ICICI PRUDENTIAL MUTUAL FUND

THE MONTH GONE BY

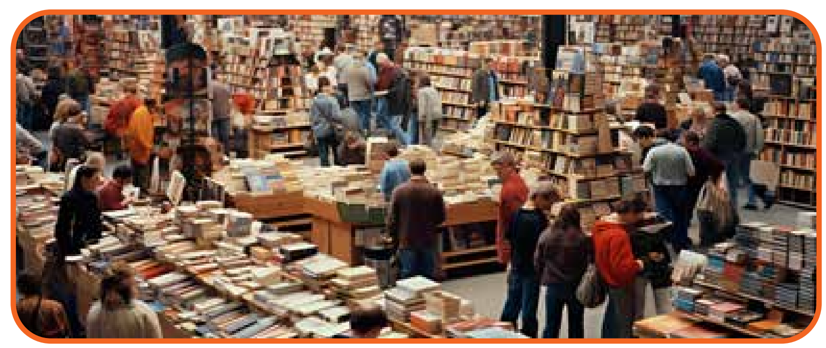
An insightful roundup of relevant stories in the recent month backed by interesting data points

Picture this: While shopping for skincare products online, you come across a cream recommended by beauty influencers. Trusting the endorsement, you consider buying the product.

What drives this response? Social proof.

You notice people gathered around a particular section in a bookstore, discussing the plot of a novel. Intrigued, you pick the book for yourself.

What drives this response? Social proof.



Social proof, commonly referred to as herd instinct, implies that individuals believe they are behaving correctly when they act in the same manner as others.

Investing Landscape – Herd Instinct During Market Corrections

Relying on market tips and unverified news from associates could drive decisions based on emotions like panic selling. **Investors should remain focused on their long-term goals;** prioritizing sound fundamentals of a business. **Investing regularly could help benefit from opportunities across market cycles** and potentially grow the investment over a period of time.

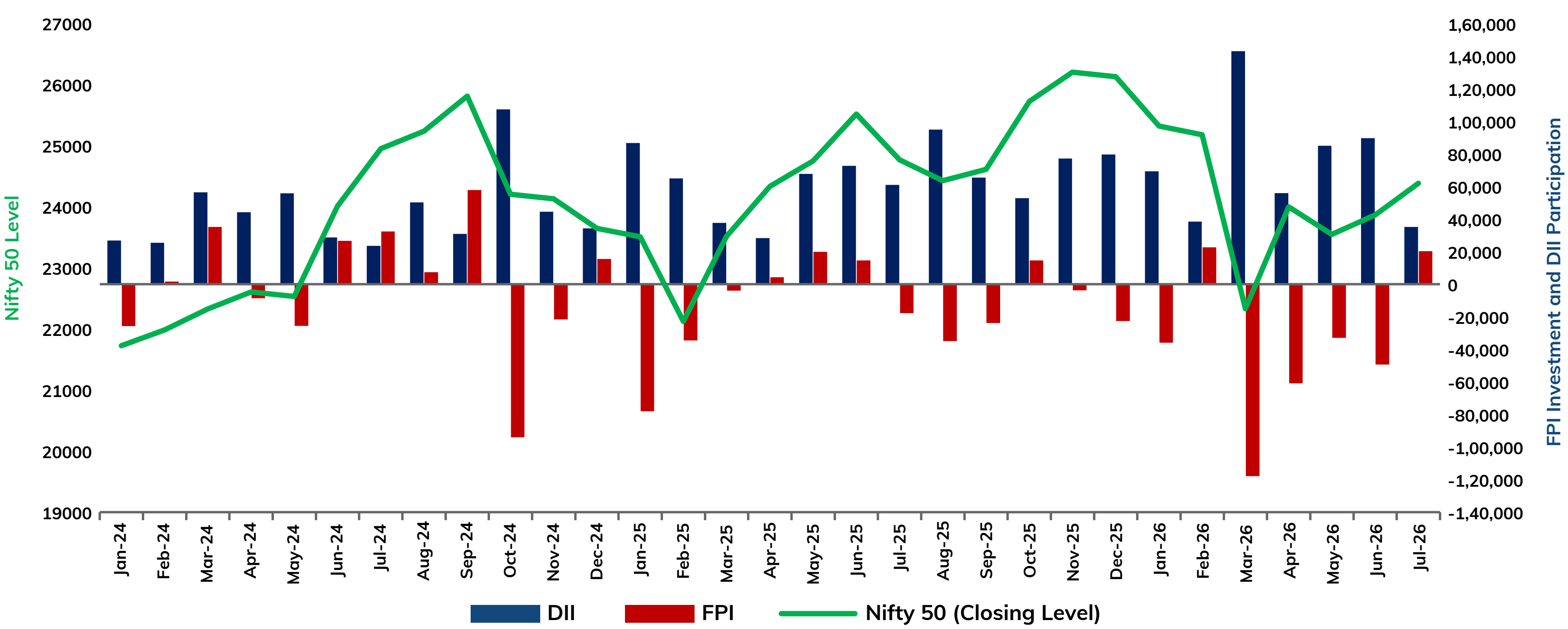
ICICI Prudential Mutual Fund, Registration No.: MF/003/93/6

Foreign Portfolio Investors stage a comeback in Indian Equities

Breakdown of the ceasefire between the U.S. and Iran has again thrown the global economy in a web of economic uncertainty, supply chain disruptions and fragmented trading relationships. Global equity markets turned volatile in July 2026, owing to **renewed geopolitical tensions in West Asia and correction in technology stocks on high valuation concerns.**

India is able to navigate global headwinds on the back of healthy demand conditions, resilient performance of the industrial sector and healthy foreign exchange reserves. **The momentum of external trade would strengthen with the India-UK Comprehensive Economic and Trade Agreement,** alongside progress in other bilateral trade agreements. **In July 2026, Foreign Portfolio Investors turned net buyers in Indian equities on the back of policy support.**

MONTHLY FPI NET INVESTMENTS IN INDIAN EQUITIES, DII PARTICIPATION (₹, CRORE) AND NIFTY 50 CLOSING LEVEL



Source: National Securities Depository Limited (NSDL). July 2026 FPI and DII data as on July 31, 2026. FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. U.S.: United States. UK: United Kingdom. Past performance may or may not sustain in future.

Oil market in a dilemma – The U.S. and Iran are locked in military attacks

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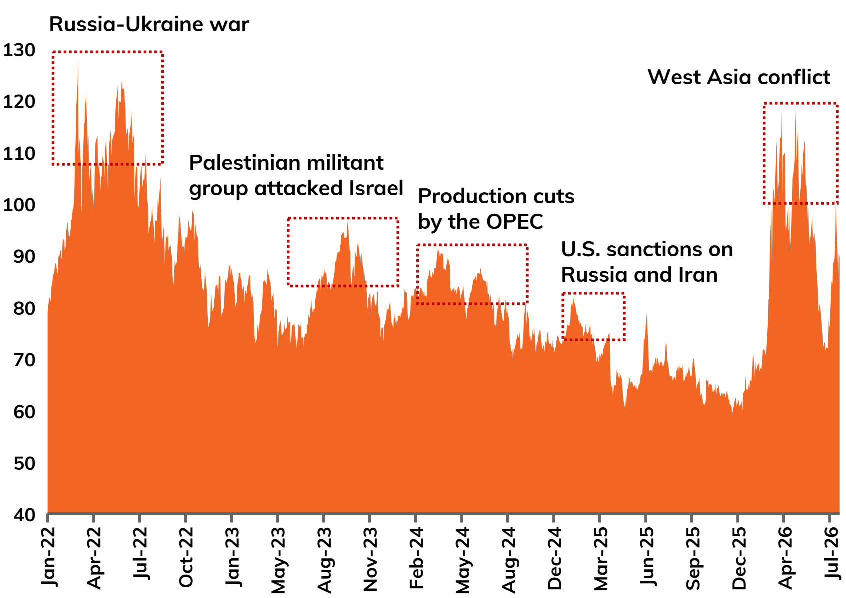
Collapse of the U.S.-Iran memorandum of understanding: Brent crude oil prices surged from $73/barrel on June 30, 2026 to $90/barrel on July 31, 2026 amid hostilities between the U.S. and Iran.

Shipping blockades persist: Unresolved geopolitical tensions sparked concerns related to supply disruptions at the Strait of Hormuz. The U.S. has also re-imposed a naval blockade of Iranian ports, which would restrict Iran's ability to export its oil.

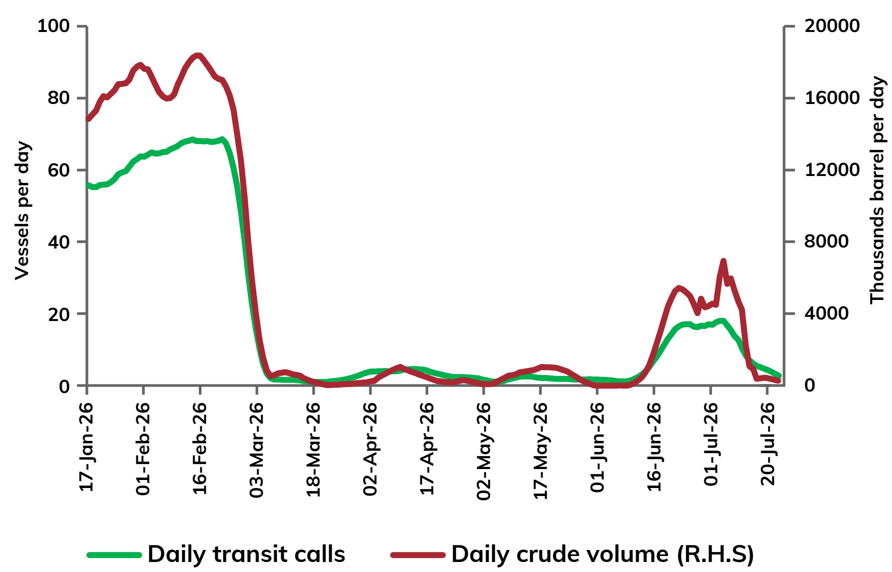
Oil demand forecast for 2026 downgraded: OPEC lowered the 2026 global oil demand growth forecast to 780,000 barrels per day from the prior estimate of 970,000 barrels per day, reflecting concerns over trade flow bottlenecks and slowing global economic growth.

BRENT CRUDE OIL PRICE ($/BARREL)



Source: Reuters. Data as on July 31, 2026. U.S.: United States. OPEC: Organization of the Petroleum Exporting Countries.

STRAIT OF HORMUZ DAILY TRANSIT CALLS AND TRANSIT CRUDE VOLUME



Source: Reserve Bank of India (RBI), Bulletin, July 2026. R.H.S: Right-hand side.

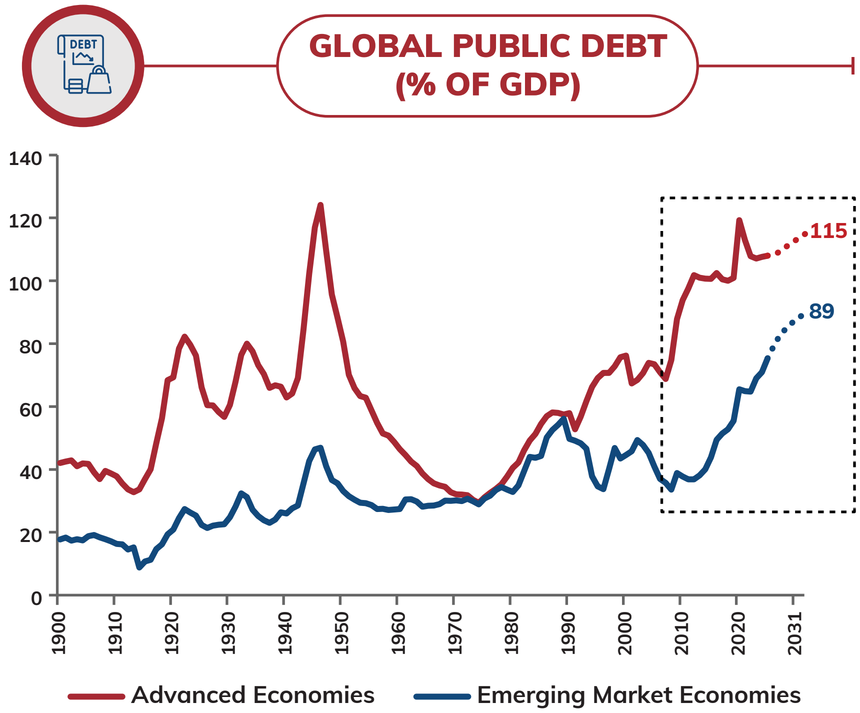
OPEC's strategic decision: Seven OPEC countries decided to raise their oil production by 188,000 barrels per day from September 2026 in a quest to stabilize oil market conditions. Depending heavily on a single chokepoint exposes the global economy to risks stemming from severe supply shocks. Countries are now focusing on diversifying energy sources to prepare for supply-related disruptions in the future.

Mounting Global Public Debt Pile

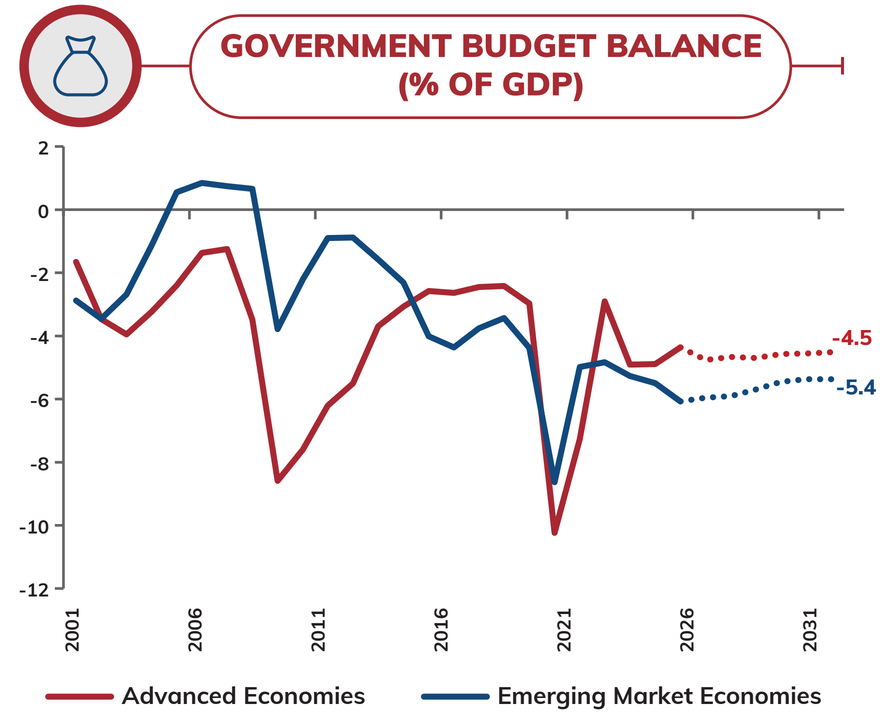
Governments across the globe have been managing the fiscal consequences of the Covid-19 pandemic, an uncertain global trade environment and geopolitical fragmentation. **Global sovereign debt continues to rise amid higher interest bills, increased spending on security, higher energy transition costs** and efforts to reduce the impact of elevated energy prices, which could increase borrowing needs.

