IndusInd Bank

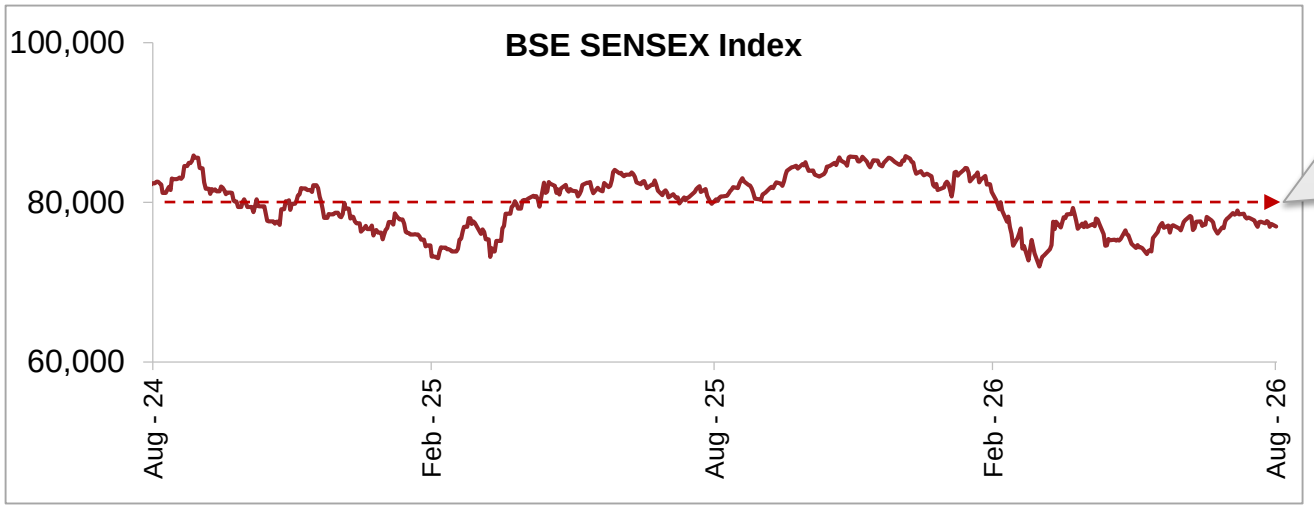
Navigating a Sideways Market

September 2026



When Returns Pause, Questions Rise

A sideways market can be unsettling, even if the bigger picture is still intact



With markets delivering flat to negative returns over the last two years, investors often face a dilemma:

Should I continue investing in equities?
Would I have been better off investing in fixed deposits?
Will equities eventually reward my patience with superior returns?

There have been several such time periods where markets remained flat or experienced sharp declines. However, history shows that these periods were often followed by a recovery phase and investors who continued to invest through these phase have benefitted.

Phase	Period	Text
Sharp Correction	Jan-2020 to Mar-2020	COVID Pandemic | -15,964 pts
Recovery	Mar-2020 to Oct-2021	Post COVID Recovery | +34,000 pts
Consolidation	Oct-2021 to Mar-2024	Market Consolidation
Election-led Rally	Mar-2024 to Sep-2024	+13,757 pts
Correction	Sep-2024 to Mar-2025	-12,638 pts
Recovery Rally	Mar-2025 to Jun-2025	+10,670 pts
Consolidation	Jun-2025 onwards	Range-bound movement

Flat on the Surface. Active Underneath

IndusInd Bank

Sideways index can mask significant shifts in sector leadership, valuations and investor positioning

	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	CY26
BSE Metal	-20.75	-11.92	11.23	65.92	8.36	29.42	7.05	27.41	13.91
BSE Capital Goods	-1.63	-9.97	10.63	53.38	15.97	66.89	21.81	-0.98	18.09
BSE Healthcare	-5.92	-3.55	61.45	20.87	-12.10	36.97	43.51	-3.26	17.73
BSE Power	-16.06	-3.65	7.05	68.84	25.84	32.81	19.71	-6.64	14.01
BSE Auto	-22.12	-11.27	12.59	19.25	16.54	46.00	22.34	21.09	1.93
BSE SmallCap	-23.53	-6.85	32.11	62.77	-1.80	47.52	29.31	-6.62	13.58
BSE PSU	-21.11	-3.88	-16.88	40.82	23.05	55.30	21.28	9.00	0.16
BSE Mid Cap	-13.38	-3.05	19.87	39.18	1.38	45.53	26.07	1.10	4.79
BSE Bankex	5.27	20.72	-2.14	12.59	21.03	11.19	6.19	15.62	-2.34
BSE Consumer Durables	-8.79	20.86	21.52	47.30	-11.27	25.87	28.87	-6.88	7.87
BSE Realty	-31.07	26.85	8.66	55.00	-10.26	79.50	33.09	-17.33	3.25
BSE Oil & Gas	-15.57	7.25	-4.44	24.26	16.57	12.80	13.22	10.15	-9.68
Nifty 50	3.15	12.02	14.90	24.12	4.33	20.03	8.80	10.51	-7.84
BSE Sensex	5.91	14.38	15.75	21.99	4.44	18.74	8.17	9.06	-9.70
BSE Teck	10.27	9.22	43.84	49.68	-19.28	18.82	22.21	-4.97	-16.87
BSE IT	24.93	9.84	56.68	56.07	-24.24	25.60	19.93	-14.94	-19.10
BSE FMCG	10.60d	-3.58	10.55	9.32	16.62	27.33	1.49	-2.05	-13.70

Note: data as of August 31, 2026. Source: Crisil Intelligence, BSE



Index pauses

↓



Sector leadership changes

↓



Capital rotates

↓



New winners emerge

↓



Index eventually catches up



Key takeaway

A sideways market is not necessarily an inactive market. It can be a period of repositioning, accumulation and changing leadership.

A Market Pause Doesn’t Mean You Should Pause

Periods of muted returns, consolidation, or market corrections often test investor patience. However, wealth creation is rarely linear.

Time in the Market Drives Outcomes

Market returns are often concentrated in a handful of strong recovery periods. Missing these periods can have a disproportionate impact on long-term portfolio outcomes.

- Markets move through expansion, correction, recovery, and consolidation phases.
- Predicting the exact entry and exit points consistently is difficult.
- Staying invested helps participate in eventual rebounds when market sentiment improves.
- Long-term investors benefit from the cumulative effect of remaining invested across multiple cycles.

Compounding Continues Even During Flat Markets

Returns may appear subdued over shorter periods, but underlying businesses continue to grow earnings, reinvest capital, and create long-term value.

- Earnings growth and dividend reinvestment contribute to future portfolio appreciation.
- Sideways markets often provide the foundation for the next phase of growth.
- Compounding works most effectively when investments remain uninterrupted.
- Wealth creation is driven not only by market price movements but also by the growth of underlying assets over time.

Align Investments with Long-Term Goals

Short-term market movements should be viewed in the context of long-term financial objectives.

- Wealth creation goals such as retirement, education, or legacy planning typically span many years.
- Temporary volatility often has a limited impact on long-duration investment plans.
- Focusing on goal progress rather than near-term market fluctuations helps maintain investment discipline.
- Periodic reviews and rebalancing can keep portfolios aligned with objectives without reacting to short-term noise.

Volatility Is a Normal Part of Investing

Corrections and periods of uncertainty are an inherent feature of capital markets.

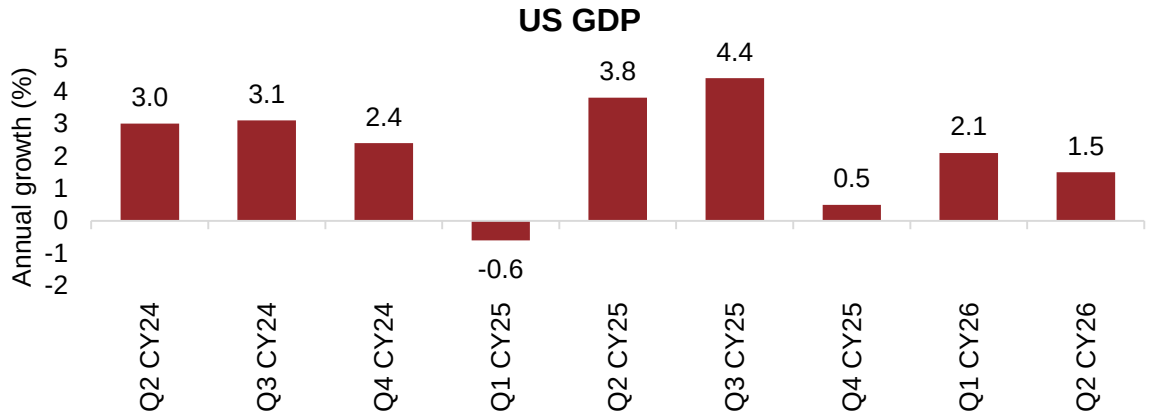
- Economic events, policy changes, and global developments can cause near-term fluctuations.
- Historically, market setbacks have been followed by periods of recovery and renewed growth.
- Investors who stay invested during volatile periods may benefit when confidence returns.
- Maintaining a disciplined investment approach can help avoid emotional decision-making.

Key takeaway

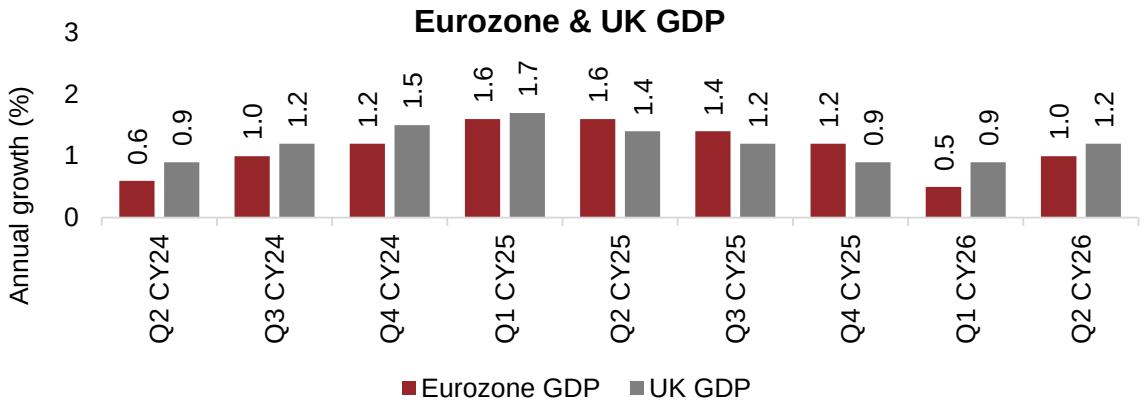
Wealth creation is driven by participation across market cycles, not by avoiding every period of volatility. A temporary pause in market returns may simply be a transition phase during which underlying earnings, business fundamentals, and compounding continue to build long-term value.

How are global economy are performing?

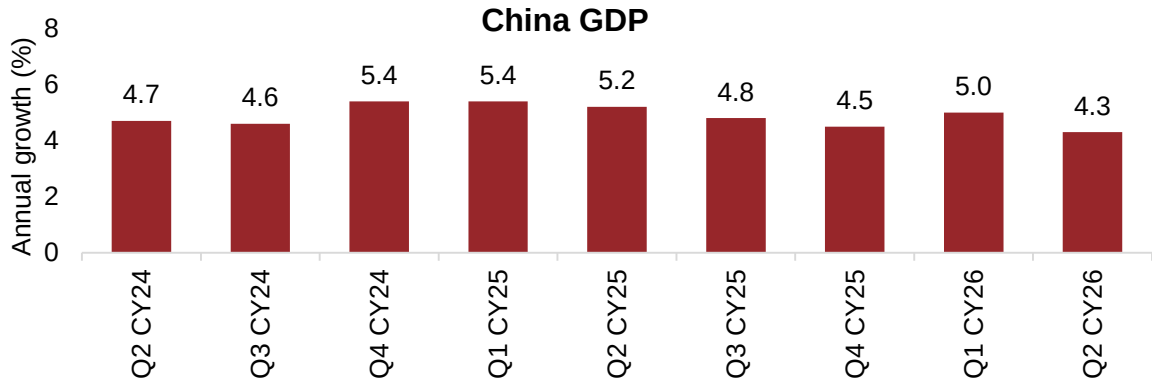
How have major economies fared on growth?



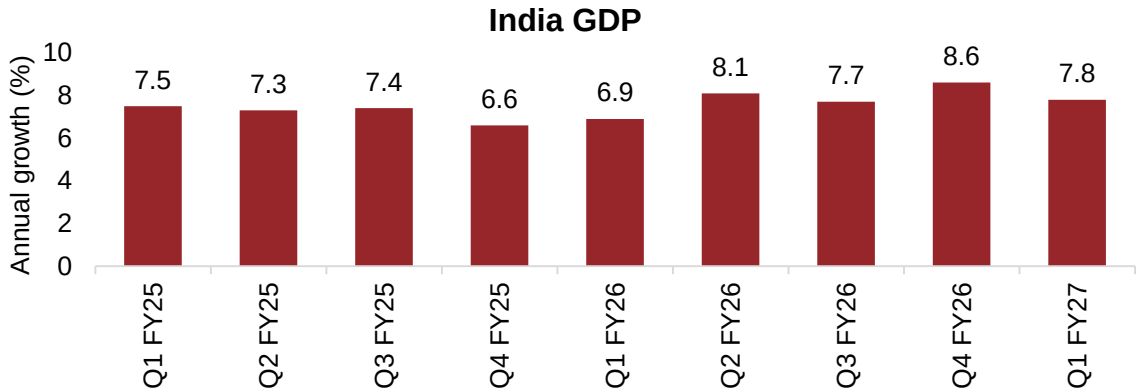
US economy growth slowed down in Q2



Eurozone and UK economy grew in Q2



China economy growth slowed down in Q2

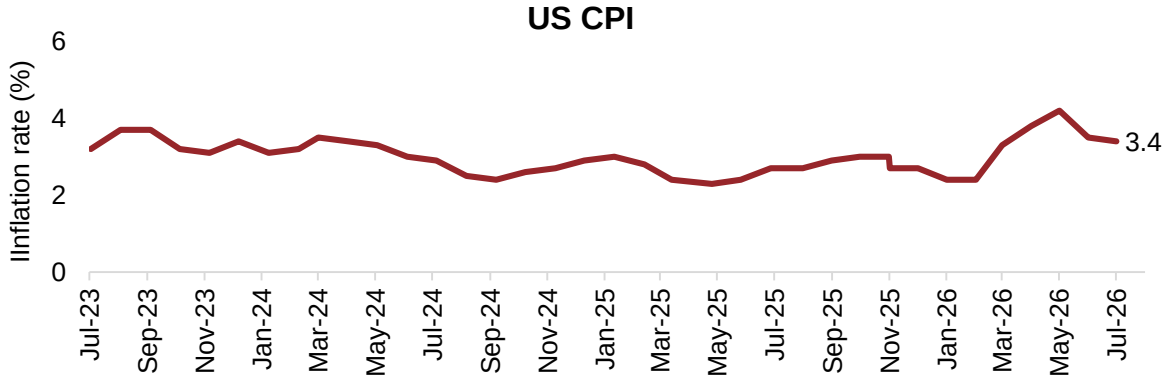


India economy growth slowed down in Q1FY27

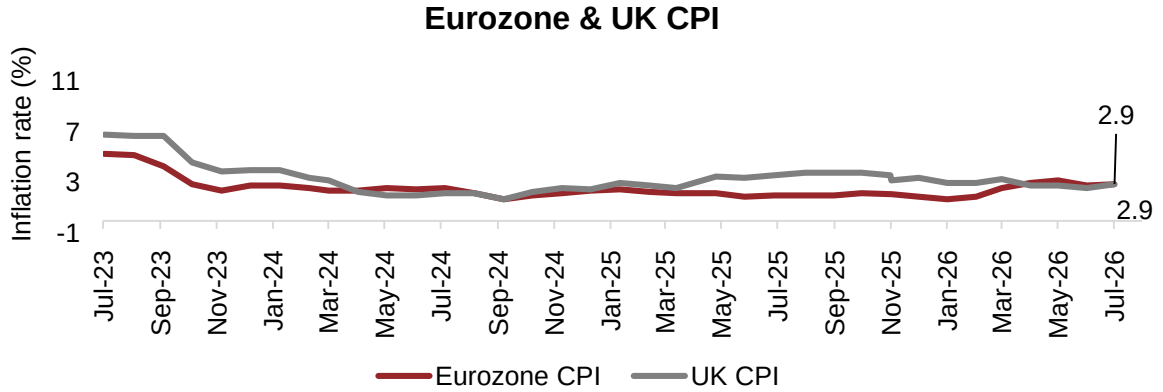
Note: Data sourced as of August 2026; Source: Financial websites

Global growth remains uneven, with resilient U.S. consumption, improving Eurozone momentum, and slowing Chinese growth due to weak domestic demand. Though India GDP growth rate slowed down, India remained fastest growing economy among major economies.

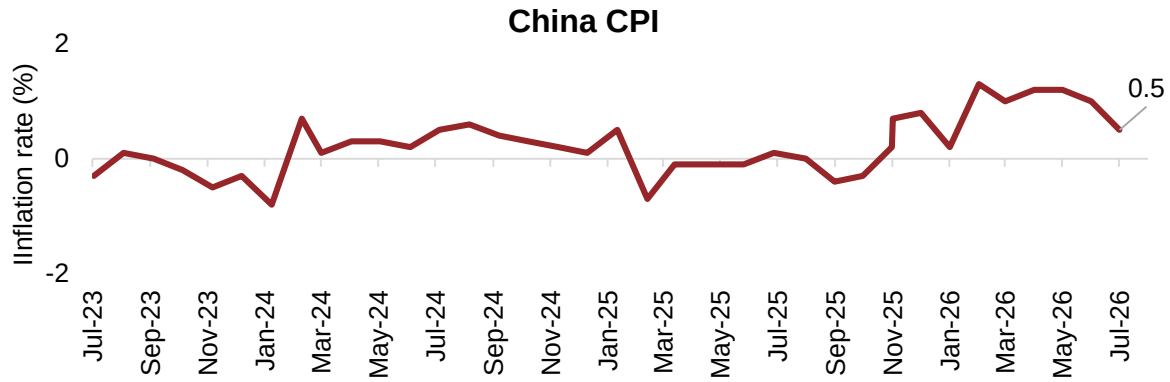
Have inflation worries eased?



