



MONTHLY ECONOMIC **FEB** REPORT ON INDIA 2026

India's economy **holds steady** into January, with robust industrial output, auto and services demand, and **Centre's fiscal consolidation on track**. Inflation picks up from the recent lows - on a new base, and partly driven by rising precious metal prices – but stays well within RBI's target band, leaving **repo rate** on hold with an **extended pause** now the market consensus. Monetary transmission continues, with lending rates easing since February 2025 even as the **credit-deposit ratio hits a record high**. Externally, the rupee remains undervalued despite a weakening dollar, with multi-year low capital flows weighing on it. Large foreign exchange reserves provide a meaningful buffer. **Record services exports** partially offset a widening goods deficit.

January - February 2026

Growth

January's activity builds on Q3's robust momentum, with our **NICE index** signalling sustained momentum. India's **composite PMI** rises to 58.5, continuing to **outpace major economies**, while **IIP hits a 25-month high** in December. **Cement** (10.7%) and **steel** (9.9%) output **stay strong** in January even as **eight core industries soften** (4%) on **weaker energy demand**. **Auto demand stays broadly healthy** - 2W accelerates (21%), **electric PVs** (71%) and **CVs** (187%) post strong growth. **Logistics remain robust** with e-way bills (15.8%) and port cargo (7.6%) in January, though FASTag volumes contract (-1.8%) for the first time since April 2020, and petrol (6.1%) and diesel (3.3%) consumption ease. Domestic air travel rebounds (5.1%) while air cargo stays firm (9.5%). **Centre's indirect tax collections** strengthen (9.5%) and **capex grows steadily** (15%), led by defence in 9MFY26. **State finances stay on track** with robust capex (14.2%) and tax revenue growth (10.0%)

Rates

RBI MPC holds the repo rate at 5.25% with a neutral stance, with consensus expecting an **extended pause through FY2027** and into Q1FY28. Liquidity improves to 0.7% of NDTL in January, aiding lending rate transmission since February 2025. Credit growth (13.4%) continues to outpace deposits (10.6%), pushing the **CD ratio to a record 82.3**. **Yield curve steepens** - the 10Y G-sec stays elevated at 6.70% (as on 23 Feb) while the 3M T-bill eases to 5.32%, aligning near the repo rate. On **capital flows**, DIIs pump in INR 692 billion, cushioning markets against FPI outflows of INR 292 billion in January, leaving Indian equities with a modest 7.0% TTM return that trails Asian peers sharply. Net FDI remains in outflow territory for a fourth consecutive month in December as outward investment (USD 2.7 billion) exceeds inflows (USD 1.1 billion)

Inflation

Global inflation stays broadly benign - UK (3.0%) and US (2.4%) remain marginally above their 2% targets. **India's retail inflation** rises to 2.7% in January, with **rebasing of CPI series** to 2024 from 2012; the **new CPI closely tracks the old series** even with lower food and higher core weights. **Commodity prices add to the inflation** backdrop - **silver hits a record** USD 92.1/troy oz in January, copper holds at USD 12,626/tonne, gold hovers near USD 5,000/troy oz, and **crude firms** to ~USD 72/bbl (after recent softness) as of 20 February

Forex

The rupee stays undervalued on a REER basis at 95.3 in December, depreciating modestly against the EUR (1.4%), GBP (0.9%), USD (0.6%) and JPY (0.4%) over the past month (as on 19 Feb). **Multi-year low capital flows** weigh on the rupee, which fell ~5% against the dollar over the past year. The dollar itself weakens, with **DXY remaining below the 100 handle** to 97.7 as of 20 February. The **one-year forward premium** stays elevated at 2.5%, even as **record forex reserves** of ~USD 726 billion provide 8+ months of import cover. On trade, **goods deficit widens** as non-oil imports surge (24.8%), mainly gold, while non-oil exports decline (-0.2%) with electronics and labour-intensive goods slowing. Goods export flows increasingly concentrating around China and HK while staying resilient to the US in 9MFY26. **Services trade stays robust** with exports (26.3%) outpacing imports (17.3%) in January



MONTHLY ECONOMIC REPORT ON INDIA FEB 2026

Table of contents

- 04 Key charts**
 - NIIF India Coincident Economic (NICE) Index

- 06 Growth**
 - Global composite PMI
 - High frequency indicators: demand and supply
 - Fiscal position – Centre, State and ministry-wise capex

- 14 Rates**
 - Policy rates and liquidity
 - Debt and equity market and FDI
 - Institutional investments - FPI and DII

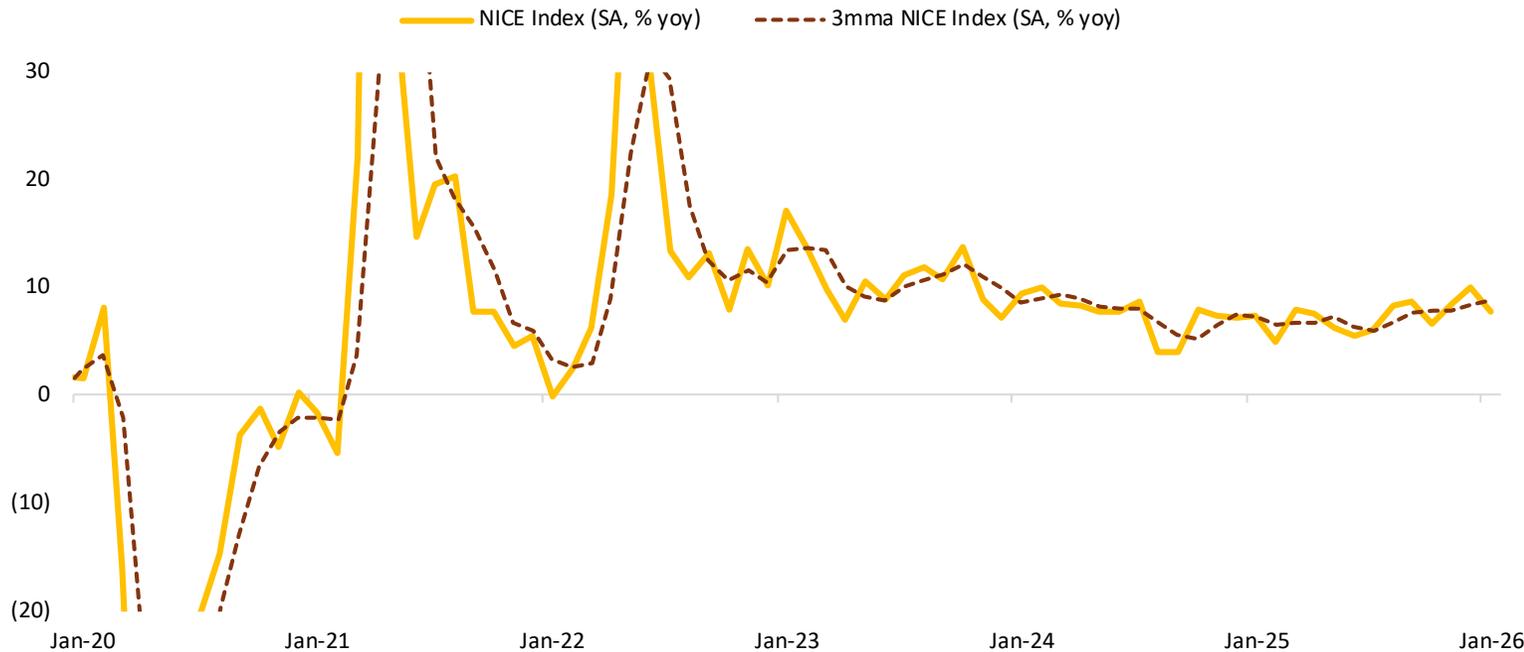
- 19 Inflation**
 - Global headline inflation
 - Domestic retail inflation and new CPI base
 - Commodity markets

- 22 Forex**
 - REER and DXY
 - INR vis-a-vis major currencies
 - Forex reserves, forward premium
 - Goods EXIM- commodity wise and country wise

Key chart: NIIF India Coincident Economic (NICE) Index (1/2)

January's economic activity holds steady as seasonally-adjusted mobility and trade indicators accelerate while energy output softens

Monthly NIIF India Coincident Economic (NICE) Index (seasonally adjusted, % yoy), FY2020 – FY2026 (Jan '26)



Auto registrations (17.1%), e-way bills (15.5%), air passenger travel (7.1%) lead January's momentum with seasonally adjusted y-o-y growth; Port cargo stays steady at 8.1%. Services PMI climbs to 58.5, reflecting sustained business optimism.

On the supply side, seasonally-adjusted diesel (3.1%) and petrol (5.7%) consumption ease alongside softer coal (3.3%) and steel (4.4%) production, pointing to pockets of moderation in January's otherwise steady picture.

Source: CEIC, Thurro, NIIF Research

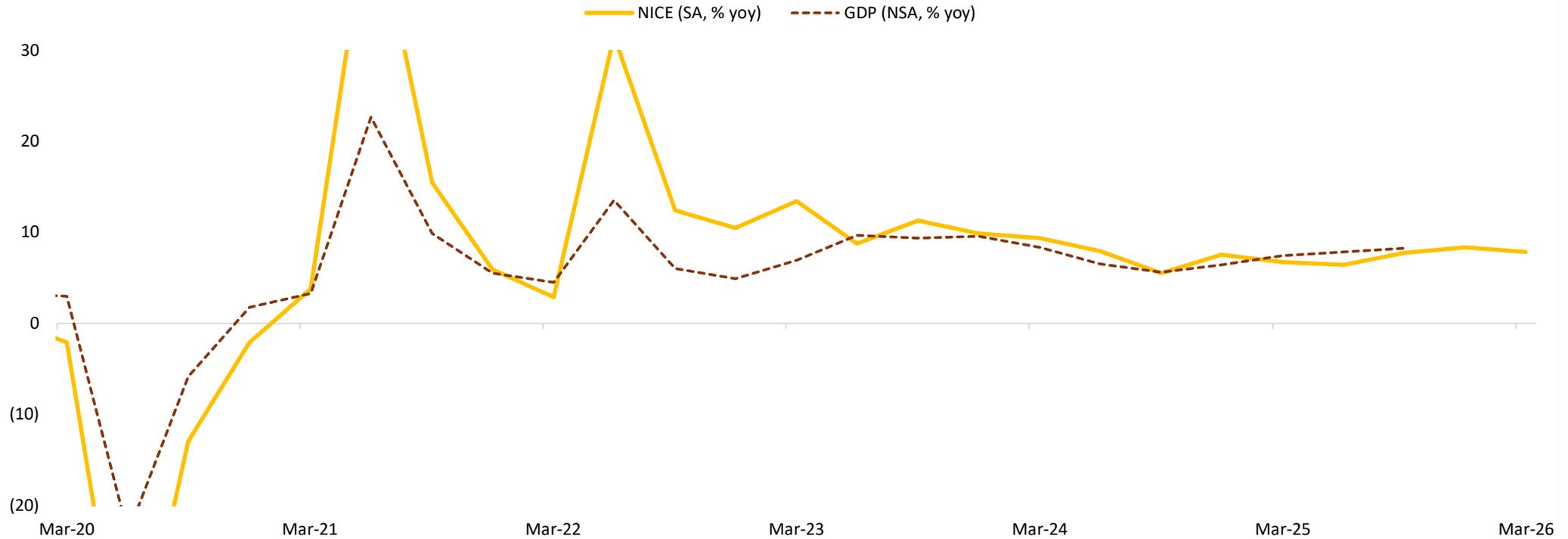
Note:

1. NICE is an index of 10 monthly high-frequency indicators: e-way bills, steel production, petrol consumption, diesel consumption, air passenger traffic, electricity generation, automobile registrations, major ports cargo, coal production and PMI services
2. Indicators are seasonally adjusted (unless already adjusted, such as in PMI services) and rebased to June 2018 = 100. A single factor is estimated by applying principal component analysis (PCA). Specifically, an index is created using the first two Principal Components (PCs), which account for 90% of the variations, and a weighted average of PC1 and PC2 is used to derive individual indicator weights. Turning point analysis was carried out to ensure the index coincides with major economic events, such as the COVID-19 pandemic, election cycles, and festival demand spikes
3. 3mma NICE refers to the 3-month moving average of the NICE Index (X)
4. Methodology subject to periodic review and refinement

