ICICI PRUDENTIAL MUTUAL FUND

THE MONTH GONE BY

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

An airline company, founded in 2003, gained reputation for its premium services, which included gourmet meals and comfortable seating. However, the company faced financial difficulties in 2008 due to a massive debt burden, high fuel costs and competition within the industry.

Consequently, the stock price fell from ₹94 in September 2008 to ₹22 in November 2008. Many investors purchased more shares at this price as they considered it to be a good buying opportunity. However, they felt trapped when the downtrend continued, dragging the stock price to ₹1 in 2015.



The above image is for illustration purpose only.

This incident captures a key lesson: Buying stocks of weak businesses just because it is available at lower prices could seem like catching a falling knife! Investors should give importance to the financial health of the company, the competitive positioning and the management quality to gauge the long-term growth prospects of a business.

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

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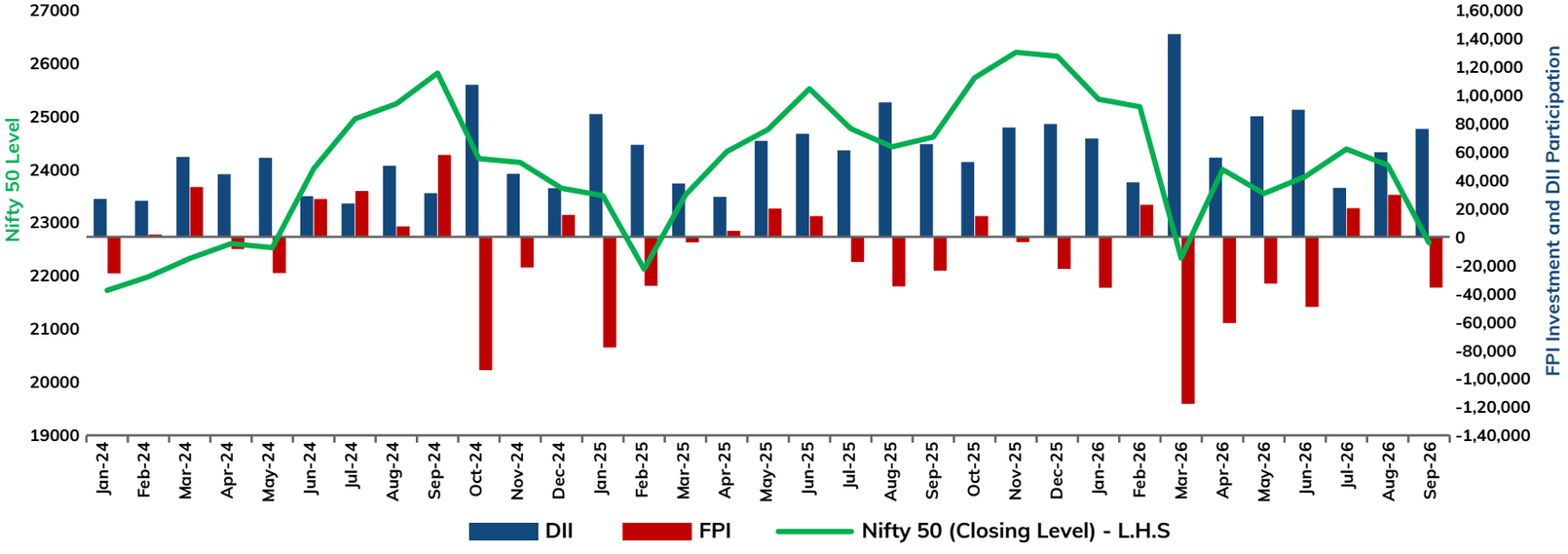
Equity markets navigate choppy waters



Global equity markets turned volatile in **September 2026, primarily driven by geopolitical turmoil, disruptions in energy supplies, inflationary concerns, trade fragmentation and the decision of the U.S. Federal Reserve to raise its benchmark interest rate.**

Despite global headwinds, India's economy recorded a strong growth rate of 7.8% year-on-year during the first quarter of FY 2026-27, underpinned by domestic consumption and investment. **Foreign Direct Investment (FDI) flows and healthy foreign exchange reserves** continue to support the external sector. **Merchandise trade deficit narrowed in** August 2026 on the back of strong export growth. **India's industrial production growth accelerated, led by robust expansion in manufacturing output.**

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



Source: National Securities Depository Limited (NSDL). September 2026 FPI and DII data as on September 30, 2026. FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. U.S.: United States. FY: Financial Year. Past performance may or may not sustain in future. L.H.S: Left-hand side.

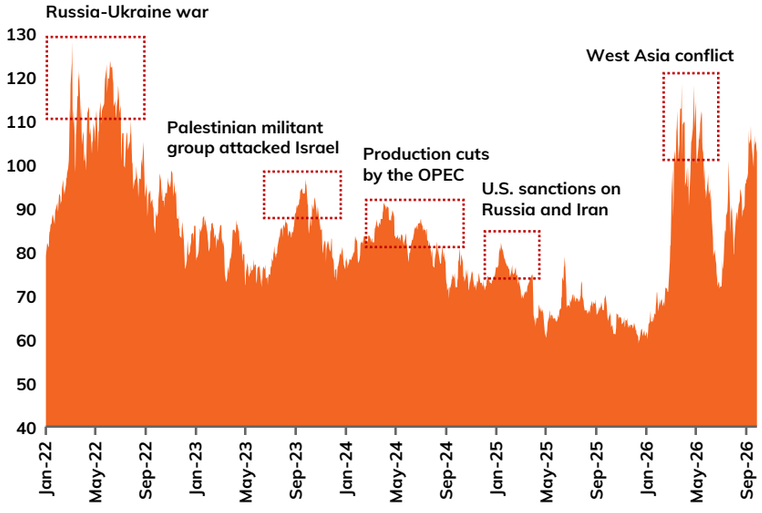
The erratic behaviour of Brent Crude Oil prices



Saudi Arabia temporarily shut its East-West oil pipeline on September 11, 2026 after drone strikes damaged key pumping stations. **This pipeline holds strategic importance as it carries crude from the eastern oil fields to the Red Sea port of Yanbu,** enabling Saudi crude to bypass the Strait of Hormuz. **Saudi Arabia began restoring pipeline operations in the last week of September 2026, bringing some relief to the oil market.**

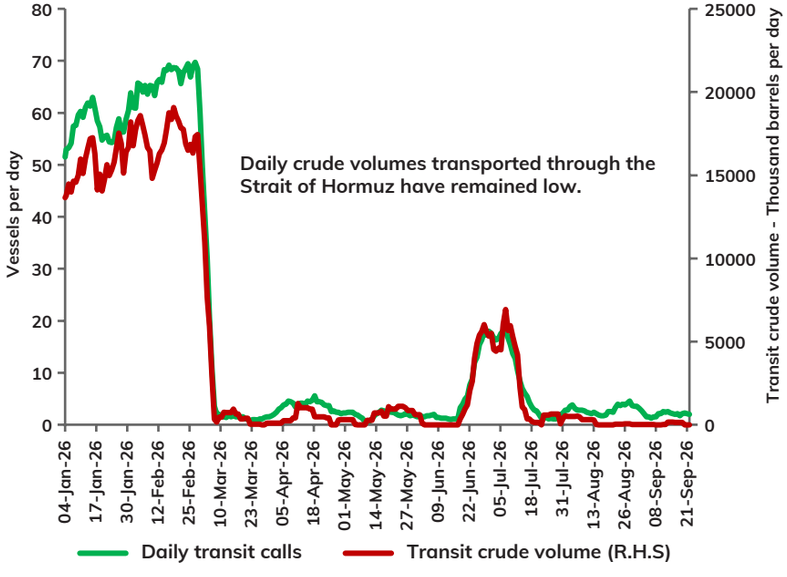
Brent crude oil prices remained elevated at $103/barrel on September 30, 2026 as persistent Ukrainian drone strikes on Russian oil refineries and the U.S. naval blockade targeting Iranian commercial ports continue to restrict the supply of key petroleum products.

BRENT CRUDE OIL PRICE ($/BARREL)



Source: Reuters. Data as on September 30, 2026.

STRAIT OF HORMUZ DAILY TRANSIT CALLS AND TRANSIT CRUDE VOLUME



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

The International Energy Agency reported that global oil inventories are depleting at a record pace, which could exhaust the market cushion that typically absorbs shocks and prevents extreme price volatility.

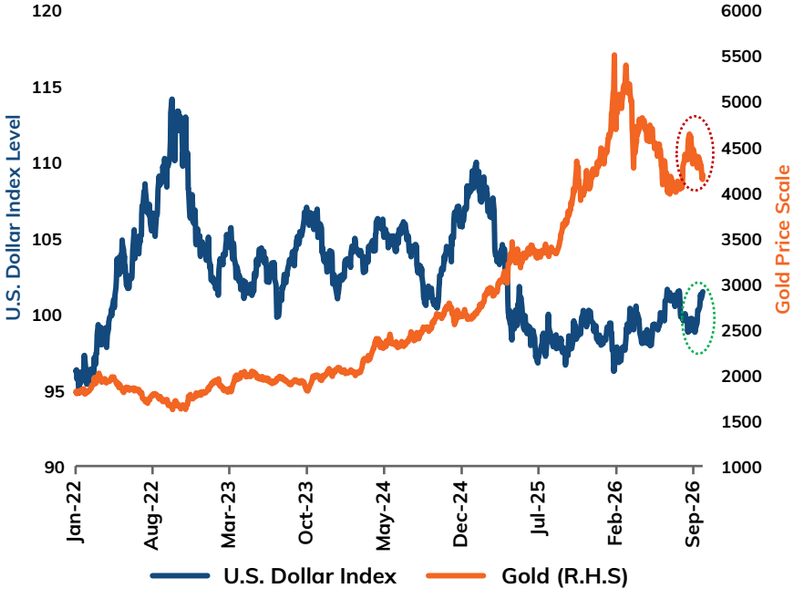
What could be the fate of Gold prices?



Gold prices fell from around $4,600/ounce levels in the last week of August 2026 to $4,188/ounce on September 30, 2026 (LBMA price) as the hawkish monetary policy shift by the U.S. Federal Reserve, higher U.S. Treasury yields and a stronger U.S. Dollar Index exerted downward pressure on the yellow metal.

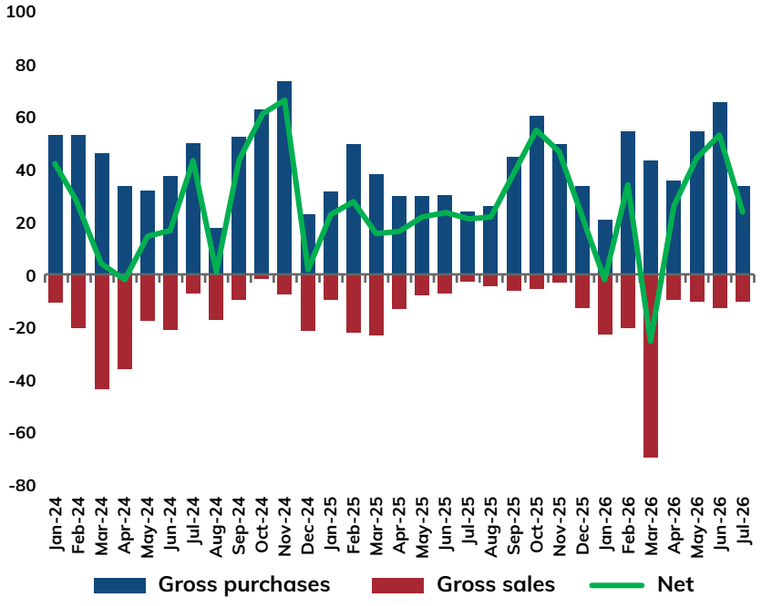
However, positive inflows into global gold Exchange Traded Funds (ETF) and gold purchases by central banks for diversification of reserves could provide some support to the yellow metal. As per the World Gold Council, **global central banks reported a net accumulation of 23 tonnes of gold in July 2026,** led by emerging market buyers like China and Poland.

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



Source: LBMA: London Bullion Market Association. Reuters. Data as on September 30, 2026. U.S.: United States. As on September 30, 2026, Gold price in India was around ₹1,47,888/10 gms. R.H.S: Right-hand side.

MONTHLY REPORTED CENTRAL BANK ACTIVITY (TONNES)



Source: International Monetary Fund (IMF), Respective central banks, World Gold Council. Report as on September 03, 2026.