Following the West Asia conflict, government bond yields surged in certain advanced economies, driven by inflationary pressures from higher crude oil prices and sustained fiscal deficits requiring greater bond issuance. Large supply-driven oil price shocks tend to widen the fiscal deficit of countries heavily dependent on oil imports.

GLOBAL PUBLIC DEBT (% OF GDP)



GOVERNMENT BUDGET BALANCE (% OF GDP)

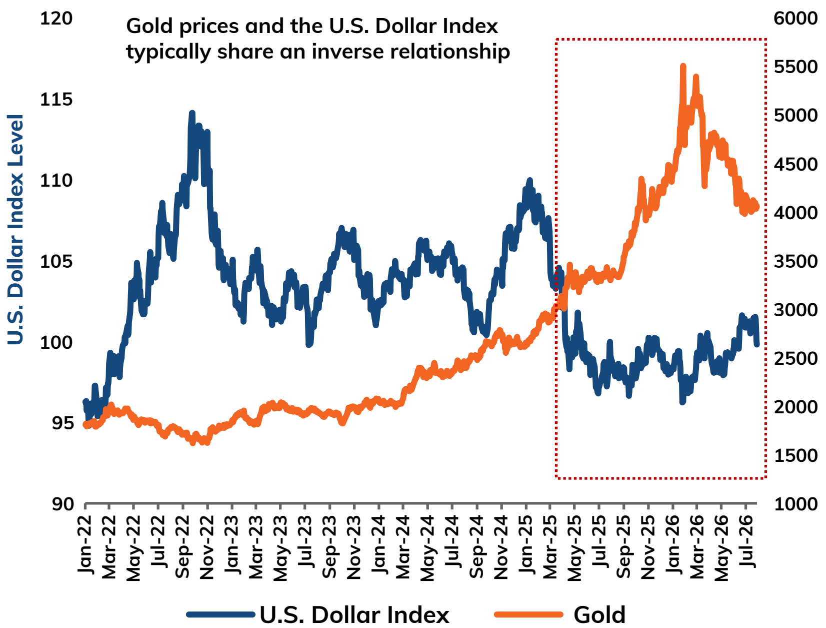


Source: International Monetary Fund (IMF) Fiscal Monitor April 2026 and October 2020. In the Global Public Debt (% of GDP) chart, latest data has been sourced from the IMF Fiscal Monitor April 2026 (1991 onwards for AEs and 1997 onwards for EMEs). Prior data is based on the IMF Fiscal Monitor October 2020. Minor differences can arise due to differences in country coverage, data revisions and aggregation methodology. In both charts, dotted lines represent forecasts. GDP: Gross Domestic Product.

The rollercoaster ride for Gold prices

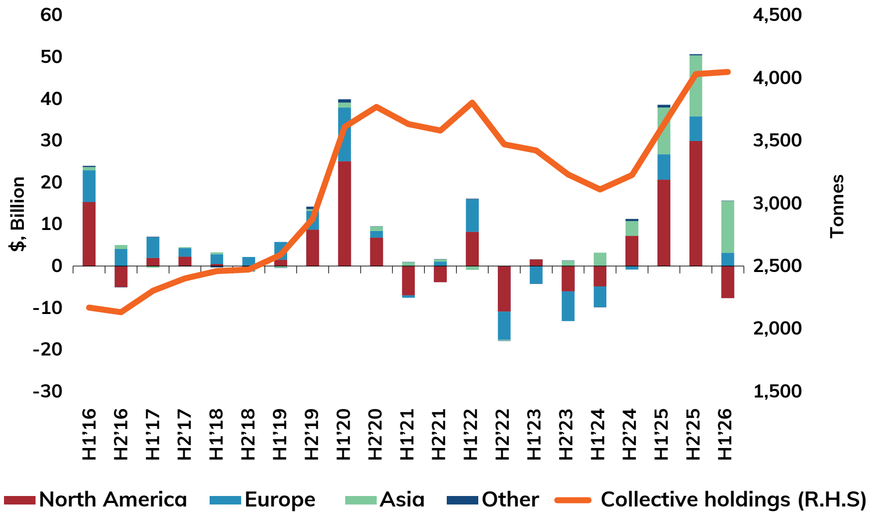
Escalating U.S.-Iran tensions pushed oil prices higher, stoking inflation fears and reinforcing expectations that the U.S. Federal Reserve will keep interest rates higher for longer. **Gold prices moderated to $4,052/ounce on July 31, 2026 (LBMA price) as rising U.S. Treasury yields and a stronger U.S. Dollar continued to weigh on bullion prices.** Despite heavy outflows in June 2026, **Global Gold Exchange Traded Fund (ETF) flows remained positive in the first half of 2026, dominated by inflows from Asia.**

GOLD PRICES (LBMA, $/OUNCE) AND U.S. DOLLAR INDEX LEVEL



Source: LBMA: London Bullion Market Association. Reuters. Data as on July 31, 2026. U.S.: United States. As on July 31, 2026, price of Gold in India was around ₹1,42,860/10 gms.

GLOBAL GOLD ETF FLOWS BY REGION AND COLLECTIVE GOLD HOLDINGS



Source: Bloomberg, Company Filings, World Gold Council. Data as on June 30, 2026. Collective holdings are end of period levels. Gold ETFs include open-ended funds traded on regulated exchanges and other regulated products such as closed-end funds and mutual funds. H1: First half of the year. H2: Second half of the year. ETFs: Exchange Traded Funds. R.H.S: Right-hand side.

In June 2026, India's gold import value weakened to $2.0 billion, reflecting the recent increase in import duty to 15% and regulatory tightening to curb imports. **Promotional campaigns by domestic retailers and flexible payment terms could support jewellery purchases in India ahead of the festive and wedding season.**

Geopolitical turmoil impeded shipments of base metals like aluminium

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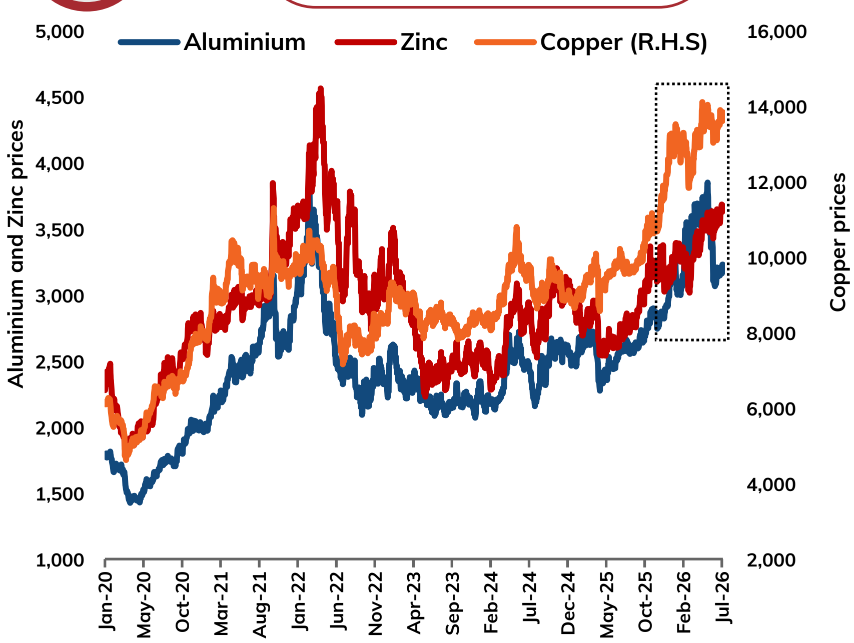
Aluminium prices corrected in June 2026 following the interim peace framework between the U.S. and Iran, unwinding much of the geopolitical risk premium accumulated in recent months. However, **the metal rebounded to around $3200/ton levels in July 2026 amid renewed tensions in West Asia,** which resulted in supply chain disruptions for aluminum smelters.

Urea prices corrected sharply back to pre-war levels in June 2026 due to easing of export restrictions in China and reduced demand from major importing countries at the end of the spring planting season. **However, urea prices began to recoup in early July 2026, driven by renewed regional demand and fresh logistics blockades impacting Gulf exporters.**

ALUMINIUM, ZINC AND COPPER PRICES ($/TON)



Source: LME (London Metal Exchange). Data as on July 31, 2026. R.H.S: Right-hand side.

UREA US GULF FUTURES ($/TONNE)

Source: Bloomberg, Reference from Reserve Bank of India (RBI) Bulletin, July 2026. Data as on July 31, 2026. U.S.: United States.

The copper market continues to be gripped by tariff-related disruptions, alongside surging demand from various industries, such as Artificial Intelligence (AI) data centers and renewable energy.

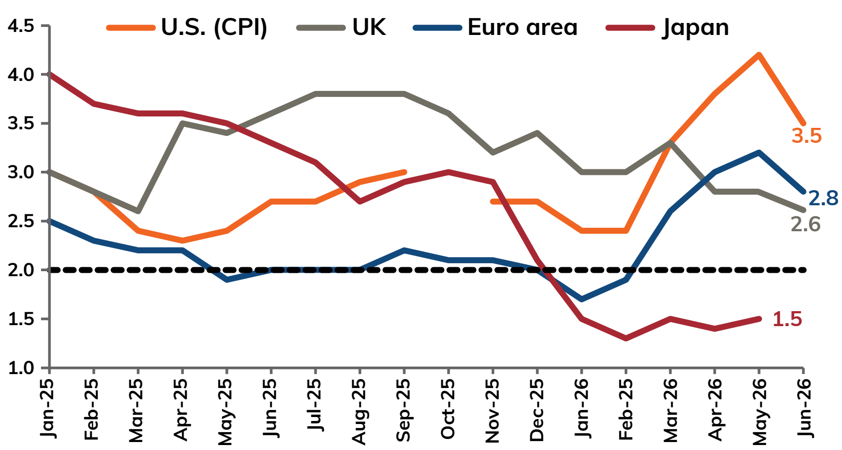
Stance of the U.S. Federal Reserve

In July 2026, the U.S. Federal Reserve decided to maintain the benchmark interest rate in the range of 3.50%-3.75%. While economic activity is expanding at a solid pace, **the inflation rate is still above the committee's goal of 2%.**

Inflation rate: In June 2026, the U.S. Consumer Price Index (CPI) inflation fell to 3.5% on an annual basis from 4.2% in May 2026, owing to lower energy prices coupled with easing services and shelter costs.

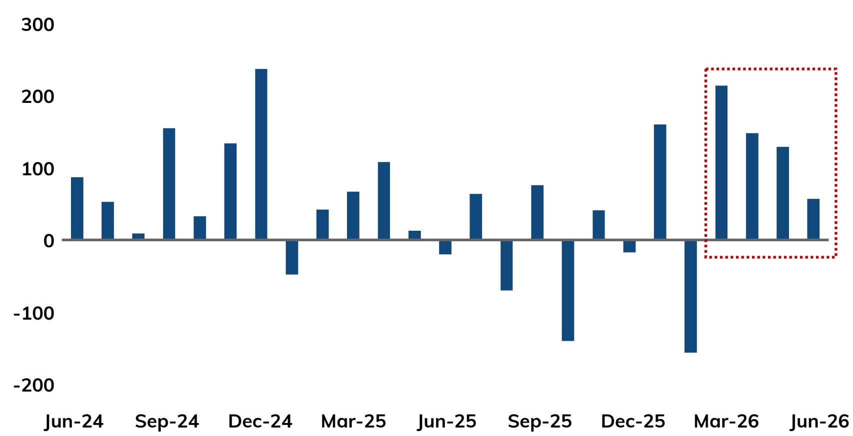
Job growth: In June 2026, the U.S. unemployment rate stood at 4.2% and the total nonfarm payroll employment increased by 57,000, slower than the gain in May 2026. While leisure and hospitality segments lost jobs, employment rose in social assistance, healthcare, professional and business services.

HEADLINE INFLATION ACROSS SELECT ADVANCED ECONOMIES (%)



Source: Reserve Bank of India (RBI) Bulletin, July 2026. Bloomberg and Organisation for Economic Co-operation and Development (OECD). U.S. CPI data is not available for October 2025 due to the U.S. Government shutdown. U.S.: United States. UK: United Kingdom. CPI: Consumer Price Index.

U.S. NONFARM PAYROLL EMPLOYMENT (IN THOUSANDS)



Source: Bureau of Labor Statistics. U.S. Department of Labour. Report as on June 05, 2026. The above is over-the-month change, seasonally adjusted. U.S.: United States.

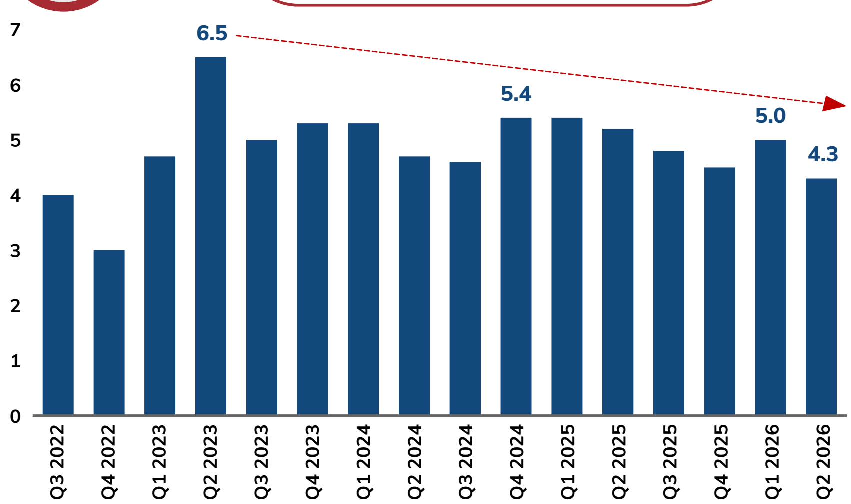
Economic expansion: U.S. real gross domestic product increased at an annual rate of 1.5% in the second quarter of 2026, driven by an increase in consumer spending, investment and exports (Advance estimate by the U.S. Bureau of Economic Analysis. Report as on July 30, 2026).

