VARDAN

Monthly Newsletter
July 2026

Global Economy

- In July 2026 policy meetings, the US Federal Reserve, Bank of England and European Central Bank kept interest rates unchanged at 3.50%–3.75%, 3.75% and 2.25%, respectively.
- The IMF lowered its global growth forecast for 2026 to 3.00%, compared with 3.10% projected in April. However, it raised its 2027 growth projection to 3.40% from 3.20%, reflecting an expected recovery in global economic activity.
- China's foreign-exchange reserves declined by USD 26 billion in June to USD 3.42 trillion, mainly due to dollar strength and asset price shifts.
- Japan's trade balance moved into a deficit of JPY 406.90 billion in June, compared with a surplus of JPY 122.30 billion a year earlier. Imports increased 25.40% year-on-year, outpacing the 19.30% growth in exports.
- Russia's headline inflation rose to 6.00% in June, while its trade surplus widened to USD 14.20 billion in May, supported by a 32.40% y-o-y surge in exports, the strongest increase this year and the sharpest in four years.

Indian Economy

- The IMF reduced India's FY2026–27 growth forecast by 10 basis points to 6.40%, from 6.50% projected in April 2026.
- India's CPI climbed to 4.40% in June (vs. 3.90% in May), moving above the RBI's 4.00% target, while WPI accelerated to 9.90%from 9.70%. The uptick in both retail and wholesale inflation was driven by higher food, fuel, and energy-related costs.
- India's total exports reached an all-time high of approximately USD 863.10 billion in FY2025–26, supported by strong growth in both merchandise and services exports.
- The Government released a revised Index of Core Industries with 2022–23 as the base year. Iron ore was added as the ninth core sector, expanding the index from eight to nine industries.
- The Union Government approved INR 5,070 crore for the Pradhan Mantri Surya Sarovar Yojana, aimed at developing 5,000 MW of floating solar photovoltaic capacity with energy-storage systems.
- The Government approved two Electronics Manufacturing Clusters in Tamil Nadu at Manallur and Pillapaikkam, involving a total investment of approximately INR 1,012 crore.

Indian Debt Market

- The Central Government's fiscal deficit stood at approximately INR 3.07 lakh crore during April–June 2026, compared with INR 2.81 lakh crore in the corresponding period of the previous year. The deficit represented around 18.2% of the full-year FY2026–27 Budget Estimate.
- India's foreign-exchange reserves increased by USD 10.50 billion to USD 692.90 billion in the week ended 31 July, led by gains in foreign-currency assets and gold holdings, supported by stronger capital inflows including FDI, portfolio investment, FCNR(B) deposits and ECBs.
- India ranked 11th globally among the largest recipients of foreign direct investment in 2025. FDI inflows increased by approximately 44% to USD 38.90 billion, according to the latest global investment data.
- The Government retained the interest rates on all small-savings schemes, including PPF and NSC, for July–September 2026.
- Regional Rural Banks reported their highest-ever consolidated net profit of INR 10,177 crore in FY2025–26. Their credit-deposit ratio improved to 75.20%, while gross NPA declined to 5.30%; net NPA stood at 2.10%.
- Public sector banks recorded a combined net profit of approximately INR 1.98 lakh crore in FY2025–26, their highest-ever annual profit. Their gross NPA ratio declined to a historic low of approximately 1.90%.

Indian Startups

- In June 2026, 66 Indian start-ups raised total funding of around USD 714.90 million, of which 2 companies raised USD 4.70 million through debt funding. There is fall of 51% in fund-raising compared to June 2026.
- B2B Ecommerce, Fin Tech and Enterprise Tech were the major segments, securing USD 202 million, USD 92 million, and USD 78 million respectively. Notably, USD 161.90 million in the B2B Ecommerce segment was raised by a single company, Udaan.