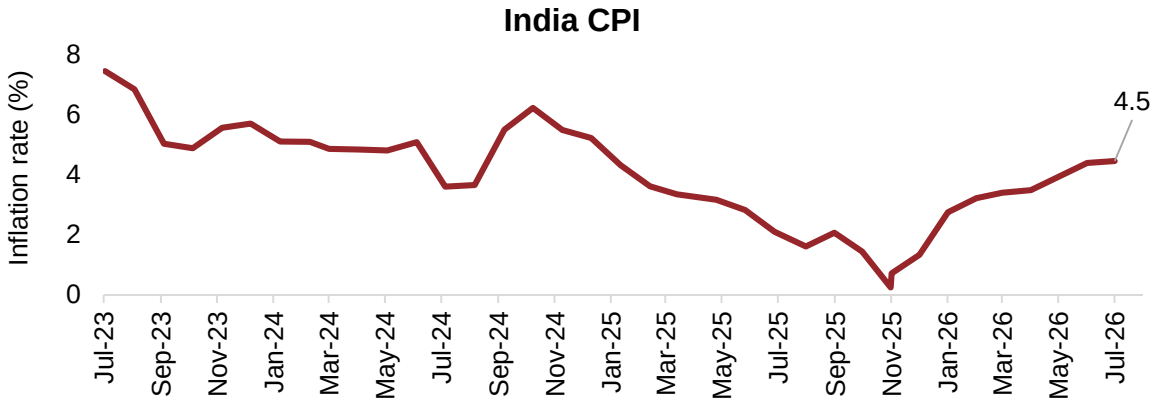
US consumer prices eased in July



Inflation rose in Eurozone and UK in July



China inflation eased in July

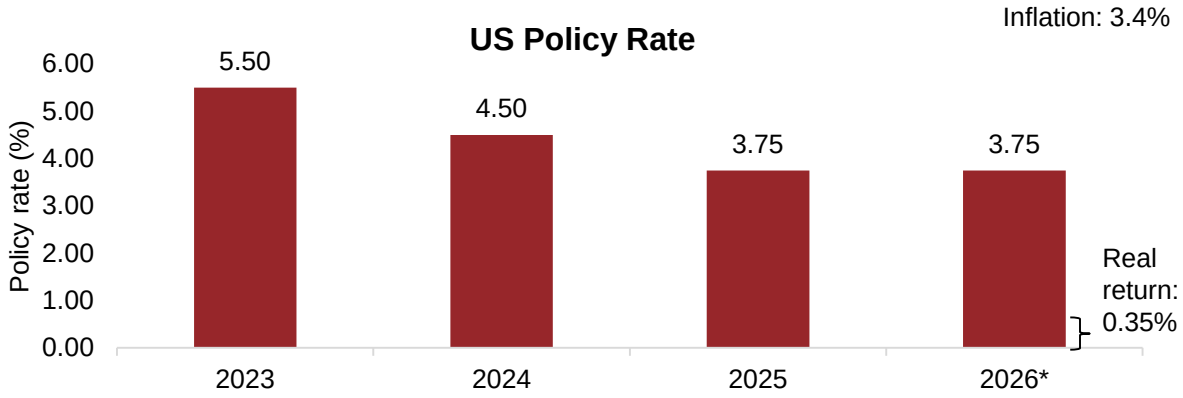


India inflation rose in July

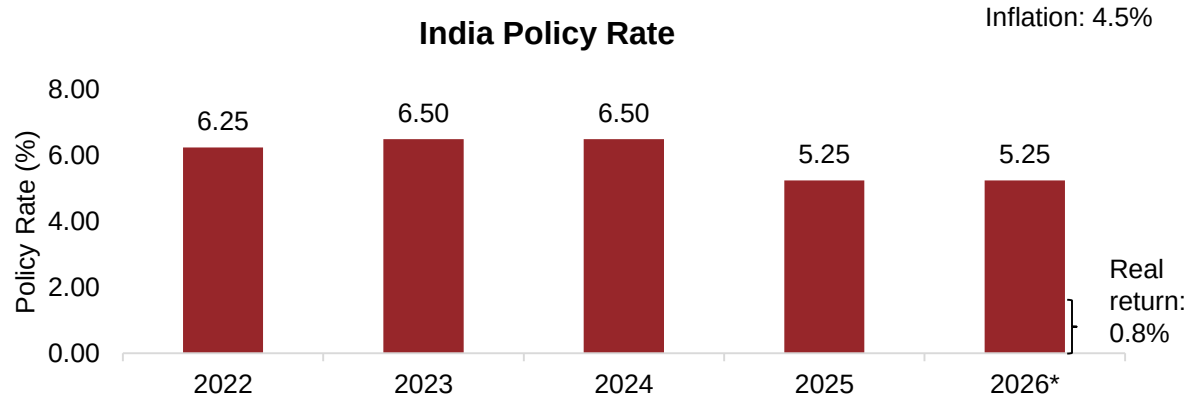
Note: Data sourced as of August 2026, Source: Financial websites

Inflationary pressures eased in the US and China, while inflation accelerated in Eurozone UK, and India. Surge in India is mainly fueled by food prices (sugar, vegetables) and crude import costs.

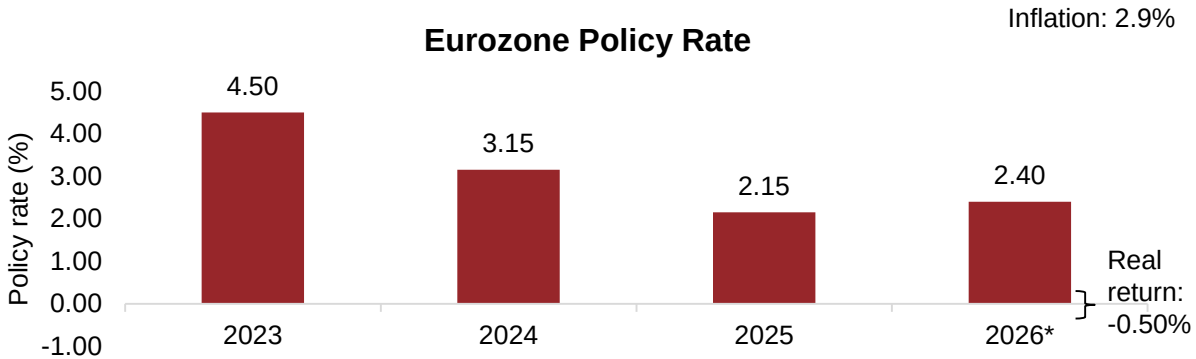
How have central banks responded?



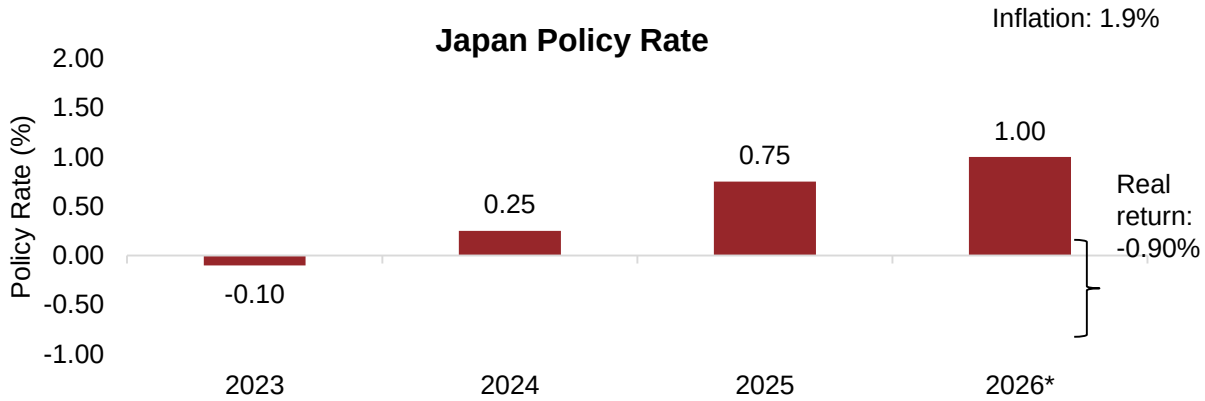
US Fed held interest rate at 3.75%



RBI held the repo rate at 5.25%



ECB held the refinance operations rate at 2.40%

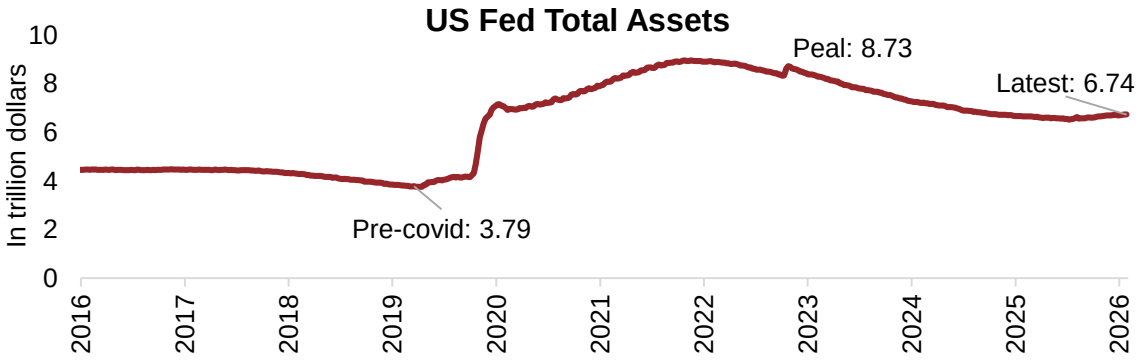


BoJ maintained the key rate at 1.00%

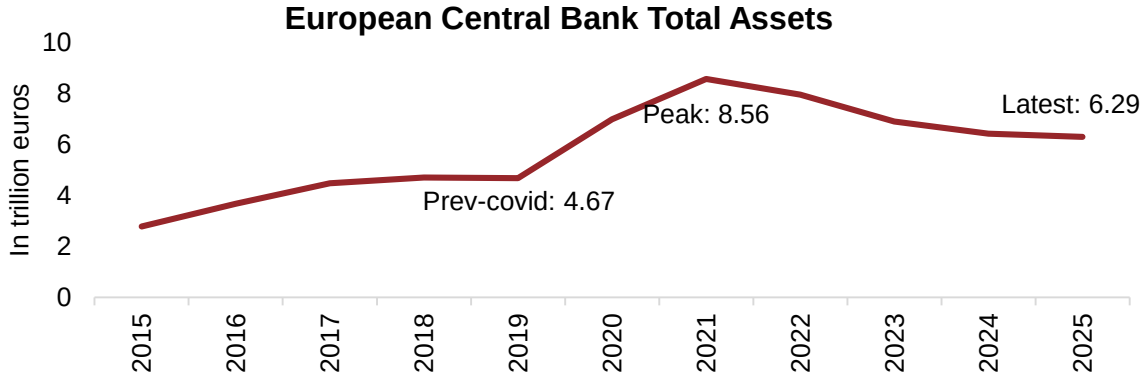
*Source: Respective central banks *Data sourced as of August 2026*

India and US on positive territory on real rates

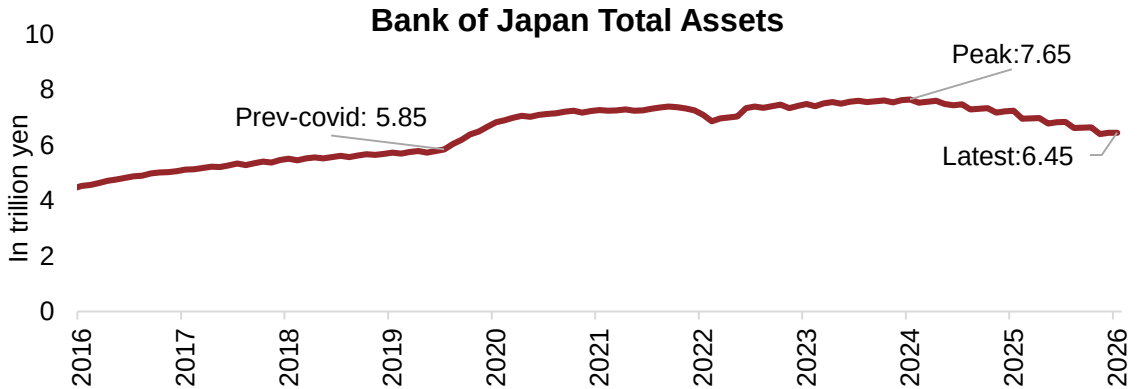
What is the position of major global central bank assets?



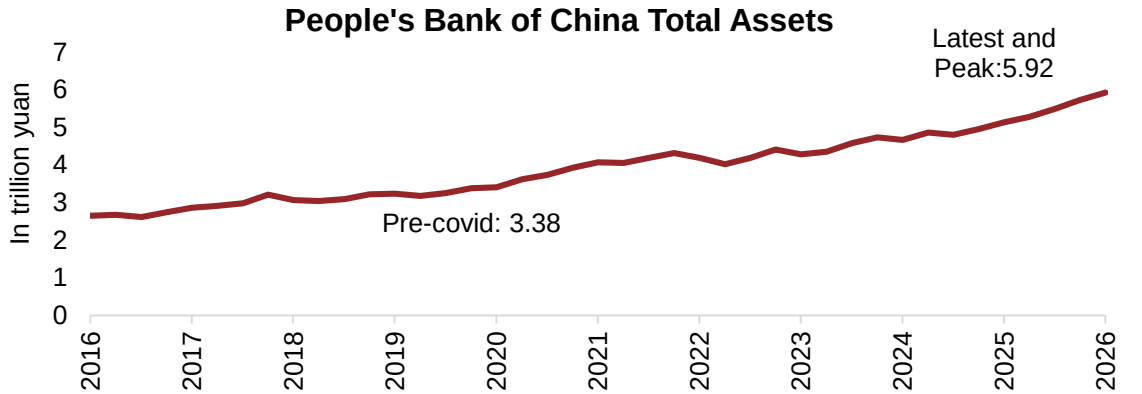
Fed assets broadly stable



ECB's assets slowed after the pandemic



BoJ's assets continued to expand



PBoC's assets peaked

Note: Data sourced as of August 2026; Source: Respective central banks

Global central bank balance sheets are diverging, with BoJ expanding, Fed stable while China assets peaked in August

What's the global landscape?

Key parameter	Indicator	Summary
Growth		Global growth momentum remained uneven
Inflation		The global inflation landscape remains mixed. Inflation eased across major economies amid softer demand and lower energy prices, while food-led pressures pushed inflation higher in India.
Monetary policy		Monetary policy remained broadly stable globally, with major central banks adopting a wait-and-watch approach amid easing inflation trends.
Geopolitics		Geopolitical developments continue to pose risks to global growth, inflation, and supply chains.
Rising debt		Rising Debt remains a constraint with US at 120% debt to GDP

US Central Bank and the RBI held the policy rates in August policy meeting

How is Indian economy performing?

Key developments – Indian economy

- India’s real GDP growth moderated to 7.8% on year in Q1 FY27 from 8.6% in Q4 FY26, indicating some easing in growth momentum. However, policymakers continue to highlight the economy’s resilience, supported by strong domestic demand, ongoing reforms and improving rural conditions.
- India's gross GST collections rose 14.8% YoY to ₹ 2 lakh crore in August 2026, driven by a 29% increase in import-related revenues, reflecting resilient economic activity and consumption trends.
- According to the Ministry of Statistics and Programme Implementation (MoSPI), CPI-based retail inflation increased to 4.45% in July 2026 from 4.38% in June 2026, largely driven by higher food prices.
- At the wholesale level, inflation measured by the Wholesale Price Index (WPI) eased marginally to 9.78% in July 2026 from 9.87% in June 2026. The moderation was primarily due to lower inflation in the fuel and power segment, although price pressures persisted in food articles and manufactured products.
- India’s core infrastructure output expanded by 5.4% year-on-year in July 2026, easing from an upwardly revised 6.0% growth in June.
- India’s industrial production growth slowed to 6.7% year-on-year in July 2026, down from an upwardly revised 8.8% in June, indicating some moderation in industrial momentum after a strong expansion in the previous month.

