

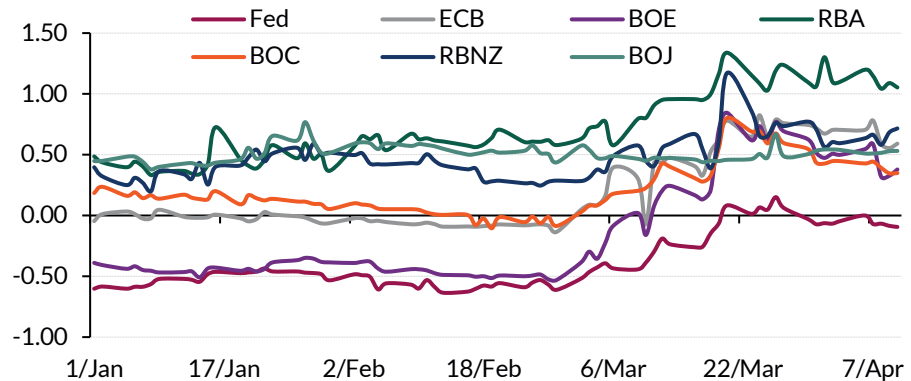
Economic Research | Macro and Markets Flash

Gradually, then suddenly

Monthly thoughts | April 15, 2026

Long term macro shifts around savings, neutral rates, market segmentations, and fiscal dominance we have been writing about have moved from gradual to sudden moves. With the multidimensional shock of the Iran war, degrees of freedom on policy have been trimmed, resulting in a faster tightening of conditions and closing off of the period of supernormal growth domestically. With this, a lower long-term growth level might also need to be countenanced, especially as developments translate to higher neutral rates, term premium and lower availability of inputs, capital and knowhow on a global level.

Exhibit 1: Market expectations of 2026 rate moves – neutrals rising



Source: Bloomberg, Axis Bank Research

Gradual macro shifts catalysed by West Asia developments

Global shifts we have been writing about around segmentation of value chains (Fig 3), capital flows (Fig 3), the balance of savings (Fig 4), and fiscal dominance, all ultimately driven by geopolitics were in the background over the past few years. We have for a long time written about these, seeing changes as over the long term. However, the Iran war has catalysed these developments – global neutral rates are higher again, finance is being drawn from high-savings countries, global investments have slowed down, and the US and Japan are already in fiscal dominance territory. As in the past, this drives a segmented world with the law of one price no longer applying.

India: Tolerating a lower growth equilibrium in the medium term

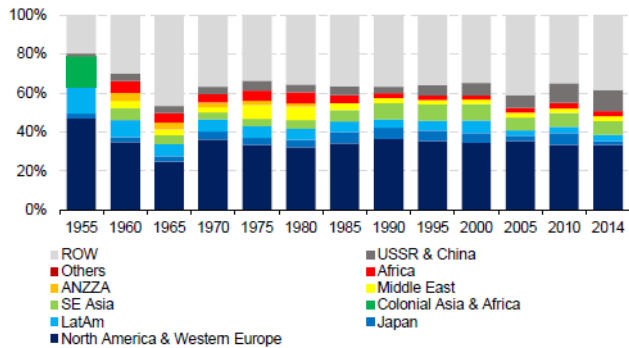
The global shock is across dimensions, even with an uncertain temporary ceasefire. This is seen hurting availability of inputs around energy, construction materials, metals, fertilisers, etc., while at the same time raising prices of inputs that are linked to global prices. Developments raise inflation, with faster convergence of India neutral rates to global levels, reducing the extent of above-trend growth that was hitherto possible (Fig 5). This comes with higher rates and continued pressures on the INR, while confidence indicators are also weaker (Figs 6-7). Developments force a revision lower of expected medium term growth.

Global: Higher for longer in fiscal, rates

The mix of high defence spending, reduced savings, segmented capital markets, political fluidity, and generalised uncertainty has raised both neutral rates and term premium, perhaps to levels seen before the end of the Cold War. Higher for longer has been a catchphrase for some time, but is now likely to ring true across metrics of global fiscal trends, inflation and rates.

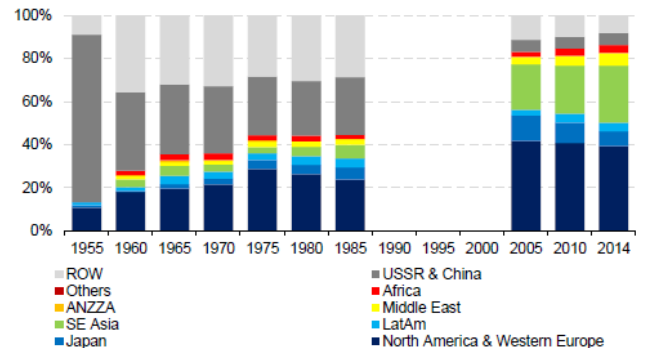
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Exhibit 2: Until the end of the Cold War, US trade with China and USSR was restricted



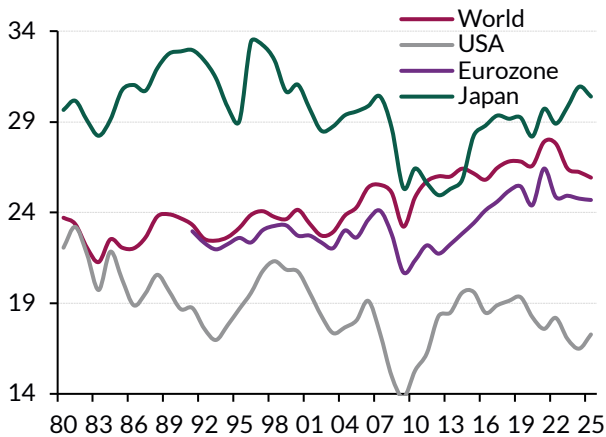
Source: UNCTAD, Axis Bank Research

Exhibit 3: While Trade of China and the USSR was also largely with each other – this shifted



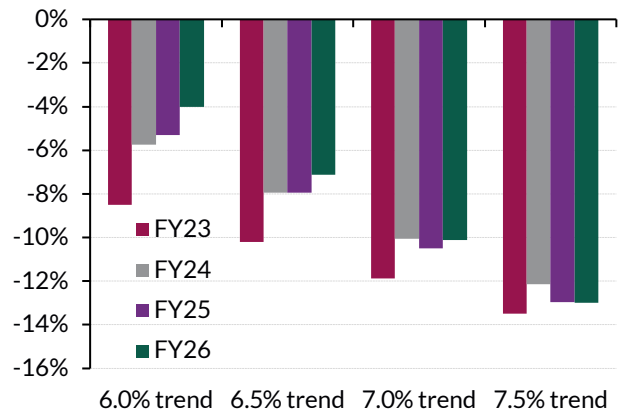
Source: UNCTAD, Axis Bank Research

Exhibit 4: Global savings peaked, coming lower with US and Eurozone



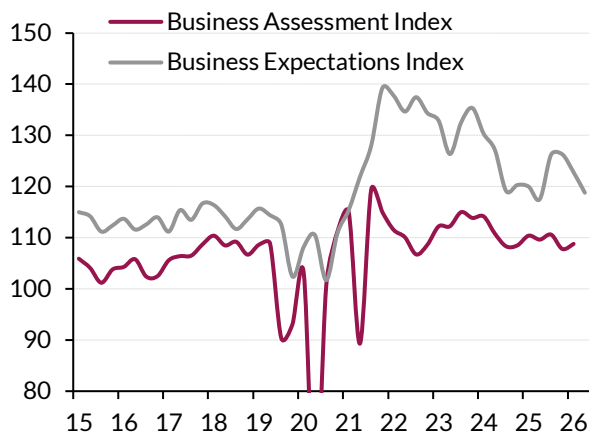
Source: Bloomberg, Axis Bank Research

Exhibit 5: Gap with pre-pandemic GDP – we had assumed years of catch-up growth



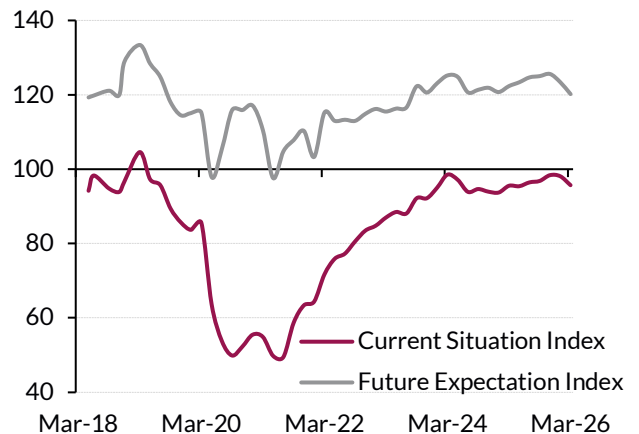
Source: MOSPI, Axis Bank Research

Exhibit 6: Industrial outlook is already weakening on the war



Source: RBI, Axis Bank Research

Exhibit 7: Consumer confidence has also dipped



Source: RBI, Axis Bank Research

Gradual macro shifts catalysed by West Asia developments

Global shifts we have been writing about around segmentation of value chains, capital flows, the balance of savings, and fiscal dominance, all ultimately driven by geopolitics were in the background over the past few years. We have for a long time written about these, seeing changes as over the long term. However, the Iran war has catalysed these developments – global neutral rates are higher again, finance is being drawn from high-savings countries, global investments have slowed down, and the US and Japan are already in fiscal dominance territory. As in the past, this drives a segmented world with the law of one price no longer applying.

