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Sowilo Investment Managers LLP.

Investor Webinar

World: Once the Crisis Settles
Outlook and Opportunities

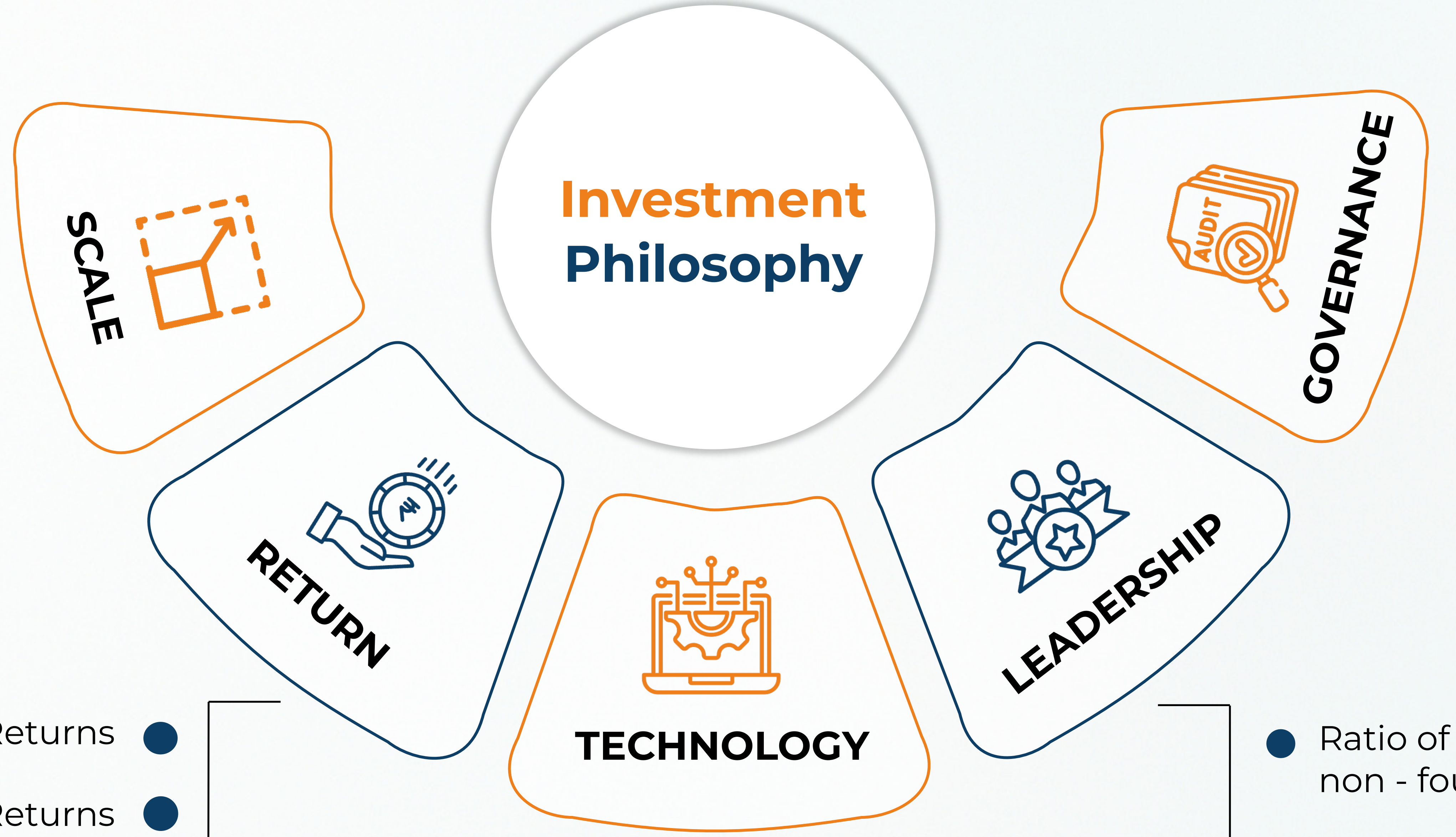
Presented by:
SANDIP AGARWAL
Co-Founder & Fund Manager

July 4th 2026 | Saturday

www.sowilo.co.in

Introduction

Sowilo Investment Managers LLP ("Sowilo") is a boutique asset and wealth management firm catering primarily to Corporate, UHNI, HNI investors and Family offices in domestic as well as offshore markets.



- Market Size
- Leadership Quotient
- Market Pie Growth

- High corporate governance
- No material observations in auditor's notes

- Superior Returns
- Sustainable Returns
- Scope of Incremental ROCE
- Management ROTI (Return on time invested)

- Scope of embedding technology
- Technological edge above competition

- Ratio of founder v/s. non - founder
- Versatility of experience
- Compliance focus

Our Achievements

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3 Years of launch, independent recognition has followed our process, discipline and performance.

THREE-YEAR MILESTONE

3 Years

since the Sowilo PMS strategy launched in June 2023. SEBI-Registered PM, INP000008127.

INDUSTRY STANDING

164th

in India by AUM among PMS providers, reached within our first year (Aug 2024).

PEER RECOGNITION

PMS AIF World

Recognised for process, discipline and performance; into the Two-Year-Plus peer group.

FEATURED · **Finance Outlook India, Top 10 Most Promising PMS Providers**

First Annual Newsletter: we released our first annual newsletter, bringing together the year's market perspec -tives, portfolio insights, and research highlights in one place.

Beyond the desk: a steady investor-webinar cadence through the year, regular research notes, and a presence at the SGCCI & JITO Wealth Expo 2026, Surat.

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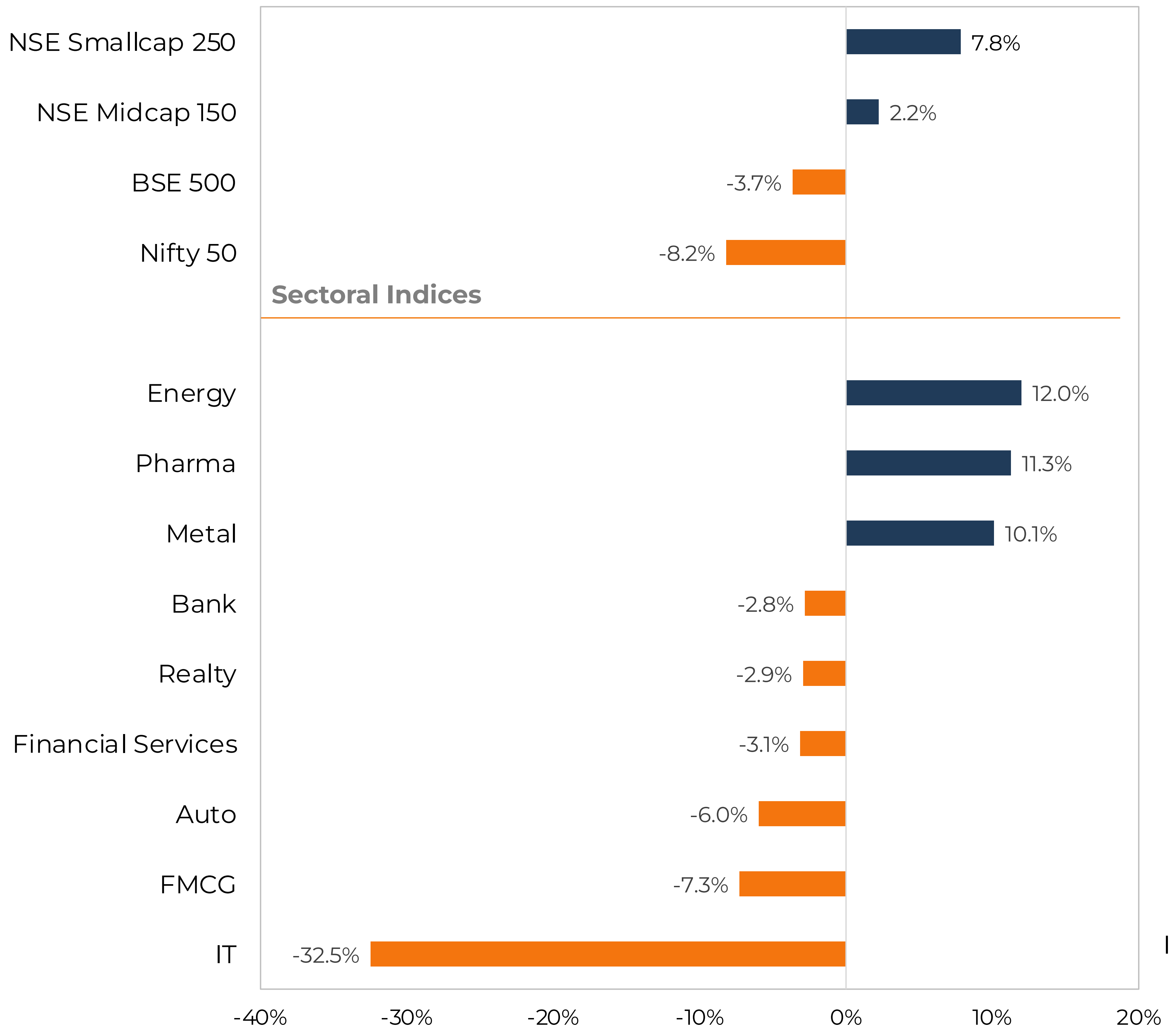
Key Highlights

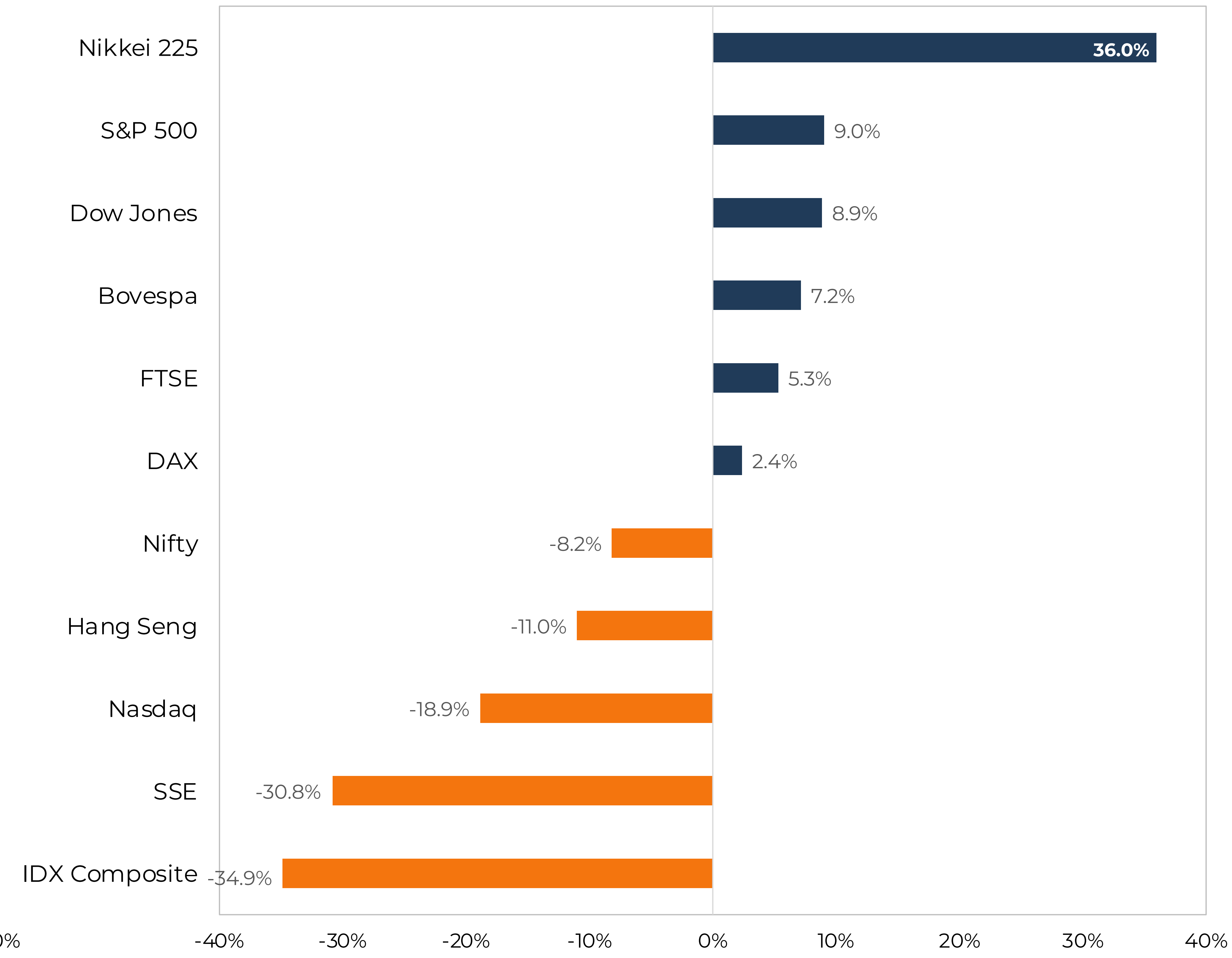
Since We Last Spoke

How Markets & Asset Classes Moved ?

