Economic Research Department

Economic Round-up

The Democrats swept a stunning victory in the recent midterm election in the US which could have implications for AI regulation and spending, as well as a possible political gridlock due to a divided house. These in turn will have an impact on stock indices, treasury yields as well as on currency. Furthermore, the outcome could also notice impact on fiscal outlook and sector wise defence, banking and healthcare might even face some scrutiny. Treasury yields are expected to benefit the most given the possible pause on the AI trade and slowdown in government spending. There are news reports of a possible end to both the Russia-Ukraine and US-Iran war. The same has been reflected with the recent moderation in oil prices, trading at US$ 93/bbl. However, if the attacks are in anyway resumed, it could again result in supply disruption and upwards risk of higher prices, yet again. Global Central Bank continue to remain hawkish with more monetary policy tightening expected before the end of CY26, apart from ECB. On the domestic front, the US midterm election outcome could have far reaching implication, the US-India trade talks could possibly speed up, though it remains to be seen if tariffs levied could possibly be lower. Following the global banks, RBI too is expected to hike policy rates in the next meet. Domestic demand continues to remain buoyant supported by festive cheer and ahead of the wedding season. The downside risk to growth could possibly emanate from weaker monsoon which could impact rural economy.

Global central banks: Major global central banks kept policy rates on hold last month, while still acknowledging the risks to the inflation outlook due to the continued uncertainty over the West Asia crisis. As a result, global central banks have adopted a cautious approach. Global oil prices continue to remain elevated, leading to inflationary risks. CPI inflation in major economies picked up, due to higher energy prices. This will necessitate further monetary policy tightening. Several central banks resorted to a hawkish tone, suggesting that more rate hikes are imminent. US Fed, BoE and BoJ are all expected to hike rates in Dec'26, after a temporary pause. On the other hand, ECB is expected to keep rates steady in near future as it assesses the impact of earlier rate hike.

Key macro data releases: India's CPI inflation rose to 23-month high to 5.5% in Sep'26 from 4.8% in Aug'26**.** Food inflation surged to 7.7% in Sep'26 from 5.9% in Aug'26, with onion prices registering the biggest jump 108% in Sep'26 from 48.8% in Aug'26. This came in the wake of the Southwest monsoon registering below normal rains and strengthening El Nino conditions. This is expected to have an adverse impact on agricultural output and even on food price trajectory in the coming months. WPI inflation climbed to a record high of 11.4% in Sep'26 from 9.9% in Aug'26. This was on the back of higher food prices and rising commodity prices due to the ongoing Middle East conflict. On production front, India's IIP growth rose by 6.7% in Sep'26 against 6.1% growth noted last year for the same period. For H1FY27, it was up by 6.8% compared with 4.4% growth noted in H1FY26. In the near term, growth is expected to pick up further on the back of the festive cheer.

Macro developments

Volatility persists in global financial markets

Global equity indices closed mixed with Dow Jones and FTSE registering gains for the month of Oct'26 over the previous month. This was on the back of optimism surrounding possible resolution to the Middle East conflict. Qatar and other regional partners have pushed for fresh diplomatic settlement. Kospi, the South Korean index turned out to be the worst performer amongst other indices in Oct'26, amidst sharp selloff in technology stocks. In a positive surprise, Sensex was the outperformer against its global peers with double digit gains noted in IT related stocks. Dow Jones and FTSE also registered modest gains during the same period.

Global currencies were trading mixed. Dollar index strengthened by 1.7% in Oct'26 after declining by 4.3% in Sep'26 supported by stronger macro data (uptick in GDP growth, higher consumer confidence and ISM manufacturing activity). EUR registered weakness of more than 1% in Oct'26 amidst concerns around fiscal outlook of France, slower GDP growth and cautious approach of ECB's policy action on rates. INR appreciated amidst active intervention by RBI through measures of active dollar sales and forming a specialized dollar window for state owned oil marketing firms as well as lowering speculation for dollar demand. This was further supported by slower pace of FII outflows in Oct'26 from Sep'26.

Except for India, **global bond yields** eased. US treasury yields edged below the 5% mark in Oct'26 after breaching the level in Sep'26 and a hitting a multi decade high. Broad based sell-off in technology stocks stoked by fears of overvaluation in AI and high debt taken by the firms for capex. UK (-14bps) and Japan's (-28bps) 10Y yield also moderated for the same period. On the other hand, India's 10Y yield in Oct'26 hardened and is expected to remain under pressure given hawkish tone by RBI on policy tightening along with the risk of elevated inflation.

