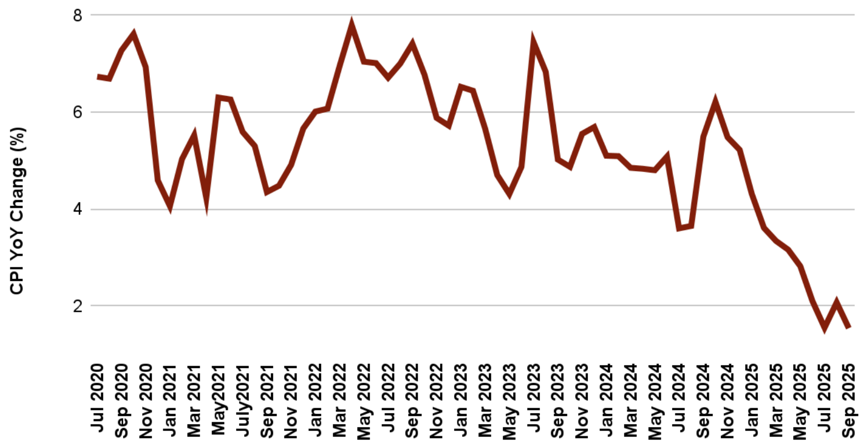
ECONOMIC UPDATE

September 2025

CPI declines to 8-year low



OVERVIEW

India's consumer price inflation eased to 1.54% in September 2025, down from 2.07% in August.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food prices, which account for nearly half of the CPI basket, dropped 2.28%, marking the largest decline since a record 2.65% fall in December 2018.
- Inflation also moderated for clothing and footwear (2.28% vs. 2.33% in August) and fuel and light (1.98% vs. 2.32%).
- Price pressures rose for pan, tobacco, and intoxicants (2.73% vs. 2.49%), housing (3.98% vs. 3.09%).
- Miscellaneous items (5.35% vs. 5.05%).
- Rural Inflation is 1.07% (Provisional) in September, 2025 while it was 1.69% in August, 2025.
- Urban Inflation decreased from 2.47% in August, 2025 to 2.04% (Provisional) in September, 2025.
- Housing Inflation rate for the month of September, 2025 is 3.98% (Provisional) Year-on-year. Corresponding inflation rate for the month of August, 2025 was 3.09%.

- Education Inflation rate for the month of September, 2025 is 3.44% (Provisional) Year-on-year. Corresponding inflation rate for the month of August, 2025 was 3.60%.
- Health Inflation rate for the month of September, 2025 is 4.34% (Provisional) Year-on-year. Corresponding inflation rate for the month of August, 2025 was 4.40%.
- Transport & Communication inflation rate for the month of September, 2025 is 1.82% (Provisional) Year-on-year. Corresponding inflation rate for the month of August, 2025 was 1.94%.
- Fuel & light inflation rate for the month of September, 2025 is 1.98% (Provisional) Year-on-year. Corresponding inflation rate for the month of August, 2025 was 2.32%.

