ICICI PRUDENTIAL MUTUAL FUND

THE MONTH GONE BY

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

The fight-or-flight response is an ancient survival mechanism that helped Stone Age predecessors battle threats or escape perils. In the modern world, the primitive response emerges in different forms. **For instance, when equity markets experience a sharp downturn, investors may find themselves at a crossroads: Should they 'fight' their fears and hold onto their investments or 'flee' to mitigate losses?**

Similar to how Stone Age predecessors often relied on the actions of others for survival, investors may also fall prey to herd mentality. **When equity markets decline, witnessing others selling their stocks** could create a sense of urgency, **compelling investors to follow the herd without evaluating the underlying reasons.**

What is the Solution? Remember, selling an investment solely because others are doing so could often lead to regret in the future. Diversifying the portfolio across different asset classes and sectors/themes could act as the first line of defence. Investors can consider mutual fund schemes as the fund manager does the heavy lifting by selecting fundamentally strong companies, tracking economic developments and changing allocation based on market conditions.

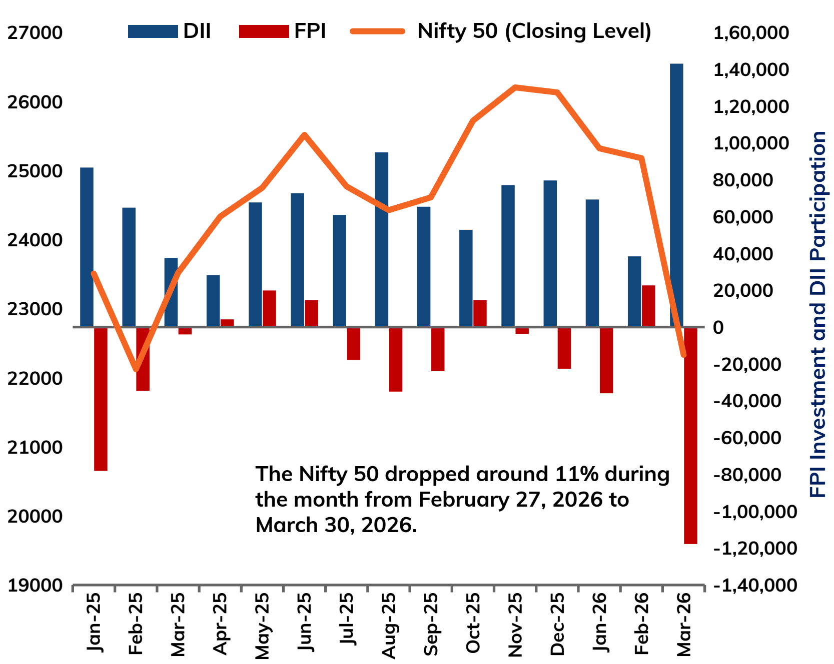
While we ponder about the course ahead, it is important to connect the dots with key market events of March 2026.

Equity Market bulls struggle to reclaim ground

In March 2026, the clouds of war darkened over West Asia with the conflict between the U.S.-Israel and Iran. Further, U.S. investigations into trade practices of key trading partners led to an uptick in trade policy uncertainty. **During the month, equity markets faced selling pressures,** which was severe for energy-importing economies like Europe and Asia.

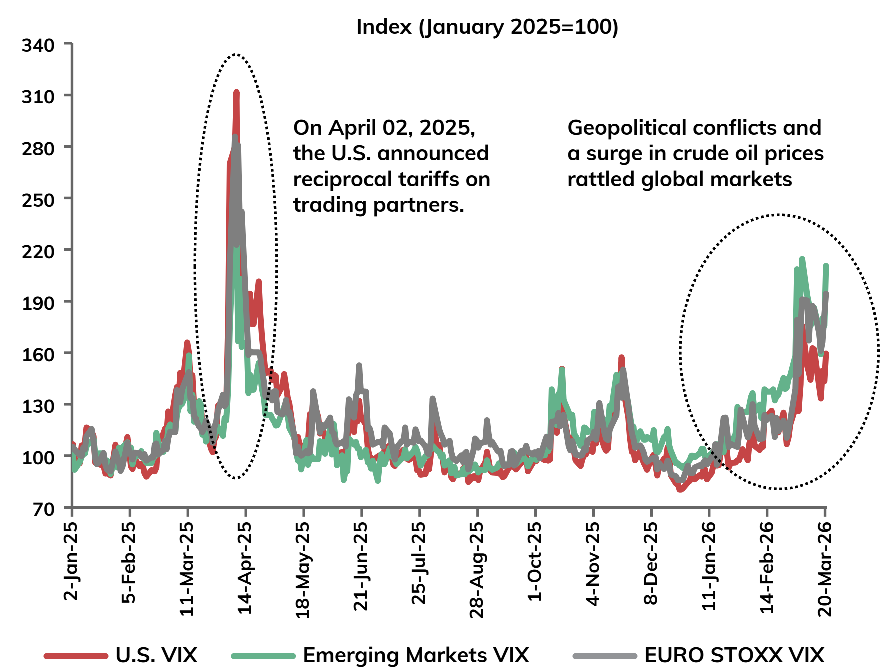
Amid the global oil supply disruptions, **India has improved its domestic refining capacity and progressively diversified its crude oil import sources.** The creation of an **Economic Stabilisation Fund would also provide fiscal headroom** to respond to global headwinds. **Additionally, India's foreign exchange reserves remain adequate to provide cushion** against external shocks.

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



Source: National Securities Depository Limited (NSDL). March 2026 FPI and DII data as on March 30, 2026. FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. Past performance may or may not sustain in future. Closing prices of Nifty 50 have been considered.

VOLATILITY INDICES

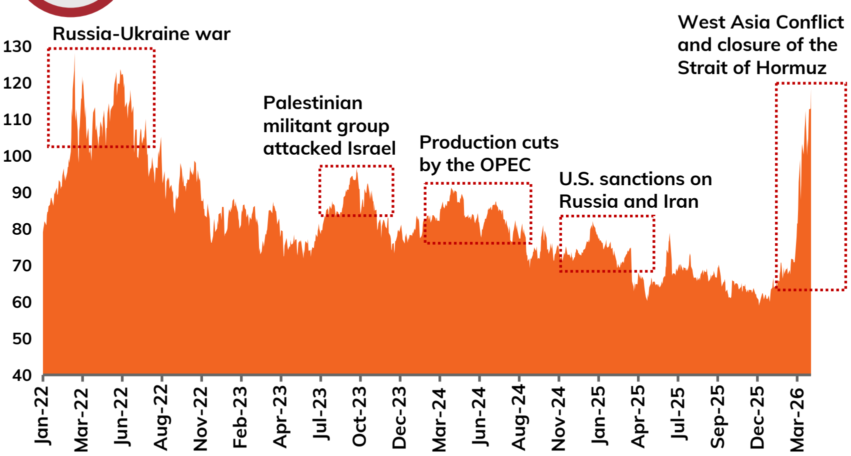


Source: Reserve Bank of India (RBI) Bulletin, March 2026. VIX: Volatility Index. U.S.: United States.

Unfolding the Crude Reality

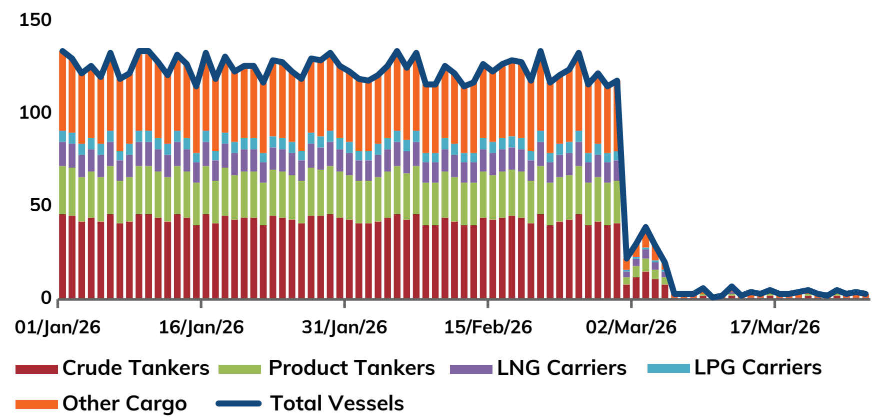
Brent crude oil prices surged around 63% from $72.48/barrel on February 27, 2026 to $118.35/barrel on March 31, 2026 as geopolitical tensions intensified between U.S.-Israel and Iran, causing disruption to key oil infrastructure. **The Strait of Hormuz, a critical maritime connecting the Persian Gulf to the Gulf of Oman, witnessed a significant decline in vessel movement** following escalation of conflict in West Asia. **Nearly 90% of the oil shipments transported through this passage** are directed to Asia, making such countries highly sensitive to energy supply shocks.

BRENT CRUDE OIL PRICE ($/BARREL)



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

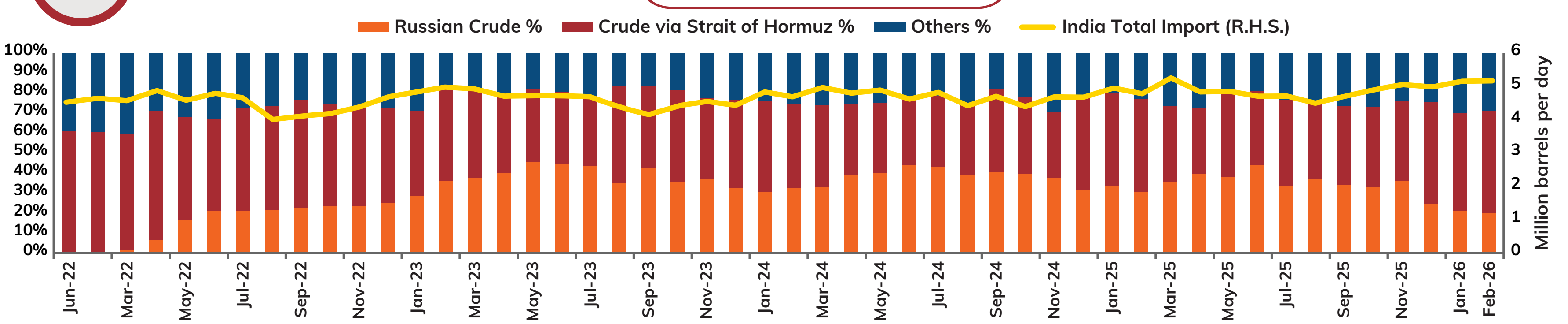
DAILY TRAFFIC THROUGH THE STRAIT OF HORMUZ (NUMBER OF VESSELS)



Source: Automatic Identification System (AIS). Data as on March 26, 2026. LPG: Liquefied Petroleum Gas, LNG: Liquefied Natural Gas.

Given the backdrop of Ukraine attacks on Russia's energy infrastructure and U.S. sanctions imposed on Russian oil companies, Indian refiners are diversifying their crude imports to reduce reliance on Russian oil.

INDIA'S CRUDE IMPORT



Source: Kpler. R.H.S: Right-hand side. Report as on March 06, 2026.

Commodity prices spike owing to supply constraints

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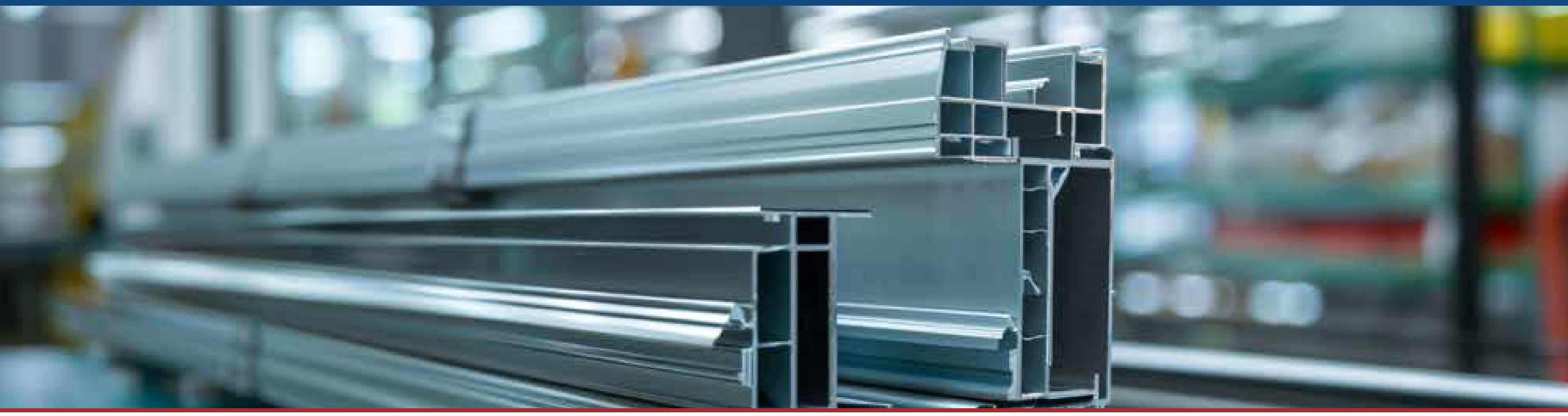
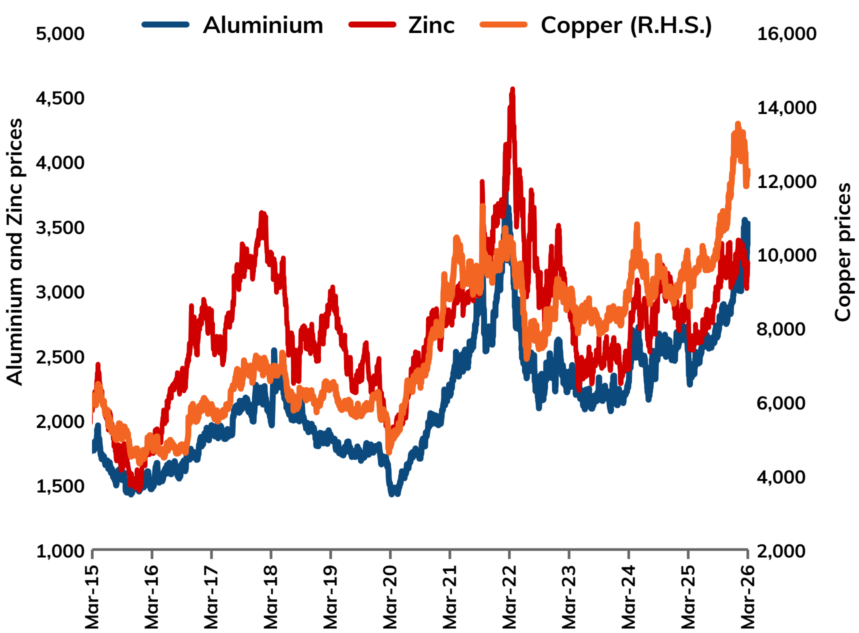