Indian indices performance CY26td



Global indices performance CY26td



Source: Google Finance| Note: Updated as of 30th June 2026

Important Developments Since Last Webinar

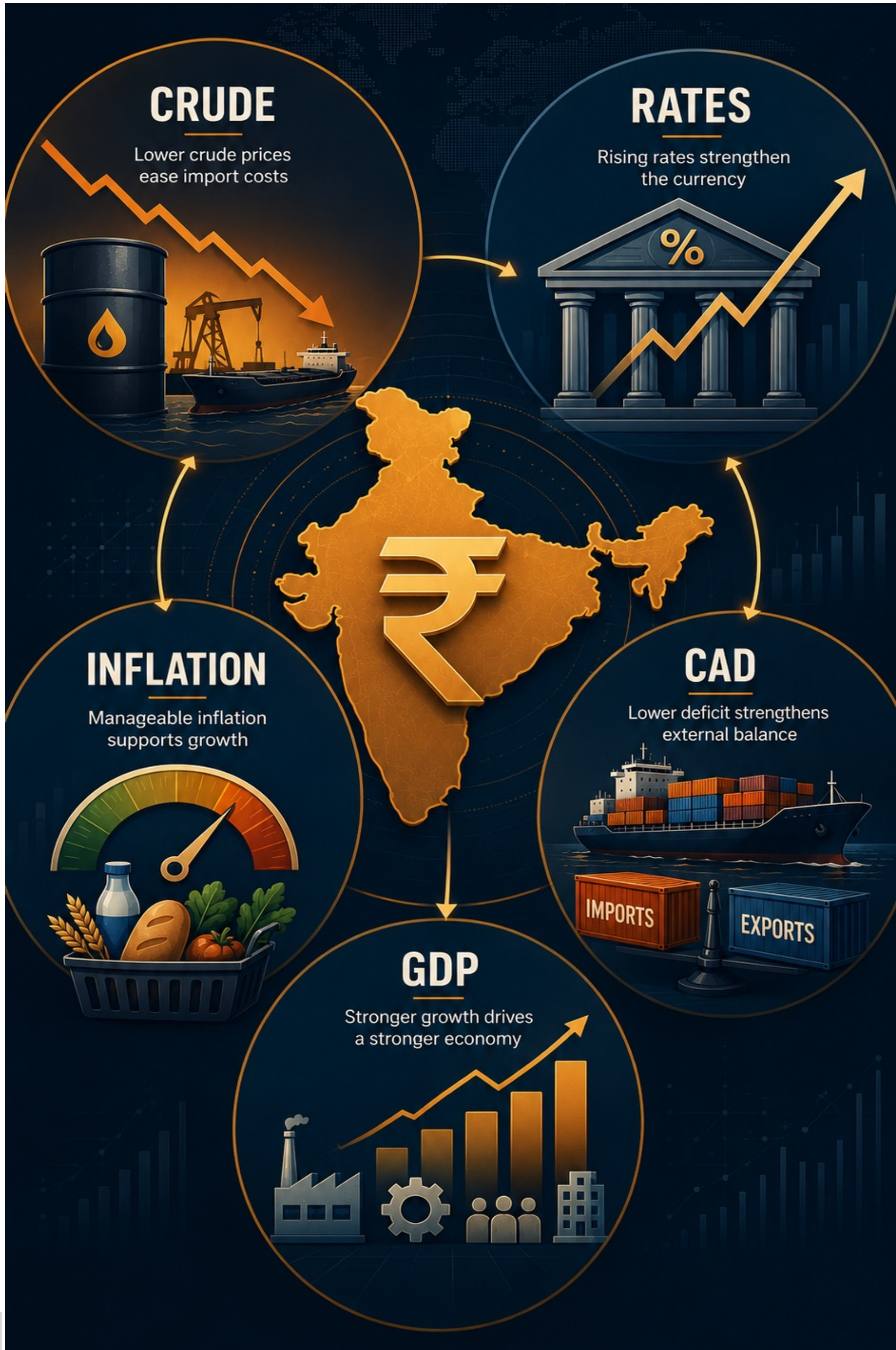
- Crude back to ~USD70/barrel after peaking out at **USD 118-120/bbl, reflecting RE as a more structural theme.** While ceasefire MoU was signed on June 17, situation remains fragile, and Strait of Hormuz (SoH) traffic far lower than pre-war levels. Once, SoH opens up combined with lifting of sanctions on Iranian crude, there is fair chance of over supply and a potential sharp fall in crude prices.

- **US FOMC** | New Fed Chairman **Kevin Warsh** held rates steady but with a **hawkish tone.** He also announced five task forces aimed at overhauling the Fed's core functions, with a greater reliance on real-time data and less emphasis on forward guidance and dot plots.

- The **RBI held the repo rate steady at 5.25%** (June 5) for a third time in a row with a neutral stance, **raising its FY27 inflation forecast to 5.1%** (from 4.6%) and **cutting FY27 GDP growth to 6.6%** (from 6.9%), citing fuel-price pass-through and global uncertainty.

- **El Nino-Led Weak Monsoon Spell** – 42% rain deficit has been recorded in June, marking it as India's 3rd driest in last 100 years. This is weighing on agriculture - **Sowing of kharif crops** including paddy is **down 23% YoY**. This poses significant upside risk to food inflation and thereby overall CPI inflation.

- India's **Q4FY26 current account posted a USD 7.1bn surplus (0.7% of GDP), in line with a seasonally strong quarter that is typically in surplus,** on resilient services exports and remittances, even as the merchandise gap stayed wide. However, the **April trade deficit widened to a record USD 28.4bn** (vs. USD 27.1bn YoY) as the war lifted **oil, fuel, and coal import costs (+10% imports)**; exports also rose **+13.8%** on higher goods prices. Tariffs and elevated crude keep the near-term external picture under pressure, though the **services surplus remains the structural buffer**.



Performance Snapshot

Point to Point Returns

Scheme Wise Performance

SIML · Sowilo Multi Cap Fund Scheme

Diversified equity across large, mid and selective small-caps. As on 30 June 2026, net of fees.

	1M	3M	6M	1Y	2Y	3Y	SINCE INCEP.
SIML portfolio	**4.44%**	**26.90%**	**8.63%**	**6.05%**	**7.14%**	**19.95%**	**20.44%**
S&P BSE 500 TRI	1.73%	12.10%	-3.53%	-1.96%	1.52%	12.53%	**13.44%**
Nifty Smallcap 250 TRI	4.34%	24.14%	6.41%	0.15%	2.36%	19.61%	**20.28%**

20.4%
CAGR · SINCE INCEPTION
Inception 26 Jun 2023

+7.0pp
VS S&P BSE 500 TRI
Since inception

98.1%
EQUITY ALLOCATION
Cash & equiv. 1.9%

3 yrs
TRACK RECORD
Since June 2023

Source: Sowilo scheme performance appraisals as on 30 June 2026: SIML (inception 26 June 2023) and STRA (inception 23 June 2023). Returns net of fees and expenses; periods over one year are annualized (CAGR). Past performance is not indicative of future results.

Scheme Wise Performance

STRA · Sowilo Target Return Aggressive Scheme

Higher-risk: tactical allocation, sector rotation and alpha-focused selection. As on 30 June 2026, net of fees.

	1M	3M	6M	1Y	2Y	3Y	SINCE INCEP.
STRA portfolio	5.13%	26.74%	8.54%	1.06%	3.89%	17.78%	**17.92%**
S&P BSE 500 TRI	1.73%	12.10%	-3.53%	-1.96%	1.52%	12.53%	**13.11%**
Nifty Smallcap 250 TRI	4.34%	24.14%	6.41%	0.15%	2.36%	19.61%	**19.80%**

17.9%

CAGR · SINCE INCEPTION

Inception 23 Jun 2023

+4.8pp

VS S&P BSE 500 TRI

Since inception

96.5%

EQUITY ALLOCATION

Cash & equiv. 3.5%

3 yrs

TRACK RECORD

Since June 2023

Source: Sowilo scheme performance appraisals as on 30 June 2026: SIML (inception 26 June 2023) and STRA (inception 23 June 2023). Returns net of fees and expenses; periods over one year are annualized (CAGR). Past performance is not indicative of future results.

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Tech Update

Developments In The Technology Space

AI: Smarter, Working, and Too Powerful to Release

GPT-5.5 · DeepSeek V4
23-24 Apr

28 May
Claude Opus 4.8

Claude Fable 5 / Mythos 5
9 Jun

26 Jun
GPT-5.6 (preview)

New frontier models now land every few weeks, not once a year

1 day — work that had taken a team **two months**, done by Claude Fable 5

30,000+ — **BMWs** built with Figure's human-shaped robots

Too powerful to release

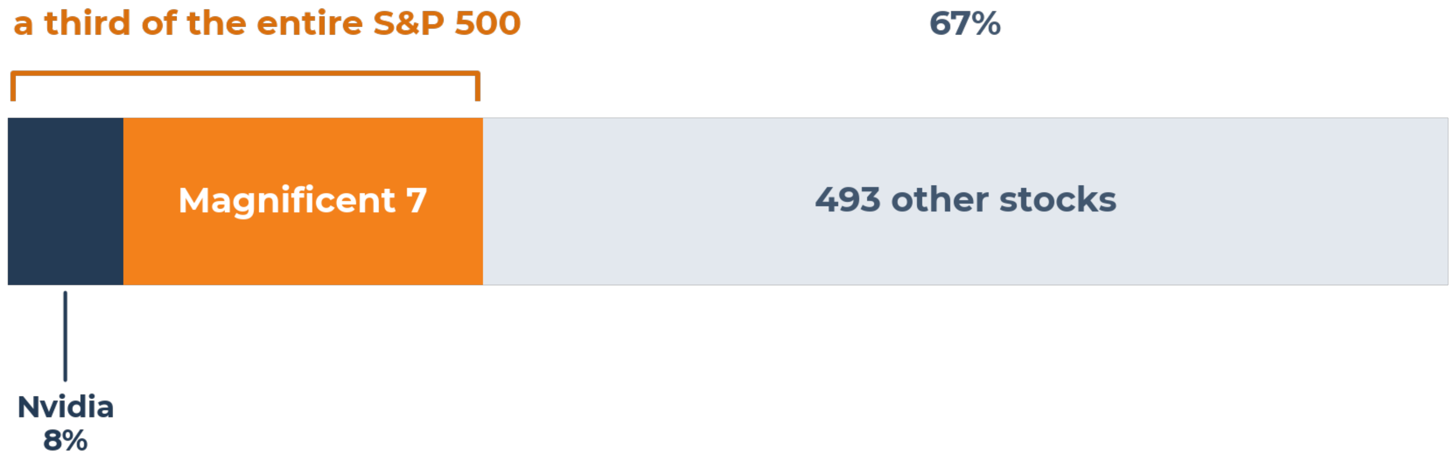
- On 9 June **Anthropic** shipped **Claude Fable 5**, but locked its stronger twin, **Mythos 5**, to government and cyber-defence partners, days after warning AI is nearing the point it can **improve itself**.
- On 26 June **OpenAI** previewed **GPT-5.6** to a small group, coordinated with the US government on safety grounds.