Global commodity prices accelerated as international crude prices surged by 13.6% in Oct'26 amidst news of renewed retaliatory attacks during the month. However, the recent news of possible peace proposal and the US midterm election outcome, has resulted in lower oil prices. It is currently trading at US$ 93/bbl against the US$ 117/bbl price, it had breached previously during the month. The prices of Gold, Copper and aluminium all declined in Oct'26 from last month. (Source: Bloomberg Data).

State of the global economy

Macro data in the **US** showed mixed trends. GDP growth remained resilient at a 1 year high of 3.4% in Q3 2026, after increasing by 2.2% in Q2 2026. The uptick was driven by consumer spending which increased by 3.8% in Q3. At the same time, business spending on equipment and intellectual property products also noted an increase. However, a sharp increase in imports dragged growth lower. Separately, the Conference Board consumer confidence index improved significantly from 84.2 in Sep'26 to 91.7 in Oct'26. This was driven by a decline in retail prices of gasoline, even as consumers continued to express concerns over rising prices particularly for groceries and fuel. Retail sales advanced by 0.8% in Sep'26, after increasing by 1.3% in Aug'26. A large part of the increase was attributed to higher gasoline prices, even as spending on other goods remained subdued. Inflation as measured by the PCE index accelerated to 0.5% in Sep'26 after rising by 0.3% in Aug'26. Core PCE index rose by 0.3% in Sep'26, matching the pace of Aug'26. However, PPI inflation accelerated to 1.3% in Sep'26 marking the largest gain since Mar'22. In Aug'26, PPI increased by 0.5%. The surge in PPI was driven by higher energy prices. Growth in industrial production improved to 0.7% in Sep'26, after rising by 0.1% in Aug'26. Manufacturing production increased by 0.3% in Sep'26, after declining by 0.2% in Aug'26. US ISM manufacturing PMI increased

to 55.5 in Oct'26 from 54.4 in Sep'26. Index for both new orders and exports picked up pace. Housing market showed mixed signals with an improvement in existing home sales, while pending home sales and housing starts continued to decline further.

The seasonally adjusted GDP rose at a softer pace both in case of **Euro area** (by 0.4%) and **EU** (by 0.5%) as per flash estimates of Q3CY26 compared to 0.6% and 0.7%, respectively in Q2CY26 and by 0.3% and 0.4% respectively, in Q3CY25. Among member States, Ireland recorded the highest increase followed by Estonia and Spain. Euro area annual inflation came in slightly lower at 3.6% compared to flash estimate of 3.8% in Sep'26, however, up from 3.2% in Aug'26. The main contributing factor is energy, followed by services and non-energy industrial goods. Among major countries, Romani, Lithuania and Bulgaria recorded the highest inflation rate. The unemployment rate was stable at 6.5% for Euro area in Sep'26 and at 6.2% for European Union. The manufacturing PMI dipped to its 2-month low of 52.7 in Oct'26 from 52.9 in Sep'26, led by slower factory order growth amidst intensifying supply chain pressures. This was also reflected in high frequency indicators of Germany which showed muted performance. Retail sales data showed sequential decline by -2% in Sep'26. Q3 provisional estimate of GDP showed moderation to 0.2% on a SA QoQ basis compared to previous reading of 0.3%, CPI also edged down in Oct'26, ZEW Survey expectations index also softened.

In **UK**, monthly GDP growth moderated to 0.1% in Aug'26, after increasing by 0.4% last month, on a MoM basis. On a YoY basis, GDP increased by 2.1%, the fastest pace of increase since Aug'22. Growth was driven largely by the production sector, while services growth was flat and construction output declined. Separately, UK's manufacturing PMI rose to a 5-month high of 52.8 in Oct'26 from 51.9 in Sep'26. The uptick was driven by both new orders and output. Manufacturing production accelerated further, rising to a 25-month high. However, input costs continued to increase for the 34th straight month led by higher prices of energy, fuel, metals, transportation amongst others. Some of this was passed onto consumers in the form of higher selling prices. Even so business optimism remained upbeat. CPI inflation picked up to 3.5% in Sep'26 compared with an increase of 3.1% in Aug'26. Core inflation also picked up to 2.8% in Sep'26 from 2.6% last month. Services PMI also picked up to 52.1 from 51.7 earlier, however manufacturing softened a tad to 51.9 from 52.