In March 2026, Gulf countries, including Qatar, Bahrain and Kuwait, declared force majeure on oil and gas exports after the West Asia conflict disrupted shipping through key maritime routes. The force majeure declaration relieves companies from contractual obligations due to unforeseen events that are beyond their control.

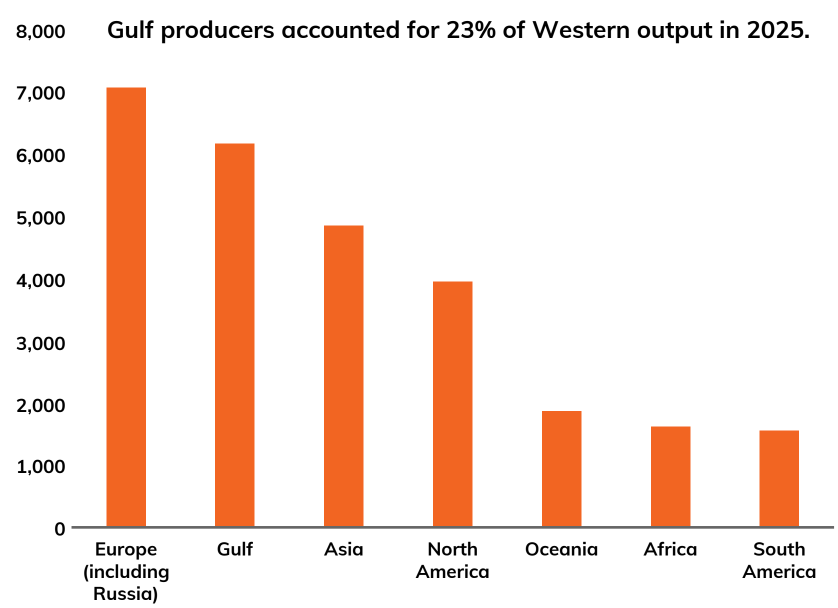
The Middle East has emerged as a key aluminium production hub, leveraging gas reserves to power the energy-intensive smelting process. **Aluminium prices surged amidst supply concerns, owing to force majeure declarations by producers in the Middle East and smelter closures and at a time when global inventories were near historic lows.**

ALUMINIUM, ZINC AND COPPER PRICES ($/TON)



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

PRIMARY ALUMINIUM PRODUCTION OUTSIDE OF CHINA (THOUSANDS OF METRIC TONS)



Source: Reuters. International Aluminium Institute. Report as on March 03, 2026.

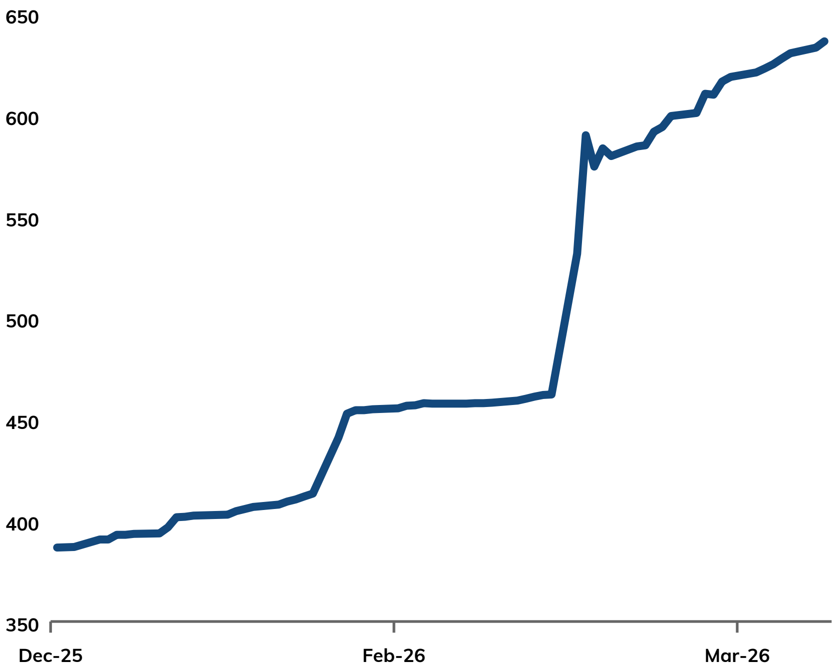
Copper prices surged during the month, driven by key short-term developments like supply disruptions at several major mines and a build-up of U.S. copper inventories due to tariff uncertainty.

Geopolitical tensions spark Fertilizer supply constraints

Countries across the globe have increasingly relied on Gulf states to compensate for fertilizer shortages induced by the war in Ukraine and growing Chinese export restrictions. **Saudi Arabia, Bahrain, Oman and Qatar have been key exporters of various fertilizers** such as urea, diammonium phosphate (DAP) and anhydrous ammonia.

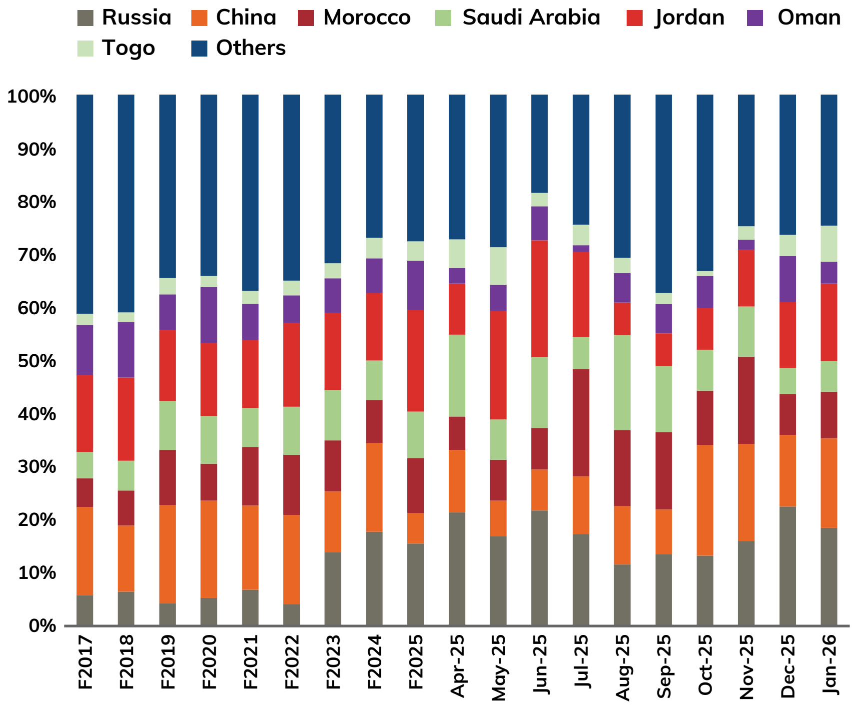
The West Asia conflict has severely impacted the transportation of global fertilizers through the Strait of Hormuz. Given the critical role of the Middle East in global fertilizer production and exports, supply disruptions stemming from the conflict **led to a rise in urea prices.**

UREA PRICES (USD PER TONNE)



Source: Bloomberg, Reserve Bank of India (RBI) Bulletin, March 2026. The data refers to the benchmark contract: Urea (Granular) FOB U.S. Gulf futures. USD: U.S. Dollar. U.S.: United States. Data as on March 31, 2026.

INDIA'S FERTILIZER IMPORTS FROM KEY COUNTRIES (% OF TOTAL)



Source: Centre for Monitoring Indian Economy (CMIE), Morgan Stanley research. F: Financial Year.

The Government of India lowered excise duty on petrol and diesel

CENTRAL GOVERNMENT CUTS DOWN EXCISE DUTY ON PETROL, DIESEL

What: On March 27, 2026, the Government of India reduced the excise duty on both petrol and diesel by ₹10 per litre. The Government has also introduced an export levy on diesel, which would help redirect capacity to meet domestic fuel demand.

Why: Reduce the burden of public sector OMCs that continue to supply fuel to Indian consumers at prices well below their cost of supply.

Flipside: The central government would receive lower taxes from the excise duty cut, which could impact revenue.

INCREASE IN LIQUEFIED PETROLEUM GAS (LPG) PRICES

What: Effective March 07, 2026, the price of LPG non-subsidized Domestic Cylinders (14.2kg) was increased by ₹60/cylinder across cities in India like Delhi. The commercial LPG prices have also been hiked, which could strain the operating costs of industries like food services.

Why: India was previously importing around 60% of its LPG requirements from Gulf countries such as Qatar, UAE, Saudi Arabia and Kuwait. This made it vulnerable to supply constraints stemming from the West Asia conflict. However, procurement has now been actively diversified with cargoes being secured from the United States, Norway, Canada, Algeria and Russia, in addition to available Gulf sources.

The government has also invoked the Essential Commodities Act, directing refiners to maximize LPG output.

Flipside: An uptick in cooking gas prices could have some impact on India's headline CPI (Consumer Price Index).

Source: Press Information Bureau, Government of India. OMCs: Oil Marketing Companies. LPG: Liquefied Petroleum Gas. UAE: United Arab Emirates.

Rising Aviation Fuel prices

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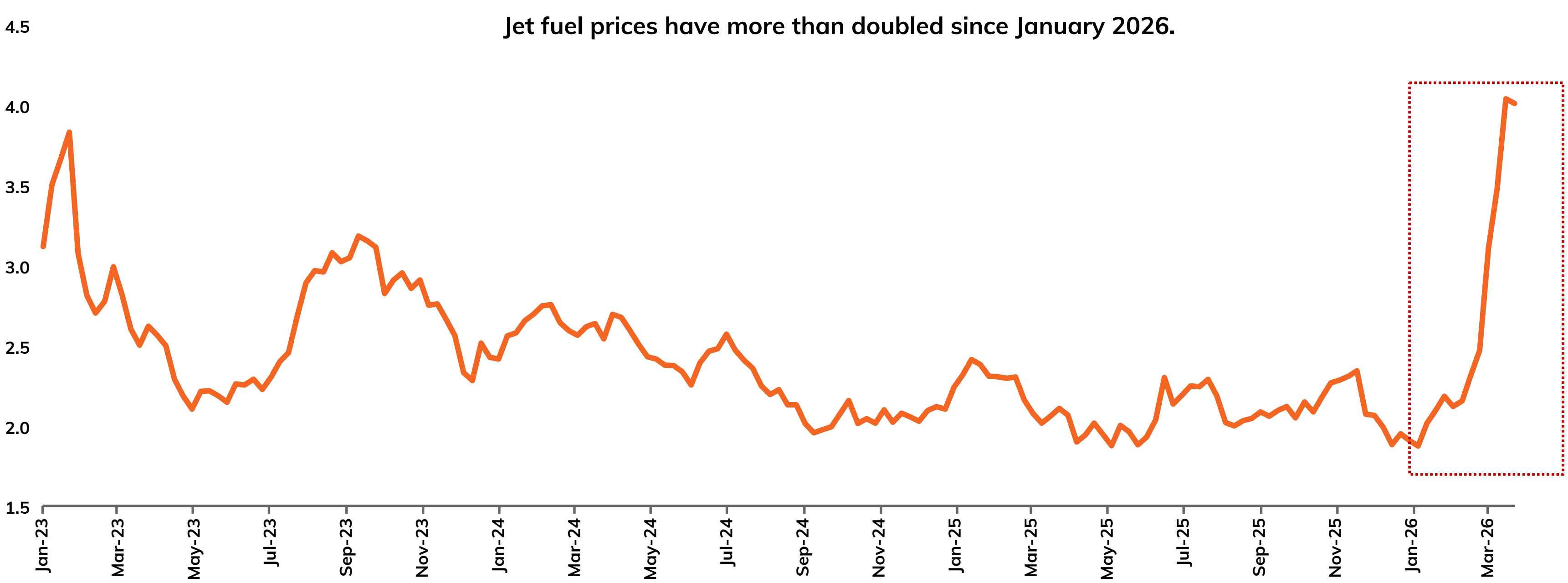
Following the West Asia conflict, **Aviation fuel prices soared along with sharp increases in gasoline and Liquefied Petroleum Gas (LPG) prices,** attributed to refinery outages. **Airlines across the globe are grappling with a rise in jet fuel prices, which may have pushed many companies to cut capacity and raise fares.**

To ensure domestic availability, the Government of India has imposed an export levy of ₹21.5 per litre on diesel and ₹29.5 per litre on aviation turbine fuel (ATF) (Source: Ministry of Petroleum & Natural Gas, March 29, 2026). Further, in April 2026, the government decided to cap monthly increases in aviation turbine fuel prices for domestic flights at 25% with an aim to shield passengers from sudden fare increases (Data Source: Reuters).

