

MACRO SPECTIVE

Our Perspective on the Economy

Chart Book

October 2026

List of Abbreviations on Slide 35

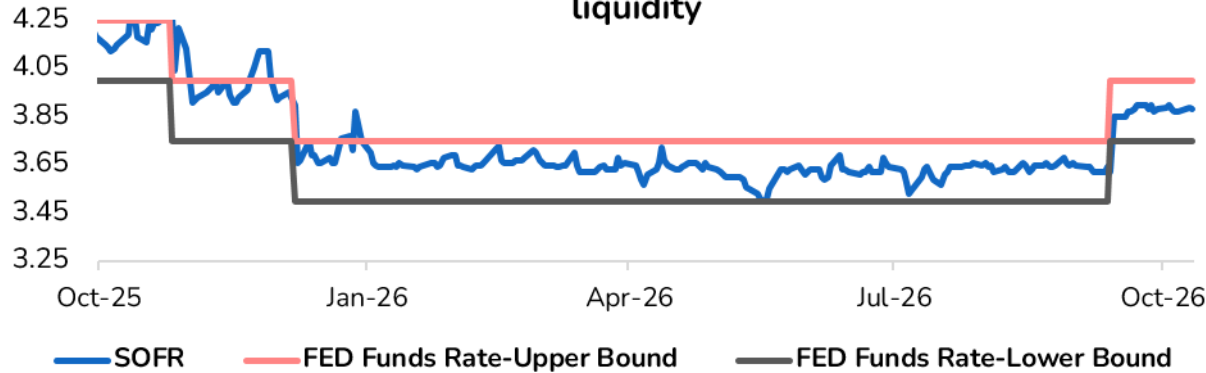
SEBI Registered Name: JM Financial Mutual Fund Registration Number: MF/015/94/8

Chart Book

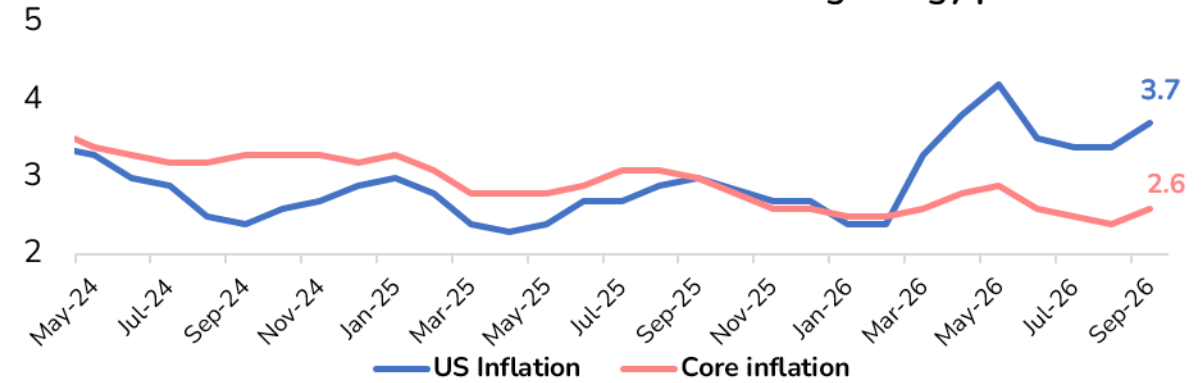
- [Fed Hikes its Policy Rate in September 2026](#)
- [What is driving inflation in the United States?](#)
- [US Fiscal Deficit at a 5-year high](#)
- [Bank of Japan Hikes its Policy Rate Again in September 2026](#)
- [Sufficient Money Supply – Central Banks on the edge](#)

Fed Policy in October 2026 : Will there be another rate hike?

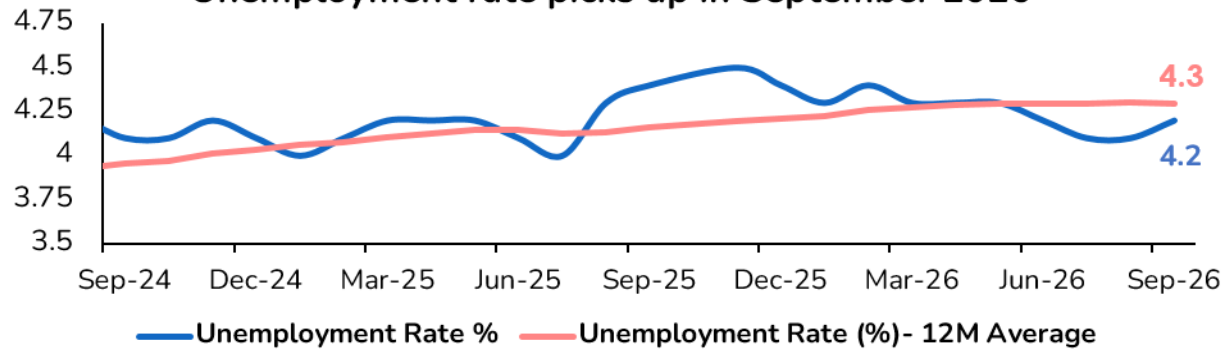
SOFR remains within Fed Funds range showing adequate liquidity



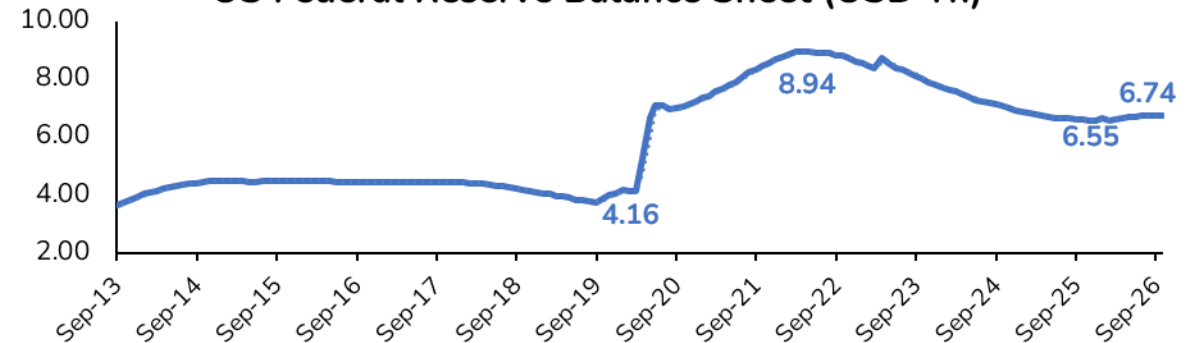
US inflation remains elevated amid rising energy prices



Unemployment rate picks up in September 2026



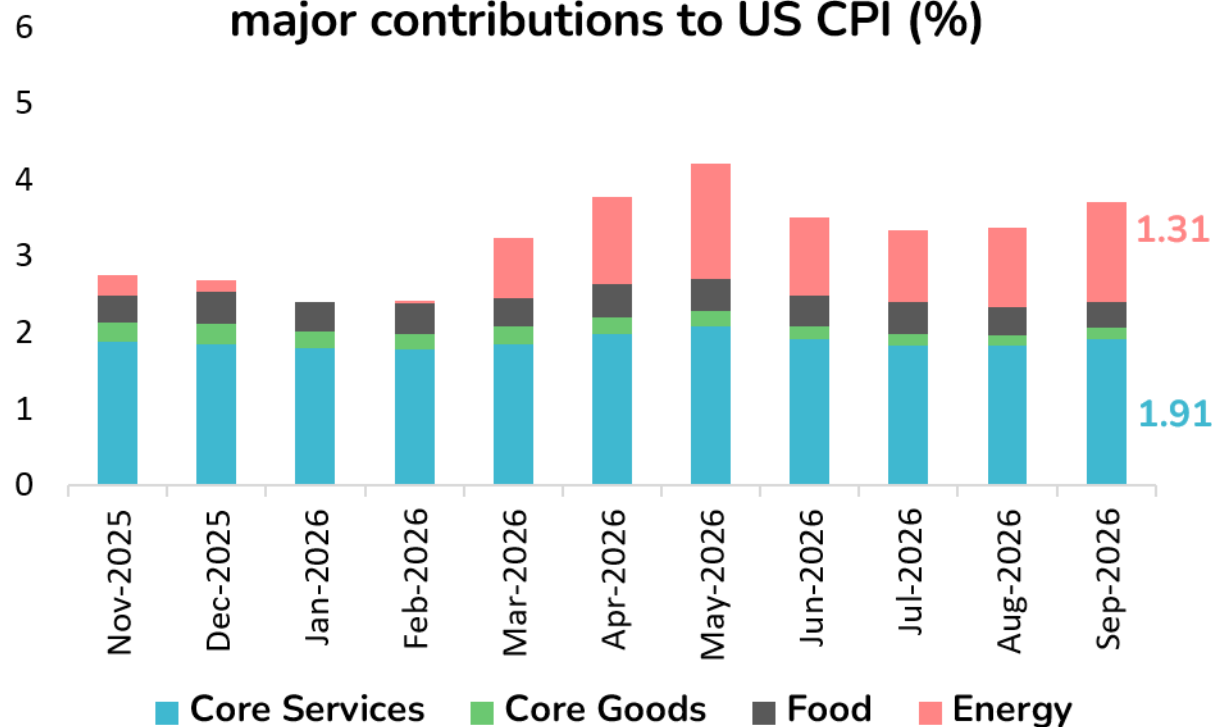
US Federal Reserve Balance Sheet (USD Tn)



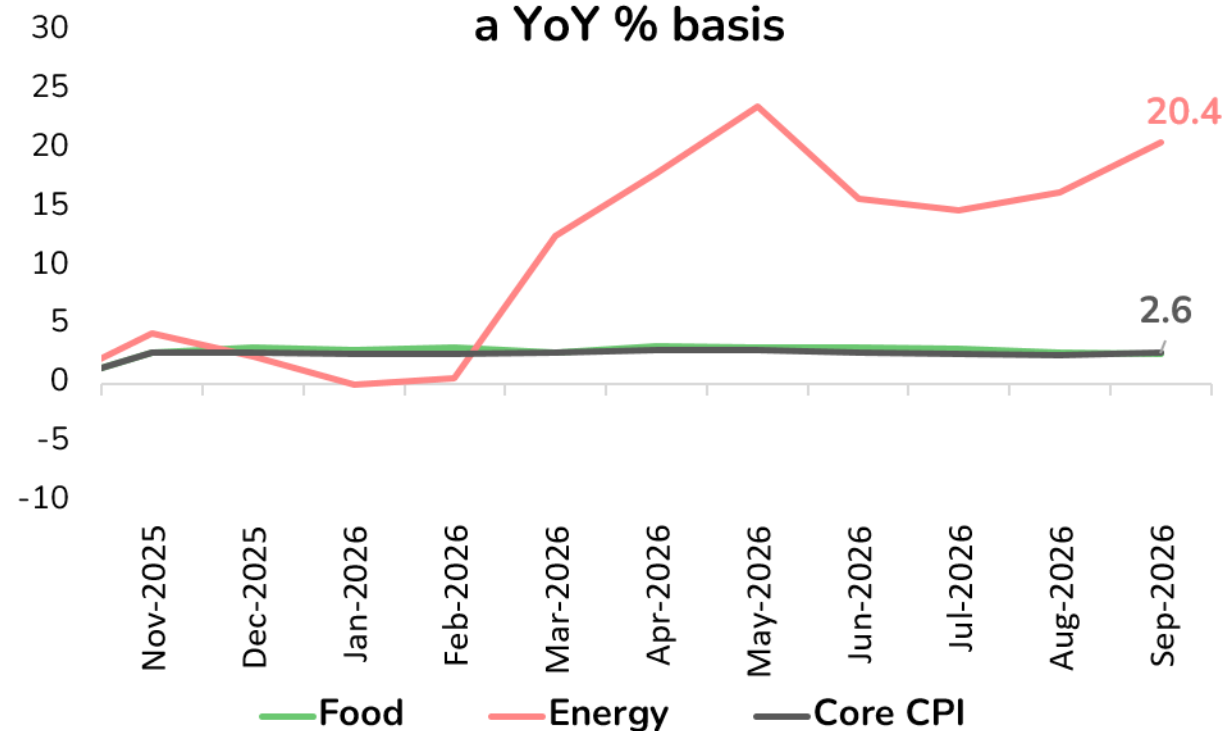
- US M2 Money supply grows at moderate pace broadly in line with the nominal GDP growth on a YoY basis. This indicates sufficient liquidity conditions.
- Fed has pivoted away from balance sheet tightening and has been purchasing Treasury bills. Secured Overnight Financing Rate (SOFR) remains within the FED Funds Range, signifying adequate liquidity.
- Economy remains resilient. However, the labour market has cooled as unemployment rose to 4.2% in September 2026. Furthermore, US CPI rose by 3.7% (YoY) in September 2026 from 3.4% (YoY) in August 2026. The latest unemployment readings have somewhat lowered the probability of a rate hike in October 2026.

Source: Bloomberg, JMF MF Internal Research | As per latest data available as on October 15, 2026 | YoY- Year-on-Year | Fed – US Federal Reserve System

Core Services and Energy Items are the major contributions to US CPI (%)



Energy Prices are driving overall US CPI on a YoY % basis

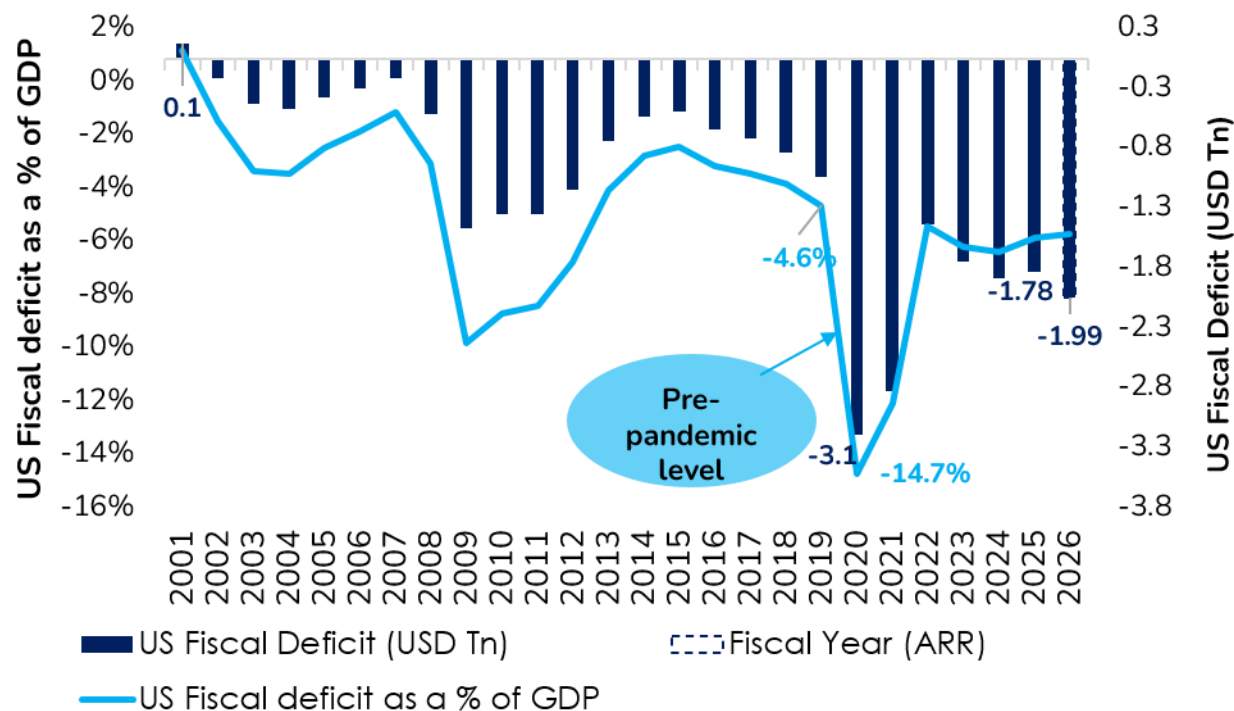


- Energy Prices have been the key driving component behind the uptick in US Consumer Price Index (CPI) inflation.
- Energy items such as gasoline and motor fuel have spiked as geopolitical tensions raise the prices of crude oil.
- On a YoY basis, Energy CPI have soared by over 20% on a YoY basis in September 2026. This far outpaces the YoY growth in other components such as food and core goods and services.
- In their latest policy minutes, Fed officials have expressed concerns that a continued spike in energy prices could result in broad-based inflationary pressures in the US.

