

## Macro Insights

13<sup>th</sup> May 2025

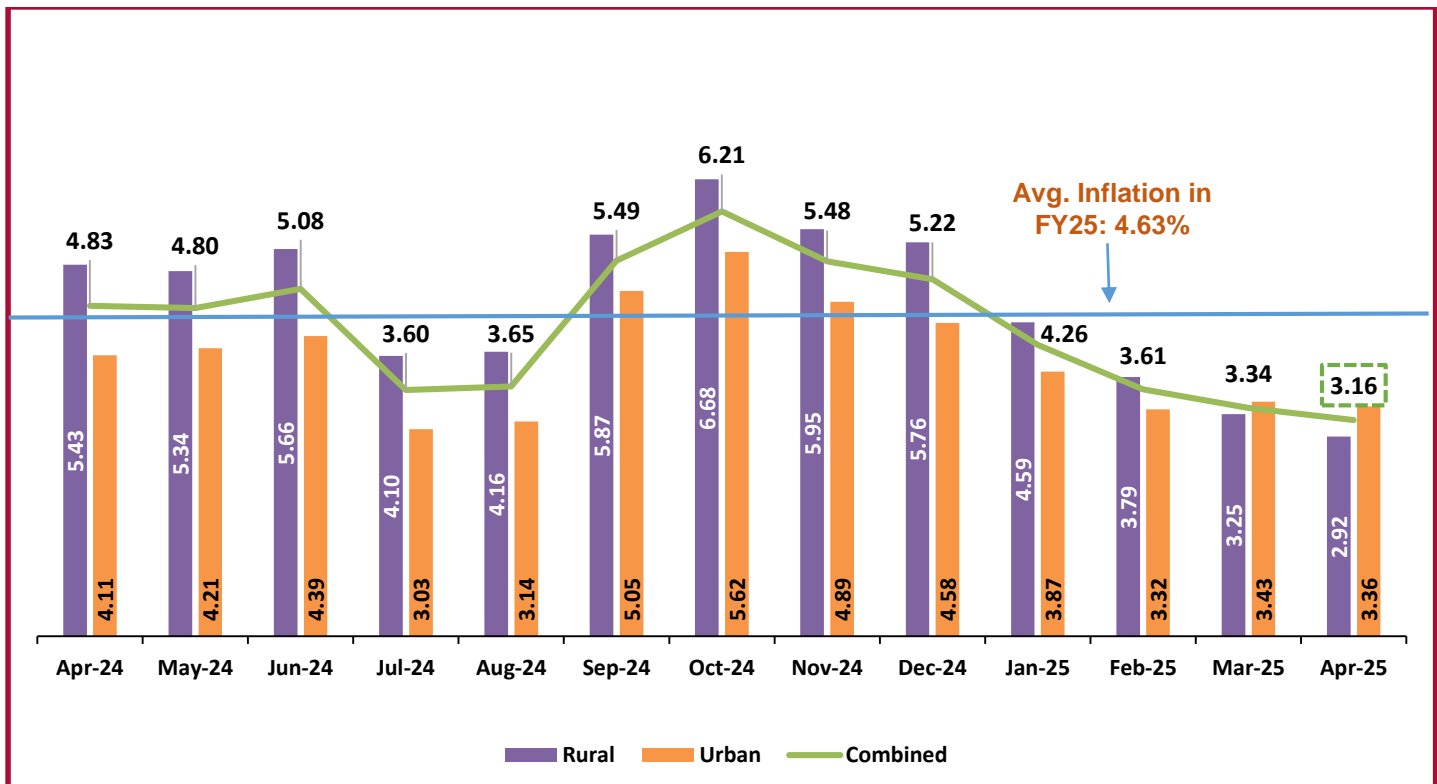
### CPI Inflation Falls for Sixth Consecutive Month to 3.16% in April 2025 — Lowest Since July 2019

Retail inflation measured by CPI dropped further to 3.16 per cent (provisional) in April 2025, falling from 3.34 per cent in March 2025 and 4.83 per cent in April 2024.

