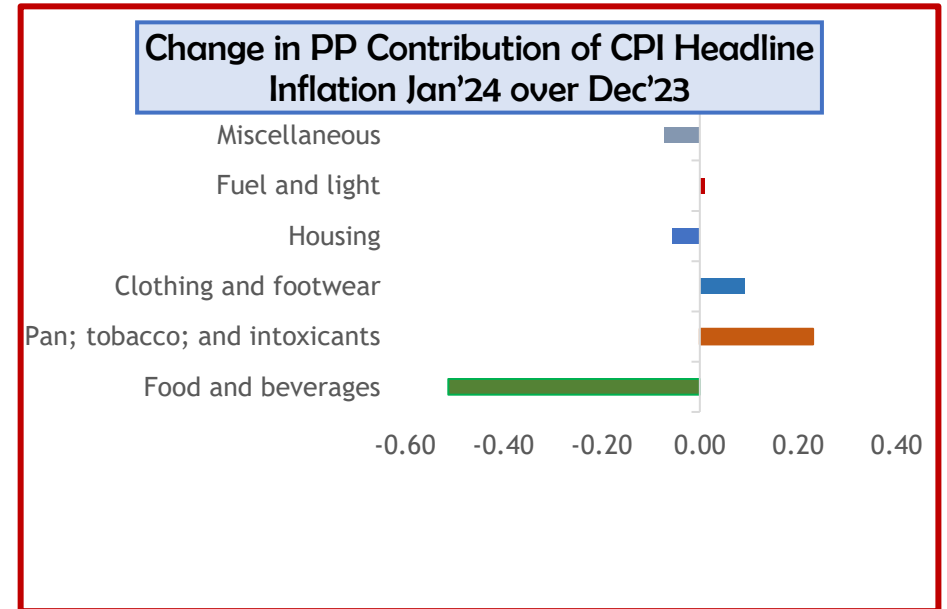
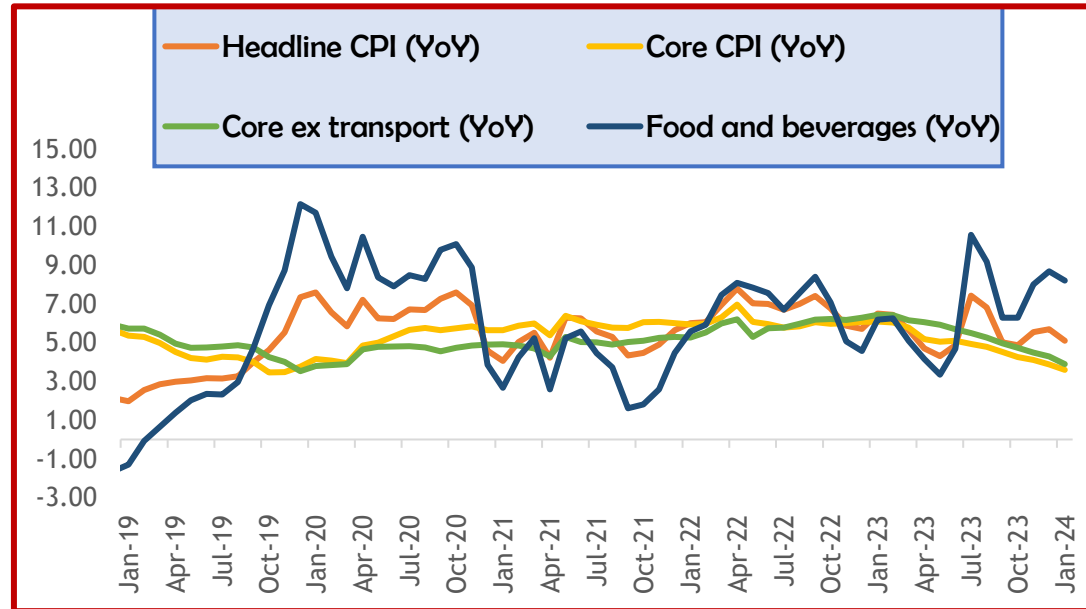