Key chart: NIIF India Coincident Economic (NICE) Index (2/2)

NICE Index points to robust Q3FY26 economic momentum with broad-based improvement across demand and supply indicators

Quarterly NIIF India Coincident Economic (NICE) Index and real GDP (% yoy), FY2020 – FY2026 (Mar '26)



Source: CEIC, NIIF Research

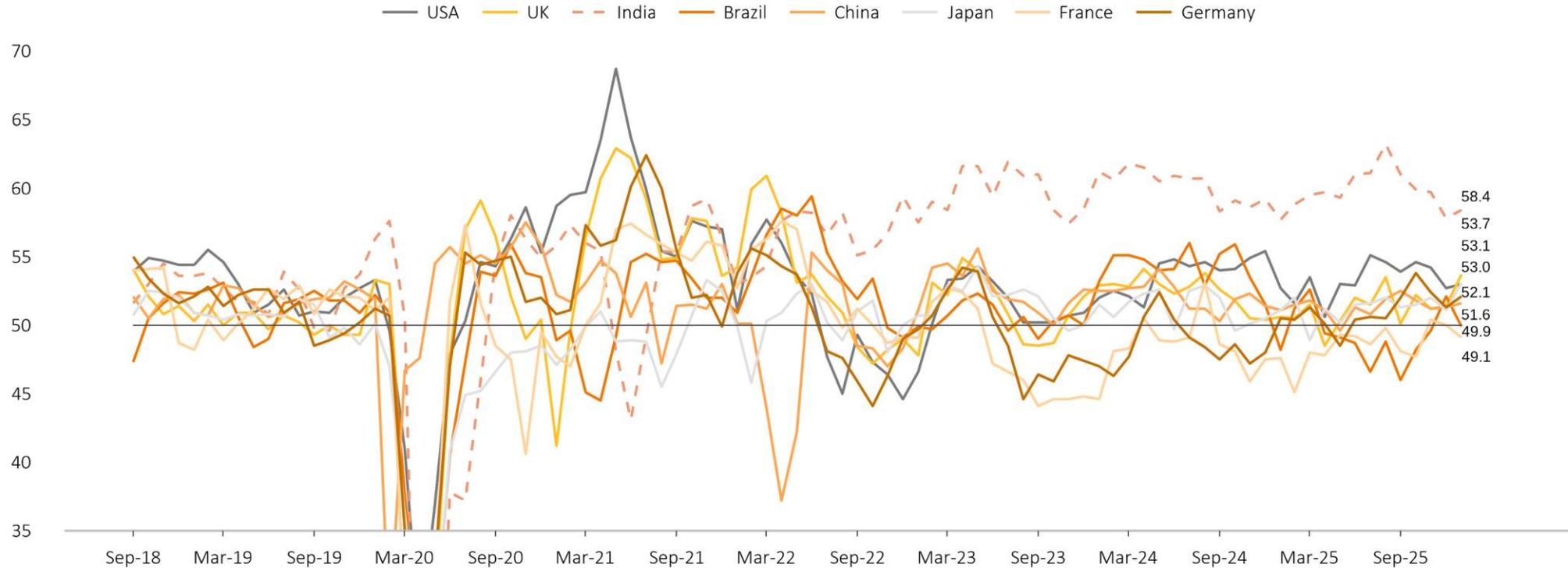
Note:

1. Quarterly index computed by averaging monthly NICE values within each quarter using identical methodology. Q4FY26 NICE growth based on Jan '26 economic activity.
2. SA: Seasonally adjusted; NSA: Not seasonally adjusted
3. GDP growth (% yoy) measured at constant prices
4. Methodology subject to periodic review and refinement

[Growth] Purchasing managers' index: Global

India leads PMI gains in January; Brazil and France slip into contraction while most major economies hold steady

Monthly PMI composite indices across major economies, FY2019-FY2026 (Jan '26)



Source: Thurro, S&P, NIIF Research

Note:

1. Impact of Covid on economic activity seen across countries for months between Feb '20 and May '20 and hence not shown in the chart.
2. The headline PMI Composite (Output) Index is a weighted average of the headline PMI Services Index and the Manufacturing Output Index (not the headline PMI manufacturing). Hence, a simple average of PMI Services and Manufacturing indices may not reflect in the PMI Composite.

[Growth] High-frequency indicators: Supply

Change in major economic indicators (% yoy), Dec '24 - Jan '26

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Fiscal														
Central government capex	95.3	51.4	(35.4)	67.2	61.0	38.7	43.7	(10.5)	113.1	30.9	(28.3)	(13.8)	(24.5)	
Central government revex	1.7	5.1	(12.8)	(5.5)	(5.7)	40.7	36.6	7.8	(25.5)	(20.8)	(8.2)	18.0	1.9	
Gross tax revenue	11.1	4.6	19.7	2.8	6.5	19.1	(4.7)	(11.7)	1.0	8.4	13.8	(2.8)	32.4	
GST collection	7.3	12.3	9.1	9.9	12.6	16.4	6.2	7.5	6.5	9.1	4.6	0.7	6.1	6.2
Industry														
Index of industrial production	3.7	5.2	2.7	3.9	2.6	1.9	1.5	4.3	4.0	4.6	0.5	7.2	7.8	
Index of eight core industries	5.1	5.1	3.4	4.5	1.0	1.2	2.2	3.7	6.5	3.3	(0.1)	2.1	4.7	4.0
Electricity generation	5.2	2.3	3.0	6.4	1.6	(5.3)	(2.0)	1.6	4.0	3.0	(5.9)	(0.9)	6.4	4.6
Steel production	7.3	4.7	6.9	8.7	4.4	7.4	9.7	16.6	13.6	14.4	5.9	6.7	10.1	9.9
Cement production	10.3	14.3	10.7	12.2	6.3	9.7	8.2	11.6	5.4	5.0	5.2	14.6	13.7	10.7
Coal production	5.3	4.5	1.7	1.6	4.1	2.8	(6.8)	(12.4)	11.5	(1.1)	(8.5)	2.1	3.6	3.2
Wholesale price index	2.6	2.5	2.4	2.2	0.9	0.1	(0.2)	(0.6)	0.5	0.2	(1.0)	(0.1)	0.8	1.8
Logistics														
Rail freight	1.7	(1.6)	(3.0)	3.0	3.6	2.7	0.9	0.0	8.5	3.9	2.3	4.2	3.2	
Port cargo	3.3	6.3	7.9	12.5	7.0	4.4	5.6	3.9	2.6	11.4	11.9	14.6	12.8	7.6
Air cargo	8.1	9.0	(4.9)	3.9	11.5	5.1	0.3	4.2	5.3	2.9	(2.5)	15.8	9.5	
E-way bills (volume)	17.6	24.0	14.7	20.2	23.4	18.9	19.3	25.8	22.4	21.0	8.2	27.6	23.5	15.8
Trade														
Merchandise exports	(1.5)	(2.6)	(10.9)	0.9	(3.8)	(1.2)	(1.3)	13.3	5.7	6.0	(12.5)	19.0	1.8	0.6
Merchandise imports	2.2	10.9	(15.7)	11.8	20.0	(1.3)	(3.4)	9.1	(9.6)	17.6	16.7	(1.8)	8.8	19.2
Non-oil merchandise exports	5.1	14.5	(6.0)	2.4	9.1	3.9	3.2	14.1	6.7	5.5	(12.0)	20.3	3.0	(0.2)
Non-oil merchandise imports	6.2	20.8	(10.4)	9.9	17.7	10.6	(1.6)	9.6	(13.6)	25.6	32.4	1.3	9.6	24.8
Services exports	16.9	12.1	11.7	18.7	8.9	9.6	12.0	10.4	2.8	12.6	2.2	6.7	13.0	26.3
Services imports	13.9	12.6	(4.7)	5.3	1.0	(1.0)	5.1	8.5	(5.3)	7.9	2.9	(2.1)	7.3	17.3

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research

Note:

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure.
3. GST collection growth (% yoy) from November 2025 onwards is adjusted to exclude the discontinued compensation cess

Industrial momentum sustains; tax collections strengthen while goods trade deficit widens

•Fiscal

Central govt capex contracts on a high base in December while revenue spending moderates. Gross tax collections surge and GST growth holds steady in January

•Industry

Industrial production hits a 25-month high in December on an electricity rebound, strong cement output and steady steel production. Wholesale inflation edges higher in January

•Logistics

Rail freight eases in December. Air cargo, e-way bills and port cargo stay robust but moderate sequentially in January

•Trade

Goods trade deficit widens as non-oil imports surge and non-oil exports contract. Services exports continue to outpace imports in January

[Growth] High-frequency indicators: Demand

Change in major economic indicators (% yoy), Dec '24 - Jan '26

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Energy														
Electricity demand	5.8	2.4	2.8	6.7	2.2	(5.0)	(1.7)	2.0	4.3	3.2	(6.0)	(0.8)	6.1	3.9
Petrol consumption	11.1	6.7	5.0	5.7	5.0	9.2	6.8	5.9	5.5	8.0	7.4	2.6	7.1	6.1
Diesel consumption	5.9	4.2	(1.3)	0.9	4.2	2.1	1.5	2.4	1.2	6.5	(0.3)	4.8	5.2	3.3
Automobile registrations														
Passenger vehicles	0.7	19.0	(7.0)	10.9	5.5	0.6	11.7	1.4	3.7	11.2	13.9	22.4	28.3	10.2
Three-wheeler	(4.6)	6.9	(0.8)	(5.6)	24.5	6.3	17.7	0.8	(2.3)	(7.2)	5.4	23.7	36.1	18.8
Two-wheeler	(17.3)	4.7	(5.8)	(1.0)	2.8	7.8	19.0	(6.1)	2.7	7.3	52.7	(2.6)	10.3	21.2
Commercial vehicles	(8.0)	5.9	(6.8)	0.7	(3.4)	(5.7)	16.6	(2.4)	4.9	2.5	20.0	20.5	24.9	18.5
Passenger vehicles – electric	24.3	54.3	28.3	63.1	71.1	70.4	157.4	109.3	194.8	194.4	79.3	76.3	77.1	71.1
Three-wheeler – electric	3.1	12.2	5.0	(2.1)	48.8	20.6	17.0	8.6	4.5	(3.0)	5.1	31.9	48.5	26.4
Two-wheeler – electric	(2.8)	19.9	(7.2)	(6.3)	41.2	30.7	96.5	(3.8)	18.0	16.0	3.4	(1.7)	33.0	25.2
Commercial vehicles - electric	91.1	39.4	(4.5)	(59.5)	114.9	104.8	353.0	141.9	171.3	172.7	226.0	229.0	171.1	186.7
Services														
Air passenger (domestic)	8.3	11.3	11.1	8.7	8.4	1.7	2.9	(3.0)	(1.5)	(3.0)	2.8	6.9	(4.1)	5.1
Air passenger (international)	9.4	11.6	7.3	5.6	13.3	5.6	2.8	7.6	8.5	7.3	10.4	8.5	7.4	10.9
FASTag collection (volume)	9.8	14.8	18.7	11.9	16.6	16.4	15.5	14.8	12.7	4.5	4.6	2.9	0.4	(1.8)
FASTag collection (value)	13.3	19.0	18.3	14.5	21.6	20.0	17.5	19.6	18.7	14.3	9.3	16.1	11.2	9.4
UPI transactions (volume)	39.2	39.3	33.1	36.2	34.5	33.1	32.5	34.9	33.7	30.5	24.8	32.2	29.3	27.7
UPI transactions (value)	27.5	27.5	20.2	25.2	21.9	23.0	19.8	21.5	20.6	20.6	16.1	22.1	20.3	20.7
Consumer price index	5.2	4.1	3.5	3.6	3.3	3.0	2.3	1.6	2.0	1.4	0.0	0.5	1.2	2.7
Banking														
Aggregate deposits	9.8	12.1	12.0	10.3	9.8	9.9	10.1	10.2	9.3	9.4	10.8	10.2	12.7	10.6
Outstanding credit	11.2	12.5	12.3	11.0	10.1	9.0	9.5	10.0	10.1	10.8	12.0	11.5	14.5	13.4