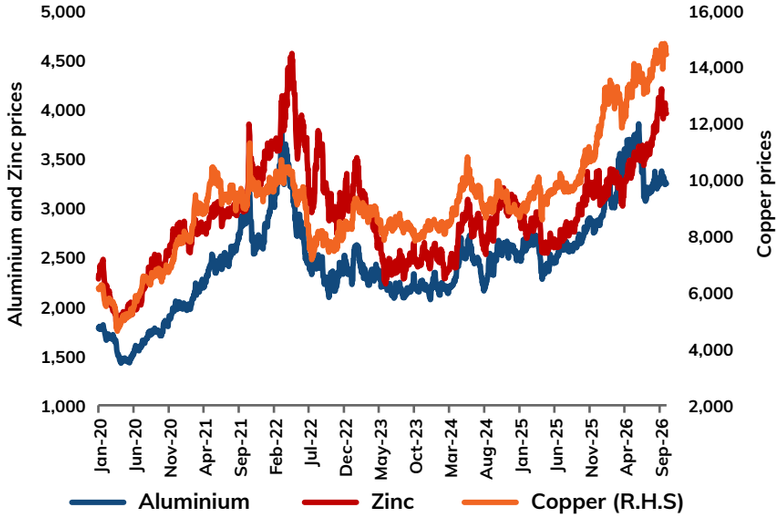
Lower inventories and steady global industrial activity lift prices of certain metals



Aluminium prices traded around $3,244/ton on September 30, 2026, influenced by a combination of factors like tightening global inventories, concerns over energy availability in key producing regions and strong demand from industries like transportation, construction, electrical infrastructure and renewable energy.

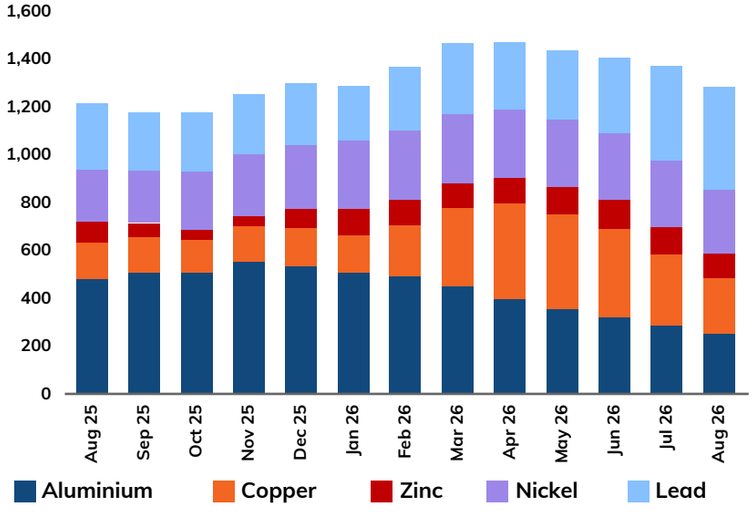
Copper prices climbed to a new high in September 2026 and settled around $14,435/ton on September 30, 2026 amid concerns over potential U.S. tariffs on refined copper and constrained supply. Chile, the world's leading exporter of copper, reported a sharp 9.4% year-on-year drop in copper production during July 2026, owing to unfavorable weather conditions, which hindered the normal production process.

ALUMINIUM, ZINC AND COPPER PRICES ($/TON)



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

INVENTORIES AT THE LONDON METAL EXCHANGE (THOUSAND TONNES)



Source: LME: London Metal Exchange, Thomson Reuters, OPEC: Organization of the Petroleum Exporting Countries Monthly Oil Market Report as on September 10, 2026.

Zinc prices increased in recent months amid output cuts by key global producers and shipping delays caused by the West Asia conflict. **Smelter maintenance across regions in China and energy curtailments forced local smelters to reduce refined zinc production, driving the global market into a deficit.**

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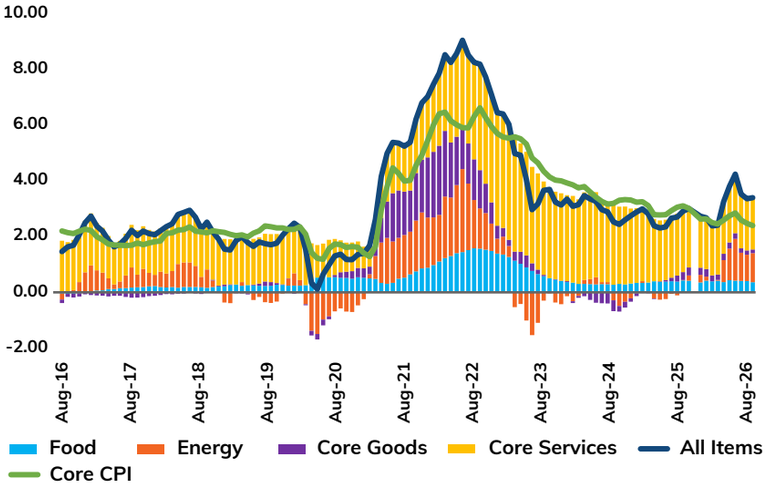
Why did the U.S. Federal Reserve hike interest rates?



In September 2026, the U.S. Federal Reserve raised its benchmark interest rate by 25 basis points to the target range of 3.75%-4.00%, marking the first rate increase in three years. While the U.S. economy continues to expand at a solid pace, **concerns loom around the impact of elevated inflation level, global import tariffs and massive artificial intelligence (AI) capital expenditure, compelling the central bank to increase interest rates.**

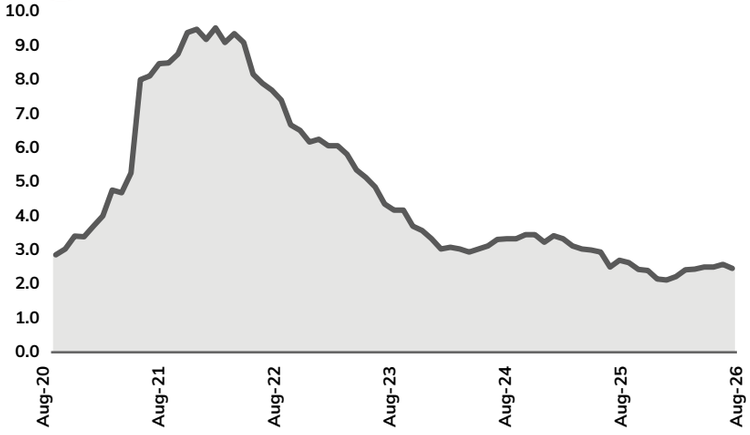
Inflation rate: The U.S. Consumer Price Index (CPI) inflation stood at 3.4% year-on-year in August 2026, which is still above the central bank's target of 2%. A significant driver has been renewed tensions in West Asia, which triggered global energy shocks and led to a spike in global energy prices.

U.S. CPI GROWTH (YEAR-ON-YEAR, %)



Source: CRISIL, Refinitiv. Data as on August 2026.

INDEED WAGE GROWTH TRACKER (%)



Source: Indeed, FRED, U.S. Bureau of Labour Statistics. Data as on August 2026.

Labour market: U.S. wage growth slowed down and the U.S. unemployment rate stood at 4.1% in August 2026. While employment increased in food services and local government education, the information industry lost jobs.

Projections: The U.S. Federal Reserve has projected real GDP growth at 2.3% for 2026 and 2.4% for 2027. Further, PCE inflation is expected to stand at 3.7% in 2026 and cool toward 2.0% by 2029.

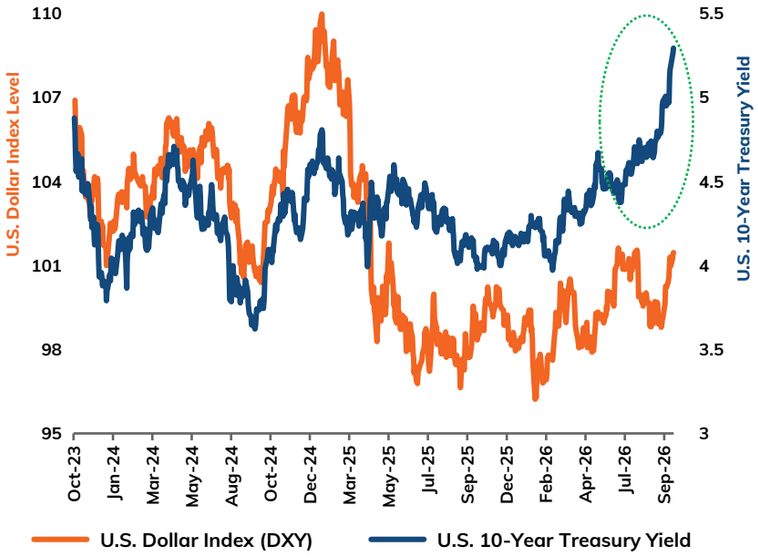
GDP: Gross Domestic Product. PCE: Personal Consumption Expenditures Price Index. U.S.: United States. CPI: Consumer Price Index. The sector(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

The trajectory of Bond Yields

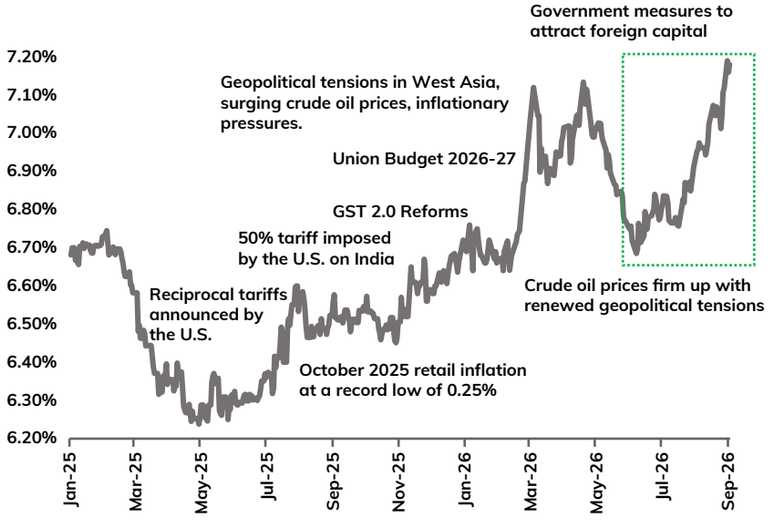


Global bond yields have surged due to various reasons like the ongoing U.S.-Iran war, elevated crude oil prices and fears related to the Artificial Intelligence (AI)-boom. Further, the total U.S. debt moved past the $40 trillion mark in August 2026, leading to concerns around the long-term fiscal stability of the economy. **The U.S. Federal Reserve's policy rate hike in September 2026 has exerted upward pressure on the U.S. Treasury yields** despite the announcement of larger long-end buybacks intended to provide temporary relief. **The interest rate hike is likely to increase borrowing costs across mortgages, auto loans, commercial financing and other types of loans.**

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



INDIA 10-YEAR G-SEC YIELD (%)



Source: Reuters. Data as on September 30, 2026. U.S.: United States. Moody's, Press Information Bureau news, G-sec: Government securities. GST: Goods and Services Tax. FY: Financial Year.

India 10-Year G-sec yield hardened to around 7.18% on September 30, 2026 amid volatility in crude oil prices. Driven by food and fuel prices, India's retail inflation inched up to 4.82% year-on-year in August 2026 from 4.45% in July 2026. **The Indian Rupee continued to weaken against the U.S. Dollar** amid concerns that elevated crude oil prices could strain the country's import bill.

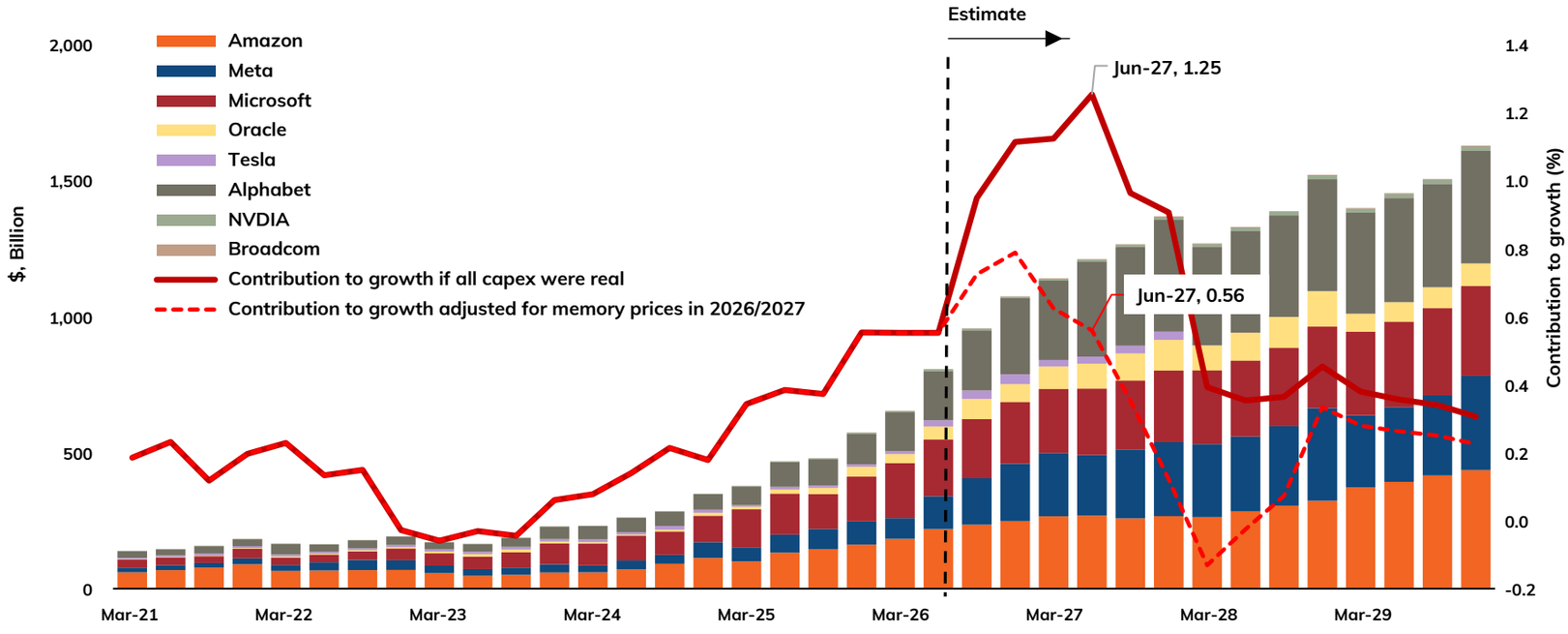
Delving into the Artificial Intelligence buildout



