SHRIRAM Insight
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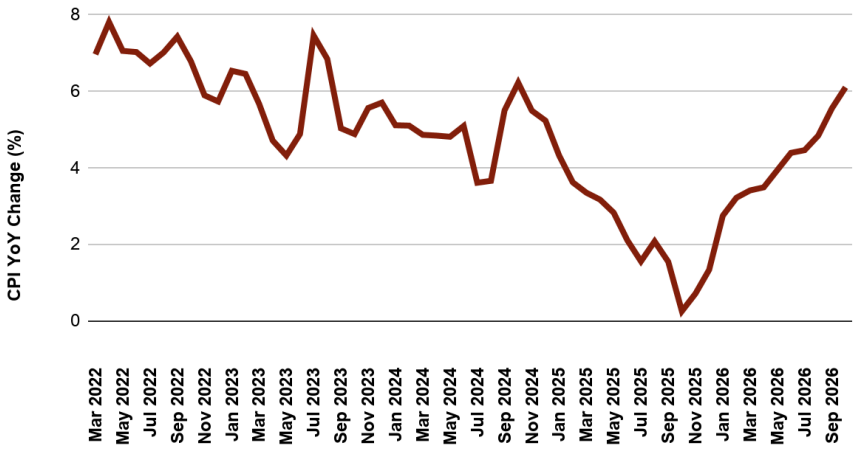
ECONOMIC UPDATE

October 2026

CPI quickens to 6.09% in October



OVERVIEW

India's inflation rose to 6.09% in October 2026 from 5.54% in the previous month. From the previous month, consumer prices rose by 0.51%.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food inflation accelerated to 8.94% in October from 7.74% in September. Among individual food items, onion prices recorded inflation of 116.22% in October, compared with 108.13% in September. Garlic inflation rose to 60.74% from 54.62% during the same period, while ginger prices rose 48.32%. Lemon prices recorded inflation of 47.30%, compared with 36.41% in the previous month. On the other hand, potato prices continued to decline, with deflation at 14.24% in October. Cauliflower prices fell 10.57%, while coconut prices declined 5.60%. Brinjal and cabbage recorded deflation of 3.34% and 1.92%, respectively.
- Silver jewellery also saw high inflation at 52.39%, although this was lower than 87.82% in September.
- Inflation in the food and beverages category stood at 8.51%.
- Personal care, social protection and miscellaneous goods and services recorded inflation of 10.14%, while restaurants and accommodation services saw a rise of 10.06%.
- Rural inflation increased to 6.63% in October from 6.08% in September, while urban inflation rose to 5.41% from 4.88%.

- Transportation inflation was at 5.84%.

