THE MONTH GONE BY

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

In 1720, a renowned mathematician invested in the shares of a British company, which was established as a public-private partnership to consolidate national debt.

Profit Booking: The mathematician sold the shares at an early stage, generating a 100% profit of around £7,000.

The Fear of Missing Out: The stock price continued to rise, benefiting those who remained invested. The mathematician experienced the fear of missing out as he watched others grow their investment.

Buying at the Peak: Driven by emotions, he repurchased the shares, which were trading at a higher price.

Devastation when the Bubble Burst: To his surprise, the stock price collapsed in the subsequent weeks, resulting in a huge loss of around £20,000 – a pain that troubled him for the rest of his life.

The above image is for illustration purpose only.

Historical market events impart a timeless lesson – **A vicious emotional loop unfolds when optimism builds, turning into euphoria at market peaks, leading to despair when prices crash. Similarly, during a market fall, pessimism builds, compelling the herd to sell in panic without evaluating the underlying fundamentals.**

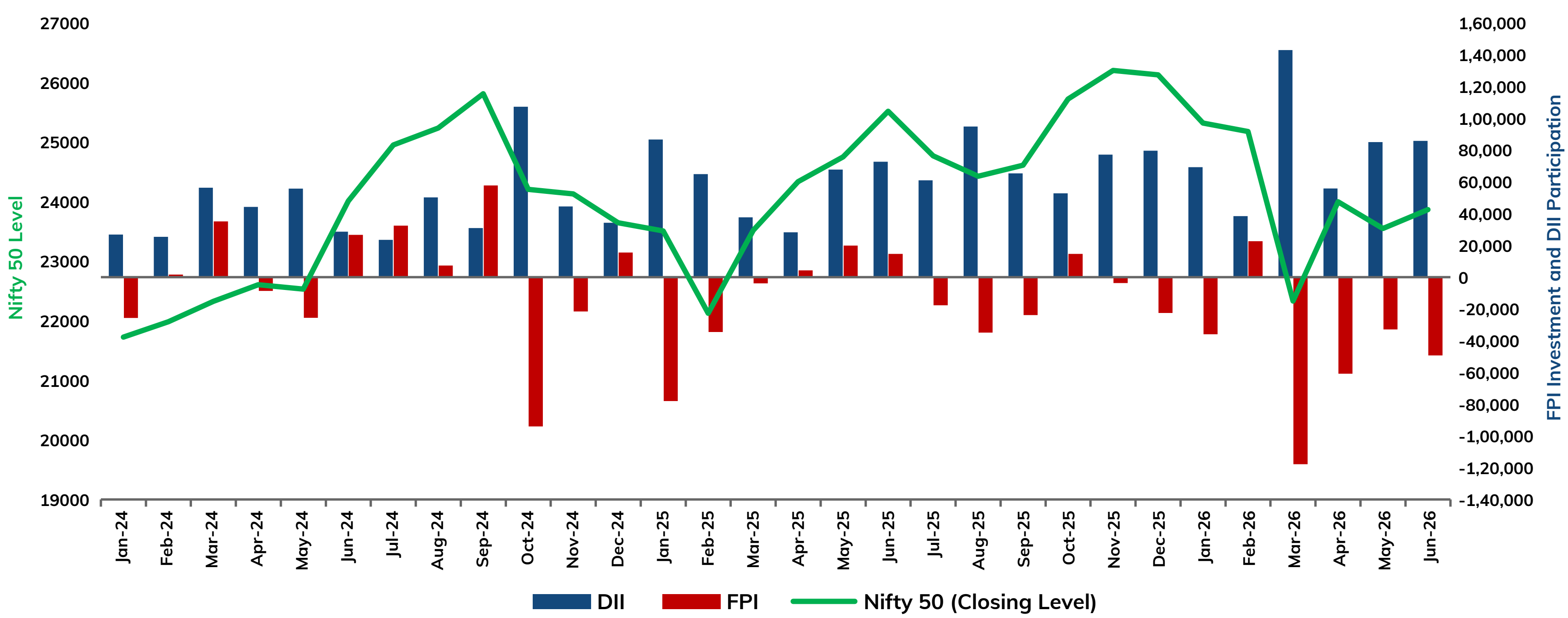
ICICI Prudential Mutual Fund Registration No.: MF/003/93/6

Equity market bulls stage a comeback

The Indian equity market picked up in mid-June 2026, following an **interim peace deal between the U.S. and Iran. Global crude oil prices cooled during the month, owing to the anticipated opening of the Strait of Hormuz** and the gradual restoration of supply chains. **However, the global economic landscape remains fragile amid an uncertain global trade environment and fresh hostilities in the Gulf that erupted towards the end of June 2026. Any breakdown of the agreement could reignite risks of** disrupted energy infrastructure and higher inflation levels.

Despite external headwinds, **the Indian economy grew at 7.8% in Q4 of FY 2025-26, supported by robust private consumption** and expansion in fixed investment activity. **India's external sector exhibits resilience on the back of adequate foreign exchange reserves** and encouraging Foreign Direct Investment (FDI) inflows.

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



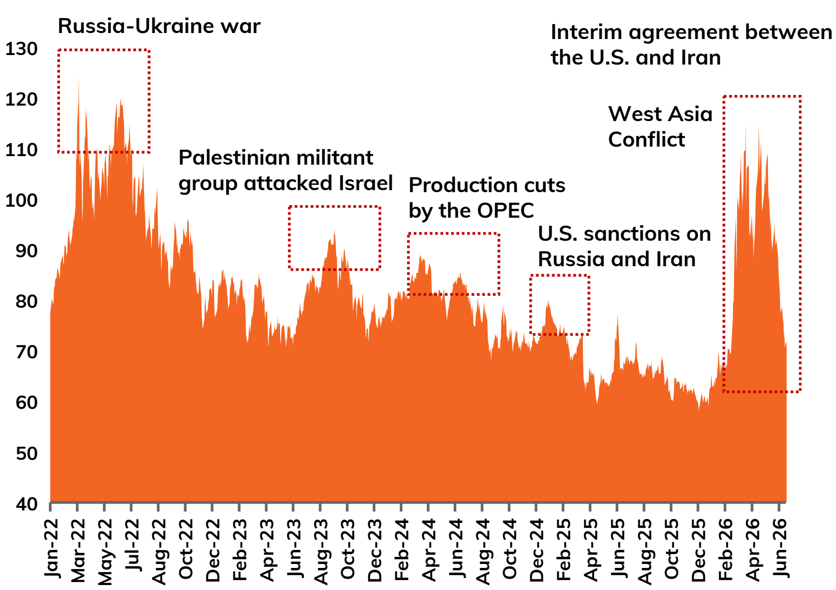
Source: National Securities Depository Limited (NSDL). June 2026 FPI and DII data as on June 30, 2026. FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. U.S.: United States. Past performance may or may not sustain in future. Q: Quarter. FY: Financial Year.

The dramatic retreat of Oil prices from recent highs

Brent crude oil prices tumbled 39% from $119/barrel on March 30, 2026 to around $73/barrel on June 30, 2026. If the interim peace deal between the U.S. and Iran sustains, the Strait of Hormuz would reopen gradually, facilitating global shipments of crude oil, liquefied natural gas, refined petroleum products and fertilizers. Additionally, lifting of the U.S. naval blockade would allow **Gulf economies to resume crude oil exports.**

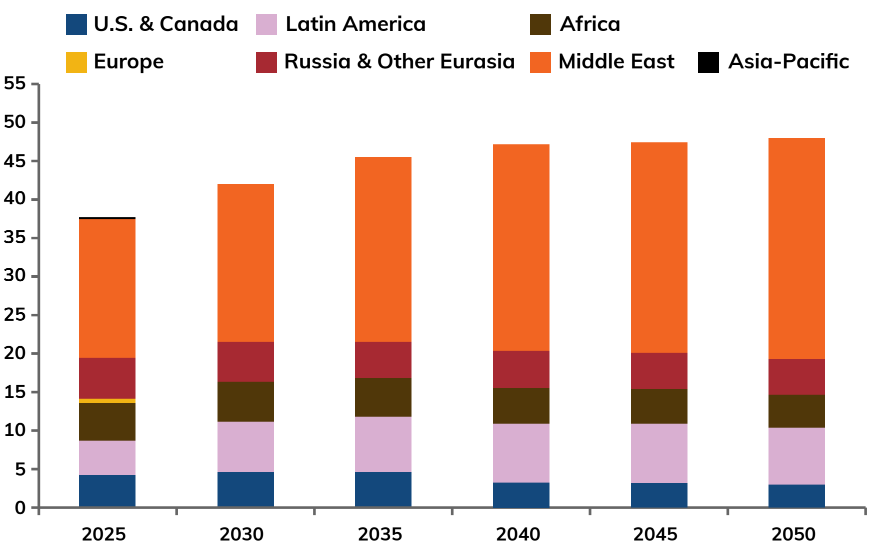
Easing restrictions on maritime traffic would lower freight and insurance costs, providing some relief to oil importing countries like India and China.

BRENT CRUDE OIL PRICE ($/BARREL)



Source: Reuters. Data as on June 30, 2026. U.S.: United States. OPEC: Organization of the Petroleum Exporting Countries.

GLOBAL CRUDE AND CONDENSATE EXPORTS BY ORIGIN (MILLION BARRELS PER DAY)



Source: World Oil Outlook Report 2050. Report as on June 2026. The above includes only trade between major regions, intratrade has been excluded. U.S.: United States.

Rebuilding damaged infrastructure and restoring production to pre-war levels could take several months. In a quest to stabilize oil market conditions, **seven OPEC countries decided to increase oil output by 188,000 barrels per day in July 2026. The Middle East is expected to expand its role as the world's largest crude and condensate exporting region.**

Is the glitter of Gold fading?

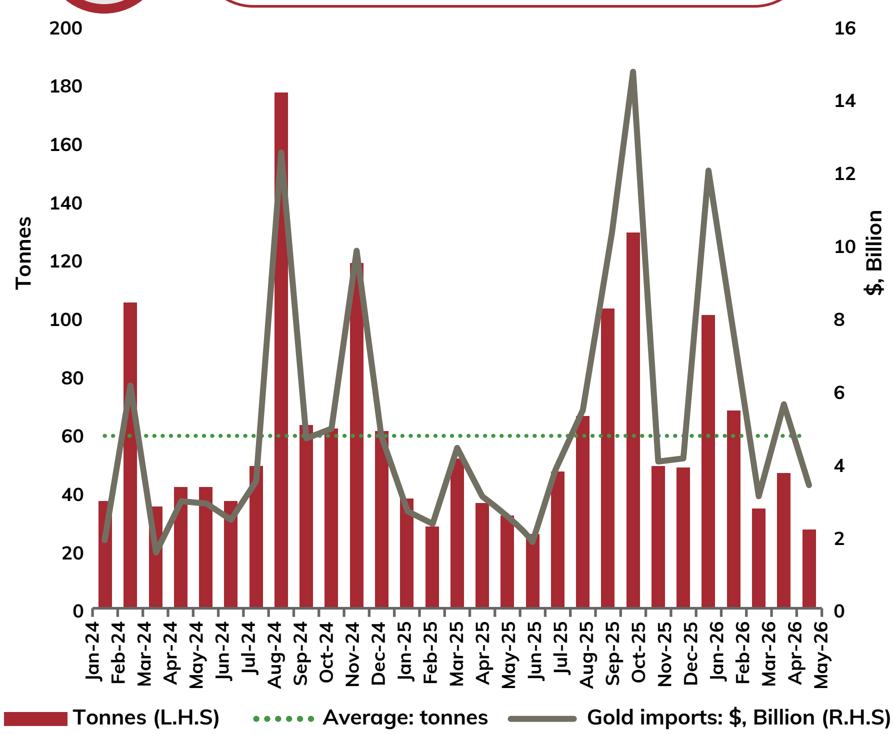
ICICI PRUDENTIAL MUTUAL FUND

Gold prices fell to $4,042/ounce on June 29, 2026 from around $5501/ounce levels (LBMA price) observed in January 2026, extending the decline witnessed in recent months. **a) Improved investor risk sentiment** following negotiation talks between the U.S. and Iran may lower the demand for precious metals that offer relative stability to the portfolio. **b) Selling pressure was reinforced by expectations of monetary policy tightening** by major central banks. **c) Outflows from global Gold Exchange Traded Funds (ETFs)** weighed on gold prices. **d) The U.S. Dollar Index strengthened to 101 levels in June 2026, making dollar-dominated bullion more expensive for international buyers.**

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

Source: LBMA: London Bullion Market Association, Reuters. Data as on June 29, 2026. U.S.: United States. The gold price in India was around ₹1,41,421/10 gms on June 29, 2026.

INDIA'S MONTHLY GOLD IMPORTS (TONNES AND $ BILLION)



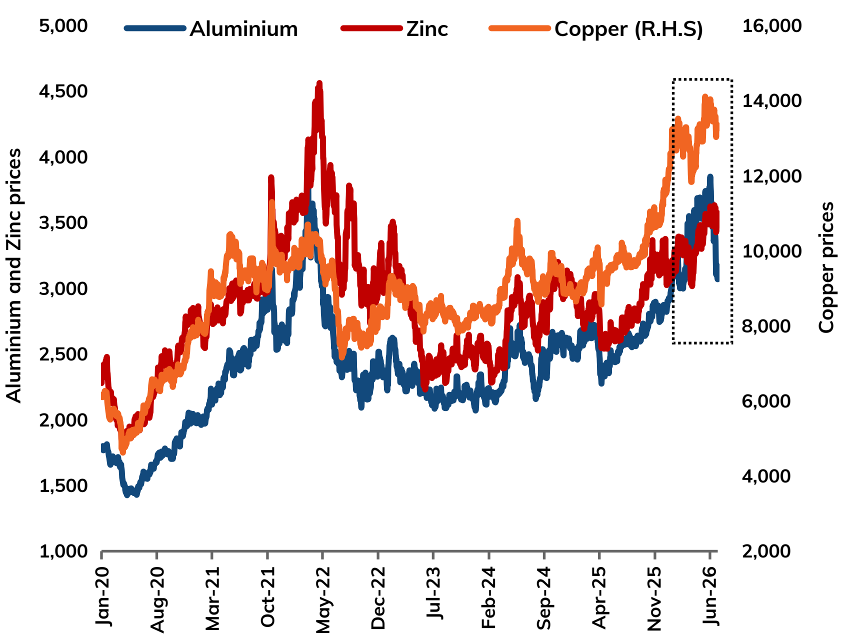
Source: Ministry of Commerce and Industry, Centre for Monitoring Indian Economy (CMIE), World Gold Council. Report as on June 18, 2026. L.H.S: Left-hand side. R.H.S: Right-hand scale. May 2026 data includes World Gold Council estimates.