Now it does the work, and discovers

- **Agents** now run whole jobs on their own. **Google** says about **75%** of its new code is AI-written; at **Anthropic** it is **70 to 90%**.
- An **OpenAI** model **cracked an 80-year-old maths problem** humans never had, and China's **DeepSeek and Qwen** now match the best at a fraction of the cost, free to download.

AI has crossed from talking to **doing**, and the makers now say the frontier is **too powerful to hand out freely**. That conversation did not exist a year ago.

AI: The Biggest Bet, and the First Doubts



A "world" index is now mostly a bet on a few US AI names

$1.8tn — **SpaceX** float, the largest IPO in history

45,000+ — **GPUs** now in India's public AI compute pool

The biggest, most concentrated bet ever

- Microsoft, Google, Amazon and Meta will spend about **$725bn** on AI this year, **up ~77%**, the largest build-out in tech history.
- **Nvidia** is the first **$5.5 trillion** company and on its own is **8% of the S&P 500**. The biggest IPOs ever followed: **Anthropic** ($965bn) even passed **OpenAI**.

Now the doubts, as India builds

- On 28 June the **BIS** called the boom "**increasingly leveraged**" and circular, a **2008-like** risk; **Burry, Dalio and Dimon** say 1999. Memory prices have **tripled**.
- **India is building**: Meta leased **168 MW** at Reliance's Jamnagar site, AWS added **$13bn**, and Reliance, Adani and the government keep committing tens of billions to AI data centres.

Why it matters: The AI trade is **priced for perfection abroad** and barely owned in India, the exact gap that closes when global capital rotates.

Source: Company filings, BIS, Micron, NSE / IndiaAI, CNBC & Reuters, Sowilo Research

Market Outlook

Dynamics Moving The Needle Currently

1. Crude Oil – Back to pre-war levels; augurs well for India's macros

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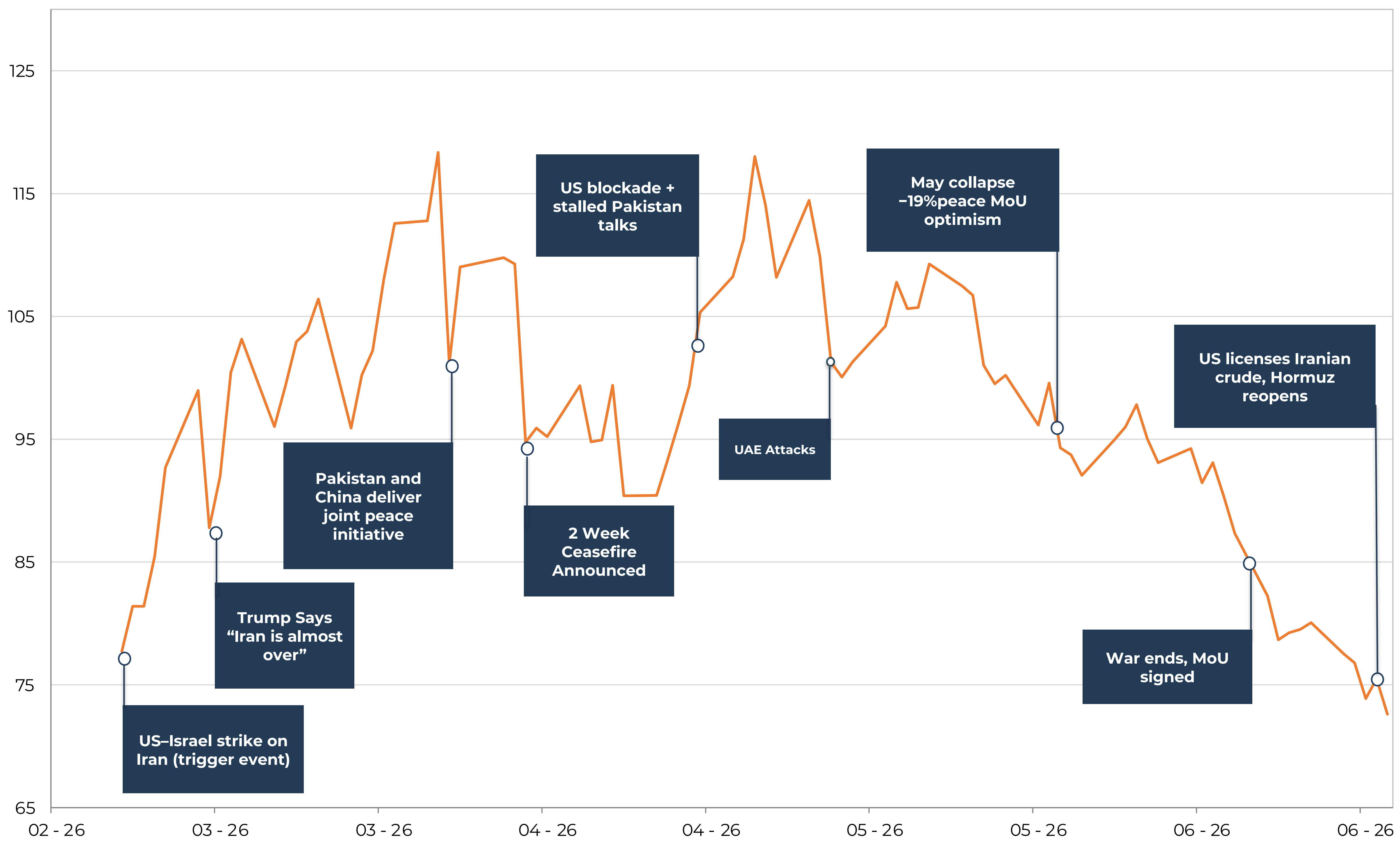
Crude oil movements best reflect economic sentiments



- Crude after peaking **to USD 118-120/bbl**, is back to **~USD 73/bbl** (pre-war levels) reflecting easing tensions and thereby minimal incremental economic impact.
- The spike was triggered by a **US-Israel strike on Iranian leadership** and the **closure of the Strait of Hormuz** — ~20% of global oil trade — which halted tankers and shut in over **10 mb/d** of Gulf output.
- Prices stayed volatile through April-May as **ceasefires broke and reformed** — failed talks, a **US naval blockade**, and **UAE attacks** drove repeated rebounds, holding Brent in the **USD 95-115/bbl** band.
- The unwind came in two legs: a **−19% May collapse** on peace-deal optimism, then the MOU **formally being signed on June 17.** Given lifting of US sanctions on Iranian crude and assuming Strait of Hormuz remains open, there is huge over-supply risk which can cause sharp fall in crude oil prices.

Source: Investing.com, Associated Press (AP), Reuters, CNN, NBC News, BBC, NPR, Fox News, Bloomberg, Wall Street Journal, Financial Times, The Washington Post, TIME Magazine, Euronews, Jewish

2a. AI-Concentrated Markets Are Falling, India Stays Resilient

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One trade, four markets: AI-concentrated indices ran up tog. ether and topped together on 22 Jun.
India, under-owned and cheap, sat out both the mania and the selloff.

Selloff snapshot, 22-26 Jun 2026

Market / index	Move
Kospi (Korea)	-10% (Jun 23)
Samsung / SK Hynix	-12% (Jun 23)
Hang Seng Tech (HK)	-11% YTD
Nasdaq Composite (US)	-2.2% (Jun 23)
Sensex / Nifty (India)	**Broadly resilient**

+52-95%

the AI cohort (Korea, US semis, Taiwan and China chips) CY26 YTD, before the 22 Jun top

+0.2%

Nifty 50 in the selloff week (19-26 Jun), versus -4% to -8% for the cohort

-8%

Nifty 50 CY26 YTD, India never got the AI premium, under-owned and cheap

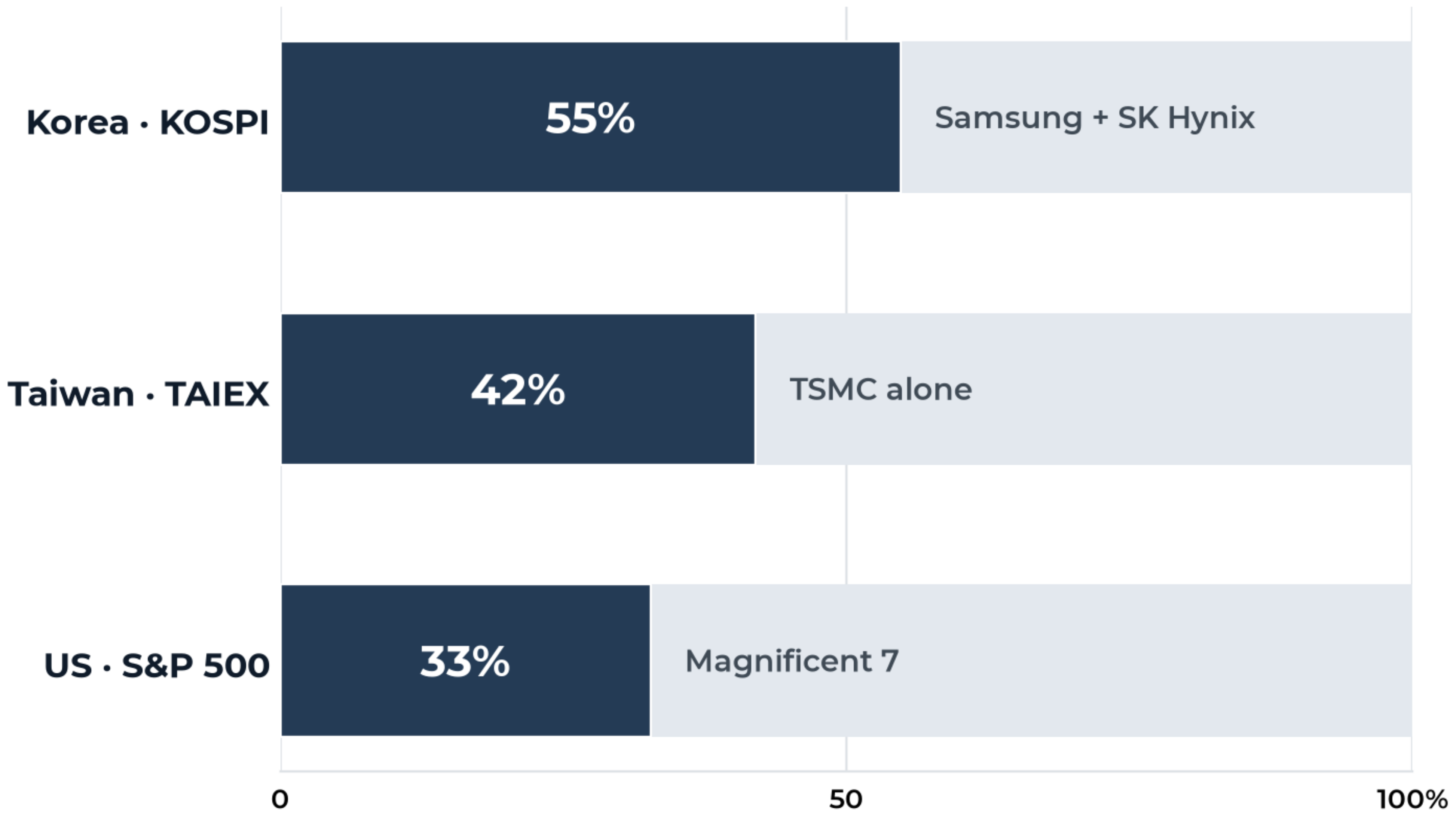
Why it matters: Global capital concentrated into a handful of AI markets through 2025-26. As that single trade unwinds, the magnet pulling money away from India weakens, a necessary, not yet sufficient, condition for FIIs to rotate back into a resilient, under-owned market.

