

# CONSUMER PRICE INFLATION – APR’24

Inflation eases further to an 11-month low; food prices rise a little

**Inflation for Apr’24 at 4.83% was below the 5% we expected and held steady from 4.85% the month prior. Core inflation was a favourable 3.6%, while food inflation inched up to 7.9%**

**Core inflation steady.** Core inflation was 3.6% in Apr’24, similar to that recorded the previous month. Lower inflation in services and housing prevailed.

**Uptick in food inflation.** Food inflation rose a fraction, driven by cereals, meat and fruit. Expectations of a normal monsoon are likely to contain volatility in food inflation.

**Global inflation sticky.** Average inflation in the G-20 economies continued at a one-year high in Mar’24. Inflation in the past few months has been sticky. While the easing of the Israel—Iran conflict brought some respite, recent escalations in the Gaza area are a concern.

**Uncertainties amid geopolitical risks, weather shocks.** On one hand, the CPI has been on a downward trend as core inflation continued to ease, though occasional bumps stemmed from volatile food inflation. Further expectations of the May’24 CPI at around 5% are largely due to the unfavourable base. We feel that, with largely good growth, the RBI will not look at rate cuts soon. In that context, a key monitorable would be GVA growth figures at end-May’24. Finally, with current figures in line with the RBI’s expectations, we do not see any shift in the tone in the coming MPC. A key risk to our outlook would be an earlier-than-expected Fed cut as we track building cracks in the US exceptionalism narrative.

Key inflation rates, y/y, %

Headline	Core
8	3.7
Non-Core	Food
6	7.9
Fuel	Health
.2	.3
Household Goods & Services	Housing
2.7	2.7

