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# CANOMICS

YOUR WINDOW TO THE ECONOMIC PULSE

**MONTHLY MAGAZINE**  
 (JANUARY - 2026)



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अर्थनीति

॥ अर्थस्य मूलं राज्यं ॥

*(The root of Artha is the State (good governance / kingdom).*

**--Kautilya**

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## *Message from MD & CEO...*

Calendar year 2026 started with a resumption of geo political tensions as the US attempts to extend its sphere of influence over the western hemisphere. The toppling of Venezuela's President led to fresh uncertainties while president Trump's desire to purchase Greenland caused tensions among Europe and NATO allies. On the economic front, the announcement of Kevin Warsh as the new Fed Chair spooked markets as he is deemed to be hawkish on the rate front. These disturbances caused commodities to touch fresh highs with gold and silver touching life time highs, though there has been a retreat since then. IMF meanwhile forecast global economy to grow by 3.2% in its January update. Indian economy is expected to grow by 6.8-7.3% in FY27, as per the Economic Survey.

Union Budget set the tone for the coming financial year with a host of announcements with Viksit Bharat 2047 in view. The budget had measures to strengthen manufacturing, logistics, infrastructure, small & medium enterprises, tourism and agriculture. Several measures were proposed to increase the ease of doing business with particular emphasis on easing the compliance burden for investors. A major highlight was the proposed formation of a High-Level Committee on banking sector reforms. Government continues to shoulder the responsibility of heavy lifting with an additional Rs 1 lakh crore public capex. These measures taken together is intended to achieve a consistent and sustained GDP growth rate of more than 7% over the next two decades.

Indian banking sector will play a seminal role in this journey. Asset quality shows a sequential improvement and balance sheets of banks are stronger and healthier. Public sector banks have posted combined net profit of Rs 1.4 lakh crore (approx.) for the nine-month period ended December 2025. Bank credit growth is in double digits, growing more than 12% on an annual basis. This has been fairly broad-based with agriculture, MSME and personal loan segments registering double digit growth rates. Past repo rate cuts and adequate liquidity support has catalyzed credit creation. Overall bank credit growth for FY 2025-26 is expected to remain healthy at 11-12%. However lagged deposit growth and elevated credit-deposit ratios are a concern that merits attention. Resource mobilization is facing some challenges as financialization of the economy inevitably leads to diversification of the savings pool.

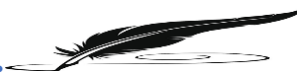
The central bank is taking enough measures to ensure financial stability. In the face of global headwinds RBI has taken a number of measures to provide liquidity support in every possible way with almost Rs 9.5 lakh crore infused since the start of the financial year by way of OMOs, VRR operations and CRR cuts. It has managed to keep INR range bound between 90 to 91 levels in the face of excessive FII outflows to ensure that short term rates are range-bound. These supportive measures go a long way in protecting the margins of banking industry at a time when interest rates are declining and resource mobilization is highly competitive.

India is on the cusp of a big leap with the signing of the historic EU-India Free Trade Agreement, giving India access to a bloc of 27 nations with a GDP of \$24 trillion. An interim trade deal with US has been signed as well which opens up another market of \$30 trillion for us. The push to our exports and, by extension, labour intensive sectors is expected to be significant. These deals possess a transformative potential.

We weathered global uncertainties in the just concluded calendar year. The worst is behind us. This is the opportunity to look forward with added vigour and optimism.

**Hardeep Singh Ahluwalia**  
**Managing Director & Chief Executive Officer (I/c)**  
**& Executive Director**

## *From the Desk of the Chief Economist ....*



The New year kicked off with optimism and exuberance on the economic front. The much-delayed India-European Union Free Trade Agreement (FTA) has been signed, opening up a 27-member bloc worth \$24 trillion. It has the potential to add around 25 bps to our GDP growth. Significant outcomes have been achieved not just in goods but also in services and labour mobility. Close on the heels of the EU agreement came the trade deal with the US which was in a state of flux for more than nine months. The Union Budget has displayed a firm resolve to take the growth momentum forward.

The full impact of both the US, European Union and UK trade agreements will be visible in the next fiscal. These have gone a long way in improving foreign investor sentiments. FII outflows are slowly reversing and exchange rate stability would be the immediate outcome. This is comforting for liquidity as frequent dollar sales subside, minimizing liquidity deficits. This aids credit growth. Trade deals will provide a new lease of life to small and medium enterprises and bank credit is expected to see further uptick in growth. The reform measures coupled with a strong impetus to improve the ease of doing business ticks all the right boxes.

Demand drivers improved considerably. Rural demand, which had been soft for the past couple of years, is showing signs of recovery. This augurs well for private capex exhibiting stagnancy for the past few years. According to some estimates fixed asset investments grew at a six year high of 13% in the first half of fiscal 2026. This is a break from the recent past. This will have multiplier effects on jobs, wages and incomes sustaining demand.

Public capex momentum continues unabated. Union Budget 2027 has increased public capex outlay by 11.5% over the revised estimates for FY26 taking it above Rs 12 trillion. The fiscal anchor has shifted to debt GDP ratio with a central glide path of 50% or-1% by FY30. In an indication of sound fiscal-monetary coordination, the central bank has renewed its commitment to ensure comfortable liquidity helping bond yields to stay range bound aiding debt sustainability. However, state government debt GSDP ratio averages 30% which needs to be plugged with effective measures to manage revenue deficits.

We will soon transition towards new macroeconomic series with CPI, GDP and industrial production data undergoing revision in the new base year. This will provide stability and predictability apart from ensuring representativeness. For instance, inflation data will include more items apart from weight changes. Policy makers and researchers will benefit immensely from these changes.

To be sure, rupee depreciated by 6% this year, earning the tag of the worst performing currency. However, this is not due to weakness in our domestic fundamentals and is attributable to extraneous factors over which we have little control. This is likely to be undone in the current year. We may not see a huge appreciation of the currency but the pace of depreciation is expected to slow down significantly, buoyed by strong investor sentiment.

As the global economic order turns more protectionist, we have taken further steps to become more integrated into global supply chains and value chains.

**Dr. Madhavankutty G.**  
**Chief Economist**



## Movement of Key Market Indicators During the Month...

Indicators	High	Low	Average	Remarks
Sensex	85762	81538	83443	India Equity market fell in January mainly due to heavy selling by foreign investors (FPI outflows), a weak rupee and global risk off sentiment from trade and geopolitical concerns.
Bankex	67964.5	65863.7	67071.1	Bankex fell due to caution ahead of the Union Budget and weak earnings/revenue cues for some lenders made investors reduce bank holdings, especially in public sector banks before budget news.
India G Sec Yield	6.72	6.58	6.65	Indian G-sec yield rose mainly because the government's higher than expected borrowing plans increased supply in the market, additionally, strong supply pressure from both central and state borrowing, plus cautious demand from investors.
US Treasury	4.29	4.14	4.20	US treasury yields rose because investors sold bonds amid uncertainty around US economic policy, geopolitical tensions and expectations that the Federal reserve may not cut interest rates soon.
Gold (Per troy \$)	5414	4318	4732	Gold prices went up largely because investors bought gold as a safe haven amid global economic uncertainty, geopolitical tensions and weaker confidence in the US dollar.
Brent Oil	69.75	60.31	64.29	Brent oil prices eased in parts of January because global supply remained strong and demand growth was weak, reducing the risk premium that had previously pushed prices higher. Additionally, news of easing geopolitical tensions (e.g., US-Iran talks) and profit-taking by traders lowered crude prices temporarily.
USD/ INR	91.98	89.96	90.84	INR weakened mainly because foreign investors kept selling Indian assets and moving money out, increasing demand for US dollars and pushing the rupee down. Additionally, uncertainty over trade deals and India's trade deficit kept pressure on the currency.

