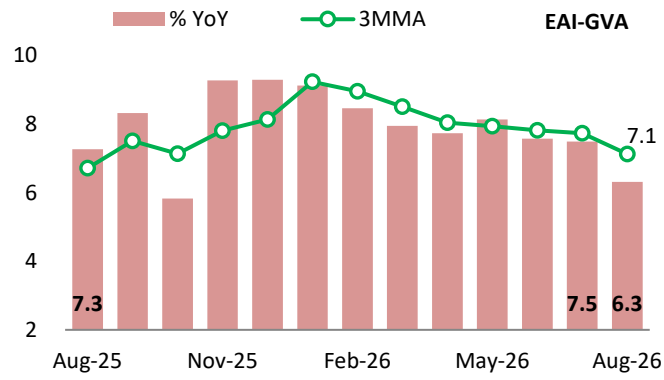
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EAI – Monthly Dashboard: GVA growth moderates in Aug'26

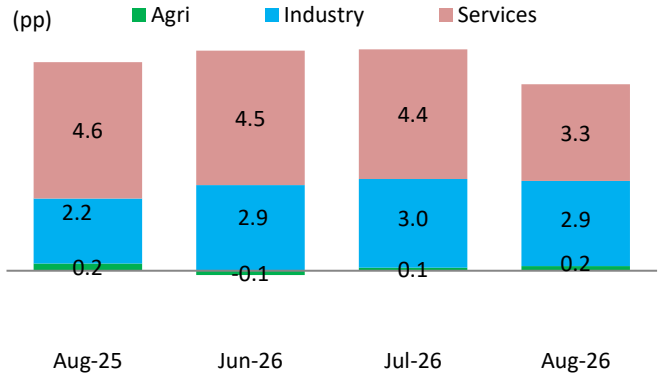
- Preliminary estimates indicate that EAI-GVA growth decelerated to 6.3% YoY in Aug'26 from 7.5% YoY in Jul'26, due to a moderation in services activity. Industrial activity remained resilient at 9.8% YoY in Aug'26 vs. 10.1% YoY in Jul'26, led by strong manufacturing and electricity generation, while services growth declined to 5.4% YoY in Aug'26 from 7.4% YoY in Jul'26. Agricultural activity improved marginally to 1.5% YoY in Aug'26 from 0.9% YoY in Jul'26, although it remained weak. Consequently, non-farm EAI-GVA growth weakened to 6.8% YoY in Aug'26 from 8.3% YoY in Jul'26.
- EAI-GDP growth accelerated to 16.2% YoY in Aug'26 from 12.1% YoY in Jul'26 and 13.0% YoY in Aug'25. Consumption growth strengthened to 12.8% YoY in Aug'26 from 11.9% YoY in Jul'26, supported by higher revenue spending, resilient personal credit and petrol consumption, although auto sales and rural wage growth moderated. Investment growth also increased to 12.6% YoY in Aug'26 from 12.1% YoY in Jul'26, aided by robust auto sales, industrial credit, capital goods imports and electricity generation, despite a decline in government capex. On the external front, real exports grew 25.2% YoY in Aug'26 (21.3% YoY in Jul'26), while real import growth moderated to 13.2% YoY (19.1% YoY in Jul'26), turning the contribution of net exports positive at 2.4pp in Aug'26 from -0.8pp in Jul'26.
- High-frequency indicators point to a broad-based improvement in economic activity in Sep'26, although some indicators moderated from the strong levels seen in Aug'26. Business sentiment strengthened, with Manufacturing PMI rising to 55.1 in Sep'26 from 52.8 in Aug'26 and Services PMI improving to 55.8 from 54.5. Domestic demand was resilient, with CV sales growth at 38.7% YoY in Sep'26 vs. 44.4% in Aug'26 and PV sales growth at 23.8% in Sep'26 vs. 38.9% in Aug'26. Registered motor vehicle sales growth accelerated to 31.5% in Sep'26 YoY from 19.1% in Aug'26. External buffers also strengthened, with forex reserves rising to USD747.6b in Sep'26 from USD729.3b in Aug'26. Meanwhile, reservoir levels remained below last year, but the contraction narrowed to 18.4% YoY in Sep'26 from 35.9% in Aug'26.
- Our EAI-GVA suggests that economic activity remained resilient in the beginning of 2QFY27, with EAI-GVA growth averaging 6.9% YoY during Jul-Aug'26, down from 7.8% YoY in 1QFY27. The stronger-than-expected 1QFY27 GDP print, resilient consumption and investment activity, and firm high-frequency indicators during Jul-Sep'26 support 1HFY27 growth outlook. We retain our FY27 real GDP growth forecast at 7.0-7.2%, above the RBI's 6.7% forecast. However, tighter financial conditions, elevated inflation (rising El-Nino risks) and a less supportive global environment (high global bond yields) are likely to weigh on growth in 2HFY27. We peg nominal GDP growth at ~13% in FY27.
- We expect the RBI to begin its tightening cycle with a 25bp rate hike in the Oct'26 policy, given resilient domestic activity, volatile crude prices, increasing inflation risks and tighter global financial conditions. The RBI has already begun withdrawing surplus liquidity through OMO sales and other liquidity-management operations, reinforcing the shift toward tighter financial conditions. If crude prices remain above USD100/bbl for a longer period, we see scope for 75-100bp of cumulative rate hikes during the tightening cycle.

