

Navigating the storm:

India's macroeconomic resilience amid geopolitical shocks

- 01 Executive summary
- 02 Key takeaways
- 03 Macroeconomic trend and outlook
- 17 West Asia crisis
- 18 Credit rating implications
- 20 Sector outlook
- 21 Appendix

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Executive summary

FY26 growth at 7.6% with resilient demand; FY27 at 6.7% amid crude and West Asia risks.

India's second advance estimates, released by the National Statistical Office (NSO), place FY26 real GDP growth at 7.6%, reflecting resilient domestic demand, services strength and resilient private consumption. FY27 growth projected at 6.7%, with risks from crude volatility and West Asia conflict. From a credit perspective, higher growth bolsters fiscal consolidation and debt sustainability, though external shocks like West Asia oil disruptions pose ongoing risks to margins and current account deficit (CAD) stability.

Inflation firms as imported costs and weather risks intensify pressures.

Inflation firmed in Q4 FY26 as food prices rebounded and imported cost pressures intensified, lifting headline CPI from 2.8% to 3.4% under the revised base. Core inflation stayed anchored, but geopolitical bottlenecks, volatile energy markets, and emerging El Niño risks threaten price stability. FY27 inflation is expected to average around 4.6%, with upside risks from energy shocks and weather-driven food volatility.

RBI holds 5.25% repo amid global risks; policy shift awaits durable disinflation.

The RBI kept the repo rate unchanged at 5.25% in April 2026, maintaining a Neutral stance to preserve flexibility amid global uncertainty. The West Asia conflict remains the key macro risk, with crude spikes and supply disruptions pressuring growth and inflation. Policy direction now hinges on durable disinflation and stable growth, while rising inflation risks could prolong the pause or prompt a firmer tone.

Industrial momentum moderates, but capex strength supports near-term outlook.

Industrial growth softened in Q4 FY26 as manufacturing lost momentum, though capital-goods and infrastructure demand stayed firm on sustained capex and mining strength. Energy-price shocks and weak consumer demand weighed on output, but the outlook for Q1 FY27 remains moderately positive, with infrastructure spending, PLI-driven manufacturing, and supply-chain integration supporting 5–5.5% growth despite crude volatility and global softness.

External balance weakens amid high imports and global price pressures.

India's trade position remained resilient in Q4 FY26 despite energy-price shocks and logistics disruptions, with strong services exports offsetting weak merchandise growth. Elevated imports kept the goods deficit wide, pushing the FY26 CAD toward 1% of GDP. FY27 outcomes will hinge on export recovery, energy prices, and rupee-linked competitiveness, even as new FTAs broaden market access and reduce concentration risks.

Record-low rupee driven by crude surge, strong dollar and FPI outflows.

The rupee breached 95 per USD in April 2026 as crude-driven external pressures, a strong dollar, FPI outflows, and a wider trade gap outweighed RBI intervention. Near-term depreciation risks persist, but active forex management and large reserves should keep movements range-bound despite elevated external pressures and crude-price risks.

Strong credit momentum amid slowing deposits raises funding and margin risks.

Credit momentum strengthened in FY26, with bank credit rising 16% YoY by March 2026 on the back of ample liquidity, robust consumption, and broad-based expansion across retail, MSME, NBFC, and select corporate segments. However, deposit growth, at 13.4% in March and easing to 12.1% in April, continued to trail credit, reflecting a shift toward market-linked savings. The resulting high credit-deposit ratio is set to pressure margins and funding costs.

Hormuz blockade lifts crude above USD 100, widening India's external and macro risks.

The Israel-Iran-US conflict and the US-enforced Hormuz blockade have pushed crude above USD 100, sharply raising India's energy import bill and widening external vulnerabilities. Elevated freight, insurance, and rerouting costs are amplifying supply-side pressures, squeezing sectoral margins, and intensifying inflation and growth risks. Gold import spikes and higher G-sec yields further strain the external and fiscal balance. While risks remain high, India's diversification efforts and strategic reserves offer partial buffers.

Strong fundamentals underpin credit profile, though crude-driven external risks loom.

India's credit profile remains supported by resilient growth, contained inflation, and strong banking fundamentals, but volatility in industrial and energy-linked sectors elevates credit risks. Fiscal consolidation continues, yet high debt and a potentially wider CAD limit sovereign headroom. Stable liquidity, predictable policy, and large reserves offer buffers, though external pressures and energy-price risks remain key sensitivities.

Strong demand supports sectors, but energy and external risks linger.

India's sectoral outlook is broadly stable to positive, supported by strong domestic demand and export momentum. Autos, construction, textiles, hotels, and communication services remain stable, while consumer goods, agriculture, metals, mining, and healthcare trend positive. Real estate stays resilient, though roads and power distribution face lingering stress. Overall credit quality is firm but sensitive to energy prices and external volatility.

Key takeaways

7.6%

Real GDP FY26

▲ up 20 bps | FY27F: 6.7%

3.2%

CPI Q4 FY26

Within RBI band | FY27F: 4.6%

5.25%

RBI Repo Rate

Neutral stance | Apr 2026 MPC



GEOPOLITICAL ALERT: US-Israel-Iran conflict → Strait of Hormuz blockade → Brent at USD 138/bbl → CAD widens to est. 1.9–3.5% GDP

War-risk insurance up 3–5× | Freight rates +40–60% | Transit time +7–10 days | India VIX spiked 52–62%

KEY TAKEAWAYS

1

India's growth momentum remains resilient but moderating

Real GDP FY26 revised up to 7.6%, driven by capex and private consumption (PFCE at 61.5% of GDP, highest since FY12). High-frequency indicators show moderation in March 2026, but India remains the fastest-growing major economy. IIP grew 4.2% in Q4 FY26; core sector contracted -0.4% in March, the first contraction in two years.

→ *Growth above consensus; FY27 growth projected to moderate to 6.7%*

2

Inflation remains benign but energy risks persist

CPI averaged 3.2% in Q4 FY26, well within RBI's 2–6% band. Core inflation stable at 3.1–3.4%. FY27 CPI projected at 4.6%. Key upside risk: global energy price spikes from West Asia conflict transmitted via fuel and logistics costs.

→ *Manageable near-term; upside risk from crude*

3

Monetary policy likely to remain supportive but cautious

RBI held repo rate at 5.25% with neutral stance in April 2026 MPC meet, projecting FY27 GDP at 6.9% and CPI at 4.6%. Rate cuts of 25 bps likely in Aug/Oct 2026 if inflation moderates. Prolonged Hormuz crisis could delay easing to H2 FY27. RBI's regulatory easing boosted bank capital, liquidity, and credit access.

→ *Neutral stance; cuts hinge on inflation durability*

4

Geopolitical risks from West Asia pose key downside risk

US-Israel-Iran conflict → Strait of Hormuz blockade. Approximately 20% of global petroleum supply at risk. India imports 85% of crude via this route. Every USD 10/bbl rise in oil widens CAD by approximately 0.4% of GDP. Rupee depreciated by 4%, closing at INR 95.21 in March. Bond yields rose to 7%.

▼ *High severity: cascading fiscal, inflation & CAD impact*

5

External sector volatility, minimized by a strong forex buffer

Forex reserves touched a historic high of USD 728 billion in Feb 2026, dropping to USD 698 billion by April 2026 as the RBI intervened during the Middle East conflict. Trade deficit averaged USD 20–25 billion monthly. Strong services exports (USD 213.9 billion surplus FY26) cushion overall balance. Reserves cover over 11 months of imports.

→ *Hit an all-time high before facing a sharp drawdown; RBI buffers cushion impact*

6

Commodity market volatility: synchronized rally in gold, silver, copper

Brent crude surged to USD 138/bbl (April 2026) on Middle East supply disruptions. Gold spiked to INR 17.3 million per kg (INR 1.73 crore/kg). Higher prices benefit upstream producers but compress margins in manufacturing, aviation, and logistics sectors. Rupee depreciated to INR 95.33/USD, a record low.

▲ *Every USD 10/bbl rise in oil widens CAD by approximately 0.4% of GDP*

7

Credit & financial market resilience amid external shocks

Bank credit growth at 13.8% YoY by March 2026, supported by retail, MSME, and infrastructure lending. Credit-deposit ratio reached a record 83%. Nifty 50 rebounded to 8% in April on ceasefire signals. G-sec yields rose to 7% on crude-driven inflation concerns and elevated borrowing needs.

→ *Credit momentum strong; funding costs and yield trajectory key watchpoints*

Key takeaways

8

Outlook: Broadly stable with manageable risks

India's macro fundamentals remain resilient despite external shocks. FY27 growth projected at 6.7%, supported by domestic demand, capex cycle, and improving corporate balance sheets. Supply diversification from Russia and Africa, Strategic Petroleum Reserves deployment, and India–EU/UK/US trade deals sustain medium-term stability.

→ *Broadly stable outlook; crude oil price & geopolitics remain key watchpoints*

External sector at a glance

USD 698bn

Forex Reserves
11 months import cover

INR 93-96

INR / USD Range
▼ Bearish on Hormuz risk

USD 138/bbl

Brent Crude Peak
▼ EIA forecast USD 96 average

Sector credit outlook

Infrastructure ✓ Positive	Banking ✓ Stable	Energy / Refiners ⚠ Cautious	Fertilizers ✗ Pressured
Aviation / Logistics ⚠ Cautious	Steel / Cement ✓ Positive	MSME / Housing ✓ Stable	Chemicals / Mfg. ⚠ Cautious

Source: Brickwork Ratings Research, RBI, MoSPI, NSE, Ministry of Finance. April 2026.

