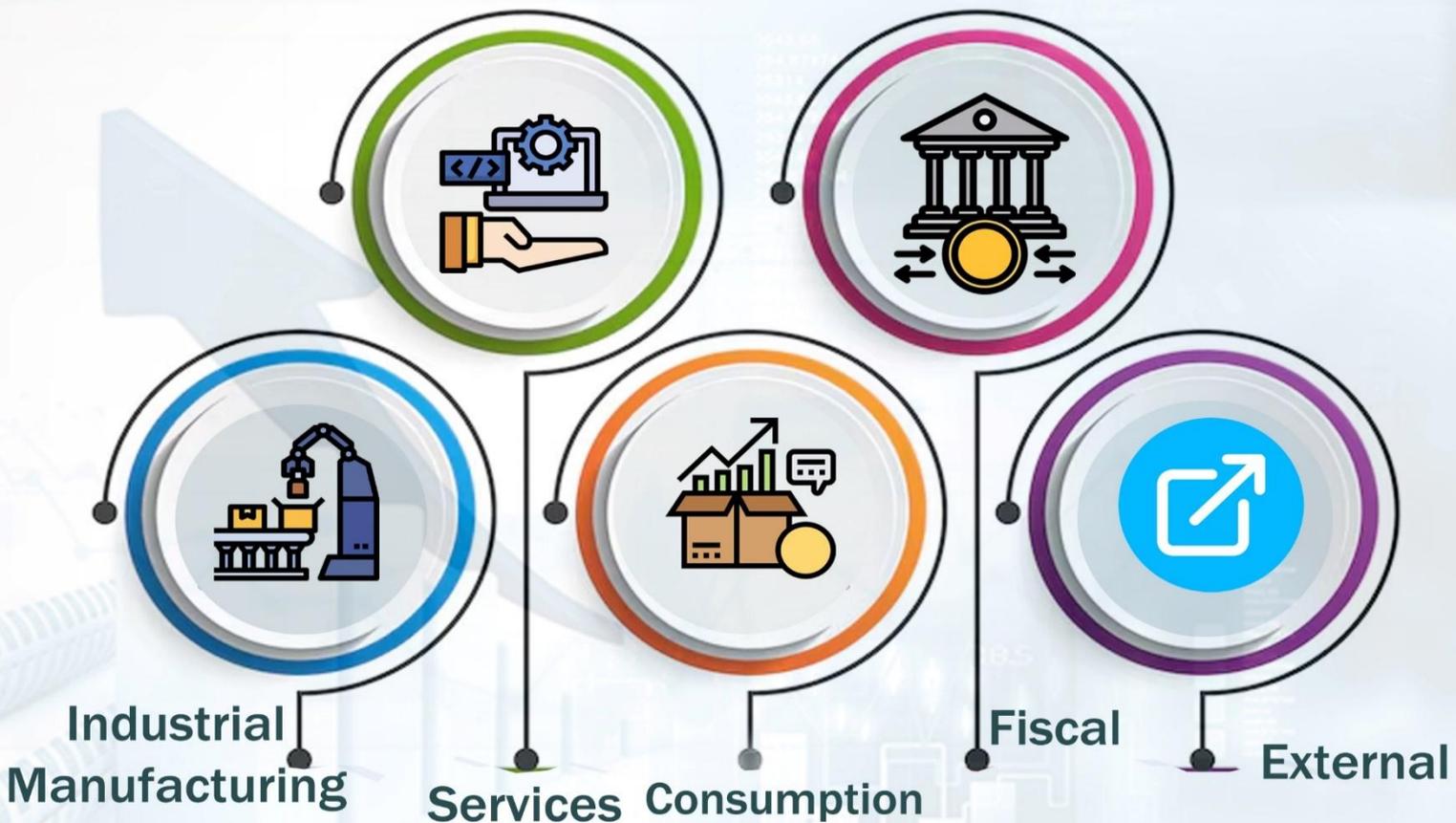


# Macro Trend

*Shaping the Future of Financial Economics from SSL Research Desk*

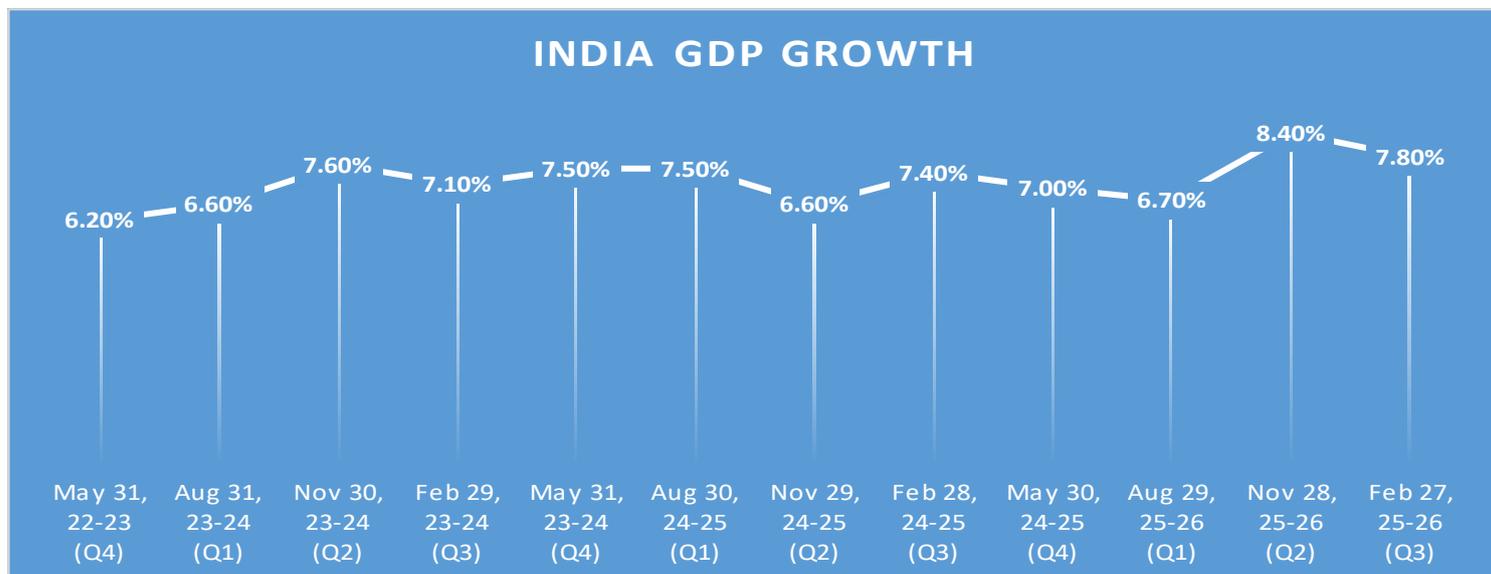
Friday, 27 February 2026



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## 1. India GDP



### Key Observations:

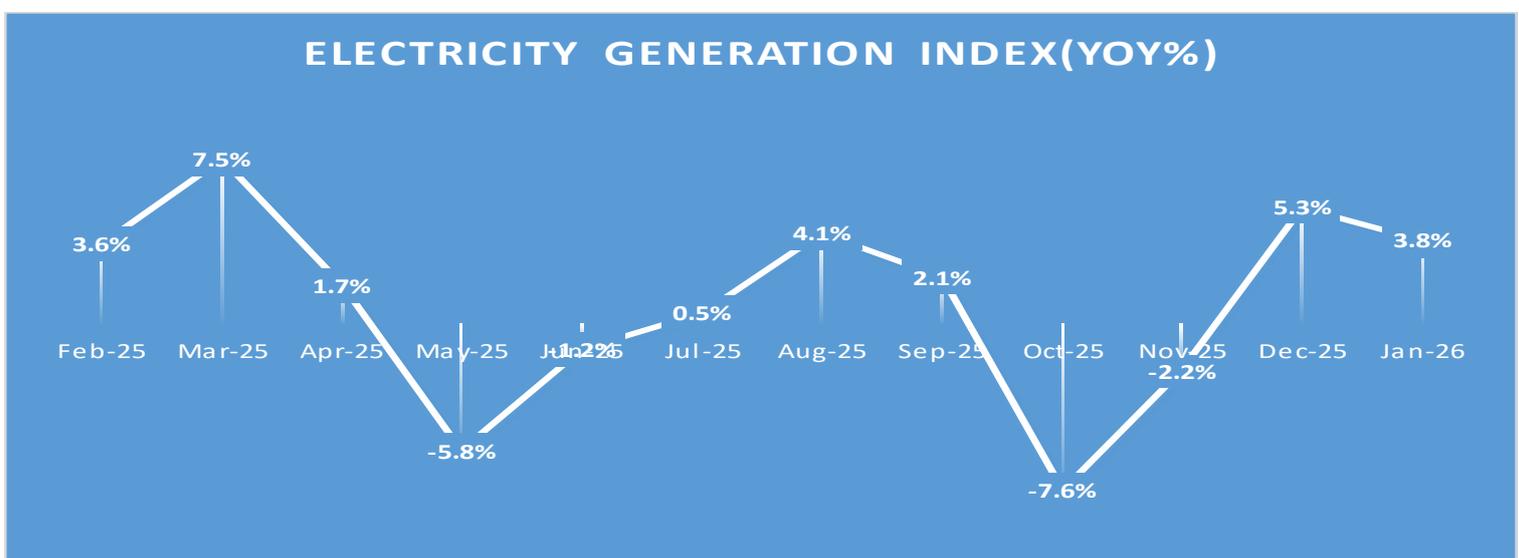
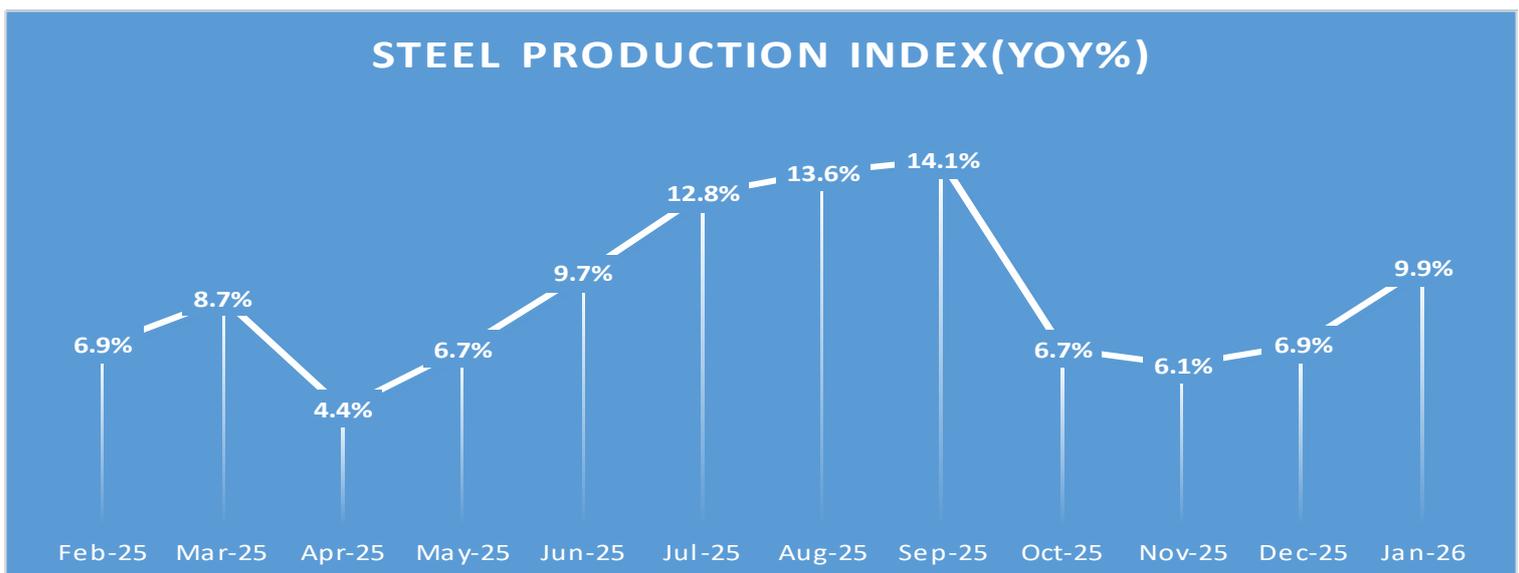
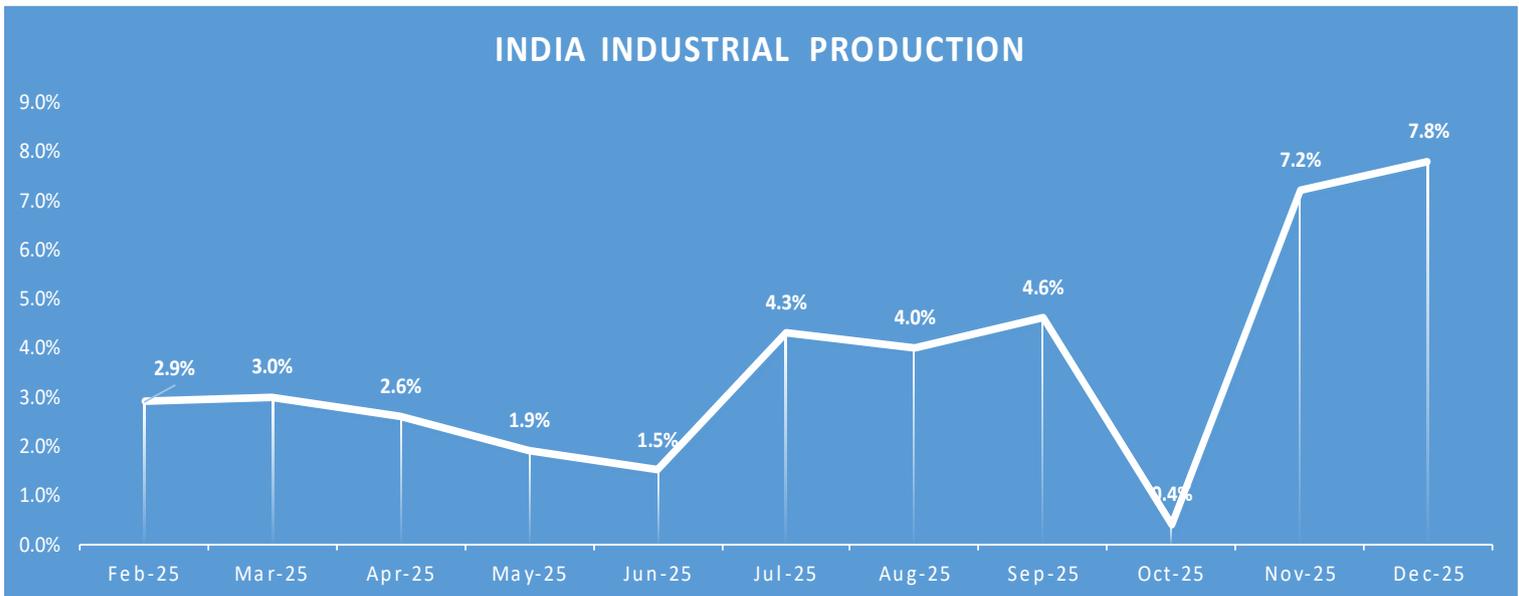
- **Strong (Q3 FY26 Growth Momentum)** - India's GDP grew 7.8% in Q3 FY26 (post base-year revision), with Nominal GDP rising 8.9% YoY, while Real GVA also expanded 7.8%, indicating broad-based strength in economic activity.
- **Stable Full-Year Growth Outlook for FY26** - Real GDP for FY26 is estimated to reach ₹322.58 lakh crore, up from ₹299.89 lakh crore in FY25, translating into 7.6% annual growth (vs 7.1% in FY25), reflecting sustained economic momentum.
- **Expansion in Nominal Economy and Value Creation:** Nominal GDP is projected at ₹345.47 lakh crore in FY26 (8.6% growth), while Real and Nominal GVA are expected to grow 7.7% and 8.7%, respectively, signalling balanced expansion across production, income, and demand.

### IMF Growth Projections

Growth Outlook	Projection	
	2026	2027
%		
World	3.3	3.2
Advance Economics	1.8	1.7
USA	2.4	2.0
Germany	1.1	1.5