Auto demand broadly robust and air travel rebounds; energy eases and credit-deposit ratio at a high

•Energy

Energy demand eases in January as electricity and diesel consumption moderate from December. Petrol consumption remains steady

•Automobile

Auto demand across categories remains robust in January with 2W accelerating. EV adoption picks up sequentially with strong PV and CV demand

•Services

Domestic air travel rebounds in January, UPI stays strong while FASTag volume declines. Retail inflation rises on a new CPI base year with lower food weight, staying near RBI's lower target

•Banking

Credit growth remains elevated in January, outpacing deposit growth and pushing the credit-deposit ratio to an all-time high

Source: Thurro, CGA, Ministry of Finance, MoSPI, EAI, POSOCO, Indian Railways, Indian Ports Association, AAI, GSTN, RBI, NPCI, NIIF Research

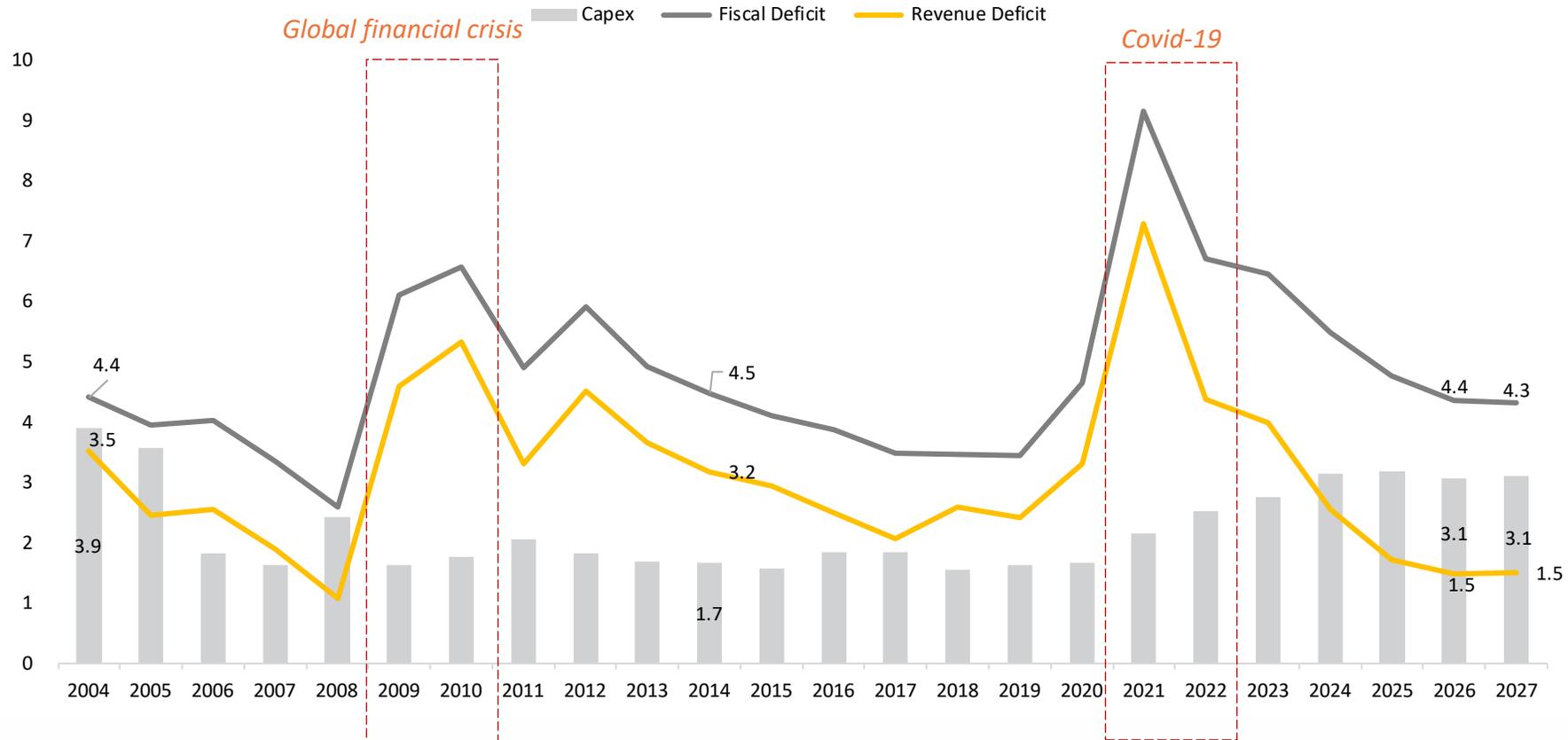
Note:

1. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
2. Absolute values in Annexure.

[Growth] Fiscal position: Union Budget

Union Budget FY2027 lowers fiscal deficit target to 4.3% of GDP while sustaining central government capex allocation at 3.1% of GDP

Annual capex, fiscal, revenue, and primary deficit of the central government (% of GDP), FY2004-FY2027BE



Source: CEIC, Union Budget (various years), NIIF Research

Note:

1. FY2026 data are revised estimates (RE), FY2027 are budget estimates (BE)
2. FY2027 nominal GDP of INR 393.0 trillion is based on estimates published in Union Budget 2026-27
3. Fiscal deficit is the difference between total expenditure and non-debt receipts of the government
4. Revenue deficit is the different between revenue expenditure and revenue receipts
5. Primary deficit is fiscal deficit excluding interest payments of the government

[Growth] Fiscal position: Central Government

Indirect tax collections strengthen (9.5% yoy) in 9MFY26, improving fiscal position while capex sustains robust growth (15.0% yoy)

Monthly snapshot of central government fiscal health (INR trillion), FY2025-FY2026 (Dec '25)

	FY2025		FY2026		% of BE		% yoy
	December	YTD	December	YTD	YTD FY2025	YTD FY2026	Δ YTD
1 Revenue receipts	4.2	22.9	5.7	24.8	73.2	72.5	8.2
1.1 Gross tax revenue	4.9	27.5	6.5	29.8	71.6	69.9	8.5
1.1.1 Direct tax	3.7	15.8	4.1	17.1	71.5	67.7	8.0
1.1.2 Indirect tax	1.2	11.3	2.4	12.4	69.7	71.2	9.5
2 Capital receipts (non-debt)	0.0	0.3	0.1	0.5	35.0	60.6	68.7
2.1 Net recovery of loans and advances	0.0	0.2	0.0	0.2	65.4	62.8	(0.4)
2.2 Miscellaneous receipts	0.0	0.1	0.0	0.3	18.0	59.2	209.3
3 Total (non-debt) receipts (1 + 2)	4.2	23.2	5.8	25.3	72.3	72.2	8.9
4 Revenue expenditure	3.2	25.5	3.3	25.9	68.7	65.7	1.8
4.1 Interest payment	1.5	8.1	1.7	9.1	69.5	71.4	12.7
5 Capital expenditure	1.7	6.9	1.3	7.9	61.7	70.3	15.0
6 Total expenditure (4 + 5)	4.9	32.3	4.6	33.8	67.0	66.7	4.6
7 Revenue deficit (4 - 1)	(1.0)	2.6	(2.4)	1.1	44.1	21.8	(55.5)
8 Fiscal deficit (6 - 3)	0.7	9.1	(1.2)	8.6	56.7	54.5	(6.4)
9 Annual Nominal Gross Domestic Product (GDP)	330.7		357.1				

Source: CEIC, Union Budget 2025-26, NIIF Research

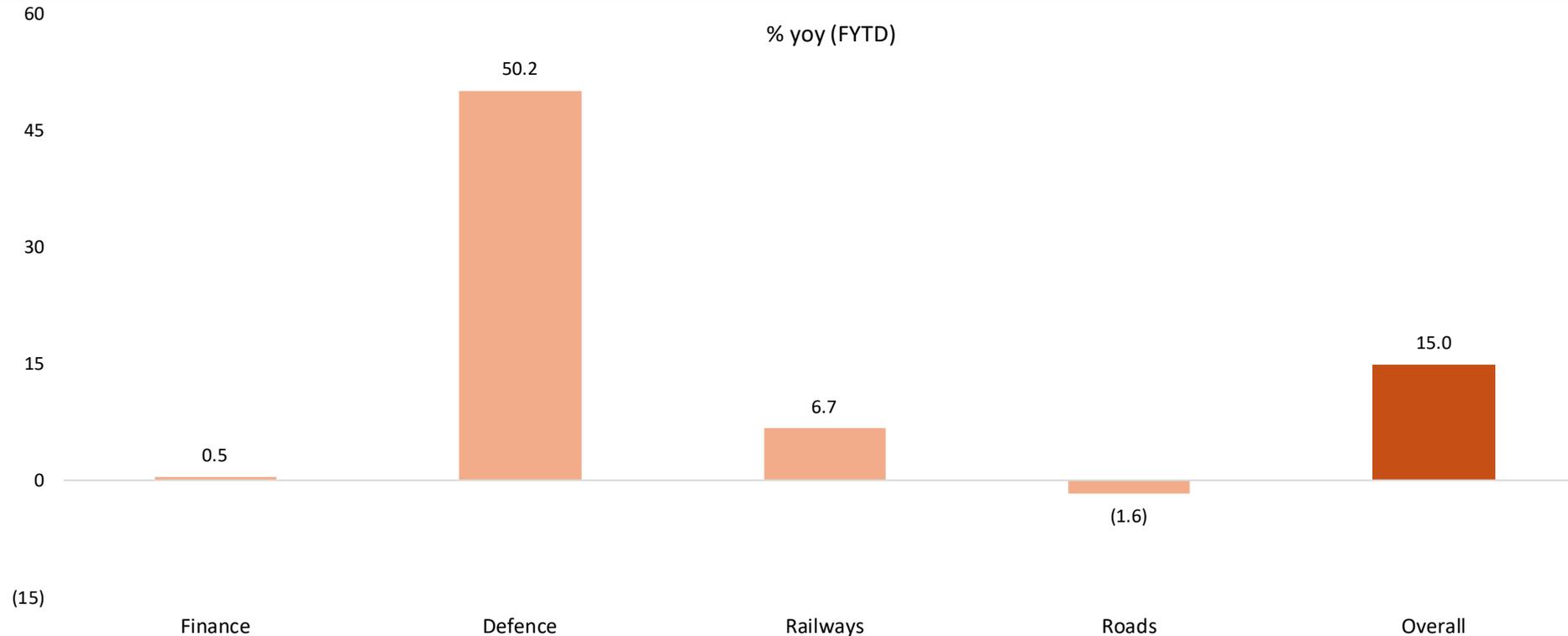
Note:

1. FY2025 is the period between April 2024 and March 2025, similarly for other years
2. YTD refers to financial year to date, i.e., from April onwards; BE is the budget estimate for the stated financial year
3. FY2026 nominal GDP is based on the first advance estimate published by MoSPI

[Growth] Fiscal position: Capex

Defence leads central government capex growth in 9MFY26; Roads, railways, and defence together account for 86% of total capex spending

Central government capital expenditure by major ministries (% yoy, FYTD), FY2026 (Dec '25)



Source: CEIC, NIIF Research

Note:

1. BE: Budget Estimate
2. The above four ministries account for ~86% of total capital expenditure in FYTD26 (till Dec)
3. Communication refers to Department of Telecommunication and Department of Posts

[Growth] Fiscal position: State Government

States sustain strong capex momentum in 9MFY26, outpacing all-India nominal GDP growth; on broad-based revenue receipt improvement

Monthly fiscal snapshot of 24 State governments (INR trillion), FY2025 – FY2026 (Dec '25)

Combined state fiscal (24 states)		FY2025		FY2026		% yoy
		December	YTD	December	YTD	Δ YTD
1	Revenue receipts	2.9	26.0	3.2	27.9	7.5
1.1	Tax revenue	2.3	21.9	2.7	24.1	10.0
1.2	Non - tax revenue	0.3	2.0	0.3	2.2	11.3
2	Capital receipts	0.9	5.5	1.1	5.9	7.0
2.1	Borrowings and other liabilities	0.9	5.4	1.0	5.8	6.4
3	Total receipts (1 + 2)	3.9	31.7	4.3	34.1	7.6
4	Revenue expenditure	3.3	27.3	3.5	29.2	6.7
4.1	Interest payment	0.4	3.3	0.5	3.7	12.3
5	Capital expenditure	0.5	3.9	0.7	4.5	14.2
6	Total expenditure (4 + 5)	3.8	31.3	4.2	33.7	7.6
7	Revenue balance (4 - 1)	(0.4)	(1.2)	(0.1)	(0.8)	(31.8)
8	Fiscal balance	(1.0)	(5.5)	(1.1)	(5.8)	6.1
9	Annual Nominal Gross Domestic Product (GDP)	330.7		357.1		

Source: CEIC, NIIF Research

Note

1. State fiscal excludes states of Arunachal Pradesh, Bihar and Manipur
2. Interest payment under revenue expenditure excludes states of Sikkim and Mizoram
3. Fiscal balance cannot be derived from the above table as non-debt capital receipts data are not provided on monthly basis.