Macroeconomic trend and outlook

FY26 real GDP growth revised to 7.6% on stronger consumption and investment momentum.

Q3 clocks 7.8% as new base year sharpens India's growth picture.

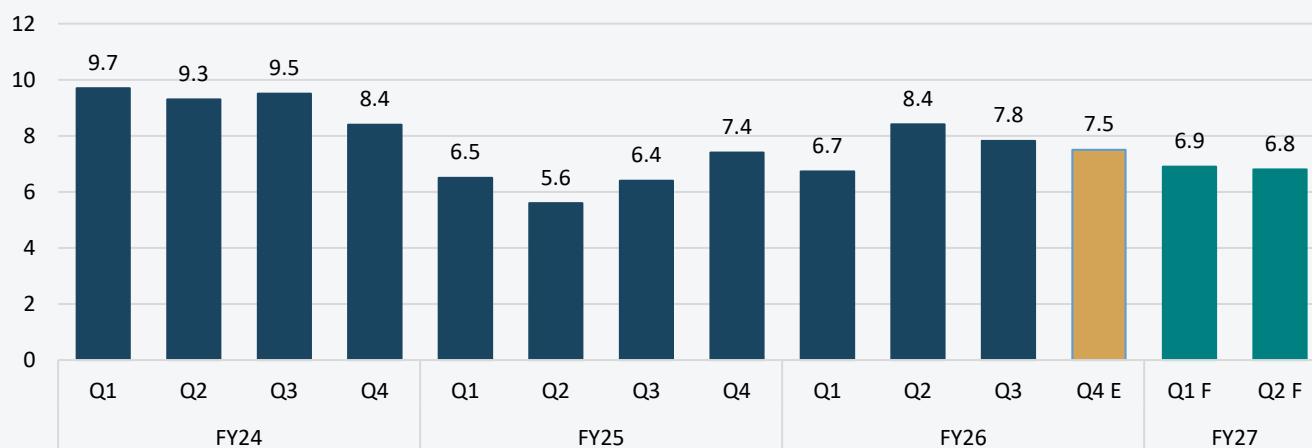
India's real GDP is estimated at 7.6% in FY26 and projected at 6.7% in FY27

India's second advance estimates for FY26, released by the NSO in late February 2026, place real GDP growth at 7.6%, up from 7.4% in the first advance estimates. The upward revision reflects a stronger than expected recovery in private consumption and sustained investment momentum under the new GDP series. Nominal GDP and GVA growth are estimated at 8.6% and 8.7%, respectively, supported by broad-based sectoral expansion.

In Q3 FY26, real GDP grew 7.8% YoY, supported by strong domestic demand and continued services-sector strength, although growth moderated sequentially from Q2. The release also introduced a new GDP base year of 2022-23, replacing the earlier 2011-12 base, making the estimates better aligned with the current structure of the economy.

Figure 1

India's real GDP growth (%), YoY



Source: Ministry of Statistics and Programme Implementation; Reserve Bank of India. E- Estimate, F- Forecast

Manufacturing-services strength and record PFCE share drive FY26 growth, supported by capex-led GFCF revival.

FY27 growth at 6.7%, with West Asia shocks weighing on risks even as services strength and RBI support anchor stability.

Capex durability, productivity gains, and strong domestic demand anchor India's medium-term growth outlook.

Under the revised series, manufacturing and robust services expansion emerge as the primary output-side drivers of FY26 growth, with the secondary and tertiary sectors collectively registering above 9% growth. On the expenditure side, Private Final Consumption Expenditure (PFCE) at 61.5% of GDP, the highest since FY12 remains a key contributor, supported by real income gains and GST rationalisation led price relief, while gross fixed capital formation (GFCF) is anchored by sustained government capital expenditure momentum and a gradual revival in private investment.

India's real GDP growth is projected at 6.7% for FY27, with the outlook tempered by the West Asia conflict, higher input costs, and supply-chain disruptions in the Strait of Hormuz. Despite these external headwinds and potential pressures on the trade deficit, the central bank has emphasized that proactive liquidity management and robust services exports continue to act as key buffers, supporting overall macroeconomic stability.

India's medium-term growth outlook remains firmly supported by durable capital expenditure, productivity gains, and resilient domestic demand. The capex cycle, anchored by public infrastructure spending and a gradual pickup in private participation, is expected to remain durable through FY30, supporting banking credit growth and long-tenor financing. Rising formalization, digitalization, and technology adoption are set to enhance productivity, strengthen tax buoyancy, and deepen credit penetration, thereby bolstering corporate profitability and sovereign revenues. Domestic demand, led by consumption and services, will continue to be the key growth driver, while services exports cushion external volatility.

Macroeconomic trend and outlook

Inflation rebounds from historical lows amidst CPI base revision.

Inflation is still driven by food volatility and external shocks, with El Niño and heatwaves adding upside risks that could delay policy easing.

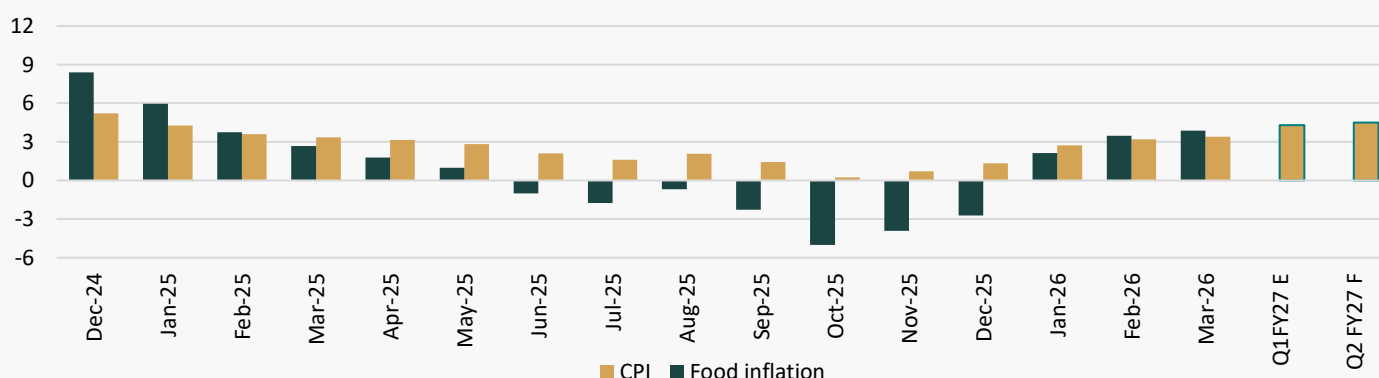
Inflation firms on imported cost pressures as geopolitical bottlenecks test price stability

India's retail inflation exhibited an upward trend in Q4 FY26, rising from 2.8% in January 2026, under the revised CPI series (base 2024=100), to 3.4% in March 2026, marking a 13 month high. The increase was driven primarily by food inflation, which accelerated from 2.1% to 3.9% over the quarter, alongside moderate price pressures in services such as personal care, hospitality, and transportation. Core inflation remained within the 3.1-3.4% range in Q4 FY26, helping anchor overall price dynamics. Notably, rural inflation outpaced urban (3.6% vs 3.1% in Mar), highlighting rural vulnerabilities.

While food price volatility remained the key driver, the broader inflation trajectory reflected a mix of base effects from the new CPI series and external pressures, including global commodity volatility and West Asia tensions feeding into fuel and housing inflation. These pressures were partly offset by stable staple prices and supportive rabi output. However, early El Niño signals and rising heatwave risks pose upside threats to food prices, suggesting that persistent cost pressures could constrain the macro-financial space for near-term monetary policy easing.

Figure 2

Retail inflation (%), YoY



Source: Ministry of Statistics and Programme Implementation; Reserve Bank of India (RBI). E- Estimate, F- Forecast

FY27 CPI inflation expected at around 4.6% as energy shocks and El Niño risks test price stability.

Imported cost pressures squeeze incomes and margins, though anchored inflation supports credit stability.

Inflation outlook remains cautious, with headline CPI inflation projected at around 4.6% in FY27. Volatile global energy prices, alongside the anticipated emergence of El Niño conditions from mid-2026, threaten agricultural yield and could result in further food price volatility. Geopolitical tensions in West Asia have pushed up fuel, freight, and insurance costs, while the recent domestic fuel price adjustment adds mild near-term pressure. These upside pressures may limit the scope for further rate cuts, although strong domestic buffers and proactive supply-side management are likely to help contain broader price instability.

From a credit rating perspective, these imported pressures pose downside risk to household incomes and corporate margins. Sectors sensitive to fuel and import costs are particularly vulnerable, with sustained supply disruptions could eventually weaken consumption and debt-servicing capacity. At the same time, anchoring inflation within the target band supports macroeconomic stability, supporting debt-servicing capacity and sovereign risk profiles. The RBI's cautious policy pause reinforces financial resilience, even as rising input costs continue to test margin visibility.

