



MONTHLY ECONOMIC REPORT ON INDIA

Oct 2026



India's economy holds its growth momentum as activity broadens in September and the IMF raises India's outlook. Inflation spreads across the consumption basket and wholesale prices point to building cost pressures. The RBI is expected to respond with a shallow tightening cycle; foreign portfolio investors stay cautious as equities lag global peers. The rupee stabilises on RBI support and large deposit inflows, even as forex reserves ease and hedging costs rise.

September - October 2026

Growth

The IMF raises India's FY27 real growth forecast by 60 bps to 7.0%, about twice the EMDE pace; medium-term outlook remains healthy at 6.9%. NICE index signals economic activity broadening in September, with eight of ten indicators expanding: vehicle registrations accelerate, power demand grows 11.5% and goods exports rise 23.0%. Domestic air travel (-6.5%), single-digit e-way bill growth and contracting services exports are the soft spots. Centre's fiscal deficit reaches 42% of BE in Apr-Aug FY27 (vs. 38% a year ago) as capex rises 18.2% and indirect taxes fall 2.0% (on GST cuts).

Rates

Monetary conditions tighten as inflation builds. The RBI raises the repo rate by 25 bps to 5.5% in October, and consensus forecast one more hike before an extended pause. The India-US 10-year spread widens to 225 bps as US yields fall faster on an AI-led equity sell-off, while Indian yields continue to rise. Foreign capital stays cautious: FPIs sell a net INR 584 billion in September and net FDI slows to USD 3.3 billion in August. DIIs absorb the selling with INR 760 billion of inflows, yet Indian equities (-8.9% TTM) trail global peers as volatility rises. Valuations near 20x P/E, below the long-term average, offer some cushion.

Inflation

Inflation becomes broader and more persistent. Retail inflation rises to 5.5% in September, with 46% of the CPI basket above 4% and rural prices outpacing urban. Food inflation climbs 170 bps to 7.7%, as vegetables and pulses, dairy, and fruit and nuts drive ~52% of the increase. Wholesale inflation reaches a four-year high of 11.4%, with manufactured products, mineral oils and food contributing ~95%, signaling further cost pass-through to retail prices. Globally, inflation stays above target in most major economies, while Brent at USD 100-110/bbl and copper above USD 14,500/tonne keep input costs high.

Exchange Rate

The rupee stabilizes - INR gains 1.7% against the USD over three months on RBI measures to curb speculation and dollar sales, and the REER rises to 92.0 in August, even as the dollar firms into October. Forex reserves fall USD 22 billion to ~USD 726 billion, still covering ~8 months of imports, while the 1-year forward premium climbs to 4.3%, well above its 10-year average of ~3.0%. The Apr-Aug BoP swings to a USD 58.0 billion surplus on USD 119.2 billion of net NRI deposits, offsetting a marginally wider current account deficit. Goods exports rise 23.0% in September, while import growth slows to 8.0%



MONTHLY ECONOMIC REPORT ON INDIA

Oct 2026

Detailed annexures on NIIF Insights page

Table of Contents

04 Growth

NICE Index; global growth and PMI
High frequency indicators: demand and supply
Transport and energy cost, Fiscal position

12 Rates

Policy rate forecast
Debt and equity market
Investments- FPI, DII and FDI

18 Inflation

Global headline inflation
Global commodity prices
Domestic retail and wholesale inflation

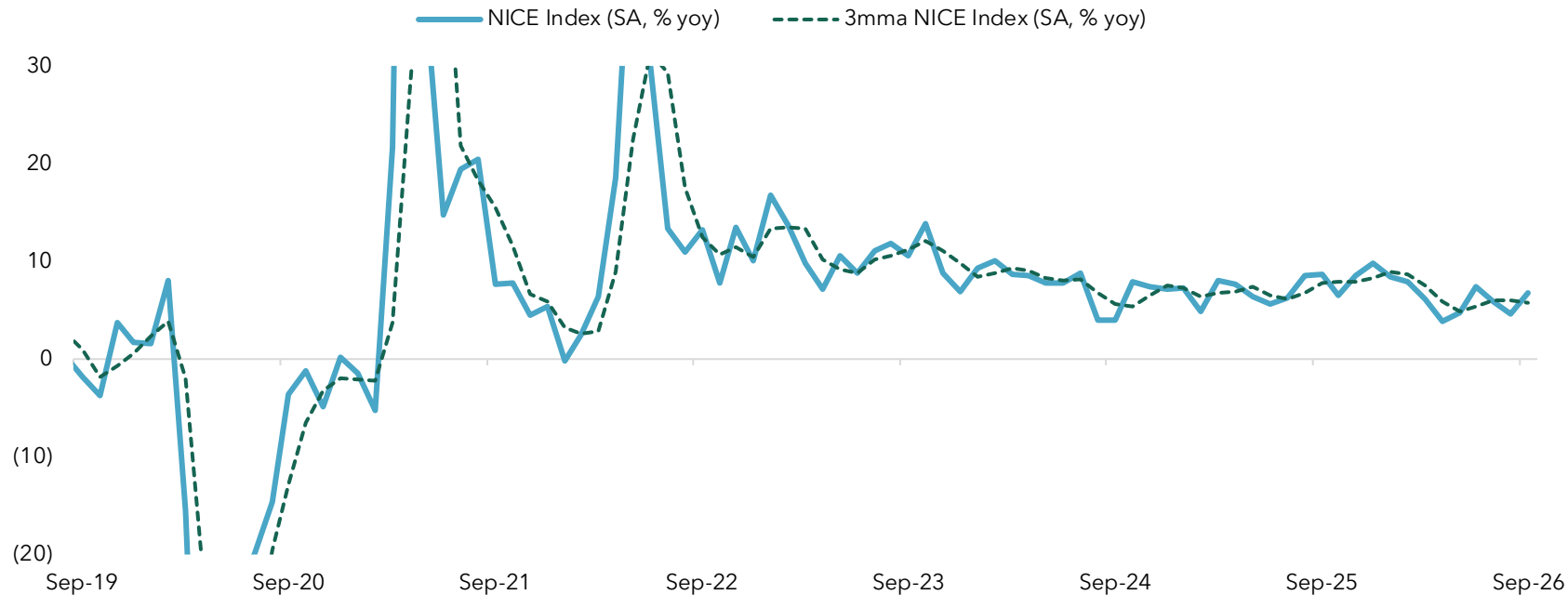
23 Exchange Rate

REER, DXY and INR performance
Forex reserves and forward premium
Goods EXIM and BoP

Economic activity broadens in September despite softer air travel

NICE Index grows sequentially in September as 8 of 10 indicators expand

Monthly NIIF India Coincident Economic (NICE) Index (% yoy), FY2020 - FY2027 (Sep '26)



- Economic activity broadens in September, with 8 of 10 indicators expanding: port cargo, vehicle registrations, coal output, and electricity and fuel demand stay robust, while services PMI rises to 55.2.
- E-way bill and steel production growth moderate sequentially, and air travel falls (-4.4%) on a seasonally adjusted basis, holding NICE index growth at 6.8%, below the FY26 monthly average of 7.5%.

Note:

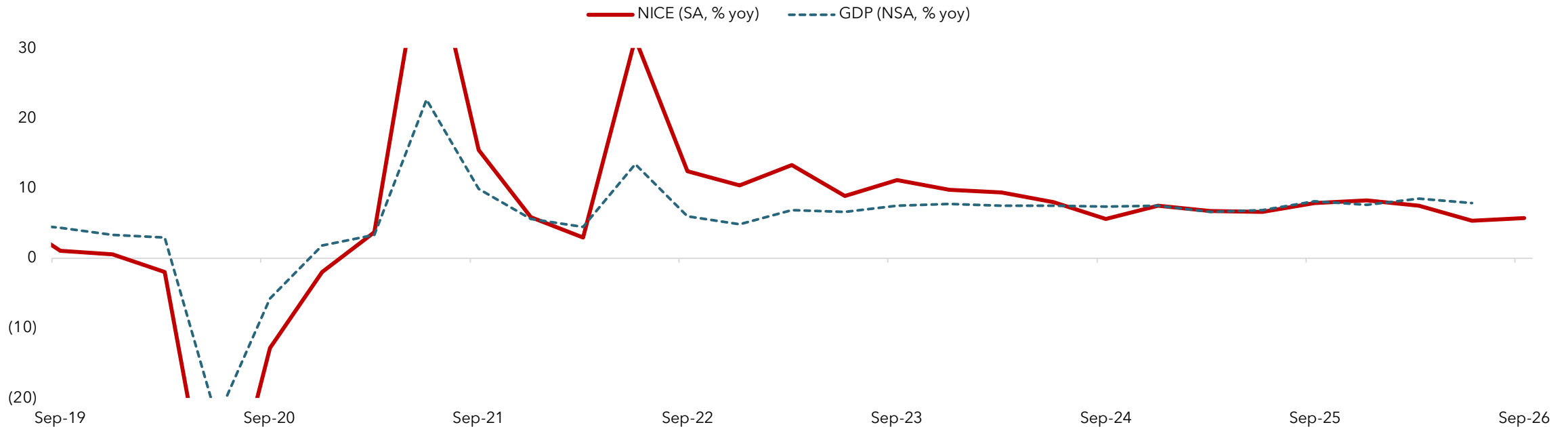
1. NICE is an index of 10 monthly high-frequency indicators: e-way bills, steel production, petrol consumption, diesel consumption, air passenger traffic, electricity generation, automobile registrations, major ports cargo, coal production and PMI services
2. Indicators are seasonally adjusted (unless already adjusted, such as in PMI services) and rebased to June 2018 = 100. A single factor is estimated by applying principal component analysis (PCA). Specifically, an index is created using the first two principal components (PCs), which account for 90% of the variations, and a weighted average of PC1 and PC2 is used to derive individual indicator weights. Turning point analysis was also carried out to map the index with major events, such as the COVID-19 pandemic, election cycles, and festival demand spikes.
3. 3mma NICE refers to the 3-month moving average of the NICE Index (X)
4. Methodology subject to periodic review and refinement

Source: CEIC, Thurro, NIIF Research

NICE index signals normalising growth momentum in Q2FY27

..as a high base outweighs the sequential pickup in economic activity in September

Quarterly NIIF India Coincident Economic (NICE) Index and real GDP (% yoy), FY2020 - FY2027 (Sep '26)



Note:

1. Quarterly index computed by averaging monthly NICE values within each quarter using identical methodology
2. SA: Seasonally adjusted; NSA: Not seasonally adjusted
3. GDP growth (% yoy) measured at constant prices
4. Methodology subject to periodic review and refinement

Source: CEIC, Thurro, NIIF Research

India's growth outlook strengthens further in October

IMF lifts FY27 India growth to 7.0%, ~2x EMDE pace

IMF nominal GDP (USD trillion) and real GDP growth projections (%), CY2025 to CY2031

	Nominal GDP (USD trillion)			Real GDP growth (% yoy)			
	Actual	Projection		Actual	Projection		
	2025	2026	2027	2025	2026	2027	Medium-term
World	118.5	128.0	135.1	3.5	3.1	3.4	3.2
Advanced Economies	69.6	74.2	77.9	2.0	2.1	1.8	1.6
United States	30.9	32.6	34.4	2.3	2.3	2.3	1.9
European Union	21.3	22.8	23.7	1.5	1.4	1.4	1.4
Germany	5.1	5.5	5.7	0.2	1.3	1.1	0.8
Japan	4.5	4.3	4.5	1.2	0.7	0.7	0.6
United Kingdom	4.0	4.3	4.5	1.2	1.3	1.2	1.5
Canada	2.3	2.5	2.6	1.9	1.1	1.7	1.7
Emerging markets and developing economies	48.9	53.8	57.2	4.5	3.7	4.4	4.1
Middle East and Central Asia	5.3	5.7	6.1	3.7	(0.3)	6.3	4.1
China	19.6	21.5	22.9	5.0	4.5	4.0	3.6
India	3.9	4.1	4.5	7.8	7.0	7.0	6.9
Russia	2.6	2.9	2.7	1.0	0.9	0.9	1.0
Brazil	2.3	2.7	2.8	2.3	2.2	1.9	2.5
South Africa	0.4	0.5	0.5	1.1	1.0	1.3	1.7