Exhibit 1: EAI-GVA grew 6.3% in Aug'26 vs. 7.5% in Jul'26



Please refer to our earlier report for details | Source: CEIC, MOFSL

Exhibit 2: Deceleration in growth led by services

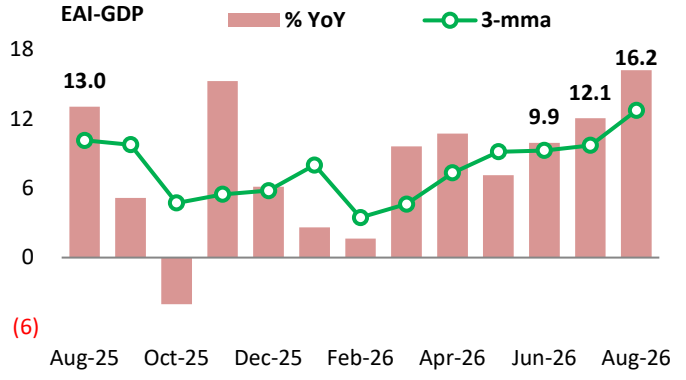


Source: Various national sources, CEIC, MOFSL

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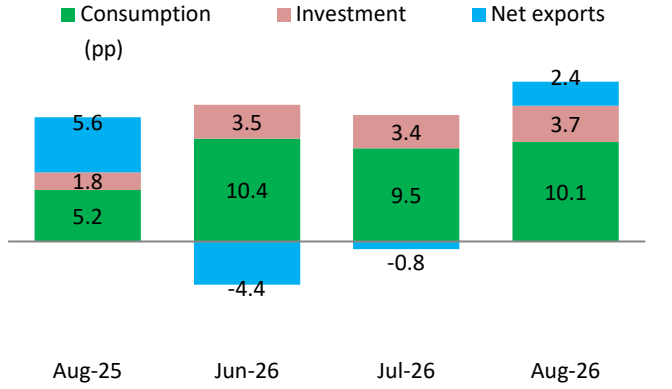
Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 3: EAI-GDP growth improved to 16.2% YoY in Aug'26 from 12.1% in Jul'26



Please refer to our earlier report for more details

Exhibit 4: Consumption and investments remained strong in Aug'26, while net exports added 2.4pp to growth



Contribution of various components to EAI-GDP

Source: Various national sources, CEIC, MOFSL

Preliminary estimates indicate that India's EAI-GVA grew 6.3% YoY in Aug'26, moderating from 7.5% in Jul'26, reflecting a broad-based easing across agriculture, industry and services.

- **EAI-GVA growth at a 10-month low in Aug'26:** EAI-GVA growth moderated to 6.3% YoY in Aug'26 from 7.5% YoY in Jul'26, **with the slowdown primarily led by a sharp deceleration in services activity.** Industrial activity remained strong at 9.8% YoY in Aug'26, supported by resilient manufacturing and electricity generation, while agriculture improved marginally to 1.5% YoY in Aug'26 from 0.9% YoY in Jul'26, but remained weak. Services growth, in contrast, declined to 5.4% YoY in Aug'26 from 7.4% YoY in Jul'26, emerging as the key drag on overall growth. Consequently, non-farm EAI-GVA moderated to 6.8% YoY in Aug'26 from 8.3% YoY in Jul'26. Overall, the August print points to some loss of momentum in economic activity, although the continued strength in industry provides an important cushion *(Exhibits 1 and 2).*
- **EAI-GDP growth accelerated to 16.2% YoY in Aug'26 from 12.1% YoY in Jul'26 and 13.0% YoY in Aug'25**, supported by stronger domestic demand and a sharp improvement in external demand. Consumption growth strengthened to 12.8% YoY in Aug'26 from 11.9% YoY in Jul'26, supported by higher revenue spending, resilient personal credit and petrol consumption, although auto sales and rural wage growth moderated. Investment activity also strengthened to 12.6% YoY in Aug'26 from 12.1% YoY in Jul'26, aided by robust auto sales, industrial credit, capital goods imports, electricity generation and cement production, despite a decline in government capex. On the external front, real exports accelerated to 25.2% YoY in Aug'26 from 21.3% YoY in Jul'26, while real import growth declined to 13.2% YoY from 19.1% YoY, turning the contribution of net exports positive at 2.4pp in Aug'26 from -0.8pp in Jul'26 *(Exhibits 3 and 4).*

