SHRIRAM Wealth
associated with Sanlam group

# YOUR WEALTH ARCHITECT

Wealth, your way.

## RBI MPC meeting review
## 04th Aug 2026

# RBI maintains pause on rates and stance with inflation dynamics seen to improve after Q3FY27

The Reserve Bank of India led Monetary policy committee (MPC) held its policy benchmark rate as well as the neutral policy stance. The outcome was along expected lines. The overall guidance was mildly doveish, with CPI inflation expected to moderate after peaking in Q3FY27; importantly this uptick in inflation was said to be on supply concerns rather than being broad based. Domestic growth conditions were classified to be resilient, with real GDP growth projected slightly higher. Liquidity conditions were said to be kept at sufficient levels. Lastly, statement around remaining vigilant and resolute in aligning inflation with target was reiterated. Markets will continue to watch progress around monsoon, geopolitical conditions as well as volatility in crude oil prices.

**Below are the highlights of the policy meeting:**

- India FY27 CPI inflation is now seen at 5% (from 5.1% early projection), with Q2 at 4.7%, Q3 at 5.9%, and Q4 at 5.5%. Risks to projections were evenly balanced, with upside risks seen from El Nino conditions and volatility crude oil prices, and downside risks from proactive supply management and adequate food stocks were noted.

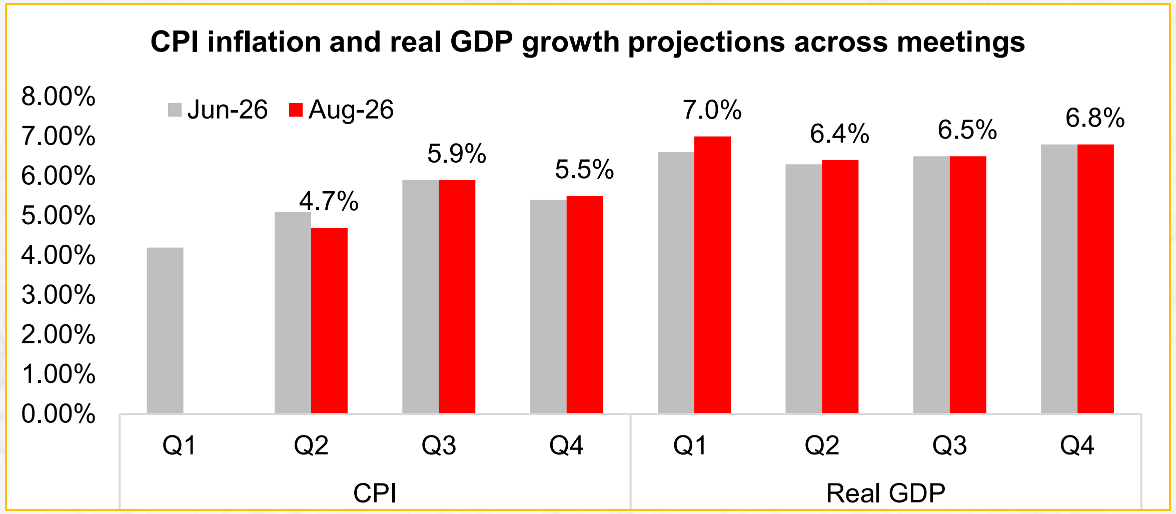
- During the policy meeting, governor emphasized that the uptick in CPI inflation during Q3 was not broad based, and repeated that the headline reading will continue to remain the policy target.

- Growth conditions were marked as resilient, with FY27 real GDP growth now seen at 6.7% amid risks evenly balanced. Optimism around agriculture measures by the GOI, continuing impact of GST rate rationalization, strong capacity utilization and continued thrust on infrastructure spends was noted. Downside risks to growth from turbulent global economy as well as El Nino conditions were also noted.