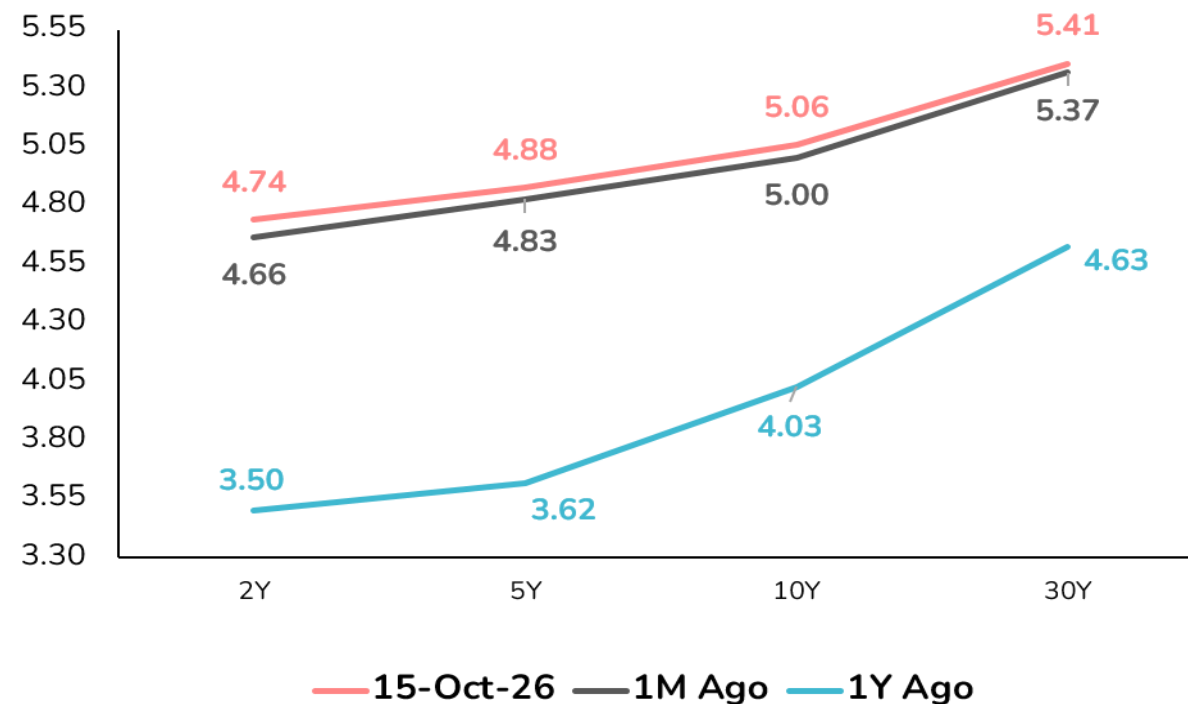
Source: Bloomberg, JMF MF Internal Research| As per latest data available as on October 15, 2026 | JGB – Japanese Government Bond

UST Yields Harden in Anticipation of Rate Hikes

US fiscal deficit highest in 5 years



US Yield Curve (%)

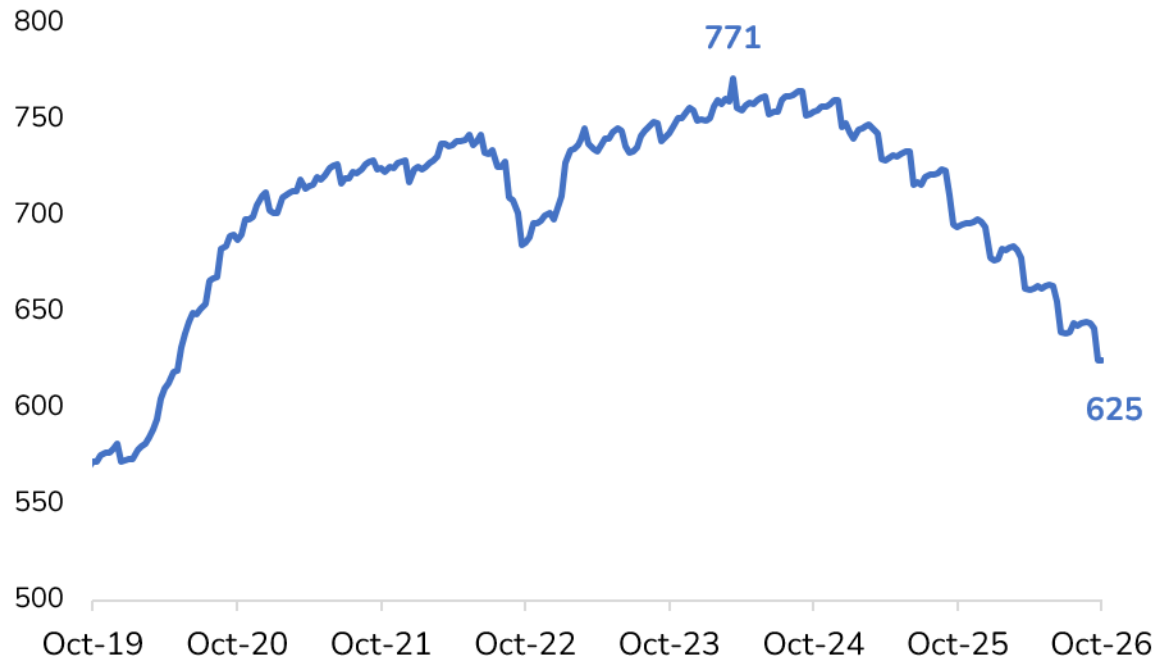


- US's fiscal deficit for the full year FY 2026 stood at it's highest in five years. The fiscal deficit (FD) for 12M of Fiscal Year 2026 was USD 1.99 Trn, higher than USD 1.78trn for full year FY 2025. FD as a % to GDP stands at 5.7% on a FYTD basis, while the FD for the year ending September 2025 was 5.9%.
- Following the Fed rate hike of September 2026, UST yield curve hardened during the month as inflation and fiscal deficit remains elevated. The new Fed Chairman has reiterated that Fed has "no tolerance for persistently elevated inflation".
- Yields are expected to remain elevated due to additional rate hike expectations, inflationary concerns and the elevated fiscal debt concerns. However, yields can soften in case demand for UST increases (perceived as a safe haven asset) or in case growth falters materially, prompting the Fed to hold rates.

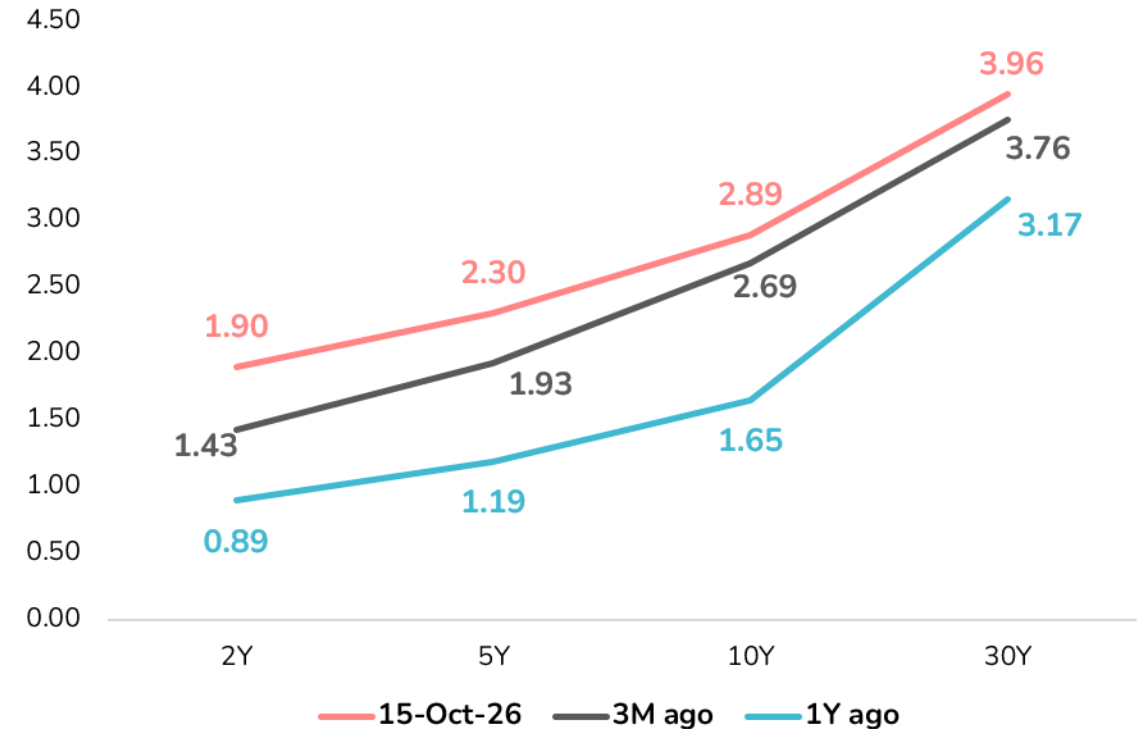
Source: Bloomberg, JMF MF Internal Research| As per latest data available as on October 15, 2026

Japanese Yields rise after BoJ hikes rates in September 2026

Bank of Japan Total Assets (JPY Trillion)



Japan Yield Curve (%)

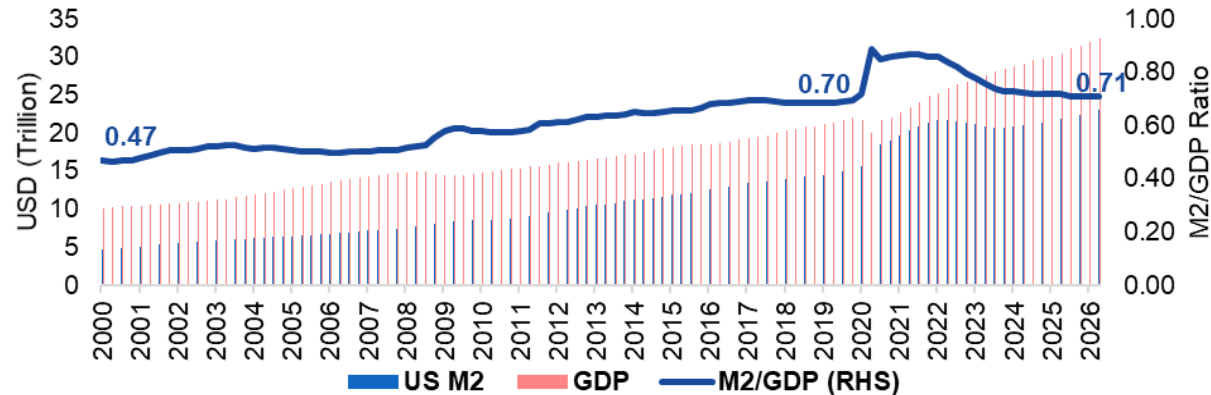


- BoJ had hiked its policy rate by another 25bps in September 2026 to 1.25%. This is in addition to the recent rate hike of 25bps in June 2026. The policy rate is now the highest in 31 years.
- JGB yields have risen over the past 3M due to expectations of further rate hikes, continued Quantitative Tightening (QT) (scaled back bond buying operations), elevated debt levels and expectations of elevated rates due to inflationary and currency pressures. The yield curve has hardened during the past 1 year with the 30Y rising by 124 bps and the 2Y rising by 101 bps.
- Anticipated rate hikes, fiscal concerns, depreciation of the yen, inflationary pressures and continued QT may keep JGB bond yields elevated.

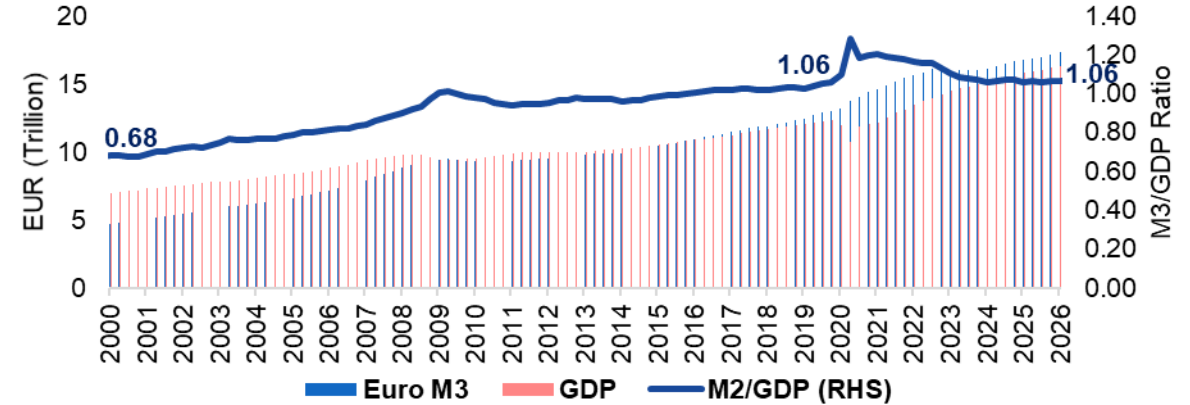
Source: Bloomberg, JMF MF Internal Research| As per latest data available as on October 15, 2026 | JGB – Japanese Government Bond

Sufficient Money Supply – Central Banks on the edge

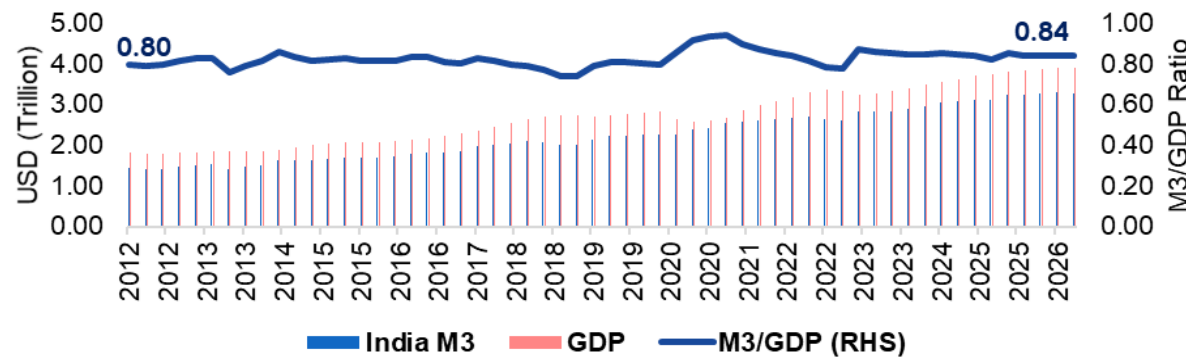
US M2/GDP - Back to Pre-covid levels



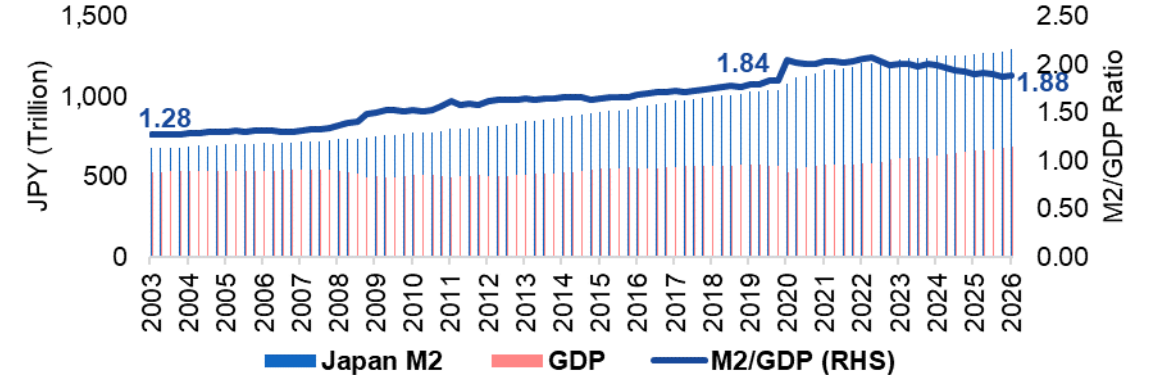
Euro M3/GDP - Back to Pre-covid levels



India M3/GDP - Relatively flat



Japan M2/GDP - Inching back to Pre-covid levels



- Central Banks have reached a stage where both inflation and growth is to be critically monitored to determine appropriate levels of money supply.
- An excessive tightening will harm growth, hence, it's important for central banks to increase money supply in line with the nominal growth (assuming velocity of money remains constant). On the other hand, an excessively loose M3 supply, will create inflationary pressures within the economy.

Source: Bloomberg, JMF MF Internal Research| As per latest data available as on October 15, 2026 | USD- United States Dollar | EUR- Euro | JPY – Japanese Yen | M3 is the most comprehensive measure of the total money supply for economies like India and EU, that include physical cash, checking/savings accounts, and less-liquid assets like large time deposits and repurchase agreements.