### 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	8.75	8.70	8.60	8.75	8.75 (PNB, BOB, BOI)	8.60 (UBI)	BOI
Term Dep (1Yr.)	6.25	6.10	6.10	6.25	6.25	6.25	6.25 (SBI, CB, UBI, BOI)	6.10 (PNB, BOB)	BOB, CB

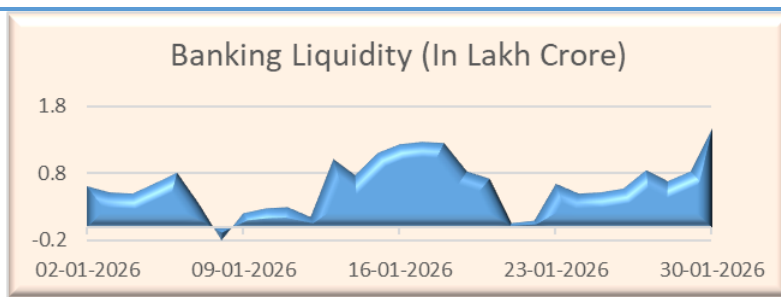
### Domestic Policy Rates

SDF	MSF	Repo	CRR	SLR	MCLR (overnight)	Term Dep. >1 yr
5.00	5.50	5.25	3.00	18.00	7.80-7.95	6.00 - 6.50
Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	changed

**Policy Context:** Policy rates were changed during December 2025, with RBI maintaining a calibrated stance to ensure adequate liquidity while keeping inflation risks in check.

### Liquidity Position During the Month (In Lakhs Cr.)

Opening	Closing	Highest	Lowest	Average
0.17 (surplus)	1.46 (surplus)	1.25 (surplus)	-0.19 (deficit)	1.06 (surplus)



### Policy Implications

System liquidity remained tight during the month, prompting RBI to intervene through measures such as OMO operations and dollar swaps to ease liquidity pressures and ensure orderly market functioning.

### 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	3.5-3.75	2.15	0.75	3.75	4.75	3.00	2.5

**Quick Observations:** Global central banks largely remained on hold amid easing inflation trends, while monitoring growth risks and global financial market volatility.



## Top 3 Focus of the Month ...

### **IMF Delivers Upbeat Outlook - Global Growth Holds Steady at 3.3%**

In its January 19 World Economic Outlook Update, the International Monetary Fund projected global growth at 3.3% for 2026 (a slight upward revision from October 2025 forecasts) and 3.2% for 2027. The report highlighted how surging investments in artificial intelligence and technology, combined with fiscal and monetary support, offset headwinds from shifting trade policies.

### **Fed Holds Steady in Key January Meeting - Signals Caution on Further Cuts**

The U.S. Federal Reserve's FOMC meeting on January 27-28 delivered the month's most market-moving decision. Rates held unchanged in the 3.50%-3.75% range following late-2025 easing. Chair Jerome Powell's post-meeting press conference emphasized a data-dependent approach, with the statement reflecting balanced risks to growth and inflation. Two dissenters pushed for a cut, but the majority stance pointed to patience amid solid expansion and firm economic footing. Markets interpreted the pause as reducing odds of near-term easing, contributing to volatility in bonds and equities before a late-month rally.

### **India-EU free trade agreement struck**

India and the EU concluded a landmark Free Trade Agreement on 27 January 2026 – their largest ever – linking 2 billion people and 25% of global GDP. The deal eliminates or phases out tariffs on 99% of Indian exports to the EU (textiles, apparel, leather, footwear, gems & jewellery, tea, spices, marine products) and 97% of EU exports to India (cars from 110% to 10%, machinery, chemicals, pharmaceuticals, wines, olive oil), promising €4 billion in annual duty savings for Europe and major job/FDI gains for India. It also covers services, investment, digital trade and sustainability, signing expected later 2026, entry into force likely by late 2026 early 2027.

## Major Economies & their Economic Soundness...

### Economic Health Indicators

Country	Nominal GDP (USD Trillion) (Jan-Dec 2025)	GDP Growth Annual Growth rate (Dec-2025)	Gross Debt (of GDP) Dec-2025	Unemployment Rate Dec-2025	Inflation Rate (%) Dec-2025
USA	29.19	2.3*	124%	4.4%	2.7
China	18.74	4.5	88.3%	5.1%	0.8
Germany	4.66	0.4	62.2%	6.3%**	2.1***
Japan	4.03	1.1*	237%	2.6%	2.1
India	3.91	8.2*	81.9%	4.8%	1.33
UK	3.64	1.3*	93.6%	5.1%***	3.4
France	3.16	1.1	113%	7.7%*	0.8
Italy	2.37	0.8	135%	5.6%	1.2
Canada	2.24	1.4*	111%	6.8%	2.4
Russia	2.17	0.6	16.4%	2.1%**	5.6

\*Data Sep-2025, \*\*Nov-2025, \*\*\*Jan-2026

## Major Economies & Their Bond Yield...

### Bond Yield (%) of Major Economies

Country	10Yrs. Govt Bond Yield (30-Jan-2026)	Variation Vs. US 10Yrs. Gov. Bonds	Observations
US	4.24	***	Yields have recently softened due to signs of a sharp slowdown in consumer spending.
China	1.80	-2.44	Lowest yield among major economies as the PBOC signals a "moderately loose" policy to stimulate weak consumer demand
Germany	2.85	-1.39	The 10-year Bund serves as a safe haven; yields held steady as the ECB left interest rates unchanged in early 2026.
Japan	2.25	-1.99	Yields hit multi-decade highs following a historic LDP win and expectations for expansionary fiscal policy.
India	6.70	2.46	Yields are elevated due to tight domestic liquidity and heavy government borrowing projections for the new fiscal year.
United Kingdom	4.53	0.29	Market volatility stems from political uncertainty, though dovish signals from the Bank of England help cap yields.
France	3.42	-0.82	Recent approval of the 2026 budget ended a period of political deadlock, though fiscal deficit targets have been revised higher.
Italy	3.46	-0.78	Yields remain sensitive to ECB policy stances and broader Eurozone inflation outlooks.
Canada	3.42	-0.82	Yields rose following strong labour data and higher global rates, despite flat domestic GDP growth.
Russia	14.44	10.2	Yield remains near 3-month highs as the central bank maintains rates around 16% to 17% to fight inflation.



### Regulatory Moves/Announcements/Amendments by RBI (1/2)

Announcements	Brief Summary	Impacts
<p><b>Amendment Directions on risk weighting framework for exposure of NBFCs to infrastructure projects dated 01 Jan 2026</b></p> <p>Effective from 01 Apr 2026</p>	<p>These amendments refine the risk-weighting framework to make it more risk-sensitive. High-quality projects may get lower capital requirements, improving capital efficiency for NBFCs. Exposures where at least 2 % of sanctioned project debt is repaid will attract a 75 % risk weight, where at least 5 % of financed debt is repaid will attract a 50 % risk weight, significantly lower than the earlier uniform 100 % risk weight applied to most NBFC infrastructure loans.</p>	<p>Better alignment of regulatory capital with actual project risk, especially for projects with strong repayment records and stable cash flows will encourage NBFCs to finance operational infrastructure projects. It could improve credit flow into long-tenor infrastructure lending while maintaining prudential standards.</p>
<p><b>Amendment Directions on Lending to Related Parties by Regulated Entities dated 05 Jan 2026</b></p> <p>Effective from 01 Apr 2026</p>	<p>RBI tightened the framework for bringing enhanced governance, transparency &amp; risk control. Enhanced disclosure requirements &amp; transaction level materiality thresholds mean that larger related-party loans now need board or committee approval. The definition of related parties has been significantly expanded, aligning with the Companies Act, 2013 and the Insolvency &amp; Bankruptcy Code, to include promoters, directors, key managerial personnel and their relatives, entities where such persons exercise influence.</p>	<p>It closes loopholes to escape scrutiny. This could reduce concentration risks. Board involvement and materiality limits curb undue risk from related-party lending. Stronger disclosure and definitional clarity improve transparency and market confidence. The framework reduces the possibility of conflicts of interest and insider advantages in credit decisions.</p>
<p><b>Draft framework on "Reserve Bank of India (Prudential Norms on Dividend and Remittance of Profit) Directions, 2026" dated 06 Jan 2026</b></p>	<p>It proposes a new methodology for computing the maximum eligible dividend payout and revises existing guidelines, including those for foreign banks operating in India. Banks must meet certain prudential criteria, including Compliance with capital adequacy norms both before and after dividend payouts.</p>	<p>This move will strengthen capital buffers, enhancing risk discipline and standardising prudential norms across banking categories. Changes in dividend norms may indirectly influence the transfer from RBI to the Government (which is a major non-tax revenue source).</p>
<p><b>Draft Amendment Directions on 'Clarification on Owned Fund / Tier 1 Capital computation for NBFCs / ARCs &amp; applicability to "Credit /Investment Concentration" Norms' dt 13 Jan 2026</b></p>	<p>The aim is to clarify and update capital computation norms for NBFCs/ARCs with respect to credit/investment concentration requirements. Also, to ensure that the capital base reflects the latest financial position rather than outdated figures, potentially giving NBFCs a more realistic capital measure.</p>	<p>Clarity on capital computation can affect credit exposure ceilings, risk limits and reporting requirements for NBFCs and ARCs. The amendments are expected to remove ambiguity and inconsistency in such computations.</p>
<p><b>Reserve Bank of India (Internal Ombudsman) Directions, 2026 dated 14 Jan 2026</b></p> <p>Effective from 1 Jul 2026</p>	<p>To strengthen the internal mechanism for resolution of customer grievances within the regulated entities, RBI has mandated a uniform Internal Ombudsman (IO) framework. Under the new rules, customer complaints that are rejected or only partly resolved must be independently reviewed by an Internal Ombudsman before closure. The aim is to ensure fairer, faster in-house grievance redressal and reduce premature escalation to RBI's Ombudsman.</p>	<p><b>For customers:</b> better protection and quicker resolution of complaints  <b>For banks/NBFCs:</b> Higher compliance and operating costs.            Stronger accountability on customer service teams.  <b>System-wide:</b>            Fewer escalations to RBI Ombudsman.</p>

