

Macro Insights

14th March, 2024

CPI eased to 5.09 per cent

Retail inflation measured by CPI eased to 5.09% in February 2024, compared to 5.10% in the previous month.

Highlights:

- India's retail inflation reduces in February'24 to 5.09 per cent, as food prices edge higher.
- CPI is on the higher end of RBI's tolerance band of 2 to 6 per cent.
- The core inflation moderated to 3.34 per cent in January.
- Urban inflation reduced to 4.78 per cent from 4.92 per cent in the previous month and rural inflation remains the same.
- Food Price index increased to 8.66 per cent.

Chart: Consumer Price Index - February'23

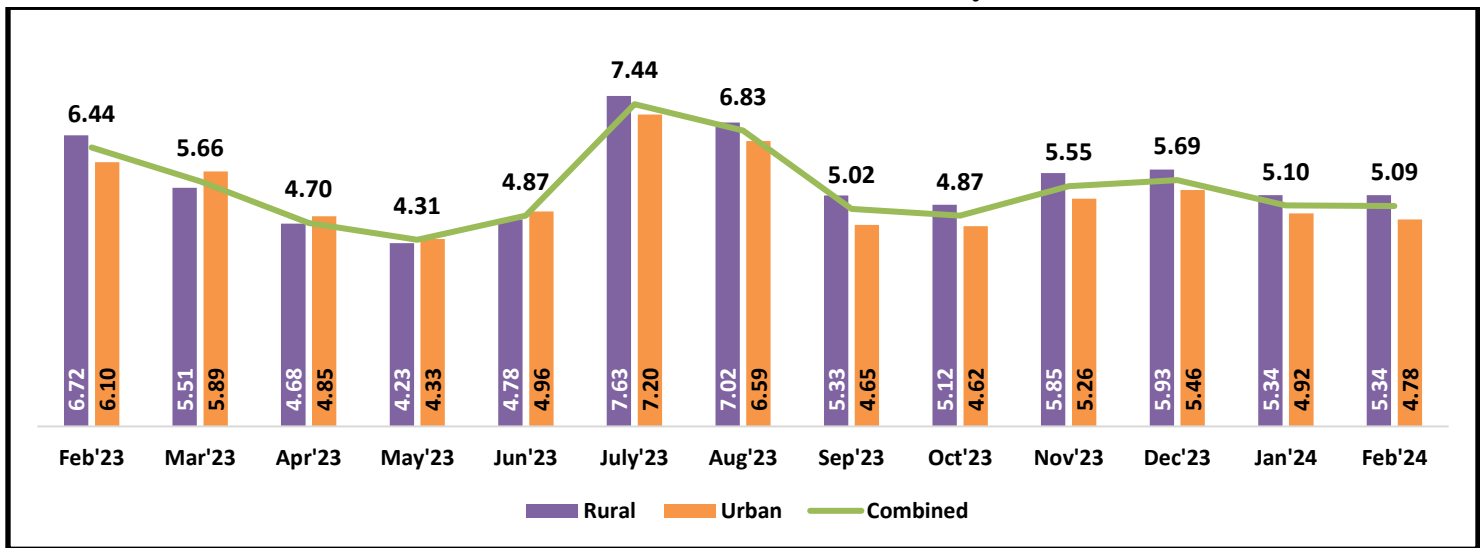


Table: Components of CPI

	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
Dec	4.58	8.70	2.55	3.65	9.58	3.61	4.47	3.63	10.91	-0.99	6.17	4.07	5.72	5.69
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

Views:

- India's consumer price index (CPI) inflation eases to 5.09 per cent in February 2024 against 5.10% recorded for the month of January.
- The rural inflation came at 5.34% in February 2024, which is same as in January 2024.
- Food inflation is 36 basis points higher at 8.66%. Most of the pressure is coming from vegetables, pulses and high protein items like meat and eggs.
- The trajectory of moderation could persist if food price pressures remain contained in the near term. However, climate risks and potential adverse spillover from escalation in merchandise trade costs post the Red Sea disturbance may introduce volatility in food prices.
- The Reserve Bank of India, maintaining its repo rate at 6.50% for the sixth consecutive meeting on February 8, underscored "large and repetitive food price shocks" as a significant risk to the ongoing disinflation trend.
- The core inflation is declining steadily month on month. This shows that RBI's rate hike is working effectively through the system.

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