In May 2026, Gold import duty was raised sharply from 6% to 15% by the Indian government alongside broader regulatory tightening to curb imports. Against this backdrop, **India's gold imports declined 39% on a month-on-month basis to $3.4 billion in May 2026.**

Certain base metal prices have moderated

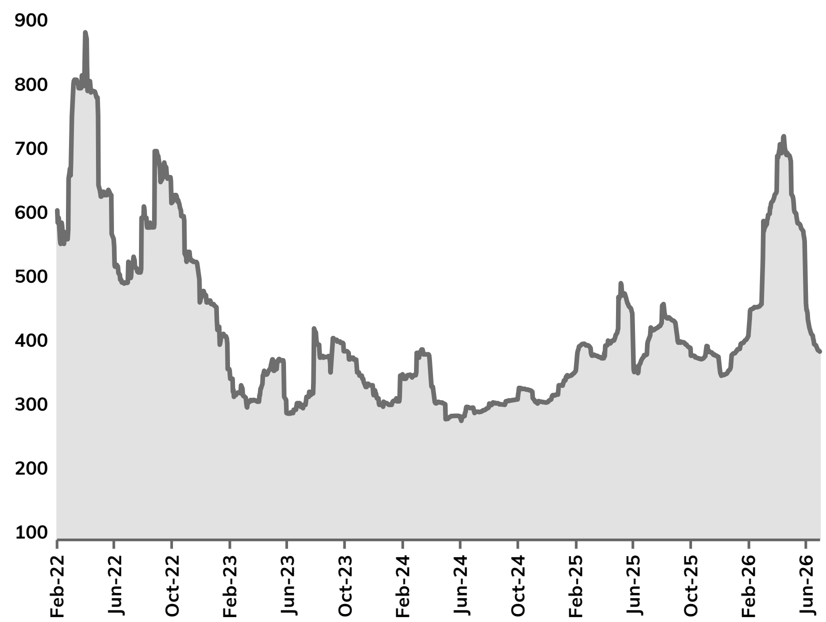
In the first week of June 2026, aluminium prices surged to its highest level since March 2022 as the West Asia war restricted shipments of vital raw materials through the Strait of Hormuz. However, **aluminium prices corrected during the month following the interim peace framework between the U.S. and Iran, which eased concerns related to supply blockades in the Persian Gulf. However, smooth resumption of operations at smelters and repair of damaged infrastructure could take several months. Copper prices continued its upward trajectory as global copper mine supply has been struggling to keep pace with growing demand,** driven by artificial intelligence data centres, power transmission and electric vehicles.

ALUMINIUM, ZINC AND COPPER PRICES ($/TON)



Source: LME (London Metal Exchange). Data as on June 30, 2026.
R.H.S: Right-hand side.

UREA U.S. GULF FUTURES ($/TONNE)



Source: Bloomberg, Reference from Reserve Bank of India (RBI) Bulletin, June 2026. Data as on June 30, 2026.

In June 2026, Urea prices declined back to pre-war levels due to easing of export restrictions in China and reduced demand from major importing countries at the end of the spring planting season.

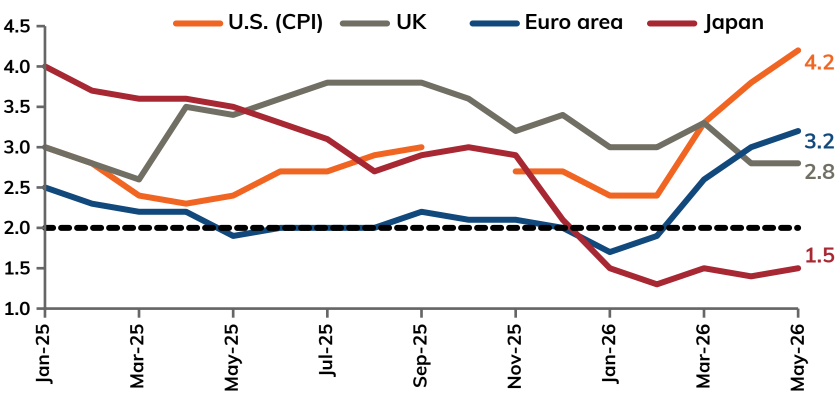
Stance of the U.S. Federal Reserve

In June 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 and job gains have kept pace with the workforce, **the inflation rate remains elevated compared to the committee's goal of 2%.**

Inflation rate: In May 2026, the U.S. Consumer Price Index rose 4.2% on an annual basis, recording the highest increase since April 2023, primarily driven by rising energy costs.

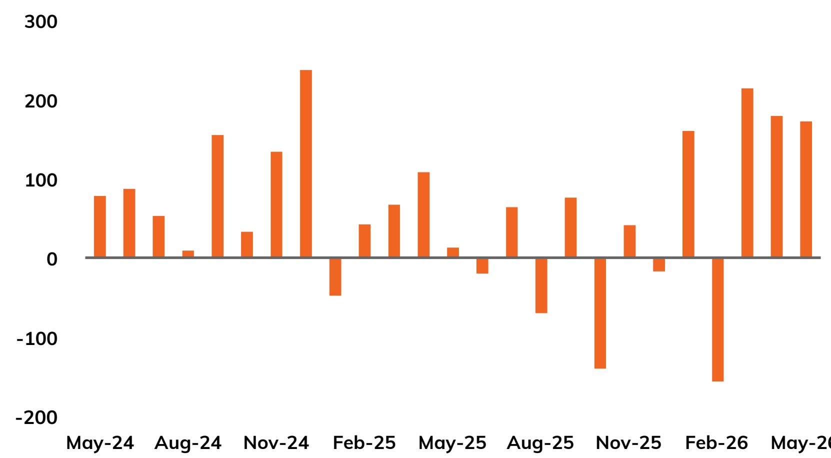
Labour market conditions: The U.S. total nonfarm payroll employment rose by 172,000 in May 2026, following a revised increase of 179,000 in April 2026, indicating a resilient labour market. While employment in financial services declined, job gains occurred in health care, local government, leisure and hospitality. In May 2026, the U.S. unemployment rate remained steady at 4.3%.

HEADLINE INFLATION ACROSS SELECT ADVANCED ECONOMIES (%)



Source: Reserve Bank of India (RBI) Bulletin, June 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. U.S.: United States. Over-the-month change, seasonally adjusted.

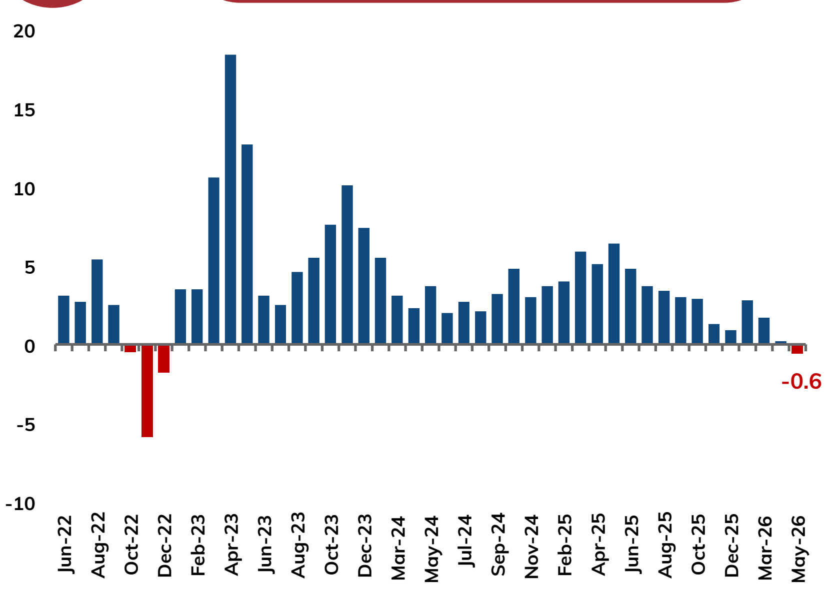
Projections: The Federal Reserve raised the 2026 headline and core Personal Consumption Expenditures (PCE) inflation forecasts to 3.6% and 3.3% respectively, while lowering the unemployment projection to 4.3%. The newly appointed U.S. Federal Reserve Chair also unveiled five task forces to review core central bank operations, which include Fed communications, balance-sheet policy, data collection, productivity and jobs, inflation framework.

U.S. Trade deficit: The U.S. trade deficit narrowed slightly to $55.9 billion in April 2026, supported by a surge in exports of petroleum products, alongside increased sales of capital goods like computers (Source: U.S. Bureau of Economic Analysis, Report as on June 09, 2026).

China's economic imbalance deepens with weak consumer spending

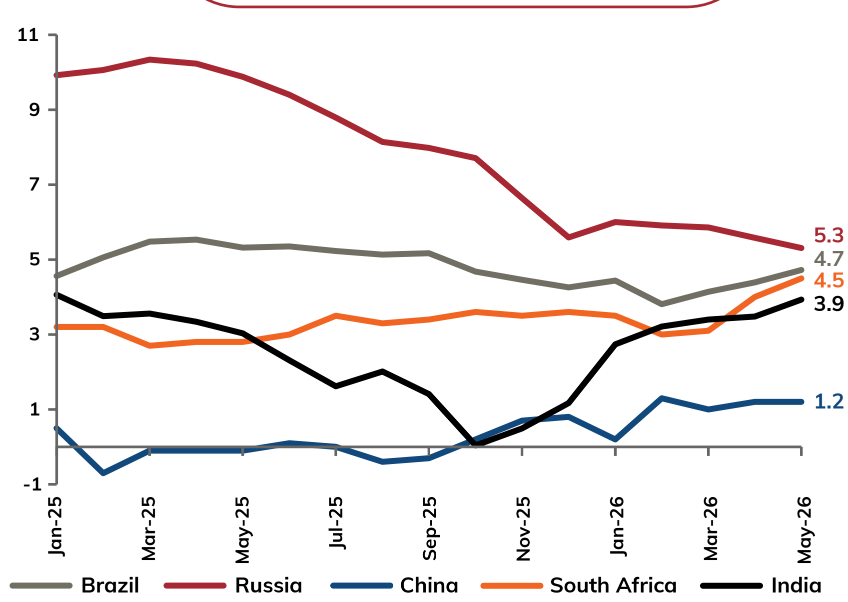
China's retail sales fell 0.6% year-on-year in May 2026, registering the first monthly decline since the Covid-19 restrictions were lifted in December 2022. **Despite the Labor day holiday in early May 2026, consumer spending remained sluggish, especially for big-ticket items** like automobiles and home appliances. **China's consumer price index (CPI), a main gauge of inflation, rose 1.2% year-on-year in May 2026,** driven largely by rising gasoline, gold jewellery and services prices. **Property investment plummeted 16.2% year-on-year in the January-May 2026 period, indicating dwindling demand amid job insecurity and tepid income growth.**

CHINA'S RETAIL SALES GROWTH (YEAR-ON-YEAR, %)



Source: National Bureau of Statistics of China.

HEADLINE INFLATION ACROSS SELECT EMERGING MARKET AND DEVELOPING ECONOMIES (%)



Source: Reserve Bank of India (RBI) Bulletin, June 2026. Bloomberg and Organisation for Economic Co-operation and Development (OECD).

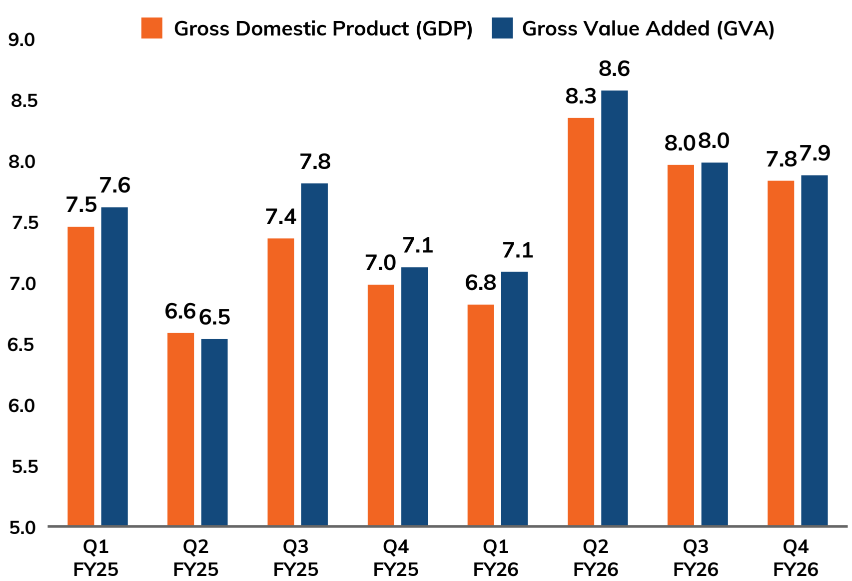
In contrast to weakness in fixed-asset investment and consumer spending, **China's industrial output rose 4.5% year-on-year in May 2026, driven by resilient exports.** During the month, **China's export growth surged 19.4% year-on-year, propelled by rising global demand for high-tech manufacturing,** including Artificial Intelligence (AI) hardware, semiconductors and electric vehicles.

Which factors supported India's economic growth momentum?

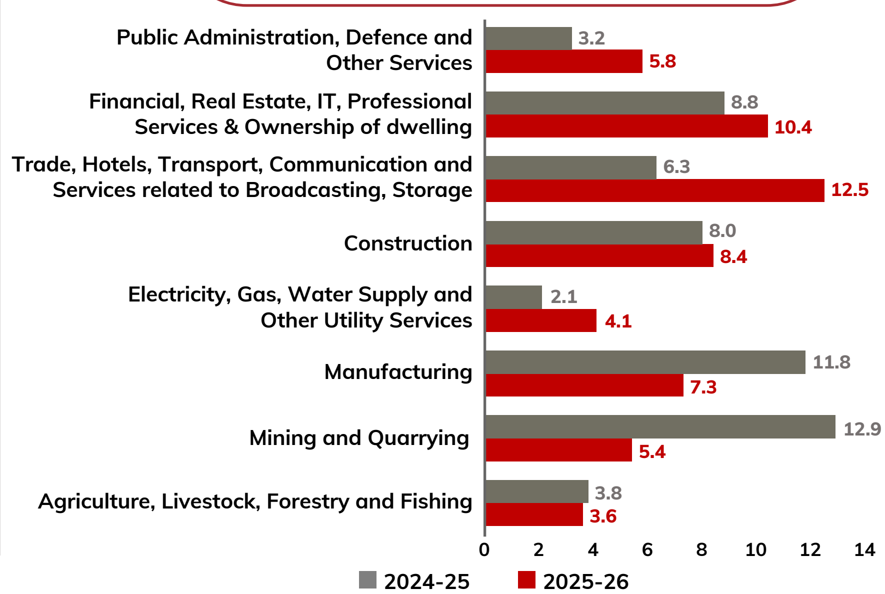
India recorded real Gross Domestic Product growth of 7.8% year-on-year in Q4 of FY 2025-26, buoyed by robust private investment and construction activity along with resilient growth of the services sector.

Private investment grew 10.8% year-on-year during the quarter, denoting corporate asset buildup. Expansion of the services segment was driven by growth in trade, hotels, transport, communication and broadcasting sevices (12.5% year-on-year growth in Q4 of FY 2025-26), as well as growth in financial, real estate and professional services (10.4% year-on-year growth in Q4 of FY 2025-26). **India's construction segment recorded a strong 8.4% year-on-year growth in Q4 of FY 2025-26, driven by development of mega road projects, metro rail expansions, renewable energy parks and affordable housing.**

QUARTERLY GROWTH OF GDP & GVA (YEAR-ON-YEAR, %)



SECTOR-WISE GROWTH RATES (%) OF REAL GVA IN Q4 OF FY 2024-25 AND FY 2025-26



Source: Ministry of Statistics & Programme Implementation (MoSPI). Q: Quarter. FY: Financial Year. GVA: Gross Value Added. GDP: Gross Domestic Product. Past performance may or may not sustain in the future. IT: Information Technology. 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).

