

May 2026

# FUND MANAGERS COMMUNICATION

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## Global Market:

Global equities in April 2026 month exhibited positive performance with US S&P 500 up by 10.5%. The S&P 500 and Nasdaq hit all-time highs and the MSCI Emerging Markets Index was the standout index (+14.7%), powered by extraordinary gains in Taiwan (+26.2%) and South Korea (+38.2%), leading markets in the global AI supply chain. Tensions between the US and Iran continued to dominate headlines, with the Strait of Hormuz remaining severely disrupted and Brent crude pushing above \$110 per barrel by month-end, despite intermittent ceasefire efforts and diplomatic discussions.



## Domestic Market:

**GST Collection:** GST collection in April 2026 month was Rs. 2.43 Lakhs crore, marking a 8.7% year on year growth.

**Auto numbers:** Auto companies have reported healthy numbers for April month. PV volume saw high-20s growth, supported by robust retails, new launches and inventory build. Tractor volume also grew by high-20s on government support measures and favourable agricultural condition. CV volume grew by mid-teens (above estimated), aided by small transporters demand on GST cut, rise in freight demand and pick-up in infra capex/mining activities. 2W volume grew in thirties y/y, owing to robust retails and low base of Hero. Overall volume momentum continues to remain robust despite West Asia war disruptions and early Navratri. However, upcoming challenges such as hike in fuel prices, EL Nino impact and higher input cost are the key monitorable.

**Credit Growth:** Credit offtake picked up across sectors, led by services credit growth of 19% y/y, driven by NBFCs and trade. Industry credit grew 17.8% y/y, supported by MSMEs and sectors like engineering and metals, while infrastructure credit rose 9.5% y/y. Personal loans increased 16.2% y/y, backed by vehicle and gold loans, and agriculture credit grew 15.7% y/y, its fastest pace since Sep'24. Credit growth is projected to sustain momentum into FY27, with retail lending, infrastructure financing, and MSME borrowing as the key drivers.

**PMI:** The S&P Global HSBC Manufacturing PMI for India came at 54.7 in April. Services PMI at 57.9 (Manufacturing PMI data is an economic indicator that measures the activity level in the manufacturing sector. It is based on a survey of purchasing managers across manufacturing industries and provides insights into business conditions, including production, new orders, employment, supplier delivery times, and inventory levels).

Core sector output declined by 0.4% in Mar'26, compared to a 2.8% expansion in Feb'26, driven by sharp contractions in fertilizer, coal and crude oil output. Despite the contraction, infrastructure-linked segments remained resilient. On a cumulative basis, FY26 growth stands at 2.6%, lower than 4.5% in the corresponding period of FY25, indicating a relatively slower pace of expansion this year.

**IIP:** Industrial production growth eased slightly to 4.1% in March'26 compared to Feb'26. This was driven by a sharp moderation in electricity output partially owing to unfavorable base effect, while expansion in manufacturing and mining provided support. On the use-based front, investment-led growth remained strong, with capital goods as the best-performing segment. Overall, average industrial growth in FY26 remained healthy at 4.1%, with manufacturing growth at 5%. Looking ahead, the near-term outlook remains mixed, as geopolitical tensions and energy disruptions may weigh on momentum; however, capex push should help maintain stability over the medium to long term.

**RBI Policy:** The RBI's April MPC outcome was broadly in line with expectations, with policy rates held steady alongside a downward revision to growth forecasts and an upward adjustment to inflation projections. While inflation is expected to remain within the RBI's tolerance band, the trajectory is likely to be uneven, reinforcing the central bank's cautious and data-dependent policy stance. The RBI has revised down its FY27 real GDP growth projection to 6.9%, reflecting emerging headwinds from global geopolitical tensions, particularly via energy markets. While domestic fundamentals remain resilient, the central bank acknowledges near-term moderation in growth momentum, with risks tilted to the downside should external disruptions persist or intensify.

## Equity Market Outlook:

In last monthly communication we had communicated that from fundamental, technical as well as macro front equity markets are at highly oversold zone and valuation reasonable, with de-escalation in middle east, markets to see sharp reversal. With ceasefire between US IRAN, equity markets have bounced back sharply and recovery has been strong.

Although the challenge remains with respect to Strait of Hormuz yet not opened. Oil prices have remained at elevated level above \$100 /bbl. Also, the USD/INR is hovering at 95 at historic level. The impact of the same is yet to be seen on the economy.

Corporate earnings for Q4FY26 have started, although it's too early to call, the earnings so far is showing strong growth except for some sectors like IT. The impact of war has not been material in Q4FY26 as for macro level change there is lag effect. We believe we might see some moderation and margin pressure due to increase in fuel cost, Oil derivatives, Metal Price rise, Supply disruption in some of the sectors. Some of the corporates might be able to pass on the impact to end consumer immediately, whereas some might do in phase manner. Markets have however discounted this moderation unless there is no re-escalation in middle east.

Our PMS Portfolio have bounced back strongly and outperformed the benchmark. We have been able to cover up most of the underperformance which was there in prior period. We hope the recovery trend to continue going forward. With government becoming more stronger at centre with recent state election and no major election in next 10-12 months, focus likely to be back on reforms measure and to navigate the current geopolitical instability without major impact on economy would be closely watch. With change in sentiment, better earnings momentum and markets gone through long consolidation and correction period over 18 months now, we believe we are at end of correction phase and equity markets providing a good opportunity for investors for long term investment.



Regards,  
**Mayur Shah**  
(Fund Manager-Anand Rathi Advisors Ltd.)

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