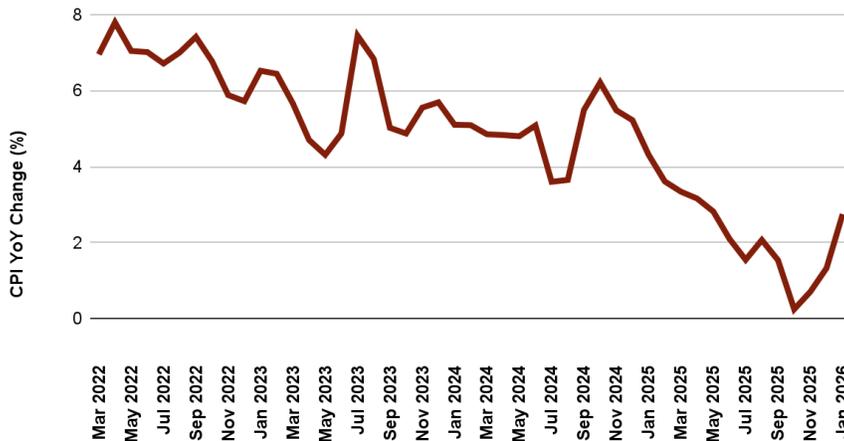


CPI rises 2.75% in January



OVERVIEW

India consumer price inflation rose to 2.75% in January from 1.33% in December. From the previous month, the new consumer price index was at 0.35%.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food prices logged a renewed increase of 2.13%, reversing a 2.71% decline in December.
- Housing inflation came in at 2.05% under the new series, with corresponding rates for rural and urban areas at 2.39% and 1.92%. Under the old series, housing inflation stood at 2.86% year-on-year in December.
- Clothing and footwear inflation stands at 2.98% for January 2026.
- Restaurants and accommodation services record an inflation rate of 2.87%.
- Health inflation is at 2.19%.
- Information and communication services show minimal inflation at 0.16%.
- Personal care, social protection, and miscellaneous goods and services see a significant surge, with inflation reaching 19.0%.

- Personal care and social protection 19.02%.
- Transport charges rose only 0.09%.

OUTLOOK

Global uncertainties with persistent non-food inflation risks, may arrest the steep slide in inflation. Moreover, Risk of demand -supply mismatch of essential supplies and thereby pushing up the inflation.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
CPI	2.75	1.33	0.71	0.25	1.44	2.07
FOOD & BEVERAGES	2.11	-1.85	-2.78	-3.72	-1.37	0.05
PAN TOBACCO & INTOXICANTS	2.86	2.96	2.96	2.87	2.73	2.49
CLOTHING & FOOTWEAR	2.98	1.44	1.49	1.70	2.28	2.33
HOUSING	1.53	2.86	2.95	2.96	3.98	3.09
FUEL & LIGHTING	2.87	1.97	2.32	1.98	1.98	2.43
MISCELLANEOUS	19.02	6.17	5.64	5.71	5.35	5.05

WPI @ 9-month of 1.81% in January



OVERVIEW

India's wholesale prices rose 1.81% year-on-year in January 2026, accelerating from a 0.83% increase in December. On a monthly basis, wholesale prices increased 0.51%, matching the pace in the previous period.

KEY HIGHLIGHTS

- Primary articles inflation accelerated to 2.21% in January, up from 0.21% in December.
- Manufacturing inflation (2.86% vs 1.82% in December), particularly in textiles (2.48% vs 1.68%) and wearing apparel (2.08% vs 1.55%).
- Food inflation rose 1.41% after showing no growth in December, driven by a rebound in food articles (1.55% vs -0.43%), including vegetables (6.78% vs -3.50%), alongside faster increase in costs of eggs, meat, and fish (3.66% vs 1.14%).
- Fuel costs dropped sharply by 4.01% (vs -2.31%), the steepest decline since October 2024, reflecting ongoing deflation in LPG (-7.68% vs -14.04%), petrol (-4.58% vs -1.88%), and HSD (-4.29% vs -2.07%).