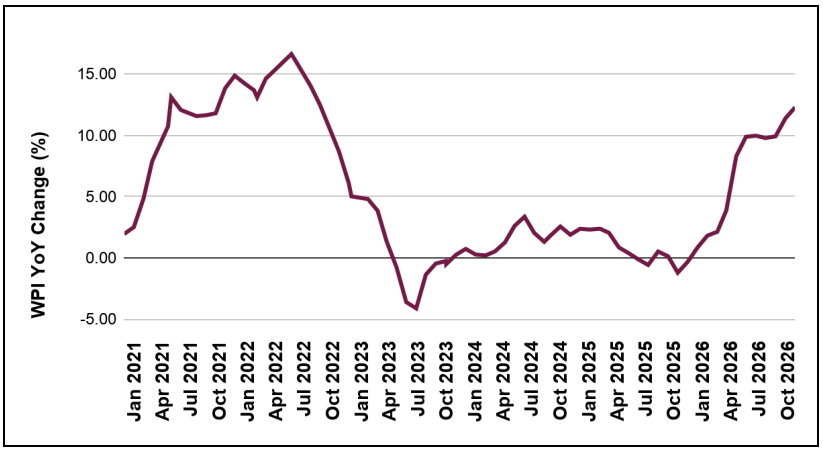
OUTLOOK

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

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 2 MONTHS

Group	Oct-26	Sep-26	Aug-26	Jul-26	Jun-26	May-26
CPI	**6.09**	5.54	4.83	4.45	4.38	3.93
Food and beverages	**8.51**	7.36	5.66	5.24	5.05	4.55
Paan, tobacco and intoxicants	**4.93**	4.80	4.71	4.79	4.83	4.83
Clothing and footwear	**4.96**	3.93	3.56	3.38	3.23	2.98
Housing, water, electricity, gas and other fuels	**2.90**	2.74	2.61	2.16	1.99	1.73
Furnishings, household equipment and routine household maintenance	**3.94**	3.11	2.68	2.40	2.19	1.89
Health	**2.05**	1.40	1.34	1.34	1.42	1.49
Transport	**5.84**	5.01	4.60	4.43	4.31	1.75
Information and communication	**3.16**	2.44	2.01	0.63	0.43	0.30
Recreation, sport and culture	**2.52**	2.16	1.74	1.64	1.75	1.98
Education services	**4.02**	3.94	3.73	3.64	3.34	2.99
Restaurants and accommodation services	**10.06**	9.36	8.38	7.72	6.91	5.75
Personal care, social protection and miscellaneous goods and services	**10.14**	13.75	15.17	14.77	16.72	18.46

WPI rises for 3rd straight month



OVERVIEW

India's wholesale prices climbed 12.29% year-on-year in October 2026, accelerating from an 11.39% rise in September. On a cumulative basis, WPI inflation for all commodities stood at 10.14% during April-October 2026-27.

KEY HIGHLIGHTS

- Primary articles recorded inflation of 9.24%, up from 8.67% in September.
- Fuel and power prices rose 32.84% in October from 25.85% in September, due to faster increases in mineral oil prices (45.57% vs 40.02%), crude petroleum and natural gas prices (70.80% vs 57.32%), and coal and lignite prices (10.49% vs. 9.31%), while electricity prices rebounded (8.06% vs -0.43%).
- Manufacturing inflation also moderated to 9.54% from 9.76%, led by chemicals and chemical products (17.53%), basic metals (17.21%), rubber and plastics (13.90%), textiles (13.67%), and tobacco products (13.24%).
- Food inflation eased slightly to 8.58% from 8.66% in September, as inflation in food products among manufactured products eased to 9.24% from 9.44%, while inflation in food articles among primary articles accelerated to 8.26% from 8.14%.

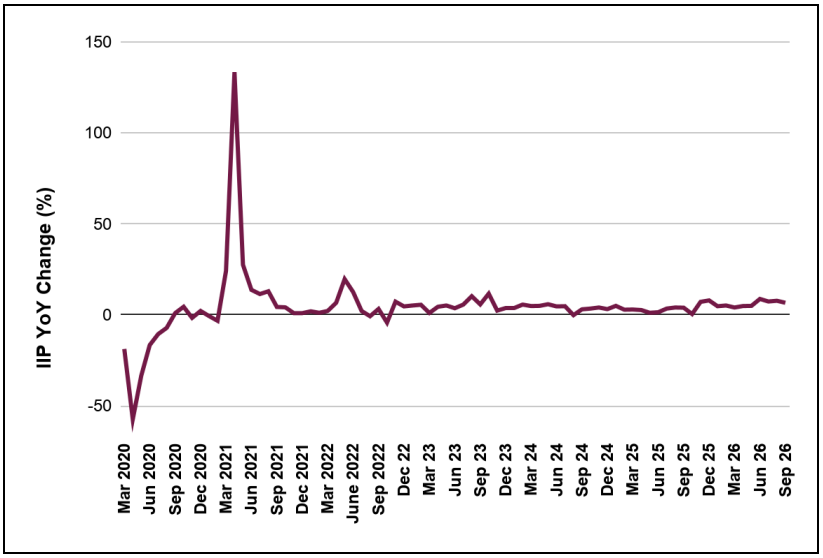
OUTLOOK

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. Weak monsoon arising out of El-Ninomay also push up prices owing to reduced productivity of food grains.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Oct-26	Sep-26	Aug-26	Jul-26	Jun-26	May-26
All Commodities	**12.29**	11.39	9.92	9.78	9.97	9.88
Primary Articles	**9.24**	8.67	7.12	8.61	7.00	5.26
Fuel and Power	**32.84**	25.85	23.16	19.82	27.18	30.80
Manufactured Products	**9.54**	9.76	8.47	8.29	7.78	7.68
Food Index	**8.58**	8.66	6.41	6.56	6.23	4.58

IIP growth slows to 6.7% in September



OVERVIEW

India's industrial production growth slowed to 6.7% year-on-year in September 2026, down from a downwardly revised 7.8% in August.