France	1.0	1.2
Japan	0.7	0.6
UK	1.3	1.5
Canda	1.6	1.9
EMDE	5.0	4.8
China	4.5	4.0
India	6.4	6.4
Russia	0.8	1.0
Brazil	1.6	2.3

Source: www. IMF.org

## 2. Index of Industrial Production (IIP)



## PETROLEUM REFINERY INDEX(YOY%)



## CEMENT PRODUCTION INDEX(YOY%)



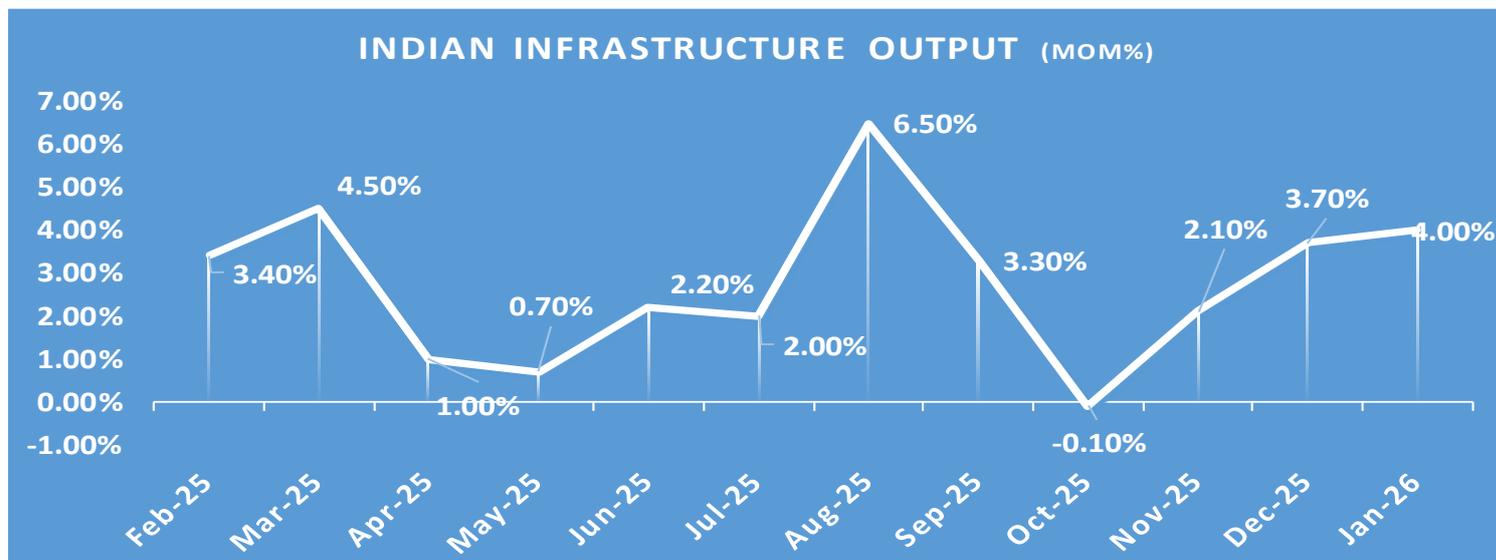
### Key Observations:

- **Industrial Growth Strong:** India's IIP expanded 7.8% YoY in Dec'25, a 26-month high, led by resilient manufacturing along with a recovery in mining and electricity, aided by a favourable base. Manufacturing, mining, and electricity grew 8.1%, 6.8%, and 6.3% YoY, respectively.
- **Broad-Based Demand Momentum:** Use-based output showed healthy expansion, with consumer durables and infrastructure goods rising ~12% YoY, while capital and intermediate goods also recorded steady gains—signalling improving investment and consumption trends in India.
- **Core Sector Mixed but Positive Bias:** The Index of Eight Core Industries saw growth in coal, steel, cement, fertilizers, refinery products, and power, while crude oil and natural gas declined. Steel output remained strong (~9.9% YoY) supported by end-user demand and policy support from the Government of India, whereas electricity growth moderated and refinery output was flat due to a high base.