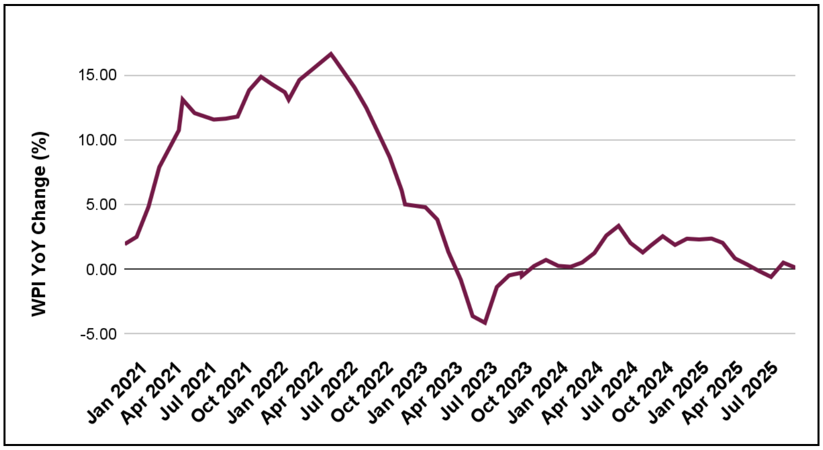
OUTLOOK

Global uncertainties with persistent non-food inflation risks, may arrest the steep slide in inflation. Consistent rain and flood may raise risk of demand -suppy mismatch of essential supplies and thereby pushing up the inlfation.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25
CPI	**1.54**	2.07	1.55	2.10	2.82	3.16
FOOD & BEVERAGES	**-1.37**	0.05	-0.84	-0.20	1.50	2.14
PAN TOBACCO & INTOXICANTS	**2.73**	2.49	2.45	2.41	2.41	2.08
CLOTHING & FOOTWEAR	**2.28**	2.33	2.50	2.55	2.67	2.67
HOUSING	**3.98**	3.09	3.17	3.24	3.16	3.00
FUEL & LIGHTING	**1.98**	2.43	2.67	2.55	2.78	2.92
MISCELLANEOUS	**5.35**	5.05	5.01	5.49	5.06	5.02

WPI cools to 0.13% in September



OVERVIEW

India's wholesale prices rose by 0.13% year-on-year in September 2025, slowing from a 0.52% rise in August. Monthly, wholesale prices declined by 0.19% in September, reversing a 0.53% rise in August.

KEY HIGHLIGHTS

- Food prices fell 1.99% in September, reversing a 0.21% rise in August. The decrease was led by lower prices for onion (-63.79%), potato (-42.24%), and vegetables (-24.41%), and pulses (-17.19%).
- Manufacturing inflation eased to 2.33%, down from 2.55% in August, which had marked the fastest growth in four months.
- Food products (4.56% vs 7.15%).
- Leather and related products (1.84% vs 2.40%).
- Cement, lime & plaster (3.72% vs 4.23%).
- Fuel prices continued to decline, falling 2.58% year-on-year, following a 3.17% drop in August.

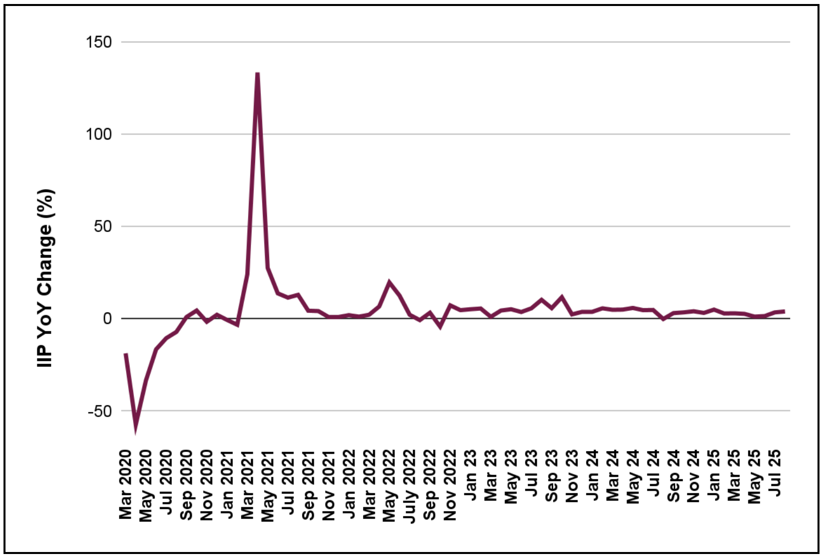
OUTLOOK

GGlobal uncertainties along with increased geopolitical hostilities , may arrest the steep slide in inflation. Consistent rain and flood may raise 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	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25
All COMMODITIES	**0.13**	0.52	-0.58	-0.19	0.13	0.85
PRIMARY ARTICLES	**-3.32**	-2.10	-4.70	-3.22	-1.75	-1.44
FOOD ARTICLES	**-5.22**	-3.06	-6.29	-3.75	-1.56	-0.86
NON FOOD ARTICLES	**3.14**	5.56	3.40	2.29	1.53	1.40
FUEL & POWER	**-2.58**	-3.17	-3.04	-3.13	-4.80	-2.18
MANUFACTURED PRODUCTS	**2.33**	2.55	2.05	1.90	2.11	2.62

IIP growth slows to 4% in August



OVERVIEW

India's industrial production index rose 4.0% year-on-year in August as against the growth of 4.3% in July.