China’s economy expanded at its slowest pace in more than three years

China’s economic growth weakens: China’s economy grew 4.3% year-on-year in the second quarter of 2026, slowing from 5.0% in the previous quarter. China recorded its weakest growth since Q4 2022, attributed to **sluggish domestic demand, subdued private investment, prolonged property downturn and friction with key trade partners like the U.S. and the European Union.**

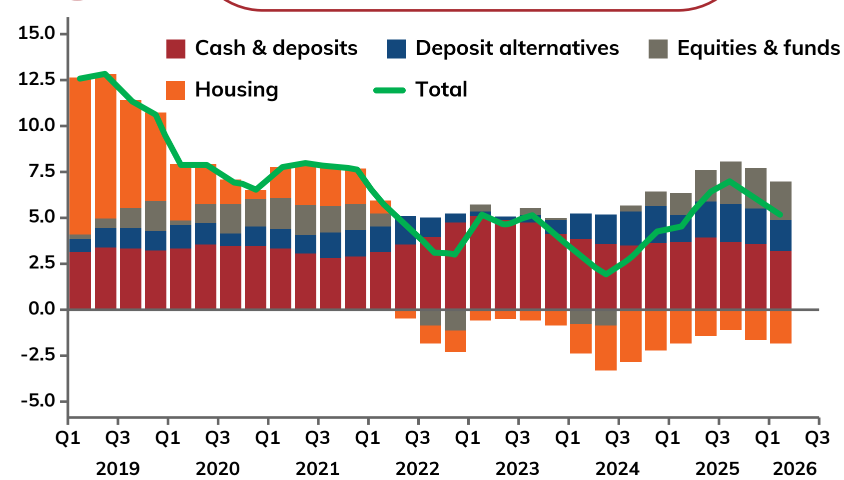
Decline in Urban fixed-asset investment: China’s fixed-asset investment dropped 5.7% year-on-year in the first six months of 2026, reflecting **a plunge in real estate development and infrastructure spending.**

CHINA'S GROSS DOMESTIC PRODUCT (%)



Source: National Bureau of Statistics of China. Q: Quarter.

NET CHANGE IN CHINA’S HOUSEHOLD ASSETS BY TYPE (YEAR-ON-YEAR % CHANGE)



Source: iFinD, CEIC, Wind, Gavekal Dragonomics Macrobond. Q: Quarter.

Exports remain the bright spot: In June 2026, China’s exports rose 27% year-on-year, powered by **global demand for Artificial Intelligence (AI) technology, semiconductors, electric vehicles other electronic equipment.**

China’s retail sales rebound: While China’s retail sales grew 1% year-on-year in June 2026, recovering from the 0.6% drop in the previous month, **purchases of automobiles and other big-ticket items remain weak.**

Decision of the People's Bank of China: In July 2026, China kept the benchmark lending rates unchanged for the 14th consecutive month, reflecting caution amidst the West Asia conflict.

The trajectory of Bond Yields

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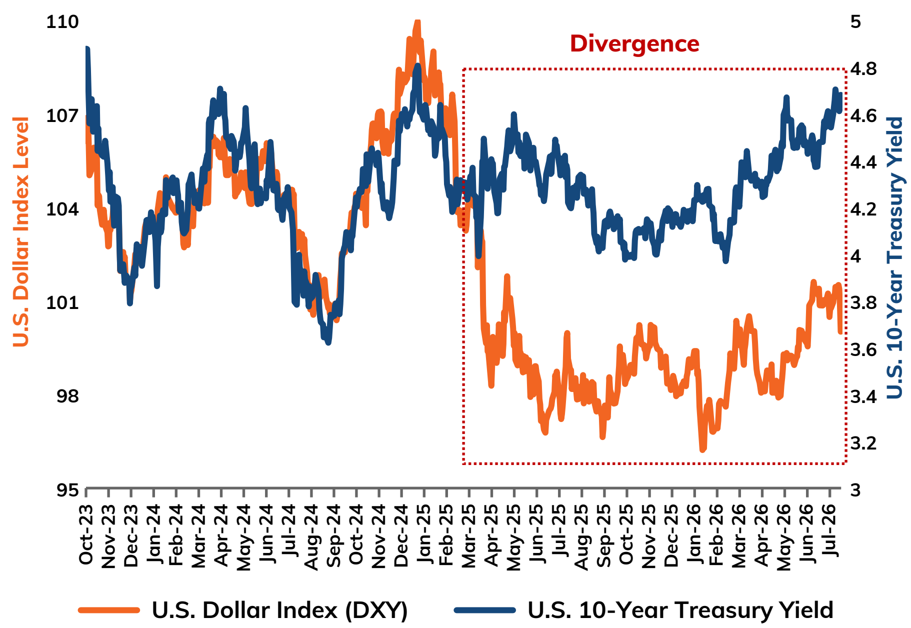
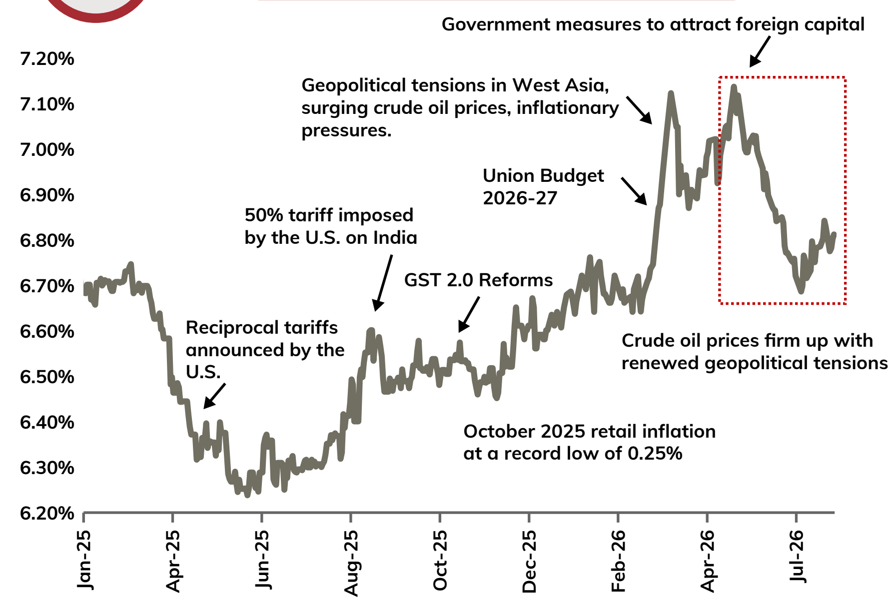
India 10-Year G-sec yield edged up to 6.81% on July 30, 2026, following the resurgence of the West Asia conflict. Driven by higher food prices and fuel costs, **India's headline consumer price index (CPI) inflation edged up to 4.38% year-on-year in June 2026, breaching the policy target for the first time since January 2025. The Indian Rupee also weakened against the U.S. Dollar** amid concerns that elevated crude oil prices would strain the country's import bill.

U.S. 10-YEAR TREASURY YIELD (%) AND U.S. DOLLAR INDEX



INDIA 10-YEAR G-SEC YIELD (%)



Source: Reuters. Data as on July 30, 2026. Moody's, Press Information on Bureau news, G-sec: Government securities. U.S.: United States. GST: Goods and Services Tax. CPI: Consumer Price Index.

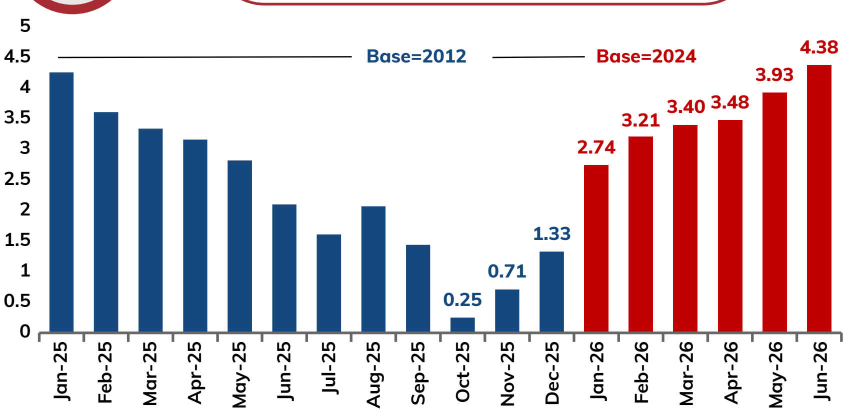
The U.S. 10-year Treasury yield climbed to 4.68% on July 30, 2026, while exhibiting volatility during the month: a) The U.S.-Iran conflict and attacks on commercial oil tankers in the Red Sea are driving energy risk premiums higher. **b) The U.S. CPI inflation still remains above the Federal Reserve's target of 2%. c) The U.S. job market displayed slower hiring** in June 2026. **d) Investors are also concerned about ballooning U.S. government debt levels.** Higher bond yields could further increase the cost of borrowing and have implications on the fiscal deficit.

India's Retail Inflation breached the policy target for the first time since January 2025

India's headline consumer price index (CPI) inflation edged up to 4.38% year-on-year in June 2026 from 3.93% in May 2026, driven by **higher food prices and fuel costs.** Food inflation rose to 5.32% year-on-year in June 2026 as **delayed onset of monsoon impacted the supply of various food items.**

Fuel inflation spiked to 4.5% year-on-year in June 2026 from 1.9% in the previous month, driven by the recent increase in retail prices of petrol, diesel and Liquefied Petroleum Gas (LPG). **The sharp increase in LPG prices between March 2026 and May 2026 also contributed to higher inflation in restaurant and accommodation services. Edible oil prices continued to display a broad-based increase** amidst growing biofuel demand.

INDIA'S CPI INFLATION (YEAR-ON-YEAR GROWTH %)



Inflation basis revised base year 2024	May 2026 Y-o-Y (%)	June 2026 Y-o-Y (%)
Food and beverages	4.55	5.05
Housing, water, electricity, gas and other fuels	1.73	1.99
Transport	1.75	4.31
Clothing and footwear	2.98	3.23
Health	1.49	1.42
Personal care, social protection and miscellaneous goods and services	18.46	16.72
Furnishings, household equipment and routine household maintenance	1.89	2.19
Information and communication	0.30	0.43
Restaurants and accommodation services	5.75	6.91
Education Services	2.99	3.34
Paan, tobacco and intoxicants	4.83	4.83
Recreation, sport and culture	1.98	1.75

TOP 5 KEY ITEMS WITH LOW INFLATION IN JUNE 2026


Potato


Peas


Motor Car and Jeep

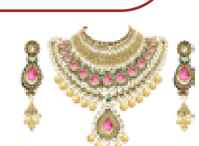

Cumin


Motor Cycle and Scooter

TOP 5 KEY ITEMS WITH HIGH INFLATION IN JUNE 2026


Silver Jewellery


Tomato


Gold/Diamond/Platinum Jewellery


Ginger

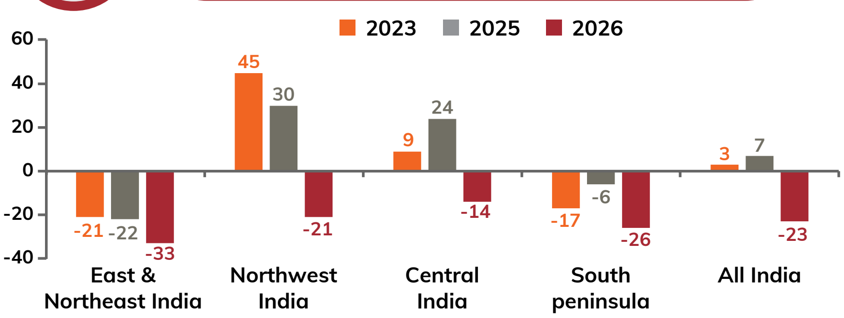

Raisin and Monacca

Source: Ministry of Statistics and Programme Implementation (MoSPI), National Statistics Office. Y-o-Y: Year-on-Year. Data as on June 2026. Base year 2024. CPI: Consumer Price Index. Items with low and high inflation are at an All India combined level.

From India's agricultural fields to markets

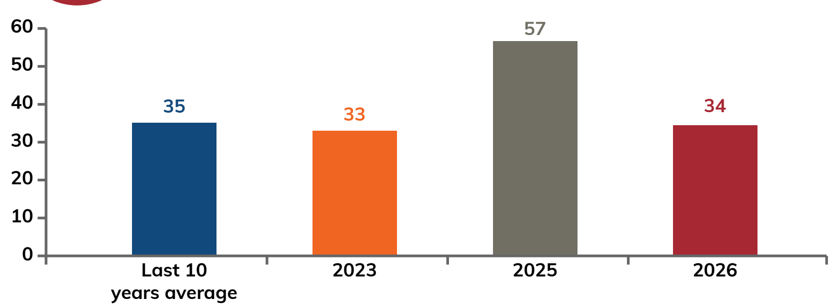
The cumulative southwest monsoon rainfall up to July 20, 2026 has been below normal with uneven spatial distribution. However, reservoir storage is relatively higher than the levels recorded during the El Nino year of 2023. **Initiatives for crop diversification and water harvesting techniques** could help reduce the impact of deficiency in the south-west monsoon.

MONSOON RAINFALL (DEVIATION FROM LONG PERIOD AVERAGE IN %)



Source: Reserve Bank of India (RBI) Bulletin, July 2026, India Meteorological Department. Data for rainfall pertains to June 01, 2026 - July 20, 2026.

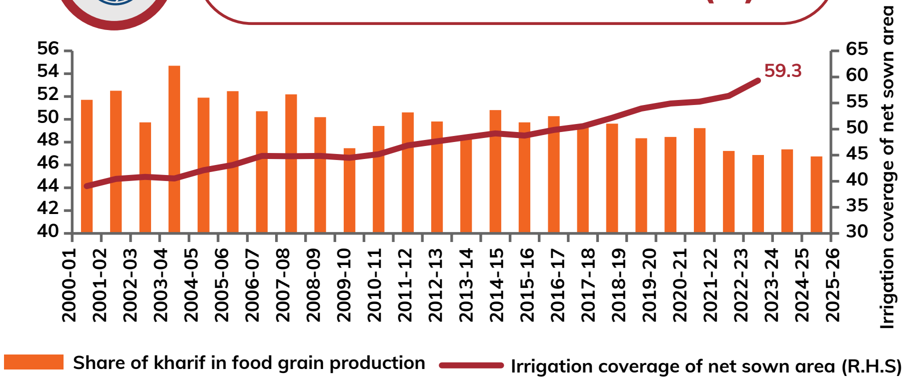
RESERVOIR LEVEL (% OF FULL RESERVOIR LEVEL)



Source: Reserve Bank of India (RBI) Bulletin, July 2026, Central Water Commission. Data for reservoirs pertain to July 16, 2026.

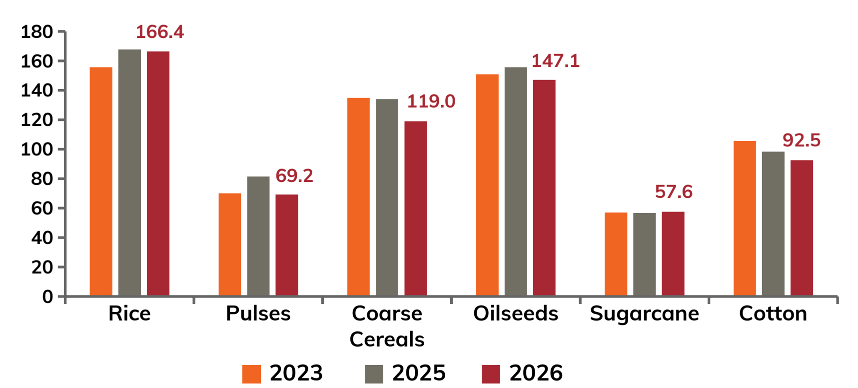
While monsoon performance is vital for India's farms, **the dependency of agriculture on southwest monsoon has been declining steadily on the back of expanding irrigation coverage and a decline in the share of kharif crops,** which rely more on monsoon compared to rabi crops.

