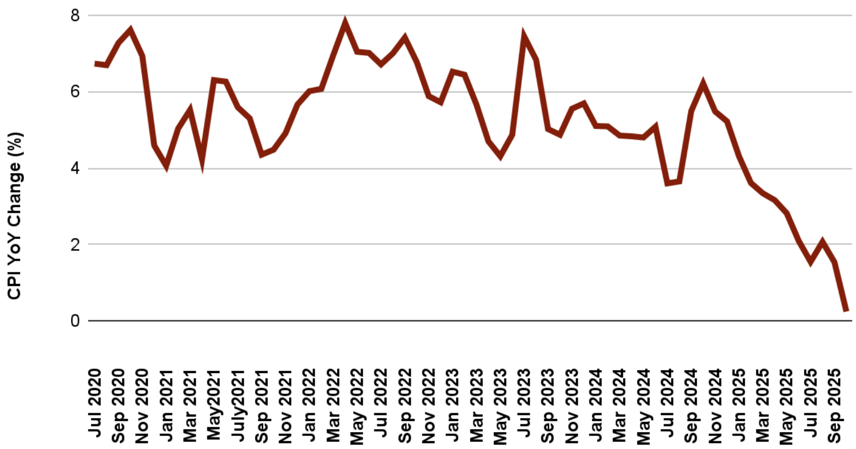
ECONOMIC UPDATE

October 2025

Inflation @ record low



OVERVIEW

India's retail inflation slowed to a record low of 0.25% in October against 1.54% in September.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food Inflation for the month of October, 2025 over October, 2024 is -5.02% (Provisional) on year-on-year. Corresponding inflation rates for rural and urban are -4.85% and -5.18%, respectively.
- Rural Inflation is -0.25% (Provisional) in October, 2025 while it was -1.07% in September, 2025. The CFPI based food inflation in rural sector is observed as -4.85% (Provisional) in October, 2025 in comparison to -2.22% in September, 2025.
- Urban Inflation decreased from 1.83% in September, 2025 to 0.88% (Provisional) in October, 2025. Decrease is also observed in food inflation from -2.47% in September, 2025 to -5.18% (Provisional) in October, 2025.
- Housing Inflation rate for the month of October, 2025 is 2.96% (Provisional) on year-on-year. Corresponding inflation rate for the month of September, 2025 was 2.98%.
- Education Inflation inflation rate for the month of October, 2025 is 3.49% (Provisional) on year-on-year. Corresponding inflation rate for the month of September, 2025 was 3.44%.

- Health Inflation rate for the month of October, 2025 is 3.86% (Provisional) on year-on-year. Corresponding inflation rate for the month of September, 2025 was 4.39%.
- Transport & Communication inflation rate for the month of October, 2025 is 0.94% (Provisional) on year-on-year. Corresponding inflation rate for the month of September, 2025 was 1.82%.
- Fuel & light inflation rate for the month of October, 2025 is 1.98% (Provisional) on year-on-year. Corresponding inflation rate for the month of September, 2025 was also 1.98%.