Borrowing and Liquidity

- Capex Momentum remains strong
- Continued Strength in Monthly GST Collections
- RBIs new measures to curb excess liquidity
- Bank Deposit growth at it's highest in 15 years

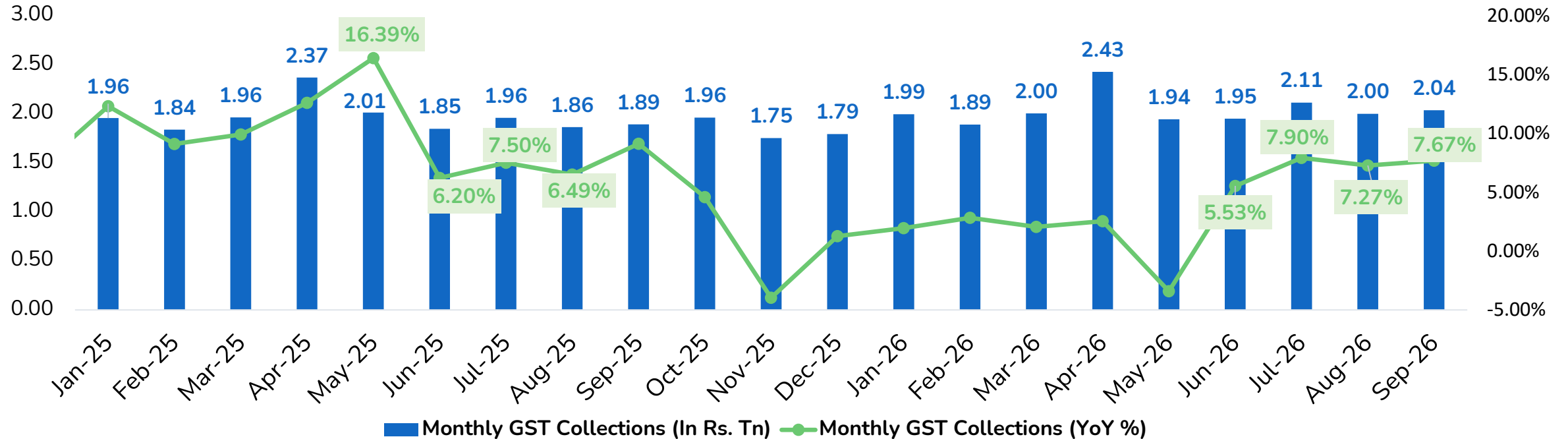
Fiscal Deficit in April-August 2026

	Actual FYTD			Budget estimates	YoY%		As % of BE	As % of BE
Rs. Crore	FYTD 25	FYTD 26	FYTD 27	FY27 BE	FYTD 26	FYTD 27	FYTD 26	FYTD 27
Nominal GDP (full FY)	3,18,07,309	3,46,35,638	3,93,00,393	3,93,00,393				
Total Receipts	12,17,178	12,82,709	13,67,709	36,51,547	5.38	6.63	36.69	37.46
CG revenue receipts	12,08,312	12,50,739	12,92,470	35,33,150	3.51	3.34	36.57	36.58
CG revenue receipts: Net tax revenue	8,73,845	8,10,407	8,37,921	28,66,922	-7.26	3.40	28.56	29.23
CG revenue receipts: Non-tax revenue	3,34,467	4,40,332	4,54,549	6,66,228	31.65	3.23	75.53	68.23
CG capital receipts: Non-debt capital receipts	8,866	31,970	75,239	1,18,397	260.59	135.34	42.07	63.55
CG non-debt capital receipts: Miscellaneous capital receipts	820	23,417	62,148	80,000	2755.73	165.40	49.82	77.69
CG non-debt capital receipts: Recoveries of loans	8,046	8,553	13,091	38,397	6.30	53.06	29.49	34.09
CG expenditure	16,52,354	18,80,862	20,77,958	53,47,315	13.83	10.48	37.13	38.86
CG revenue expenditure	13,51,367	14,49,283	15,68,009	41,25,494	7.25	8.19	36.74	38.01
CG revenue expenditure: Interest payments under revenue	4,00,160	5,28,668	5,14,810	14,03,972	32.11	-2.62	41.42	36.67
CG capital expenditure	3,00,987	4,31,579	5,09,949	12,21,821	43.39	18.16	38.50	41.74
Fiscal Deficit (Expenditure-Revenue)	4,35,176	5,98,153	7,10,249	16,95,768	37.45	18.74	38.12	41.88
Fiscal Deficit (% of GDP)	1.37%	1.73%	1.81%	4.31%				

- India's fiscal deficit for FYTD 27 (April-August 2026) widened to 41.9% of the FY27 Budgeted estimate (BE) as against 38.1% for the same period in the last financial year (FYTD26).
 - Expenditure:** Total expenditure witnessed a growth of 10.48% in FYTD 27 relatively lesser than FYTD 26 (13.83%). This was supported by a robust capital expenditure (capex) growth of 18.2%, signifying continued frontloading of capex by government. Revenue expenditure (revex) grew by a stronger 8.2% in FYTD 27 from 7.2% in FYTD 26, driven by the increase in subsidies, especially Urea subsidy.
 - Revenue:** The total receipts have risen by 6.63% with revenue receipts rising by 3.34% and capital receipts rising 135.34%. Revenue receipts have moderated due to a sharp slowdown in non-tax collections which include dividends from Public Sector Units(PSUs).
- As a percentage of GDP, the annual fiscal deficit in FY27 is targeted at 4.31%, lower than the annual target for the previous year at 4.50%. Thus, highlighting the government's commitment to fiscal consolidation. Given the above, the government is expected to meet its fiscal consolidation target.

Source: CMIE, JMF MF Internal Research| RE –Revised Estimates | BE –Budget Estimates | FAE- First Advance Estimate | SAE-Second Advance Estimate | QE – Quarter ending | As per latest data available as on October 15, 2026

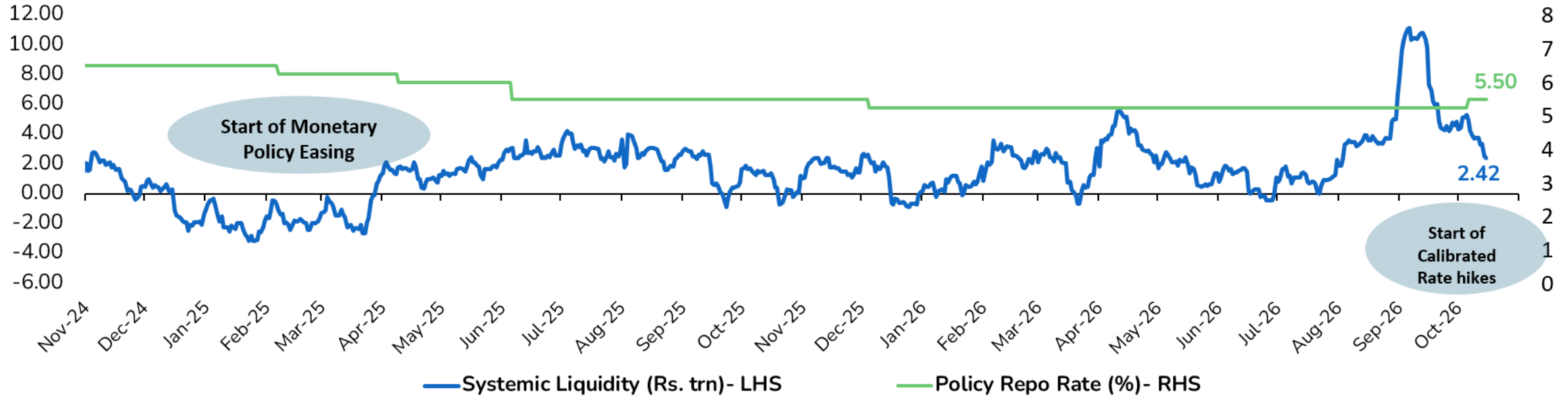
Monthly GST Collections (in Trn)



- Monthly GST monthly collections for September 2026 grew by 7.67% YoY higher than 7.27% growth for the same month last year.
- Central Government's gross GST collections as of September 2026 remained at Rs. 2.04 Trn, below Rs. 2.00 Trn in August 2026 .
- The collections in September 2026 reflects the economic activity of the previous month i.e. August 2026.

Source: CMIE, JMF MF Internal Research| RE –Revised Estimates | BE –Budget Estimates | As per latest data available as on October 15, 2026

RBI continues to maintain liquidity

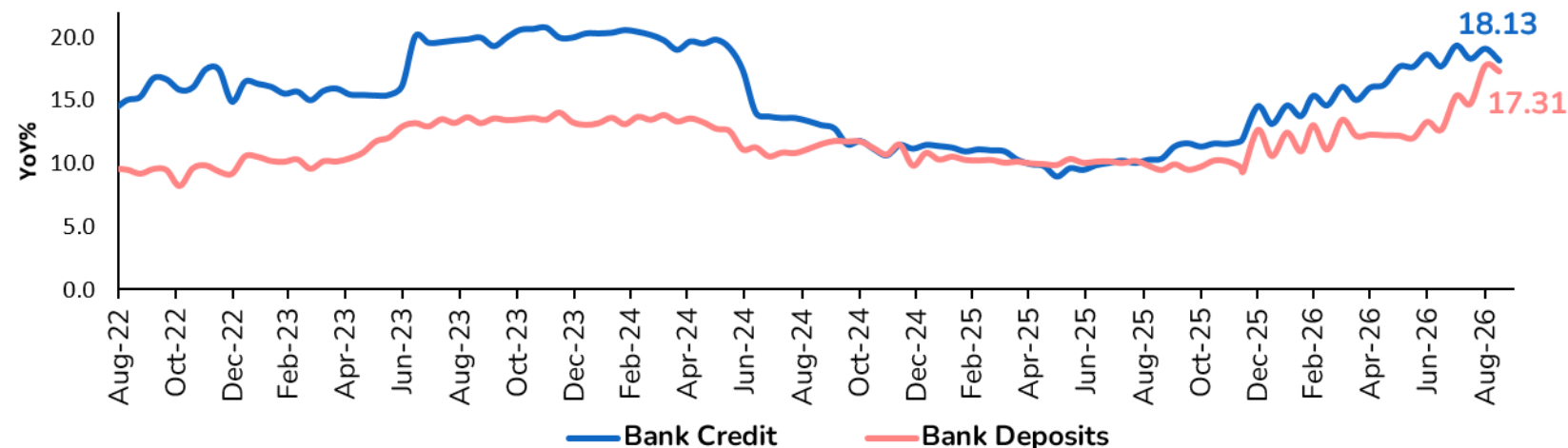


- In September 2026, systemic liquidity rose with the average daily systemic liquidity more than doubling to a surplus of Rs. 7.78 Trn per day, from the average daily surplus of Rs. 3.67 Trn per day, in August 2026.
- The central bank's concessional swap arrangements for fresh Foreign Currency Non-Resident (Bank) (FCNR(B)) deposits mobilised by banks as well as inflows from eligible Overseas Foreign Currency Borrowings (OFCBs) and External Commercial Borrowings (ECB) had injected material liquidity into the system.
- In the first fortnight of October 2026, average daily systemic liquidity stood at Rs. 4.04 Trn, from Rs. 5.21 Trn in the second fortnight of September 2026.
- The RBI has taken measures to contain excessive liquidity in the system by doing Variable Rate Reverse Repo (VRRR) with tenors ranging from overnight to 30 days. Following the rate hike on October 07, 2026, they have also conducted OMO sales of Rs. 0.25 Trn in the first fortnight of October 2026 following a Rs. 1 Trn OMO sale in September 2026.
- The minimum daily Cash Reserve Ratio (CRR) maintenance requirement for banks has been raised from 90% to 99% of their total CRR requirement, effective from the fortnight beginning October 16, 2026. Such measures aimed at curbing excess lending shall further absorb liquidity. Going ahead, RBI seeks to maintain systemic liquidity at optimal levels.

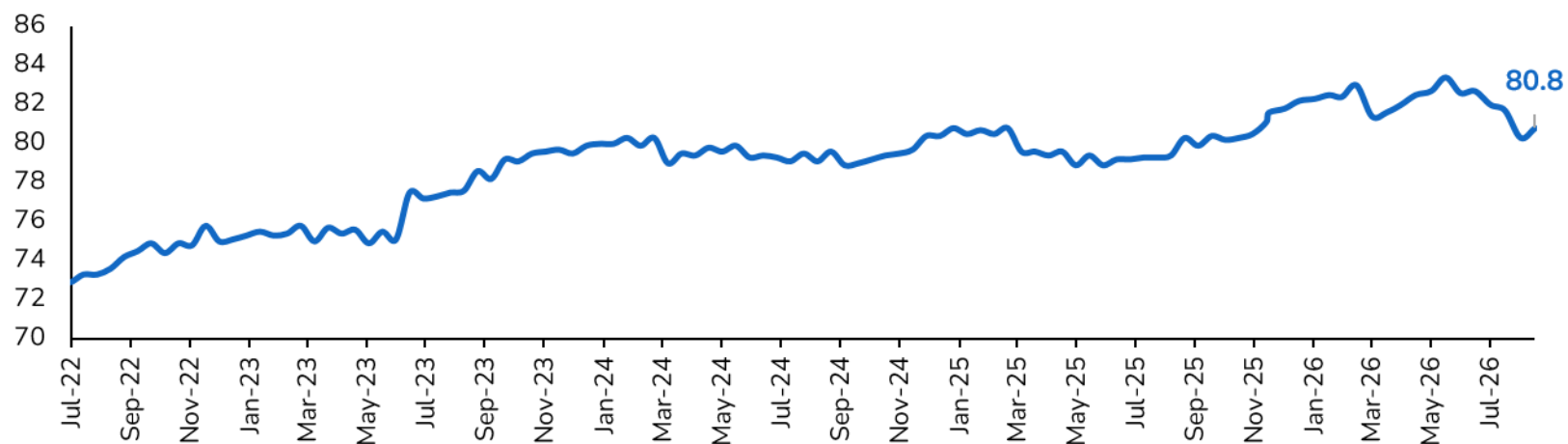
Source: CMIE, JMF MF Internal Research| OMO- Open Market Operations | As per latest data available as on October 15, 2026

- Bank Credit grew by a 30-month high of 19.38% YoY in the fortnight ending September 30, 2026. Thus, outpacing the deposit growth of 17.83% YoY. Growth in bank deposits has been the highest since December 2011.
- Bank deposit growth strengthened to 8.26% in FYTD 27 from 4.28% in FYTD26. Bank credit witnessed a growth of 7.65% in FYTD 27 from 3.61% in FYTD26.
- In response to the widening gap between the credit growth and deposit growth, Bank Credit-Deposit Ratio rose to 81 in the latest fortnight ending September 31, 2026, from 80.80 from the previous fortnight ending September15, 2026.