While services and construction activities picked up during the quarter, **manufacturing segment growth moderated amid global trade tensions and geopolitical turmoil. Despite external headwinds, India's high-frequency indicators displayed resilience in economic activity.** Considering the annual provisional estimates, India's real GDP growth rate is pegged at 7.7% for FY 2025-26 as compared to 7.1% in FY 2024-25.

RBI keeps the policy repo rate unchanged

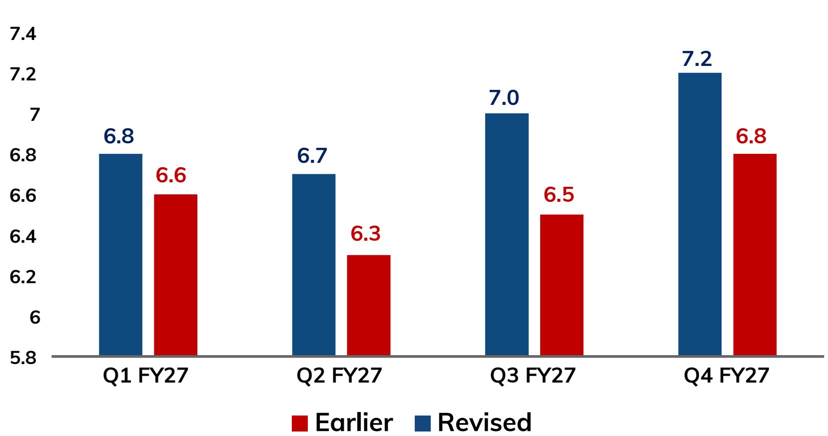
In June 2026, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) decided to keep the policy repo rate unchanged at 5.25% and retain the 'neutral' stance:

The Indian economy remained resilient in FY 2025-26 with private consumption and fixed investment contributing significantly to overall growth. The Goods and Services Tax (GST) rationalization, sustained momentum in the services segment, expansion in manufacturing activities and healthy balance sheets of financial institutions should continue to support domestic demand.

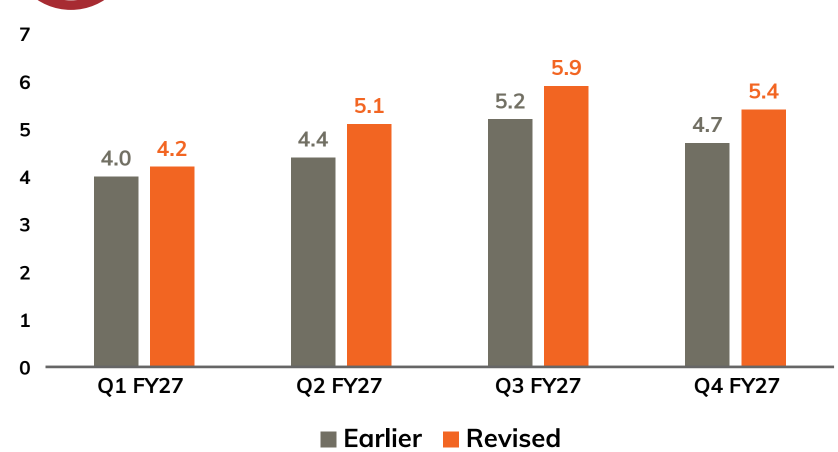
However, the MPC revised lower its GDP growth projections for all quarters in FY 2026-27 after considering the adverse implications of the West Asia conflict, volatility in global financial markets, supply chain disruptions and weather-related shocks. The central bank felt it prudent to wait for greater clarity to emerge on these aspects.

While headline inflation remains below the RBI's target, upside risks to the inflation outlook have increased owing to large volatility in international energy prices and the possible El Nino conditions, which could have a negative impact on southwest monsoon.

GDP PROJECTION (%)



CPI INFLATION PROJECTION (%)



Source: Reserve Bank of India (RBI) Monetary Policy Statement 2026-27 dated June 03 to 05, 2026. GDP: Gross Domestic Product. CPI: Consumer Price Index. Q: Quarter. FY: Financial Year.

Measures by the Government of India to attract foreign capital

In June 2026, the Government and the Reserve Bank of India announced major reforms to attract foreign capital, support the Indian Rupee and strengthen India's balance of payments.

- **Expansion of the Fully Accessible Route (FAR) for G-Secs for FPIs:** With respect to government securities under the Fully Accessible Route (FAR), the universe of 'specified securities' has been expanded by including all new issuances of 15-, 30- and 40-year tenor G-secs.
- **Limits removed from General Route for FPIs:** Limits pertaining to short-term investment, concentration and individual securities on FPI investment under the General Route are being removed.
- **Higher Equity Investment Limits for NRIs/OCIs/PROIs:** Limits for investment by Non-Resident Indians (NRIs) and Citizens of India (OCIs) in equity instruments traded on the stock market without SEBI registration are being increased. Further, the same facility is being extended to all individual Persons Resident Outside India (PROIs) at par with NRIs and OCIs.
- **Concessional Forex Swap Facility for PSU ECBs:** A facility of concessional forex swap will be provided till September 30, 2026 to incentivize external commercial borrowings by Public Sector Undertakings.
- **FCNR(B) Deposit Mobilization Support by Banks:** A facility for bearing the full hedging cost shall be provided till September 30, 2026 to Authorized Dealer banks for raising fresh 3–5-year FCNR (B) deposits.
- **Proposed to restore the time for realization of export proceeds to nine months.**
- **Exemption of tax on interest and capital gains on G-sec for FPIs:** The Government of India waived the Capital Gains tax and the 20% withholding tax on interest income for Foreign Portfolio Investors investing in Government Securities. Promulgated via the Income-tax (Amendment) Ordinance, this exemption is effective April 01, 2026.

Source: Reserve Bank of India (RBI). FPI: Foreign Portfolio Investment. G-sec: Government securities. SEBI: Securities and Exchange Board of India.

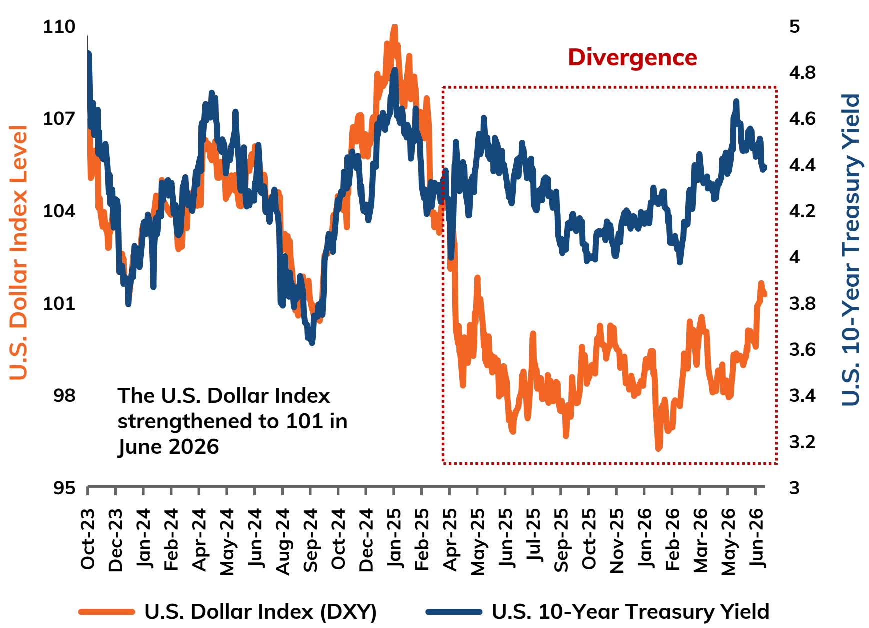
The trajectory of Bond yields

ICICI PRUDENTIAL MUTUAL FUND

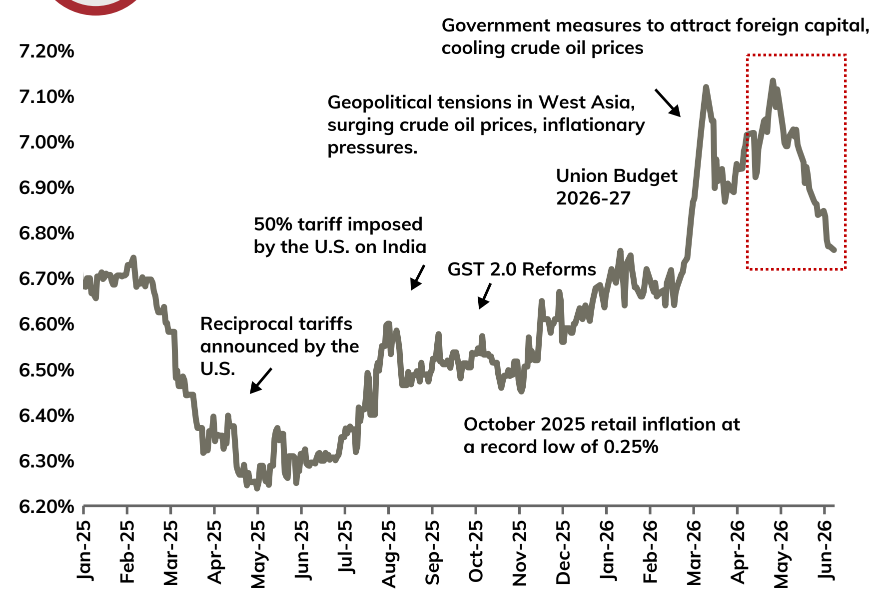
India 10-Year G-sec yield eased to 6.77% on June 29, 2026, supported by measures announced by the Government to attract foreign capital. India's Gross Domestic Product (GDP) growth displayed strength during Q4 of FY 2025-26, driven by private consumption and fixed investment. **The provisional accounts of the Central Government for FY 2025-26 denote credibility of the Central Government's fiscal consolidation path, with the gross fiscal deficit at 4.4% of the GDP.**

The U.S. 10-year Treasury yield softened to around 4.38% on June 29, 2026 amid moderating energy prices. **The U.S. Real GDP increased at an annual rate of 2.1% in the first quarter of 2026, driven by a rise in investment, exports, government expenditure and consumer spending** (Source: Third estimate by U.S. Bureau of Economic Analysis). While economic growth remained resilient, the **Personal Consumption Expenditure, the U.S. Federal Reserve's preferred inflation gauge, rose to 4.1% in May 2026 from a year earlier, the highest since April 2023, posing challenges for the policymaker.**

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



INDIA 10-YEAR G-SEC YIELD (%)



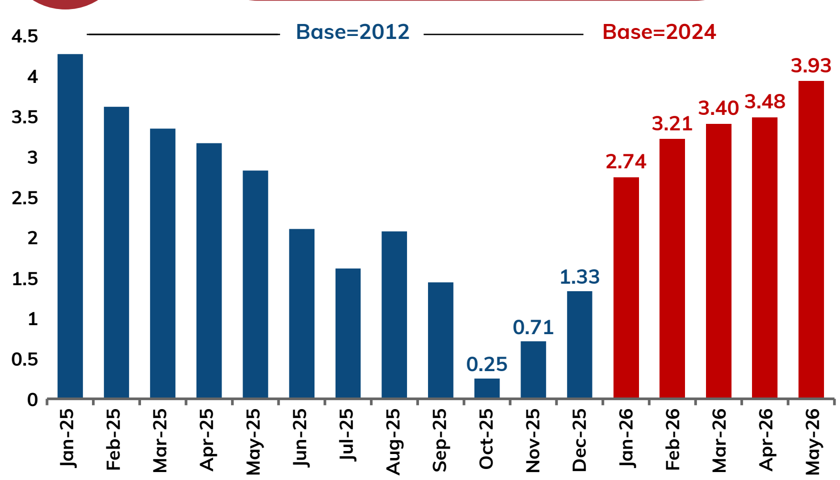
Source: Reuters. Data as on June 29, 2026. Moody's, Press Information Bureau news, G-sec: Government securities. U.S.: United States. GST: Goods and Services Tax. Q: Quarter. FY: Financial Year. GDP: Gross Domestic Product.

India's retail inflation inches up

ICICI PRUDENTIAL MUTUAL FUND

India's retail inflation, measured by consumer price index inflation, rose to 3.93% year-on-year in May 2026, driven by increases across food, fuel and core components. Higher temperatures across several regions impacted the supply of several food items, exerting upward pressure on India's headline inflation.

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



Inflation basis revised base year 2024	Apr 2026 Y-o-Y (%)	May 2026 Y-o-Y (%)
Food and beverages	4.01	4.55
Housing, water, electricity, gas and other fuels	1.71	1.73
Transport	-0.01	1.75
Clothing and footwear	2.80	2.98
Health	1.64	1.49
Personal care, social protection and miscellaneous goods and services	17.66	18.46
Furnishings, household equipment and routine household maintenance	1.61	1.89
Information and communication	0.50	0.30
Restaurants and accommodation services	4.20	5.75
Education Services	3.15	2.99
Paan, tobacco and intoxicants	4.76	4.83
Recreation, sport and culture	2.11	1.98

Transport fuel inflation increased with a rise in retail prices of petrol, diesel and compressed natural gas. Higher input costs led to a pick-up in inflation in the restaurants and accommodation services segment. Among all divisions, **inflation in personal care, social protection and miscellaneous goods and services remained the highest.**

TOP 5 KEY ITEMS WITH LOW INFLATION IN MAY 2026


Potato


Peas


Motor Car and Jeep


Cumin


Motor Cycle and Scooter

TOP 5 KEY ITEMS WITH HIGH INFLATION IN MAY 2026


Silver Jewellery


Tomato


Gold/Diamond/Platinum Jewellery


Ginger


Raisin and Monacca

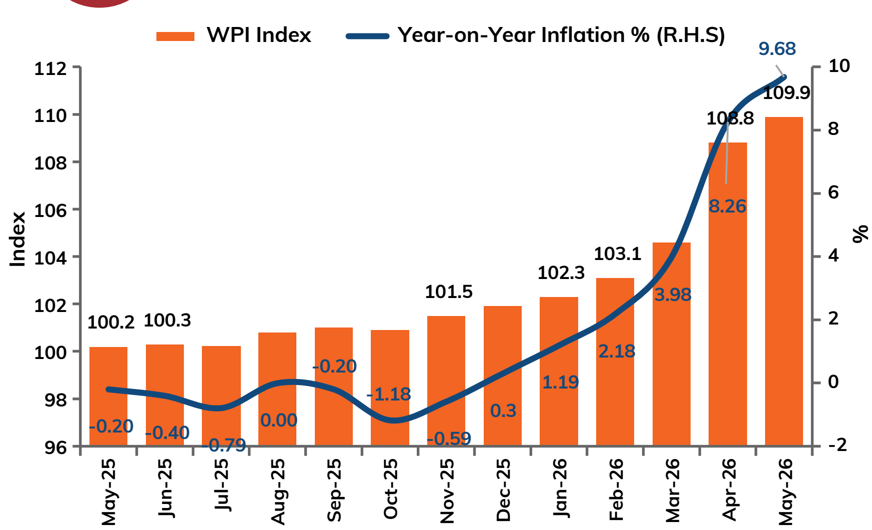
Source: Ministry of Statistics and Programme Implementation (MoSPI), National Statistics Office. Y-o-Y: Year-on-Year. Data as on May 2026. Based on the New CPI (2024 =100) Series. The above items with low and high inflation are at an all-India combined level.