A recap of our past thoughts on long-term trends

A few years ago, we began writing about shifts in global value chains towards greater diversification, as opposed to raw short-term economic logic. With this, fresh capacity began to be built up and excess capacity also began to be exposed. Following geographic diversification of value addition, diversification of capital flows was also seen as the next development – with geopolitical drivers adding a layer of calculus to investment allocations. Periods of geopolitical competition are also seen driving additional fiscal spending, especially on defence, resulting in reduced availability of global savings – especially with the focus in China away from growth and towards retention of domestic savings. Higher interest rates then brought the concept of fiscal dominance, already seen in pressure from politicians globally for lower rates. At the same time, lower global savings and relatively open financial borders for India were seen driving steady financial outflows, which has rung true when seen from a basic balance standpoint.

It must be noted that these were seen as long term and gradual events, with glacial shifts as allowed by the political economy. However, these shifts have been especially rapid over the past few months.

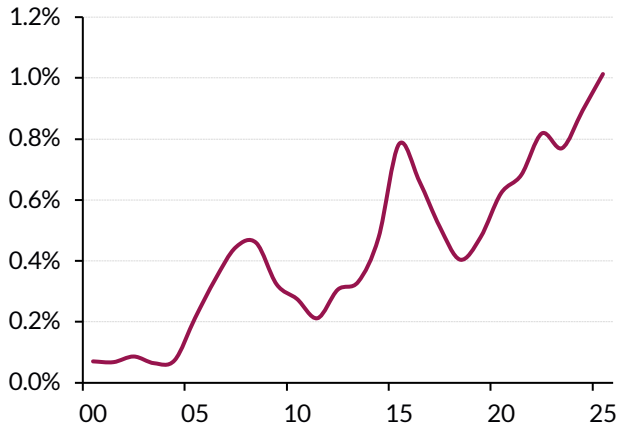
Iran war and associated events bring forth these views

While these developments were proceeding in the background, resulting in steadily higher interest rates, the Iran war has catalysed developments – with this, the imperative to build up domestic supply chains and defence capabilities has risen sharply, as has the incentive for nations to exert hard and soft power – often involving financial costs. With these, fiscal dominance becomes front-and-centre – with the upcoming BOJ meeting in focus around these trends. However, the US is also seen shifting quickly to a fiscal dominance model, with rates still being seen cut despite indications of increased defence spending. Coupled with segmentation of goods already in force given earlier US trade moves and different access to shipping routes, and segmented capital based on geopolitics as part of the US trade deal (as well as China's OBOR), this leads to an immediate increase in global neutral rates. In this paradigm, the ECB and BOE are seen keeping rates above this neutral, while the BOJ and Fed will likely be below neutral, informing our FX views as well.

A more segmented world might be on the way

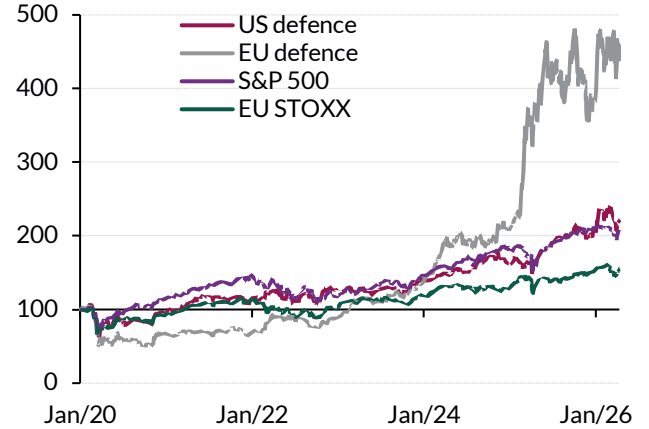
These conditions are similar to those seen in the last Cold War, which also saw sever segmentation of trade and investment relationships. In this, First World countries (US, Europe, etc.) were seen exchanging trade and capital only with other First World countries, Second World countries (USSR, China, etc.) were seen exchanging trade and capital only among themselves, with the Third World (everyone else) largely left alone. This also contributed to slower development among Third World countries, with the

Exhibit 8: China trade surplus as % global GDP – need to reduce value added exposure to China



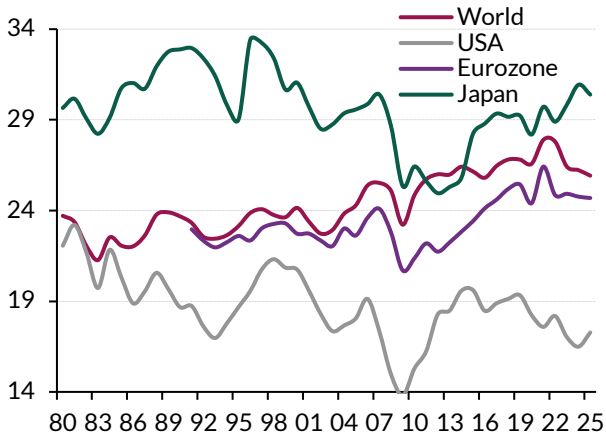
Source: Bloomberg, Axis Bank Research

Exhibit 9: Increased spending on defence seen in basket outperformance



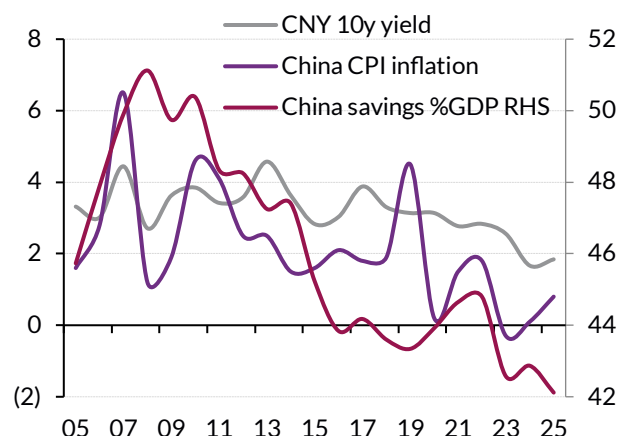
Source: Bloomberg, Axis Bank Research

Exhibit 10: Global savings peaked, coming lower with US and Eurozone



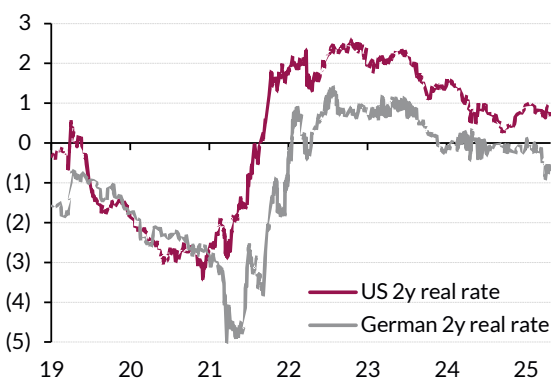
Source: Bloomberg, Axis Bank Research

Exhibit 11: Despite falling China savings, retention within the economy forcing yields, inflation lower



