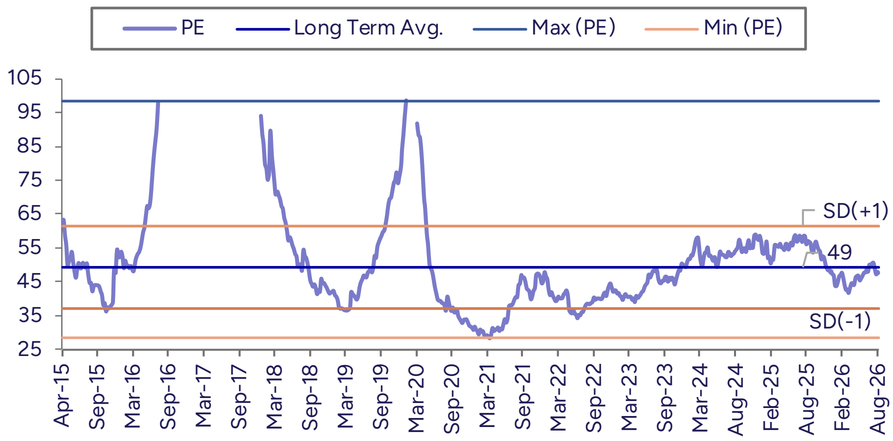
Exhibit 10: One year forward PE trading at 35x, below the 39x LTA



Source: Company, PL

Hospitals

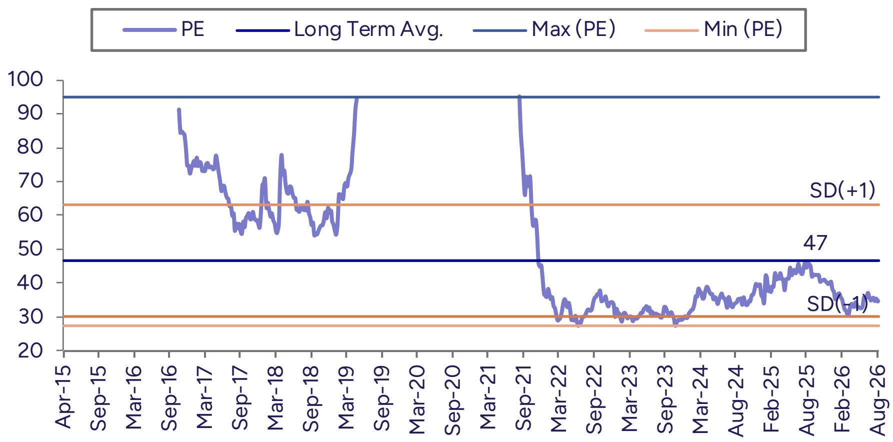
Exhibit 11: Sector trades at 48x, broadly in line with the 49x LTA



Source: Company, PL

Hotels

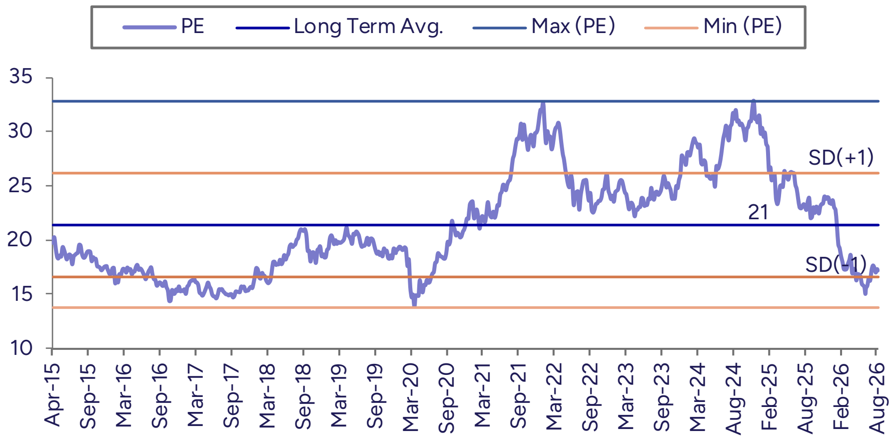
Exhibit 12: Sector valuation at 35x remains below the 47x LTA



