MONTHLY UPDATE
APRIL 2026

25 YEARS
Protecting India with Pride

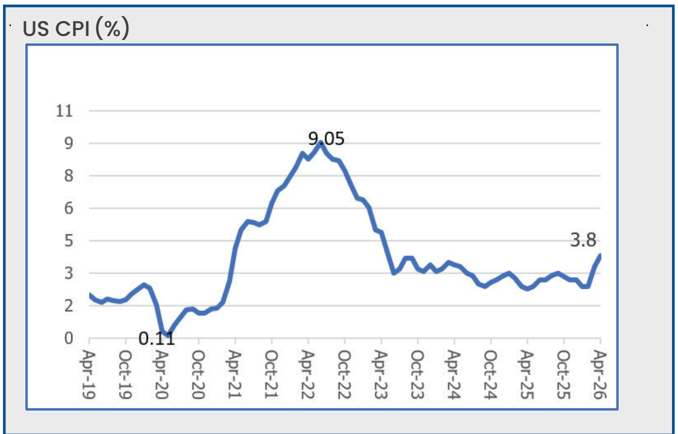
HDFC Life
Sar utha ke jiyo!

Market Outlook

HDFC Life – Monthly Update (May 2026)

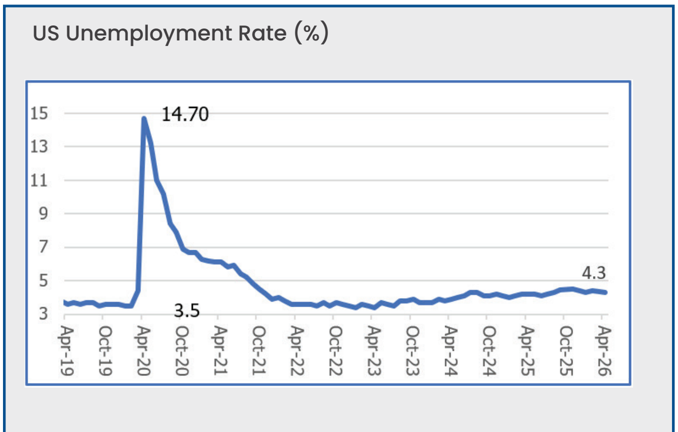
Global Macro Review

US CPI (%)



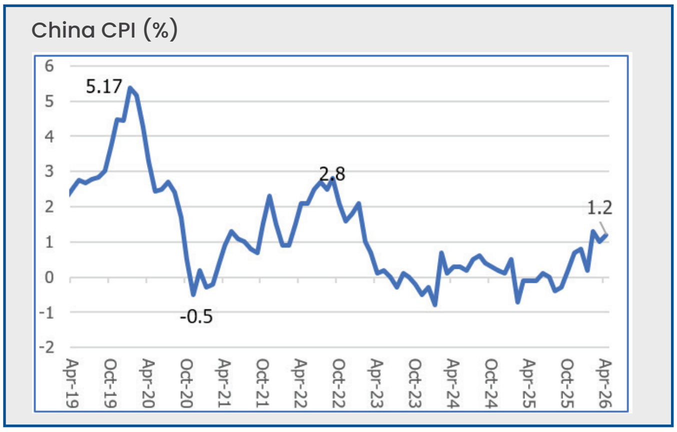
- US CPI for April came in slightly above expectations at 3.8% vs expectations of 3.7%, largely driven by shelter cost. Core inflation rose 0.37% MoM vs 0.3% expectation.

US Fed Fund Rate (%)



- The NFP employment rose by 115k in April vs 65k expected, led by sharp jump in private and services employment, though the unemployment rate remained flat at 4.3%, due to fall in participation rate from 61.9% to 61.8%. The volatiltiy in participation rates is the key source of voaltilty in unemployment and any rise in participation may lead to rise in unemployment rate. However, the overall data suggests that the labor market continues to remain stable giving the Fed, confidence to remain in a wait and watch mode.

China CPI (%)

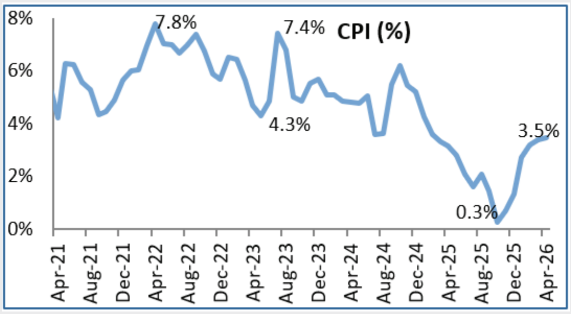


- China's CPI came at 1.2% YoY in April vs 0.8% expected, largely driven by rise in energy price and services, while core good inflation softened reflecting limted pass through due to subdued demand. Growth in the Chinese economy picked up from 4.5% in Q4 2025 to 5% in Q1 2026 supported by robust exports and a seasonal step-up in government spending on infrastructure, while private demand continued to remain weak and property sector continues to face headwinds. The sharp rise in energy prices and commodity prices could work to push PPI and CPI indices higher, although structural deflation pressures could continue from the persistence of demand-supply imbalances.