Source: Bloomberg, CNBC, Reuters, Trading Economics, Yahoo Finance; exchange data, Sowilo Research| Note: As of 26 Jun 2026.

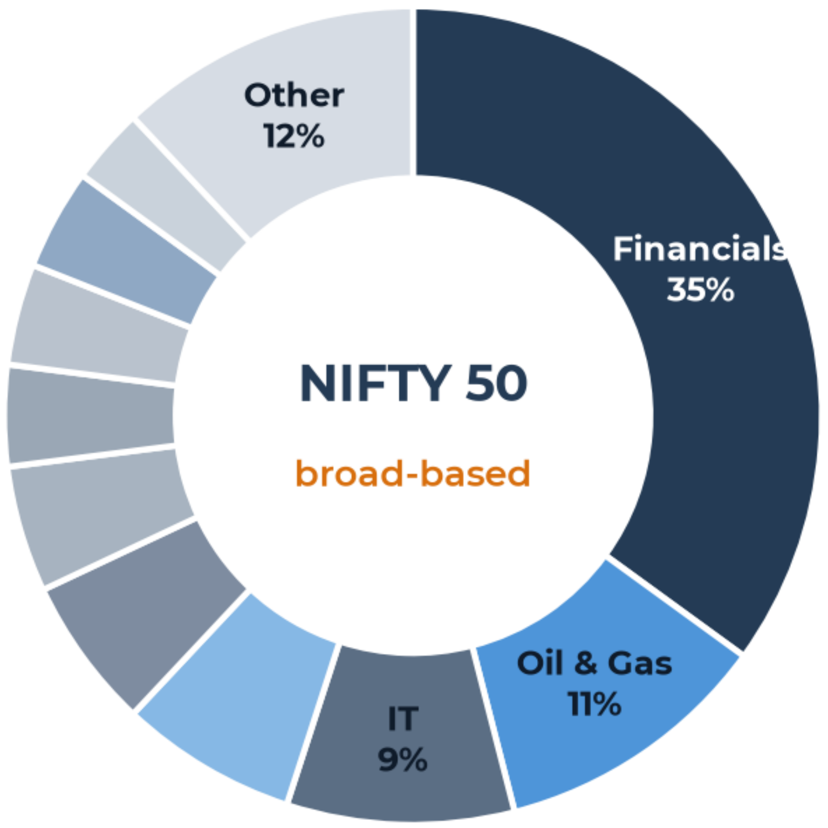
2b. Concentrated Abroad, Broad-Based at Home

A few chip names are those markets, India offers a diversified exposure.

ABROAD: 1–2 CHIP NAMES ARE THE MARKET



INDIA: NO SINGLE AI BET



THE READ-THROUGH When a market **IS** one or two chip stocks, the AI unwind drags the **whole index**. India's Nifty carries **no single AI bet** — that breadth is the rotation destination as the trade reverses.

Source: Taipei Times; Korea Exchange / Businesskorea, The Motley Fool, NSE, Sowilo Research

2c. Earnings: Where India Is Losing the FII Argument

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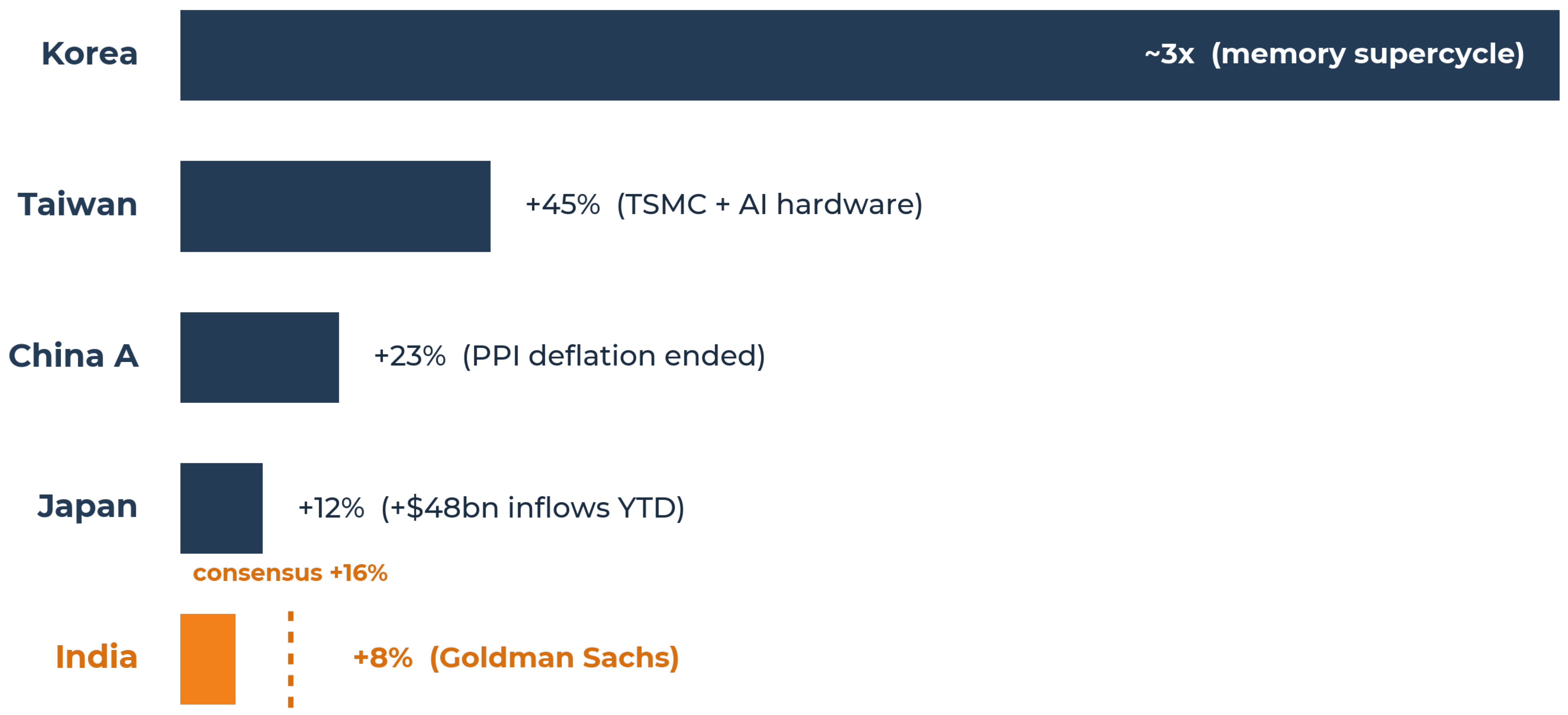
Asia and EM peers offer cheaper valuations AND faster earnings growth, the relative case FIIs weigh against India.

2026 EPS growth, by market



India's +8% is the lowest in the pack, and below its own +16% consensus.

~7x

KOSPI forward P/E, its lowest since the GFC, even after +86% YTD

7.8x / 6.4x

SK Hynix / Samsung forward P/E, cheaper than India on far higher growth

3-5 yr

memory supply agreements now locked in, making the earnings durable, not a spike

Why it matters: Goldman Sachs sits below consensus on India for both 2026 and 2027. With EMs cheaper and growing faster, India must win the FII bid on breadth and durability, not on relative growth.

Source: Factset, Goldman Sachs estimates, Sowilo Research

3. The Foreign Exit & the Domestic Bid Absorbing It: Will this reverse?

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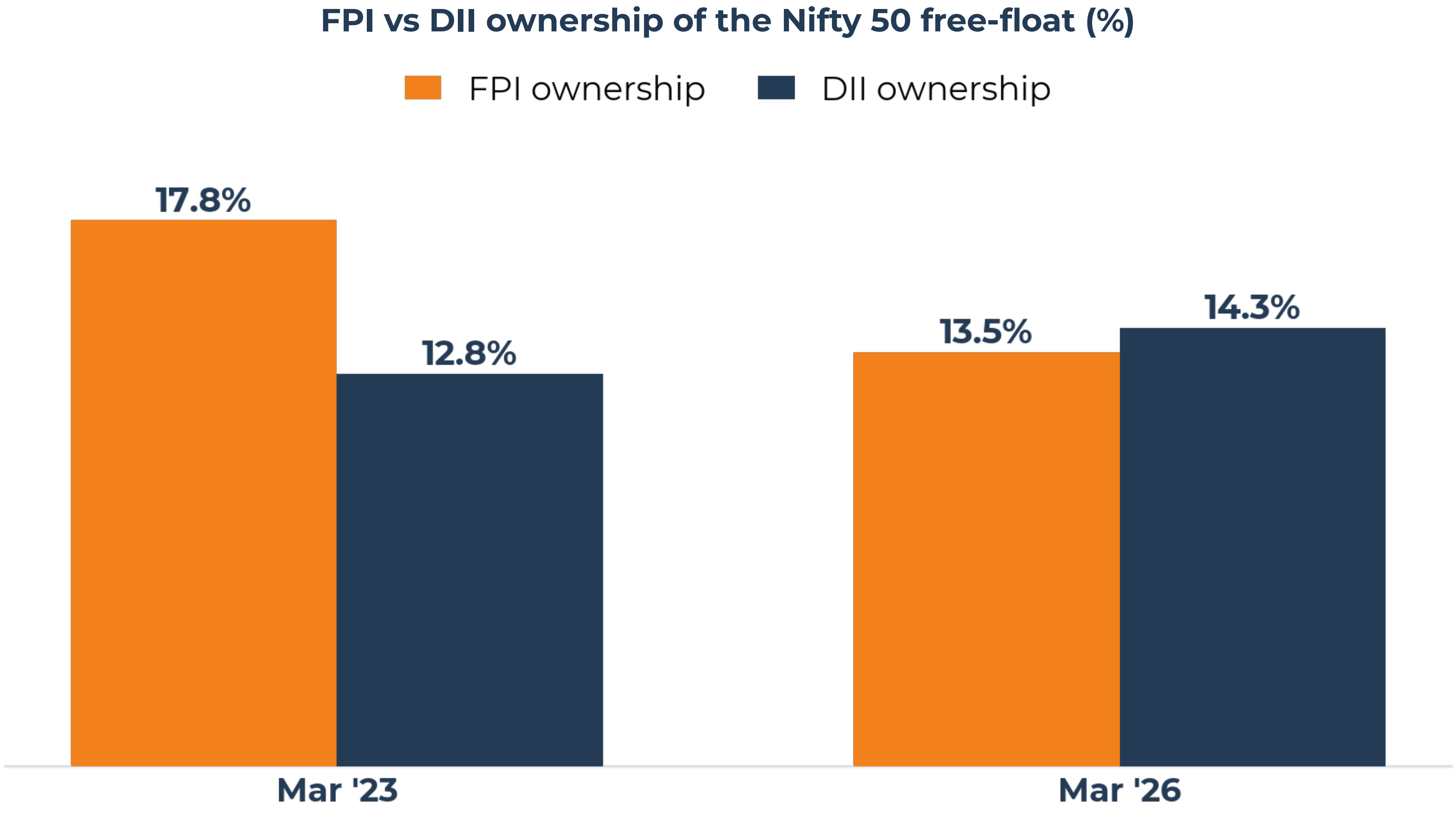
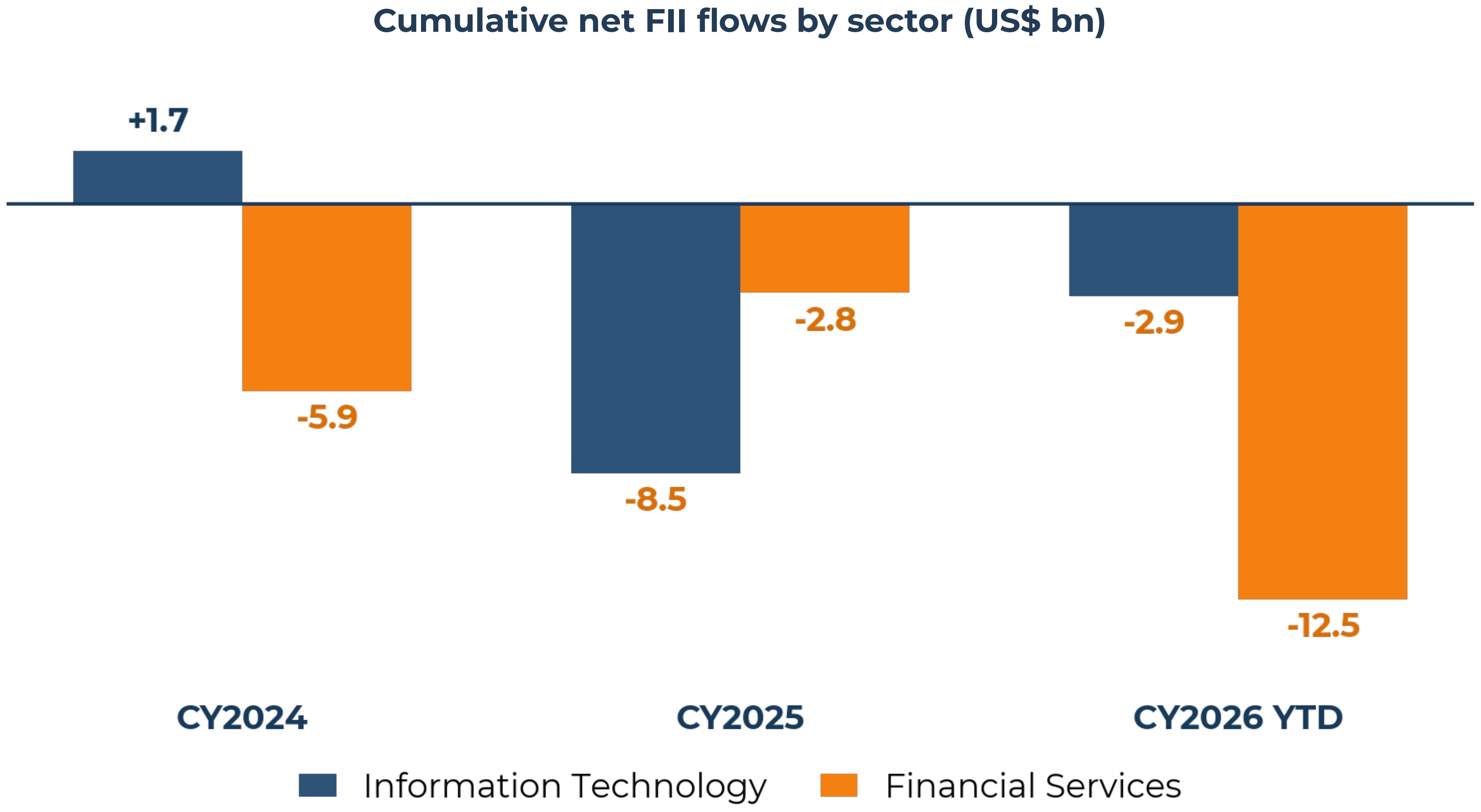
Foreign ownership of Indian equities is at a 17-year low while domestic ownership hit a record, and the FII selling has rotated from IT to financials.