U.S. companies are investing massively into data centers, specialized microchips and software development to support the growing demand for artificial intelligence. **Semiconductors have become essential** for cloud computing and digitization. **Memory chips used to store data in servers and cloud infrastructure are also witnessing increased demand.**

While artificial intelligence enhances workflows, there is also a dark side like **heavy debt-financed spending by tech hyperscalers. Further, extensive data center construction could raise utility costs and strain energy grids.**

AI CAPEX ($, BILLION) AND CONTRIBUTION TO GROWTH (%)



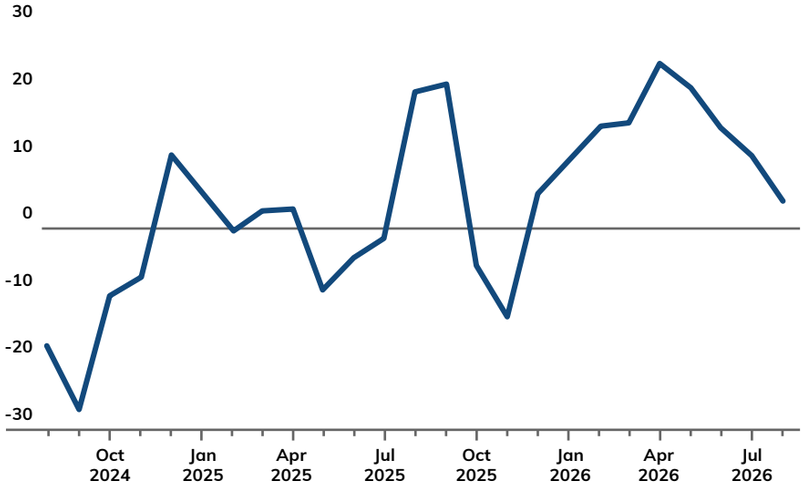
Source: UBS, Haver. Reference: Memory inflation may erode Artificial Intelligence (AI) capex's growth contribution. The chart above shows annualized increases in AI capex (bars) and the implied GDP contribution if all spending growth reflected higher volumes rather than higher prices (red line). Capex: Capital expenditure. 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).

China’s industrial profit growth slows further



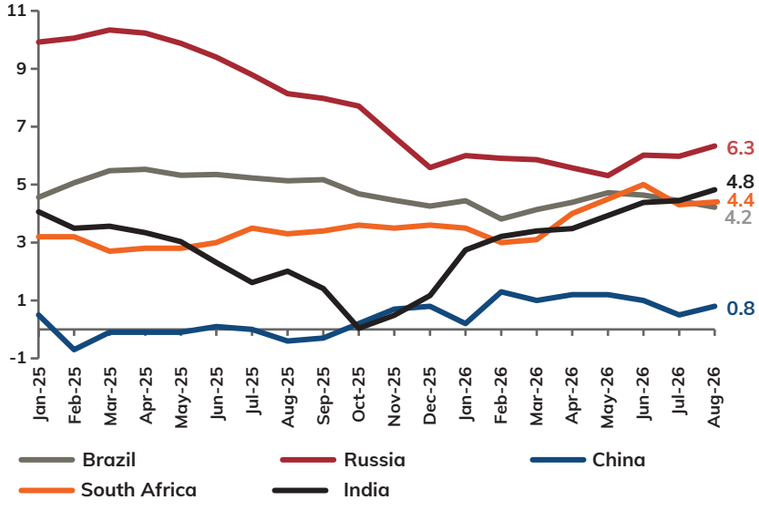
China’s industrial profit growth slowed sharply to 4.2% year-on-year in August 2026, down from 11.2% in July 2026 due to weak domestic demand and excess capacity in certain industries. China’s retail sales growth slowed to 0.4% year-on-year in August 2026, weighed down by a decline in automobile purchases and other high-ticket consumer goods. **China's consumer price inflation picked-up to 0.8% year-on-year in August 2026, driven by rising energy costs and seasonal food increases.**

CHINA’S INDUSTRIAL PROFIT GROWTH (YEAR-ON-YEAR, %)



Source: National Bureau of Statistics. January and February numbers are combined.

HEADLINE INFLATION ACROSS EMERGING MARKET ECONOMIES (%)



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

China’s fixed-asset investment plunged 7.2% year-on-year in the first eight months of the year, reflecting the drag from sluggish property activity. **In September 2026, China decided to inject a combined $54 billion into certain state-owned banks and insurers to strengthen capital buffers and support lending activities.** Further, the People's Bank of China announced that it would **cut the rate on its pledged supplementary lending (PSL) by 25 basis points and the rate on one-year PSL to 1.5% from 1.75%,** which would help boost household demand.

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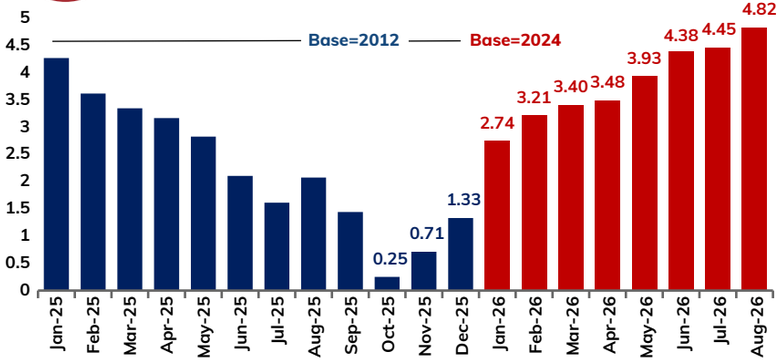
India's Retail Inflation edges up



India's retail inflation, based on the Consumer Price Index (CPI), inched up to 4.82% year-on-year in August 2026 from 4.45% in July 2026, driven by higher food prices coupled with a pick-up in fuel and core components. **Food inflation rose to 5.95% year-on-year in August 2026, owing to uneven rainfall across regions of India** and higher imported energy costs. **Edible oil prices registered a broad-based increase, led by mustard and palm oil.**

Fuel inflation rose sharply to 5.2% year-on-year in August 2026 from 4.6% in July 2026, driven by persistent supply constraints amid the ongoing West Asia conflict. **Core inflation ticked up to 4.2% in August 2026 after remaining steady at 3.9% for three consecutive months,** largely driven by higher inflation in 'personal care, social protection and miscellaneous goods and services' as well as 'restaurant and accommodation services' groups.

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



Inflation basis revised base year 2024	July 2026 Y-o-Y (%)	Aug 2026 Y-o-Y (%)
Food and beverages	5.24	5.66
Housing, water, electricity, gas and other fuels	2.16	2.61
Transport	4.43	4.60
Clothing and footwear	3.38	3.56
Health	1.34	1.34
Personal care, social protection and miscellaneous goods and services	14.77	15.17
Furnishings, household equipment and routine household maintenance	2.40	2.68
Information and communication	0.63	2.01
Restaurants and accommodation services	7.72	8.38
Education Services	3.64	3.73
Paan, tobacco and intoxicants	4.79	4.71
Recreation, sport and culture	1.64	1.74

TOP 5 KEY ITEMS WITH LOW INFLATION IN AUGUST 2026


Tomato


Potato


Motor car and Jeep


Okra


Ivy gourd

TOP 5 KEY ITEMS WITH HIGH INFLATION IN AUGUST 2026


Silver Jewellery


Ginger


Garlic


Gold/Diamond/Platinum Jewellery


Onion

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

India's Merchandise Trade Deficit narrowed to its lowest level in FY 2026-27 so far in August



India's efforts to negotiate Free Trade Agreements with key partners has helped expand market access. Merchandise trade deficit narrowed to $26.9 billion in August 2026 from $32.0 billion in July 2026, driven by strong export growth and a sharp decline in gold imports. India's gold imports plunged 57.7% year-on-year to $2.3 billion in August 2026, reflecting a moderation since the 15% import duty levied in May 2026.

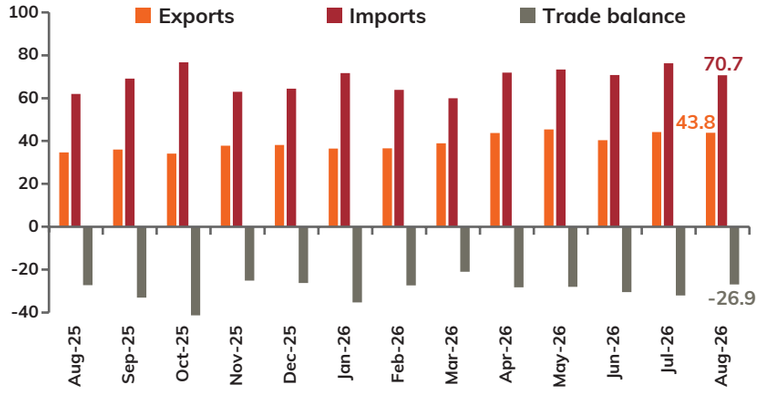
INDIA'S MERCHANDISE EXPORTS AND IMPORTS (YEAR-ON-YEAR GROWTH, %)



India's merchandise exports grew 26.1% year-on-year to $43.8 billion in August 2026, accelerating to its highest rate since June 2026, driven by electronic goods, engineering goods and petroleum products.

While exports to West Asia dropped, merchandise exports to the U.S. increased by 21.8% year-on-year in August 2026 and shipments to China rose by 52.4% year-on-year.

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



India's merchandise imports grew 14.1% year-on-year to $70.67 billion in August 2026, driven by electronic goods, petroleum products and crude oil.

Merchandise imports from Oman, Brazil and Nigeria continued to grow, partly reflecting crude import diversification amid the West Asia conflict.









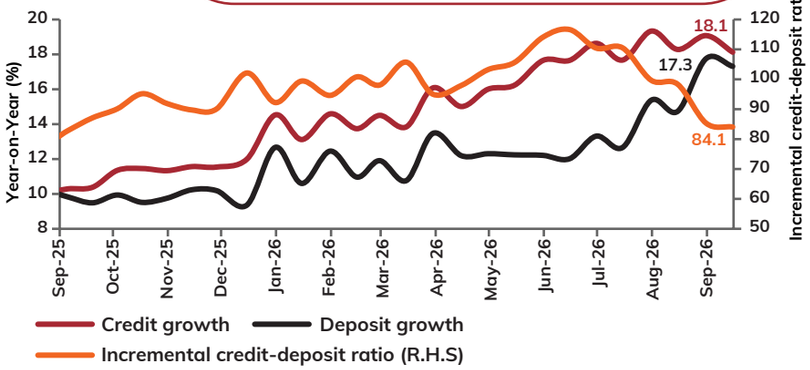
Source: Reserve Bank of India (RBI) Bulletin, September 2026. DGCI&S: Directorate General of Commercial Intelligence and Statistics. Press Information Bureau. U.S.: United States. FY: Financial Year. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

India's Bank Credit growth maintained its momentum while Deposit Growth picked up



During August 2026, India's bank deposit growth climbed to its highest level in the past 15 years, underpinned by robust FCNR(B) inflows, which led to a moderation in the incremental credit-deposit ratio.

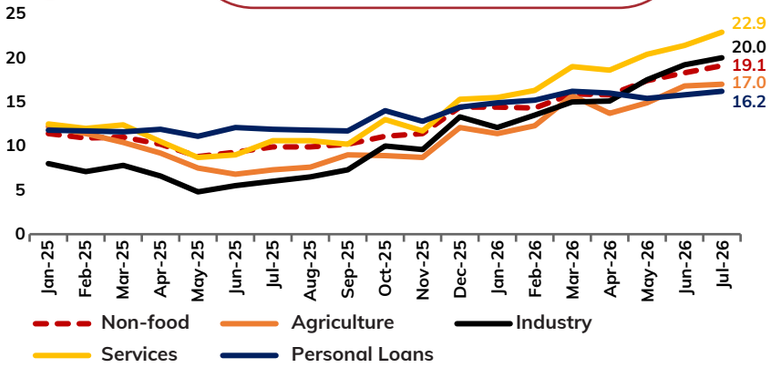
BANK CREDIT AND DEPOSIT GROWTH OF SCHEDULED COMMERCIAL BANKS (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI) Bulletin, September 2026. The above Scheduled commercial banks' data is inclusive of regional rural banks. Data includes the impact of the merger of a non-bank with a bank. FCNR(B): Foreign Currency Non-Resident (Bank).