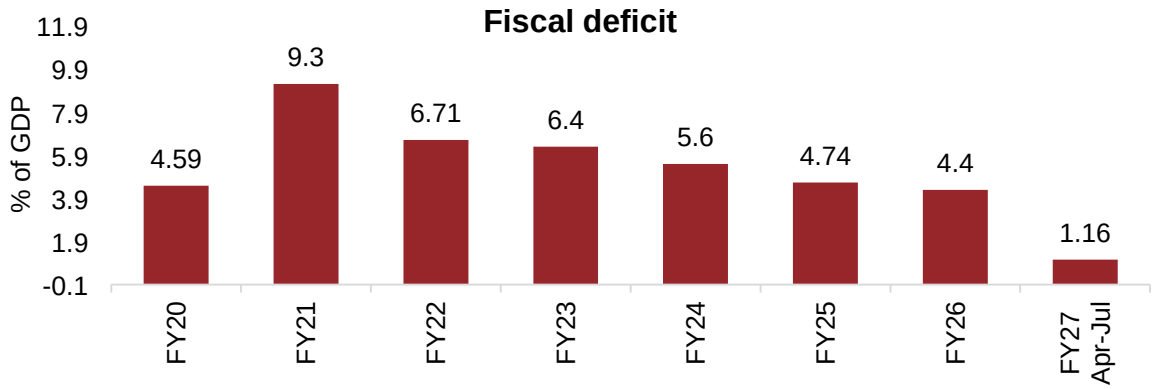
India Indicators	Current	Previous
CPI inflation	4.45% (July 2026)	4.38% (June 2026)
Industrial growth	6.70% (July 2026)	8.80% (June 2026)
Infrastructure growth	5.40% (July 2026)	6.00% (June 2026)
Manufacturing PMI	52.8 (August 2026)	53.5 (July 2026)
Services PMI*	54.5 (August 2026)	53.3 (July 2026)
GDP Growth Rate	7.8% (Jan-Mar FY26)	8.0% (Oct-Dec FY26)

Source - Ministry of Commerce, S&P Global *Flash Data

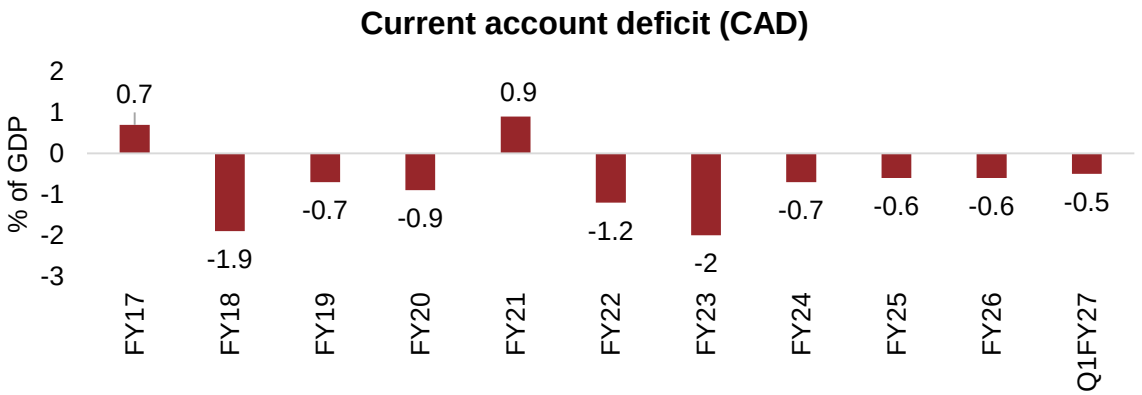
How is India's external balance sheet?



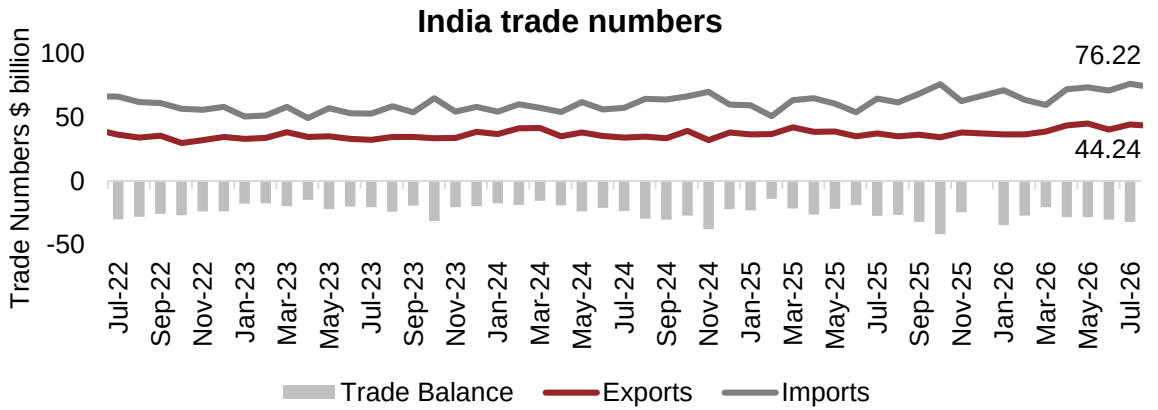
Forex reserves stood at $741-billion mark



Fiscal deficit eased to 1.16% of GDP for FY27 (April-July)



Current account deficit stood at 0.5% of GDP in Q1FY27

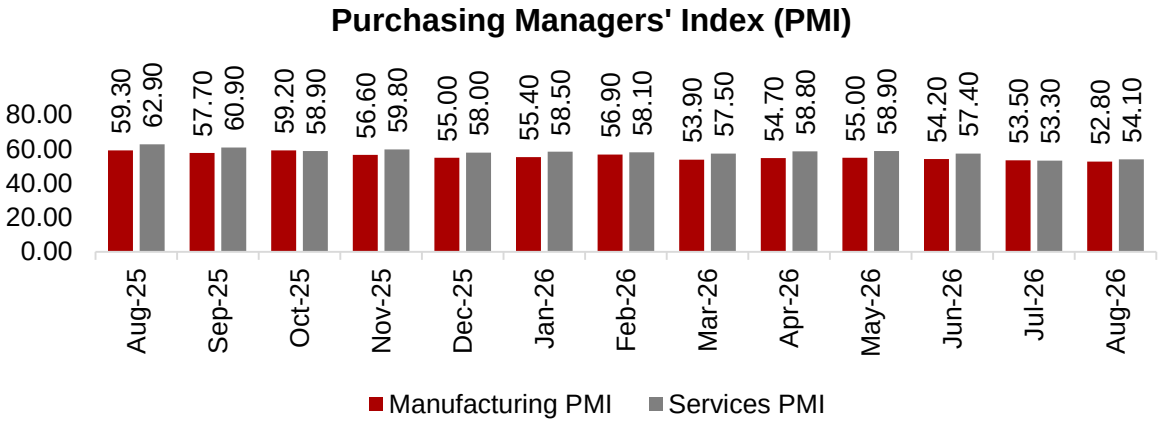


Trade deficit expanded on month in July

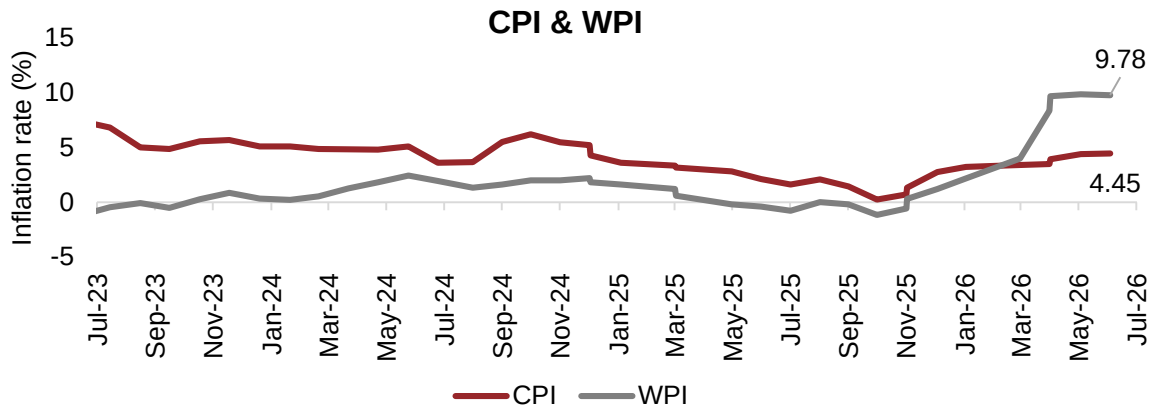
Source: Mospi.nic.in, Crisil Intelligence, Centre for Economic Research (CCER);
Note: For CAD positive values indicates surplus and negative values indicates deficit

India's external balance sheet remained healthy, with elevated forex reserves providing a strong cushion against external shocks.

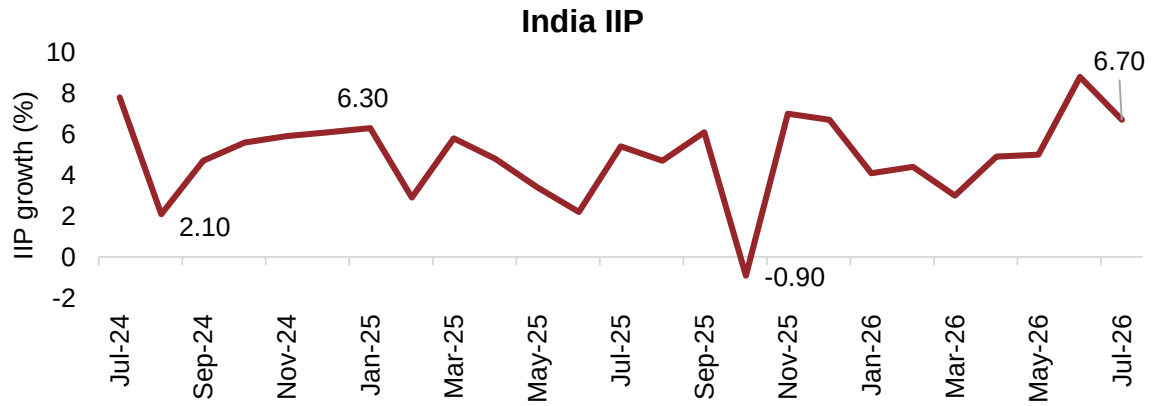
How are India's key economic indicators trending?



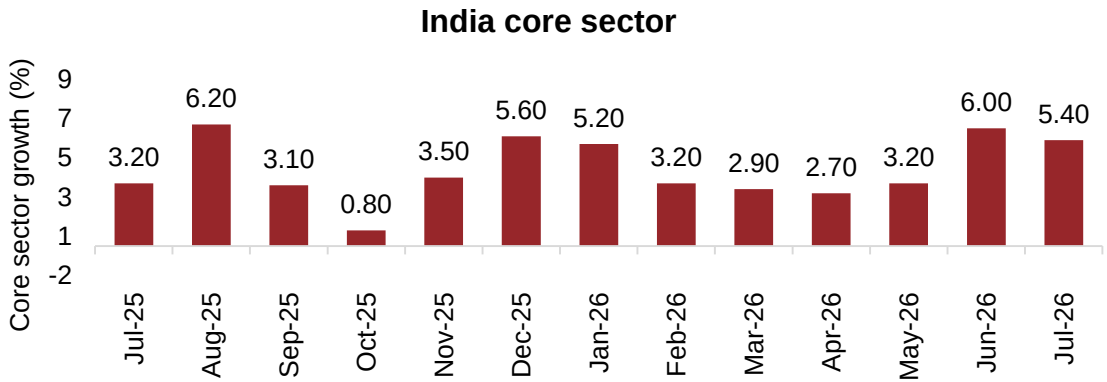
Manufacturing eased while service activities rose in August



Retail inflation rose while wholesale inflation eased in July



Industrial output slowed in July



Core sector growth slowed in July

Source: Ministry of Statistics and Programme Implementation
Note: As per the govt data, we have revised the IIP, WPI and Indian core sector numbers with base year changed to 2022-23

India economy resilient but not insulated from global head winds

What do high frequency economic data indicate?

	Indicators	Aug-26	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25
Debt Indicators	Currency in circulation (Rs billion)	42906.80	42869.77	43061.87	42952.26	42413.04	41498.38	40599.47	39904.49	39078.93	38550.64	38186.54	38071.27	38096.70
	Repo rate	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%
	10-year G-sec yield	6.95%	6.83%	6.76%	7.00%	7.02%	7.02%	6.66%	6.70%	6.60%	6.54%	6.53%	6.57%	6.59%
	Call rate	4.95%	5.37%	5.45%	5.55%	5.20%	7.00%	5.12%	4.80%	4.85%	5.50%	5.10%	5.00%	5.45%
	Forex reserves ($ billion; mthly. avg.)	723.51	680.16	673.19	688.06	699.97	703.24	723.72	701.71	691.53	688.49	697.02	701.01	692.51
Economy	GDP	NA	NA	7.80%			8.60%			7.70%			8.10%	
	Fiscal deficit (Rs billion)	NA	4551.144	3078.33	1623.54	3623.03	2665.2	2712.42	1255.65	-1208.29	1515.27	2520.21	-250.3	1297.37
	IIP, %y/y	NA	6.70%	8.80%	5.00%	4.90%	3.00%	4.40%	4.10%	6.70%	7.00%	-0.90%	6.10%	4.70%
	Exports, $ billion	NA	44.24	40.41	45.2	43.56	38.92	36.61	36.56	38.51	38.13	34.38	36.38	35.1
	Imports, $ billion	NA	76.22	70.84	73.41	71.94	59.59	63.71	71.24	63.55	62.66	76.06	68.53	61.59
	Manufacturing PMI	52.80	53.50	54.20	55.00	54.70	53.90	56.90	55.40	55.00	56.60	59.20	57.70	59.30
	Services PMI	54.10	53.30	57.40	59.80	58.80	57.50	58.10	58.50	58.00	59.80	58.90	60.90	62.90
	GST collections (Rs crore)	199,853	211,205	194,812	194,184	242,702	200,064	183,609	193,384	174,550	170,276	195,936	189,017	186,315
	CPI inflation, % y/y	NA	4.45%	4.38%	3.93%	3.48%	3.40%	3.21%	2.75%	1.33%	0.71%	0.25%	1.44%	2.07%
	WPI inflation, % y/y	NA	9.78%	9.87%	9.68%	8.36%	3.98%	2.18%	1.19%	0.30%	-0.59%	-1.18%	-0.20%	0.00%
	India crude oil import (mbpd)	NA	21.41	19.59	22.42	18.47	19.39	20.13	21.09	21.59	21.24	20.90	19.93	19.60
Sector update	Auto – Passenger vehicles	NA	31.37%	21.90%	26.80%	26.10%	11.60%	9.80%	12.20%	27.90%	18.6%	16.5%	0.20%	-6.90%
	Auto – Two-wheelers	NA	22.73%	16.03%	14.87%	28.40%	19.30%	35.20%	26.20%	39.40%	21.2%	2.15%	6.66%	7.14%
	Auto – Commercial vehicles	NA	26.34%	31.00%	12.75%	15.00%	13.60%	23.40%	27.30%	28.00%	24.2%	9.87%	25.67%	3.75%
	Auto – Tractors	NA	20.46%	11.90%	19.59%	26.80%	29.10%	34.20%	43.00%	37.10%	30.1%	14.84%	45.39%	28.30%
	Infra – Coal	NA	7.60%	1.40%	-9.50%	-9.00%	-4.00%	1.40%	0.90%	3.60%	2.10%	-8.50%	-1.20%	11.40%
	Infra – Electricity	NA	9.00%	9.80%	11.20%	5.50%	0.80%	2.30%	5.10%	6.30%	-1.50%	-6.90%	3.10%	4.10%
	Infra – Steel	NA	2.90%	4.60%	5.10%	4.70%	9.60%	9.90%	13.80%	10.10%	6.70%	5.90%	14.40%	13.60%
	Infra – Cement	NA	13.10%	9.80%	8.40%	8.30%	4.70%	9.10%	11.30%	13.70%	14.60%	5.20%	5.00%	5.40%

- Domestic yield rose in August due to an unexpected spike in crude oil prices amid renewed geopolitical tensions.
- Currency in circulation rose in August.

- Fiscal deficit rose around Rs 4,551 bln in July month.
- GST collection rose to Rs 2.00 lakh cr mark in August.

- The auto sector demand rose in July.
- Infrastructure sector activities slowed down in July.

Source: RBI, MOSPI, EAI, Crisil Intelligence, MoF; Boxes shaded green denote the best value and red, the worst value

Economic activity continues to exhibit resilience, supported by strong consumption, healthy tax collections, and robust external buffers

What's the domestic landscape?

Key Parameters	Indicator	Summary
Growth		India's economy moderated down to 7.8% in Q1FY27 from previous highs, continuing to outperform major economies.
Inflation		CPI rose to 4.45% in June vs 4.38% in June while WPI eased to 9.78% vs 9.87%
Monetary policy		The RBI held the repo rate at 5.25% reflecting confidence in the growth outlook while remaining vigilant on inflation risks.
Fiscal Deficit		Fiscal consolidation remained on track, with fiscal deficit at Rs 4,55,144 cr for Apr-Jul FY27 i.e. 1.16% of the estimated GDP (Govt. Aims for 4.3% for FY27).
Forex		India's external position remained robust, supported by strong forex reserves averaging $724 billion.
Current A/c Deficit		CAD at 0.5% of GDP in Q1FY27

India's macroeconomic fundamentals remained strong, supported by resilient growth, a prudent fiscal stance, comfortable forex reserves, and a manageable external balance, despite a modest uptick in inflation

India Macro Economy Outlook

	Fiscal 2027 F	Rationale
GDP growth (y-o-y%)	6.6	The projected economic growth rate factors in increasing input cost pressures, forecast of a below normal monsoon and softer global growth. A weaker print will be offset by relative resilience of consumption demand and continued government capital expenditure.
Inflation (CPI average y-o-y%)	5.1	A sharp rise in energy and other input costs, including transportation, are expected to be passed on by producers to consumers, fanning core inflation. Also, below-normal rains because of El Nino conditions are expected to put pressure on food inflation.
Interest rate (%) 10-year G-sec (March)	7.0	Elevated crude oil prices, heavy government borrowing, higher global yields and potentially volatile financial conditions amid heightened geopolitical tensions will weigh on the yield.
Current account balance/ GDP (%)	-1.5	Higher on-year crude oil and commodity prices will widen the current account deficit (CAD). Crude oil remains the main driver of goods trade deficit while exports will continue to be buffeted by persistent global trade disruptions. A robust services exports, though, will curtail a further widening.
Rupee per USD (March)	93.5	The larger CAD and volatile capital flows will exert pressure on the rupee. That said, the rupee is expected to recover by the end of the fiscal, as the peak impact of the West Asia conflict subsides. This aligns with the historical pattern, where episodes of sharp weakening are typically followed by strengthening.

Source: NSO, RBI, Budget documents, Ministry of Finance, Crisil Intelligence

How have the Indian stock indices fared?