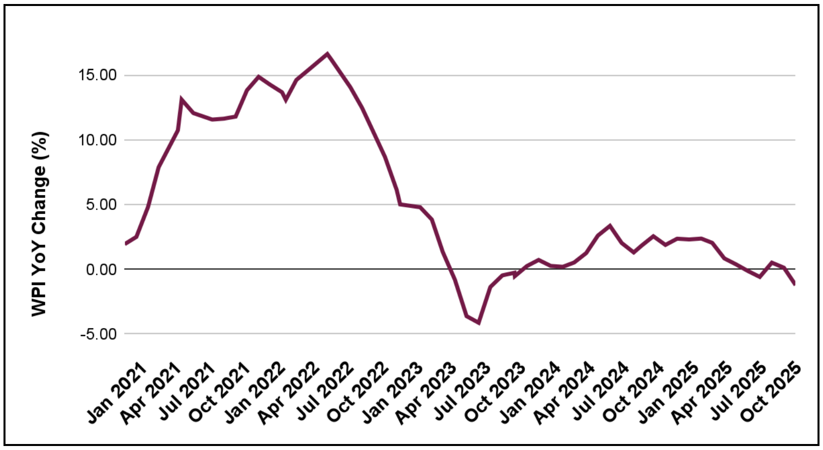
OUTLOOK

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

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25
CPI	**0.25**	1.44	2.07	1.55	2.10	2.82
FOOD & BEVERAGES	**-3.72**	-1.37	0.05	-0.84	-0.20	1.50
PAN TOBACCO & INTOXICANTS	**2.87**	2.73	2.49	2.45	2.41	2.41
CLOTHING & FOOTWEAR	**1.70**	2.28	2.33	2.50	2.55	2.67
HOUSING	**2.96**	3.98	3.09	3.17	3.24	3.16
FUEL & LIGHTING	**1.98**	1.98	2.43	2.67	2.55	2.78
MISCELLANEOUS	**5.71**	5.35	5.05	5.01	5.49	5.06

WPI falls to -1.21%



OVERVIEW

India's wholesale prices dropped 1.21% year-on-year in October 2025, reversing a 0.13% rise in September.

KEY HIGHLIGHTS

- Primary Articles decreased by 0.42% from 189.0 (provisional) for the month of September, 2025 to 188.2 (provisional) in October, 2025. Price of Crude Petroleum & Natural Gas (-3.13%) and non-food articles (-1.73%) decreased in October, 2025 as compared to September, 2025. The Price of minerals (1.72%) increased in October, 2025 as compared to September, 2025. The price of food articles remained same as in the previous month.

- Fuel & Power increased by 1.12% from 143.4 (provisional) for the month of September, 2025 to 145.0 (provisional) in October, 2025. Price of electricity (2.89%), mineral oils (0.67%) increased in October, 2025 as compared to September, 2025. The price of coal remained same as in the previous month.

- Manufactured Products decreased by (-) 0.07% from 145.2 (provisional) for the month of September, 2025 to 145.1 (provisional) in October, 2025. Some of the groups that witnessed an increase in prices were manufacture of textiles; food products ; computer, electronic and optical products; electrical equipment ;and wood and of products of wood and cork etc. in October, 2025 as compared to September, 2025.

- WPI Food Index inflation (Y-o-Y) based on WPI Food Index decreased to (-) 5.04% in October, 2025 from (-) 1.99% in September, 2025.

