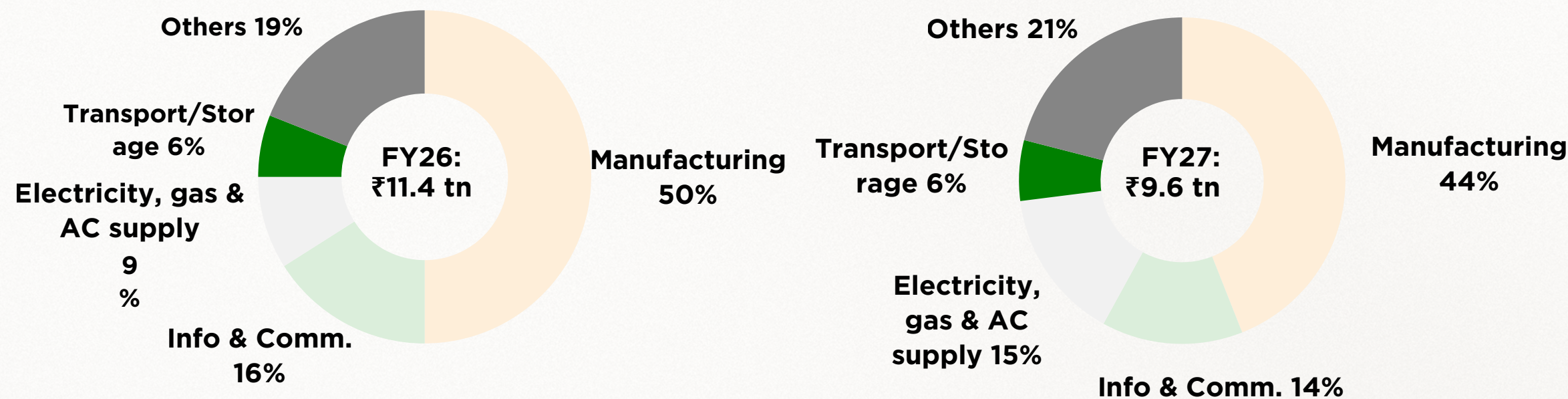


MONTHLY MARKET OUTLOOK:

» India's Economic Snapshot:

From Expansion to Efficiency: A Shift in India Inc's Investment Cycle.

India Inc.'s capital expenditure outlook has turned notably cautious, with data from the National Statistics Office indicating a **16.5%** decline in planned private capex to **₹9.6 trillion** for FY27, compared to the previous year. Importantly, the survey highlights that over **21%** of companies have reported zero capex plans, underscoring a broad-based pause in fresh investment intentions. This moderation comes after a phase of strong post-pandemic capacity expansion and appears driven by a combination of demand uncertainty, relatively elevated cost of capital, and a shift in corporate focus toward balance sheet strength and return ratios. While the slowdown may weigh on order inflows for capital goods, infrastructure, and other investment-linked sectors, it does not signal a structural reversal but rather a consolidation phase in the private capex cycle. In this context, government-led spending remains critical to sustain the broader investment momentum. For markets, this evolving dynamic could drive a rotation toward asset-light, cash-flow generative, and consumption-oriented businesses, as investors increasingly prioritize earnings visibility and capital efficiency over aggressive expansion.



» India Maintains Strong Growth Momentum as GDP Outlook Improves:

India's growth momentum remains resilient in April 2026, reinforcing its position as the fastest-growing major economy. Recent data suggests that economic activity continues to remain strong, supported by robust performance in manufacturing and services, steady domestic consumption, and sustained government capital expenditure. Under the revised GDP series (base year 2022-23), FY26 growth is estimated in the **~7.4%-7.6%** range, reflecting stronger-than-expected momentum, while high-frequency indicators such as GST collections, PMI readings, and core sector output continue to signal healthy underlying demand. Looking ahead, the FY27 outlook remains constructive at **~6.8%-7.2%**, supported by a gradual pickup in private capex, continued infrastructure push, resilient services growth, and improving rural demand. Despite global uncertainties, India's macro fundamentals remain robust, aided by policy stability and controlled inflation, positioning the economy to sustain a **~7%** growth trajectory over the medium term and providing a strong backdrop for corporate earnings and capital markets.