JET FUEL PRICES: U.S. GULF COAST ($/GALLON)



Source: U.S. Energy Information Administration. Data as on March 27, 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).

Why did Gold prices decline despite global economic uncertainties?

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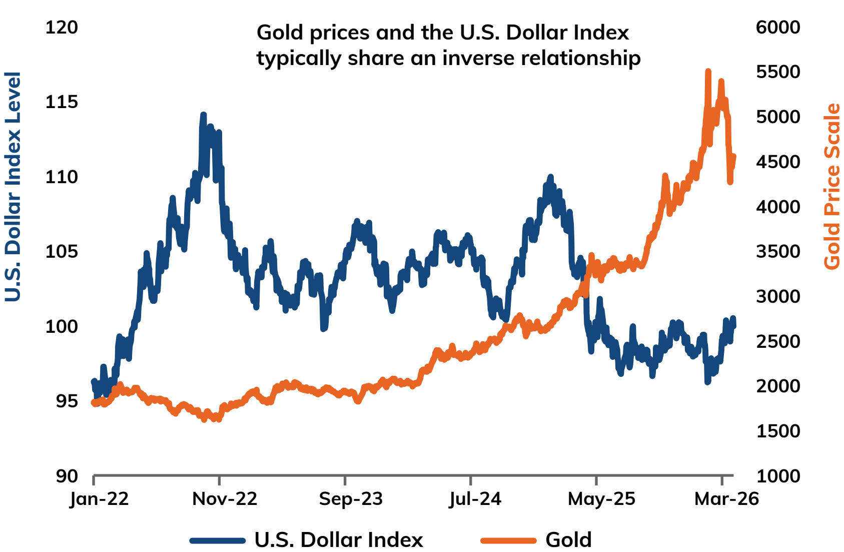
Gold prices corrected from $5,501/ounce on January 29, 2026 to around $4,553/ounce (LBMA price) on March 31, 2026 due to a combination of factors:

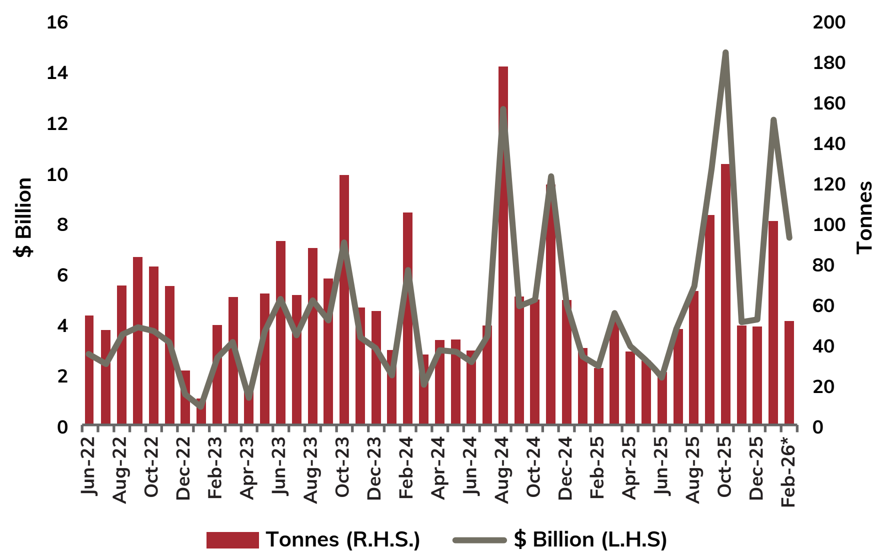
- **Strengthening of the U.S. Dollar: The U.S. Dollar Index recouped from 96 levels in January 2026 to 100 in March 2026,** owing to the safe-haven demand for U.S. assets. **Portfolio flows to emerging markets began to decline** amid deterioration in global risk sentiment.
- **Higher energy prices:** A combination of **surging oil prices, inflationary pressures, a stronger greenback and rising U.S. 10-Year Treasury yield** could reduce the appeal for precious metals like gold.
- **Profit taking:** After witnessing the yellow metal climb to record high levels in 2025, **investors may consider reallocating their capital towards other financial instruments.**

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



Source: LBMA: London Bullion Market Association. Reuters. Data as on March 31, 2026. U.S.: United States.

INDIA'S GOLD IMPORTS (TONNES AND $ BILLION)



Source: Ministry of Commerce and Industry, Centre for Monitoring Indian Economy (CMIE), World Gold Council. *February 2026 data includes World Gold Council estimates on import volumes.

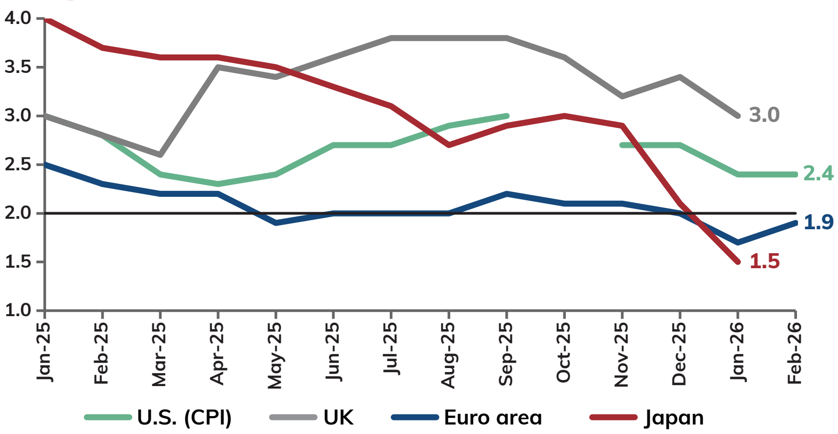
Silver prices also experienced a sharp correction to $72/ounce (LBMA price) on March 31, 2026 as demand shifted towards the U.S. dollar and fixed income assets.

Why did the U.S. Federal Reserve adopt a wait-and-watch approach?

Benchmark Interest Rate Unchanged: In March 2026, the U.S. Federal Reserve decided to maintain the federal funds target range at 3.5%-3.75%. This decision was influenced by **a complex macroeconomic backdrop, where inflation is somewhat elevated, job gains have moderated and tensions in West Asia have sparked a wave of uncertainties.**

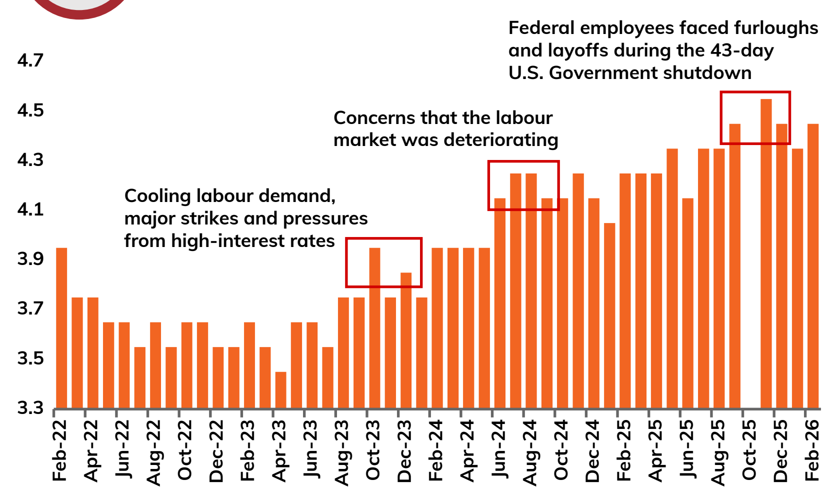
Inflation Levels: In February 2026, the U.S. Consumer Price Index stood at 2.4% on an annual basis. **Prolonged geopolitical tensions may result in increased prices of jet fuel, gasoline and other products refined from crude oil, which could exert upward pressure on overall inflation in the near term.**

HEADLINE INFLATION OF SELECT ADVANCED ECONOMIES (%)



Source: Reserve Bank of India Bulletin, March 2026. U.S.: United States. UK: United Kingdom. CPI: Consumer Price Index. US Inflation data is not available for October 2025 due to the U.S. Government shutdown.

U.S. UNEMPLOYMENT RATE (%)



Source: U.S. Bureau of Labor Statistics. The U.S. Unemployment data is not available for October 2025 due to the U.S. Government shutdown. U.S.: United States.

Labour Market: In February 2026, the U.S. non-farm payroll employment edged down by 92,000 and the **unemployment rate rose to 4.4%. During the month, decrease in health care employment was largely due to a strike at a major health care provider,** while jobs in information services were impacted by disruptions from Artificial Intelligence (AI).

Growth Prospects: While the U.S. economic growth forecast for 2026 was upgraded to 2.4% on the back of **resilient consumer spending and an increase in business investment, the Core Personal Consumption Expenditures (PCE) inflation forecast was increased to 2.7%, owing to lingering geopolitical risks.**

China sets the lowest GDP growth target in decades

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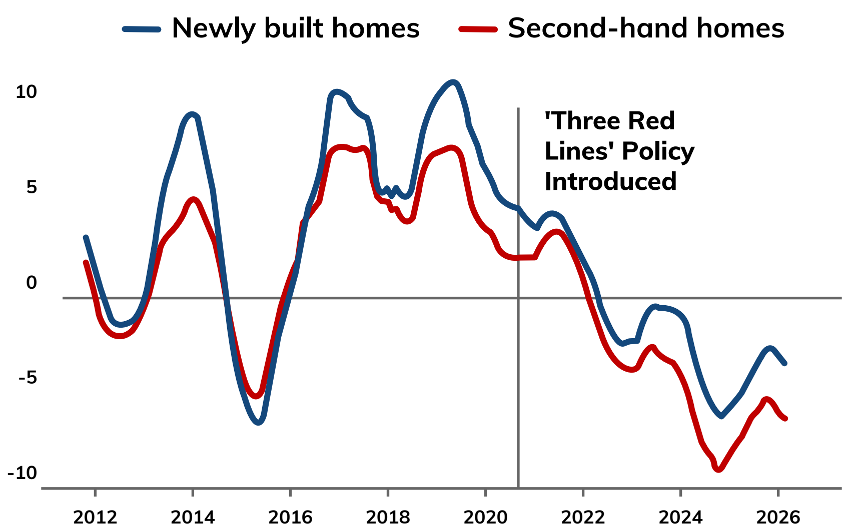
During January-February 2026, China's retail sales grew 2.8% year-on-year, buoyed by the Lunar New Year holiday consumption. Further, Industrial output rose 6.3% year-on-year, marking its fastest growth since September 2025.

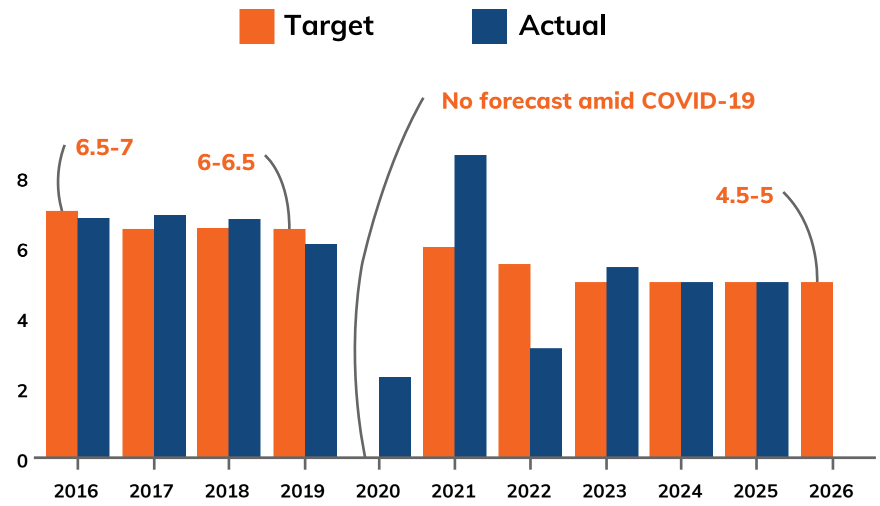
However, the economy continues to grapple with a sluggish property market, where indebted developers are saddled with stalled projects and unsold apartments. **Moreover, weak wage growth and a dwindling workforce pose challenges for China's manufacturing sector output. Considering the deep-seated structural issues, China's government has lowered the economic growth target at 4.5%-5%, which has been the lowest since 1991.**

YEAR-ON-YEAR CHANGE IN AVERAGE RESIDENTIAL PROPERTY PRICES ACROSS 70 MAJOR CITIES (%)



Source: Bloomberg calculations based on National Bureau of statistics Data.