Note:

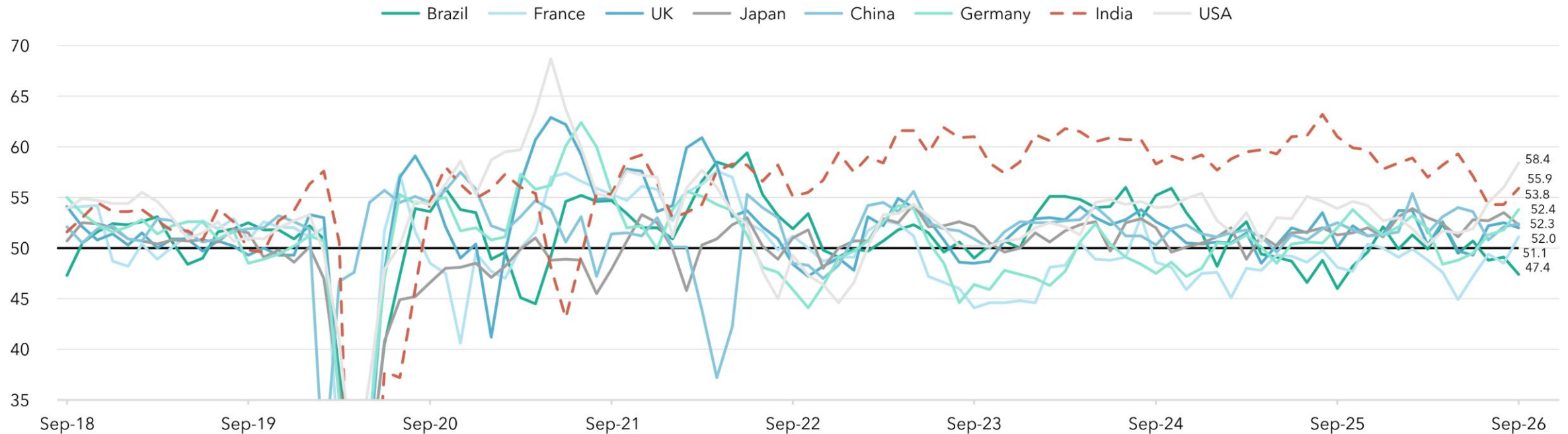
1. Medium term growth forecast is estimated by averaging growth between CY2028 and CY2031
2. Assumption for growth forecast: a) Crude oil at \$95.7/bbl for 2026 and \$87.4/bbl for 2027, b) reopening of SoH is assumed to resume in March 2027 with return to pre-war conditions by October 2027, c) Tighter monetary policy condition and d) higher expected public debts globally (AEs: 115% of GDP in 2031 vs 108% in 2025 and EMs: 84% in 2031 vs 74% in 2025)
3. India's figure on Financial Year basis (starting April and ending in March)

Source: IMF WEO October 2026, NIIF Research

Global growth momentum broadens across major economies in Sep

Composite PMI rises in five (US, India, France, Germany and China) of eight major economies in September

Monthly composite PMI indices across major economies, FY2019-FY2027 (Sep '26)



Note:

1. Impact of Covid on economic activity seen across countries for months between Feb '20 and May '20 and hence not shown in the chart.
2. The headline PMI Composite (Output) Index is a weighted average of the headline PMI Services Index and the Manufacturing Output Index (not the headline PMI manufacturing). Hence, a simple average of PMI Services and Manufacturing indices may not reflect in the PMI Composite.

Source: Thurro, S&P, NIIF Research

Supply-side momentum remains broad-based in September

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Fiscal													
Central government capex	30.9	(28.3)	(13.8)	(24.5)	(24.5)	59.6	(41.8)	18.8	(0.6)	66.0	53.7	(29.9)	
Central government revex	(20.8)	(8.2)	18.0	1.9	(4.2)	(0.4)	38.7	25.9	11.8	(8.4)	9.2	10.4	
Gross tax revenue	8.4	13.8	(2.8)	32.4	10.1	(19.2)	2.1	(1.9)	5.9	6.4	41.6	(14.8)	
GST collection	9.1	4.6	0.7	6.1	6.2	8.1	8.8	8.7	3.2	13.9	15.4	14.8	14.7
Industry													
Index of industrial production	6.1	(0.9)	7.0	2.2	4.1	4.4	3.0	4.9	5.0	8.8	7.4	8.0	
Index of core industries	3.1	0.8	3.5	5.6	5.2	3.2	2.9	2.7	3.2	6.0	5.0	5.9	7.9
Electricity generation	3.0	(5.9)	(0.9)	6.4	4.6	1.7	1.3	5.3	11.2	10.5	10.6	11.7	11.1
Steel production	12.5	8.9	3.5	5.5	10.6	17.5	7.7	11.5	(0.6)	2.3	2.1	5.0	9.8
Cement production	5.1	5.2	15.1	14.0	11.3	9.1	4.7	8.3	8.4	9.9	12.7	11.7	9.8
Coal production	(1.1)	(8.5)	2.1	3.6	3.2	2.3	(4.1)	(9.0)	(9.5)	1.4	7.6	(3.7)	10.6
Wholesale price index	(0.2)	(1.2)	(0.6)	0.3	1.2	2.2	4.0	8.4	9.9	10.0	9.8	9.9	11.4
Logistics													
Rail freight	3.9	2.3	4.2	3.2	2.9	4.0	3.1	(1.0)	1.4	4.0	8.9	5.3	6.1
Port cargo	11.4	11.9	14.6	12.8	7.6	3.8	0.7	2.4	6.6	4.3	14.2	8.4	12.6
Air cargo	2.9	(2.5)	15.6	9.5	9.0	17.9	0.4	10.3	11.0	16.8	11.3	11.8	
E-way bills (volume)	21.0	8.2	27.6	23.5	15.8	18.8	12.9	11.8	10.9	14.5	6.0	7.7	7.2
Trade													
Merchandise exports	5.9	(12.5)	18.5	1.1	0.4	(0.9)	(7.4)	11.2	17.1	14.4	19.7	26.1	23.0
Merchandise imports	17.6	17.6	(1.4)	10.2	20.0	24.5	(6.0)	10.0	20.6	30.9	17.4	14.1	8.0
Non-oil merchandise exports	5.3	(12.1)	20.2	3.0	(0.2)	6.3	(9.2)	9.2	11.7	16.5	13.6	21.0	21.7
Non-oil merchandise imports	25.6	33.6	1.9	11.5	25.9	29.1	6.7	19.4	10.1	27.9	17.4	10.9	2.2
Services exports	12.6	2.2	6.7	13.0	9.8	9.7	7.2	12.2	2.3	12.7	13.4	13.7	(0.9)
Services imports	7.8	2.9	(2.1)	7.4	(0.5)	16.2	(1.6)	9.1	5.8	16.4	19.1	21.4	9.0

Industrial output, freight and goods trade strengthen in Sep; e-way bills soften and services exports contract

Change in major economic indicators (% yoy),
Sep '25 - Sep '26

Note:

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure.

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research

Demand gathers pace in September despite weaker air travel

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Energy													
Electricity demand	3.2	(6.0)	(0.8)	6.1	3.9	1.1	0.7	4.5	10.6	11.0	11.2	12.4	11.5
Petrol consumption	7.9	7.4	2.6	7.1	6.1	6.1	7.6	6.8	3.4	7.4	9.2	8.2	8.0
Diesel consumption	6.5	(0.3)	4.8	5.2	3.3	4.3	8.1	0.8	1.6	6.1	10.0	6.8	5.6
Automobile registrations													
Passenger vehicles	10.5	14.0	21.7	28.5	11.0	27.9	26.1	13.4	27.9	32.2	22.9	19.5	31.4
Three-wheeler	(2.0)	6.7	21.8	34.9	18.5	23.8	10.0	7.2	6.8	20.3	20.2	12.5	22.2
Two-wheeler	6.6	51.7	(2.5)	10.8	20.9	25.5	29.0	13.7	8.5	22.2	29.2	20.6	33.4
Commercial vehicles	2.3	20.7	20.5	25.1	18.3	32.0	19.3	19.1	13.0	22.7	32.9	22.4	39.2
Passenger vehicles - electric	209.5	88.5	83.8	83.1	72.9	63.0	85.8	76.9	96.8	120.7	92.3	54.9	88.7
Three-wheeler - electric	(2.8)	5.3	32.0	48.8	26.3	25.0	6.8	3.9	9.9	29.0	27.1	26.9	40.0
Two-wheeler - electric	14.3	4.1	(1.6)	34.4	26.1	47.0	45.7	63.7	64.8	76.3	89.8	68.5	89.2
Commercial vehicles - electric	167.7	213.3	222.2	173.3	179.7	200.8	175.5	201.7	196.2	303.9	237.0	223.1	164.0
Services													
Air passenger (domestic)	(3.0)	2.8	6.9	(4.1)	4.4	0.1	(1.2)	(3.5)	9.5	(1.0)	(4.8)	(6.2)	(6.5)
Air passenger (international)	7.3	10.4	8.5	7.4	8.5	4.1	(17.3)	(16.1)	(7.4)	(3.4)	(0.3)	0.1	0.0
FASTag collection (volume)	8.0	9.0	8.2	4.9	6.7	5.6	10.1	10.1	7.2	12.1	9.8	13.6	18.6
FASTag collection (value)	14.3	9.3	16.1	11.2	9.4	4.9	5.8	3.3	3.1	6.2	7.1	7.9	10.5
UPI transactions (volume)	30.5	24.8	32.2	29.3	27.7	26.6	23.7	24.9	24.2	23.5	21.5	22.5	22.6
UPI transactions (value)	20.6	16.1	22.1	20.3	20.7	22.2	19.2	21.2	18.9	20.3	19.1	20.0	18.0
Consumer price index	1.4	0.0	0.5	1.2	2.7	3.2	3.4	3.5	3.9	4.4	4.5	4.8	5.5
Banking													
Aggregate deposits	9.4	10.8	10.2	12.7	10.6	11.3	16.2	13.3	12.2	13.3	15.4	17.6	19.4
Outstanding credit	10.8	12.0	11.5	14.5	13.4	14.0	17.1	16.4	17.7	18.6	19.3	19.5	20.6

Autos and road traffic accelerate in Sep; energy use, payments and credit stay strong, but domestic air travel slumps

Change in major economic indicators (% yoy),
Sep '25 - Sep '26

Note:

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure.
3. FASTag collection (volume) adjusted for annual pass data

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research

Fiscal deficit widens yoy as YTD spending stays front-loaded

Capex rises 18.2% yoy as indirect taxes fall 2.0% in Apr-Aug

Monthly snapshot of central government fiscal health (INR trillion), FY2026-FY2027 (Aug '26)