[Rates] Forecast of policy rates

Consensus (as of 24 Feb) projects RBI to hold repo rate at 5.25% through FY2027 and Q1FY28

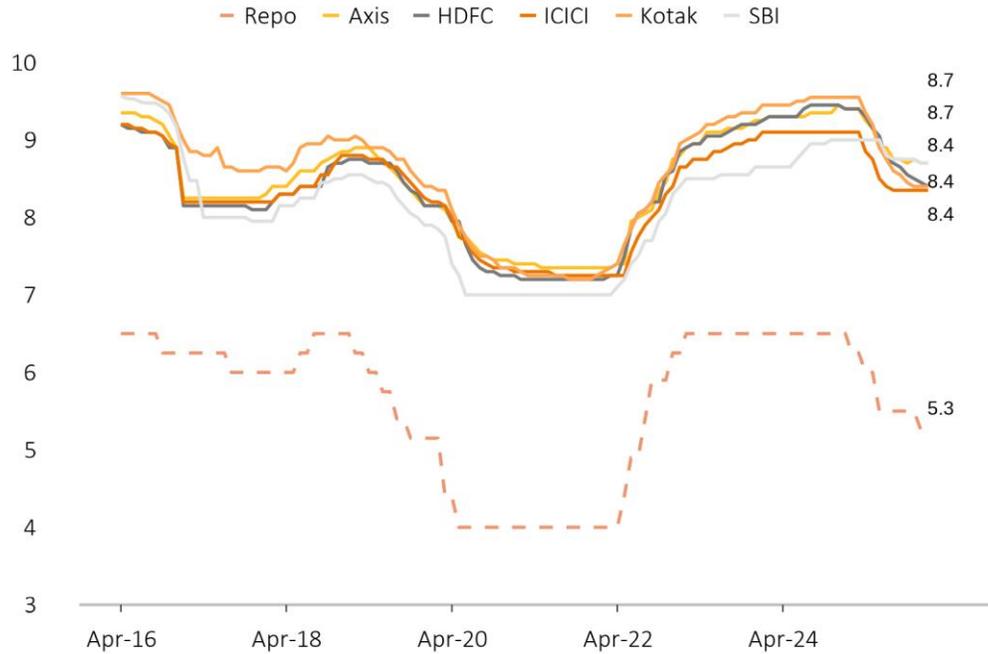
Projections for RBI's benchmark repo rate (%), Q4FY26 to Q1FY28 (24 Feb '26)

	Q4FY26	Q1FY27	Q2FY27	Q3FY27	Q4FY27	Q1FY28
<i>Number of analysts</i>	24	14	15	14	11	9
High forecast	5.25	5.25	5.25	5.25	5.50	5.75
Low forecast	5.00	5.00	5.00	5.00	5.25	5.25
Bloomberg average	5.19	5.23	5.22	5.21	5.27	5.33
Median forecast	5.25	5.25	5.25	5.25	5.25	5.25
Comparing previous survey median forecasts						
Bloomberg Dec '25 survey	5.25	5.00	5.13	5.13	5.13	5.13
Bloomberg Nov '25 survey	5.25	5.25	5.25	5.25	5.25	5.25
Bloomberg May '25 survey	5.50	5.50	5.50	5.50	5.50	-

Source: Bloomberg, NIIF Research

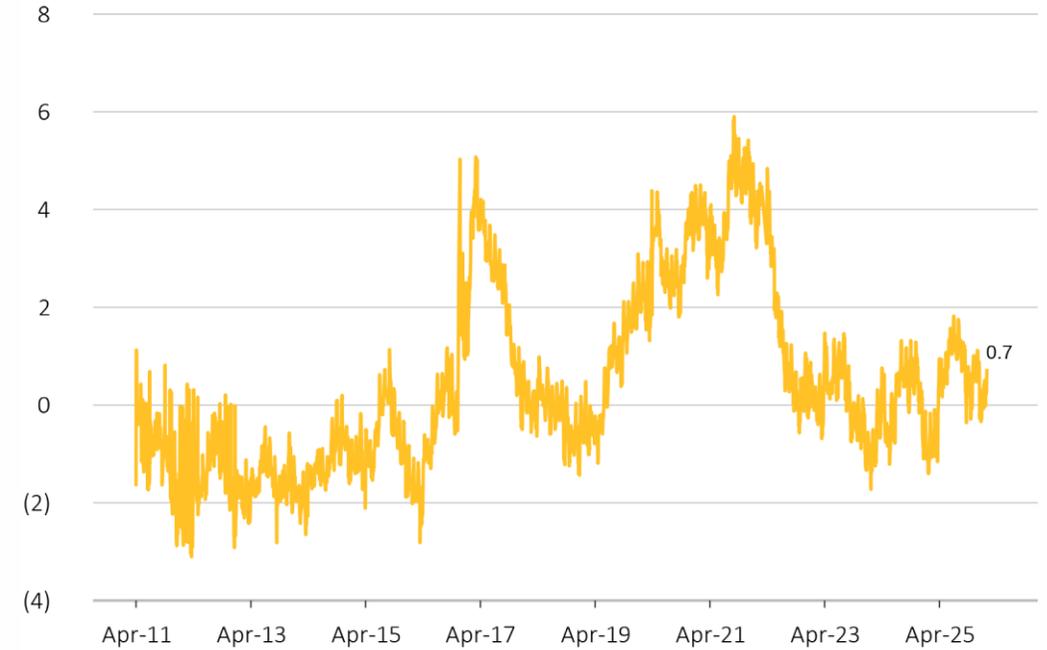
[Rates] Policy rate and liquidity

Private banks lower lending rates by 70-115bps since the Feb '25 rate cut
 Monthly 1-year marginal cost of fund-based lending rate (%), FY2017-FY2026 (Jan '26)



Source: Thurro, RBI, NIIF Research

System liquidity swings to surplus (0.7% of NDTL) in January
 Surplus liquidity (% of net demand and time liabilities), FY2012-FY2026 (31 Jan '26)



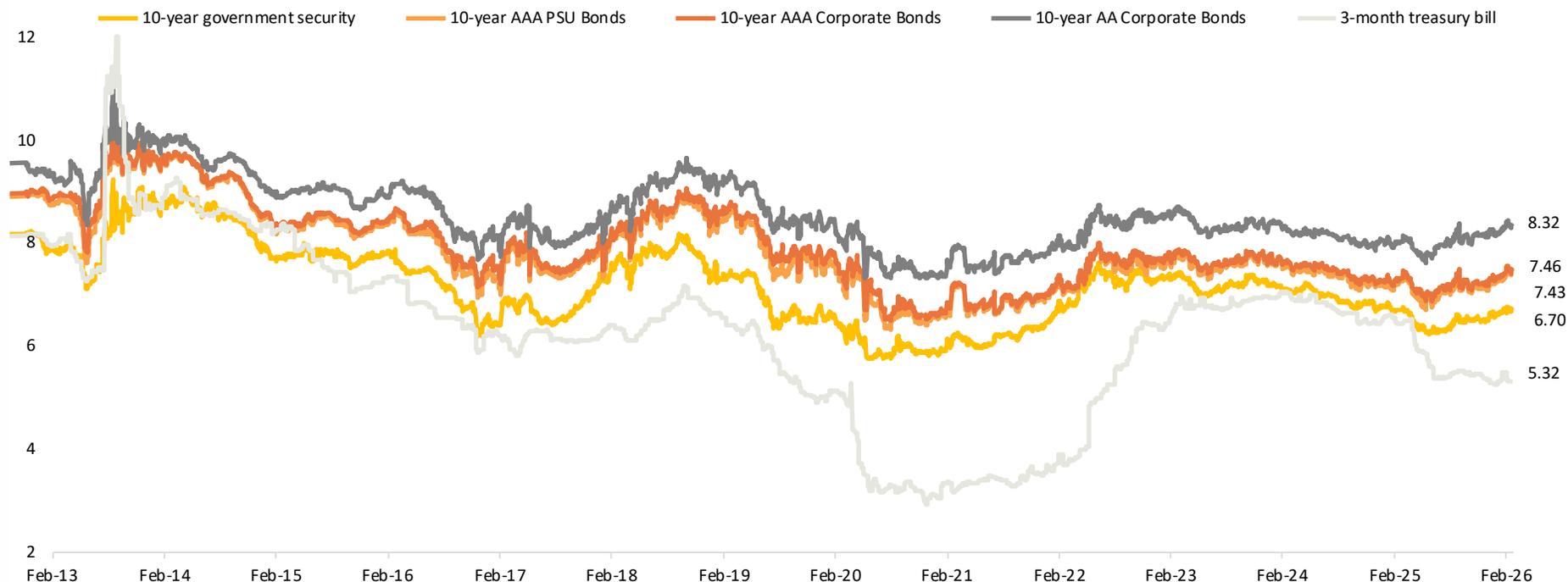
Source: Thurro, RBI, NIIF Research

Note:

1. Liquidity operations by RBI include repo, term-repo, long-term repo operations, open market operations, marginal standing facility, and standing liquidity facilities
2. A positive number indicates liquidity surplus

[Rates] Debt markets

3-month T-bill yields (5.32%) ease towards the repo rate while 10-year G-sec (6.70%) and corporate bond yields remain elevated since Dec
 Daily India G-sec and corporate bond yields (%), FY2014-FY2026 (23 Feb '26)