Robust Growth in Bank Credit and Deposits albeit moderation



Bank Credit-Deposit Ratio moderates as Deposit growth picks up



Source: RBI, CMIE, JMF MF Internal Research | As per latest data available as on October 15, 2026 | FYTD - Financial Year to date | YoY- Year-on-Year | FCNR(B) – Foreign Currency Non Resident Bank Deposits

Domestic Economy

- IMF optimism on India's growth outlook
- RBI's key measures in October 2026
- Strong consumption amid festive demand
- CPI Inflation inches upward in September 2026
- Broad-based inflation pressures at both wholesale and retail level
- Robust growth in India's exports during September 2026
- India's Balance of Payments in Surplus for FYTD 27 due to FCNR Inflows
- INR: Depreciation Pressures ease in October 2026
- INR Strengthening Against Other Currencies

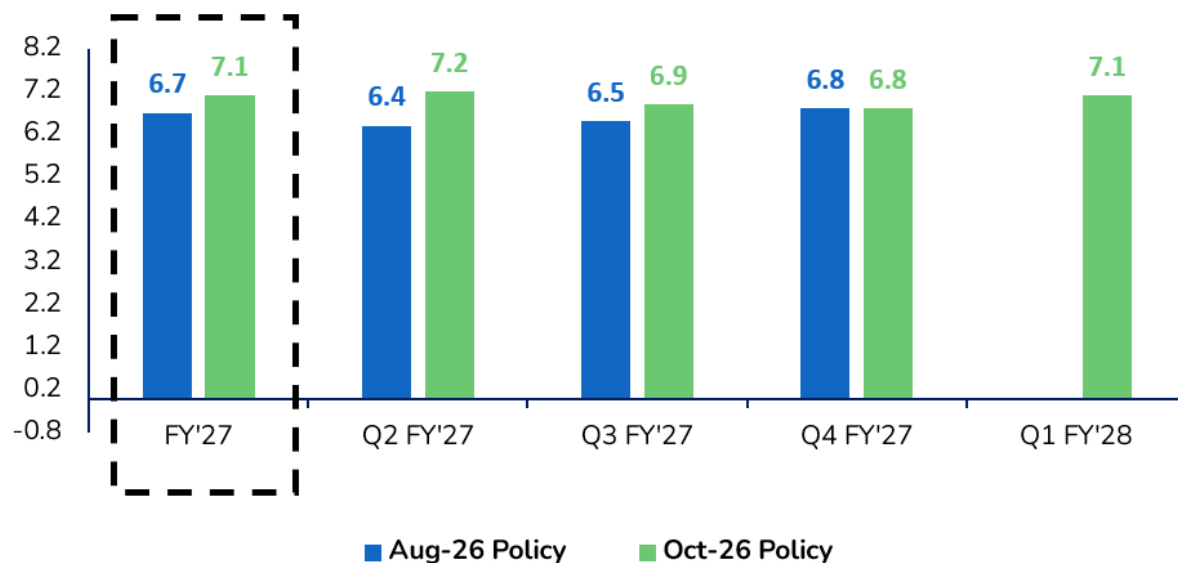
IMFs Raises Annual Growth Projections For India

	2025	Projections		Difference from July 2026 WEO Update ¹	
		2026	2027	2026	2027
World Output	3.5	3.1	3.4	0.1	0.0
Advanced Economies	2.0	2.1	1.8	0.4	0.0
United States	2.3	2.3	2.3	0.0	0.1
Euro Area	1.2	1.1	1.2	0.2	0.0
Germany	0.2	1.3	1.1	0.6	0.1
France	0.9	0.4	0.7	-0.2	-0.2
Italy ²	0.5	0.8	0.6	0.3	0.1
Spain	2.6	2.5	1.8	0.4	0.0
Japan	1.2	0.7	0.7	0.1	0.0
United Kingdom	1.2	1.3	1.2	0.3	-0.1
Canada	1.9	1.1	1.7	0.0	0.0
Other Advanced Economies ³	3.1	4.2	2.7	1.4	0.4
Emerging Market and Developing Economies	4.5	3.7	4.4	-0.1	-0.1
Emerging and Developing Asia	5.6	5.1	4.9	0.1	0.1
China	5.0	4.5	4.0	-0.1	-0.1
India ⁴	7.8	7.0	7.0	0.6	0.3
Emerging and Developing Europe	2.0	1.7	2.1	-0.2	0.0
Russia	1.0	0.9	0.9	-0.2	-0.2
Latin America and the Caribbean	2.5	2.3	2.5	-0.1	-0.2
Brazil	2.3	2.2	1.9	-0.2	-0.3
Mexico	0.5	1.5	1.8	0.3	-0.1
Middle East and Central Asia	3.7	-0.3	6.3	-1.0	-0.2
Saudi Arabia	4.6	-3.3	7.9	-5.0	2.4
Sub-Saharan Africa	4.5	4.5	4.5	0.2	0.0
Nigeria	4.0	4.2	4.3	0.1	0.0
South Africa	1.1	1.0	1.3	-0.1	0.0

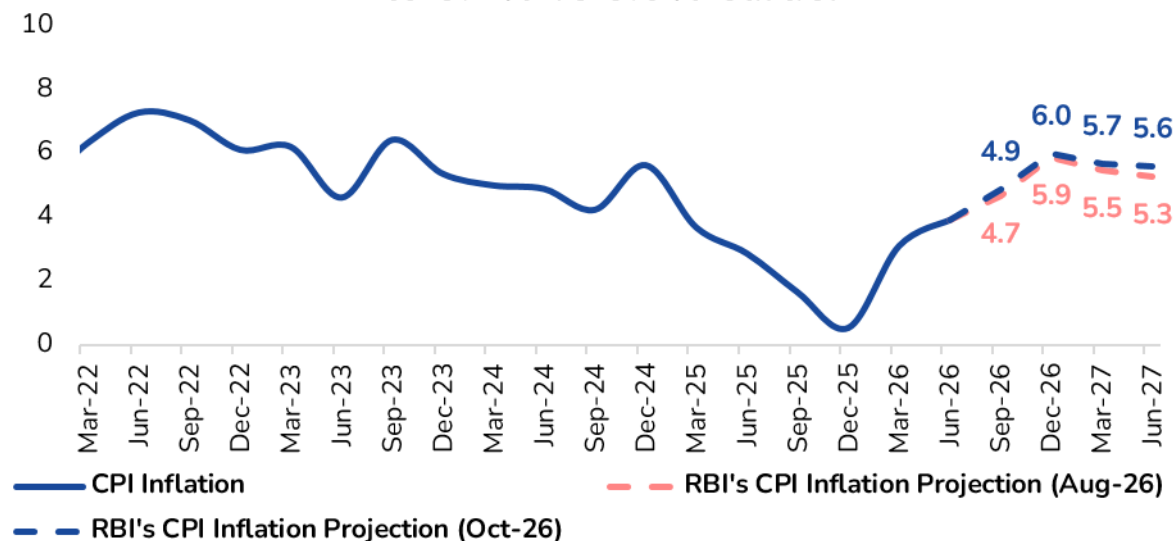
- In its latest World Economic Outlook Report, the IMF upgraded its global growth forecasts with global economic growth expected to be at 3.1% in 2026 (up from 3.0% in its previous July forecast), slower than 3.5% in 2025, before picking up to 3.4% in 2027.
- While the growth forecasts for advanced economies were revised up by 0.4%, the same for emerging markets was revised down by 0.1% for 2026.
- However, amongst the emerging Asian markets, India's growth forecast upgraded to 7.0% for both 2026 and 2027 (up from 6.4% in their previous July 2026 report), driven by strong domestic demand and services activity.
- India is expected to move up to become the fourth-largest global economy in 2027, even though its USD5-trillion nominal GDP milestone is now projected for 2029 due to a weaker rupee.

Source: IMF World Economic Outlook Report-October 2026| As per latest data available as on October 15, 2026 | SUV - Sport Utility Vehicle

GDP Forecast revised higher for FY'27 by 40bps



CPI Inflation revised higher by 20bps for FY'27 to 5.2% vs 5.0% earlier



Interest rate Decision:

- On October 7, 2026, RBI decided to hike its policy repo rate by 25 bps to 5.50. This was in line with market expectations.
- Contrary to consensus view, the MPC changed its policy stance to 'calibrated tightening' from 'neutral' earlier.
- CPI inflation for FY'27 is projected at 5.2% (vs 5.0% earlier*). The projection for Core Inflation stands at 4.4% (vs 4.3% earlier*) for FY'27.
- Real GDP growth forecast for FY'27 has raised to 7.1% from 6.7% in the earlier* policy.

Other measures :

- The minimum cash reserve requirement for banks was raised from 90% to 99%. Thus. constraining bank's ability to lend more amid an overheating economy.
- A special window for OMCs where they can meet their daily dollar requirements through designated banks, thereby reducing speculation in the open FX sot market.
- Restrictions were tightened on canceling and rebooking rupee-linked forex contracts to curb speculative positions in the. foreign exchange market
- A 20% cash reserve requirement (CRR) on banks for the rupee equivalent of specified forex derivative contracts over USD 2 million, making corporate dollar hedging and speculative buying more expensive.

Source: RBI, JMF MF Internal Research| *earlier in August 2026 policy | Note: The projections provided herein are based on RBI MPC Policy.| As per latest data available as on October 15, 2026

High Frequency Indicators show improved consumption in September 2026

Domestic Demand	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
GDP YoY%	8.1			7.7			8.6			7.8			
Private final consumption expenditure YoY%	6.4			8.0			7.5			7.1			
Sales: Commercial vehicles YoY%	9.5			21.1			18.5			20.3			
Sales: Heavy commercial vehicles (HCV)YoY%	10.2			24.2			21.1			13.4			
Sales: Buses-YoY%	13.8			17.6			-7.6			-9.5			
Sales: Trucks-YoY%	9.3			25.6			29.1			20.7			
Sales: Light commercial vehicles (LCV)-YoY%	9.2			19.2			16.7			24.4			
Sales: LCV passenger carrier-YoY%	0.4			39.7			6.3			10.6			
Sales: LCV goods carrier-YoY%	10.0			17.9			18.0			26.2			
Energy Requirement YoY%	3.5	-5.8	-0.6	5.8	3.8	1.0	0.8	3.7	10.8	10.8	9.8	12.8	
Petro products consumption YoY%	7.0	-1.5	0.6	4.5	0.3	4.5	3.2	-6.5	-8.1	-4.3	-0.4	-3.1	3.4
Air passenger traffic YoY%	-3.0	2.8	6.9	-4.2	3.7	-0.4	-1.2	-3.5	9.5	-1.0	-4.8	-6.2	
Newly Registered Transport Vehicles YoY%	-0.7	12.7	21.0	30.1	13.2	29.1	15.4	12.9	10.7	24.0	24.2	17.2	31.3
Newly Registered Non Transport Vehicles YoY%	7.2	43.9	1.5	14.2	18.7	26.2	27.5	13.8	11.4	23.7	28.1	19.4	32.0
Passenger vehicle sales YoY%	-0.6	15.8	18.1	29.0	8.0	7.3	14.1	24.6	25.3	18.2	31.2	33.2	23.0
SUV sales YoY%	-0.5	19.3	18.9	26.9	15.9	13.5	18.1	21.5	24.8	19.9	29.2	39.2	25.3
Tractor sales YoY%	45.4	14.8	30.1	37.1	43.0	34.2	29.1	26.8	19.6	-13.8	20.5	7.7	-18.1
Two wheeler sales YoY%	8.4	4.4	22.8	35.8	24.9	33.1	18.9	30.4	17.9	22.9	23.7	13.9	15.7
Consumption of finished steel YoY%	7.9	2.1	7.2	4.5	8.2	7.9	14.0	8.4	9.1	7.5	6.6	5.8	8.0
Oil imports YoY%	-5.9	-21.7	-11.3	5.9	-0.3	9.0	-35.9	-10.1	53.7	39.8	17.3	25.8	30.8
Gold imports YoY%	106.9	199.2	-59.2	-11.9	349.2	218.5	-31.6	81.7	34.0	7.0	4.7	-57.8	-81.3
Silver imports YoY%	139.0	528.7	125.4	79.6	127.0	285.2	416.8	157.1	-86.7	-73.6	-66.1	127.1	-49.1
Non-oil non-gold and non silver imports YoY%	14.2	9.0	16.1	13.6	3.1	14.7	9.6	14.1	9.9	29.5	19.5	18.4	21.9
Import cargo: All major ports YoY%	15.3	15.6	15.1	18.2	2.6	8.4	-4.4	-1.2	3.2	-1.4	1.3	1.0	

- Several consumption indicators showed a stronger uptick in September 2026 amid high festive demand.
- Import demand of gold declined materially due to a combination of factors such as increase in customs duty and recent price correction in precious metals.

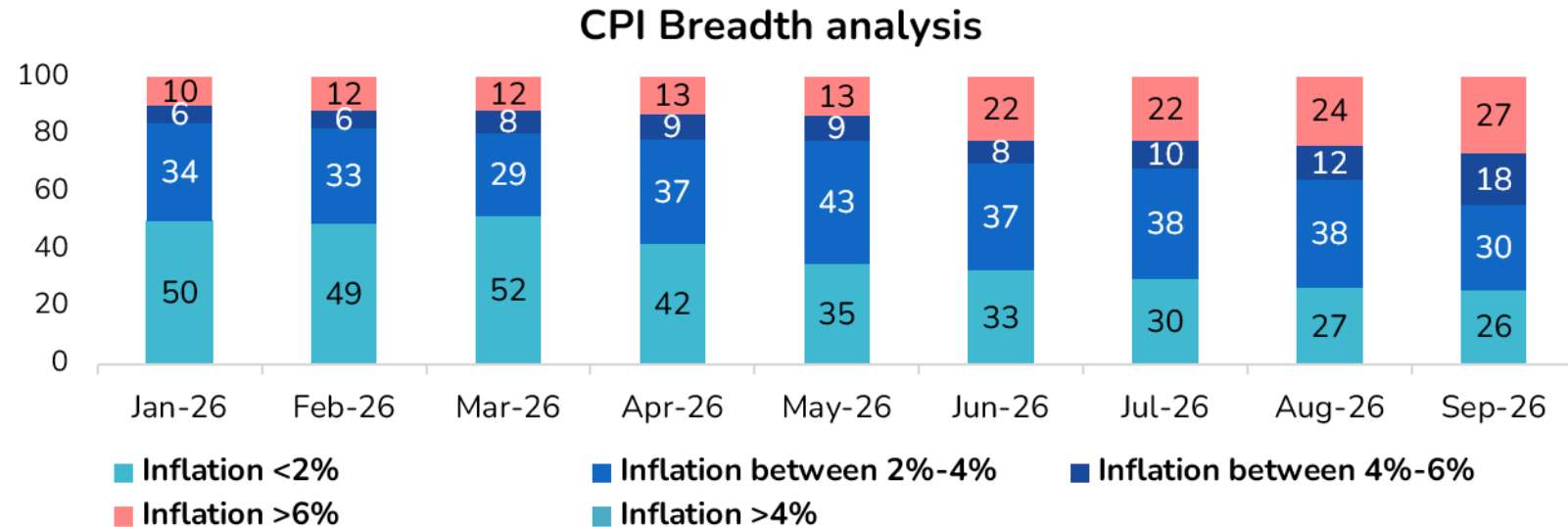
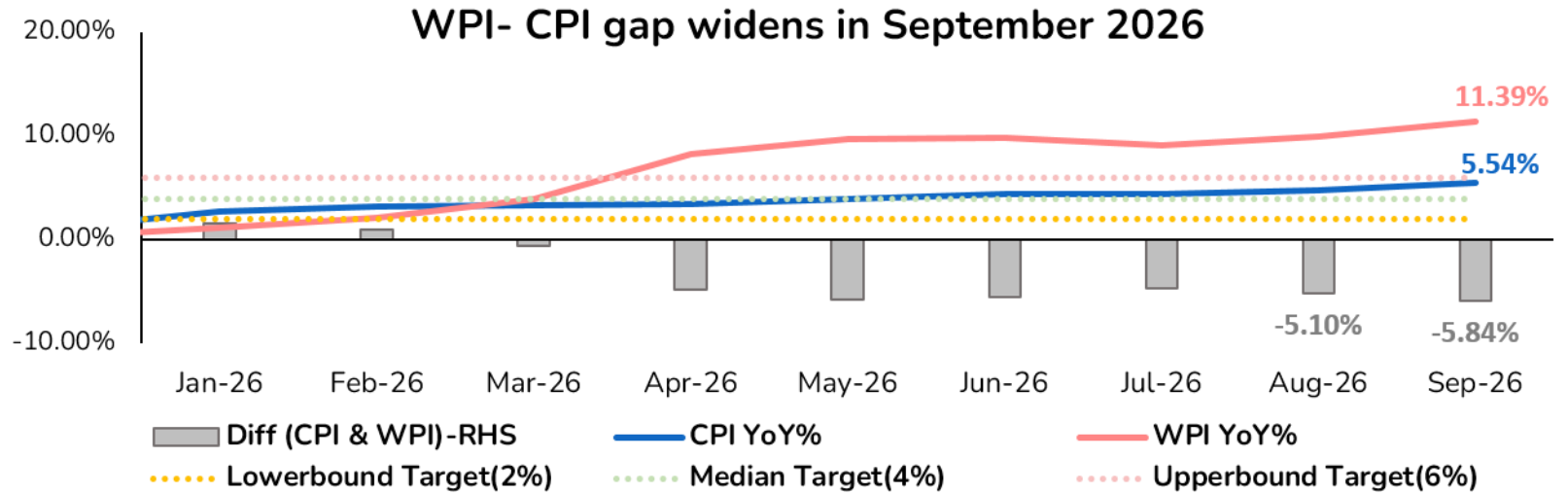
Source: CMIE, JMF MF Internal Research | As per latest data available as on October 15, 2026 | SUV - Sport Utility Vehicle

Inflation continues to inch upwards

- CPI inflation rose by 5.54% in September 2026 from 4.82% in August 2026, crossing the 5% mark.
- This sequential increase is on expected lines due to the uptick in Food and beverages, Transport and Personal Care, Social protection & miscellaneous goods & services
- WPI picked up to 11.39% YoY in September 2026 vs 9.92% in August 2026 . The wider gap between WPI and CPI signifies greater margin pressures for Indian businesses.
- Upside risks emerge from continued geopolitical tensions and weather-related risks due to El-Nino this year.