Equity Market Summary

- Indian equity markets witnessed a volatile performance in August, with benchmark indices ending the month in negative territory. The BSE Sensex and Nifty 50 declined 1.46% and 1.24%, respectively, (as on August 31) as persistent global uncertainties and fluctuations in crude oil prices weighed on investor sentiment. Meanwhile, BSE Mid-cap gained 1.43% while BSE Small-cap edged up to 4.34%, on-month respectively.
- Escalating geopolitical uncertainties in West Asia, particularly the disruptions in transit through the Strait of Hormuz, kept markets on the edge. Elevated and volatile crude oil prices raised inflationary concerns, impacting cost expectations and corporate margins.
- Additionally, profit-booking after intermittent rallies and caution ahead of key global data releases, including the US Personal Consumption Expenditures index, limited upside during the month.
- Domestic factors provided intermittent support to the markets. Early in the month, equities gained on the back of a sharp decline in crude oil prices, optimism around potential de-escalation of the conflict in West Asia and stronger-than-expected corporate earnings for the first quarter of fiscal 2027.
- Positive signals from the RBI's Monetary Policy Committee (MPC), particularly its growth and inflation outlook, also reinforced confidence in the domestic economy. Additionally, easing global rate concerns and resilience in select sectors during the month supported market sentiment.
- Towards the end of the month, occasional declines in crude oil prices helped ease concerns around imported inflation and provided support to rate-sensitive sectors. While these positive triggers were not sufficient to reverse the broader weakness, they helped cushion the downside and prevent sharper declines.
- August was characterised by a balance between external risks and domestic resilience. On the downside, BSE FMCG (-4.14%) emerged as the worst-performing sector, followed by BSE Power (-3.32%) and BSE Oil & Gas (-2.09%), reflecting profit-booking and sector-specific headwinds.

Indices	31st Aug 2026	1 Month (%)	3 Month (%)	6 Month (%)	1 Year (%)	3 Year (%)
Broad Indices						
Nifty 50	24080	-1.24	2.26	-4.36	-1.42	7.73
BSE Sensex	76957	-1.46	2.92	-5.33	-3.57	5.88
BSE 100	25801	-0.93	2.96	-2.44	0.96	9.28
BSE Midcap	49204	1.43	5.00	7.83	10.22	16.38
BSE Smallcap	58522	4.34	10.46	20.65	13.75	16.35
Nifty 500	23450	-0.04	3.50	1.22	4.40	11.47
Sectoral Indices						
BSE IT	29718	0.73	5.51	-0.13	-13.71	-1.95
BSE Realty	7028	-0.08	14.93	15.83	3.89	16.28
BSE CG	79250	2.91	-1.94	12.48	21.14	20.55
BSE Power	7414	-3.32	-11.56	6.42	15.98	19.41
BSE Oil & Gas	25931	-2.09	-3.03	-12.38	1.53	12.01
BSE Bankex	65199	0.41	6.65	-4.32	8.62	9.70
BSE Healthcare	51567	1.51	10.17	17.42	18.21	22.71
BSE Metal	41931	2.43	-4.19	3.73	37.98	24.31
BSE Auto	63762	0.79	9.97	2.45	13.94	21.52
BSE CD	64727	-0.64	12.21	9.35	6.74	13.24
BSE FMCG	17559	-4.14	-3.87	-6.30	-14.81	-1.66

Data as of August 2026; Source: NSE, BSE.

How have the stock markets fared?

IndusInd Bank

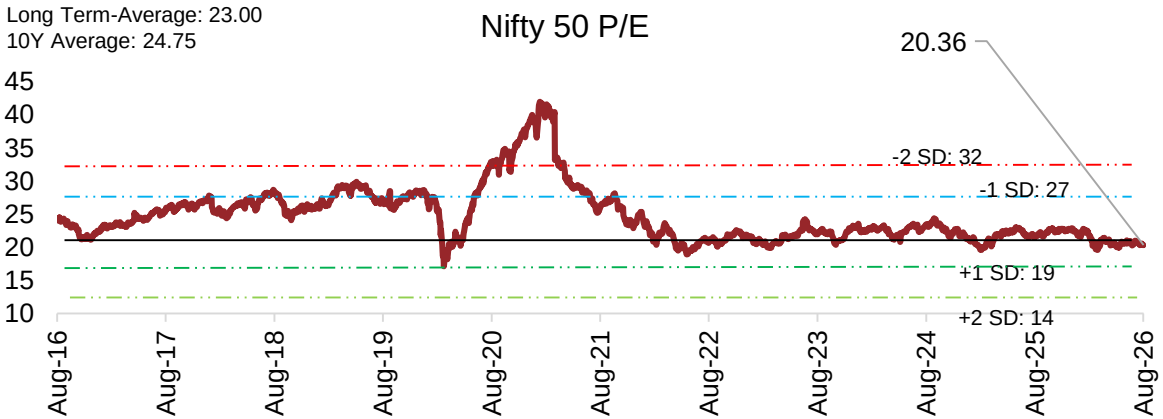
	Valuations					Performance month-on-month (%)							
Indices	PE	10Y Avg.PE	PB	10Y Avg.PB	Div. Yield	Aug-26	Jul-26	Jun-26	May-26	Apr-26	Mar-26	Feb-26	Jan-26
Nifty 50	20.36	24.75	2.92	3.70	1.17	-1.24	2.17	1.35	-1.87	7.46	-11.31	-0.56	-3.10
Nifty Midcap 100	30.95	41.46	4.43	3.49	0.54	2.08	1.81	0.12	3.24	13.55	-10.94	1.17	-3.39
Nifty Smallcap 100	31.57	55.79	3.59	3.13	0.57	3.06	2.53	3.99	0.73	18.44	-10.19	0.30	-4.71
Nifty 500	22.73	27.43	3.27	3.63	0.95	-0.04	2.02	1.49	-0.12	10.50	-11.39	0.38	-3.32
Nifty Bank	13.73	26.31	1.74	2.65	0.68	1.33	-0.48	6.09	-1.14	9.13	-16.94	1.54	0.05
Nifty IT	19.90	24.92	5.49	6.79	2.57	1.57	16.77	-9.56	-0.93	1.00	-5.04	-19.54	0.40
Nifty Infrastructure	22.65	29.81	2.65	2.61	0.98	-2.44	0.18	0.42	-0.70	10.03	-10.19	4.15	-4.82
Nifty Auto	33.51	54.80	4.40	4.90	1.01	0.34	8.55	0.54	1.62	9.04	-15.59	5.27	-5.11
Nifty Energy	14.72	13.86	2.06	2.03	1.73	-2.01	-2.54	-2.78	0.26	16.99	-5.93	5.43	-0.53
Nifty Realty	38.40	57.32	3.95	3.07	0.47	0.30	8.67	6.01	-1.39	21.87	-16.58	-0.31	-10.81
Nifty Metal	16.06	17.22	2.71	1.92	1.28	3.73	1.60	-6.86	4.74	15.21	-9.00	3.49	5.91
Nifty Pharma	42.09	36.69	5.11	4.61	0.52	2.46	4.77	4.03	4.63	4.66	-3.14	5.70	-4.44
Nifty FMCG	31.93	41.28	7.68	10.77	1.03	-6.30	0.67	-1.19	-3.31	12.15	-10.96	-0.14	-7.68

Scale: <-3% | <-3%-0% | 0%-1% | 1%-3% | >3%

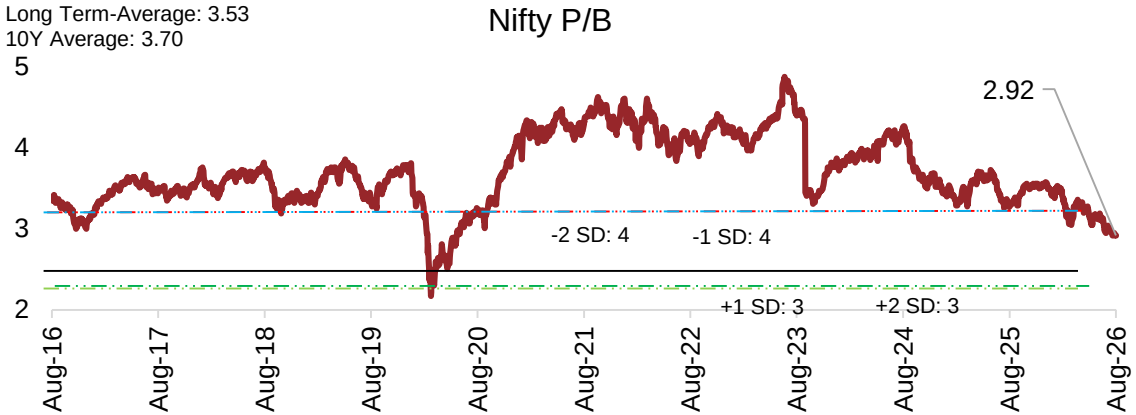
Data as of August 2026; Source: NSE

Most sectors delivered positive returns in CYTD, while IT and FMCG recorded the sharpest decline

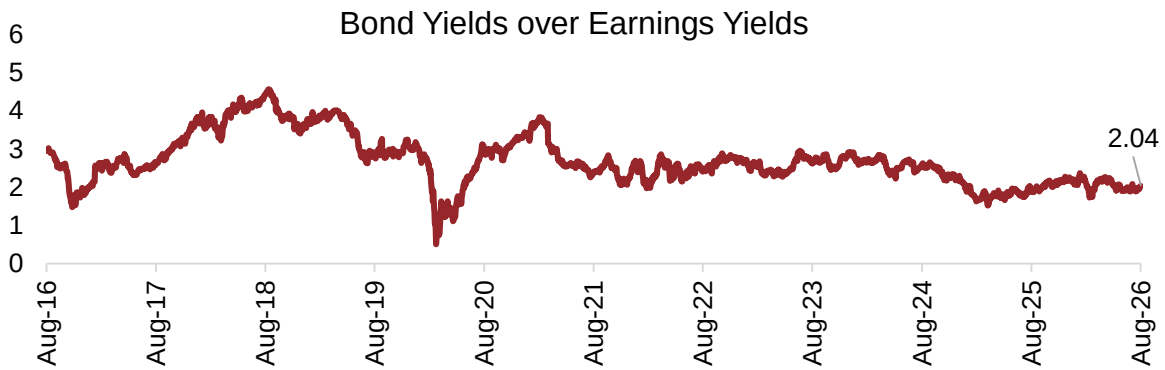
Where are we on valuations?



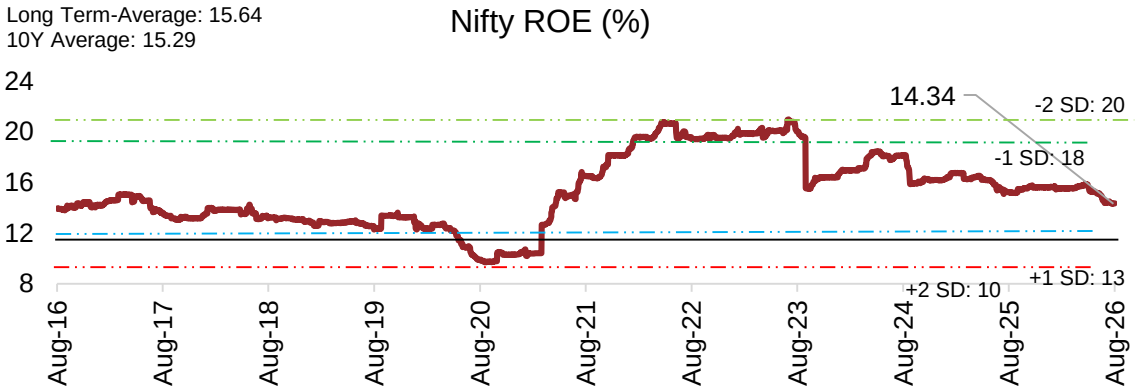
Prevailing valuations below long-term average



Valuations appear attractive, with Nifty P/B at 2.92



Bond Yield remains above its long-term average (0.61)

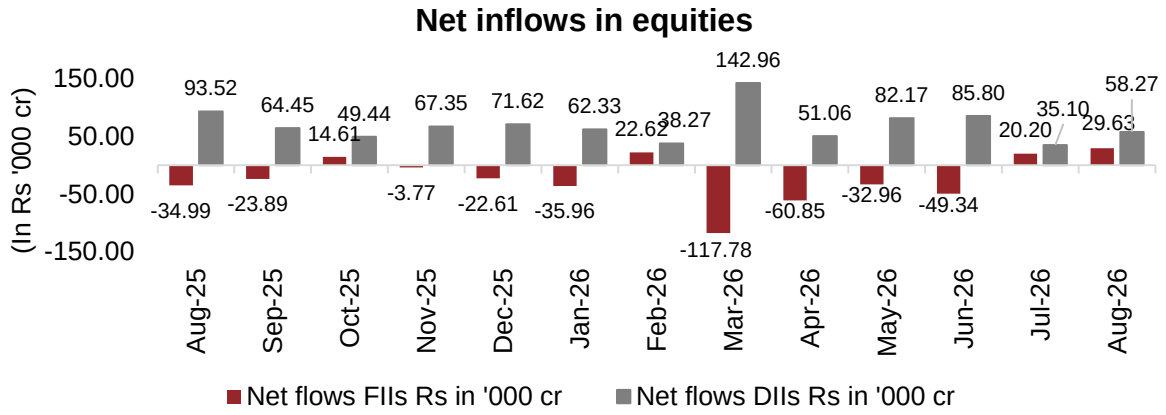


Capital efficiency of Indian corporates optimizing

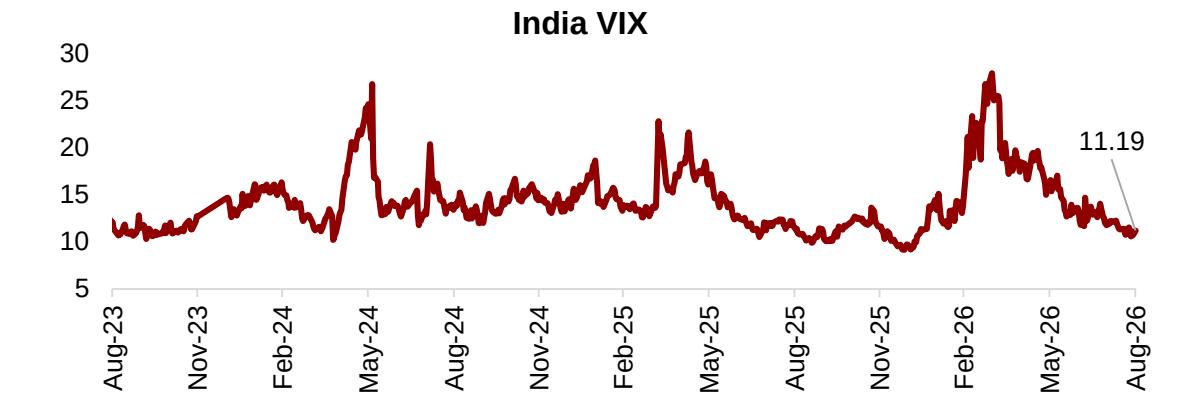
Source: NSE, Crisil Intelligence

Nifty trading below the 10Y avg on P/E and P/B terms. ROE below the LT averages

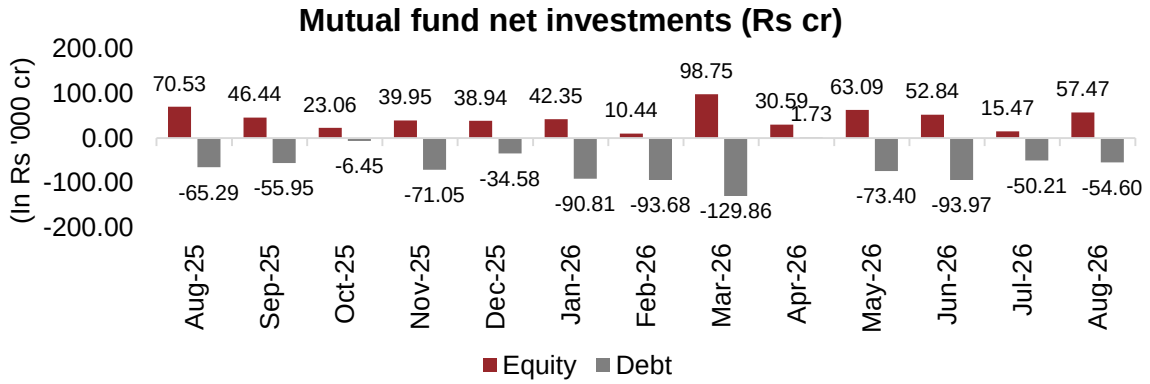
Is there a change in the market sentiment?



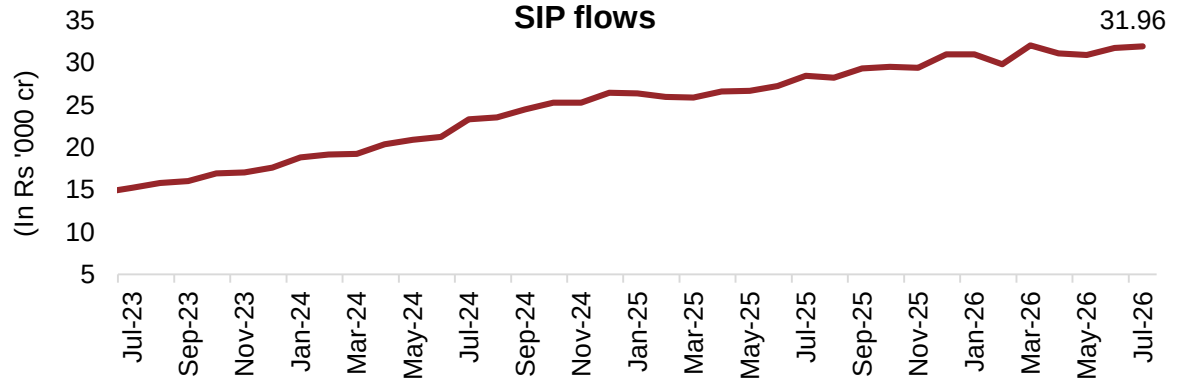
FIIs and DIIs were net buyers in August



Volatility index cooled down to lower levels



MFs were net buyers in equity and sellers in debt



Inflows through SIPs rose in July

Source: FIIs (NSDL), DIIs (NSE)

Market sentiment improved during the month, supported by positive FII and DII flows, strong retail participation through SIPs, and continued domestic equity inflows.