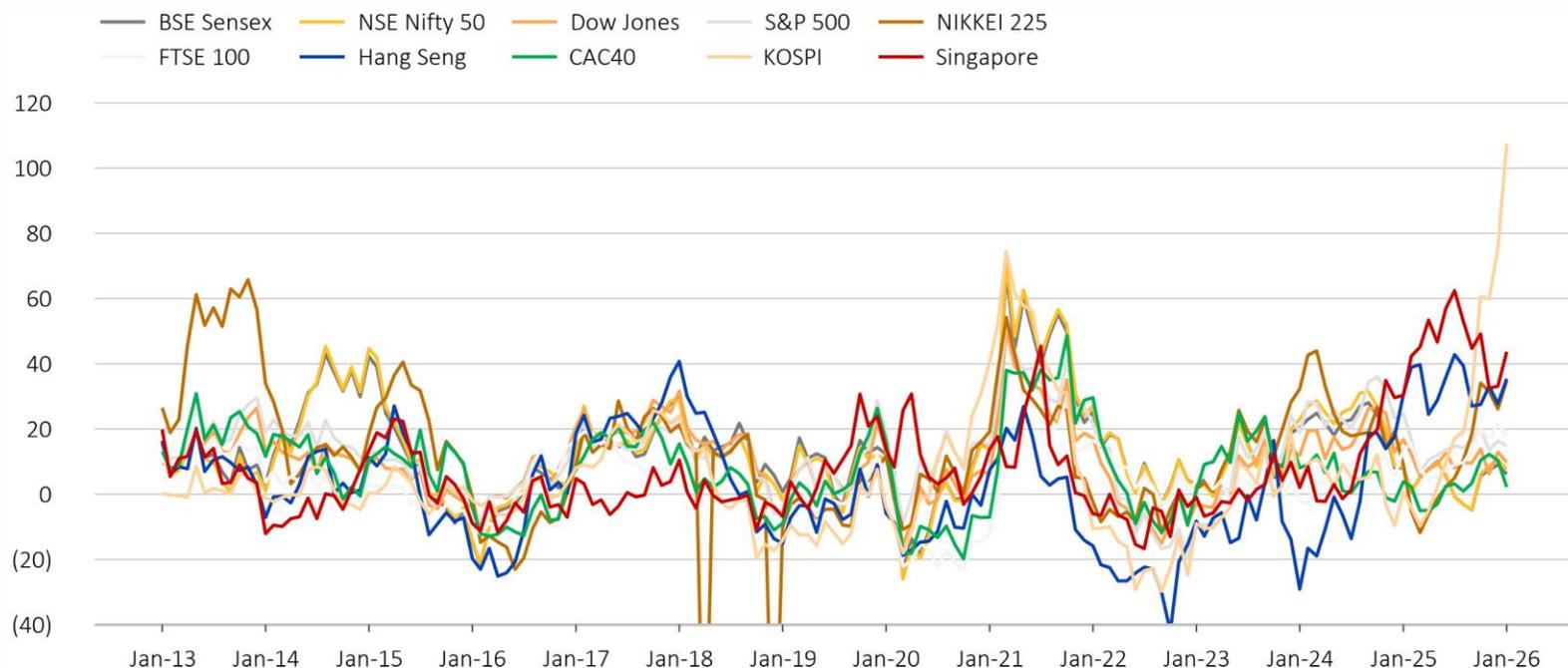


Source: Bloomberg, NIIF Research

[Rates] Equity markets: Global

Indian equities post modest 7.0% TTM returns in January, lagging Asian peers - Korea (107.5%), Singapore (43.7%), Hong Kong (35.4%)

Monthly performance of Nifty-50, Sensex and other global indices, returns in local currency (% yoy), FY2013-FY2026 (Jan '26)



Returns as on January 31, 2026 (% yoy)

KOSPI	107.5
Singapore	43.7
Hang Seng	35.4
NIKKEI 225	34.7
FTSE 100	17.9
S&P 500	14.9
Dow Jones	9.8
NSE Nifty 50	7.7
BSE Sensex	6.2
CAC40	2.2

Source: Thurro, BSE, NIIF Research

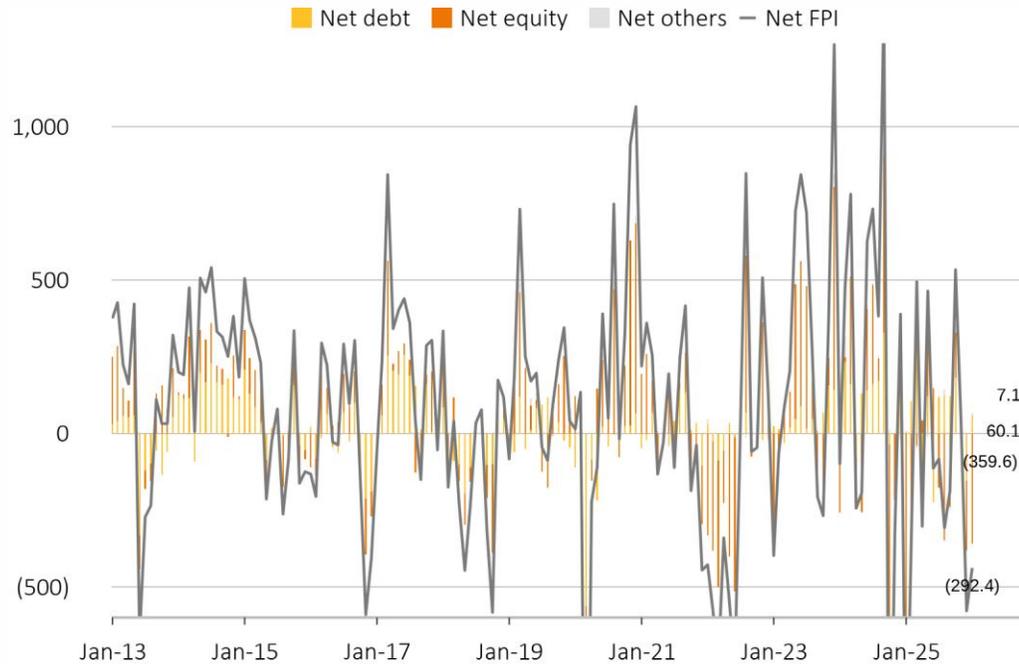
Note:

1. Return is calculated as on month end

[Rates] Flows: Portfolio

Foreign investors pull ~INR 292 billion from Indian equities in January

Monthly net FPI investments in India (INR billion), FY2013-FY2026 (Jan '26)



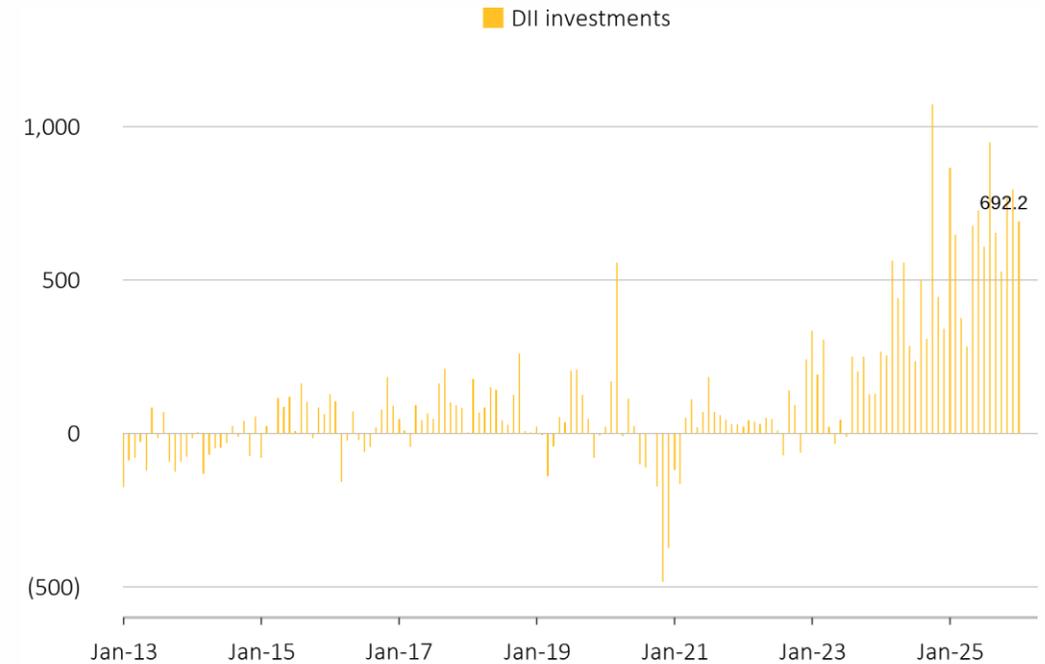
Source: Thurro, NSDL, NIIF Research

Note:

- Others comprise of hybrid, mutual funds and AIFs. Hybrid include investments in InvITs and REITs. Debt includes investments under Debt-VRR, Debt-FAR and Debt-General limit. Debt-VRR (voluntary retention route) allows FPIs to participate in repo transactions and also invest in exchange traded funds that invest in debt instruments.

DII counter FPI exit with ~INR 692 billion in January

Monthly net DII investments in India (INR billion), FY2013-FY2026 (Jan '26)



Source: Thurro, NSE, BSE, NIIF Research

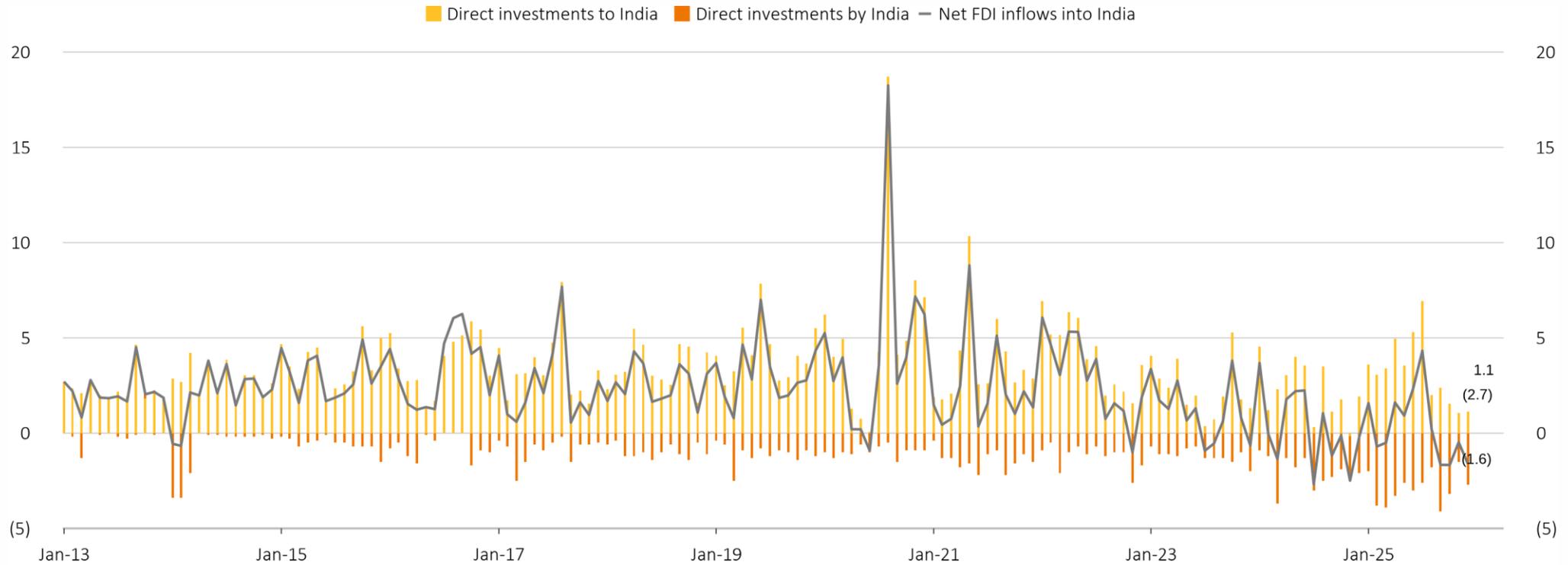
Note:

- Domestic institutional investors (DII) are those institutional investors who undertake investment in securities and other financial assets (debt, AIFs, etc.) within India. These include insurance companies, banks, DFIs, mutual funds, NPS, EPFO.