Domestics have overtaken foreigners: FPI 13.5% vs DII 14.3% in Mar '26, reversed from Mar '23.



IT absorbed the 2025 selling; financials are taking it in 2026, a record −$12.5bn YTD.

As India's earnings growth lags the opportunity being offered in other EMs (particularly due to absence of AI play in India) – FIIs which had lapped up India post-COVID at an unprecedented pace are now rushing to the exit door. FII overweight segments like IT bore the brung initially and now it has accentuated to financials. While we cannot time when FIIs will hit the pause button but at sooner rather than later that is likely as India offers a vast diversified basket at reasonable valuations.

The DII flows, on the other hand have been, quite robust primarily on account of strong SIPs from Indian households; the shift beyond fixed income venues to equities/MF is a structural one and that's offering good cushion to absorb FII selling. Segments wherein FII ownership are minimal are seeing a bull market of their own in recent months.

Source: Capitaline; NSDL; exchange data, Sowilo Research

3b. The Other Side of the Exit: Breadth at Home, Strategic Capital In

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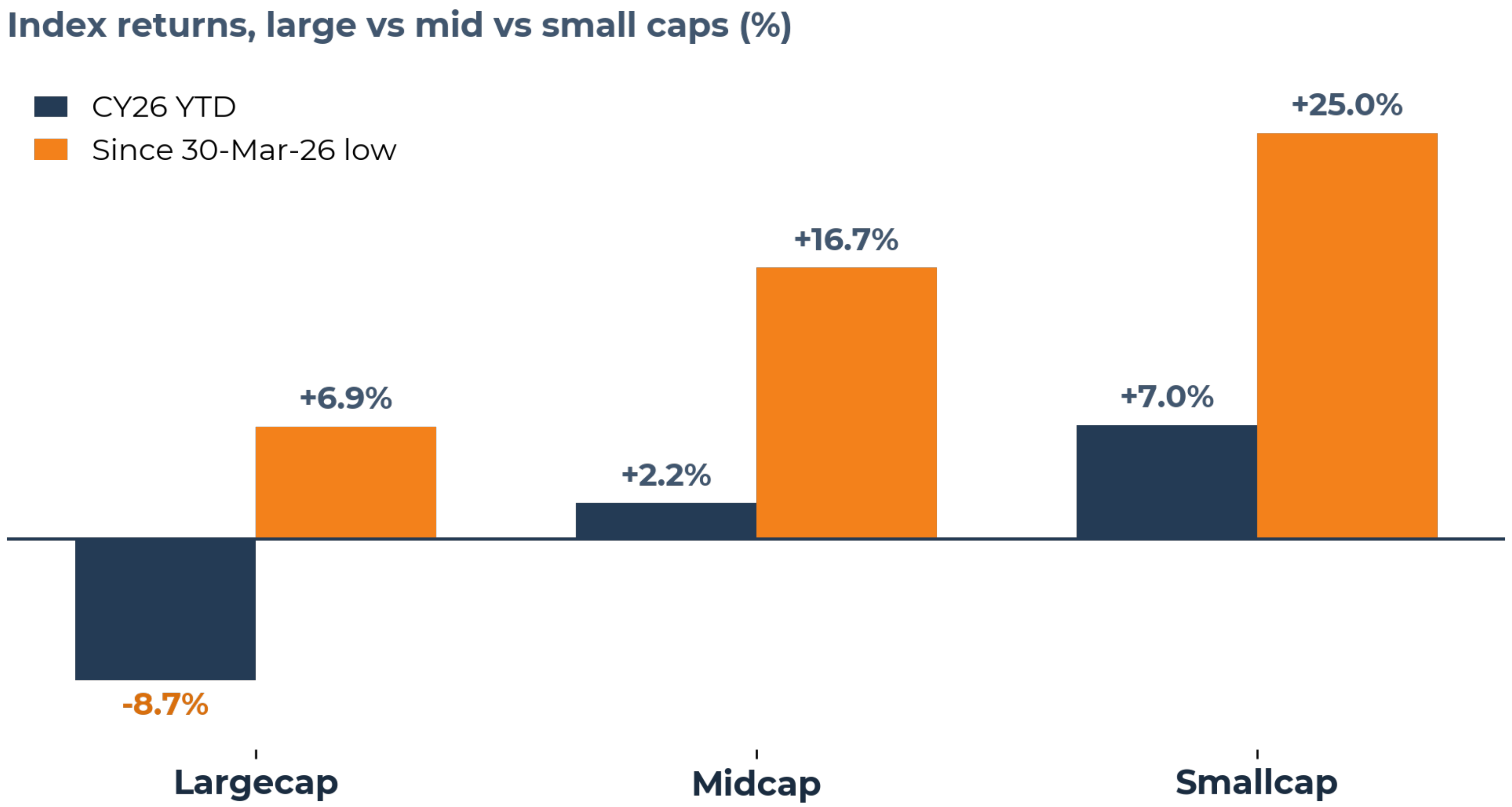
Even as FIIs sell large-cap financials, mid and small caps are outperforming and foreign strategic capital is acquiring smaller banks and NBFCs.

Mid and small caps are outperforming large caps



Largecaps are down ~9% YTD while mid / small caps are up, and have roughly tripled the largecap bounce off the March low.

Foreign strategic capital is buying smaller banks / NBFCs

Bank / NBFC	Strategic investor	Stake
RBL Bank	Emirates NBD	**>60% (Jun-26)**
Yes Bank	SMBC (Japan)	**~25%**
Federal Bank	Blackstone	**up to 10%**
Shriram Finance	MUFG (Japan)	**~20%**
IDFC First Bank	Warburg + ADIA	**capital infusion**
Manappuram Finance	Bain Capital	**joint control**

Even as FIIs exit large banks in the secondary market, foreign strategic capital is acquiring smaller banks and NBFCs, validating the value.

FII selling has weighed on largecaps, but broader markets remain resilient — with midcaps and smallcaps leading performance, indicating robust domestic liquidity, stock-specific interest, better earnings prospects in midcaps and smallcaps, etc. FIIs – who have been massive sellers in largecap names (Initially IT and now BFSI), yet most foreign institutions have shown a lot of strategic interest in smaller banks/NBFCs.

Source: Nuvama, exchange filings| Note: Index returns as of 30 Jun 2026 since the 30-Mar-26 low.

4. RBI's FX Support Package: A Tailwind for Currency, Rates and Credit

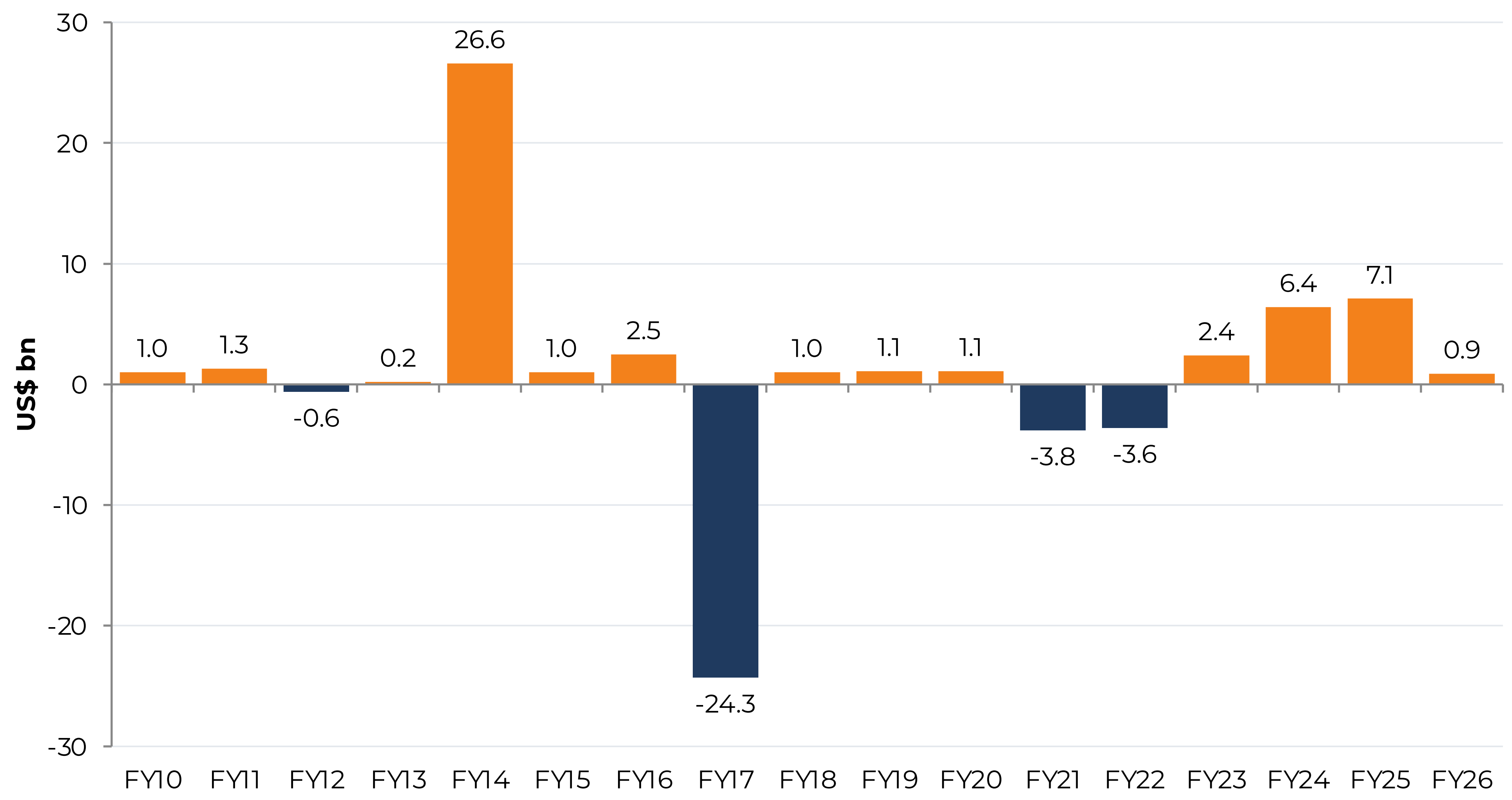
Modelled on the 2013 taper-tantrum playbook