India's wholesale price inflation accelerates for a reason

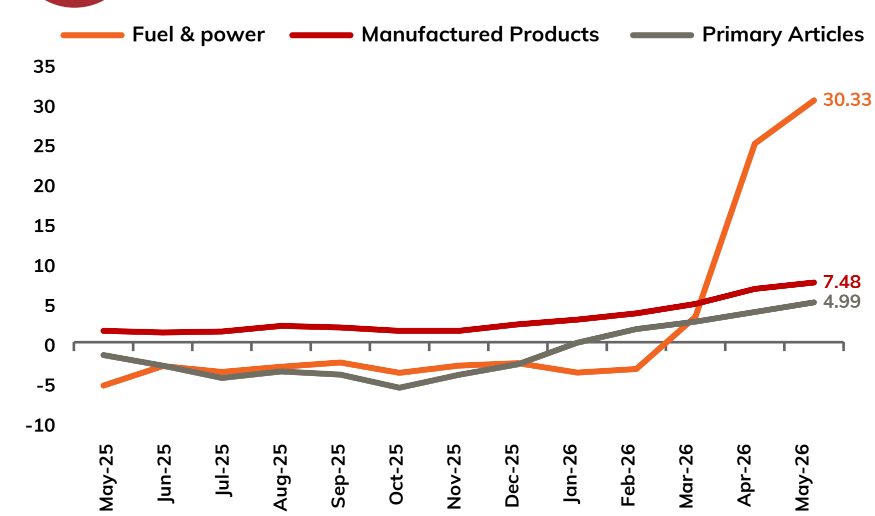
India's wholesale inflation, based on the Wholesale Price Index (WPI), surged to 9.68% year-on-year in May 2026 under the new 2022-23 base. This was driven by higher prices of fuel, food articles and certain manufactured goods.

Inflation in the fuel and power group climbed significantly to 30.33% year-on-year in May 2026 from 24.89% in April 2026, driven by a sharp rise in mineral oil, crude petroleum and natural gas prices. Inflation in the primary articles group, which includes food, fibres, oilseeds and minerals, climbed to 4.99% year-on-year in May 2026, reflecting higher prices of various agricultural commodities. Inflation in manufactured products accelerated to 7.48% year-on-year in May 2026, driven by rising prices of chemicals, textiles, machinery and basic metals.

WPI INDEX AND INFLATION RATE FOR ALL COMMODITIES



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



Source: Centre for Monitoring Indian Economy (CMIE). The WPI Inflation numbers for May 2026 are provisional. WPI: Wholesale Price Index. Data as on May 2026. Press release on new series of wholesale price index and producer price indices with base year 2022-23. 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).

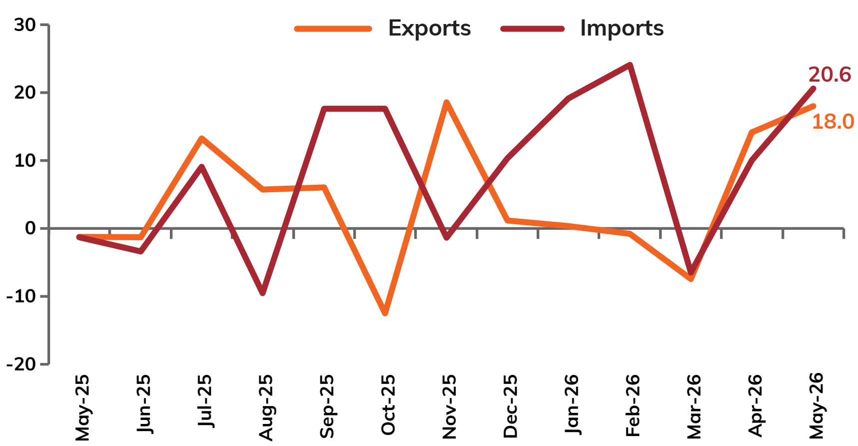
In addition to the new WPI series, the government also **launched the Producer Price Indices (PPIs) for better price movement analysis,** paving the way for phasing out WPI numbers in the next five years.

India's merchandise trade deficit remains steady

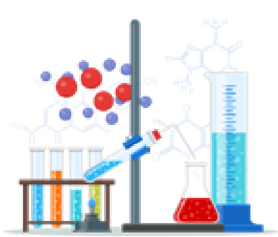
ICICI PRUDENTIAL MUTUAL FUND

India's merchandise trade deficit narrowed marginally to $28.21 billion in May 2026 from $28.38 billion in April 2026 as higher merchandise export growth helped offset a portion of the import bill during a challenging period of erratic energy prices. India's endeavour to negotiate Free Trade Agreements has helped diversify its global trade footprint and sustain the export momentum in an environment marred by external headwinds.

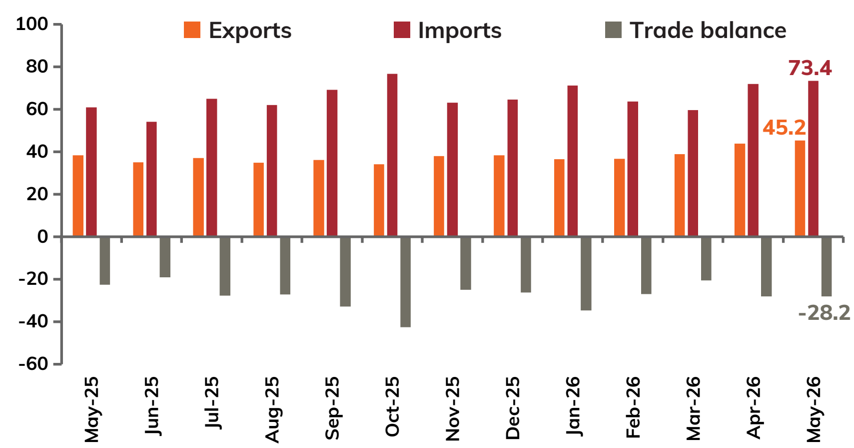
INDIA'S MERCHANDISE EXPORTS AND IMPORTS (YEAR-ON-YEAR GROWTH, %)



In May 2026, India's merchandise exports climbed to a record $45.20 billion, up 18% year-on-year, driven by shipments of petroleum products, engineering goods, electronic goods, organic and inorganic chemicals and dairy products.



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



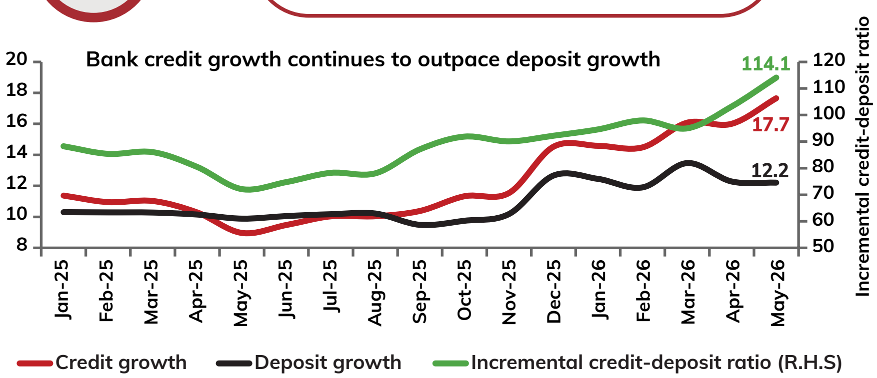
In May 2026, India's merchandise imports rose to $73.41 billion, a 20.6% year-on-year increase, driven by imports of electronic goods, gold, petroleum, crude and products.

Source: Reserve Bank of India (RBI) Bulletin, June 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).

India's Bank Credit growth remains strong

As on May 31, 2026, the credit growth of Scheduled Commercial Banks stood at 17.7% year-on-year, driven by healthy demand from the retail segment, alongside steady MSME credit.

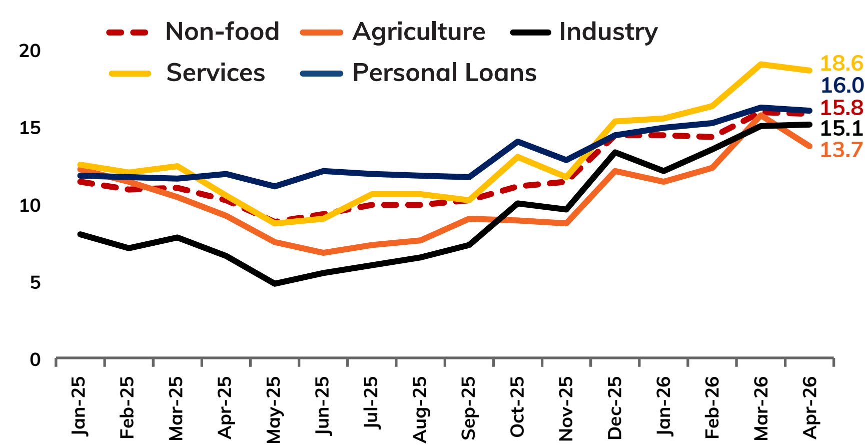
BANK CREDIT AND DEPOSIT GROWTH (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI) Bulletin, June 2026. 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.

In April 2026, non-food bank credit growth was led by the services sector, supported by lending to commercial real estate and NBFCs.

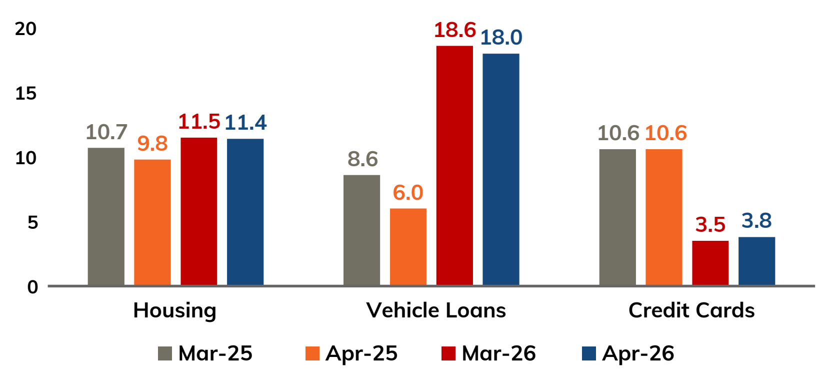
BANK CREDIT GROWTH ACROSS NON-FOOD SEGMENTS (YEAR-ON-YEAR, %)



Source: CareEdge Ratings. NBFC: Non-Banking Financial Company.

Within personal loans, credit to housing, vehicle and gold loans displayed steady growth in May 2026.

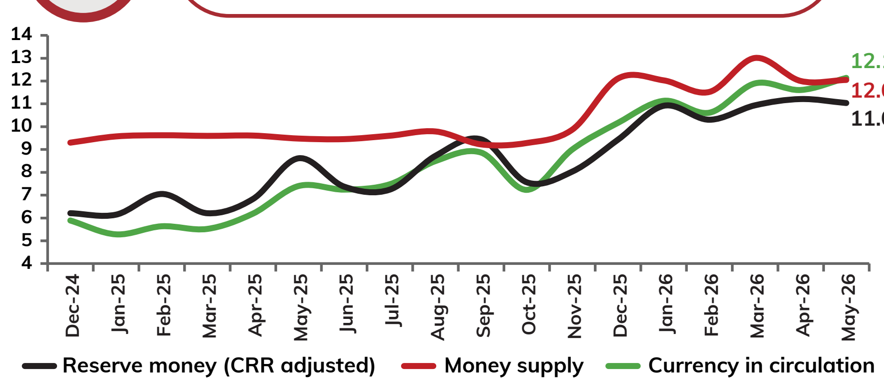
PERSONAL LOANS GROWTH ACROSS SELECT CATEGORIES (YEAR-ON-YEAR, %)



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

Currency in circulation maintained its double-digit growth, witnessed since December 2025.

RESERVE MONEY AND MONEY SUPPLY (M_3) GROWTH (YEAR-ON-YEAR, %)



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

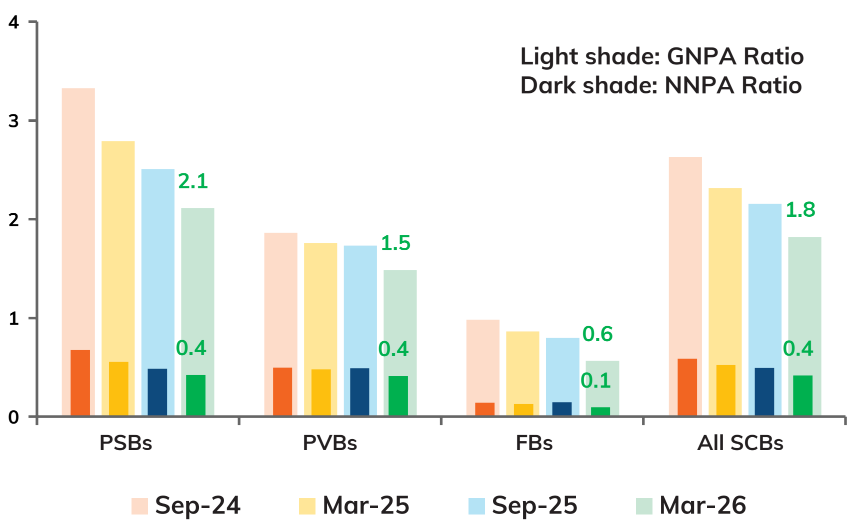
Improvement in Asset Quality of India's Scheduled Commercial Banks

ICICI PRUDENTIAL MUTUAL FUND

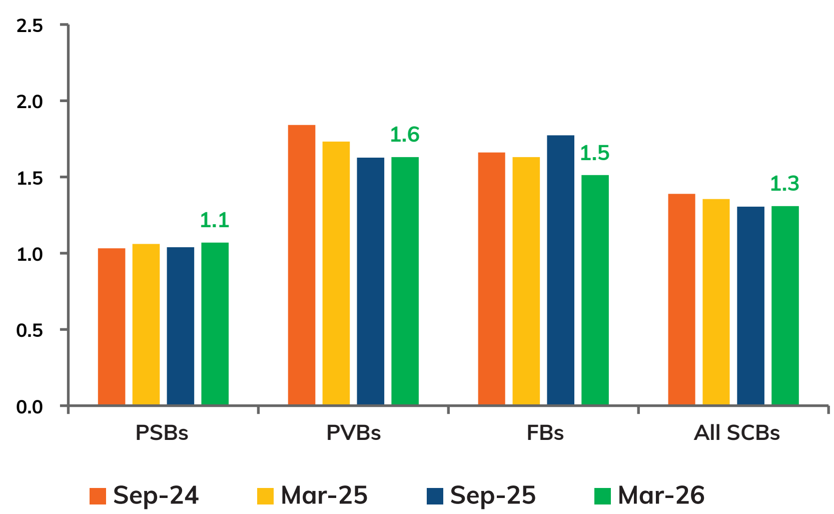
The consolidated balance sheet of Scheduled Commercial Banks (SCBs) displayed resilience, supported by improvement in asset quality and capital ratios coupled with comfortable liquidity buffers.