Credit growth in services sector strengthened, driven by lending to non-banking financial companies and trade. Growth in industrial credit reflects sustained credit flow to large industries.

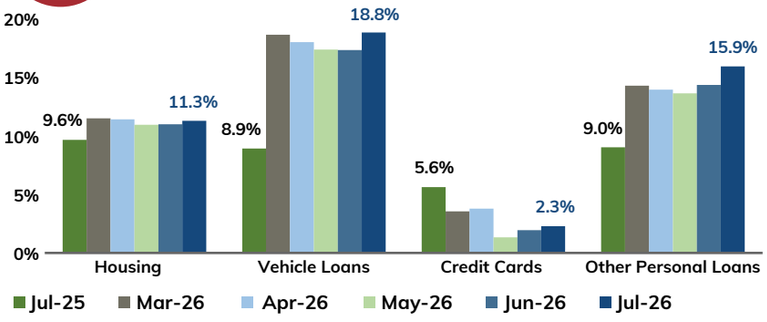
BANK CREDIT GROWTH ACROSS NON-FOOD SEGMENTS (YEAR-ON-YEAR, %)



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

Personal loans continued to rise on the back of steady growth in housing and vehicle loans.

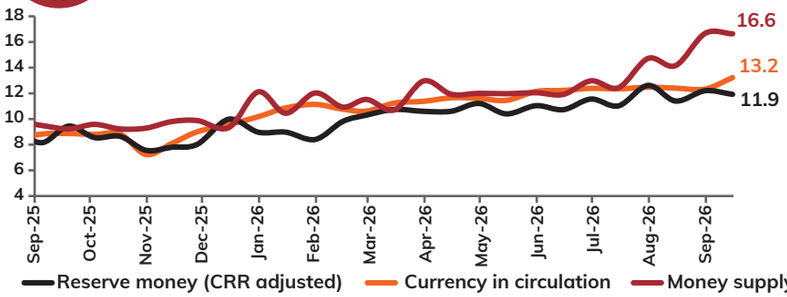
PERSONAL LOANS GROWTH ACROSS SELECT CATEGORIES (YEAR-ON-YEAR, %)



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

Reserve money (adjusted for CRR) expanded at a robust pace with growth in currency in circulation recording the highest print in the past five years as on September 15, 2026.

SUSTAINED GROWTH IN MONEY SUPPLY (M_3) (YEAR-ON-YEAR, %)



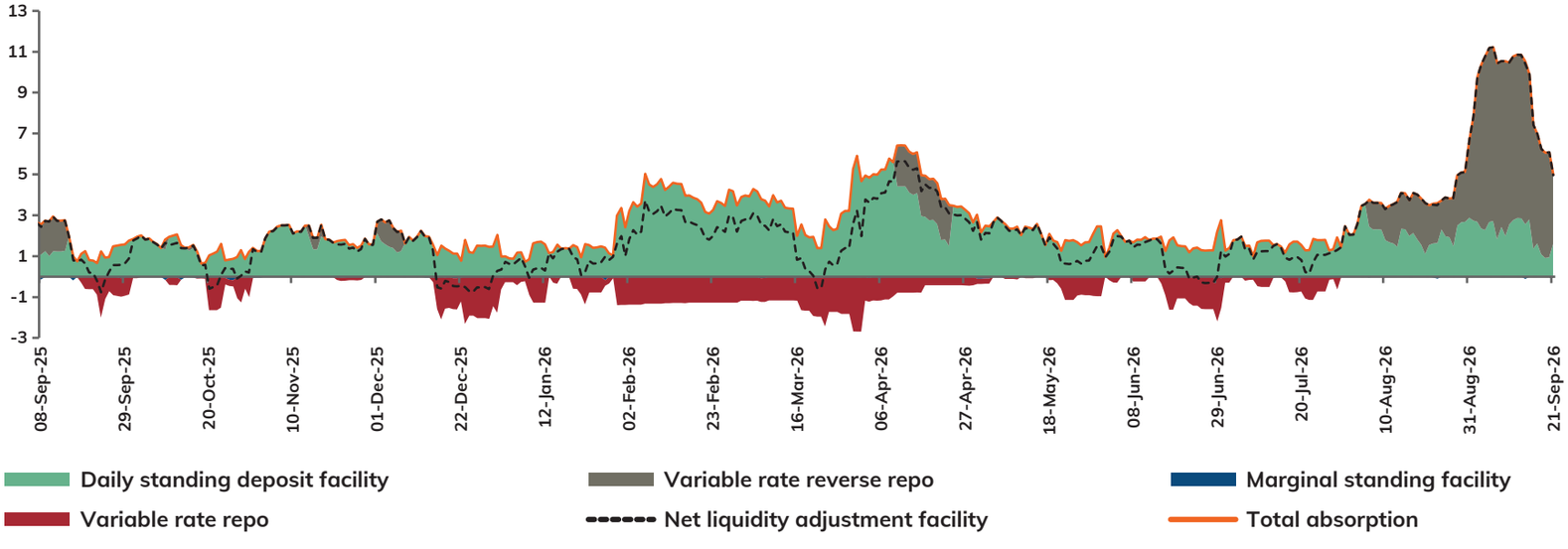
Source: Reserve Bank of India (RBI). CRR: Cash Reserve Ratio.

India’s Banking system liquidity surplus



India’s banking system liquidity remained in surplus in August 2026 and surged further during the first half of September 2026, following strong inflows under the FCNR(B) swap facility. The overall daily average net absorption under the Liquidity Adjustment Facility (LAF) increased to ₹9.2 lakh crore during September (till September 21, 2026) from ₹3.8 lakh crore in August 2026. However, banking system liquidity began to moderate during the second half of September 2026 amid tax related outflows and durable liquidity measures implemented by the Reserve Bank of India (RBI).

INDIA’S BANKING SYSTEM LIQUIDITY (₹, LAKH CRORE)



Source: Reserve Bank of India (RBI) Bulletin, September 2026. System liquidity is measured by the average daily net absorption under the liquidity adjustment facility (LAF). FCNR(B): Foreign Currency Non-Resident (Bank).

With an aim to mop up excess liquidity from the banking system, the central bank conducted term as well as fine-tuning variable rate reverse repo (VRRR) auctions. Further, open market operation (OMO) sale auctions of Government of India securities were announced for an aggregate amount of ₹1 lakh crore in three tranches of ₹50,000 crore, ₹25,000 crore and ₹25,000 crore scheduled on September 17, 2026, September 21, 2026 and September 28, 2026.

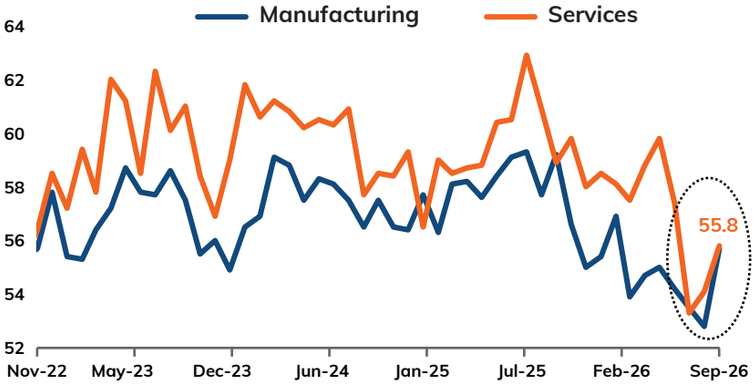
India's business activity rose to a three-month high, led by stronger manufacturing



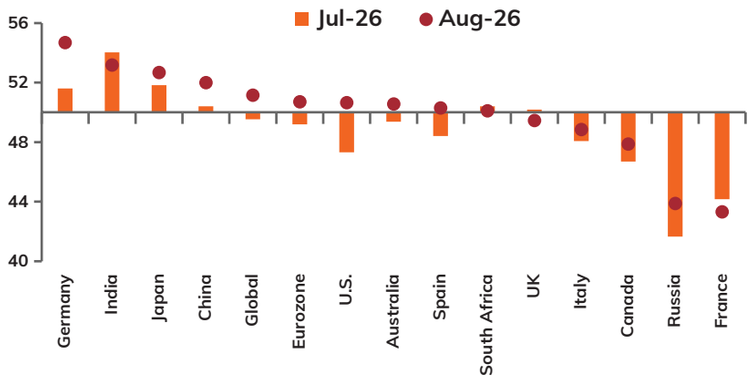
The HSBC Flash India PMI Composite Output Index, which measures the combined output of India's manufacturing and services sectors, climbed to 56.5 in September 2026 from 54.3 in August 2026.

- **Sharp rebound in factory production:** The HSBC Flash India Manufacturing PMI rose to 55.7 in September 2026 from 52.8 in August 2026, supported by strengthening demand for aluminium products, electronic items, food and pharmaceutical goods.
- **Steady demand from the service sector:** The HSBC Flash India Services PMI Business Activity Index rose to 55.8 in September 2026 from 54.1 in August 2026, aided by growing client interest for digital solutions coupled with stronger demand for properties and new travel bookings.

INDIA'S PURCHASING MANAGERS' INDEX (PMI)



PMI EXPORT ORDERS (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. States. Index. U.S.: United States. UK: United Kingdom. A level of 50 indicates no change in activity, while a reading above 50 signals expansion and below 50 suggests contraction. Report as of September 23, 2026. Source of PMI Export Orders (Index) is Reserve Bank of India (RBI) Bulletin, September 2026.

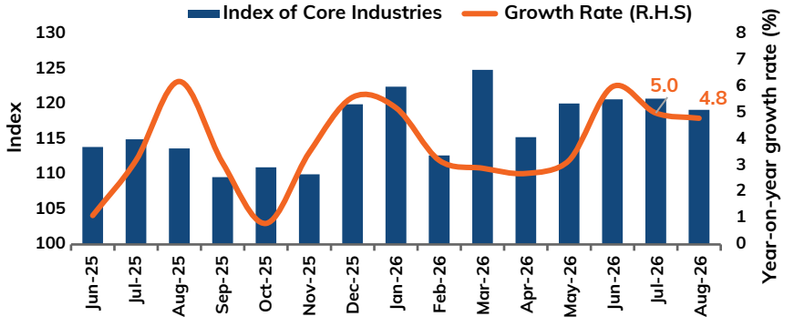
- **Export orders:** Businesses built buffers amid global geopolitical turmoil. New export orders rose in September 2026 with gains registered from the U.S., Brazil, Europe and the United Arab Emirates (UAE).
- **Input prices:** Certain businesses reported an increase in overall costs attributed to electrical components, food products, fuel, metals, pharmaceutical ingredients and technology resources.

The Narrative of India's Industrial Production

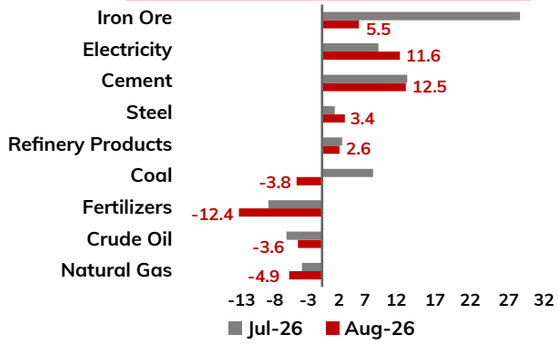


India's Index of Core Industries grew 4.8% year-on-year in August 2026, weighed down by **contraction in production of coal, natural gas, crude oil and fertilizers. Fertilizer production has remained under pressure as manufacturers struggled with restricted input supplies. Further, crude oil production declined, reflecting the ongoing reallocations in existing supply chains. Conversely, cement output witnessed double-digit growth, indicating sustained construction** of housing and other infrastructure projects. **Electricity demand also picked up, driven by higher cooling requirements** and agricultural irrigation needs during the month.

