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CANOMICS

YOUR WINDOW TO THE ECONOMIC PULSE

MONTHLY MAGAZINE
(MAY - 2026)

अर्थनीति

॥ पुष्प-फल-शाक-भूल-कन्द-वल्लि-बीज-शुष्क-मत्स्य-मांसानां षड्भागं गृह्णीयात् **॥**

(Of flowers, fruits, vegetables, roots, bulbous roots, creepers, seeds, dried fish and meat — he (the superintendent) should take one-sixth part as tax/duty).

-By Chankya
चाणक्य (कौटिल्य)

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Message from MD & CEO…

After more than three months of conflagration, there are signs of normalcy in West Asia conflict with a deal apparently in sight. Financial markets have reacted positively to the evolving developments, with the rupee-dollar rate appreciating from record lows and government bond yields softening by 15 bps compared to what they were a couple of weeks before. Brent crude climbed down to $87 per barrel which could offer a ray of hope to big oil importers. However, the current geo political environment is a wake-up call to put in place prudent risk mitigants when early warning signs emerge.

The evolving global environment would be shaped by three major factors. First is the geo-political developments involving conflicts. Second is the resurgence of protectionist and populist governments across the developed economies, potentially throwing fiscal discipline off-guard. The third major concern is fertility rates falling well below replacement rates. These forces could lead to growth slowdown and if national debt grows faster than economic growth the consequence would be a vicious debt cycle. One reason for higher bond yields across the developed economies is attributable to the above factors with debt to GDP ratio surging past 100%. Thankfully, India stands at 8% and is much better placed but when bond yields across major economies harden, its reverberations are felt at home as well.

Amidst such headwinds, Indian banks exhibit remarkable resilience. Credit growth in FY25 was close to 15% and all banks are well capitalized. Liquidity buffers are sufficient with Liquidity Coverage Ratios of most banks well above 100%. Asset quality is stable with gross NPA ratio of the banking system well below 2%, a far cry from a decade before when banks were battling toxic assets necessitating in a clean-up by way of an asset quality review. All banks are in the green and are in a position to contribute further to credit growth and economic development.

However, more caution is warranted from banks with global exposure as a volatile and ambiguous global order is the new reality. Sectoral credit exposures need careful monitoring to ensure effective guardrails against such assets turning bad. Volatility in currency and bond markets can upset the profitability calculus unless due care is exercised. However, as the recent coordinated measures by the government and the central bank testify, appropriate steps would be taken as and when required to ensure financial stability. The slew of initiatives announced recently-FCMNR(B) scheme, ECB forward rate subsidy, dispensation for overseas foreign currency borrowings and abolition of withholding tax on interest on government securities will go a long way to soothe liquidity by attracting FII flows.

Strong FY26 growth numbers show that though India will face headwinds, its economy is expected to exhibit resilience, on the back of consumption and investment growth. RBI has estimated GDP growth for FY27 at 6.6%, even amidst a volatile global environment. Credit growth has been fairly broad-based with agriculture, MSME and personal loan segments registering double digit growth rates. The transmission of 125 bps repo rate cut to lending rates has been fairly good and adequate liquidity support to the banking system has catalyzed the process. However, resource mobilization merits attention. There are also risks of an El Nino which could cause draught like conditions and reduce live storage capacity in major reservoirs.

The central government is taking measures to salvage the situation. We are currently witnessing one of the finest acts of monetary fiscal coordination. The unfolding global developments pose renewed challenges. It is an opportunity to reinvent ourselves. The learnings should be turned into an opportunity to take us towards the next growth orbit.

Brajesh Kumar Singh
Managing Director & Chief Executive Officer

From the Desk of the Chief Economist .....

Though the warring factions in the west Asia conflict is closer to a truce, it is too early to be complacent. After all, we are in unprecedented times with the highest degree of market volatility. Both debt and inflation levels show signs of resurgence across the globe, especially in advanced economies. It resonates in India as well. The RBI estimates retail Inflation at 5.1% for FY27, a full 50 bps higher than its April forecast, though the actual outturn could be higher. Global supply chain instability and likely advent of El Nino post July could give an upward bias to the inflation outlook. India Meteorological Department (IMD) in its second estimate pegs monsoon at 90% of the Long Period Average. Actual rainfall outcomes, tend to undershoot initial forecasts. However, India will continue to be the fastest growing economy, driven by public capex and consumption.

To be sure, our external position is eminently manageable with a likely current account deficit of 2% for FY27. If a deal between Iran and US fructifies and gets signed, the resulting fall in crude could reduce the deficit below 2%. Moreover, the external debt to GDP ratio is comfortably placed below 20% and the forex reserves are adequate to finance 11 months of imports. However, shocks from a dent in exports due to muted global demand lingers. Restrictions on gold and silver imports will help. And so will lower oil import bills due to fall in crude and the move towards 85% ethanol blended flex fuel vehicles. The impetus to move towards electric vehicles is another factor that has the potential to drastically curtail fuel bills and stabilize the current account position.

However, it would be naïve to believe that India will see a sustained current account surplus, though Q4 of the previous fiscal posted one. Foreign Institutional Investors have turned bearish on India for now, though the reasons attributable are external. The central bank and the government have acted in coordination to restore investor confidence by undertaking measures like adding more securities to the Fully Accessible Route (FAR) category and removal of withholding tax on interest income from G-Secs. Rising US treasury yields and status quo in policy rates by the US Federal Reserve have enhanced the pace of outflows from the debt market. A weak rupee adds to the concern as it erodes effective returns. However, political stability is a big draw for foreign investors. Gross Foreign Direct Investment flows are healthy while net FDI improved from $1 billion in FY25 to $7 billion in FY26. Though the net FDI numbers look negligible it implies outward investments by domestic corporates which, in fact, signifies stronger corporate balance sheets.

The FCNR (B) scheme announced recently is expected to lead to a potential inflow of $30 to 35 billion of non-resident deposits which helps to alleviate the liquidity concerns of banks to a certain extent. As RBI bears the entire hedging cost, banks will be incentivized to offer higher rates, as much as 200 bps or so over current rates to garner funds. This means rates on a par with domestic term deposits which would be a win-win for both banks and the depositors. In addition, the facility to avail ECBs at a subsidized rate of 1 % will nudge many PSUs to tap overseas markets, adding to capital inflows, yet another likely outcome, which could come sooner than later, is the addition of Indian debt in the Bloomberg Bond Index, a source of $25 billion of incremental inflows. All these steps are expected to attract cumulative inflows of $50 billion or so, facilitating exchange rate and interest rate stability.

Going by past experience, India will continue to grow between 6.5 to 6.9% in real terms. However, we will need to redouble efforts to translate Viksit Bharat mission into a reality. Now that there are visible signs of the conflict coming to a close, we would be in a strong footing to regain much of the lost ground.

Dr. MadhavanKutty G.
Chief Economist

Movement of Key Market Indicators during the Month

- By Ankit Gupta

Indicators	High	Low	Average	Remarks
Sensex	77958	74559	75937	The Sensex remained under pressure during May 2026 due to concerns over rising crude oil prices, higher inflation expectations and profit-booking by investors. Escalating geopolitical tensions in West Asia also weighed on market sentiment, leading to increased volatility and a lower monthly average.
Bankex	63099	60171	61280	Banking stocks witnessed a decline amid concerns that rising inflationary pressures could delay monetary easing and affect credit growth. Investor risk aversion and weakness in broader equity markets also contributed to the downward movement in Bankex.
India G Sec Yield	7.13	6.92	7.03	The 10-year G-Sec yield remained largely range-bound during the month. Expectations of stable monetary policy and adequate liquidity conditions offset concerns arising from higher inflation and crude oil prices, keeping yields broadly flat.
US Treasury	4.66	4.33	4.48	US Treasury yields softened during the month as investors increasingly anticipated policy rate cuts by the Federal Reserve amid moderating economic growth. Safe-haven demand also supported bond prices and kept yields lower.
Gold (Per troy $)	4735.45	4455.9	4586.4	Gold prices corrected from record highs as easing geopolitical concerns towards the end of the month and profit-booking by investors reduced safe-haven demand. Strength in global financial markets also limited further upside in bullion prices.
Brent Oil	114.05	91.6	103.75	Brent crude oil prices declined after an initial spike as concerns over supply disruptions eased and market participants reassessed the impact of the West Asia conflict on global oil supplies. Expectations of stable global demand also contributed to the moderation in prices
USD/ INR	96.82	94.25	95.54	The Indian Rupee remained broadly stable despite external pressures from higher oil prices. RBI intervention, resilient foreign exchange reserves and balanced capital flows helped contain excessive currency volatility during the month.