The asset quality of Scheduled Commercial Banks improved further in March 2026, with the **Gross Non-Performing Assets (GNPA) ratio declining to a multi-decadal low level of 1.8%. The annual slippage ratio steadily moderated over the last four financial years to 1.2% in 2025-26,** driven by lower fresh accretions to impaired assets in Public Sector Banks (PSBs) and Private Sector Banks (PVBs). The key profitability ratios, namely **Return on Equity and Return on Assets,** have remained broadly stable at the overall system level.

GROSS NON-PERFORMING ASSETS AND NET NON-PERFORMING ASSETS (%)



RETURN ON ASSETS (%)



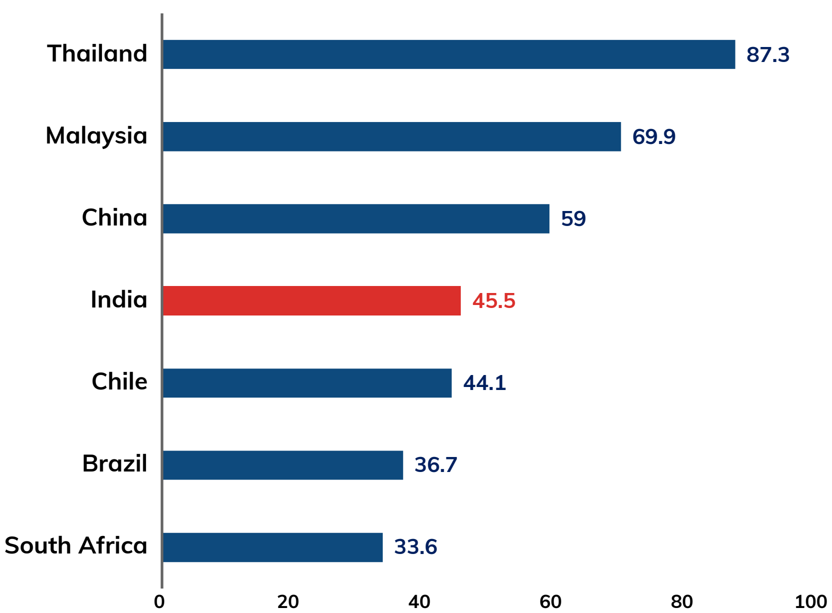
Source: Financial Stability Report, June 2026. Reserve Bank of India (RBI). The above ratios pertain to Scheduled Commercial Banks. SCBs: Scheduled Commercial Banks. PSBs: Public Sector Banks. PVBs: Private Sector Banks. FBs: Foreign Banks. GNPA: Gross Non-Performing Assets. NNPA: Net Non-Performing Assets. 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 fact behind India's Household Debt

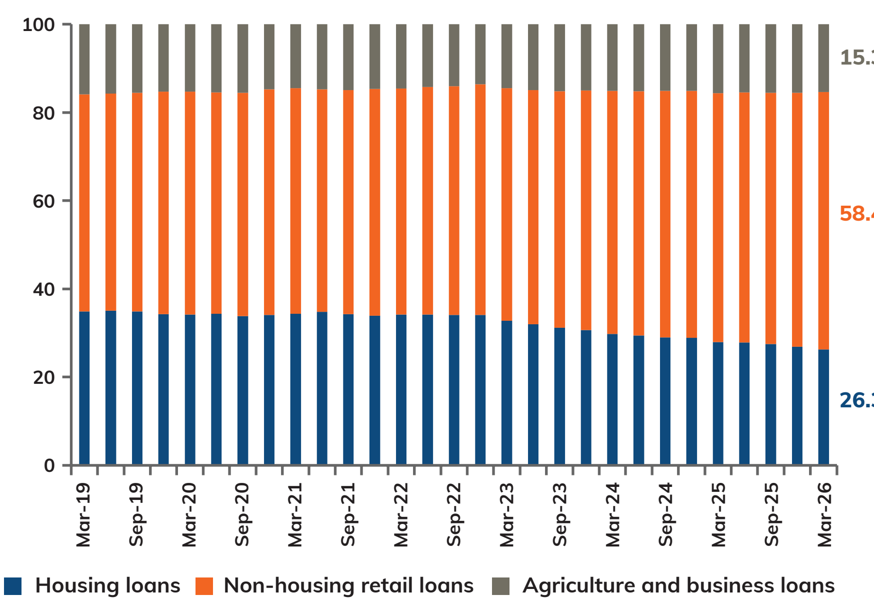
Debt levels of India's household segment continues to trend upward, reaching 45.5% of the Gross Domestic Product (GDP) by end-September 2025. The increase has been driven primarily by **non-housing retail loans, that constitute 58.4% of the total borrowings as of March 2026.** Their share of non-housing retail loans has increased steadily over time, consistently outpacing housing loans, agriculture and business loans.

Considering broad categories, consumption-related loans remained a key driver of household borrowings, followed by loans for productive purposes. On the other hand, borrowing for asset creation expanded at a relatively slower pace.

HOUSEHOLD DEBT OF EMERGING MARKET ECONOMIES (% OF GDP) - SEPTEMBER 2025



SHARE OF BROAD CATEGORIES OF HOUSEHOLD BORROWINGS (%)



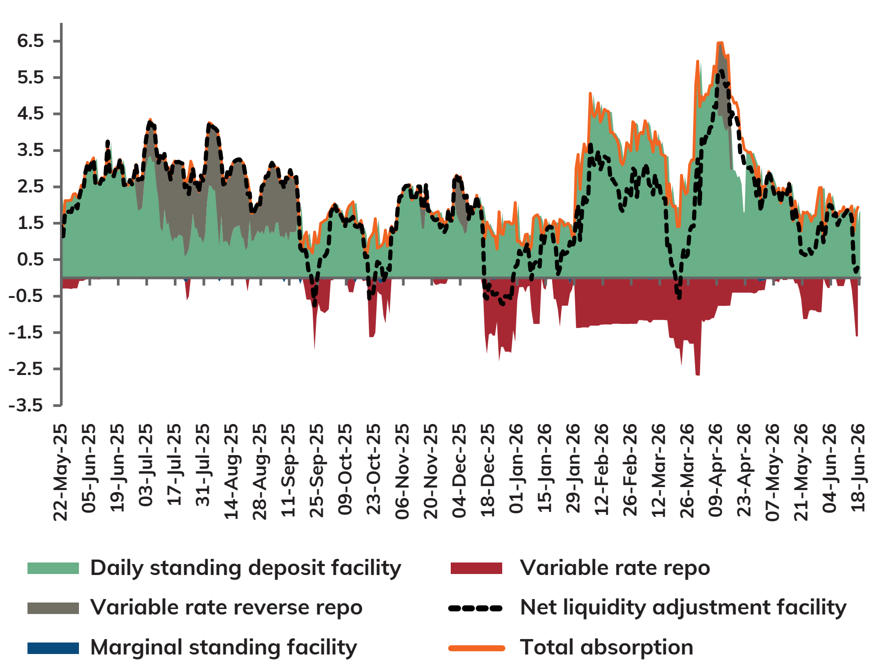
Source: Financial Stability Report, June 2026. Reserve Bank of India (RBI), Bank for International Settlements database, TransUnion CIBIL. In the above chart, household debt specified represents total credit to households and non-profit institutions serving households from bank and non-bank loans to the sector. Loans taken for consumption purposes include personal loans, credit cards, consumer durable loans, other personal loans, etc. Loans taken for asset creation include housing loans, vehicle loans and two-wheeler loans. Loans taken for productive purposes include agriculture loan - individual, business loan - individual and education loans. GDP: Gross Domestic Product. 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 Banking system liquidity

Surplus liquidity conditions, as measured by the average net absorption under the liquidity adjustment facility, moderated in June 2026 amid continued rise in currency in circulation and buildup of government cash balances. The Reserve Bank of India (RBI) implemented proactive measures to ensure appropriate liquidity in the banking system. **In June 2026, the central bank conducted seven fine-tuning VRR auctions with maturities varying from overnight-7 days, with bids amounting to ₹2.42 lakh crore against the notified amount of ₹5.25 lakh crore.**

The RBI decided to transfer a record surplus transfer of ₹2.87 lakh crore to the central government for FY 2025-26, which could support fiscal targets. Going ahead, the drawdown of government cash balances following the central bank’s surplus transfer is expected to aid India’s banking system liquidity.

BANKING SYSTEM LIQUIDITY (₹, LAKH CRORE)



Source: Reserve Bank of India (RBI) Bulletin, June 2026. Data as on June 18, 2026.

RBI'S SURPLUS TRANSFER TO THE CENTRAL GOVERNMENT (₹, CRORE)

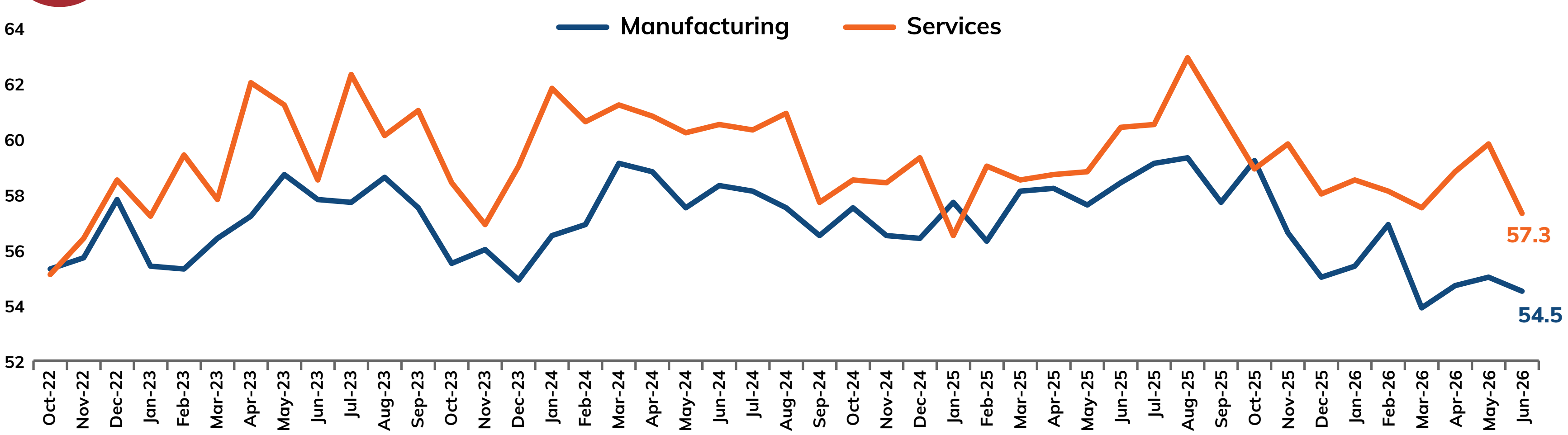
Source: Reserve Bank of India (RBI). FY: Financial Year.

India’s private sector activity moderates

The HSBC Flash India PMI Composite Output Index, which measures the combined output of India’s manufacturing and services sectors, **dropped from 59.3 in May 2026 to 57.4 in June 2026, recording its weakest level since March 2026. The rate of expansion of new order volumes slowed to its weakest in three months as companies struggled to secure new work amid challenges posed by competitive pressures, shortages of gas coupled with higher expenses** associated with greater prices of chemical, food, fuel, gas, metal and utility costs.

Considering the export trend in June 2026, services companies registered faster international sales growth during the month while manufacturers recorded their weakest increase in new export orders since March 2023.

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 June 23, 2026.

With moderation in demand and obstacles on the new orders front, hiring activity at both the goods producers level and across service providers was the least since December 2025.

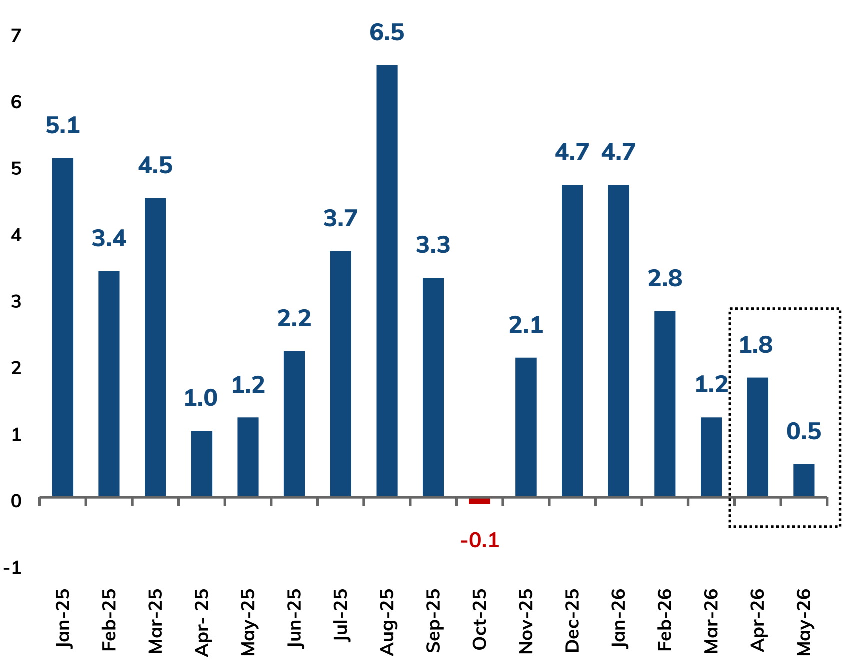
The services PMI dropped to a 17-month low of 57.3 in June 2026 from 59.8 in the preceding month while the manufacturing PMI slipped to a three-month low of 54.5 in June 2026 from 55.0 in the previous month. The overall degree of business optimism was the weakest since January 2026.