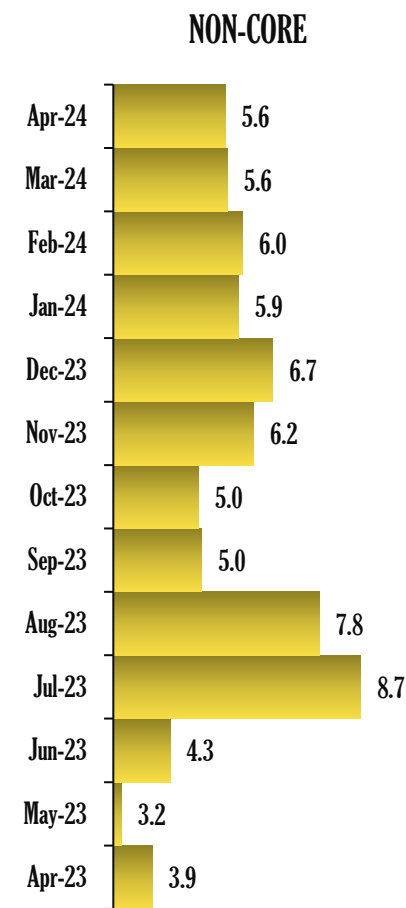
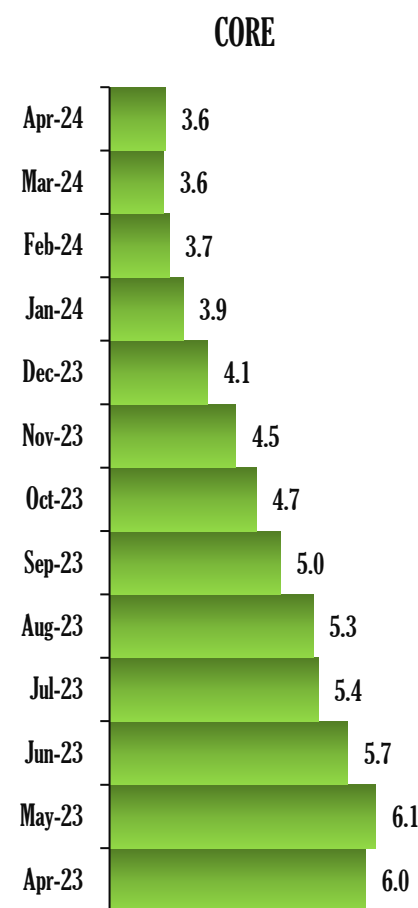
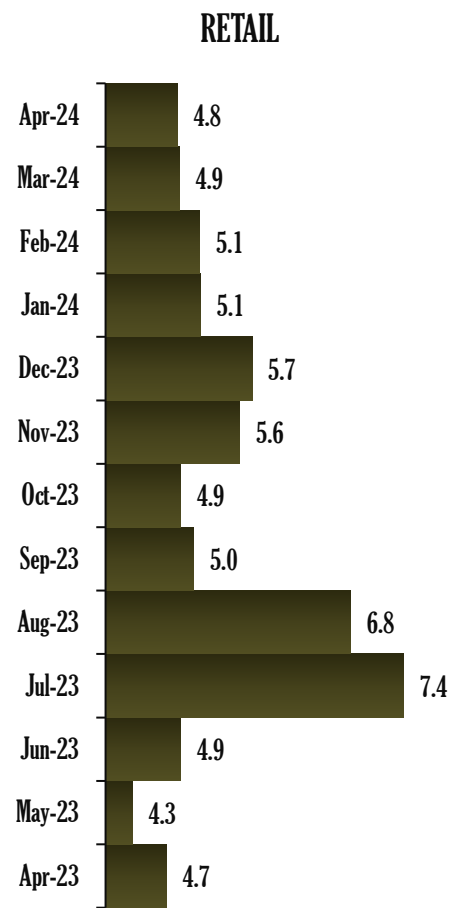
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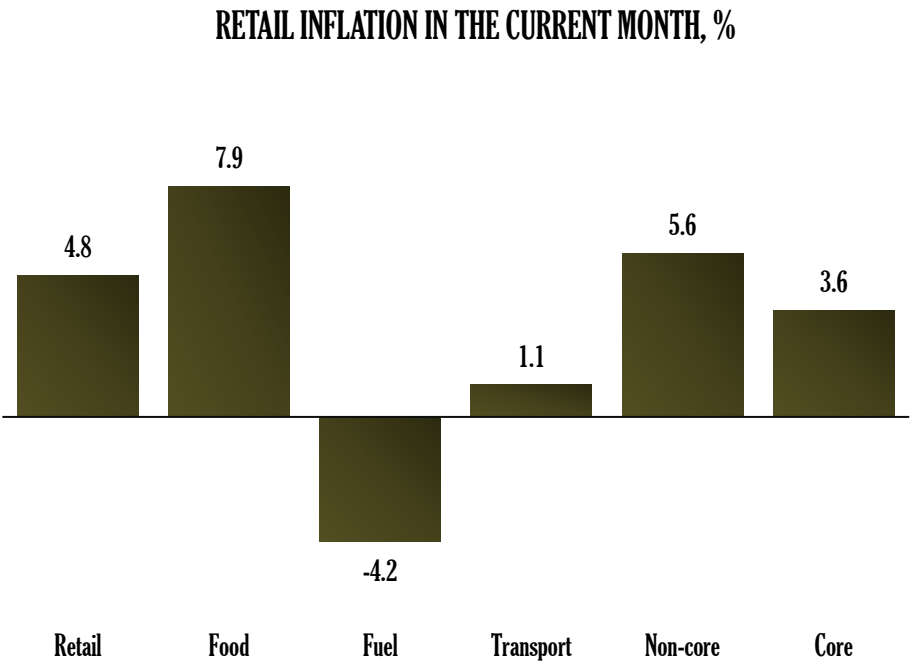
# CPI INFLATION AT 11-MONTH LOW, CORE HOLDS STEADY

CPI inflation for Apr'24 at 4.83% was moderately below Mar'24's 4.85% and at an eleven-month low. Inflation in service items, fuel and housing dropped while that of food rose moderately. Core inflation continues to be steady with the continuing decline in housing, health and education. Non-core inflation was high due to the rise in food inflation despite fuel move deeper into deflation versus the previous month.



