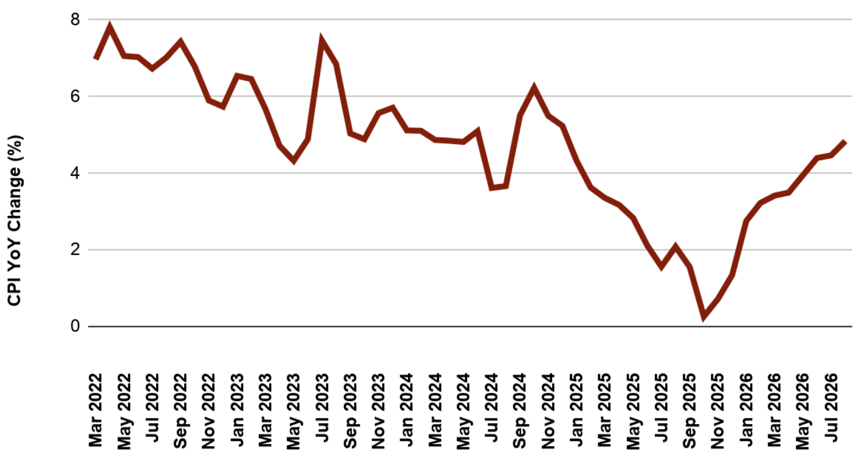
SHRIRAM Insight
HAR HAATH MEIN DHAN KI REKHA

ECONOMIC UPDATE

August 2026

CPI rises for 10th straight month



OVERVIEW

India's inflation rate rose to 4.82% in August of 2026, the highest since December of 2024, from 4.45% in the previous month.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Retail food inflation, measured by the Consumer Food Price Index (CFPI), rose to 5.95% in August, compared with 5.52% in July. Food inflation was higher in rural areas at 6.13%, while urban food inflation stood at 5.64%. Overall CPI inflation was also higher in rural areas at 5.23%, compared with 4.31% in urban areas.
- Prices soared for restaurants and accommodation services (8.38%) and personal care, social protection, and miscellaneous goods and services (15.17%).
- Food and beverages recorded inflation of 5.66%, while paan, tobacco and intoxicants registered 4.71%. Transport inflation stood at 4.60%, followed by education services at 3.73% and clothing and footwear at 3.56%.
- Health recorded the lowest inflation among the tracked divisions at 1.34%.

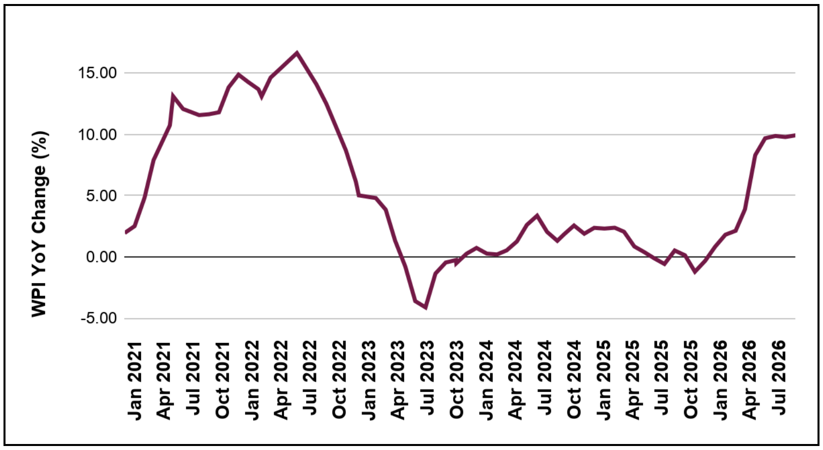
OUTLOOK

Blockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. Weak monsoon may also push up prices owing to reduced productivity of food grains.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 2 MONTHS

Group	Aug-26	Jul-26	Jun-26	May-26	Apr-26	Mar-26
CPI	**4.82**	4.45	4.38	3.93	3.48	3.40
Food and beverages	**5.66**	5.24	5.05	4.55	4.01	3.71
Paan, tobacco and intoxicants	**4.71**	4.79	4.83	4.83	4.76	4.23
Clothing and footwear	**3.56**	3.38	3.23	2.98	2.80	2.75
Housing, water, electricity, gas and other fuels	**2.61**	2.16	1.99	1.73	1.71	1.97
Furnishings, household equipment and routine household maintenance	**2.68**	2.40	2.19	1.89	1.61	1.39
Health	**1.34**	1.34	1.42	1.49	1.64	1.75
Transport	**4.60**	4.43	4.31	1.75	-0.01	0.00
Information and communication	**2.01**	0.63	0.43	0.30	0.50	0.33
Recreation, sport and culture	**1.74**	1.64	1.75	1.98	2.11	2.28
Education services	**3.73**	3.64	3.34	2.99	3.15	3.30
Restaurants and accommodation services	**8.38**	7.72	6.91	5.75	4.20	2.88
Personal care, social protection and miscellaneous goods and services	**15.17**	14.77	16.72	18.46	17.66	18.65

WPI hits 9.92% in August



OVERVIEW

India's wholesale prices increased 9.92% yoy in August 2026, accelerating slightly from a 9.78% rise in July.