## Regulatory Moves/Announcements/Amendments by RBI (2/2)

Announcements	Brief Summary	Impacts
<p><b>Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 and Directions on Export and Import of Goods and Services dated 16 Jan 2026</b></p> <p>Effective from 1 October 2026.</p>	<p>RBI has overhauled FEMA rules governing exports and imports to create a simpler, more flexible and bank-driven framework. Instead of micro-level prescriptions, the new regime relies on broad principles, empowering AD banks to facilitate trade transactions while ensuring compliance. In short, an easier process for exporters/importers, more discretion for banks and streamlined FEMA compliance.</p>	<p><b>For exporters / importers:</b> Faster transaction processing, Reduced procedural friction, Quicker realisation and settlement of export proceeds.</p> <p><b>For banks:</b> Increased role of AD banks in decision-making, Shift from rule-checking to risk-based supervision, Higher accountability on monitoring trade flows.</p>
<p><b>Reserve Bank - Integrated Ombudsman Scheme, 2026 dated 16 Jan 2026</b></p> <p>Effective from 1 July 2026.</p>	<p>It proposes expanded powers, including higher compensation limits and broader authority to resolve customer disputes. RBI has merged multiple complaint frameworks into a single, integrated ombudsman mechanism. Customers can now file complaints against regulated entities through one portal, one process and one authority, even if their grievance spans multiple financial institutions.</p>	<p><b>For customers:</b> One-stop platform for all RBI-regulated entities. Faster resolution timelines, Easier escalation if banks/NBFCs don't respond, better transparency in complaint tracking.</p> <p><b>For banks &amp; NBFCs:</b> Higher accountability on customer service. Stronger compliance expectations. Likely increase in monitoring of grievance turnaround time.</p>
<p><b>Amendment Directions on Priority Sector Lending - Targets and Classification dated 19 Jan 2026</b></p> <p>Effective from 19 Jan 2026</p>	<p>RBI has fine-tuned the Priority Sector Lending framework to keep it aligned with evolving regulations and refine how ANBC/exposures are treated under PSL. The amendments mainly provide technical clarifications, update references and expand eligible on-lending channels (like NCDC), without changing the core PSL targets. Lenders now must obtain external audit certification to ensure PSL loans aren't claimed by multiple banks.</p>	<p>The change helps strengthen monitoring &amp; enhance compliance controls. More flexibility in meeting PSL targets through additional on-lending avenues. Better regulatory clarity on classification of certain exposures. Helps optimise PSL compliance without aggressive direct lending. Potential for incremental credit flow.</p>
<p><b>RBI and ESMA sign a MOU on cooperation and exchange of Supervisory information related to Central Counterparties (CCPs) dated 27 Jan 2026</b></p> <p>ESMA- European Securities and Markets Authority</p>	<p>The MoU sets a framework for regulatory cooperation &amp; coordination. It replaces an earlier MoU signed in 2017. Focus is on cross-border clearing oversight and financial stability. It allows RBI and ESMA to share relevant data and work together on oversight of clearing institutions that operate across jurisdictions—supporting safer global financial market infrastructure.</p>	<p>Improves confidence in India's clearing ecosystem for foreign participants. Helps Indian CCPs integrate better with global financial markets. Enhances systemic risk monitoring for derivatives and clearing activities. Positive long-term signal for GIFT City / cross-border financial services.</p>
<p><b>Draft Framework - RBI Relief Measures for Areas hit by Natural Calamities (such as floods, cyclones, droughts, landslides, etc.) dated 27 Jan 2026</b></p> <p>Proposed to become effective from 1 Apr 2026.</p>	<p>Principle-Based Flexible Relief Framework that allows lenders to quickly restructure loans and provide liquidity support in calamity-affected areas. The idea is to enable timely credit relief, faster recovery and operational flexibility for financial institutions during localised shocks. Relief can be extended only to "standard" loan accounts i.e SMA-0 (not NPAs at the time of calamity).</p>	<p><b>For borrowers:</b> Immediate cash-flow relief via moratoriums and rescheduling, Easier access to emergency credit, Protection from sudden NPA classification after disasters.</p> <p><b>For banks / NBFCs:</b> Regulatory clarity and timelines for calamity restructuring, ability to keep restructured accounts as standard (with provisioning).</p>



## Policy Moves /Announcements by Central Government...

### Government Announcements/Moves

Announcements	Brief Summary	Impacts
<b>Government launched a ₹4,531 crore market access support scheme</b>	To aid exporters in participating in international fairs and exhibitions, this the first component to be operationalised under the ₹25,060 crore export promotion mission.	The scheme will enhance global visibility of Indian exporters, helping them access new markets and boost export order.
<b>Finance Ministry notified rules for 100% foreign direct investment (FDI) in the insurance sector</b>	The Finance Ministry has revised norms to remove the requirement that a majority of directors and key management personnel in an insurance company with foreign investment be Indian residents.	This will ease board composition norms and requiring at least one key leadership role to be held by an Indian resident to attract global capital and expertise.
<b>India launched a significant export support package worth ₹7,295 crore</b>	The package includes an interest subvention scheme and collateral support. These measures will be implemented over six years, starting from 2025.	This initiative aims to make trade finance faster and cheaper for exporters. The goal is to boost India's exports by addressing critical trade finance challenges faced by businesses.
<b>Department of Posts and Ministry of Rural Development Sign Landmark MoU</b>	The collaboration aligns with the Government's vision, as envisaged by the Hon'ble Prime Minister, to strengthen "Dak Sewa, Jan Sewa" and reposition India Post as a key driver of the rural economy.	The partnership aims to enhance financial inclusion, promote entrepreneurship, strengthen digital capabilities and improve market access for rural women, Self-Help Groups and community institutions across the country.
<b>The Cabinet Committee on Economic Affairs (CCEA), approved the revival plan for RINL for a total of Rs 11,440 crores.</b>	The infusion includes ₹10,300 crore as equity capital into Rashtriya Ispat Nigam Ltd. (RINL) and Conversion of ₹1140 crore working capital loan as 7% Non-cumulative Preference Share Capital redeemable after 10 years to keep RINL as a going concern.	This would allow the company to gradually reach its full production capacity which is critical and is in the national interest to have stability in the Indian steel market by augmenting steel production and also save the livelihoods of employees (regular and contractual) and those dependent on the operations of the steel plant.