How have Indian markets fared vs global peers?

USA Standard (Large+Mid Cap)
2.59% Change 1 month
18.66% Change 1- year

United Kingdom Standard (Large+Mid Cap)
0.06% Change 1 month
18.10% Change 1- year

India Standard (Large+Mid Cap)
-0.43% Change 1- month
-4.73% Change 1- year

Germany Standard (Large+Mid Cap)
3.78% Change 1-month
6.08% Change 1- year

Japan Standard (Large+Mid Cap)
3.22% Change 1- month
25.48% Change 1- year

China Standard (Large+Mid Cap)
-0.43% Change 1-month
-8.03% Change 1- year

Hong Kong Standard (Large+Mid Cap)
-0.66% Change 1-month
9.36% Change 1- year

Taiwan Standard (Large+Mid Cap)
5.96% Change 1- month
94.86% Change 1- year

Source: Data as of August 2026, MSCI Indices

Equities in most of the Asian countries declined due to geopolitical uncertainty, while other global equities rose due to region specific cues.

What are the key equity takeaways?

Key factors	Indicator	Summary
Global macro		Global headwinds likely to contribute towards volatility
Geopolitical scenario		Investors keenly focus on developments around geopolitical tensions
Domestic macro		India’s macro continues to be superior in a fragile world
Earnings		The Q1FY27 earnings season delivered a better-than-expected performance
Market sentiments		Market sentiment improved during the month, supported by positive FII and DII flows
Liquidity		Strong SIP book and Institutional inflows supporting the markets
Volatility		Volatility might be elevated due to Global challenges
Valuation		Indian equity trades below long-term average

While near-term volatility may persist due to global uncertainties, India's superior macroeconomic profile, sustained domestic inflows, and attractive valuations relative to historical averages remain supportive of Indian equities.

How have debt markets fared?

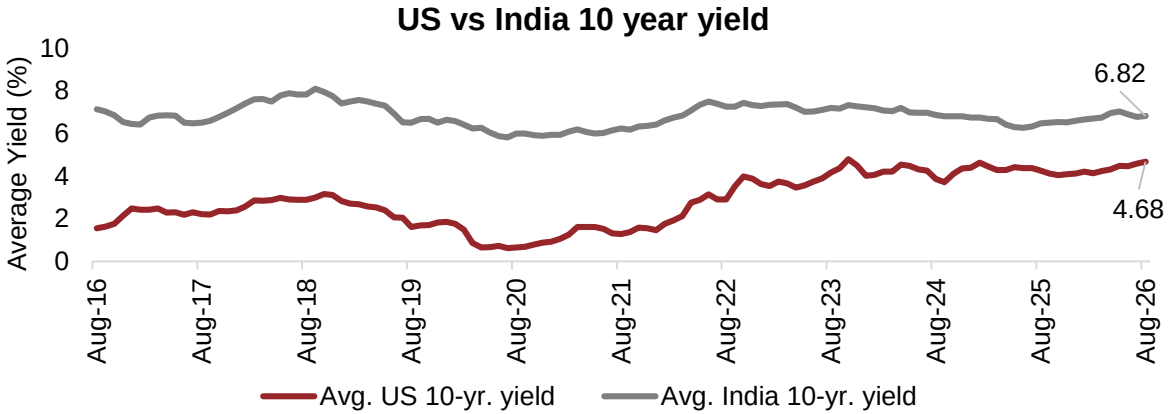
Debt Market Summary

- The yield on the benchmark 6.94% 2036 government security rose to 6.95% as on August 31 from 6.83% at the end of July, amid opposing domestic and global factors.
- At the beginning of the month, yields were under pressure after the deferment of India's inclusion in the Bloomberg Global Aggregate Index disappointed investors expecting stronger foreign portfolio inflows. Continued geopolitical uncertainties in West Asia also contributed to the caution in the bond market.
- Yields declined in the first half of August as the RBI MPC's decision provided support to the government securities market. On August 5, the RBI's MPC kept the repo rate unchanged at 5.25% and retained a neutral stance, while raising its fiscal 2027 GDP growth forecast to 6.7% (from 6.6% earlier) and lowering its inflation forecast to 5.0% (from 5.1% earlier).
- The revisions supported expectations of stable monetary conditions. In addition, weaker-than-expected US employment data for July, which showed an unexpected decline in payrolls, lowered expectations of further monetary tightening by the Fed and supported demand for government securities globally. The benchmark 10-year yield consequently declined to 6.76% by August 13-14.
- The trend reversed in the second half of the month, primarily due to an unexpected spike in crude oil prices amid renewed geopolitical uncertainties in West Asia. The rise in oil prices heightened concerns over imported inflation and raised expectations that the MPC may need to adopt a tighter policy stance if inflationary pressures broaden.
- The early closure of the RBI's foreign currency non-resident (bank) or FCNR(B) swap facility also supported gains in yield, as investors reassessed the outlook for foreign-currency inflows and liquidity support. The minutes of the August MPC meeting reinforced concerns over inflation risks.
- These factors pushed the 10-year yield higher, with the benchmark touching 6.88% on August 21 before easing to 6.85% by August 25. The subsequent moderation was supported by strong demand at the state government bond auction.

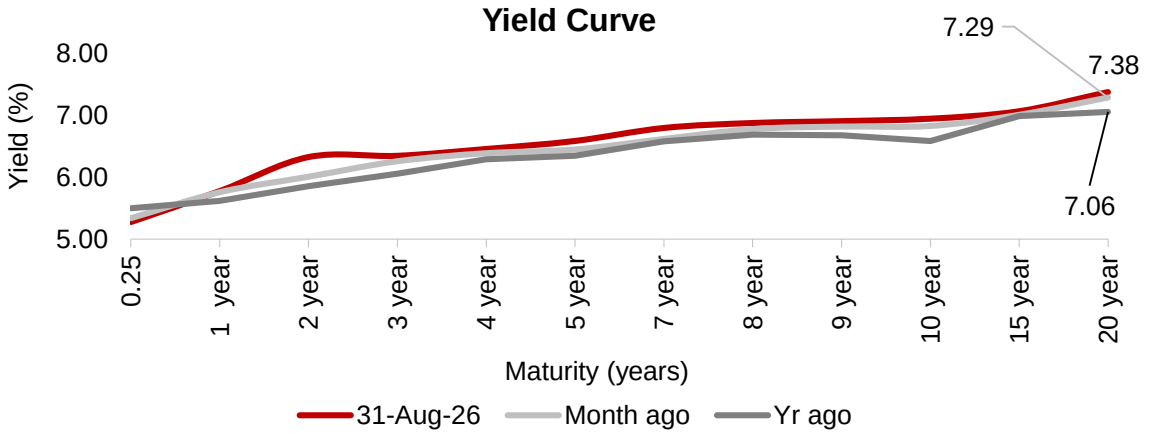
Instrument	31-Aug-26	Month ago	6 months ago	Year ago
India				
Call rate (%)	4.75	5.35	5.12	5.45
91 D T-bill* (%)	5.28	5.34	5.29	5.48
Repo rate (%)	5.25	5.25	5.25	5.50
10-yr G-Sec* (%)	6.95	6.83	6.66	6.59
Globe				
US 10-Year (%)	4.75	4.75	3.97	4.75
UK 10-Year (%)	5.08	5.06	4.31	5.06
German 10-Year (%)	3.32	3.20	2.65	3.20
Japan 10-Year (%)	2.94	2.80	2.11	2.80

G-Sec yields mentioned above are semi-annualised, Source – Crisil Intelligence

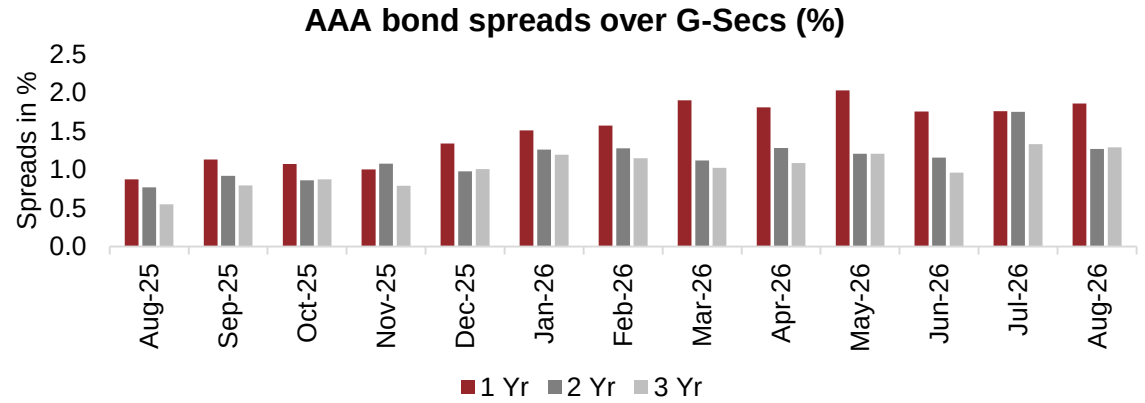
How long-term yields and spreads moved?



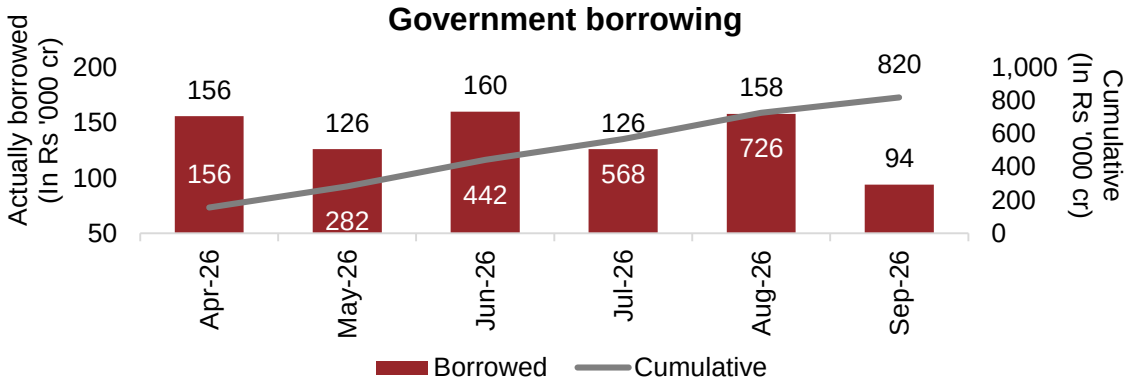
Domestic yield rose in August



Yield curve on the lower side compared with last year



AAA corporate bond spreads were mixed in August

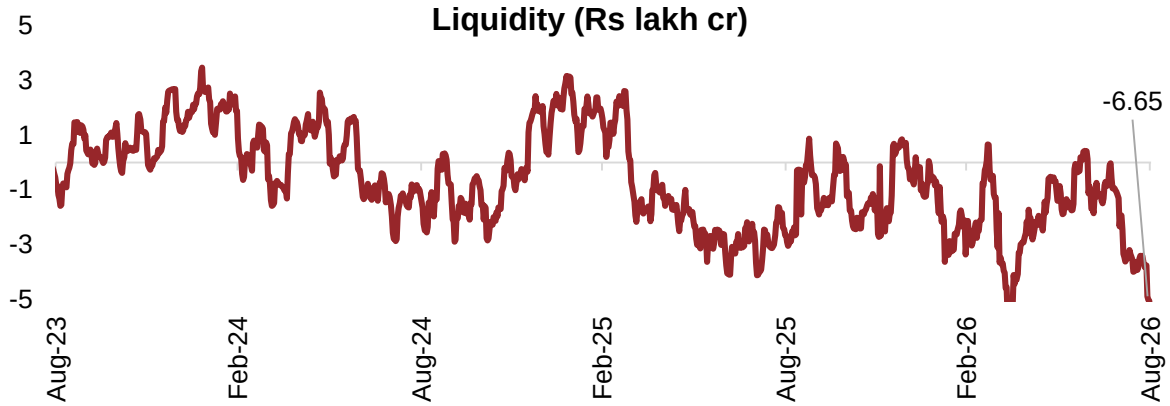


Government has borrowed Rs 726,000 cr till August'26

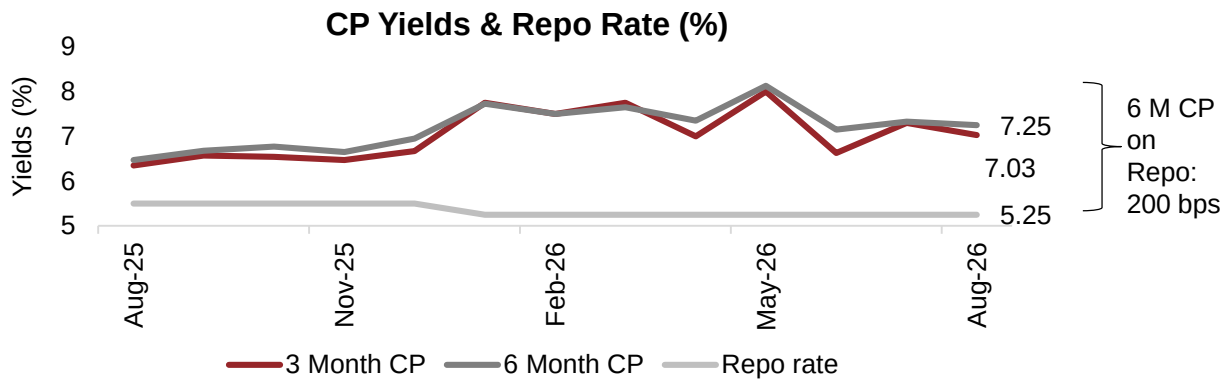
*Source: Crisil Intelligence *weighted average yield*

Long-term bond yields edged higher in August amid inflation concerns and increased government borrowing, while AAA corporate bond spreads remained broadly range-bound with mixed movement across maturities, indicating stable credit conditions.

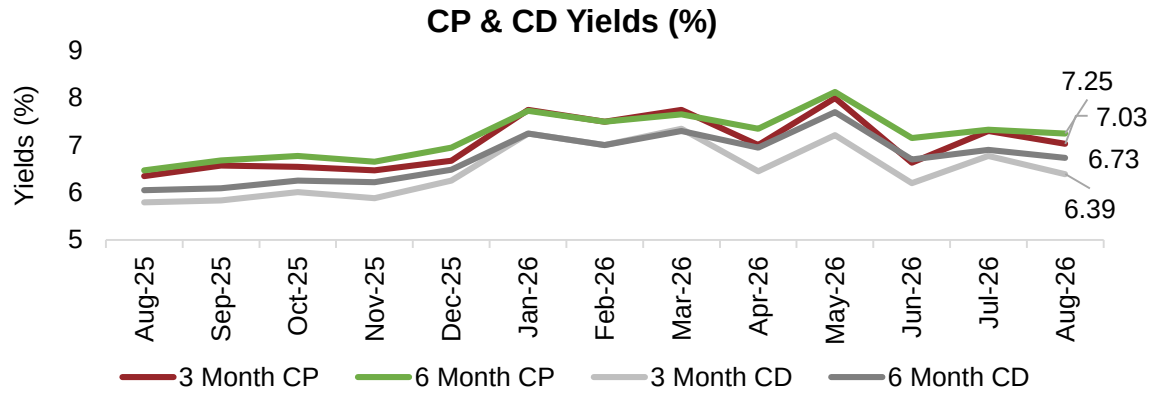
How short-term yields moved?