» Industrial Momentum Improves, Led by Manufacturing Strength:

India's industrial activity showed signs of steady recovery, with Index of Industrial Production (IIP) growth at **5.2%** in February, led primarily by an improvement in manufacturing output. The uptick reflects resilient domestic demand and gradual normalization in production cycles, particularly across key manufacturing segments. While mining and electricity growth remained relatively stable, the rebound in manufacturing—accounting for the largest share of IIP—provides a positive signal for near-term economic momentum. However, in the backdrop of moderating private capex intentions, sustaining this recovery will depend on continued consumption strength and policy support. Overall, the data points to a gradual but uneven industrial recovery, with manufacturing acting as the key driver.

► Consumption Divergence Deepens: Urban Leads, Rural Trails:

Consumption trends in Q3FY26 highlight a growing divergence in demand, with urban consumption expanding at a robust **8%**, while rural growth moderated to **5.3%**. The strength in urban demand continues to be supported by higher disposable incomes, services-led employment, and premiumization trends, benefiting sectors such as discretionary consumption, retail, and urban-centric services. In contrast, rural consumption remains relatively subdued, reflecting pressure from uneven income growth and lingering effects of inflation on essential spending. This divergence suggests that, in the near term, urban-led consumption will remain the primary driver of demand, while a sustained rural recovery will be critical for broad-based economic growth. From an investment perspective, this environment continues to favor companies with strong urban exposure and pricing power, while rural-facing segments may see a more gradual recovery trajectory.

► Power Demand Growth Moderates, Underlying Trend Remains Stable:

India's power demand growth remained moderate, with electricity consumption rising **1.8%** year-on-year to **149.6 billion** units in March, reflecting a softer pace compared to earlier months. The moderation is largely attributable to milder weather conditions reducing cooling demand, along with some normalization in industrial activity. However, the broader trend remains intact, with FY26 power consumption still tracking mid-to-high single-digit growth, supported by urbanisation and steady commercial demand.

Importantly, power demand continues to act as a high-frequency proxy for economic activity, and the current trend suggests stable but not accelerating momentum. The resilience in urban and commercial consumption aligns with broader consumption patterns, even as rural and industrial demand show some variability.

Looking ahead, consumption is expected to pick up with the onset of peak summer and sustained urban-led activity, while any sustained improvement in manufacturing could further support industrial demand. Overall, the data points to a steady underlying growth trajectory, despite short-term fluctuations.

▶ **Indian Railways Cargo Growth Reflects Stable Core Demand:**

Freight movement remained steady in FY26, with Indian Railways transporting **1,670 million** tonnes of cargo, reflecting a **3.3%** year-on-year increase. While the growth is relatively moderate compared to previous years, it highlights resilient demand across core sectors such as coal, cement, iron ore, and steel, which continue to drive bulk freight volumes. The softer growth trajectory may also संकेत a phase of industrial normalization and slower incremental demand, in line with broader economic trends.

Rail freight continues to remain a key pillar of India's logistics ecosystem, supported by ongoing investments in infrastructure, capacity expansion, and efficiency improvements. Looking ahead, a sustained pickup in industrial activity and government-led capex will be crucial to drive stronger freight growth and maintain momentum.

▶ **Fuel Export Shock: Regulatory Curbs Reshape India's Refining Landscape:**

India's fuel export landscape witnessed a sharp disruption, with shipments to Europe declining nearly **80%** month-on-month, following stricter enforcement of EU curbs on fuels refined from Russian crude. These restrictions are aimed at limiting indirect flows of Russian-origin energy into European markets, thereby reshaping global trade patterns. The impact has been particularly pronounced for large private refiners such as Reliance Industries, which has significant exposure to European export markets and has historically benefited from processing discounted Russian crude.