## Peer's Signal: Banking sector performance in Q3 FY26

### Peer Bank Analysis A Quick Scan of Financial Results of Major Banks (PSB + Pvt) Q3: 2025

Highest

Lowest

QOQ % GROWTH DEC 25 VS SEP 25															
	SBI	PNB	BOB	IB	CB	UBI	BOI	BOM	CBI	IOB	PSB	UCO	HDFC	ICICI	AXIS
GLOBAL BUSINESS	3.73	3.76	4.06	2.33	2.35	1.35	4.17	5.54	4.9	4.42	3.41	3.22	2.4	2.89	4.1
GLOBAL ADVANCES (Gross)	5.97	5.27	5.17	2.99	3.59	4.27	4.4	7.63	10.24	6.12	4.48	5.59	2.72	2.87	3.44
GLOBAL DEPOSIT	1.96	2.67	3.12	1.8	1.4	-0.95	3.98	3.83	1.38	3.02	2.58	1.44	2.08	2.9	4.76
CASA	0.73	1.54	2.84	2.35	-3.68	3.29	1.09	2.17	2	3.85	5	1.38	1.27	1.32	2.94
RETAIL	4.42	3.59	4.64	4.36	8.84	2.95	5.79	6.64	7.15	6.44	5.42	8.77	1.24	1.95	1.43
HOUSING	3.24	2.63	3.56	3.22	5.72	3.77	4.47	6.63	4.09	3.98	1.27	4.63	1.66	3.18	3
AGRICULTURE	6.53	4.15	5.95	2.25	1.44	4.09	6.45	10.59	4.7	12.01	8.03	10.44	NA	7.24	2.07
MSME	10.79	5.02	6.24	5.88	4.46	5.98	5.48	9.98	6.51	4.41	9.45	5.9	NA	4.68	5.95
OPERATING PROFIT	3	3.51	-2.62	3.87	6.19	1.87	9.73	6.27	28.39	8.46	17.67	4.16	-2.96	0.34	4.45
NET PROFIT	4.31	4.01	5.1	1.43	7.98	18.07	5.88	8.95	4.1	11.31	14.23	19.32	0.07	-8.42	27.51

YOY % GROWTH DEC 25 VS DEC 24															
	SBI	PNB	BOB	IB	CB	UBI	BOI	BOM	CBI	IOB	PSB	UCO	HDFC	ICICI	AXIS
GLOBAL BUSINESS	11.7	9.53	12.26	13.34	13.23	5.04	12.54	17.24	15.77	18.71	11.75	13.25	11.72	9.42	14
GLOBAL ADVANCES	15.14	10.89	14.65	14.24	13.59	7.13	13.63	19.62	19.48	24.13	15.05	16.74	11.88	9.69	12.95
GLOBAL DEPOSIT	9.02	8.54	10.25	12.62	12.95	3.36	11.64	15.29	13.24	14.48	9.27	10.64	11.56	9.16	15.05
CASA	8.8	5.34	8.63	9.88	9.32	5	4.48	15.91	8.54	7.81	8.78	11.49	10.14	8.45	13.91
RETAIL	14.95	7.37	17.43	18.54	31.37	21.67	20.64	36.4	20.93	43.04	19.58	28.18	6.93	7.19	6.4
HOUSING	14.65	14.51	16.02	14.2	17.58	12.97	16.36	27.55	13.91	10.94	8.47	18.79	6.56	11.1	1.85
AGRICULTURE	16.56	9.83	19.04	15.14	10.76	-5.39	16.69	8.97	15.41	34.51	24.29	24.69	NA	4.9	-0.42
MSME	21.02	18.09	16.43	16.41	13.74	19.75	15.77	7.54	15.9	17.42	22.94	23.56	NA	22.8	22.11
OPERATING PROFIT	39.54	12.99	-3.75	5.77	16.37	-7.34	13.24	18.78	16.77	14.88	22.79	5.96	8.39	2.78	3.25
NET PROFIT	24.49	13.13	4.49	7.33	25.61	8.97	7.47	26.51	31.67	56.25	19.31	15.76	11.46	-4.02	2.95

As on Dec 2025															
	SBI	PNB	BOB	IB	CB	UBI	BOI	BOM	CBI	IOB	PSB	UCO	HDFC	ICICI	AXIS
COST TO INCOME (%)	48.29	51.91	52.1	46.9	46.83	49.95	52.02	37.19	57.84	45.74	60.21	52.2	40.92	40.8	46.98
COST OF DEPOSIT (%)	5.07	5.09	4.75	4.93	5.62	5.31	4.77	4.47	4.75	4.92	5.47	4.66	NA	4.55	4.77
YIELD ON ADVANCES (%)	8.61	7.69	7.56	8.31	8.34	8.27	7.81	8.92	8.15	8.83	8.39	8.06	NA	9.08	NA
Gross NPA Ratio	1.57	3.19	2.04	2.23	2.08	3.06	2.26	1.6	2.7	1.54	2.6	2.41	1.24	1.53	1.4
Net NPA Ratio	0.39	0.32	0.57	0.15	0.45	0.51	0.6	0.15	0.45	0.24	0.74	0.36	0.42	0.37	0.42

Overall, the data for Dec' 2025 indicate a broad-based and sustained improvement in banking sector performance, with QoQ growth reflecting steady momentum in business expansion and profitability, while YoY growth underscores a strong underlying recovery and balance-sheet strengthening. Advances have consistently outpaced deposit growth, supporting higher business volumes, while healthy traction in retail and housing segments continues to anchor credit expansion. Profitability metrics show sequential improvement, aided by stable margins, controlled operating costs and improving efficiency parameters, even as cost of deposits has edged up moderately. Asset quality indicators remain comfortable, with low gross and net NPA ratios reinforcing the resilience of balance sheets. Taken together, the QoQ acceleration, robust YoY growth, and stable financial parameters as of December 2025 point to a favourable operating environment and improving earnings outlook for banks, with capacity to support further credit growth going forward.

### Economic Survey 2025-26 - Key Bullet Points

The Economic Survey 2025-26, tabled in Parliament on January 29, 2026, by Finance Minister Nirmala Sitharaman, portrays India as transitioning toward a high-growth, resilient and developed economy amid global uncertainties like geopolitical tensions and trade fragmentation.

#### Growth Outlook

- ✓ Real GDP projected at 7.4% for FY26 (2025-26).
- ✓ Medium-term potential growth upgraded to 7%.
- ✓ FY27 (2026-27) real GDP forecast: 6.8-7.2%.

#### Inflation

- ✓ Record-low headline CPI average of 1.7% (Apr-Dec 2025).
- ✓ Sharpest decline among major emerging economies.
- ✓ Benign outlook, expected to remain within RBI's 4% target.

#### Domestic Demand & Consumption

- ✓ Private consumption at 61.5% of GDP (highest since 2012).
- ✓ Resilient rural and urban demand supported by good harvests and wage growth.
- ✓ Strong services sector driving recovery (GVA growth 9.1%).

#### Sectoral Performance

- ✓ Services lead economy (56.4% of total GVA).
- ✓ Manufacturing accelerates (industrial growth 6.2%) aided by PLI schemes.
- ✓ Agriculture stabilizes rural incomes (growth 3.1%).

#### Fiscal Position

- ✓ Fiscal deficit targeted at 4.4% of GDP for FY26.
- ✓ Revenue receipts rise to 9.2% of GDP.
- ✓ Capital expenditure surges to 4% of GDP (from pre-pandemic 2.7%).

#### Banking & Financial Sector

- ✓ Gross NPAs at multi-decadal low of 2.2%.
- ✓ Strong credit growth supporting investment and consumption.

#### External Sector

- ✓ Current account deficit narrows to 0.8% of GDP in H1 FY26.
- ✓ Forex reserves remain robust.
- ✓ Services exports surge, offsetting goods trade challenges.

#### Reform & Structural Priorities

- ✓ Emphasis on labor reforms, deregulation, GST 2.0 (simplified rates).
- ✓ Focus on job creation, skilling, manufacturing revival.
- ✓ Strategic push toward Viksit Bharat@2047 and resilience against global risks.

#### Overall Theme

- ✓ "Goldilocks" moment: high growth + historic low inflation.
- ✓ Domestic fundamentals act as buffer against global trade/geopolitical uncertainties.