Breadth Analysis Takeaways

Inflation has started to become broad based as can be seen in the chart above. However, 26% of the items in the CPI basket (on a weighted average basis) still have an inflation rate less than 2%. Cumulatively, around 56% of the items in the CPI basket have an inflation rate less than 4%. It is pertinent to note that there has been a substantial shift (~25%) in the number of items (on a weighted average basis) in the CPI basket that had an inflation rate of <4% in March 2026 which have now in September 2026 shifted to an inflation rate of >4%.



Source: Ministry of Statistics and Programme Implementation (MoSPI), JMF MF Internal Research| WPI-Wholesale Price Inflation | As per latest data available as on October 15, 2026

Broad-based Inflationary Pressures at both Wholesale and Retail level

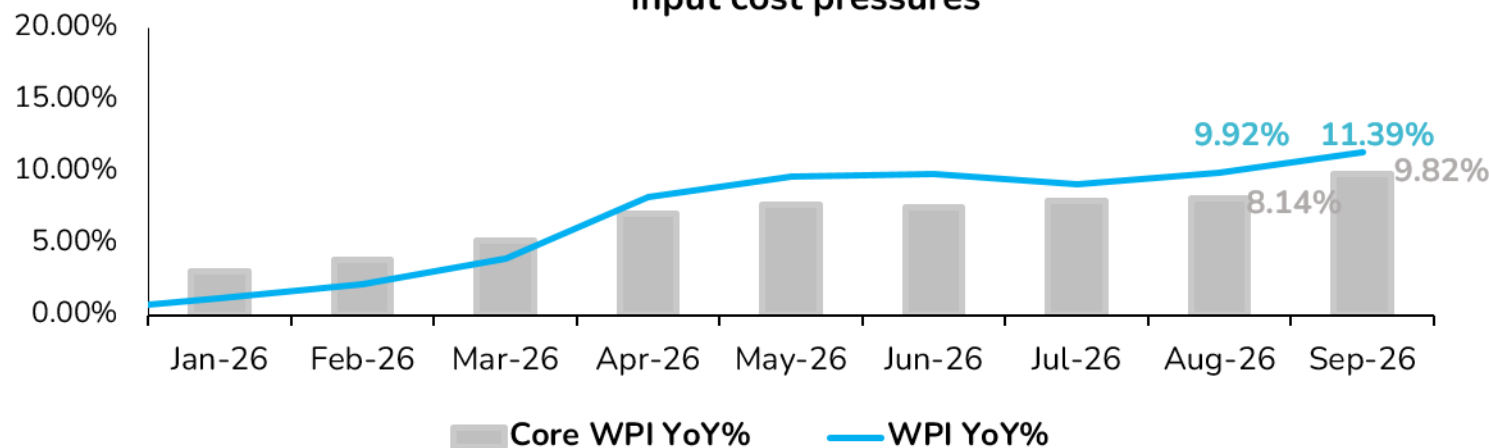
Heightened geopolitical tensions and the second order effects of rising food and fuel prices have resulted in a broad-based rise in input costs for businesses

Furthermore, it has also translated to a broad-based retail inflation which could result in curtailed levels of spending on various goods and services in the economy

Wholesale Inflation:

- The September 2026 reading for WPI was driven by a 9.82% YoY increase in Core WPI, from 8.14% in August 2026 on a YoY basis. **Thus, crossing the RBI's target of 4%.**
- Core WPI measures the input prices for India's manufacturing sector except that for food product manufacturers.

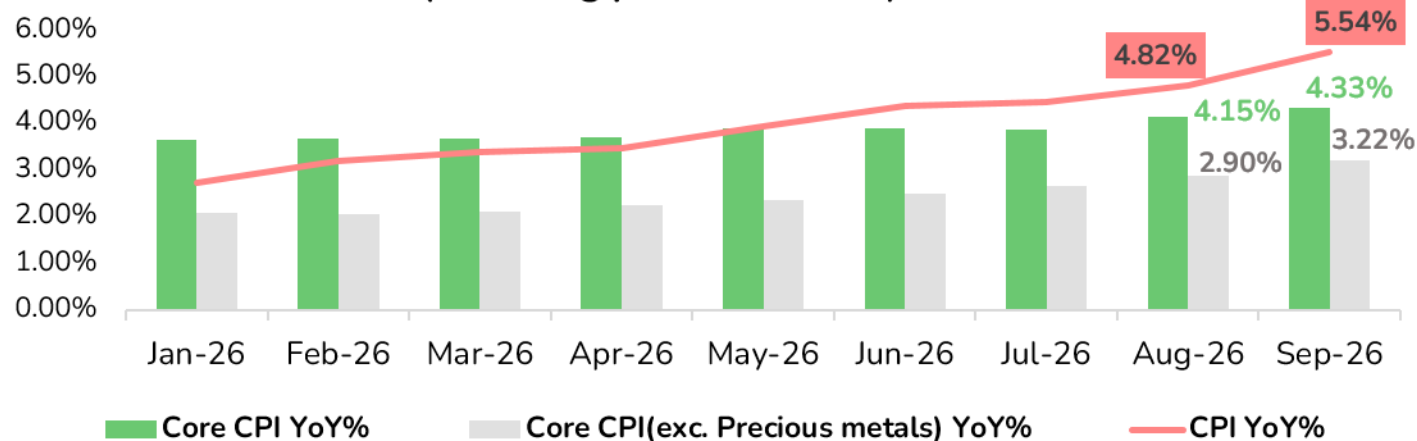
Core WPI rate picked up further to 9.82%, signifying a broad-based input cost pressures



Retail Inflation:

- Core CPI remained above the RBI's target of 4% at 4.33% in September 2026, up from 4.15% in August 2026 on a YoY basis.
- Core CPI (excluding Precious metals) witnessed an uptick of 3.22% in September 2026 from 2.91% in August 2026, signifying underlying inflationary pressures.
- A rise in core inflation implies a broad-based spike in consumer inflation.
- RBI MPC members have stated that generalized inflation pressures could determine the future course of policy rate actions.

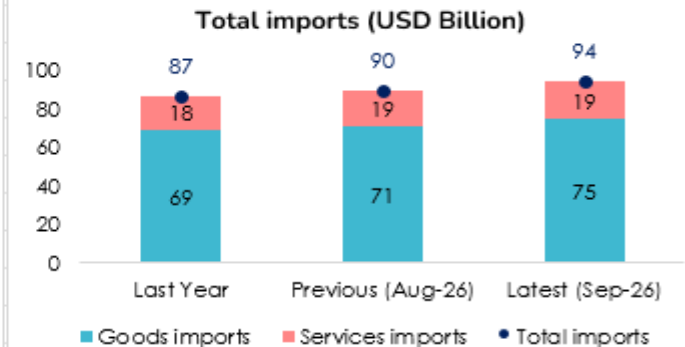
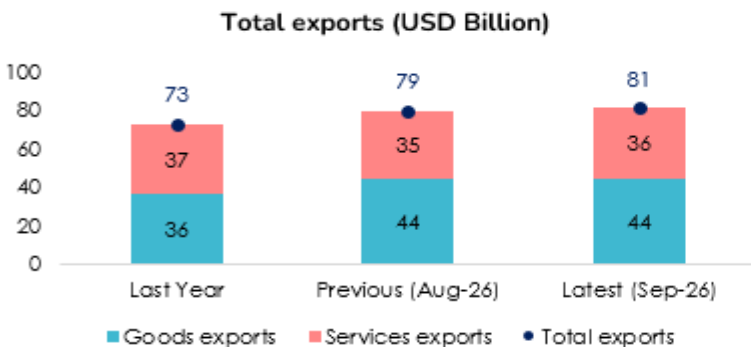
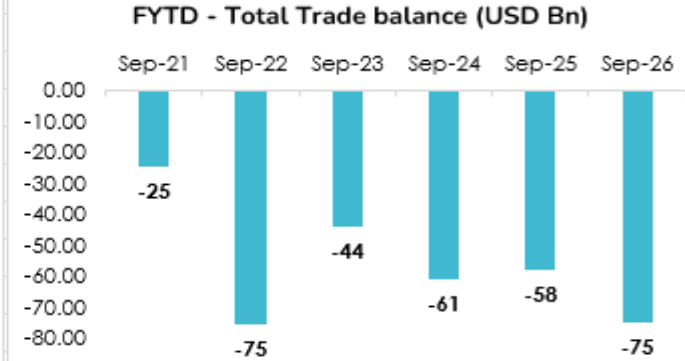
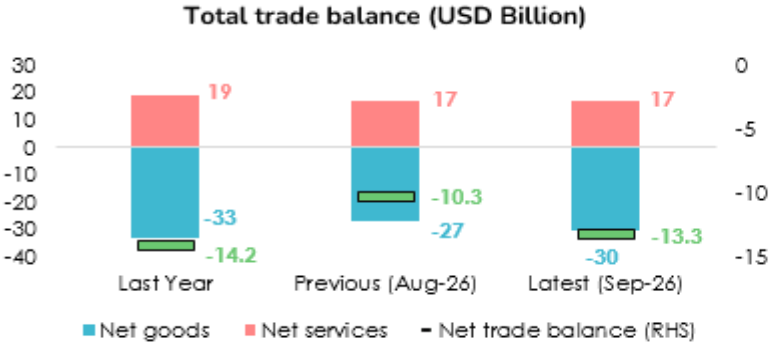
Core CPI above the 4% target, Core CPI (excluding precious metals) crossed 3%



Source: Reserve Bank of India (RBI), Ministry of Statistics and Programme Implementation (MoSPI), JMF MF Internal Research |
YoY - Year-on-year | WPI - Wholesale Price Inflation | CPI - Consumer Price Inflation | As per latest data available as on October 15, 2026

Strong export growth in September 2026

	Absolute (\$ millions)			YoY (%)				MoM (%)		
Sep-26	Latest	Previous	Last Year	YoY (%)	Latest	Previous	Last Year	Latest	Previous	Last Year
Net	-13.30	-10.32	-14.17		-6.11	-11.18	65.01	28.89	-27.46	21.93
Exports	80.75	79.29	72.76		10.99	20.27	9.10	1.85	-3.94	10.36
Imports	94.05	89.61	86.92		-0.43	3.09	5.62	4.96	-7.40	12.09



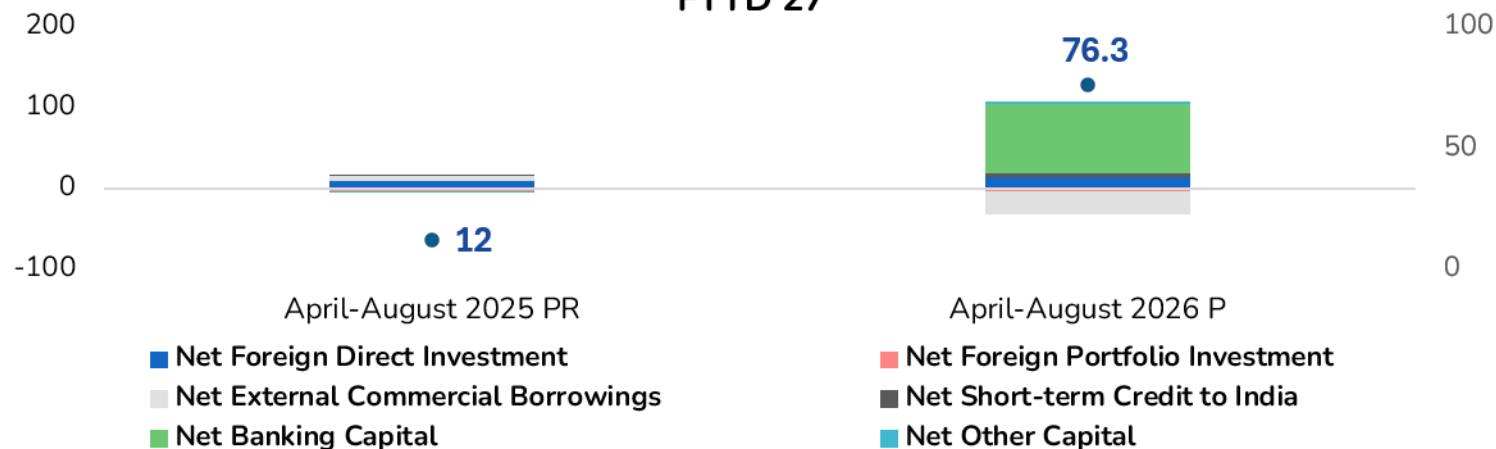
- Total trade deficit (considering both goods and services) widened to USD 13.30 Bn for the September 2026, from the previous month's deficit of USD 10.32 Bn (September 2026). However, it narrowed from USD 14.17 Bn in September 2026.
- On a monthly basis, overall exports remains resilient despite the West Asia war, with total exports growing at 11.0% YoY. Overall Imports eased by 0.4%
- Services exports eased by 0.87%, while services imports grew by a strong 8.97%.
- Goods exports grew by a strong 23.05% in September 2026, compared to an 8.01% YoY growth in goods imports.
- The rebound in goods exports can be explained by the depreciating Indian Rupee. Furthermore, it also reflects the impact of India's recent trade measures aimed at exploring new export destinations .

Source: Ministry of Statistics and Programme Implementation (MoSPI), JMF MF Internal Research | As per latest data available as on October 15, 2026 |
MoM- Month-on-Month

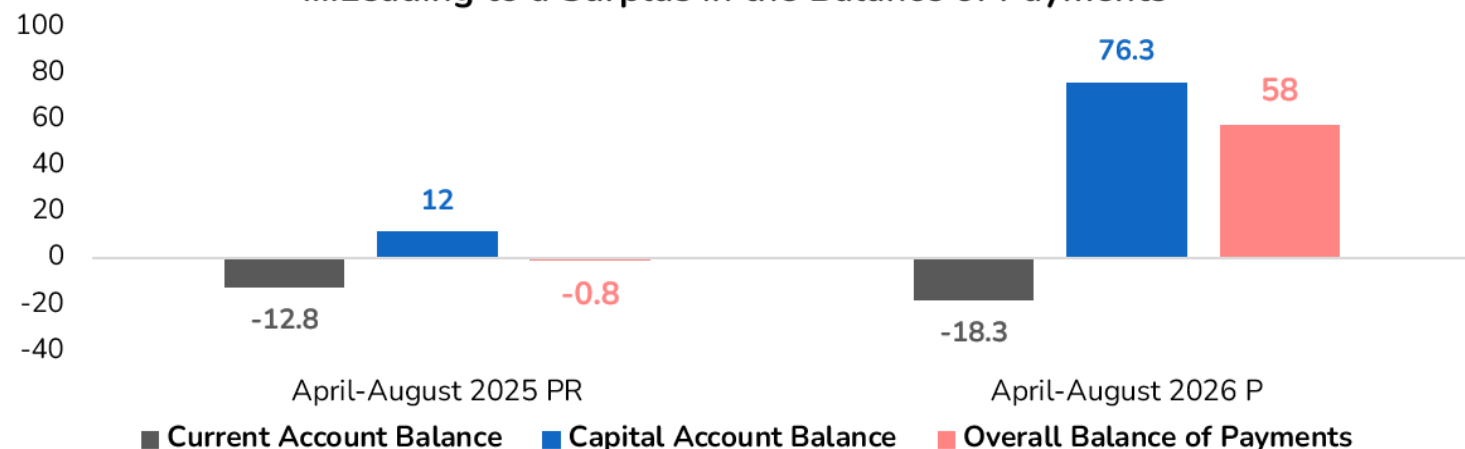
Balance of Payments supported by FCNR(B) Deposit Inflows

- In FYTD 27, the Capital Account Surplus was at USD 76.30 bn, from USD 12.00 bn in FYTD 26 (i.e. April-August 2026). This was due to the increase in net banking capital in July and August 2026, driven by the heavy influx of NRI deposits due to the RBI's FCNR measures.
- So far, the capital account balance remains supported by a higher net banking capital (USD 85.80 bn) and net FDI (USD 13.8 bn).
- The geopolitical tensions in West Asia and the AI Boom poses the following risks to the overall external balance:
 - Current Account faces risks from rising oil import bill and a fall in remittances. Furthermore, the services trade surplus faces risks from a possible transition due to the AI boom. Goods exports are likely to face risks due to a possible imposition of tariffs by the US.
 - Capital Account faces risks from increased foreign investment outflows due to a depreciation pressures faced by the INR and rising bond yields in the developed markets
- However, the signing of FTAs with several countries and the diversification of remittance sources from West Asia to other regions like Europe will help ease the pressures on CAD going forward. Furthermore, the FCNR collections of over USD 127 bn has started to support the Capital Account and in turn, the overall Balance of Payments

