

TRENDS & TIDES

**RBI MPC February 2026
maintains status quo on rates
and stance**



RBI holds rates steady amid stable growth and inflation outlook

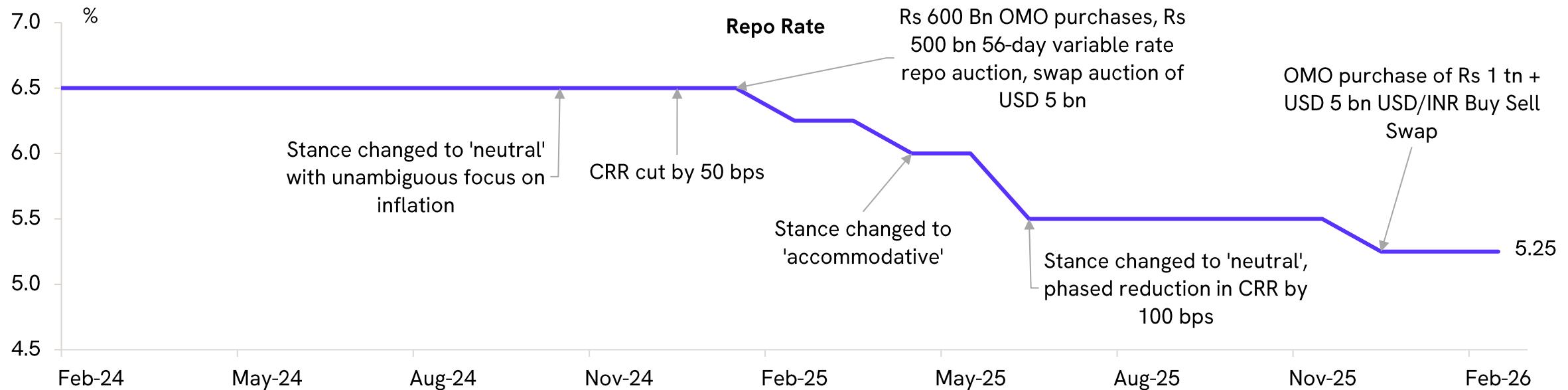
RBI refrains from providing economic projections for H2FY27, opting to wait for the new CPI and GDP series

The RBI's Monetary Policy Committee (MPC) decides to keep the repo rate unchanged at 5.25%, as the near-term domestic inflation and growth outlook remain positive

The MPC also decided to retain the 'neutral' policy stance

The RBI MPC statement notes that underlying inflation remains low and the growth outlook is favourable

The MPC also highlights that external headwinds have intensified since the last policy meeting, although the successful completion of trade deals augurs well for the economic outlook