**Impact Sector – Manufacturing, Mining and Electricity: Positive**

**Impact Sector – Coal, Cement, Fertilizer and Power: Negative**

## 3. India's Infrastructure Output



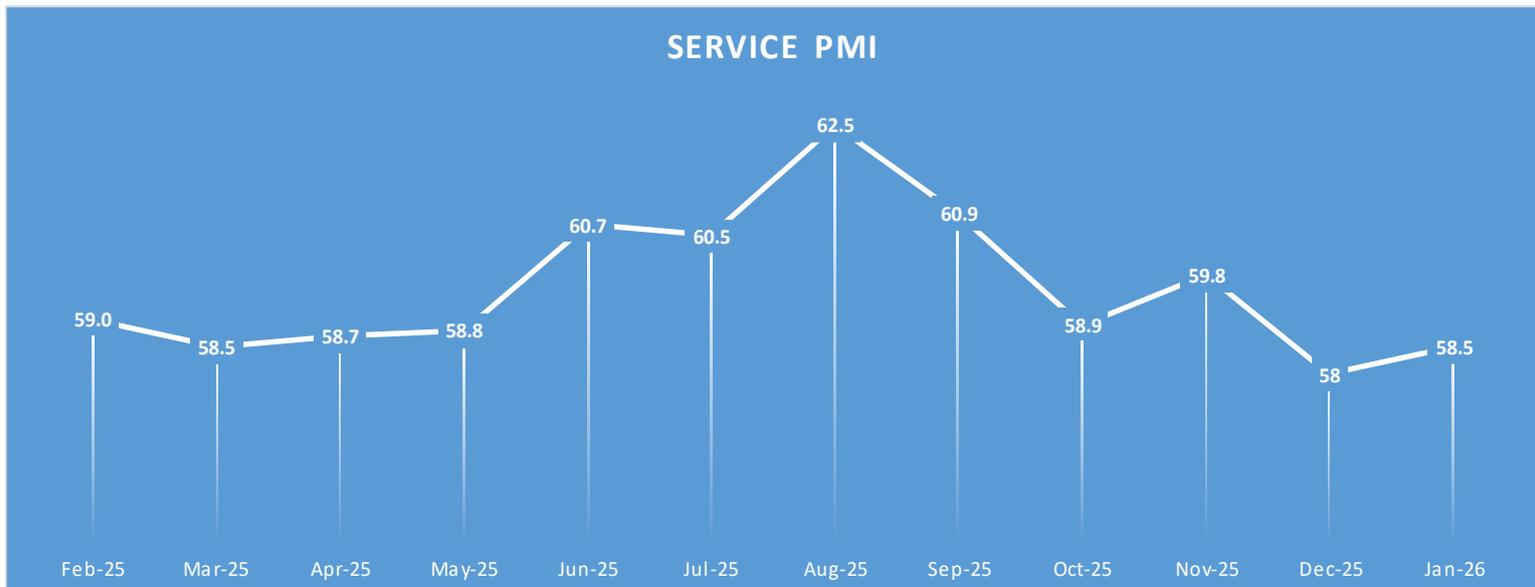
### Key Observations:

- **Growth Sustained but Momentum Eases** - Infrastructure output in India grew 4.0% YoY in January 2026, extending gains for the third consecutive month, though moderating from 4.7% in December. Construction-linked materials continued to anchor growth, with steel (9.9%) and cement (10.7%) maintaining strong expansion.
- **Mixed Performance Across Core Sectors** - Growth slowed in electricity, fertilizers, and coal, indicating some cooling in industrial activity. Energy segments remained weak, as natural gas and crude oil output declined and refined products stayed flat, partly due to supply scrutiny related to sanctions involving Russia by the United States.

**Impact Sector – Steel Cement: Positive and Electricity and Coal: Negative**

## 4. Purchasing Managers' Index (PMI)



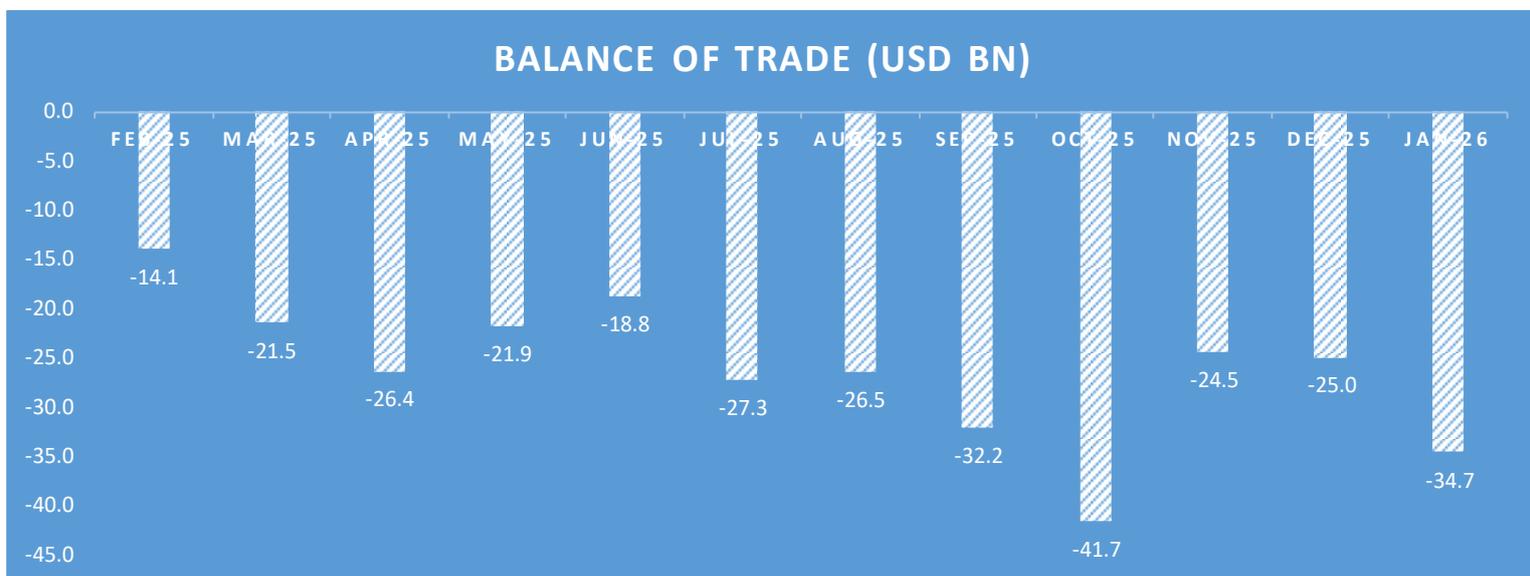


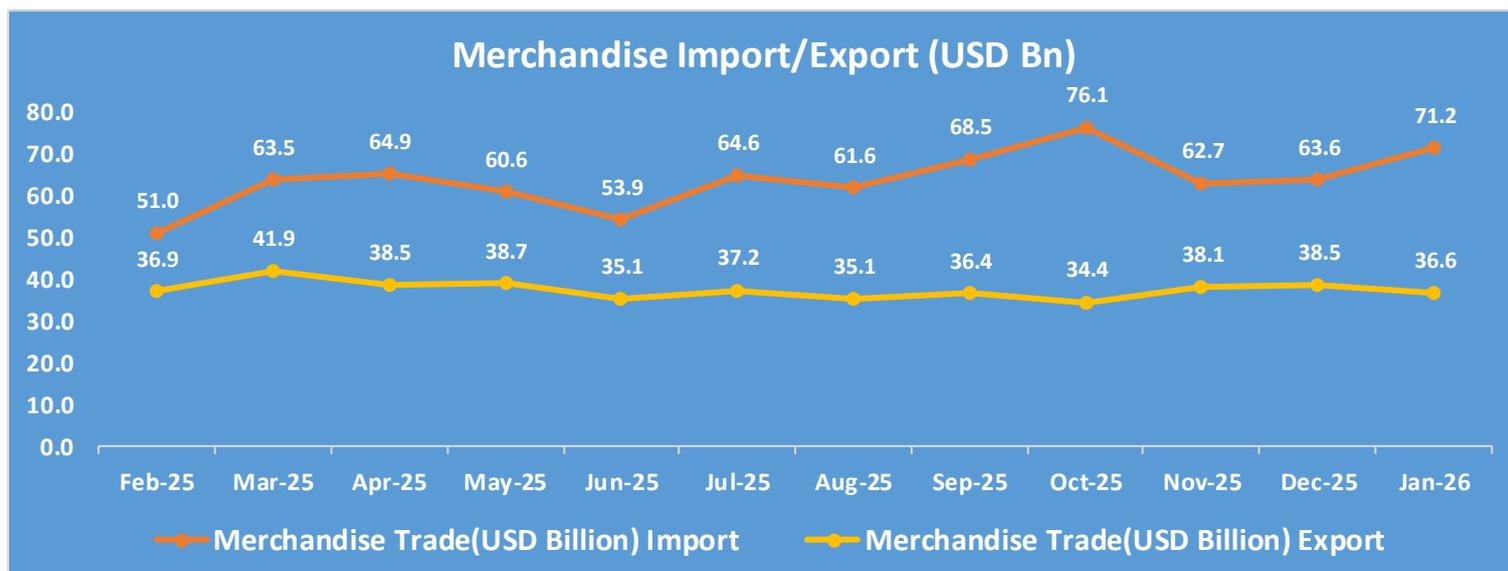
## Key Observations:

- **Manufacturing Activity Improves:** The HSBC India Manufacturing PMI rose to 55.4 in Jan'26 from 55.0 in Dec'25, rebounding from a 24-month low, supported by stronger new orders, output, and employment, though moderate input cost pressures slightly impacted margins.
- **Services Sector Remains Robust:** The HSBC India Services PMI climbed to a two-month high of 58.5, driven by healthy demand, rising new business inflows, and technology-led investments.
- **Sectoral Highlights:** Within services, the Finance & Insurance segment led growth in both output and new orders, underscoring continued momentum in financial activity.