# MODEST RISE IN FOOD INFLATION, DEFLATION IN FUEL CONTINUES

As we expected, food inflation rose moderately, to 7.9% in Apr'24 from 7.7% the month prior. While vegetable inflation further eased, inflation in cereals rose 26bps. Fuel inflation held in negative territory for the eighth consecutive month despite high crude prices the month prior. The continuing fall in health, education, transport and communication contributed to the lower services inflation.

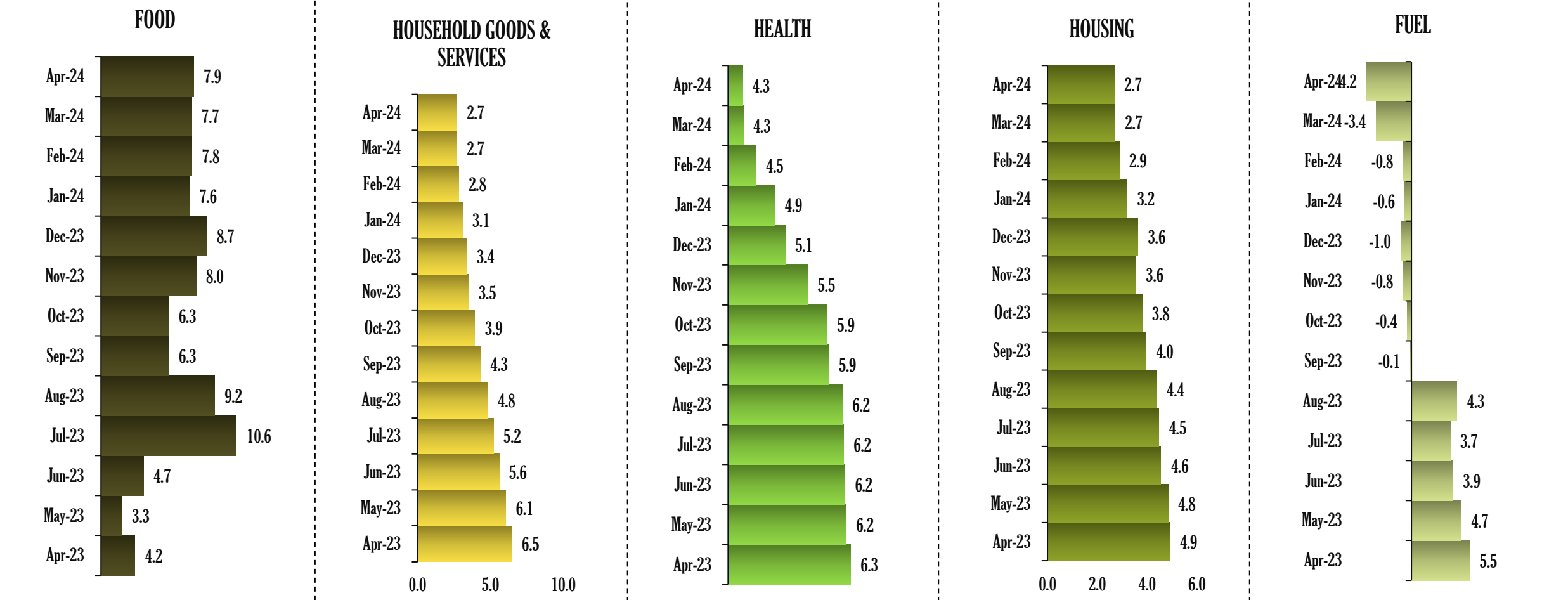


	Contribution relative to weight, y/y				
	Apr-24	Mar-24	Feb-24	Current year	Last year
Food	28.8	27.2	23.9	15.3	0.0
Fuel	-0.7	-2.0	-5.8	6.8	-5.3
Transport	-6.8	-6.1	-5.7	-4.8	-5.7
Non-core	9.0	9.4	10.3	-17.6	-14.1
Core	-9.0	-9.4	-10.3	17.6	14.1
Tobacco, wine	-0.7	-0.7	-0.7	0.0	0.5
Clothing	-2.1	-1.8	-1.9	-3.1	-0.6
Footwear	-0.5	-0.4	-0.5	-0.7	-0.4
Housing	-4.6	-4.6	-4.5	9.0	9.0
Household goods & services	-1.7	-1.7	-1.7	-2.1	-2.1
Health	-0.5	-0.5	-0.5	-2.0	-2.0
Recreation	-0.8	-0.8	-0.8	-1.3	-0.9
Education	-0.6	-0.2	-0.3	-1.5	2.5
Personal care	2.3	1.0	0.2	21.2	9.1

Source: MOSPI, CEIC, Anand Rathi

# SERVICES INFLATION STEADY, FUEL CONTINUES DOWNWARD TREND

Inflation in most Service components (health, education, transport & communications and housing) continued to decline. Housing once again recorded its lowest inflation in the series, at 2.7%. Inflation in personal care and effects rose a further 140bps following an 80bp rise in Mar'24 likely, on increases in prices of gold and silver. Despite the monthly rise in global prices, fuel inflation continued in negative territory for the eighth month in a row, due to the base impact and unchanged retail prices.