Macroeconomic trend and outlook

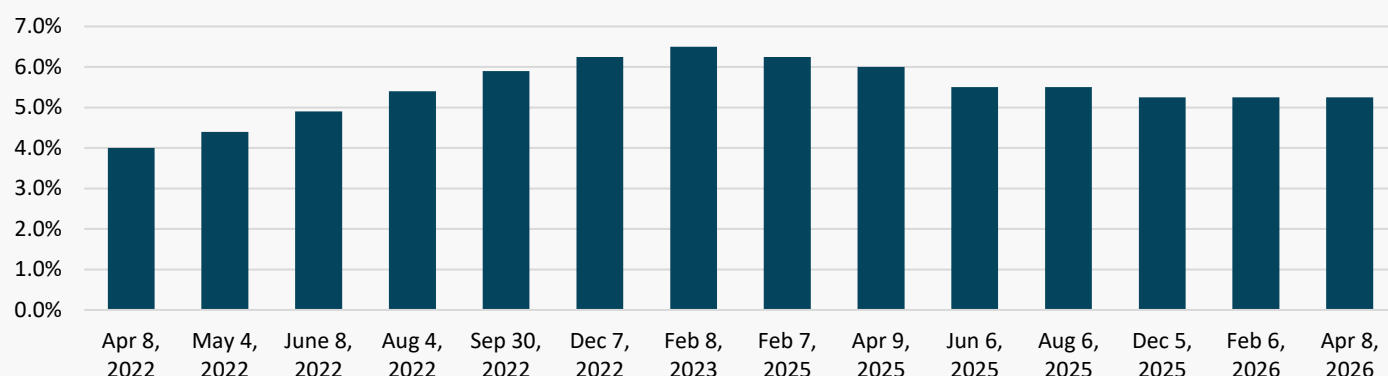
The RBI signals policy continuity amid stable growth and easing inflation.

RBI holds repo rate at 5.25% and maintains neutral stance; flags inflation risks from West Asia conflict

The RBI, in its Monetary Policy Committee (MPC) meeting in April 2026, maintained a cautious policy pause, keeping the repo rate at 5.25% and other key rates unchanged, while retaining a neutral stance to preserve flexibility amid global uncertainty. The central bank flagged the West Asia conflict as the dominant macro risk, with energy price spikes, shipping disruptions, and higher input costs weighing on growth and inflation.

Figure 3

RBI repo rate trend



Source: Reserve Bank of India.

Note: The above graph only plots data when repo rate changed with relevant dates and omits MPCs when repo rates were held constant.

Policy trajectory hinges on inflation durability and growth sustainability.

The MPC flagged geopolitical tensions, volatile energy prices, and tightening external financial conditions as spillover risks, underscoring that its 'Neutral' stance is a deliberate hedge against exogenous shocks rather than a passive hold. Going forward, policy hinges on two variables: the durability of disinflation and the sustainability of growth. A clearer alignment of inflation toward the 4% target, particularly with reduced food price volatility, is a precondition for any shift in stance. That said, the RBI may adopt a more hawkish tone or extend the pause if inflation risk rise.

Bank credit growth hits 16% YoY by March 2026: Liquidity and consumption drive expansion

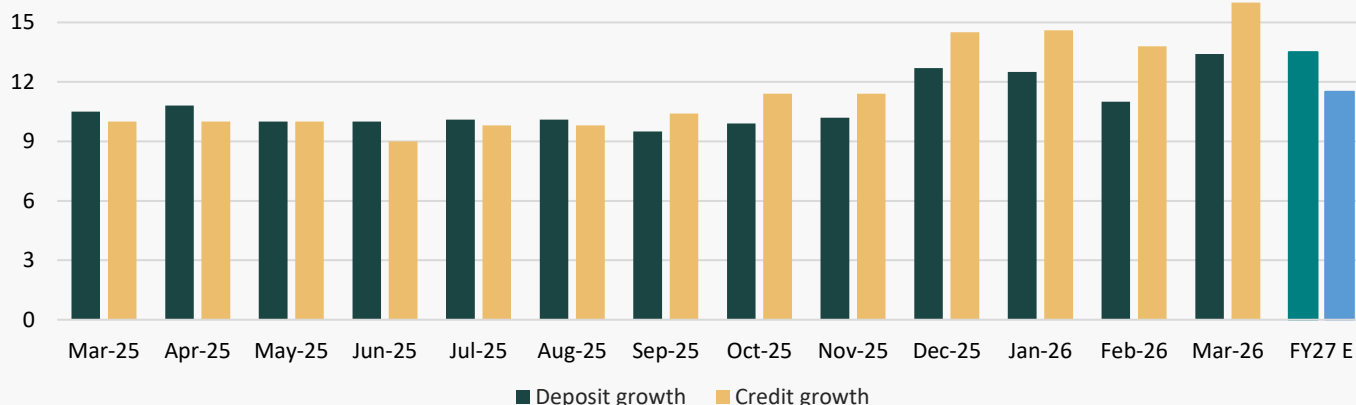
Credit momentum strengthens, broad based expansion across all industries and retail

Bank credit growth reached 16% YoY by March 2026, bolstered by strong liquidity buffers, like a INR 2.1 trillion surplus as of late February from RBI's open market operations and forex swaps, and a consumption-led recovery. The credit expansion was further supported by continued momentum in retail and MSME lending, higher exposure to non-banking financial companies, and some improvement in infrastructure financing. Corporate borrowing also picked up opportunistically, with lending activity typically strengthening towards the end of the financial year. The broad-based expansion reflects strengthening investment and consumption demand, though West Asia conflict-driven energy cost pressures pose near-term risks to lending momentum

Macroeconomic trend and outlook

Figure 4

Deposit and Credit growth (%), YoY



Source: Reserve Bank of India. E - Estimates

Deposit growth slows to 13.4% in March 2026, trails credit expansion.

Deposit growth accelerated to 13.4% in March 2026 from 11% in February but continued to lag credit growth, as household savings shifted toward market-linked instruments, pushing banks to rely more on higher-cost wholesale funding and certificates of deposit. Deposit growth then eased to 12.1% in April 2026 as post-FY26 balance-sheet adjustments and softer Q4 mobilisation weighed on flows. Over the medium term, deposit growth is expected to sustain a 9–11% CAGR, with a structurally elevated credit-deposit ratio likely to pressure margins and funding costs unless banks materially scale fee income and operating efficiency.

RBI's regulatory easing boosts bank capital, liquidity, and credit access

The Reserve Bank of India (RBI) has introduced regulatory easing to support bank capital adequacy by allowing quarterly profit inclusion without non-performing assets (NPA) conditions and removing IFR requirements, while expanding money market participation and standalone primary dealers (SPD) borrowing limits. Alongside rationalized board tasks, consolidated supervision, and MSME onboarding reforms, these measures aim to boost efficiency, liquidity, and credit access, strengthening India's financial resilience amid global uncertainty. Collectively, these measures are incrementally credit positive for bank and NBFC profiles, reinforcing balance sheet flexibility amid an uncertain external environment (see "RBI measures to strengthen balance-sheet flexibility and market resilience").

RBI's regulatory easing boosts capital flexibility and liquidity access while preserving prudential safeguards.

RBI measures to strengthen balance-sheet flexibility and market resilience

The Reserve Bank of India's latest regulatory and market-development measures are designed to improve balance-sheet flexibility, liquidity access, and operating efficiency across the financial system at a time of heightened global uncertainty. For banks, the most important relief comes from the decision to permit inclusion of current-quarter profits in regulatory capital without the earlier non-performing asset-linked restriction, alongside the proposal to withdraw the Investment Fluctuation Reserve requirement for commercial banks. Together, these changes can modestly strengthen reported capital adequacy and reduce avoidable capital lock-up, while leaving broader prudential safeguards intact.¹

RBI's market-development steps deepen liquidity and strengthen transmission as governance reforms sharpen board-level oversight.

The RBI has also moved to deepen liquidity and improve market functioning by widening participation in the term money market and increasing borrowing limits for standalone primary dealers. These steps should support smoother funding conditions, improve secondary market intermediation, and strengthen monetary transmission, especially during periods of external volatility or tighter domestic liquidity. In parallel, the central

¹ "RBI Overhauls Capital Rules for Banks: No More NPA Conditions or IFR Buffer", *ETBFSI*, 08 May 2026.

Macroeconomic trend and outlook

Easier MSME onboarding on TReDS boosts working-capital access, while streamlined supervision improves compliance clarity.

Incremental RBI measures enhance resilience, but credit gains hinge on growth, funding costs, and asset quality.

bank’s review of board-level agenda items is intended to reduce procedural overload and allow bank boards to focus more on strategic oversight, governance, and risk management.²

In the payment systems segment, RBI has proposed easier onboarding norms for MSMEs on the Trade Receivables Discounting System (TReDS), including removal of certain due-diligence requirements that had slowed adoption. By reducing frictions in invoice financing, this measure can improve formal working-capital access for smaller firms, support cash-flow stability, and indirectly strengthen credit quality across MSME-linked lenders and non-bank financiers. The consolidation and rationalization of supervisory instructions similarly reduce compliance complexity for regulated entities, which should improve implementation consistency and supervisory clarity over time.³

From a macro-credit perspective, the package is incrementally positive for bank and NBFC profiles rather than transformational. Easier capital recognition, better market access, simplified compliance, and improved MSME financing channels together enhance institutional resilience and provide greater room to absorb shocks. However, the credit benefit remains contingent on the broader operating environment, including growth conditions, funding costs, and asset-quality performance. Even so, these measures reinforce India’s financial resilience by supporting liquidity, operational efficiency, and balance-sheet adaptability at a time when external risks remain elevated.

PMIs signal Q4 FY26 moderation, with geopolitical shocks weighing on manufacturing and services momentum.

Growth moderation reflects cost pressures more than demand weakness.