CHINA ANNUAL GDP GROWTH: OFFICIAL TARGET vs ACTUAL (%)



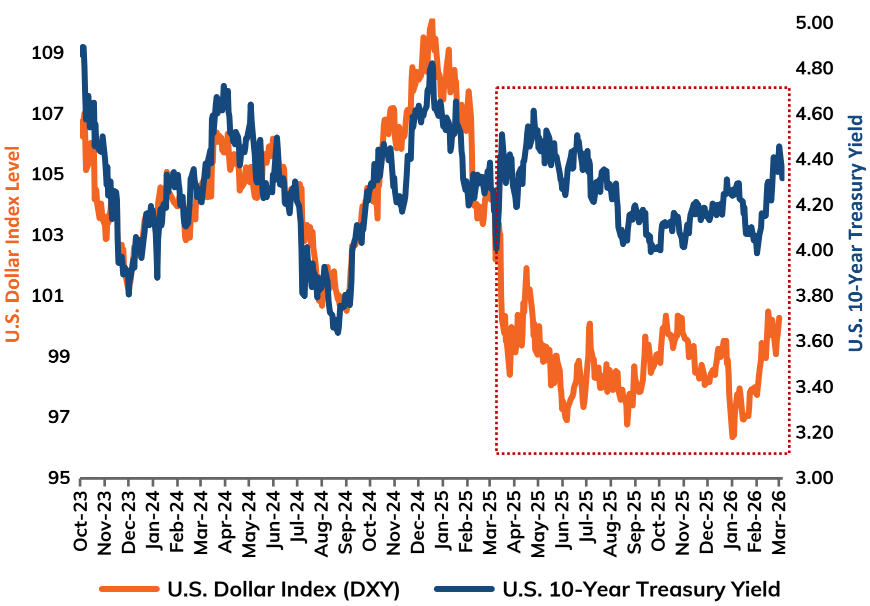
Source: National Bureau of Statistics, China, Nikkei Asia research.

Amid disruptions to key shipping routes following the West Asia conflict, China continues to build large crude stockpiles and diversify its energy sources. China's crude oil surplus reached 1.24 million barrels per day in January-February 2026, driven by high import volumes and increased stockpiling efforts (Data Source: Reuters).

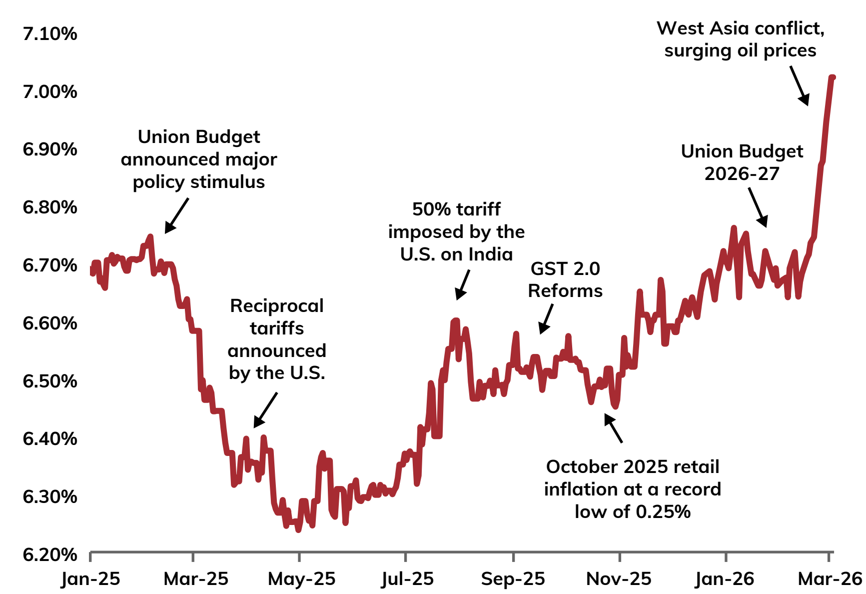
The trajectory of Bond Yield

Restrictions on oil vessels passing through the Strait of Hormuz and attacks on oil infrastructure in the Gulf have pushed up prices and reignited inflation concerns. Amidst the turmoil, investors shifted to the U.S. dollar and fixed income assets. **The U.S. 10-year Treasury yield rose to around 4.35% on March 30, 2026, owing to inflationary risks triggered by the West Asia conflict.**

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



INDIA 10-YEAR G-SEC YIELD (%)



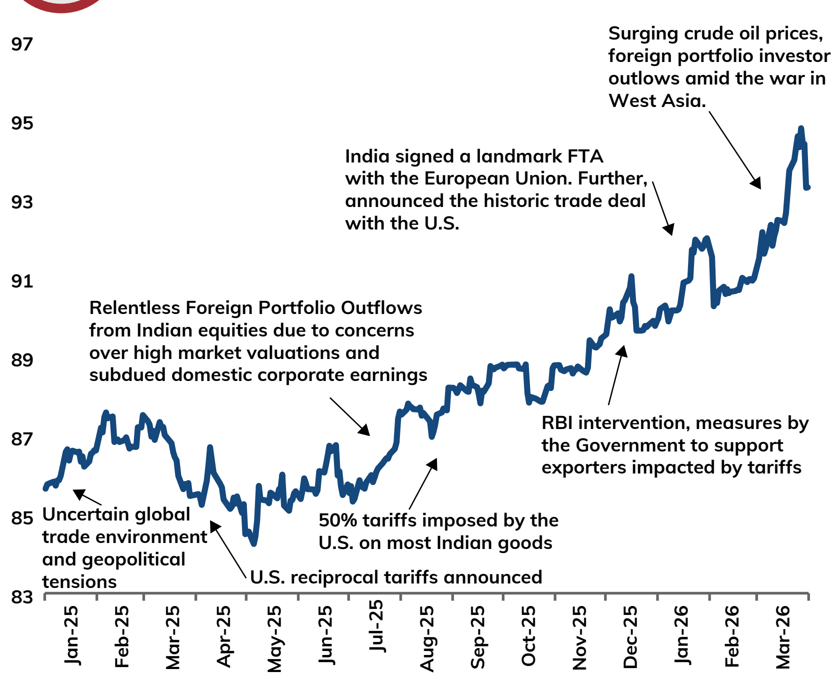
Source: Reuters. Data as on March 30, 2026. RBI: Reserve Bank of India. Moody's; Press Information Bureau news, G-sec: Government securities. U.S.: United States. GST: Goods and Services Tax.

India 10-year G-sec yield traded near 7.02% on March 30, 2026, driven primarily by a combination of factors: a) India relies heavily on imports for its oil requirements, raising concerns of upward pressure on inflation and a wider current account deficit. b) The government has implemented sharp excise duty cuts on petrol and diesel, which could impact government revenues. c) The Indian Rupee dwindled to 94 against the U.S. Dollar in March 2026, increasing costs for businesses dependent on imports of goods.

The plight of the Indian Rupee

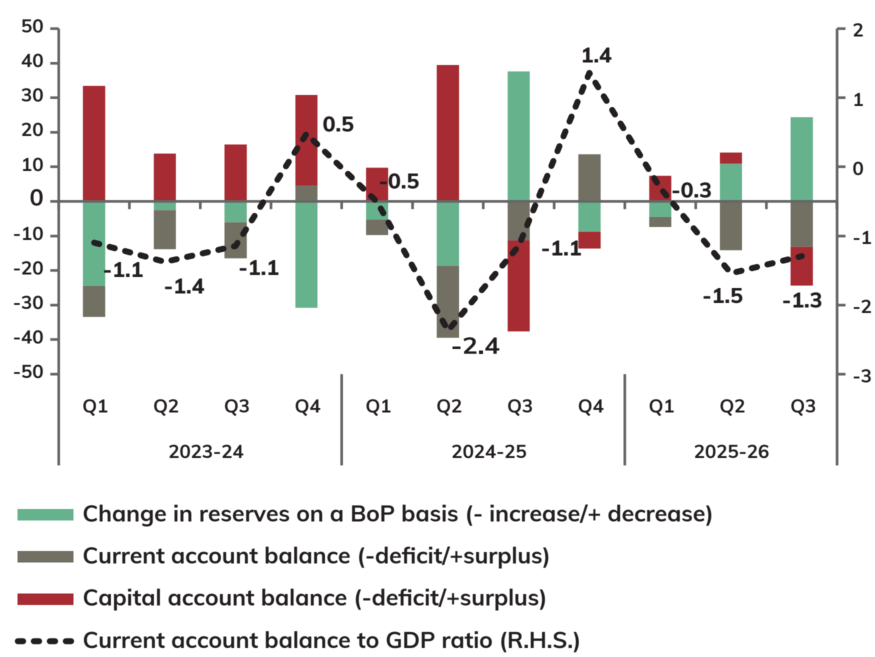
In March 2026, the Indian Rupee plummeted to 94 levels against the U.S. Dollar, weighed down by elevated crude oil prices and foreign capital outflows. Foreign portfolio investors offloaded Indian equities worth ₹1,17,775 crore in March 2026 as global investor sentiment deteriorated. **India's current account deficit widened to $13.2 billion (1.3% of GDP) in Q3FY26,** up from $11.3 billion (1.1% of GDP) in the same period last year, **driven by a higher merchandise trade deficit. Elevated crude oil prices could strain India's import bill** and further weaken the Indian Rupee.

USD/INR



Source: Reuters. Data as on March 31, 2026. U.S.: United States. INR: Indian Rupee. USD: U.S. Dollar. FTA: Free Trade Agreement.

INDIA'S CURRENT ACCOUNT DEFICIT



Source: Reserve Bank of India (RBI) Bulletin, March 2026. GDP: Gross Domestic Product. BoP: Balance of Payments. Q: Quarter. R.H.S: Right-hand side.

India's foreign exchange (forex) reserves stood at $698.35 billion during the week ended March 20, 2026. A healthy level of foreign exchange reserves could support the domestic currency and act as a buffer against global financial unrest.

India's Headline Inflation print inches up

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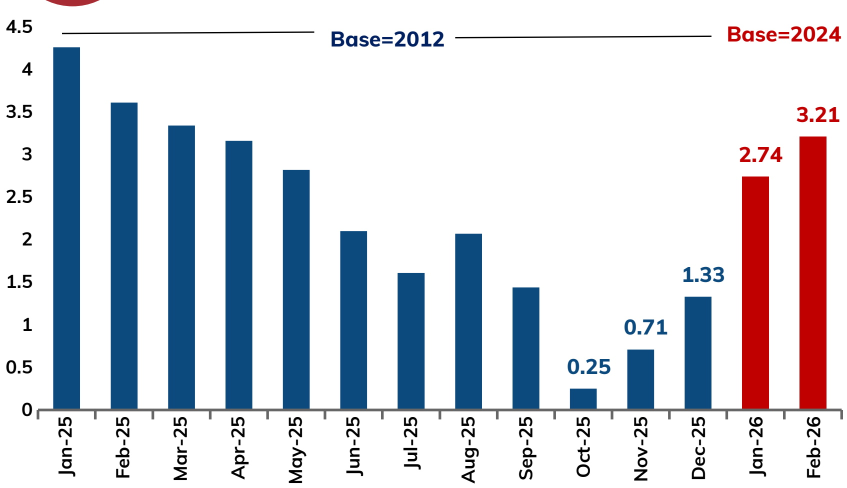
In February 2026, India's consumer price inflation rose to 3.21% year-on-year from 2.74% in January 2026, driven by an increase in inflation within the food and beverages basket. Precious metals under the **personal care, social protection and miscellaneous goods and service category** continued to remain the major drivers of core inflation. **Paan, tobacco and intoxicants registered an uptick in inflation due to a hike in Goods and Services (GST) rates effective February 01, 2026.**

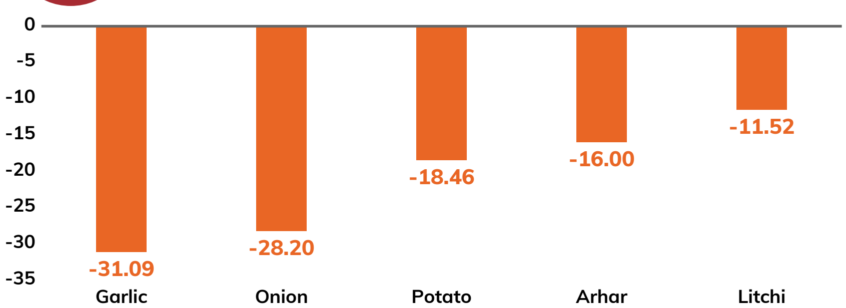
INDIA'S CPI INFLATION (YEAR-ON-YEAR GROWTH %)



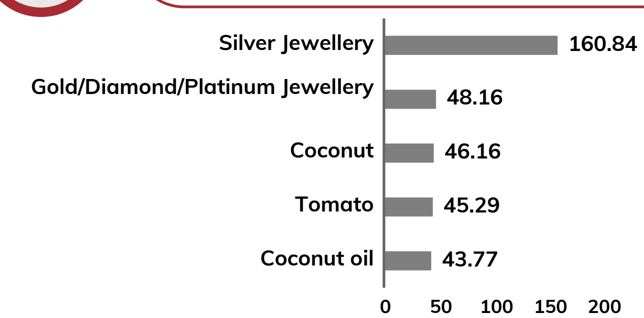
Inflation basis revised base year 2024	Jan 2026 Y-o-Y (%)	Feb 2026 Y-o-Y (%)
Food and beverages	2.11	3.35
Housing, water, electricity, gas and other fuels	1.53	1.52
Transport	0.09	-0.05
Clothing and footwear	2.98	2.81
Health	2.19	1.90
Personal care, social protection and miscellaneous goods and services	19.02	19.64
Furnishings, household equipment and routine household maintenance	1.45	1.40
Information and communication	0.16	0.25
Restaurants and accommodation services	2.87	2.73
Education Services	3.35	3.33
Paan, tobacco and intoxicants	2.86	3.49
Recreation, sport and culture	2.32	2.21

Among major vegetables, the prices of potato, tomato and onion softened significantly. On the other hand, there has been a broad-based increase in edible oils prices led by sunflower oil and groundnut oil. Rising crude oil prices amid global geopolitical tensions pose an upside risk to retail inflation.