In **Japan**, Tokyo CPI data was elevated at 2.8% in Oct'26 from previous reading of 2.7% in Sep'26, on YoY basis. Core CPI (excluding fresh food) was lower at 2.6% compared to 3%. Retail sales softened on a sequential basis in Sep'26. Core machine orders firmed up by 5.2% in Aug'26 compared to previous reading of -3.7%. Exports and imports growth maintained their buoyancy at 16.7% and 18.9% respectively, on YoY basis in Sep'26.

In China, official manufacturing PMI fell to 49.3 in Oct'26 from 50.1 in Sep'26. The unexpected decline was a result of softening global demand. Both production (49.8 versus 51.7) and new orders (49.4 versus 50.5) index slipped into contraction. New export orders fell more sharply (48.7 versus 50). Producer price index accelerated further (54 versus 51.7), led by steep increase in raw material purchase index (60.8 versus 56.8). Non-manufacturing PMI index also declined in Oct'26 to 49.7 from 50.2 in Sep'26. The drag came from construction activity (48 versus 50.3). Services activity index improved to 50.2 from 50 in Sep'26. Business activity expectations index also fell from 55.5 in Sep'26 to 54.7 in Oct'26. In Sep'26, industrial production had registered a growth of 5.5%, up from 5.2% in Aug'26. Mining activity grew by 2% versus 1.3% earlier. Manufacturing sector rose by 6%, supported 15.3% rise in hi-tech manufacturing. Within this, production of integrated circuits, and spacecrafts and launch vehicles, rose notably. Retail sales growth came in at 1.1% in Sep'26 (est.: 0.5%), up from 0.4% in Aug'26, ahead of golden week holiday starting from beginning Oct'26. FAI fell by (-) 7.2% between Jan-Sep'26, unchanged from Jan-Aug'26, largely due to decline in real estate investments. FAI (ex-real estate) registered (-) 4.2% decline in Jan-Sep'26.

Indian economy: High frequency indicators signal resilience

India's manufacturing PMI expanded at a tad slower pace in Oct'26 to 54.7 from 55.1 in Sep'26. The dip has been reflected in output and new orders. Despite the moderation, it continues to remain in the expansionary zone in terms of its long-term average and the same has been noted with pickup in new business. Furthermore, firms added more jobs and even built inventories, even as business confidence was weaker. On the other hand, export orders rose to 6-month high on the back of strong international demand. Moreover, cost pressure also eased with the input cost inflation slipping to its lowest level since Feb'26. Services PMI scaled up to 4-month high to 55.8 in Oct'26 from 55.2 in Sep'26. This was on the back of uptick in new business and strengthening demand conditions. Notably, cost inflation rose at a much slower pace during this period. As a result, composite PMI inched up to 56.2 in Oct'25 against 55.9 in Sep'26, signalling strong business activity. On the other hand, high frequency indicators such as auto sales, non-oil-non gold, electronic imports, GST collections, port cargo, credit growth and power demand continue to strengthen suggesting resilience in the economy. However, factors such as diesel consumption, toll collection and air passenger traffic continue to report moderation. Additionally, weakness was noted in RBI's consumer confidence in both urban and rural area which raised some concern. However, the upcoming festive and wedding season is expected to push domestic demand.

IMF: World Economic Outlook Summary

The global economy has shown resilience in an uneven manner. Activity in the first half of 2026 held up better than expected despite war in the Middle East and continuing strains from trade tensions. The technology cycle has provided a demand impulse, driven by strong investment in artificial intelligence (AI). The interaction of these forces—geopolitics and technology—has produced a split global economy: Favourable terms of trade or technology-related exports and investment give some countries a cushion, whereas others face higher import bills and weaker demand. The use of buffers and adaptability have helped economies weather the negative shocks so far. These include, flexible supply responses, rerouting of shipments, Inventory drawdowns, fiscal support measures, and lower energy intensity than in previous episodes. Private firms have continued to adjust to repeated shocks, including geopolitical risk and shifts in trade policy, while financial markets have maintained a broadly benign view of the challenges, also buoyed by exuberance in the technology segment. On the other side, these margins of adjustment are not unlimited and would run into barriers. Global growth is projected at 3.1% in 2026 and 3.4% in 2027. Global headline inflation is projected to increase to 4.7% in 2026 before easing to 4.1% in 2027. The stable global aggregate masks a reallocation of growth across economies. Countries with limited direct exposure to the war shock and strong participation in the technology upturn are seeing activity hold up or strengthen. Energy exporters outside the immediate conflict zone benefit from favourable terms of trade. Energy-importing economies with little connection to the technology value chain face the most difficult configuration: higher import costs and exchange rate pressures, weaker real incomes, more constrained fiscal space, and fewer offsetting demand impulses. Many low-income and vulnerable countries belong to this latter group, increasing the risk that recent shocks will widen income gaps across and within countries. World trade volume growth is projected to slow in 2026 and stabilize in 2027, reflecting the impact from tariffs, adjustment in production chains, and continued strength in technology-related trade. The medium-term growth outlook remains lacklustre by historical standards and uneven across countries, in part reflecting varying degrees of AI preparedness and robustness of the energy mix.