KEY HIGHLIGHTS

- Primary articles inflation eased to 7.76% in August from 8.52% in July.
- Fuel prices accelerated to 22.93% from 20.05% in July, mainly driven by faster increases in mineral oil prices (38.48% vs 32.4% in July) and crude petroleum and natural gas prices (34.41% vs 26.99%).
- Food inflation accelerated to 7.05% from 6.65% in July, as food article prices accelerated (5.67% vs 5.44%), while non-food article prices remained elevated (14.79% vs 17.66%).
- Manufacturing inflation also accelerated to 8.37% from 8.29%, led by chemicals and chemical products (14.30%), tobacco products (13.17%), textiles (12.63%), rubber & plastics (11.18%), and basic metals (10.88%).

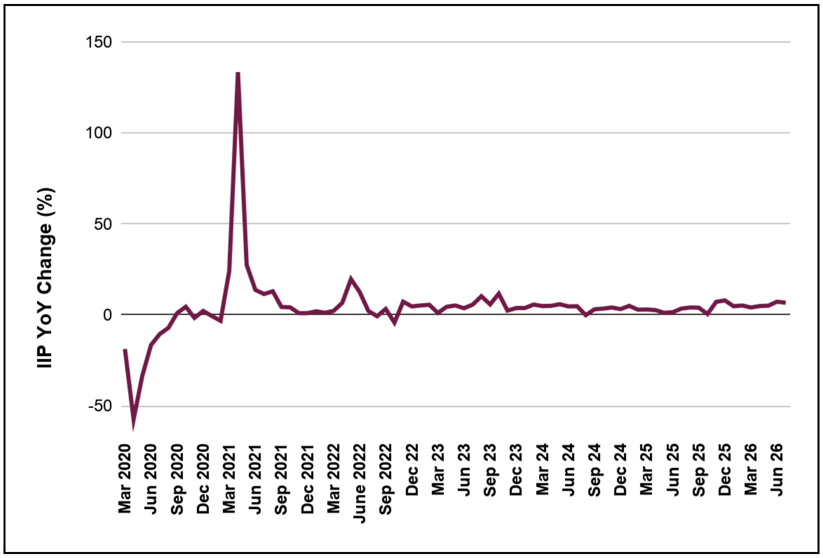
OUTLOOK

BBlockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. High Oil & Gas prices may push up inflation. Weak monsoon may also push up prices owing to reduced productivity of food grains.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Aug-26	Jul-26	Jun-26	May-26	Apr-26	Mar-26
All Commodities	**9.92**	9.78	9.87	9.88	8.36	3.98
Primary Articles	**7.76**	8.52	7.00	5.26	3.96	2.58
Fuel and Power	**22.93**	20.05	27.41	30.80	25.00	3.20
Manufactured Products	**8.37**	8.29	7.48	7.68	6.68	4.80
Food Index	**7.05**	6.65	6.14	4.58	3.29	1.92

IIP growth hits 5-month high



OVERVIEW

Industrial production in India expanded by 6.7% from the previous year in July of 2026, slowing from the upwardly revised, over two-year high of 8.8% in June.

KEY HIGHLIGHTS

Sectoral classification

- Mining and quarrying output contracted by 0.9% from a growth rate of 1.6%. The sector had expanded 10.7% in July 2025. The decline was led by non-metallic minerals, which fell 12.5%, and fuel minerals, which contracted 1.3%. Metallic minerals provided some support, growing 24.3%.
- Manufacturing expanded by 7.3% from the upwardly revised 9.5% in June. Electrical equipment was the fastest-growing major manufacturing group, rising 28.3%, followed by motor vehicles, trailers and semi-trailers at 22.2% and machinery and equipment not elsewhere classified at 12.1%. The four manufacturing groups that contracted were pharmaceuticals at -5.6%, tobacco products at -12.2%, chemical products at -2.7% and wearing apparel at -0.6%.
- Electricity and gas supply expanded by 8.7% from 11.3%.
- Water supply, sewerage and waste management grew 7.4%.

- As per Use-Based Classification in July 2026 over July 2025 are 4.1% in Primary Goods, 16.1% in Capital Goods, 10.0% in Intermediate Goods, 6.9% in Infrastructure/ Construction Goods, 10.5% in Consumer durables and (-)1.0% in Consumer non-durables.

OUTLOOK

Blockage in Strait of Hormuz may significantly impact trade and industry. Shortatge of Oil & Gas may neagtively impact industrial activities.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Feb-26
All Industries	**6.7**	8.8	5.0	4.9	4.1	5.1
Mining & Quarrying	**-0.9**	1.6	-1.4	-3.8	5.5	3.1
Manufacturing	**7.3**	9.5	5.2	6.1	4.3	5.9
Electricity & Gas Supply	**8.7**	11.3	10.3	4.6	0.8	2.3
Water Supply, Sewerage & Waste Management	**7.4**	6.1	5.5	6.6	-	-

Trade gap narrows in August

OVERVIEW

India's goods trade deficit narrowed to $26.86 billion in August, from around $32 billion in July. Exports 26.1% year-on-year to $43.81 billion in August, slightly below July's $44.24 billion while imports declined 14.1% to $70.67 billion during the month.