Source: Company, PL

IT

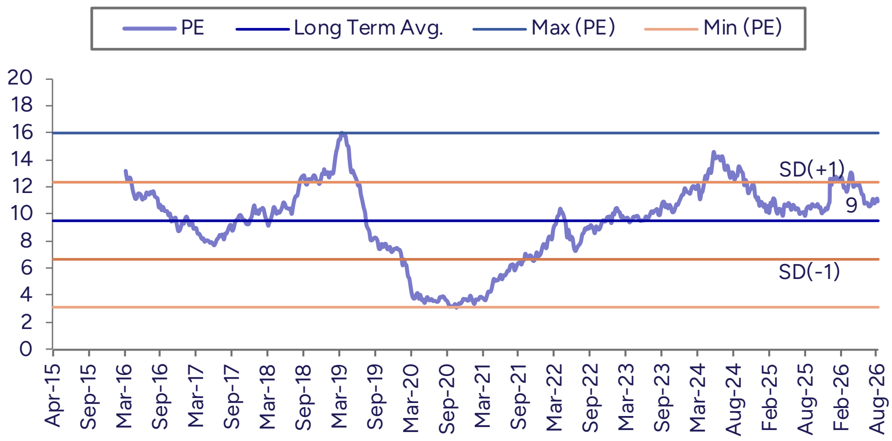
Exhibit 13: One year forward PE trading at 17x, below the 21x LTA



Source: Company, PL

Metals & Mining

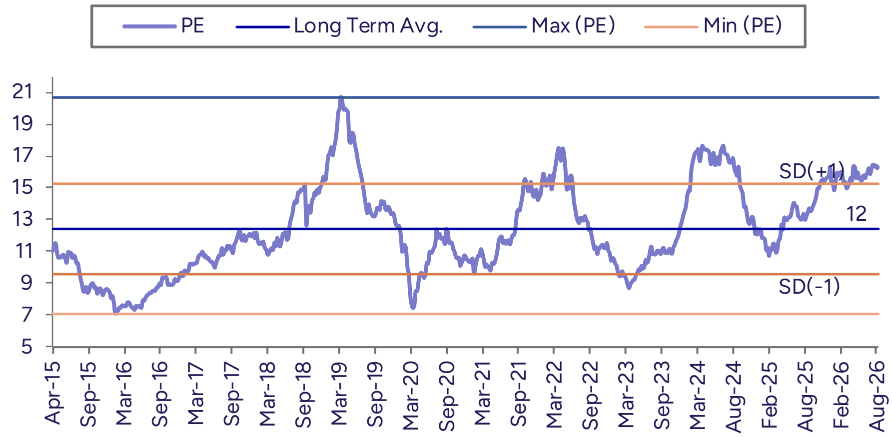
Exhibit 14: Sector trades at 11x, a premium to the 9x historical average



Source: Company, PL

Oil & Gas

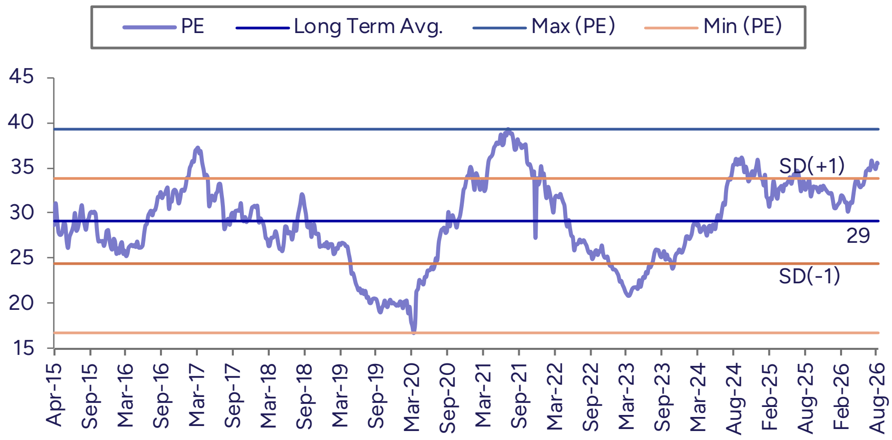
Exhibit 15: One year forward PE trading at 16x, versus a historical average of 12x



Source: Company, PL

Pharma

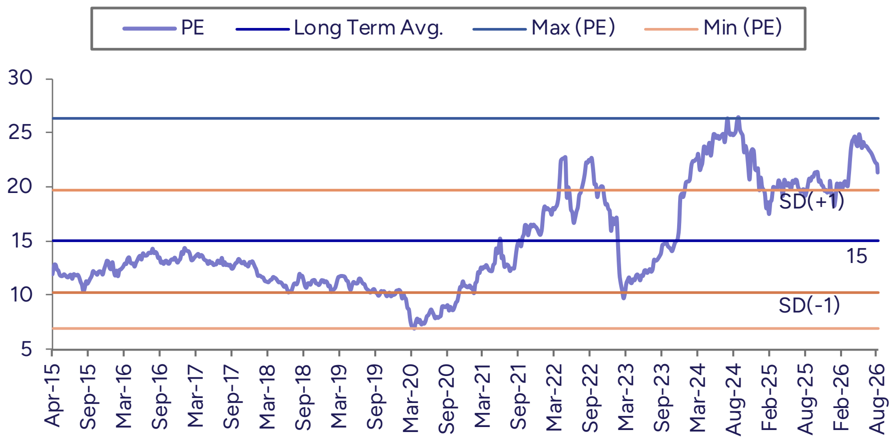
Exhibit 16: Sector valuations stand at 35x, above the 29x LTA