INDEX OF CORE INDUSTRIES

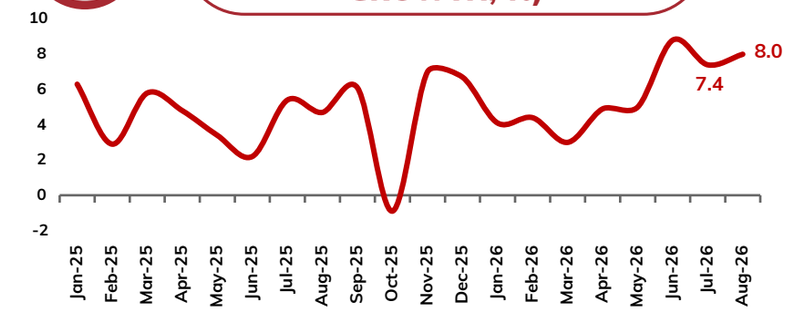


SECTOR-WISE GROWTH RATE (YEAR-ON-YEAR, %)

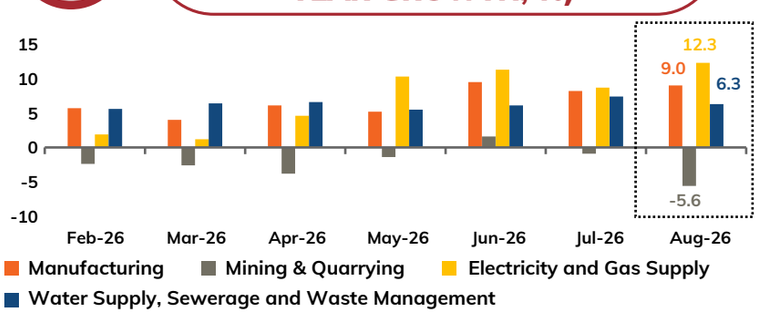


India's Index of Industrial Production growth accelerated to 8% year-on-year in August 2026 from 7.4% in the previous month, primarily driven by a rise in manufacturing output and electricity & gas supply.

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



INDEX OF INDUSTRIAL PRODUCTION SECTORS (YEAR-ON-YEAR GROWTH, %)



Source: Ministry of Commerce and Industry, Ministry of Statistics & Programme Implementation (MoSPI). The nine core sectors are: Iron ore, coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity. August 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).

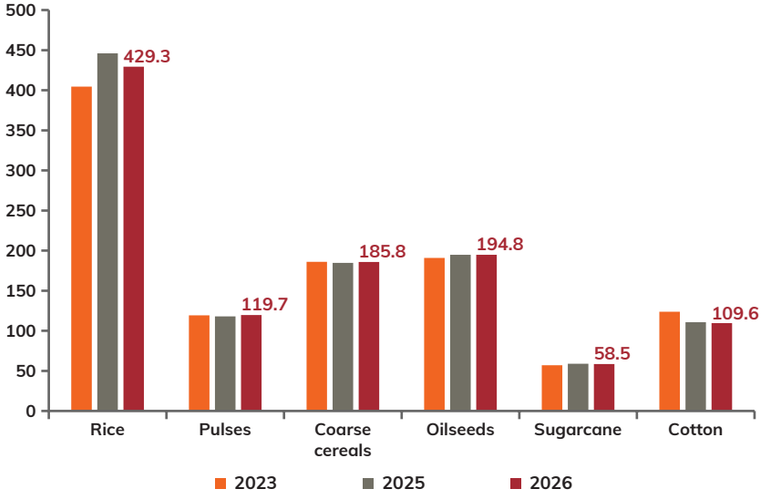
India’s Kharif season is nearing its end



India’s reservoir storage stood at a higher level than that recorded during the previous El Nino year of 2023. A good harvest in the previous year has resulted in robust procurement of rice and wheat, leading to comfortable public foodgrain stocks. **As on September 18, 2026, the kharif sowing at 1103.9 lakh hectares was 100% of the full season normal area.**

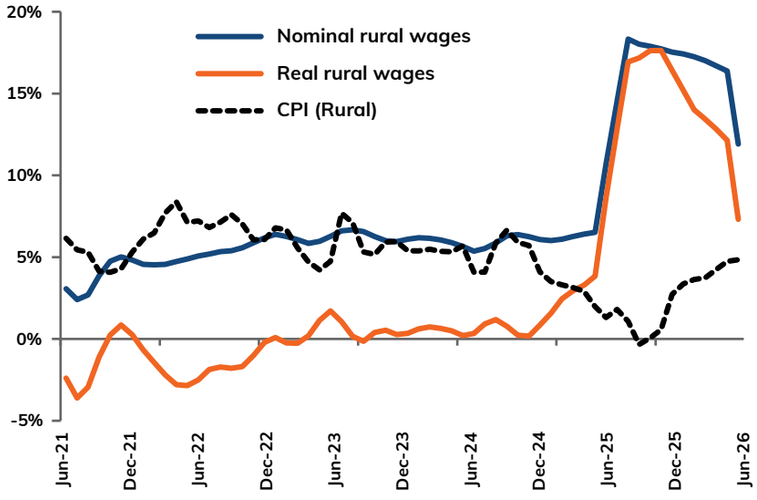
The Budget allocation for the Department of Agriculture and Farmers Welfare increased from ₹27,663 crore in FY 2013-14 to ₹1,40,528.78 crore in FY 2026-27, reflecting public investment in agricultural infrastructure (Source: Press Information Bureau). During the year, **farmer income levels could be supported by credit-linked subsidies for allied sectors, adoption of advanced digital tools and high-value crop diversification.**

PROGRESS OF KHARIF SOWING (LAKH HECTARES)



Source: Reserve Bank of India (RBI) Bulletin. Ministry of Agriculture and Farmers’ Welfare. Data as on September 18, 2026.

INDIA'S RURAL WAGES TREND (YEAR-ON-YEAR %, THREE-MONTH MOVING AVERAGE)



Source: CEIC, UBS. The rural wages data has been adjusted with rural food inflation as food carries higher weight in the rural CPI basket. Rural wages computation is on Year-on-Year, % change with a Three-Month Moving Average (3MMA). CPI: Consumer Price Index.

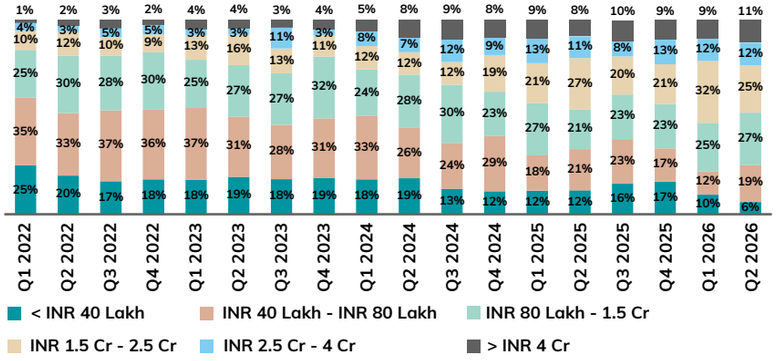
The Premiumization trend in India's residential real estate sector



Residential market across India's top 7 cities recorded around 1,06,000 new unit launches in Q2 2026, marking an increase over the 98,600 units launched in Q2 2025. Mumbai Metropolitan Region (MMR), Bengaluru, Hyderabad, Pune and National Capital Region (NCR), collectively accounted for around 92% of the total supply additions.

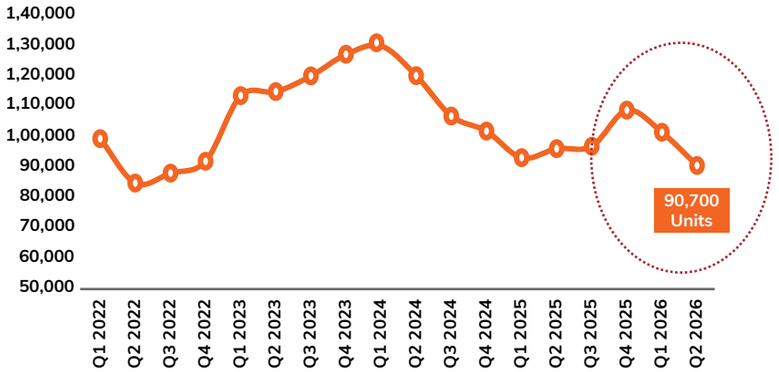
During the quarter, the upper mid segment (₹80 lakh – ₹1.5 crore) emerged as the single largest share of new supply at approximately 27%, followed by the high-end segment (₹1.5 crore – ₹2.5 crore) at 25%, reflecting evolving homebuyer preferences for higher-value projects.

INDIA'S RESIDENTIAL MARKET - NEW LAUNCH SUPPLY TREND PAN-INDIA (%)



Source: Anarock, Q2 2026 Report. Residential Market Viewpoints.
Q: Quarter. Cr.: Crore

INDIA'S RESIDENTIAL MARKET - HOUSING SALES TREND PAN-INDIA (NUMBER OF UNITS)



Source: Anarock, Q2 2026 Report. Residential Market Viewpoints.
Q: Quarter.

India's residential real estate market recorded sales of around 90,700 units across the top 7 cities in Q2 2026, reflecting a decline of 11% from the 1,01,650 units sold in Q1 2026 as buying sentiment remained cautious amid the potential impact of the global geopolitical instability on construction and financing costs. India's residential market may grow over the long term on the back of **increasing household incomes, rising urbanization, strong aspiration for homeownership and focus on infrastructure development.**

India's top 7 cities include National Capital Region (NCR), Mumbai Metropolitan Region (MMR), Bengaluru, Pune, Hyderabad, Chennai and Kolkata. 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).

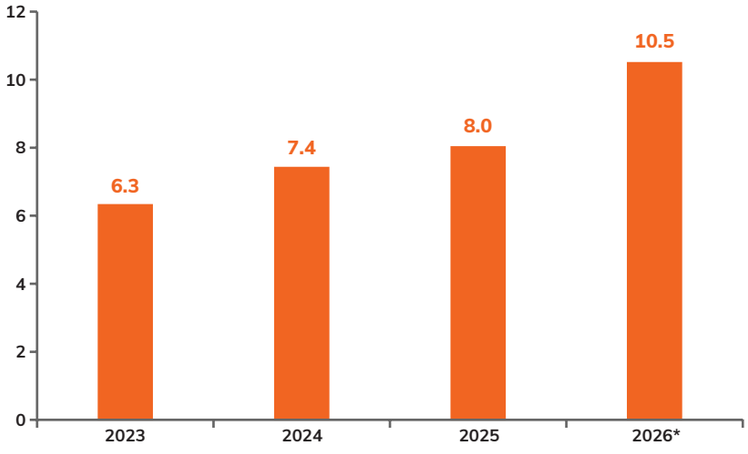
India’s Electric Vehicles Ecosystem Gears Up



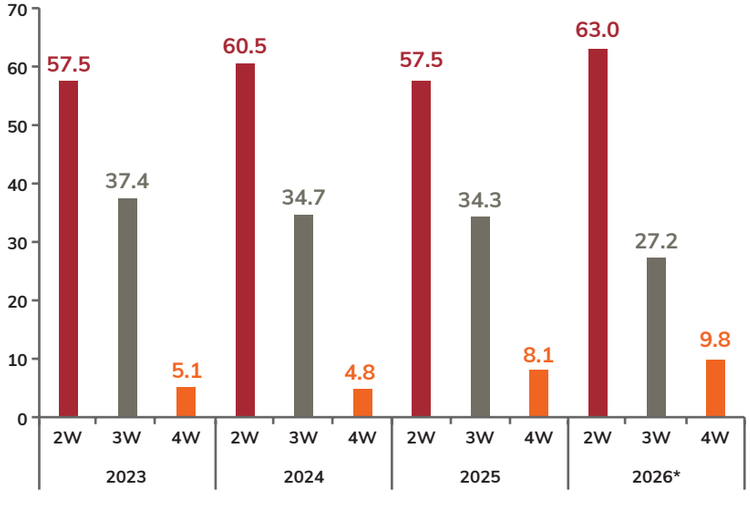
India’s electric vehicle (EV) market grew 46 times from a relatively small base of around 50,000 electric vehicles sold in 2016 to 2.3 million units sold in 2025. Another milestone has been achieved with India’s electric vehicle penetration rate reaching the 10% mark in 2026 (Data up to September 21, 2026), reflecting the broad based transition towards the clean energy landscape. Considering the total EV registrations, it can be observed that **the share of the two-wheeler (2W) and four-wheeler (4W) segments have been on the rise.**

India’s electric vehicle adoption gained traction on the back of targeted policy incentives and improved vehicle availability. Government initiatives include the National Mission on Manufacturing, Production Linked Incentives Scheme for Automobile & Auto Components Industry and the PM Electric Drive Revolution in Innovative Vehicle Enhancement Scheme.

EV PENETRATION RATE (%)



SHARE BY VEHICLE CATEGORY IN TOTAL EV REGISTRATIONS (%)



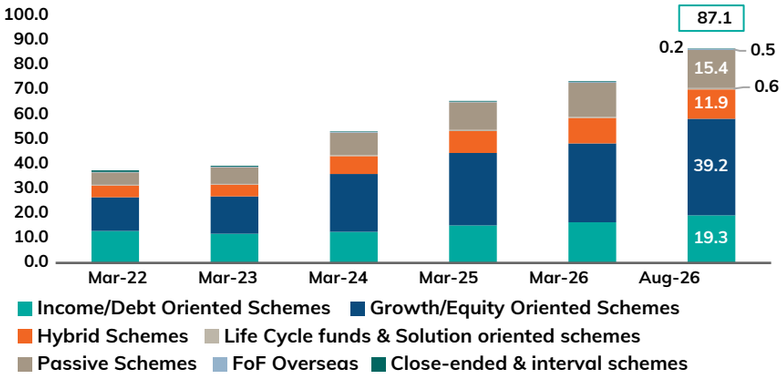
Source: Reserve Bank of India (RBI) Bulletin, Vahan Dashboard. *Data as on September 21, 2026. W: Wheeler. EV: Electric Vehicle. EV vehicle types include Pure EV and Battery-operated vehicles categories. EV penetration rate is calculated by dividing new EV registrations with total new vehicle registrations. 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 of India's Mutual Fund industry



In August 2026, the assets under management of India's mutual fund industry rose to ₹87.08 lakh crore, supported by strong retail participation.