Components of EAI-GVA

- **Agriculture remains subdued but improves marginally:** Agricultural activity improved to 1.5% YoY in Aug'26 from 0.9% YoY in Jul'26, but remained below 2.4% YoY seen in Aug'25. The improvement was supported by lower contraction in reservoir levels by only 18.4% YoY in Aug'26 vs. a sharper 35.9% YoY contraction in Jul'26. Domestic tractor sales grew 8.3% YoY in Aug'26 (vs. 18.5% growth in Jul'26). Real rural wage growth moderated to 12.4% YoY in Aug'26 from 13.0% in Jul'26. However, fertilizer production fell 12.4% YoY in Aug'26 from a decline of 8.0% YoY in Jul'26. **Overall, agricultural activity was weak, although the improvement in water availability and consistent tractor sales growth provide some support to the rural outlook** *(Exhibits 8 and 9).*

- **Industrial activity remains resilient, led by manufacturing and electricity:** Industrial activity moderated to 9.8% YoY in Aug'26 from 10.1% YoY in Jul'26, despite continued strength in manufacturing and electricity. IIP manufacturing growth accelerated to 9.0% YoY in Aug'26 from 8.2% YoY in Jul'26, while the EAI manufacturing component remained strong at 12.0% YoY in Aug'26. Electricity generation also accelerated to 11.6% YoY in Aug'26 from 8.4% YoY in Jul'26. However, mining activity weakened by 4.7% YoY in Aug'26 vs. a decline of 1.8% YoY in Jul'26. Construction growth also moderated to 6.4% YoY in Aug'26 from 8.0% YoY in Jul'26. Thus, the industrial sector remained relatively resilient, with strong manufacturing and electricity activity offsetting weakness in mining and construction *(Exhibits 5 and 9).*
- **Services growth lowest growth in 15 months:** Services sector growth weakened to 5.4% YoY in Aug'26 from 7.4% YoY in Jul'26 and 7.6% YoY in Aug'25, emerging as the biggest drag on overall EAI-GVA growth. Auto sales growth slumped to 15.8% YoY in Aug'26 from 25.2% YoY in Jul'26, while freight traffic growth eased to 6.4% YoY from 8.9% YoY. Fiscal spending contracted 10.9% YoY in Aug'26 after growing 3.8% YoY in Jul'26, while the Services PMI component weakened further (to 54.1 from 62.9 in Aug'25). On the positive side, real deposit growth improved to 7.0% YoY in Aug'26 from 5.1% YoY in Jul'26, MF AUM growth strengthened to 5.4% YoY from 3.7% YoY, and trade credit remained firm at 9.2% YoY in Aug'26 *(Exhibits 6 and 9).*

Exhibit 5: Industrial sector growth eased to 9.8% YoY in Aug'26 from 10.1% in Jul'26

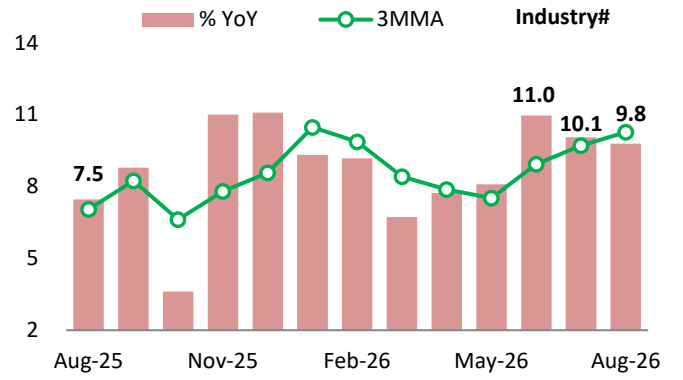


Exhibit 6: Services sector growth slowed to 5.4% in Aug'26 from 7.4% in Jul'26

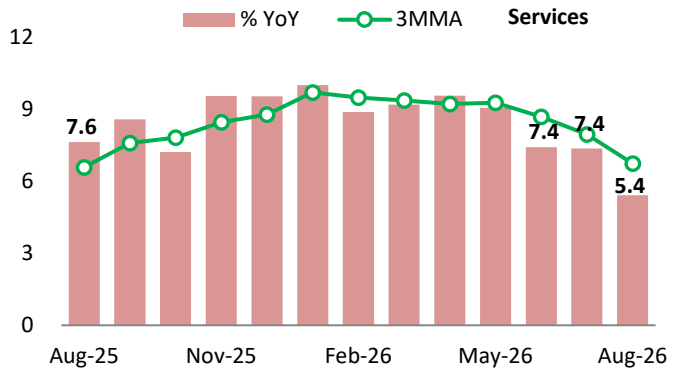


Exhibit 7: Real import growth eased to 13.2% in Aug'26, while exports growth increased to 25.2% in Aug'26