KEY HIGHLIGHTS

- The cumulative exports (merchandise & services) during April-August 2026-27 is estimated at US$ 399.27 Billion, as compared to US$ 345.55 Billion in April-August 2025-26, an estimated growth of 15.55%.
- The cumulative value of merchandise exports during April-August 2026-27 was US$ 215.91 Billion, as compared to US$ 183.21 Billion during April-August 2025-26, registering a positive growth of 17.85%
- The cumulative Non-Petroleum exports in April-August 2026-27 valued at US$ 180.61 Billion registered an increase of 14.39% as compared to US$ 157.89 Billion in April-August 2025-26
- Electronic Goods exports increased by 89.82% from US$ 2.93 Billion in August 2025 to US$ 5.55 Billion in August 2026
- Petroleum Products exports increased by 63.27% from US$ 4.17 Billion in August 2025 to US$ 6.81 Billion in August 2026
- Engineering Goods exports increased by 24.86% from US$ 9.87 Billion in August 2025 to US$ 12.32 Billion in August 2026
- Organic & Inorganic Chemicals exports increased by 16.38% from US$ 2.41 Billion in August 2025 to US$ 2.80 Billion in August 2026
- Cotton Yarn/Fabs./made-ups, Handloom Products exports increased by 13.79% from US$ 0.99 Billion in August 2025 to US$ 1.12 Billion in August 2026.

EXPORTS

- Exports of Iron Ore (126.3%), Electronic Goods (89.82%), Petroleum Products (63.27%), Meat, Dairy & Poultry Products (37.08%), Handicrafts Excl. Hand Made Carpet (29.63%), Marine Products (27.76%), Engineering Goods (24.86%), Plastic & Linoleum (18.92%), Coffee (17.08%), Organic & Inorganic Chemicals (16.38%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (13.79%), Man-Made Yarn/Fabs./Made-Ups Etc. (9.92%), Cereal Preparations & Miscellaneous Processed Items (7.39%), Carpet (5.38%), Rice (4.12%), Drugs & Pharmaceuticals (3.84%), Cashew (3.59%), and Gems & Jewellery (0.69%) recorded positive growth during August 2026 over the corresponding month of last year.

IMPORTS

- Imports of Gold (-57.75%), Pulp And Waste Paper (-13.83%), Iron & Steel (-11.69%), Newsprint (-10.85%), Textile Yarn Fabric, Made-Up Articles (-8.12%), Medcnl. & Pharmaceutical Products (-7.9%), Wood & Wood Products (-3.17%), Leather & Leather Products (-1.33%), and Organic & Inorganic Chemicals (-0.51%) recorded negative growth during August 2026 over the corresponding month of last year.

OUTLOOK

Blockage in Strait of Hormuz may significantly impact trade. High Brent Oil prices may increase import bill.Both import and export may be badly impacted.

DISCLAIMER

This document has been prepared by Shriram Insight Share Brokers Ltd. and is meant for sole use by the recipient and not for circulation. This document is not to be reported or copied or made available to others. The information contained herein is from sources believed reliable. It should not be considered as an offer to sell or a solicitation to buy any security or as an official confirmation of any transaction. We do not represent that it is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The investments discussed or recommended in this report may not be suitable for all investors. Shriram Insight Share Brokers Ltd. Stock Recommendation Service is a general recommendation service and is not to be construed as an individual investor-specific Portfolio Management and Advisory Service.

The user assumes the entire risk of any use made of this information. Each recipient of this document should arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their own advisors to determine the merits and risks of such an investment.

Shriram Insight Share Brokers Ltd. shall not be responsible for any loss or liability incurred to the user as a consequence of his or any other person on his behalf taking any investment decisions based on the information, recommendations, research reports, analysis, quotes, etc. provided on the web site.

Shriram Insight Share Brokers Ltd shall not be liable for errors, omissions or typographical errors, disruption delay, interruption, failure, deletion or defect of/in the Service provided by it.

All Users of the Service in countries other than India understand that by using the Service, they may be violating the local laws in such countries. If the User chooses to access the Service from outside India, he shall be responsible for compliance with foreign and local laws.

EQUITIES | DERIVATIVES | COMMODITIES | DP SERVICES | MUTUAL FUNDS | RESEARCH

SHRIRAM INSIGHT SHARE BROKERS LTD. CK-5, Sector-II, Salt Lake City, Kolkata - 700091 | Tel : 2359 4612, 2359 4614, 2359 4877 | Fax : (033) 2321-8429 | E-mail : helpdesk@shriraminsight.com | www.shriraminsight.com | *Through Insight Commodities & Futures Pvt. Ltd