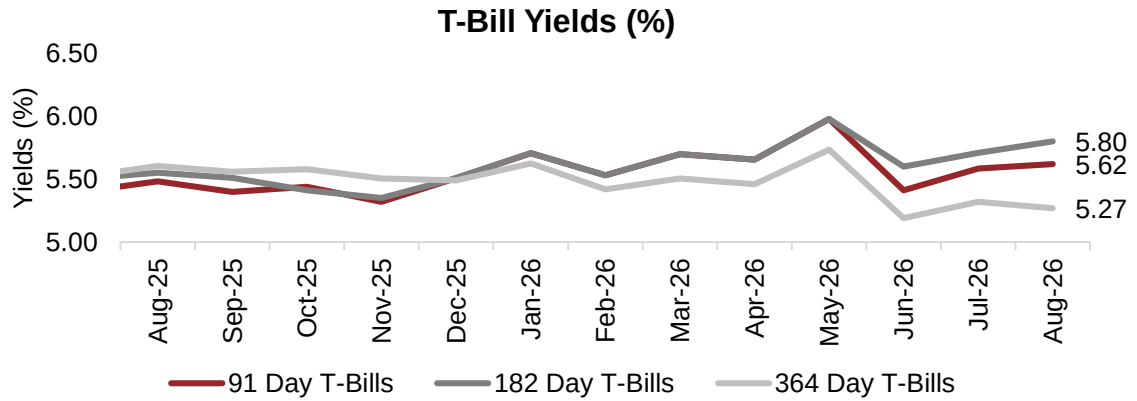
Banking system liquidity remained in surplus in August



Spread of CPs over repo rate at 200 bps in August



CP and CD mixed in August

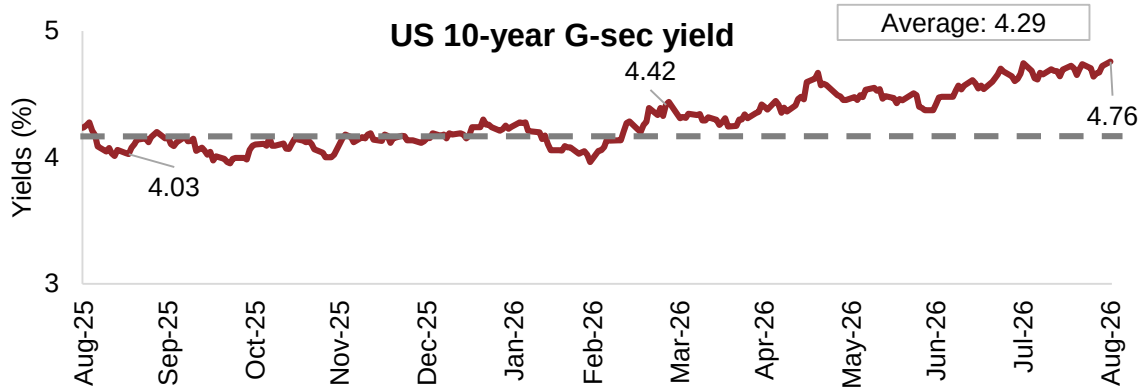


T-Bill yields mixed in August

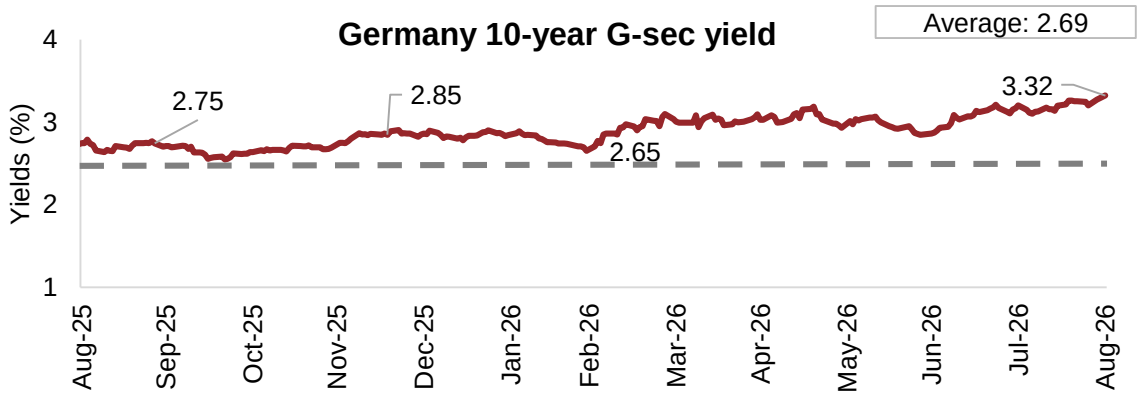
Source: Crisil Intelligence
Note: Liquidity in negative means surplus and positive means deficit

Although banking system liquidity remained comfortable, short-term market rates were mixed

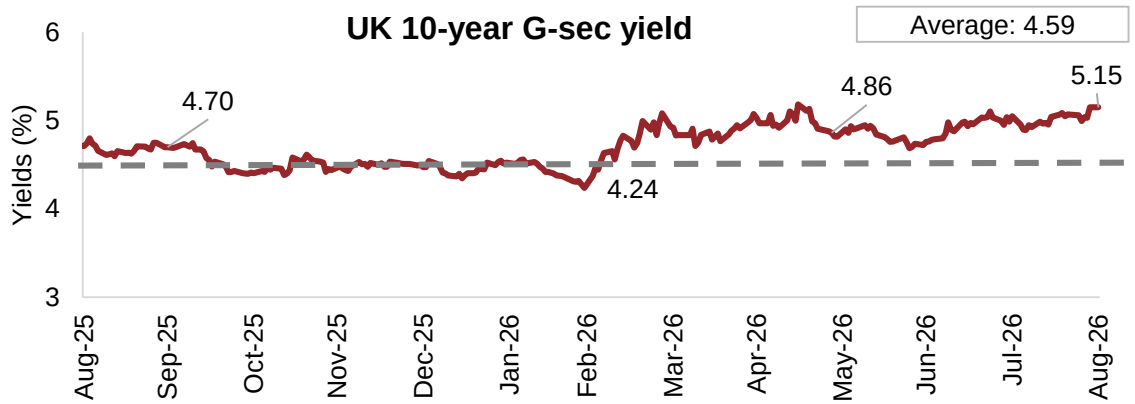
How did global yields react in August?



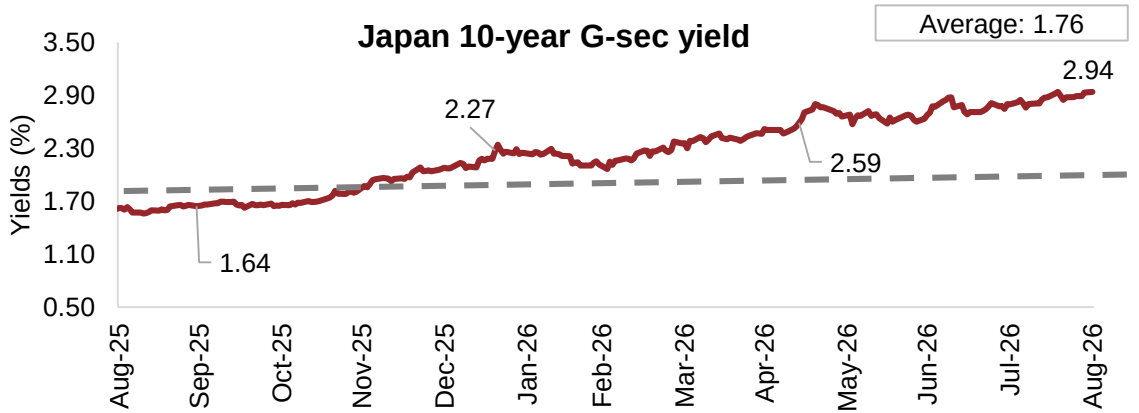
US yield rose by 1 bps on month in August



German yield rose by 12 bps on month in August



UK yield rose by 10 bps on month in August



Japan yield rose by 15 bps on month in August

Source: Refinitiv

Global bond yields moved higher in August as markets priced in a higher-for-longer interest rate environment and persistent inflation risks.

What are the key debt takeaways?

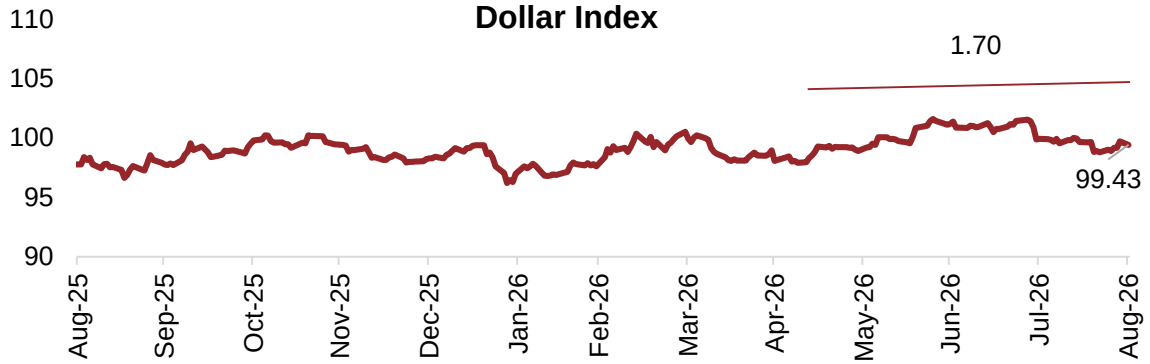
Key parameter	Indicator	Summary
RBI stance		RBI changed stance from accommodative to neutral
Liquidity		liquidity remains in a sizable surplus and RBI has indicated willingness to act if required.
Inflation		CPI rose to 4.45% vs 4.38% while WPI rose to 9.78% vs 9.87%
Fiscal deficit/govt borrowing		Fiscal consolidation remains on track (1.16% of FY27 target achieved till Jul). Borrowing programme appears manageable.
Global Yields		Developments surrounding central bank actions likely to have a bearing on domestic yields
Interest rates/ yield curve		Steep slope on the shorter end of the curve makes 3 to 5Y space a sweet spot
Spreads		Credit spreads mixed

Key domestic rates	
Key rates (%)	**Current**
Repo	5.25
Reverse repo	3.35
CRR	3.00
SLR	18.00
Bank rate / marginal standing facility rate	5.50

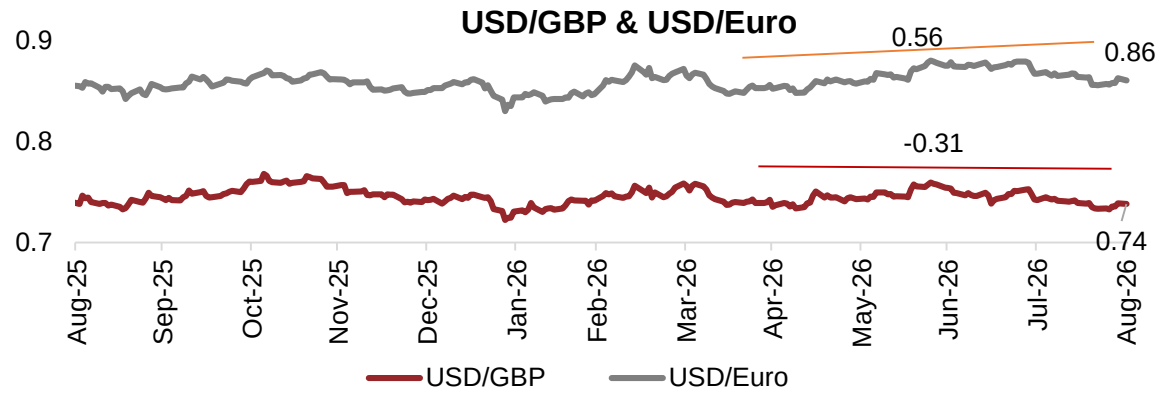
The domestic debt market remains supported by a stable policy environment, comfortable liquidity conditions, and ongoing fiscal consolidation.

Currency and Commodity Update

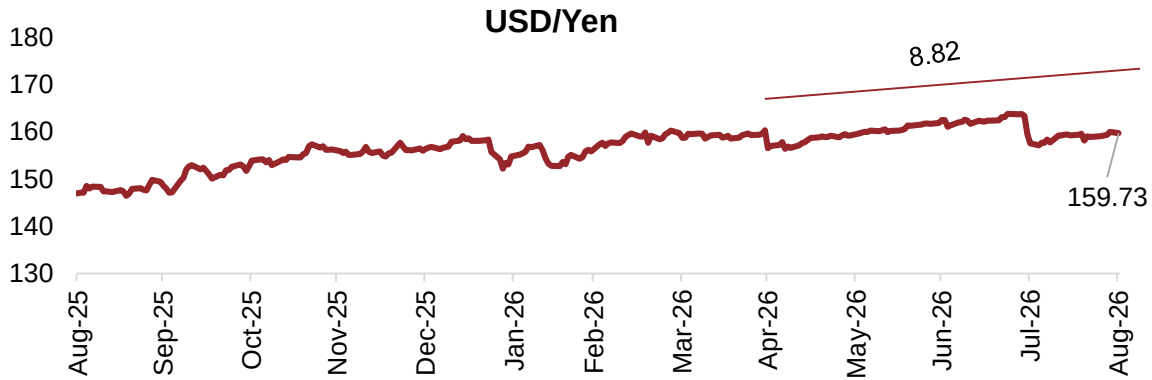
How have currencies performed?



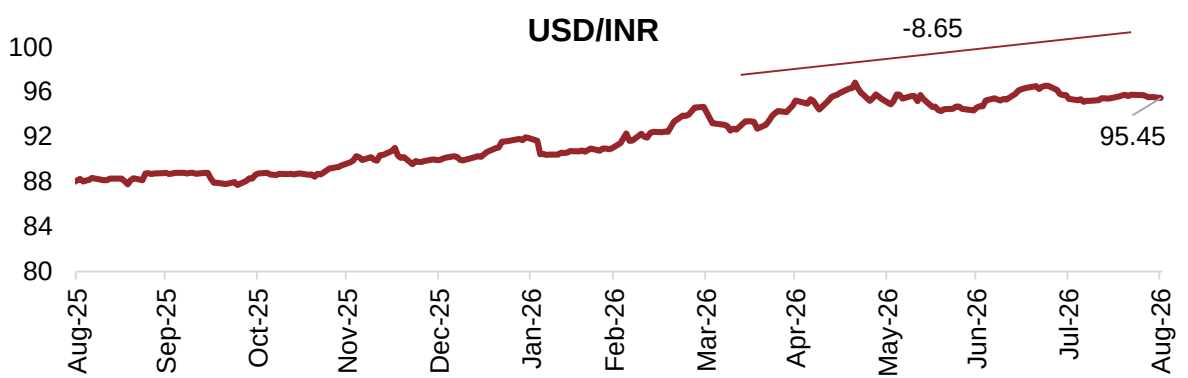
Dollar index lower on month in August



Value of Euro and GBP appreciated on month in August



Value of Yen depreciated on month in August

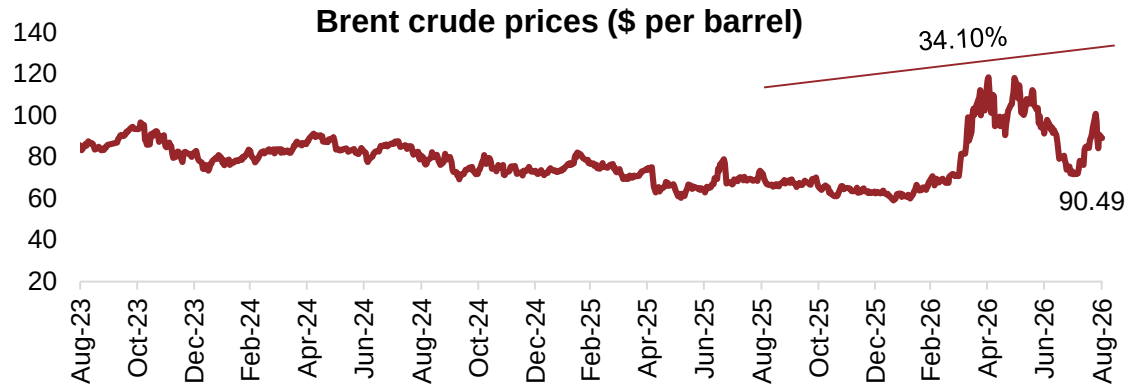


Value of INR depreciated on month in August

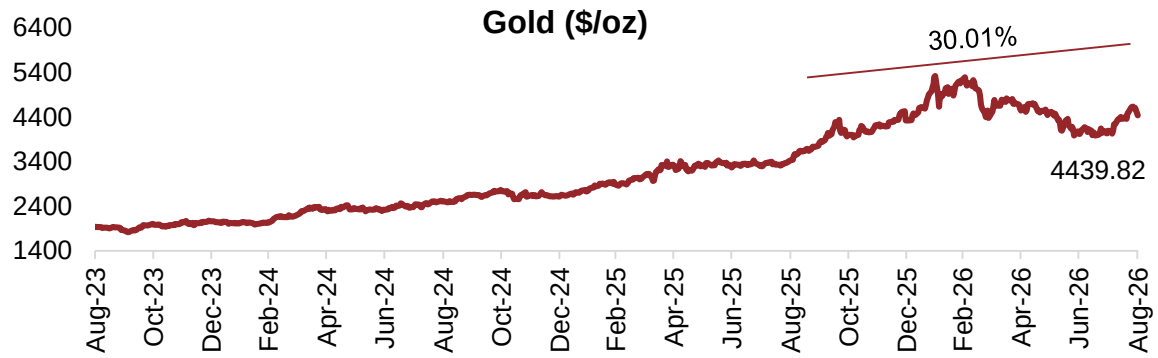
Source: Refinitiv, RBI reference

The Indian rupee depreciated against the United States (US) dollar in August, with the Reserve Bank of India's (RBI) reference rate closing at ₹ 95.45 compared with ₹ 95.37 in July., attributed to sustained demand for the greenback from importers and corporates, alongside elevated and volatile crude oil prices, which kept concerns around the trade deficit and inflation outlook in focus.

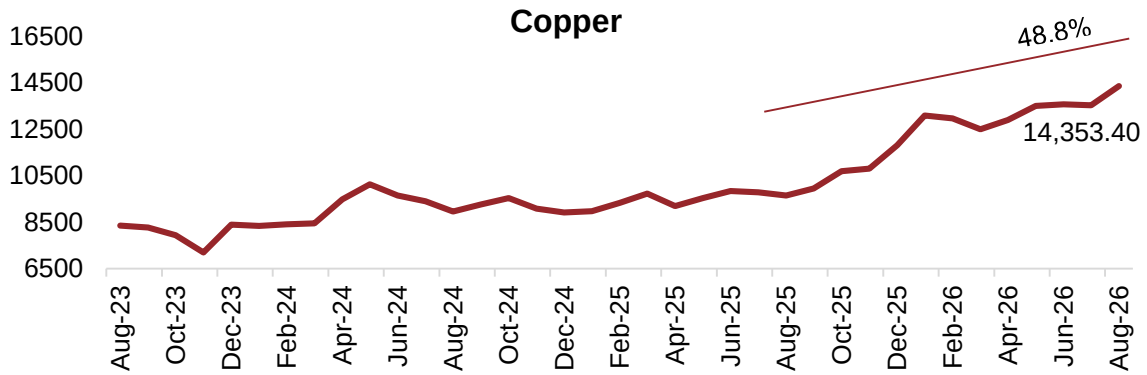
How have commodities performed?