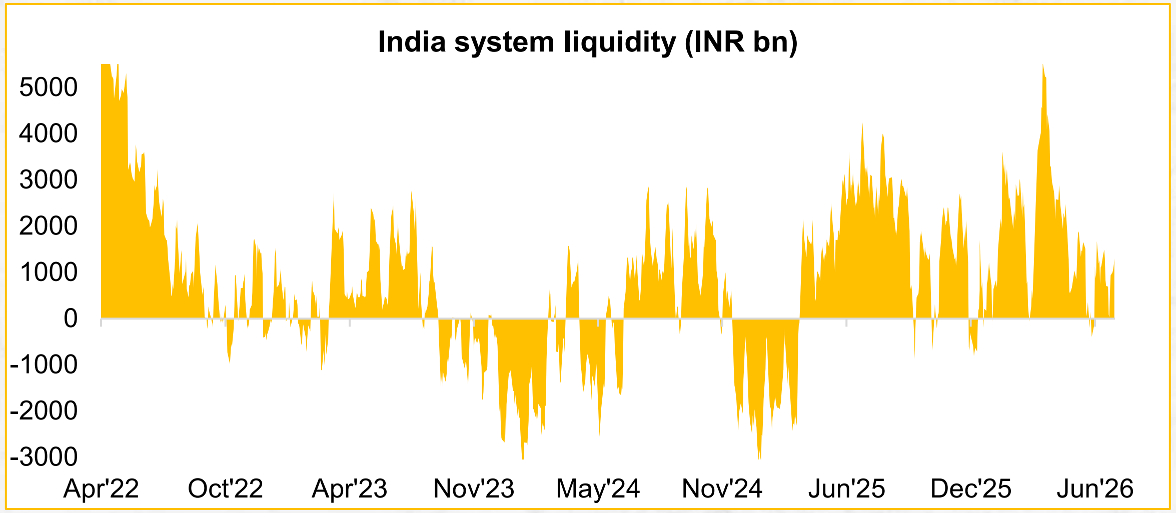
- Confidence around India's external metrics was also noted given manageable current account deficit, adequate forex reserves, strong services exports , India trade agreements as well as buoyancy in remittances. Liquidity conditions are said to remain ample on FCNR flows and peak by Sep, though this will be partly reversed by a potential increase in currency in circulation as well as on maturity of forward shorts.

- **The outcome was largely along expected lines, with overall guidance hinting towards limited urgency for raising rates in the near term unless dynamics for inflation become unfavorable. Markets will continue to watch monsoon progress along with evolving geopolitical tensions. In the backdrop of this, we continue to remain constructive around the near end of the yield curve.**

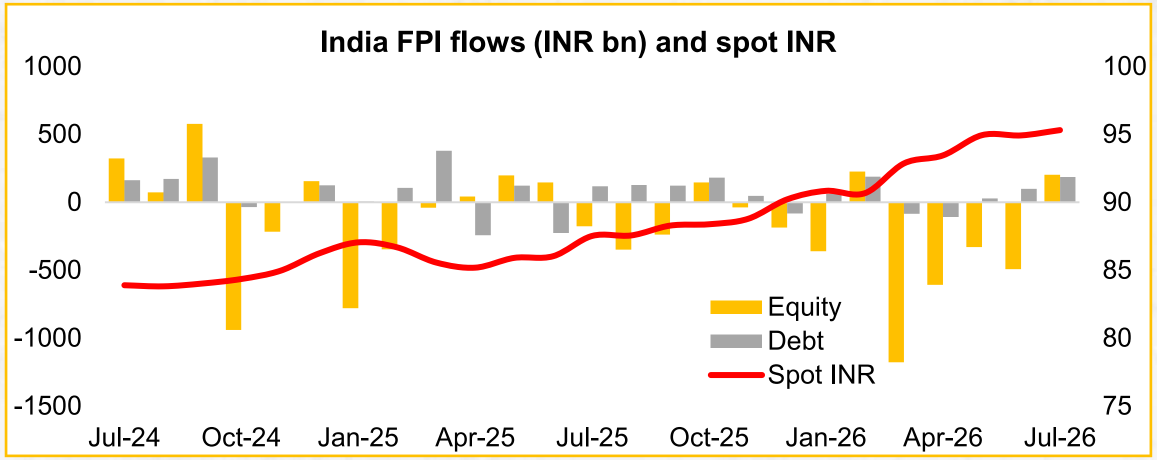
# FY27 CPI inflation lower, while growth revised upwards; liquidity surplus said to peak around Sep



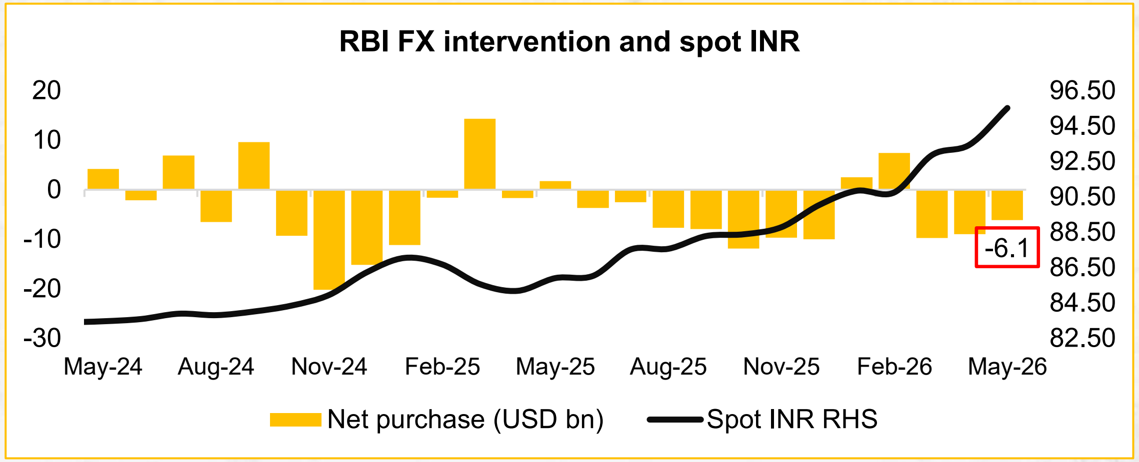

India CPI inflation was revised lower by 10 bps, while real GDP growth was revised upwards during the Aug meeting.