**Impact Sector – Manufacturing and Services: Positive**

## 5. Balance of Trade



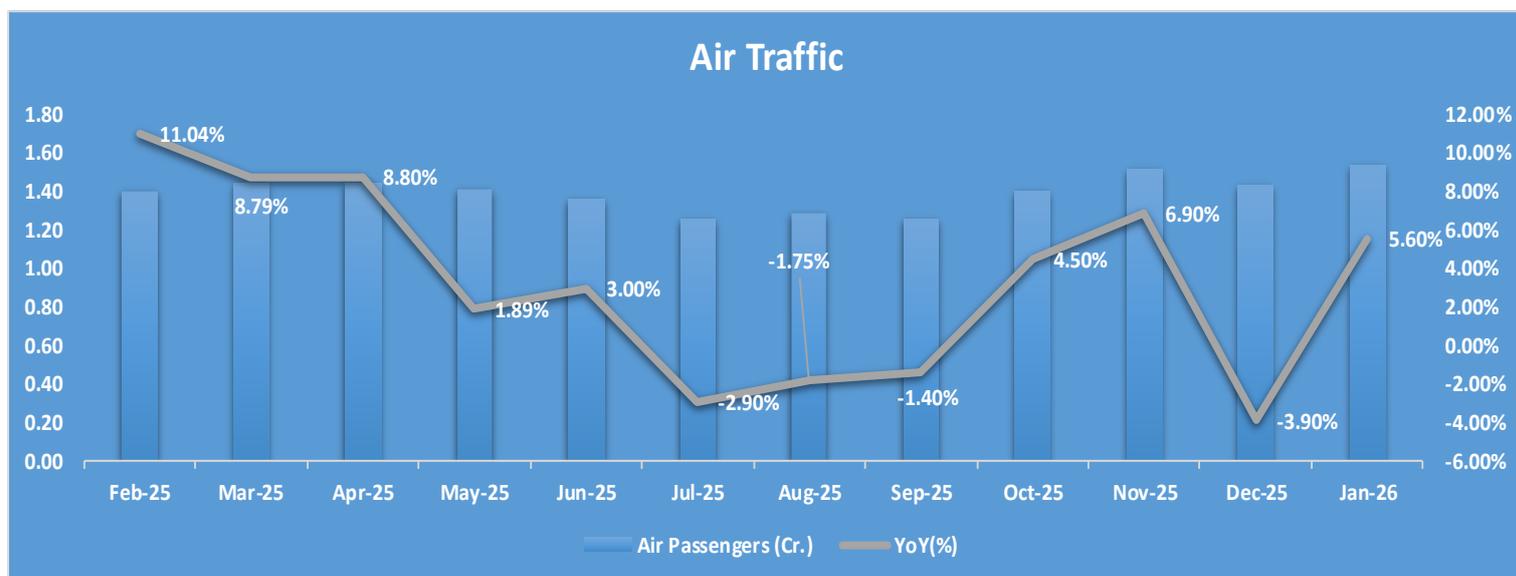


## Key Observations:

- **Exports Show Marginal Growth with Market Diversification:** India's merchandise exports rose 0.6% YoY to USD 36.6 billion in Jan'26, impacted by higher U.S. tariffs, but exporters offset this through sharp growth in shipments to China, UAE, and Hong Kong, with engineering goods, petroleum products, pharmaceuticals, and electronics posting modest gains.
- **Imports Surge Led by Precious Metals:** Merchandise imports jumped 19.2% YoY to USD 71.2 billion, driven largely by a more-than-fourfold rise in gold imports and strong non-petroleum imports, even as pulses, iron & steel, and crude-related imports declined.
- **External Balance Improves Despite Trade Gap:** India's current account deficit narrowed to USD 12.3 billion (1.3% of GDP) in Q2 FY26 and to USD 15 billion in H1 FY26, supported by stronger services exports and secondary income inflows, while easing tariffs and new trade agreements with the EU, UK, and Oman are expected to aid gradual export recovery.

**Impact Sector – Engineering Goods, Petroleum, Pharmaceuticals, and Electronics - Neutral to Positive**

## 6. Air Passenger Traffic in India

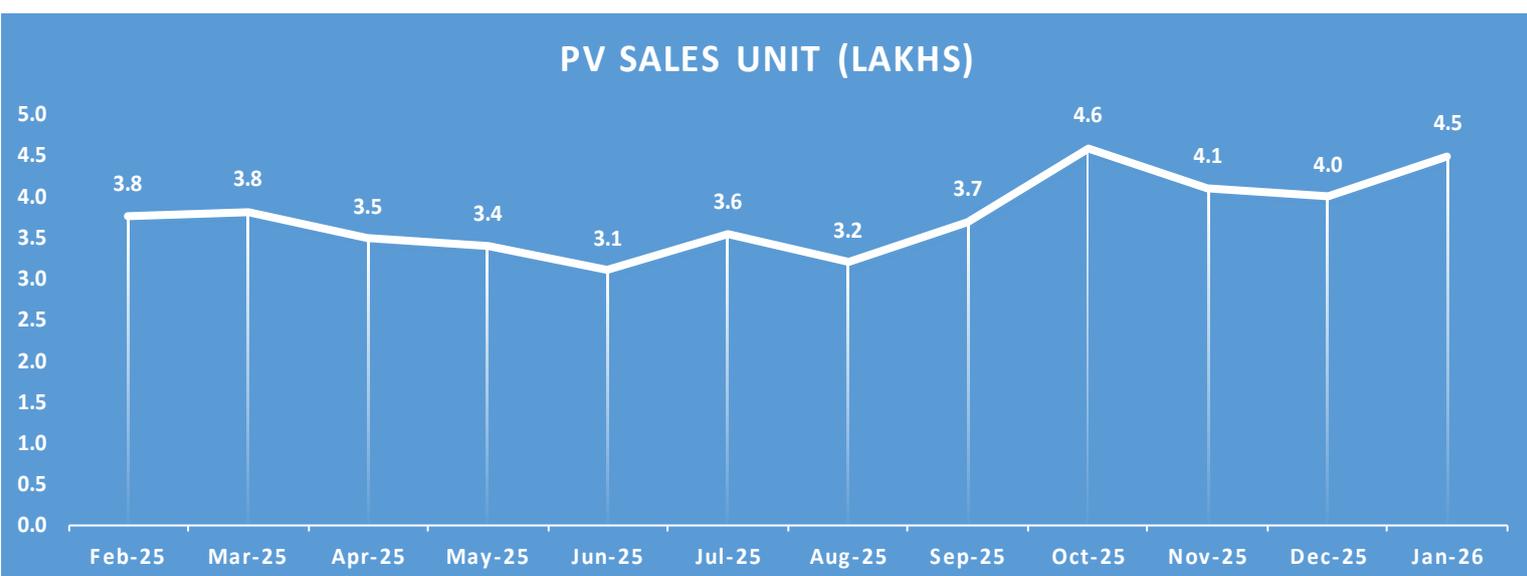


### Key Observations:

- **Traffic Growth:** Domestic air passenger traffic stood at 154.4 lakh in January 2026, rising 5.6% YoY and 7.9% MoM, while 10M FY26 traffic grew modestly by 1.7%, indicating steady but slowing demand recovery.
- **International traffic** remained stronger, with Indian carriers recording 7.2% YoY growth in December 2025 and 8.8% growth during 9M FY26.