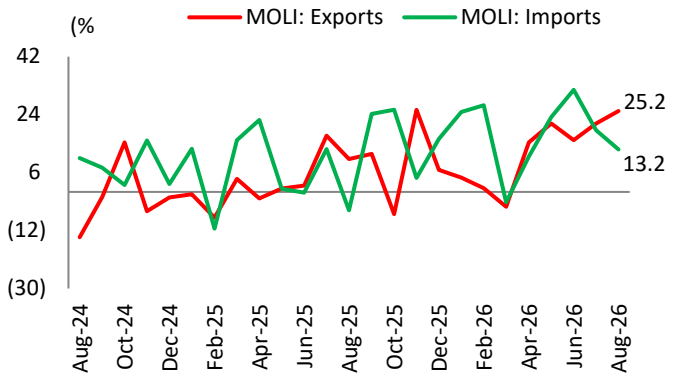


Exhibit 8: Agricultural sector posted growth of 1.5% in Aug'26 vs. 0.9% in Jul'26

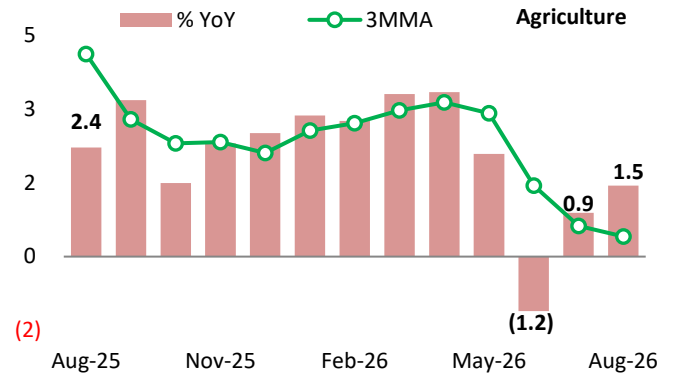


Exhibit 9: Key indicators used in the creation of EAI-GVA on a monthly basis

% YoY	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Agriculture and allied activities													
IIP: Fertiliser	4.5	1.7	7.4	5.5	4.1	3.7	3.5	(24.6)	(8.5)	(1.0)	(3.3)	(8.0)	(12.4)
Domestic tractor sales	24.6	42.9	14.4	30.3	34.9	40.1	30.7	24.0	27.1	19.1	11.8	18.5	8.3
Real rural wages[1]	17.3	17.6	17.9	19.3	19.3	20.0	19.3	18.2	17.2	15.8	25.9	13.0	12.4[8]
Reservoir levels	5.5	4.3	5.7	7.6	5.9	9.1	14.9	9.8	16.1	0.8	(28.9)	(35.9)	(18.4)
Agriculture sector	2.4	3.4	1.6	2.5	2.7	3.1	2.9	3.5	3.6	2.2	(1.2)	0.9	1.5
Industrial sector													
Coal	10.8	(1.1)	(8.4)	2.2	3.7	0.9	1.4	(4.0)	(9.0)	(9.5)	1.4	7.6	(3.8)
Crude oil	(0.7)	(0.7)	(0.8)	(2.6)	(5.1)	(5.4)	(4.8)	(5.3)	(3.2)	(4.2)	(4.2)	(5.3)	(3.6)
Natural gas	(2.2)	(3.7)	(5.2)	(2.5)	(4.4)	(4.9)	(5.0)	(3.7)	(4.2)	(5.0)	(4.8)	(3.0)	(4.9)
IIP: Mining	15.8	15.7	2.8	3.3	0.8	(0.5)	(2.4)	(2.6)	(3.8)	(1.4)	1.6	(0.9)	(5.6)
Mining	12.7	10.7	1.9	2.2	(1.1)	(2.6)	(3.1)	(4.7)	(4.3)	(3.8)	(0.2)	(1.8)	(4.7)
Electricity	4.2	3.1	(7.0)	(1.5)	6.2	5.1	2.3	0.8	5.5	11.2	11.4	8.4	11.6
IIP: Manufacturing	3.6	5.5	(0.7)	8.8	7.7	4.6	5.7	4.0	6.1	5.2	9.5	8.2	9.0
Credit growth[2]	7.0	8.0	11.3	10.2	12.4	10.8	11.1	10.6	6.2	7.0	8.4	9.3	7.6
Fuel consumption	0.2	5.6	(2.6)	3.0	4.7	2.0	6.6	7.2	(2.3)	1.8	1.8	8.1	2.8
Manufacturing	7.2	9.4	3.9	12.3	11.8	8.7	10.0	8.5	9.0	8.6	12.5	12.0	12.0
Steel production	15.3	14.3	9.5	11.6	11.1	13.8	9.9	9.6	4.7	5.1	5.6	1.9	3.4
Cement output	5.4	5.1	5.2	15.1	14.0	11.3	9.1	4.7	8.3	8.4	9.9	12.7	12.5
Construction	9.2	9.8	5.1	12.0	12.3	12.9	10.1	5.2	6.0	6.6	8.8	8.0	6.4
Industry	7.5	8.8	3.6	11.0	11.1	9.3	9.2	6.7	7.7	8.1	11.0	10.1	9.8
Services sector													
Auto sales#	4.8	6.6	4.7	20.9	35.4	23.6	29.5	18.4	27.4	17.4	20.2	25.2	15.8
Trade credit[4]	12.3	11.9	15.1	14.8	17.1	14.8	11.9	11.8	4.6	6.7	7.8	9.2	9.2
Freight traffic[5]	6.3	6.5	5.6	7.8	6.5	4.5	3.9	2.3	0.2	3.2	5.8	8.9	6.4
MF AUMs	12.7	12.9	20.2	19.4	19.5	19.0	24.4	7.9	8.0	2.8	0.5	3.7	5.4
Fiscal Spending[6]	(12.5)	4.3	(25.2)	7.6	(17.1)	(19.9)	7.7	4.1	13.4	(9.7)	20.3	3.8	(10.9)
Real deposits[7]	9.3	9.6	12.2	10.8	12.3	9.3	8.9	11.7	4.5	2.1	3.0	5.1	7.0
Telecom subscribers	1.1	2.2	2.6	8.2	8.5	9.5	9.6	10.0	10.4	10.5	9.9	10.3	10.6
PMI: Services	3.3	5.5	0.7	2.4	(2.2)	3.5	(1.5)	(1.7)	0.2	1.7	(5.0)	(11.9)	(14.0)
Services sector	7.6	8.6	7.2	9.6	9.6	10.0	8.9	9.2	9.6	9.1	7.4	7.4	5.4
Aggregates													
EAI-GVA	7.3	8.3	5.8	9.3	9.3	9.1	8.5	7.9	7.7	8.1	7.6	7.5	6.3
Non-farm EAI-GVA	7.6	8.6	6.1	10.1	10.1	9.8	9.1	8.4	8.6	8.8	8.6	8.3	6.8

[1] Rural wages; deflated by CPI for rural workers
[2] Banks' industrial credit growth; deflated by WPI
[3] Non-metallic minerals products (NMMP)
[4] Bank's non-food trade credit; deflated by WPI
