

# Macro Insights

12<sup>th</sup> August, 2024

## CPI eases to 3.54 per cent

Retail inflation measured by CPI decreases to 3.54% in July 2024, compared to 5.08% in the previous month.

## Highlights:

- 👉 India's retail inflation decreases in Jul'24 to 3.54 per cent.
- 👉 CPI is between RBI's tolerance band of 2 to 6 per cent.
- 👉 Urban inflation decreased to 2.98 per cent from 4.39 per cent in the previous month and rural inflation decreased from 5.66 per cent to 4.10 per cent.
- 👉 Food Price index stood at 5.42 per cent as against 9.36 per cent in June 2024.

Chart: Consumer Price Index – July'24

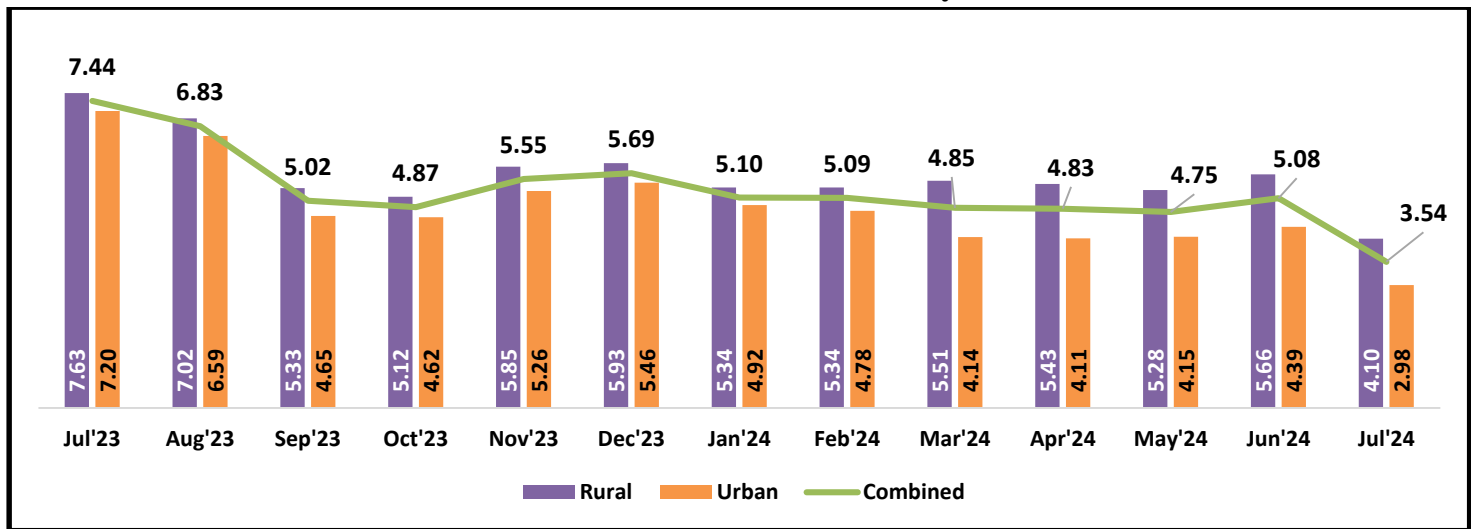


Table: Components of CPI

	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
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
Jul	10.57	5.06	3.85	3.02	5.64	2.67	4.47	2.68	3.67	-5.48	5.05	3.79	7.44	3.54

**Views:**

- India's CPI inflation in July 2024 stood at 3.54 per cent, which is the lowest since August 2019. Due to the statistical impact of the base effect.
- Food inflation for July 2024 is the lowest since June 2023. Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) number is 5.42 per cent (Provisional) for the month of July, 2024.
- Pan, tobacco and intoxicants has decreased from 3.85 per cent in July 2023 to 3.02 per cent in July 2024.
- During the month of July 2024 there is a decline in inflation for all the groups. Significant decline is in the vegetables, fruits and spices subgroup.
- The inflation data come as a relief for the central bank which has a target of keeping the CPI inflation close to 4 per cent mark with a range of 2-6 per cent. The data may also boost hopes of an early rate cut by the RBI-led Monetary Committee in its next meeting.

\*\*\*\*\*

**Disclaimer:** *The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.*

**For any feedback or valuable suggestions: Reach us at [eicsmead@pnb.co.in](mailto:eicsmead@pnb.co.in)**

Follow our Official Page

[www.pnbindia.in](http://www.pnbindia.in)

