

Macro Insights

12th July, 2024

CPI increases to 5.08 per cent

Retail inflation measured by CPI increased to 5.08% in June 2024, compared to 4.75% in the previous month.

Highlights:

- 👉 India's retail inflation reduces in May'24 to 4.75 per cent.
- 👉 India's retail inflation increases in Jun'24 to 5.08 per cent.
- 👉 CPI is between RBI's tolerance band of 2 to 6 per cent.
- 👉 The core inflation moderated to 3.14 per cent in June.
- 👉 Urban inflation increased to 4.39 per cent from 4.15 per cent in the previous month and rural inflation increased from 5.28 per cent to 5.66 per cent.
- 👉 Food Price index stood at 9.36 per cent as against 8.69 per cent in May 2024.

Chart: Consumer Price Index - Jun'24

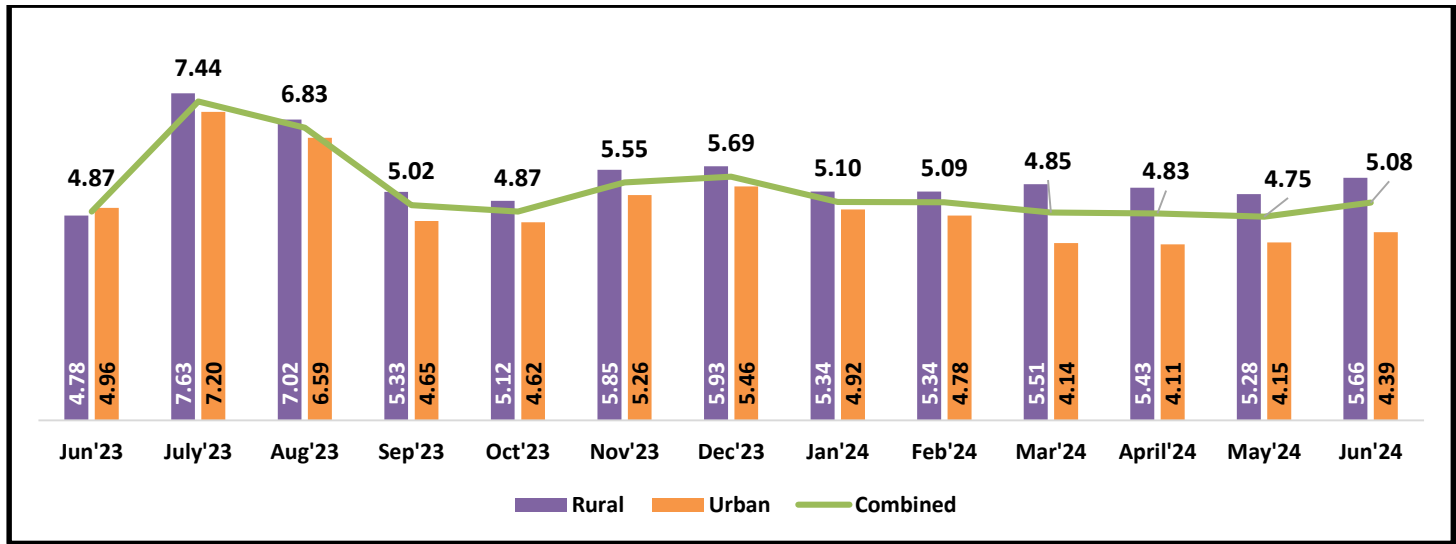


Table: Components of CPI

	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
Apr	4.22	7.87	3.46	2.99	7.47	2.85	4.91	2.68	5.52	-4.24	4.92	3.54	4.70	4.83
May	3.35	7.87	3.55	3.03	6.64	2.74	4.84	2.56	4.70	-3.83	4.90	3.41	4.31	4.75
Jun	4.69	8.36	3.71	3.08	6.14	2.73	4.56	2.69	3.92	-3.66	5.19	3.41	4.87	5.08

Views:

- India's retail inflation saw an uptick for the first time in five months as it accelerated to 5.08 per cent on an annual basis in June driven by an **increase in food and beverages prices**.
- Food inflation which accounts for around half the overall CPI basket, increased to 9.36 per cent in June from 8.69 per cent in May and 4.55 per cent in June 2023.
- Vegetable prices had risen 29.32 per cent year on year. Food prices have been increasing by over 8per cent year-on-year since November 2023.
- Pan, tobacco and intoxicants has decreased from 3.71 per cent in June 2023 to 3.08 per cent in June 2024.
- For clothing & footwear and housing sectors, the inflation rates were 2.73 per cent and 2.69 per cent, respectively
- The headline inflation has remained within the Reserve Bank of India's (RBI) tolerance band of 2-6 per cent, but has steered further away from its median target of 4 per cent which is crucial to its rate cut plans this year.

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