Key Rates of Key Players

Rates	SBI	PNB	BOB	Canara	UBI	BOI	*Highest Rate*	*Lowest Rate*	*Any Change In the Month*
RLLR	7.90	8.10	7.90	8.00	8.00	8.10	*8.10 (PNB, BOI)*	*7.90 (SBI, BOB)*	*No Change*
MCLR (1Yr.)	8.70	8.75	8.70	8.75	8.70	8.75	*8.75 (PNB, BOI, CB)*	*8.70 (UBI, SBI, BOB)*	*CB MCLR Change*
Term Dep (1Yr.)	6.25	6.25	6.25	6.25	6.25	6.50	*6.50 (BOI)*	*6.25 (BOB, SBI, PNB, CB, UBI)*	*BOB, UBI, BOI change*

Domestic Policy Rates

SDF	MSF	Fixed Rev Repo	CRR	SLR	MCLR (overnight)	Term Dep. >1 yr
5.00	5.50	3.35	3.00	18.00	7.70-7.95	6.00-6.50
No change	No change	No change	No change	No change	No change	changed

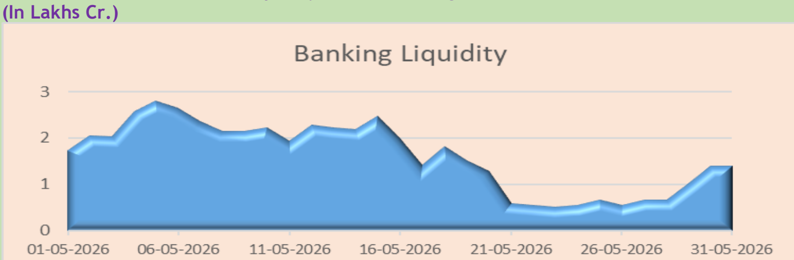
Policy Context: RBI's stance is neutral/unchanged, aiming to maintain stability while supporting credit growth.

Liquidity Position During the Month (In Lakhs Cr.)

Opening	Closing	Highest	Lowest	Average
1.72	1.40	2.80	0.52	1.63

Liquidity Position During the Month

(In Lakhs Cr.)



Policy Implications

Banking system liquidity remained in tight surplus due to higher government spending and continued liquidity support by the RBI.

Global Policy Rates Status

RBI Repo Rate	US Fed	European Central Bank	Bank of Japan	Bank of England	Bank of Indonesia	PBOC, China	Bank of Korea
5.25	3.50-3.75	2.15	0.75	3.75	5.25	3.00	2.5

Quick Observations: Global central Banks are mostly holding rates steady as inflation eases and growth stabilizes

Internal

RBI Holds Repo Rate at 5.25%, Balances Growth & Inflation Risks

The Reserve Bank of India (RBI), in its June 2026 Monetary Policy Committee (MPC) meeting, decided to keep the repo rate unchanged at **5.25%**, reflecting a cautious approach amid rising global uncertainties and inflationary risks. The decision was influenced by concerns over elevated crude oil prices, geopolitical tensions in the Middle East, and the potential impact of an uneven monsoon on food inflation. While domestic economic activity remains resilient, the RBI revised its FY2026-27 GDP growth forecast downward to **6.6%** and raised its inflation projection to **5.1%**, indicating a more challenging macroeconomic environment. By maintaining the policy rate, the central bank aims to support growth while ensuring that inflation expectations remain anchored and financial stability is preserved. For the banking sector, the status quo on rates is expected to support credit growth, keep borrowing costs relatively stable, and provide greater visibility for business and investment decisions.

Inflation Concerns Return Globally as Energy Shock Reignites Price Pressures

Global inflation concerns re-emerged strongly during May 2026 after a period of moderation in 2025, primarily due to a sharp rise in crude oil, natural gas and fertilizer prices triggered by escalating geopolitical tensions in the Middle East. Brent crude oil prices surged above US$120 per barrel at certain points during the month, while natural gas prices also increased significantly amid fears of supply disruptions through key energy transit routes.

Major central banks, including the U.S. Federal Reserve, European Central Bank (ECB) and Bank of England (BoE), acknowledged that the energy shock could slow the disinflation process that had been underway over the previous year. Policymakers warned that persistently high fuel and food prices could keep headline inflation above target levels for longer, forcing monetary authorities to delay or moderate planned interest-rate cuts. In Europe, concerns were particularly acute because of the region's dependence on imported energy, while many emerging markets faced the dual challenge of imported inflation and currency pressures.

Downward Revisions in India's GDP Growth Forecasts amid Global Headwinds

Multiple international and domestic forecasters trimmed India's growth projections for 2026 / FY27 due to higher energy prices, supply disruptions, and geopolitical risks:

- ***UN*** *cut its 2026 forecast to 6.4% (from 6.6%).*
- ***RBI*** *(in its early June MPC meeting) lowered FY27 GDP growth forecast to 6.6% (from 6.9%), with quarterly projections showing some moderation.*
- *India retained its position as one of* ***the fastest-growing major economies*** *despite the slowdown, supported by strong domestic demand, services exports, and macroeconomic buffers (reserves, rupee-denominated debt, healthy financial sector).*

Major Economies & their Economic Soundness...

- By Ankit Gupta

Economic Health Indicators

Country	GDP Growth Annual Growth rate (Mar 2026)	Gross Debt (of GDP) (Dec-2025	Unemployment Rate (April-26)	Inflation Rate (%) April -2026
USA	2.7	123	4.3	3.8
China	5.0	99.2	5.2	1.2
Germany	0.4	63.5	6.3*	2.9
Japan	0.6	249	2.5	1.4
India	7.8	82.11	5.2	3.48
UK	1.1	94.3	5.0*	2.8
France	0.9	116	**8.1***	2.2
Italy	0.8	137	5.1	2.7
Canada	-0.1	114	6.9	2.8
Russia	-0.2	18.3	2.2	5.6

*Data March 2026,

Major Economies & Their Bond Yield...

Bond Yield (%) of Major Economies

Country	10Y Bond Yield (May'26)	Variation Vs. US T-Bill	Observations
US	4.44	***	*Reflects a relatively normalized but elevated level amid persistent inflation concerns, steady economic growth, and cautious Fed policy*
China	1.72	-2.72	*Significantly lower yield reflects China's lower growth outlook, deflationary pressures, and aggressive monetary easing by the PBOC.*
Germany	2.93	-1.51	*Lower yield due to Germany's safe-haven status in Europe, low inflation, and ECB's cautious policy stance.*
Japan	2.67	-1.77	*Persistently low yield driven by Bank of Japan's ultra-loose monetary policy and yield curve control measures*
India	7.00	2.56	*Higher yield compensates for elevated inflation risks, strong growth, and higher fiscal deficit concerns.*
United Kingdom	4.81	0.37	*lightly higher yield reflects modestly higher inflation expectations and Bank of England's tighter policy path*
France	3.28	-1.16	*lightly higher yield reflects modestly higher inflation expectations and Bank of England's tighter policy path*
Italy	3.67	-0.77	*Lower yield despite fiscal risks, supported by ECB backstops and convergence within the Eurozone.*
Canada	3.41	-1.03	*Lower yield indicates France's relatively stable Eurozone positioning with moderate growth and inflation.*
Russia	14.89	10.45	*Much higher yield reflects elevated geopolitical risk premium, sanctions impact, and high domestic inflation.*

Regulatory Moves/Announcements by RBI (1/2)

Announcements	Brief Summary	Impacts
Inclusion in the Second Schedule to the Reserve Bank of India Act, 1934- Co-operative Banks	RBI notified inclusion of eligible cooperative banks in the Second Schedule of the RBI Act, thereby granting scheduled bank status.	Enhances credibility, improves access to RBI facilities and strengthens public confidence in such cooperative banks.
Lending and Deposit Rates of Scheduled Commercial Banks - May 2026	RBI released data on lending and deposit rates across scheduled commercial banks for policy monitoring and market transparency.	Useful for benchmarking loan and deposit pricing, reflects monetary policy transmission in the banking system.
RBI issues final Amendment Directions on Cooling-off Period for Directors of Co-operative Banks	RBI prescribed/modified cooling-off requirements for directors before assuming certain positions to strengthen governance and avoid conflicts of interest.	Improves governance standards, independence, and transparency in cooperative banks.
Quantum Secure and Adaptive Financial Ecosystem (Q-SAFE) - Setting up of an Expert Committee	RBI constituted an expert committee to prepare the financial sector for quantum-computing threats and future cybersecurity challenges.	Helps banks transition toward quantum-resistant security systems and strengthens long-term cyber resilience.
RBI invites comments on the draft "Reserve Bank of India (Capital Adequacy) Amendment Directions, 2026	RBI invited comments on proposed changes to capital adequacy regulations to align with evolving risk-management and Basel standards.	Could affect banks' capital requirements, risk-weight calculations, and future capital-raising plans.
RBI issues Amendment Directions on 'Investment Fluctuation Reserve'	RBI revised norms relating to Investment Fluctuation Reserve maintained by banks to absorb valuation losses arising from interest-rate movements	Improves banks' resilience against market volatility and interest-rate risks in investment portfolios.
Reserve Bank of India and European Central Bank Sign Memorandum of Understanding on mutual cooperation	RBI and ECB signed an MoU to strengthen cooperation in central banking, regulation, supervision and information exchange.	Enhances international regulatory coordination, financial stability oversight and knowledge sharing between India and Europe.

