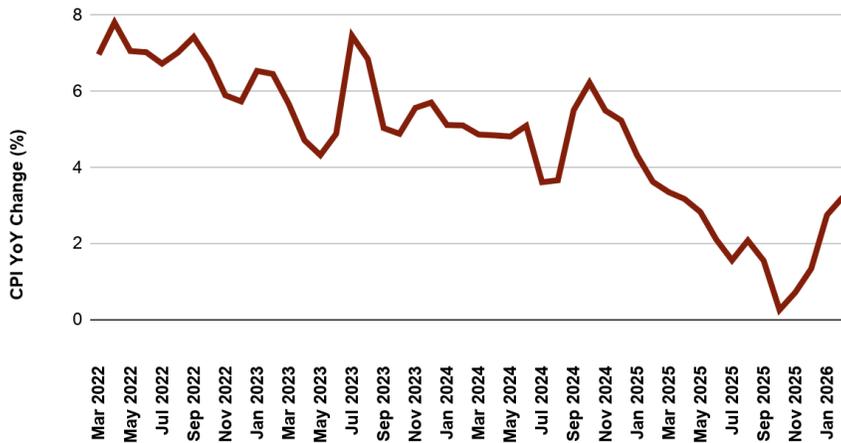


CPI hits 10-month high



OVERVIEW

India's consumer price index rose 3.21% annually in February of 2026, picking up from the 2.74% in the previous month. From the previous month, prices inched higher by 0.11%.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- The food inflation gauge rose to 3.47% from 2.13% last month.
- Rural inflation rose to 3.37% in February from 2.73% in January.
- Urban inflation increased to 3.02% from 2.75%.
- Inflation in garlic stood at -31.09%, compared with -53.03% in January.
- Onion prices declined -28.20%, slightly narrower than the -29.30% contraction a month earlier.
- Potato prices also remained in negative territory at -18.46%, easing from a -28.98% decline in January.
- Housing inflation stood at 2.12% in February, compared with 2.05% in January.
- Inflation in clothing and footwear was recorded at 2.81% in February, against 2.98% in January.

- Inflation in restaurants and accommodation services stood at 2.73% in February, compared with 2.87% in January.
- Health inflation was recorded at 1.90%, compared with 2.19% in the previous month.
- Inflation in information and communication services stood at 0.25% in February, compared with 0.16% in January.
- Food and beverages has declined to 36.75% from 45.9% earlier.
- The weight of housing, water, electricity, gas and other fuels has increased to 17.7%, compared with 16.9% earlier.
- Paan and tobacco (3.49%).
- Prices fell for transportation (-0.05%).

OUTLOOK

Blockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. High Oil & Gas prices may push up inflation.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 2 MONTHS

Group	Feb-26	Jan-26
CPI	3.21	2.74
Food and beverages	3.35	2.11
Paan, tobacco and intoxicants	3.49	2.86
Clothing and footwear	2.81	2.98
Housing, water, electricity, gas and other fuels	1.52	1.53
Furnishings, household equipment and routine household maintenance	1.40	1.45
Health	1.90	2.19
Transport	-0.05	0.09
Information and communication	0.25	0.16
Recreation, sport and culture	2.21	2.32
Education services	3.33	3.35
Restaurants and accommodation services	2.73	2.87
Personal care, social protection and miscellaneous goods and services	19.64	19.02

WPI @ 11-month high of 2.13%



OVERVIEW

India's wholesale prices rose 2.13% year-on-year in February 2026, accelerating from a 1.81% increase in January. On a monthly basis, wholesale prices rose 0.25%, easing from a revised 0.38% increase in January.

KEY HIGHLIGHTS

- Primary articles (3.27% vs 2.21% in January), mainly due to higher costs of food articles (2.19% vs 1.55%) and a sharp acceleration in non-food articles inflation (8.80% vs 4.97%), pushed by a surge in oilseed prices (25.38% vs 0.11%).
- Manufactured products (2.92% vs 2.86%), led by tobacco products (6.28% vs 1.38%), textiles (3.29% vs 2.48%), wearing apparel (2.14% vs 2.08%), and leather and related products (1.58% vs 0.78%).
- Fuel and power continued to decline (-3.78% vs -4.01%), reflecting sustained drops in LPG (-4.63% vs -7.68%), petrol (-5.38% vs -4.58%), and HSD (-3.72% vs -4.26%).