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



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

Equity-oriented schemes clocked encouraging net inflows of ₹29,328.62 crore in August 2026, up nearly 19% from the inflows recorded in the previous month.

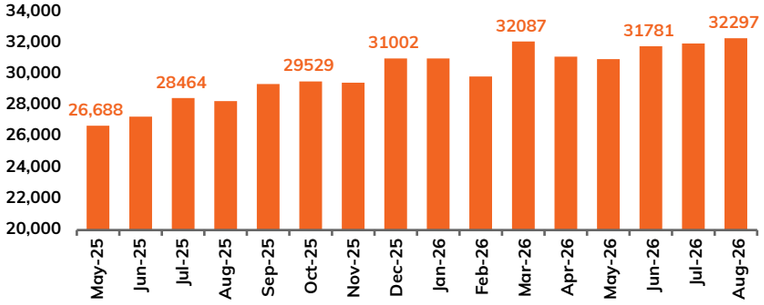
MONTHLY FLOWS OF MUTUAL FUNDS (₹, CRORE)

Category	Aug-26	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Feb-26
Equity	29,329	24,697	28,973	22,908	38,440	40,450	25,978
Debt	-8,127	1,87,511	-1,09,054	-96,949	2,47,490	-2,94,987	42,106
Hybrid	10,045	11,491	12,893	10,560	20,565	-16,538	11,983
Passive	10,948	12,607	16,724	362	20,082	30,768	13,879
FoF Overseas	-72	-90					
Life Cycle Funds and Solution Oriented schemes	343	379	321	270	307	256	247
Close-Ended and Interval schemes	-1,112	-693	-2,806	-1,173	-4,481	141	336
Total	41,354	2,35,902	-52,949	-64,021	3,22,403	-2,39,910	94,530

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

The monthly contributions into Systematic Investment Plans (SIP) rose to a high of ₹32,297 crore in August 2026 with the number of active SIP accounts reaching 10.02 crore during the month.

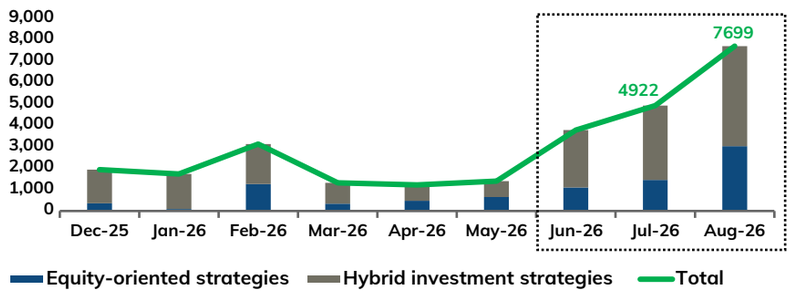
SIP CONTRIBUTION (₹, CRORE)



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

Specialized Investment Fund (SIF) strategies clocked strong inflows of ₹7,699 crore in August 2026, driven by contributions from hybrid investment and equity-oriented strategies.

MONTHLY FLOW TREND OF SIF SCHEMES (₹, CRORE)



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

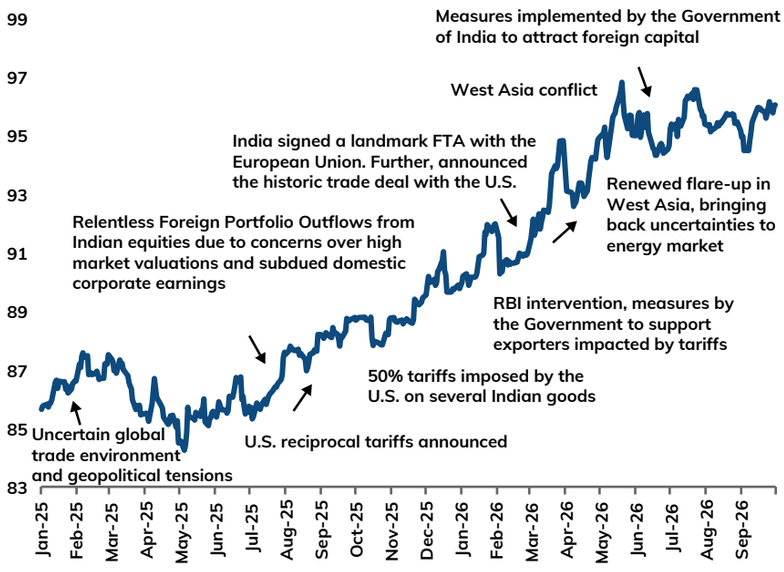
Indian Rupee slides down a slippery slope



The Indian Rupee weakened to 96 levels against the U.S. Dollar in September 2026. Foreign Portfolio Investors sold Indian equities worth ₹35,861 crore in September 2026, exerting downside pressure on the Indian Rupee amid elevated crude oil prices and higher U.S. bond yields.

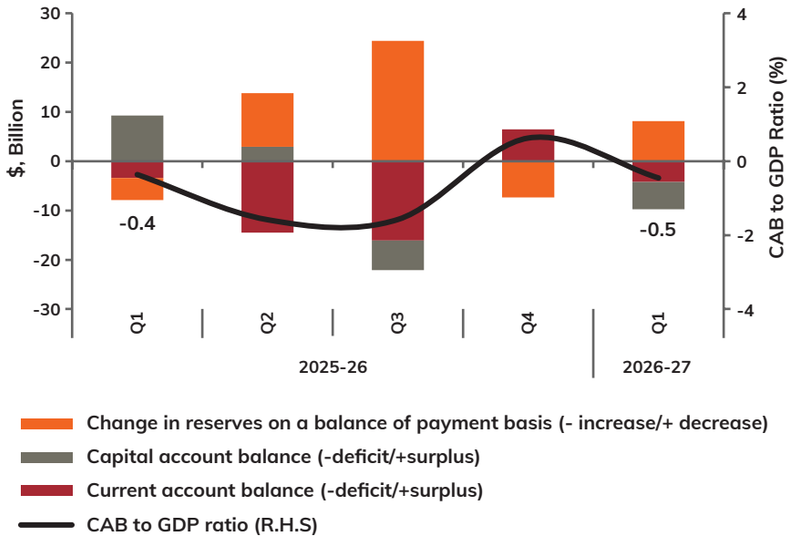
Various factors could support the Indian Rupee: a) Capital flow measures announced by the RBI in June 2026 supported the accumulation of foreign exchange reserves, which rose to an all-time high of $785.7 billion in the first week of September 2026. **b) India's current account deficit remained moderate at $4.2 billion (0.5% of GDP) in the first quarter of FY 2026-27** on the back of robust services exports and remittance flows. **c) Net Foreign Direct Investment rose to a five-year high of $7.3 billion in July 2026.** Bilateral trade agreements with countries would further attract foreign capital into India.

USD/INR



Source: Reuters. Data as on September 30, 2026. U.S.: United States. INR: Indian Rupee. USD: U.S. Dollar. FTA: Free Trade Agreement. RBI: Reserve Bank of India.

INDIA'S CURRENT ACCOUNT DEFICIT ROSE MARGINALLY IN Q1:2026-27



Source: Reserve Bank of India (RBI) Bulletin, September 2026. CAB: Current Account Balance. GDP: Gross Domestic Product. R.H.S: Right-hand side. Q: Quarter. FY: Financial Year.

India’s favourable demographic profile

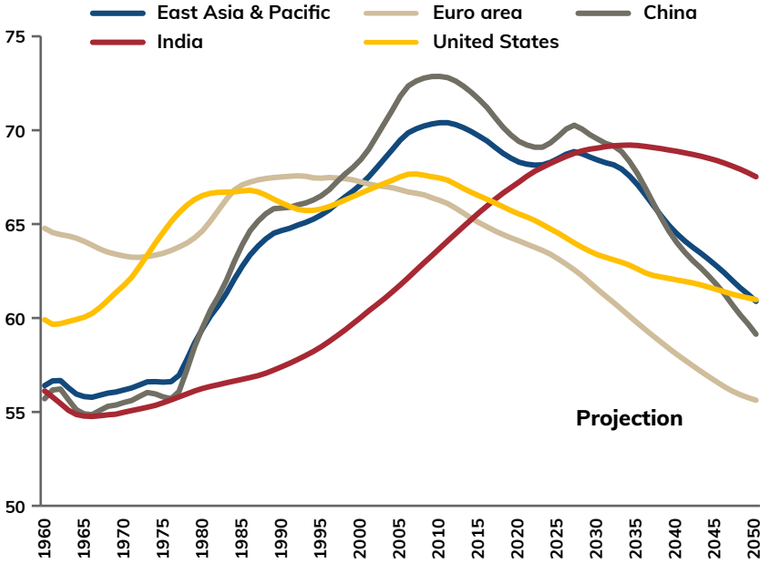




India’s strong GDP growth in the first quarter of FY 2026-27 was supported by private final consumption expenditure, which is evident from expansion in personal loans and a rise in vehicle sales. **Fixed investment registered its highest growth in the new series, as exhibited in the buoyant capital goods demand,** increased Government capital expenditure and sustained growth in finished steel consumption.

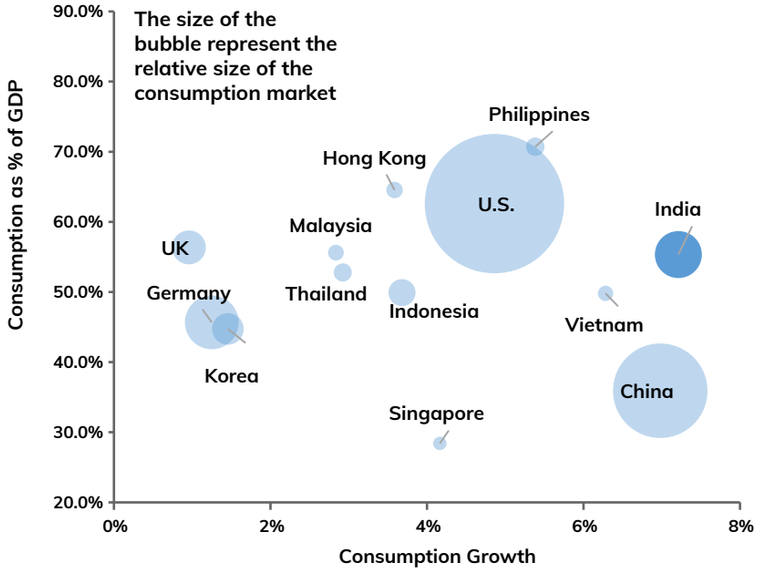
India's manufacturing sector is building stronger domestic supply chains alongside increasing its participation in global markets, which could attract foreign investment and support economic growth. **A relatively young population (median age of around 29 years), competitive advantage in terms of workforce and an expanding middle class bode well for India’s consumption growth narrative. This may support consumption trends, subject to market and economic risks.**

WORKING AGE POPULATION, % OF TOTAL POPULATION



Source: World Bank, National Development Council-Taiwan, UBS. The World Bank does not provide projections for Taiwan. Hence, National Development Council projections have been taken, which start only from 1970.

RELATIVE SIZE OF CONSUMPTION MARKETS OF SELECT COUNTRIES



Source: World Bank, UBS. Components for computation involve: Consumption Growth (10-yr CAGR), Consumption market ($, Trillion), Consumption as % of GDP. GDP: Gross Domestic Product. CAGR: Compound Annual Growth Rate. FY: Financial Year. U.S.: United States. UK: United Kingdom.