TOP 5 ITEMS WITH LOW INFLATION IN FEBRUARY 2026 (%)



TOP 5 ITEMS WITH HIGH INFLATION IN FEBRUARY 2026 (%)

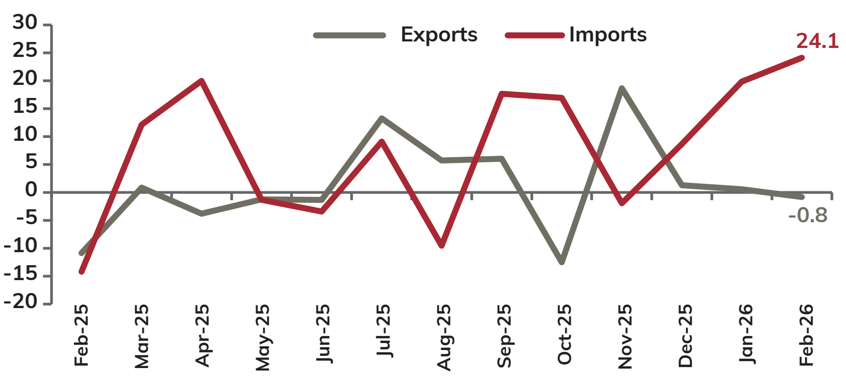


Source: Government of India, Ministry of Statistics and Programme Implementation (MoSPI), National Statistics Office. Y-o-Y: Year-on-Year. Data as on February 2026. Based on the New CPI (2024 =100) Series.

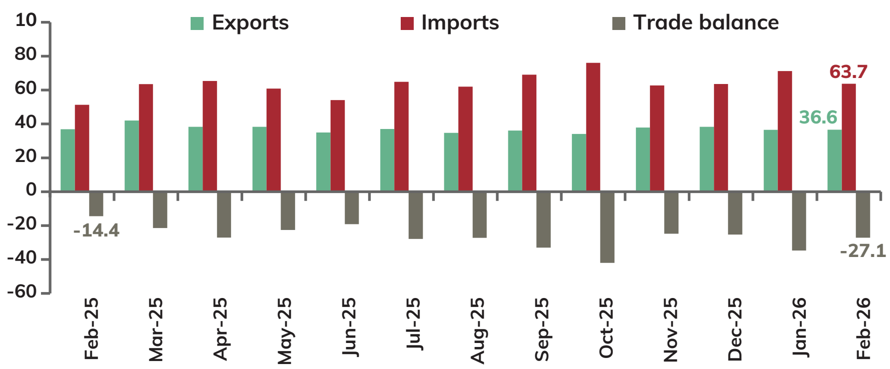
India's merchandise trade deficit narrows for a reason

India's exporters are navigating choppy waters amid disruptions in key maritime routes, increasing freight costs and delays in shipments. **In March 2026, the Government launched the ₹497 crore Resilience and Logistics Intervention for Export Facilitation (RELIEF) scheme to support exporters struggling with constraints** due to the West Asia conflict. **While India's merchandise exports remained resilient in February 2026, declining 0.8% year-on-year to $36.6 billion, merchandise imports surged 24.1% year-on-year** to $63.7 billion during the month. Consequently, **India's merchandise trade deficit narrowed to $27.1 billion in February 2026, down from $34.7 billion in January 2026.**

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

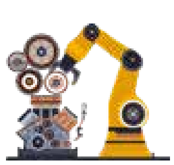


INDIA'S MERCHANDISE TRADE DEFICIT, EXPORTS AND IMPORTS ($, BILLION)



MERCHANDISE EXPORTS

In February 2026, Engineering goods, Electronic goods, Chemicals, Gems and Jewellery and Dairy products supported merchandise exports.

MERCHANDISE IMPORTS

In February 2026, Gold, Silver, Electronic goods, Machinery, Crude oil and Petroleum products drove merchandise imports.


Source: Reserve Bank of India (RBI) Bulletin, March 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 private sector activity slowed to its weakest pace since October 2022

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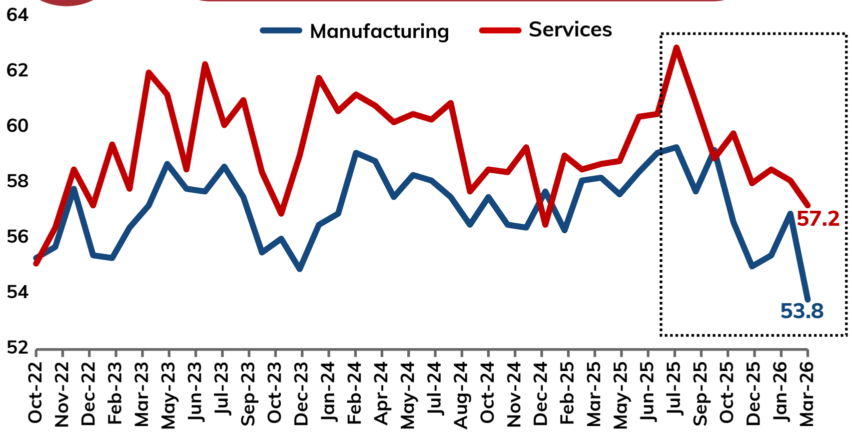
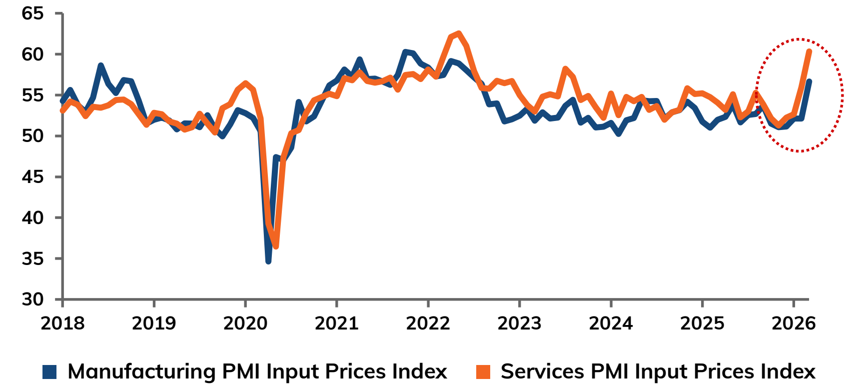
The HSBC Flash India PMI Composite Output Index, which measures the combined performance of India's manufacturing and services sectors, dropped to 56.5 in March 2026 from 58.9 in February 2026.

- **The West Asia conflict weighed on production growth:** Businesses indicated that demand was restricted amid unstable market conditions and inflationary pressures. In March 2026, the HSBC Flash India Manufacturing PMI fell to a four-and-a-half-year low of 53.8 from 56.9 in the previous month.
- **Rise in input costs:** Input costs increased with a rise in price for items including aluminium, chemicals, electronic components, energy, food, iron ore, leather, oil, rubber and steel.
- **Softer increases in new orders:** Service providers indicated a weaker upturn in business activity amid geopolitical risks, disruptions to international travel and intense cost pressures.

INDIA'S PURCHASING MANAGERS' INDEX (PMI)



INDIA'S PMI INPUT PRICES INDEX



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 March 24, 2026.

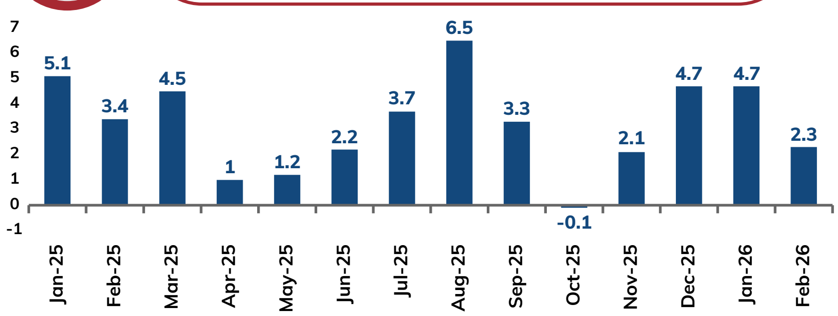
- **Hiring prospects:** Private sector companies continued to expand their capacities through staff recruitment, underpinned by confidence in the outlook for business activity, pending orders and pipelines of new work.
- **Future outlook:** Indian private sector firms are optimistic of an increase in output levels during the year on the back of efficiency enhancements, marketing campaigns and supportive government reforms.

India's core sector output slows down

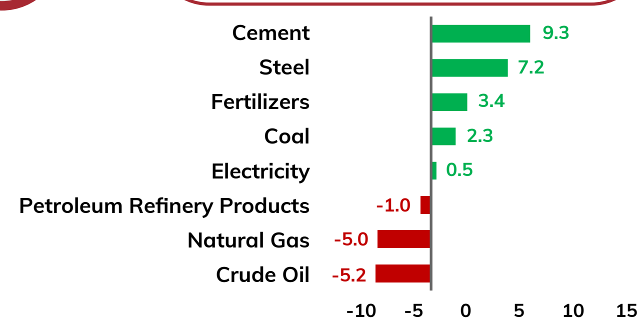
In February 2026, India's core sector output decelerated to a three-month low of 2.3% year-on-year, down from the revised 4.7% in January 2026. While construction-linked sectors such as **steel and cement continued to support industrial activity, weakness in energy production and softer electricity growth weighed** on the overall core infrastructure output.

The domestic production of petroleum products, oil and gas has been declining in recent months, which has now compounded due to external supply constraints. **Electricity demand moderated primarily due to lower usage of heating appliances, amidst above normal winter temperatures in February 2026. Conversely, the steel and cement output continued to grow, driven by housing construction projects and infrastructure development.**

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



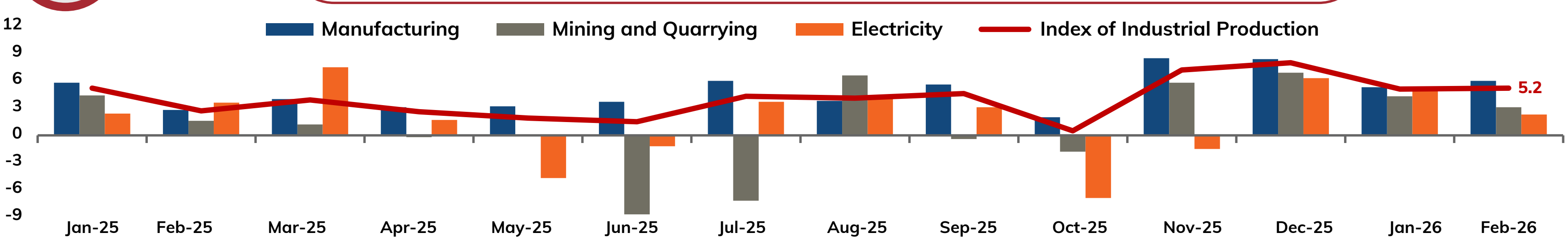
SECTOR OUTPUT GROWTH (YEAR-ON-YEAR, %)



Source: Ministry of Commerce and Industry. The eight core sectors are: Coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity. February 2026 print is provisional. The above data includes Year-on-year growth.

In February 2026, India's Index of Industrial Production (IIP) growth edged up to 5.2% from the revised print of 5.1% in January 2026, driven primarily by a recovery in the manufacturing sector.