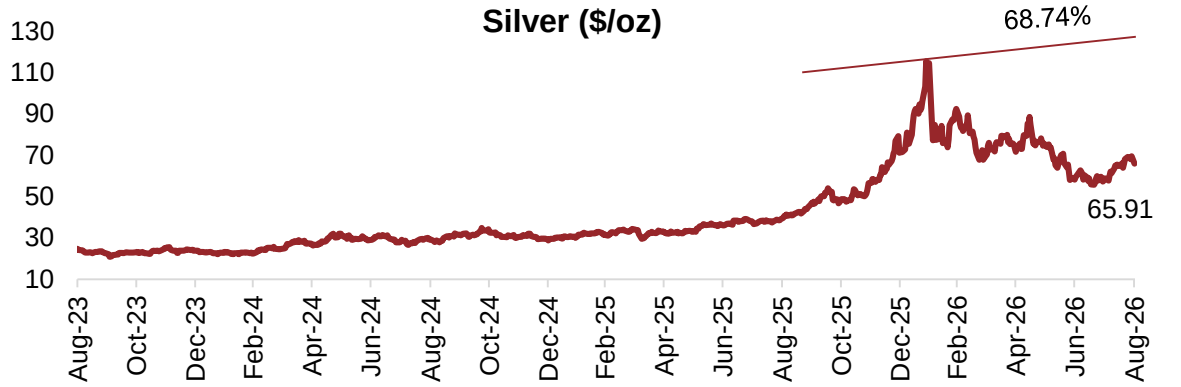
Crude oil ended higher on-year due to geopolitical uncertainty



Gold prices high on-year on safe-haven demand



Copper prices ended higher on year



Silver prices ended higher on year

Source: Refinitiv, financial websites, gold price.org and silver price.org

- Brent crude oil prices ended August slightly higher post a volatile month that was marked by shifting expectations of the commodity transiting through the Strait of Hormuz amid the West Asia conflict.
- Indian gold prices in India witnessed a strong upward trend through August supported by safe-haven demand amid rising geopolitical uncertainties and concerns over the global economic outlook.

Annexure

How is the geopolitical situation?

United States

The United States (US) has signed a deal to increase production of components for Patriot and THAAD interceptor missile systems, strengthening its air and missile defence manufacturing capabilities.

At the recent G20 meet, Treasury Secretary Scott Bessent pushed for coordinated action against “non-market” trade practices, with most nations backing the US stance.

Geopolitical uncertainties in West Asia have intensified, with renewed military exchanges raising risks to oil supply routes and global inflation.

UK

The United Kingdom (UK) is facing domestic and global policy pressures. Rising energy prices, partly linked to the West Asia conflict, are impacting inflation and bond markets. There’s also growing domestic pushback against large-scale AI infrastructure (data centers), reflecting broader tensions related to economic growth, energy use and public sentiment

China

China remains at the center of global geopolitical and trade tensions. It was the only major economy to dissent at the G20, opposing language that addressed export-driven imbalances, highlighting growing friction with the US and its allies.
Trade tensions with the European Union (EU) are also intensifying, with both sides heading for a potential escalation in trade dispute.
At a broader level, ongoing US–China tariff disputes and technology rivalry continue to shape global trade dynamics and supply chains

Eurozone

The EU has issued a strong warning to China, with the trade commissioner warning that a failure to reduce trade imbalances could trigger harsher retaliatory measures by October. At the same time, tensions with Russia have intensified, with reports of hybrid escalations (including suspected drone-related incidents) raising security concerns across Europe

US-Iran forefront of geo-political tension

Source: News websites

Key events to watch out for

Key upcoming global and domestic events		
Date	**Global**	**Domestic**
Sep 9	China Inflation Rate, Aug China PPI, Aug	
Sep 10	US PPI, Aug	
Sep 11	US Inflation Rate, Aug UK GDP, Jul	
Sep 14		India WPI Inflation, Aug
Sep 15		India Unemployment Rate, Aug India Inflation Rate, Aug India Exports/Imports, Aug
Sep 16	UK Inflation Rate, Aug UK PPI Input, Aug	
Sep 18	Japan Inflation Rate, Aug	India Bank Loan Growth, Aug/30
Sep 21	China Loan Prime Rate 1Y/5Y, Sep	India Infrastructure Output, Aug
Sep 23	US S&P Global Manufacturing PMI Flash, Sep	India HSBC Manufacturing PMI Flash, Sep
Sep 28	Japan BoJ Monetary Policy Meeting Minutes	India Industrial/Manufacturing Production, July
Sep 29	Eurozone Consumer Inflation Expectations, Sep	
Sep 30	US GDP Growth Rate Final,Q2 UK GDP Growth Rate Final, Q2	

News of Use

IndusInd Bank

Economy — domestic outlook remains upbeat

- India and Japan signed a memorandum of arrangement on maritime security, emphasising pragmatic operational cooperation.
- India and Mauritius signed a long-term fuel-supply agreement under which India will supply petrol, diesel and aviation turbine fuel to Mauritius.
- S&P Global said low domestic insurance penetration and ongoing regulatory reforms are expected to drive significant long-term growth for insurance sector.
- The Asian Development Bank plans to provide ₹ 1,750 crore for the development of 500 public schools in Karnataka.
- Prime Minister Narendra Modi urged space startups to help make India a global hub for space technology, talent and innovation.
- External Affairs Minister S Jaishankar said the India-Russia economic cooperation has expanded significantly, driven by stronger trade, energy and strategic ties.
- Finance Minister Nirmala Sitharaman said India's economy is expected to surpass $5 trillion in fiscal 2029, supported by the government's broad-based growth strategy.
- The Union Cabinet approved the national circular bioenergy scheme, GOBARdhan, outlining ₹ 23,731 crore to promote bioenergy production, waste management and circular-economy initiatives.

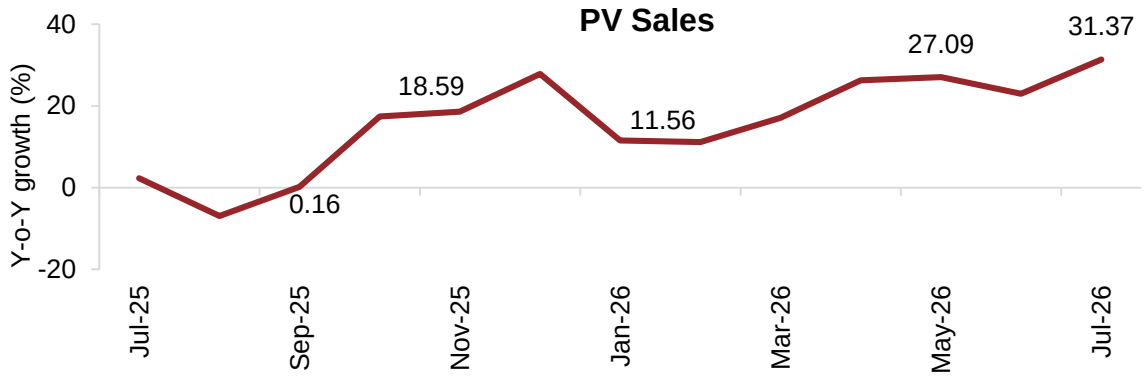
Financial market update — deal activity surged

- Jio Financial Services and Bank of America (BofA) signed a definitive agreement under which BofA will invest up to ₹ 18,268 crore to acquire a 49.9% stake in Jio Credit, creating a strategic lending joint venture to expand credit offerings in India.
- Cipla and plant-based protein manufacturer Rocket India announced a fresh investment of ₹ 300 crore in Karnataka.
- Oil and Natural Gas Corporation and Shell Energy India strengthened their collaboration in the energy sector, signing a memorandum of understanding to explore opportunities in deepwater oil and gas blocks and liquified natural gas projects in India.

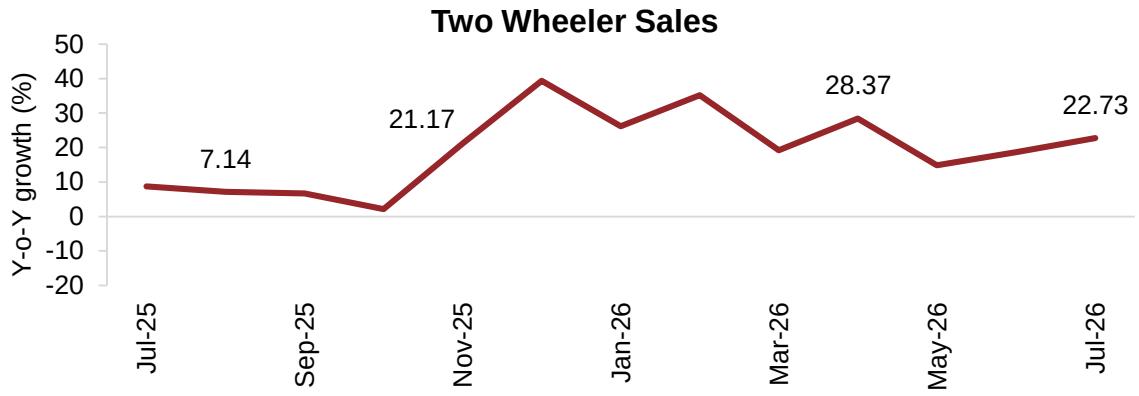
Regulatory updates

- The Reserve Bank of India (RBI) proposed draft rules to stop most non-banking financial companies from offering revolving credit and demand loans.
- Also, the RBI has clarified that loans granted against FCNR(B) deposits will be exempt from priority sector lending requirements, providing greater flexibility to banks in managing such loans.
- The RBI advanced the deadline for its special FCNR(B) swap facility as well after attracting over $73 billion as of August 21, 2026, which has helped strengthen India's foreign exchange reserves.
- The central bank has further proposed a harmonised framework for loan interest rates across regulated entities, introducing stricter norms for benchmark-linked lending and standardised interest calculation practices to improve transparency and consistency in loan pricing.
- The Securities and Exchange Board of India (SEBI) proposed making a colour-coded ‘Credit Risk-o-Meter’ mandatory for debt securities to help investors, particularly retail investors, assess credit risk easily.
- SEBI also eased compliance norms for foreign portfolio investors (FPIs) by allowing digital powers of attorney and waiving the requirements for notarisation and apostillisation of certain documents, facilitating smoother market access.
- The market regulator further proposed simplifying disclosure requirements for offshore funds by extending disclosure timelines for new investors and increasing the reporting thresholds for investor-level information, with the aim of attracting more long-term foreign investment into India.
- SEBI proposed allowing FPIs to participate in physically settled non-agricultural commodity derivatives, including crude oil, natural gas, gold and silver contracts, with the aim of improving market liquidity, enhancing price discovery and aligning India's commodity markets with global practices.
- SEBI proposed expanding vaulting norms for bullion exchange-traded funds and commodity derivatives by allowing a wider network of accredited vault managers. The move is aimed at improving storage infrastructure, operational efficiency and market development.

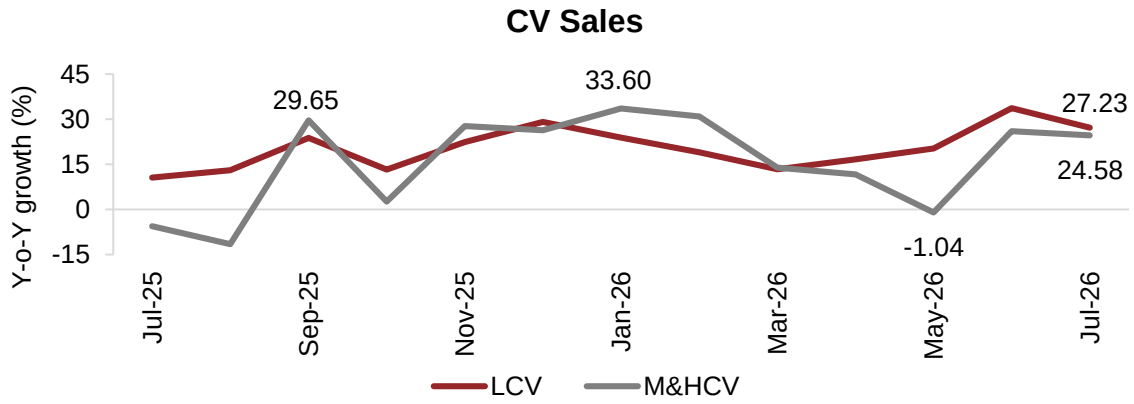
What are the key auto indicators saying?



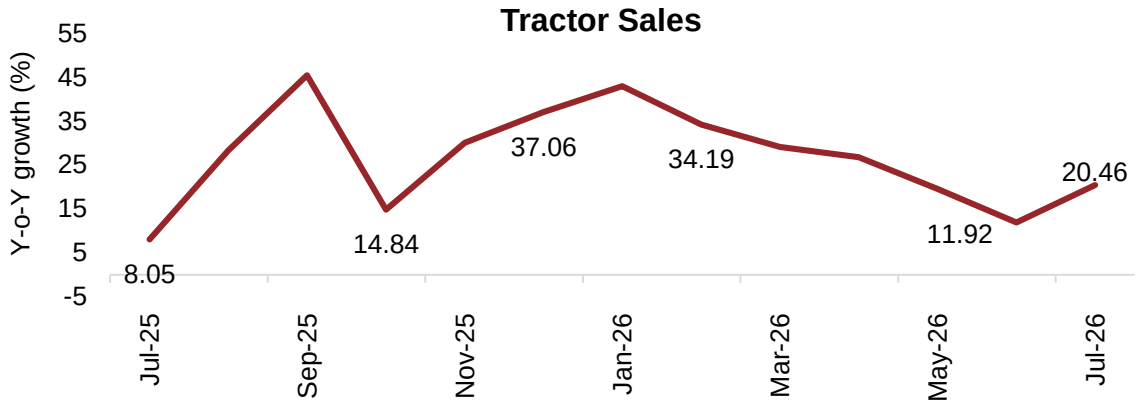
PV sales at 31.37% in July



Two wheeler sales at 22.73% in July



Total average CV sales at 26.34% in July

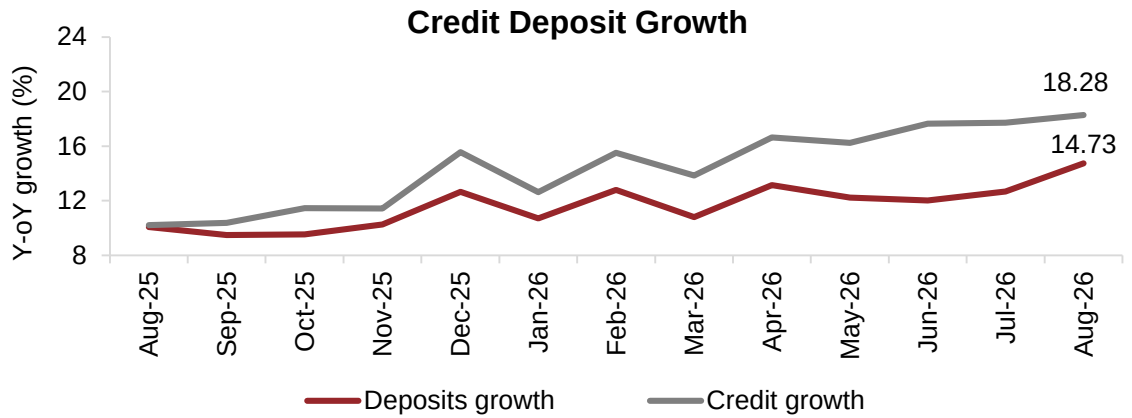


Tractor sales at 20.46% in July

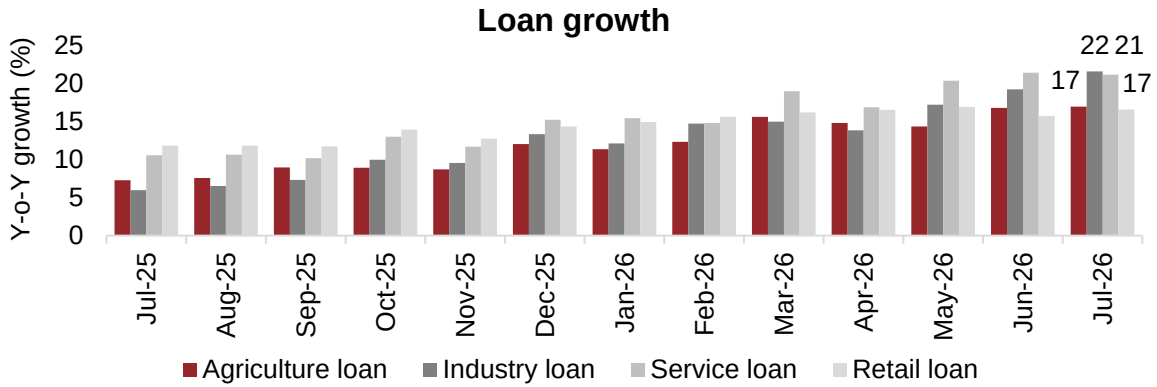
Auto sales rose in July

MHCV – Medium and heavy commercial vehicles, LCV – Light commercial vehicles, PV – Passenger vehicles

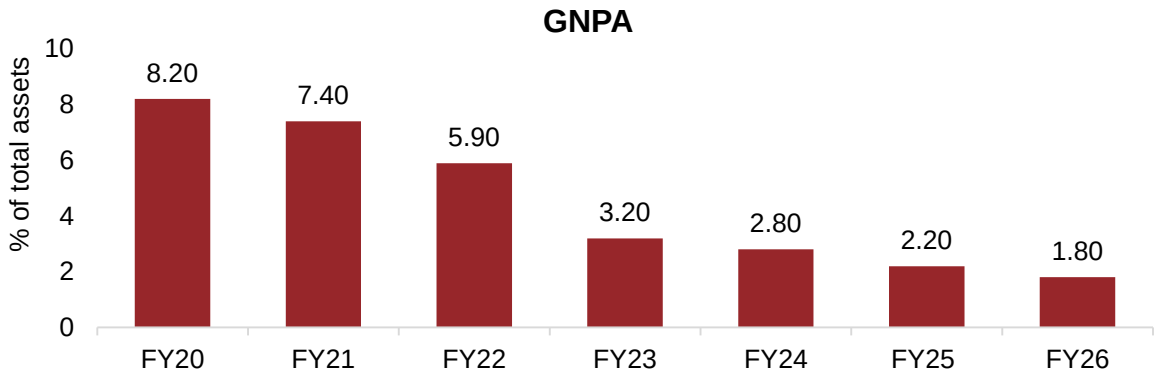
How does the balance sheet of banking system look like?