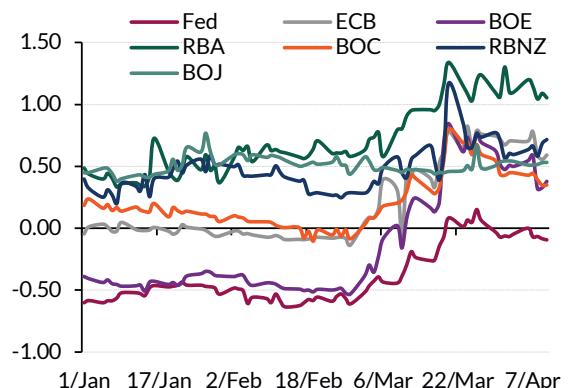
Source: Bloomberg, Axis Bank Research

Exhibit 12: 2y real yields based on inflation expectation are shifting lower with fiscal dominance



Source: Bloomberg, Axis Bank Research

Exhibit 13: Pricing of 2026 rate change from Jan levels – markets revising neutral rates higher



Source: Bloomberg, Axis Bank Research

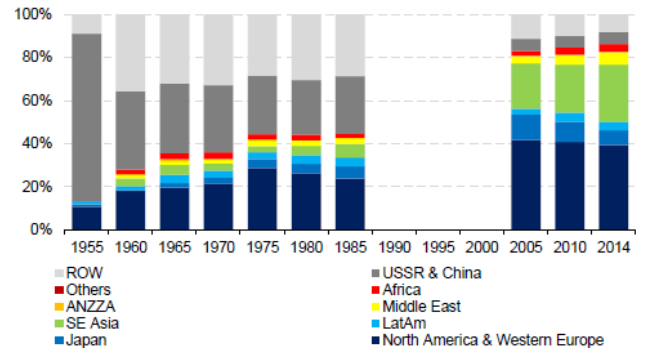
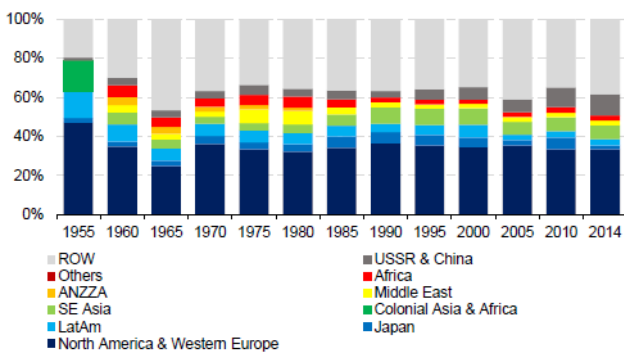
Peace Dividend period largely allowing trade and capital flows to engender development here.

Slower global potential growth, tighter financial conditions likely the end result

More restricted global trade, lower savings, more segmented capital and geopolitical competition are likely to drive tighter global financial conditions, more restricted money flows, and slower potential growth. Apart from the immediate impact, geopolitical choices made by countries are likely to be drivers of longer term growth and finance.

Exhibit 14: Until the end of the Cold War, US trade with China and USSR was restricted

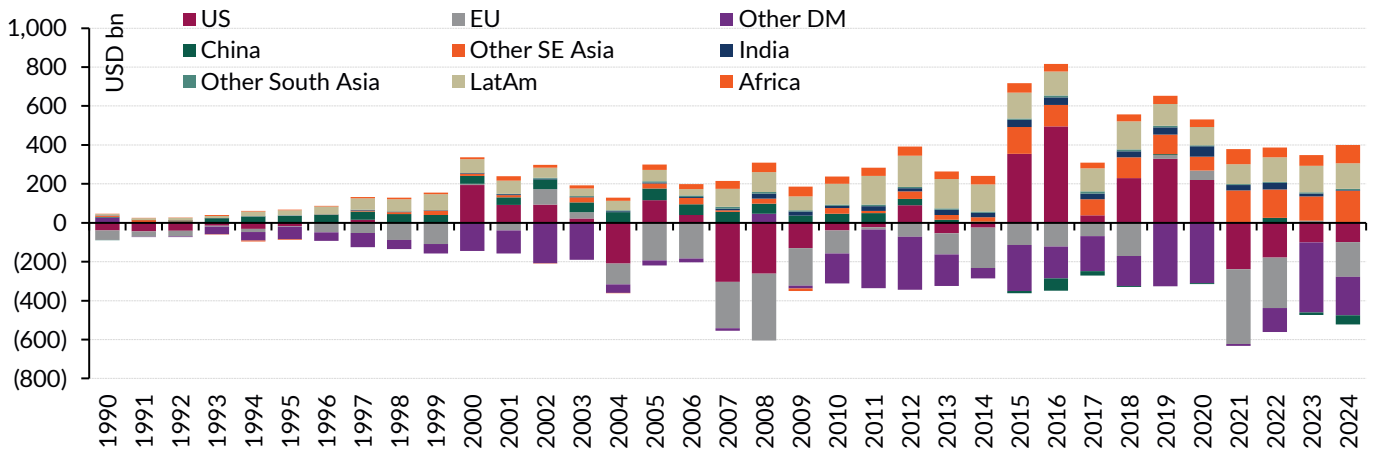
Exhibit 15: While Trade of China and the USSR was also largely with each other – this shifted



Source: UNCTAD, Axis Bank Research

Source: UNCTAD, Axis Bank Research

Exhibit 16: Global FDI – also picked up after the end of the Cold War, increasing global spread



Source: UNCTAD, Axis Bank Research

India: Tolerating a lower growth equilibrium in the medium term

The global shock is across dimensions, even with an uncertain temporary ceasefire. This is seen hurting availability of inputs around energy, construction materials, metals, fertilisers, etc., while at the same time raising prices of inputs that are linked to global prices. Developments raise inflation, with faster convergence of India neutral rates to global levels, reducing the extent of above-trend growth that was hitherto possible. This comes with higher rates and continued pressures on the INR, while confidence indicators are also weaker. Developments force a revision lower of expected medium term growth.

Ahead of the war, high-frequency trends were favourable

High-frequency indicators from 4Q show strong growth trends across sectors, with limited early impacts of the shocks. This is seen in strong credit growth and energy consumption (latter partly on warmer weather), auto registration trends, hiring, industrial production, and GST collections (growing despite rate rationalisations). These are likely to be driven by momentum, with the shocks not being fully transmitted through given availability of inventories. For an extract of high frequency indicators, please see appendices.

Multidimensional shock to hit growth in the near-term

We have noted the existence of slack with potential for growth to persist above trend growth for the medium term, as seen in low underlying inflation and domestic neutral rates. In the near term, shocks are likely to hurt growth with the locus of the shock likely in 1H. In this, we assume weaker growth in construction (materials like tiles and paint being unavailable), manufacturing (rationing of inputs), travel and hospitality (lower travel amid uncertainty and high fuel costs), as well as agriculture (potential El-Nino, rationing of fertilisers). To an extent, this is offset by fiscal spending and subsidies, but growth is likely to be 1-2% below trend in 1H, with some recovery towards trend in 2H.

With this, we expect FY27 growth at around 7.0 % YoY, with FY28 at around 7.2%. On inflation, we see the base case at 4.9% - this is notably above RBI's estimate of 4.6%, with upside risks likely for both. In fact, RBI's fan chart shows inflation potentially averaging around 5.5% for two years. There are also downside risks to growth emanating from these developments, with RBI surveys showing weaker confidence.

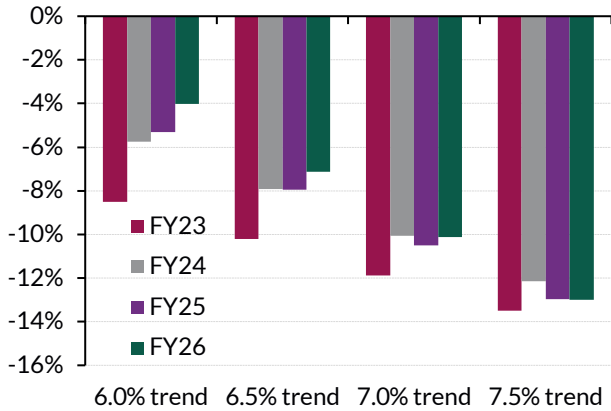
However, higher order effects likely to be seen longer term

Apart from the near-term impact, these shocks will likely lead to higher interest rates. These will come either through the fiscal side or through rate hikes given higher inflation, effectively cutting off the time for growth above trend. While higher rates will likely attract capital, lower savings and geopolitical risk premia will also likely affect supply of savings.