## Behaviour of other Macro-Economic Indicators (2/5)...

### India -EU Trade Deal: Why a mother of All Deal?

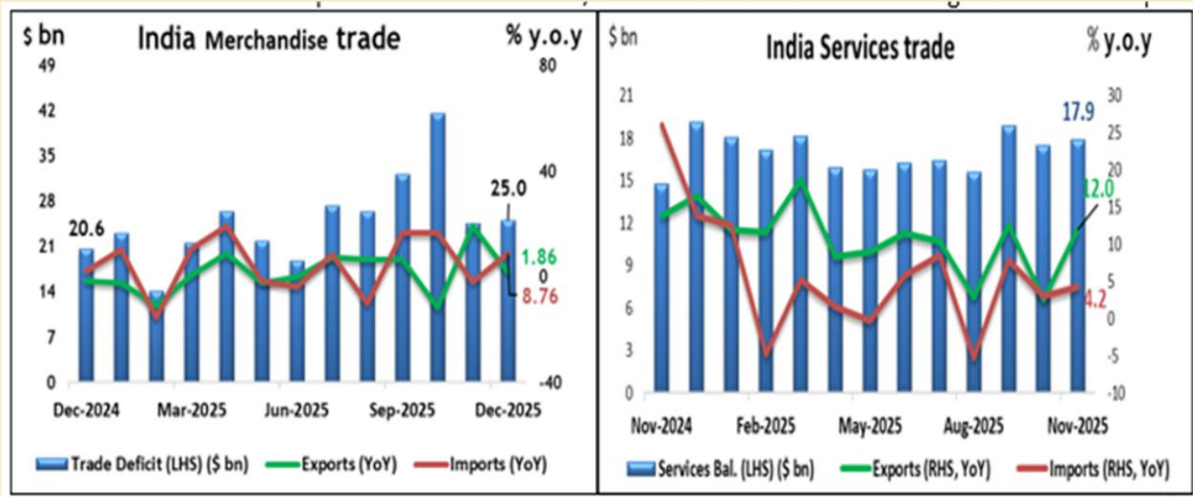
The India-EU Free Trade Agreement (FTA), concluded on January 27, 2026, delivers sector-specific impacts through deep tariff reductions, market access gains and supply-chain integration. It favours India's labour-intensive and export-oriented sectors (immediate zero/preferential duties on 90.7% of exports by value while granting the EU calibrated access to India's high-growth market (tariff cuts on 96.6% of exports, phased for sensitive items like autos). This deal remains a landmark amid global trade uncertainties, offering balanced, long-term benefits for both sides given as under:

Aspect	Benefit to India	Benefit to EU	Combined Benefit (EU+India)
<b>Market Size</b>	<ul style="list-style-type: none"> <li>Access to EU's high-income block</li> <li>27 wealthy nations, advanced consumers</li> </ul>	<ul style="list-style-type: none"> <li>Entry to India's 1.45B consumers + 7-8% annual growth Economy</li> </ul>	<ul style="list-style-type: none"> <li>2Billion people</li> <li>\$24-27T (25% global GDP)</li> </ul>
<b>Trade Volume</b>	<ul style="list-style-type: none"> <li>Export surge (current \$76B to EU)</li> <li>zero/preferential duties on labor sectors</li> </ul>	<ul style="list-style-type: none"> <li>Double goods exports by 2032 (from €49B)</li> <li>annual duty savings</li> </ul>	<ul style="list-style-type: none"> <li>&gt;€180B base</li> <li>potential +41-65% surge</li> </ul>
<b>Investment Impact</b>	<ul style="list-style-type: none"> <li>Strong FDI multiplier (EU 15-16% of inflows &gt;\$119B cumulative)</li> </ul>	<ul style="list-style-type: none"> <li>Protection + access to India's growth diversification</li> </ul>	<ul style="list-style-type: none"> <li>Deeper flows</li> <li>EU leading source for India</li> </ul>
<b>Geopolitics</b>	<ul style="list-style-type: none"> <li>Western alignment</li> <li>hedge vs US/China risks</li> <li>deeper democratic ties</li> </ul>	<ul style="list-style-type: none"> <li>De-risking from China</li> <li>hedge vs US tariffs</li> <li>rules-based partnership</li> </ul>	<ul style="list-style-type: none"> <li>Shift to reliable alliances</li> <li>Security Benefit</li> </ul>
<b>Economic Impact</b>	<ul style="list-style-type: none"> <li>Jobs in MSMEs/labour sectors</li> <li>export boost (\$33B+ potential)</li> <li>0.12% GDP gain possibility</li> </ul>	<ul style="list-style-type: none"> <li>800K jobs supported + growth</li> <li>export doubling</li> <li>0.12-0.13% GDP (€22B extra)</li> </ul>	<ul style="list-style-type: none"> <li>Mutual GDP uplift</li> <li>export/job surge</li> </ul>
<b>Overall</b>	<ul style="list-style-type: none"> <li>Exports/jobs/FDI/tech boost</li> <li>aligns with India@2047</li> </ul>	<ul style="list-style-type: none"> <li>Growth in fast-growing market</li> <li>strategic diversification</li> </ul>	<ul style="list-style-type: none"> <li>Historic 20-year pact; broadest concessions (now in legal/ratification phase)</li> </ul>

## Behaviour of other Macro-Economic Indicators (3/5)...

### India's Merchandise exports inched up 1.86% YoY in Dec 2025 As Global headwinds persists

India's trade performance in December 2025 showed resilience in exports amid global headwinds (including US tariffs), but a widening merchandise trade deficit due to faster import growth.



### India's Trade Data - December 2025

#### (Summary)

- ✓ **Merchandise Exports:** \$38.51 billion (+1.86 % YoY)
- ✓ **Merchandise Imports:** \$63.55 billion (+8.76 % YoY)
- ✓ **Merchandise Trade Deficit:** \$25.04 billion (widened from \$20.63 billion YoY)
- ✓ **Total Exports (Merch. + Services):** \$74.01 billion (-1.01% YoY)
- ✓ **Total Imports (Merch + Services):** \$80.94 billion (+6.17% YoY)
- ✓ **Overall Trade Deficit:** \$6.92 billion (widened from \$1.46 billion YoY)

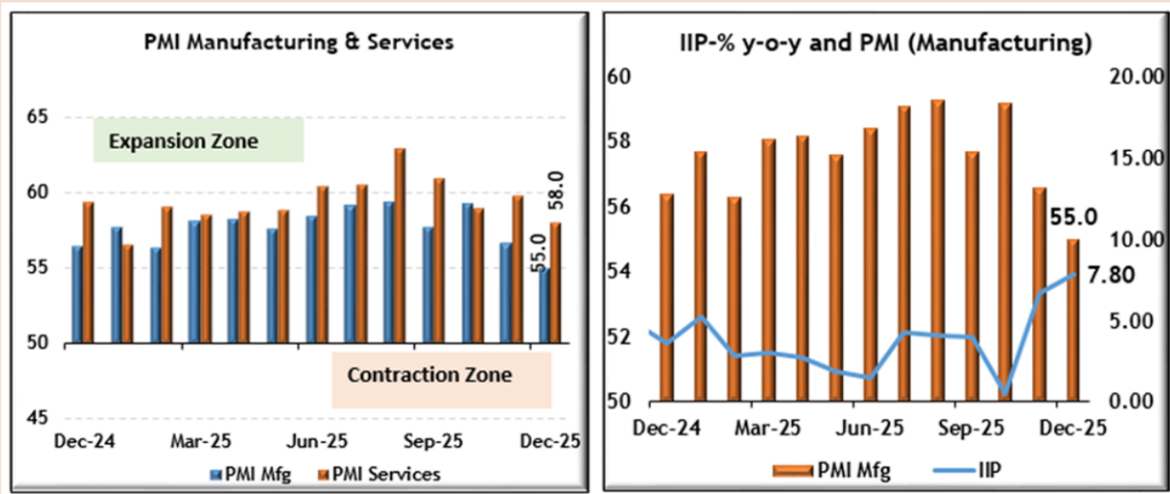
#### (Observations)

- ✓ Exports resilient despite global headwinds/US tariffs; growth in electronics, engineering goods, pharma, meat/dairy, marine products.
- ✓ Imports driven by strong non-oil/non-gold demand.
- ✓ Exports to US dipped slightly (\$6.89 billion, -1.8% YoY), but China surged (+67% to \$2 billion); China overtook US as top trade partner in Apr-Dec FY26.
- ✓ Cumulative (Apr-Dec 2025): Merch. exports \$330.29 billion (+2.44% YoY); total exports \$634.26 billion (+4.33% YoY).