The sharp decline in exports highlights the increasing complexity and regulatory sensitivity of global energy supply chains, where traceability of crude origin is becoming critical. In the near term, this could result in pressure on refining margins and inventory adjustments, as exporters recalibrate their destination mix. Indian refiners are likely to redirect volumes toward Asia, Africa, and other emerging markets, partially offsetting the impact.

While the structural competitiveness of India's refining sector remains intact, this episode underscores how geopolitical developments and regulatory actions can introduce volatility, influencing trade flows, pricing dynamics, and profitability across the energy value chain.

CAPEX UPDATE

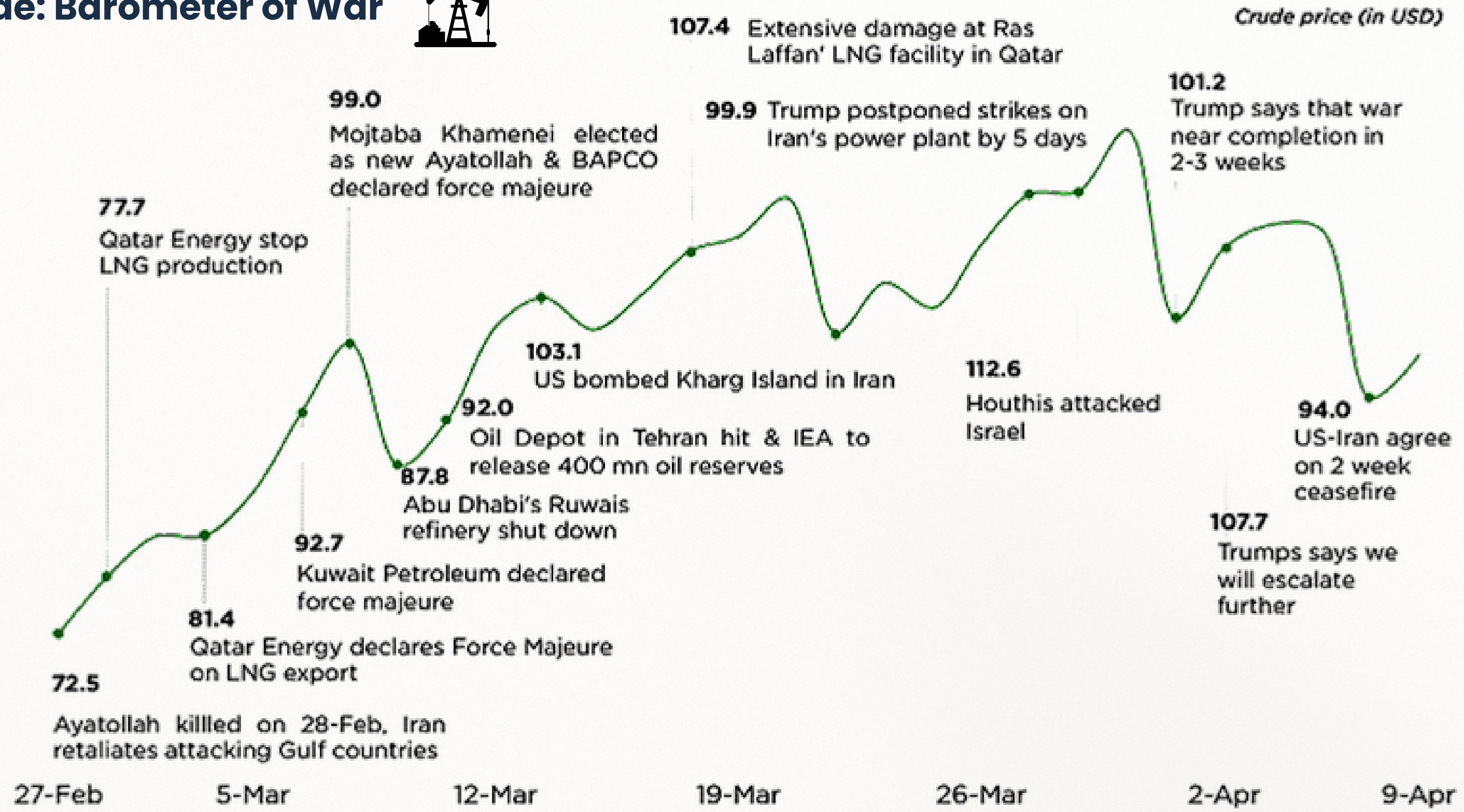
► Public Spending Surge: Centre's Aggressive Capex Fuels Economic Growth:

- CBIC removes **₹1 mn** cap per consignment on courier exports; eff Apr 1.
- Govt allows **SEZ** to sell goods domestically at lower customs duty for one-year.
- Parliament approved **₹2.8 tn** additional spending on grants, Additional cash outflow at **₹2 tn**.
- Centre clears **₹835.3 bn** Agriculture Infrastructure Fund (AIF) projects to strengthen farm storage, logistics.
- Govt approves **₹185.1 bn** railway multitracking projects across Delhi, Haryana, Maharashtra & Karnataka.
- Govt clears **₹2.4 tn** defence procurement proposals; includes S400, Dhanush guns.

► Private Capex in Focus: A Tale of Caution and Strategic Investment:

- Godrej Properties acquires **80 acres** across 4 cities with **₹80 bn** potential.
- Kalpataru wins Mumbai redevelopment project with **₹14 bn** GDV.
- Atanu Chakraborty resigns as HDFC Bank chairman citing governance issues.
- Tata Motors wins **5k+** bus orders from state transport bodies.
- Jindal Steel emerges as preferred bidder for two Odisha iron ore mines with combined reserve of over **88 MT**.
- Infosys acquires US healthcare IT firm Optimum for **\$465** mn to boost healthcare AI.

» Crude: Barometer of War



▶ Geopolitical Shock to Energy Markets Elevates Supply Concerns:

The recent damage to energy infrastructure in the Gulf has introduced a significant supply-side risk to global energy markets. QatarEnergy has indicated that **~17%** of production capacity at Ras Laffan has been impacted, with estimated repair timelines stretching **3-5** years, highlighting the long-term nature of the disruption. Given that Ras Laffan Industrial City accounts for nearly **20%** of global LNG production, the implications for global gas supply and pricing are substantial.

Further compounding the situation, data from Rystad Energy shows that offshore rig counts in the Gulf have declined **~39% to 72 rigs** by March 27, reflecting operational disruptions and heightened uncertainty. Additionally, energy infrastructure repair costs have surged to **~\$25 billion**, indicating the scale of damage across the region. The attacks have also impacted refining capacity of **~3.8 mbpd** and oil export terminal capacity of **~5.3 mbpd**, raising concerns over near-term supply bottlenecks.

Overall, these developments underscore a heightened geopolitical risk premium in energy markets, with potential upside pressure on crude and LNG prices, alongside increased volatility in global trade flows.

Volatility in Commodities

(Price change from 27 Feb to 7 Apr)

Oil	Petrochemical	Fertilizer	Metals	Others
WT ▲ 69%	PP ▲ 48%	Urea ▲ 47%	Aluminum ▲ 13%	LNG ▲ 89%
Dubai ▲ 65%	HDPE ▲ 44%	Ammonia ▲ 38%	Copper ▼ 7%	Coal ▲ 20%
Brent ▲ 51%	PVC ▲ 19%	DAP ▲ 5%	Gold ▼ 11%	Palm Oil ▲ 18%

GLOBAL MARKET OUTLOOK:

» U.S. Economy Moves Toward Soft Landing Amid Sticky Inflation:

The U.S. economic outlook for April 2026 reflects a gradual moderation in growth alongside persistent inflation dynamics, as policymakers continue to navigate a late-cycle environment. Recent data suggests that economic activity remains resilient but slowing, with consumption holding up—particularly in services—while manufacturing and housing show mixed trends. Notably, U.S. manufacturing PMI increased to **52.3** in March from **51.7** in the previous month, indicating a modest expansion in factory activity and some stabilization in the industrial sector.