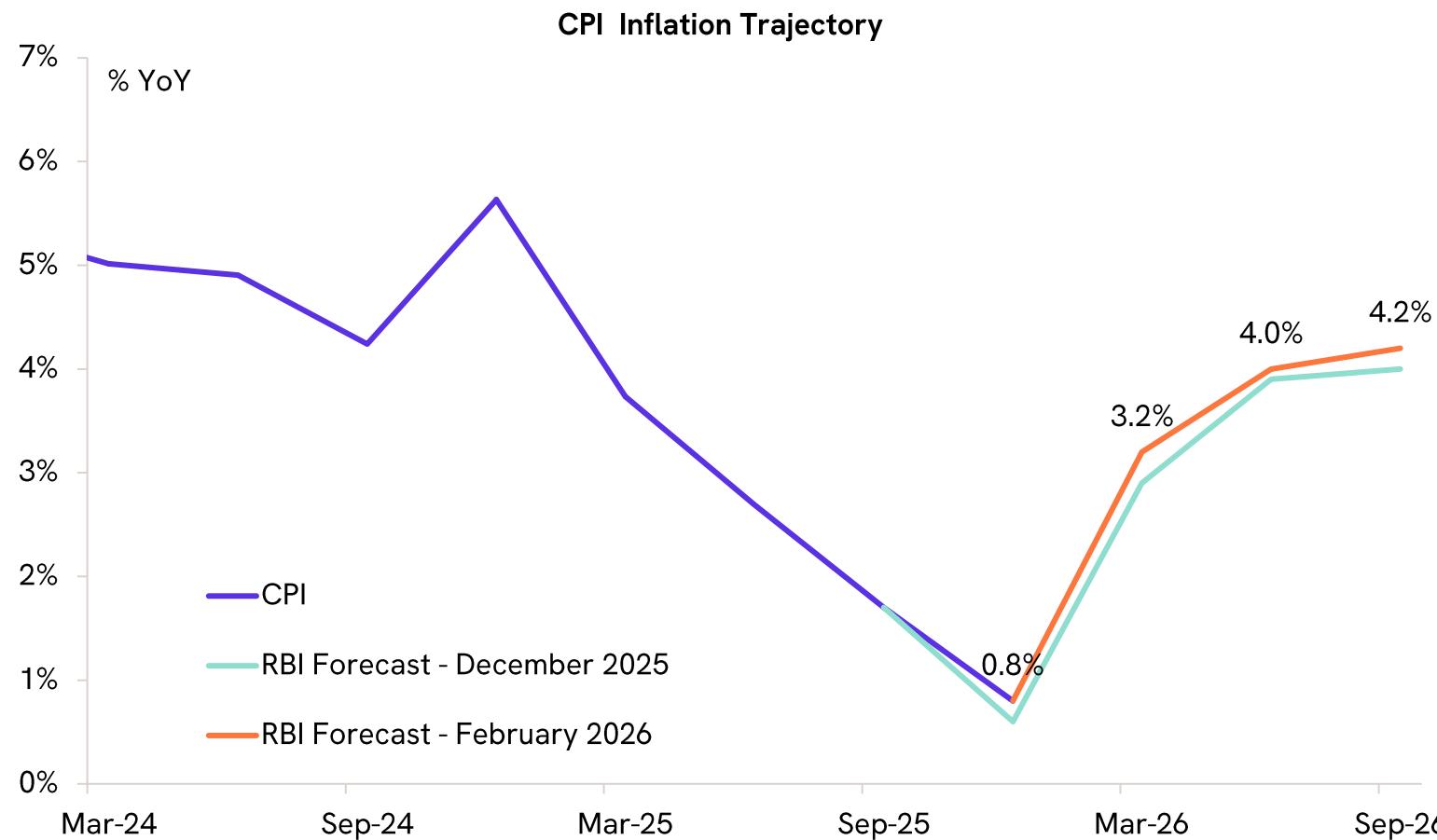


Source: RBI, 360 ONE Asset Research

RBI raises FY26 CPI projection to 2.1% YoY from 2.0% in the previous policy

The slight upward revision in the inflation outlook is primarily due to an increase in the prices of precious metals

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RBI MPC Inflation Outlook:

Near-term outlook suggests that food supply prospects remain bright on the back of healthy kharif production, adequate buffer stocks of foodgrains and favourable rabi sowing