## Behaviour of other Macro-Economic Indicators (4/5)...

### India's Industrial output Growth hits over two -Year high of 7.8% in Dec'25

India's Index of Industrial Production (IIP) recorded a robust year-on-year growth of 7.8% in December 2025 from 6.7% in November 2025. The recovery was primarily driven by strong manufacturing growth of 8.1%, reflecting improved demand conditions, higher production of computer, electronic and optical products and sustained momentum in the automobile sector.



### India's IIP Data - December 2025: Quick Fact

Category	December 2025	YoY Growth (%)	Notes / Comparison
Overall IIP Index	170.3	+7.8	Highest in over 2 years (26-month high); from 158.0 in Dec 2024
Mining	153.0	+6.8	Up from +2.7% in Dec 2024
Manufacturing	169.9	+8.1	Largest contributor; broad-based surge
Electricity	204.9	+6.3	Steady growth

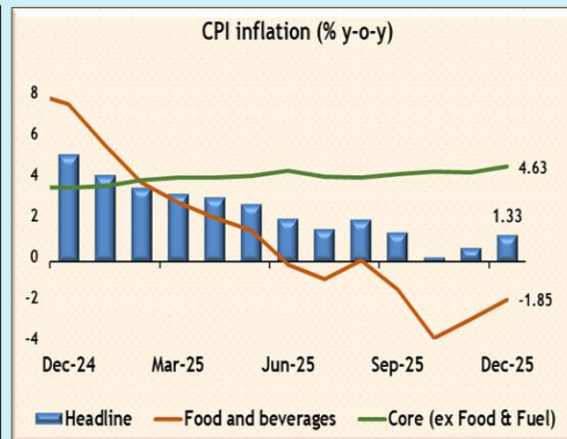
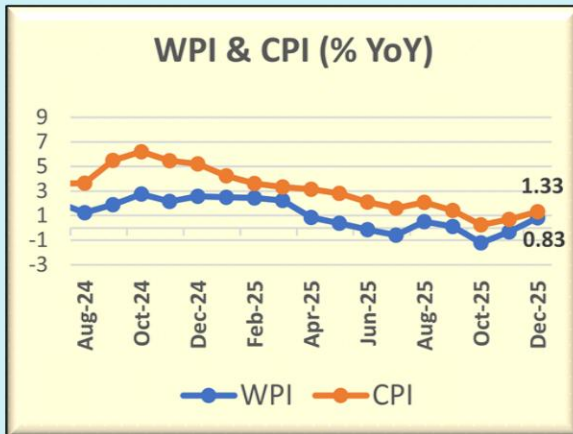
### Other Observations

- ✓ Growth accelerated from revised 7.2% in November 2025 (previously provisional 6.7%).
- ✓ Strongest momentum in over 2 years, driven by manufacturing (e.g., computer/electronics +34.9%, motor vehicles +33.5%, other transport equipment +25.1%).
- ✓ Broad-based recovery across sectors, including consumer goods and infrastructure-related activity.

## Behaviour of other Macro-Economic Indicators (5/5)...

### WPI Inflation edges up to 0.83% y-o-y & Retail Inflation edges up to 1.33 %

The December 2025 economic indicators (CPI at 1.33% YoY, WPI at +0.83% Y-o-Y, IIP growth at +7.8% Y-o-Y, resilient trade with a widening but manageable deficit) reinforced a benign inflation environment combined with robust industrial and overall growth momentum.



#### WPI Inflation (YoY): +0.83%

**Trends:** Rebounded from -0.32% in Nov 2025 (first positive in 3 months; fastest since Apr 2025).

**Key Drivers:** Rise in manufactured products (+1.82% YoY, up from +1.33%), minerals, machinery/equipment, food products, textiles.

#### Consumer Price Index (CPI): +1.33%

**Trends:** Up from +0.71% in Nov 2025 (62 bps rise; below RBI's 2-6% target; remained low).

**Key Drivers:** Narrower food deflation (-2.71% YoY vs -3.91% in Nov); easing in housing/fuel.

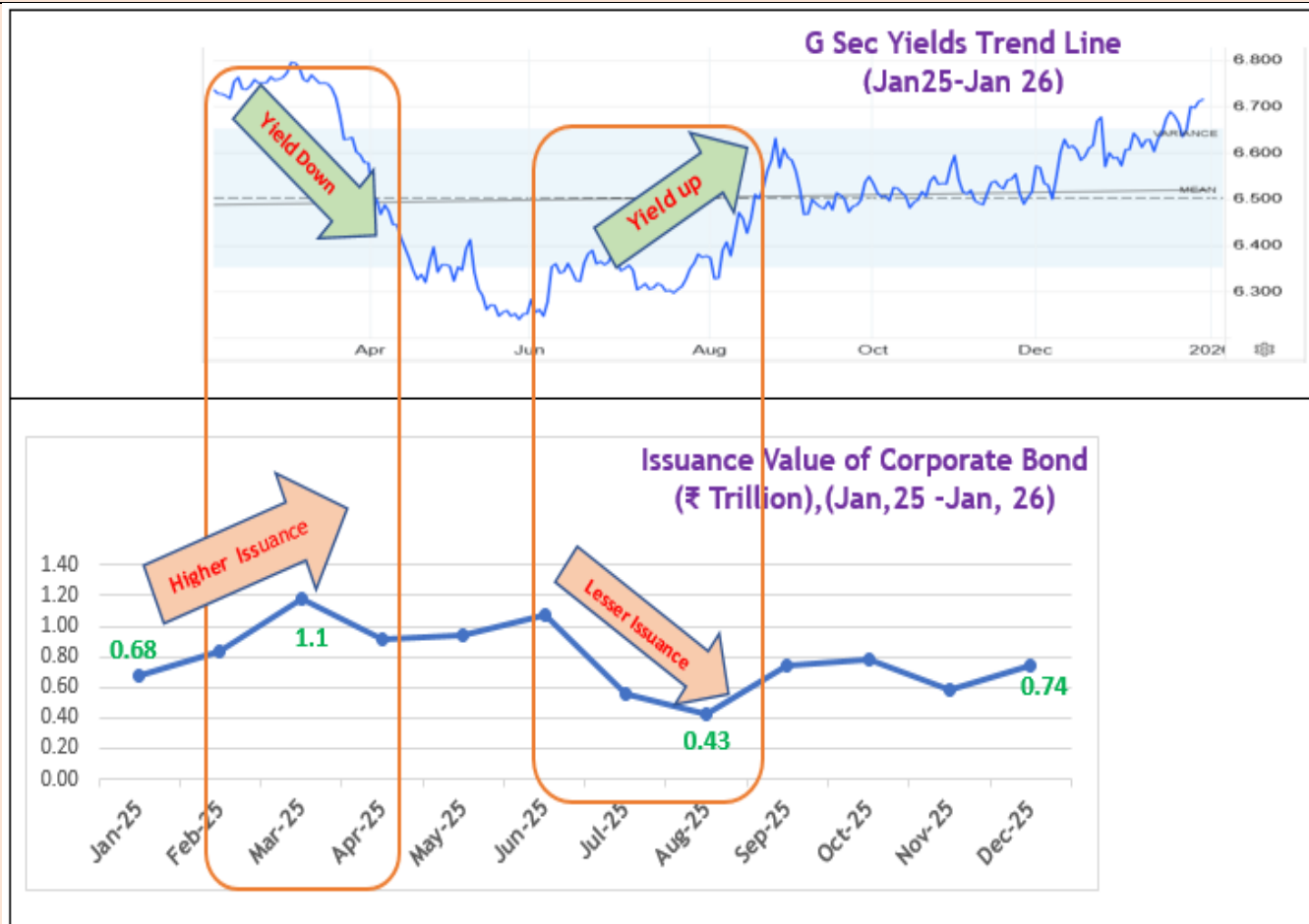
### Implications for Monetary Authority

- ❖ **Low inflation (CPI 1.33%, WPI +0.83%) + strong growth (IIP +7.8%, resilient exports) → benign environment, supports neutral stance but reduces urgency for more cuts.**
- ❖ **Policy shift → Pause likely in Feb 2026 MPC (decision Feb 6); focus on transmission of past cuts, liquidity management, rupee stability and monitoring global factors (e.g., US-India trade deal easing tariff risks).**