Regulatory Moves/Annoucements by RBI (2/2) ...

Announcements	Brief Summary	Impacts
RBI Issues Amendment Directions on 'Review of guidelines on inclusion of quarterly profits to Common Equity Tier 1 (CET1) capital for computation of Capital to Risk weighted Assets Ratio (CRAR) for Banks'	RBI removed the earlier condition linking inclusion of quarterly profits to NPA provisioning patterns. Banks can now include quarterly profits in CET1 capital subject to audited/limited-review financials.	Strengthens capital planning flexibility and may improve reported Capital Adequacy Ratios (CRAR) of banks.
Prudential Norms on Specified Non-financial Assets (SNFA) Directions	RBI proposed a framework for treatment, valuation, disclosure, and disposal of immovable assets acquired by regulated entities during recovery of stressed loans. Holding period capped at 7 years.	Improves transparency in NPA recovery, reduces valuation risks, and ensures banks dispose of acquired properties in a timely manner.
RBI reiterates caution against unauthorised and misleading campaigns promising Loan Waivers	RBI warned the public against entities falsely promising loan waivers, issuing fake debt-waiver certificates and charging fees for such services.	Protects borrowers from fraud, strengthens credit discipline, and safeguards banks/NBFCs from disruptions caused by misleading campaigns.
Processing of Applications Received Under the Citizen's Charter - Status as on April 30, 2026	RBI published the status of applications/complaints received under its Citizen's Charter and their disposal levels to improve transparency and accountability	Enhances public confidence in RBI's grievance-handling mechanism and promotes timely resolution of customer complaints.

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- By Ankit Gupta

Government Announcements/Moves

Announcements	Brief Summary	Impacts
AI-Powered Financial Inclusion in India	India is leveraging Artificial Intelligence, Digital Public Infrastructure, and UPI-based ecosystems to expand financial inclusion. AI-driven solutions improve customer access, risk assessment, regulatory compliance, and personalized financial services, particularly for underserved populations and MSMEs.	AI-powered financial services can accelerate credit access, reduce operational costs and enhance financial literacy. The initiative supports greater inclusion of rural and low-income households into the formal financial system.
India's Insolvency Framework	India's insolvency framework, led by the Insolvency and Bankruptcy Code (IBC), provides a structured and time-bound mechanism for resolving financial distress. Recent reforms focus on reducing delays, strengthening creditor rights and improving the efficiency of resolution and liquidation processes.	A stronger insolvency framework improves investor confidence, facilitates faster recovery of stressed assets and promotes responsible corporate governance. It contributes to a healthier business environment and economic stability.
DPIIT Releases Guidelines for Implementation of BHAVYA Scheme	The BHAVYA Scheme aims to develop world-class industrial parks and strengthen India's manufacturing ecosystem through integrated infrastructure development. The scheme aligns with initiatives such as Make in India and PM Gati Shakti to enhance industrial competitiveness.	The scheme is expected to attract investments, generate employment and boost industrial productivity. Improved infrastructure and ease of doing business will support India's emergence as a global manufacturing hub.
National Mission for Sustainable Agriculture	The National Mission for Sustainable Agriculture promotes climate-resilient farming through soil health management, rainfed area development, water conservation and improved crop varieties. The mission supports farmers in adapting to climate change while enhancing agricultural productivity.	The programme helps increase farm resilience, improve soil fertility and ensure sustainable agricultural growth. It contributes to food security, environmental conservation and stable farmer incomes.

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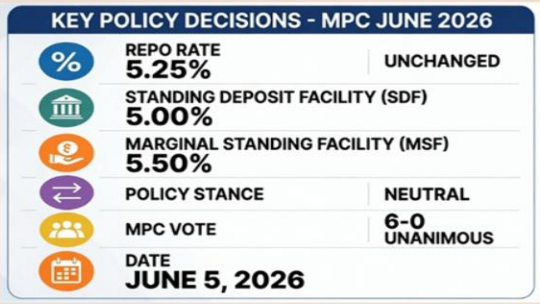
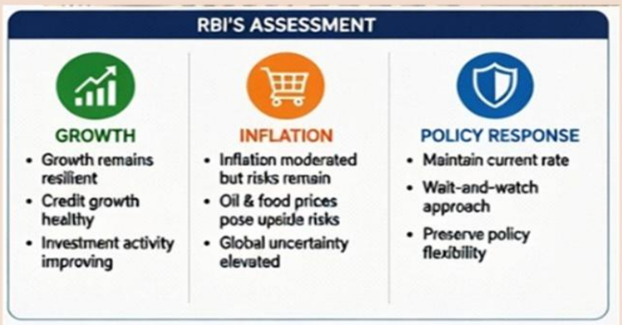
Behaviour of other Macro-Economic Indicators (1/5)

-By Samir Kumar

RBI MPC June 2026: A Strategic Pause rather than a Policy Pivot

The Monetary Policy Committee (MPC) of the Reserve Bank of India, in its June 2026 meeting, decided to keep the repo rate unchanged at 5.25%, signalling a shift from policy accommodation toward a more cautious and risk-sensitive approach. While domestic economic activity remains resilient, with healthy credit growth, improving investment activity, and stable financial conditions, the MPC highlighted growing concerns arising from the external environment. Rising crude oil prices, geopolitical tensions in West Asia, uncertainty surrounding global trade and capital flows, and the possibility of imported inflation have increased risks to India's inflation outlook.





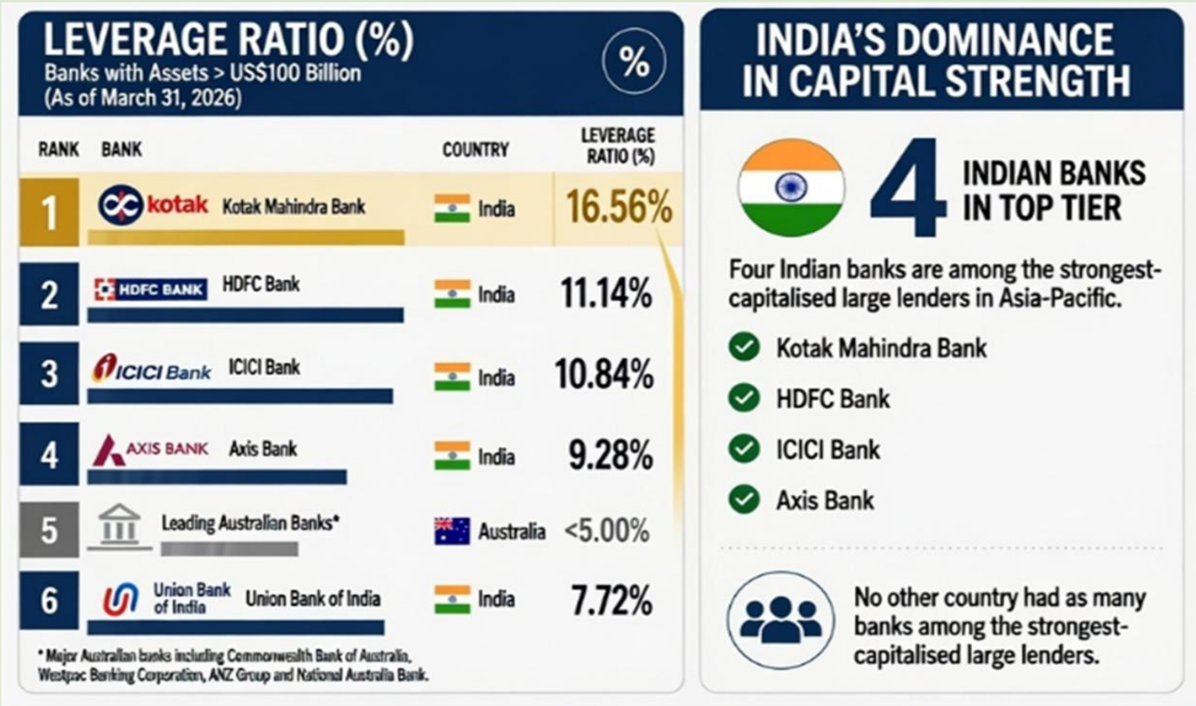
Overall, the June 2026 MPC policy marks a transition from an easing-focused monetary stance to a phase of prudent risk management. The RBI's message is clear: while India's growth prospects remain robust, the evolving global environment requires vigilance and policy flexibility. Going forward, future monetary policy decisions are likely to be increasingly data-dependent, with particular attention to inflation trends, crude oil prices, exchange-rate movements, and global financial conditions. RBI message is:

''Stability Today, Flexibility Tomorrow''

Indian Banks among Asia-Pacific's Best Capitalized Lenders

(S&P Global Market Intelligence, June 2026)

Indian banks stand out as among the best-capitalised lenders in the Asia-Pacific (APAC) region, according to S&P Global Market Intelligence data as of March 31, 2026. This is measured primarily by the leverage ratio (a key indicator of capital strength; higher is generally better for resilience, reflecting stronger capital relative to total assets/exposures).