[5] Railways and aviation
[6] Total spending of the central government excluding interest and subsidies; deflated by WPI
[7] Bank deposits; deflated by WPI
[8] our forecasts
Sale of commercial vehicles within total auto sales starting Apr'20 has been derived using CV sales of Ashok Leyland, Eicher Motors Ltd., Mahindra & Mahindra Ltd., and Tata Motors; the four account for ~98% of all CV sales.

Worse than the previous month and a year ago
Worse than the previous month but better than a year ago
Better than the previous month but worse than a year ago
Better than the previous month and a year ago

Components of EAI-GDP

- **Consumption momentum strengthens in Aug'26:** EAI consumption growth accelerated to 12.8% YoY in Aug'26 from 11.9% YoY in Jul'26 and 6.2% YoY in Aug'25, supported by a broad-based improvement across key consumption indicators. Revenue spending rebounded to 48.1% YoY in Aug'26 from 19.7% YoY in Jul'26, while petrol sales remained strong at 8.2% YoY. Personal credit growth strengthened further to 16.9% YoY in Aug'26 from 16.2% YoY in Jul'26, and consumer durables production improved to 2.1% YoY from a contraction of 0.8% YoY. Auto sales growth, however, slumped to 14.8% YoY in Aug'26 from 24.8% YoY in Jul'26, while rural wage growth is expected to ease to 15.6% YoY from 20.3% YoY in Jul'26 *(Exhibits 10 and 12).*
- **Investment activity remains robust in Aug'26:** EAI investment growth strengthened to 12.6% YoY in Aug'26 from 12.1% YoY in Jul'26 and 5.8% YoY in Aug'25, indicating continued resilience in investment activity. The improvement was supported by strong auto sales growth (3Ws + CV sales) at 29.6% YoY in Aug'26, industrial credit growth at 18.2% YoY, and healthy growth in capital goods imports at 13.5% YoY in Aug'26. Electricity generation also accelerated to 11.6% YoY in Aug'26 from 8.4% YoY in Jul'26. IIP capital goods growth declined to 16.9% YoY in Aug'26 from 19.0% YoY in Jul'26 but still remained strong. However, government capex contracted 29.9% YoY in Aug'26 after growing 53.7% YoY in Jul'26. Manufacturing PMI also eased to 52.8 in Aug'26 from 53.5 in Jul'26. Overall, investment momentum remained strong, supported by robust private-sector indicators and credit growth, despite a temporary drag from government capex *(Exhibits 11 and 13)*.
- **External demand turns supportive in Aug'26:** External demand strengthened in Aug'26, with real exports accelerating to 25.2% YoY in Aug'26 from 21.3% YoY in Jul'26 and real import growth moderating to 13.2% YoY from 19.1% YoY. Strong export growth and moderation in imports resulted in a sharp improvement in the contribution of net exports to EAI-GDP growth, which turned positive at 2.4pp in Aug'26 from -0.8pp in Jul'26. Thus, net exports shifted from a marginal drag to a meaningful support to overall economic growth in Aug'26 *(Exhibit 7).*