# CEREALS, MEAT AND FRUIT RISE; SPICES, TRANSPORTATION DECLINE

Inflation in spices has been softening, with a significant decline to 7.8% in Apr'24, the lowest in 26 months. While vegetable inflation was modest, prices of key vegetables such as onions, tomatoes and potatoes were high. Inflation in pulses came at a seven-month low. Expectations of a normal monsoon this year are likely reduce volatility in food prices. Inflation in transport and communication was at a one-year low of 1.1% as fares were unchanged.

Item-wise inflation (y/y, %)

Top 20	Bottom 20
Garlic 110.1	Liquefied Petroleum Gas -24.9
Ginger 54.6	Refined Oil -14.4
Potato 53.6	Mustard Oil -12.2
Tomato 41.8	Coconut 4.2
Onion 36.6	Wheat or Atta by PDS -9.7
Cabbage 34.1	Vanaspati, Margarine -8.7
Arhar, Tur 31.4	Orange, Mausami -6.4
Jeera 29.4	Bedding -4.1
Mango 25.4	Dhania -2.4
Watermelon 21.5	Other Cooking or House -2.3
Kharbooza 20.7	Cashewnut -2.2
Carrot 19.4	Lady's Finger -2.2
Green Chillies 18.1	Air Fare Normal -2.2
Ragi and Its Products 17.7	Diesel Excl. Conveyance -2.2
Gold 17.7	Railway Fare -2.0
Carpet, Darea and Other Floor Matings 16.2	Diesel For Vehicle -2.0
Coffee 3.1	Petrol For Vehicle -1.9
Turmeric 15.8	Glassware -1.8
Cauliflower 15.7	Pineapple -1.6
Gourd, Pumpkin 15.5	Electric Iron, Heater, Tc -1.5

Item-wise inflation relative to weight (y/y, %)