Massive Surplus in Capital Account due to NRI Deposit Inflows in FYTD'27



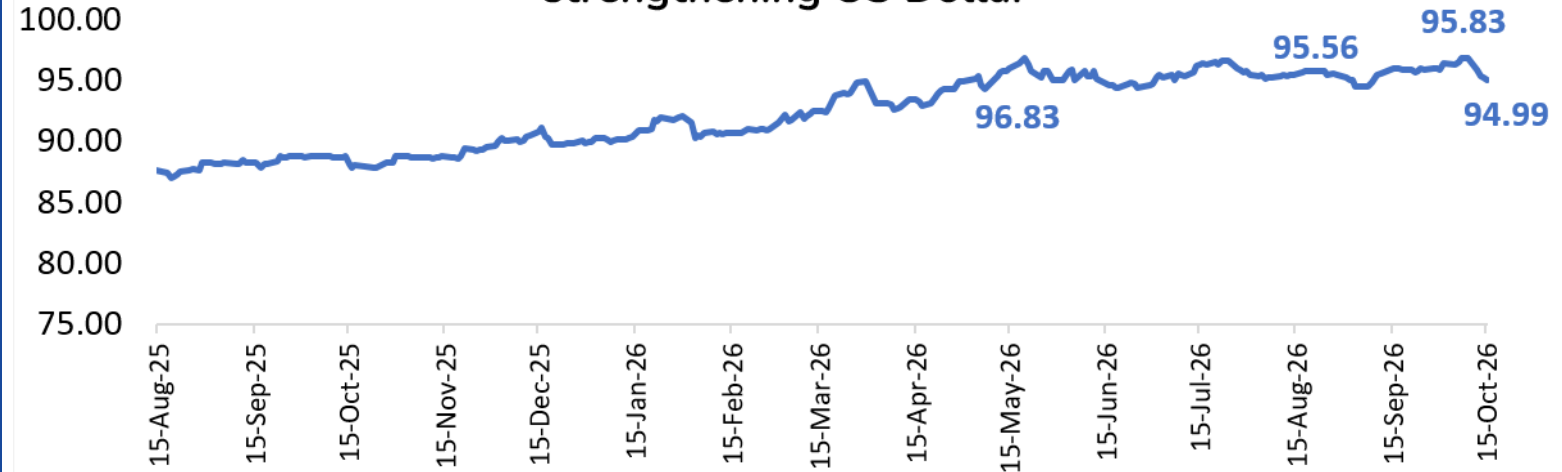
....Leading to a Surplus in the Balance of Payments



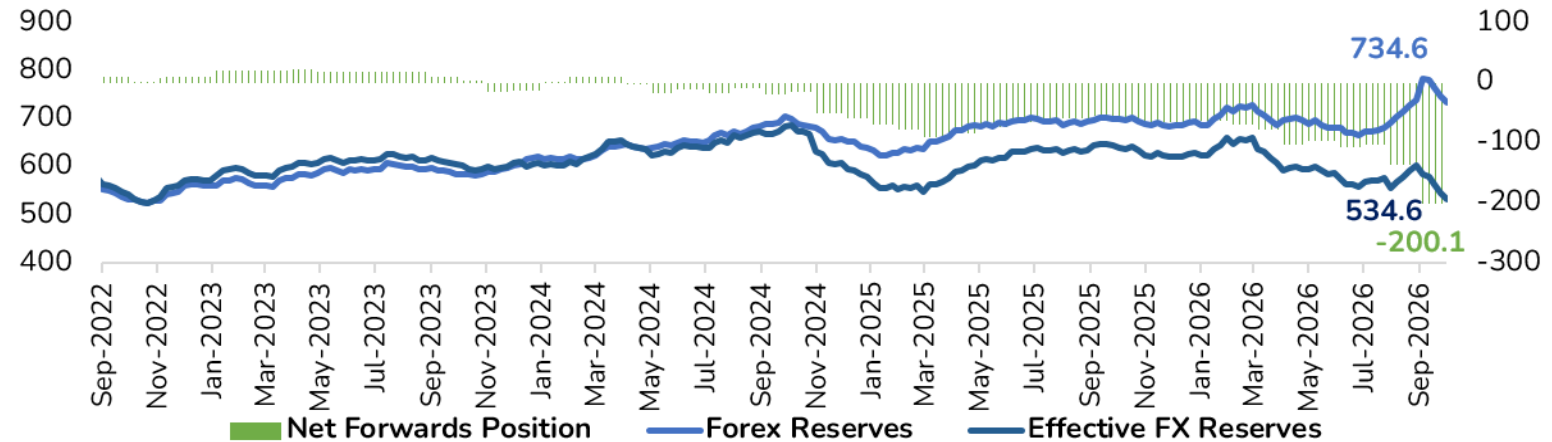
Source: Reserve Bank of India (RBI), Ministry of Statistics and Programme Implementation (MoSPI), JMF MF Internal Research | FDI- Foreign Direct Investment | CAD – Current Account Deficit | As per latest data available as on October 15, 2026

- The tensions in West Asia had added to the existing geopolitical uncertainties which weighed down on the Indian Rupee (INR). As a result of these rising uncertainties, the INR had weakened to an all-time low of 96.83 in May 2026.
- The downward pressures on the INR had built up in September 2026 as the re-escalation of tensions in West Asia pushed up energy prices, exerting downward pressures on the currency due to higher cost of crude imports.
- However, the weakening pressures on the currency eased in the month of October 2026 as the RBI hiked rates by 25 bps and went on to announce specific measures aimed at mitigating the volatility in the currency market.
- Foreign Exchange (FX) reserves stood at USD 734.60 Bn on October 02, 2026, lower by USD 6.20 Bn (MoM) majorly due to a monthly decline in gold reserves due to the RBIs gold selling activity and the easing of gold prices. From levels prior to the FCNR announcement, FX Reserves rose by USD 53.0 bn.
- This is adequate to cover more than 11 months of merchandise imports. RBI's net forward short position of USD 200.06 Bn left the effective FX reserves at USD 534.6 Bn.

Weakening pressures on INR buildup in response to the strengthening US Dollar



FX Reserves (USD Billion)



Source: Reserve Bank of India (RBI), Ministry of Statistics and Programme Implementation (MoSPI), JMF MF Internal Research | As per latest data available as on October 15, 2026

INR Strengthening Against Other Currencies

- INR remains one of the weakest performing Asian currencies in the past year. INR's depreciation is primarily due to spike in crude oil prices (increase in oil import bill puts upward pressure on the Current Account Deficit) and FII outflows.
- However, on a 3-month basis, the INR has appreciated against most key developed and developing economy currencies partly due to the recent FCNR(B) deposits collections coupled with the RBI's rate hike and its measures aimed at curbing speculative activity in the currency market in October 2026 .
- INR is 8.0% undervalued on a Real Effective Exchange Rate (REER) basis. This makes our exports more competitive than the peers. With INR relatively undervalued, exports remain strong despite the West Asia War.
- FX reserves continue to remain sufficient to support the stability of the rupee.

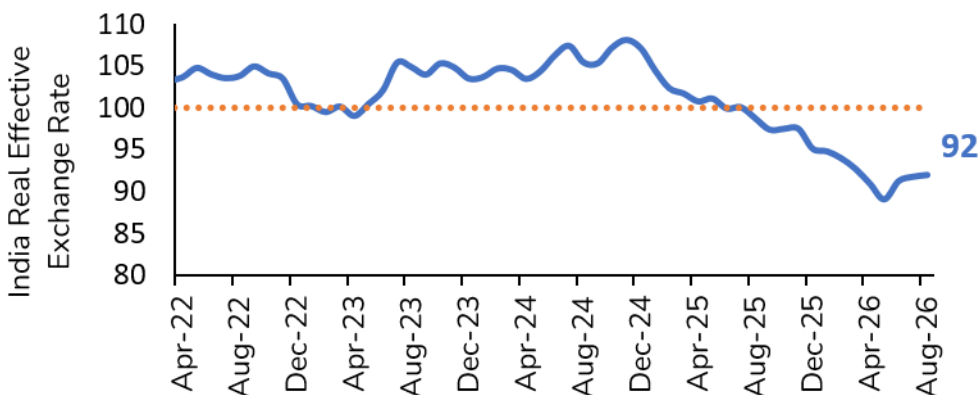
INR v/s Developing Economies Currencies

Country	China	Indonesia	Malaysia	Taiwan	Thailand	Vietnam	Brazil	Turkey
Currencies	CNY/INR	INR/IDR	MYR/INR	TWD/INR	THB/INR	INR/VND	BRL/INR	TRY/INR
06-Oct-26	14.36	185.62	23.60	3.03	2.87	269.54	19.35	1.96
05-Jun-26	13.99	189.97	23.56	3.01	2.91	277.32	18.75	2.06
27-Feb-26	13.26	184.53	23.37	2.90	2.93	286.37	17.65	2.07
15-Sep-26	14.30	184.39	23.49	3.01	2.88	270.86	18.68	1.97
15-Jul-26	14.23	187.68	23.61	2.99	2.86	272.78	18.96	2.05
15-Apr-26	13.69	183.58	23.60	2.95	2.91	282.01	18.67	2.09
15-Oct-25	12.36	188.22	20.80	2.88	2.70	299.13	16.11	2.10
31-Dec-25	12.87	185.53	22.14	2.86	2.84	292.40	16.39	2.09
15-Oct-26	14.19	188.90	23.26	2.93	2.83	272.48	18.89	1.92
Depreciation (-)/ Appreciation (+)	CNY/INR	IDR/INR	MYR/INR	TWD/INR	THB/INR	VND/INR	BRL/INR	TRY/INR
Prior to RBI's rate hike in October 2026	1.18%	1.77%	1.43%	3.26%	1.32%	1.09%	2.39%	2.14%
Pre-FCNR Announcement Levels	-1.47%	-0.56%	1.25%	2.67%	2.69%	-1.74%	-0.76%	6.85%
Since US-Iran War	-7.04%	2.37%	0.44%	-1.02%	3.21%	-4.85%	-7.01%	7.21%
1M	0.73%	2.45%	0.95%	2.55%	1.75%	0.60%	-1.13%	2.74%
3M	0.24%	0.65%	1.45%	1.82%	1.09%	-0.11%	0.35%	6.27%
6M	-3.64%	2.90%	1.41%	0.57%	2.68%	-3.38%	-1.16%	8.04%
1Y	-14.85%	0.36%	-11.82%	-1.81%	-4.82%	-8.91%	-17.24%	8.83%
CYTD	-10.25%	1.82%	-5.05%	-2.55%	0.30%	-6.81%	-15.29%	8.34%

INR v/s Developed Economies Currencies

Country	US	Japan	Eurozone	UK	Switzerland	Norway	Sweden
Currencies	USD/INR	INR/JPY	EUR/INR	GBP/INR	CHF/INR	NOK/INR	SEK/INR
06-Oct-26	96.43	1.64	108.40	127.67	115.99	10.09	9.65
05-Jun-26	94.94	1.68	110.50	127.84	120.53	10.19	10.16
27-Feb-26	90.98	1.71	107.31	122.67	117.72	9.57	10.07
15-Sep-26	95.96	1.62	110.72	129.36	117.35	10.27	9.82
15-Jul-26	96.26	1.69	109.91	128.91	118.71	9.91	9.95
15-Apr-26	93.38	1.70	110.02	126.61	119.47	9.89	10.14
15-Oct-25	88.07	1.72	102.45	117.56	110.06	8.73	9.29
31-Dec-25	89.88	1.74	105.49	120.79	113.29	8.93	9.77
15-Oct-26	94.99	1.66	106.55	125.80	114.49	10.01	9.53
Depreciation (-)/ Appreciation (+)	USD/INR	INR/JPY	EUR/INR	GBP/INR	CHF/INR	NOK/INR	SEK/INR
Prior to RBI's rate hike in October 2026	1.49%	1.35%	1.71%	1.46%	1.29%	0.84%	1.25%
Pre-FCNR Announcement Levels	-0.04%	-1.33%	3.57%	1.59%	5.01%	1.75%	6.19%
Since US-Iran War	-4.40%	-3.02%	0.71%	-2.55%	2.74%	-4.55%	5.36%
1M	1.02%	2.87%	3.76%	2.75%	2.43%	2.55%	2.93%
3M	1.33%	-1.43%	3.06%	2.41%	3.56%	-1.03%	4.19%
6M	-1.72%	-2.46%	3.16%	0.63%	4.16%	-1.22%	6.03%
1Y	-7.85%	-3.46%	-4.01%	-7.02%	-4.03%	-14.59%	-2.57%
CYTD	-5.68%	-4.60%	-1.00%	-4.15%	-1.06%	-12.12%	2.40%

INR remained undervalued in the past 1 year



Market Movement

- Indian Markets Continues to Underperform Global Markets on a 1Y basis
- Equity Market Volatility at Levels Prior to the War
- Domestic Index Performance and Sectoral Indices
- Corporate India's PAT Growth remains robust in Q1 FY'27
- Global Commodity Prices Increase as Conflict Escalates
- Fertilizer Prices Edge Higher
- FII Flows remain Negative in October 2026
- Inflation Gap & Yield Gap in India & US
- India Yield Curve Bear Flattens in the past Month
- Market Outlook – Global
- Market Outlook - Domestic

Indian Markets Underperforms Global Markets on a 1Y basis

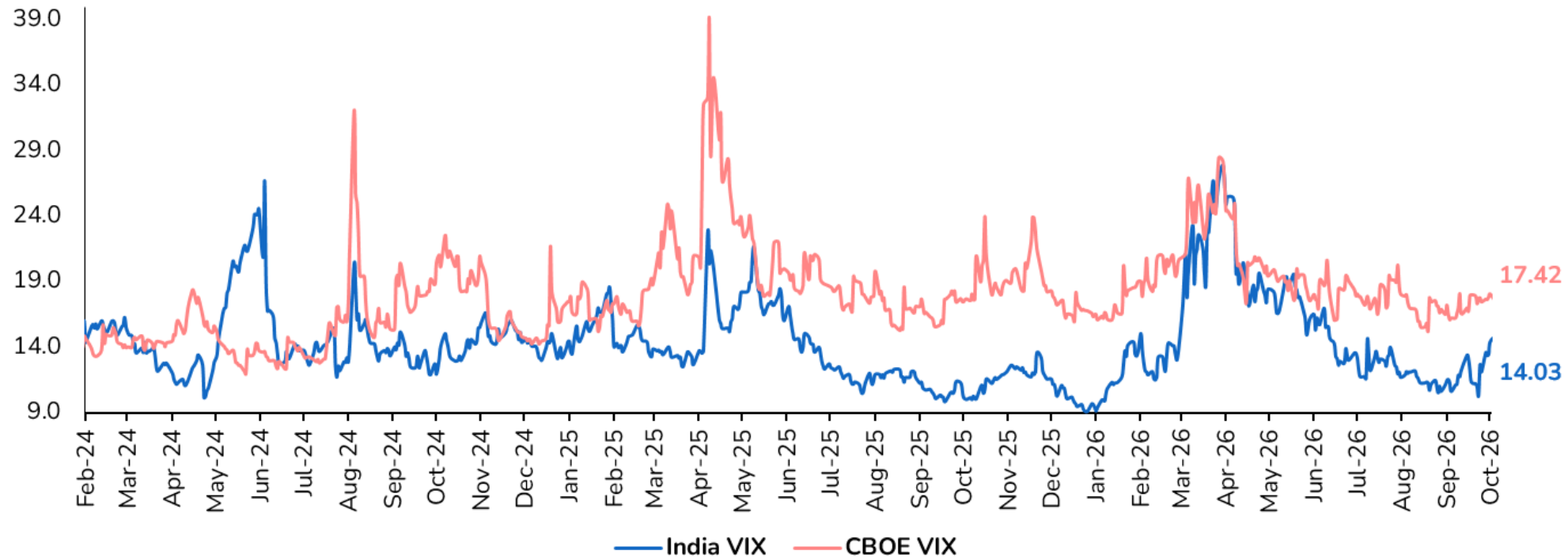
High valuations have resulted in a time correction for Indian markets

KOSPI has recently plunged due to a massive sell-off in semiconductor and AI stocks

Global Indices Performance (USD%) as on October 15, 2026								
Indices	Country	Fall from 52Week High	7D	1M	3M	6M	1Y	3Y
Developed Markets								
DOW JONES INDUSTRIAL AVERAGE	USA	-4.69	1.85	0.16	0.06	5.52	12.81	54.97
NASDAQ COMPOSITE	USA	-3.64	-1.77	2.82	4.67	9.17	17.83	99.24
S&P 500 INDEX	USA	-1.28	-0.27	2.09	3.84	8.67	16.08	78.94
Bloomberg FAANG Index	USA	-5.84	0.74	-1.97	5.67	-1.36	13.04	50.25
FTSE MIB INDEX	Italy	-8.59	0.20	-4.19	-4.79	1.08	17.87	74.94
Euro Stoxx 50 PRICE RETURN	Europe	-6.22	0.68	-1.09	-1.00	1.82	10.05	49.13
CAC 40 INDEX	Paris	-9.37	2.65	-1.92	-4.85	-5.82	-1.76	13.30
DAX INDEX	Germany	-4.64	2.32	-0.08	2.22	2.75	4.97	67.14
NIKKEI 225	Japan	-11.54	-6.69	1.48	0.44	10.18	35.14	99.36
FTSE 100 INDEX	UK	-1.36	3.82	1.71	2.26	1.62	15.02	42.64
OMX Stockholm Benchmark Index	Sweden	-2.46	1.83	1.47	3.19	2.57	18.33	55.19
Emerging Markets								
MSCI EMERGING MARKETS		-11.11	-5.35	-4.36	-0.81	0.65	17.71	68.99
SHANGHAI SE COMPOSITE	China	-12.95	-2.74	-4.06	-1.51	-8.49	-5.23	20.06
HANG SENG INDEX	Hong Kong	-14.23	1.16	-2.45	-2.03	-8.02	-7.13	35.08
Nifty 50	India	-12.80	3.44	-0.52	-5.49	-5.57	-9.19	16.44
TAIWAN TAIEX INDEX	Taiwan	-6.00	-4.75	3.20	10.07	27.62	72.20	179.87
KOSPI INDEX	South Korea	-40.82	-16.17	-16.19	-18.57	-10.30	51.87	126.14
BRAZIL IBOVESPA INDEX	Brazil	-2.57	-0.92	9.56	17.62	4.39	43.28	76.52
S&P/BMV IPC	Mexico	-6.17	4.12	6.54	1.54	-3.10	9.78	37.03
FTSE/JSE AFRICA ALL SHARE INDEX	South Africa	-14.82	2.86	-3.38	0.55	-9.14	-1.31	51.09
TA-35 Index	Israel	-10.20	1.63	-0.83	0.39	-5.67	27.94	151.63
PRAGUE STOCK EXCHANGE INDEX	Prague	-6.04	4.13	-3.70	2.55	-1.82	11.24	96.86

Source: Bloomberg, JMF MF Internal Research| As per latest data available as on October 15, 2026 | KOSPI - Korea Composite Stock Price Index
Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment.