IMPROVING IRRIGATION COVERAGE OF INDIAN AGRICULTURE (%)



Source: Reserve Bank of India (RBI) Bulletin, July 2026, Ministry of Agriculture and Farmers' Welfare (MoAFW), Centre for Monitoring Indian Economy (CMIE), Ministry of Statistics and Programme Implementation (MoSPI). Data on foodgrain production for 2025-26 is as per third advance estimates.

PROGRESS IN KHARIF SOWING (LAKH HECTARE)



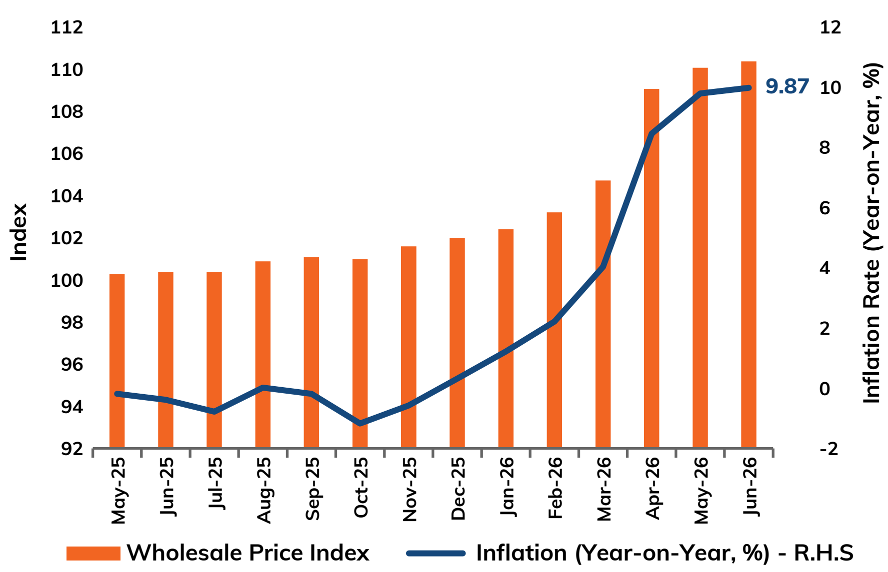
Source: Reserve Bank of India (RBI) Bulletin, July 2026, Ministry of Agriculture and Farmers' Welfare (MoAFW). Data as on July 17, 2026.

India's Wholesale Price Index (WPI) inflation is on the move

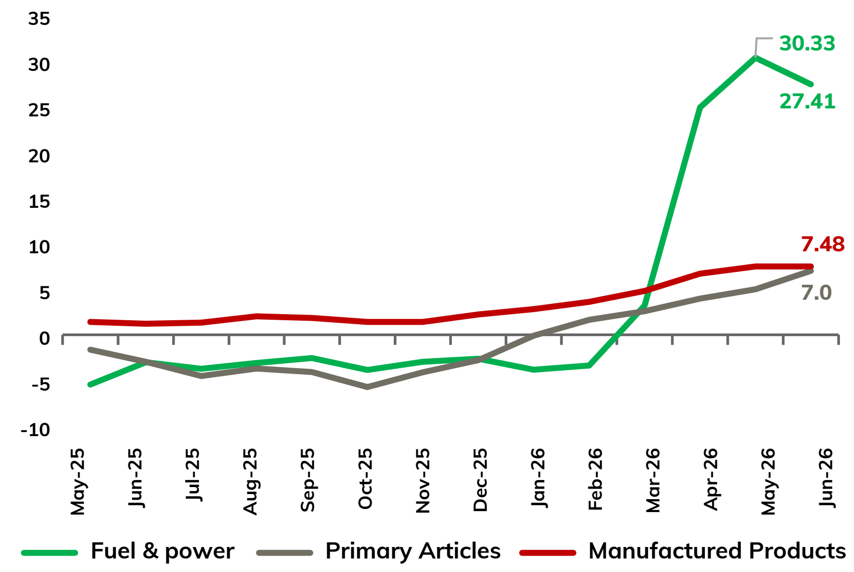
In June 2026, India's Wholesale Price Index (WPI) inflation rose to 9.87% year-on-year from 9.68% in May 2026, with respect to base year 2022-23. **Mineral oils (containing petroleum products), food articles, manufacture of basic metals and manufacture of chemical products have been major drivers of WPI inflation during the month.**

While Fuel and power inflation softened to 27.41% year-on-year in June 2026 from 30.33% in the previous month, it remains elevated at current levels. The increase in prices of fuel-related products led to a rise in **input costs for industries, which is visible across chemicals, rubber and plastics, textiles and metal products.**

WHOLESALE PRICE INDEX AND INFLATION RATE (YEAR-ON-YEAR, %)



INFLATION RATE ACROSS MAJOR GROUPS (YEAR-ON-YEAR, %)



Source: Centre for Monitoring Indian Economy (CMIE). The June 2026 WPI Inflation numbers are provisional for base year 2022-23. WPI: Wholesale Price Index. Data as on June 2026. R.H.S: Right-hand side. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

India's Output Producer Price Index exhibited sequential increase in inflation to 9.57% year-on-year in June 2026 from 9.38% in the previous month, primarily driven by the agriculture, forestry & fishing category.

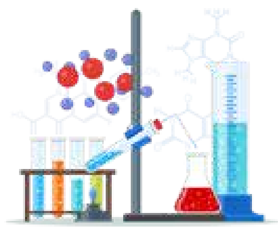
India's Merchandise Trade Deficit widens

In June 2026, India's merchandise trade deficit widened to a five-month high of $30.43 billion as merchandise imports have been rising at a faster pace than merchandise exports. India's continued efforts to negotiate Free Trade Agreements with key partners would help diversify its export markets and expand the global trade footprint.

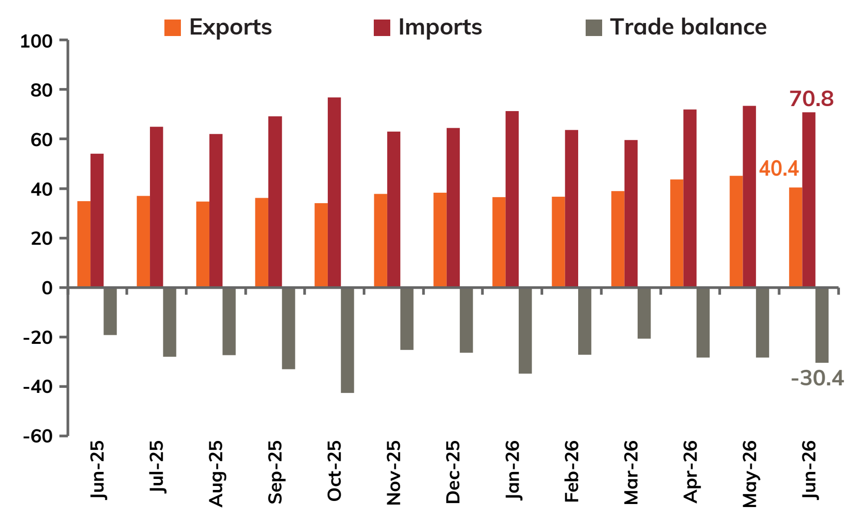
INDIA'S MERCHANDISE EXPORTS AND IMPORTS (YEAR-ON-YEAR GROWTH, %)

India's merchandise exports rose to $40.41 billion in June 2026 from $34.98 billion in June 2025, registering a 15.5% year-on-year growth.

Key drivers of merchandise exports were engineering goods, electronic goods, gems and jewellery, rice, dairy products, chemicals and iron ore.

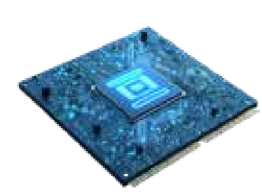


INDIA'S MERCHANDISE TRADE DEFICIT, EXPORTS AND IMPORTS ($, BILLION)



India's merchandise imports rose to $70.84 billion in June 2026 from $54.08 billion in June 2025, marking a 31% year-on-year growth.

Key drivers of merchandise imports were petroleum products, crude oil, fertilizers, electronic goods and precious metals like gold.

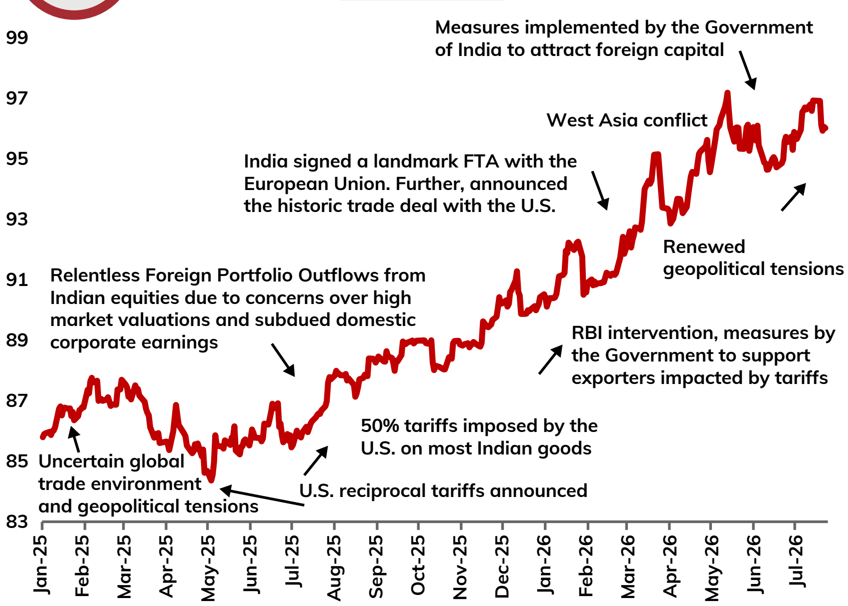


Source: Reserve Bank of India (RBI) Bulletin, July 2026. DGCI&S: Directorate General of Commercial Intelligence and Statistics. Ministry of Commerce & Industry. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

What's next for the Indian Rupee?

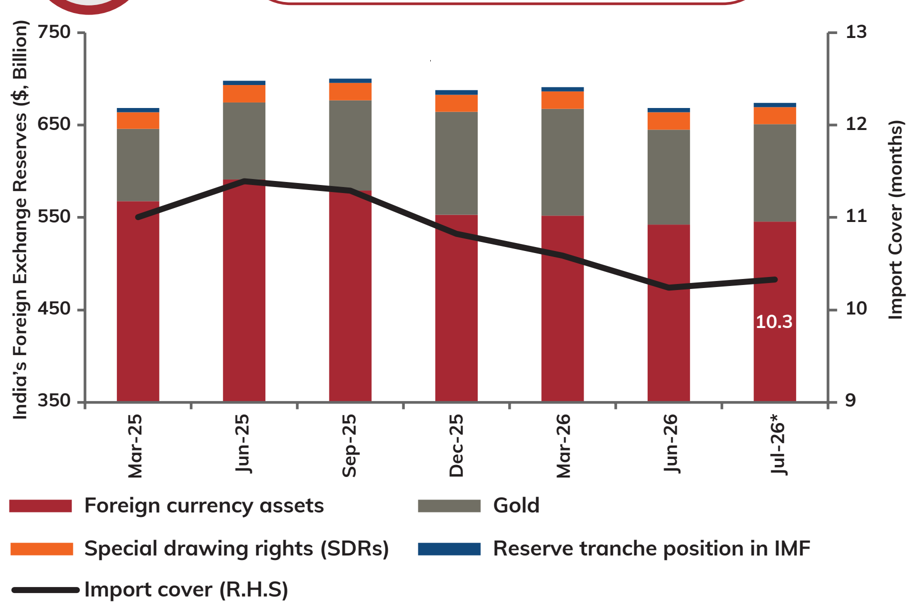
The Indian Rupee traded around 95.30 levels against the U.S. Dollar on July 31, 2026. Hostilities increased in West Asia during the month, leading to a sharp rise in global oil prices, which could potentially widen the merchandise trade deficit and exert pressure on the domestic currency.

USD/INR



Source: Reuters. Data as on July 31, 2026. U.S.: United States. INR: Indian Rupee. USD: U.S. Dollar. FTA: Free Trade Agreement. RBI: Reserve Bank of India.

INDIA'S FOREIGN EXCHANGE RESERVES ($, BILLION)



Source: Reserve Bank of India Bulletin, July 2026. R.H.S: Right-hand side. IMF: International Monetary Fund. *Data as on July 10, 2026. The import cover data is based on annualized merchandise imports as per the balance of payments statistics.

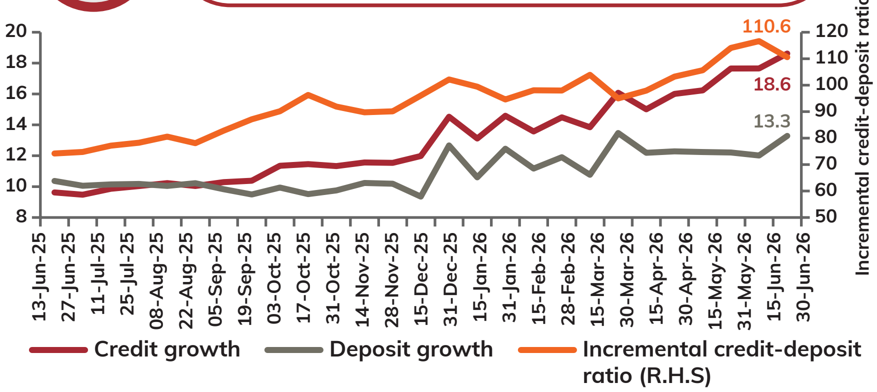
India's bilateral trade agreements with countries are expected to boost foreign investment inflows, thereby supporting domestic currency stability. **The India-UK Comprehensive Economic and Trade Agreement (CETA) came into force on July 15, 2026. As per the pact, 99% of Indian goods entering the UK and 90% of the UK goods imported to India will either be duty free or reduced in tariffs.** This would benefit a broad range of industries, including automotive, textiles, marine products, gems and jewellery, consumer goods and Information Technology (Data Source: Press Information Bureau. UK: United Kingdom).

India's healthy foreign exchange reserves position could help manage external debt obligations and stabilize the domestic currency during periods of financial stress.

India's Bank Credit growth remains strong

As on June 30, 2026, Bank credit growth increased to 18.6% year-on-year, driven by healthy demand from the retail segment coupled with steady MSME credit to support business expansion and working capital needs.