India system liquidity surplus is said to peak around Sep with foreign capital flows, but is expected to moderate with seasonal rise in currency in circulation as well as on maturity of forward shorts




FPIs have turned net buyers in Jul, with inflows seen in both debt and equity markets. This was despite escalating tensions in the West Asia.




The RBI intervened continued to intervene in May-26, but at a slower pace than in the past months.

Source: Investing.com, FBIL, RBI, SWL

# India economic activity have exhibited resilience so far, though early signs of weakness seen in Jul owing to renewed tensions in West Asia

| Indicators | High frequency indicators (YoY%) | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activity | GST e-way bills | 25.8 | 22.4 | 21.0 | 8.2 | 27.6 | 23.5 | 15.8 | 18.8 | 12.9 | 11.8 | 11.0 | 14.5 | |
| | Toll collections | 14.8 | 12.7 | 4.5 | 4.6 | 2.9 | 0.4 | -1.8 | -8.7 | -4.0 | -5.8 | -7.2 | -6.3 | |
| | Electricity demand | 2.6 | 3.8 | 3.4 | -6.2 | -0.8 | 6.5 | 3.8 | 1.0 | 0.8 | 3.0 | 10.8 | 11.5 | |
| | Fuel consumption | -4.4 | 4.8 | 7.6 | -0.4 | 3.0 | 5.3 | 2.9 | 5.8 | 3.2 | -3.8 | -6.5 | -3.1 | |
| | Digital payments - value | 16.6 | 5.3 | 13.4 | 8.8 | 14.7 | 15.2 | 11.3 | 17.9 | 12.6 | 14.4 | 10.8 | 20.5 | |
| Urban & Rural demand | Domestic air passenger traffic | -2.5 | -0.5 | -2.5 | 3.5 | 7.0 | -4.9 | 3.1 | -0.1 | -1.5 | -2.8 | 7.7 | -1.0 | |
| | Retail PV sales | -0.8 | 0.9 | 5.8 | 10.7 | 19.7 | 26.6 | 7.2 | 26.1 | 21.5 | 18.1 | 23.2 | 28.6 | |
| | Retail tractor sales | 11.0 | 30.1 | 3.6 | 14.2 | 56.6 | 15.8 | 22.9 | 36.4 | 10.9 | 23.2 | 17.2 | 25.3 | |
| | Retail 2-wh sales | -6.5 | 2.2 | 6.5 | 51.8 | -3.1 | 9.5 | 20.8 | 25.0 | 28.7 | 17.2 | 7.5 | 21.2 | |
| Industry | IIP-Headline | 5.0 | 3.6 | 5.5 | 0.0 | 6.5 | 5.8 | 4.5 | 5.3 | 3.2 | 4.9 | 5.1 | 7.3 | |
| | Index of eight core IIP | 3.2 | 6.2 | 3.1 | 0.8 | 3.5 | 5.6 | 5.2 | 3.2 | 2.9 | 2.7 | 3.2 | 5.0 | |
| | PMI Manufacturing index | 59.1 | 59.3 | 57.7 | 59.2 | 56.6 | 55.0 | 55.4 | 56.9 | 53.9 | 54.7 | 55.0 | 54.2 | 53.5 |
| | Electricity generation | -0.8 | 1.0 | 0.8 | -10.6 | -5.0 | 4.3 | 2.2 | -1.6 | -1.2 | 2.4 | 7.4 | 8.2 | |
| | Import of capital goods | 12.2 | -1.3 | 10.1 | 8.7 | 13.1 | 13.2 | 7.2 | 19.7 | 13.1 | 21.6 | 18.0 | 38.7 | |
| Services | PMI services index | 60.5 | 62.9 | 60.9 | 58.9 | 59.8 | 58.0 | 58.5 | 58.1 | 57.5 | 58.8 | 59.8 | 57.4 | 53.1 |
| | International air passenger traffic | 5.5 | 7.7 | 7.3 | 9.7 | 7.5 | 6.0 | 7.1 | 3.0 | -18.5 | -16.7 | -9.1 | -5.2 | |
| | Domestic air cargo | 4.8 | 7.1 | 2.8 | -2.3 | 20.5 | 4.3 | 8.7 | 18.5 | 10.8 | 7.0 | 10.7 | 9.4 | |
| | International air cargo | 4.2 | 4.5 | 2.3 | -2.3 | 12.7 | 12.6 | 8.4 | 17.5 | -6.0 | 11.6 | 10.4 | 19.4 | |
| | Port cargo traffic | 4.0 | 2.5 | 11.5 | 11.9 | 14.6 | 12.8 | 7.6 | 5.1 | 0.6 | 2.4 | 6.6 | 9.4 | |
| | Steel consumption | 7.3 | 10.0 | 8.9 | 2.4 | 6.0 | 5.4 | 4.9 | 12.8 | 13.7 | 8.1 | 9.0 | 7.2 | |
| | Cement production | 11.6 | 5.4 | 5.0 | 5.2 | 14.6 | 13.7 | 11.3 | 8.9 | 4.7 | 9.4 | 8.4 | | |