[Rates] Flows: FDI

Net FDI records an outflow of USD 1.6 billion in December as outward FDI (USD 2.7 billion) exceeds inflows (USD 1.1 billion)

Monthly foreign direct investments (USD billion), FY2013-FY2026 (Dec '25)

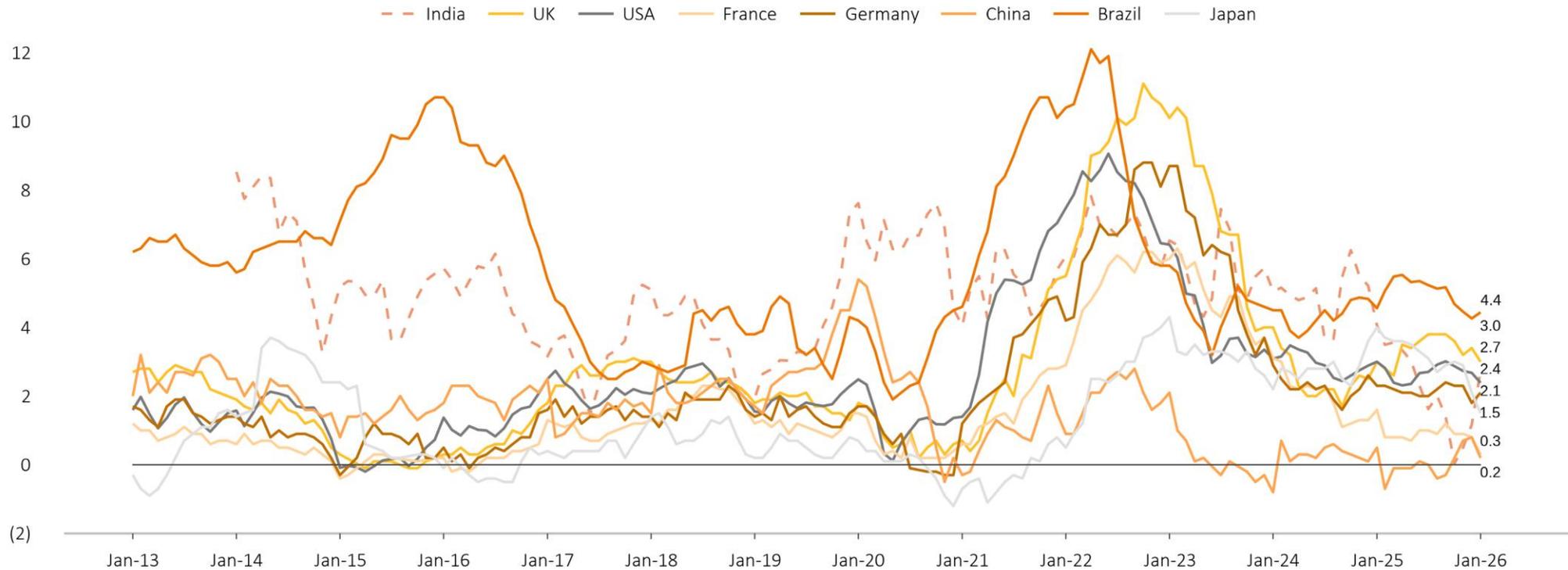


Source: Thurro, RBI, NIIF Research

[Inflation] Global

India's inflation rise to 2.7% in January due to base revision; Inflation across advanced economies ease, UK and US remain above their targets

Monthly consumer price inflation (% yoy), FY2014 - FY2026 (Jan '26)



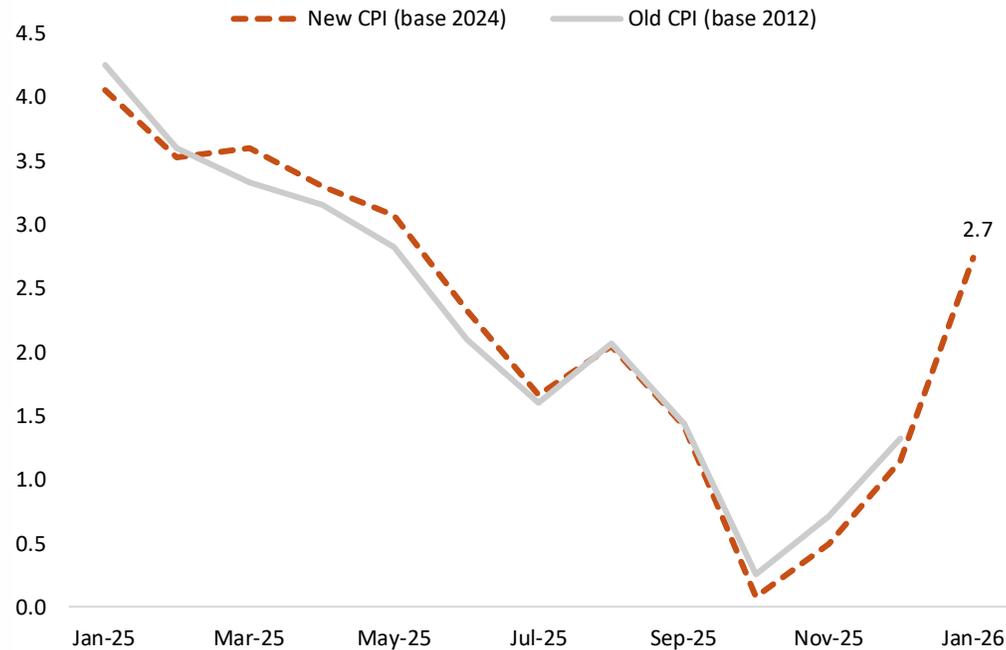
Source: Thurro, MOSPI, Bloomberg, Investing.com, NIIF Research

Note:

1. Inflation targets: India ($4\% \pm 2\%$), UK (2%), USA (2%), France (2%), Germany (2%), China (2%), Brazil ($3\% \pm 1.5\%$) and Japan (2%).
2. Advanced economies (UK, USA, Eurozone, Japan) mostly use point targets (2%), with some flexibility in time horizon. Emerging markets like Brazil and India adopt explicit ranges to allow for volatility. China sets indicative CPI goals rather than formal inflation targeting

[Inflation] India

New CPI base year changes to 2024; inflation trajectory largely the same
 Headline CPI inflation with old and new base (% yoy), Jan '25 – Jan '26

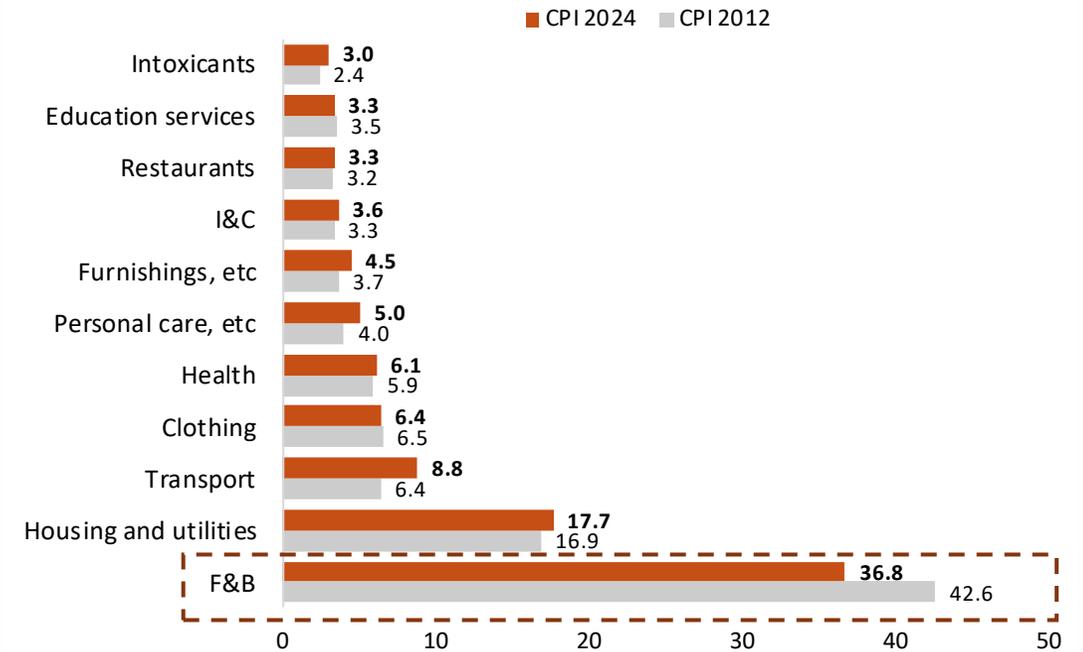


Source: MoSPI, PIB, NIIF Research

Note:

- MoSPI linking factor of 0.5267 enables comparability between the old headline CPI (base 2012) and the new series (base 2024)

New CPI reduces food weight, raises core, reflecting consumption shifts
 Comparison of old and new CPI division-wise weights as per new structure (%), Jan '26



Source: MoSPI, PIB, NIIF Research

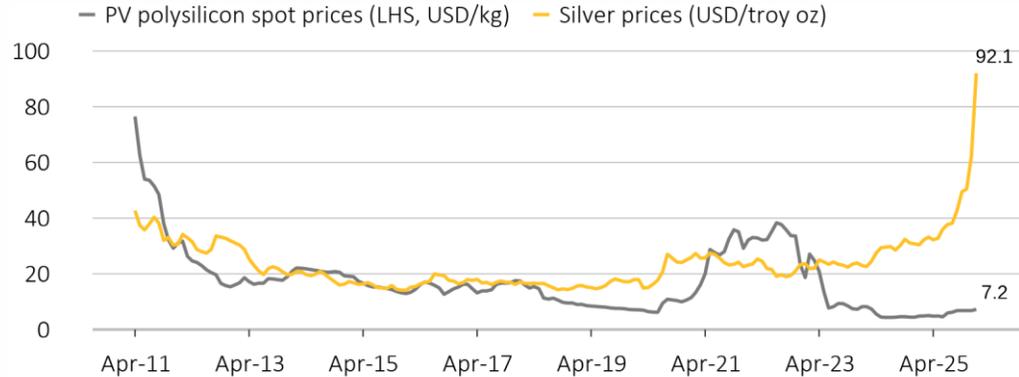
Note:

- F&B: Food and beverages; Intoxicants: Paan, tobacco and intoxicants; Clothing: Clothing and footwear; Restaurants: Restaurants and accommodation services; Housing and utilities: Housing, water, electricity, gas and other fuels; Furnishings, etc: Furnishings, household equipment and routine household maintenance; I&C: Information and communication; Recreation, etc: Recreation, sport and culture; Personal care, etc: Personal care, social protection and miscellaneous goods and services
- Core excludes Food and beverages, and Electricity, gas, and other fuels (under Housing and utilities); Weight estimated at 57.9% in new CPI (vs 47.6% earlier)

[Inflation] Commodity markets

Silver hits a record USD 92.1/troy oz in January

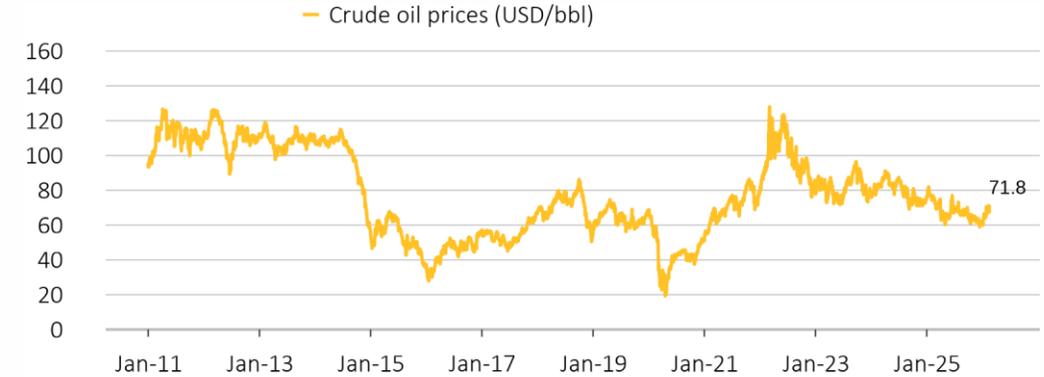
Monthly average silicon and silver prices, FY2012-FY2026 (Jan '26)



Source: Thurro, World Bank Commodity Price Data (The Pink Sheet), NIIF Research

Crude oil picks up to USD 71.8/bbl by 20 February after recent softness

Daily Brent crude oil prices, FY2011-FY2026 (20 Feb '26)



Source: Thurro, Investing.com, NIIF Research

Copper prices stay elevated at USD 12,626/tonne on 19 February

Daily copper prices, FY2015-FY2026 (19 Feb '26)



Source: Thurro, Business Insider, NIIF Research

Gold consolidates near the ~5,000/troy oz mark in February

Daily gold prices, FY2015-FY2026 (19 Feb '26)