Exhibit 10: Total consumption growth at 12.8% in Aug'26, up from 11.9% in Jul'26

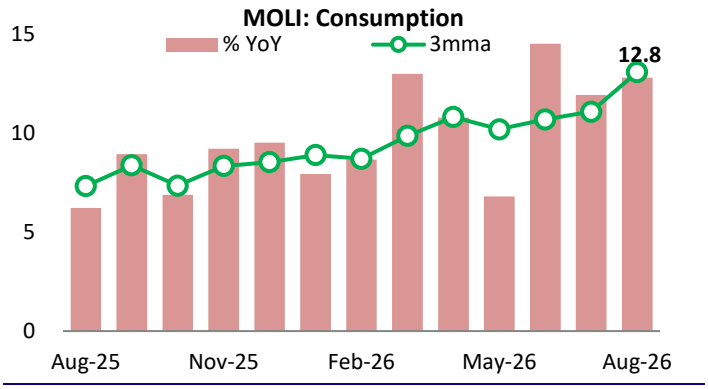


Exhibit 11: EAI-investment grew 12.6% in Aug'26, up from 12.1% in Jul'26

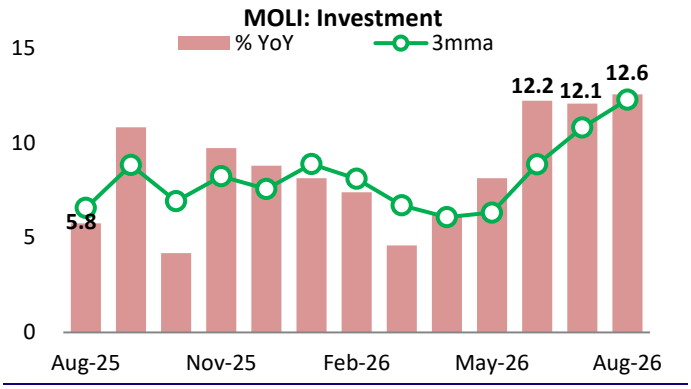


Exhibit 12: Key leading indicators for consumption on a monthly basis

% YoY	Passenger traffic[1]	Revenue spending[2]	Petrol sales	Rural wages[3]	Consumer durable: IIP	Auto sales[4]	Imports[5]	Foreign tourists arrival	Personal credit	Services PMI
Aug-25	2.0	(39.1)	5.5	19.8	0.1	4.4	6.5	(5.5)	11.9	62.9
Sep-25	3.4	(11.6)	8.0	18.6	(0.5)	6.3	21.3	(10.0)	11.8	60.9
Oct-25	6.2	(25.5)	7.4	19.9	(9.4)	4.5	12.1	(5.4)	14.0	58.9
Nov-25	2.9	14.6	2.6	20.9	3.9	20.7	12.1	(1.6)	12.8	59.8
Dec-25	1.9	(7.6)	7.1	20.7	5.9	36.6	13.4	1.7	14.6	58.0
Jan-26	2.7	(16.6)	6.1	21.1	(1.2)	23.3	4.5	2.5	14.9	58.5
Feb-26	4.2	(6.2)	6.1	20.4	1.6	29.9	22.0	2.2	15.2	58.1
Mar-26	8.1	44.4	7.6	19.6	(0.6)	18.7	12.4	(5.4)	16.2	57.5
Apr-26	0.6	26.5	6.8	18.7	0.2	27.8	24.6	(14.4)	16.0	57.9
May-26	1.4	(0.9)	3.4	17.1	(0.4)	17.0	26.6	5.6	15.4	59.8
Jun-26	0.7	20.4	7.4	27.3	5.6	19.6	43.5	3.2	15.8	57.4
Jul-26	0.3	19.7	9.2	20.3	(0.8)	24.8		2.0	16.2	53.3
Aug-26	0.5	48.1	8.2	15.6	2.1	14.8		4.0	16.9	54.1