India Macro Review

CPI Inflation (%)

CPI Inflation %



Source: MOSPI

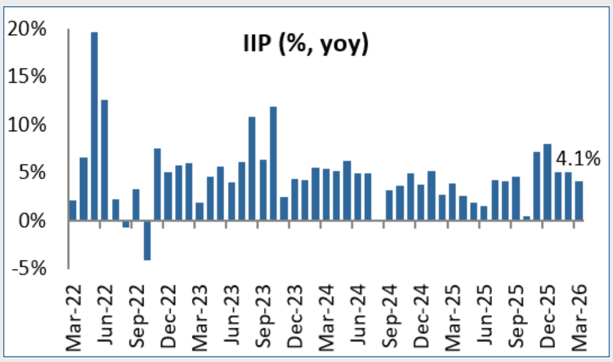
- Inflation (CPI) for Apr'26 showed marginal pick up to 3.5% vs. 3.4% in Mar'26 as food CPI stood at 4.0% in Apr'26 from 3.7% inflation in Mar'26

.

- Core CPI exlcuding food and fuel remained stable at 3.3% in Apr'25.

Industrial Production Index (IIP)

Industrial Production Index (IIP)

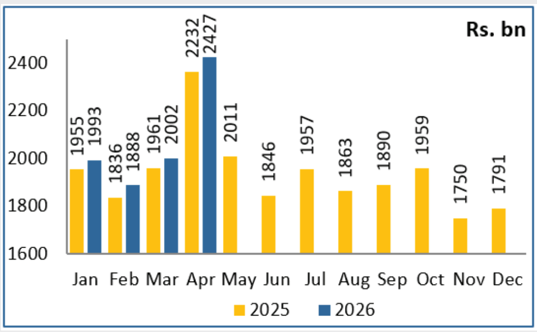


- Industrial Production (IIP) growth for Mar'26 marginally slowed to 4.1% vs. 5.1% in Feb'26 due to slowdown in growth of Electricity output to 0.8% in Mar'26 vs. 2.3% in Feb'26 and Manufacturing to 4.3% in Mar'26 vs. 5.9% growth in Feb'26. Mining growth picked up to 5.5% in Mar'26 vs. 3.1% growth in Feb'26.

- The Industrial production index has been volatile and it is difficult to draw a trend from the same.

GST Collection (Rs. bn)

GST Collection (Rs. bn)

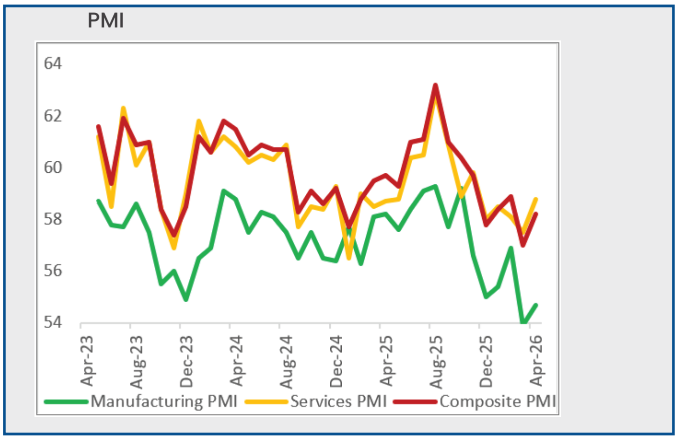


- GST revenues for the month of Apr'26 came to Rs. 2.43tn showing a 8.7% YoY growth vs. Rs. 2.23tn in Apr'25.

- Within GST collection, growth was led by IGST at 12.1% yoy, followed by growth in CGST and SGST by 7.2% yoy and 3.3% yoy respectively in Apr'26.