INDEX OF INDUSTRIAL PRODUCTION - MANUFACTURING, MINING AND QUARRYING, ELECTRICITY (YEAR-ON-YEAR %)



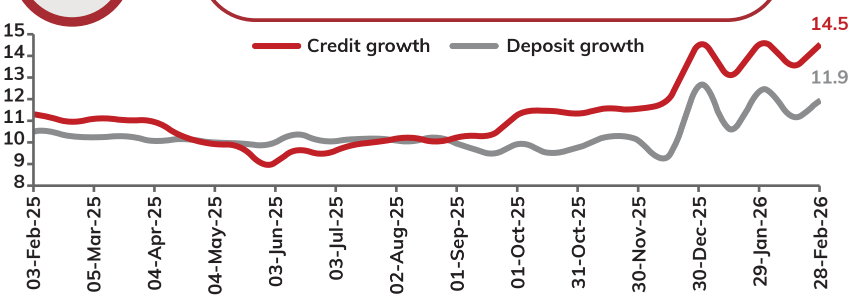
Source: Ministry of Statistics & Programme Implementation (MoSPI). Data as on February 2026. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

India's Bank Credit growth remains strong

ICICI PRUDENTIAL MUTUAL FUND

On February 28, 2026, India's bank credit registered a 14.5% year-on-year growth, driven by steady momentum in retail and MSME lending, increased NBFC-related exposures and a pickup in infrastructure financing.

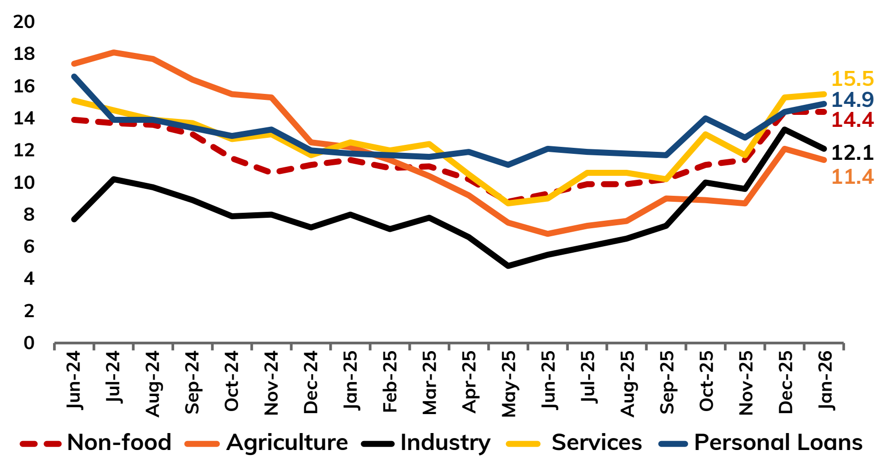
CREDIT AND DEPOSIT GROWTH (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI) Bulletin, March 2026. MSME: Micro, Small and Medium Enterprises. NBFC: Non-Banking Financial Company. Scheduled commercial banks' data is inclusive of regional rural banks. Data includes the impact of the merger of a non-bank with a bank. With the change in the definition of fortnight vide the Banking Laws (Amendment) Act, 2025, data for SCBs pertain to 15th and last day of the month, effective December 15, 2025.

In January 2026, non-food bank credit grew by 14.4% year-on-year, led by personal loans. Credit to services, including trade and NBFCs, remained healthy, supported by a gradual pickup in corporate borrowings.

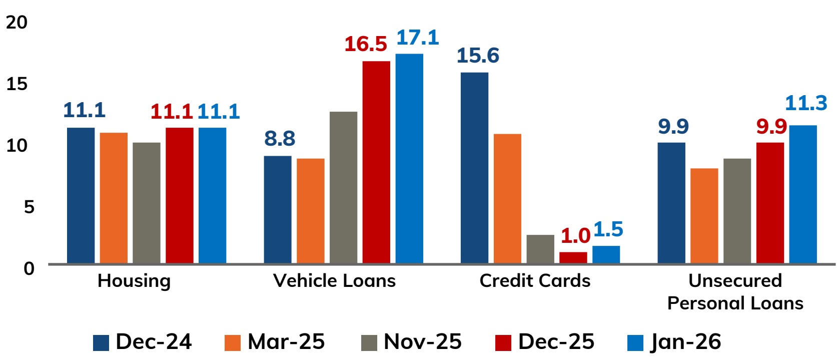
BANK CREDIT GROWTH ACROSS NON-FOOD SEGMENTS (YEAR-ON-YEAR, %)



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

In January 2026, personal loan growth remained stable across most key retail categories.

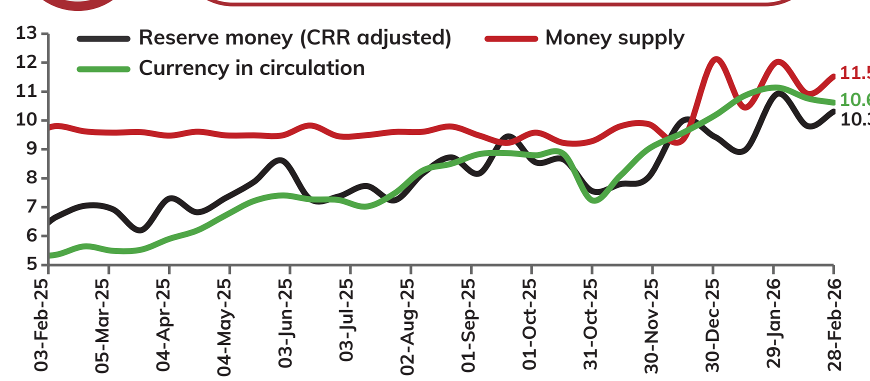
PERSONAL LOANS GROWTH ACROSS BROAD CATEGORIES (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI), CareEdge Ratings. Note: unsecured personal loans include consumer durables and other personal loans.

During February 2026, Reserve money (adjusted for CRR) largely maintained its growth trajectory.

SUSTAINED EXPANSION IN RESERVE MONEY AND MONEY SUPPLY (M_3)

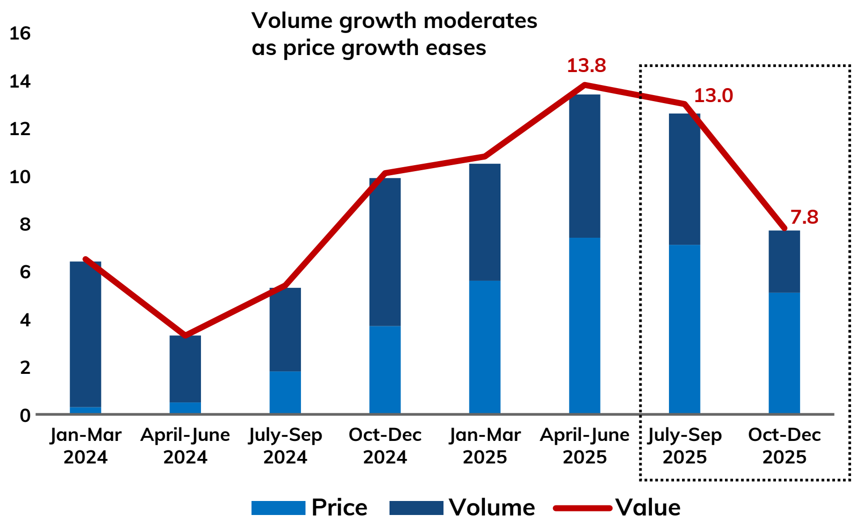


Source: Reserve Bank of India (RBI) Bulletin, March 2026. CRR: Cash Reserve Ratio. The above data is Year-on-Year %.

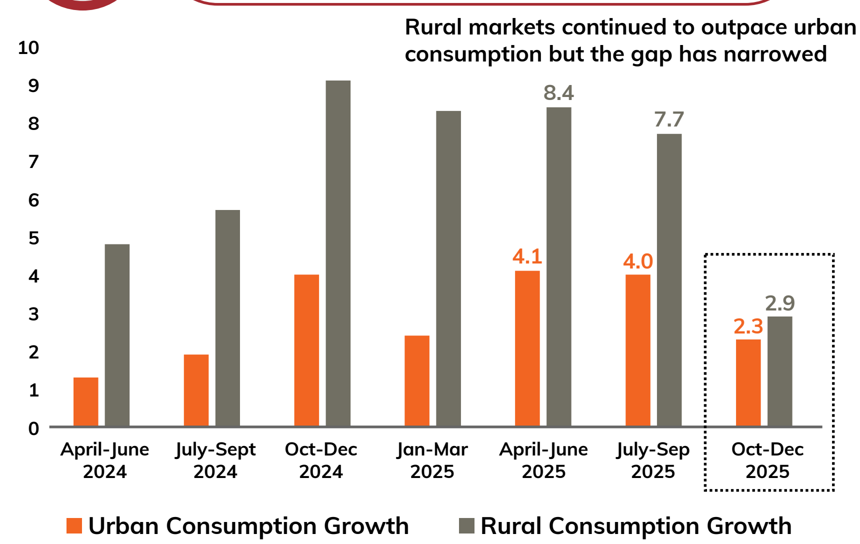
India's FMCG growth landscape rewired by reduction in GST rates

Nearly 60% of the FMCG portfolio underwent Goods and Services Tax (GST) rate revisions, effective September 22, 2025, requiring pricing adjustments across manufacturers, distributors and retailers. **In the October-December 2025 quarter, India's Fast-moving consumer goods (FMCG) sector recorded sluggish value growth of 7.8% year-on-year,** lower than the 13% growth recorded in the preceding quarter. The moderation reflects the **transitional adjustments linked to the rationalization of GST rates and a higher festive base in the previous year.**

FMCG GROWTH TREND OF INDIA (%)



FMCG VOLUME GROWTH FOR RURAL REGIONS AND URBAN MARKETS (%)



In the October-December 2025 quarter, rural regions recorded FMCG volume growth of 2.9%, moderating against a higher base. Meanwhile, urban markets witnessed growth of 2.3%, supported by a recovery in metro consumption and normalization in e-commerce demand.

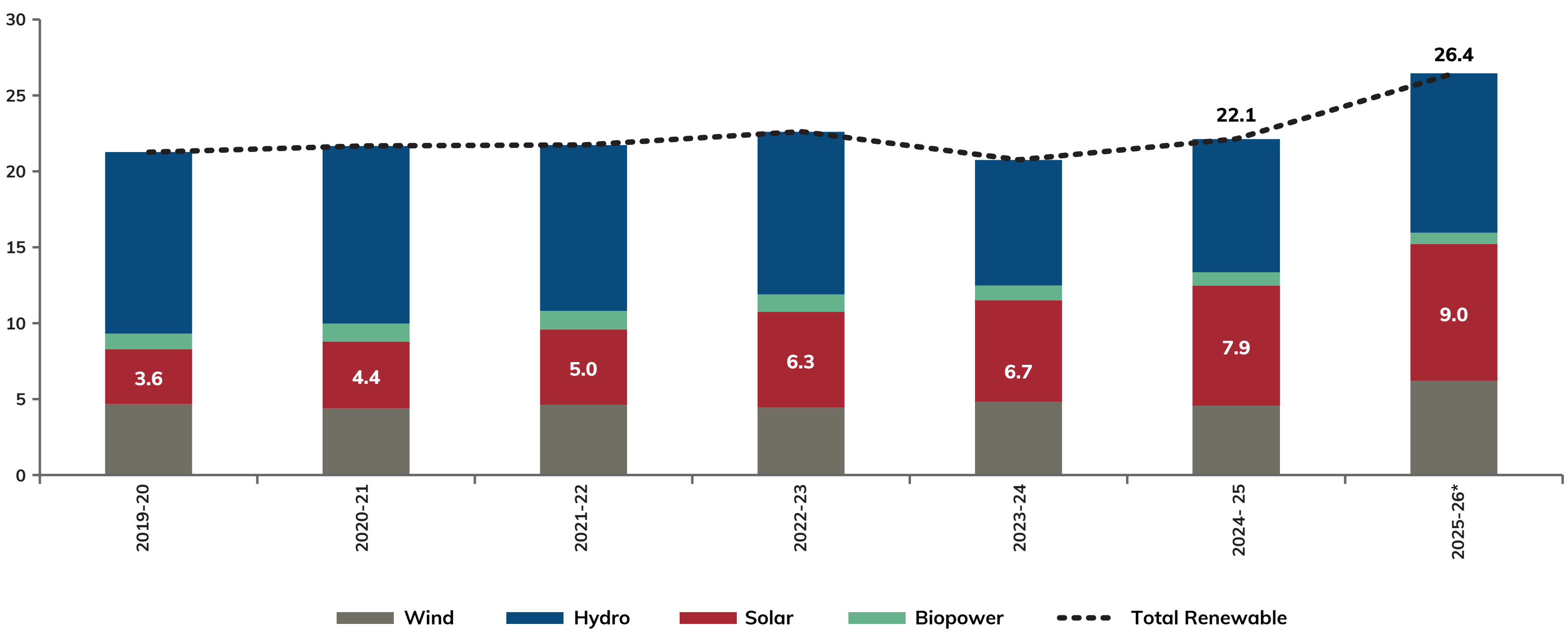
While large FMCG players implemented comparatively steeper price reductions to align with GST adjustments, **smaller manufacturers reinforced their competitive positioning by demonstrating greater agility in pricing and portfolio adaptation.**

Source: NielsenIQ, Report as on March 13, 2026. FMCG: Fast-Moving Consumer Goods. GST: Goods and Services Tax. 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 Renewable Energy to India

Above normal temperatures across most parts of India may lead to a rise in energy consumption during the summer months. **India's rapid expansion of electricity generation from renewable sources, particularly solar power,** could play a key role in meeting the country's increasing power demand. **As at end-February 2026, solar energy accounted for 54% of the total installed renewable energy capacity. The Pradhan Mantri Surya Ghar: Muft Bijli Yojana has been allotted ₹22,000 crore in Budget 2026-27,** which would facilitate continued adoption of solar energy at the household level while reducing electricity costs for consumers.