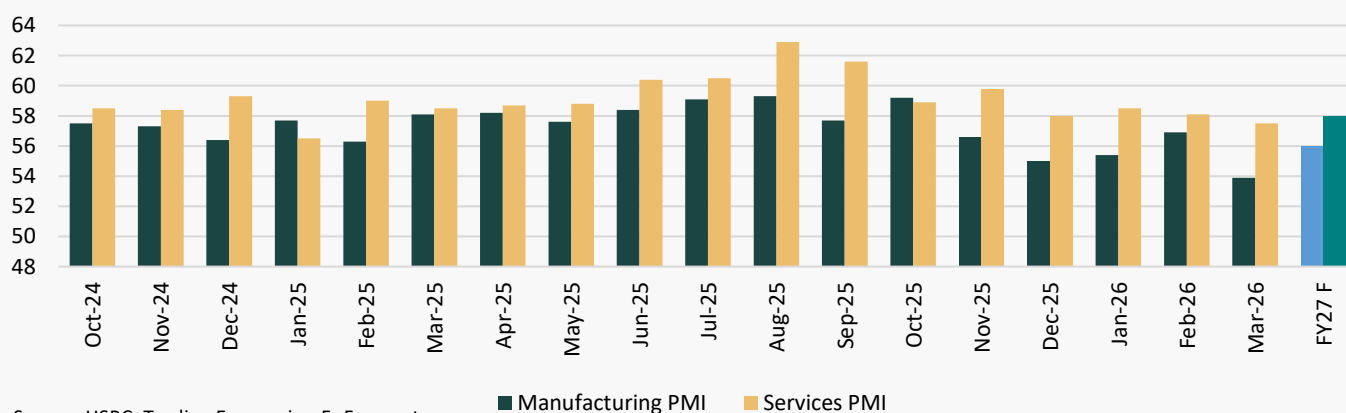
PMI softening in Q4 FY26 points to moderating momentum amid geopolitical and cost pressures

India’s private-sector momentum remained resilient in Q4 FY26, but the monthly PMI readings pointed to a clear moderation in growth. Manufacturing PMI eased from 55.4 in January 2026 to a 45-month low of 53.9 in March, as output and new orders moderated amid geopolitical tensions in West Asia, disrupting supply chains and inflating input costs. Services activity also softened, with the services PMI slipping to 57.5 in March after a stronger start to the year. The composite PMI fell to 57 in March 2026, its weakest reading since October 2022.

The slowdown stemmed from surging energy and raw material costs hitting a near four-year high rather than weak demand, while slower domestic orders contrasted with resilient export activity. Many businesses absorbed rising costs to stay competitive globally, leading to a notable squeeze on margins.

Figure 5

India manufacturing and services PMI



Source: HSBC, Trading Economics. F- Forecast

² "RBI widens term money market access, raises borrowing limits for primary dealers", *moneycontrol.com*, 08 April 2026

³ "RBI unveils policy measures covering regulations, supervision, payment systems and financial markets", *DD News On Air*, 08 April 2026.

Macroeconomic trend and outlook

Private-sector expansion to continue, but growth normalises as PMI gains hinge on exports, PLI capacity, and commodity-price stability.

Looking ahead, the private sector is likely to remain in expansion mode, but growth may normalize from the levels seen earlier in the year. Manufacturing activity is expected to stabilize in the 56-58 range if export demand and PLI-led capacity expansion continue to support output, although commodity-price volatility remains a key risk. Services should remain relatively resilient with services PMI expected to be in the 56-58 range, supported by domestic demand, infrastructure spending, technology investment, and financial services activity, even as geopolitical tensions, crude oil volatility, and currency swings continue to pose upside risks to costs and external demand.

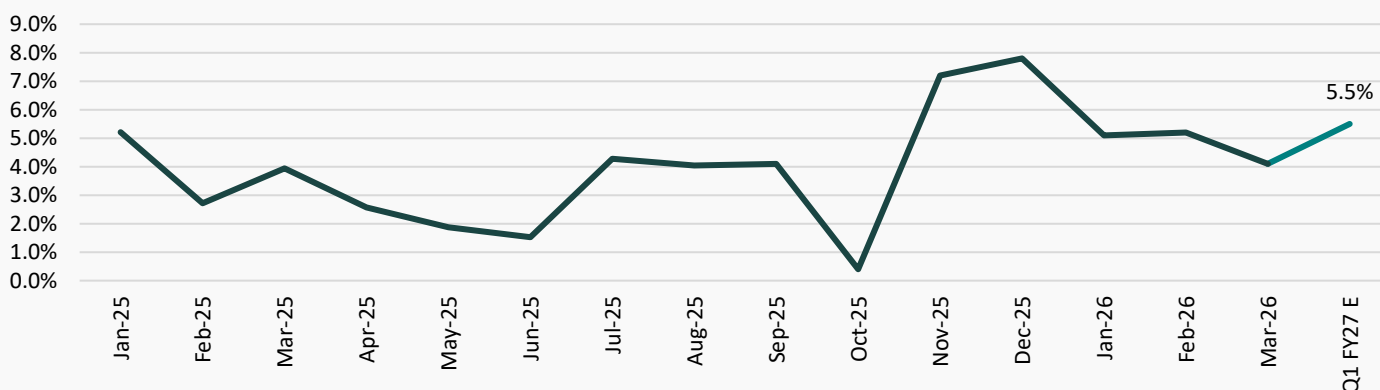
IIP growth moderates in Q4 FY26 as manufacturing softens, even as capex-linked segments remain firm.

Industrial momentum eases, but capex-driven segments anchor growth and outlook

India's Index of Industrial Production (IIP) posted steady but moderating growth in Q4 FY26, with the manufacturing-driven recovery gradually losing speed from January to March. January 2026 began with approximately 4.8% growth, followed by 5.1% in February, before slipping to 4.1% in March, the weakest in five months. Manufacturing output, which accounts for over 77% of industrial activity, grew 4.3% in March 2026, down from 5.9% in February. Mining was the bright spot, expanding 5.5%, while electricity growth slowed sharply to 0.8%. Use-based classification highlighted strength in capital goods (+14.6%) and infrastructure goods (+6.7%), signalling investment-led demand, while consumer non-durables remained weak.

Figure 6

Index of industrial production (IIP), YoY



Source: Ministry of Statistics and Programme Implementation. E- Estimate

Macroeconomic trend and outlook

Investment-linked demand shaped Q4 performance amid external shocks

The quarter's performance was shaped by investment-linked demand (machinery, motor vehicles, metals), but external shocks weighed on momentum. The West Asia conflict pushed up energy prices, impacting input costs and electricity generation. Capital goods and infrastructure goods were the strongest contributors, reflecting government spending and private capex revival. However, consumer demand remained uneven, with durables showing modest growth and non-durables subdued. The slowdown in March highlights vulnerability to global supply chain disruptions and commodity volatility, even as India's industrial base remains resilient.

Table 1

Sector-wise performance

Sector	Growth trend in Q4 FY26	Drivers	Credit rating implications
Manufacturing	Moderate to strong growth; around 5.3-6% YoY in Jan-Feb	Strong domestic demand, infrastructure push, improvement in capital goods production	Positive for industrial corporates due to improved capacity utilization and stronger order books
Mining	Moderate growth (around 3-4.3% YoY)	Higher coal output supporting power and steel sectors; stable mineral demand	Stable outlook: supports upstream sectors but volatility in global commodity prices remains a risk
Electricity	Steady growth (2.3-5.1%), but some moderation in later months	Increased industrial power demand, commercial activity, seasonal energy consumption	Positive for power producers and utilities due to higher capacity utilization
Infrastructure & construction goods	Strongest growth segment (around 11-14% YoY)	Government infrastructure spending, construction activity, capex in roads, railways and urban infrastructure	Positive for infrastructure-linked sectors and project financing
Capital goods	Strong growth momentum (4.1-12.5%)	Revival in private capex and government capital expenditure	Indicates improving investment cycle, supportive for long-term industrial credit outlook
Intermediate goods	Moderate growth (around 6-8% YoY)	Rising industrial activity and supply chain demand	Reflects stable industrial supply chain demand
Consumer durables	Moderate growth (around 7% YoY)	Urban consumption demand, festive spillover and discretionary spending	Positive for consumer discretionary sectors
Consumer non-durables	Weak / contraction in some months	Rural demand weakness and food inflation affecting consumption	Credit risk remains higher for rural consumption-dependent sectors

Q1 FY27 output to stay in 4.5-5.5% range, with PLI support offsetting risks from crude volatility and weak global demand.

Looking into Q1 FY27, industrial output growth is expected to remain in the 5–5.5% range, supported by infrastructure push, resilient manufacturing demand, and mining recovery. Downside risks mainly stem from volatile crude and commodity prices, softening global demand, and rupee depreciation, all of which could amplify input-cost pressures and affect export competitiveness. MSME integration into supply chains and continued policy support under PLI schemes will be critical for sustaining momentum and balancing domestic investment-driven expansion with external shocks.