> "Indian banks now combine strong capital buffers, improved asset quality, and sustained profitability, positioning them among the most resilient banking systems in the Asia-Pacific region."

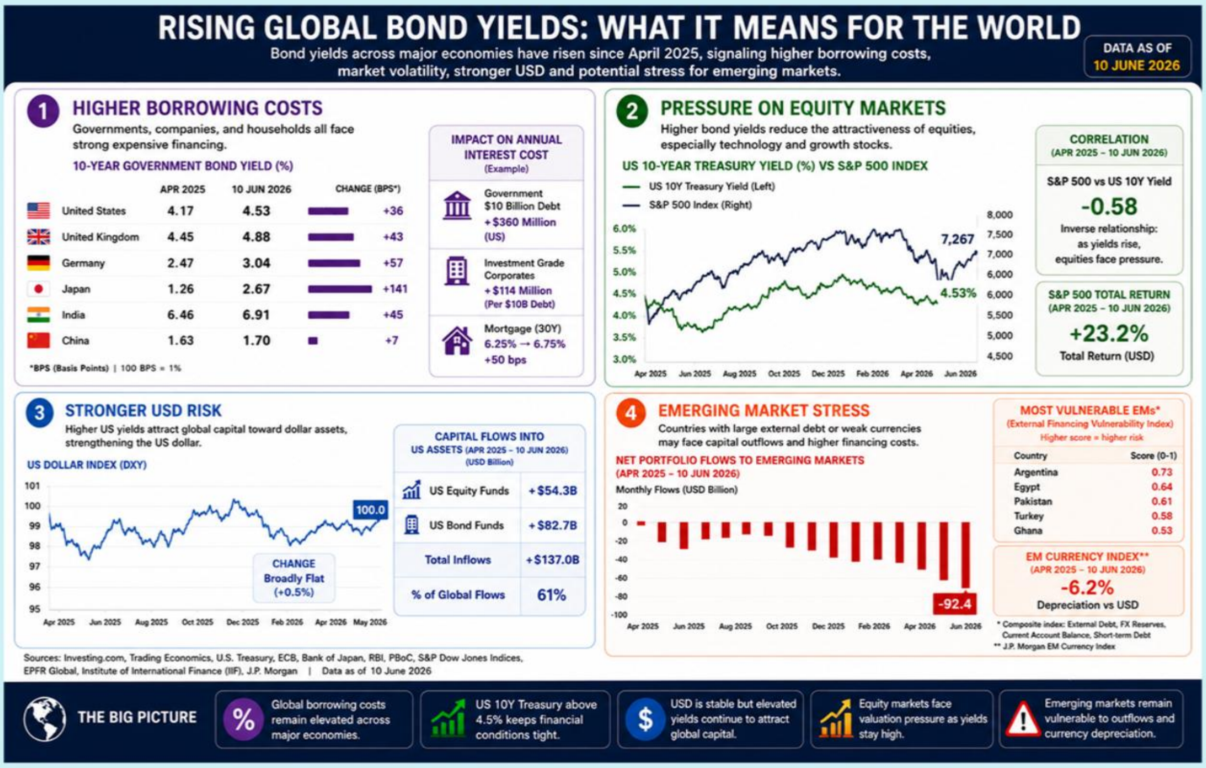
Indian private banks dominate the upper ranks. In contrast, major Australian banks (e.g., NAB, ANZ, Commonwealth Bank) reported ratios **below 5%**, among the lowest in the analysis.

Union Bank of India posted the sharpest YoY improvement (+69 bps to 7.72%), showing strength even among public sector banks.

This capitalization strength aligns with S&P's broader positive view on Indian banks (improved BICRA, positive rating outlooks, robust buffers). It provides a cushion against potential downside risks like geopolitical shocks or tariff impacts.

Rising yield of Major Economies keeps domestic yields and Cost of Funds Elevated

Rising yields in major economies, particularly the United States, continue to exert upward pressure on domestic bond yields and the overall cost of funds in emerging markets such as India. Higher US Treasury yields, currently hovering around 4.53-4.54% for the 10-year benchmark, act as a global anchor. They draw capital toward safer, higher-return assets in developed markets, triggering outflows from emerging economies. This dynamic weakens local currencies and forces domestic governments and central banks to offer elevated yields to attract and retain investors.



In India, the 10-year government security (G-sec) yield remains elevated in the 6.90-6.93% range. The sustained pressure increases the government's borrowing costs on fresh debt issuance and transmits through the financial system, raising lending rates for banks, corporates, and households. Persistent global factors like sticky inflation, large fiscal deficits, and cautious monetary policy outlooks in major economies are likely to keep this transmission alive, limiting near-term relief in domestic borrowing costs.

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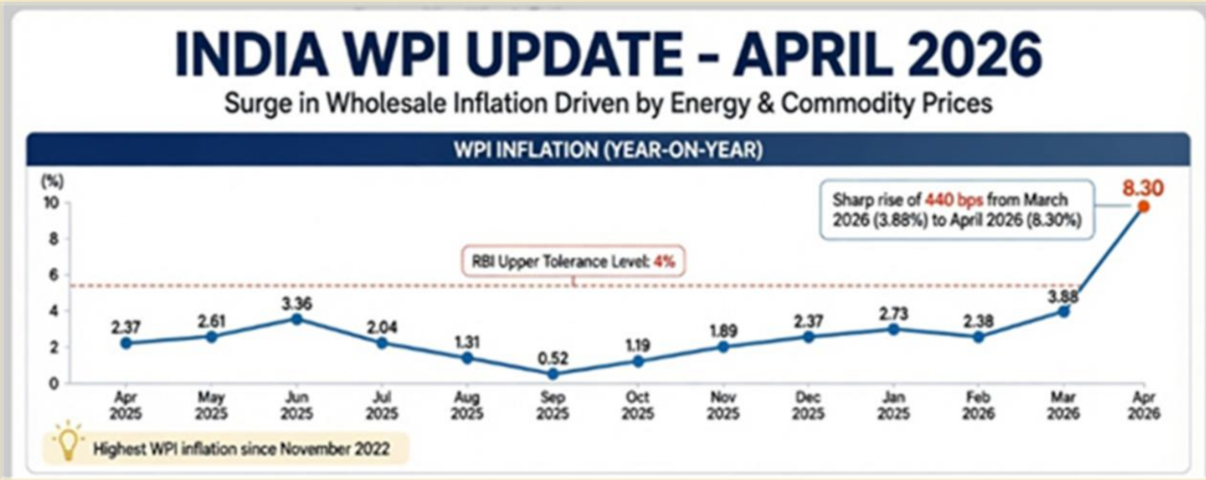
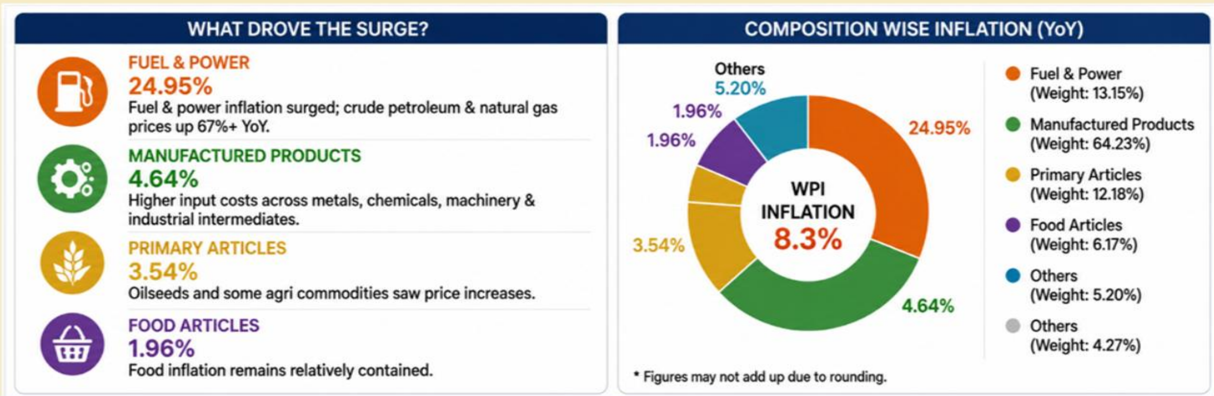
WPI Inflation Surges, Signalling Rising Cost Pressures in the Economy!