ELECTRICITY GENERATION FROM RENEWABLE RESOURCES (% OF TOTAL ELECTRICITY GENERATION)



Source: Reserve Bank of India Bulletin, March 2026. Central Electricity Authority and NITI Aayog Climate and Energy Dashboard. *Data up to January 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).

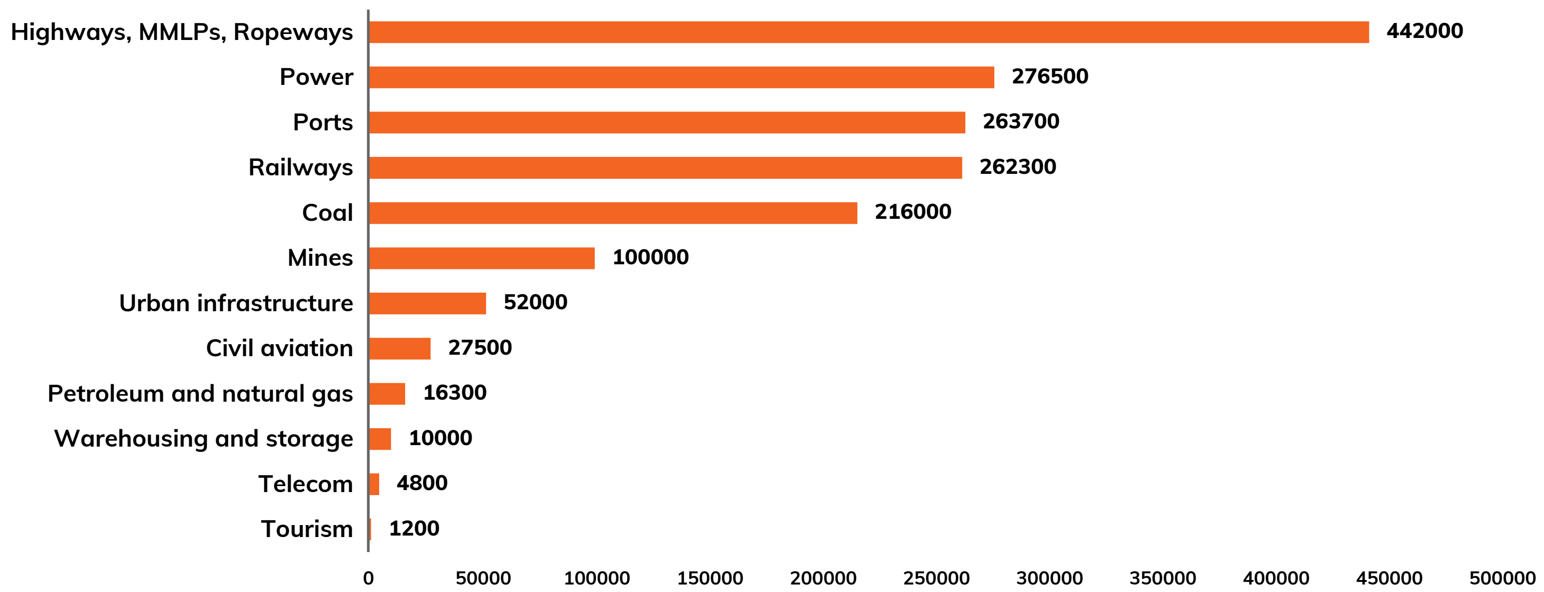
India’s National Monetisation Pipeline 2.0

ICICI PRUDENTIAL MUTUAL FUND

The National Monetisation Pipeline (NMP) enables recycling of productive public assets, thereby unlocking resources for reinvestment in new projects and capital expenditure. **In February 2026, the second phase of the asset monetisation pipeline of Central ministries and public sector entities, referred to as the ‘National Monetisation Pipeline 2.0’, was launched.**

The National Monetisation Pipeline 2.0 (NMP 2.0) is aligned with the mission of achieving Viksit Bharat through accelerated infrastructure development, which has the potential to fuel India’s growth momentum. **High-priority sectors include highways, logistics parks, power, ports and railways. The NMP 2.0 estimates aggregate monetisation potential of ₹16.72 lakh crore,** including private sector investment of ₹5.8 lakh crore under asset monetisation pipeline of Central ministries and public sector entities, over the five-year period from FY2026 to FY2030.

SECTOR-WISE NMP 2.0 AWARD TARGETS OVER FY2026-30 (₹, CRORE), TOTAL MONETISATION VALUE (TMV)



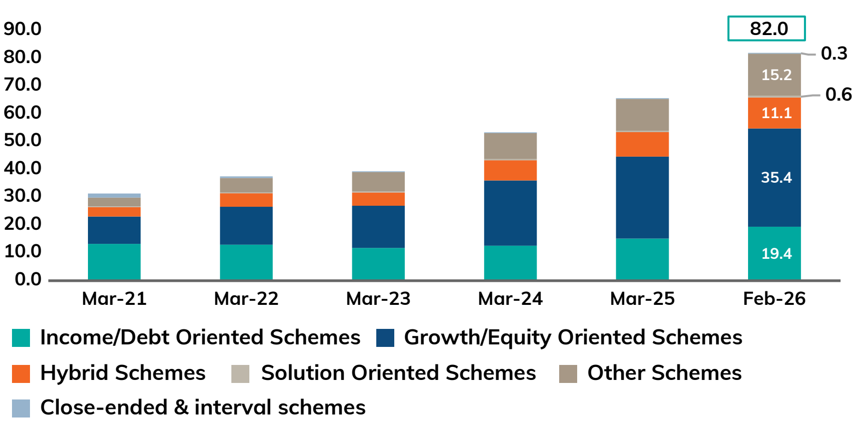
Source: NITI Aayog, FY: Financial Year. MMLPs: Multi-Modal Logistics Parks. NMP 2.0: National Monetisation Pipeline 2.0. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Growth trajectory of India's Mutual Fund Industry

ICICI PRUDENTIAL MUTUAL FUND

In February 2026, the Net Assets Under Management (AUM) of India's mutual fund industry grew 27.1% year-on-year to ₹82.03 lakh crore.

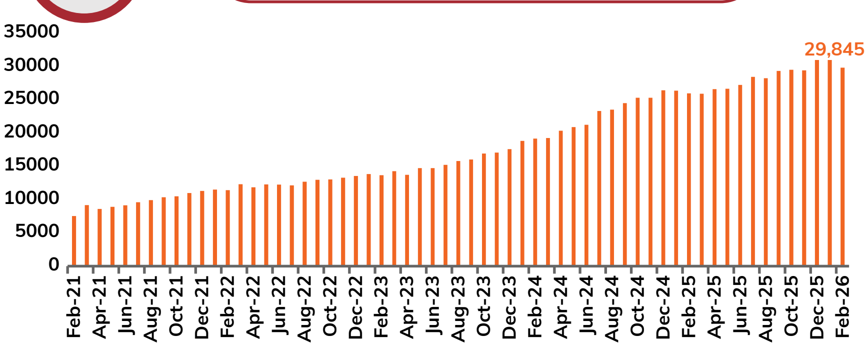
NET ASSETS UNDER MANAGEMENT (₹, LAKH CRORE)



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

In February 2026, Systematic Investment Plan (SIP) assets stood at ₹16.64 lakh crore with monthly contributions of ₹29,845 crore, denoting the inclination of investors towards long-term, disciplined investing.

SIP CONTRIBUTION (₹, CRORE)



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

In February 2026, the equity fund category witnessed net inflows of ₹25,978 crore, with flexi cap funds leading the pack, followed by mid cap funds.

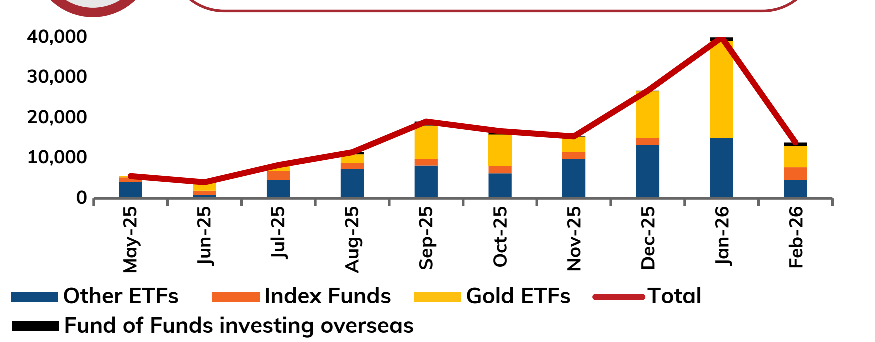
MONTHLY FLOW OF MUTUAL FUNDS (₹, CRORE)

Category	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
Equity	25,978	24,029	28,054	29,911	24,690	30,422	33,430
Debt	42,106	74,827	-132,410	-25,693	1,59,958	-101,977	-7,980
Hybrid	11,983	17,356	10,756	13,299	14,156	9,397	15,294
Others	13,879	39,955	26,723	15,385	16,668	19,057	11,437
Solution-oriented schemes	247	342	345	320	261	286	320
Closed-ended and interval schemes	336	-49	-59	-467	-77	-331	-58
Total	94,530	1,56,459	-66,591	32,755	2,15,657	-43,146	52,443

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

Gold ETF inflows dropped 78% to ₹5255 crore in February 2026 from ₹24,040 crore in the previous month amid rising inflation levels, driven by higher crude oil prices.

MONTHLY FLOW TREND OF PASSIVE SCHEMES (₹, CRORE)



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

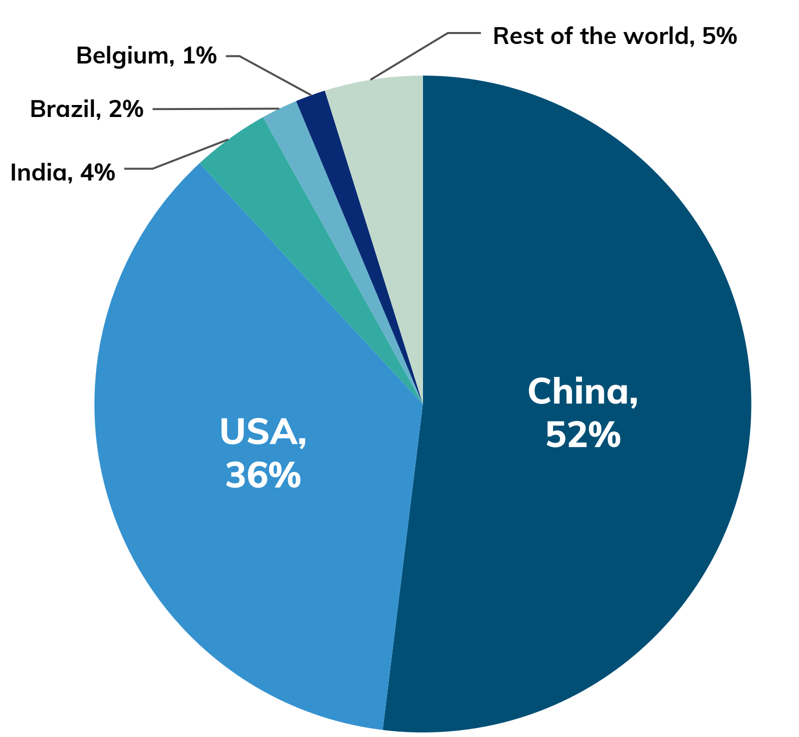
Global IPO Activity

ICICI PRUDENTIAL MUTUAL FUND

In February 2026, the sectoral composition of global Initial Public Offerings (IPOs) indicated a balanced yet strategic fundraising scenario. **Capital-intensive sectors such as Machinery (construction and industrials) led funds mobilization,** reflecting continued emphasis on infrastructure.