India's core sector output registers the slowest growth in seven months

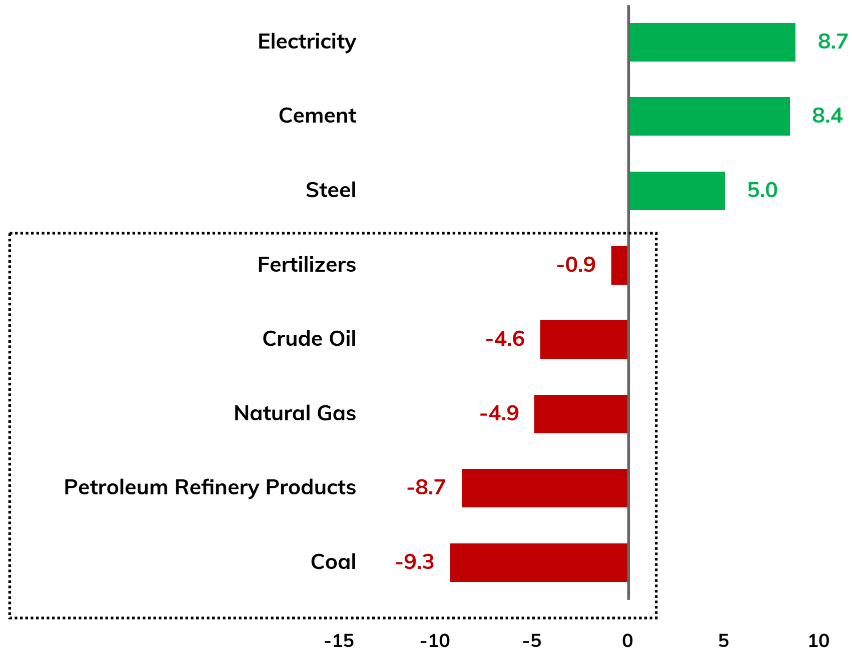
In May 2026, India's core sector output grew 0.5% year-on-year, decelerating from 1.8% recorded in the previous month. The sharpest drag came from coal output, which contracted 9.3% year-on-year in May 2026, reflecting efforts of businesses to lower fossil fuel dependency. **Crude oil, natural gas and petroleum refinery products recorded a decline in production amid higher reliance on crude imports and reallocations in existing supply chains.** Fertilizer production also dropped owing to **pressure on input supplies like natural gas, which is a primary feedstock for urea.**

Looking at the brighter picture, continued cement and steel production growth reflected sustained momentum in housing construction projects as well as infrastructure activity. Surge in electricity generation was driven by higher power demand amid severe heat wave conditions.

INDEX OF EIGHT CORE INDUSTRIES PERFORMANCE (YEAR-ON-YEAR GROWTH, %)



SECTOR OUTPUT (YEAR-ON-YEAR GROWTH, %)



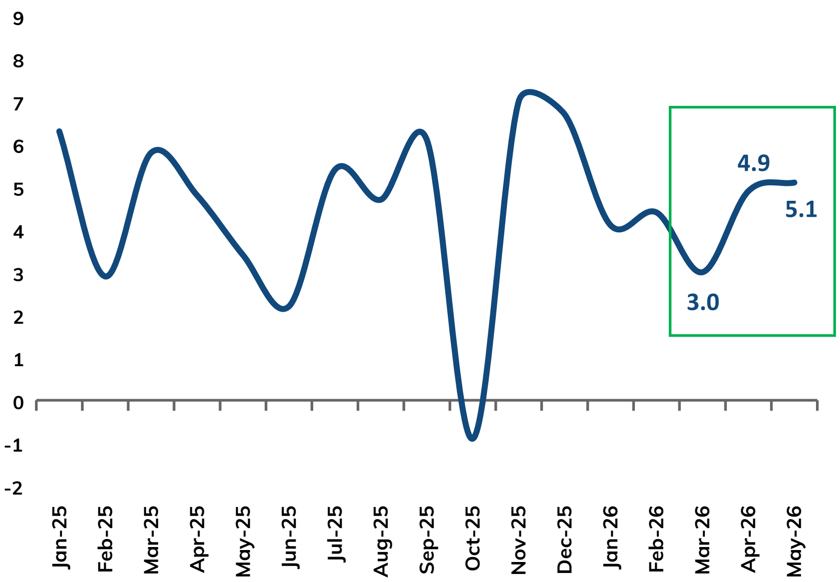
Source: Ministry of Commerce and Industry. The eight core sectors are: Coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity. May 2026 print is provisional. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

India's Factory output gains traction

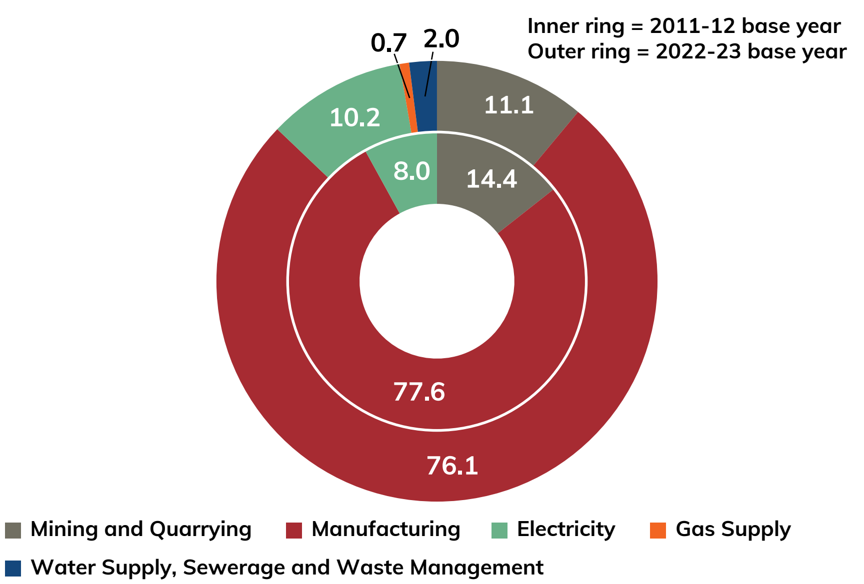
India's industrial output, based on the 2022-23 base year, increased to 5.1% year-on-year in May 2026, up from 4.9% in April 2026, indicating steady momentum in factory activity. **The growth was driven by strong performances across manufacturing, water supply and a surge in electricity generation.**

Electricity and gas supply category recorded 9.9% year-on-year growth in May 2026, driven by highest temperatures across regions. Manufacturing output grew 5.5% year-on-year in May 2026, supported by electrical equipment, fabricated metals, automobiles and electronics. Water supply, sewerage and waste management also posted an encouraging 5.5% year-on-year growth in May 2026. **On the flip side, Mining and quarrying was in the weak spot, contracting 1.6% year-on-year, with a decline in output of both fuel minerals and non-metallic minerals.**

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



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



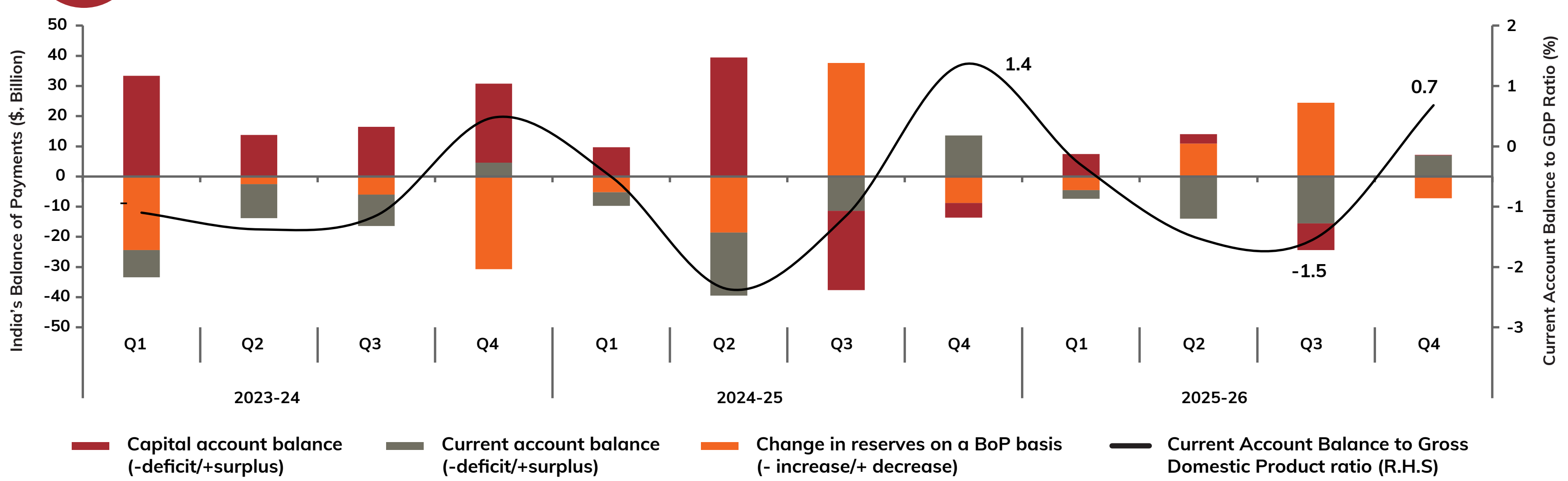
Source: Ministry of Statistics and Programme Implementation (MoSPI). In the above sectoral weights graphical representation, the Inner ring represents base year as 2011-12; the Outer ring represents 2022-23 base year. IIP: Index of Industrial Production. The sector(s) /stock(s) mentioned in this presentation 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).

Unfolding India’s current account surplus

In Q4 of FY 2025-26, India recorded a current account surplus of $7.1 billion (0.7% of GDP), supported by higher net services receipts and robust inward remittances. Personal transfer receipts, mainly comprising money sent home by Indians working overseas, rose sharply to $43.5 billion in Q4 of FY 2025-26 from $33.9 billion during the same period in the previous year.

The country's merchandise trade deficit widened to $83.4 billion during the quarter, compared with $59.3 billion a year earlier, reflecting higher import outgo. **However, services exports continued to witness strength with net receipts rising to $60.4 billion in Q4 of FY 2025-26, driven by computer services and other business services. While net Foreign Direct Investment (FDI) inflows rebounded to $4.2 billion in Q4 of FY 2025-26** from a mere $0.4 billion a year ago, **foreign portfolio investors remained net sellers as global risk-off sentiment and a stronger U.S. Dollar weighed on emerging market allocations.**

INDIA’S BALANCE OF PAYMENTS



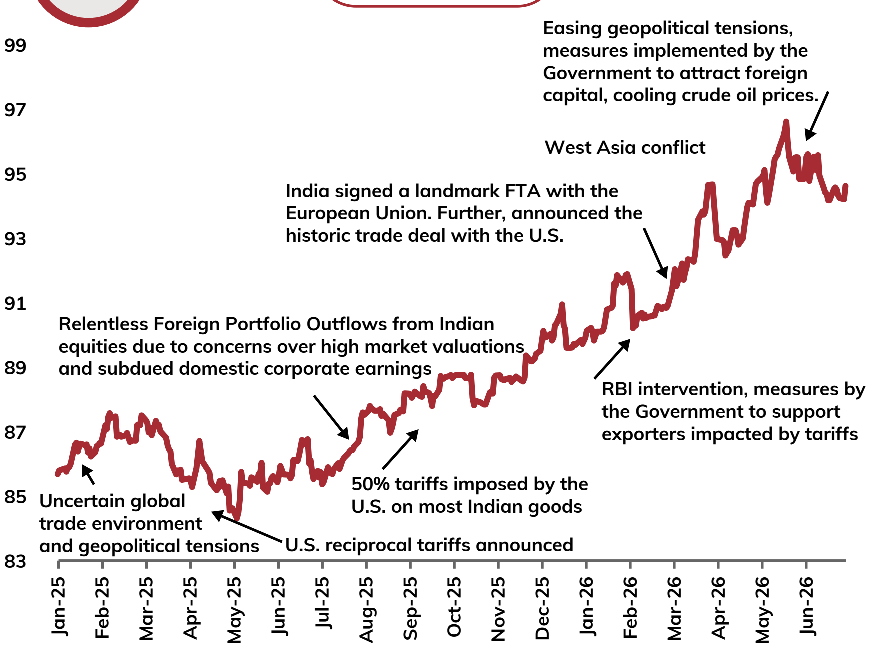
Source: Reserve Bank of India Bulletin (RBI), June 2026. GDP: Gross Domestic Product. Q: Quarter. FY: Financial Year. BoP: Balance of payments. U.S.: United States.

Various policy initiatives are expected to strengthen India’s balance of payments, including opening the insurance sector to 100% Foreign Direct Investment, ethanol blending program, push for energy transition, liberalization of the External Commercial Borrowing (ECB) framework and India's recent free trade agreements with countries to boost export competitiveness.

The Indian Rupee stages a recovery

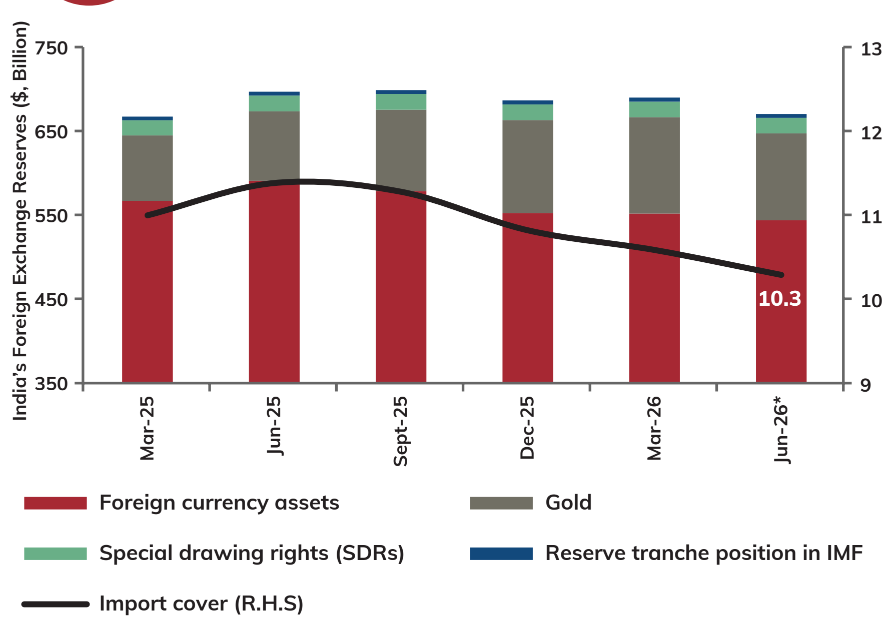
In recent months, the Indian Rupee reeled under the pressure of global geopolitical turmoil and continued foreign portfolio outflows from the domestic market. **However, the Indian Rupee recovered to around 94.50 levels against the U.S. Dollar during June 2026, supported by falling crude oil prices and a slew of measures implemented by the Government to attract foreign capital.** Recent policy measures, include the expansion of the Fully Accessible Route (FAR) to longer-tenor government securities and tax exemptions for foreign investors in government securities, which are expected to support capital inflows.

USD/INR



Source: Reuters. Data as on June 30, 2026. U.S.: United States. INR: Indian Rupee. USD: U.S. Dollar. FTA: Free Trade Agreement.

INDIA'S FOREIGN EXCHANGE RESERVES REMAINED COMFORTABLE



Source: Reserve Bank of India Bulletin, June 2026. R.H.S: Right-hand side. IMF: International Monetary Fund. *Data as on June 12, 2026. The import cover data is based on annualized merchandise imports as per the balance of payments statistics.

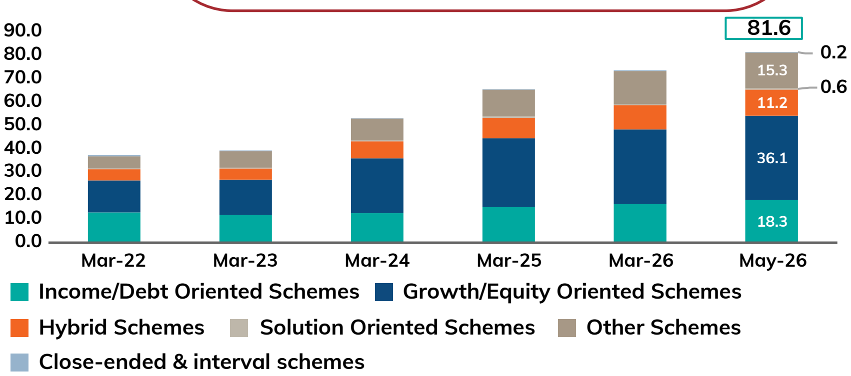
Healthy foreign exchange reserves **serve as a financial buffer that could help stabilize the domestic currency and manage external debt obligations during challenging periods of global economic uncertainty. India's foreign exchange reserves remained comfortable,** providing cover for goods imports of more than 10 months and 87.7% of the external debt outstanding as at end-December 2025 (Source: Reserve Bank of India Bulletin, June 2026).