~USD50bn of FCNR(B) inflows are expected over the next ~4 months (about 1.5x the current stock), a rerun of the Sep-2013 swap. Because FCNR deposits carry no SLR or CRR, the whole deposit is lendable, lifting the bank spread to 2.5% from 1.8%.

Banks are better off with FCNR deposits (SLR / CRR exempt)

FCNR vs domestic deposit	Domestic	FCNR(B)
Deposit	1,00,000	1,00,000
less: SLR	18%	0%
less: CRR	3%	0%
Lendable deposit	**79,000**	**1,00,000**
Deposit rate	6.5%	6.5%
Loan yield	9.0%	9.0%
Inv. yield on SLR	6.8%	6.8%
Interest on loans	7,110	9,000
Interest on investments	1,224	–
Interest income	**8,334**	**9,000**
Interest on deposits	6,500	6,500
Net interest income	**1,834**	**2,500**
Spread on deposits	**1.8%**	**2.5%**
Spread benefit with FCNR		**+0.7%**

FCNR(B) Inflows to India, FY10–FY26 (US$ bn)



~USD50bn

Est. FCNR(B) inflows over the next 4 months

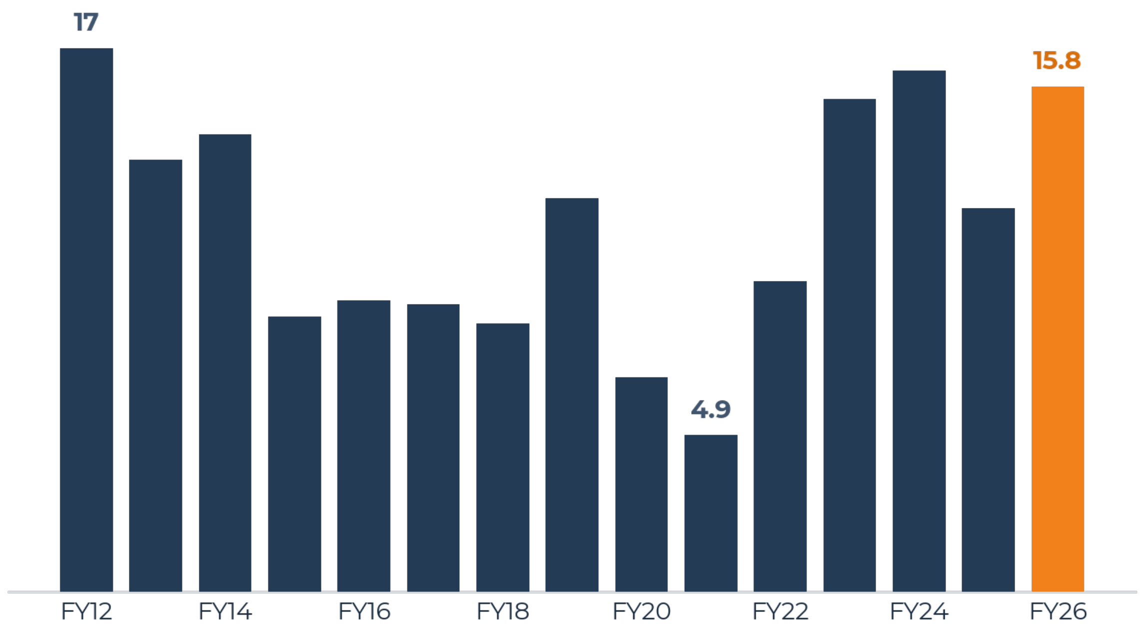
~94 → 92

Est. near-term USD/INR, easing further if conflict resolves

5. BFSI: Buying Improving Fundamentals at a Discount

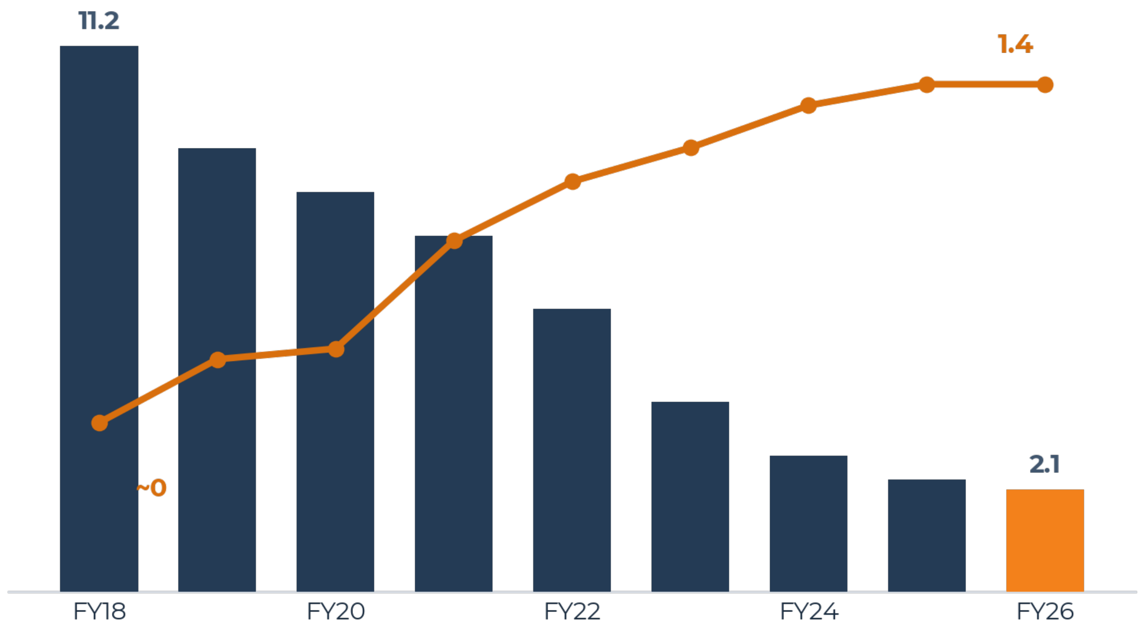
Credit is re-accelerating off its 2025 trough and asset quality is at a multi-decade best, yet banks trade below their 5-year valuation.

Non-food bank credit growth, YoY %



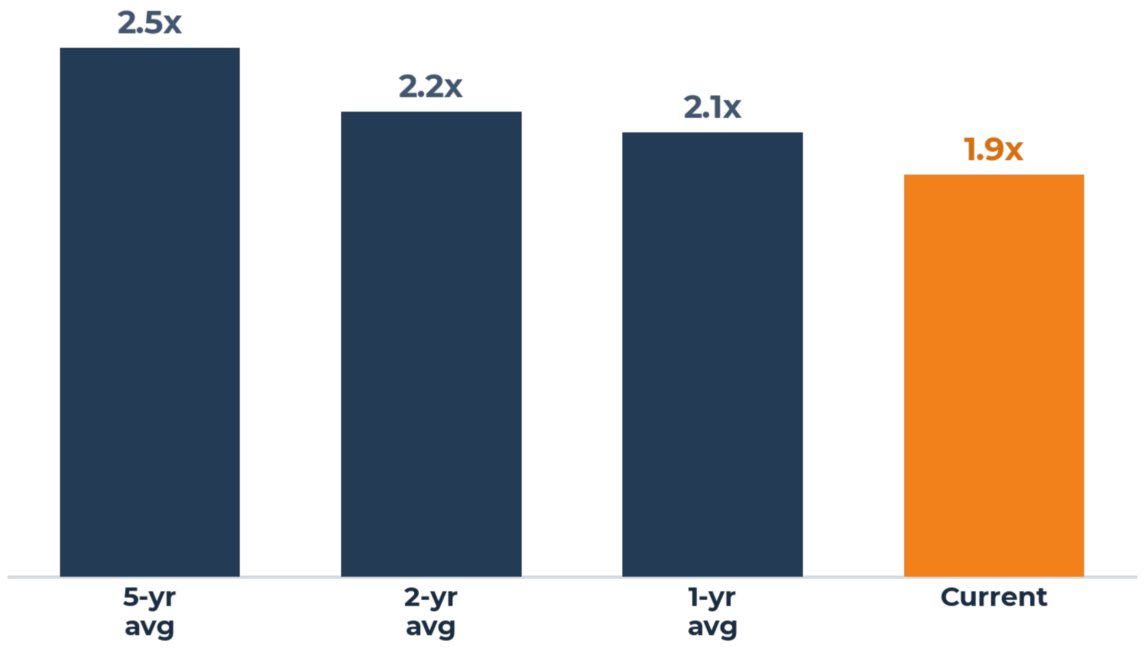
+15.8% YoY, the latest print (Apr-26), led by services

Gross NPA (bars) and ROA (line), %



GNPA 2.1% (from 11.2% in FY18) as ROA rose to a decadal-high 1.4%

Nifty Bank price-to-book (x)



1.9x now, near the bottom of its 5-year range

Why it matters: Profitability is at a decadal high (ROA 1.4%, ROE 13.5%), asset quality is at a multi-decade best and credit is reviving, yet the sector trades about 24% below its 5-year valuation.

The FCNR(B) tailwind: about $45bn of inflows that are SLR / CRR exempt, so the whole deposit is lendable (vs ~79% for a domestic deposit), lifting the spread to ~2.5% from ~1.8%, a ~0.7% pickup.