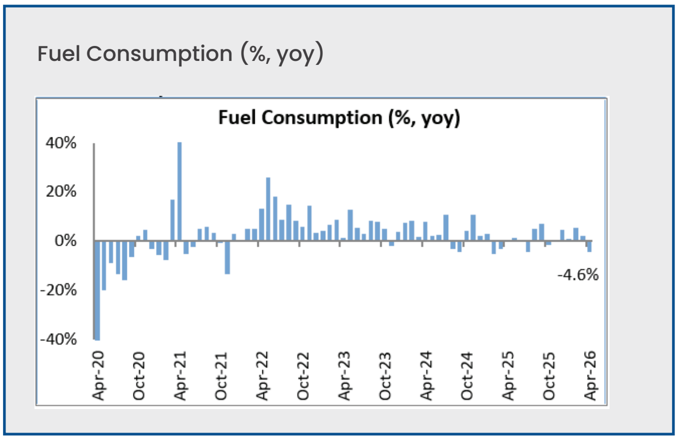
India Macro Review

PMI



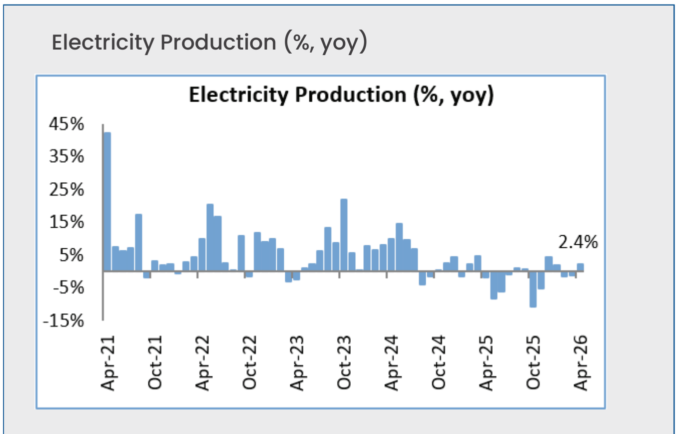
- PMI (manufacturing) picked up to 54.7 in Apr'26 vs. 53.9 in Mar'26. PMI (Services) also witnessed a pick-up to 58.8 in Apr'26 from 57.5 in Mar'26.
- Notably, PMI continuing in the expansion zone (>=50) indicates the continued strength in orders pipeline and production, despite a slowdown seen in the exports.

Fuel consumption YoY Growth (%)



- Fuel consumption witnessed major contraction to 4.6% yoy in Apr'26 vs. 2.2% yoy slowdown in Mar'26. Within fuel category, diesel consumption growth slowed down to 0.9% yoy in Apr'26 vs. 8.0% yoy jump in Mar'26. Consumption growth for Petrol also witnessed a slowdown to 6.8% in Apr'26 vs.7.6% growth in Mar'26.

Electricity Production YoY Growth (%)

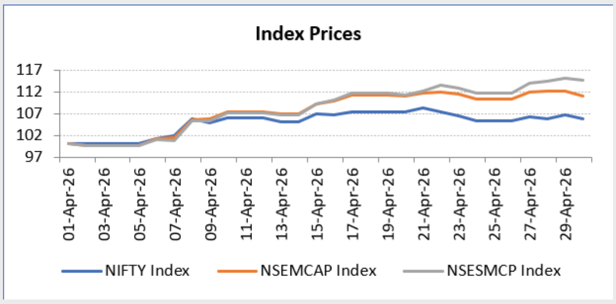


- Electricity production grew 2.4% YoY in Apr'26 vs. - 1.1% YoY contraction in Mar'26.

Equity Outlook and Positioning

Monthly Index performance

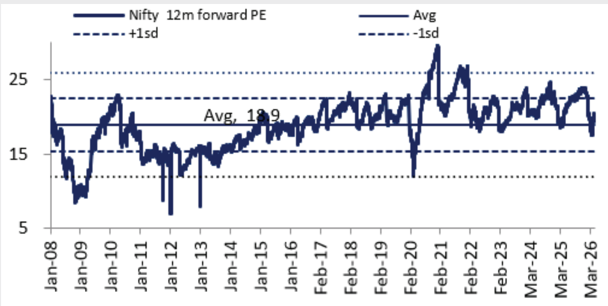
Monthly Index performance



- Equity markets were positive in Apr'26 with small cap indices outperforming midcaps and largecaps. Nifty 50 closed the month up 7.46% while CNX Midcap Index rose 12.67% and Small Cap was up 18.44%.
- All sectoral indices gave positive close for the month with IT and Pharma being worst performers and Metals, FMCG and Power being best performers.

Nifty Valuation (1 year forward PE)

Nifty Valuation (1 year forward PE)