India's wholesale inflation accelerated sharply in April 2026, with the Wholesale Price Index (WPI) rising to 8.3 per cent, its highest level in nearly three-and-a-half years. The surge was primarily driven by a steep increase in fuel and power prices following the rise in global crude oil prices and heightened geopolitical tensions in the Middle East. Manufacturing sectors such as metals, chemicals, machinery and industrial intermediates also witnessed higher input costs, indicating that inflationary pressures are spreading across the production chain. While food inflation remained relatively contained, the sharp rise in producer prices suggests that businesses are facing increasing cost burdens that could eventually be passed on to consumers.





Overall, the data suggests that although India's growth momentum remains intact, rising commodity and energy costs have emerged as the principal macroeconomic risk, making inflation management a key policy priority going forward.

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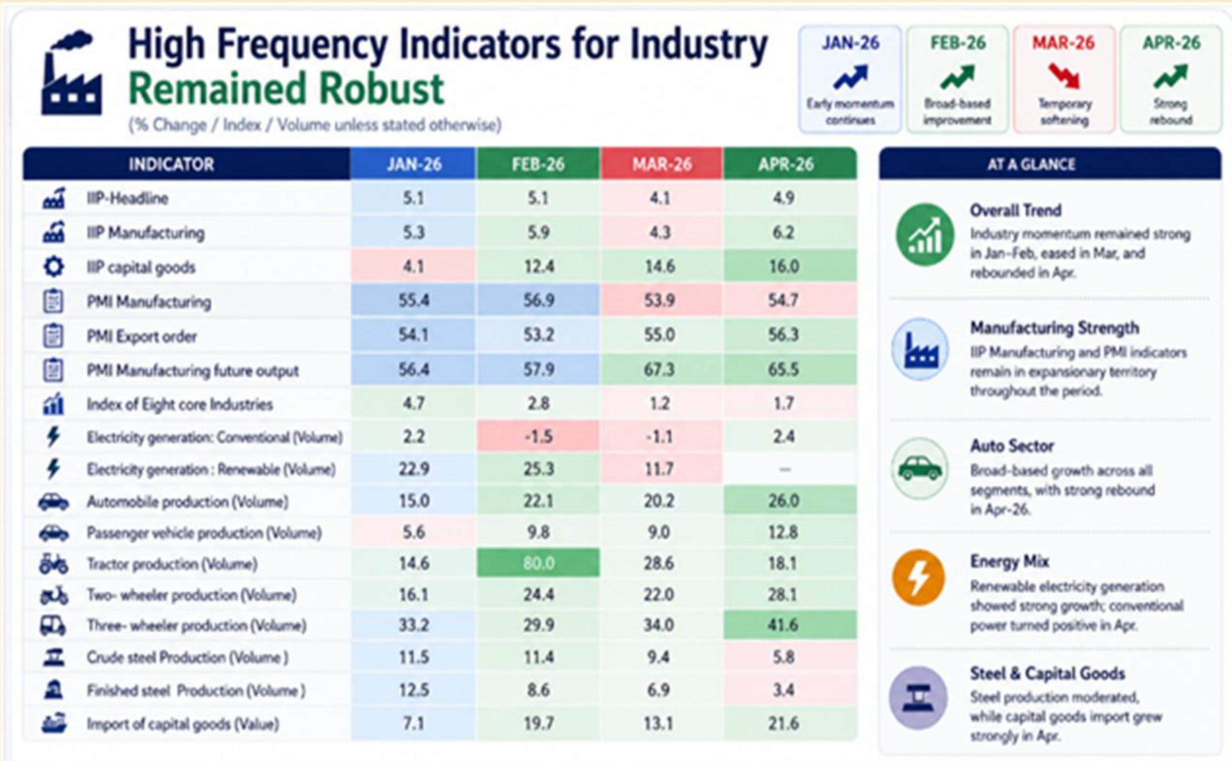
Manufacturing Gains Pace, Investment Surges: High-Frequency Indicators Signal Continued Economic Resilience

The April 2026 high-frequency indicators portray an economy where manufacturing, investment, exports, and consumer demand remain robust despite a slowdown in some infrastructure-linked sectors. The sharp rise in capital goods production and imports signals a strengthening investment cycle, while strong PMI and automobile data reflect healthy domestic and external demand.



High Frequency Indicators for Industry Remained Robust

(% Change / Index / Volume unless stated otherwise)

INDICATOR	JAN-26	FEB-26	MAR-26	APR-26
IIP-Headline	5.1	5.1	4.1	4.9
IIP Manufacturing	5.3	5.9	4.3	6.2
IIP capital goods	4.1	12.4	14.6	16.0
PMI Manufacturing	55.4	56.9	53.9	54.7
PMI Export order	54.1	53.2	55.0	56.3
PMI Manufacturing future output	56.4	57.9	67.3	65.5
Index of Eight core Industries	4.7	2.8	1.2	1.7
Electricity generation: Conventional (Volume)	2.2	-1.5	-1.1	2.4
Electricity generation : Renewable (Volume)	22.9	25.3	11.7	–
Automobile production (Volume)	15.0	22.1	20.2	26.0
Passenger vehicle production (Volume)	5.6	9.8	9.0	12.8
Tractor production (Volume)	14.6	80.0	28.6	18.1
Two- wheeler production (Volume)	16.1	24.4	22.0	28.1
Three- wheeler production (Volume)	33.2	29.9	34.0	41.6
Crude steel Production (Volume)	11.5	11.4	9.4	5.8
Finished steel Production (Volume)	12.5	8.6	6.9	3.4
Import of capital goods (Value)	7.1	19.7	13.1	21.6

In summary, April 2026 data signals that India's industrial and manufacturing sectors are gaining pace once again. The sharp rebound in capital goods and automobile production, along with sustained PMI expansion, reflects strong underlying economic resilience, healthy investment momentum, and broad-based industrial recovery.

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Data Stat: Revealing the Data Taste of the Month (1/3) …

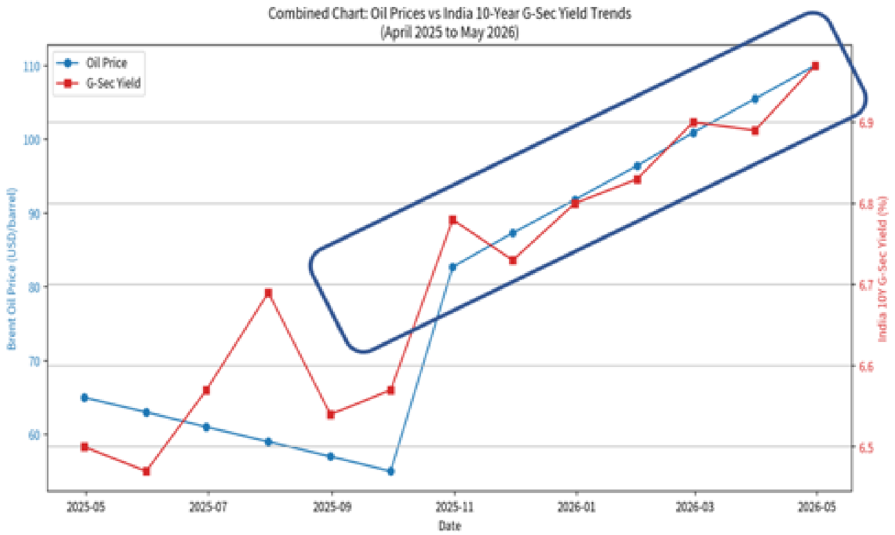
- By Samir Kumar

Discussion : 1 — **Whether Oil Prices Exhibit Strong Positive Co-Movement with India's 10Y G-Sec Yield…?**

Data Source — **Tradingconomics.com, Investing.com**

Reflections

- ✓ Rising crude oil prices appear to have exerted upward pressure on India's benchmark government bond yields during April 2025-May 2026.
- ✓ It highlights the continued importance of energy prices in shaping domestic inflation and interest rate expectations.
- ✓ A strong positive relationship between crude oil prices and India's 10-year G-Sec yield.
- ✓ Roughly 58% of the variation in bond yields during the period can be statistically associated with movements in oil prices.
- ✓ As oil prices increased from around US$55-65/bbl in late 2025 to nearly US$110/bbl by May 2026, the benchmark yield moved from approximately 6.45% to 6.90%.



- *Oil prices = Average Brent crude in that month.*
- *G-Sec yields = Average of daily 10-year benchmark yields for the month.*

Relationship:

- ❑ **Correlation Coefficient (R) : 0.76**
- ❑ **R-Squared (R^2) = 0.58**

Effect

Every $10 rise in oil historically associated with 10 bps increase in benchmark yield during the observed period.

Key Takeaway:

Oil prices have re-emerged as a key determinant of India's bond market. Sustained crude prices above US$100 per barrel could complicate inflation management, limit the RBI's easing cycle, and keep long-term borrowing costs elevated across the economy.