Global central bank actions

US Fed kept the policy rates unchanged in line with expectations in the 3.75%-4% range with a vote of 10-2. Post the meeting, the committee reiterated that inflation continues to remain elevated. However, they will remain data dependent and this will help in bringing back the inflation to its target goal of 2% and deliver 'price stability'. This decision came ahead of the midterm elections, even though Fed works independently. The two dissenters namely, Governor Cook and Fed President Hammack voted to raise rates by 25bps. Fed Chair Kevin Warsh also announced that starting form CY27, Central bank will lower the number of rate-setting meetings. From CY28 onwards, Fed will host 2-meeting that will be centred on strategic discussions while other 6 will work towards policy setting. On interest rate trajectory, Fed Chair noted that apart from any crisis or exigent circumstances, he 'doesn't believe in forward guidance'. Investors are pricing in another rate hike in the last meeting of this calendar year.

Bank of England (BoE) is expected to hike rates by 25bps in its upcoming policy given the elevated energy prices which is likely to push inflation higher and above the 4% mark. Investors are pricing in another rate hike in Feb'27, post the Nov'26 hike. Since the last projections by BoE back in Jul'26, energy prices have climbed much higher, pushing the need for policy tightening.

ECB in its latest policy decision kept policy rates unchanged after the Jun'26 and Sep'26 rate hike. It is to be noted that ECB embarked on the rate hike cycle much earlier compared to other global central banks which still gives it some headroom. The rationale as pointed out by the President has been to gauge the full impact of energy price shock. Broadly stable inflation and wages also support the same decision. However, there was full acknowledgement that financial conditions are considerably tighter. It has also been pointed out that fiscal sustainability remains crucial and any de-anchoring may send wrong signals to market. On inflation front, it has been highlighted that forward-looking wage tracker suggests that negotiated wage growth will fluctuate between 2.5-2.8% in the remaining months of CY26 and average 2.6% in the first three quarters of CY27. Thus, based on the inflation and growth assessment, ECB policy has been tilted to the dovish side and no rate action is expected in the next policy.

Bank of Japan kept its policy rate unchanged. On economic activity, BoJ expected growth to be modest amidst rise in energy and raw material prices. Policy Board members expect GDP growth for FY26 and FY27 at 0.7%. For FY27, the forecast has been revised upward by 10bps in FY26 and by 10bps downward in FY27. CPI is expected to be at 2.5% in FY26 and at 2.6% in FY27. The FY27 projection of CPI has been revised upward by 20bps. However, BoJ in its latest policy has signalled that the "underlying CPI inflation is at a level that is generally consistent with the price stability target of 2%". It further expects that level to be retained. This policy has been slightly different in terms of BoJ's focus more on central bank's equity portfolio through accelerated pace of sales of ETFs.

PBOC has recently announced to conduct overnight reverse repo operations every working day starting 2 Nov 2026, to infuse liquidity into the banking system. This will make this rate as the main policy anchor. Currently the operating rate is 1.25%. This sits below the 7-day reverse repo rate of 1.4%. As of 2nd Nov 2026, PBOC has injected 541bn Yuan in the system. Both 1Y and 5Y LPR remain unchanged, at 3% and 3.5% respectively.