		FY2026		FY2027		% of BE		% yoy
		August	YTD	August	YTD	YTD FY2026	YTD FY2027	Δ YTD
1	Revenue receipts	1.9	12.5	0.2	12.9	36.6	36.6	3.3
1.1	Gross tax revenue	2.5	13.4	2.1	14.3	31.5	32.5	6.5
1.1.1	Direct tax	1.0	6.7	1.7	7.6	26.6	28.2	13.4
1.1.2	Indirect tax	1.2	6.5	1.4	6.4	37.4	38.0	(2.0)
2	Capital receipts (non-debt)	0.0	0.3	0.4	0.8	42.1	63.5	135.3
2.1	Net recovery of loans and advances	0.0	0.1	0.0	0.1	29.5	34.1	53.1
2.2	Miscellaneous receipts	0.0	0.2	0.3	0.6	49.8	77.7	165.4
3	Total (non-debt) receipts (1 + 2)	1.9	12.8	0.6	13.7	36.7	37.5	6.6
4	Revenue expenditure	2.3	14.5	2.6	15.7	36.7	38.0	8.2
4.1	Interest payment	0.8	5.3	0.9	5.1	41.4	36.7	(2.6)
5	Capital expenditure	0.8	4.3	0.6	5.1	38.5	41.7	18.2
6	Total expenditure (4 + 5)	3.2	18.8	3.2	20.8	37.1	38.9	10.5
7	Revenue deficit (4-1)	0.5	2.0	2.3	2.8	37.9	46.5	38.8
8	Fiscal Deficit (3 - 6)	1.3	6.0	2.6	7.1	38.1	41.9	18.7
9	Annual Nominal Gross Domestic Product (GDP)	346.4		393.0				

Note:

1. FY2026 is the period between April 2025 and March 2026, similarly for other years

2. YTD refers to financial year to date, i.e., from April onwards; BE is the budget estimate for the stated financial year

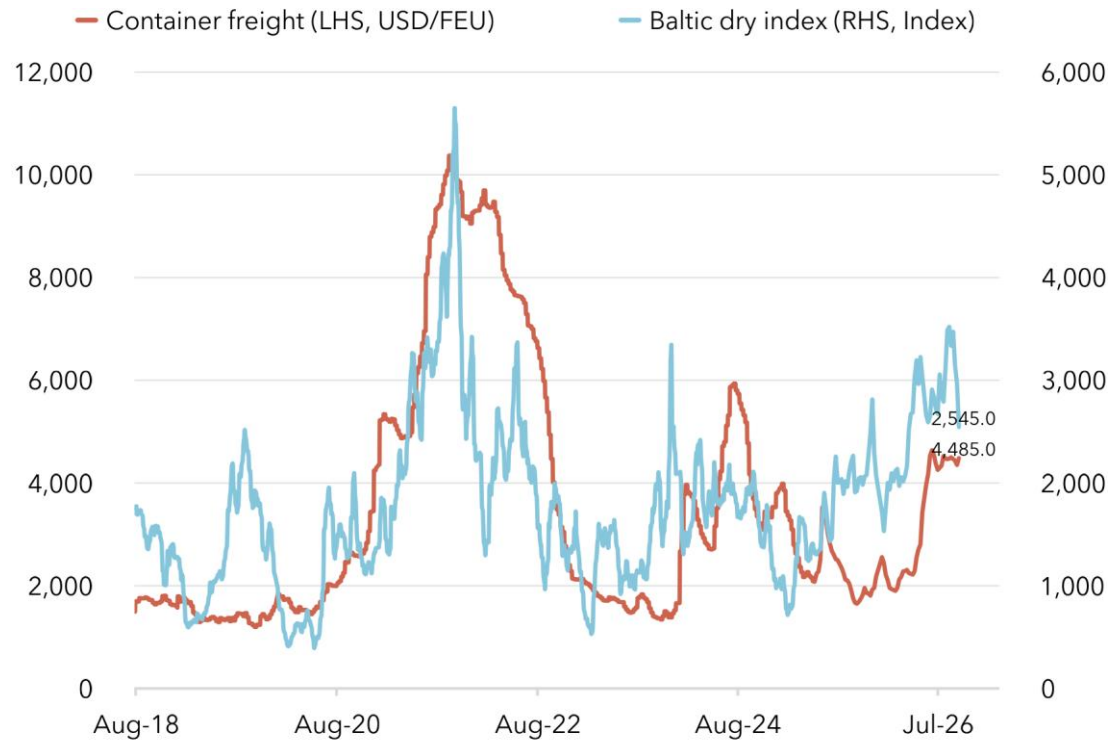
3. Nominal GDP based on provisional estimates as per MoSPI for FY2026 and Union Budget 2026-27 for FY2027

Source: CEIC, Union Budget 2026-27, NIIF Research

Freight and power costs remain elevated into October

Container rates stay high in Oct; bulk freight rates ease

Daily shipping freight indices, FY2019-FY2027 (15 Oct '26)



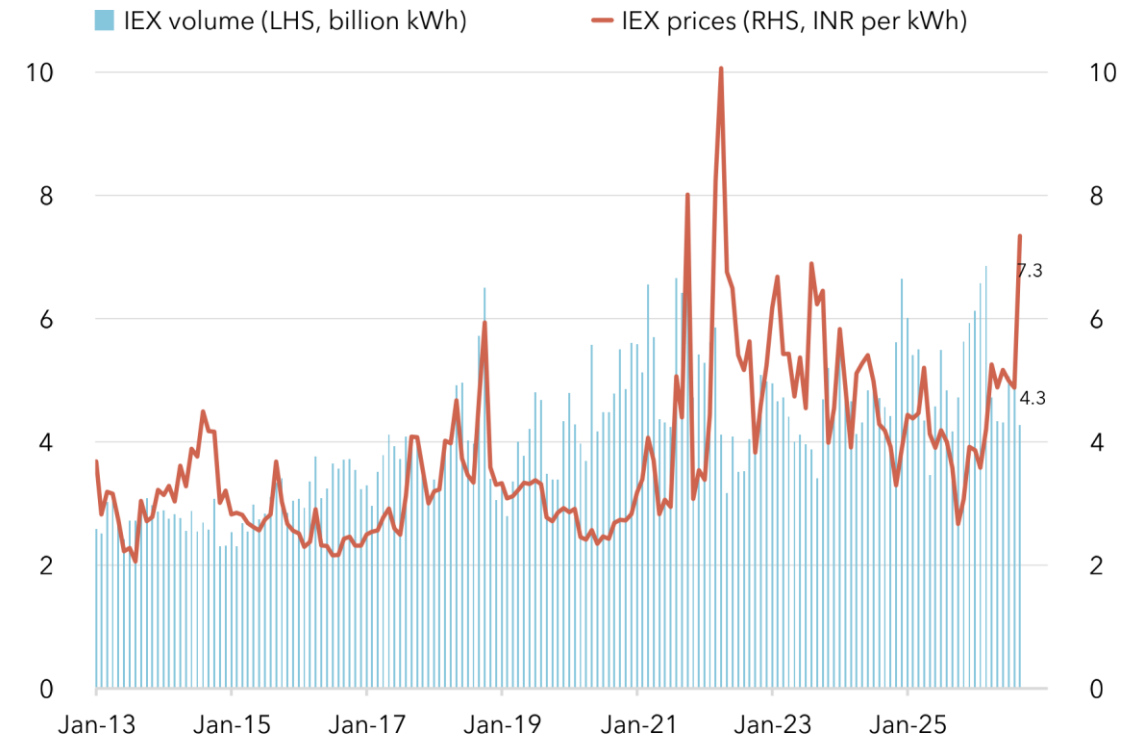
Note:

1. Baltic Dry Index measures freight rates for ships carrying bulk commodities like coal, iron ore, food grains, bauxite and alumina, steel and fertilizers.
2. Container freight measures actual spot freight rates in USD for 40-foot containers for 8 major east-west trade routes compiled as World Container Index (WCI).

Source: Thurro, Investing.com, IEX, NIIF Research

Power prices rise in Sep as electricity demand stays firm

Monthly clearance prices on IEX DAM (INR/kWh), FY2013-FY2027 (Sep '26)



Rate expectations turn more hawkish as inflation builds in October

Markets (as of 16 Oct) price cumulative 50bps of RBI hikes over Oct-Dec 2026, versus Q3-Q4FY27 earlier

Projections for RBI's benchmark repo rate (%), Q3FY27 to Q4FY28 (16 Oct '26)

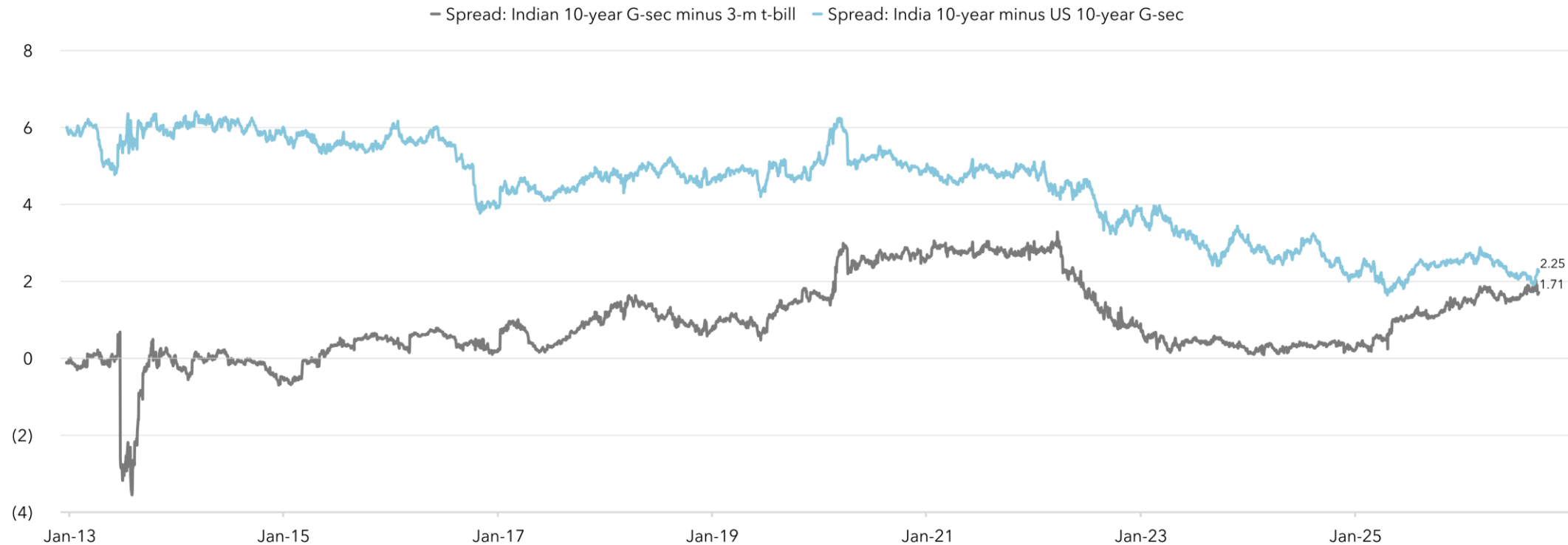
	Q3FY27	Q4FY27	Q1FY28	Q2FY28	Q3FY28	Q4FY28
Number of analysts	28	25	22	20	20	11
High forecast	5.75	6.00	6.00	6.00	6.00	6.00
Low forecast	5.25	5.25	5.25	5.25	5.25	5.25
Bloomberg average	5.60	5.74	5.75	5.74	5.70	5.68
Median forecast	5.75	5.75	5.75	5.75	5.75	5.75
Comparing previous survey median forecasts						
Bloomberg Aug '26 survey	5.50	5.50	5.75	5.75	5.75	5.75
Bloomberg Apr '26 survey	5.25	5.25	5.25	5.25	5.25	-

