VARDAN

Monthly Newsletter
February 2026

Global Economy

- The Bank of England kept their interest rates unchanged at 3.75% in its first meeting of its MPC of 2026.
- ECB kept policy rates unchanged for the fifth consecutive meeting, with its key interest rate at 2.00%.
- People's Bank of China has kept its benchmark loan prime rates (LPR) unchanged, with the 1-year LPR at 3.00% and the 5-year LPR at 3.50%.
- Japan's trade deficit decreased significantly to JPY 1,152.70 billion in January 2026 from JPY 2,741.70 billion in the same month a year earlier.
- US trade deficit widened to USD 70.30 billion in December 2025 from USD 53.00 billion in November, above forecasts of a USD 55.50 billion gap.
- US crude inventories surged by 15.90 million barrels to 435.80 million barrels in the week ended February 20, the most in three years

Indian Economy

- The government updated India's GDP base year to 2022-23 from 2011-12. This revision raises growth estimates, with FY26 now projected at 7.60%, up from 7.40% earlier.
- A revised Consumer Price Index (CPI) series was introduced with 2024 as the base year. The first reading under this series placed January inflation at a low 2.75%.
- Number of goods tracked rose from 259 to 308, but their combined weight fell, driven by a sharp cut in Food & Beverages from 45.86% to 36.75%.
- Services expanded from 40 to 50 items, with a major rise in financial weight — education, healthcare, transport, and digital subscriptions now account for a much larger share of household budget.
- Currency in circulation reached a record INR 40 trillion in January 2026, rising 11.10% y-o-y.
- SEBI announced a one year special window from 5 Feb for investors to transfer and dematerialize physical shares bought or sold before 1 April 2019, including pending or rejected requests.

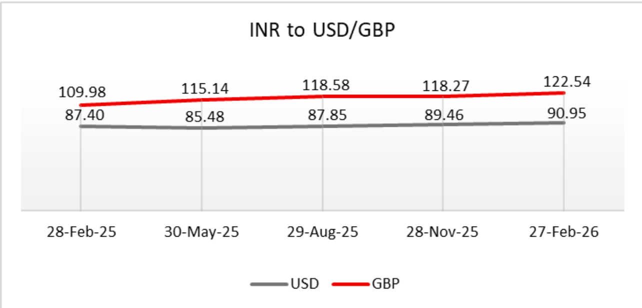
Indian Debt Market

- The RBI has kept the benchmark interest rate unchanged at 5.25%.
- RBI has doubled the collateral-free loan limit for MSMEs to INR 2 million, effective 1 April 2026.
- RBI announced a INR 250 billion switch auction of government securities on February 23 to manage redemption profiles and ease supply pressure in the bond markets.
- The RBI proposed a framework for Total Return Swaps (TRS) and Credit Index Derivatives to improve liquidity and allow better credit risk managements.
- A new framework for market-making was introduced to ensure continuous two-way quotes, aiming to reduce the economy's over-dependence on bank lending.
- Banks were permitted to extend finance to Real Estate Investment Trusts (REITs), harmonising their treatment with Infrastructure Investment Trusts (InvITs).
- In FY 2025-26, India's UPI crossed 1 million international transactions for the first time.
- On February 23, 2026, the RBI conducted a INR 250 billion switch auction of government securities to spread out upcoming debt repayments in FY 2026–27 and ease supply pressures in the bond market.

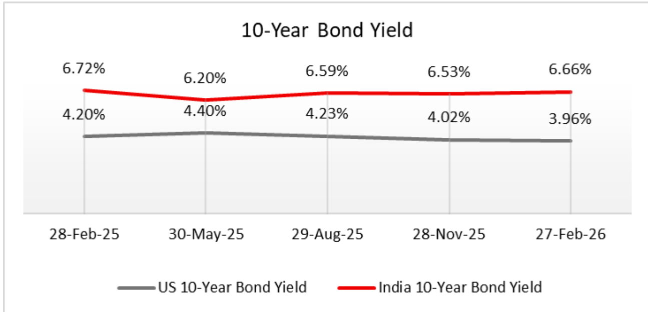
Indian Startups

- 98 Indian start-ups raised total funding of around USD 2074.30 million in the month of Feb 2026, while the details of 8 other remained undisclosed. Notably, a single deep-tech company accounted for USD 1200 million of the total. There is 88% increase in funding as compared to Jan 2026.
- Deep Tech, D2C Brands and Solar Energy are major segment that secured USD 1271 million, USD 152 million & USD 116 million funding respectively.

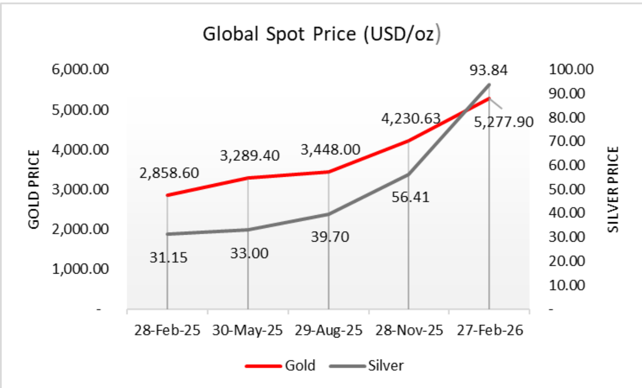
Over the past quarter, movements in gold, silver, crude oil, bond yields, and exchange rates reflected evolving macro expectations and shifts in global risk sentiment. The charts below summarize these key trends.



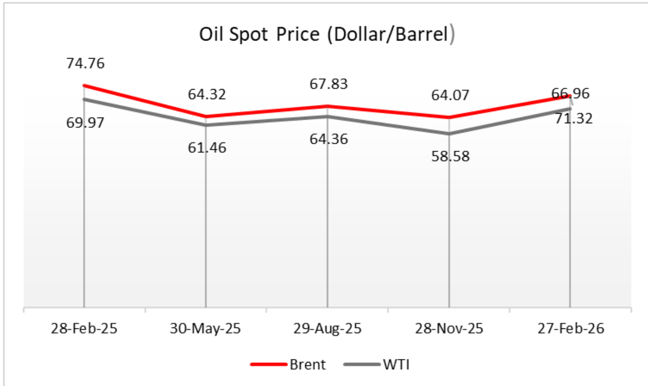
The rupee showed steady depreciation against both the dollar and the pound.



US bond yields softened while Indian yields remained broadly stable.



Precious metals delivered extraordinary gains, with silver far more volatile than gold.



Oil prices moved within a narrow band, marked by short-term swings rather than a clear trend.

Recent geopolitical developments have reinforced how quickly market sentiment can shift amid evolving trade dynamics and policy uncertainty.

While short-term volatility may persist, such phases often create selective opportunities for disciplined capital allocation.

In this environment, we are identifying attractive debt investment opportunities where elevated yields provide strong downside protection and steady income. Our strategy remains focused on resilience, quality, and long-term compounding.