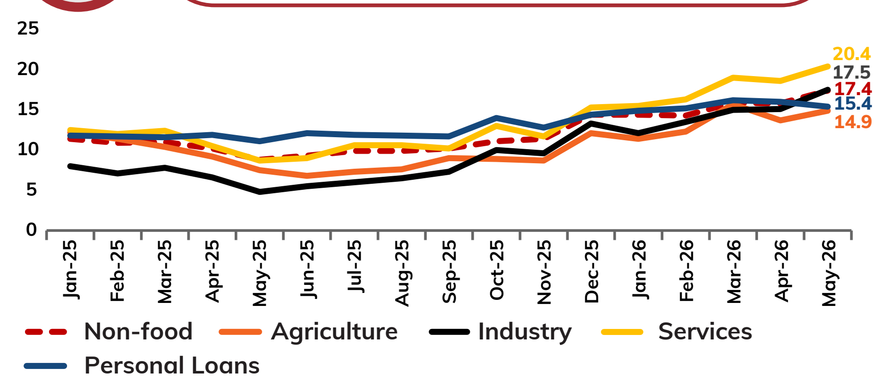
BANK CREDIT AND DEPOSIT GROWTH (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI) Bulletin, July 2026. The above Scheduled commercial banks' data is inclusive of regional rural banks. Data includes the impact of the merger of a non-bank with a bank. MSME: Micro, Small and Medium Enterprises.

Industrial credit growth sustained its momentum with a rise in credit to large industries. Bank credit flow to the services sector also strengthened, driven by lending to Non-Banking Financial Companies (NBFCs).

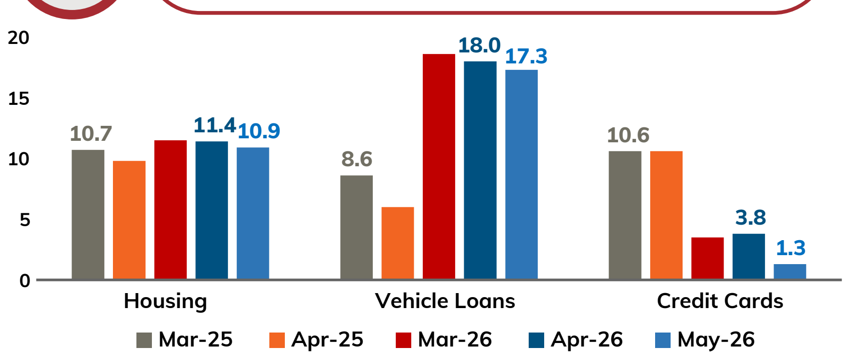
BANK CREDIT GROWTH ACROSS NON-FOOD SEGMENTS (YEAR-ON-YEAR, %)



Source: RBI, CareEdge Ratings. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

In May 2026, personal loans growth slowed across major segments like housing and vehicle compared to the previous month.

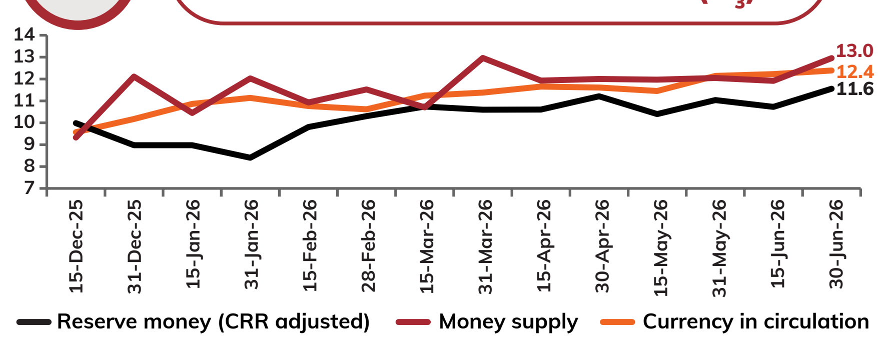
PERSONAL LOANS GROWTH ACROSS SELECT CATEGORIES (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI). CareEdge Ratings.

In June 2026, currency in circulation sustained its double-digit growth since December 2025 and money supply growth picked up.

SUSTAINED EXPANSION IN RESERVE MONEY AND MONEY SUPPLY (M_3)

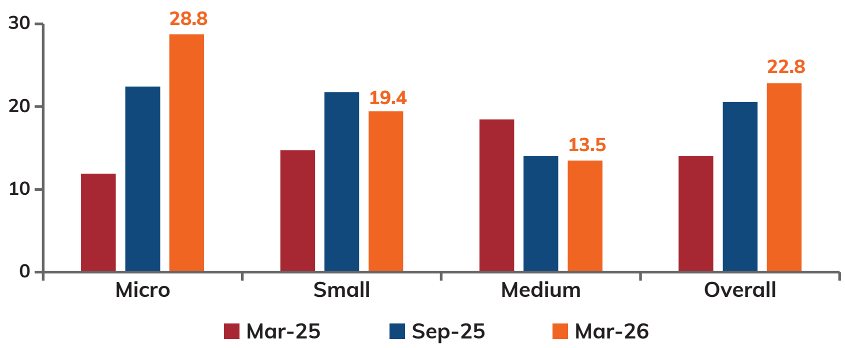


Source: Reserve Bank of India (RBI). CareEdge Ratings. CRR: Cash Reserve Ratio. The above growth is year-on-year %.

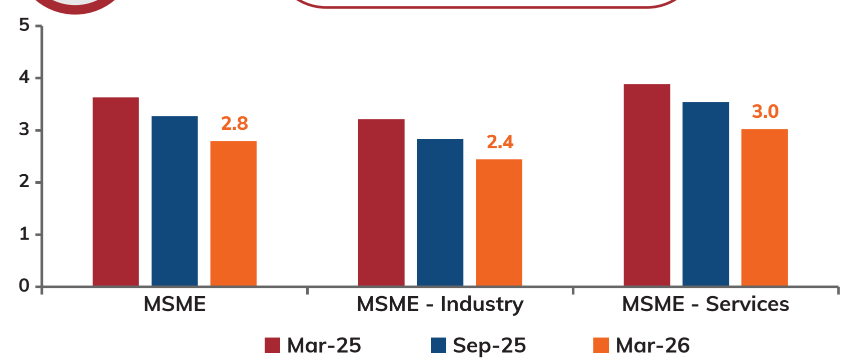
Bank Credit to Micro, Small and Medium enterprises has picked up

Banks are expanding credit to micro, small and medium enterprises (MSME) to meet working capital needs, invest in technology and scale business operations. **Effective April 01, 2026, the limit of collateral-free loans for MSME was doubled from ₹10 lakh to ₹20 lakh,** which could be extended to ₹25 lakh for businesses showing consistent financial track record. **While some stress is visible in micro enterprises, the overall Gross Non-Performing Assets (NPAs) ratio has displayed improvement.**

MSME LOAN GROWTH (YEAR-ON-YEAR, %)

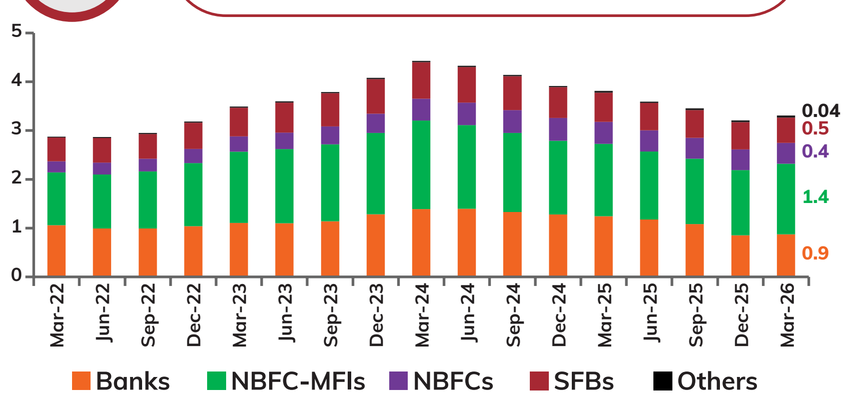


GROSS NPA RATIO OF MSMEs (%)

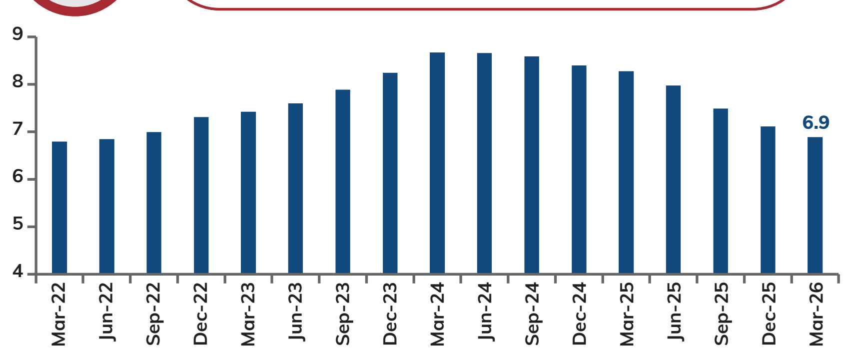


Credit to the microfinance sector increased for the first time after seven quarters of decline, although the borrower base continued to shrink. Monitoring exposure to this segment is crucial as risks to asset quality may rise if economic conditions weaken amid global geopolitical tensions, which could hamper borrower cash flows.

MICROFINANCE SEGMENT - CREDIT OUTSTANDING (₹, LAKH CRORE)



MICROFINANCE SEGMENT - NUMBER OF ACTIVE BORROWERS (CRORE)



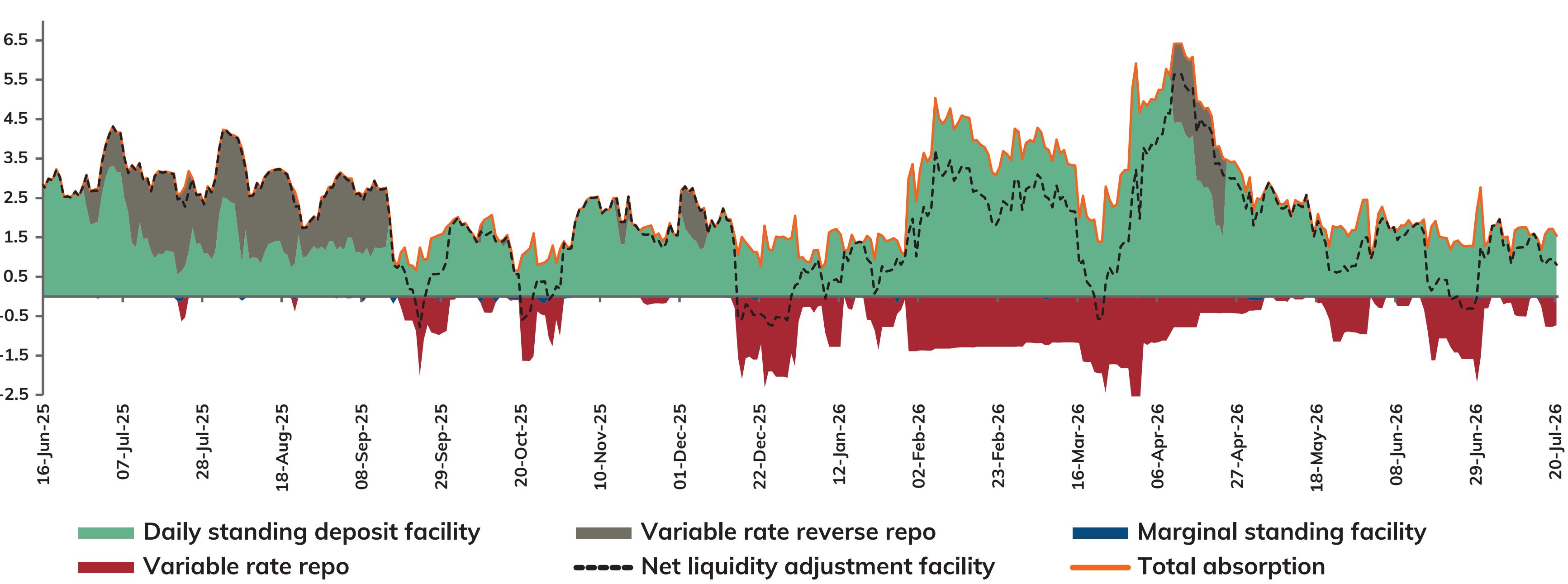
Source: Reserve Bank of India (RBI) Financial Stability Report as on June 2026. NBFCs: Non-Banking Financial Companies, MFIs: Micro Finance Institutions, SFBs: Small Finance Banks, MSME: Micro, Small and Medium Enterprises, NPA: Non-Performing Assets.

India's Banking system liquidity

Liquidity conditions improved in July 2026 as pressures from tax outflows began to decline amid faster government spending.

The Reserve Bank of India (RBI) conducted multiple Variable Rate Repo (VRR) auctions in recent months to address the transient liquidity shortage. During June 2026, the central bank conducted 13 VRR auctions with maturities ranging from overnight to 7 days with an average bid-cover ratio of 0.54. Further, during July 2026 (up to July 20, 2026), the central bank conducted 10 VRR auctions with an average bid-cover ratio of 0.48. **The overall daily average net absorption under the Liquidity Adjustment Facility (LAF) increased to ₹1.25 lakh crore during July 2026 (up to July 20, 2026) from ₹0.89 lakh crore in June 2026.**

BANKING SYSTEM LIQUIDITY (₹, LAKH CRORE)



Source: Reserve Bank of India (RBI) Bulletin, July 2026. System liquidity is measured by the average daily net absorption under the liquidity adjustment facility (LAF). VRR: Variable Rate Repo.

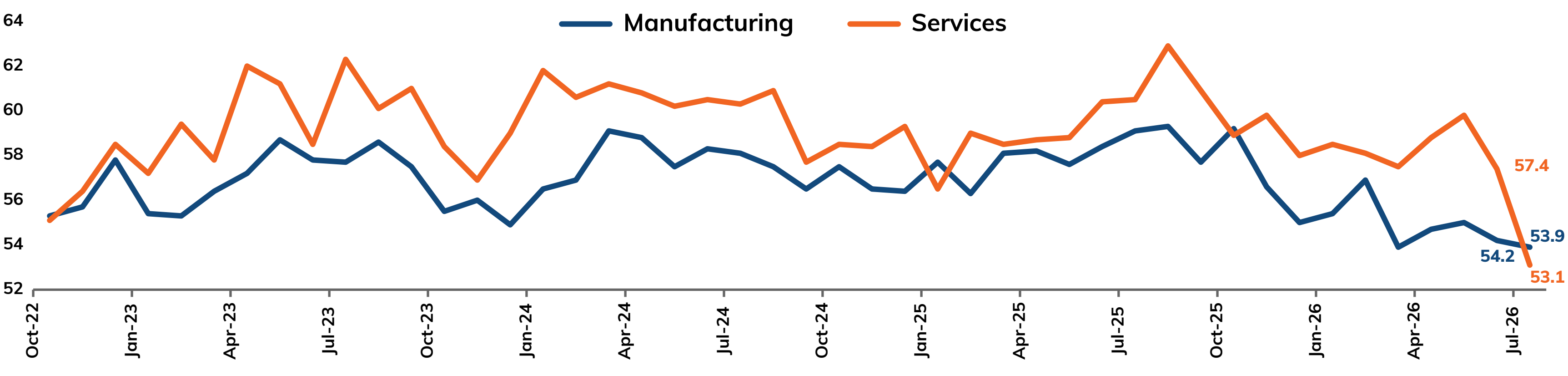
India’s private sector growth moderates

ICICI PRUDENTIAL MUTUAL FUND

The HSBC Flash India PMI Composite Output Index, which measures the combined output of India’s manufacturing and services sectors, slipped to 54.3 in July 2026 from 57.1 in June 2026, indicating the slowest pace of expansion in private sector activity since March 2022.