Source: Bloomberg, NIIF Research

India-US yield differential widens in October

India-US 10Y spread widens to 225 bps as US yields fall faster

Daily India and US G-sec yield (%), FY2013-FY2027 (19 Oct '26)

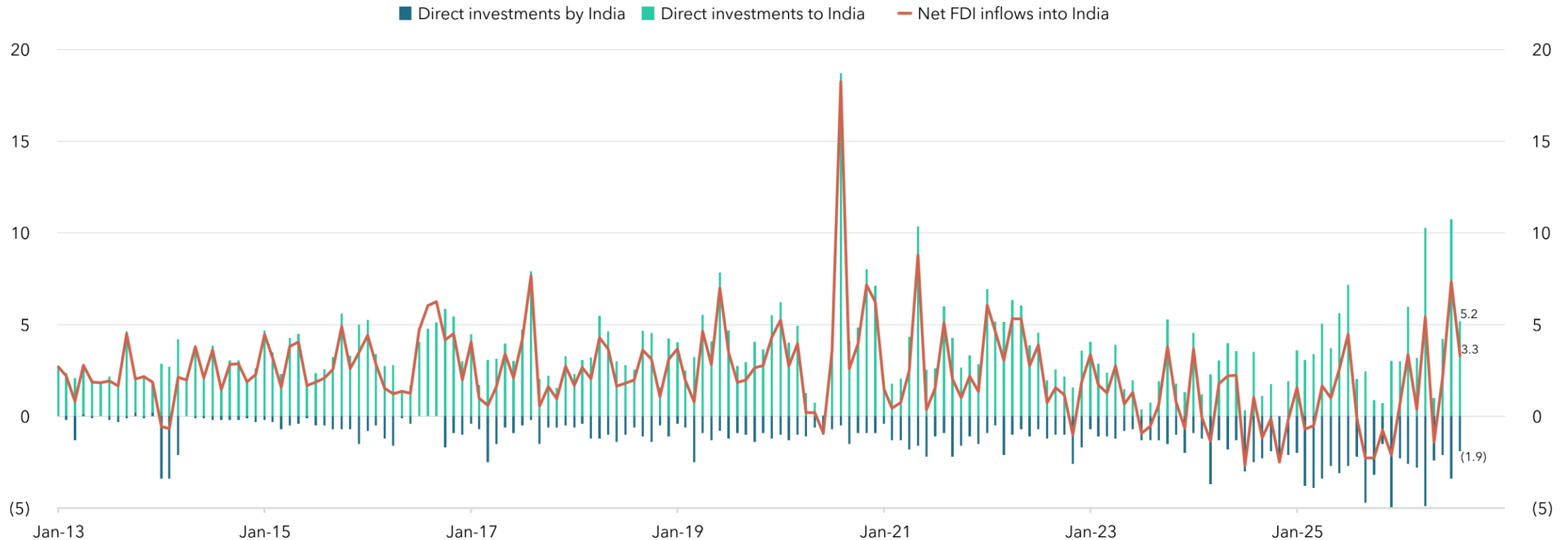


Source: Thurro, RBI, NIIF Research

Foreign direct investment momentum moderates in August

Net FDI falls to USD 3.3bn in Aug as gross inward investment slows sequentially

Monthly foreign direct investments (USD billion), FY2013-FY2027 (Aug '26)

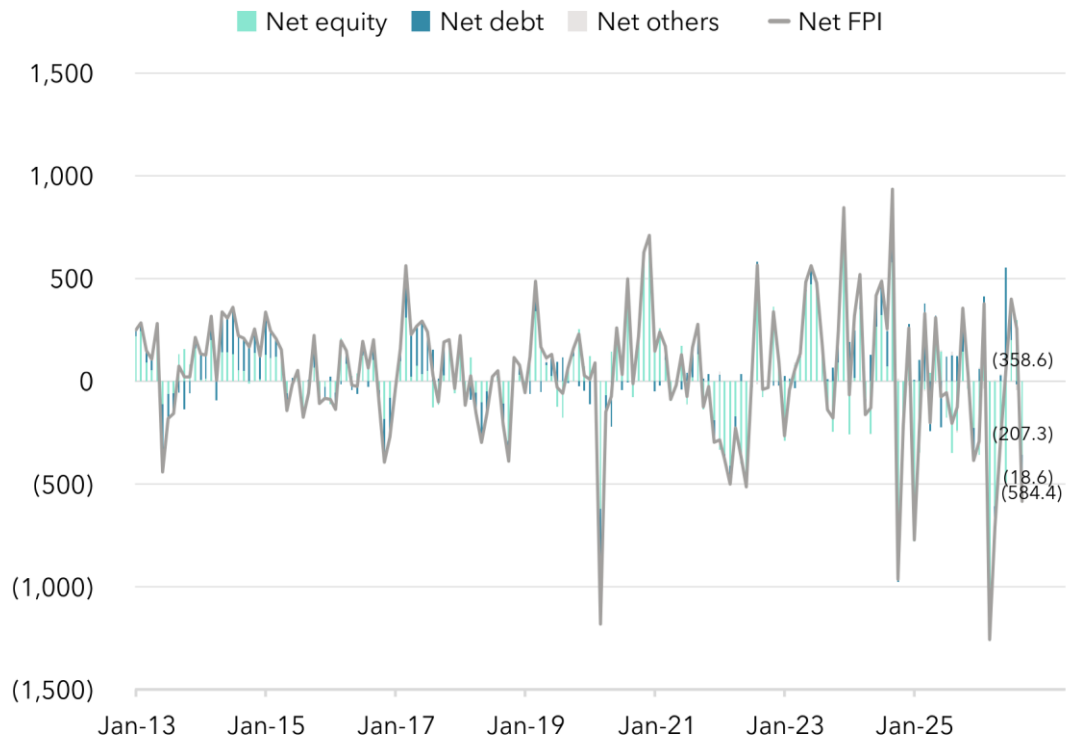


Source: Thurro, RBI, NIIF Research

Domestic investors offset foreign selling in September

FPIs record INR 584 billion of net outflows in Sep

Monthly net FPI investments (INR billion), FY2013-FY2027 (Sep '26)



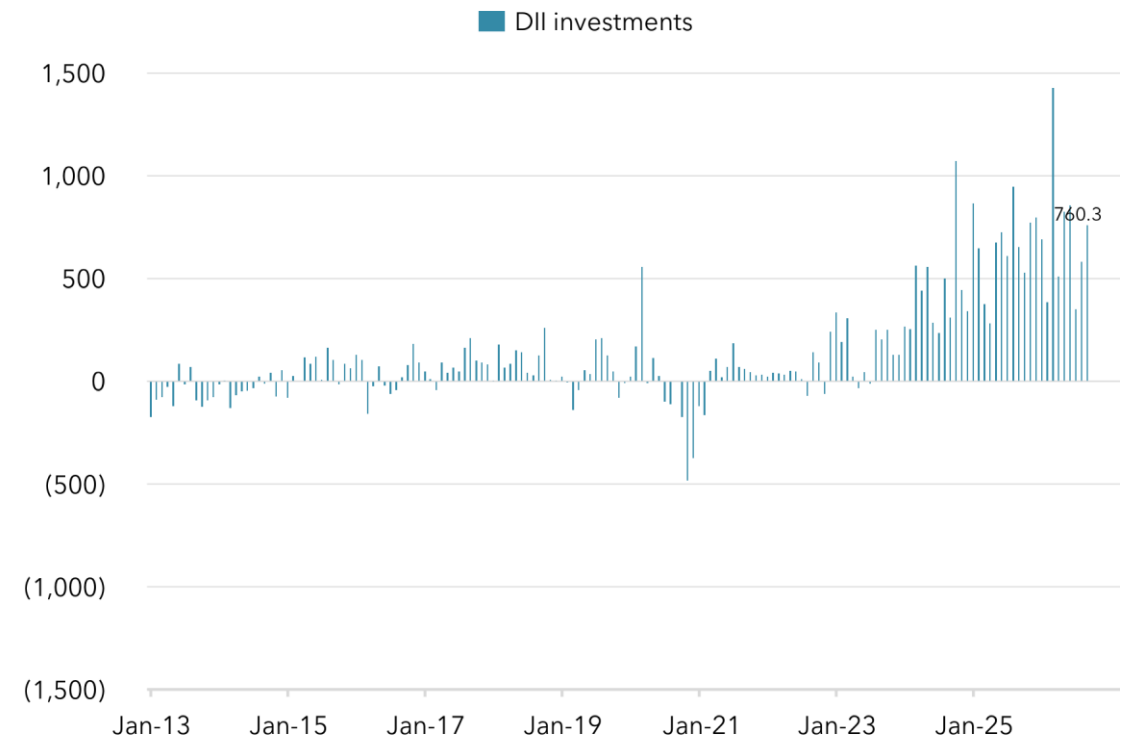
Note:

- Others comprise of hybrid, mutual funds and AIFs. Hybrid include investments in InvITs and REITs. Debt includes investments under Debt-VRR, Debt-FAR and Debt-General limit. Debt-VRR (voluntary retention route) allows FPIs to participate in repo transactions and also invest in exchange traded funds that invest in debt instruments.

Source: Thurro, NSDL, NSE, BSE, NIIF Research

DII net inflows rise to INR 760 billion in Sep

Monthly net DII investments (INR billion), FY2013-FY2027 (Sep '26)



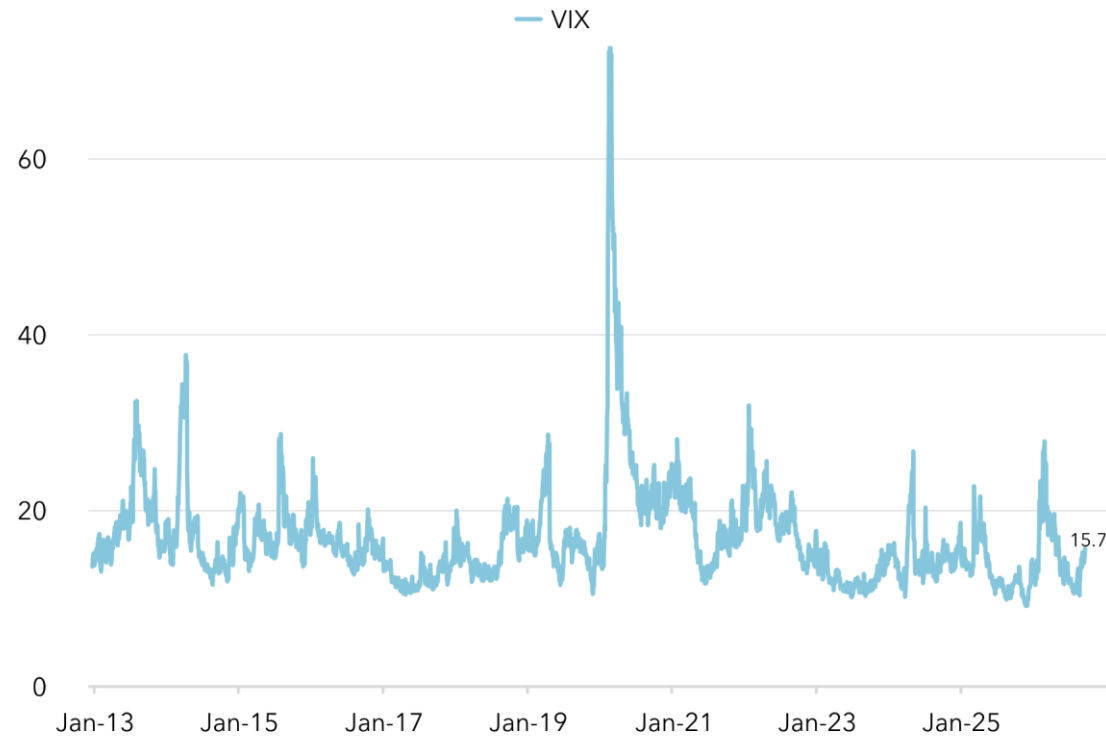
Note:

- Domestic institutional investors (DII) are those institutional investors who undertake investment in securities and other financial assets (debt, AIFs, etc.) within India. These include insurance companies, banks, DFIs, mutual funds, NPS, EPFO.