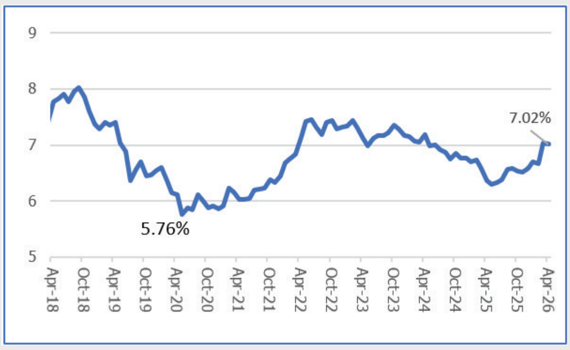


- The ongoing conflict in Middle East and the closure of Gulf of Hormuz has created a major headwind for the Indian equity markets. This action has caused a significant spike in prices of crude Oil and natural gas. This development is materially negative for India's macro-economic stability and outlook because of the impact of higher energy prices on deficits - trade, current account and fiscal, as also on inflation and the Rupee. Higher prices will also impact corporate profitability due to adverse impact on both growth and margins. As a result, the thesis of bottoming out of earnings, driven by a) pickup in domestic consumption post the GST rates rationalization and cuts in personal income tax, b) tailwinds from interest rates cuts and easing of liquidity by the RBI, c) normalization of US' tariffs on Indian exports, d) fillip to exports from the FTAs with several countries including the EU, the UK, Australia and UAE among others, now faces some headwinds

Debt Outlook and Positioning

India 10yr Gsec chart

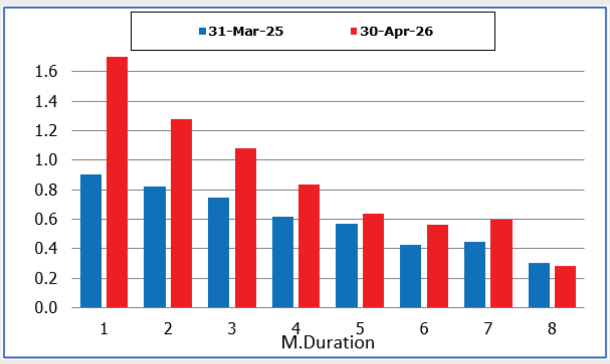
India 10yr Gsec chart



- The US 10 Yr Treasury bond yield (UST) remained range bound (4.22%-4.40%) during the month on hopes of the two-week cease fire announced in April could lead to permanent resolution of the ongoing war. The US 10 yr touched intra-month low of 4.22%, but with the lack of clarity on the cease fire progress led to higher oil price. The 10 yr yield rose from 4.22% and closed at 4.37% for the month.
- The MPC unanimously kept the policy rate unchanged at 5.25%, and the stance at 'Neutral' given the volatile geo-political scenario and the uncertainty about the duration and impact of the same. The CPI estimate for FY27 has been revised higher at 4.6%, with risks biased towards the upside given the volatility in oil prices and geo-political scenario.

AAA Curve movement (%)

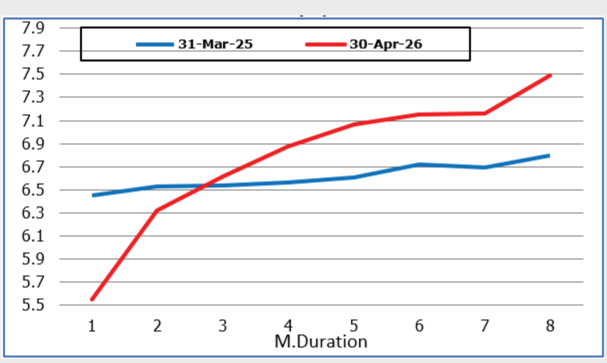
AAA Spreads



- In India, the 10yr bond yield traded tracking war headlines and movement in crude prices. The 10 yr yield touched intra month low of 6.85% on news of cease fire and sharp fall in oil prices. However the re-escalation of hostilities, by end of the month led to sharp rise in oil prices, and bonds retraced higher, giving up all the gains with the 10 yr closing almost flat at 7.02% for the month.
- The impact of the higher oil prices has, till date, been absorbed by the Government, through a cut in excise duties on fuels, subsidies for fertilizers, and by the Oil marketing companies. However, retail prices of fuels are also likely to be raised, passing on some of the costs to the consumers directly. The direct and the indirect impact of the elevated energy prices on inflation, are likely to be visible in the coming months.

G Sec Curve Movement (%)

G Sec Curve Movement



Apart from inflation, the Government's fiscal deficit is also likely to see some strain. Both these factors are expected to keep domestic bond yields under pressure. Meanwhile, economic growth is also likely to be impacted due to higher energy prices. The softening of growth outlook may restrain RBI from taking interest rate measures in the backdrop of higher inflation and a weak currency, keeping policy interest rates at current levels for an extended period. In the absence of rate measures from RBI, bond yields are expected to trade in a range, in the coming months, with an upward bias, though the near-term movements may be dictated by developments in the Middle East.

HDFC Life

Sar utha ke jiyo!

HDFC Life Insurance Company Limited ("HDFC Life"). CIN: L65110MH2000PLC128245, IRDAI Reg. No. 101.
Registered Office: 13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai - 400 011.
Email: service@hdfclife.com, Tel No: 1860-267-9999. Available Mon-Sat from 10 am to 7 pm. (Local charges apply).
DO NOT prefix any country code e.g. +91 or 00, website: www.hdfclife.com