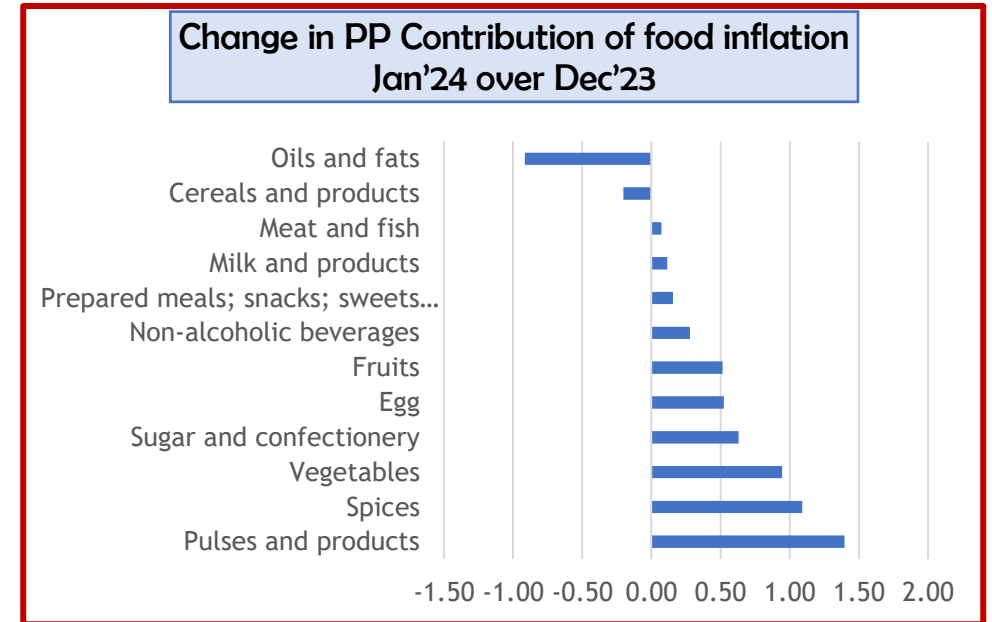
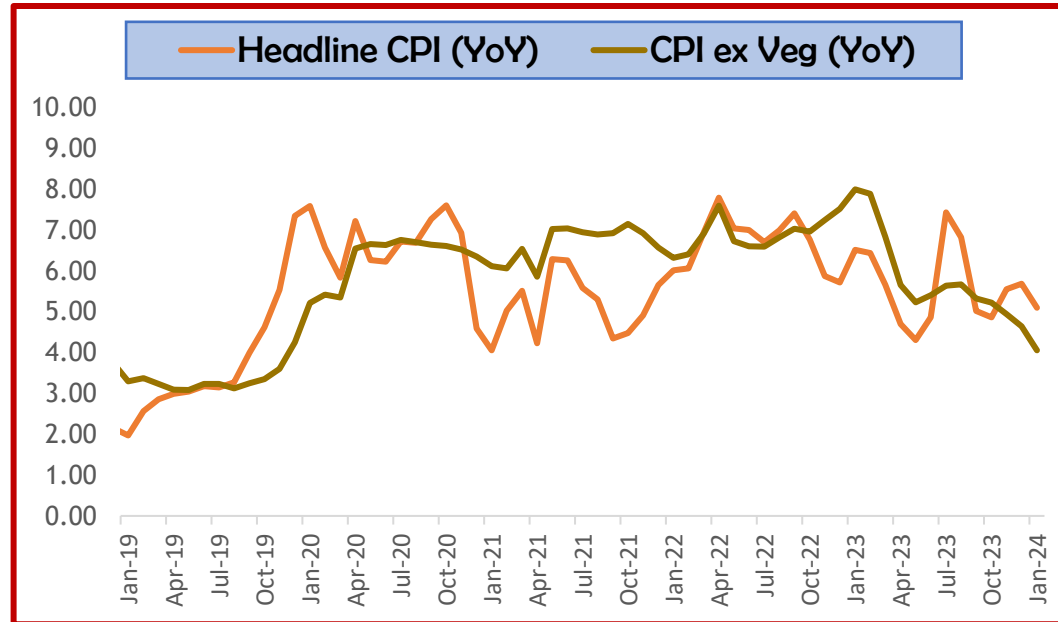
Inflation cools to three-month lows in January 2024

12th February 2024

CPI dropped to three-month lows



- ❖ Inflation for the month of Jan'24 slipped to **5.10%** from 5.69% recorded in the month of Dec'23.
- ❖ January headline inflation dropped to the lowest level in last three months; before Jan'24, lowest figure was recorded in Oct'23 (4.87%). This was primarily led by drop in food & beverages segment. However, persistent inflation in the cereals, pulses and spices segments may be a cause of concern.
- ❖ Core inflation eased further to 3.6% in the month of Jan'24 from 3.9% recorded in the month of Dec'23, witnessing below 4% 2nd month in a row; before this, core inflation fell below 4% in Mar'20.



- ❖ Vegetables inflation cooled further marginally in the month of Jan'24 vs Dec'23, however remained in the double digits, as lower base continued to push inflation in the segment on higher side.
- ❖ In the month of February seasonal downward price pressure witnessed across food sub segments except cereals, as per data available till 09th of Feb'2024.
- ❖ Headline inflation ex-vegetables continued to maintain downward trajectory and clocked lowest since Dec'19.

Food inflation poses considerable uncertainty to outlook

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
CPI	4.70	4.31	4.81	7.44	6.83	5.02	4.87	5.55	5.69	5.10
Core CPI	5.2	5.1	5.1	4.9	4.8	4.5	4.3	4.1	3.9	3.60
CFPI (Food CPI)	3.84	2.96	4.55	11.51	9.94	6.62	6.61	8.70	9.53	8.30

- ❖ Optimistic outlook on inflation for FY25, as MPC expects inflation to ease to 4.5% next fiscal.
- ❖ While core inflation decline has been broad based, food inflation poses considerable uncertainty. Moreover, geopolitical developments and extreme weather events could adversely impact inflation outlook.

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