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Data Stat: Revealing the Data Taste of the Month (2/3)

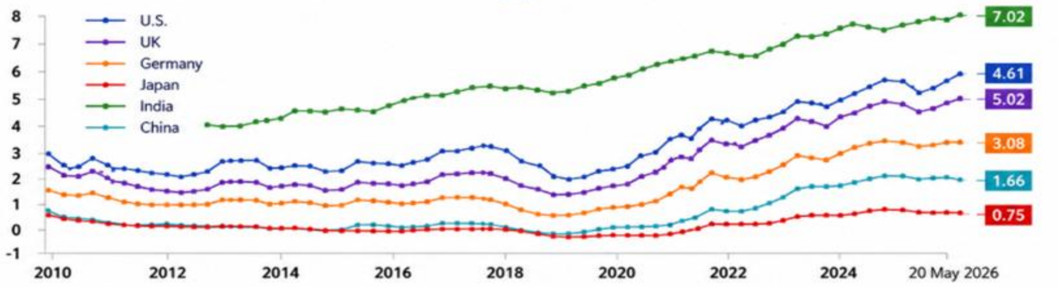
Discussion :2	Whether Global Bond Market is Signaling end of Ultra Low Interest Era?
Data Source	Investment.com

Reflections

- ✓ The bond market is signalling that the world is moving from the "**low inflation + low interest rate + abundant liquidity**" regime of 2010-2020 to a "**higher inflation + higher debt + higher interest rate**" regime
- ✓ Rising sovereign bond yields across major economies indicate investors now demand greater compensation for inflation risk, fiscal deficits, and geopolitical uncertainty.
- ✓ Factors that are pushing long-term bond yields higher across developed and emerging economies :
  - • Persistent inflation large fiscal deficits • rising government debt
  - • higher geopolitical risk premium

END OF ULTRA-LOW INTEREST RATE ERA

10-YEAR GOVERNMENT BOND YIELDS (%)



LATEST 10Y YIELDS (AS OF 20 MAY 2026)	
India	7.02%
UK	5.02%
U.S.	4.61%
Germany	3.08%
China	1.66%
Japan	0.75%

Note: 10-year benchmark government bond yields.

COMBINED AVERAGE 10-YEAR GOVERNMENT BOND YIELD (%)*

Average 2015–2019 (Pre-COVID Ultra-Low Era)	April 2025 (Actual)	20 May 2026 (Latest)	Change (Apr 2025 – 20 May 2026)
2.33%	4.12%	4.52%	+0.40 pp

Yields across major economies are at multi-year highs, far above the ultra-low levels of the 2010s.

The combined average is the simple average of 10-year government bond yields of six major economies: U.S., UK, Germany, Japan, India, and China.

* Simple average of 10-year government bond yields of six major economies.

Source: Investing.com, Trading Economics | Data as of 20 May 2026

AVERAGE CALCULATION DETAILS

Average 2015–2019:
U.S. 2.15 + UK 1.11 + Germany 0.08 + Japan 0.00 + India 7.17 + China 3.27 / 6 = 2.33%

April 2025: 1.71 + 4.56 + 2.12 + 0.42 + 6.24 + 1.64 / 6 = 4.12%

20 May 2026: 4.61 + 5.02 + 3.08 + 0.75 + 7.02 + 1.66 / 6 = 4.52%

Note: Yield levels fluctuate daily based on market conditions.

Key Takeaway:

The global bond market is indeed sending a new signal. The message is:

"Higher inflation + Higher public debt + Higher geopolitical risk = structurally higher long-term interest rates."

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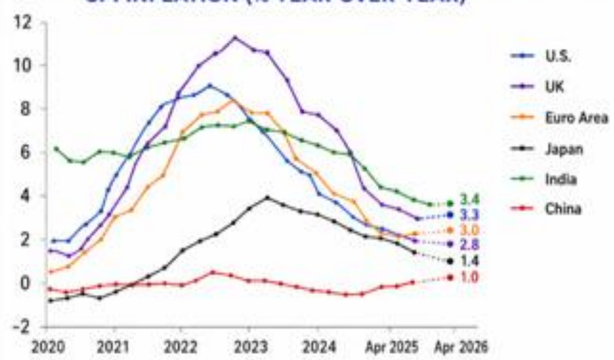
Internal

Data Stat: Revealing the Data Taste of the Month (3/3)

Discussion: 3	Whether World's Battle against Inflation has Entered a New Phase?
Data Source	Trading Economics.com
Reflections	✓ Global inflation has fallen significantly from its post-pandemic peaks, but it remains structurally higher than pre-2020 norms in most advanced economies. ✓ U.S. and Europe Face Renewed Inflation Concerns. ✓ UK and Japan Show Signs of Cooling ✓ India Demonstrates Relative Stability ✓ China Remains an Outlier

HIGHER INFLATION PERSISTENCE

CPI INFLATION (% YEAR-OVER-YEAR)



Inflation remains above central bank targets in most major economies.

CPI INFLATION (% YoY)

	2015–2019 Average	Apr 2025 (Actual)	Apr 2026 (Latest Available)
U.S.	1.6	2.3	3.3
UK	1.8	3.5	2.8
Euro Area	1.2	2.2	3.0
Japan*	0.6	3.5	1.4
India	4.6	3.16	3.4
China	2.1	-0.1	1.0

Inflation has re-accelerated in the U.S. and Euro Area in 2026, while the UK and Japan saw moderation. India's inflation remains stable, and China continues to see low inflation.

Source: IMF, Trading Economics | Data as of May 20, 2026

*Japan figures are Core CPI (Ex-Fresh Food).

Note: Apr 2026 data is latest available / flash estimate for most economies.

Key Takeaway:

Persistent inflation is not merely a price-stability issue—it signals a structural shift in the global economic landscape. The likely outcome is a "higher-for-longer" regime characterized by elevated interest rates, higher bond yields, tighter financial conditions, and greater market volatility.

For banks and investors, the challenge is no longer preparing for a return to the old low-rate world, but adapting to a new era where inflation remains more persistent and capital is no longer exceptionally cheap.

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Business/ Competitive Intelligence of the Month…

-By Samir Kumar

Headline:

Private Banks Deepen Strategic Cross-Holdings to Expand Financial Ecosystem Presence

Source: Mint, 07--05-2026

What is the Move?

Strategic Move Details

Competitor's Name: HDFC Bank & Kotak Mahindra Bank (Anchor Bank)

Date of Announcement: 06the May, 2026

Partner's Name: ICICI Bank, Federal Bank & AU Small Finance Bank

Overview: The Reserve Bank of India approved HDFC Bank's proposal to acquire aggregate holdings of up to 9.95% in both ICICI Bank and Kotak Mahindra Bank, while Kotak Mahindra Bank received approval to acquire up to 9.99% stakes in AU Small Finance Bank and Federal Bank.

Key Details:

The move reflects a significant shift in the strategic thinking of Indian banks. Rather than focusing solely on organic loan and deposit growth, leading institutions are increasingly seeking to build influence across multiple segments of the financial sector, including universal banking, small finance banking, retail lending, wealth management, digital banking, and financial services.

- ✓ For HDFC Bank, the approval represents an opportunity to enhance its strategic positioning within India's financial landscape. Both ICICI Bank and Kotak Mahindra Bank are among the country's strongest private lenders, with significant market share, technological capabilities, and diversified business franchises.
- ✓ Kotak Mahindra Bank's proposed investments in AU Small Finance Bank and Federal Bank carry a different strategic dimension. AU Small Finance Bank has built a strong franchise in retail and vehicle finance, while Federal Bank has a significant presence in South India and a growing digital banking platform. Through these investments, Kotak gains exposure to fast-growing customer segments and niche business models that complement its own operations

Why is this Move?

Strategic Rationality

- ✓ The Indian banking sector is entering a new phase characterized by strong balance sheets, healthy profitability, improved asset quality, and rising credit demand.
- ✓ With capital positions stronger than in the previous decade, large banks are increasingly looking beyond organic growth and exploring strategic investments that can enhance shareholder value.
- ✓ For HDFC Bank, investments in ICICI Bank and Kotak Mahindra Bank can be viewed as a **sectoral confidence bet**. Rather than focusing solely on its own growth, HDFC Bank is effectively positioning itself to benefit from the expansion of India's entire private banking ecosystem
- ✓ **For Kotak Mahindra Bank**, the stakes in AU Small Finance Bank and Federal Bank provide access to niche growth segments. AU has a strong franchise in vehicle finance and retail lending, while Federal Bank possesses a strong regional presence and digital banking capabilities. These investments allow Kotak to gain exposure to complementary business models and emerging customer segments without undertaking large-scale acquisitions.

Impact

Implications

- ✓ The rise of strategic cross-holdings among private banks is a wake-up call for public sector banks.
- ✓ While it does not pose an immediate threat to PSBs' market share, it highlights a structural shift in banking strategy—from standalone lending institutions to interconnected financial ecosystems.
- ✓ For PSBs, the key challenge will be to accelerate digital transformation, improve capital efficiency, strengthen subsidiaries, and develop partnership-driven growth models.
- ✓ undergone significant consolidation since 2019.