[1] Railways and aviation

[2] Revenue spending *less* interest payments of the central government

[3] Real rural wages; deflated by CPI for rural workers

[4] Includes passenger vehicles and two-wheelers

[5] Imports of agricultural items, leather products, newsprint and electronic goods, textiles (excluding gold, silver, precious metals)

Worse than the previous month and a year ago
Worse than the previous month but better than a year ago
Better than the previous month but worse than a year ago
Better than the previous month and a year ago

Exhibit 13: Key leading indicators for investments on a monthly basis

% YoY	Cargo traffic[1]	Electricity	Auto sales[2]	Diesel sales	Capital goods' imports[3]	Cement Production	IIP: Non-metallic products	IIP: Capital goods	Industrial credit	Govt capex[4]	Manufacturing PMI
Aug-25	6.3	4.2	9.6	1.2	(6.0)	5.4	67.2	6.0	7.0	113.1	59.3
Sep-25	6.5	3.1	10.6	6.5	8.4	5.1	74.4	13.2	7.8	30.9	57.7
Oct-25	5.6	(7.0)	9.1	(0.3)	10.4	5.2	12.4	5.4	10.0	(28.3)	59.2
Nov-25	7.8	(1.5)	22.9	4.8	12.1	15.1	0.9	16.6	9.6	(13.8)	56.6
Dec-25	6.5	6.2	22.7	5.2	7.9	14.0	(6.9)	12.9	12.8	(24.5)	55.0
Jan-26	4.5	5.1	27.0	3.3	6.8	11.3	(6.9)	12.4	12.1	(24.5)	55.4
Feb-26	3.9	2.3	24.7	4.3	3.2	9.1	(9.6)	16.5	13.5	59.6	56.9
Mar-26	2.3	0.8	15.1	8.1	8.4	4.7	(17.1)	8.5	15.0	(41.8)	53.9
Apr-26	0.2	5.5	22.0	0.8	9.0	8.3	(10.3)	12.0	15.1	18.8	54.7
May-26	3.2	11.2	19.4	1.6	6.4	8.4	(6.1)	15.5	17.5	(0.6)	55.0
Jun-26	5.8	11.4	28.3	6.1	23.2	9.9	(11.7)	17.9	19.2	66.0	54.2
Jul-26	8.9	8.4	30.3	10.0	10.2	12.7	(12.5)	19.0	20.0	53.7	53.5
Aug-26	6.4	11.6	29.6	6.8	13.5	12.5	(12.8)	16.9	18.2	(29.9)	52.8

[1] Railways and waterways

[2] Includes commercial vehicles and three-wheelers

[3] Machinery and equipment, transport equipment, machine tools, and project goods

[4] Capital spending of the central government

** - Data for total CV sales starting Apr'20 derived using CV sales of Ashok Leyland, Eicher Motors Ltd., Mahindra & Mahindra Ltd., and Tata Motors; the four companies account for ~98% of all CV sales

Worse than the previous month and a year ago
Worse than the previous month but better than a year ago
Better than the previous month but worse than a year ago
Better than the previous month and a year ago

HFIs point to an improvement in economic activity in Sep'26:

High-frequency indicators point to a broad-based improvement in economic activity in Sep'26, although some indicators moderated from the strong levels seen in Aug'26 while remaining robust. Business sentiment strengthened, with Manufacturing PMI rising to 55.1 in Sep'26 from 52.8 in Aug'26 and Services PMI improving to 55.8 from 54.5. Domestic demand remained resilient, with CV sales growth at 38.7% YoY in Sep'26 vs. 44.4% in Aug'26, while PV sales moderated to 23.8% in Sep'26 from 38.9% in Aug'26 but remained healthy. Registered motor vehicle sales accelerated to 31.5% in Sep'26 YoY from 19.1% in Aug'26. External buffers also strengthened, with forex reserves rising to USD747.6b in Sep'26 from USD729.3b in Aug'26. Meanwhile, reservoir levels remained below the last year's level, but the contraction narrowed to 18.4% YoY in Sep'26 from 35.9% in Aug'26, indicating some improvement in water availability. Overall, HFIs suggest that economic activity remained robust in Sep'26, with stronger business sentiment, resilient domestic demand and improving reservoir conditions more than offsetting the moderation in some auto indicators *(Exhibit 14).*