Likely that the level of slack from the pandemic will now remain

There is a global trend of shock hits to GDP turning permanent – both in the GFC and then in the pandemic. Conditions had provided a unique opportunity for India to close that gap, with good progress so far – however, these changes likely close that opportunity. With this, trend growth is likely to fall back to the 6.50-7.00% range barring improvements in productivity or technology.

Exhibit 17: Gap with pre-pandemic GDP – we had assumed years of catch-up growth



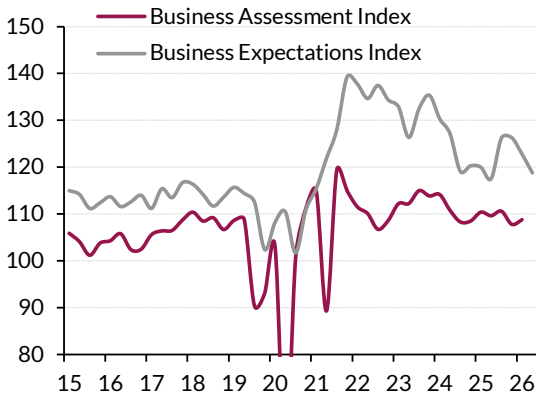
Source: MOSPI, Axis Bank Research

Exhibit 18: Growth likely to slow in 1H, in manufacturing, construction, hospitality

	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Agri	2.1%	2.5%	2.0%	2.0%	3.0%
Mining GDP	1.7%	6.0%	7.0%	6.0%	6.0%
Manufacturing	9.3%	4.0%	7.5%	8.0%	8.0%
Electricity GDP	2.7%	7.0%	9.0%	8.0%	4.0%
Construction	7.6%	5.0%	5.5%	9.5%	9.5%
Trade, Hotels+	9.7%	4.0%	4.0%	10.5%	10.5%
Financial Ser+	9.6%	10.0%	10.0%	10.0%	10.0%
Public Admin+	7.5%	9.5%	8.5%	7.5%	7.5%
GVA	7.4%	6.2%	6.8%	7.7%	7.9%
GDP (Market Prices)	7.3%	6.0%	6.5%	7.5%	7.6%

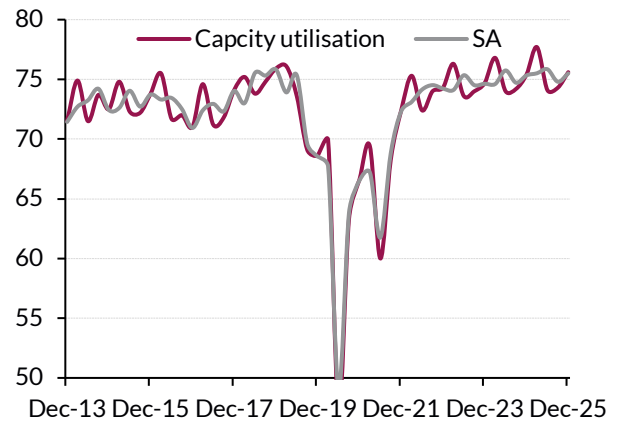
Source: MOSPI, Axis Bank Research

Exhibit 19: Industrial outlook is already weakening on the war



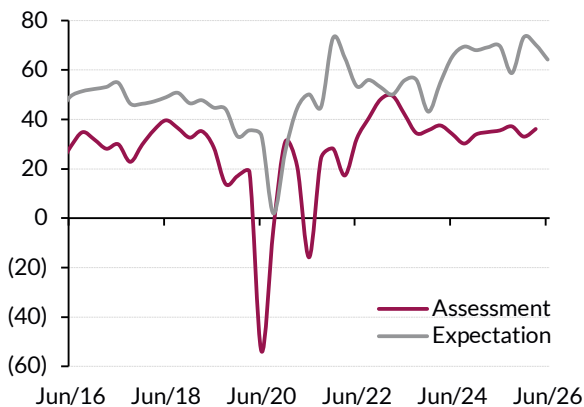
Source: RBI, Axis Bank Research

Exhibit 20: Capacity utilization unchanged, but investments likely to be held back



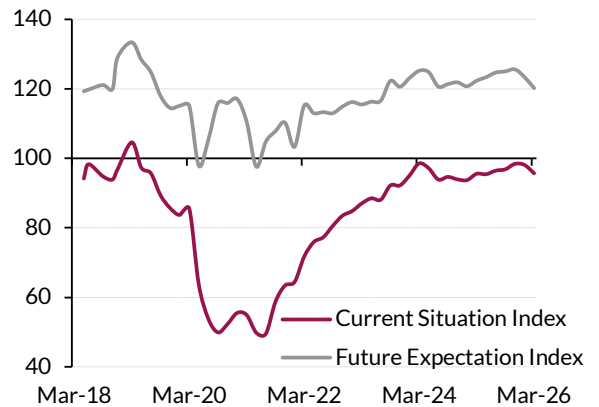
Source: RBI, Axis Bank Research

Exhibit 21: Services confidence has also taken a hit, though more is likely to be seen



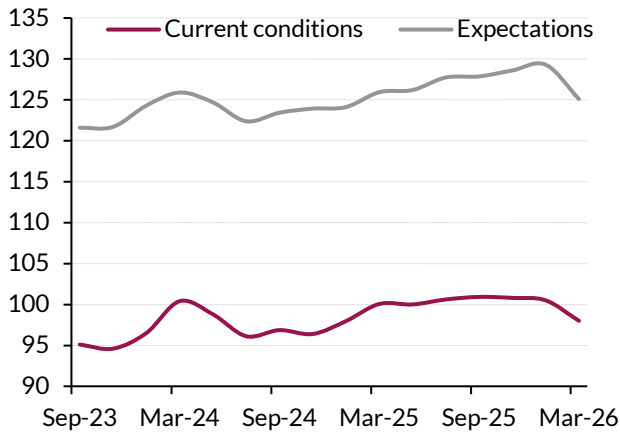
Source: RBI, Axis Bank Research

Exhibit 22: Consumer confidence has also dipped



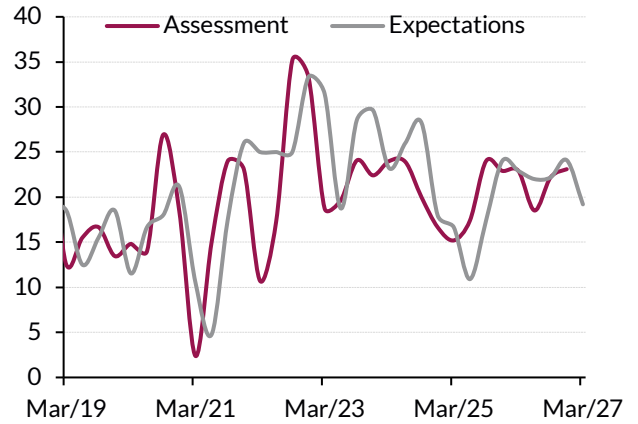
Source: RBI, Axis Bank Research

Exhibit 23: Rural consumer confidence has also fallen



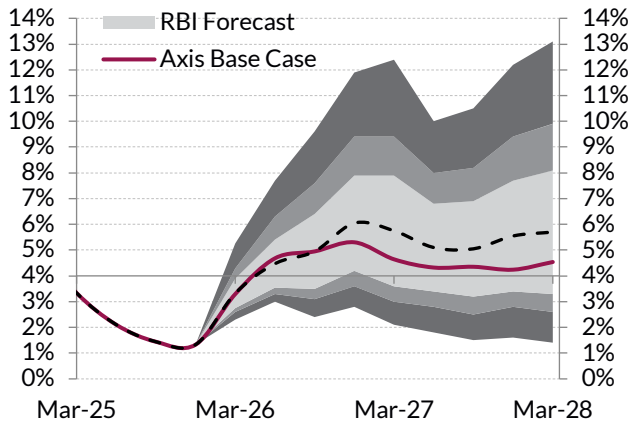
Source: RBI, Axis Bank Research

Exhibit 24: However, bank lending expectations are lower – even though shocks usually lead to WC loans