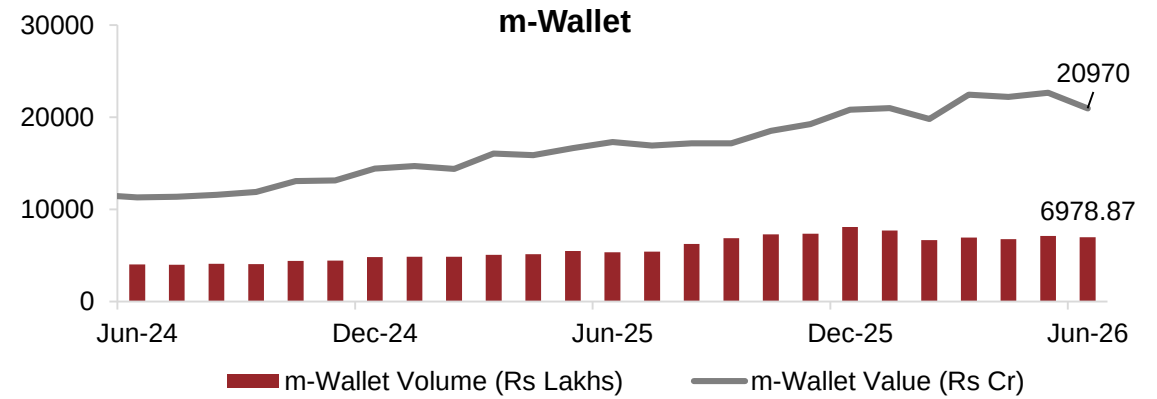
Credit growth and deposit growth rose in August



Loan growth grew gradually



Bank Balance sheets eased in FY26

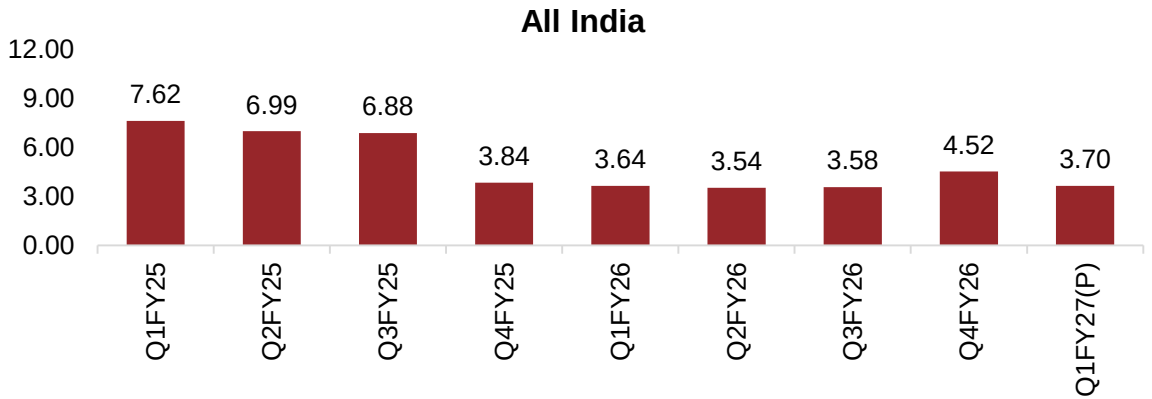


India transitioning from money purse to digital wallet

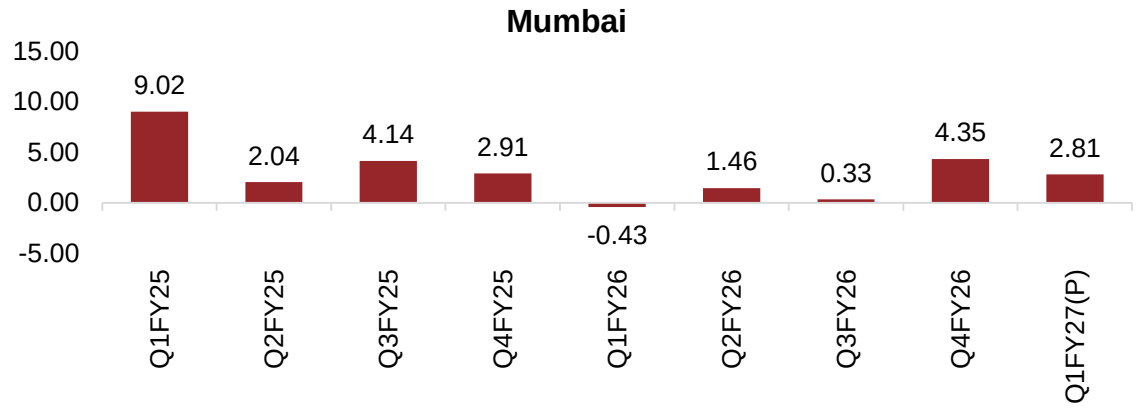
Health of Indian banking system remains strong

NPA data is for FY26 period; Deposits data as of August 15, 2026
Source: RBI, Crisil Intelligence

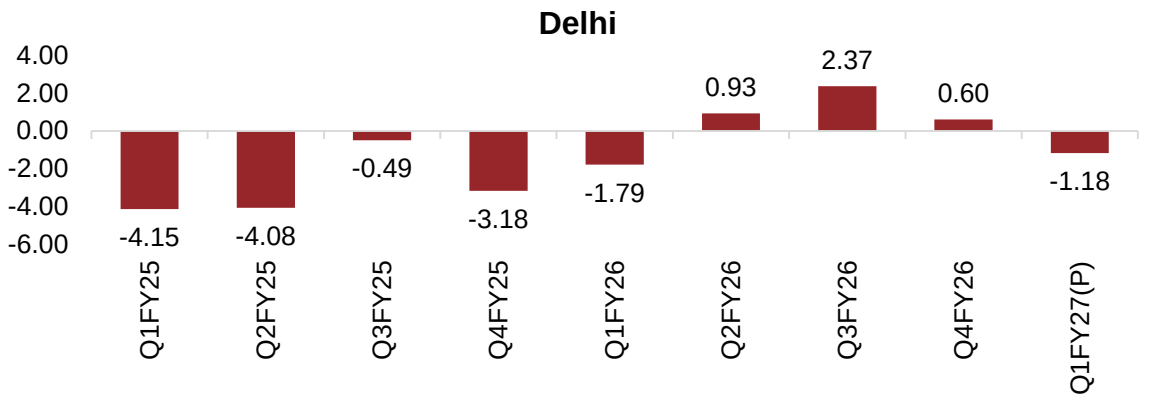
How is real estate price index trending?



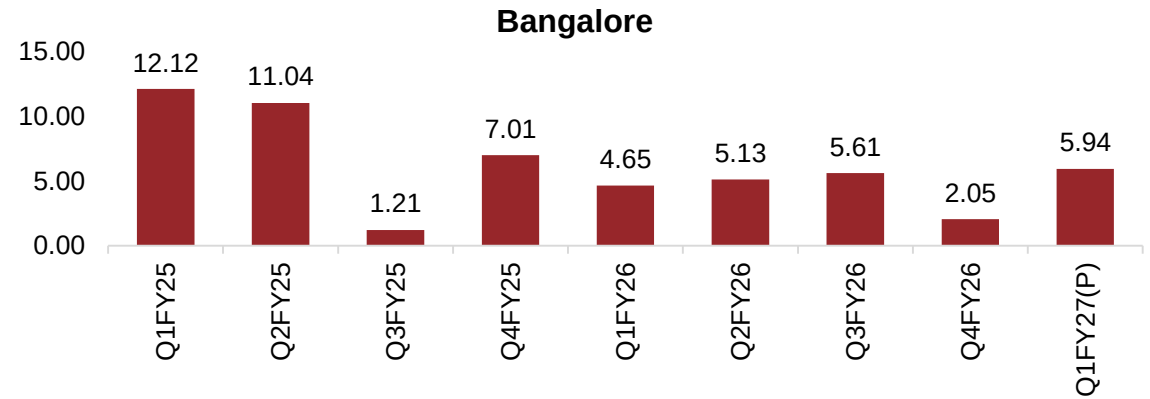
Indian house price index rose 3.7% on year in Q1FY27



Mumbai house price index rose by 2.8% on year in Q1FY27



Delhi house price index declined by 1.2% on year in Q1FY27

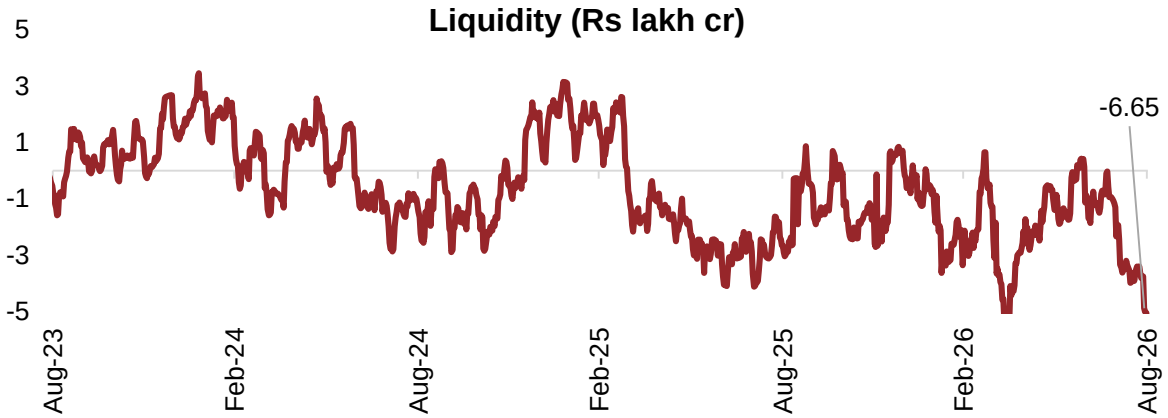


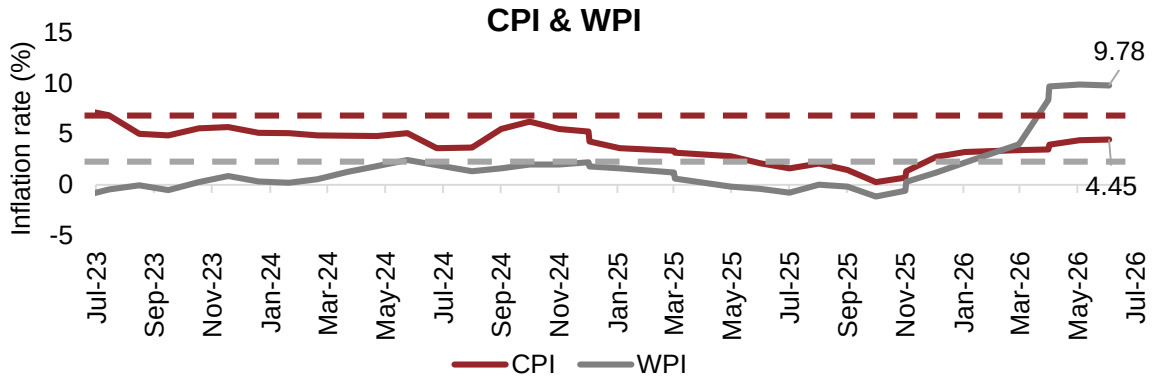
Bangalore house price index rose by 5.9% on year in Q1FY27

Upbeat consumer sentiment towards residential projects as an asset class boosts property registrations

Q1FY27 data is provisional; Source: RBI House Price index

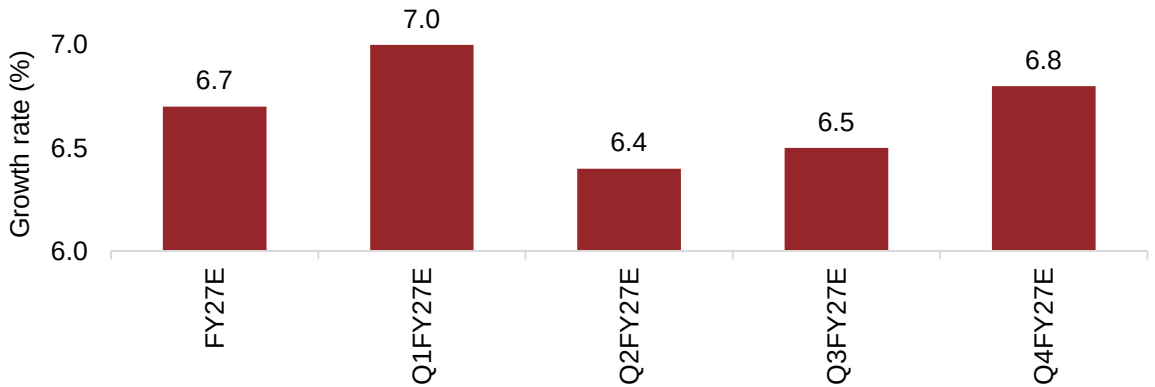
What is RBI stance?





Banking system liquidity remained in surplus in August

Inflation stayed within the RBI's tolerance band



Key Rates	Rates	Action
Repo Rate	5.25%	Unchanged ⟷
SDF Rate	5.00%	Unchanged ⟷
MSF Rate	5.50%	Unchanged ⟷
Bank Rate	5.50%	Unchanged ⟷
SLR	18.00%	Unchanged ⟷
CRR	3.00%	Unchanged ⟷

Down by 3 bps over 91D T-bill*

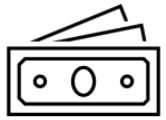
RBI expects 6.7% GDP growth for FY27

RBI held policy rates

RBI maintained policy rates unchanged in its August 2026 meeting while retaining a neutral policy stance

**Data sourced as of August 31, 2026*
91D T bills data as of August 31

RBI monetary policy highlights



The Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) unanimously decided to maintain the repo rate at 5.25%. Consequently, the standing deposit facility rate remains at 5.00%, and the marginal standing facility rate and bank rate stay at 5.50%



The MPC decided to retain its neutral stance, reflecting a cautious approach amid elevated global uncertainties, volatile energy prices, supply chain pressures and evolving inflation dynamics. The committee stressed the need for greater clarity on the inflation outlook and growth-inflation trade-off before taking further policy action



The RBI has projected India’s real gross domestic product growth for fiscal 2026-2027 at 6.7%, with quarterly growth estimated at 7.0% in the first quarter, 6.4% in the second quarter, 6.5% in the third quarter and 6.8% in the fourth quarter. Growth is expected to be driven by robust domestic demand, strong investment activity, sustained services growth and healthy exports, although risks persist from global economic turbulence, high energy prices, supply chain disruptions and weather-related uncertainties



The RBI has projected inflation, based on the Consumer Price Index (CPI), at 5.0% for fiscal 2026-2027. The quarterly inflation rates are expected to be 4.7% in the second quarter, 5.9% in the third quarter and 5.5% in the fourth quarter. Inflation is expected to increase in the near term, owing to food and fuel price pressures, before moderating. The RBI has projected core inflation at 4.3% for fiscal 2026-2027



The RBI governor said that the global economic environment remains uncertain due to geopolitical tensions, volatile crude oil prices and trade disruptions. However, the Indian economy shows resilience, driven by domestic demand, manufacturing and services activity, although growth is expected to moderate amid external headwinds

Disclaimer

IndusInd Bank Ltd is an "AMFI-registered Mutual Fund & SIF Distributor" under ARN - 0633, wherein the Bank distributes products of various Asset Management companies. The initial registration date for ARN -0633 is 1st Jan 2003 and the current validity of the ARN is 1st Jan 2028. SIF Validity period is from 9th Oct 2025 to 8th Oct 2028. Regular plans involve payment of commission to distributors. IndusInd Bank is paid commissions for investment made under broker code ARN-0633.

Investments in Securities Markets are subject to market risks, read all related documents carefully before investing. All content provided in this document is for informational and educational purposes only and does not constitute or to be construed as trade or investment recommendations. Customer / Investor should consult their financial advisor accordingly. Bank makes no representation as to the accuracy, completeness or reliability of any information contained in this document in respect of the various Investment Services and/ or Products as provided by the financial services and/ or products provider. Past performance of markets and asset classes is not indicative of future performance. Any forward-looking statements are based on current expectations and are subject to risks, uncertainties, and changes in market conditions. Participation by IndusInd Bank's clients is purely on a voluntary basis and there is no direct or indirect linkage between the provision of the banking services offered by the Bank to its clients and their investment in any product. IndusInd Bank or its affiliates may or may not have business relationships with entities referred to in this document. IndusInd Bank is not and/or acting as a SEBI-registered Investment Advisor or Research Analyst in preparation of this document. IndusInd Bank and its employees shall not be liable or responsible for any loss or shortfall resulting from investing in any product.

Crisil Intelligence, a division of Crisil Limited (“Crisil”) has taken due care and caution in preparing this report (“Report”) based on the information obtained by Crisil from sources which it considers reliable (“Data”). However, Crisil does not guarantee the accuracy, adequacy or completeness of the Data or Report and is not responsible for any errors or omissions or for the results obtained from the use of Data or Report. The Report is not a recommendation to invest or disinvest in any company whether covered or not in the Report and no part of the Report should be construed as an investment advice or any form of investment banking. Crisil especially states that it has no liability whatsoever, financial or otherwise, to the subscribers/ users/ transmitters/ distributors of this Report. Crisil Intelligence operates independently of, and does not have access to information obtained by Crisil’s Ratings Division / Crisil Risk and Infrastructure Solutions Limited (“CRIS”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Report are that of Crisil Intelligence and not of Crisil’s Ratings Division / CRIS. The Report is confidential to the client. No part of this Report may be distributed, copied, reproduced or published (together, “Redistribute”) without Crisil’s prior written consent, other than as permitted under a formal Agreement (if any) in place between the client and Crisil. Where Crisil gives such consent, the Client shall ensure that the recipient so permitted is responsible to ensure compliance with all applicable laws and regulations with respect to any such Redistribution. Without limiting the generality of the foregoing, nothing in the Report is to be construed as Crisil providing or intending to provide any services in jurisdictions where Crisil does not have the necessary permission and/or registration to carry out its business activities in this regard. The Client will be responsible for ensuring compliances and any consequences of non-compliances for use and access of the Report or part thereof outside India.

The purpose and use of the Report must only be as per the proposal shared by Crisil, or letter of engagement or formal agreement in place between the client and Crisil, as applicable.