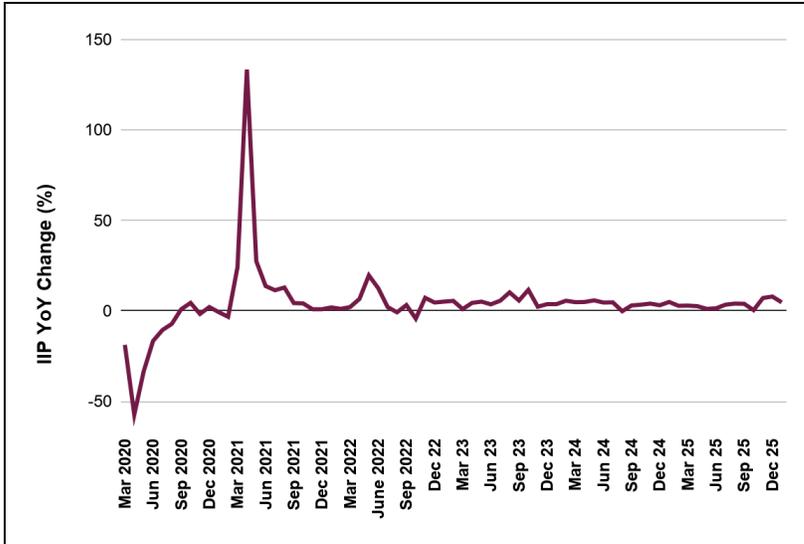
OUTLOOK

Blockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. High Oil & Gas prices may push up inflation.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25
All COMMODITIES	2.13	1.81	0.96	-0.13	-1.02	0.19
PRIMARY ARTICLES	3.27	2.21	0.21	-2.53	-5.93	-3.12
FOOD ARTICLES	2.19	1.55	-0.43	-4.16	-8.31	-5.12
NON FOOD ARTICLES	8.80	7.58	2.95	2.27	1.54	3.64
FUEL & POWER	-3.78	-4.01	-2.31	-2.33	-2.42	-2.58
MANUFACTURED PRODUCTS	2.92	2.86	2.03	1.47	1.68	2.33

IIP slows to 3-month low of 4.8%



OVERVIEW

India's industrial output growth slowed to 4.8% year-on-year in January, easing from 7.8% in December. Overall industrial output stood at 169.4 in January compared with 161.6 a year earlier.

KEY HIGHLIGHTS

Sectoral classification

- Manufacturing and electricity generation, which grew 4.8% and 5.1% respectively, while mining output rose 4.3%.
- Motor vehicles at 10.9%.
- Machinery and equipment 6.2%.
- Basic metals surged 13.2%.
- Non-metallic mineral products at 9.9%.
- Infrastructure and construction goods led expansion with a sharp 13.7% increase.
- Intermediate goods at 6.0%.
- Capital goods at 4.3%.

- Consumer durables rose 6.3%.
- Consumer non-durables contracted 2.7%.
- Utility generation rose by 5.1%.

OUTLOOK

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

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
ALL INDUSTRIES	4.8	8.0	7.2	0.5	4.6	4.1
MINING & QUARRYING	4.3	6.9	5.8	-1.8	-0.4	6.6
MANUFACTURING	4.8	8.4	8.5	2.0	5.6	3.8
ELECTRICITY	5.1	6.3	-1.5	-6.9	3.1	4.1

Trade gap narrows to \$27.1 bln

OVERVIEW

India's merchandise trade deficit widened to \$27.10 billion in February 2026, compared with \$14.42 billion in the same month last year, with exports at \$36.61 billion and imports at \$63.71 billion.

KEY HIGHLIGHTS

- The cumulative value of merchandise exports during April-February 2025-26 was US\$ 402.93 Billion, as compared to US\$ 395.66 Billion during April-February 2024-25, registering a positive growth of 1.84%.
- The cumulative Non-Petroleum exports in April-February 2025-26 valued at US\$ 354.12 Billion registered an increase of 5.03% as compared to US\$ 337.17 Billion in April-February 2024-25.
- Major drivers of merchandise exports growth in February 2026 include Engineering Goods, Electronic Goods, Organic & Inorganic Chemicals, Gems & Jewellery and Meat, Dairy & Poultry Products.
- Engineering Goods exports increased by 12.90 % from US\$ 9.17 Billion in February 2025 to US\$ 10.36 Billion in February 2026.
- Electronic Goods exports increased by 10.37 % from US\$ 3.79 Billion in February 2025 to US\$ 4.18 Billion in February 2026.
- Organic & Inorganic Chemicals exports increased by 6.85 % from US\$ 2.23 Billion in February 2025 to US\$ 2.38 Billion in February 2026.
- Gems & Jewellery exports increased by 4.08 % from US\$ 2.53 Billion in February 2025 to US\$ 2.64 Billion in February 2026.
- Meat, Dairy & Poultry Products exports increased by 22.66 % from US\$ 0.45 Billion in February 2025 to US\$ 0.55 Billion in February 2026.

EXPORTS

- Exports of Other Cereals (170.14%), Coffee (31.92%), Meat, Dairy & Poultry Products (22.66%), Marine Products (13.27%), Engineering Goods (12.9%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (10.51%), Electronic Goods (10.37%), Handicrafts Excl. Hand Made Carpet (10.25%), Organic & Inorganic Chemicals (6.85%), Ceramic Products & Glassware (6.36%), Gems & Jewellery (4.08%), Fruits & Vegetables (3.95%), Drugs & Pharmaceuticals (3.4%), Cereal Preparations & Miscellaneous Processed Items (3.25%) and Rice (0.7%) record positive growth during February 2026 over the corresponding month of last year.

IMPORTS

- Imports of Project Goods (-81.31%), Cotton Raw & Waste (-59.44%), Pulses (-38.49%), Newsprint (-34.12%), Transport Equipment (-23.64%), Chemical Material & Products (-13.08%), Pulp And Waste Paper (-9.24%) and Wood & Wood Products (-1.59%) record negative growth during February 2026 over the corresponding month of last year.

OUTLOOK

Blockage in Strait of Hormuz may significantly impact trade. Both import and export may be badly impacted.

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