Source: Thurro, Business Insider, NIIF Research

[Forex] Foreign exchange markets (1/3)

Rupee stays undervalued on REER basis at 95.3 in December

Monthly real effective exchange rate of INR, base year 2015-16 (X), (Dec '25)



Source: Thurro, RBI, NIIF Research

Note:

1. Real effective exchange rate (REER) is the weighted average of a country's currency in relation to basket of currencies of its major trading partners.
2. A REER value greater than 100 implies that the currency is overvalued, and undervalued if under 100

DXY remains below the 100 handle to 97.7 as of 20 February

Daily dollar index (X), FY2013-FY2026 (20 Feb '26)



Source: Thurro, Yahoo Finance, NIIF Research

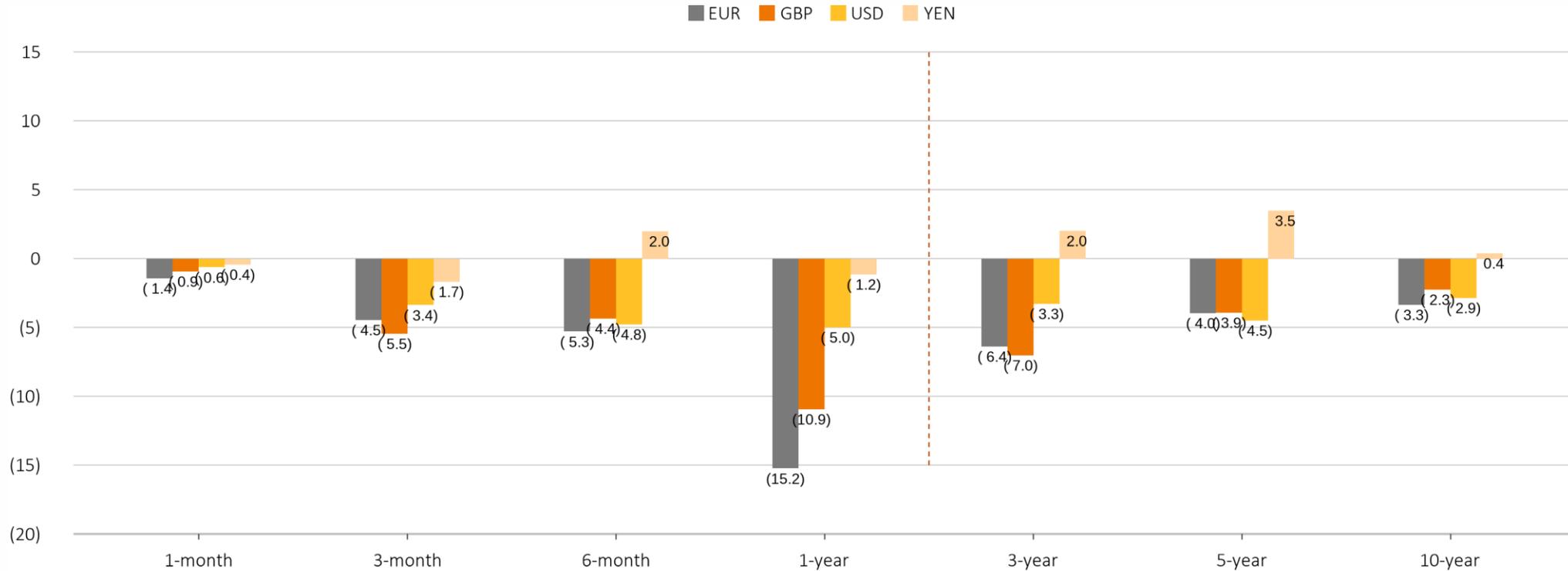
Note:

1. Dollar index measures the relative strength of USD compared to other major currencies (EUR, GBP, JPY, SEK, CAD, CHF). A higher number indicates a stronger USD.

[Forex] Foreign exchange markets (2/3)

INR has depreciated sharply against major currencies over the past year; long-term trend remains broadly stable

INR performance vis-a-vis major currencies (%), FY2016-FY2026 (19 Feb '26)



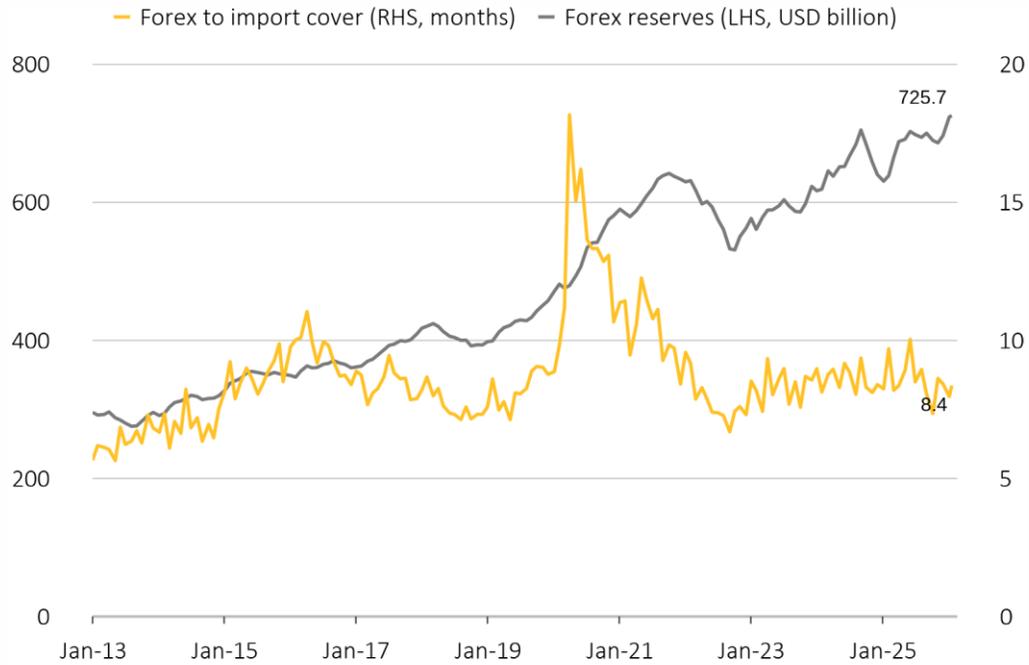
Source: Thurro, RBI, NIIF Research

Note:

1. Numbers are annualized for periods above 1 year
2. Positive return indicates appreciation of INR and negative means depreciation of INR vis-a-vis respective currency

[Forex] Foreign exchange markets (3/3)

Record ~USD 726 billion forex reserves provide 8+ months import cover
 Monthly foreign exchange reserves, FY2013-FY2026 (13 Feb '26)

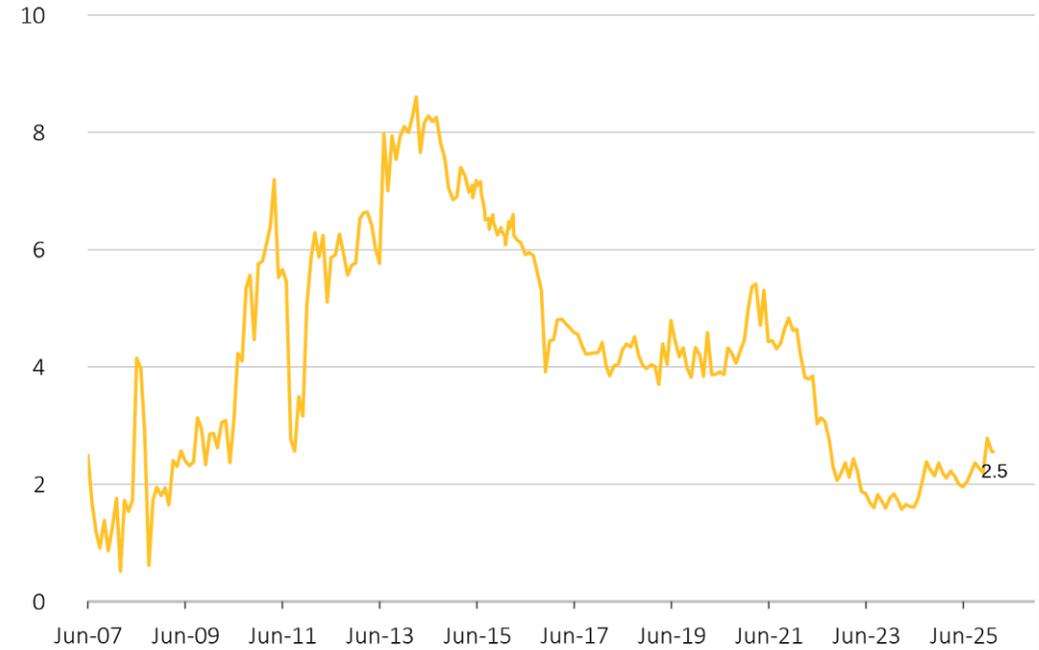


Source: Thurro, RBI, NIIF Research

Note:

1. Import cover calculated on total imports (merchandise plus services)

1-year forward premium stays elevated at 2.5%
 USD/INR implied 1-year forward risk premium (%), FY2008-FY2026 (20 Feb '26)



Source: Thurro, CCIL, Bloomberg, NIIF Research

[Forex] Merchandise export: Growth

Export growth slows to 0.6% in Jan as electronics and labour-intensive goods (gems, textiles, leather, plastics) drag while oil and engineering pick up

Broad product category - wise exports (% yoy), Dec '24 - Jan '26

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26 QE
Engineering goods	8.4	7.5	(7.7)	(4.0)	11.2	(0.9)	1.3	13.9	4.9	2.9	(16.7)	23.8	1.3	10.4
Electronic goods	35.0	78.7	26.4	29.4	39.4	54.0	46.8	33.7	25.9	50.5	19.0	38.8	16.8	0.3
Petroleum and crude	(31.6)	(59.6)	(30.4)	(9.6)	(36.6)	(23.9)	(24.4)	6.8	(0.8)	9.6	(16.1)	8.0	(7.0)	8.5
Agricultural and allied	16.0	16.8	(1.5)	5.1	12.8	3.4	0.9	13.9	8.0	15.7	(4.3)	6.2	(0.5)	(5.1)
Textile and apparels	13.0	14.2	0.1	3.5	8.6	4.8	0.3	6.5	(1.4)	(8.3)	(12.2)	10.1	1.1	(3.8)
Drugs and pharmaceuticals	0.6	21.5	(1.5)	31.2	2.0	7.6	6.0	14.2	7.0	2.6	(5.1)	20.9	5.7	1.0
Chemicals and related	(2.2)	(0.4)	(23.2)	(23.0)	(11.5)	0.9	1.4	7.8	2.2	(0.5)	(22.3)	17.7	0.1	(0.2)
Gems and jewellery	(26.5)	16.0	(20.7)	10.6	10.7	(13.9)	(20.4)	28.9	15.6	0.4	(29.5)	27.8	(2.1)	(23.0)
Ores and minerals	(42.3)	(43.9)	(19.8)	4.6	22.0	(15.8)	(24.1)	(18.7)	17.2	21.6	(8.8)	66.8	22.6	13.0
Plastic and linoleum	6.0	13.3	(6.9)	1.6	4.5	(0.8)	2.2	4.5	(5.3)	(12.0)	(21.6)	(0.5)	(9.6)	(11.8)
Leather and leather manufactures	4.6	6.8	(0.9)	3.6	4.9	7.7	0.2	7.5	0.8	(6.0)	(15.1)	5.7	(3.4)	(7.7)
Glass, ceramics and cement	11.7	13.9	(10.3)	(5.1)	(0.8)	0.3	0.1	7.8	6.0	(10.6)	(19.8)	11.7	(8.9)	(0.9)
Paper and wood	5.9	8.9	(6.7)	(5.2)	(1.0)	(3.3)	(0.9)	3.9	(2.9)	(4.3)	(15.5)	14.6	(1.1)	
Other manufactured commodities	(15.9)	(7.0)	(24.1)	(23.0)	(20.6)	(25.3)	(11.9)	5.9	2.5	(1.7)	(18.3)	8.8	20.5	(1.8)
Total	(1.5)	(2.6)	(10.9)	0.9	(3.8)	(1.2)	(1.3)	13.3	5.7	6.0	(12.5)	19.0	1.8	0.6