Volatility rises while equity valuations remain contained in October

Market volatility rises to 15.7 (21 Oct) from recent lows

Daily NSE NIFTY Volatility Index (X), FY2013-FY2027 (21 Oct '26)



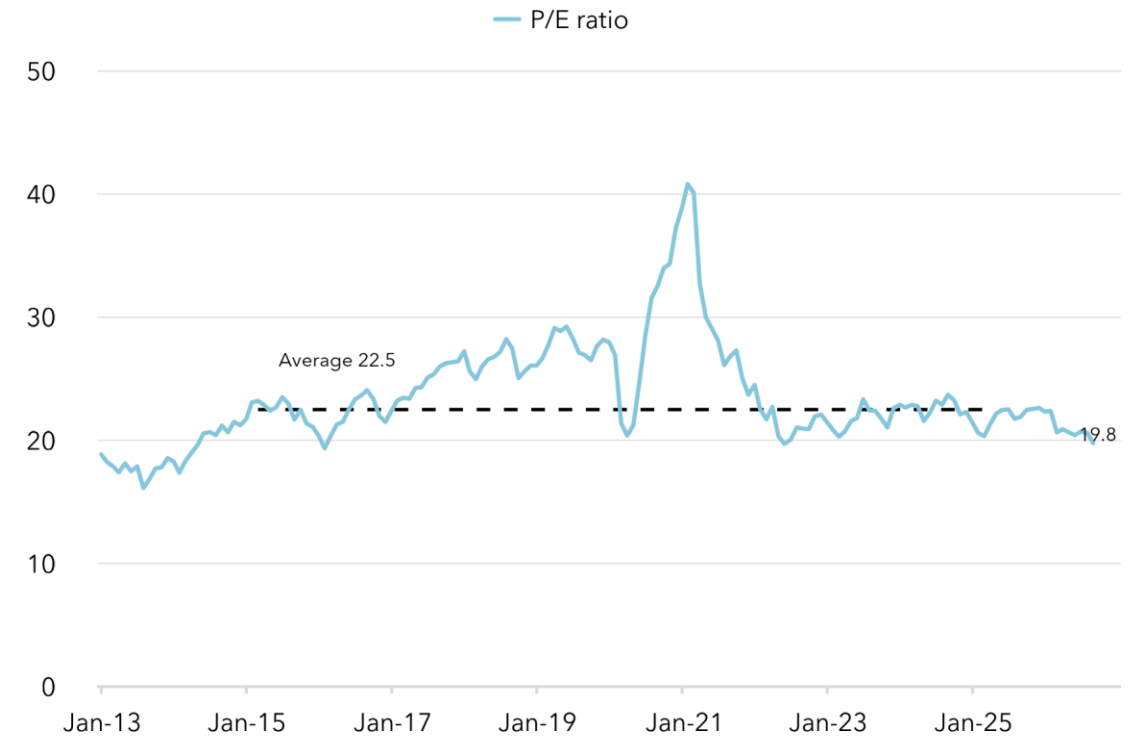
Note:

1. Volatility Index (VIX) represents the market's expectations of volatility over the next 30 days. India VIX is based on the NIFTY Index Option prices

Source: Thurro, NSE, NIIF Research

Nifty-50 P/E stays near 20x, below its historical average

Monthly average P/E ratio for Nifty-50 companies, FY2013-FY2027 (Sep '26)



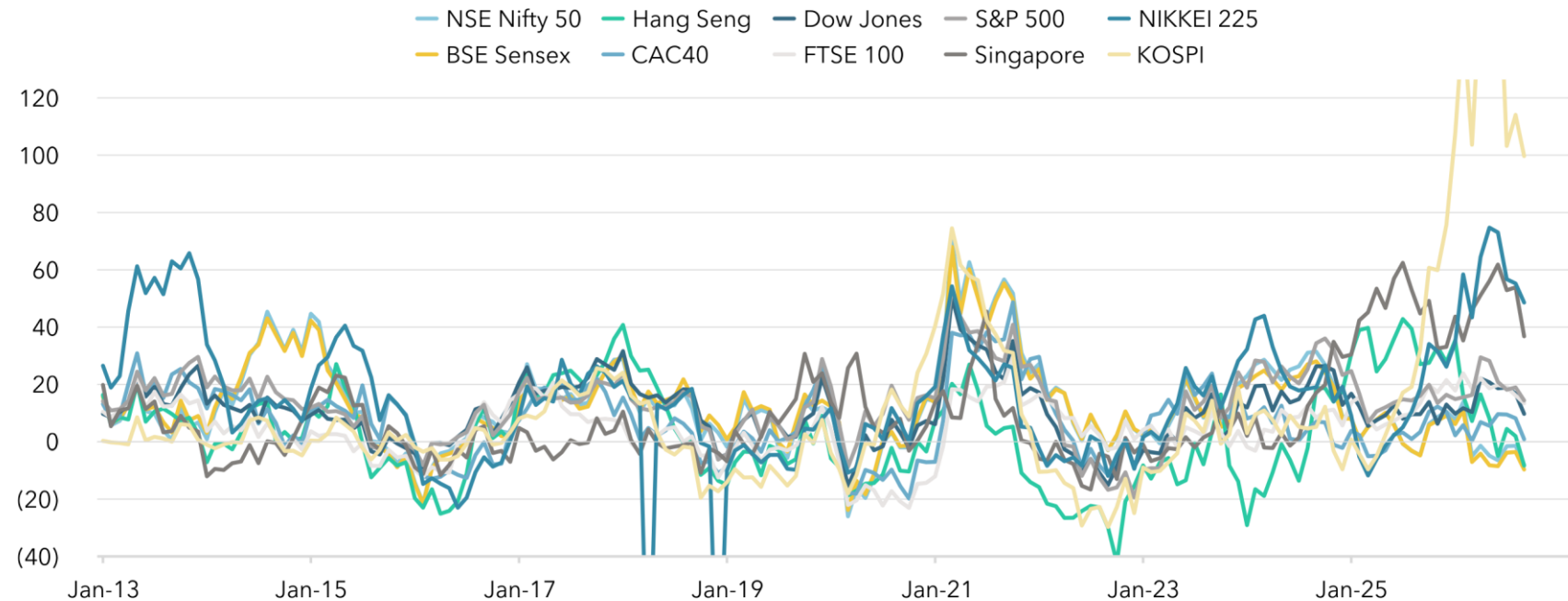
Note:

1. Earnings assumed for P/E ratios are trailing 4-quarter earnings
2. Average value is based on monthly average of P/E ratio from FY2015 to FY2025

Indian equities continue to lag global peers in September

Indian equities return -8.9% TTM even as global equity momentum moderates in September

Monthly performance of Nifty-50, Sensex and other global indices, returns in local currency (% yoy), FY2013-FY2027 (Sep '26)



Returns as on September 30, 2026 (% yoy)

NIKKEI 225	26.5
Singapore	19.8
Hang Seng	16.4
S&P 500	14.1
CAC40	13.2
FTSE 100	10.5
Dow Jones	9.7
KOSPI	0.3
NSE Nifty 50	(8.1)
BSE Sensex	(9.7)

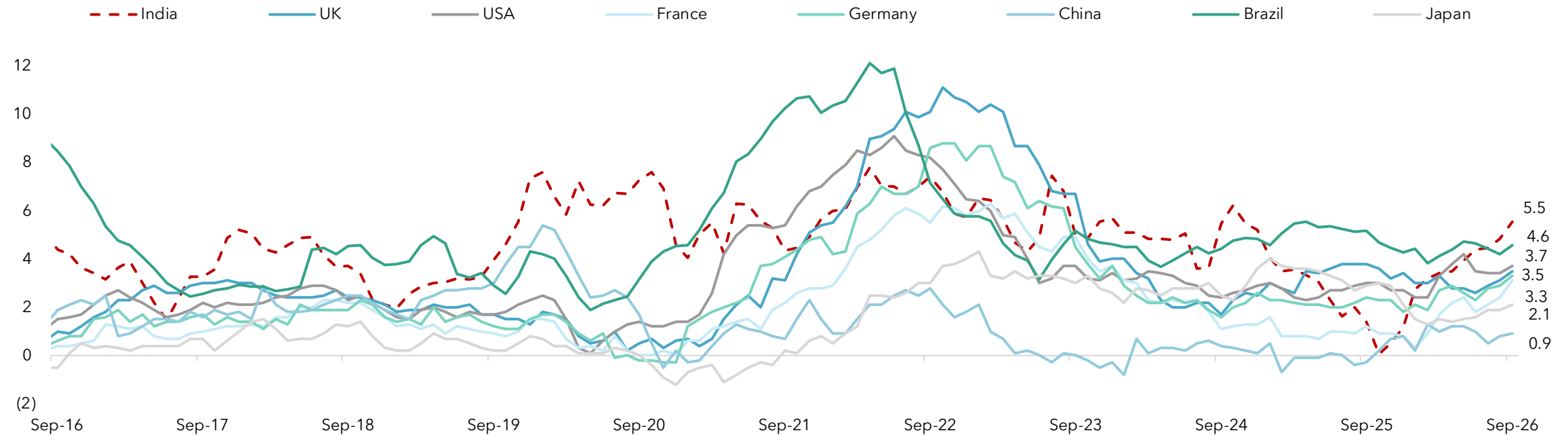
Note:
1. Return is calculated as on month end

Source: Thurro, BSE, NIIF Research

Global inflation pressures edge higher in September

Retail inflation remains above target in most major economies (ex China) on rising global energy prices

Monthly consumer price inflation (% yoy), FY2014-FY2027 (Sep '26)



Note:

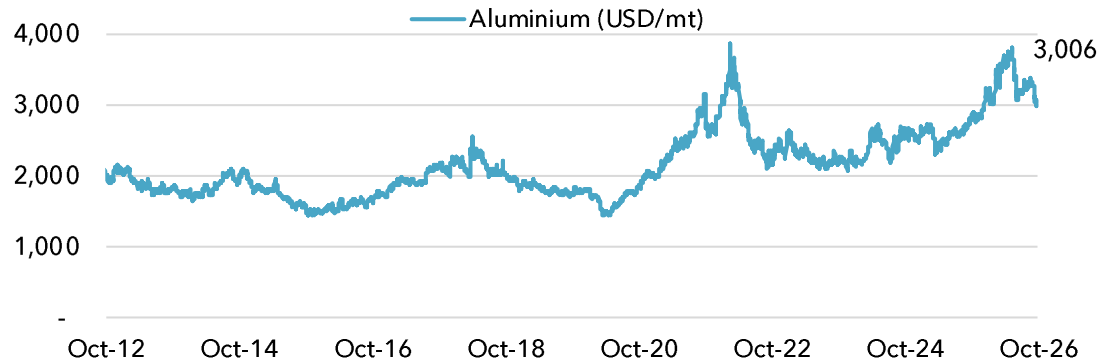
1. Inflation targeting: India ($4\% \pm 2\%$), UK (2%), USA (2%), France (2%), Germany (2%), China (2%), Brazil ($3\% \pm 1.5\%$) and Japan (2%).
2. Advanced economies (UK, USA, Eurozone, Japan) mostly use point targets (2%), with some flexibility in time horizon. Emerging markets like Brazil and India adopt explicit ranges to allow for volatility. China sets indicative CPI goals rather than formal inflation targeting