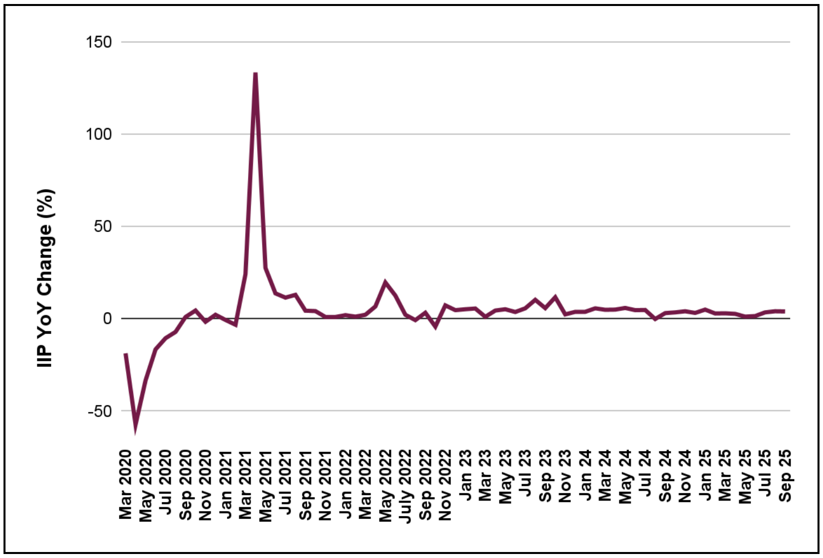
OUTLOOK

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

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25
All COMMODITIES	**-1.21**	0.13	0.52	-0.58	-0.19	0.13
PRIMARY ARTICLES	**-6.18**	-3.32	-2.10	-4.70	-3.22	-1.75
FOOD ARTICLES	**-8.31**	-5.22	-3.06	-6.29	-3.75	-1.56
NON FOOD ARTICLES	**1.54**	3.14	5.56	3.40	2.29	1.53
FUEL & POWER	**-2.55**	-2.58	-3.24	-3.04	-3.13	-4.80
MANUFACTURED PRODUCTS	**1.54**	2.33	2.62	2.05	1.90	2.11

IIP growth dips to 3-month low



OVERVIEW

India's industrial production climbed 4.0% year-over-year in September, following an upwardly revised 4.1% growth in August. During the April-September period, total industrial production advanced 3.0% compared to the corresponding period last year.

KEY HIGHLIGHTS

Sectoral classification

- Primary goods output expanded by 1.4% in September versus a rise of 5.4% in the preceding month.
- Capital goods grew by 4.7% versus 4.5% in September.
- Intermediate goods grew 5.3% versus a growth of 5.2% in the preceding month.
- Infrastructure goods grew 10.5% versus 10.4% last month.
- Consumer durables grew 10.2% versus 3.5% in the previous month.
- Consumer non-durables output fell 2.9% versus a fall of 6.4% in the previous month.

OUTLOOK

India's industrial output growth recovers with private capex showing signs of revival. Tariff related uncertainties may continue to mar growth off IIP.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25
ALL INDUSTRIES	**4.0**	4.1	4.3	1.5	1.9	2.6
MINING & QUARRYING	**-0.4**	6.6	-7.2	-8.7	-0.1	-0.2
MANUFACTURING	**4.8**	3.8	6.0	3.7	3.2	3.1
ELECTRICITY	**3.1**	4.1	3.7	-1.2	-4.7	1.7

Trade deficit hits record high

OVERVIEW

India's merchandise trade deficit widened to a record high of $41.68 billion in October. The trade deficit had widened to a 13-month high of $32.15 billion in September.

KEY HIGHLIGHTS

- Exports fell to $34.38 billion last month from $36.38 billion in September, while imports climbed to $76.06 billion from $68.53 billion.
- Non-petroleum and non-gems & jewellery exports in October 2025 were US$ 28.14 Billion compared to US$ 31.32 Billion in October 2024.
- Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports in October 2025 were US$ 42.78 Billion compared to US$ 39.58 Billion in October 2024.
- The estimated value of services export for October 2025 is US$ 38.52 Billion as compared to US$ 34.41 Billion in October 2024.
- The estimated value of services imports for October 2025 is US$ 18.64 Billion as compared to US$ 17.23 Billion in October 2024.

EXPORTS

- Exports of Cashew (126.85%), Meat, Dairy & Poultry Products (30.87%), Electronic Goods (19.05%), Other Cereals (14.71%), Marine Products (11.08%) and Coffee (10.91%) record positive growth during October 2025 over the corresponding month of last year.

IMPORTS

- Imports of Pearls, Precious & Semi-Precious Stones (-25.35%), Petroleum, Crude & Products (-21.65%), Pulp And Waste Paper (-21.34%), Iron & Steel (-19.32%), Newsprint (-18.28%), Pulses (-16.42%), Coal, Coke & Briquettes, Etc. (-4.21%), Artificial Resins, Plastic Materials, Etc. (-3.55%), Wood & Wood Products (-2.42%), Textile Yarn Fabric, Made-Up Articles (-1.17%) and Organic & Inorganic Chemicals (-0.11%) record negative growth during October 2025 over the corresponding month of last year.

OUTLOOK

India's trade related uncertainty may continue owing to US tariff tantrums. Trade deficit may continue to exhibit volatility owing to tariff related still remaining unresolved.

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