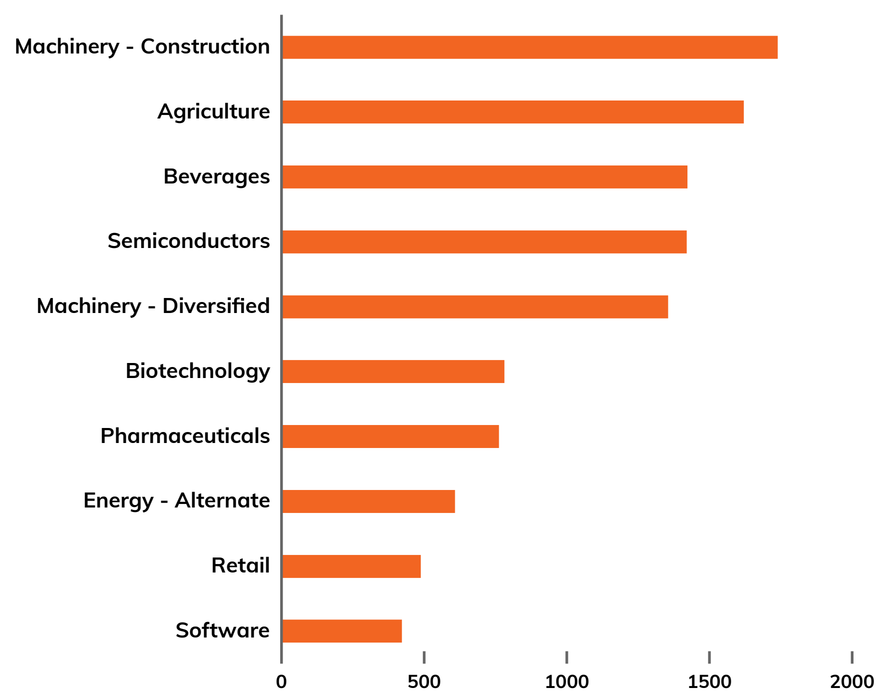
Essential consumption linked sectors like Agriculture & Beverages recorded strong activity, underscoring stable demand conditions. **Within technology related sectors, semiconductor witnessed higher mobilization** compared to Software. **Healthcare and energy maintained moderate presence.**

GLOBAL IPO AMOUNT RAISED (%)



Source: Bloomberg, SEBI Bulletin March 2026. Securities and Exchange Board of India (SEBI). IPO: Initial Public Offering. USA: United States of America. Data as on February 2026.

GLOBAL IPO MARKET SECTOR DISTRIBUTION ($, MILLION)



Source: SEBI Bulletin March 2026. Source: Bloomberg, Industry group and sector classification as per Bloomberg. Data as on February 2026. In addition to the above sectors, Others included $2862 million.

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The Narrative of High-Frequency Indicators

In February 2026, E-way bills continued to exhibit double-digit growth, supported by the Goods and Services Tax (GST) rate rationalization. **GST revenue strengthened, denoting sustained demand** and economic activity. **However, toll collections continued to decline** after the introduction of the FASTag Annual Pass scheme in August 2025.

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

Indicator	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
GST E-way bills	14.7	20.2	23.4	18.9	19.3	25.8	22.4	21.0	8.2	27.6	23.5	15.8	18.8
GST revenue	9.2	10.6	13.3	17.3	6.5	8.2	6.9	10.0	7.6	0.7	6.1	6.2	8.1
Toll Collection	18.7	11.9	16.6	16.4	15.5	14.8	12.7	4.5	4.6	2.9	0.4	-1.8	-8.7
Electricity demand	2.4	5.7	2.8	-4.8	-2.3	2.6	3.8	3.5	-5.8	-0.6	5.8	3.8	1.5
Petroleum consumption	-5.2	-3.1	0.2	1.1	0.5	-4.4	4.8	7.0	-1.5	0.6	4.6	2.8	5.8
Of which Petrol	5.0	5.7	5.0	9.2	6.8	5.9	5.5	8.0	7.4	2.6	7.1	6.1	6.1
Diesel	-1.3	0.9	4.2	2.1	1.5	2.4	1.2	6.5	-0.3	4.8	5.2	3.3	4.3
Aviation Turbine Fuel	4.2	5.7	3.9	4.4	3.3	-2.3	-2.9	-0.8	2.1	5.4	0.3	5.5	4.0
Digital Payments - volume growth	26.7	30.8	30.0	29.2	28.3	30.9	31.1	28.1	21.5	30.2	26.8	25.4	20.8
Digital payments - value growth	9.5	17.3	18.4	12.6	17.4	16.6	5.3	13.4	8.8	14.7	15.2	11.3	18.1

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

Source: Reserve Bank of India (RBI) Bulletin, March 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). Digital Payments data for February 2026 is provisional. 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.

Urban and rural market demand was driven by lower Goods and Services Tax (GST) rates, cash flows from the kharif harvest and the wedding season. The automobile sector witnessed continued growth momentum with **retail sales of two-wheelers, passenger vehicles and tractors reaching the highest-ever levels for February 2026.**

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

	Indicator	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Urban Demand	Domestic Air Passenger Traffic	12.1	9.9	9.7	2.6	3.7	-2.5	-0.5	-2.5	3.5	7.0	-4.9	3.1	-0.4
	Retail Passenger Vehicle Sales	-10.3	6.3	1.6	-3.1	2.5	-0.8	0.9	5.8	10.7	20.4	26.6	7.2	26.1
Rural Demand	Retail Automobile Sales	-7.2	-0.7	2.9	5.4	4.8	-4.3	2.8	5.2	40.5	2.1	14.6	17.6	25.6
	Retail Tractor Sales	-14.5	-5.7	7.6	2.8	8.7	11.0	30.1	3.6	14.2	56.5	15.8	22.9	36.4
	Retail Two-wheeler Sales	-6.3	-1.8	2.3	7.3	4.7	-6.5	2.2	6.5	51.8	-3.1	9.5	20.8	25.0

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

Source: Reserve Bank of India (RBI) Bulletin, February 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 January 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 Narrative of High-Frequency Indicators

ICICI PRUDENTIAL MUTUAL FUND

In February 2026, high-frequency indicators of industrial activity remained robust. Automobile production continued to record strong growth across major segments, supported by policy incentives and growing demand. Government capital expenditure and public infrastructure projects augur well for growth in the construction goods segment.

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

Indicator	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Automobile production	2.3	6.5	-1.7	5.2	1.2	10.7	8.1	10.8	-2.8	22.3	37.1	15.0	22.1
Passenger vehicle production	4.5	11.2	10.8	5.4	-1.8	0.1	-4.1	16.1	9.8	22.8	23.1	5.6	9.8
Tractor production	-7.8	18.5	20.5	9.1	9.8	11.5	9.4	23.0	13.0	37.5	57.9	14.6	80.0
Two-wheelers production	1.6	5.6	-4.1	4.7	1.4	12.3	10.0	9.8	-5.6	20.9	39.9	16.1	24.4
Three-wheelers production	6.5	6.0	4.1	16.9	8.6	24.0	15.8	15.9	15.9	55.4	39.6	33.2	29.9
Crude steel production	6.0	8.5	9.3	11.0	12.6	13.8	12.8	13.7	8.9	11.1	10.8	10.5	10.2
Finished steel production	6.7	10.0	6.6	7.0	10.9	13.8	13.8	14.0	7.2	12.4	10.9	11.0	8.0
Imports of capital goods	1.7	8.6	24.5	15.7	3.4	13.3	0.2	12.7	8.5	12.8	13.0	7.1	17.0

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

Source: Reserve Bank of India (RBI) Bulletin, February 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 and Tractor and Mechanisation Association. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series.

In February 2026, the Naukri JobSpeak Index displayed double digit growth in white-collar hiring, led by insurance, BPO/ ITES and real estate. The demand for work under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has declined, indicating the resilience of rural employment conditions and a **shift towards better job opportunities across industrial and other sectors.**

Robustness in High Frequency Indicators for Employment

Indicator	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26
Naukri Job Speak Index	4.0	-1.5	8.9	0.3	10.5	6.8	3.4	10.1	-9.3	23.5	13.2	3.4	11.9
PMI Employment: manufacturing	54.5	53.4	54.2	54.9	55.1	53.3	53.1	52.1	52.4	50.9	50.5	51.1	51.5
PMI Employment: Services	56.2	52.5	53.9	57.1	55.1	51.4	52.2	51.9	51.4	51.6	49.8	50.8	51.6
MGNREGA: Work Demand	2.8	2.2	-6.5	4.4	4.4	-12.3	-26.2	-27.1	-35.1	-32.0	-28.9	-25.7	-14.1

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

Source: Reserve Bank of India (RBI) Bulletin, February 2026. Ministry of Statistics and Program Implementation (MoSPI), Government of India, 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. 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

Global Inflation trend in February 2026: In the United Kingdom, inflation eased to its lowest level since March 2025, led by softer increases in transport and food prices, while inflation in the U.S. remained steady. Japan's inflation continued to ease, driven by softer food prices. Euro area inflation rose from a 16-month low in the previous month, driven by a notable acceleration in services inflation. Among major Emerging Markets and Developing Economies, China's Consumer Price Index (CPI) inflation rose to its highest level since January 2023, driven primarily by stronger consumer spending during this year's Lunar New Year festivities. CPI inflation in Brazil declined on account of easing food prices. In Russia, though inflation moderated, it remained elevated. South Africa's inflation fell to its lowest level since June 2025. (Source: Reserve Bank of India Bulletin, March 2026. U.S.: United States).

India's Wholesale Price Index (WPI): In February 2026, India's annual rate of Wholesale Price Index (WPI) climbed to a 11-month high of 2.13% (provisional), primarily driven by an increase in prices of other manufacturing, manufacture of basic metals, non-food articles, food articles and textiles etc. (Source: Ministry of Commerce & Industry).

Second advance estimates of the agriculture crop production: The second advance estimates of the agriculture crop production (kharif and rabi) placed total foodgrains production at a record level in 2025- 26. The foodgrains production in 2025-26 (kharif and rabi) stood at 348.7 million tonnes, which is 3.0% higher than the final estimates (kharif and rabi) of 2024-25. This year is marked by the record production of kharif rice, wheat, maize, kharif groundnut, rapeseed, mustard and sugarcane. (Source: Reserve Bank of India Bulletin, March 2026).

Agriculture Infrastructure Fund Strengthens Post-Harvest Infrastructure through Interest-Subvented Loans: The Agriculture Infrastructure Fund (AIF) is a Central Sector Scheme, which focuses on strengthening agri-logistics, reducing post-harvest losses, promoting modern storage, processing and value-addition facilities and improving farm-gate level infrastructure for efficient supply chains. Under the scheme, banks and financial institutions provide loans with 3% per annum interest subvention by the Government of India. Since inception of the scheme in July 2020 till January 26, 2026, ₹80,224.15 crore loan amount has been sanctioned for 1,50,431 projects under AIF, mobilizing the investment of ₹1,27,508 crore. (Ministry of Agriculture & Farmers Welfare, February 2026).

Other Key Developments

The Borrowing Plan of the Government of India for the first half of FY2026-27: The Union Budget estimated gross market borrowings of ₹17.20 lakh crore for FY2026-27. After switches were conducted, gross market borrowings were down at ₹16.09 lakh crore. Of ₹16.09 lakh crore, ₹8.20 lakh crore (51.0%) is planned to be borrowed in the first half of FY2026-27 through issuance of dated securities, including ₹15,000 crore of Sovereign Green Bonds (SGrBs). The Gross Market Borrowings of ₹8.20 lakh crore shall be completed through 26 weekly auctions. The market borrowing will be spread over 3, 5, 7, 10, 15, 30, 40 and 50 year securities. The share of borrowing (including SGrBs) under different maturities will be: 3-year (8.1%), 5-year (15.4%), 7-year (8.1%), 10-year (29.0%), 15-year (14.5%), 30-year (7.3%), 40-year (8.0%) and 50-year (9.6%) (Source: Ministry of Finance. FY: Financial Year).

Changes in guidelines on investments from countries sharing land border with India: In March 2026, the Cabinet approved changes in FDI policy to provide for a definitive timeline for investments in critical sectors requiring approval under Press Note 3. The new guidelines could provide the ease of doing business in India, facilitate investments which can contribute towards greater FDI inflows, access to new technologies, domestic value addition and integration with the global supply chain (Cabinet, Government of India, March 2026. FDI: Foreign Direct Investment).

The RBI directed banks to limit their net open positions on the Indian rupee: The central bank of India directed banks to limit their net open positions (NOP-INR) on the Indian rupee in the foreign exchange market to $100 million at the end of each business day. This directive, effective from March 27, 2026 is required to be complied by April 10, 2026. The cap could help limit excessive currency exposure by authorized dealers and facilitate exchange rate stability in a market that is grappling with global geopolitical risks, rising crude oil prices and outflows by Foreign Portfolio Investors. (Data Source: Reserve Bank of India. INR: Indian Rupee).

India's Unemployment Rate: After an increase in January 2026, the urban unemployment rate among persons aged 15 years and above declined to 6.6% in February 2026, falling below the December 2025 level. However, the rural unemployment rate remained unchanged at 4.2% (Source: Ministry of Statistics & Programme Implementation).

And it is a wrap for the month

The West Asia conflict and the U.S. investigations into trade practices of key trading partners have brought uncertainties regarding global energy security, U.S. import tariffs and global supply chains. The International Energy Agency has categorized this phase as 'the largest supply disruption in the history of the global oil market'. Reverberations of the energy shock transmitted rapidly to the financial markets.

India has progressively diversified its crude oil import sources and augmented its domestic refining capacity. Policy measures include invoking the Essential Commodities Act to ensure the supply of natural gas to critical industries, ramping up domestic refining of LPG and creation of an Economic Stabilisation Fund. Market participants now await further developments related to the geopolitical turmoil, commodity market movement, the Reserve Bank of India's monetary policy decision and the trajectory of inflation.

PICTURE OF THE MONTH

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