Rewinding News During the Month …

Indian Banking/financial Sector News -By Shalini Paul		
Date	**News Headlines**	**Summary/Implications**
04.05.2026	**Punjab & Sind Bank aims to cross total business milestone of ₹3 lakh crore in FY27**	✓ State-owned bank Punjab & Sind bank's FY26 total business stood approx. Rs 2.63 lakh crore with a growth of Approx. 16-18% and deposit growth of 13-14% in FY 27. ✓ Business can exceed the Rs 3 lakh crore milestone by the end of FY 27, including a proposed share sale of up to Rs 3000 crore.
04.05.2026	**Axis bank opens its first Digital locker-focussed branch**	✓ A new approach to providing safe-deposit locker services through technology -driven format located at capital green New delhi on 02.05.2026 ✓ Faster onboarding and locker allocation. Enhanced security through digital access systems. Dedicated locker service without dependence on a full-service branch. Improved transparency and audit trails.
05.05.2026	**RBI and the Insurance Regulatory and Development Authority of India (IRDAI) are not currently in favor of allowing banks and insurance companies to participate in the commodity derivatives market**	✓ Banks and insurers handle public savings and long-term funds, so regulators prioritize financial stability and risk management. ✓ Commodity derivatives can be volatile and may not fit well with the long-term investment profile of insurance companies. ✓ RBi and IRDAI have expressed concerns about the suitability and risks of such participation at this stage.
06.05.2026	**Bank credit growth rises 15.9% in FY26, driven by retail, NBFC and industry segments**	✓ The data points to strong banking-sector growth and continued economic expansion by maintaining adequate deposit growth and asset quality. ✓ Banks increased funding to non-banking financial companies, in turn NBFC expanded credit to MSMEs, consumers and retail borrowers.
06.05.2026	**PNB hikes cyber spend as AI models like Anthropic Mythos raise risks**	✓ PNB has allocated about Rs 700-800 crore for cybersecurity in FY27, representing roughly 20% of its total technology budget. ✓ This allocation is more than 50% higher than the previous year's cybersecurity spending. ✓ The bank is accelerating procurement of firewalls, monitoring tools, and other security systems while moving to 24X7 audits and continuous monitoring of critical systems.
08.05.2026	**Indian banks well-placed to transition to expected credit loss provisioning, Fitch says**	✓ Global rating agency fitch ratings has said that Indian banks are adequately capitalized and well prepared to adopt the reserve Bank of India's new Expected Credit Loss (ECL) provisioning framework, which will become effective from april1,2027. ✓ Fitch estimates that the banking system's average Common Equity tier-1 (CET-1) ratio may decline by about 30 basis points in FY28 due to higher provisions.
11.05.2026	**RBI and ECB renew cooperation framework with updated MoU in Basel**	✓ The MoU provided a framework for regular exchange of information, policy dialogue and technical co-operation between the two central banks. ✓ Cooperation will include joint seminars, workshops, and knowledge-sharing initiatives on matters of mutual interest in central banking.
12.05.2026	**Gold loans power Small Finance Banks' growth as microfinance asset quality weakens**	✓ Many small finance banks are relying on gold loans for growth because their traditional microfinance portfolios are facing higher ✓ defaults and stress. Gold loans are backed by physical gold, making them less risky and easier to recover.

Date	News Headlines	Summary/Implications
13.05.2026	**India raises gold, silver import duty to 15% to curb imports, support rupee amid West Asia crisis**	✓ India increased the effective import duty on gold and silver to 15% from 6% in May 2026. The new structure consists of a 10% Basic Customs Duty (BCD) and a 5% Agriculture Infrastructure and Development Cess (AIDC). ✓ This move was aimed at reducing non-essential imports, conserving foreign exchange reserves, narrowing the trade deficit and supporting the rupee.
14.05.2026	**RBI eases rules for outward remittances; drops prior approval for non-bank entities**	✓ Eligible non-bank entities authorized under foreign exchange regulations can now undertake certain outward remittance transactions without seeking prior RBI approval. ✓ The move is intended to reduce procedural delays, improve ease of doing business, and streamline cross-border payments.
15.05.2026	**Bank of Baroda, India's second-biggest state lender, aims to double size in 5 years**	✓ Bank of Baroda is India's second-largest public sector bank by assets after State Bank of India. ✓ Doubling its size would strengthen its position in the Indian banking sector and increase its market share. ✓ The target aligns with expectations of sustained economic growth, infrastructure spending, and rising financial inclusion.
19.05.2026	**RBI witness Credit Card transactions jump 2.6 times in four years.**	✓ Credit card transaction volume rose from 216 crore in 2021 to 570 crore in 2025.Transaction value increased from Rs 8.9 lakh crore to Rs 23.2 lakh crore. Private banks increased their market share in outstanding credit cards to 71.1% in dec,2025 from 67.7% from Dec,2021 ✓ This highlights the rapid growth of digital payments, consumer spending and card adoption across the country. E-commerce, travel, dining and online services have been major drivers of transaction growth.
21.05.2026	**Private and govt banks pledge full support to ECLGS 5.0**	✓ ECLGS 5.0 scheme aims to help businesses facing challenges due to the West Asia conflict, will be a key catalyst for the Micro, Small and Medium Enterprises. ✓ The scheme provides working capital support and a digital portal simplifies loan applications. The union cabinet on May 5 approved ECGLS 5.0 with an overall outlay of Rs 2.55 lakh crore to provide additional working capital support to businesses. Airlines have been separately allocated Rs 5000 crore while remaining amount will be available to MSMEs and non-MSME borrowers.
25.05.2026	**RBI injects Rs 81590 Cr liquidity into banking system via VRR auction**	✓ RBI conducted a VRR auction to address liquidity requirements in the banking system. ✓ Banks Borrowed Rs 81590 crore by pledging eligible government securities as collateral. ✓ The funds are available for the tenor specified in the auction and will be repaid to RBI at maturity.
26.05.2026	**RBI mandates 3 year cooling off after 10-year tenure for Co-op bank directors**	✓ The Reserve Bank of India has mandated three-year cooling-off period for directors of Urban Co-operative Banks (UCBs) and Rural Co-operative Banks (RCBs) after they complete 10 continuous years on the board. ✓ The rule aimed at improving governance standards and preventing excessive concentration of influence within cooperative banks.

Peer's Signal: Indian Banks/FIs with New Business Strategy

-- CH. Divya Laxami (Manager)

Date	News Headlines	Summary/Implications
04-May-26	Axis Bank opens its first digital locker-focussed branch	✓ Axis Bank has opened its first digital locker branch in New Delhi. ✓ This new facility aims to provide advanced security and customer experience through automated locker services. ✓
12-May-26	PNB announced development of dedicated wealth management Vertical.	✓ PNB to foray into wealth management vertical in 6 months, aiming to enhance premium banking services and investment advisory for its customers.
14-May-26	BOB aims to double size in 5 years	✓ Bank of Baroda plans to double its balance sheet over the next five years, by capitalizing on strong economic growth in India, rising credit demand and expansion of fee -based income streams
20-May-26	Central bank of India to open 150 branches recruit about 1400 officers in FY27	✓ Central bank of India is set to expand its reach with 150 new branches and a workforce increase of 1400 employees. ✓ This strategic move aims to achieve the banks growth objectives. Additionally, the bank is launching and international financial services centre Banking unit at GIFTY city. ✓ These initiatives will bolster international business and specialized services for corporate clients.
20-May-26	AXIS bank plans 500 new branches, target presence in 700 districts in FY27	✓ Axis Bank plans to strengthen its national footprint through 500 new branches, focusing on rural expansion, digital banking, and key customer segments.
26-May-26	Union Bank approves Rs.8000 crore capital raise through debt, equity mix	✓ In a BSE filing Union bank board has approved raising debt capital through Basel III compliant additional Tier 1 bonds and/or Tier 2 not exceeding Rs.5000 crore.
27-May-26	BOB lunches biometric, face authentication and IoT based payment features on BOB इ Pay	✓ Bank of Baroda announced the launch of three new features on its UPI payments app, bob इ pay, including mobile OS-native biometric authentication, UIDAI-based face authentication for setting or resetting UPI PIN's, and internet of things (IoT)-based payments.
27-May-26	SBI to combine branches, digital platforms for omni channel banking	✓ State bank of India (SBI) will continue to focus on physical banking while integrating its branch network with digital platforms to deliver an omni-channel banking experience for its customers.