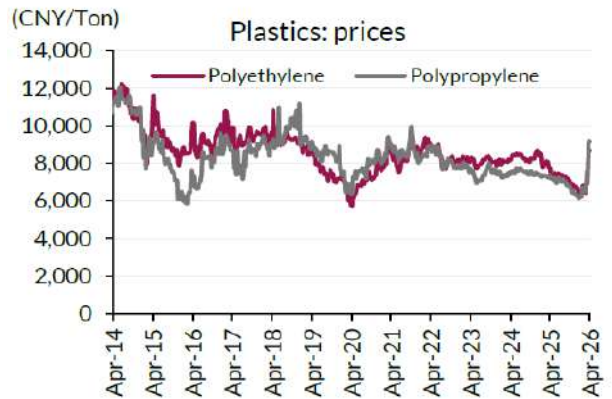
Source: RBI, Axis Bank Research

Exhibit 25: RBI's fan chart shows higher inflation than the 4.6% projected



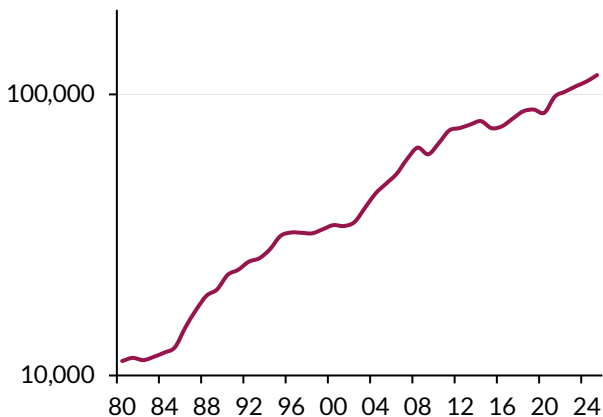
Source: RBI, Axis Bank Research

Exhibit 26: Apart from crude oil and energy, prices of plastics are already higher as well



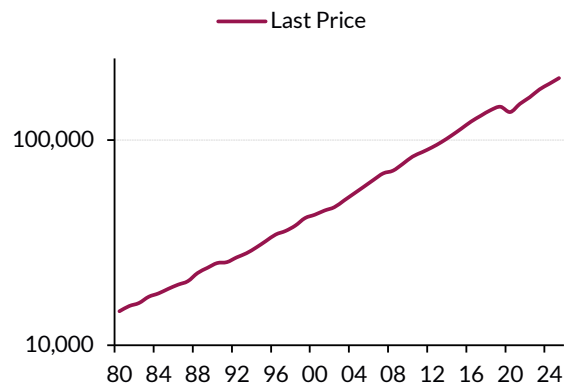
Source: MOSPI, Axis Bank Research

Exhibit 27: Global GDP (USD bn) – losses during episodes have tended to be permanent



Source: IMF, Axis Bank Research

Exhibit 28: India GDP (Rs. Bn) also has a loss around the pandemic – this is likely to be permanent



Source: IMF, Axis Bank Research

Global: Higher for longer in fiscal, rates

The mix of high defence spending, reduced savings, segmented capital markets, political fluidity, and generalised uncertainty has raised both neutral rates and term premium, perhaps to levels seen before the end of the Cold War. Higher for longer has been a catchphrase for some time, but is now likely to ring true across metrics of global fiscal trends, inflation and rates.

Lower for longer was an aberration

The period of lower for longer rates was clearly unsustainable politically – this was driven by rising global savings with transfer of global GDP growth to China (with a high savings rate increasing global savings), while fiscal retrenchment across countries led to a glut. This drove asset prices higher and yields lower, while absence of consumption demand growth for goods and services kept inflation low. The combination of higher asset prices and slower income growth drove rising inequality and affordability issues, leading to political outcomes seen over the past 10 years. From this point of view, the high-savings China-driven growth model was already in the past, with fiscal spending finding some success at winning elections in the broader world.

Higher for longer also means slower growth, harder to get capital, lower private sector initiative

With lower for longer politically and geopolitically untenable, both neutral rates and term premia are likely to be higher. With this, and with segmented markets for both goods and capital, it is likely that global potential growth is likely to be lower. With higher rates and segmented capital markets, limited access to capital is also likely to limit incentives for private sector growth, with government directed growth likely to be seen as per past cycles. This fits in neatly with our expectations of greater industrial policy use over time.

Appendices – recent India and global macro prints

Exhibit 29: India extract of high-frequency leading indicators – growth remains in good shape

Leading Indicator	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Gol Spends (Ex. Interest) (INR value)	26%	11%	15%	5%	-16%	8%	-19%	11%	-15%	-14%	13%	
GST collections (value in INR)	13%	16%	6%	8%	6%	9%	5%	-7%	6%	-1%	0%	2%
Rail Freight (weight)	7%	-1%	2%	1%	8%	4%	2%	4%	6%	2%	-3%	
Port Cargo (weight)	7%	4%	6%	4%	3%	11%	12%	15%	13%	8%	3%	1%
Passenger traffic: All airports	10%	2%	4%	-1%	1%	-1%	5%	-13%	-3%	-17%	0%	
Cargo traffic: All airports	11%	5%	0%	4%	5%	3%	-2%	16%	10%	9%	18%	
Hotel revenue per room	20%	5%	9%	0%	4%	8%	10%	14%	5%	4%	13%	
PMI Services	59.1	58.8	60.7	60.5	62.9	60.9	58.9	59.8	58.0	58.5	58.4	57.5
Non-food credit growth YoY%	10%	9%	9%	10%	9%	11%	11%	11%	14%	14%	15%	
Credit to industry YoY%	7%	5%	4%	6%	7%	7%	11%	11%	14%	13%	15%	
Credit to wholesale & retail trade YoY%	14%	11%	10%	13%	12%	12%	14%	14%	17%	16%	14%	
Credit to NBFCs YoY%	4%	0%	4%	3%	3%	4%	11%	9%	15%	18%	21%	
Unsecured Household credit	9%	9%	9%	8%	8%	8%	12%	9%	10%	11%	12%	
CV registrations (FADA) (units)	4%	-9%	38%	-5%	3%	-3%	14%	16%	16%	8%	1%	8%
Diesel Consumption (volume)	4%	2%	2%	2%	1%	7%	0%	5%	5%	3%	4%	8%
Petrol Consumption (volume)	5%	9%	7%	6%	5%	8%	7%	3%	7%	6%	8%	8%
Electricity Consumption (units)	2%	-5%	-2%	5%	4%	3%	-6%	3%	6%	4%	1%	1%
Tractor Sales (TMA) (Volume)	8%	9%	10%	8%	28%	45%	15%	30%	37%	43%	34%	
All India retail sales (RAI) YoY%	4%	5%	8%	8%	8%	11%	11%	10%	10%	10%	10%	10%
Vehicle Registrations (VAHAN) (volume)	940%	6%	6%	-4%	4%	6%	42%	3%	15%	18%	25%	24%
PV registration (FADA) (units)	4%	0%	6%	3%	5%	9%	15%	22%	29%	10%	-15%	26%
2-Wh registration (FADA) (units)	-8%	8%	5%	-6%	3%	7%	53%	-3%	10%	21%	11%	29%
Total Exports (Ex Oil, Gold)	13%	8%	4%	12%	4%	9%	1%	13%	-1%	15%	16%	
Total Imports (Ex Oil, Gold)	15%	9%	2%	9%	-1%	12%	9%	7%	7%	7%	15%	
Cement Prodn (weight)	6%	10%	8%	12%	5%	5%	5%	15%	13%	11%	9%	
Steel Prodn (weight)	4%	7%	10%	17%	14%	14%	6%	7%	7%	10%	7%	
Coal Prodn (weight)	3%	3%	-7%	-12%	11%	-1%	-9%	2%	4%	3%	2%	
IIP (Index)	3%	2%	2%	4%	4%	5%	1%	7%	8%	5%	5%	
IIP capital goods	14%	13%	3%	7%	4%	5%	2%	10%	8%	4%	12%	
PMI Manufacturing	58.4	57.6	58.4	59.1	59.3	57.7	59.2	56.6	55.0	55.4	57.5	53.9
Core IIP YoY%	1%	1%	2%	4%	7%	3%	0%	2%	4%	4%	4%	4%
FASTag Payments	22%	20%	18%	20%	26%	20%	9%	16%	11%	9%	5%	2%
E-way Bills No.	23%	19%	19%	25%	22%	21%	8%	28%	24%	16%	11%	
MNREGA - Persons Demanded Work (Cr)	2.73	3.79	3.55	2.02	1.42	1.39	1.28	1.47	1.84	2.03	2.37	1.84
Naukri Jobspeak Index	9%	0%	11%	7%	3%	10%	-9%	23%	13%	3%	12%	9%
UPI (value)	22%	23%	20%	22%	21%	21%	16%	22%	20%	21%	22%	15%

