

# MASHREQ GLOBAL DIGEST

## India

September 27 – October 3



This edition of the Market Digest highlights India's latest macroeconomic and financial developments, alongside recent deals and key trends influencing the country's economic outlook.

### Macroeconomic News

#### India GDP Growth Forecast Held at 7%

Economist and NITI Aayog member Arvind Virmani kept his full-year India GDP growth forecast at 7%, with a wide  $\pm 1$  percentage point range, even after the economy expanded 7.8% in Q1 FY27. He said stronger quarterly growth was not enough to justify raising the annual forecast because unresolved trade issues and global developments continue to create significant uncertainty.

Reference: [Economic Times](#)



#### India Warns High Oil Prices Could Push Inflation Higher

India's Finance Ministry warned that geopolitical tensions, elevated crude oil prices and tighter global financial conditions could increase imported inflation and put pressure on the rupee and capital flows. Retail inflation rose to 4.82% in August, food inflation reached 5.95%, and wholesale inflation climbed to 9.92%. India's external position remained strong, with foreign-exchange reserves at \$765.9 billion, covering about 11.1 months of imports.

Reference: [Reuters](#)

#### RBI Rate Hike Expectations Rise as Inflation Broadens

India's inflation pressures are becoming more widespread, with nearly half of the inflation basket now rising 4% or more year-on-year, up from about one-third in March. At the same time, the economy grew nearly 8% in April–June, giving the Reserve Bank of India more room to focus on inflation. 35 of 61 economists polled by Reuters expect a 25 bp rate hike to 5.50% on October 7, while markets are pricing around 90 bp of hikes over the next 12 months.

Reference: [Reuters](#)



#### India's Industrial Output Jumps 8% in August

India's industrial production grew 8% in August compared with a year earlier, up from 6.7% in July. The main drivers were manufacturing, which grew 9%, and electricity and gas output, which rose 12.3%. Production of machinery, vehicles and other consumer goods also increased strongly, while mining fell 5.6% and remained the main weak spot. Overall, the data points to stronger industrial momentum, supported by both investment-related and consumer demand.

Reference: [CNBC](#)

#### India's Fiscal Deficit Reaches 42% of Full-Year Target

India's fiscal deficit reached 7.1 trillion rupees (\$74.1 billion) in April–August, equal to 41.9% of the full-year 2026/27 target, compared with 6 trillion rupees a year earlier. The government has set a fiscal deficit target of 4.3% of GDP, or 16.96 trillion rupees. Capital expenditure also increased to 5.1 trillion rupees, from 4.3 trillion rupees a year earlier.

Reference: [Reuters](#)



#### India's Power Shortfall Hits Three-Year High

India's power shortages rose to 560 million kWh in September, the highest since August 2023, as stronger industrial demand and weaker hydropower output strained supply. Coal-fired generation rose 13.3% year-on-year and accounted for 66% of total generation, while limited battery storage and low coal inventories added pressure to the power system.

Reference: [Reuters](#)

#### India's Factory Growth Hits 7-Month High

India's manufacturing sector strengthened sharply in September, with the HSBC Manufacturing PMI rising to 55.1 from 52.8 in August, its highest level since February. New orders grew at the fastest pace in seven months, exports improved, hiring resumed strongly and business confidence rose, although input costs also increased.

Reference: [Reuters](#)

#### India's GST Collections Rise 14.7% in September

India collected \$21.25 billion in goods and services tax (GST) in September 2026, up 14.7% year-on-year. The strong increase points to continued domestic economic activity and gives the government additional revenue to support spending and investment.

Reference: [Reuters](#)

### Financial/Tech News

#### India Ranks as Second-Worst Performing Emerging Market in 2026

India has become the second-worst-performing emerging equity market this year, with stocks pressured mainly by high crude oil prices and rising global bond yields. These factors raise India's import costs and inflation pressures while making its markets less attractive relative to higher-yielding global assets.

Reference: [Bloomberg](#)

*Rise every day*

# MASHREQ GLOBAL DIGEST

## India

### September 27 – October 3



#### AI Pressure Weighs on India's IT Sector

India's top IT companies are expected to report another weak quarter as AI-driven pricing pressure and cautious client spending weigh on growth. Revenue for the top six firms is projected to rise just 0.7%–3.5% quarter-on-quarter, while the Nifty IT index is down about 27% in 2026, compared with a 13.4% decline in the Nifty 50. Analysts also expect some firms to trim their annual growth forecasts.