Impact Sector – Aviation and Tourism – Neutral to Positive

## 7. Automobile Domestic Sales Trends



## TRACTOR SALES UNIT (THOUSANDS)



## 2-WHEELER SALES UNIT (LAKHS)



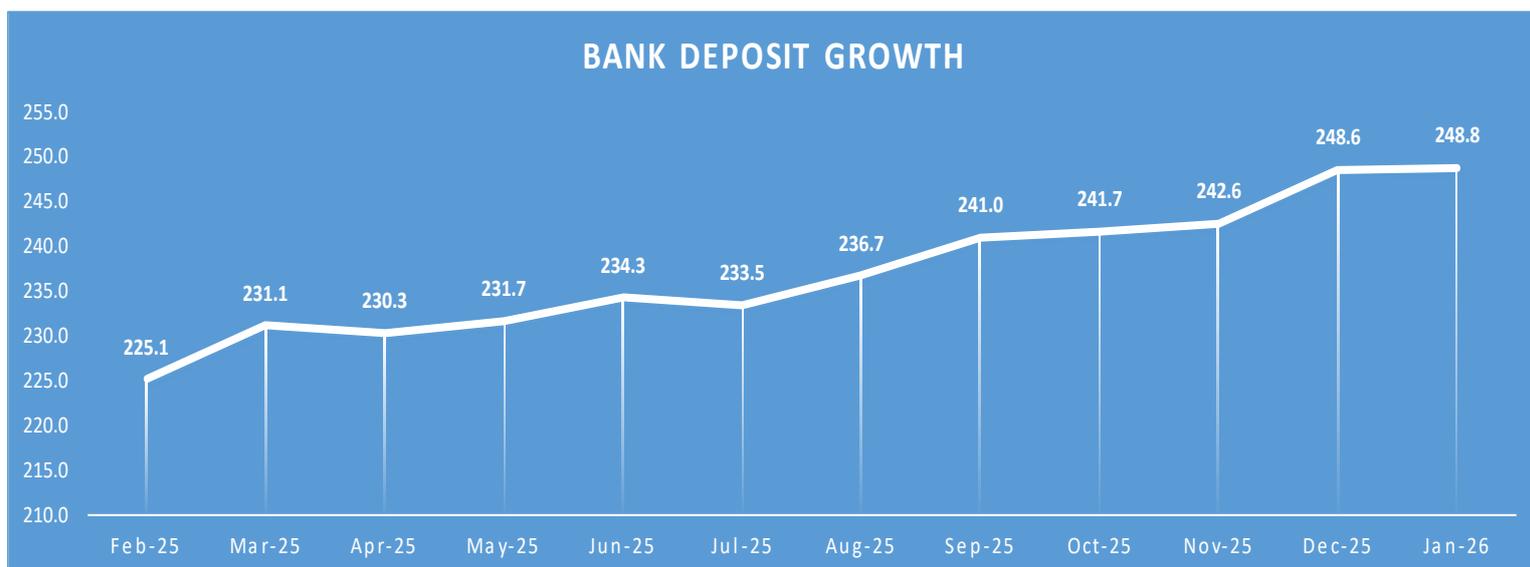
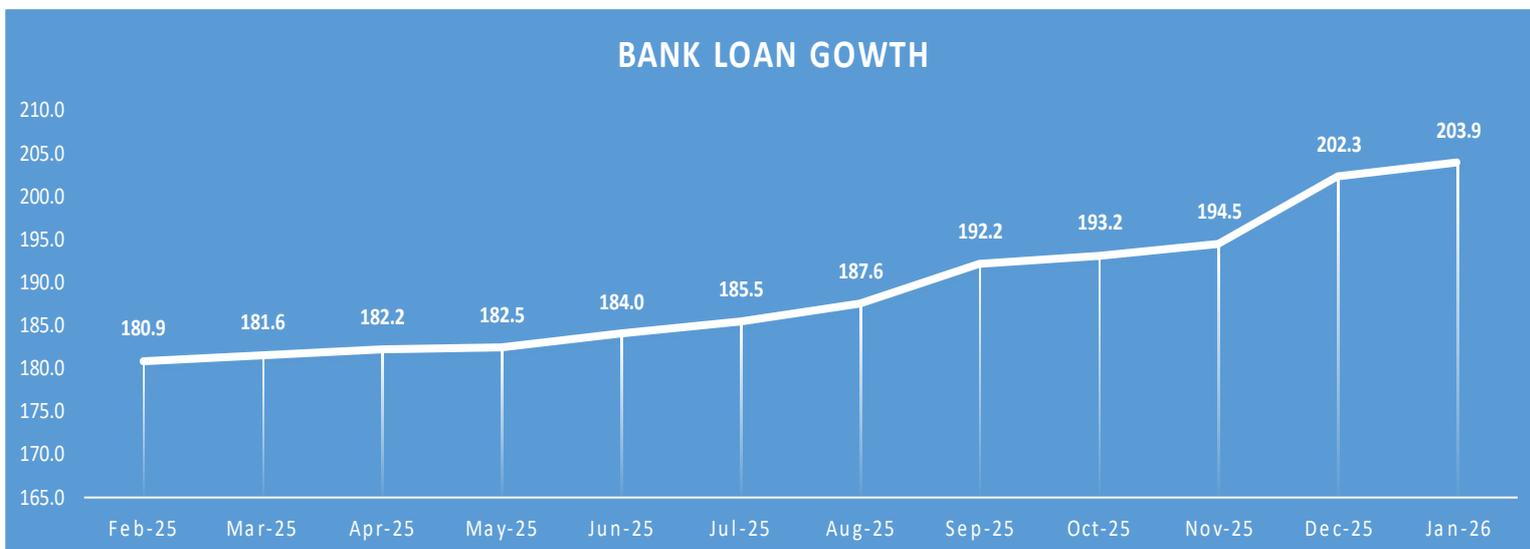
### Key Observations:

- **Two-Wheelers Maintain Strong Momentum:** Industry volumes increased 26% YoY in Jan'26, with Hero MotoCorp growing in line with industry, Honda Motorcycle & Scooter India and TVS Motor Company outperforming, while Bajaj Auto rebounded on Pulsar refresh and normalization of Chetak EV production.
- **Passenger Vehicles See Steady Expansion:** PV sales grew 13% YoY to ~4.5 lakh units; Maruti Suzuki volumes were flat, Hyundai Motor India rose 9%, while Tata Motors and M&M posted strong gains aided by new launches such as refreshed models from Kia India.
- **Tractor Segment in High Gear:** Domestic tractor industry surged 43% YoY in Jan'26, supported by strong kharif output, higher rabi sowing, favourable rains, GST rate cuts and MSP hikes, boosting farmer cash flows. Mahindra & Mahindra and Escorts Kubota reported ~46%/51% YoY growth, while VST Tillers Tractors saw robust demand across power tillers and tractors.

**Impact Sector – Auto and Auto Ancillary Sectors - Positive**

# Macro Trend

## 8. Bank Loan and Deposit Growth



### Key Observations:

- **Credit Growth Remains Robust:** Bank credit grew 14.4% YoY in Jan'26, supported by strong retail demand and a revival in corporate lending, while deposits rose 12.4% YoY but continued to trail credit growth amid intense competition for liabilities.
- **Broad-Based Lending Pickup:** Industrial, services, agriculture, and personal loans all saw accelerated growth in Dec'25, with credit-to-deposit ratio rising to 81.9%, reflecting sustained funding demand across the economy in India.

Impact Sector – Banking – Positive

## 9. Foreign Exchange Reserves in India

**FOREIGN EXCHANGE RESERVE VALUE (USD MILLION)**

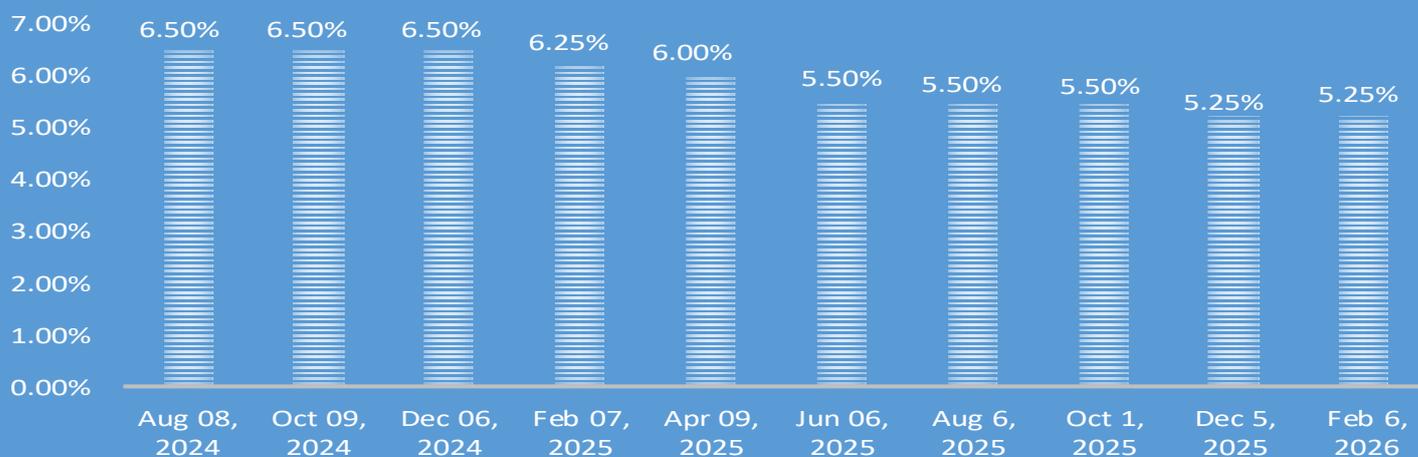


### Key Observations:

- **Strong Overall Reserve Position** - India's foreign exchange reserves rose to \$723.8 billion as of January 30, 2026, offering a comfortable import cover of over 11 months, underscoring external sector resilience, according to the Reserve Bank of India.
- **Movement in Key Components** - Foreign Currency Assets—the largest share of reserves—declined by \$493 million to \$562.39 billion, reflecting valuation changes due to fluctuations in major global currencies within the reserve basket.
- **Rise in Gold and Multilateral Holdings**- Gold reserves increased sharply by \$14.59 billion to \$137.68 billion, while Special Drawing Rights (SDRs) rose to \$18.95 billion and India's reserve tranche position with the International Monetary Fund edged up to \$43.61 billion.