Both India and CBoE VIX remain below Long Term Averages



- Expected market volatility as measured by VIX, is below its long-term historical average for both US and India.
- India VIX is now back to the pre-war levels although the uncertainty for equity investors exists pertaining to the war.
- VIX may increase again for both countries incase the intensity of the war increases.

Source: Bloomberg, JMF MF Internal Research | As per latest data available as on October 15, 2026

Domestic Index Performance and Sectoral Indices

Sectors that have outperformed on a 3M basis:

- IT
- Pharma

Sectors that have underperformed on a 3M basis :

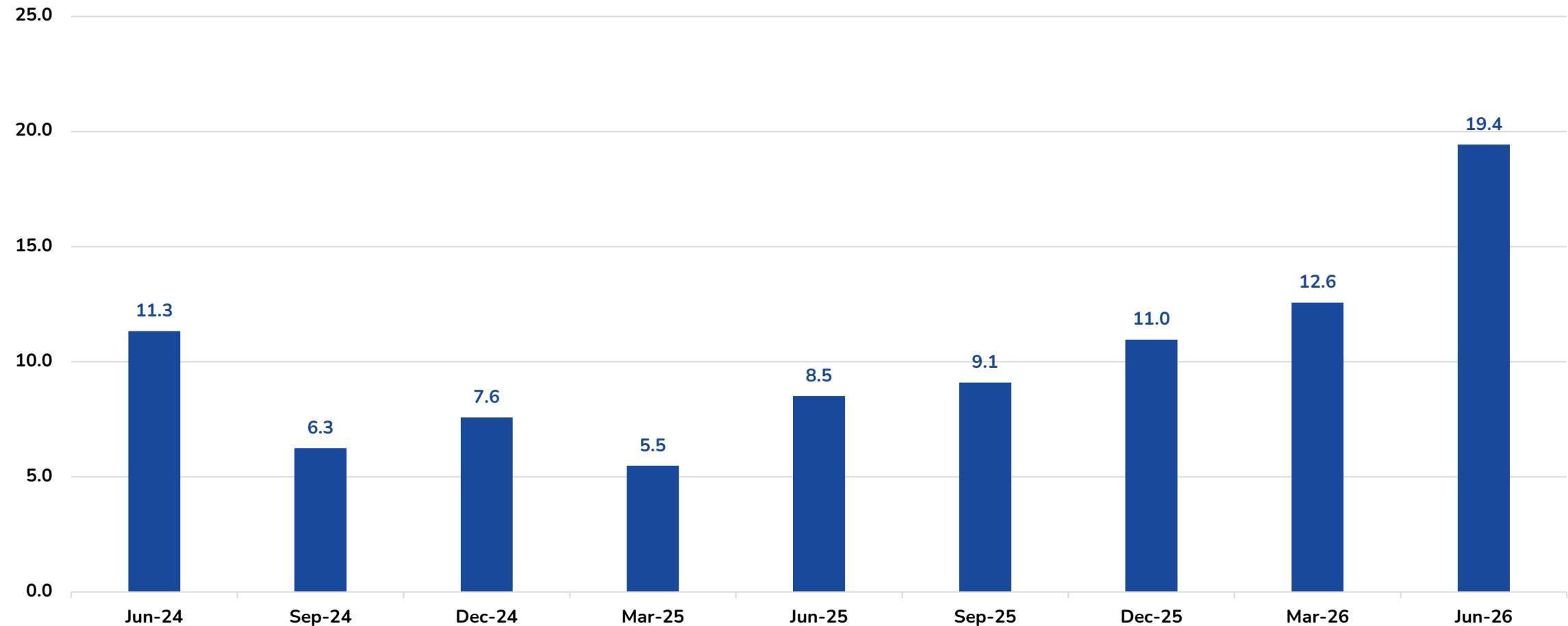
- Realty
- FMCG
- Energy
- Infrastructure
- PSE

Index Performance					
Index	% from 52W High	3M%	6M%	1Y%	3Y%
Nifty Smallcap 250	-5.0	-2.1	7.2	3.4	41.6
Nifty Next 50	-8.4	-4.4	-2.3	-0.6	51.2
NIFTY 500	-8.1	-5.0	-3.0	-5.1	27.5
Nifty Midcap 150	-8.0	-5.3	-1.3	-0.2	43.4
NIFTY 100	-11.1	-5.3	-5.0	-7.7	21.9
NIFTY 50	-12.8	-5.5	-5.6	-9.2	16.5
Sectoral Index Performance	% from 52W High	3M%	6M%	1Y%	3Y%
NIFTY IT	-23.8	5.1	-3.4	-13.2	-3.2
NIFTY PHARMA	-5.3	0.7	14.8	17.0	70.2
Nifty India Defence	-8.7	-1.6	4.3	13.9	NA
NIFTY METAL	-13.7	-3.4	-6.7	17.6	74.6
Nifty Healthcare Index	-7.2	-3.4	8.5	7.0	64.2
NIFTY PSU BANK	-18.9	-4.1	-9.3	4.1	58.1
NIFTY BANK	-9.6	-4.6	-1.3	-1.7	26.2
NIFTY AUTO	-14.4	-5.6	-3.2	-4.2	54.8
Nifty Financial Services	-11.2	-5.7	-4.4	-6.3	28.0
Nifty India Consumption	-13.5	-6.0	-3.6	-10.9	28.2
BSE Capital Goods	-13.4	-6.1	-3.6	6.2	52.5
NIFTY PSE	-14.6	-6.9	-12.6	-6.5	53.0
Nifty Infrastructure	-11.3	-7.4	-6.7	-5.9	37.7
NIFTY ENERGY	-13.4	-7.8	-6.9	2.5	32.9
NIFTY FMCG	-22.0	-8.1	-9.8	-18.2	-14.5
NIFTY REALTY	-15.0	-9.8	5.3	-9.5	35.7

Source: :ACE Equity, JMF MF Internal Research | FMCG – Fast Moving Consumer Goods | PSU/PSE – Public Sector Unit / Enterprise | IT – Information Technology | As per latest data available as on October 15, 2026

Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment. The performance of the sectors mentioned above are no where linked to the Schemes of JM Financial Mutual Fund. The performance mentioned is specifically of Indices only.

NSE 500 PAT Quarterly YoY%



Source: :ACE Equity, JMF MF Internal Research | Data pertaining to 452 common companies in NSE 500 | PAT – Profit After Tax | PAT excluding exceptional/extraordinary/Discontinued operations items taken | As per the latest available data for the Quarter Ended June 2026, Have exclude stocks of certain Telecom and Oil Companies
Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment.

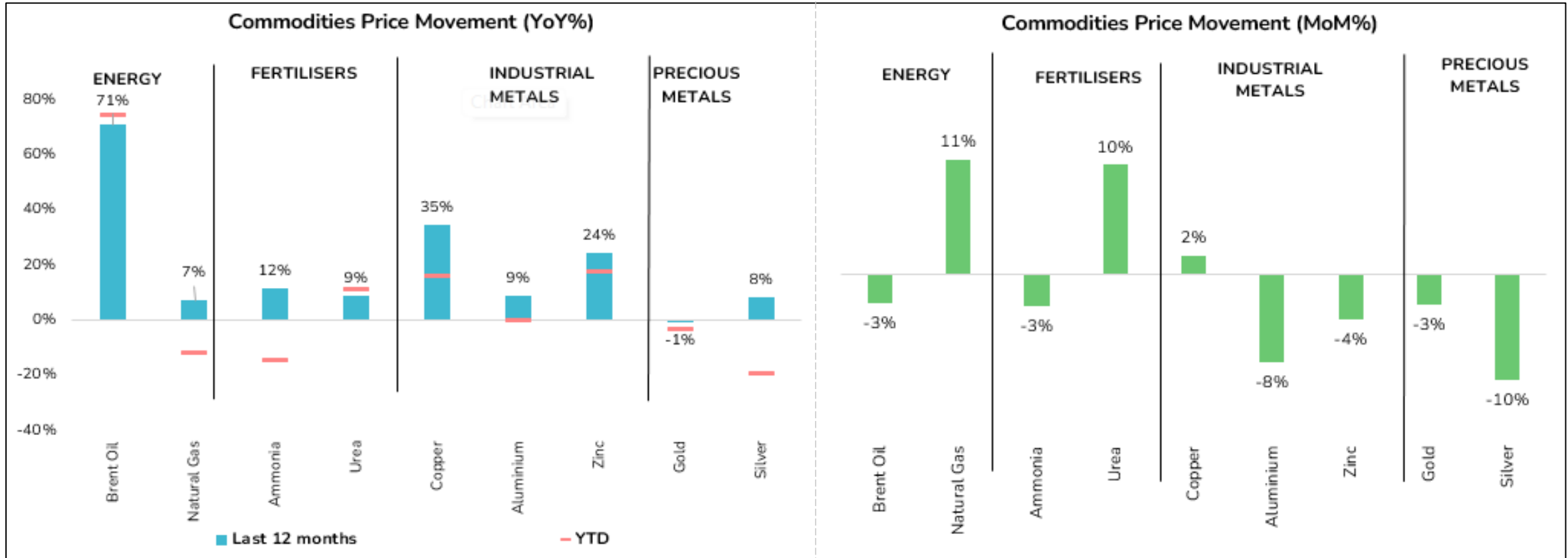
Global Commodity Prices Increase as Conflict Escalates

	COMMODITY PRICES								CHANGE (%)						
	15-Oct-26	Before West Asian War	1M Ago	3M Ago	6M Ago	CYTD	1Y Ago	Pre-COVID*	Before West Asian War	1M Ago	3M Ago	6M Ago	YTD Change	1Y Ago	Since COVID-19
Energy															
Brent Oil (USD/bbl)	105.9	72.5	108.8	85.0	94.9	60.9	61.9	66.0	46.1%	-2.6%	24.7%	11.6%	74.1%	71.1%	60.5%
WTI Crude Oil (USD/bbl)	98.0	67.0	105.8	79.6	91.3	57.4	58.3	61.1	46.2%	-7.4%	23.1%	7.3%	70.6%	68.1%	60.4%
Natural Gas (USD/MMBtu)	3.2	2.9	2.9	2.9	2.6	3.7	3.0	2.2	13.2%	10.9%	10.7%	24.0%	-12.2%	7.3%	47.8%
Heating Oil (USD/gal.)	484.6	267.1	526.2	394.8	375.3	212.1	217.5	202.8	81.4%	-7.9%	22.7%	29.1%	128.5%	122.8%	138.9%
Fertilisers															
Ammonia	425.0	480.0	437.5	695.0	670.0	500.0	380.0	252.5	-11.5%	-2.9%	-38.8%	-36.6%	-15.0%	11.8%	68.3%
Urea	425.0	490.0	385.0	387.5	835.0	382.5	390.0	241.0	-13.3%	10.4%	9.7%	-49.1%	11.1%	9.0%	76.3%
Base Metals															
LME Copper (USD/MT)	14347	13344	14084	13582	13248	12423	10641	6174	7.5%	1.9%	5.6%	8.3%	15.5%	34.8%	132.4%
LME Aluminium (USD/MT)	2987	3140	3252	3150	3622	2996	2746	1810	-4.9%	-8.1%	-5.2%	-17.5%	-0.3%	8.8%	65.0%
LME Zinc (USD/MT)	3665	3317	3824	3546	3397	3118	2948	2272	10.5%	-4.2%	3.3%	7.9%	17.5%	24.3%	61.3%
Iron Ore (USD/MT)	90.0	98.4	95.7	100.5	103.6	105.1	104.5	90.5	-8.6%	-6.0%	-10.5%	-13.2%	-14.4%	-13.9%	-0.6%
Precious Metals															
Gold (USD/Oz)	4171	5279	4292	4061	4791	4319	4207	1517	-21.0%	-2.8%	2.7%	-12.9%	-3.4%	-0.9%	174.9%
Silver (USD/Oz)	57.4	93.8	63.7	57.8	79.0	71.7	53.0	17.9	-38.8%	-9.8%	-0.7%	-27.3%	-19.9%	8.2%	221.6%
Shipping Costs															
World Container Index	4434	1919	4476	4639	2309	2213	1651	1592	131.1%	-0.9%	-4.4%	92.0%	100.4%	168.6%	178.5%
Baltic Dry Index	2667	2019	3360	2929	2484	1877	1997	1090	32.1%	-20.6%	-8.9%	7.4%	42.1%	33.6%	144.7%
VLCC (USD Mn/Vessel)	224.3	153.2	204.6	176.4	169.4	136.2	134.2	96.4	46.4%	9.6%	27.2%	32.4%	64.6%	67.1%	132.7%
Commodity Indices															
Bloomberg Commodity Index	143.90	121.68	147.10	130.62	133.42	109.69	105.59	80.89	18.3%	-2.2%	10.2%	7.9%	31.2%	36.3%	77.9%
FAO Index	135.96	124.13	133.98	130.05	128.67	124.51	128.57	100.79	9.5%	1.5%	4.5%	5.7%	9.2%	5.7%	34.9%
* Pre-COVID data is as on December 31, 2019															

- Brent oil prices have surged materially in the past 3M (↑~25%) due to the re-escalation of the US-Iran war.
- Structurally, global growth has been more resilient than initially expected which adds to the uptick in commodity prices. Further, the risks arising from closure of shipping route and the rapid exhaustion of crude inventories have put a floor on commodity prices.