Source: Thurro, DGCIS, MOCI, NIIF Research

Note:

1. Other manufactured commodities include other manufactured goods that are not included in the above product categories and other commodities list as provided by DGCIS.
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green for each variable.
3. QE refers to quick estimate data from ministry of commerce
4. Absolute values in Annexure

[Forex] Merchandise import: Growth

Imports jump to 19.2% in Jan, driven by gems and jewellery spike (218%) and rebound in labour-intensive (leather and plastics) goods

Broad product category - wise imports (% yoy), Dec '24 - Jan '26

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26 QE
Gems and jewellery	22.6	26.6	(47.0)	40.8	3.4	(8.0)	(21.3)	4.0	(50.5)	83.2	161.8	(31.5)	(3.5)	218.4
Petroleum and crude	(9.0)	(13.4)	(29.6)	16.3	25.5	(26.2)	(8.4)	7.4	9.4	(5.9)	(21.7)	(11.3)	5.9	(0.2)
Engineering goods	3.5	15.4	(4.6)	(0.7)	21.1	8.9	(2.7)	13.0	(4.2)	11.5	7.0	11.4	10.6	6.3
Electronic goods	9.6	17.8	9.1	25.0	31.2	27.2	9.4	12.7	8.3	15.2	14.5	15.9	22.2	9.1
Chemicals and related	10.2	48.2	17.7	18.0	34.3	46.9	4.7	20.4	17.8	33.2	22.6	20.8	2.7	(7.7)
Ores and minerals	(26.4)	0.4	(27.4)	(23.6)	3.2	(16.8)	(7.5)	(5.0)	(18.0)	(0.9)	4.3	13.0	21.8	(7.4)
Agricultural and allied	22.0	27.8	16.1	(5.3)	(5.6)	(1.0)	5.9	7.2	4.3	24.5	(3.2)	(2.0)	11.7	(3.1)
Plastic and linoleum	(3.7)	6.4	(6.2)	7.1	14.2	4.7	(2.1)	0.9	(9.7)	2.6	(3.7)	(1.9)	(1.0)	8.0
Drugs and pharmaceuticals	10.6	16.0	6.5	9.0	9.5	3.3	0.0	13.9	1.2	16.5	5.5	8.8	10.4	1.3
Paper and wood	10.1	33.6	2.9	(2.7)	14.4	2.8	(6.3)	8.5	(12.0)	(5.2)	(7.4)	2.1	(6.3)	(4.7)
Textile and apparels	11.4	26.8	10.4	21.4	21.7	20.3	1.9	12.9	5.3	12.3	7.7	8.9	1.4	(2.4)
Leather and leather manufactures	(11.1)	36.6	22.6	38.1	(3.9)	5.9	(15.4)	(40.7)	(27.1)	24.7	20.0	19.3	(9.9)	18.6
Glass, ceramics and cement	1.8	15.0	16.4	20.0	39.4	34.4	16.2	24.6	11.1	23.9	18.5	28.2	36.6	
Other manufactured commodities	11.1	31.1	(18.3)	(9.6)	16.1	(3.2)	(7.1)	5.9	(5.2)	12.8	15.8	14.1	(1.7)	0.7
Total	2.2	10.9	(15.7)	11.8	20.0	(1.3)	(3.4)	9.1	(9.6)	17.6	16.7	(1.8)	8.8	19.2

Source: Thurro, DGCIS, MOCI, NIIF Research

Note:

1. Other manufactured commodities include other manufactured goods that are not included in the above product categories and other commodities list as provided by DGCIS.
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green for each variable.
3. QE refers to quick estimate data from ministry of commerce
4. Absolute values in Annexure

[Forex] Merchandise export: Country-wise

India's goods exports to China surge (36.6%) and Hong Kong (25.7%) in 9MFY26; US-bound exports stay resilient at 9.7%

Country-wise goods exported by India (% yoy), FY2016 - FY2026 (Dec '25)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 YTD
USA	(5.0)	4.7	13.4	9.5	1.3	(2.8)	47.4	3.2	(1.3)	11.6	9.7
UAE	(8.2)	2.8	(9.7)	7.0	(4.2)	(42.2)	68.1	12.7	12.7	2.8	7.3
China	(24.6)	12.8	31.1	25.6	(0.8)	27.5	0.3	(27.9)	8.7	(14.5)	36.6
Netherland	(25.3)	7.3	23.5	40.7	(5.1)	(22.6)	93.8	72.3	3.5	1.8	(21.3)
Singapore	(21.3)	23.9	6.7	13.4	(22.9)	(2.8)	28.5	7.7	20.1	(10.0)	(22.6)
Bangladesh	(6.4)	13.0	26.3	6.9	(11.0)	18.2	66.4	(24.3)	(9.4)	3.8	(3.1)
UK	(5.3)	(3.5)	13.6	(3.9)	(6.0)	(6.4)	27.9	9.1	13.3	12.1	(7.1)
Hong Kong	(11.1)	16.2	4.6	(11.5)	(15.7)	(7.3)	8.1	(9.9)	(16.7)	(26.4)	25.7
Germany	(5.9)	1.3	21.0	2.5	(6.9)	(2.0)	21.6	2.5	(2.9)	8.0	9.4
Saudi Arabia	(42.8)	(19.9)	5.9	2.8	12.1	(6.1)	49.6	23.2	7.1	1.7	(11.1)
RoW	(18.2)	4.8	10.8	9.2	(5.7)	(6.4)	49.3	9.6	(8.7)	(3.1)	1.5
World	(15.5)	5.2	10.0	8.7	(5.1)	(6.9)	44.6	6.9	(3.1)	0.1	2.4

Source: Thurro, DGCIS, NIIF Research

Note:

1. Top 10 countries ranked by cumulative exports over FY2018-FY2025
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
3. YTD refers to financial year to date, i.e., from April onwards
4. RoW stands for Rest of the World

[Forex] Merchandise import: Country-wise

Imports from Hong Kong surge (29.2%) and hold steady from China (13.5%) and the US (12.7%) in 9MFY26; Russian imports decline on lower crude

Country-wise goods imported by India (% yoy), FY2016 - FY2026 (Dec '25)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 YTD
China	2.1	(0.7)	24.6	(7.9)	(7.2)	(0.1)	44.4	4.5	3.4	11.5	13.5
UAE	(25.6)	10.6	1.1	37.0	1.6	(12.0)	68.4	19.5	(10.3)	32.1	8.2
USA	(0.2)	2.4	19.3	33.6	0.8	(19.4)	49.9	17.7	(17.3)	7.4	12.7
Saudi Arabia	(27.7)	(1.7)	10.5	29.0	(5.7)	(39.7)	110.7	24.7	(26.1)	(4.1)	2.1
Russia	7.9	21.1	54.4	(31.9)	21.4	(22.7)	79.9	375.2	30.4	4.4	(9.4)
Iraq	(23.9)	8.0	50.5	27.0	6.1	(39.8)	123.5	8.5	(13.5)	(3.6)	(10.1)
Switzerland	(12.8)	(10.6)	9.7	(4.4)	(6.6)	7.9	28.3	(32.5)	34.5	2.6	(17.2)
Indonesia	(12.5)	2.3	22.4	(3.6)	(5.0)	(17.2)	42.0	62.8	(18.8)	(2.7)	(15.1)
Korea	(3.6)	(3.5)	30.0	2.4	(6.6)	(18.4)	36.7	21.6	(0.4)	(0.3)	0.6
Hong Kong	8.6	35.6	30.1	68.5	(5.8)	(10.4)	25.9	(4.3)	11.9	(3.4)	29.2
RoW	(19.4)	(0.1)	20.8	9.9	(12.6)	(19.0)	54.8	10.0	(9.0)	4.8	9.6
World	(15.0)	0.9	21.1	10.4	(7.7)	(16.9)	55.4	16.8	(5.3)	6.3	5.9

Source: Thurro, DGCIS, NIIF Research

Note:

1. Top 10 countries ranked by cumulative imports over FY2018-FY2025
2. Conditional formatting based on yoy growth values with respect to zero, with the largest negative values represented by dark red and largest positive values represented by dark green
3. YTD refers to financial year to date, i.e., from April onwards
4. RoW stands for Rest of the World

This research report (the “Report”) is an “information only” document and is an assimilation of general observations on certain economic and other data. The information in this Report is based on facts, figures and information that have been obtained from publicly available media or other sources believed to be reliable and the same have not been independently verified by National Investment and Infrastructure Fund Limited (the “NIIFL”) or any person associated with the drafting, review and/or finalisation of this Report. The Report is made available on an “as is” basis with an intent that that each recipient will not distribute, disclose, reproduce or use, (in whole or in part), the information contained therein. NIIFL disclaims all liabilities which may arise from the use of the Report. The layout, design, original artwork, concepts and other intellectual properties, shall at all times remain the property of NIIFL and cannot be used in any form or for any purpose whatsoever by any party without the prior written consent of NIIFL.

The information set forth in this Report has been compiled as of the date hereof and may undergo change in the future. Unless stated otherwise, the delivery of this Report shall not create any implication that the information contained herein is correct as of, or at any time subsequent to, this date. NIIFL does not undertake to update or correct any information herein. NIIFL reserves the right at any time and without notice to change, amend, or cease publication of the Report. No representation or warranty, express or implied, is made or

assurance given by NIIFL, its associates or their respective members, directors, officers or employees (collectively, “NIIFL Parties”) and no responsibility or liability or duty of care is, or will be accepted by NIIFL Parties as to (a) the fairness, veracity, correctness, accuracy, authenticity, completeness, currency, reliability or reasonableness of the information or opinions contained in this Report; or (b) updating this Report, correcting any inaccuracies in it or providing any additional information to any recipient. None of NIIFL Parties shall be liable for any loss (direct, indirect, special or consequential, including lost revenue or lost profits) or damage suffered by any person as a result of relying on any statement in, or omission from, this Report.

This Report is not intended to be, and should not be, construed to be any investment and/or divestment related recommendation or advice or nor should it be used as input for any investment/divestment related decision, in any manner whatsoever. The use of any data or information set out in this Report is entirely prohibited as this Report is for informative purpose only. This Report should not form the basis for any decision as to any potential course of action without independent confirmation of its observations; nor should it be relied upon as advice in any manner whatsoever. Each recipient of this Report should make such investigation as it deems necessary to arrive at an independent evaluation of the data referred to in this Report (including the merits and risks involved). Under no circumstances should

anything contained in this Report be construed to be an offer to sell or a solicitation of an offer to buy any interests or securities whatsoever or be capable of being relied upon by any person.

No recipient should construe the contents of this Report as legal, tax, financial, investment, accounting or other advice. If the Report mentions any rates of return, other yields or performance, please note that those are indicative only and note that they may change depending upon various factors such as prevailing market conditions, taxation, regulation, foreign exchange rates and other relevant factors. Words such as “will”, “expect”, “should” and similar expressions are forward looking statements which, by their nature, involve risk and uncertainty. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in information technology and political, economic, legal and social conditions in India.

The Report is not targeted at the residents of any particular jurisdiction or country and is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution, publication, availability or use would be contrary to local law or regulations or which would subject NIIFL to any registration or licensing requirements within such jurisdiction. It is the responsibility of each recipient to satisfy themselves as to full compliance with the applicable laws and regulations of any relevant territory through consulting or seeking advice

from a local counsel / qualified professional or otherwise, including obtaining any requisite governmental, regulatory or other consent and observing any other formality presented in such territory.

Copyright © 2026 National Investment and Infrastructure Fund Limited.
All rights reserved.



MONTHLY ECONOMIC REPORT ON INDIA FEB 2026

Contact



- **Akshata Kalloor**
akshata.kalloor@niifindia.in



- **Arpit Barman**
arpit.barman@niifindia.in

Volume 51

Published on February 26, 2026