Macroeconomic trend and outlook

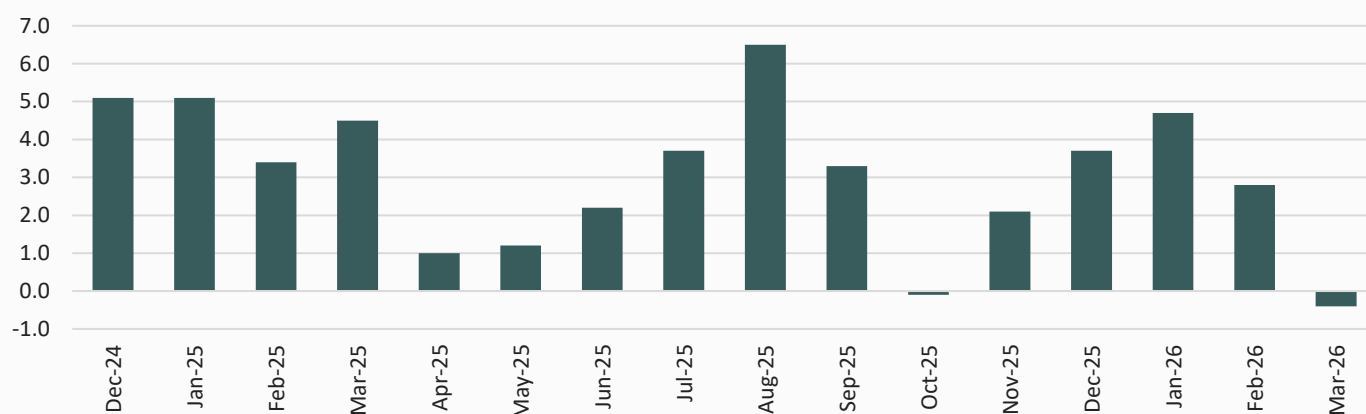
Core sector slips into contraction as fertilizer, coal, and crude output fall on global cost shocks.

Core sector loses momentum in Q4 FY26; infra spending and credit to drive recovery

India's core sector growth decelerated sharply in Q4 FY26, from 4.7% growth in January 2026 to 2.8% in February and -0.4% in March 2026, driven by divergent sectoral dynamics. The March decline was primarily precipitated by a steep 24.6% decline in fertilizer production, alongside a 4.0% drop in coal output and a 5.7% decline in crude oil production. The fertilizer slump is largely attributable to international supply-chain disruptions and surging input costs for ammonia and phosphoric acid.

Figure 7

Core sector growth rates (%), YoY



Source: Ministry of Commerce & Industry, Government of India.

Core sector outlook remains cautiously constructive.

Looking ahead, core sector growth is expected to remain volatile in H1 FY27. Infrastructure spending, banking credit growth, and domestic investment are expected to sustain demand for steel and cement. However, the elevated global energy prices and geopolitical tensions may continue to pressure coal and crude output, while fertilizer weakness could persist. Near-term risks from energy volatility and supply disruptions will require close monitoring of sectoral credit exposures, but India's diversified industrial structure and policy support provide a buffer against systemic stress.

Table 2

Output growth in core sectors (%), YoY

Sector	Jan-26	Feb-26	Mar-26	FY26
Steel	+11.5	+7.6	+2.2	+9.1
Coal	+ 3.1	+ 2.3	-4.0	-0.5
Cement	+11.3	+8.9	+4.0	+8.6
Fertilizers	+3.7	+3.4	-24.6	-0.1
Electricity	+5.2	+2.3	-0.5	+0.9
Petroleum refinery	0.0	-1.0	+0.1	-0.1
Crude oil	-5.8	-5.2	-5.7	-2.8
Natural gas	-5.0	-5.0	+6.4	-2.8

Source: Ministry of Commerce & Industry, Government of India.

Macroeconomic trend and outlook

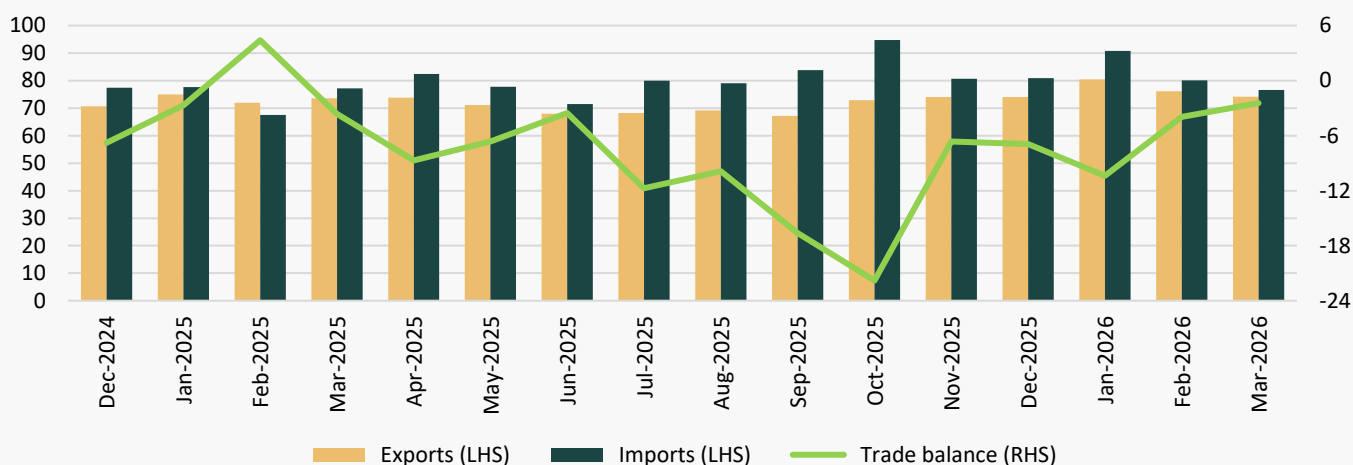
India's trade deficit deepens amid global headwinds

External trade stays resilient in Q4 FY26, with services strength offsetting energy-price and logistics pressures.

India's external trade performance in Q4 FY26 remained broadly resilient, albeit under pressure from elevated global energy and gold prices along with West Asia-related logistics disruptions. Overall exports in FY26 reached about USD 860 billion, driven by a strong 8-9% expansion in services even as merchandise shipments edged up only around 1% YoY. The March-quarter profile was shaped by continued softness in key sectors such as gems and jewellery, though diversification into non-US markets and steady growth in IT-enabled services and financial exports cushioned the drag.

Figure 8

Exports, imports and trade balance in USD billion



Source: Ministry of Commerce & Industry, Government of India.

Elevated imports widen deficit despite geopolitical disruptions.

On the import side, merchandise inflows remained elevated, pushing the FY26 goods trade deficit to about 7-8% of GDP, largely reflecting robust demand for machinery, electronics, and chemicals alongside higher-value gold imports. The direct impact of the US-Israel-Iran conflict showed up in sharply lower oil and West Asia-linked trade flows in March, which temporarily narrowed the headline deficit but did little to ease the underlying structural pressure on the external balance sheet. Consequently, the current-account deficit is expected to print around 0.9-1.0% of GDP in FY26, versus roughly 0.6% in the prior year, reflecting the combined effect of softer export growth and firm import demand.

FY27 trade hinges on exports, energy prices, and rupee-driven competitiveness.

For FY27, the trade outlook will hinge on three factors: the pace of merchandise export recovery, the trajectory of global crude and gold prices, and the pass-through of rupee depreciation into export competitiveness. Over the medium term, prospects are more constructive as the India-EU FTA, advancing India-UK deal, and US tariff reduction to 18% are expected to diversify export markets, reduce concentration risks, and bolster competitiveness, partially offsetting the structural merchandise deficit.

Macroeconomic trend and outlook

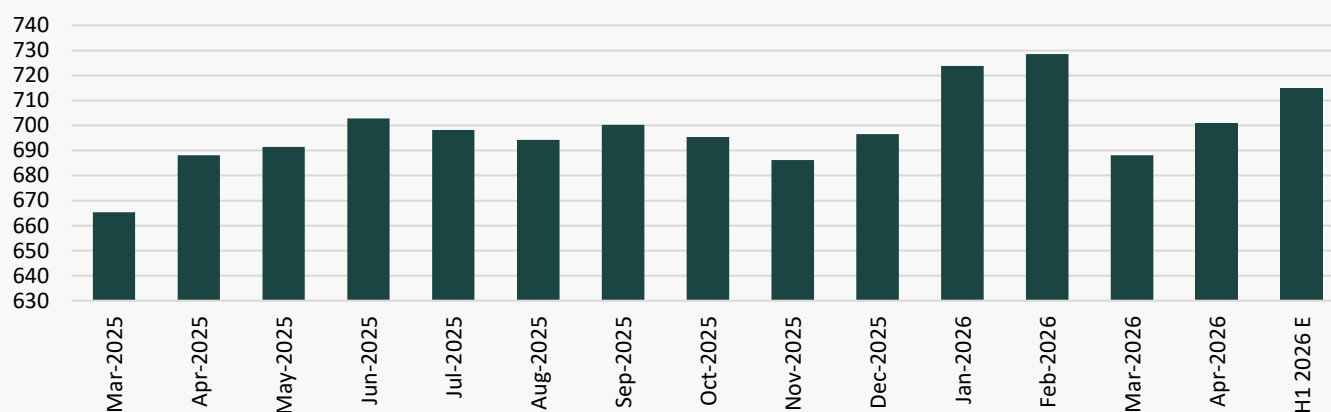
India's forex reserves hover near USD 700 billion, as currency asset valuations weaken amid global pressures.