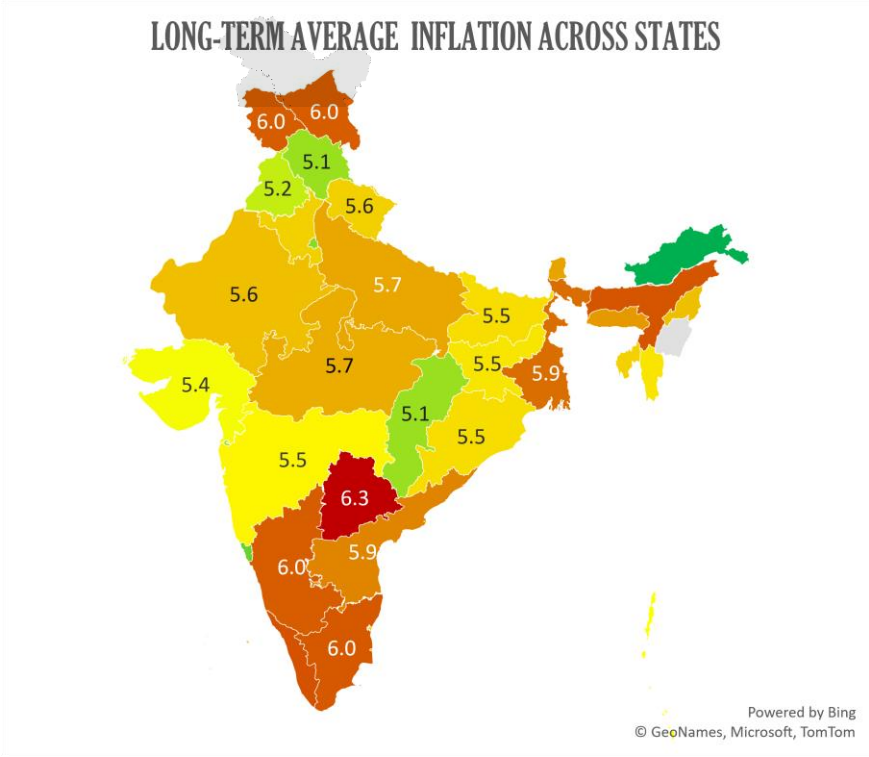
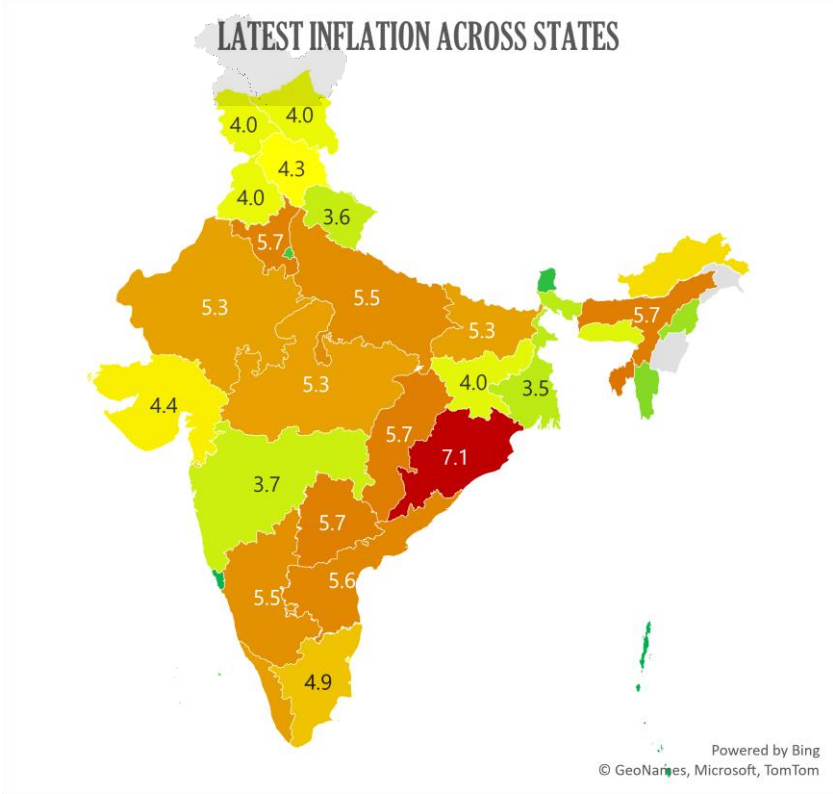
Top 20	Bottom 20
Rice non-PDS 10.3	Liquefied Petroleum Gas -9.1
Potato 7.3	Refined Oil -3.8
Garlic 6.0	Mustard Oil -3.3
Arhar, Tur 5.1	Petrol For Vehicle -0.9
House Rent, Garage Rent 3.9	Coconut 0.2
Gold 4.3	Wheat or Atta by PDS -0.2
Onion 4.1	Dhania -0.2
Medicine Non-Institutional 3.6	Orange, Mausami -0.2
Chicken 3.9	Lady's Finger -0.2
Milk 3.2	Vanaspati, Margarine -0.1
Electricity 3.5	Jackfruit -0.1
Wheat or Atta non-PDS 3.0	Groundnut Oil -0.1
Tomato 3.1	Dry Chillies -0.1
Jeera 2.7	Railway Fare -0.1
Tuition And Other Fees for School, College 2.4	Diesel For Vehicle -0.1
Cooked Meals Purchased 2.1	Air Fare Normal 0.0
Ginger 2.2	Banana -0.1
Fish, Prawn 1.8	Cashewnut 0.0
Mango 1.9	Other Fuel 0.0
Turmeric 1.4	Masur -0.1