Consumer demand continues to provide a key cushion, with retail sales rising **0.6%** month-on-month in February, beating expectations and driven by strength in autos, apparel, electronics, and e-commerce, highlighting the resilience of discretionary spending. At the same time, the labor market is showing early signs of cooling, with the unemployment rate rising 10 basis points month-on-month to **4.4%** in February, suggesting a gradual normalisation from tight levels.

On the policy front, the Federal Reserve has held rates steady and continues to signal a data-dependent approach, maintaining its projection of one rate cut in 2026, while also revising inflation expectations slightly higher for the year. In parallel, the U.S. Department of the Treasury has engaged with insurance regulators over systemic risks and rising exposures to private credit, highlighting growing concerns around financial stability in non-bank lending segments.

Overall, the U.S. economy continues to move toward a soft-landing scenario, supported by resilient consumption and improving manufacturing momentum, though inflation persistence and financial sector risks remain key watchpoints.

► **Stability Over Stimulus: China Sticks to a Sustainable Growth Path**

China's economic outlook for April 2026 continues to reflect a measured and policy-managed slowdown, with growth dynamics largely evolving in line with the government's **4.5%–5%** GDP target for FY2026. Recent data indicates that while industrial activity and exports have shown pockets of resilience, domestic demand remains subdued, with inflation still hovering at low levels and below the **2%** CPI target, underscoring persistent deflationary pressures. Policymakers have incrementally stepped up support, with the People's Bank of China maintaining an accommodative liquidity stance, including targeted credit easing for consumption and small businesses. At the same time, authorities have continued to prioritize consumption-led recovery, expanding subsidy programs around autos, home appliances, and digital goods, albeit in a calibrated manner compared to previous stimulus cycles. On the structural front, the government remains cautious, with ongoing efforts to contain local government debt risks and avoid large-scale stimulus, reflecting a shift toward sustainable growth rather than short-term acceleration. The property sector continues to stabilize gradually, supported by selective easing measures, though it remains a drag on broader sentiment. Overall, China's trajectory points to a gradual, policy-supported recovery with limited upside, as authorities balance growth support with financial stability, reinforcing a lower but more sustainable economic growth path.

► **EU Balances Sanctions Pressure with Industrial Support**

The European Union's April 2026 policy stance reflects a balance between geopolitical pressure and industrial support. The EU has proposed its 20th sanctions package against Russia, targeting the oil "shadow fleet" and extending restrictions to sectors such as aluminium, steel, cement, wind turbines, and electric vehicles, aiming to tighten enforcement while safeguarding supply chains. At the same time, the EU has launched the Industry Accelerator Act to boost competitiveness and raise manufacturing's share to **20%** of GDP by 2035, with a focus on clean energy and advanced manufacturing. Additionally, Italy has announced a **€3 billion** energy support package to reduce electricity costs. Overall, Europe is pursuing a dual strategy of economic resilience and geopolitical tightening.

▶ INDIA ECONOMIC DATA

Economic Indicator	Feb'26	Jan'26	Feb'26
WPI inflation (in%)	2.1	1.8	2.4
CPI inflation (in%)	3.2	4.7	3.4
Trade Deficit (in bn\$)	27.1	34.7	14.4



Slowdown in electricity, steel, & cement; with continued degrowth in Oil & Gas

Economic Indicator	Mar'26	Feb'26	Marc'25	MoM	YoY
GST Collection (in ₹tn)	2	1.8	1.8	-3.20%	-4.20%
AVG USD INR	90.8	90.8	86.6	2.40%	7.20%
Forex Reserves (\$ bn)	688.1	723.5	665.4	-5.60%	3.40%