

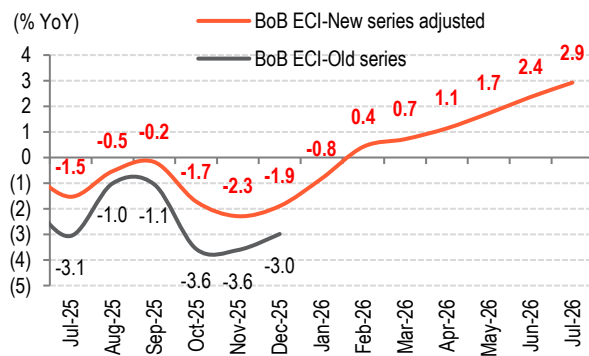
June-CPI to reflect surge in food price

BoB Essential Commodities Index (BoB ECI) has risen at its sharpest pace since Mar'25 by 2.4% in Jun'26, on YoY basis. In Jul'26, the build-up is even higher (first 6-days) at 2.9%. Thus, inflation faces pressure from food prices. International food prices continue to remain elevated. Given the recent developments around pick up in South West monsoon, kharif acreage and reservoir level, a careful monitoring is needed of the spatial distribution of rainfall as well as of El Nino conditions in the coming days. The overall reservoir storage position as on 2 Jul 2026 is at lower level as the Normal storage for the corresponding period. Against this backdrop, we expect CPI to settle at 4.3% in Jun'26, with risks tilted to the upside. To get an idea about the calculation of the index, refer to our [previous edition](#) of BoB ECI.

Price picture using BoB Essential Commodity Index-Adjusted for new base year:

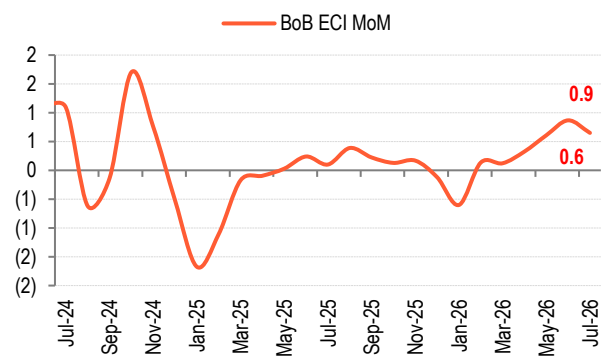
- BoB ECI rose at its highest since Mar'25 by 2.4% in Jun'26, on YoY basis. Among 20 items, 17 items witnessed increase in inflation rate. Among them, the steepest increase was seen for onion, edible oils, pulses and cereals. Onion retail prices surged to a 15-month high to 2.3% in Jun'26 after declining by (-) 5.6% in May'26. Within pulses, both gram and tur dal prices have contracted at a much slower pace in Jun'26. Price of urad dal registered a steady increase for the same period. The edible oil prices continue to advance.
- **Sequential picture:** BoB ECI inched up by 0.9% in Jun'26, fastest pace since Nov'24. The price increase was broad based. Majority steepness was visible for onion, potato, edible oils (except groundnut oil), rice and pulses. Some sequential momentum was also visible for other miscellaneous items such as milk.
- **Jul'26 trend:** For the first 6 days, BoB ECI rose at a faster pace by 2.9%, on YoY basis. On a MoM basis, it has risen by 0.6%.

Figure 1: The new BoB ECI has been picking up sharply on YoY basis...



Source: CMIE, Bank of Baroda Research, Note: For Jul'26: *for the first 6 days

Figure 2: ...On sequential basis (MoM) some moderation is noted



Source: CMIE, Bank of Baroda Research, Note: For Jul'26: *for the first 6 days

Table 1. Food inflation is facing some risks

Retail Price of major essential commodities, (% YOY)	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Cereals						
Rice	-0.2	0.2	0.2	0.5	1.2	2.1
Atta (Wheat)	-1.3	-2.1	-2.6	-1.6	0.0	0.5
Edible Oils						
Mustard oil (Packed)	10	10.4	10.3	10.6	11.3	11.6
Soya oil (Packed)	2.5	3.4	4.4	7.8	8.6	10.5
Sunflower oil (Packed)	8.9	11.4	13.1	15.2	15.4	16.8
Groundnut oil (Packed)	-2.1	0.2	3	4.5	6.7	8.1
Vegetables						
Tomato	50.7	41.9	33.3	35.8	52.8	31.2
Onion	-27	-24.5	-25	-16.2	-5.6	2.3
Potato	-23.5	-13.3	-12.2	-14.5	-14.5	-13.9
Pulses						
Urad dal	-7.5	-4.7	-2.2	-0.9	0.6	2.2
Moong dal	-2.9	-2	-1.4	-0.6	-0.2	0.3
Masoor dal	0.2	0.5	0.9	1.4	1.8	2.0
Gram dal	-7.5	-5.2	-3.5	-2.4	-2.0	-0.8
Tur/Arhar dal	-24	-14.9	-9	-5.3	-3.0	-0.2
Miscellaneous						
Salt pack	-1.8	0.5	1.4	1.4	1.9	1.9
Vanaspati (Packed)	5.8	4.7	3.4	4.2	3.9	4.7
Gur	4.6	4.8	5.6	5.2	5.7	5.4
Milk	0.9	1.2	1.4	1.5	1.7	2.4
Sugar	3.8	2.9	1.8	1.5	1.7	2.0
Tea loose	-0.2	0.2	0.1	0.9	1.0	1.3

Source: CMIE, Bank of Baroda Research

Risks are tilted to the upside

We expect CPI in Jun'26 to be at ~4.3%. Major risks in Jun'26 emanate from food led inflation.

Moreover, retail food prices are also increasing across the board. The volatility in prices of TOP vegetables (Tomato, Onion and Potato) continues to be visible with sharp double-digit inflation of tomato (31.2% YoY in Jun'26), albeit at a slower pace. The Onion trajectory has also shown reversal (from deflation to inflation) at 2.3% in Jun'26 against (-) 5.6% in May'26. The South West monsoon has engulfed the entire country, after an initial delay. The cumulative rainfall so far (7 July) has been 17%

below LPA. The sown area of crops so far (3 July) has been 21% below last year and 6% below the normal area, with acreage of cereals, pulses and oilseeds under pressure. However, the distribution of rainfall remains the key along with the growing risk of El Nino which might have adverse impact on acreage and needs to be monitored.

How are Global prices moving?

World Bank data has shown that risks have subsided in the month of Jun'26 with deep correction in international crude prices with the announcement of peace agreement. Crude oil prices declined by (-) 18.6% in Jun'26 against (-) 3.4% decrease noted in May'26 (MoM basis). Global edible oil prices softened marginally, with the exception of sunflower oil. Given some restraint in energy prices, metal prices also eased across the board. International cereal prices rose at a much slower pace, supported by harvest progress and better prospects of supply from the Black sea region.

Sticky Core

Core (excl. food and fuel) is likely to remain in the range of 4% in Jun'26. International gold prices have softened further by (-) 7.8%, on MoM basis, hence core excluding precious metals are likely to be muted. On the other hand, financial results of companies for Q1 have hinted at compressed margins as they navigate through input cost inflation and higher commodity prices. This is turn will result in a lagged impact on inflation. However, given that the ceasefire is in place, this will be short term impact.

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