Inflation rate	Weight of items
Below 0	9.9
0 3	40.0
3 5	23.2
5 7	6.6
7 10	3.8
Above 10	16.5

Standard deviation
Apr-24 9.9
Mar-24 11.9
Feb-24 17.6
Jan-24 16.4
Dec-23 16.3
Nov-23 14.5
Oct-23 14.2
Sep-23 13.9
Aug-23 17.4
Jul-23 18.5
Jun-23 12.1
May-23 10.6

# RURAL INFLATION STAYED HIGH

Infaltion in the States showed regional patterns. While inflation in some southern and central Indian states rose, in the northern and north-eastern states it declined. Inflation in Odisha rose above 7.1%, continuing as the state with the highest inflation. Urban inflation continued to soften at 4.1% and rural inflation held at a high 5.4%.



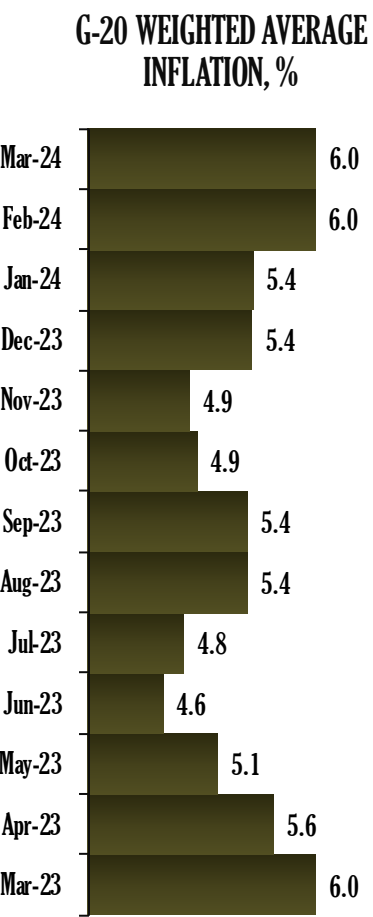
Low Moderate High

Source: MOSPI, CEIC, Anand Rathi

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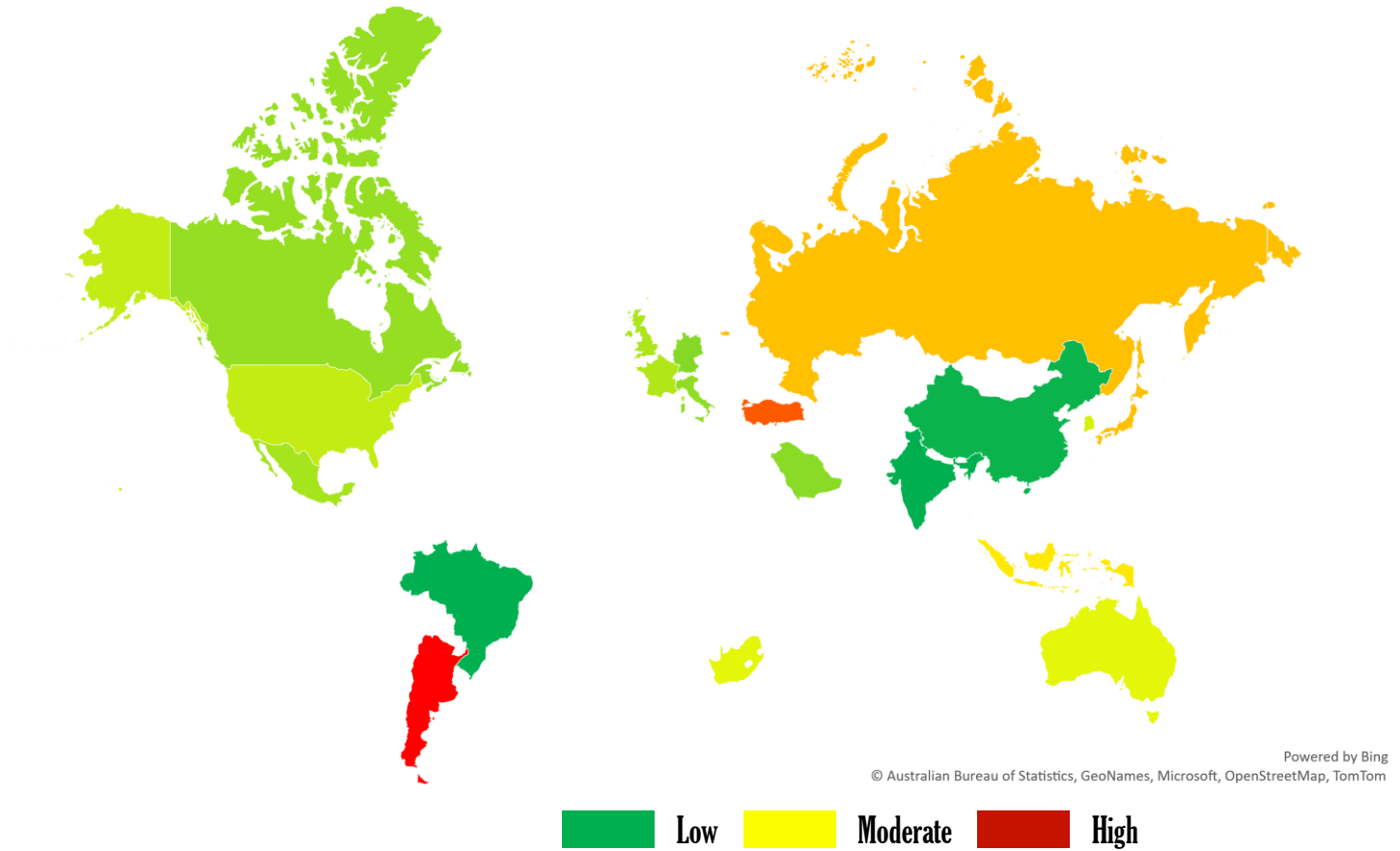
# GLOBAL INFLATION STILL STICKY

Average inflation in the G-20 economies continued at a one-year high in Mar'24. Inflation in the past few months has been sticky. While the easing of the Israel—Iran conflict brought some respite, recent escalations in Gaza are a concern. As the major Central banks have paused rate hikes, the continuing pattern of inflation above expectations is adding to uncertainty about the timing and number of rate-cuts.



	Inflation
Argentina	287.9
Turkey	69.8
Russia	7.7
South Africa	5.3
India	4.8
Mexico	4.7
Brazil	3.7
Australia	3.5
United States	3.5
United Kingdom	3.2
Indonesia	3.0
South Korea	2.9
Canada	2.9
Japan	2.7
Germany	2.2
France	2.2
Saudi Arabia	1.6
Italy	0.9
China	0.3

LATEST INFLATION IN G-20 COUNTRIES



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Source: MOSPI, CEIC, Anand Rathi



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