Source: Multiple data sources available on request, Axis Bank Research

Exhibit 30: US activity prints – Apart from precautionary activity around the war, conditions are mixed

Growth	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
GDP QoQ saar	31-Dec-25	0.5	0.7	4.4	4.4	3.8	1.9
Personal consumption	31-Dec-25	1.9	2.0	3.5	3.5	2.5	3.9
Goods	31-Dec-25	0.3		3.0	3.0	2.2	6.9
Services	31-Dec-25	2.7		3.6	3.6	2.6	2.5
Fixed investment	31-Dec-25	1.5		0.8	0.8	4.4	(1.9)
Nonresidential	31-Dec-25	2.4		3.2	3.2	7.3	(3.7)
Residential	31-Dec-25	(1.7)		(7.1)	(7.1)	(5.1)	4.3
Government	31-Dec-25	(5.6)		2.2	2.2	(0.1)	3.3
Exports	31-Dec-25	(3.2)		9.6	9.6	(1.8)	(0.9)
Imports	31-Dec-25	(1.0)		(4.4)	(4.4)	(29.3)	(0.2)
ISM Manufacturing PMI	31-Mar-26	52.7	52.3	52.4	47.9	48.9	48.9
New orders	31-Mar-26	53.5	54.5	55.8	47.4	48.7	45.6
ISM Non-manufacturing PMI	31-Mar-26	54.0	54.9	56.1	53.8	50.3	50.8
New orders	31-Mar-26	60.6	56.8	58.6	56.5	51.1	50.9
S&P Global manufacturing PMI	31-Mar-26	49.8	51.1	51.7	52.5	54.2	54.4
S&P Global services PMI	31-Mar-26	52.3	52.4	51.6	51.8	52.0	50.2
Factory orders	31-Jan-26	0.1	0.1	(0.4)	(1.2)	(1.3)	0.3
Durable goods orders	31-Jan-26	(0.5)	0.0	(0.9)	(2.1)	(2.8)	0.2
ex auto	31-Jan-26	0.3	0.4	1.2	0.2	0.9	0.3
Cap goods nondef ex air	31-Jan-26	(0.4)	0.0	0.8	0.5	0.7	1.8
Industrial production	28-Feb-26	0.2	0.1	0.7	0.2	(0.3)	1.0
Manufacturing	28-Feb-26	0.2	0.1	0.8	0.3	0.0	1.3
Capacity utilisation	28-Feb-26	76.3	76.2	76.3	75.6	76.1	76.3
Retail Sales	28-Feb-26	0.6	0.5	(0.1)	0.5	0.5	0.1
ex auto	28-Feb-26	0.5	0.3	0.0	0.4	0.6	0.7
Personal income	28-Feb-26	(0.1)	0.3	0.4	0.3	0.5	0.5
Disposable income	28-Feb-26	(0.1)		0.9	0.3	0.5	0.5
Personal consumption expenditure	28-Feb-26	0.5	0.6	0.3	0.3	0.6	0.3
Atlanta Fed GDP Nowcast	9-Apr-26	1.3	0.0	2.1	5.4	3.8	(2.4)

Source: Bloomberg, Axis Bank Research

Exhibit 31: US labour prints – Labour markets mixed

Labour	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
Non farm payrolls	31-Mar-26	178.0	65.0	(133.0)	(17.0)	76.0	67.0
Unemployment rate	31-Mar-26	4.3	4.4	4.4	4.4	4.4	4.2
U6 broad unemployment rate	31-Mar-26	8.0		7.9	8.4	8.1	7.9
Average hourly earnings MoM	31-Mar-26	0.2	0.3	0.4	0.1	0.2	0.5
JOLTS job openings	28-Feb-26	6,882.0	6,890.0	7,240.0	6,846.0	6,919.0	7,242.0
Openings rate	28-Feb-26	4.2		4.4	4.1	4.2	4.4
Hire rate	28-Feb-26	3.1		3.4	3.2	3.2	3.3
Seperations rate	28-Feb-26	3.1		3.2	3.2	3.3	3.3
Quits rate	28-Feb-26	1.9	2.0	2.0	2.0	2.0	2.0
Initial jobless claims	27-Mar-26	203.0	212.0	214.0	203.0	225.0	220.0
4 week ma	3-Apr-26	209.5		211.5	212.3	227.5	223.0
Continuing claims	20-Mar-26	1,832.0	1,836.5	1,871.0	1,860.0	1,921.0	1,889.0

Source: Bloomberg, Axis Bank Research

Exhibit 32: US housing prints – conditions again mixed

Housing	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
Existing home sales	28-Feb-26	1.7	(0.8)	(5.9)	(0.5)	0.0	1.5
New home sales	31-Dec-25	(6.8)	0.0	17.5	1.8	5.6	6.4
Pending home sales	28-Feb-26	1.8	(0.6)	(1.0)	2.1	2.6	2.1
Housing starts	31-Jan-26	1,487.0	1,341.0	1,387.0	1,272.0	1,420.0	1,358.0
Building permits	31-Jan-26	1,386.0	1,380.0	1,455.0	1,411.0	1,362.0	1,460.0
NAHB homebuilder confidence	31-Mar-26	38.0	37.0	37.0	39.0	32.0	39.0
MBA mortgage applications	3-Apr-26	(0.8)		(10.4)	0.3	9.4	20.0
FRM 30y	3-Apr-26	6.5		6.6	6.3	4.5	6.6
FRM 15y	3-Apr-26	5.9		5.9	5.6	3.5	5.9
ARM 5y	3-Apr-26	5.6		5.7	5.9	3.1	5.9

Source: Bloomberg, Axis Bank Research

Exhibit 33: US sentiment prints – Confidence is roundly lower given war

Sentiment	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
University of Michigan consumer confidence	31-Mar-26	53.3	54.0	56.6	52.9	55.1	57.0
Current conditions	31-Mar-26	55.8	56.9	56.6	50.4	60.4	63.8
Expectations	31-Mar-26	51.7	50.9	56.6	54.6	51.7	52.6
Conference board consumere confidence	31-Mar-26	91.8	87.9	91.0	94.2	95.6	93.9
NFIB small business optimism	28-Feb-26	98.8	99.6	99.3	99.0	100.8	100.7
Conference board LEI	31-Jan-26	(0.1)	(0.1)	(0.2)	(0.2)	0.0	(0.2)

Source: Bloomberg, Axis Bank Research

Exhibit 34: US inflation prints – Services inflation appears supported

Inflation	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
CPI inflation YoY	31-Mar-26	3.3	3.4	2.4	2.7	3.0	2.4
ex food and energy	31-Mar-26	2.6	2.7	2.5	2.6	3.0	2.8
PPI inflation YoY	28-Feb-26	3.4	3.0	2.9	3.0	2.7	3.4
ex food and energy	28-Feb-26	3.9	3.7	3.5	3.0	2.9	3.7
ISM manufacturing prices	31-Mar-26	78.3	74.0	70.5	58.5	61.9	69.4
ISM non-manufacturing prices	31-Mar-26	70.7	67.0	63.0	65.1	68.5	61.4
Import price index YoY	28-Feb-26	1.3	0.4	0.3	(0.1)	(0.3)	1.7
ex petroleum	28-Feb-26	2.8		1.7	0.7	0.6	1.9
Export price index YoY	28-Feb-26	3.5		2.6	3.3	3.2	2.7
PCE deflator YoY	28-Feb-26	2.8	2.8	2.8	2.8	2.7	2.7
ex food and energy	28-Feb-26	3.0	3.0	3.1	2.8	2.9	3.0
University of Michigan inflation exp 1y	31-Mar-26	3.8	3.6	3.4	4.2	4.7	5.0
University of Michigan inflation exp 5-10y	31-Mar-26	3.2	3.5	3.3	3.2	3.7	4.1
GDP deflator YoY	31-Dec-25	3.3		3.0	3.0	2.5	2.5
US 5y5y breakeven yield	10-Apr-26	2.2		2.2	2.3	2.3	2.2

Source: Bloomberg, Axis Bank Research

Exhibit 35: Eurozone activity prints – Conditions here also are mixed ahead of the war