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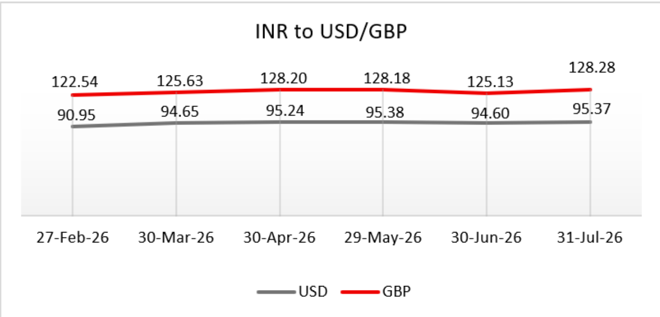
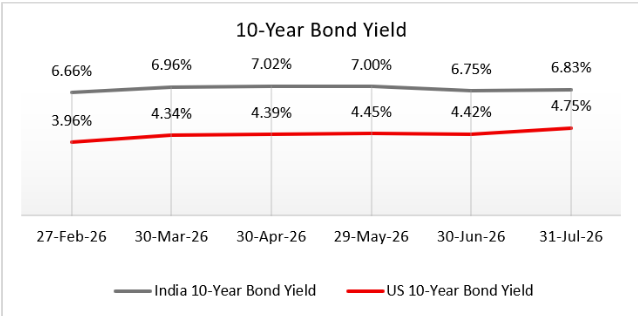
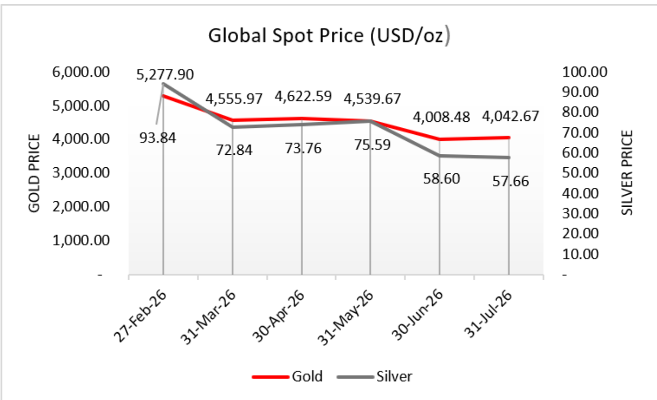
The last six months' trends in gold, silver, crude oil, bond yields, and exchange rates highlight evolving macroeconomic expectations and shifts in global risk sentiment. The charts below summarize these key trends.



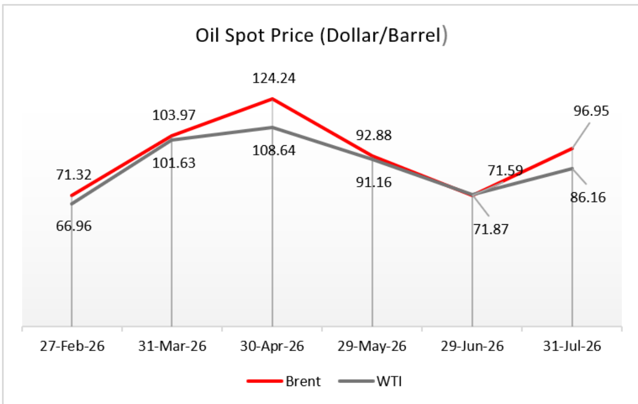
The rupee stood at 95.37/USD and 128.28/GBP, reflecting continued weakness against both currencies despite a brief June recovery.



India's 10-year yield closed July at 6.83%, easing from May highs, while US yields climbed to 4.75%, their strongest level in this period.



Gold settled at $4,014.67/oz in July, down sharply from February's $5,277.90 peak; silver closed at $57.66/oz, marking a six-month low.



Brent climbed from $71.59 in June to $96.95 in July, while WTI rose from $71.87 to $96.16, driven by renewed Middle East tensions disrupting key shipping routes.

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.