Source: Company, PL

Power Generation & Distribution

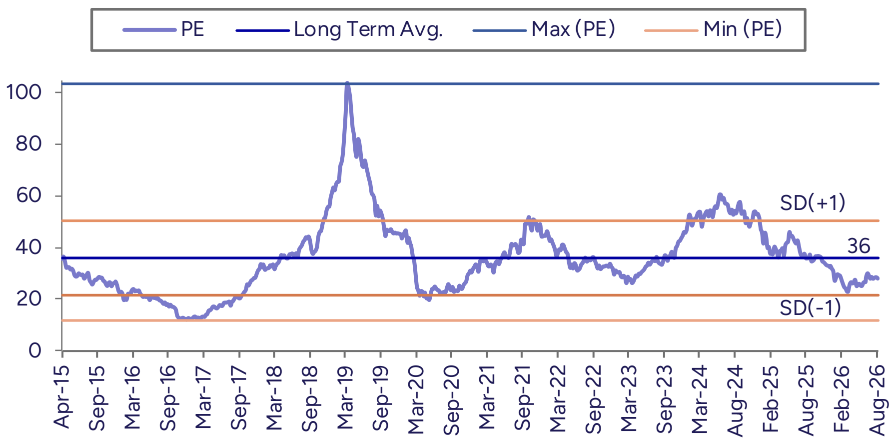
Exhibit 17: Sector quoted at 21x, ahead of its historical average of 15x



Source: Company, PL

Real Estate

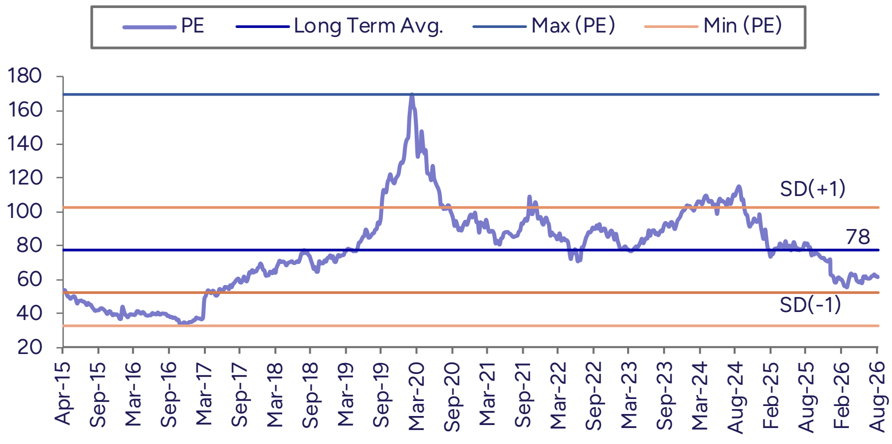
Exhibit 18: Sector valuation at 28x remains below the 36x LTA



Source: Company, PL

Retail

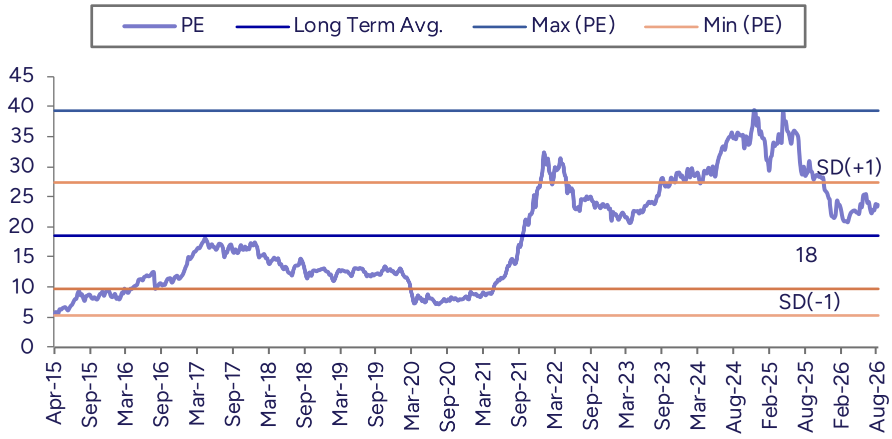
Exhibit 19: One year forward PE trading at 61x, below the 78x LTA



Source: Company, PL

Textiles

Exhibit 20: Sector trades at 24x, a premium to the 18x historical average



Source: Company, PL

Analyst Coverage Universe

PL's Recommendation Nomenclature (Absolute Performance)

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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