Source: RBI, Nuvama, Emkay, Motilal Oswal

Bank Nifty: Trading at Decadal-Low Valuations

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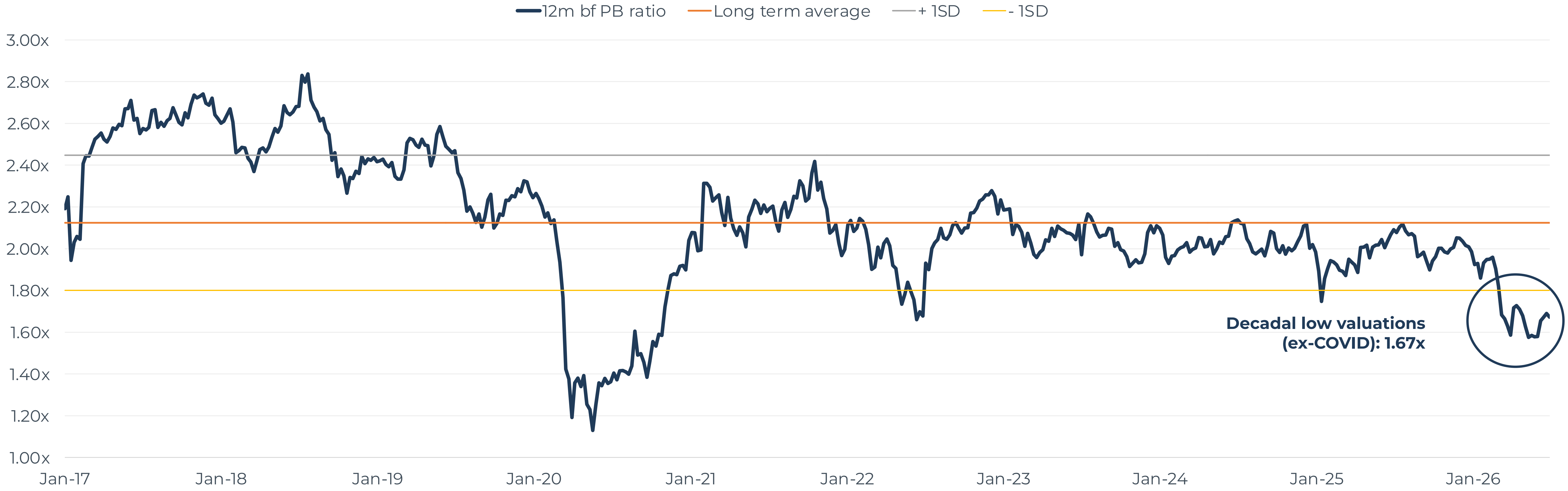
Bank Nifty's 12-month forward P/B has slipped to ~1.67x, near its lowest levels in a decade (ex-COVID), even as credit growth, ROA and asset quality sit at decadal bests.

Bank Nifty: 12-Month Forward Price-to-Book Ratio (2017-2026)



Why it matters: At 1.67x forward P/B, Bank Nifty trades ~21% below its 10-year average (2.12x) and just below the -1SD band (1.80x) — a valuation last seen, ex-COVID, only briefly over the past decade.

Decadal-best fundamentals: Credit growth is re-accelerating (+15.8% YoY), ROA is at a decadal high (1.4%), and GNPA has fallen to a multi-decade low of 2.1% (from 11.2% in FY18).

Source: RBI, Nuvama, Emkay, Motilal Oswal

Sector Views

▲ **BULLISH**

BFSI

Pvt vs. PSU, FCNR, Credit growth

Private banks remain under pressure — caught between FII selling, PSU bank market-share gains (~12% loan growth in FY26 (ex-SBI)), and an increasingly difficult trilemma of ROA, market share, or credit quality; we favour low-FII-holding names with reasonable valuations but haven't taken large bets yet.

NBFCs (ex-gold) are turning, with rural recovery, cooling credit costs and a cyclical upturn poised to drive a return to growth, and we are playing this through gold and home financiers while taking selective positions in MFI and small-finance where the cycle appears to have bottomed.

Manufacturing & Capital Goods

China plus one, Govt and local demand huge enabler

We have long believed India must keep moving up the value chain in capital goods (heavy machinery, ancillaries), given the logistics complexity and cost of importing and installing. Several industrial hubs have emerged on these lines across Tamil Nadu, Karnataka, Gujarat and other states.

Operating margins and pricing power should stay lucrative for a long while unless economic growth falters sharply, and the rebuilding of Iran and oil assets across the Gulf region after the conflict will further accentuate demand. We are positioned across the value chain.

Pharmaceuticals

India remains pharmacy of the world

India retains its 'Pharmacy of the world' spot via large-scale execution and compliance with stringent global norms. While Indian-origin medications currently command a staggering 65% of global prescription volumes, they account for a mere 3% of global market value, at approximately $57 billion. This value-to-volume disparity is expected to narrow as the sector leans into higher-value innovative therapeutics, emerging markets.

Auto Ancillaries

A follow-on beneficiary of Auto demand, navigating towards battery

India's ecosystem around Autos, akin to IT and Pharma, provides a substantial edge to compete on the global stage, and logistics costs make near-sourcing natural. We believe forgings and battery will be areas of growth in the coming years and have positioned ourselves in that space.

IT

AI led disruption

After two years of AI-driven headwinds, the disruption cycle is turning in favour of Indian IT — as capital shifts from infrastructure and AI products toward large-scale adoption and implementation. Deflationary pressure is largely behind the sector, and INR tailwinds and margin improvement could deliver strong earnings growth even in a modest revenue environment..

Crude oil reversal trade

Reverse commodity play

We are taking a reasonable bet on the reversal of the crude trade: we want to buy companies that, on the sharp jump in crude prices, have been hammered, as we believe crude supplies will outrun demand and prices are bound to fall from current levels. We are positioning in the tyre, aviation, resins and PVC space through well managed companies..

Source: Sowilo Research, Bernstein

Our Two Standout Picks

Two high-conviction ideas : an AI-driven memory ASP play and a precision-engineering compounder

Redington

IT product distribution · AI-driven ASP super-cycle

- **Memory super-cycle lifts every ASP:** Micron Q3 revenue $41.5bn (+346% YoY); DRAM +60% QoQ, NAND +85%. Costlier memory raises selling prices on every PC, phone and server it moves, so revenue rises even at flat volumes.
- **Apple re-pricing, already live:** India Mac/iPad list prices up 14–43% (25 Jun); an iPhone hike of $200–300 is expected in Sept. Apple is ~31% of the book, so a third of revenue just re-priced double digits.
- **Weak rupee amplifies:** INR ~94/$ (~10% weaker YoY) inflates the rupee landed cost and selling price of dollar-priced imported hardware.
- **Operating leverage is the real story:** price-led revenue flows through a largely fixed cost base, expanding EBITDA margin from ~1.9% toward 2.2–2.4%, with an AI-infra volume layer as India DC capacity scales 1.5 → 7.5 GW.

+14–34% FY27 rev growth: base to bull	**~₹7,800cr** FY27 revenue from memory effect	**1.9–2.4%** EBITDA margin expansion

Jyoti CNC

High-precision engineering · Aerospace, defence & semicap

- **~3x capacity scale-up:** India capacity expanding ~6,000 → 16,000 machines/yr by Sep-2026, cutting lead times to absorb multi-year secular demand.
- **Multi-year visibility, premium mix:** ₹4,732cr order book = 18–24 months of revenue; aerospace & defence now 40–45% of backlog across domestic contracts and exports.
- **Margins via localisation:** backward integration into proprietary CNC controllers, servo drives, motors and sensors hedges import dependence and protects long-term margins.
- **New high-margin frontiers:** nano-precision tech for semiconductor capital equipment (commercialisation ~2 yrs out) expands TAM; French sub Huron capacity ~doubled, contributing from FY27.

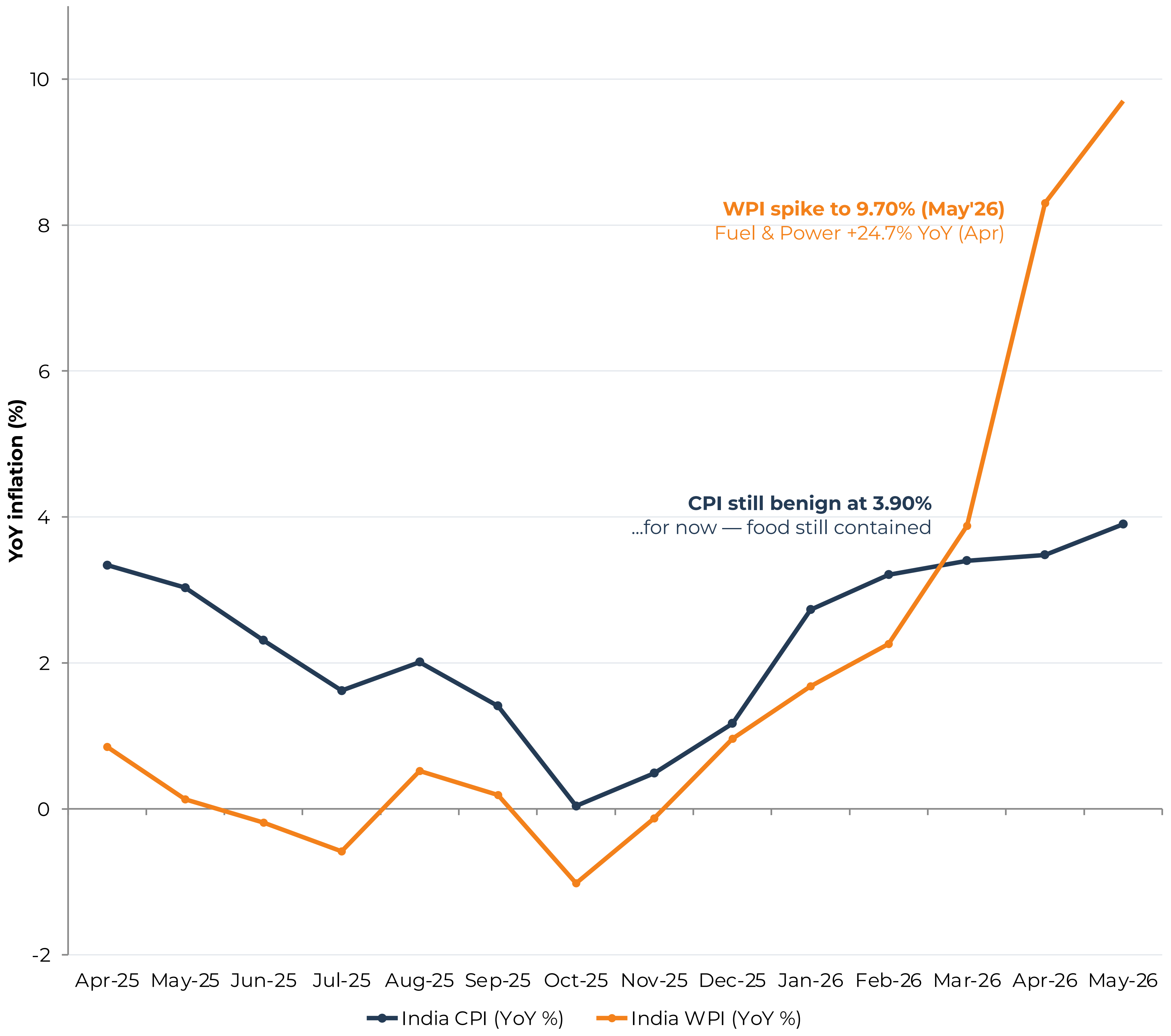
16,000 Machines/yr by Sep-26 (from ~6,000)	**₹4,732cr** Order book · 18–24 mo visibility	**25%+** EBITDA margin outlook

SOWILO
Wealth Enhancer

Key Risks

What To Be Careful About

Risks - Crude Eases, but Monsoon Is the Real Swing Factor



- **RBI's own minutes now flag the risk:** Jun-26 MPC minutes raised the FY27 CPI forecast to 5.1% (from 4.6%) and cut growth to 6.6%, seeing inflation peak near 5.9% in Q3FY27. Malhotra and Bhattacharya flagged WPI-to-CPI pass-through risk, but the MPC stays in wait-and-watch mode.

- **Crude relief, but the truce is fragile:**. The 19-Jun US-Iran deal reopening the Strait of Hormuz pulled Brent down 33% from its peak to ~$79.7/bbl in a week, easing the fuel pass-through behind the WPI spike — though the truce remains fragile and oil could drift higher again.