## Data Stat: Revealing the Top 2 Data Taste of the Month...

**Discussion 1: Whether Indian Corporate Bond is taking Time -Out, as G-Sec yield curve is climbing?**  
Data Source: <https://tradingeconomics.com/india/government-bond-yield>,  
<https://www.sebi.gov.in/Statistics/Corporate Bonds/Private Placement Data of Corporate Bonds - New>



### Reflections

- ✓ Fresh corporate bond issuances hit a record high of ₹1.1 trillion in FY 2024-25 (ending March 2025), driven by lower yields.
- ✓ However, in FY 2025-26 (April 2025 onward), issuance slowed notably in the first nine months (down 6% Y-o-Y to ₹6.76 trillion), with tepid activity in Q2 and Q3 FY26 due to persistently high yields shifting preference to bank loans.
- ✓ Lower G-Sec yields in early/mid-2025 boosted record issuance, while the rise to 6.7%+ levels in late 2025-early 2026 constrained new issuances by elevating costs and favouring alternatives like bank funding.

### Takeaways

- ✓ Rising G-Sec yields act as a brake on corporate bond issuance by increasing funding costs and altering borrower preferences.
- ✓ Lower yields fuel the market boom.
- ✓ This dynamic explains much of the issuance volatility seen in recent periods, with the 10-year G-Sec yield remaining the single biggest pulse for corporate debt activity in India.

## Discussion 2: Why Major Economies See Lagged Lending despite their GDP Surge?

Source: World Bank Data

GDP Growth (Nominal,%) Vs. Credit Growth(%) of Major Economies														
Country	Growth (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Correlation
USA	GDP	4.3	3.9	2.8	4.3	5.3	4.3	-0.9	10.9	9.8	6.6	5.3	***	-0.12
	Credit	4.89	7.77	7.29	4.28	3.82	5.80	8.88	6.64	9.08	1.43	1.95	***	
CHINA	GDP	8.6	7.1	8.4	11.3	10.5	7.5	2.9	13.4	5.1	4.9	4.2	5	0.43
	Credit	14.7	12.4	14.7	12.4	12.8	13.7	12.7	12.6	11.4	11.8	9.6	7.4	
GERMANY	GDP	4.1	3.4	3.6	4.2	3.0	3.0	-2.4	6.6	7.6	5.9	2.9	***	0.60
	Credit	1	3.5	1.5	1	2	2.5	1.5	4	16.41	6.39	-0.25	***	
JAPAN	GDP	2.0	3.7	1.2	1.6	0.6	0.2	-3.3	2.5	1.3	5.6	3.0	***	0.16
	Credit	1.2	0.5	2	3	1.9	2.3	2	6.3	0.5	3	3.2	***	
INDIA	GDP	12.97	11	10.46	11.76	11	10.6	6.37	-1.24	18.8	13.96	12	9.78	0.47
	Credit	11.5	12.5	10	5	10	13	6	6	11	12	19	11.0	

### Reflections

- ✓ GDP & Credit growth "Not" always moves in Sync for all economies.
- ✓ It depends on the stage of Economy.
- ✓ Moderate Correlation for Emerging Economies like -China (0.43), India (0.47).
- ✓ Very weak Correlation for Developed Economies like: USA, (-0.12), Japan (0.16).
- ✓ However, Germany has shown very strong correlation (0.60), although Weak economic fundamentals and shocks led to contracting GDP growth, despite moderate credit growth.
- ✓ For Japan, after 1990s, burst in credit Bubble, Credit Growth stagnated, GDP has very low/negative growth.

### Takeaways

- ✓ Relation between GDP Growth & Credit Growth are often strong for developing & emerging Economies.
- ✓ However, this does not hold true for advanced economies.
- ✓ This is due to Debt saturation in advanced economies.
- ✓ Household & firms have already high debt.
- ✓ Extra borrowing is for refinancing old loans, buying Existing assets (houses, Stocks).
- ✓ In Advanced economies-more credit fuels higher asset prices.



## Rewinding News During the Month ...

### Indian Banking/Financial Sector News

Date	News Headlines	Summary/Implications
Jan-05	PFRDA opens NPS sponsorship to Commercial Banks	PFRDA allowed SCBs to independently sponsor pension fund under NPS. This aims to boost competition, deepen distribution and expand choice for pension subscribers by onboarding well-capitalised banks into fund management.
Jan-07	DoP-MoRD Tie up to boost Rural Digital Banking	Department of Posts and Ministry of Rural Development signed an MoU to deepen collaboration under Jan Seva and India Post Payments Bank. IPPB will provide doorstep banking, remittances, PoS machines and digital tools to SHGs and rural users, promoting financial inclusion & sustainable rural development.
Jan-08	Axis Finance Launches 'Vyapar' Business Loan	Aims to empower micro & small entrepreneurs across retail, service & trading segments. (Loan up to ₹10 lakh, flexible tenures, zero collateral requirements).
Jan-08	RBI Plans Cooling-Off Period for Co-operative Bank Directors	RBI proposes a mandatory 3-yr cooling-off period for directors of urban co-operative banks after completing 10 yrs. This aims to strengthen governance, reduce concentration of power & improve operational independence.
Jan-11	PSU Banks Challenge RBI's Inspection Disclosure Norms	Major banks opposed the RBI's directive to reveal information on defaulters and inspection reports. The outcome could impact transparency standards, depositor confidence & regulatory accountability across the banking system.
Jan-15	RBI Tightens FX Guarantee Rules for Residents	RBI has notified new Foreign Exchange Management (Guarantees) Regulations, 2026. Indian residents cannot issue credit guarantees to NRIs, while guarantees to persons abroad are allowed only if transactions comply with FEMA & both parties are eligible borrowers/lenders. Closes regulatory gaps, tightens cross-border guarantee flows and reduces FX-related risks.
Jan-15	Indian banks' Credit-Deposit Ratio Hits Record 81.75% (Dec 31)	Showing strong loan demand but weaker deposit mobilisation. Signals tight liquidity & rising competition for deposits, pushing up funding costs.
Jan-22	RBI Proposes Linking BRICS Digital Currencies for Trade	RBI has proposed linking official digital currencies of BRICS nations to facilitate cross-border trade and settlements. Could reduce dependence on the US dollar and improve payment efficiency amid geopolitical tensions.
Jan-22	PSBs Sanction ₹52,300 Cr MSME Loans via Digital Platform till 31 Dec	PSBs approved over 3.96 lakh MSME loan applications, totalling ₹52,300 crore (Apr-Dec 2025) using digital underwriting. This offers faster credit access for MSMEs, stronger formalisation and support for small business growth.
Jan-22	HDFC Bank to disburse ₹20 crore to startups by March	This will support 10 strategic initiatives in key sectors such as climate innovation, agriculture, manufacturing, financial inclusion & gender diversity, as well as emerging areas like AI and deep technology.
Jan-22	Credit Flows to Commercial Sector increase 15% YoY to Rs 298 lakh crore as of end Dec 2025	Bank credit stood at Rs 202.3 lakh crore while funding from non-bank sources totalled Rs 95.5 lakh crore. Non-bank credit accounted for nearly 47% of total flows.
Jan-29	RBI pauses climate risks disclosure plan	This moves impact global efforts towards a low carbon economy. The proposed rules, aimed to report loan portfolio risks & mitigation strategies.
Jan-29	PFRDA launches NPS Swasthya scheme for medical expenses	This will assist individuals in covering medical expenses through their pension savings, makes NPS more attractive and practical.