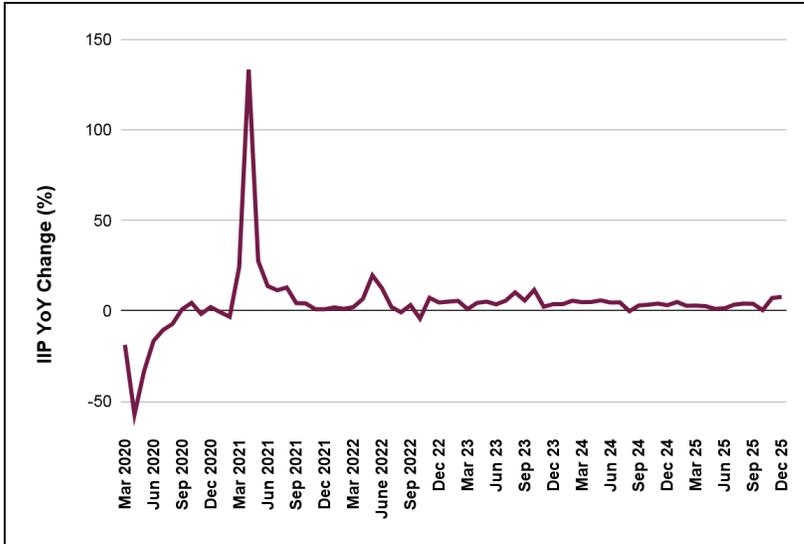
OUTLOOK

Global uncertainties along with increased geopolitical hostilities , may arrest the steep slide in inflation. Moreover,Risk of demand -supply mismatch of essential supplies and thereby pushing up the inflation.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
All COMMODITIES	1.81	0.83	-0.13	-1.02	0.19	0.52
PRIMARY ARTICLES	2.21	0.21	-2.53	-5.93	-3.12	-2.10
FOOD ARTICLES	1.55	-0.43	-4.16	-8.31	-5.12	-3.11
NON FOOD ARTICLES	7.58	2.95	2.27	1.54	3.64	5.56
FUEL & POWER	-4.01	-2.31	-2.33	-2.42	-2.58	-3.24
MANUFACTURED PRODUCTS	2.86	1.82	1.47	1.68	2.33	2.62

IIP hits 7.8% in December



OVERVIEW

India's industrial production rose by 7.8% from the previous year in December of 2025, picking up from the upwardly revised 7.2% advance in the earlier month.

KEY HIGHLIGHTS

Sectoral classification

- Manufacturing output expanded 8.1% in December, while mining grew 6.8% and electricity generation rose 6.3%.
- Within manufacturing - computer, electronic and optical products, which surged 34.9%, motor vehicles, trailers and semi-trailers, up 33.5%, and other transport equipment, which expanded 25.1%. Basic metals production rose 12.7% in December. Pharmaceutical manufacturing also expanded 10.2%.
- The corresponding growth rates of IIP as per Use-based classification in December 2025 over December 2024 are 4.4% in Primary goods, 8.1% in Capital goods, 7.5% in Intermediate goods, 12.1% in Infrastructure/ Construction Goods, 12.3% in Consumer durables and 8.3% in Consumer non-durables.

OUTLOOK

India's industrial output growth recovers with private capex showing signs of revival.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Dec-26	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25
ALL INDUSTRIES	7.8	7.2	0.5	4.6	4.1	4.3
MINING & QUARRYING	6.8	5.8	-1.8	-0.4	6.6	-7.2
MANUFACTURING	8.1	8.5	2.0	5.6	3.8	6.0
ELECTRICITY	6.3	-1.5	-6.9	3.1	4.1	3.7

Trade gap widens to \$34.68 billion

OVERVIEW

India's merchandise trade deficit surged to \$34.68 billion in January 2026, up from \$23.43 billion a year earlier. Imports jumped 19.2% year-on-year to \$71.24 billion while exports rose only 0.6% to \$36.56 billion.

KEY HIGHLIGHTS

- The cumulative value of merchandise exports during April-January 2025-26 was US\$ 366.63 Billion, as compared to US\$ 358.75 Billion during April-January 2024-25, registering a positive growth of 2.20%.
- The cumulative Non-Petroleum exports in April-January 2025-26 valued at US\$ 320.94 Billion registered an increase of 4.89% as compared to US\$ 305.98 Billion in April-January 2024-25.
- Major drivers of merchandise exports growth in January 2026 include Engineering Goods, Petroleum Products, Meat, Dairy & Poultry Products, Marine Products and Iron Ore.
- Engineering Goods exports increased by 10.37% from US\$ 9.42 Billion in January 2025 to US\$ 10.40 Billion in January 2026.
- Petroleum Products exports increased by 8.55% from US\$ 3.48 Billion in January 2025 to US\$ 3.77 Billion in January 2026.
- Meat, Dairy & Poultry Products exports increased by 17.92% from US\$ 0.52 Billion in January 2025 to US\$ 0.61 Billion in January 2026.
- Marine Products exports increased by 13.29% from US\$ 0.54 Billion in January 2025 to US\$ 0.61 Billion in January 2026.
- Iron Ore exports increased by 31.54% from US\$ 0.16 Billion in January 2025 to US\$ 0.21 Billion in January 2026.

EXPORTS

- Exports of Other Cereals (88.49%), Coffee (36.03%), Iron Ore (31.54%), Meat, Dairy & Poultry Products (17.92%), Marine Products (13.29%), Engineering Goods (10.37%), Petroleum Products (8.55%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (6.35%), Fruits & Vegetables (1.77%), Cereal Preparations & Miscellaneous Processed Items (1.12%), Man-Made Yarn/Fabs./Made-Ups Etc. (1.01%), Drugs & Pharmaceuticals (0.96%) and Electronic Goods (0.32%) record positive growth during January 2026 over the corresponding month of last year.

IMPORTS

- Imports of Pulses (-46.94%), Newsprint (-29.33%), Chemical Material & Products (-24.6%), Iron & Steel (-18.77%), Coal, Coke & Briquettes, Etc. (-16.56%), Project Goods (-14.78%), Wood & Wood Products (-8.35%), Organic & Inorganic Chemicals (-7.62%), Transport Equipment (-5.27%), Pearls, Precious & Semi-Precious Stones (-2.64%), Textile Yarn Fabric, Made-Up Articles (-2.41%) and Petroleum, Crude & Products (-0.24%) record negative growth during January 2026 over the corresponding month of last year.

OUTLOOK

India's trade deficit may not come down significantly owing to crude and petroleum related uncertainty.

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