## 10. Monetary Policy in India

**REPO RATE**



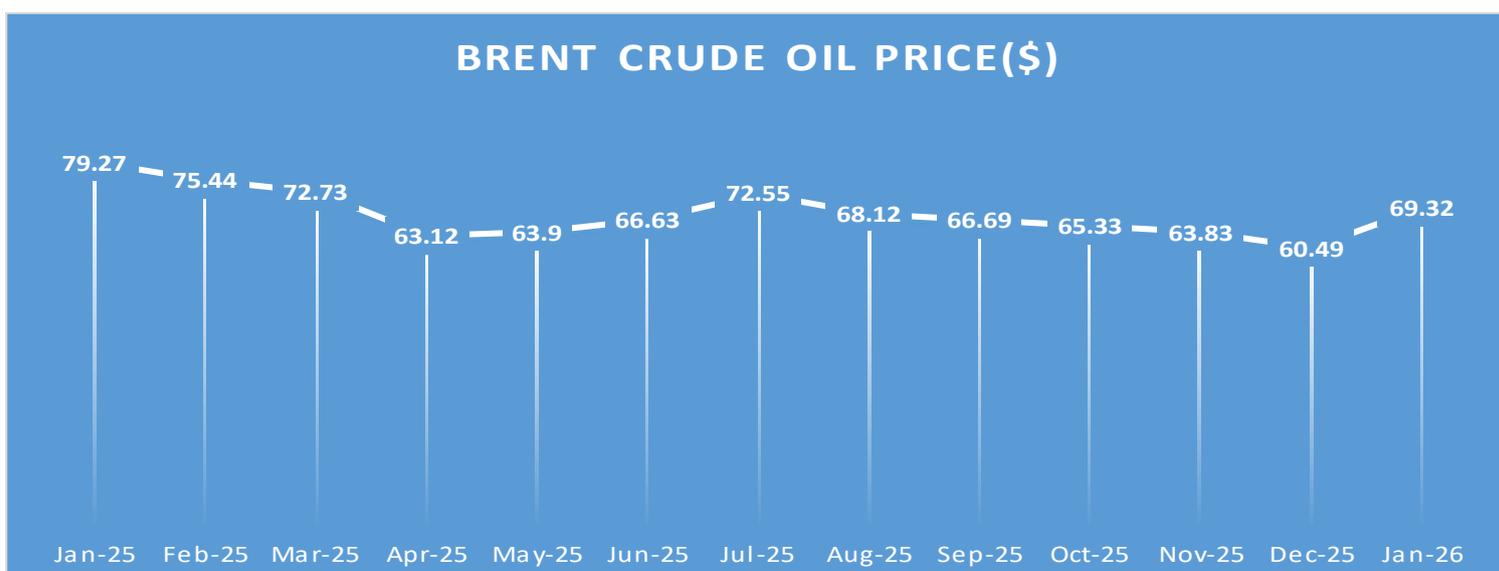


### Key Observations:

- **Policy Rate Kept Unchanged** - The RBI held the repo rate steady at 5.25% following its February 2026 review, continuing with a neutral stance after cumulative rate cuts of 125 bps since February 2025.
- **Growth Outlook Remains Resilient** - The MPC noted stable economic momentum driven by strong domestic demand and easing inflation, projecting GDP growth at 7.4% despite moderation from earlier highs.
- **Data-Dependent Future Policy Path** - With the last 25 bps cut delivered in December, the RBI has paused further easing, signalling that future actions will remain guided by incoming macroeconomic data and evolving inflation-growth dynamics.

Impact Sector – **Financial, Consumer Durables, Consumer Discretionary** – **Neutral to Positive**

## 11. Brent Crude Oil (\$)



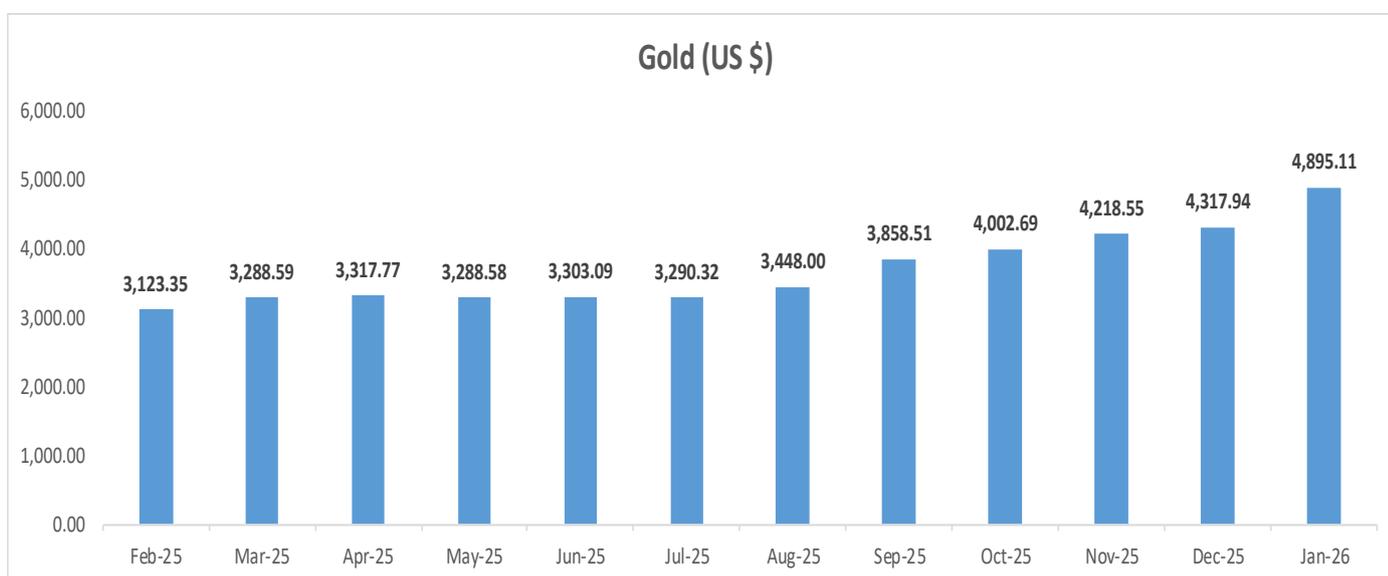
# Macro Trend

## Key Observations:

- **Price Increase** - Brent crude rose to \$69.32/bbl in January 2026 from \$60.49/bbl in December 2025, marking a sharp sequential rise.
- **Key Drivers** - The uptick was driven by geopolitical tensions in oil-producing regions adding a supply risk premium, along with resilient global demand and disciplined output by major producers tightening the supply–demand balance.

**Impact Sector – Oil marketing Company, Aviation, FMCG, Cement – Negative and Oil Companies - Positive**

## 12. Gold (\$)



## Key Observations:

- **Strong Price Momentum** - Gold prices surged from 4,317.94 (Dec 2025 close) to 4,895.11 in Jan 2026, reflecting a sharp month-on-month rally.
- **Safe-Haven Demand Amid Uncertainty** - Heightened geopolitical tensions and global economic uncertainty boosted investor preference for gold as a defensive asset, driving fresh inflows.
- **Supportive Macro Factors** - A relatively firm inflation outlook, expectations of slower rate cuts globally, and continued central bank buying supported bullion prices by enhancing its appeal as a hedge against currency and policy risks.

**Impact Sector – Gems Jewellery, NBFC and Banks - Positive**

## 13. Unemployment Rate in India

INDIA UNEMPLOYMENT DATA



### Key Observations:

- **Slight Rise in Unemployment** - The unemployment rate edged up to 5.0% in January 2026 from 4.8% in December, driven by increased joblessness across both rural (4.2% vs 3.9%) and urban areas (7.0% vs 6.7%), with women witnessing a sharper rise in unemployment levels.
- **Softening Labour Market Indicators** - The employment rate eased to 53.1% (from 53.4%), while labour force participation declined to 55.9% (from 56.1%), signalling a mild cooling in overall labour market conditions despite only marginal changes in male unemployment.

## 14. Mutual Fund Investments - India

MUTUAL FUND FLOW NET EQUITY(CR.)

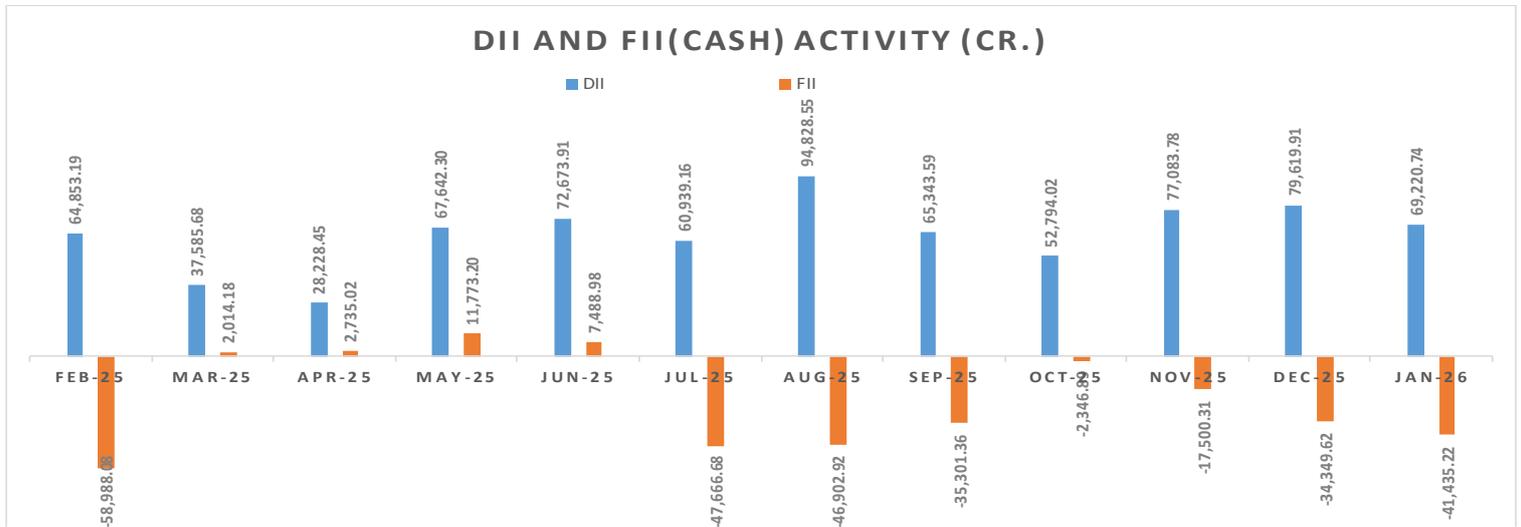


### Key Observations:

- **Equity Fund Inflows Moderate:** Equity-oriented mutual fund inflows stood at ₹24,028 crore in Jan'26, declining 39.5% YoY and 14.4% MoM, with four new fund launches garnering ₹806 crore during the month.
- **Category-wise Trend:** Flexi Cap funds led inflows at ₹7,672 crore, followed by Mid Cap (₹3,186 crore), Small Cap (₹2,942 crore), Large Cap (₹2,005 crore), and Sectoral/Thematic funds (₹1,043 crore).
- **SIP Remains a Key Support:** SIP inflows hit a record high of ₹31,002 crore (up 17.4% YoY), remaining resilient even as lump-sum investments moderated amid higher redemptions and muted NFO activity.