Indian Economy (For detailed reports refer to https://bankofbaroda.bank.in/economic-scenario)

Projections for retail assets

RBI data shows that housing loans have risen by 11.1% (YoY) as of 31 Aug 2026, versus 9.7% growth registered last year during the same period. However, on FYTD basis, growth this year is running a tad slower at 2.9% versus 3.3% last year. Knight Frank's report on India's housing sector shows that housing sales fell by (-) 1% on YoY basis in Q3CY26 (Jul-Sep), after rising by 1% in H1CY26 (Jan-Jun). It should be cautioned here that this data only accounts sales in top 8 cities of the country (Mumbai, Bangalore, Delhi NCR, Pune, Kolkata, Hyderabad, Ahmedabad and Chennai). As per their findings: o Sales fell by (-) 1% in Q3CY26, but excluding NCR, sales across the other seven markets rose 2% YoY. o Homes priced above Rs 1 crore accounted for 56% of sales, up from 51% in Q3 2025. Rs 1-2 crore segment is now the largest at 31% of sales, while sub-Rs 50 lakh sales fell 12% YoY. o Sales in Kolkata (6%), Bangalore (4%), and Mumbai (3%) rose at the fastest pace in Q3. RBI data shows that other personal loans have risen by 15% (YoY) as of 31 Aug 2026, versus 7.6% growth registered last year during the same period. Even on FYTD basis, growth this year is running higher at 3.7% versus 1.8% last year. On of the explanatory variable is healthy pace of rise in private consumption expenditure. Vehicle loans registered 12.5% growth in FY26 compared with 11% growth in the previous year.

The sector is expected to register strong, durable, double-digit growth this year too, despite high base effect. The same has been reflected with indicators such as auto production, industrial production and FADA data, recording healthy growth on a FYTD basis. This will be further supported by the upcoming festive season and wedding season which is expected to drive growth higher in the near term. Furthermore, the benefit of GST 2.0 rationalization measures continues to provide much needed support. Moreover, steady demand and ongoing electrification also bode well for the sectoral growth. Outstanding education loan stood at Rs. 1.56 lakh crores as of March 2026 registering a growth of 13.4% over last year. Education loans accounted for a little over 0.7% of total credit by SCBs as of March 2026. In Aug'26, education loans by SCBs increased at a stable pace of 13.4% to Rs. 1.64 lakh crores. Demand for education loans has tapered mainly due to lower student going abroad amidst stricter visa rules in the US. This is visible in a significant decline in the outward remittances for the purpose of studying abroad. This (loans against jewellery) sector has registered strong growth in last 2-years. This is partly attributable to surge in gold prices noted in FY26. Global gold prices accelerated by 52.5% in FY26 from a 30% increase noted in the previous year. However, since then the prices have now moderated and this year is expected to grow at a tad slower pace than last year.

CPI surges to near 2-year high

CPI jumped up in Sep'26 bearing the impact of higher food inflation. Food inflation rose to 7.7% and core inflation inched up further 4.3%. The higher inflation has also been reflected in the transport component along with clothing & footwear, health, and in the inflation of restaurant and accommodation services component. Going forward, we believe that upside risks to core will intensify as the impact of pass through remains to be seen. We expect CPI inflation to average about 5-5.2% in FY27, led by weather related vagaries and the lingering West Asia conflict, which could keep crude prices elevated. This in turn is creating space for more rate hikes by RBI in the near term.

Wholesale inflation at 30-month high

For Sep'26, headline WPI (2022-23=100) has come in at 11.4%—highest in the new series and is up from (-) 0.2% in Sep'25. Headline output PPI index also rose by 11.4% versus flat growth (0%) last year. In the latest WPI series, all major group heads (food, fuel and manufactured products) have contributed to the elevated inflation print. Food inflation remains a major driver, with, food grains (both cereals and pulses), vegetables, fruits, milk, eggs and meat product all exhibiting upside pressures. Within fuel inflation, mineral oil index remains on the higher side, with index for crude petroleum, natural gas, ATF, LPG, petrol, furnace oil, all rising notably. Similar trends can be noted in output PPI as well. Input PPI has also begun showing upside pressure (MoM) in 13 of the 21 manufactured product indices (basic metals, chemicals, pharmaceuticals, textiles, motor vehicles, computer and electronics, textiles etc). Going forward, as tensions in the Middle continue to escalate and Brent has averaged ~103/bbl in Oct'26 so far, pressure on fuel and manufactured product inflation is set to remain for some time. Volatility in oil prices can also get heighted ahead of US mid-term elections. Further, as El Nino conditions continue to strengthen, food prices also face upside risks. All these factors are expected to maintain pressure on headline WPI in the near-term.