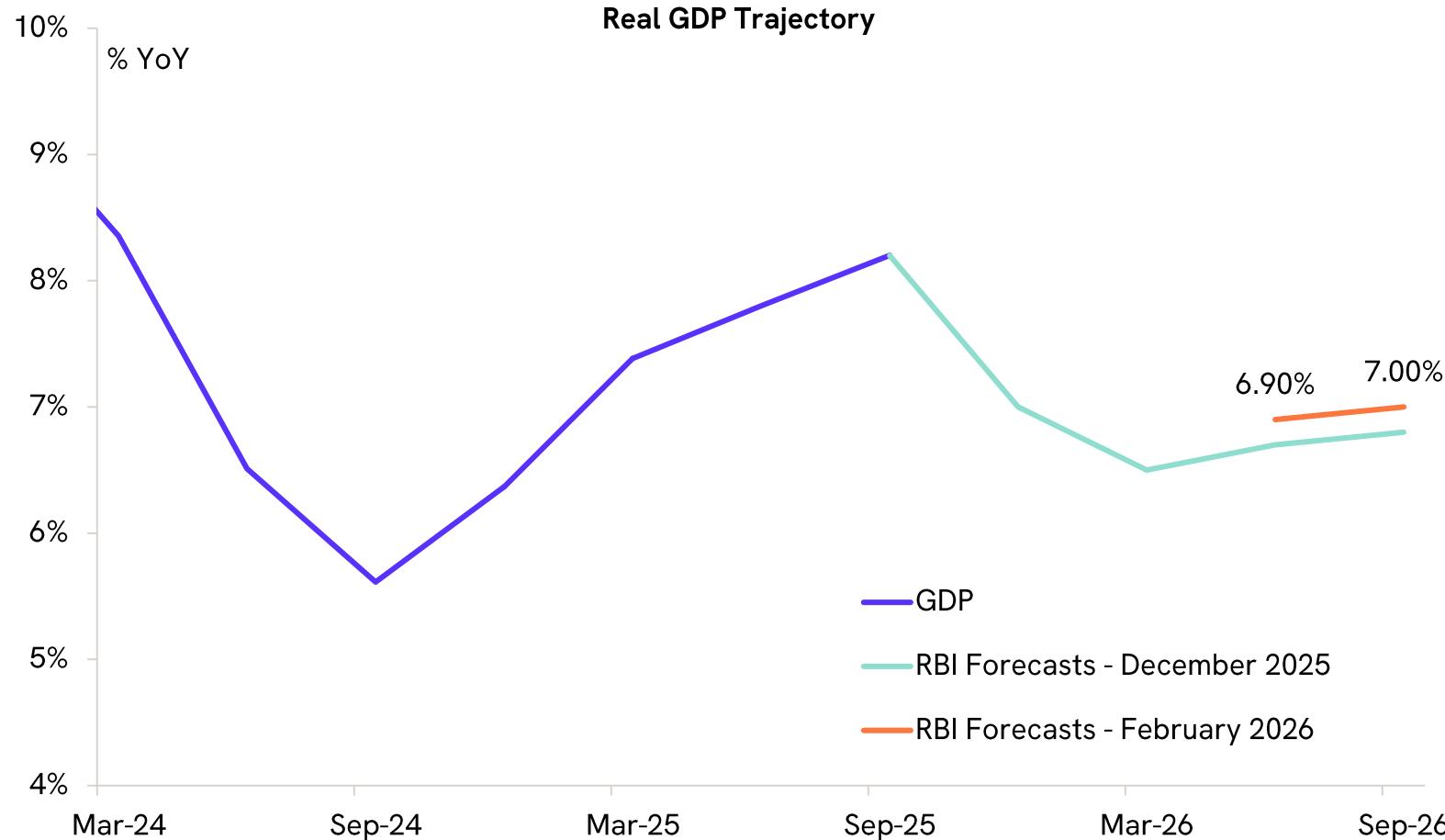
Core inflation, barring potential volatility induced by prices of precious metals, is expected to be range-bound

Geopolitical uncertainty, coupled with volatility in energy prices and adverse weather events, is another possible upside risk to inflation

Excluding precious metals, the underlying inflation pressures remain muted

RBI revises H1FY27 GDP projections marginally upward

The MPC statement notes that the economic activity remains resilient



RBI MPC Growth Outlook:

GST rationalisation, healthy rabi prospects, monetary easing and a benign inflation environment should support private consumption