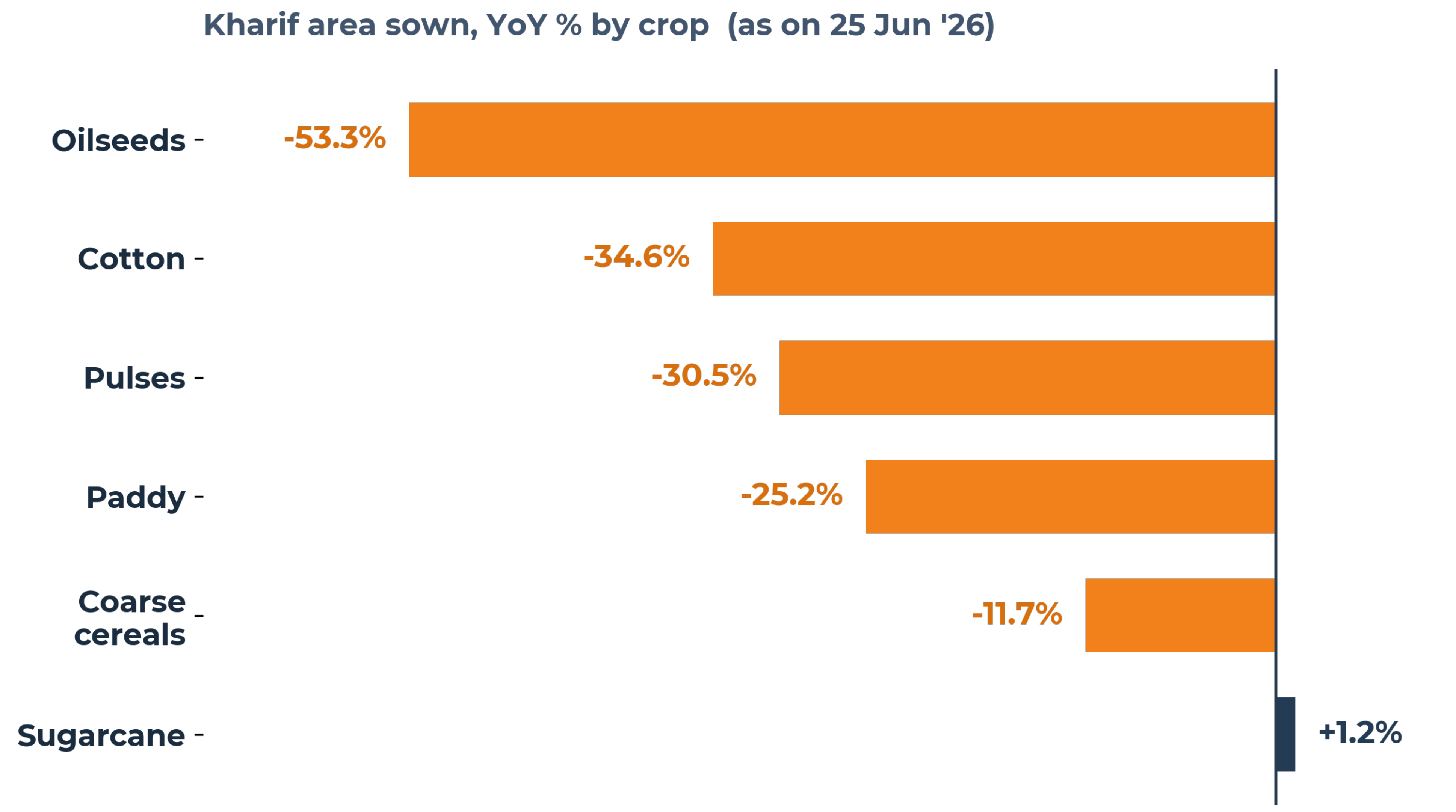
- **Vegetables: a much bigger CPI weight:** For the season ended 24th June rainfall was below normal by 42%. Government officials flag a possible INR150-200bn hit to the food subsidy bill. Vegetables' outsized CPI weight makes this the bigger headline risk.

- **Hike hurdle is high, not closed:** Most MPC members favour looking through a supply shock, but RBI's own forecast has CPI crossing 6% in Q3FY27 — enough, to put a hike back on the table by end-CY26 if pass-through becomes visible.

Source: Nuvama, JM Financial, Emkay, B&K

Monsoon Risk: Kharif Sowing Is Already Down 23%

A delayed monsoon has left kharif sowing about 23% behind last year as on 25 Jun, with oilseeds, cotton and pulses the hardest hit.



Sugarcane is the only major crop ahead of last year; cumulative area as on 25 Jun, the gap usually narrows once the monsoon revives.

-42%

all-India monsoon rainfall vs the long-period average (24 Jun), the delay behind the sowing gap

90% of LPA

IMD's below-normal forecast, a 60% chance of a deficient season (vs 16% normally) as El Niño develops

July

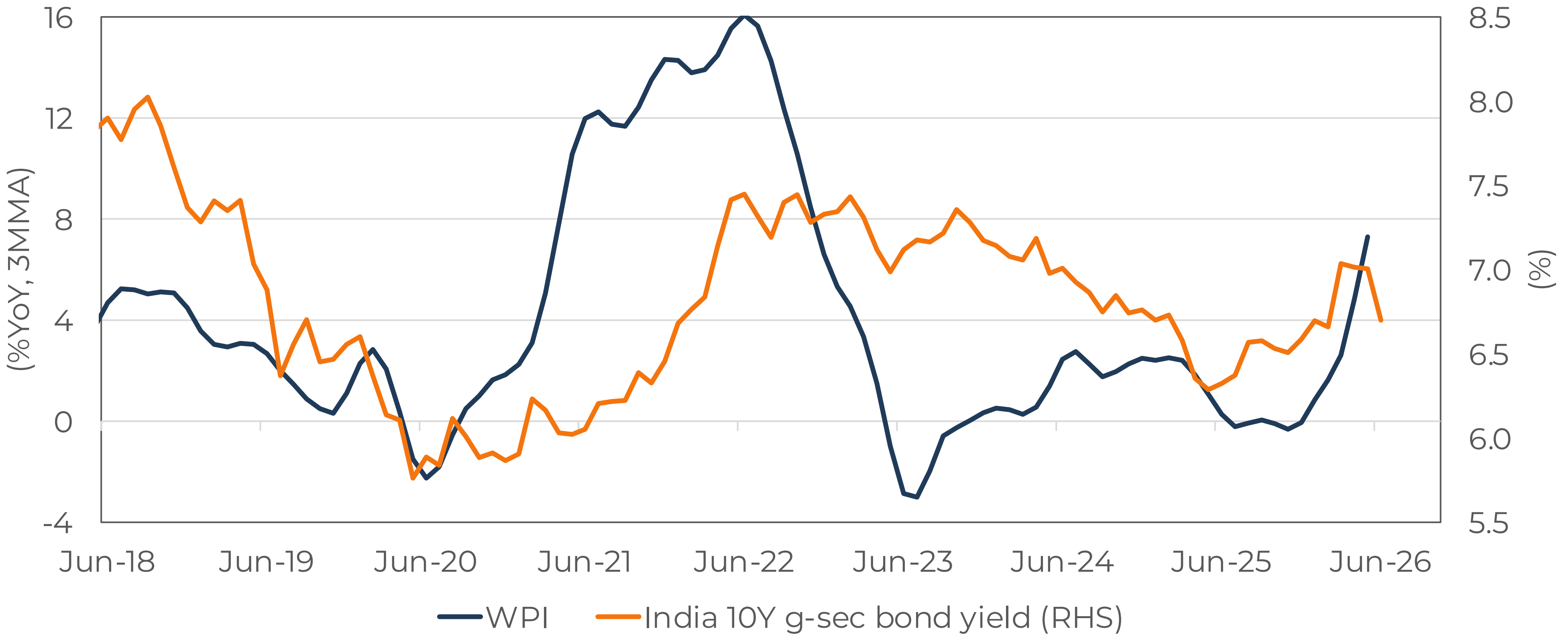
the decisive month, the government has urged farmers to delay planting until the rains revive

Source: Ministry of Agriculture, IMD, PTI

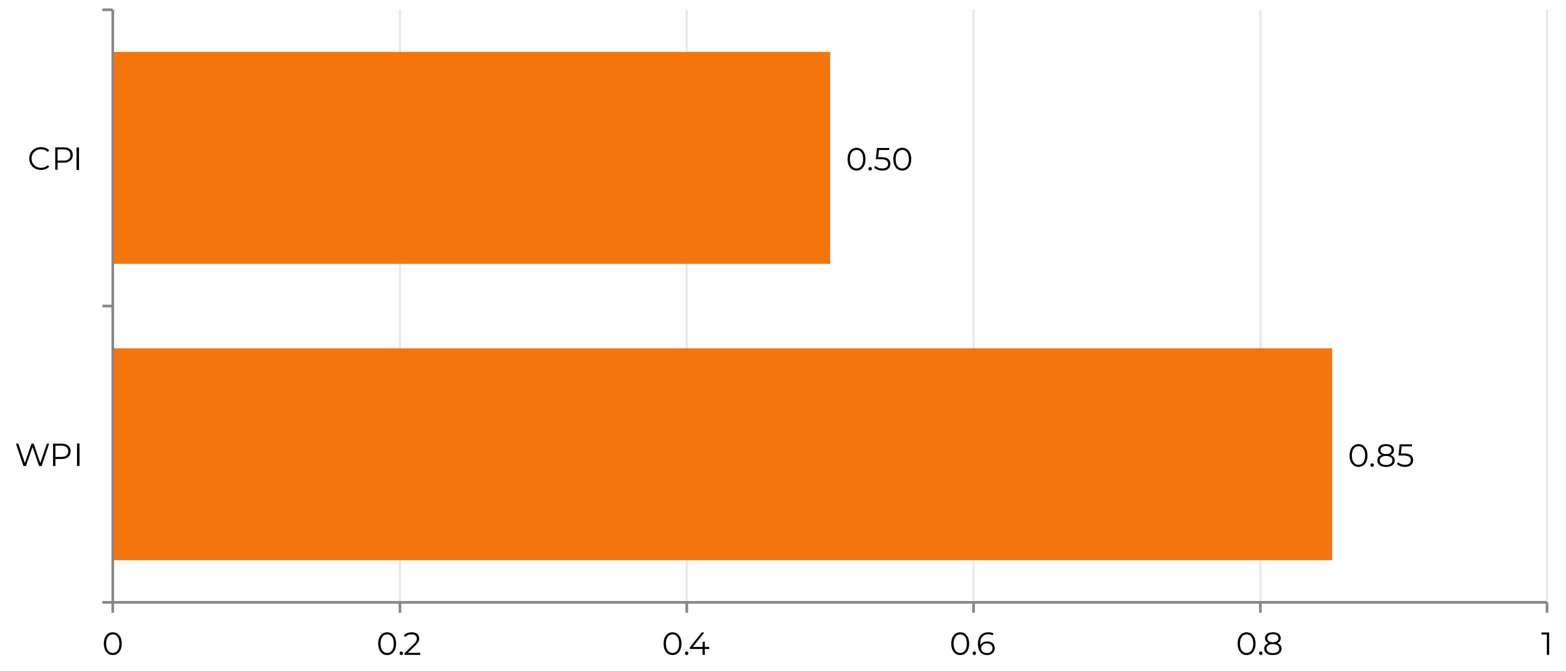
Risks – Rising inflation might cause upward pressure on bond yields

India's 10Y G-sec yield has tracked the WPI surge closely

WPI inflation vs India 10Y G-sec yield



Correlation with 10Y G-sec Yield (May-25 to May-26)



- **The repo rate hasn't moved:** the curve has. RBI held the repo rate at 5.25% for a third straight meeting in Jun-26, even as it raised its FY27 CPI forecast to 5.1% (from 4.6%). However, bond yields have been inching higher ever since January 2026.
- **Watch for the next leg**. If WPI-to-CPI pass-through builds — it may lead to further spike in bond yields, even before MPC officials start factoring in a rate hike; though as of now they have been citing it as transient and more supply-drive inflation for which monetary policy cannot do much.

Source: Nuvama, Emkay

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