Growth trajectory of India's Mutual Fund Industry

ICICI PRUDENTIAL MUTUAL FUND

In May 2026, the Net Assets Under Management of India's mutual fund industry remained largely stable at ₹81.58 lakh crore.

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



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

In May 2026, Equity-oriented mutual funds attracted net inflows of ₹22,908 crore with Flexi cap funds leading the category for the tenth consecutive month.

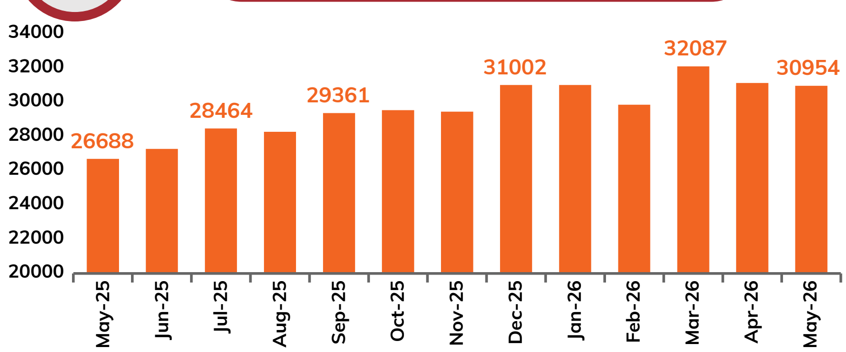
MONTHLY FLOWS OF MUTUAL FUNDS (₹, CRORE)

Category	May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25
Equity	22,908	38,440	40,450	25,978	24,029	28,054	29,911
Debt	-96,949	2,47,490	-294,987	42,106	74,827	-132,410	-25,693
Hybrid	10,560	20,565	-16,538	11,983	17,356	10,756	13,299
Others	362	20,082	30,768	13,879	39,955	26,723	15,385
Solution-oriented schemes	270	307	256	247	342	345	320
Closed-ended and interval schemes	-1,173	-4,481	141	336	-49	-59	-467
Total	-64,021	3,22,403	-239,910	94,530	1,56,459	-66,591	32,755

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 May 2026, Systematic Investment Plan (SIP) monthly contributions witnessed inflows of ₹30,954 crore and the contributing SIP accounts remained steady at 9.64 crore, indicating sustained retail participation despite market uncertainty.

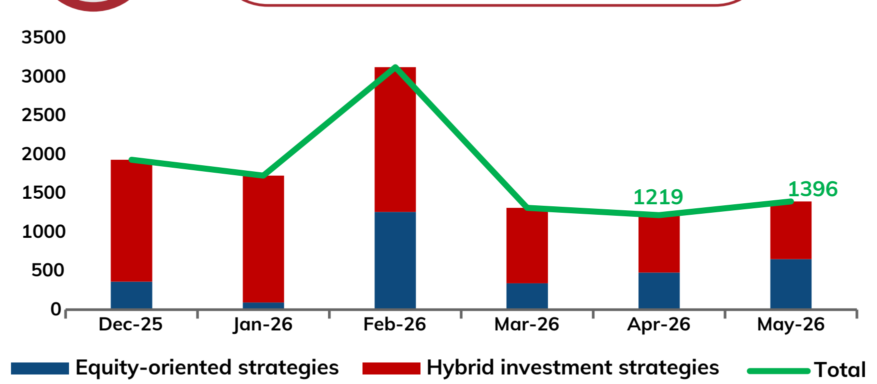
SIP CONTRIBUTION (₹, CRORE)



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

Specialised Investment Fund (SIF) strategies continued to gain strong momentum, with positive inflows of ₹1,396 crore in May 2026, higher than ₹1,219 crore recorded in April 2026.

MONTHLY FLOW TREND OF SIF SCHEMES (₹ CRORE)



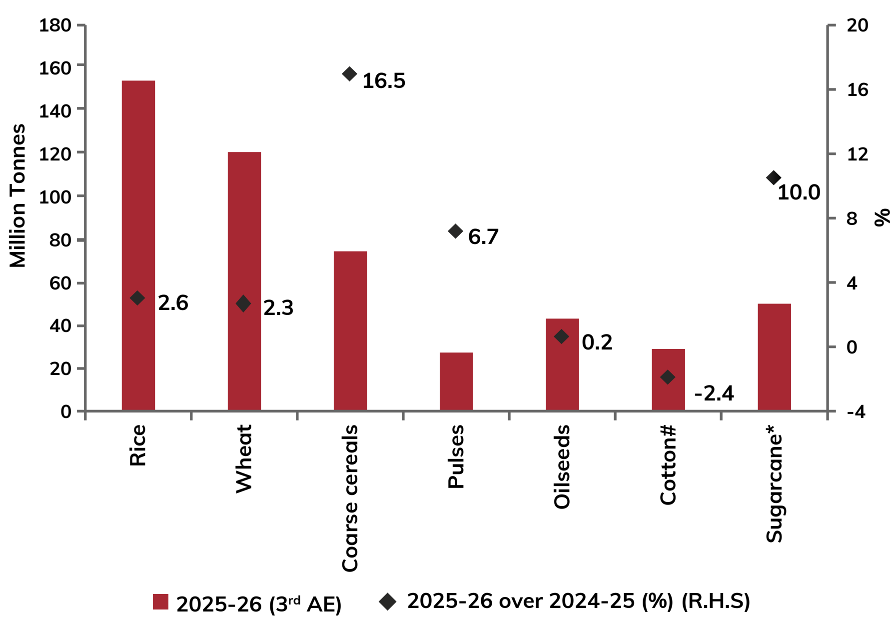
Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence. SIF: Specialised Investment Fund.

From India's agricultural fields to markets

As per the third advance estimate, India's foodgrains production^ for 2025-26 reached 376.6 million tonnes, which was 5.3% higher compared to the final estimate for 2024-25. The increase was driven by **record production of rice, wheat, and maize.** In the non-foodgrains category, production of sugarcane and oilseeds witnessed an uptick while that of cotton declined.

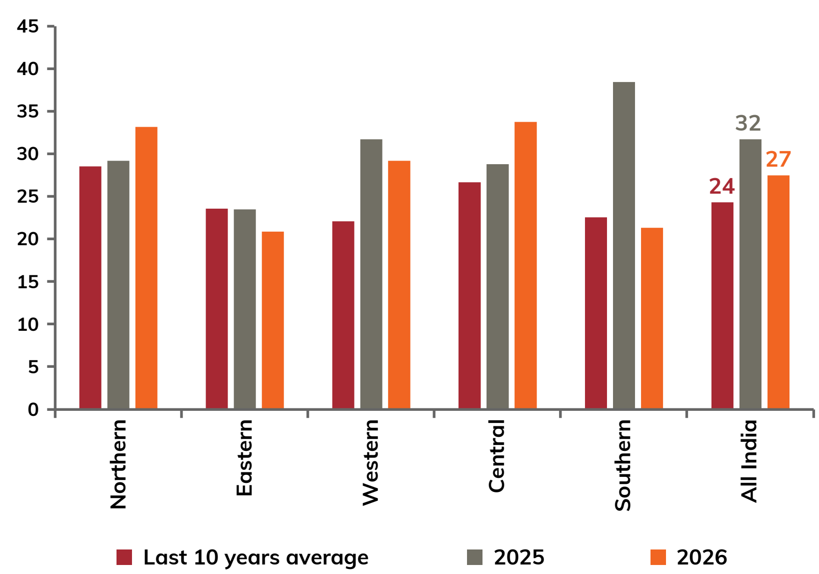
As per the India Meteorological Department's forecast, released on May 29, 2026, the south-west monsoon rainfall for India is likely to be below normal this year. Initiatives for crop diversification and water harvesting could help reduce the impact of deficiency in the south-west monsoon. **While the reservoir position slipped below the level recorded last year, it remains above the decadal average. Given the good harvest last year, the public stock of rice and wheat with the Food Corporation of India is well above the buffer norms,** which may serve as a strategic cushion against any supply disruption.

AGRICULTURE CROP PRODUCTION - 3rd ADVANCE ESTIMATE FOR 2025-26



Source: Reserve Bank of India (RBI) Bulletin, June 2026. R.H.S: Right-hand side. AE: Advance Estimate. *Sugarcane production is in 10 million tonnes. #Million bales of 170 kgs each.

RESERVOIR LEVEL (% OF FULL RESERVOIR LEVEL)



Source: Reserve Bank of India (RBI) Bulletin, June 2026. Data for as on June 18, 2026. Central Water Commission.

^India's foodgrains production includes kharif, rabi and summer crop production of rice, wheat, pulses and coarse cereals. 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).

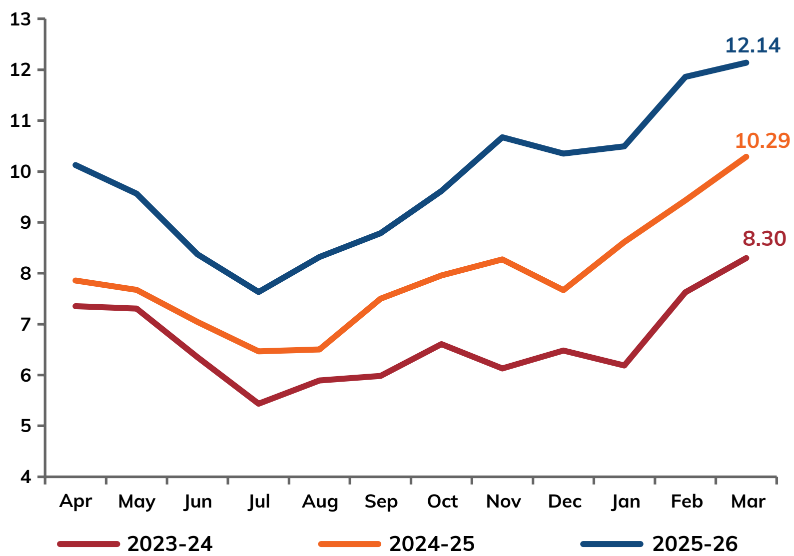
More solar power to India

ICICI PRUDENTIAL MUTUAL FUND

The Ministry of New and Renewable Energy implemented the Approved List of Models and Manufacturers (ALMM) List-II, which stipulates that only approved domestic solar cell manufacturers will be eligible for government-linked solar projects from June 01, 2026. This would provide the clarity needed to unlock fresh capital, accelerate expansion plans and help **reduce India's reliance on imported solar technology.**

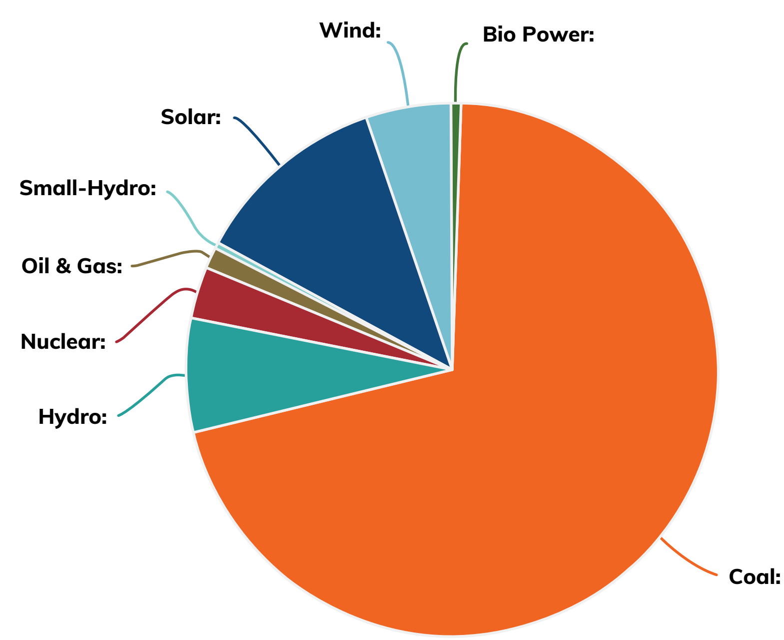
India has emerged as the world's second-largest solar market after China on account of high annual solar energy capacity additions in 2025. India added 37 Gigawatt (GW) of solar energy capacity in 2025, compared with 315 GW in China and 34 GW in the United States (Source: Renewable Capacity Statistics 2026). **Growth of India's solar energy segment has been supported by policy initiatives** and development of solar parks. **Under the PM Surya Ghar: Muft Bijli Yojana, a record 3.16 lakh rooftop solar installations were added in May 2026,** with the total installations crossing over 33 lakh.

RISING SHARE OF SOLAR ELECTRICITY IN TOTAL ENERGY MET (%)



Source: Reserve Bank of India (RBI) Bulletin, June 2026, GRID-INDIA. The share of solar electricity is calculated as solar electricity generation (Million units) as a percent of the total Energy Met (Million units), where Energy Met is the national-level electrical energy supply indicator reported by GRID-INDIA.

SOURCE-WISE ELECTRICITY GENERATION (%)



Source: Central Electricity Authority of India (CEA), National Power Portal (NPP). Data as on May 31, 2026.

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 May 2026, E-way bills continued to achieve double-digit growth. While **petrol, diesel and aviation turbine fuel consumption registered positive growth in May 2026,** that of total petroleum products dipped due to a sharp fall in the consumption of Liquefied petroleum gas (LPG), petroleum coke and naphtha. **Electricity demand clocked a double-digit growth year-on-year in May 2026,** driven by heatwaves across regions. **Digital payments registered steady growth in both value and volume terms.**

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

Indicator	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
GST E-way bills (Volume)	18.9	19.3	25.8	22.4	21.0	8.2	27.6	23.5	15.8	18.8	12.9	11.8	10.9
GST revenue	17.3	6.5	8.2	6.9	10.0	7.6	0.7	6.1	6.2	8.1	8.8	8.7	3.2
Toll Collection (Volume)	16.4	15.5	14.8	12.7	4.5	4.6	2.9	0.4	-1.8	-8.7	-4.0	-5.8	-7.2
Electricity demand (Volume)	-4.8	-2.3	2.6	3.8	3.5	-5.8	-0.6	5.8	3.8	1.0	0.8	3.0	11.2
Total Consumption of Petroleum Products (Volume)	1.1	0.5	-4.4	4.8	7.0	-1.5	0.6	4.5	0.3	4.5	3.2	-3.8	-6.5
Of which Petrol	9.2	6.8	5.9	5.5	8.0	7.4	2.6	7.1	6.1	6.1	7.6	6.8	3.4
Diesel	2.1	1.5	2.3	1.2	6.5	-0.3	4.8	5.2	3.3	4.3	8.1	0.9	1.6
Aviation Turbine Fuel	4.4	3.3	-2.3	-2.9	-0.8	2.1	5.4	0.2	5.5	4.0	0.6	-0.1	0.9
Digital Payments - volume	29.2	28.3	30.9	31.1	28.1	21.5	30.2	26.8	25.4	23.5	21.0	22.3	18.7
Digital payments - value	12.6	17.4	16.6	5.3	13.4	8.8	14.7	15.2	11.3	17.9	12.6	14.4	11.0

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

Source: Reserve Bank of India (RBI) Bulletin, June 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 May 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).