Source: MoSPI, Bloomberg, NIIF Research

Oil and copper stay firm as aluminium and gold ease in October

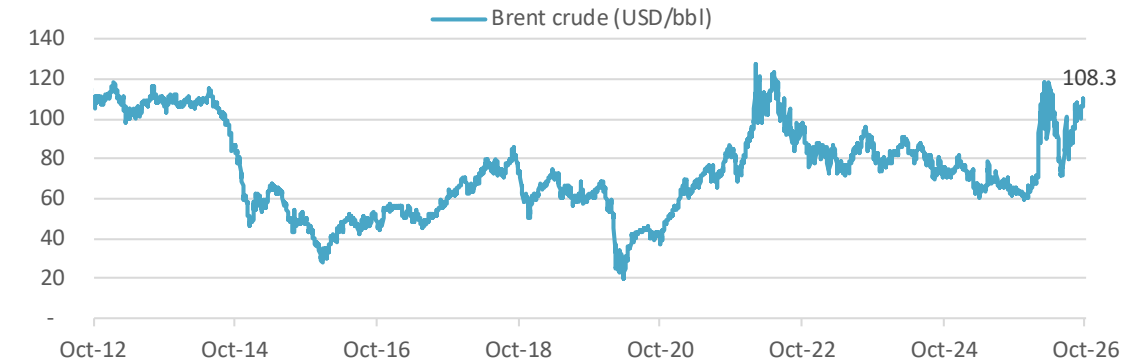
Aluminium prices ease in Oct as global production rises

Daily global aluminium prices, FY2013-FY2027 (19 Oct '26)



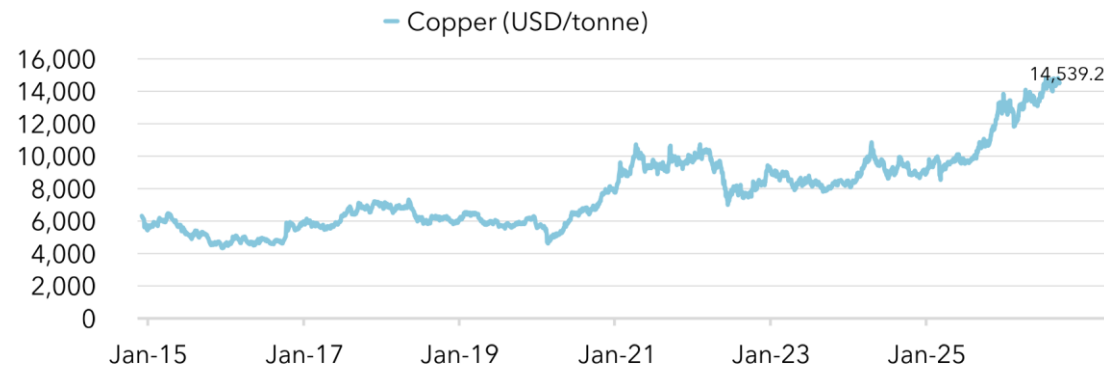
Brent crude remains elevated at USD 100-110/bbl in Oct

Daily brent crude oil prices, FY2013-FY2027 (19 Oct '26)



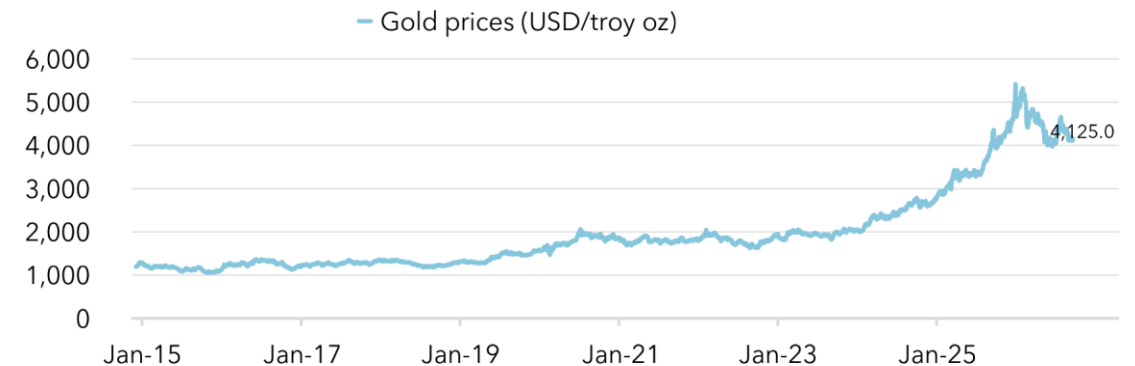
Copper rises above USD 14,500/tonne in Oct

Daily copper prices, FY2015-FY2027 (20 Oct '26)



Gold eases from recent highs amid elevated UST yields

Daily gold prices, FY2015-FY2027 (20 Oct '26)

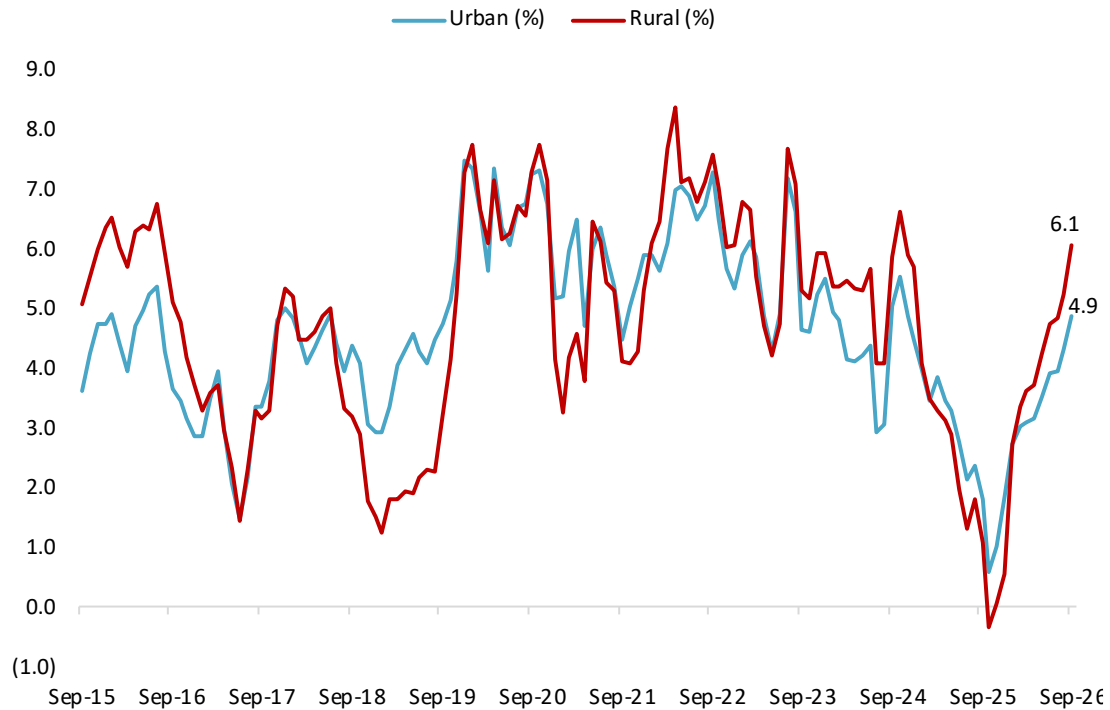


Source: Bloomberg NIIF Research, Thurro, Investing.com, Business Insider, NIIF Research

Price pressures broaden across India's CPI basket in September

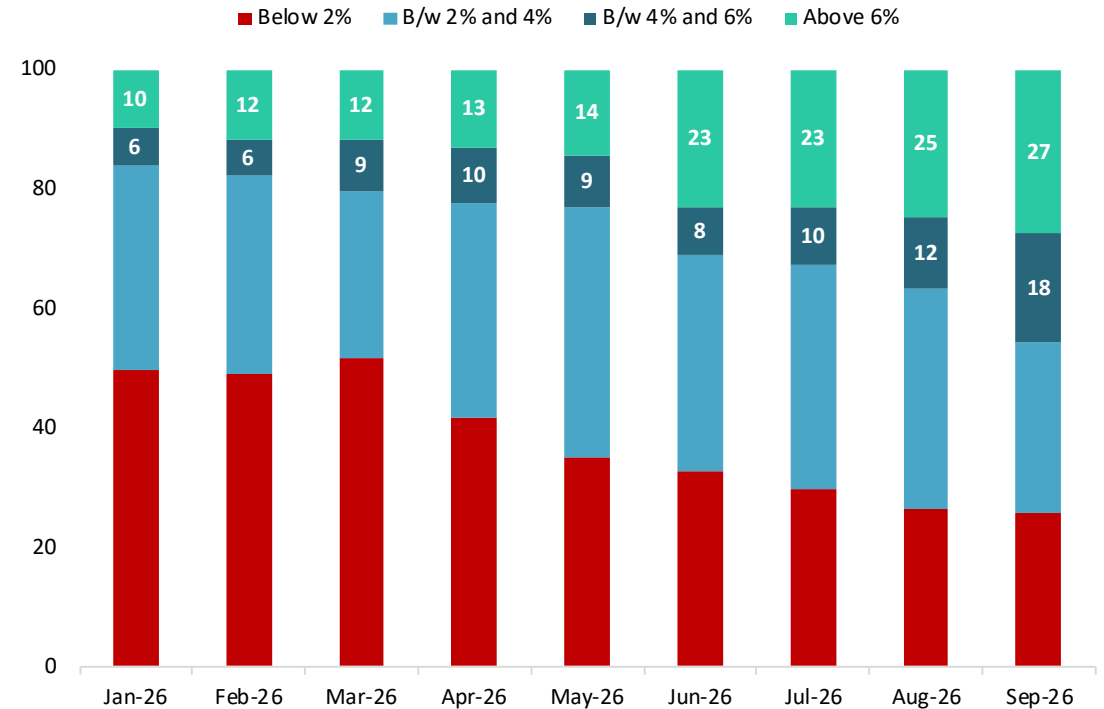
Rural inflation continues to exceed urban inflation in Sep

Monthly urban and rural inflation (%), FY2016 - FY2027 (Sep '26)



46% of the CPI basket records inflation above 4% in Sep

Monthly Inflation diffusion index (%), Jan '26 - Sep '26



Note:

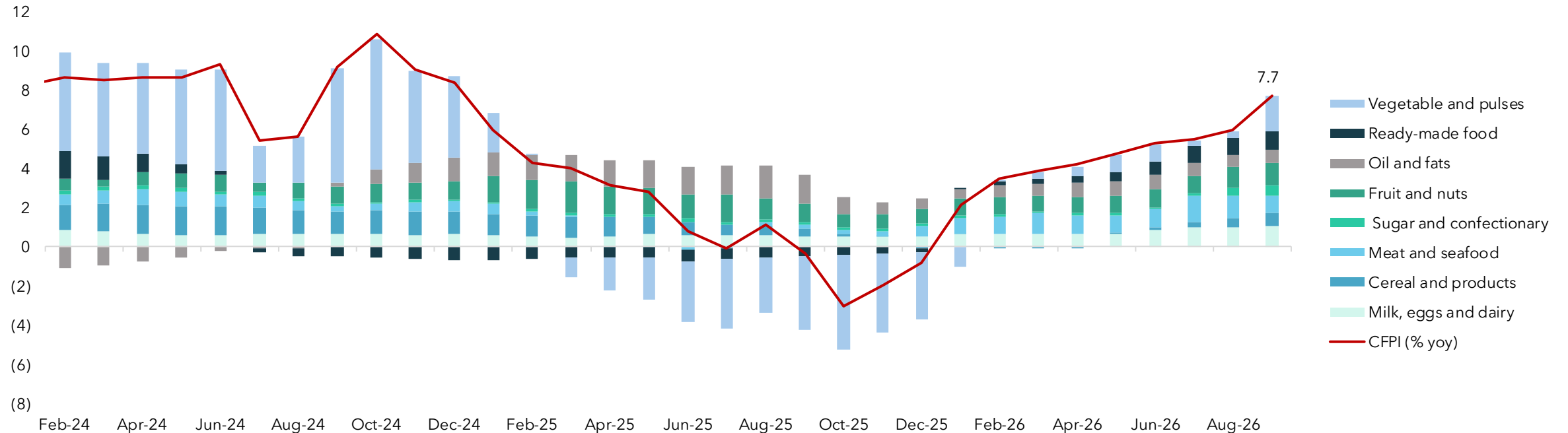
1. Inflation diffusion index captures the weighted distribution of item-level price changes in the CPI basket. An increase in the diffusion index in the high inflation categories indicates that price pressures are becoming more widespread across the consumption basket.