Activity	Period	Reading	Expected	Previous	6m ago	1y ago
Retail sales, MoM sa	28-Feb-26	(0.2)	(0.2)	(0.1)	(0.1)	0.2
Non food	28-Feb-26	(0.6)		0.8	0.5	0.2
Industrial production MoM swda Eurozone	31-Jan-26	(1.5)	0.6	(0.5)	0.5	1.0
Mining	31-Jan-26	(6.7)		1.9	(0.5)	(4.3)
Manufacturing	31-Jan-26	(2.3)		(0.6)	0.9	1.4
Electricity	31-Jan-26	5.4		(0.5)	(2.4)	(2.4)
Industrial production MoM swda Germany	28-Feb-26	(0.3)	0.7	0.0	(3.1)	(1.0)
Capital goods	28-Feb-26	0.1		(0.3)	(7.2)	0.4
Intermediate goods	28-Feb-26	0.4		(0.6)	0.1	(0.1)
Consumer durables	28-Feb-26	(2.9)		(1.7)	(4.2)	(0.9)
Consumer non durables	28-Feb-26	(1.3)		(1.1)	(3.7)	(2.7)
Germany industrial orders MoM swda	28-Feb-26	0.9	3.0	(11.1)	(1.7)	(1.7)
Capital goods	28-Feb-26	0.2		(14.9)	(2.9)	(1.3)
Domestic	28-Feb-26	(11.6)		(23.8)	3.1	(1.4)
Exports Eurozone	28-Feb-26	9.3		(14.8)	0.2	(6.4)
Exports ex Eurozone	28-Feb-26	6.6		(4.3)	(9.0)	1.8
Intermediate goods	28-Feb-26	1.4		(5.9)	2.2	(1.7)
Domestic	28-Feb-26	2.7		(4.8)	5.5	(1.6)
Exports Eurozone	28-Feb-26	2.7		(5.9)	(4.6)	(0.4)
Exports ex Eurozone	28-Feb-26	(2.2)		(7.5)	2.4	(3.0)
Consumer goods	28-Feb-26	4.5		(1.9)	(7.3)	(6.1)
Domestic	28-Feb-26	10.5		5.6	(2.8)	(3.0)
Exports Eurozone	28-Feb-26	6.5		5.2	(10.5)	(14.1)
Exports ex Eurozone	28-Feb-26	(4.0)		(13.7)	(9.7)	(2.1)
Composite PMI	31-Mar-26	50.7	50.5	51.9	51.2	50.9
Manufacturing PMI	31-Mar-26	51.6	51.4	50.8	49.8	48.6
Germany	31-Mar-26	52.2	51.7	50.9	49.5	48.3
France	31-Mar-26	50.0	50.2	50.1	48.2	48.5
Services PMI	31-Mar-26	50.2	50.1	51.9	51.3	51.0
Germany	31-Mar-26	50.9	51.2	53.5	51.5	50.9
France	31-Mar-26	48.8	48.3	49.6	48.5	47.9
EC Survey						
Industry						
Past production	31-Mar-26	(0.1)		(0.2)	(3.7)	(6.5)
Expected production	31-Mar-26	7.3		8.1	6.4	4.2
Order book	31-Mar-26	(19.3)		(21.1)	(26.3)	(26.4)
Services						
Past demand	31-Mar-26	6.2		5.7	2.8	5.2
Expected demand	31-Mar-26	8.6		9.7	10.4	6.9
Retail						
Past activity	31-Mar-26	(2.6)		(2.5)	(4.1)	(1.0)
Expected activity	31-Mar-26	(6.6)		0.4	(2.4)	(3.9)
Construction						
Past activity	31-Mar-26	(2.2)		(2.7)	(2.3)	(3.1)
Order book	31-Mar-26	(9.6)		(10.0)	(12.3)	(11.0)

Source: Bloomberg, Axis Bank Research

Exhibit 36: Eurozone labour prints – numbers remain middling

Labour	Period	Reading	Expected	Previous	6m ago	1y ago
Unemployment rate	28-Feb-26	6.2	6.1	6.1	6.3	6.3
Employment costs YoY	31-Dec-25	3.3		3.4	3.9	3.7
Consumer confidence unemployment expectatic	31-Mar-26	26.6		23.7	25.7	23.4
Industry survey employment expectations	31-Mar-26	(3.4)		(3.5)	(4.1)	(5.3)
Services survey employment expectations	31-Mar-26	26.6		23.7	25.7	23.4
Retail survey employment expectations	31-Mar-26	(3.7)		(1.4)	(3.8)	(2.5)
Construction survey employment expectations	31-Mar-26	5.6		5.7	6.3	4.7

Source: Bloomberg, Axis Bank Research

Exhibit 37: Eurozone sentiment prints – indicators post war are downbeat

Sentiment	Period	Reading	Expected	Previous	6m ago	1y ago
Business climate indicator	31-Mar-26	(0.3)		(0.4)	(0.7)	(0.7)
Economic Sentiment	31-Mar-26	96.6	96.7	98.2	96.1	95.8
Manufacturing confidence	31-Mar-26	(7.0)	(8.0)	(7.2)	(9.9)	(10.3)
Services confidence	31-Mar-26	4.9	4.0	5.0	4.1	3.6
Consumer confidence	31-Mar-26	(16.3)		(12.3)	(13.4)	(13.2)
Retail confidence	31-Mar-26	(7.2)		(5.2)	(7.6)	(6.5)
Construction confidence	31-Mar-26	(2.0)		(2.2)	(3.0)	(3.1)
Sentix investor confidence	30-Apr-26	(19.2)	(8.0)	(3.1)	(5.4)	(19.5)
Current situation	30-Apr-26	(22.8)		(9.5)	(16.0)	(23.3)
Expectations	30-Apr-26	(15.5)		3.5	5.8	(15.8)
Eurozone ZEW expectations	31-Mar-26	(8.5)		39.4	26.1	39.8
Current situation	31-Mar-26	(29.9)		(13.6)	(28.8)	(45.2)
Germany ZEW expectations	31-Mar-26	(0.5)	39.2	58.3	37.3	51.6
Current situation	31-Mar-26	(62.9)	(68.0)	(65.9)	(76.4)	(87.6)
Germany GfK consumer climate	30-Apr-26	(28.0)	(27.3)	(24.8)	(22.5)	(24.3)
Germany Ifo business climate	31-Mar-26	86.4	86.3	88.4	87.6	86.8
Current situation	31-Mar-26	86.7	86.2	86.7	85.7	85.7
Expectations	31-Mar-26	86.0	86.0	90.2	89.6	88.0

Source: Bloomberg, Axis Bank Research

Exhibit 38: Eurozone inflation prints – uptick seen after the war

Inflation	Period	Reading	Expected	Previous	6m ago	1y ago
CPI inflation MoM sa	31-Mar-26	1.2	1.2	0.6	0.1	0.6
ex energy, food, alcohol, tobacco	31-Mar-26	0.8		0.8	0.1	1.0
Services inflation	31-Mar-26	0.3		0.8	(0.9)	0.4
Germany	31-Mar-26	1.1	1.1	0.2	0.2	0.3
ex energy, food	31-Mar-26	0.6		0.3	0.3	0.6
Services ex rent	31-Mar-26	0.6		0.6	0.0	0.6
France	28-Feb-26	0.2		(0.1)	0.0	(0.4)
Italy	31-Mar-26	0.5	0.5	0.7	(0.2)	0.3
Spain	31-Mar-26	1.0	1.0	0.4	(0.3)	0.1
PPI inflation MoM sa	28-Feb-26	(0.6)	(0.6)	0.7	(0.4)	0.3
ex construction & energy	28-Feb-26	0.2		0.5	0.0	0.3
Energy	28-Feb-26	(2.5)		1.3	(1.5)	0.6
Import inflation MoM sa	28-Feb-26	0.5		0.8	(0.6)	0.3
Expected Industry selling prices	31-Mar-26	(7.0)	(8.0)	(7.2)	(9.9)	(10.3)
Expected services selling prices	31-Mar-26	14.7		13.9	12.2	13.9
Expected retail selling prices	31-Mar-26	19.8		17.2	16.9	16.5
Expected construction selling prices	31-Mar-26	10.8		6.6	4.6	3.2
Consumer confidence past price evolution	31-Mar-26	47.5		45.8	47.6	49.0
Consumer confidence future price evolution	31-Mar-26	43.4		26.2	25.0	25.1
Germany 5y5y inflation breakeven	10-Apr-26	2.0		2.0	2.0	2.0