India's forex reserves rebound amidst geopolitical headwinds

India's forex reserves have remained broadly robust and touched a historic high of USD 728 billion in February 2026, before easing to around USD 698 billion by April 2026, driven by robust capital inflows, resilient services exports, and steady remittances. The moderation reflected higher import demand and RBI's calibrated interventions. With reserves covering over 11 months of imports, India's external position remained exceptionally strong, signalling reduced vulnerability to external shocks, enhanced sovereign liquidity buffers, and a stronger ability to withstand global financial tightening.

Figure 9

Forex reserves in USD billion



Source: Reserve Bank of India. E- Estimate

Note: Figures mentioned in the chart above represent end-of-month

Forex reserves are set to hold near USD 700 billion, with services strength and RBI management cushioning volatility

Looking ahead, India's forex reserves are expected to remain broadly stable around USD 700 billion through mid-2026. A gradual upward bias is likely, supported by strong services exports, steady remittances, and continued capital inflows. Short-term swings may arise from the US Fed's rate path, crude-price volatility, and shifts in global risk sentiment. Even so, the reserves remain resilient. Diversified trade links and active RBI management provide a solid buffer for exchange-rate stability and shock absorption.

Table 3

Forex reserves performance trend

Period	Trend in forex reserves	Key drivers	Impact on external sector	Implications from credit rating perspective
Jan-26	Forex reserves remained at comfortable levels with minor fluctuations compared to the previous month.	Valuation changes due to US dollar movements, stable capital inflows, and strong services exports.	Provided strong import cover and supported stability in the Indian rupee.	Strong reserve buffer reinforced India's ability to manage external obligations and strengthened macroeconomic stability.
Feb-26	Reserves witnessed moderate volatility during the month.	Global currency movements, fluctuations in gold prices, and intermittent foreign	Increased intervention by the Reserve Bank of India to manage exchange rate volatility.	Adequate reserves continued to support liquidity in the forex market and mitigate external sector risks.

Macroeconomic trend and outlook

		portfolio investment flows.		
Mar-26	Forex reserves stabilized towards the end of the quarter.	Improved capital inflows, stable remittances, and controlled currency market interventions.	Strengthened India's external sector resilience and supported rupee stability.	Stable reserves enhanced investor confidence and strengthened India's sovereign external credit profile.
Apr-26	Reserves remained broadly stable with marginal changes.	Valuation effects, crude oil price movements, and global monetary policy expectations.	Continued support for balance of payments stability and import financing capacity.	Strong forex buffers reduced vulnerability to external shocks and supported India's credit fundamentals.

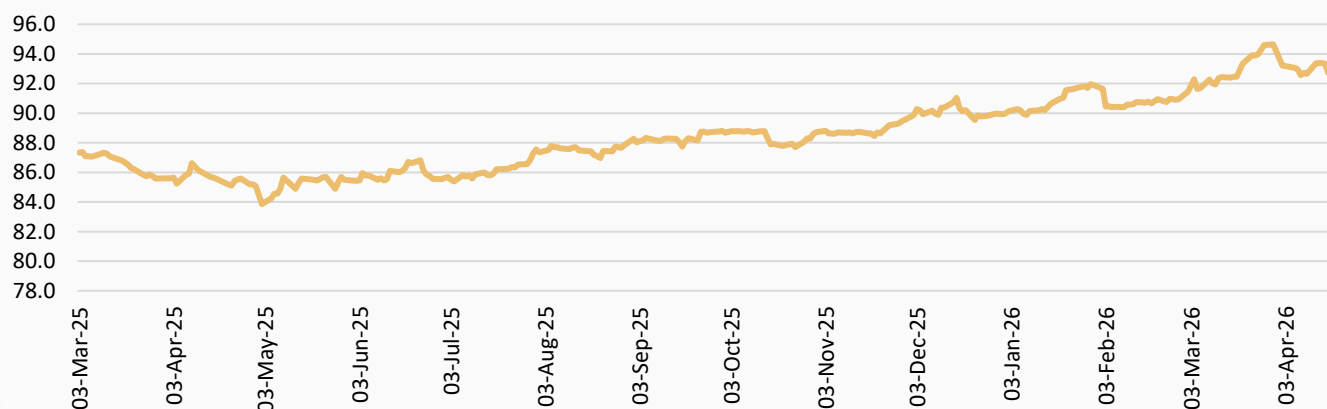
Indian rupee breaches psychological 95 mark: a new all-time low for the Indian currency

Rupee hits record lows in 2026 as crude shocks, strong dollar, FPI outflows, and a wider trade gap overwhelm RBI support.

The Indian rupee has depreciated sharply in 2026, hitting a record low near 95.33 INR per USD as of April 30, marking a year-to-date decline of over 5% and making it one of the weakest Asian currencies amid volatile trading. The currency weakened steadily from January levels around 90 INR per USD despite RBI intervention, reflecting mounting external pressures. The slide has been driven by surging global crude prices linked to US-Iran and West Asia tensions, a higher import bill for oil, gold, electronics, and fertilizers, persistent FPI outflows, a strong-dollar bias, US tariff threats, and a widening trade deficit. These pressures, combined with falling forex reserves and accommodative domestic policy, have intensified the rupee's depreciation.

Figure 10

Indian rupee (INR) per US dollar (USD) performance



Source: Reserve Bank of India

Rupee likely to stay weak but range-bound in the near term.

Looking ahead, the Indian rupee is likely to remain under pressure in the near-term, trading broadly in the mid-90s per US dollar as elevated crude prices, geopolitical tensions in West Asia, and a wide trade-deficit continue to support dollar demand. Sustained FPI outflows, a relatively strong US dollar and India's accommodative monetary stance will keep the currency vulnerable to bouts of sharp depreciation. At the same time, RBI's active forex intervention and deep import-cover reserves are expected to cap downside volatility and prevent disorderly moves, nudging the rupee into a range-bound, weak-appreciation biased path over the next few quarters.

Macroeconomic trend and outlook

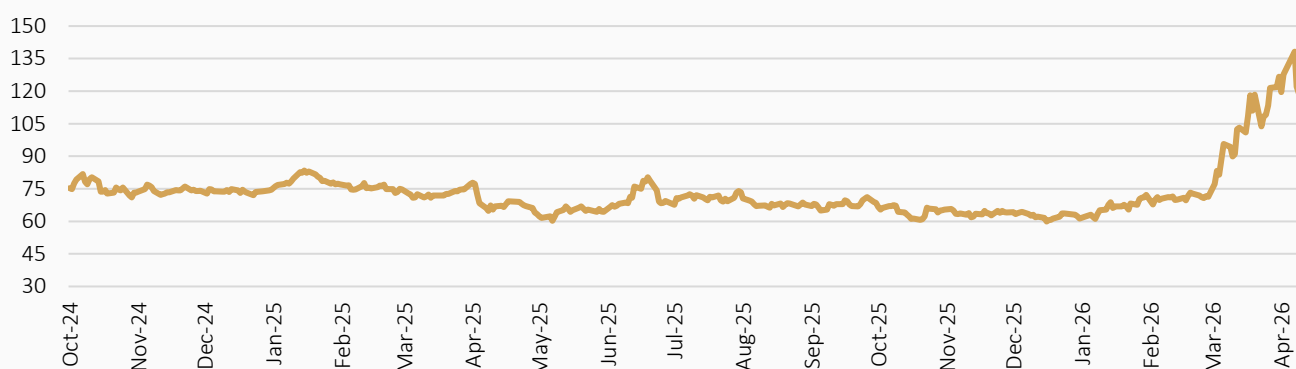
Geopolitical headwinds push brent prices upward, transmitting through higher fuel and logistic costs

Brent surges past USD 100 as Strait of Hormuz closure triggers historic supply shock

Brent crude oil prices witnessed a sharp rally in Q4 FY26, rising from the mid-USD 60s per barrel in early January 2026 to a peak of nearly USD 138 per barrel in April 2026, fuelled by escalating geopolitical tensions in the Middle East, alongside OPEC+ supply restraint and muted non-OPEC output growth. The EIA revised its 2026 Brent forecast to USD 96 per barrel, with disruptions expected to persist through late 2026. For India, importing 85% of its crude requirements, the shock has inflated the import bill, widened the current account deficit, and amplified rupee depreciation and inflation risks.⁴

Figure 11

Brent crude spot price in USD per barrel



Source: U.S. Energy Information Administration.

Brent volatility to keep India's macro and credit risks elevated in Q2 FY27

Looking ahead, Brent crude oil prices are expected to remain volatile but elevated in the second quarter of FY27, due to persistent geopolitical risks and evolving supply-demand dynamics. A prolonged period above USD 120/bbl could push India's inflation beyond RBI's comfort zone while complicating monetary policy and fiscal consolidation. From a credit perspective, the main watch-points are external vulnerability for the sovereign, margin and debt-servicing stress for energy-intensive corporates, and liquidity and sectoral exposure for financial institutions. That said, India's diversified exports, resilient remittances, and policy support through initiatives such as PLI and renewable diversification should provide buffers that may keep the sovereign outlook from turning negative.