Reference: [Reuters](#)

#### RBI Records Biggest Net Bond Sale in Over a Decade

The Reserve Bank of India has net sold 1 trillion rupees of government bonds this financial year, its largest annual net bond sale in more than a decade, as it works to drain excess liquidity from the banking system. Market participants expect additional bond sales in the coming months, which could keep upward pressure on bond yields.

Reference: [Reuters](#)

#### Indian Firms Raise Record \$25.3B in First-Half Equity Funding

Indian companies raised a record 2.43 trillion rupees (\$25.27 billion) through equity markets in April–September 2026, up 75% year-on-year. Mainboard IPOs raised 942.05 billion rupees across 78 issues, while secondary offerings jumped fivefold to 553.37 billion rupees. Bloomberg data also showed IPO proceeds exceeded \$9 billion in July–September alone, the highest ever for that quarter, pushing total 2026 IPO fundraising above \$13 billion.

Reference: [Reuters](#), [Bloomberg](#)

#### RBI's Forward Dollar Liabilities Hit Record \$200B

The Reserve Bank of India's net forward dollar liabilities rose to a record \$200 billion in August, up \$63 billion from July, after large foreign-currency inflows linked to policy measures. Those inflows helped lift India's foreign-exchange reserves to a record \$785.7 billion in early September. The RBI is now expected to gradually reduce the forward book while managing liquidity and supporting the rupee.

Reference: [Reuters](#)

## Deals

#### India Approves \$19.4B Renewable Energy Program

India approved a 1.86 trillion rupees (\$19.42 billion) renewable energy program to strengthen power grids and expand battery storage. Of the total, 1.36 trillion rupees will support transmission upgrades capable of handling up to 135 GW of clean energy, while 500 billion rupees will fund incentives for 50 GWh of battery storage. The program supports India's goal of increasing non-fossil fuel power capacity to 500 GW by 2030, from 304 GW currently.

Reference: [Reuters](#)



#### U.S.-India Trade Deal Talks Continue, but No Agreement Yet

The U.S. and India are continuing negotiations on a bilateral trade deal, but U.S. Trade Representative Jamieson Greer said an agreement is not imminent. Greer said talks with Indian Trade Minister Piyush Goyal were constructive and that both sides have identified the main sticking points and are continuing to work through them.

Reference: [Reuters](#)

## Markets

#### Market Dashboard

- U.S. equities ended the week mixed as weaker jobs data reduced expectations for an October Federal Reserve rate hike. For the week, the S&P 500 fell 0.27%, the Dow dropped 1.26%, while the Nasdaq gained 0.45%. Softer payroll growth supported rate-sensitive and technology stocks, although broader concerns over growth and inflation kept sentiment cautious.
- Bitcoin ended the week about 0.6% higher, briefly climbing above \$86,000 before pulling back below that level. The rise was supported by short liquidations, which forced bearish traders to buy back Bitcoin, and by easing U.S. Treasury yields after weaker jobs data reduced expectations for an October Fed rate hike. Lower rate expectations generally improve appetite for risk assets, helping support Bitcoin and the broader crypto market.
- Gold fell about 3.4% over the week, ending near \$4,143 per ounce, as a stronger U.S. dollar and elevated Treasury yields weighed on the non-yielding metal. Gold briefly rose more than 1% on Friday after weak U.S. jobs data reduced expectations for an October Fed rate hike, but those gains reversed as yields remained high and investors stayed cautious about the Fed's inflation stance.
- For the week, Brent crude edged up, while WTI fell. Prices were supported by geopolitical tensions, China's halt in refined fuel exports, and tight product markets, but gains were capped after Europe agreed to release diesel reserves and Middle East crude flows improved.
- The U.S. dollar strengthened for the week, with the dollar index heading for a third straight weekly gain. High Treasury yields, a hawkish Fed stance and concerns over Europe supported the dollar, while weaker U.S. jobs data limited some of the gains.

| Indicators | 25-Sep-26 | 2-Oct-26  | % Change |
|------------|-----------|-----------|----------|
| S&P 500    | 7,743.41  | 7,722.72  | -0.27%   |
| Bitcoin    | 84,034.92 | 84,497.21 | 0.55%    |
| Gold       | 4,287.25  | 4,142.96  | -3.37%   |
| Crude Oil  | 97.44     | 102.25    | 4.94%    |
| EUR/USD    | 1.1375    | 1.1257    | -1.04%   |

Rise every day