<<<<<<<<<<<<<Contraction………………………..Expansion>>>>>>>>>>>>>>>>>>

Source: RBI bulleti, SWL

**Disclaimer**

Shriram Wealth Ltd. (“SWL”) is a Distributor / Referrer of third-party investment / insurance / other products; all Distribution / Referral is done on a non-discretionary basis. SWL is registered as a Mutual Fund Distributor with AMFI (ARN code: 69250) and for PMS products with APMI (APRN code: APRN03929). SWL does not provide Investment Advisory services. All investments are subject to market and other risks, they are not obligations guaranteed by SWL or any of its affiliates or subsidiaries or by any government agency.

This document has been prepared solely for information purposes and does not constitute any offer, solicitation, recommendation or invitation to/for purchase or sale of any deposit, fund, security or any other financial or non-financial product, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. This document has been prepared based on information and data which SWL considers reliable, but makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this document. This document may not be all inclusive and may not contain all the information that you consider material. Any liability in respect of the contents of, or any omission from, this document is expressly excluded. Certain information / data / matters discussed in this document may contain historical information & returns, statements regarding market opportunities and business prospects that are individually and collectively forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to assumptions, known and unknown risks and uncertainties that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the economies of India and of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the company’s market preferences and its exposure to market risks, as well as other risks. The company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this document. SWL assumes no obligation to update any forward-looking information contained in this document. Any forward-looking statements and projections made by third parties included in this document are not adopted by SWL and SWL is not responsible for such third-party statements and projections. Investment products are subject to market and other risks, resulting in the appreciation or depreciation of the amount invested, including the possible loss of the principal amount. Returns are not guaranteed. Past performance is not indicative of future results. Returns from investment in products directly or indirectly denominated in foreign currency will also be dependent on the exchange rate fluctuations.

All investors are requested to read the Key Information Memorandum (KIM) / Scheme Investment Documents (SID) & Statement of Additional Information (SAI) / Term Sheet / Prospectus / all other product information, terms and risks carefully before taking any investment (buy / sell) decision. The KIM / SID / SAI for various AMCs and mutual fund schemes is available at:

SID: https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doMutualFund=yes&mftype=2; SAI: https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doMutualFund=yes&mftype=1

KIM: https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doMutualFund=yes&mftype=3

The investment decision shall at all times exclusively remain with the Customer. Decisions should be taken after analysing all possible risk factors and by exercise of independent discretion. SWL shall not be liable or held liable for any consequences thereof. No claim whatsoever shall be made against SWL or any of its Affiliates or Subsidiaries and/or employees, claiming any influence/recommendation/responsibility/liability for any Customer’s decision to/not to invest in any product. The information / details in this document do not take into account the specific investment objectives, financial situation, or specific needs of any particular person. The securities / products listed herein may not be suitable for all Customers. Any discussion with customer on the investment portfolio or any specific investment product is a service without any consideration by SWL to the Customer. Nothing in this document constitutes, or is meant to constitute, advice of any kind. If you require advice in relation to any investments, legal, financial or any other matters, you should consult an appropriate professional. SWL recommends Customers to independently evaluate all products / strategies. Customers may incrementally seek the services of any SEBI registered Investment Advisor for such evaluation and to determine suitability. SWL and its employees are not in the business of providing any tax or legal advice. Customers are advised to approach a recognized and independent tax consultant or legal advisor for any clarifications required regarding their investment(s).SWL may earn Distribution/Referral/Arranger fees/commission from the various product providers/issuers/ manufacturers. The fee varies across products and changes from time to time. Details can be made available on request.

Investment and/or other products may not be available to residents of certain countries or jurisdictions where the local regulations do not permit offering such products/services. This document does not constitute the distribution of any information or the making of any offer or solicitation by anyone in any jurisdiction in which such distribution or offer is not authorized or to any person to whom it is unlawful to distribute such a document or make such an offer. Any comparative indices that are made available in this document are mere indicators and are in no manner meant to reflect or influence the buying/selling decision of Customers.

# THANK YOU