- **Weaker demand weighed on business expansion:** Private sector sales growth was constrained by challenging market conditions, competitive pressures, order cancellations and shortages of key raw materials.
- **Business confidence weakened to a six-month low:** New order growth slowed to nearly a four-and-a-half year low in July 2026, dragged by the services sector. Businesses are building buffers to navigate the supply-side shock induced by the West Asia conflict.
- **Higher input costs:** In July 2026, input costs across the private sector increased at a quicker rate than the previous month with higher fuel, labour, materials and transportation costs.

INDIA'S PURCHASING MANAGERS' INDEX (PMI)



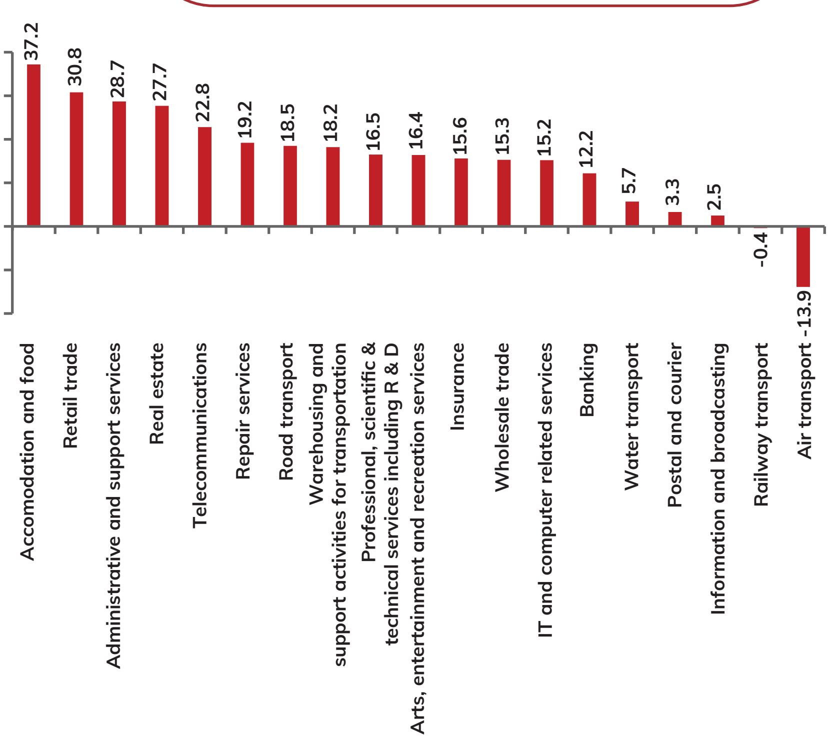
Source: S&P Global. Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The HSBC Flash India PMI is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined by S&P Global as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. GDP: Gross Domestic Product. PMI: Purchasing Managers’ Index. Report as of July 24, 2026.

- **Optimism strengthened across manufacturing firms:** At the composite level, the upturn in international sales was the strongest since March 2026. Firms are hopeful that market conditions and underlying demand would strengthen in the following 12 months.

Measuring the pulse of India's Services Economy

On July 14, 2026, the Ministry of Statistics and Programme Implementation (MoSPI) launched the Index of Services Production (ISP) on a trial basis, using the base year 2024-25. The ISP is a short-term indicator **designed to measure changes over time in the volume of output produced by the services sector** relative to a specified base period. **The indicator covers 19 service subsectors, accounting for around 60% of the services sector. In April 2026, 14 of the 19 sectors registered double-digit growth led by accommodation & food and retail trade.** The indicator is compiled **using Goods and Services Tax (GST) data and sector-specific administrative records.**

INDEX OF SERVICES PRODUCTION FOR MAJOR SECTORS FOR APRIL 2026 (YEAR-ON-YEAR, %)



GROWTH TRAJECTORY OF INDIA'S NET SERVICES EXPORTS AND IMPORTS (YEAR-ON-YEAR, %)

Source: Reserve Bank of India Bulletin (RBI), July 2026. Ministry of Statistics and Programme Implementation (MoSPI). R&D: Research and development. IT: Information Technology.

In May 2026, India's services exports were driven by business and transport services, while imports were supported by a rise in software, transport and business services.

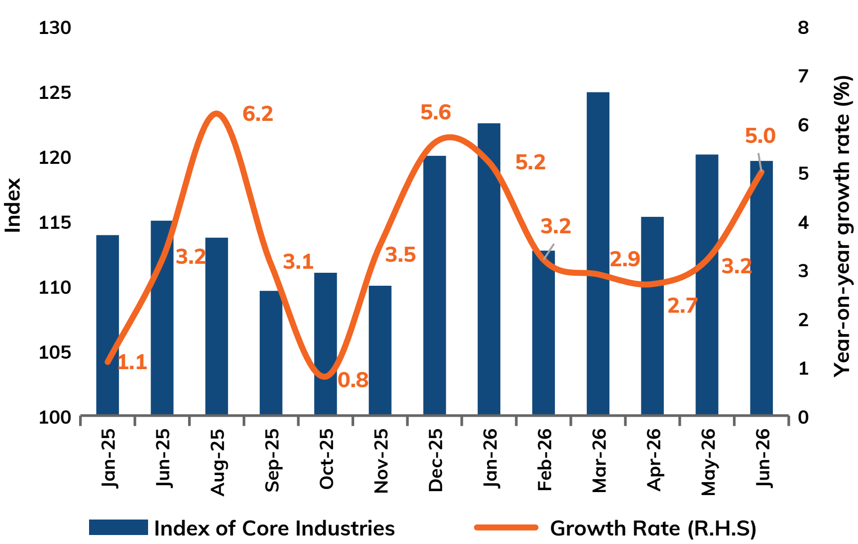
India’s core sector output growth hits a five-month high

ICICI PRUDENTIAL MUTUAL FUND

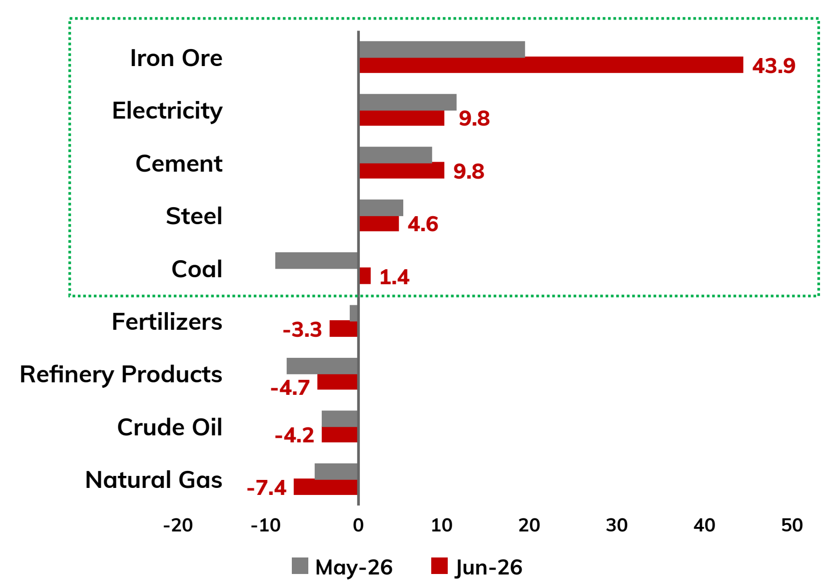
In June 2026, India’s Index of Core Industries witnessed a year-on-year growth of 5%, up from 3.2% recorded in May 2026. The June release marks the **first publication of the revised Index of Core Industries series with the base year 2022-23. Iron ore has been added as a new constituent in the updated index,** reflecting its extensive use in industrial production.

Iron ore production recorded the strongest year-on-year growth of 43.9% in June 2026. Electricity generation increased with higher demand amid heatwave conditions across several regions. **Cement and steel production growth reflect sustained** momentum in housing construction projects and infrastructure activity. **Coal-based power generation rebounded** amid weak hydropower output. **Conversely, crude oil, natural gas and petroleum refinery production declined with higher reliance on crude imports** and reallocations in existing supply chains. **Fertilizer production also dropped during the month as the West Asia conflict restricted input supplies like natural gas,** which is a primary feedstock for urea.

INDEX OF CORE INDUSTRIES



SECTOR-WISE GROWTH RATE (YEAR-ON-YEAR, %)



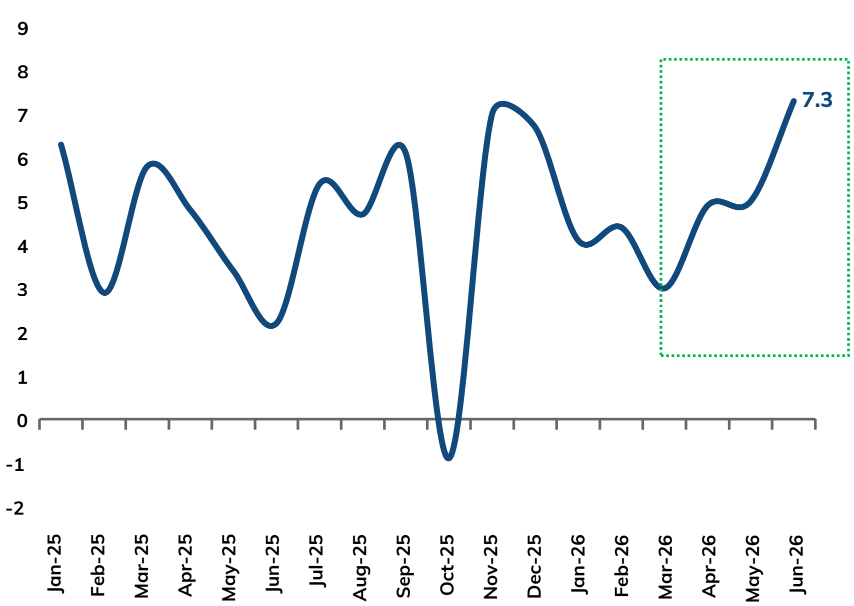
Source: Ministry of Commerce and Industry. The nine core sectors are: Iron ore, coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity. June 2026 print is provisional. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). R.H.S: Right-hand side.

India's Industrial Output gains traction

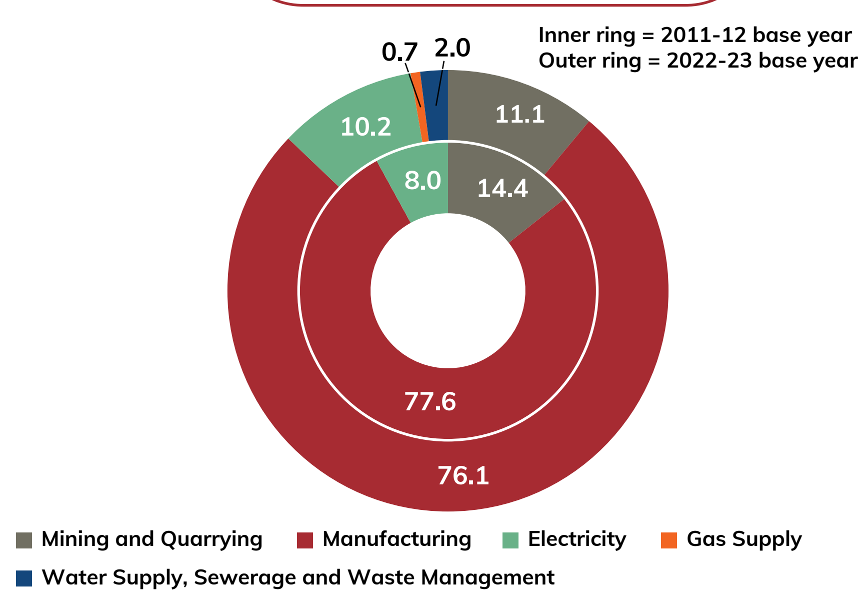
India's industrial output, based on the 2022-23 base year, rose to 7.3% year-on-year in June 2026, up from 5.1% in May 2026, indicating strong industrial growth despite global uncertainties. Manufacturing sector recorded a strong year-on-year growth of 7.8% during the month, primarily driven by manufacture of electrical equipment, motor vehicles, trailers and food products. **Electricity and gas supply category recorded 10.6% year-on-year growth in June 2026,** driven by high temperatures across regions as well as the delayed onset of the monsoon.

Capital-intensive sectors continued to perform well, reflecting sustained investment demand and infrastructure-led spending. Water supply, sewerage and waste management also posted an encouraging 6.1% year-on-year growth in June 2026. **Mining and quarrying output rose by 1.0% year-on-year in June 2026,** improving from the contraction of 1.4% witnessed during the previous month.

