

RESEARCH**BOB ECONOMICS RESEARCH | CPI**

Inflation eases further

SUMMARY**INDIA ECONOMICS: CPI**

CPI inflation moderated to 3.2% in Apr'25 from 4.8% in Apr'24 driven by lower food inflation. At 1.8%, food inflation eased to a 43-month low. Within food, prices of vegetables and pulses declined sharply. Significant moderation was also visible in other categories of food, including in cereals and eggs and meat categories. In May'25 as well, daily price data suggests further moderation in underlying price pressures. Prices of edible oils have remained elevated, but should see some softening momentum going ahead. Global commodity prices have remained soft, which should help keep a lid on core inflation. With domestic inflationary pressures in check, policy space for further monetary easing remains in place. We expect RBI to lower rates by another 50bps this year. This will be contingent on evolving monsoon conditions as well as external stimuli.

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CPI

13 May 2025

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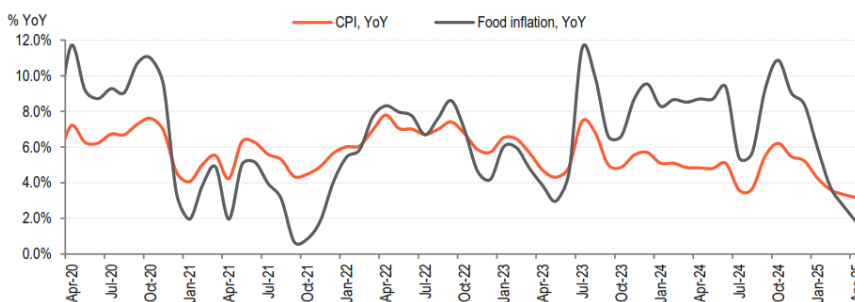
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Aditi Gupta
Economist

Food inflation continues to decelerate

CPI at a ~6-year low: CPI inflation decelerated further to 3.2% in Apr'25 from 3.3% in Mar'25, and 4.8% in Apr'24. This can be explained by a continued correction in food prices, particularly large declines in prices of vegetables and pulses. Food inflation eased to 1.8% in Apr'25, a level last seen in Oct'21. Within food, vegetable prices declined sharply by 11%, after increasing by 27.8% in Apr'24. Similarly, prices for pulses declined by 5.2% in Apr'25, compared with an increase of 16.8% in the same period last year. Barring oils and fats and fruits, all other categories of food inflation also witnessed a considerable moderation when compared with Apr'24. On the other hand, inflation in oils and fats inched up to 17.4% in Apr'25, in stark contrast to a sharp 9.4% decline seen in Apr'24. On similar lines, prices of fruits remained elevated and increased by 13.8% in Apr'25 versus 5.2% in the same period last year.

Figure 1: Food inflation moderated considerably



Source: CEIC, Bank of Baroda Research



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