Exhibit 14: HFIs point to an improvement in economic activity in Sep'26

	% YoY	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
% YoY	Water reservoir levels	4.3	5.7	7.6	5.9	9.1	14.9	9.8	16.1	0.8	-27.9	-28.9	-35.9	-18.4
Index	PMI: Manufacturing	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8	55.1
Index	PMI: Services	60.9	58.9	59.8	58.0	58.5	58.1	57.5	57.9	59.8	57.3	53.1	54.5	55.8
% YoY	Registered motor vehicles	6.3	41.1	2.9	15.9	18.1	26.5	26.2	13.7	11.3	23.8	27.7	19.1	31.5
USD b	FX reserves[2]	700.1	689.7	687.9	687.7	711.5	728.5	691.1	698.5	682.3	672.6	692.9	729.3	747.6
% YoY	PVs sales	27.0	38.3	19.1	25.0	12.7	10.1	15.2	26.6	29.8	25.4	37.7	38.9	23.8
% YoY	CVs sales[1]	16.7	12.6	26.0	27.7	26.5	23.1	11.9	23.0	18.9	39.2	36.4	44.4	38.7

[1] Sale of commercial vehicles within total auto sales starting Apr'20 has been derived using CV sales of Ashok Leyland, Eicher Motors Ltd., Mahindra & Mahindra Ltd., and Tata Motors; the four account for ~98% of all CV sales.

[2] Data as of 25th Sep'26

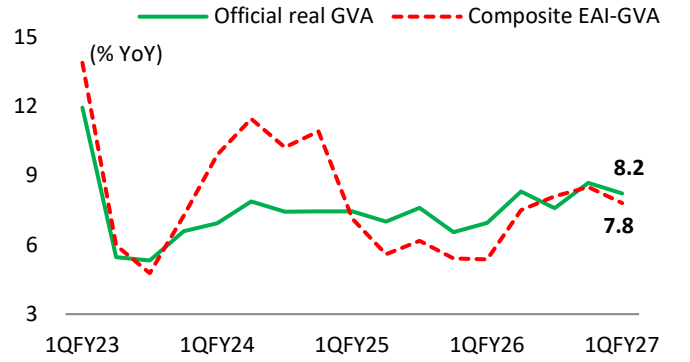
Source: Various national sources, CEIC, MOFSL

Worse than the previous month and a year ago
Worse than the previous month but better than a year ago
Better than the previous month but worse than a year ago
Better than the previous month and a year ago

Outlook

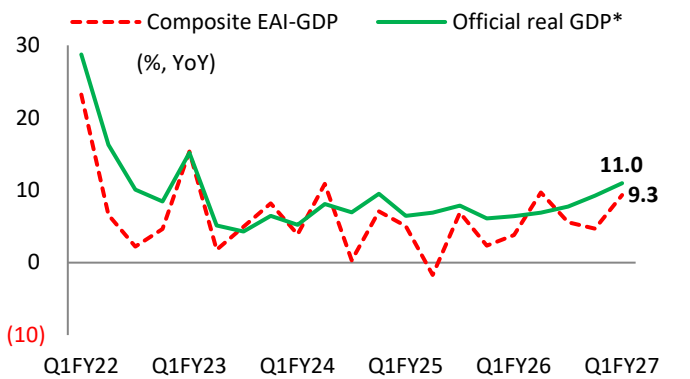
- **Growth outlook remains firm, but some moderation is likely in 2HFY27:** Our EAI-GVA suggests that economic activity remained resilient in the beginning of 2QFY27, with EAI-GVA growth averaging 6.9% YoY during Jul-Aug'26, albeit moderating from 7.8% in 1QFY27. The stronger-than-expected 1QFY27 GDP print, resilient consumption and investment activity, and firm high-frequency indicators during Jul-Sep'26 support the 1HFY27 growth outlook. We retain our FY27 real GDP growth forecast at 7.0-7.2%, above the RBI's 6.7% forecast. Strong investment and consumption, healthy manufacturing and services activity, robust credit growth and stable government infrastructure spending continue to underpin domestic activity. However, tighter financial conditions, elevated inflation and a less supportive global environment are likely to weigh on growth in 2HFY27. We peg nominal GDP growth at around 13% in FY27.
- **RBI likely to begin tightening cycle with a 25bp hike in Oct'26:** The policy backdrop has turned decisively more hawkish, with resilient domestic growth coinciding with rising inflation risks, volatile crude prices and elevated global bond yields. We now expect the RBI to raise the repo rate by 25bp in the Oct'26 policy, taking the repo rate to 5.50%. The RBI has already begun withdrawing surplus liquidity through OMO sales and other liquidity-management operations. If crude remains above USD100/bbl for a longer period, we see scope for 75-100bp of cumulative tightening over the cycle.

Exhibit 15: EAI-GVA moves in line with the official real GVA



Source: CEIC, various official sources, MOFSL

Exhibit 16: EAI-GDP moves in line with the official real GDP*



Source: CEIC, various official sources, MOFSL

*Note: GDP less discrepancies

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