### Highlights

- India's retail inflation cooled further in April 2025, on back of declining food inflation (accounts for from 2.69 per cent in March to 1.78 per cent in April 2025 - lowest since October 2021).
- Urban inflation fell from 3.43 per cent in March to 2.92 per cent in April 2025, while rural inflation fell from 3.25 per cent in March to 2.92 per cent in April 2025.
- Core inflation (excluding food and fuel & light) remained stable at 4.13 per cent, nearly unchanged from March.

### Consumer Price Index (YoY per cent Change)



Source: MoSPI, PIB

### Components of CPI (YoY per cent Change)

	CPI	Food and beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weight	100	45.86	2.38	6.53	10.07	6.84	28.32
Apr-24	4.83	7.87	2.99	2.85	2.68	-4.02	3.54
Feb-25	3.61	3.84	2.44	2.68	2.91	-1.33	4.84
Mar-25	3.34	2.88	2.48	2.62	3.03	1.42	4.99
Apr-25	3.16	2.14	2.08	2.67	3.00	2.92	5.02

Source: MoSPI, CMIE

### Views & Analysis

- Headline inflation eased by 18 bps in April 2025 compared to March 2025, with food inflation dropping 91 basis points, attributable to a continued decline of inflation in Vegetables, Pulses & products, Eggs, Fish & Meat and Cereals & Products inflation.

### Components of Food Inflation (YoY per cent Change)

	Food	Cereals and products	Egg, fish and meat	Milk and products	Oils and fats	Fruits	Vegetables	Pulses and products	Sugar and condiments	Spices
Weight	39.06	9.67	4.04	6.61	3.56	2.89	6.04	2.38	1.36	2.50
Nov-24	9.04	6.88	4.69	2.85	13.28	7.68	29.37	5.41	1.31	-7.43
Dec-24	8.39	6.51	5.46	2.80	14.60	8.60	26.56	3.83	0.23	-7.41
Jan-25	5.97	6.24	4.84	2.85	15.64	12.16	11.35	2.55	0.31	-6.85
Feb-25	3.75	6.10	1.60	2.68	16.36	14.82	-1.13	-0.35	2.16	-5.85
Mar-25	2.69	5.93	-0.01	2.62	17.07	16.27	-7.04	-2.73	3.89	-4.92
Apr-25	1.78	5.35	-0.25	2.72	17.42	13.80	-10.98	-5.23	4.59	-3.40

Source: MoSPI, CMIE

- Within the food category, prices for oils & fats (edible oils) and sugar & condiments continued to inch up in April compared to March 2025. Additionally, fruit inflation remained high at 13.80 percent YoY, despite moderating from its March 2025 peak.
- Inflation in the fuel & light group rose to 2.92 percent in April 2025 due to a hike in LPG cylinder prices. Meanwhile, inflation remained almost unchanged in the housing and miscellaneous groups.
- Core inflation, which excludes the volatile components of food and fuel, remained stable at 4.13 percent in April 2025. Personal care inflation remained high at 12.90 percent YoY, driven by rising gold (30.89 percent YoY) and silver (23.33 percent YoY) prices.
- Education (4.13 percent), transport & communications (3.73 percent), and clothing & footwear (2.67 percent) saw slight increases, while inflation in household goods (2.51 percent) and pan, tobacco & intoxicants (2.08 percent) moderated.
- Retail inflation has remained below the RBI's medium-term target of 4 percent for the third consecutive month. With the RBI projecting Q1 FY25 inflation at around 3.5 percent, this may encourage the RBI's MPC to implement another 25 bps rate cut in June 2025.
- Looking ahead, the food inflation outlook remains optimistic due to the early arrival of the monsoon and forecasts for above-normal rainfall. As a result, price pressures in the food category that accounts for nearly half of the consumption basket are likely to stay under control. Furthermore, high-frequency price data from May 2025 indicates a continued decline in the cost of pulses, vegetables, and rice, reinforcing the trend of easing inflation.

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