Source: RBI, CEIC, MoSPI, NIIF Research

Food inflation rises sharply on broad-based pressures in September

Vegetables, pulses, dairy, fruits and nuts drive ~52% of Sep food inflation

Contribution of key components to consumer food price inflation (% yoy/pp), FY2024 - FY2027 (Sep '26)



Note:

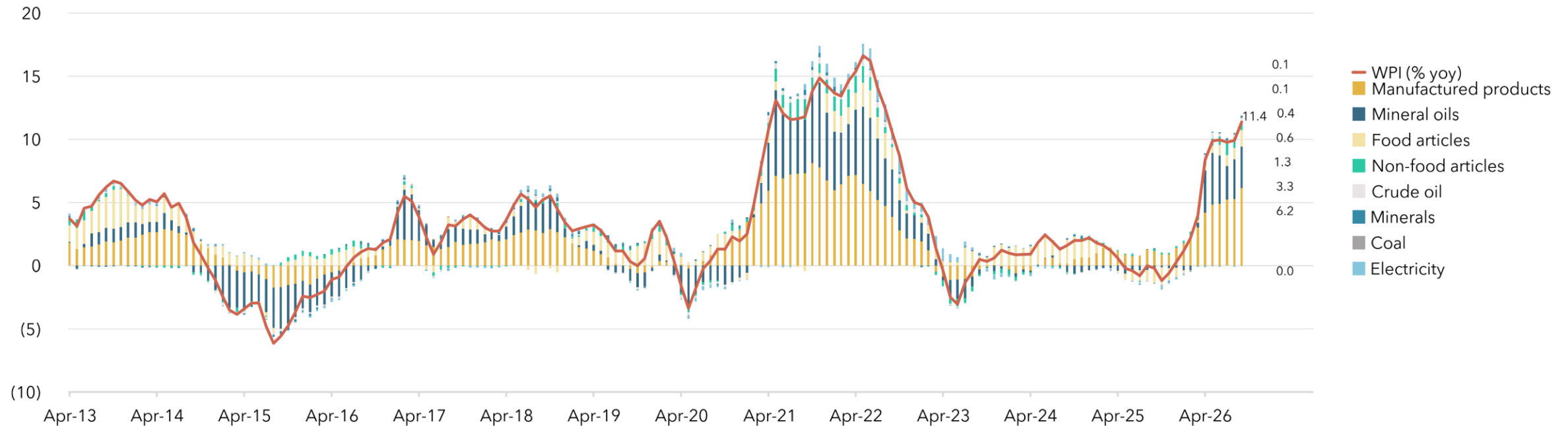
1. Pre-December 2025 values are adjusted using a linking factor from the common period (January-December 2025) to align the old (base 2012) and new (base 2024) CPI series. Mappings are based on best judgement; division-wise inflation may differ slightly from the old series.
2. Milk, eggs and dairy account for 7.3%, cereal and products 6.0%, meat and seafood 3.5%, sugar and confectionary 1.4%, fruit and nuts 3.7%, oil and fats 2.7%, ready-made food 3.3% and vegetable and pulses 6.8% of the food price index.

Source: CEIC, MoSPI, NIIF Research

Wholesale inflation accelerates to a 4-year high in September

Manufacturing, mineral oils and food drive ~95% of Sep WPI

Contribution of key components to wholesale price inflation (WPI) (% yoy/pp), FY2014-FY2027 (Sep '26)



Note:

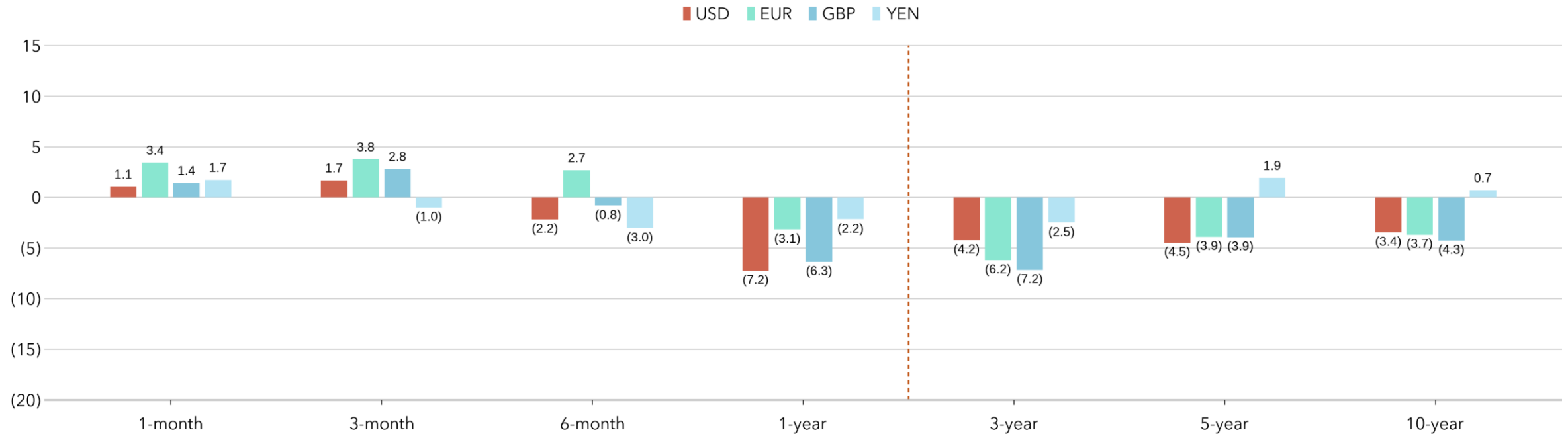
1. WPI based on new series (base 2022-23). Revised series incorporates updated item basket, revised weighting structure, enhanced sectoral coverage and improved computation methodology.
2. Pre-April 2023 values are adjusted using a linking factor from the common period of FY2025 to align the old (base 2011-12) and new (base 2022-23) WPI series.
3. Food articles account for 16.0%, non-food 5.5%, mineral 1.3%, crude oil 0.7%, coal 0.7%, mineral oils 8.2%, electricity 4.5%, and manufactured products 63.1% weight in the new wholesale price index series

Source: Thurro, Office of the Economic Advisor, NIIF Research

The rupee recovers against major currencies in October

INR gains over 3 months: 1.7% vs USD, 3.8% vs EUR, 2.8% vs GBP, supported by RBI's recent FX measures

INR performance vis-a-vis major currencies (%), FY2016-FY2027 (20 Oct '26)



Note:

1. Numbers are annualized for periods above 1 year
2. Positive return indicates appreciation of INR and negative means depreciation of INR vis-a-vis respective currency

Source: Thurro, RBI, NIIF Research

Rupee gains in real terms in Aug; dollar strengthens through October

REER climbs to 92.0 in Aug, appreciates in real terms

Monthly REER of INR, base year 2015-16 (X), FY2017-FY2027 (Aug '26)



Note:

1. Real Effective Exchange Rate (REER) is a trade-weighted index of a 40-currency basket representing India's major trading partners.
2. A REER value greater than 100 implies that the currency is overvalued, and undervalued if under 100

Source: Thurro, RBI, Yahoo Finance, NIIF Research

Dollar index firms on elevated US Treasury yields in Oct

Daily dollar index (X), FY2013-FY2027 (16 Oct '26)



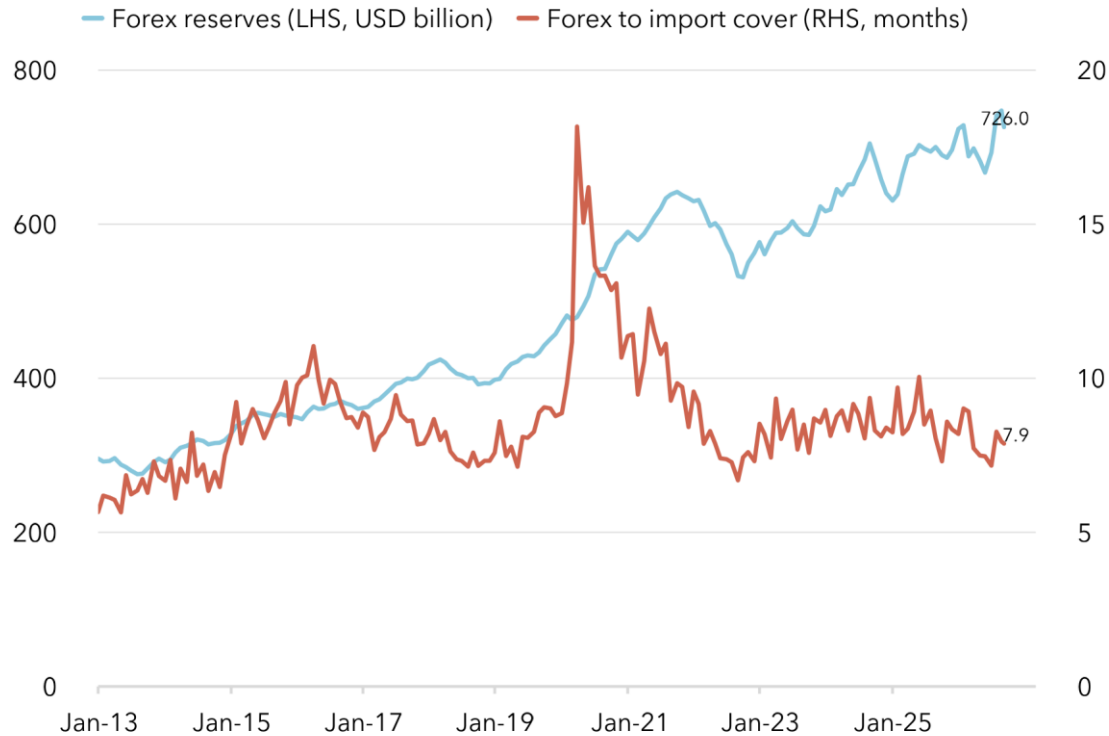
Note:

1. Dollar index measures the relative strength of USD compared to other major currencies (EUR, GBP, JPY, SEK, CAD, CHF). A higher number indicates a stronger USD.