Domestic Economy News

- By Shalini Paul

Date	News Headlines	Implications
04.05.2026	Centre allows 100% FDI in insurance via auto route, inflows for LIC capped at 20%	✓ A major reform aimed at attracting global capital into the insurance sector. ✓ Under the automatic route , foreign investors do not need prior government approval, though they must comply with regulations of the Insurance regulatory and Development Authority of India (IRDAI) ✓ However,Life insurance Corporation pf India (LIC) will continue to follow a separate rule, with foreign investment limited to 20% under automatic route.
11.05.2026	India-Oman FTA talks to strengthen trade ties	✓ Oman has granted Zero-duty access to about 99.38% of India's exports, making Indian Goods more competitive. ✓ Indian exporters will get preferential access to the Omani market, benefiting sectors such as textiles, leather, plastics, marine products, automobiles, sports goods and agricultural products. ✓ The agreement is expected to boost bilateral trade, investment flows, employment generation and services trade. The pact is also strategically important for India's energy security and supply-chain resilience in the Guilf region.
13.05.2026	India raises gold, silver import duty to 15% to curb imports, support rupee amid West Asia crisis	✓ The Indian government has sharply increased customs duties on gold and silver to 15% from 6%. The new structure consists of 10% basic customs duty (BCD) and 5% Agriculture Infrastructure and Development Cess (AIDC). ✓ The government expects the measure to help support the Indian Rupee and reduce trade deficit. However, the industry experts have warned that higher duties could encourage gold smuggling if price gap widens significantly.
15.05.2026	India Inc raises 33% less via ECBs in FY26 as bank credit turns attractive	✓ Indian companies raised about 33%b less through External Commercial Borrowings (ECBs) in FY 2025-26 compared with the previous year. The decline was driven by lower domestic interest rates, making bank loans more attractive than overseas borrowing. ✓ Higher hedging costs and currency risks also reduced the appeal of foreign-currency loans. As a result, many companies shifted their funding needs to domestic banks. The trend reflects a change in corporate borrowing preferences amid improving liquidity and credit availability in India.
19.05.2026	Rs 3 a litre fuel price hike cuts losses by 25 per cent; daily loss drops to Rs 750 crore	✓ A Rs 3-per-litre increase in petrol and diesel prices has helped state-run oil marketing companies' trim daily losses by nearly a quarter, reducing overall losses to around Rs 750 crore per day from Rs 1,000 crore ✓ Losses remain high because crude oil prices are elevated and the rupee is weak. The government has not announced any subsidy or bailout package for OMCs (State owned Marketing Companies). The price hike provides only partial relief and may slightly increase inflation.
21.05.2026	India, Italy signed critical MoUs in various sectors,' says MEA Secy (West)	✓ India and Italy elevated their Strategic Partnership to a Special Strategic Partnership during Prime Minister Modi's visit, signing key agreements in defence, technology, and trade. ✓ Both nations aim to boost bilateral trade to €20 billion by 2029 and are committed to early implementation of IMEC, fostering deeper cooperation across various sectors.

Date	News Headlines	Implications
25.05.2026	Delivery cost increased by about 19% in Asia Pacific	✓ Delivery costs in APAC rose of nearly 19 percent year-on-year. ✓ In india, Higher fuel prices, driver wages and urban congestion were major cost drivers. ✓ Most customers preffered reliable delivery times (41%) over the fastest possible delivery (22%). ✓ Around 60 % of Indian consumers were willing to pay extra for convenience in urgent or time sensitive deliveries.
27.05.2026	Government operationalises amended insolvency law, sets 14-day admission deadline for NCLT	✓ Faster insolvency resolution and reduced delays. Better recovery prospects for banks and financial institutions. ✓ Improved ease of doing business and investor confidence. Reduced erosion of asset value caused by lengthy proceedings. ✓ New buyers of bankrupt companies receive protection from many past liabilities, making acquisitions of distressed assets more attractive.
27.05.2026	India and Canada to conclude CEPA by November	✓ India and china are working to finalize CEPA by November 2026. The Agreement aims to boost bilateral trade to $ 50 billion by 2030. ✓ Negotiations cover trade in goods, services, investment, and other mutually agreed policy areas. Both countries have agreed to focus on areas of mutual benefit while avoiding highly sensitive sectors. ✓ Greater market access for indian exporters,espicially in pharmaceuticals, textiles,engineering goods and IT services.
29.05.2026	CEPA upgrade talks: India, South Korea agree to address widening trade deficit	✓ India's Trade Deficit with south korea widened to about $15.35 billion in FY 2025-26. ✓ Both countries agreed to address this imbalance within the existing CEPA framework rather than rather than negotiating a new trade pact. ✓ New subgroups will be formed to strengthen cooperation in: ✓ Digital trade ✓ Supply chains ✓ Strategic Industrial Collaboration. ✓ Discussion covered trade in goods, Services, Investment, rules of origin and sanitary and phytosanitary standards. Both sides reaffirmed their commitment to conclude the CEPA upgrade in a time-bound manner.

Global Economy News

- By Virendra Kumar Soni

Date	News Headlines	Implications
01-May-2026	International Monetary Fund revised global growth outlook	✓ IMF projected global growth around 3.3% for 2026, supported by technology investment but constrained by geopolitical risks, trade tensions and inflation pressures. ✓ Moderate growth outlook supported investment sentiment but highlighted risks to global trade and capital flows
02 May 2026	World Economic Forum reported a significantly worsening global economic outlook amid geopolitical tensions and inflation concerns	✓ The World Economic Forum's outlook indicates a fragile global economy. ✓ Persistent geopolitical instability and inflation concerns are stifling growth, forcing global leaders to prioritize economic resilience and strategic adaptation.
06-May-2026	Australia's Industry Index rose by 9.8 points to -24.4 in April 2026	✓ Indicating a strong recovery in industrial activity. The shift from negative to positive territory suggests higher production levels, improving business confidence and stronger demand conditions. ✓ This reflects positive economic momentum and may support employment growth and future investments in the industrial sector.
11-May-2026	China's annual inflation accelerated to 1.2% in April 2026	✓ Indicating a gradual increase in consumer prices and a recovery in domestic demand. ✓ The rise suggests improving economic activity after a period of weak price growth. ✓ Moderate inflation supports business revenues and economic growth, while remaining within a manageable range for policymakers.
13-May-2026	The annual inflation rate in the US accelerated to 3.8% in April 2026,	✓ Indicating a faster rise in consumer prices and persistent inflationary pressures in the economy. ✓ The increase suggests strong demand and higher costs for goods and services.
14-May-2026	IMF said reduced US-China tensions and constructive dialogue would support the global economy	✓ The IMF believes easing U.S.-China tensions will boost global trade, investment, and business confidence, support economic growth, reduce supply-chain disruptions. ✓ Lower inflation pressures, and benefit export-oriented sectors such as technology, manufacturing, and engineering.
18-May-2026	S&P Global cut its 2026 global growth forecast to 2.2% from 2.9%	✓ S&P Global downgrade of global growth to 2.2% signals weaker economic activity, slower trade and investment, softer corporate earnings, lower commodity demand, ✓ Increased caution among businesses, investors, and policymakers worldwide.
19-May-2026	United Nations lowered its global growth forecast to 2.5%, citing Middle East conflict and inflation pressures	✓ Slower global growth may weaken export demand, corporate earnings, commodity prices, and investment activity. ✓ Export-oriented sectors could face pressure, while defensive sectors may outperform amid rising economic uncertainty.
27-May-2026	World Food Programme warned that the Middle East war was driving record global hunger and food insecurity.	✓ The World Food Programme warns that the Middle East conflict is worsening global hunger by disrupting food production, trade routes, and humanitarian aid delivery. ✓ Rising food, energy, and transportation costs are increasing inflation and food insecurity, particularly in vulnerable and conflict-affected nations, while adding pressure on governments and international relief agencies.
29-May-2026	IMF, World Bank and other institutions warned that the conflict was straining global energy supplies.	✓ Strained global energy supplies can lead to higher oil and gas prices, increased inflation, rising transportation and production costs, pressure on economic growth, and greater volatility in financial markets.
30-May-2026	OECD reported rising inflation across member nations	✓ OECD inflation rose to 4.0% in March 2026, largely driven by energy prices. Implication: Persistent inflation risks could delay interest rate cuts globally.

Must Track in Next Month…

Report/Event	Country
India Industrial Production	India
India HSBC Composite PMI	India
RBI interest Rate Decision	India
India GDP growth rate YoY	India
China Balance of Trade data	China
US Balance of Trade data	US
China Inflation rate YoY	China
US Inflation rate YoY	US
India Inflation rate YoY	India
India WPI Inflation YoY	India
US Industrial Production YoY	US
China Industrial Production YoY	China
India Balance of Trade data	India

Data Sources…

- Web Site:
  - https://mospi.gov.in/data
  - https://data.rbi.org.in/DBIE/
  - https://www.pib.gov.in/
  - https://financialservices.gov.in/
  - https://www.dgft.gov.in/CP/
  - https://www.commerce.gov.in/
  - https://www.sebi.gov.in/
  - https://www.focus-economics.com/countries/india/

- Report /Publications:
  - **World Gold Council (WGC) Gold Demand Trends reports**
  - **CMIE**
  - **COGENCIS**

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