NIFTY under sharp selling pressures amidst west Asia conflict and foreign outflows

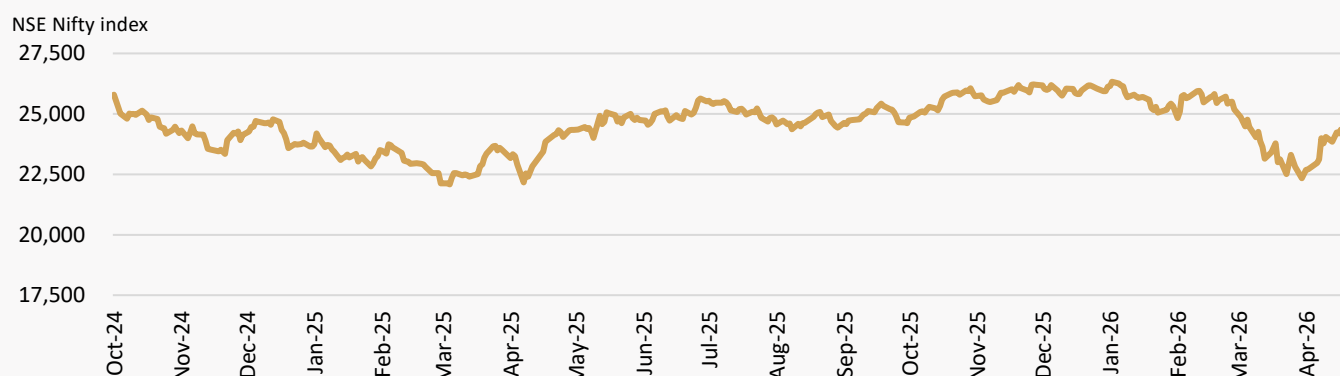
Q4 FY26 to early Q1 FY27: Sharp correction and tentative recovery

The Nifty 50 witnessed a phase of heightened volatility in Q4 FY26. Nifty began on a cautious note in January 2026 impacted by pressure from foreign institutional investor (FII) outflows, global trade uncertainties, and geopolitical concerns. During March 2026, the index witnessed a sharp correction triggered by geopolitical tensions and global market instability. However, by April 2026, the market staged a meaningful recovery, with the Nifty rebounding nearly 8% within about fifteen trading sessions, to trade close to 24,200 level following a temporary US-Iran ceasefire offered relief, though elevated energy costs and persistent foreign selling continue to weigh on market conviction.

⁴ Short-Term Energy Outlook, U.S. Energy Information Administration (EIA), 12-May 2026

Macroeconomic trend and outlook

Figure 12



Source: National Stock Exchange

Nifty outlook: corporate earnings, monsoon key to upside amid global risks

Looking ahead, Nifty's trajectory in Q1 FY27 will hinge on corporate earnings, monsoon trends, global interest rates, and macro stability. Strong earnings could push the index toward 25,000, while weakness in IT exports or tighter liquidity may trigger consolidation. Over the medium term, sustained domestic investment, credit growth, and infrastructure spending should support upward momentum, with stabilizing crude and moderating inflation aiding sentiment, though global tensions and commodity spikes remain key risks.

Table 4

NSE Nifty index performance

Period	Nifty performance trend	Key drivers	Impact on markets	Implications from credit rating perspective
January 2026	Nifty started the year on a cautious note with moderate fluctuations.	Profit booking after previous rally, global macro uncertainties, and investor positioning ahead of policy announcements.	Market volatility remained moderate with selective sectoral movements.	Stable equity market conditions supported investor sentiment and maintained confidence in India's corporate sector fundamentals.
February 2026	Index witnessed mild correction and consolidation.	Weakness in IT stocks, intermittent foreign institutional investor (FII) outflows, and global risk aversion.	Reduced short-term market momentum and cautious investor sentiment.	Temporary correction highlighted sensitivity of Indian markets to global capital flows but did not materially impact corporate credit fundamentals.
March 2026	Nifty experienced heightened volatility and short-term correction.	Global geopolitical tensions, external market weakness, and risk-off sentiment among global investors.	Increased market volatility and cautious equity market sentiment.	Equity correction reflected external risk exposure; however, strong domestic liquidity helped limit systemic risks to corporate credit quality.
April 2026	Nifty rebounded strongly and recovered most of the earlier losses.	Positive global cues, improving corporate earnings expectations, and strong domestic institutional inflows.	Strengthened investor confidence and improved market sentiment.	Equity market recovery supports corporate access to capital markets and strengthens financial flexibility of listed corporates.

Source: National Stock Exchange

West Asia crisis

Hormuz blockade pushes oil above USD 100, amplifying India's inflation and growth risks.

Higher energy imports widen the CAD and squeeze sectoral margins, amplifying inflation and growth risks.

India's resilience strategy: diversification and reserves shield economy from energy shock

The Israel-Iran-US conflict and its cascading impact on India's macroeconomy and credit landscape

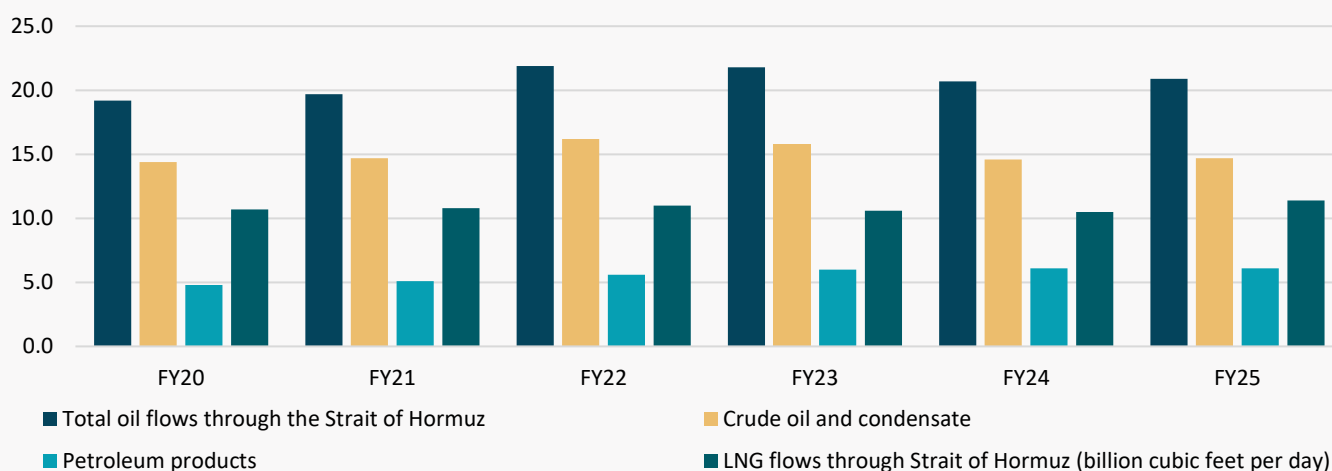
The ongoing US-Israel-Iran conflict, which escalated on February 28, 2026, following US and Israeli strikes on Iran, has resulted in a US-enforced blockade of the Strait of Hormuz, a critical chokepoint handling nearly 20% of global petroleum trade. The blockade has pushed oil prices from around USD 70 per barrel to above USD 120, keeping them elevated above USD 100. This disruption poses significant risks for oil-importing economies such as India, which depends on the strait for nearly 50% of its crude oil, 90% of LPG, and 60% of LNG imports.

Consequently, India's external sector faces heightened vulnerability, with a sharply higher energy import bill widening the current account deficit, intensifying supply-side shocks, and exerting margin pressure across key sectors such as refining, aviation, and fertilizers. These pressures also amplify inflation and growth risks, with the RBI flagging multiple downside transmission channels.

While risks remain elevated in the near term, India's response, through supply diversification from Russia and Africa, deployment of Strategic Petroleum Reserves, and accelerated LNG contract renegotiations, has emerged as critical to safeguarding energy security and stabilizing the external balance.

Figure 13

Volume of crude oil and LNG flows (million barrels per day)



Source: US Energy Information Administration

Note: LNG=liquefied natural gas; H1FY25-first half of 2025

War induced supply chain disruptions causing structural cost escalation across insurance, freight and logistics

Safe haven surge: Gold hits INR 1.73 Crore/kg amid conflict: import bill bursts dual energy shock

War-risk insurance premiums have risen three to five times from pre-conflict levels, Asia-Europe freight rates surged 40–60%, and vessel rerouting away from Hormuz and Red Sea corridors has added 7–10 days to transit times, collectively inflating India's import bill and eroding trade competitiveness. Even if crude prices stabilise, insurance and freight costs are expected to remain structurally elevated as war-risk surcharges risk becoming semi-permanent in Middle East trade lanes.

The conflict also triggered a safe-haven surge in gold prices, with 24K gold spiking to approximately INR 17.3 million per kg (INR 1.73 crore) on March 1, 2026, at the onset of hostilities, before easing to INR 15.4 million per kg by April 15, 2026, as ceasefire talks and investor rotation toward dollar assets moderated bullion demand. The conflict-driven gold import surge compounds India's dual import burden of elevated energy costs, amplifying current account and rupee depreciation pressures.

West Asia crisis

Bond Market under pressure; rising G-sec yields signal fiscal credibility risk.

The conflict has pushed Indian 10-year G-sec yields to around 7%, as crude-driven inflation expectations and elevated government borrowing needs complicate fiscal deficit management, with the widening spread between inflation expectations and sovereign yields posing a fiscal credibility risk that could prompt rating agency scrutiny if debt servicing costs escalate disproportionately to revenue growth.

Fiscal stress from prolonged high crude; subsidy burden, tax buoyancy and dividend risks

Prolonged elevated crude prices create a bifurcated fiscal impact, with upstream PSUs benefiting from higher realisations while downstream refiners face margin compression, eroding oil and energy PSU dividends that historically contribute 40–46% of total PSU payouts. Swelling fertiliser, food, and fuel subsidies intensify fiscal deficit pressures and crowd out capital expenditure, while tax buoyancy weakens as duty cuts for inflation control reduce government revenues.⁵

For deeper insights on the analysis of West Asia conflict, please refer to BWR report titled “US-Israel-Iran conflict-Global market disruptions and sectoral implications for India” dated 17 March 2026, <https://tinyurl.com/3way469r>

⁵ BWR Research, “PSU dividends to Centre almost double since 2020; over 40% comes from five fuel PSUs” The Hindu, 20 July 2025.