Source: Bloomberg, Axis Bank Research

Exhibit 39: Japan activity prints – trends are mixed

Growth	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
GDP QoQ sa	31-Dec-25	0.3	0.3	(0.7)	(0.7)	0.6	0.5
HFCE	31-Dec-25	1.0		1.9	1.9	0.8	0.2
Private residential investment	31-Dec-25	21.0		(29.7)	(29.7)	0.2	2.5
Private nonresidential investment	31-Dec-25	5.4		0.0	0.0	4.8	(2.2)
GFCE	31-Dec-25	0.7		(0.5)	(0.5)	2.1	(0.7)
Public investment	31-Dec-25	(2.0)		(5.2)	(5.2)	0.8	(2.1)
Exports	31-Dec-25	(1.4)		(5.5)	(5.5)	7.9	7.0
Imports	31-Dec-25	(1.3)		(0.5)	(0.5)	5.7	(7.3)
Industrial production MoM sa	28-Feb-26	(2.1)	(2.0)	4.3	(2.0)	(1.3)	0.1
Machinery orders MoM sa	31-Jan-26	(2.0)		19.8	(5.0)	(2.8)	10.5
Private sector ex volatile items	31-Jan-26	(5.5)	(9.6)	16.1	5.8	(3.2)	(2.0)
Manufacturing PMI	31-Mar-26	51.6		53.0	50.0	48.5	48.4
Services PMI	31-Mar-26	53.4		53.8	51.6	53.3	50.0
Retail Sales MoM sa	28-Feb-26	(2.0)	(1.0)	3.0	0.7	(0.2)	0.0
Wholesale sales MoM sa	28-Feb-26	(1.2)		4.3	(1.6)	(0.7)	0.5
Disposable personal income nominal	30-Sep-25	132.3		132.0	132.0	131.7	131.2
Real	30-Sep-25	115.6		115.9	115.9	116.3	117.7
Consumer spending nominal	28-Feb-26	116.4		117.1	116.0	114.8	114.7
Real	28-Feb-26	97.9		96.5	101.2	99.8	99.7

Source: Bloomberg, Axis Bank Research

Exhibit 40: Japan labour prints – recovery in earnings

Labour	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
Unemployment rate	28-Feb-26	2.6	2.7	2.7	2.6	2.6	2.4
Jobs/applicants ratio	28-Feb-26	1.2	1.2	1.2	1.2	1.2	1.3
New jobs/applicants ratio	28-Feb-26	2.1		2.1	2.1	2.2	2.3
Labour force participation rate	28-Feb-26	63.5		63.5	64.1	64.0	63.2
Wages YoY	28-Feb-26	3.3	2.7	2.5	1.7	1.3	2.7
Contractual cash earnings	28-Feb-26	3.3		2.9	1.9	1.8	1.4
Non-scheduled cash earnings	28-Feb-26	3.3		3.2	1.2	0.4	2.4
Special cash earnings	28-Feb-26	7.1		(8.6)	(1.5)	(7.8)	74.1
Labour productivity	31-Mar-26	1.0		1.0	1.0	1.0	1.0

Source: Bloomberg, Axis Bank Research

Exhibit 41: Japan sentiment prints – These are stronger across-the-board

Sentiment	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
Tankan							
Actual	31-Mar-26	18.0		17.0	17.0	15.0	15.0
Forecast	31-Mar-26	11.0		11.0	11.0	10.0	10.0
Consumer confidence present	31-Dec-25	(50.4)		(58.7)	(58.7)	(67.0)	(55.9)

Source: Bloomberg, Axis Bank Research

Exhibit 42: Japan inflation prints – some slowdown, but rate hikes still called for

Inflation	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
CPI inflation YoY	28-Feb-26	1.3	1.5	1.5	2.9	2.7	3.7
ex fresh food	28-Feb-26	1.6	1.7	2.0	3.0	2.7	3.0
ex food & energy	28-Feb-26	1.4		1.3	1.6	1.6	1.5
Corporate goods prices	28-Feb-26	2.1	2.2	2.3	2.7	2.6	4.3
Corporate services prices	28-Feb-26	2.7	2.6	2.6	2.7	2.8	3.3
Import price index YoY	31-Mar-26	7.9		2.7	0.2	(1.2)	(2.5)
Export price index YoY	31-Mar-26	13.3		9.7	5.1	9.4	(0.3)
GDP deflator QoQ sa	31-Dec-25	0.5			0.6	4.5	0.6

Source: Bloomberg, Axis Bank Research

Exhibit 43: China activity prints – Some recovery after new year holidays

Growth	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
China GDP YoY	31-Dec-25	4.5	4.5	4.8	4.8	5.2	5.4
Primary	31-Dec-25	4.2		4.0	4.0	3.8	3.9
Secondary	31-Dec-25	3.4		4.2	4.2	4.8	4.9
Tertiary	31-Dec-25	5.2		5.4	5.4	5.7	5.9
Industrial production YTD YoY	28-Feb-26	6.3	5.3	5.9	6.0	6.2	5.9
Electricity production YTD YoY	28-Feb-26	6.1		5.0	5.2	4.6	1.3
Fixed assets investment ex rural YTD YoY	28-Feb-26	1.8	(5.1)	(3.8)	(2.6)	0.5	4.1
Freight traffic	30-Sep-25	5,195.0		5,055.0	4,948.0	5,030.0	4,958.0
Old economy index	28-Feb-26	3.2		1.0	1.3	1.8	(1.3)
New economy index	28-Feb-26	8.8		8.7	7.8	6.2	7.0
Li Ke Qiang index	28-Feb-26	4.3		2.2	4.5	5.1	#N/A
Ratingdog manufacturing PMI	31-Mar-26	50.8	51.5	52.1	50.1	51.2	51.2
Ratingdog services PMI	31-Mar-26	52.1	53.6	56.7	52.0	52.9	51.9
NBS Manufacturing PMI	31-Mar-26	50.4	50.1	49.0	50.1	49.8	50.5
NBS nonmanufacturing PMI	31-Mar-26	50.1	49.9	49.5	50.2	50.0	50.8
China electricity grid investment CNY bn	30-Nov-25	560.4		482.4	379.6	204.0	529.0
China floor space under construction YTD YoY	28-Feb-26	(11.7)		(10.0)	(9.6)	(9.3)	(9.1)
Retail Sales YoY	31-Dec-25	0.9	1.0	1.3	3.0	4.8	3.7
Industrial profits YTD YoY	31-Dec-25	5.3		(13.1)	21.6	(4.3)	11.0
State owned and state shareholding	28-Feb-26	5.3		(3.9)	(1.6)	(1.7)	2.1
Private sector	28-Feb-26	37.2		0.0	(0.1)	3.3	(9.0)
New Yuan loans (CNY bn)	28-Feb-26	900.1		4,710.0	394.0	588.7	1,008.7
Credit/GDP ratio	30-Sep-25	201.4		201.8	201.8	201.9	198.8

Source: Bloomberg, Axis Bank Research

Exhibit 44: China housing prints – Continued contraction ties up savings, caps consumption growth

Housing	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
China house price index 70 city	28-Feb-26	(3.5)		(3.3)	(2.8)	(3.0)	(5.2)
First tier	28-Feb-26	(2.2)		(2.1)	(1.3)	(0.9)	(3.0)
Second tier	28-Feb-26	(3.1)		(2.9)	(2.2)	(2.3)	(4.7)
Third tier	28-Feb-26	(4.0)		(3.9)	(3.5)	(3.8)	(6.0)
Average price per square meter 30 city	31-Dec-25	(4.4)		(0.0)	0.1	(1.4)	0.3

Source: Bloomberg, Axis Bank Research

Exhibit 45: China inflation prints – Recovery on war effects

Inflation	Period	Reading	Expected	Previous	3m ago	6m ago	1y ago
CPI inflation YoY	31-Mar-26	1.0	1.1	1.3	0.8	(0.3)	(0.1)
ex food and energy	31-Mar-26	1.1		1.8	1.2	1.0	0.5
Services	31-Mar-26	0.8		1.6	0.6	0.6	0.3
PPI output inflation YoY	31-Mar-26	0.5	0.4	(0.9)	(1.9)	(2.3)	(2.5)
Input prices	31-Mar-26	0.8		(0.7)	(2.1)	(3.1)	(2.4)

Source: Bloomberg, Axis Bank Research

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