Source: Bloomberg, JMF MF Internal Research| LME- London Metal Exchange | As per latest data available as on October 15, 2026

Fertilizer Prices Edge Higher

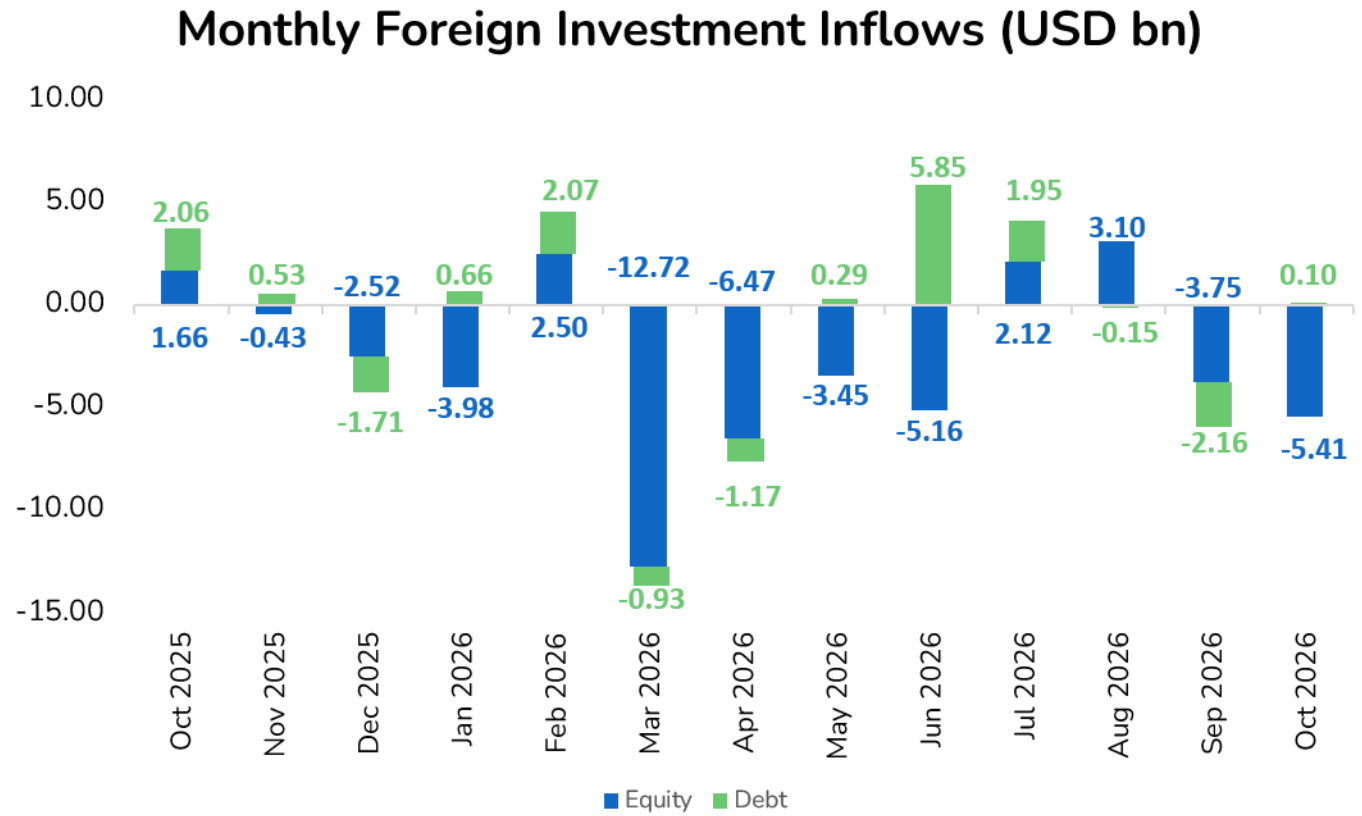


- Urea prices rose primarily because Chinese producers resisted India's lower-priced import tenders, combined with rising European natural gas costs and ongoing global supply disruptions. This will likely increase the fiscal burden on the center for providing fertilizer subsidies.
- The FAO Index currently shows an increase of over 9% in international food prices since the start of the war. This has risen as expected and is poised to remain sticky.

Source: Bloomberg, JMF MF Internal Research| MoM - Month-on-Month| YoY - Year-on-Year | FAO - United Nations Food and Agriculture Organization | As per the latest available data as on October 15, 2026

FII Flows remain Negative in October 2026

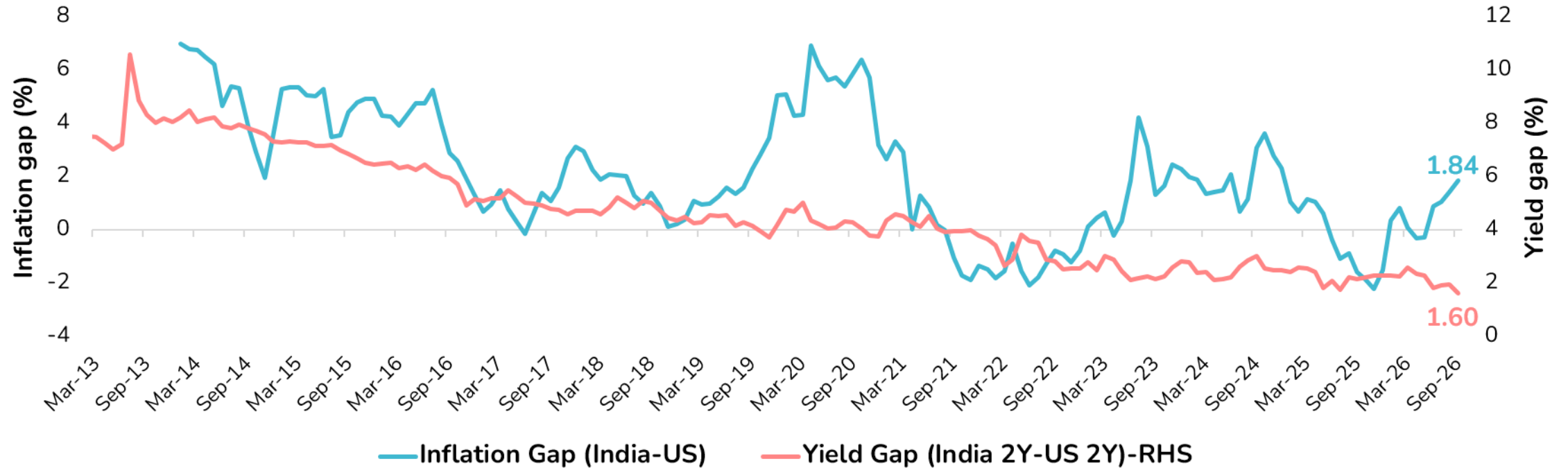
FII net investment (USD. Bn)			
Year	Equity	Debt	Total
FY15	18.37	27.32	45.69
FY16	-2.01	-0.51	-2.52
FY17	8.47	-0.87	7.60
FY18	3.96	18.51	22.47
FY19	0.12	-6.13	-6.01
FY20	1.29	-6.43	-5.14
FY21	37.03	-6.72	30.31
FY22	-18.47	0.27	-18.20
FY23	-5.11	-1.14	-6.25
FY24	25.27	14.59	39.87
FY25	-14.63	16.05	1.43
FY26	-19.69	2.84	-16.59
FYTD27	-19.02	4.71	-14.16



- The global market volatility in the recent months have impacted the FPI activity in both equity and debt markets.
- RBIs measures to attract capital inflows have been able to garner FII inflows only till the month of August 2026. Since September 2026, the re-escalation of geopolitical tensions have resulted in FIIs recording outflows. In October 2026, equity markets witnessed outflows of USD 5.41 Bn while debt markets saw a marginal inflow of USD 0.10 Bn.
- On an FYTD basis, FIIs remained net sellers with net outflows being at USD 14.16 Bn. Equities recorded outflows to the tune of USD 19.02 Bn while debt recorded an inflow of USD 4.71 Bn.

Source: CMIE, NSDL, JMF MF Internal Research| As per latest data available as on October 15, 2026 | FYTD - Financial Year to date | FPIs - Foreign Portfolio Investors | FII - Foreign Institutional Investors

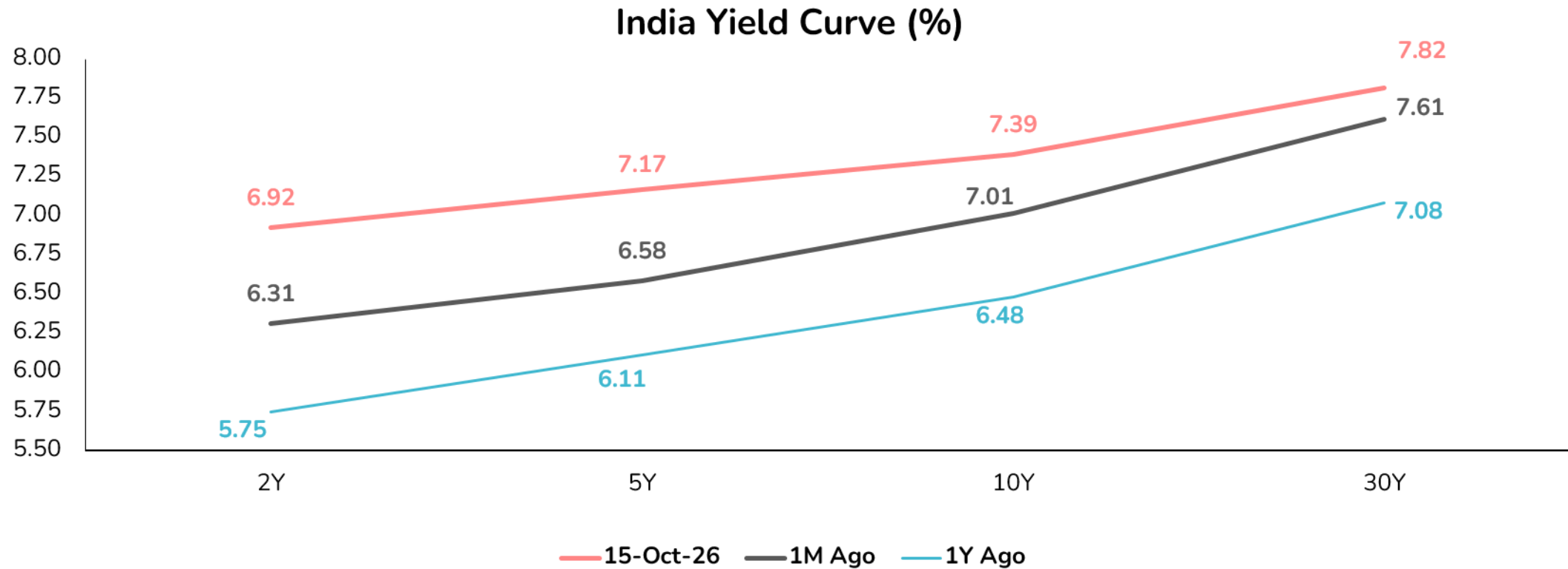
Inflation gap vs yield gap - US & India



- Over the past decade, both inflation gap (India CPI - US CPI) and yield gap (India 2Y – US 2Y) have fallen materially, led by continued decline in Indian inflation rates and domestic G-sec yields.
- Since December 2025, however, the yield gap and the inflation gap are moving in the opposite directions. If US inflation remains above the 2.0% target and if inflation in India rises further, this may lead to inflation gap widening further. Similarly rising global US yields will narrow the yield gap.
- Higher inflation gap and lower yield gap between the US and India, is fundamentally expected to result in greater depreciation pressures on the domestic currency (INR).** However, these pressures are primarily driven by external global shocks rather than internal weakness, highlighting a structurally resilient Indian economy.

Source: Bloomberg, JMF MF Internal Research| INR - Indian Rupee | US – United States | CPI - Consumer Price Index | As per latest data available as on October 15, 2026

India Yield Curve Bear Flattens in the past Month



- The India Yield curve has bear flattened during the past month due to the escalation of the US Iran war, broad-based inflation pressures, the impact of rate hikes and the tightening of monetary policies by global Central Banks.
- India's merchandise trade deficit remains elevated due to the increase in oil prices (witnessed during April – September 2026). Including the remittances and other income, India witnessed a Current Account Deficit of USD 18.30 Bn for the period April to August 2026.
- However, the Balance of Payments (BoP) is now supported by banking capital inflows since June 2026. BoP has surged to a surplus of USD 58.00 Bn in April to August 2026 from a deficit of USD 0.80 Bn in the same period last year. India's external balance will remain supported in the near term due to the accumulated foreign capital inflows.

Source: Bloomberg, JMF MF Internal Research | As per the latest available data as on October 15, 2026

- The West Asia war has materially altered the projected interest rate environment. The war has pushed up the inflation rate above the tolerance limit in several economies, thereby resulting in **interest rate hikes by some central banks**.
- On September 16, 2026, the **US Federal Reserve hiked its federal funds rate by 25 bps** for the first time since 2023. The war has put pressure on US fiscal balance, as reflected by the fiscal deficit numbers for 2026. Further, inflation has been above the 2% target level since 2021. Moreover, the Fed dot plot suggests another rate hike by the end of CY 2026. The focus of the Fed Committee remains on elevated inflation levels and aims to bring it down to the target level of 2.0%.
- **Eurozone has hiked its interest rate by 25bps in September 2026**, given the escalating external uncertainties. The European Central Bank (ECB) has refrained from pre-committing to any particular rate path amid uncertain macroeconomic environment. The ECB is expected to exercise caution and continue its rate hikes in a calibrated manner.
- China's economic activity grew at a stronger pace of 4.5% in Q3 CY 2026, supported by booming exports and robust manufacturing output. The Central Bank and the Government remain focused on announcing measures to support growth. **China has introduced a huge USD 45 Bn recapitalization plan to support its economy**. People's Bank of China is expected to maintain easy monetary policy for an extended period.
- **Bank of Japan (BoJ) has hiked its policy rate by 25 bps to 1.25% in its September 2026** meeting for the sixth time in this interest rate hike cycle. This is the highest level of interest rate since 1995. This is still not the end of the Japan's rate hike cycle since BoJ has stated that the financial conditions remain accommodative as real interest rates are clearly negative. The BoJ is expected to hike its policy rate in a staggered manner to curb inflation and to protect the Yen.
- With major developing economies entering a monetary tightening phase, the **outflow of investments from emerging markets** to developed markets is **likely** to continue.

Source: United States - India Joint Statement, Press Information Bureau, JMF MF Internal Research | BPS - Basis points| CY - Calendar Year | As per latest data available as on October 19, 2026

Note: Monetary policy details have been derived from the respective official central bank websites of all the mentioned countries

- The impact of rising global crude oil prices has started to push up **inflation** which is **slowly becoming broad based**.
- **Gol has been undertaking counter-cyclical measures** to boost Private Final Consumption Expenditure (PFCE) by rationalising its GST rates, increasing salaries through the 8th Pay Commission, amongst other initiatives. As a result, **consumption growth has remained robust**, which may continue to support overall growth **amidst external headwinds**.
- **RBI revised the Real GDP growth to 7.1%** (revised up from 6.7%) for FY'27 in its September 2026 policy. RBI **also raised its CPI inflation expectations** for FY'27 to 5.2% (from 5.0%). Core Inflation for FY'27 has also been revised higher to 4.4% from 4.3%.
- With the **India's GDP print for Q1 FY'27 surprising on the upside at 7.8%**, accompanied by the expected pick up in consumption during the festive season, the country is **expected to grow by 7%+ in FY'27**.
- The **inflow of dollar deposits** via the FCNR channel shall support India's external balances and FX Reserves. Furthermore, RBI's October 2026 repo rate hike and measures aimed at mitigating currency volatility, shall help **limit the depreciation pressures on the Rupee**.
- Weather-related risks arising from El-Nino and the second order impact of energy price rise pose upside risks to inflation. With rising input costs feeding into underlying consumer inflation and the global Central Banks hiking their policy rates, it is expected that **RBI shall undertake calibrated rate hikes in FY'27**.
- Robust GDP growth and adequate liquidity conditions may support the domestic equity market. Also, a de-escalation of geopolitical tensions can improve the risk on sentiment.

Source: RBI, JMF MF Internal Research | VRRR - Variable Rate Reverse Repo | GST – Goods and Services Tax | GDP – Gross Domestic Product | BPS - Basis points | CY - Calendar Year |

Note: Monetary policy details have been derived from the respective official central bank websites of all the mentioned countries | As per latest data available as on October 19, 2026 .

GST	Goods and Services Tax	UK	United Kingdom
GDP	Gross Domestic Product	SACU	South African Customs Union
GoI	Government of India	FTA	Free Trade Agreements
EM	Emerging Market	USD	United States Dollar
VRRR	Variable Rate Reverse Repo	RE	Revised Estimates
VRR	Variable Rate Repo	BE	Budget Estimates
INR	Indian Rupee	UPI	Unified Payments Interface
CPI	Consumer Price Index	IMPS	Immediate Payment Service
FYTD	Financial Year to date	NEFT	National Electronic Funds Transfer
FPIs	Foreign Portfolio Investors	CAGR	Compounded Annual Growth Rate
FII	Foreign Institutional Investors	P2P	Peer-to-Peer
MoM	Month-on-Month	P2M	Peer-to-Merchant
YoY	Year-on-Year	FMCG	Fast Moving Consumer Goods
LME	London Metal Exchange	FAE	First Advance Estimate
PAT	Profit After Tax	SAE	Second Advance Estimate
FMCG	Fast Moving Consumer Goods	A	Actuals
PSU/PSE	Public Sector Unit/Enterprise	EUR	Euro
IT	Information Technology	CNY	Chinese Yuan
CAD	Current Account Deficit	JGB	Japanese Government Bond
ASEAN	Association of Southeast Asian Nations	SoH	Strait of Hormuz

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