## Domestic Economy News

Date	News Headlines	Summary/Implications
Jan-04	India has become the world's largest rice producer, surpassing China	The nation achieved this milestone with a total output of 150.18 million tonnes. Union Agriculture Minister released 184 new high-yielding seed varieties for 25 crops. These advancements aim to boost crop production and increase farmer income, ensuring India's food security and global food supply.
Jan-04	AYUSH gets recognition in India's free trade pacts with Oman, New Zealand	These agreements, finalized last December, include dedicated sections for health services and traditional medicine. AYUSH and herbal product exports saw a growth of 6.11%, reaching USD 688.89 million in 2024-25 from USD 649.2 million in 2023-24.
Jan-06	The Centre unveiled a significant three-year Public Private partnership project pipeline	This initiative encompasses 852 projects with an estimated cost exceeding Rs.17 lakh crore. The pipeline aims to boost infrastructure development by providing early visibility of upcoming projects. Investors and developers can now plan their capital allocation and execution timelines effectively.
Jan-06	India's services sector saw a slowdown in December 2025, reaching an 11-month low.	New business and output growth moderated. Companies also held back on hiring additional staff. Manufacturing activity also slackened. The overall composite index fell. Firms remain optimistic for 2026, but sentiment dipped due to market uncertainty and exchange rate concerns. Export orders strengthened.
Jan-06	India imported about 144 billion euros worth of oil from Russia since the Ukraine war.	This trade continues despite international sanctions. Some Indian companies have stopped purchases due to new US sanctions. Other refiners still buy from Russia. Russia's earnings from global fossil fuel sales are substantial.
Jan-11	Crypto Rule Tightened in India	India's Financial Intelligence Unit (FIU) has rolled out stringent new AML and KYC norms for cryptocurrency exchanges. Exchanges must follow the "penny-drop" verification method, involving a nominal Re 1 transaction to confirm that the bank account provided is active and belongs to the registrant.
Jan-12	27 MoUs signed: Germany pledges 1.24-billion-euro funding of green partnership	The Joint Declarations of Intent spanned across sectors including critical minerals, upskilling, telecommunications, semiconductor innovation and bilateral defence industrial cooperation.
Jan-16	India Notifies Custom Rule Changes	Custom rules updated to treat postal exports like regular cargo, simplifying incentive claims for small businesses and exporters. This change allows electronic export entries for postal shipments to be recognized for duty drawback, RoDTEP, and RoSCTL schemes.
Jan-17	India's average return on FDI remains robust at 7.3% outperforming emerging economies: CareEdge	India saw gross FDI inflows rise to USD 81 billion in FY25. However, increased profit repatriation and outflows significantly reduced net FDI to just USD 1 billion. Emerging sectors like semiconductors and EVs are attracting foreign investment.
Jan-21	The Union Cabinet approved the continuation of the Atal Pension Yojana (APY) until 2030-31	This extension includes continued government funding for outreach and gap funding, guaranteeing pensions of ₹1,000 to ₹5,000 per month from age 60 for those without formal retirement benefits.
Jan-27	India-EU Free Trade Agreement Concluded on January 27, 2026	This deal supports India's shift to export-focused manufacturing. It aims to significantly increase electronics exports, reaching nearly \$ 50 bn by 2031. The agreement also promotes job creation and innovation. This partnership leverages India's manufacturing scale and Europe's technological expertise for long-term industrial growth.
Jan-29	India to cut food weighting to 36.75% in CPI series	This shift aims to stabilize inflation readings, impacting monetary policy. The updated basket will reflect current spending, incorporating rural rents and e-commerce prices for a more accurate economic picture.

## Global Economy News

Date	News Headlines	Implications
Jan-01	South Korea's exports hit record USD 709.7 billion in 2025	South Korea's exports rose 3.8% in 2025 to a record USD 709.7 billion, surpassing the USD 700 billion mark for the first time, with semiconductor exports up strongly and bolstering the country's trade performance and growth resilience.
Jan-02	Asia manufacturing shows signs of recovery	Asia's manufacturing activity firmed at end-2025 as rising domestic and export orders lifted factory output and returned several economies to expansion after a prolonged slowdown.
Jan-06	German inflation slows more than expected in December	German inflation slowed more than expected in December, with headline CPI easing to 2.0% from 2.6% in November and core inflation falling to 2.4%, undershooting forecasts and reflecting softer energy and goods prices.
Jan-09	China's consumer inflation rises to near three-year high while producer prices fall	China's consumer inflation rose to 0.8% yoy in December 2025, the highest in nearly three years on higher food prices, while producer prices fell 1.9%, highlighting persistent deflationary pressures and weak underlying demand that reinforce expectations of continued policy support.
Jan-13	Japan's current account surplus rises above expectations in November	Japan's current account surplus widened to JPY 3,674.1 billion in November 2025, beating expectations, as a sharp rise in the goods surplus driven by higher exports and lower imports underscored strengthening external demand and export competitiveness.
Jan-13	US annual inflation remains steady at 2.7 percent in December	US inflation remained at 2.7% in December 2025, with easing gasoline and fuel oil prices partly offset by higher natural gas costs, signalling softer headline inflation but persistent underlying pressures that support a cautious Federal Reserve stance.
Jan-14	China's exports accelerate to record USD 357.8 billion in December 2025	China's exports surged 6.6% yoy to a record USD 357.8 billion in December 2025, beating expectations as stronger shipments to non-US markets underscored export diversification toward ASEAN and the EU and supported external growth momentum despite softer demand from advanced economies.
Jan-15	Germany returns to growth in 2025 after two-year contraction	Germany's economy expanded 0.2% in 2025, with stronger consumption and government spending offsetting weak investment and exports, signalling a fragile, policy-supported recovery rather than a broad-based growth rebound.
Jan-19	China's GDP growth slows to three-year low in Q4 but annual target met	China's GDP growth slowed to 4.5% yoy in Q4 2025 but achieved 5.0% full-year growth, meeting the official target despite weak domestic demand and investment, indicating resilient activity but continued reliance on policy support.
Jan-19	IMF raises global growth forecast, flags rising risks	The IMF lifted its global growth forecast to 3.3%, supported by resilient activity, strong labour markets and AI-led investment.
Jan-21	South Korea's exports surge early in January on semiconductor strength	South Korea's exports jumped 14.9% yoy to USD 36.36 billion in the first 20 days of January 2026, with semiconductors up 70.2%, signalling strong technology demand that may underpin export momentum into early 2026.
Jan-23	Bank of Japan keeps key rate unchanged at 0.75%	The Bank of Japan kept its key short-term interest rate unchanged at 0.75% at its first policy meeting of 2026, signalling a cautious and steady monetary stance.
Jan-28	Federal Reserve holds policy rate at 3.50%-3.75%	The Federal Reserve left the federal funds rate unchanged at 3.50%-3.75% at its January 2026 meeting after three rate cuts in 2025, signalling a pause as inflation remains elevated and growth steady, consistent with data-dependent policy guidance.
Jan-29	EU upgrades economic engagement with Vietnam and pushes India free trade deal	The EU's upgraded partnership with Vietnam alongside progress on an EU-India trade deal highlights a deliberate shift toward a more diversified, multipolar trade strategy beyond reliance on the US and China.
Jan-29	US trade deficit widened sharply in November	The US trade deficit widened to USD 56.8 billion in November 2025, the largest monthly increase in nearly 34 years, as imports rebounded about 5% while exports fell 3.6%.



## Must Track in Next Month...

Date	Report/Event	Country
01-Feb	Indian Union Budget 2026	India
04-Feb	India HSBC Composite PMI	India
04-Feb	US S&P Composite PMI	US
06-Feb	RBI MPC Decision & Banks Deposit and Credit Growth	India
10-Feb	US Export Import Price YoY	US
11-Feb	US Inflation Rate YoY	US
11-Feb	China Inflation Rate YoY	China
12-Feb	India Inflation Rate YoY	India
13-Feb	India WPI Inflation YoY	India
16-Feb	India Balance of Trade	India
18-Feb	US Industrial Production YoY	US
19-Feb	US Balance of Trade	US
20-Feb	India HSBC Composite PMI & Banks Deposit & Credit Growth	India
20-Feb	US S&P Global Composite PMI	US
27-Feb	India GDP Growth rate YoY	India
28-Feb	India Industrial Production YoY	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/>
- ❖ <https://tradingeconomics.com>

### ❖ Report / Publications:

- World Gold Council (WGC) Gold Demand Trends reports
- CMIE
- COGENCIS

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