**Impact Sector – Asset Management Companies - Neutral**

## 15. FIIs/DIIs - Equity Investments



### Key Observations:

- **Strong DII inflows:** Domestic Institutional Investors (DIIs) purchased equities worth ₹ 69,220.74 crore in January, reflecting robust domestic confidence and continued support from mutual funds and insurers.
- **FII outflows persist:** Foreign Institutional Investors (FIIs) offloaded equities worth ₹ 41,435.22 crore, reflecting risk-averse sentiment driven by global uncertainty, rising US bond yields and geopolitical tensions, while sustained rupee weakness, AI related disruption, and delays in the India-US trade deal further contributed to the outflows during the month.
- **Macro takeaway:** Steady domestic institutional inflows helped cushion foreign outflows, keeping the market in a consolidation phase supported by resilient macro fundamentals.

## 16. Consumer Price Index (CPI) & Wholesale Price Index (WPI)



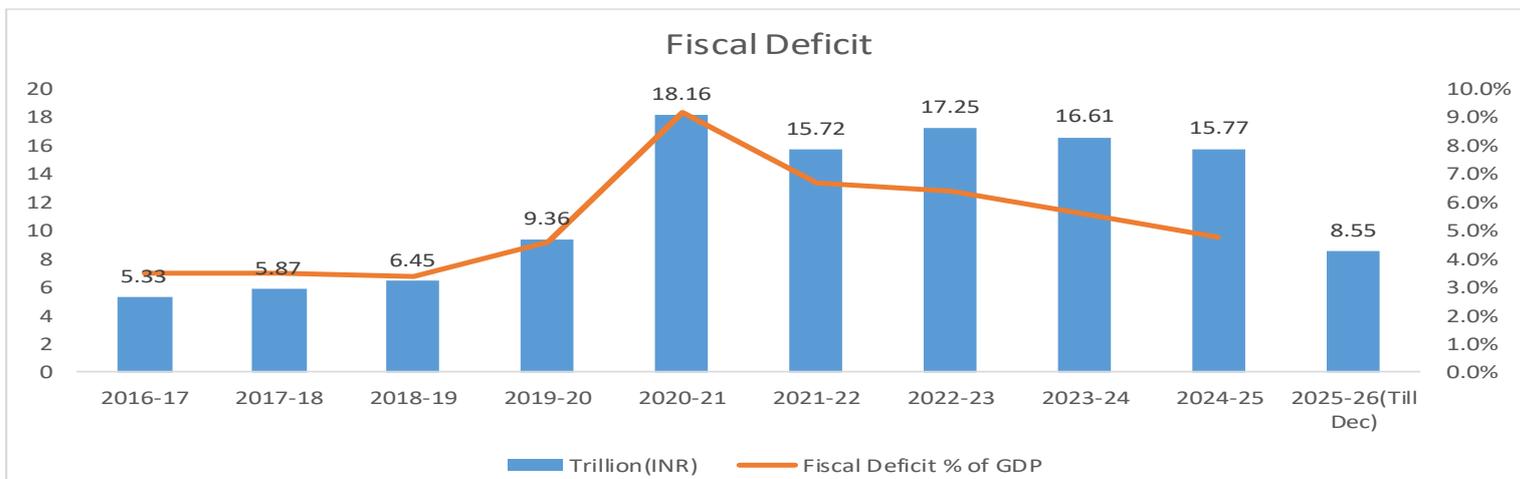


## Key Observations:

- **WPI Inflation Firmed Up:** Wholesale inflation rose to a 10-month high of 1.8% YoY in Jan'26 (vs 0.8% in Dec'25), driven mainly by higher prices of basic metals, food and non-food articles, and textiles, while fuel & power remained in deflation.
- **CPI Moved Above RBI's Lower Band:** Retail inflation accelerated to 2.8% YoY in Jan'26 from 1.3% in Dec'25, led by rising food and precious metal prices, with the Consumer Food Price Index at 2.1% YoY.
- **New Inflation Base Year Introduced:** The Reserve Bank of India adopted a revised CPI series with 2024 as the base year, reducing the weight of food & beverages and increasing weights for housing, healthcare, transport, recreation, and personal care.
- **Near-Term Outlook Slightly Elevated but Volatile:** RBI marginally raised inflation projections for Q4FY26–Q2FY27 to 3.2%–4.2%, citing precious metal price volatility and base effects, while cautioning that prints may remain uneven during the transition to the new series.

**Impact Sector – Consumer Discretionary, Financials, Automotive, and Real Estate - Positive**

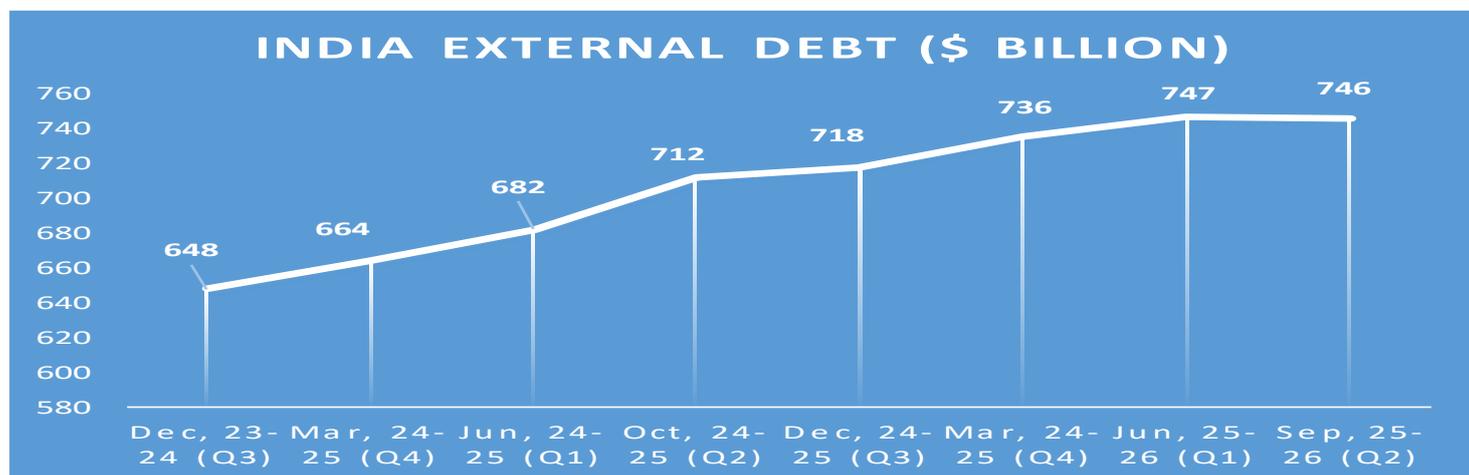
## 17. Fiscal Deficit



### Key Observations:

- **Fiscal Deficit at Mid-Year Mark** - India's fiscal deficit for April–December FY26 stood at ₹8.55 lakh crore, accounting for 54.5% of the full-year Budget Estimate, showing a moderation compared with 56.7% in the same period last year.
- **FY26 Target Remains Intact** - The government continues to target a fiscal deficit of 4.4% of GDP (≈₹15.69 lakh crore) for FY26, indicating adherence to its fiscal consolidation roadmap.

## 18. External Debt

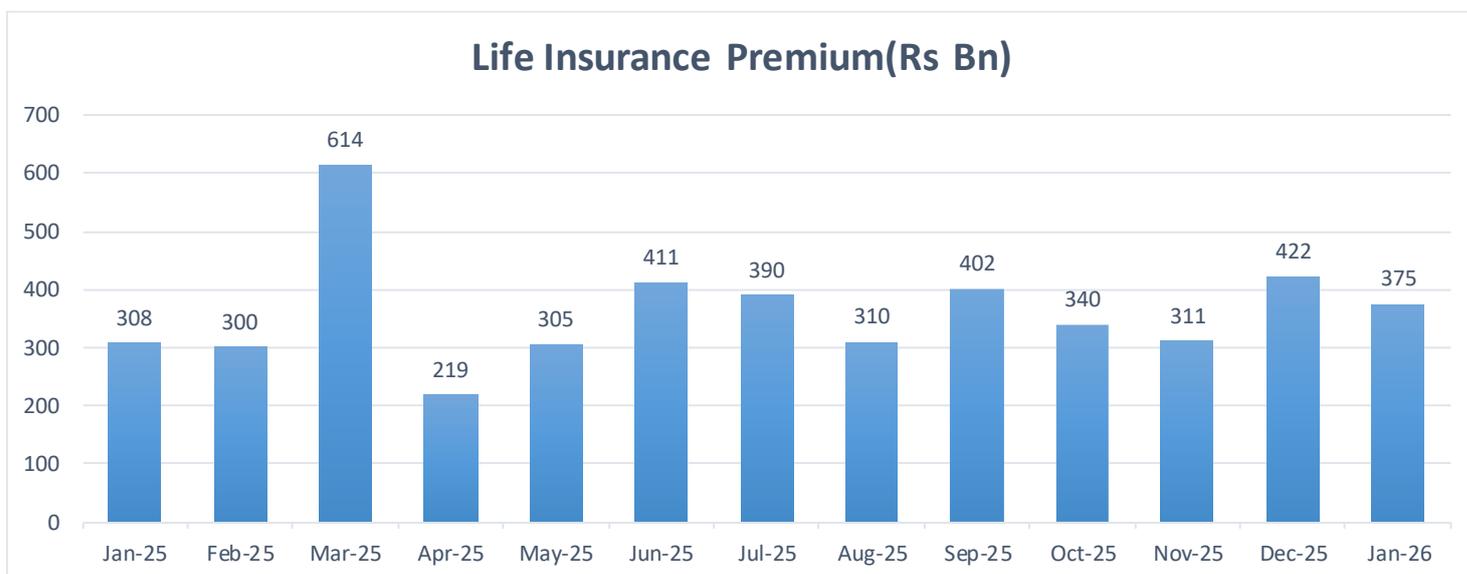


### Key Observations:

- **External Debt Remains Manageable with Strong Buffer** - India's external debt rose to USD 746.0 billion as of September 2025 (Q2 FY26) from USD 736.3 billion in March 2025, with the debt-to-GDP ratio at a comfortable 19.2%, while foreign exchange reserves covered over 94% of the debt, indicating solid external sector resilience.
- **Stable External Position Supported by Capital Flows and Remittances** - Gross FDI inflows stood at USD 64.7 billion (Apr–Nov 2025) and remittances remained robust at USD 135.4 billion in FY25, helping keep the current account deficit moderate at ~1.3% of GDP in Q2 FY26.