Evaluating the trajectory of India's EER

Movement in the exchange rate has always attracted significant headlines in India. More specifically, spot exchange rate and the movement therein, is often viewed as a measure of a country's external vulnerability. This spot rate in turn is determined by both market forces as well as domestic fundamentals. Hence, a one-to-one comparison between countries at different levels of economic development may not be in order. Broader measures of exchange rate, or the effective exchange rate (EER) are traditionally considered to more accurately measure the movement in different currencies in each period. An EER basically maps the movement of the domestic currency against a basket of currencies of its major trading partners. For this purpose, both nominal and real effective exchange rates are used. In the present study an effort has been made to study the long-term trends in the movement in both the nominal effective exchange rate (NEER) and real effective exchange rate (REER) for India and understand the underlying drivers behind these movements. At the same time, a cross-country analysis has also been presented comparing the movement in India's REER vis-à-vis other major economies.

A glimpse of the World Economic situation day

Various economic indicators for different countries have been presented here based on data given by the Economist dated October 10, 2026. All data is for the latest period as per the publication. For example, GDP growth are forecasts for 2026 as is CPI inflation for the year. In case of unemployment, it is the latest available for the year. CAD is the forecast of EIU for the year. Budget deficit is given as % of GDP as per the nation's documents. But they normally cover the centre only. In case of bonds, they are the latest as of September, while currency change is year on year change for October 7th.

Global FDI Trends: India’s rank improves both ways

Global foreign direct investment showed resilience in 2025, but the recovery remained fragile due to global uncertainty. Foreign direct investment (FDI) flows rose by 6%, to $1.6 trillion. Inflows increased by 11% in developed economies and by 2% in developing economies. Excluding conduit flows through major European financial centres, global FDI increased 4% after two consecutive years of decline. These are the very broad findings in UNCTAD’s World Investment Report of 2025. The outlook for 2026 is affected by significant downside risks owing to trade policy uncertainty, geopolitical tensions and conflicts. Investment activity is increasingly concentrated in several capital- and technology-intensive sectors. The growth in the value of FDI projects was driven largely by investment in data centres, followed by oil and gas and semiconductors. Most other sectors registered significant declines, including renewable energy, infrastructure (excluding data centres) and manufacturing. Inflows rose significantly in least developed countries. It was concentrated in a small number of economies and largely confined to resource-rich countries. Investment in the Sustainable Development Goals picked up in 2025 but was unevenly distributed. The value and number of announced projects in developing economies rose, particularly in least developed countries. The rebound remained concentrated in a few sectors and economies, underscoring persistent challenges in mobilizing investment for smaller projects and economies. The global investor landscape has become more diverse. Alongside traditional multinational enterprises (MNEs), State-owned MNEs and private equity investors are playing an increasingly important role in FDI. More than a quarter of the companies in the 2026 UNCTAD ranking of the top 100 MNEs are State-owned. International equity acquisitions by private equity firms now account for about 20% of global mergers and acquisitions.

Banking Update

RBI data on sectoral deployment of credit gives a picture of how the economy is doing from the monetary side. The real sector indicators like industrial growth, core sector performance, exports among others have indicated that the economy is well on the path to achieving a growth rate of upwards of 7% this year. BoB forecast is 7.2% for the year. The headwind today is the kharif outcome on account of sub-normal monsoon conditions in several parts of the country and lower reservoir levels. Inflation too is on an upward trajectory as indicated by the RBI in the credit policy. The report provides a view of how credit growth has fared for the first half of the year across sectors. This is followed by a view on how interest rates look as of September 2026 relative to March 2026. This would be before the interest rate hike was announced by the RBI.

Current account deficit

India's current account deficit increased to US$ 18.3bn in Apr-Aug'26 compared with US$ 12.8bn in the same period last year. The increase was led by higher merchandise trade deficit which increased to US$ 146bn in FYTD 27, compared with US$ 124.7bn in FYTD26. However, this was offset by higher net transfers (US$ 66.8bn versus US$ 55.6bn) and services surplus (US$ 85.8bn versus US$ 79.9bn). India's capital account surplus surged to US$ 76.3bn in FYTD27 versus US$ 12bn in the same period. This was led by a surge in banking deposits (increase of US$ 86.1bn) and FDI inflows (increase of US$ 4.2bn). The increase in banking deposits was largely due to the RBI's concessional swap window for FCNR (B) deposits which led to inflows of US$ 119.2bn on BoP basis.

On the other hand, both FPIs and ECBs saw outflows of US$ 3.7bn and 28.3bn respectively. As a result, India's overall BoP surplus improved to US$ 58bn compared with depletion of US$ 0.8bn in FYTD26.

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