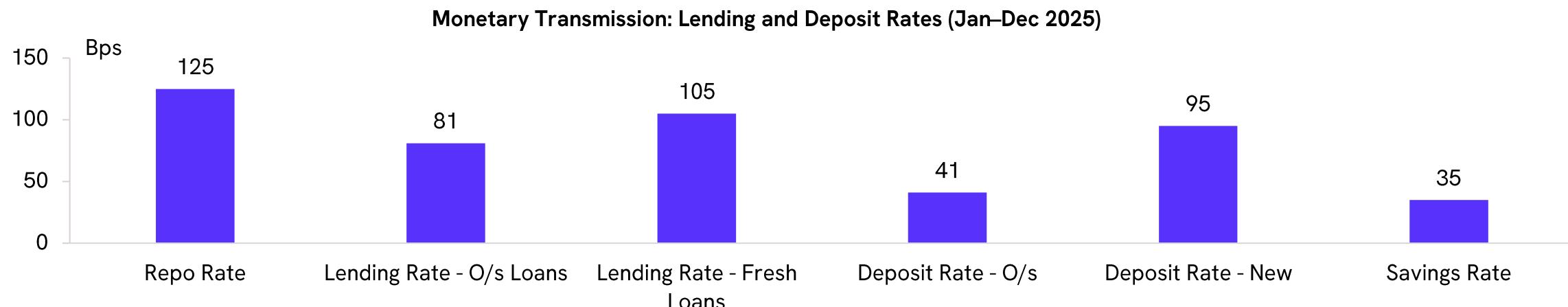
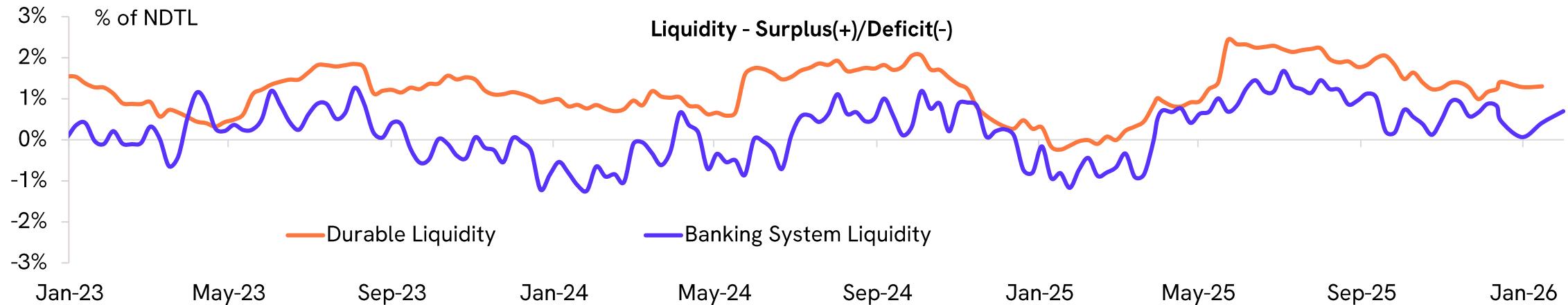
The landmark comprehensive trade pact with the European Union, coupled with trade deals with New Zealand and Oman, should help diversify exports and strengthen the external sector

Merchandise exports will get a boost from the prospective trade deal with the US

Headwinds from geopolitical tensions, an uncertain global trade environment, volatility in global financial markets and international commodity prices continue to pose downside risks to the outlook

We expect RBI to maintain banking liquidity is sufficient surplus

RBI may infuse additional liquidity in the coming months to facilitate smoother monetary transmission