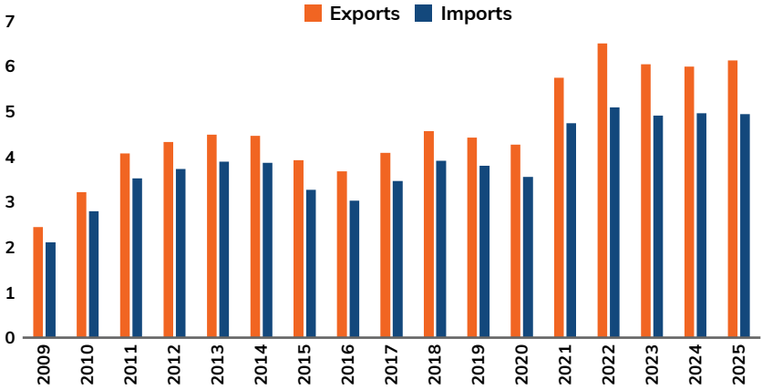
BRICS+ is emerging as an important bloc in the global economy



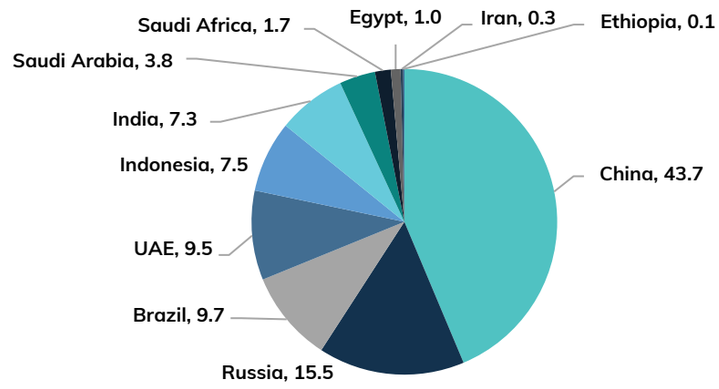
BRICS+ has emerged as an important bloc in the global economy, accounting for around 40% of the global GDP on a purchasing power parity basis, surpassing the 28% share of G7 countries. Intra-BRICS trade flows have been supported by **deepening regional economic alliance – China is a leading supplier of products like electronic equipment, machinery and electric vehicles.** Saudi Arabia, United Arab Emirates and Russia anchor the supply of energy and other commodities. Iran plays a key role in maritime trade logistics with its control over the Strait of Hormuz. India facilitates exports of engineering goods, pharmaceuticals, refined petroleum products and other value-added products.

The 18th BRICS Summit, held in September 2026, addressed challenges arising from trade fragmentation, supply chain disruptions and the European Union's Carbon Border Adjustment Mechanism.

BRICS STRENGTHENS ITS TRADE WITH THE WORLD ($, TRILLION)



INTRA-BRICS+ TRADE LED BY FEW ECONOMIES (%)



Source: ITC Trade Map, CareEdge Ratings. Report as on September 11, 2026. BRICS+ includes 11 member countries: Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russia, Saudi Arabia, South Africa and the United Arab Emirates (UAE). 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 BRICS framework is structured around four key pillars: a) Resilience focuses on strengthening economic, social and institutional capacity to navigate global uncertainty. **b) Innovation** aims to boost productivity by leveraging digital public infrastructure and Artificial Intelligence. **c) Cooperation** involves deepening engagement through policy alignment, trade, development finance, governance reforms and people-centric partnerships. **d) Sustainability** can drive collective action on energy transition and sustainable development.

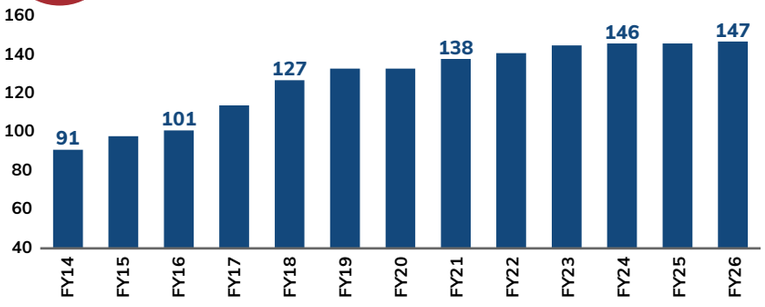
The Epicenter of India's Logistics Development



From the PM GatiShakti National Master Plan to the Dedicated Freight Corridors and multimodal logistics parks, a series of reforms are **reshaping India's logistics landscape. An efficient logistics network could support various industries,** facilitating **cost optimization, supply chain resilience and market expansion.**

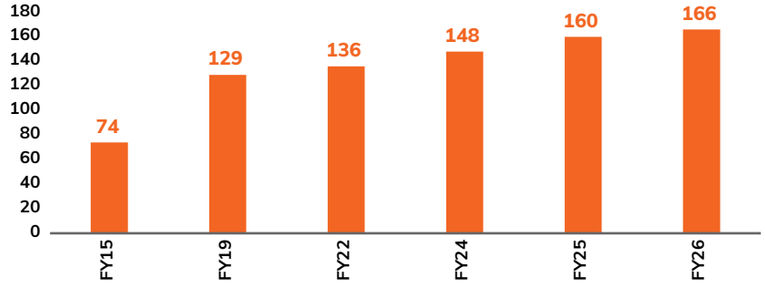
The length of National Highways have increased 1.6 times since FY 2013-14.

LENGTH OF NATIONAL HIGHWAYS (IN THOUSAND KM)



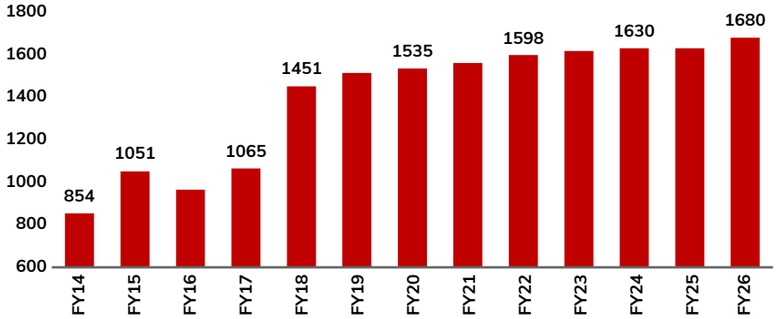
The number of airports have more than doubled over the past decade.

NUMBER OF OPERATIONAL AIRPORTS



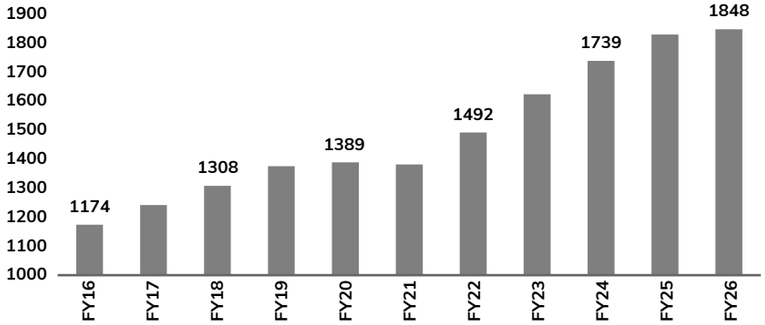
Port capacity has almost doubled since FY 2013-14.

CARGO CAPACITY AT MAJOR PORTS (IN MMTPA)



Power generation capacity has expanded significantly in recent years.

POWER GENERATION (BILLION UNITS)



Source: Ministry of Road Transport and Highways, Ministry of Civil Aviation, Ministry of Housing and Urban Affairs, Ministry of New and Renewable Energy, Ministry of Ports, Shipping and Waterways, UBS, Press Information Bureau. Km: kilometer. MMTPA: Million Metric Tonnes Per Annum. FY: Financial Year. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

The Narrative of High-Frequency Indicators



In August 2026, Goods and Services Tax (GST) revenue maintained double-digit growth, driven by strong import related and domestic collections. **Sustained growth in toll collection volumes indicated continued momentum in road transportation and logistics activity. However, overall petroleum consumption declined due to a fall in consumption of liquified petroleum gas (LPG), naphtha and petroleum coke.** India's digital payments ecosystem has strengthened with technological advancement and greater financial inclusion.

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

Indicator	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
GST E-way bills (Volume)	22.4	21.0	8.2	27.6	23.5	15.8	18.8	12.9	11.8	10.9	14.5	6.0	7.7
GST revenue	6.9	10.0	7.6	0.7	6.1	6.2	8.1	8.8	8.7	3.2	13.9	15.4	14.8
Toll collection (Volume)	16.1	13.9	17.2	17.1	15.8	15.5	7.8	14.1	13.2	13.5	15.4	15.5	14.3
Electricity demand (Volume)	3.8	3.5	-5.8	-0.6	5.8	3.8	1.0	0.8	3.0	10.8	10.8	9.8	12.8
Total consumption of petroleum products (Volume)	4.8	7.0	-1.5	0.6	4.5	0.3	4.5	3.2	-6.5	-8.1	-4.3	2.6	-2.8
Of which Petrol	5.5	8.0	7.4	2.6	7.1	6.1	6.1	7.6	6.8	3.4	7.4	9.2	8.2
Diesel	1.2	6.5	-0.3	4.8	5.2	3.3	4.3	8.1	0.8	1.6	6.1	10.0	6.8
Aviation Turbine Fuel	-2.9	-0.8	2.1	5.4	0.2	5.5	4.0	0.6	-0.1	1.0	-0.1	-0.6	2.1
Digital Payments - volume Growth	31.1	28.1	21.5	30.2	26.8	25.4	23.5	21.0	22.3	21.3	21.6	18.9	16.7
Digital payments - value Growth	5.3	13.4	8.8	14.7	15.2	11.3	17.9	12.6	14.4	10.8	20.2	17.8	23.4

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

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

India's automotive industry recorded robust two-wheeler sales and continued growth in passenger vehicle sales during August 2026. However, domestic air passenger traffic declined, reflecting higher fuel costs and capacity rationalization by major aviation carriers.

High Frequency-Indicators – Resilient Demand Conditions

	Indicator	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Urban Demand	Domestic Air Passenger Traffic	-0.5	-2.5	3.5	7.0	-4.9	3.1	-0.1	-1.3	-2.9	7.7	-1.2	-4.7	-6.0
	Retail Passenger Vehicle Sales	8.2	5.8	10.7	20.4	26.6	7.2	26.1	21.5	18.1	23.2	28.6	19.1	16.1
Rural Demand	Retail Automobile Sales	7.9	5.2	40.5	2.1	14.6	17.6	25.6	25.3	17.4	9.5	21.8	25.9	17.5
	Of which Retail Tractor Sales	33.2	3.6	14.2	56.5	15.8	22.9	36.4	10.9	28.7	11.2	25.3	28.1	0.8
	Retail Two-wheeler Sales	6.6	6.5	51.8	-3.1	9.5	20.8	25.0	28.7	17.2	7.5	21.2	28.3	19.7

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

Source: Reserve Bank of India (RBI) Bulletin, September 2026. Airports Authority of India, Federation of Automobile Dealers Associations (FADA). The data on domestic air passenger traffic for August 2026 growth rate is calculated by aggregating daily data. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. Data for retail automobile sales consists of sales of two wheelers, three wheelers, passenger vehicles, tractors and commercial vehicles. The heatmap is applied on data from April 2023 to the latest month for which data is available. 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



Automobile production continued to register strong growth across categories amidst the upcoming festive demand. **Retail commercial vehicle sales registered robust growth, bolstered by light and heavy vehicle segments.** Domestic logistics activity remained firm, with port cargo traffic recording healthy growth. Capital goods imports remained strong, indicating **sustained investment demand. Businesses have a positive outlook on demand and new business opportunities in the following months.**

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

Indicator	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Automobile production (Volume)	8.1	10.8	-2.8	22.3	37.1	15.0	22.1	20.2	26.0	13.4	27.5	24.8	16.9
Of which Passenger vehicle	-4.1	16.1	9.8	22.8	23.1	5.6	9.8	9.0	12.8	10.9	17.6	26.4	25.7
Two-wheelers	10.0	9.8	-5.6	20.9	39.9	16.1	24.4	22.0	28.1	13.0	28.3	24.2	15.2
Three-wheelers	15.8	15.9	15.9	55.4	39.6	33.2	29.9	34.0	41.6	32.9	42.8	30.0	21.5
Tractor production (Volume)	9.4	23.0	13.0	37.5	57.9	14.6	80.0	28.6	18.1	15.5	10.2	6.7	13.6
International air passenger traffic	7.7	7.3	9.7	7.5	6.0	7.1	3.0	-18.5	-16.1	-9.1	-4.6	-4.6	-3.4
Port cargo traffic	2.5	11.5	11.9	14.5	12.7	7.6	5.1	0.6	2.4	6.6	9.2	8.8	8.4
Railway freight traffic: freight originating	8.5	3.9	2.3	4.2	3.2	2.9	4.0	3.1	-1.0	1.4	4.0	8.9	5.3
Retail commercial vehicle sales	13.9	2.7	21.1	17.0	24.6	15.1	28.9	15.1	18.8	5.3	16.9	24.0	14.5
Import of capital goods (Value)	0.2	12.7	11.8	14.8	17.5	7.5	18.2	13.2	21.6	18.1	38.8	25.5	23.7

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

Source: Reserve Bank of India (RBI) Bulletin, September 2026. Society of Indian Automobile Manufacturers (SIAM), Office of Economic Adviser, Government of India, Joint Plant Committee, Directorate General of Commercial Intelligence & Statistics, Tractor and Mechanisation Association, Federation of Automobile Dealers Associations (FADA), Ministry of Railways, Airports Authority of India, Ministry of Commerce & Industry. 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.