KEY HIGHLIGHTS

Sectoral classification

- Within the Manufacturing sector, the top three positive contributors for the month of September 2026 include manufacture of motor vehicles, trailers and semi-trailers at 19.0 %, manufacture of electrical equipment at 33.9 %, and manufacture of rubber and plastics products at 19.9%.
- The manufacturing sector logged 7.6% growth against revised growth of 8.6% in August, driven by lower activity in leather and related products (4.5% vs 8.1%), wood and related products (-10.5% vs 8.6%), printing and reproduction of recorded media (-5.1% vs 4.8%), pharmaceuticals products (-8.9% vs 1.6%), rubber and plastics products (19.9% vs 21.4%), computer, electronic and optical products (7.3% vs 19.3%) and motor vehicles (19% vs 25.2%).
- Electricity and gas supply segment grew by 11.2% in September against an increase of 12.3% a month earlier.
- Mining & Quarrying contracted by 6.2%, against decline of 4.6% in August.
- Water Supply, Sewerage & Waste Management sector grew by 5.8%.

- Output of consumer durables, including cars and phones, grew 6% year-on-year in September against a revised 10.5% increase a month earlier.

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	Sep-26	Aug-26	Jul-26	Jun-26	May-26	Apr-26
All Industries	**6.7**	7.8	7.4	8.8	5.0	4.9
Mining & Quarrying	**-6.2**	-4.6	-0.9	1.6	-1.4	-3.8
Manufacturing	**7.6**	8.6	8.2	9.5	5.2	6.1
Electricity & Gas Supply	**11.2**	12.3	8.7	11.3	10.3	4.6
Water Supply, Sewerage & Waste Management	**5.8**	6.3	7.4	6.1	5.5	6.6

Trade deficit hits 1-year high in October

OVERVIEW

India's trade deficit widened to $39.88 billion in October, increased from $30.21 billion in September and was higher than the $33 billion recorded in October 2025. Exports rose to $49.47 billion from $44.40 billion in September, while imports increased to $89.35 billion from $74.61 billion.

KEY HIGHLIGHTS

- The cumulative exports (merchandise & services) during April-October 2026-27 are estimated at US$ 568.84 Billion, as compared to US$ 487.59 Billion in April-October 2025-26, an estimated growth of 16.66%.
- The cumulative value of merchandise exports during April-October 2026-27 was US$ 309.06 Billion, as compared to US$ 253.40 Billion during April-October 2025-26, registering a positive growth of 21.96%.
- The cumulative Non-Petroleum exports in April-October 2026-27 valued at US$ 259.22 Billion registered an increase of 18.01% as compared to US$ 219.66 Billion in April-October 2025-26.
- Petroleum Products exports increased by 140.21% from US$ 3.70 Billion in October 2025 to US$ 8.89 Billion in October 2026.
- Electronic Goods exports increased by 62.70% from US$ 4.08 Billion in October 2025 to US$ 6.64 Billion in October 2026.
- Gems & Jewellery exports increased by 40.06% from US$ 2.29 Billion in October 2025 to US$ 3.21 Billion in October 2026
- Organic & Inorganic Chemicals exports increased by 36.20% from US$ 2.12 Billion in October 2025 to US$ 2.89 Billion in October 2026.
- Engineering Goods exports increased by 36.01% from US$ 9.37 Billion in October 2025 to US$ 12.74 Billion in October 2026.

EXPORTS

- Exports of Petroleum Products (140.21%), Other Cereals (87.47%), Oil Meals (85.55%), Electronic Goods (62.7%), Handicrafts Excl. Hand Made Carpet (55.22%), Gems & Jewellery (40.06%), Cereal Preparations & Miscellaneous Processed Items (37.4%), Plastic & Linoleum (36.28%), Organic & Inorganic Chemicals (36.2%), Engineering Goods (36.01%), Meat, Dairy & Poultry Products (34.87%), Jute Mfg. Including Floor Covering (30.59%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (29.96%), Man-Made Yarn/Fabs./Made-Ups Etc. (23.89%), Tea (23.04%), Carpet (20.64%), Rmg Of All Textiles (20.33%), Rice (18.39%), Marine Products (13.76%), Leather & Leather Products (12.73%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (12.29%), Drugs & Pharmaceuticals (10.55%), Spices (9.11%), Coffee (8.51%), Ceramic Products & Glassware (4.88%),and Fruits & Vegetables (1.84%) recorded positive growth during October 2026 over the corresponding month of last year.

IMPORTS

- Imports of Cashew (-53.33%), Iron Ore (-51.81%), Tobacco (-18.01%), and Oil Seeds (-3.14%) recorded negative growth during October 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.

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