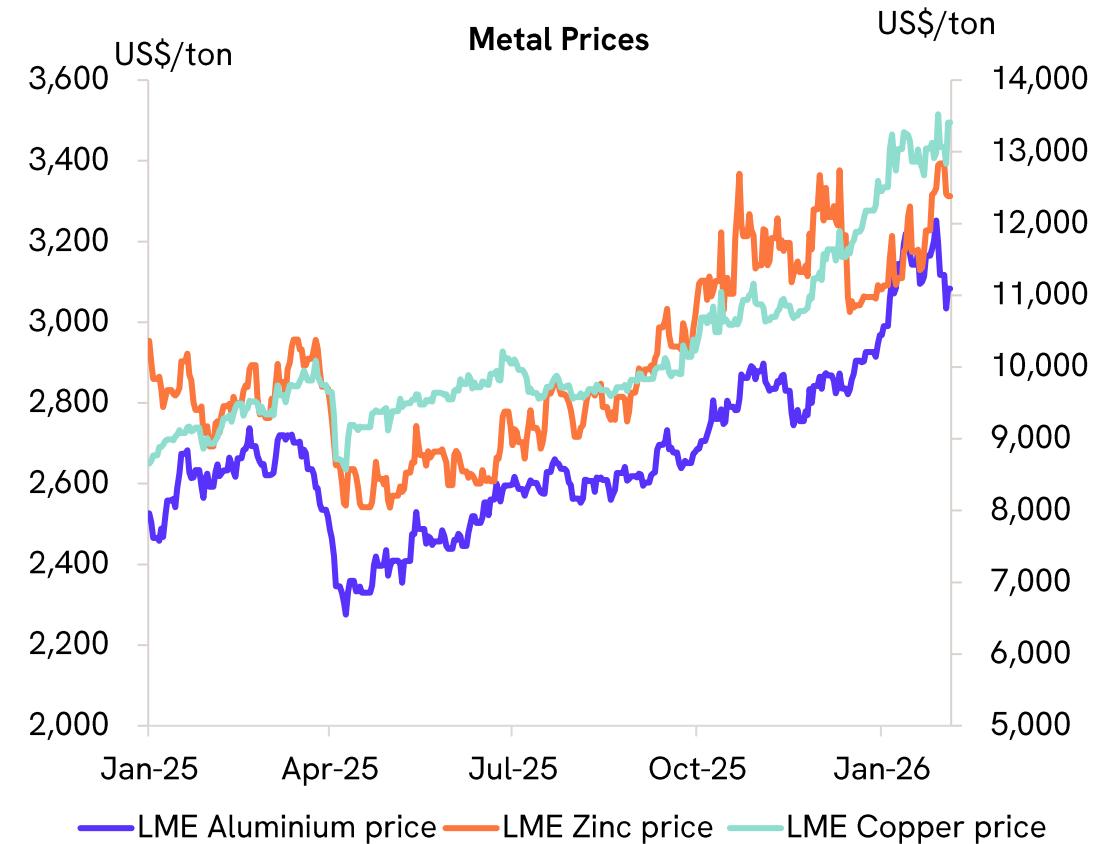
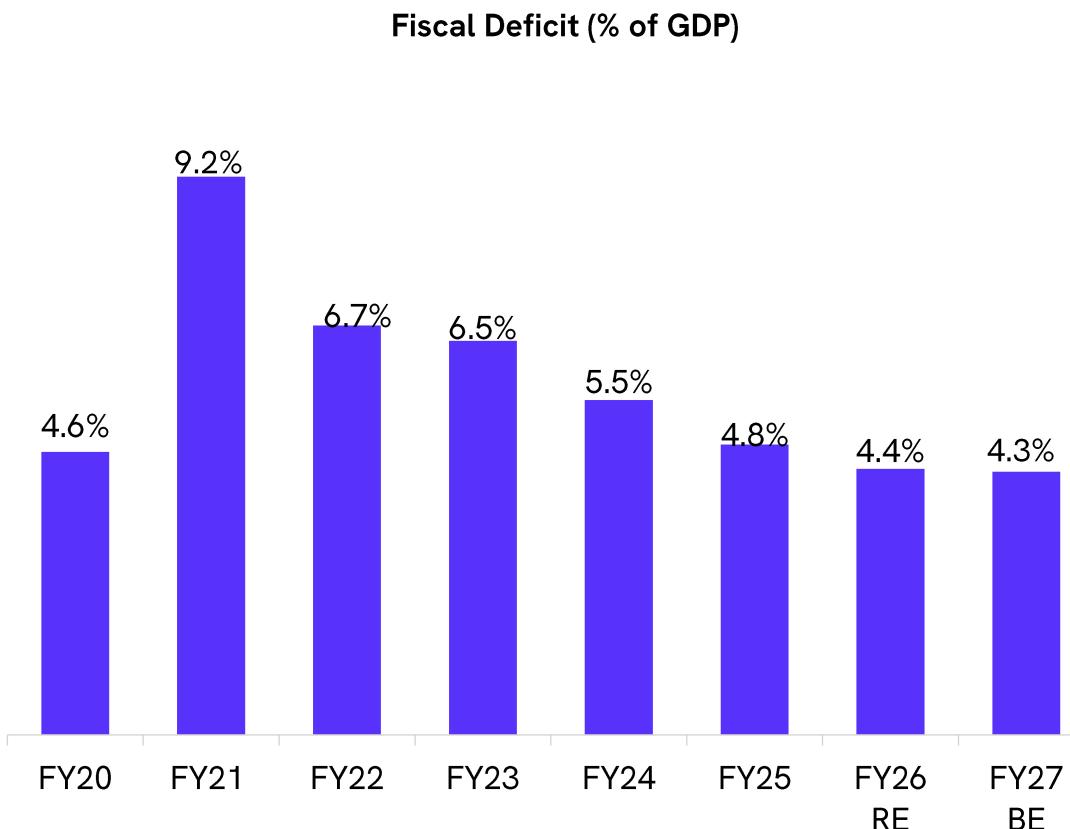


Outlook: Another 25-bps rate cut remains a possibility in this cycle

While the growth outlook remains largely stable, inflation risks have emerged amid rising commodity prices

The government's commitment to fiscal consolidation keeps the space open for further monetary easing

However, risks to inflation have increased with the rise in commodity prices



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