The Naukri JobSpeak Index picked up sharply in August 2026, supported by various industries like automobile, healthcare, retail, insurance and IT/software services. Increased demand for work under the **Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) [VB-G RAM G]** indicated **higher reliance of rural households on the state-backed employment program for wages.**

Robustness in High Frequency Indicators for Employment

Indicator	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Unemployment rate (PLFS: All-India)	5.1	5.2	5.2	4.7	4.8	5.0	4.9	5.1	5.2	5.5	5.5	5.1	5.0
Unemployment rate (PLFS: Rural)	4.3	4.6	4.4	3.9	3.9	4.2	4.2	4.3	4.6	5.1	5.0	4.5	4.1
Unemployment rate (PLFS: Urban)	6.7	6.8	7.0	6.5	6.7	7.0	6.6	6.8	6.6	6.4	6.6	6.7	6.8
Naukri JobSpeak Index	3.4	10.1	-9.3	23.5	13.2	3.4	11.9	9.2	5.8	1.0	6.1	5.0	13.7
VB GRAM G/MGNREGA: Work Demand	-26.2	-27.1	-35.1	-32.0	-28.9	-25.7	-14.1	-23.2	-35.5	-27.8	-18.5	-39.2	5.1

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

Source: Reserve Bank of India (RBI) Bulletin, September 2026. Ministry of Statistics and Program Implementation (MoSPI), Ministry of Rural Development, Info Edge, S&P Global. All Periodic Labour Force Survey (PLFS) indicators are in the current weekly status and for people aged 15 years and above. The year-on-year growth % has been calculated for the Naukri index and VB-G RAM G/MGNREGS work demand. The heatmap is applied to data from April 2023 to August 2026. The heatmap for PLFS unemployment rate is applied to data from April 2025 to August 2026. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. PLFS unemployment rate and VB-G RAM G/MGNREGS are encoded in inverse scale with lowest marked in green, highest marked in red. VB-G RAM G: Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin). MGNREGA: Mahatma Gandhi National Rural Employment Guarantee Act. 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).

Other Key Developments



Headline inflation across economies: Inflation across most major Advanced economies and Emerging market economies remained above target in August 2026. In the Euro area, inflation accelerated in August 2026, driven by higher energy prices. In the UK, inflation rate rose, mainly driven by a surge in transportation costs. Inflation in the U.S. remained steady, as higher gasoline prices offset easing price pressures in other components. Japan's inflation rate also remained unchanged and stayed below target. Among major emerging market economies, inflation rose in Russia, reflecting broad-based price pressures across food and non-food items and services. Inflation in China edged higher, driven by energy and seasonal increase in food prices. South Africa's inflation rate also increased marginally, mainly driven by increase in transportation costs. In contrast, inflation in Brazil declined, primarily due to a temporary reduction in household electricity tariffs (Source: Reserve Bank of India Bulletin, September 2026. U.S.: United States. UK: United Kingdom).

Policy rates: Amidst persistent inflationary risks, South Korea and the Philippines raised their benchmark interest rates in August 2026. Further, among advanced economies, the U.S., Japan and the Euro area raised their policy rates in September 2026 amid energy price pressures. Similarly, New Zealand raised its benchmark interest rate, citing higher fuel prices (Source: Reserve Bank of India Bulletin, September 2026. U.S.: United States)

India and Brazil deepen trade ties: Bilateral trade between India and Brazil reached $15.07 billion in 2025-26. Both countries have reaffirmed their objective of expanding the bilateral trade to $30 billion by 2030 through a more diversified, balanced and sustainable partnership, particularly in pharmaceuticals, chemicals, engineering goods and machinery (Source: Ministry of Commerce & Industry, Report as on August 31, 2026).

India's Mobile Phone Manufacturing Scheme: India's electronics manufacting has grow seven-fold and exports eleven-fold since FY 2014-15. The Ministry of Electronics and Information Technology has notified the Mobile Phone Manufacturing Scheme, with a budgetary outlay of ₹62,500 crore, which aims to further increase global competitiveness by enhancing scale, deepening the mobile manufacturing supply chain through higher Domestic Value Addition and strengthening domestic manufacturing capabilities (Source: Ministry of Electronics & IT. FY: Financial Year. IT: Information Technology).

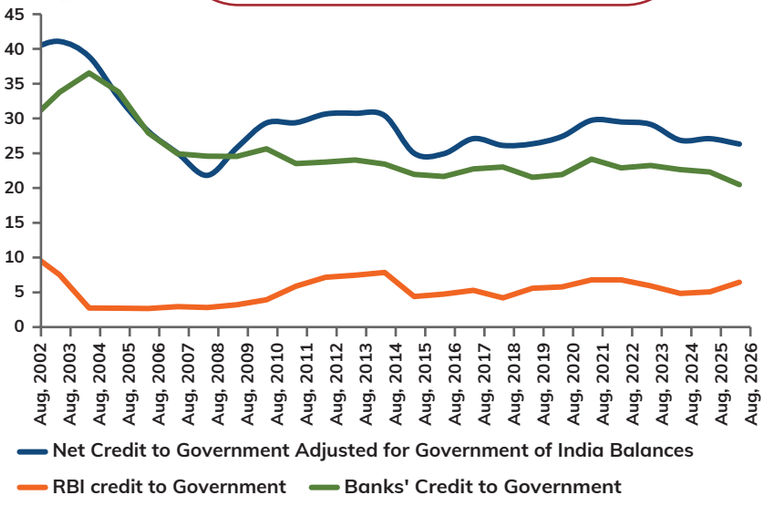
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Other Key Developments

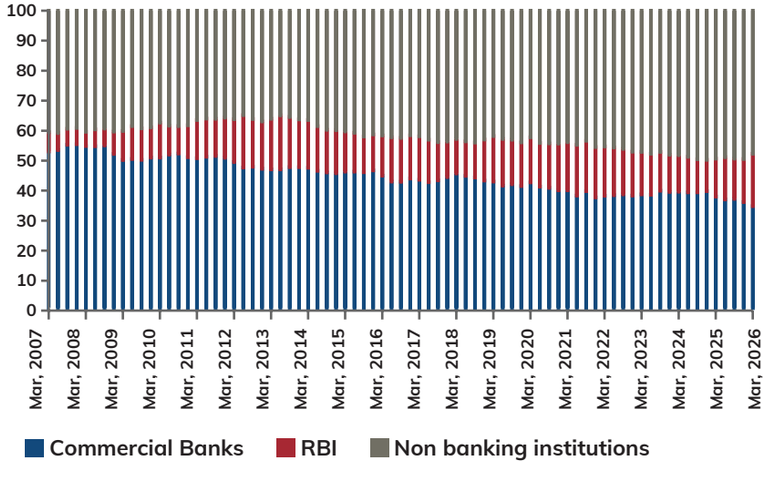


Credit to Indian Government by Banking system: The banking sector's net credit to government as a percentage of total assets has declined recently, which could be attributed to reduction in banks' investments. The rapid growth of non-banking institutions has now surpassed commercial banks as the largest holders of government securities. Within non-banking institutions, the share of insurance funds remained highest (Source: Reserve Bank of India Bulletin, September 2026).

CREDIT TO GOVERNMENT BY BANKING SYSTEM (% OF TOTAL ASSETS OF BANKS)



OWNERSHIP PATTERN OF GOVERNMENT OF INDIA DATED SECURITIES (%)



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

Update on projects sanctioned in India: Industry-wise distribution of projects sanctioned in India indicate that infrastructure sector continued to account for the largest share of investment. During 2025-26, the infrastructure sector remained the major sector accounting for 54.2% share in the total cost of projects, primarily driven by investment in power followed by roads & bridges. Besides infrastructure, among the other major industries, construction, chemicals & pesticides, metal & metal products and cement also accounted for a sizeable share in the total cost of projects (Reserve Bank of India Bulletin, September 2026).

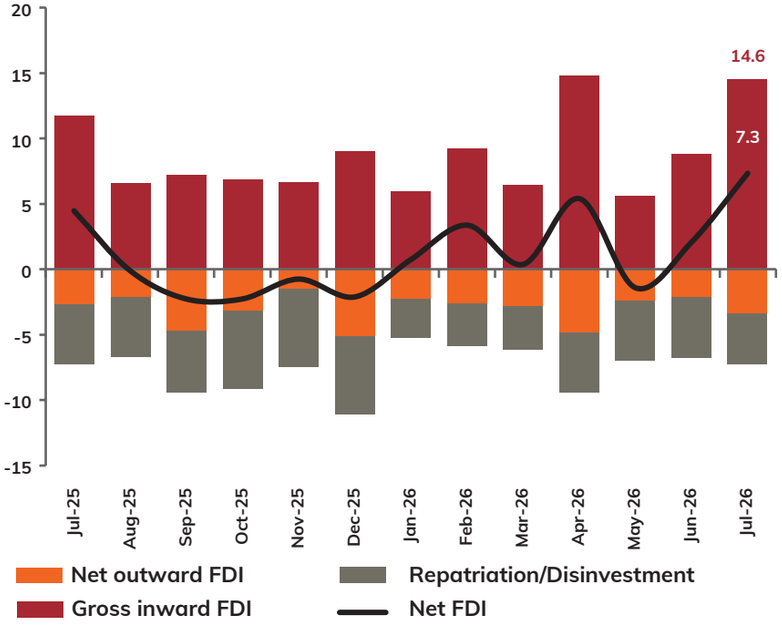
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Other Key Developments

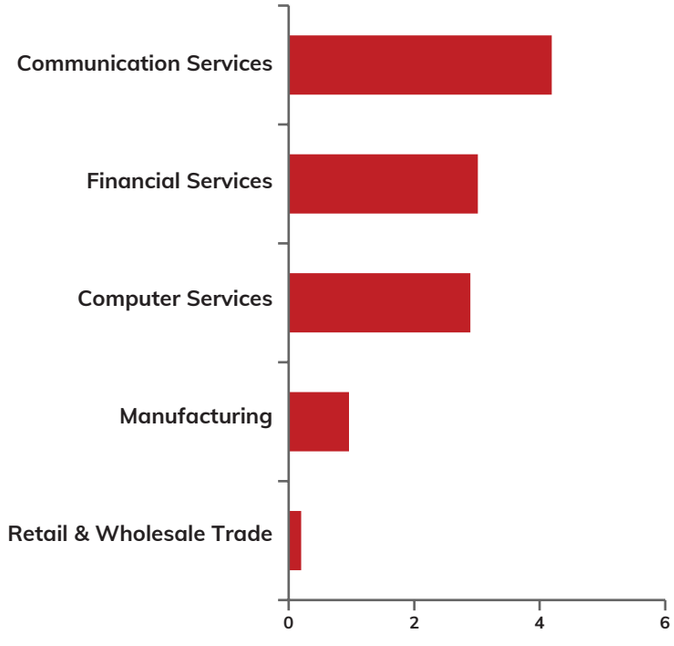


India's Foreign Direct Investment (FDI) flows strengthen: Net FDI stood at $7.3 billion in July 2026, the highest monthly flow in five years, reflecting robust gross inflows of $14.6 billion. Communication, financial and computer services were the major sectors. Mauritius, the UAE, and the U.S. were the major source countries, accounting for about 70% of equity inflows. The major sectors witnessing outward FDI were financial, insurance and business services and manufacturing – together accounting for about two-thirds of the outward flows (Source: Reserve Bank of India Bulletin, September 2026).

GROSS AND NET FDI ($, BILLION)



SECTOR-WISE GROSS INFLOWS IN JULY ($, BILLION)



Source: Reserve Bank of India (RBI), Bulletin, September 2026. FDI: Foreign Direct Investment.

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Other Key Developments



India's Wholesale Price Index Inflation (WPI): Wholesale Price Index (WPI) inflation rose marginally to 9.92% year-on-year in August 2026 from 9.78% in July 2026, led by higher fuel and power coupled with manufactured products group inflation. However, inflation in primary articles moderated. The Output Producer Price Index based inflation inched up to 9.8% in August 2026, led by manufacturing products and mining & quarrying (Source: Ministry of Commerce and Industry).

The New Framework of Unified Payments Interface (UPI): A Merchant Discount Rate (MDR) of 0.4% will be introduced on Person-to-Merchant (P2M) UPI transactions above ₹2,000. For transactions of ₹75,000 and above, the MDR will be capped at ₹300 per transaction. However, Person-to-Person (P2P) transactions will continue to be free-of-cost for both the payer as well as the beneficiary. The finalized MDR framework and threshold structure would take effect from October 15, 2026 (Source: National Payments Corporation of India).

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And it is a wrap for the month



Global economic uncertainty increased amid renewed geopolitical tensions and heightened trade policy risks. The escalation of conflict in West Asia led to a sharp increase in crude oil prices, reigniting concerns of a further disruption in global supply chains and build-up of inflationary pressures. The ongoing conflict continues to weigh on the balance between growth and inflation, prompting some central banks to hike rates. High level of sovereign debt and huge investment in Artificial Intelligence (AI) infrastructure have led to a sharp rise in sovereign yields across markets.

Despite such a challenging global environment, India's high-frequency indicators reflect sustained demand with industrial output and the services segment displaying resilience. Market participants now await developments related to the stance of the Reserve Bank of India, implications on bond yields and the further trajectory of domestic retail inflation.

PICTURE OF THE MONTH



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