FX buffers remain adequate as hedging costs rise in October

FX reserves fall to USD 726bn, ~8 months of import cover

Foreign exchange reserves, FY2013-FY2027 (09 Oct '26)



Note:

1. Import cover calculated on total imports (merchandise plus services)

Source: Thurro, RBI, CCIL, Bloomberg, NIIF Research

1-year USD/INR forward premium highest since Jan 2022

USD/INR 1-year forward risk premium (%), FY2013-FY2027 (16 Oct '26)



Significant FCNR inflows lift the external balance through August

Apr-Aug BoP swings to 1.4% of GDP surplus as one-off NRI flows more than offset a wider CAD and ECB outflows

Annual and monthly balance of payment (USD billion), Aug '25 - Aug '26

	Aug '25	Aug '26	FYTD26 (Aug)	FYTD27 (Aug)
a. Merchandise trade	(27.6)	(26.6)	(124.7)	(146.3)
(as % of GDP)	(0.7)	(0.7)	(3.2)	(3.6)
1. Exports	35.1	44.7	185.0	219.9
2. Imports	62.7	71.3	309.8	366.0
b. Services trade	15.6	16.5	79.9	85.8
c. Income	(6.3)	(8.0)	(23.6)	(24.8)
d. Transfers	12.2	12.8	55.6	66.8
e. Current account (a + b + c + d)	(6.1)	(5.2)	(12.8)	(18.3)
(as % of GDP)	(0.2)	(0.1)	(0.3)	(0.5)
f. Foreign direct investment	(0.1)	3.3	9.6	13.8
g. Portfolio	(2.6)	1.7	(3.5)	(3.7)
h. Loans (external assistance, commercial borrowings, short term credit to India)	0.1	(22.2)	8.1	(22.8)
i. Banking capital	(4.7)	64.7	(0.3)	85.8
1. NRI deposits (net)	1.0	83.0	5.6	119.2
j. Others	7.8	3.0	(1.9)	3.2
k. Capital account (f + g + h + i + j)	0.5	50.6	12.0	76.3
(as % of GDP)	0.0	1.2	0.3	1.9
m. Balance of payment (e + k + l)	(5.6)	45.4	(0.8)	58.0
(as % of GDP)	(0.1)	1.1	(0.0)	1.4

Source: RBI, NIIF Research

Goods export momentum remains strong in September

Goods exports rise 23% yoy in Sep, led by electronics and petroleum on higher oil prices

Broad product category - wise exports (% yoy), Sep '25 - Sep '26

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26 QE
Engineering goods	2.4	(16.8)	23.4	1.0	10.3	12.6	1.2	8.8	24.5	20.9	17.7	24.9	20.9
Petroleum and crude	9.6	(16.1)	4.5	(12.3)	5.7	(40.2)	5.9	20.1	49.8	0.5	68.7	63.4	31.9
Electronic goods	50.5	19.0	38.8	16.7	0.3	10.3	(3.3)	40.2	11.6	18.9	57.4	89.8	70.4
Gems and jewellery	0.4	(29.5)	27.8	(2.1)	(23.0)	4.1	(29.4)	(7.1)	6.7	34.6	(2.7)	0.7	19.0
Agricultural and allied	15.7	(4.3)	6.2	(0.5)	(6.5)	2.6	(14.3)	1.8	6.2	12.7	(1.2)	4.6	7.4
Chemicals and related	(0.5)	(22.4)	17.4	0.0	(1.5)	7.0	(2.0)	7.2	12.4	19.3	14.9	17.0	24.2
Textile and apparels	(8.3)	(12.2)	10.1	1.1	(2.8)	(4.0)	(14.3)	(4.0)	(6.0)	(1.8)	0.9	4.6	16.0
Drugs and pharmaceuticals	2.6	(5.1)	20.9	5.7	1.0	3.4	(23.2)	7.1	6.1	7.1	0.7	3.8	4.7
Plastic and linoleum	(12.0)	(21.6)	(0.5)	(9.6)	(11.8)	(8.8)	(21.8)	5.3	21.8	21.2	11.0	18.9	24.8
Ores and minerals	21.6	(8.8)	66.8	22.6	19.3	(4.4)	(9.4)	18.6	3.0	32.4	29.1	22.1	(6.0)
Leather and manufactures	(6.0)	(15.1)	5.7	(3.4)	(6.7)	(4.4)	(14.1)	0.5	(6.5)	(6.8)	(5.5)	(2.1)	4.8
Glass, ceramics and cement	(10.6)	(19.8)	11.7	(8.9)	(7.7)	0.9	(18.6)	(37.0)	(24.7)	(7.5)	(16.5)	(17.0)	(15.6)
Paper and wood	(4.4)	(15.5)	14.6	(1.1)	(1.0)	3.4	(15.1)	1.8	0.5	0.6	(0.7)	7.0	
Other commodities	(1.6)	(17.8)	9.5	21.3	10.4	19.2	2.7	42.7	11.4	30.2	3.3	29.9	17.8
Total	5.9	(12.5)	18.5	1.1	0.4	(0.9)	(7.4)	11.2	17.1	14.4	19.7	26.1	23.0

Note:

1. Other commodities include other manufactured goods that are not included in the above product categories and other commodities list as provided by DGCIS.
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green for each variable.
3. QE refers to quick estimate data from ministry of commerce. Absolute values in Annexure

Source: Thurro, DGCIS, MoCI, NIIF Research

Import growth slows in September as non-oil imports soften

Goods imports rise 8.0% yoy in Sep as a 63.7% fall in gems and jewellery offsets strong oil and electronics purchases

Broad product category - wise imports (% yoy), Sep '25 - Sep '26

	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26 QE
Petroleum and crude	(5.9)	(21.7)	(11.3)	5.9	(0.3)	9.0	(35.9)	(10.1)	53.7	39.8	17.3	25.8	30.8
Electronic goods	15.2	14.2	15.9	22.2	9.0	33.3	19.4	38.2	35.5	58.8	46.0	40.5	51.5
Engineering goods	11.5	11.7	13.8	17.3	13.4	14.1	10.3	10.0	7.3	22.0	10.1	11.3	12.0
Chemicals and related	33.2	22.6	20.8	2.7	(7.9)	6.9	(8.1)	(11.0)	(23.7)	44.5	25.0	8.9	1.7
Gems and jewellery	83.2	161.8	(31.5)	(3.4)	169.9	105.8	(7.2)	53.0	0.8	(3.4)	1.6	(30.8)	(63.7)
Ores and minerals	(0.9)	4.3	13.0	21.8	(7.6)	22.2	15.6	16.7	22.0	13.3	22.1	44.1	32.5
Agricultural and allied	24.5	(3.2)	(2.0)	11.8	(0.4)	10.5	10.2	20.4	24.1	8.8	3.2	9.3	20.8
Plastic and linoleum	2.6	(3.7)	(1.9)	(1.0)	8.0	12.3	(3.0)	6.0	15.8	16.0	8.9	5.3	20.9
Drugs and pharmaceuticals	16.8	5.5	8.9	10.5	0.4	16.7	2.6	6.7	8.1	14.0	(4.0)	(7.9)	(0.2)
Paper and wood	(5.2)	(7.4)	2.1	(6.3)	(4.7)	(3.3)	(10.5)	(6.6)	(5.2)	3.0	(7.2)	(5.7)	(2.4)
Textile and apparels	12.3	7.7	8.9	1.3	10.4	21.4	17.4	10.5	2.7	8.5	7.7	(5.2)	6.4
Leather and manufactures	24.5	19.9	19.0	(10.1)	18.1	13.3	0.1	34.7	1.9	18.6	1.6	(2.1)	3.1
Glass, ceramics and cement	23.9	18.5	28.2	36.5	44.0	25.2	31.4	36.2	31.1	31.2	(3.0)	(17.7)	
Other commodities	11.9	15.0	13.4	(1.8)	(2.8)	21.4	23.8	10.3	13.5	58.8	10.2	8.8	11.3
Total	17.6	17.6	(1.4)	10.2	20.0	24.5	(6.0)	10.0	20.6	30.9	17.4	14.1	8.0

Note:

1. Other commodities include other manufactured goods that are not included in the above product categories and other commodities list as provided by DGCIS.
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green for each variable.
3. QE refers to quick estimate data from ministry of commerce. Absolute values in Annexure

Source: Thurro, DGCIS, MoCI, NIIF Research

This research report (the "Report") is an "information only" document and is an assimilation of general observations on certain economic and other data. The information in this Report is based on facts, figures and information that have been obtained from publicly available media or other sources believed to be reliable and the same have not been independently verified by National Investment and Infrastructure Fund Limited (the "NIIFL") or any person associated with the drafting, review and/or finalisation of this Report. The Report is made available on an "as is" basis with an intent that each recipient will not distribute, disclose, reproduce or use, (in whole or in part), the information contained therein. NIIFL disclaims all liabilities which may arise from the use of the Report. The layout, design, original artwork, concepts and other intellectual properties, shall at all times remain the property of NIIFL and cannot be used in any form or for any purpose whatsoever by any party without the prior written consent of NIIFL.

The information set forth in this Report has been compiled as of the date hereof and may undergo change in the future. Unless stated otherwise, the delivery of this Report shall not create any implication that the information contained herein is correct as of, or at any time subsequent to, this date. NIIFL does not undertake to update or correct any information herein. NIIFL reserves the right at any time and without notice to change, amend, or cease

publication of the Report. No representation or warranty, express or implied, is made or assurance given by NIIFL, its associates or their respective members, directors, officers or employees (collectively, "NIIFL Parties") and no responsibility or liability or duty of care is, or will be accepted by NIIFL Parties as to (a) the fairness, veracity, correctness, accuracy, authenticity, completeness, currency, reliability or reasonableness of the information or opinions contained in this Report; or (b) updating this Report, correcting any inaccuracies in it or providing any additional information to any recipient. None of NIIFL Parties shall be liable for any loss (direct, indirect, special or consequential, including lost revenue or lost profits) or damage suffered by any person as a result of relying on any statement in, or omission from, this Report.

This Report is not intended to be, and should not be, construed to be any investment and/or divestment related recommendation or advice or nor should it be used as input for any investment/divestment related decision, in any manner whatsoever. The use of any data or information set out in this Report is entirely prohibited as this Report is for informative purpose only. This Report should not form the basis for any decision as to any potential course of action without independent confirmation of its observations; nor should it be relied upon as advice in any manner whatsoever. Each recipient of this Report should make such

investigation as it deems necessary to arrive at an independent evaluation of the data referred to in this Report (including the merits and risks involved). Under no circumstances should anything contained in this Report be construed to be an offer to sell or a solicitation of an offer to buy any interests or securities whatsoever or be capable of being relied upon by any person.

No recipient should construe the contents of this Report as legal, tax, financial, investment, accounting or other advice. If the Report mentions any rates of return, other yields or performance, please note that those are indicative only and note that they may change depending upon various factors such as prevailing market conditions, taxation, regulation, foreign exchange rates and other relevant factors. Words such as "will", "expect", "should" and similar expressions are forward looking statements which, by their nature, involve risk and uncertainty. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in information technology and political, economic, legal and social conditions in India.

The Report is not targeted at the residents of any particular jurisdiction or country and is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution, publication, availability or use would be contrary to local law or regulations or

which would subject NIIFL to any registration or licensing requirements within such jurisdiction. It is the responsibility of each recipient to satisfy themselves as to full compliance with the applicable laws and regulations of any relevant territory through consulting or seeking advice from a local counsel / qualified professional or otherwise, including obtaining any requisite governmental, regulatory or other consent and observing any other formality presented in such territory.

Copyright © 2026 National Investment and Infrastructure Fund Limited.
All rights reserved.



MONTHLY ECONOMIC REPORT ON INDIA

Oct 2026

Volume 57

Published on October 26, 2026

Contact



Akshata Kalloor

akshata.kalloor@niifindia.in



Arpit Barman

arpit.barman@niifindia.in