INDIA'S INDEX OF INDUSTRIAL PRODUCTION (YEAR-ON-YEAR GROWTH, %) - BASE YEAR 2022-23



SECTORAL WEIGHTS OF IIP COMPONENTS (2011-12 vs 2022-23) (%)



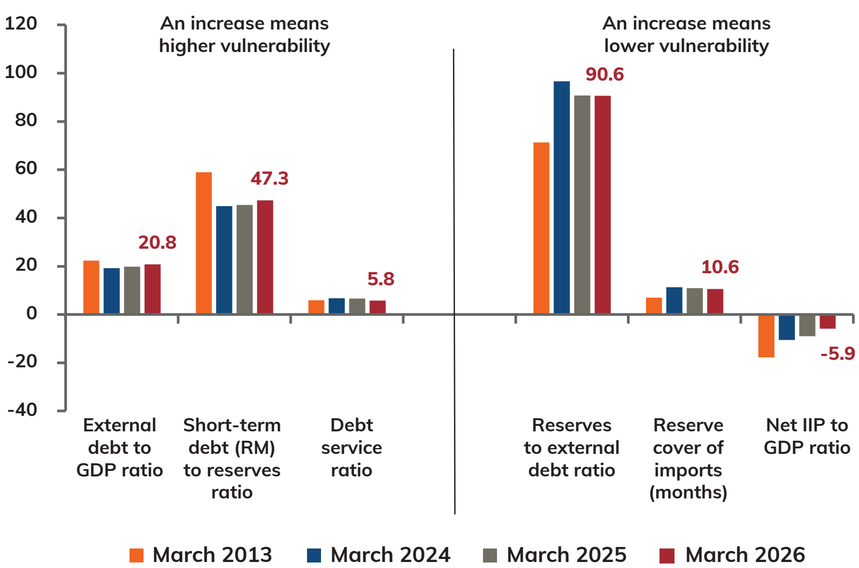
Source: Ministry of Statistics and Programme Implementation (MoSPI). In the above sectoral weights graphical representation, the Inner ring represents base year as 2011-12; the Outer ring represents 2022-23 base year. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

India's External Vulnerability Indicators

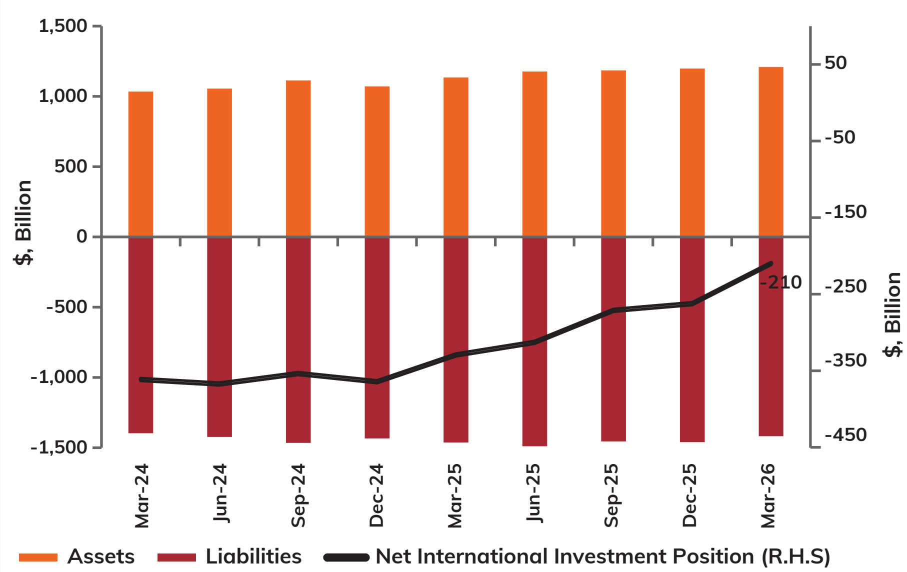
India's key external sector vulnerability indicators, including the external debt-to-GDP ratio, net international investment position (NIIP) to GDP ratio, debt service ratio and short-term debt (residual maturity) to reserves remained contained at end-March 2026.

The ratio of India's international assets to international liabilities progressed to 85.2% as at end-March 2026 from 82.0% as at end-December 2025. **Improvement in India's net international investment position during the fourth quarter of FY 2025-26** was driven by a decline in external liabilities and an increase in external assets.

INDIA'S EXTERNAL VULNERABILITY INDICATORS (%)



INDIA'S INTERNATIONAL INVESTMENT POSITION ($, BILLION)



Source: Reserve Bank of India (RBI) Bulletin, July 2026. RM: Residual Maturity, IIP: International Investment position, GDP: Gross Domestic Product. FY: Financial Year. R.H.S: Right-hand side.

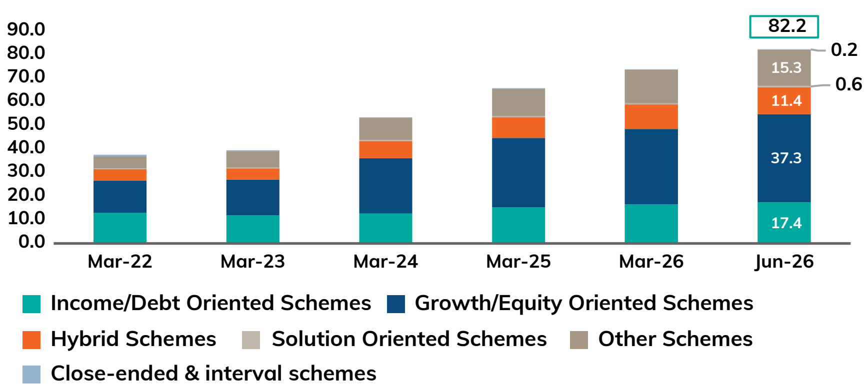
India's foreign exchange reserves remains comfortable, which could defend the Indian Rupee and help absorb shocks during periods of crisis.

Growth trajectory of India's Mutual Fund Industry

ICICI PRUDENTIAL MUTUAL FUND

India's mutual fund industry continued its growth momentum with Net Assets Under Management rising to ₹82.22 lakh crore in June 2026.

NET ASSETS UNDER MANAGEMENT OF INDIA'S MUTUAL FUND INDUSTRY (₹, LAKH CRORE)



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence.

In June 2026, Equity-oriented mutual fund inflows surged to ₹28,973 crore, registering a 26.5% month-on-month growth. This denotes resilient retail participation despite bouts of market volatility.

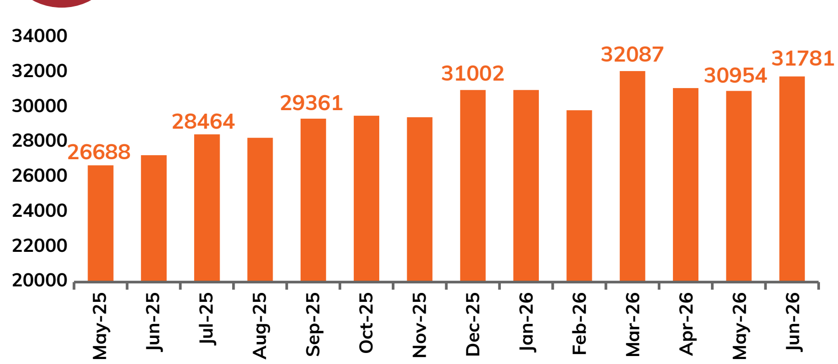
MONTHLY FLOWS OF MUTUAL FUNDS (₹, CRORE)

Category	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jan-25	Dec-25
Equity	28,973	22,908	38,440	40,450	25,978	24,029	28,054
Debt	-109,054	-96,949	2,47,490	-294,987	42,106	74,827	-132,410
Hybrid	12,893	10,560	20,565	-16,538	11,983	17,356	10,756
Others	16,724	362	20,082	30,768	13,879	39,955	26,723
Solution-oriented schemes	321	270	307	256	247	342	345
Closed-ended and interval schemes	-2,806	-1,173	-4,481	141	336	-49	-59
Total	-52,949	-64,021	3,22,403	-239,910	94,530	1,56,459	-66,591

Source: Association of Mutual Funds in India (AMFI). CRISIL Intelligence. Cells in green to red signify the highest to lowest inflows in that period.

In June 2026, Systematic Investment Plan (SIP) monthly contributions inched up to ₹31,781 crore with active SIP accounts reaching 9.78 crore.

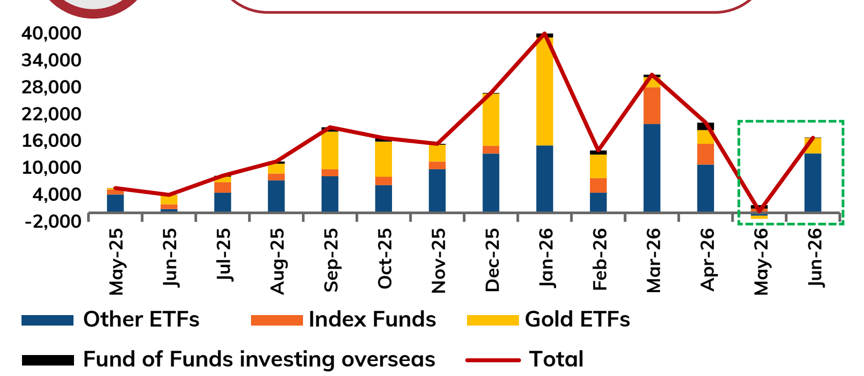
SIP CONTRIBUTION (₹, CRORE)



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence. SIP: Systematic Investment Plan.

In June 2026, passive fund rebounded with net inflows of ₹16,724 crore, primarily driven by Other ETFs, alongside a resurgence in Gold ETFs.

MONTHLY FLOW TREND OF PASSIVE SCHEMES (₹, CRORE)

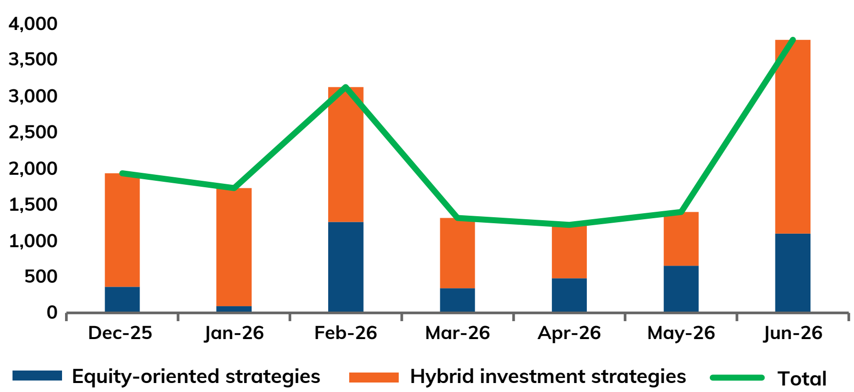


Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence. ETFs: Exchange Traded Funds.

Growth trajectory of India's Mutual Fund Industry

In June 2026, Specialised Investment Fund (SIF) witnessed net inflow of ₹3,782 crore, driven primarily by hybrid investment strategies.

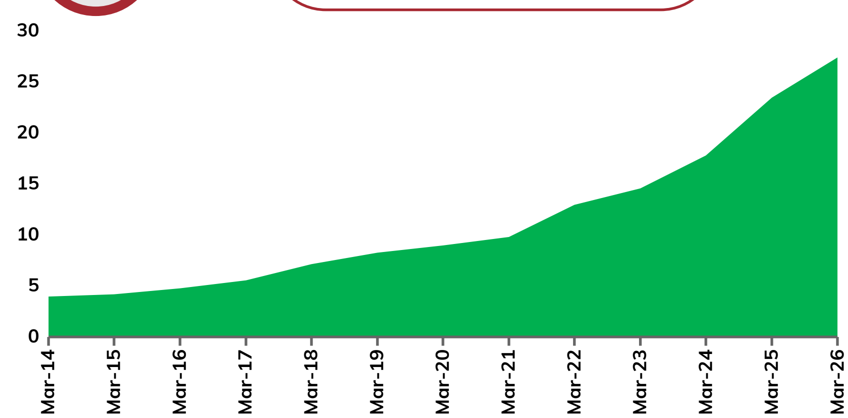
MONTHLY FLOW TREND OF SIF SCHEMES (₹, CRORE)



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence. SIF: Specialised Investment Fund.

Investor participation in the Mutual Funds industry continued to broaden with the number of folios reaching 27.39 crore as on March 31, 2026.

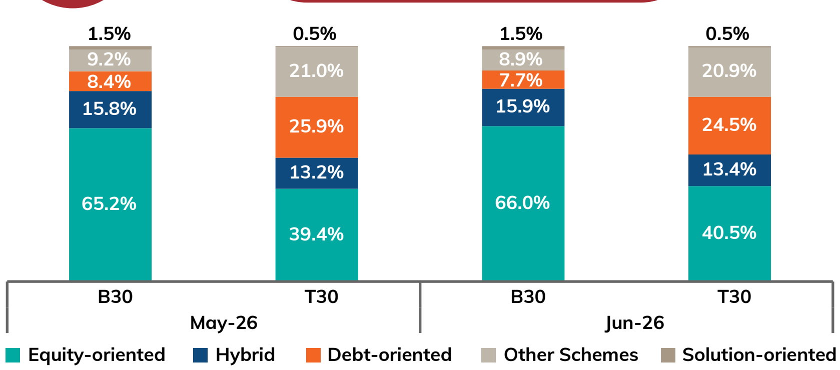
ANNUAL FOLIO COUNT TREND (CRORE)



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence.

While investors in B30 locations tilt more toward equity-oriented funds, investors in T30 cities spread their allocations more broadly across fund categories.

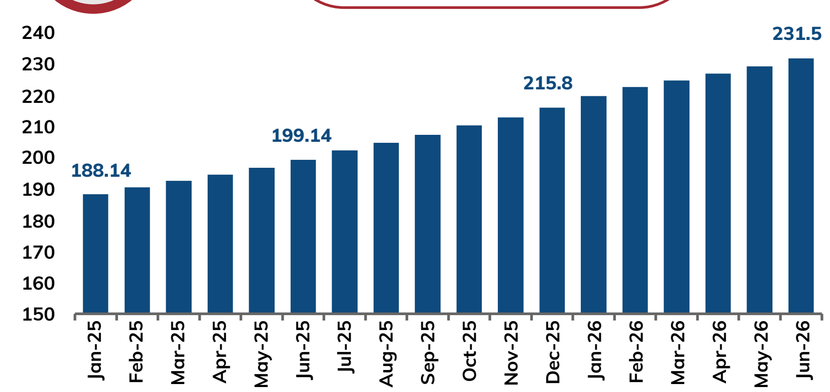
MUTUAL FUND ASSETS MIX: B30 VS T30



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence. T30 refers to the top 30 geographical locations in India and B30 refers to the locations beyond the top 30.

The number of demat accounts have increased steadily from 199.14 million in June 2025 to 231.5 million in June 2026.

NUMBER OF DEMAT ACCOUNTS (MILLION)



Source: Central Depository Services Ltd. (CDSL), National Securities Depository Ltd. (NSDL).

The Narrative of High-Frequency Indicators

ICICI PRUDENTIAL MUTUAL FUND

In June 2026, E-way bills continued to record double-digit growth. Goods and Services Tax (GST) revenue growth picked up, driven by higher tax revenues from imports. **The consumption of petroleum products dropped,** albeit at a slower pace, due to a decline in consumption of liquefied petroleum gas (LPG), bitumen and naphtha. **Growth in digital payments value was** driven by Real-Time Gross Settlement (RTGS) transactions.

High Frequency-Indicators – Economic Activity (Year-on-Year Growth %)

Indicator	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
GST E-way bills (Volume)	19.3	25.8	22.4	21.0	8.2	27.6	23.5	15.8	18.8	12.9	11.8	10.9	14.5
GST revenue	6.5	8.2	6.9	10.0	7.6	0.7	6.1	6.2	8.1	8.8	8.7	3.2	13.9
Toll collection (Volume)	15.5	14.8	12.7	4.5	4.6	2.9	0.4	-1.8	-8.7	-4.0	-5.8	-7.2	-6.3
Electricity demand (Volume)	-2.3	2.6	3.8	3.5	-5.8	-0.6	5.8	3.8	1.0	0.8	3.0	10.8	11.5
Total consumption of petroleum products (Volume)	0.5	-4.4	4.8	7.0	-1.5	0.6	4.5	0.3	4.5	3.2	-6.5	-5.3	-3.1
Of which Petrol	6.8	5.9	5.5	8.0	7.4	2.6	7.1	6.1	6.1	7.6	6.8	3.4	7.5
Diesel	1.5	2.3	1.2	6.5	-0.3	4.8	5.2	3.3	4.3	8.1	0.8	1.6	6.2
Aviation Turbine Fuel	3.3	-2.3	-2.9	-0.8	2.1	5.4	0.2	5.5	4.0	0.6	-0.1	0.9	0.0
Digital Payments - volume	28.3	30.9	31.1	28.1	21.5	30.2	26.8	25.4	23.5	21	22.3	21.3	18.9
Digital payments - value	17.4	16.6	5.3	13.4	8.8	14.7	15.2	11.3	17.9	12.6	14.4	10.8	20.5

<<<<<<Contraction---Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, July 2026. Goods and Services Tax Network (GSTN), Central Electricity Authority (CEA), Ministry of Petroleum and Natural Gas, Government of India, National Payments Corporation of India (NPCI). The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series. The heatmap is applied on data from April 2023 to the latest month for which data is available. For digital payments, heatmap is applied on data from April 2024 to the latest month for which data is available. Digital payments data for June 2026 are provisional. GST: Goods and Services Tax. Gross GST revenue includes three components: Integrated Goods and Services Tax (IGST), Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST).