# Macro Trend

## 19. Life Insurance Premium



### Key Observations:

- **Life insurance industry new business** premium growth moderated to 21.6% YoY to ₹375 billion in Jan'26, following a strong Q3FY26 aided by GST exemption on individual policies, with growth driven by ~26% YoY expansion in Life Insurance Corporation of India and ~17% growth among private insurers.
- **Market Share** - Among private players, SBI Life Insurance, HDFC Life Insurance, ICICI Prudential Life Insurance, Axis Max Life Insurance, Bajaj Allianz Life Insurance and Canara HSBC Life Insurance reported mixed performance, while LIC retained market leadership with about 54.5% share.

**Impact Sector – Life Insurance - Positive**

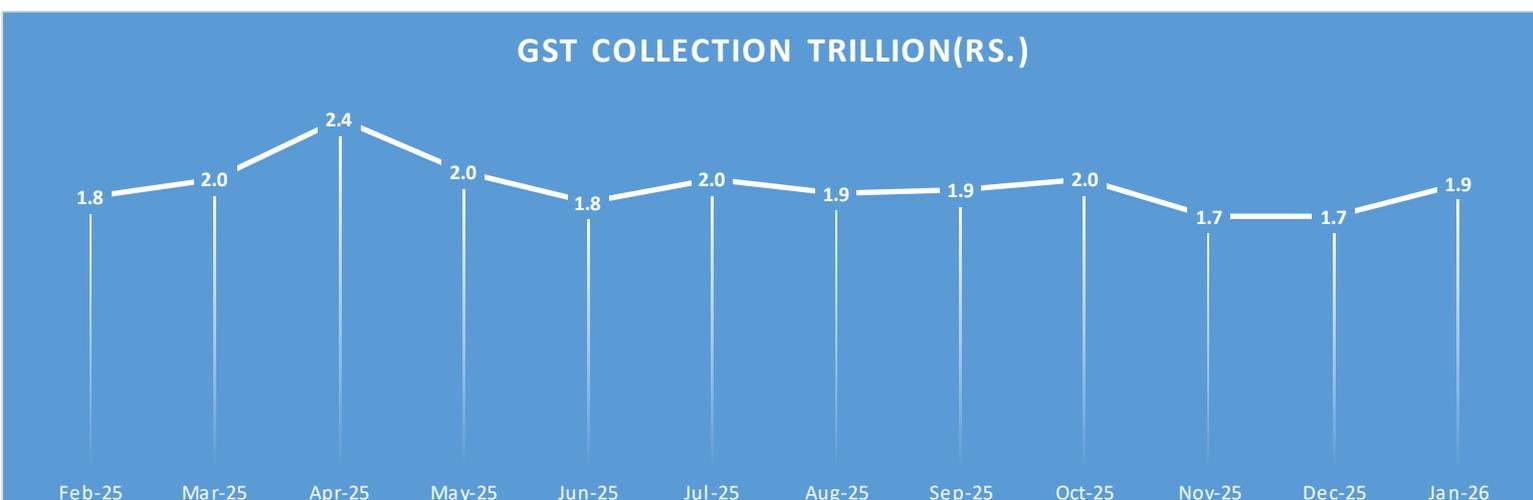
## 20. Foreign Direct Investments (FDI)



### Key Observations:

- **Incremental Rise in Monthly Inflows** - Foreign Direct Investment (FDI) into India recorded a net increase of USD 1.13 billion in December 2025, indicating sustained investor interest and continued capital deployment despite global uncertainties.
- **Supported by Structural Investment Momentum** - The rise reflects ongoing investments across manufacturing, services, and infrastructure-linked sectors, aligning with India's steady policy push toward ease of doing business, supply-chain diversification, and long-term capacity creation.

## 21. Goods and Services Tax (GST) Collection



### Key Observations:

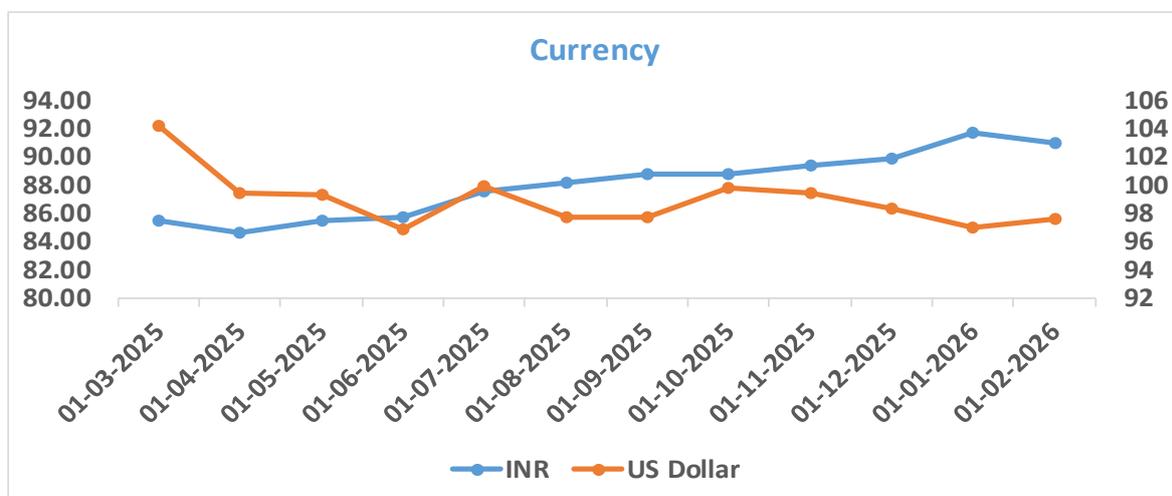
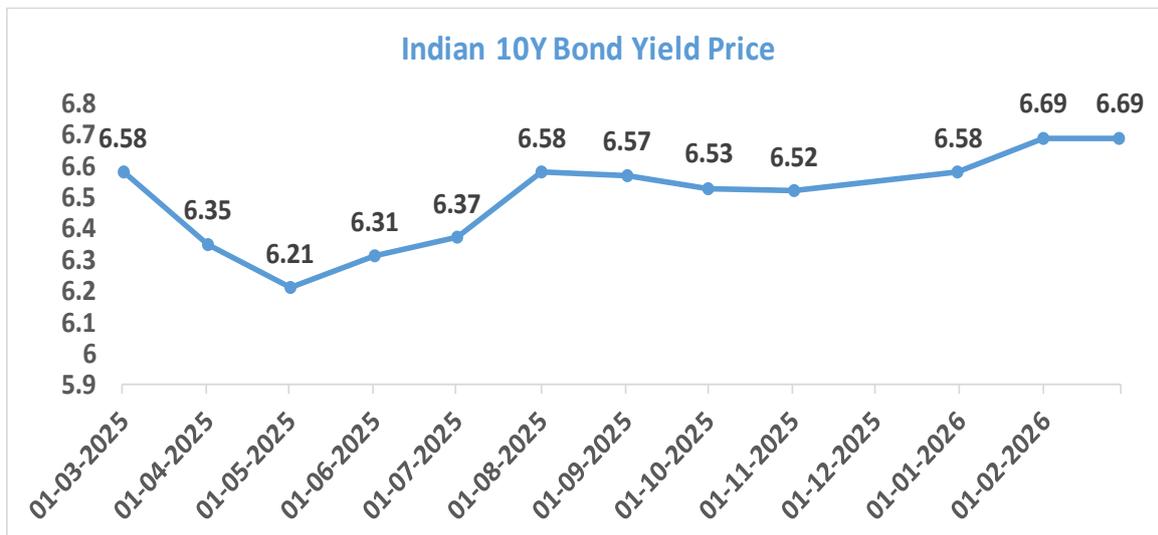
- **Overall GST Collections Show Steady Growth:** Gross GST collections rose 6.2% YoY to ₹1.93 lakh crore in January 2026, compared with ₹1.82 lakh crore in January 2025, indicating stable economic activity.
- **Healthy Contribution Across Tax Components:** Central GST stood at ₹38,792 crore and State GST at ₹47,817 crore, while IGST collections were strong at ₹1.06 lakh crore, reflecting robust inter-state trade.
- **Recovery After Recent Moderation:** Collections rebounded following two months of softness seen after GST rate rationalization implemented in late September 2025, signalling normalization in revenue trends.

**Impacted Sector – Retail, Automobiles, and Construction- Neutral to Positive**

## 21. Performance across Key Markets

Equity			
Return on Key Equity Indices (%)			
Indices	12M	5Y	10Y
<b>Nifty 50</b>	12.97	11.90	13.75
<b>Nifty Bank</b>	25.56	11.95	16.07
<b>NIKKEI 225</b>	53.67	15.14	13.73
<b>Dow Jones</b>	13.97	9.86	11.52
<b>S&amp;P 500</b>	16.00	12.63	13.50
<b>Euro Stoxx 50</b>	11.65	11.16	7.74
<b>FTSE 100</b>	24.15	10.83	5.92

As of 26th Feb, 2026\*



Source –Bloomberg, Ace Equity, IRDAI, DGCA, AMFI, RBI, GST Council, Ministry of Commerce and industry, Ministry of Finance, NPCI, SIAM, CDSL, NSDL, NSE, BSE Investing.com, Trading Economics, Money control, etc.

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# Macro Trend

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