KEY HIGHLIGHTS

Sectoral classification

- Mining output grew for the first time in five months in August, surging 6.0% and partially reversed a 7.2% slump logged in July.
- Manufacturing output rose 3.8%, slowing from the 6% increase in the previous month. Within the factory sector, manufacture of basic metals surged 12.2% and that of motor vehicles, trailers and semi-trailers grew 9.8% in August.
- Production of coke and refined petroleum products was 5.4% higher. Electricity output grew 4.1% after a 3.7% rise in July.
- On a use-based classification, production of primary good grew 5.2% and capital goods output was 4.4% higher. Intermediate goods grew 5.0% and there was a 10.6% jump in infrastructure/construction goods.
- Consumer durables output rose 3.5%, while production of consumer non-durables decreased 6.3%.

OUTLOOK

India's industrial output growth recovers but challenges lies ahead with consistent rain and flood may impact industrial and mining activities. Tariff related uncertainties may continue to mar growth off IIP.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25
ALL INDUSTRIES	**4.0**	4.3	1.5	1.9	2.6	3.0
MINING & QUARRYING	**6.0**	-7.2	-8.7	-0.1	-0.2	0.4
MANUFACTURING	**3.8**	6.0	3.7	3.2	3.1	3.0
ELECTRICITY	**4.1**	3.7	-1.2	-4.7	1.7	6.3

Trade deficit widens to 11-month high

OVERVIEW

India's merchandise trade deficit surged to USD 32.15 billion in September 2025, up from USD 20.8 billion a year earlier.

KEY HIGHLIGHTS

- Exports rose more modestly by 5.2% to USD 36.38 billion in September from $35.10 billion in August.
- Import rose 23.8% to USD 68.53 billion in September.
- Services exports in September at $30.82 billion and imports at $15.29 billion, suggesting a total goods and services trade surplus at $15.53 billion.
- Total goods imports rose to $68.53 billion in September from $61.59 billion in the previous month.
- Gold imports nearly doubled to $9.6 billion from $5.14 billion in the previous month.
- Electronic Goods exports increased by 50.54 % from US$ 2.07 Billion in September 2024 to US$ 3.12 Billion in September 2025.
- Petroleum Products exports increased by 15.22 % from US$ 4.30 Billion in September 2024 to US$ 4.96 Billion in September 2025.
- Engineering Goods exports increased by 2.93 % from US$ 9.83 Billion in September 2024 to US$ 10.11 Billion in September 2025.
- Rice exports increased by 33.18 % from US$ 0.69 Billion in September 2024 to US$ 0.92 Billion in September 2025.
- Marine Products exports increased by 23.44 % from US$ 0.63 Billion in September 2024 to US$ 0.78 Billion in September 2025.
- Drugs & Pharmaceuticals exports increased by 2.56 % from US$ 2.56 Billion in September 2024 to US$ 2.62 Billion in September 2025.

EXPORTS

- Cashew (106.41%), Other Cereals (58.19%), Iron Ore (52.25%), Electronic Goods (50.54%), Rice (33.18%), Meat, Dairy & Poultry Products (32.3%), Marine Products (23.44%), Tea (22.07%), Petroleum Products (15.22%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (9.96%), Fruits & Vegetables (7.36%), Cereal Preparations & Miscellaneous Processed Items (4.12%), Engineering Goods (2.93%), Drugs & Pharmaceuticals (2.56%), Organic & Inorganic Chemicals (1.76%), Ceramic Products & Glassware (0.42%) and Gems & Jewellery (0.4%) record positive growth during September 2025 over the corresponding month of last year.

IMPORTS

- Pulses (-55.11%), Newsprint (-17.74%), Dyeing/Tanning/Colouring Mtrls. (-16.59%), Coal, Coke & Briquettes, Etc. (-16.4%), Iron & Steel (-7.59%), Petroleum, Crude & Products (-5.85%), Pulp And Waste Paper (-5.26%), Wood & Wood Products (-5.2%) and Organic & Inorganic Chemicals (-3.97%) record negative growth during September 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 unpredictable actions taken by U.S.

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