In June 2026, tractor sales surged as kharif sowing activities commenced. **Two-wheeler sales witnessed robust growth on the back of strong demand** and rising adoption of electric vehicles. **Passenger vehicle sales were supported by sustained demand for SUVs,** the launch of new models and attractive financing schemes. **Conversely, the domestic air passenger traffic declined due to capacity rationalization by major aviation carriers** and elevated cost of aviation turbine fuel.

High Frequency-Indicators – Demand Conditions (Year-on-Year Growth %)

	Indicator	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Urban Demand	Domestic Air Passenger Traffic	3.7	-2.5	-0.5	-2.5	3.5	7.0	-4.9	3.1	-0.1	-1.3	-2.8	7.7	-1.0
	Retail Passenger Vehicle Sales	2.5	-0.8	0.9	5.8	10.7	20.4	26.6	7.2	26.1	21.5	18.1	23.2	28.6
Rural Demand	Retail Automobile Sales Of which	4.8	-4.3	2.8	5.2	40.5	2.1	14.6	17.6	25.6	25.3	17.4	9.5	21.8
	Tractor Sales	8.7	11.0	30.1	3.6	14.2	56.5	15.8	22.9	36.4	10.9	28.7	11.2	25.3
	Two-wheeler Sales	4.7	-6.5	2.2	6.5	51.8	-3.1	9.5	20.8	25.0	28.7	17.2	7.5	21.2

<<<<<<Contraction---Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, July 2026. Airports Authority of India, Federation of Automobile Dealers Associations (FADA). The data on domestic air passenger traffic for June 2026 growth rate is calculated by aggregating daily data. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. Data for retail automobile sales consists of sales of two wheelers, three wheelers, passenger vehicles, tractors and commercial vehicles. The heatmap is applied on data from April 2023 to the latest month for which data is available. SUVs: Sport Utility Vehicles. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

The Narrative of High-Frequency Indicators

ICICI PRUDENTIAL MUTUAL FUND

In June 2026, automobile production registered strong growth, aided by lower Goods and Services Tax (GST) rates. Growth in Retail commercial vehicle sales was bolstered by light and medium segments. On the other hand, **international air passenger traffic declined during the month, owing to flight disruptions, airspace closures and increased fuel cost.**

High-Frequency Indicators for Industrial Activities and Services (Year-on-Year Growth %)

Indicator	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Automobile production (Volume)	1.2	10.7	8.1	10.8	-2.8	22.3	37.1	15.0	22.1	20.2	26.0	13.3	27.4
Of which Passenger vehicle	-1.8	0.1	-4.1	16.1	9.8	22.8	23.1	5.6	9.8	9.0	12.8	10.9	17.6
Two-wheelers	1.4	12.3	10.0	9.8	-5.6	20.9	39.9	16.1	24.4	22.0	28.1	12.9	28.3
Three-wheelers	8.6	24.0	15.8	15.9	15.9	55.4	39.6	33.2	29.9	34.0	41.6	32.9	42.8
Tractor	9.8	11.5	9.4	23.0	13.0	37.5	57.9	14.6	80.0	28.6	18.1	15.5	10.2
Import of capital goods (Value)	3.4	13.5	0.2	12.8	12.0	14.8	17.9	5.2	17.0	11.7	21.6	18.0	38.7
International air passenger traffic	3.4	5.5	7.7	7.3	9.7	7.5	6.0	7.1	3.0	-18.5	-16.1	-9.1	-5.2
Railway freight traffic: freight originating	0.9	0.0	8.5	3.9	2.3	4.2	3.2	2.9	4.0	3.1	-1.0	1.4	4.0
Retail commercial vehicle sales	6.6	0.2	8.6	2.7	21.1	17.0	24.6	15.1	28.9	15.1	18.8	5.3	16.9

<<<<<<Contraction--Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, July 2026. Central Electricity Authority (CEA), Ministry of Power, Society of Indian Automobile Manufacturers (SIAM), Office of Economic Adviser, Government of India, Joint Plant Committee, Directorate General of Commercial Intelligence & Statistics, Tractor and Mechanisation Association, Federation of Automobile Dealers Associations (FADA), Ministry of Railways, Airports Authority of India. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. The heatmap is applied on data from April 2023 to the latest month for which data is available.

In June 2026, the all-India unemployment rate measured by the current weekly status, registered a decline in rural unemployment rate, while the urban unemployment rate edged up. **White collar hiring, denoted by the Naukri JobSpeak Index, were supported by the insurance, fast-moving consumer goods (FMCG) and telecom sectors.**

High-Frequency Indicators for Employment

Indicator	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Unemployment rate (PLFS: All-India)	5.6	5.2	5.1	5.2	5.2	4.7	4.8	5.0	4.9	5.1	5.2	5.5	5.5
Unemployment rate (PLFS: Rural)	4.9	4.4	4.3	4.6	4.4	3.9	3.9	4.2	4.2	4.3	4.6	5.1	5.0
Unemployment rate (PLFS:Urban)	7.1	7.2	6.7	6.8	7.0	6.5	6.7	7.0	6.6	6.8	6.6	6.4	6.6
Naukri JobSpeak Index	10.5	6.8	3.4	10.1	-9.3	23.5	13.2	3.4	11.9	9.2	5.8	1.0	6.1
PMI Employment: Manufacturing	55.1	53.3	53.1	52.1	52.4	50.9	50.5	51.1	51.5	52.6	54.6	53.0	50.8
PMI Employment: Services	55.1	51.4	52.2	51.9	51.4	51.6	49.8	50.8	51.6	52.7	53.4	53.2	50.3

<<<<<<Contraction--Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, July 2026. Ministry of Statistics and Program Implementation (MoSPI), Info Edge, S&P Global. All Periodic Labour Force Survey (PLFS) indicators are in the current weekly status and for people aged 15 years and above. The y-o-y growth % has been calculated for the Naukri index. The heatmap is applied to data from April 2023 to June 2026. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. All PMI values are reported in index form. A PMI value >50 denotes expansion, <50 denotes contraction and =50 denotes no change. In the PMI heatmaps, red denotes the lowest value, yellow denotes 50 (or the no change value) and green denotes the highest value in each of the PMI series. PMI: Purchasing Managers' Index. PLFS unemployment rates are encoded in inverse scale- lowest is marked in green, highest is marked in red. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Other Key Developments

Inflation across major advanced economies and emerging market economies continued to remain elevated in June 2026: Among major advanced economies, inflation in the U.S. moderated with the normalization of gasoline price. Inflation eased in the UK on the back of a decline in transport costs. Euro area annual headline inflation decreased, driven primarily by retreating Brent crude oil prices in June 2026. Inflation witnessed an uptick in Japan during May 2026 after the expiration of government fuel subsidy. Among emerging market economies, inflation marginally softened in Brazil, driven by lower housing prices as well as cost of food and beverages. Easing commodity prices kept inflation benign in China. However, inflation rose in Russia, led by gasoline shortages (Source: Reserve Bank of India Bulletin, July 2026. U.S.: United States, UK: United Kingdom).

U.S. Trade deficit widens to its highest level since March 2025: The U.S. trade deficit climbed to $77.6 billion in May 2026 from a revised $54.6 billion in April 2026. Key drivers were corporate investments in artificial intelligence infrastructure, alongside higher imports of pharmaceuticals, semiconductors and consumer goods like mobile phones.

Biofuel Mandates: Biofuel mandates are government policies that legally require fuel suppliers to blend a specific percentage or volume of renewable biofuels into conventional transport fuels. Indonesia officially launched its B50 biodiesel program on July 1, 2026, which requires diesel to contain a 50% blend of palm oil-based biodiesel. This is a major step towards reducing dependence on imported fossil fuels and strengthening energy security. Other regions have also raised blending targets following energy market volatility.

Update on Foreign Direct Investment (FDI) in India: During April-May 2026, FDI remained higher in both gross and net terms, supported by lower repatriation. Japan, Singapore and Mauritius accounted for around 74% of the total equity inflows. Financial services received the highest share of equity inflows, followed by manufacturing, retail and wholesale trade and computer services; these sectors together accounted for around 80% of total inflows (Source: Reserve Bank of India Bulletin, July 2026).

Other Key Developments

India-Australia partnership to strengthen energy supply chain resilience: Australia serves as a key supplier of liquefied natural gas to India and India has been an important supplier of liquid fuels and other downstream products to Australia. Amid the ongoing global supply chain disruptions, the countries are committed to working together to strengthen energy supply chain resilience and promote the uptake of renewable energy resources. Australia and India have finalized the administrative arrangements necessary to enable the export of Australian uranium to India for exclusively peaceful purposes and under International Atomic Energy Agency safeguards, as provided for under the Australia-India Nuclear Cooperation Agreement (2015) (Source: Government of India Document, India-Australia joint statement on energy security, July 06, 2026).

India-New Zealand joint statement: In the recent meeting, the Government of India and New Zealand recognized the important role of the Free Trade Agreements in strengthening the bilateral economic partnership, the removal of barriers to trade and increased cooperation and New Zealand's promotion of investment into India. They agreed to work towards the aspirational goal of doubling bilateral two-way trade in goods and services to NZ$7 billion or approximately ₹35,000 crore by 2030 (Source: Government of India document, Report as on July 11, 2026. NZ: New Zealand).

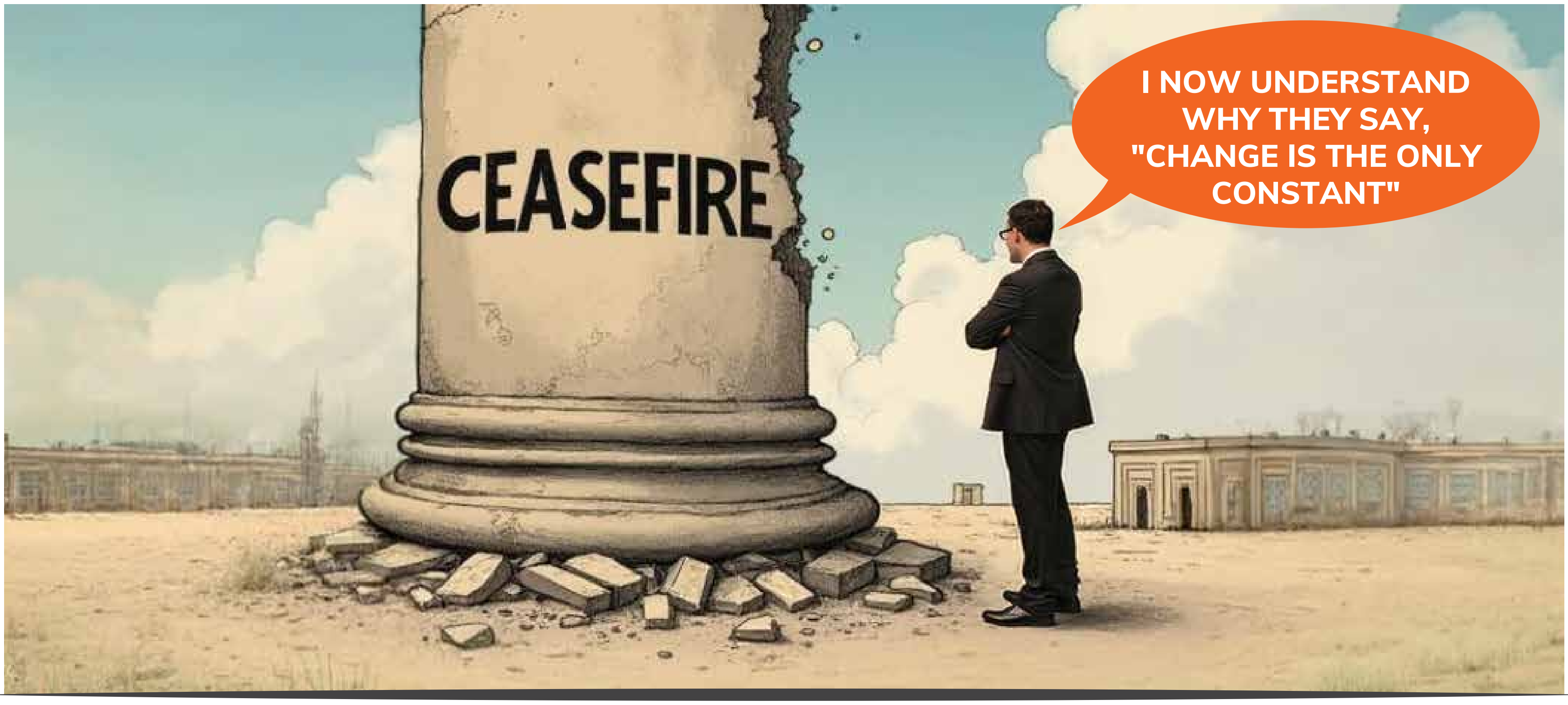
Rural employment framework: The Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission Gramin (VB-G RAM G), has been implemented since July 01, 2026, replacing Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). VB-G RAM G guarantees 125 days of annual employment with an aim to strengthen rural livelihoods, improve the quality of infrastructure and introduce technology-driven implementation (Source: Reserve Bank of India).

Government of India decides to waive basic customs duty on key components for electronics manufacturing: In July 2026, the government waived basic customs duty on goods used in manufacture of display assemblies, the lithium ion cell and the inductor coil module with an aim to strengthen the electronics ecosystem with local production, thereby reducing its import dependence. The Finance Ministry has issued three separate notifications giving effect to the basic customs duty (BCD) waiver on the goods used in manufacture of the three key components used in electronic devices. This exemption would be valid till March 31, 2029.

And it is a wrap for the month

The global economy continues to deal with heightened uncertainties emanating from geopolitical turmoil and supply chain pressures. The Indian economy is able to withstand spillovers from the West Asia crisis on the back of sound macroeconomic fundamentals, adequate foreign exchange reserves and liquidity buffers. Demand conditions remain healthy, supported by a pickup in rural demand and firm urban demand. India's farm sector is witnessing uneven southwest monsoon; however, the impact on food inflation may be reduced on the back of comfortable foodgrain stocks. Bank credit growth is expected to remain healthy, supported by improving liquidity conditions. The India-UK Comprehensive Economic and Trade Agreement (CETA) is expected to deepen trade through improved market access.

PICTURE OF THE MONTH



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