

## Macro Insights

15<sup>th</sup> April, 2024

### CPI eases to 4.85 per cent

Retail inflation measured by CPI eased to 4.85% in March 2024, compared to 5.09% in the previous month.

### Highlights:

- India's retail inflation reduces in March'24 to 4.85 per cent helped by moderation in price rise of food items.
- CPI is between RBI's tolerance band of 2 to 6 per cent.
- The core inflation moderated to 3.25 per cent in March.
- Urban inflation reduced to 4.14 per cent from 4.78 per cent in the previous month and rural inflation increased from 5.34 per cent to 5.45 per cent.
- Food Price index stood at 8.52 per cent as against 8.66 per cent in February.

Chart: Consumer Price Index - March'24

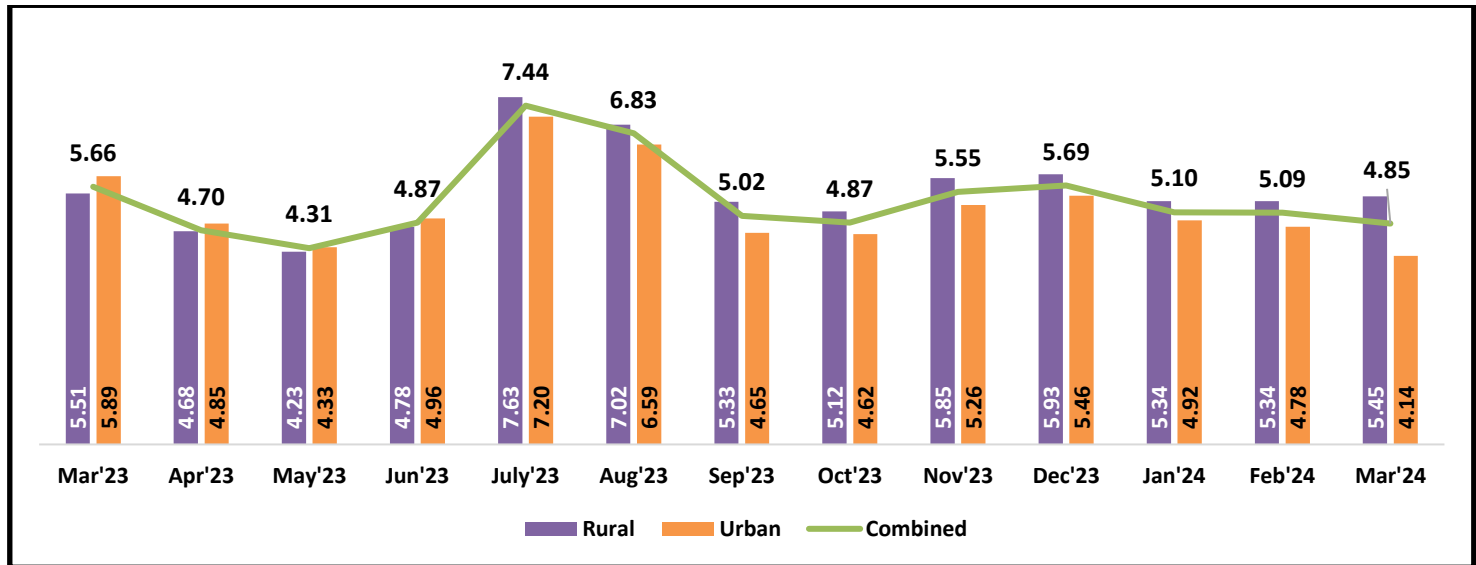


Table: Components of CPI

	Food and beverages		Pan, tobacco and intoxicants		Clothing and footwear		Housing		Fuel & Light		Miscellaneous		General	
Weight	45.86%		2.38%		6.53%		10.07%		6.84%		28.32%		100%	
	Prev. Year	Current Year	Prev. Year	Current Year	Prev. Year	Current Year	Prev. Year	Current Year	Prev. Year	Current Year	Prev. Year	Current Year	Prev. Year	Current Year
Jan	6.19	7.58	3.12	3.28	9.08	3.37	4.62	3.20	10.84	-0.60	6.21	3.82	6.52	5.10
Feb	6.26	7.76	3.22	3.12	8.79	3.14	4.83	2.88	9.90	-0.77	6.12	3.57	6.44	5.09
Mar	5.11	7.68	2.99	3.06	8.18	2.97	4.96	2.77	8.79	-3.24	5.77	3.50	5.66	4.85

**Views:**

- India's headline retail inflation eased to a nine-month low of 4.85 % in March from 5.09 % in the previous month helped by moderation in price rise of food items.
- CPI rural inflation in March rose to 5.45 per cent as against 5.34 per cent in February.
- Food inflation fell to 8.52% in March, down from 8.66% in February, when it had seen a sharp rise in prices of meat, fish and eggs, and vegetables. Pulses inflation rose 17.7% as compared to 18.9% in the previous month.
- The RBI is keen to keep inflation under control to ensure stability and has held the repo rate steady at 6.5 per cent for seven consecutive times in a row in its bimonthly monetary policy reviews..
- The core inflation is declining steadily month on month. This shows that RBI's rate hike is working effectively through the system.
- While core inflation continues to moderate, one needs to be watchful of heatwaves going ahead, which could keep food inflation elevated and volatile in the summer months. MPC is expected to remain on a wait-and-watch mode until H1FY25, with possible easing likely towards the latter part of FY25, depending on the evolution of monsoons, crude oil prices and timing of Fed's rate easing cycle.

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