Credit rating implications

Macro stability underpins ratings, but crude-driven external and fiscal risks remain key sensitivities.

India's credit profile remains supported by resilient GDP growth, contained inflation, and strong banking-sector fundamentals, including robust credit growth and improving asset quality. However, industrial and core-sector volatility, particularly in energy-linked industries, elevates sectoral credit risks. Fiscal consolidation continues, yet elevated debt levels and a potentially wider CAD, driven by high crude prices, constrain sovereign rating headroom. Stable liquidity, predictable monetary policy, and sizeable forex reserves provide important buffers against external shocks, while range-bound G-sec yields underscore the importance of fiscal credibility. Overall, macro stability supports ratings, but energy-price risks and external pressures remain key sensitivities.

Table 5

Credit rating implications

Key indicator	Current trend	Near-term outlook	Credit rating implication
Real GDP growth	FY26 at 7.6%; FY27 projected at 6.7%	Moderately positive, supported by investment and consumption	Supports stable sovereign outlook; resilience offsets external risks
Industrial production	Moderation in Q4 FY26; IIP growth ~5%	Volatile, linked to global demand and energy prices	Sectoral credit risk elevated in energy-intensive industries
Core sector output	Growth moderated in Q4 FY26 due to weakness in crude oil and refinery segments	Volatile in H1 FY27; steel/cement resilient, crude/fertilizers weak	Mixed impact: infra-linked corporates positive, energy-linked sectors face margin stress
CPI inflation	3.4% in Mar 2026; FY27 projected at 4.6%	Within RBI's 2–6% band; food inflation stable, energy risks persist	Stable inflation outlook supports ratings; energy shocks remain a risk
Food inflation	Around 3.9% in Mar 2026	Stable near term due to robust rabi output	Positive for household demand and consumption-linked credit
Repo rate	Held at 5.25% (neutral stance)	Pause likely until inflation trajectory stabilizes	Predictability supports financial stability; neutral stance balances growth vs inflation
System liquidity	Adequate, RBI proactive in interventions	Neutral to slightly tight amid global volatility	Liquidity management cushions systemic risk
G-sec Yields	Around 7.1% (10Y benchmark)	Range-bound; crude and fiscal risks may push higher	Elevated yields increase borrowing costs; fiscal credibility key
Bank credit growth	Credit growth remains strong, driven by retail, MSME, and infrastructure lending	Strong momentum in retail, infra, NBFC segments	Positive for growth; funding cost pressures need monitoring
Asset quality (GNPA)	Improving/Stabilising	Stable, aided by credit growth and recoveries	Supports banking sector ratings; resilience in asset quality
Fiscal deficit	FY26 at 4.4% of GDP	Consolidation path toward 4.3% in FY27	Discipline supports sovereign ratings; crude-driven risks remain
Debt-to-GDP	Around 56% (FY26 RE)	Stable but high; gradual consolidation expected	Elevated debt burden constrains rating headroom
Current account deficit (CAD)	Widened to USD 13.2 billion or 1.3% of GDP in Q3 FY26	Likely to widen with crude surge	Manageable with strong reserves; risk if oil prices persist

Credit rating implications

Forex reserves	Around USD 700 billion (Apr 2026)	Stable with upward bias; resilient buffers	Strong positive for external ratings; cushions rupee volatility
Indian rupee movement	Depreciated ~4% since West Asia conflict; now ~₹93/USD	Stabilization likely if crude moderates	Volatility raises external risk; RBI intervention cushions
Crude oil prices	Brent surged to USD 138/bbl in Apr 2026	Elevated near term; EIA forecast USD 96 for 2026	Higher import bill pressures CAD, fiscal deficit, inflation

Sources: Reserve Bank of India; MoSPI; PIB; Ministry of Finance; NSE; The Times of India; Brickwork Research.

Sector outlook

Sectoral credit outlook stable-to-positive, but energy-price and external shocks remain key risks.

India's sectoral credit outlook remains broadly stable to positive, supported by strong domestic demand, export momentum, and policy-driven reforms. Autos, communication services, textiles, construction, hotels, and paper maintain stable outlooks on steady volume growth and margin resilience. Consumer goods, food & agriculture, metals, mining, and healthcare carry positive outlooks, driven by structural demand, export strength, and improved profitability. Real estate remains stable on robust residential sales and rising commercial demand. Roads and electricity distribution sit in the negative-to-stable band, reflecting legacy stress, high leverage, and regulatory risks despite operational improvements. Overall, sectoral credit quality is supported by demand strength but remains sensitive to energy prices and external volatility.

Table 6

Sectors	Credit outlook	Key drivers and support
Automobiles & Ancillaries	Stable	Supported by a 16% surge in passenger vehicle exports and 21% growth in the premium SUV segment.
Telecommunication	Stable	Driven by ARPU expansion to INR 220 and robust traction in 5G Fixed Wireless Access (FWA) segments.
Consumer Goods	Positive	Driven by structural changes in digital finance (BNPL/UPI credit) and rising consumer confidence in Tier-II/III cities.
Food & Agro-based Products	Positive	Anchored by high demand for seafood exports and healthy cash flows in the dairy and basmati rice segments.
Chemicals	Stable	Leverages strategic diversification into specialised products and strong backward linkages with petroleum refining.
Textiles	Stable	Supported by consistent 10% to 12% domestic market growth and a strategic pivot toward technical textiles.
Metal & Metal Products	Positive	Bolstered by crude steel production reaching 153.6 mt and domestic HRC prices rebounding to INR 53,800/mt.
Mining	Positive	Strengthened by the MMDR Amendment Act, removing surplus sale caps and record EBITDA margins reaching 54% in non-ferrous segments.
Healthcare Services	Positive	Supported by recovery in medical tourism and a strategic focus on high-value elective procedures and speciality bed expansions.
Hotel & Tourism	Stable	Driven by Average Room Rates (ARR) rising toward INR 8,800 and strong occupancy from the premium wedding and MICE segments.
Paper, Newsprint	Stable	Anchored by robust packaging demand and capacity utilisation exceeding 95% in high-margin packaging lines.
Construction Materials	Stable	Supported by a 12.5% surge in high-performance glass and aluminium demand and domestic realisation improvements via QCOs.
Infrastructure Roads	Negative to Stable	Supported by organic traffic growth, inflation-linked toll rate revisions, and transition to the BOT (Build-Operate-Transfer) model to attract private capital
Real Estate	Stable	Bolstered by a 31% YoY surge in residential sales and a shift toward higher-margin commercial segments like data centers.
Power Distribution	Negative to Stable	Driven by structural improvements in AT&C losses (record low 15.02%) and the rollout of smart meters.

Appendix: Macroeconomic indicators

Table 7

Key macroeconomic indicator (India)

Indicators	Value	2024-25				2025-26			
		Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
GDP	YoY, %	6.7	5.4	6.2	7.4	7.8	8.2	7.8	7.5
Retail inflation (CPI)	YoY, %	4.91	4.24	5.63	3.73	2.69	1.74	0.76	3.11
Wholesale inflation (WPI)	YoY, %	2.45	1.75	2.49	2.4	0.26	0.02	-0.17	2.56
Index of industrial production (IIP)	Index (2011-12=100)	151.2	147.5	152.1	159.7	154.2	153.9	160.2	167.3
Core sector index	Index (2011-12=100)	164.3	158	162.6	172.9	166.9	165.2	167.3	177.2
Manufacturing PMI	Index	58.2	57.4	56.8	57.4	58.1	58.7	56.9	55.4
Services PMI	Index	60.5	60.5	58.7	58.1	59.3	61.7	58.9	58
Trade balance (Merchandise)	USD billion	-62.1	-87.1	-78.7	-58.7	-68.8	-86.3	-91.3	-82.5
Exports	USD billion	110.1	99.6	108.7	115.2	111.5	108.6	111	112.1
Imports	USD billion	172.2	186.7	187.4	173.9	180.3	196.1	202.3	194.5
Exchange rate	INR/USD	83.4	83.8	84.5	86.6	85.6	87.3	89.2	91.4
Total external debt ^{^*}	USD billion	664	682	712	718	736	747	746	766
Foreign exchange reserves	USD billion	651.9	704.9	640.3	665.4	702.8fo	700.2	696.6	688
Repo rate	%	6.5	6.5	6.5	6.3	5.8	5.5	5.4	5.25
Bank credit	INR trillion	501.6	508.8	524.9	541.1	549.6	560.5	592.4	625.2
GST collections	INR trillion	5.56	5.3	5.46	5.76	6.22	5.71	5.5	5.8
Crude oil production	MMT	7.26	7.12	7.18	7.14	7.13	7.07	6.98	6.78
Natural gas production	BCM	9.1	9.1	9.2	8.8	8.8	8.8	8.8	8.4
Electricity production	GWH (in '000)	421.1	396.2	373.1	384.2	398.1	397.3	358.1	383.4

Sources: Ministry of Finance; Ministry of Commerce and Industry; MoSPI; Trading Economics; Brickwork Research.

Deteriorating

Improving



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