Growth in passenger vehicle sales accelerated with new product launches and healthy booking. **Electric vehicle (EV) penetration increased** across vehicle categories. The year-on-year growth in the **domestic air passenger traffic recouped** after contracting for three consecutive months.

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

	Indicator	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Urban Demand	Domestic Air Passenger Traffic	2.6	3.7	-2.5	-0.5	-2.5	3.5	7.0	-4.9	3.1	-0.1	-1.3	-2.8	8.5
	Retail Passenger Vehicle Sales	4.7	2.5	-0.8	0.9	5.8	10.7	20.4	26.6	7.2	26.1	21.5	18.1	23.2
Rural Demand	Retail Automobile Sales Of which	10.1	4.8	-4.3	2.8	5.2	40.5	2.1	14.6	17.6	25.6	25.3	17.4	9.5
	Retail Tractor Sales	6.7	8.7	11.0	30.1	3.6	14.2	56.5	15.8	22.9	36.4	10.9	28.7	11.2
	Retail Two-wheeler Sales	11.4	4.7	-6.5	2.2	6.5	51.8	-3.1	9.5	20.8	25.0	28.7	17.2	7.5

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

Source: Reserve Bank of India (RBI) Bulletin, June 2026. Airports Authority of India, Federation of Automobile Dealers Associations (FADA), Ministry of Rural Development, Government of India. The data on domestic air passenger traffic for May 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. GST: Goods and Services Tax. The heatmap is applied on data from April 2023 to the latest month for which data is available. 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

Based on high-frequency indicators, industrial activity remained robust in May 2026, despite external headwinds. **Automobile production registered higher growth year-on-year in May 2026 as compared to last year, aided by lower Goods and Services Tax (GST) rates.** Steel consumption strengthened in May 2026, reflecting sustained demand from infrastructure and construction sectors.

High-Frequency Indicators for Industrial Growth (Year-on-Year, Growth %)

Indicator	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Automobile production (Volume)	5.2	1.2	10.7	8.1	10.8	-2.8	22.3	37.1	15.0	22.1	20.2	26.0	13.3
Of which Passenger vehicle production (Volume)	5.4	-1.8	0.1	-4.1	16.1	9.8	22.8	23.1	5.6	9.8	9.0	12.8	10.9
Two-wheelers production (Volume)	4.7	1.4	12.3	10.0	9.8	-5.6	20.9	39.9	16.1	24.4	22.0	28.1	12.9
Three-wheelers production (Volume)	16.9	8.6	24.0	15.8	15.9	15.9	55.4	39.6	33.2	29.9	34.0	41.6	32.9
Tractor production (Volume)	9.1	9.8	11.5	9.4	23.0	13.0	37.5	57.9	14.6	80.0	28.6	18.1	15.5
Crude steel production (Volume)	11.0	12.6	13.8	12.8	13.7	8.9	11.1	10.8	11.5	11.4	10.6	3.9	2.9
Finished steel production (Volume)	7.8	10.9	13.8	13.8	14.0	7.2	12.4	10.9	12.5	8.6	8.2	6.4	7.7

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

Source: Reserve Bank of India (RBI) Bulletin, June 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. 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.

As reflected in the Naukri JobSpeak Index, **growth in hiring was driven by gains in insurance, BPO/ITES and healthcare,** while moderation was observed in banking and financial services, telecom and IT sector. **Demand for work under the Mahatma Gandhi National Rural Employment Guarantee Scheme continues to decline, likely due to employment opportunities across industrial sectors.**

High-Frequency Indicators for Employment

Indicator	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Naukri Job Speak Index	0.3	10.5	6.8	3.4	10.1	-9.3	23.5	13.2	3.4	11.9	9.2	5.8	1.0
PMI Employment: manufacturing	54.9	55.1	53.3	53.1	52.1	52.4	50.9	50.5	51.1	51.5	52.6	54.6	53.0
PMI Employment: services	57.1	55.1	51.4	52.2	51.9	51.4	51.6	49.8	50.8	51.6	52.7	53.4	53.2
MGNREGA Scheme: work demand	4.4	4.4	-12.3	-26.2	-27.1	-35.1	-32.0	-28.9	-25.7	-14.1	-23.2	-35.5	-27.8

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

Source: Reserve Bank of India (RBI) Bulletin, June 2026. Ministry of Statistics and Program Implementation (MoSPI), Government of India, Ministry of Rural Development, Info Edge, S&P Global. 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. MGNREGA is encoded in inverse scale - lowest is marked in green, highest is marked in red. PMI: Purchasing Managers' Index. BPO/ITES: Business Process Outsourcing/Information Technology Enabled Services. MGNREGA: Mahatma Gandhi National Rural Employment Guarantee Act. IT: Information Technology. The heatmap is applied to data from April 2023 to May 2026. The year-on-year growth % has been calculated for the Naukri index and MGNREGA work demand. Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025, which replaces the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005, will come into effect from July 01, 2026. 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

Update on headline inflation: Among major advanced economies, inflation in the U.S. surged, driven by a sharp increase in fuel prices. In the Euro area, headline inflation rose led by energy and services. In Japan, inflation witnessed an uptick after the expiration of government fuel subsidy, while it remained steady in the UK due to moderation in food inflation, which was offset by the rise in transport costs. In Brazil, food and beverages pushed up inflation, whereas in South Africa it was driven by fuel. Inflation, however, declined in Russia largely on account of a decline in food prices while it remained steady in China (Source: Reserve Bank of India Bulletin, June 2026. U.S.: United States. UK: United Kingdom).

Interest rate hike: In June 2026, Japan's central bank raised its benchmark interest rate to 1%, marking the highest rate in 31 years. The central bank cited growing inflationary pressures caused by elevated global energy costs. In June 2026, the European Central Bank raised its key interest rates by 25 basis points, bringing the benchmark deposit rate to 2.25% and the refinancing rate to 2.4% in its endeavour to combat energy-driven inflation (Source: Bank of Japan, European Central Bank).

Silver prices: Silver prices traded around $58/ounce on June 30, 2026, a steep decline from around $118/ounce levels witnessed during the beginning of the year (Data source: London Bullion Market Association). Bullion markets have been pressured by a strengthening U.S. dollar and expectations of monetary policy tightening by major central banks. Silver could continue to play a key role in industrial applications, including solar photovoltaics, electric vehicles, electronics and Artificial Intelligence (AI) Infrastructure.

Retrospective customs duty exemption on certain nuclear power equipment imports: India's finance ministry has waived customs duties on goods imported for nuclear power generation, covering imports made between April 1, 2019 and January 31, 2026 (Source: Reuters, Government of India). The grant of retrospective tax relief to eligible imports used in India's nuclear power sector is likely to lower project costs for operators and equipment suppliers.

Government Finances – Indian landscape: The provisional accounts (PA) of the Central Government for FY 2025-26 released on June 01, 2026, reaffirmed fiscal consolidation as envisaged in the Union Budget 2026-27. The Gross Fiscal Deficit (GFD) for FY 2025-26 stood at 4.4% of the Gross Domestic Product (GDP). The revenue receipts posted a healthy growth led by expansion of net tax revenue and non-tax revenue. Revenue expenditure growth accelerated in 2025-26 (PA) over 2024-25 led by higher growth rates in both interest payments and major subsidies. Capital expenditure recorded moderate growth in FY 2025-26 (PA) after five consecutive years of double-digit growth. In contrast to the Centre, the provisional accounts (PA) of State Governments for FY 2025-26 point to some slippages (Source: Reserve Bank of India).

Other Key Developments

Aviation fuel price stabilization support: The Government approved a one-time budgetary support of up to ₹10,000 crore for Oil Marketing Companies (OMCs) to provide Aviation Turbine Fuel (ATF) price stabilization support to scheduled Indian Airlines for their domestic and international operations. The decision was taken in response to the fuel price volatility stemming from geopolitical turmoil, which posed challenges for airlines. For domestic operations, the increase in ATF base prices was moderated and capped at 25% despite the steeper rise in global fuel markets (Source: Ministry of Civil Aviation, June 2026).

Government of India approves 96 Companies under round-III of Textile PLI Scheme: In June 2026, the Government of India approved 22 new applicants under the Round-3 of the Production Linked Incentive (PLI) Scheme for textiles. A total of 96 companies have been selected with a total committed investment of ₹12,822.67 crore and a projected turnover of ₹58,294.18 crore. The approved applicants include key focus segments of the PLI Scheme, which could further strengthen India's position as a global hub for value-added textile manufacturing (Source: Ministry of Textiles, Report as on June 10, 2026. PLI: Production Linked Incentive).

Oil marketing companies increase Domestic household and commercial LPG prices: Pass-through of higher global energy prices have been visible in several inputs such as commercial Liquefied Petroleum Gas (LPG), industrial raw materials, chemicals, rubber and plastic products. Domestic household LPG prices were increased by ₹29 per 14.2 kg cylinder in June 2026, following the ₹60 hike in March 2026. Commercial LPG prices (19-kg cylinder) were hiked in two tranches – on May 01, 2026 and June 01, 2026 with cumulative increase amounting to ₹1035-₹1047.5 per cylinder (Source: Reserve Bank of India).

Government of India extends excise duty exemptions to higher ethanol-blended petrol: The government has extended central excise duty exemptions to petrol blended with 22%, 25%, 27% and 30%. The move follows the government's approval of standards for ethanol-blended petrol containing up to 30% ethanol, paving the way for the commercial adoption of higher-blend fuels (Source: Reuters, Government of India).

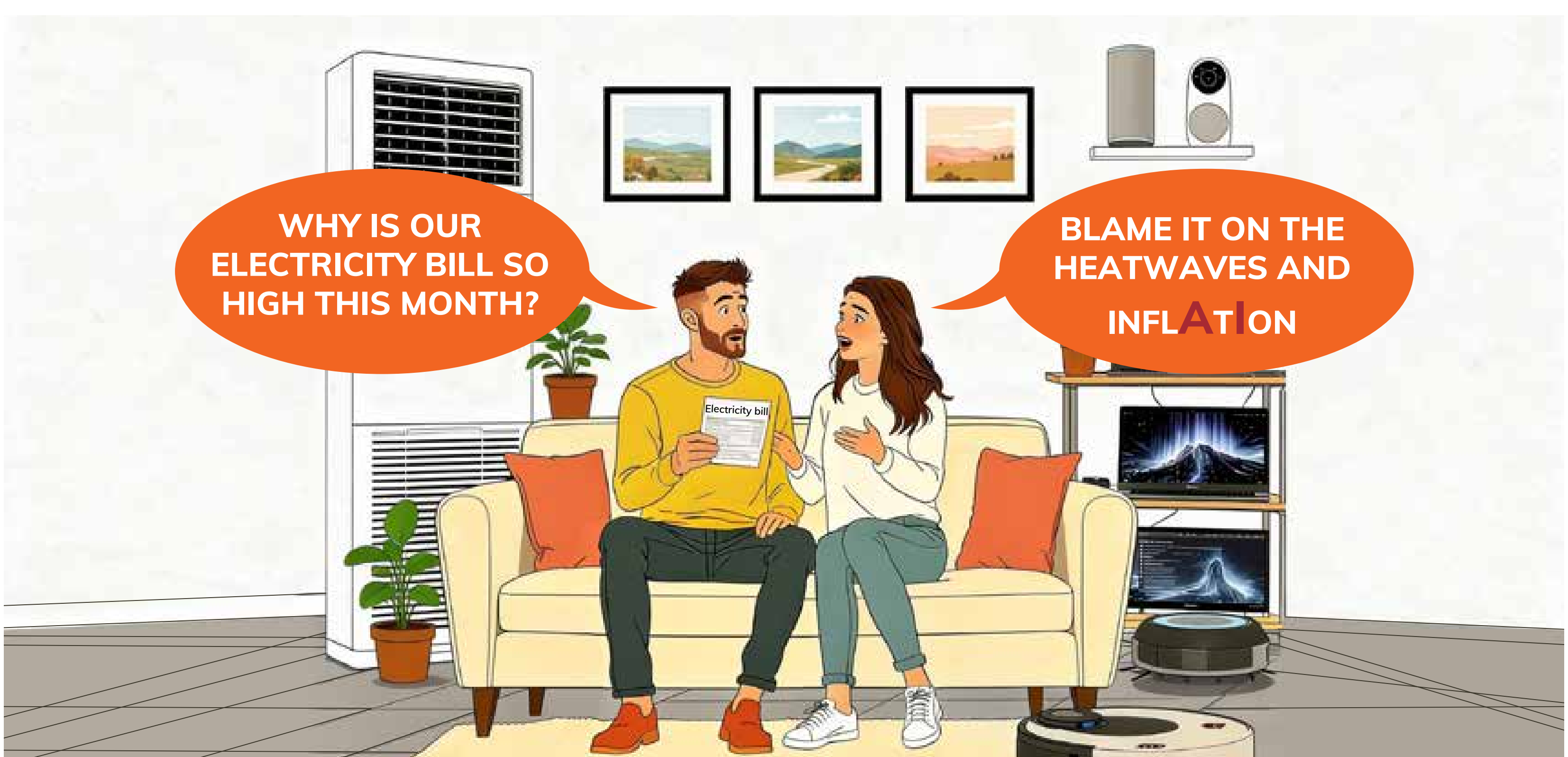
India's external debt position: At end-March 2026, India's external debt stood at 20.8% of the Gross Domestic Product (GDP) compared to 19.8% at end-March 2025. Loans remained the largest component of external debt, with a share of 34.7%, followed by currency and deposits (22.3%), trade credit and advances (19.0%) and debt securities (16.1%). The share of short term debt on residual maturity basis stood at 47.3% of the foreign exchange reserves at end-March 2026 and net international investment position (IIP) recorded a notable improvement. (Source: Reserve Bank of India. FY: Financial Year).

And it is a wrap for the month

In the latest report, Global Economic Prospects June 2026, the World Bank downgraded global gross domestic product (GDP) growth projections, while raising its inflation projections. The report also highlights that broader adoption of Artificial Intelligence (AI) and productivity-enhancing reforms are key for supporting medium-term growth. If the recent interim agreement between the U.S. and Iran does not sustain, it could reignite risks of higher inflation levels, disrupted energy infrastructure and food security concerns.

The Indian economy displayed resilience in terms of the provisional GDP estimates for FY 2025-26, anchored inflation expectations, sustained fiscal consolidation, manageable current account balance and a healthy foreign exchange reserve position. Lower crude oil prices are likely to ease oil import costs and positively impact India's balance of payments situation. Sustained momentum in services, the Goods and Services Tax (GST) rationalization and broadly stable employment conditions should support urban consumption.

PICTURE OF THE MONTH



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