

# Macro Insights

13<sup>th</sup> January 2025

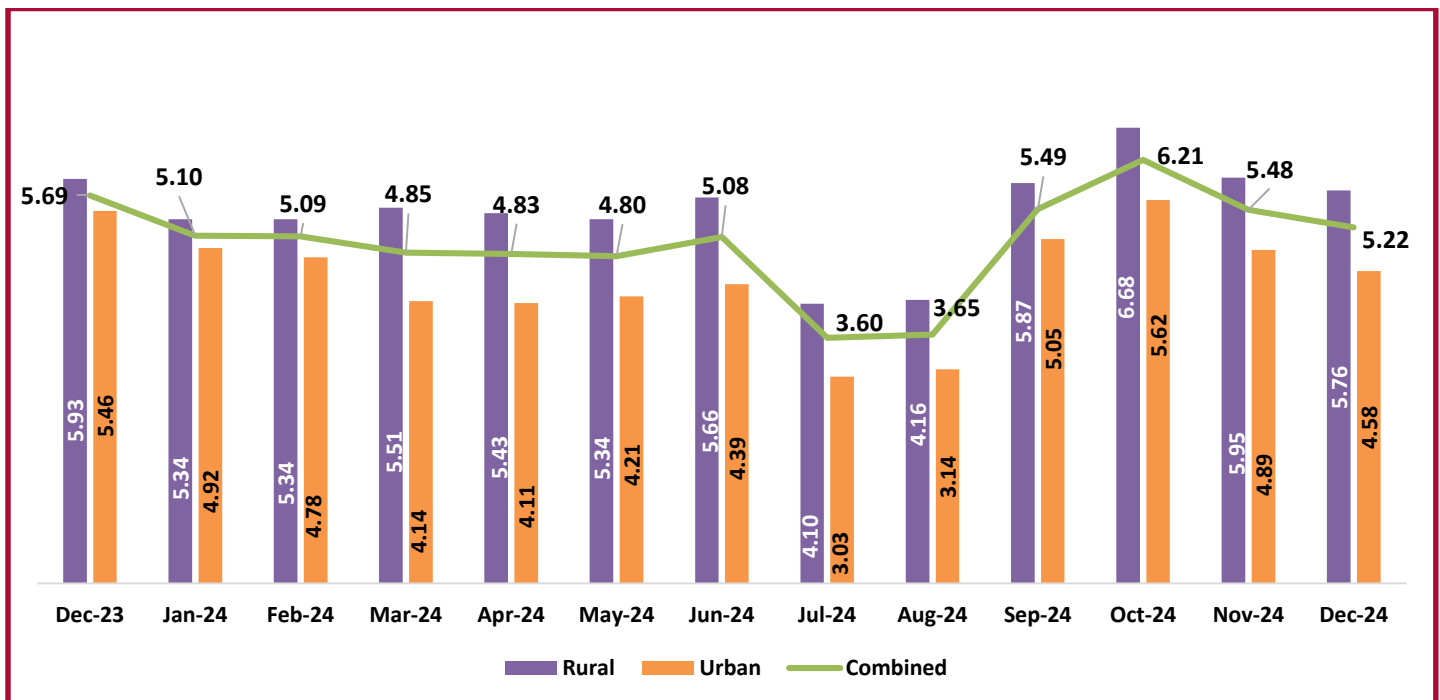
## CPI further moderates to 5.22% in December'24

Retail inflation measured by CPI further moderated to 5.22 per cent (provisional) for the month of December 2024, falling from 5.48 per cent last month and 5.69 per cent in the same month last year.

## Highlights

- India's retail inflation cooled to 5.22 per cent in December 2024 on the back of a seasonal moderation in food prices.
- Both urban and rural inflation moderated from their levels in the previous month. Urban inflation fell from 4.89 per cent in November 2024 to 4.58 per cent in December 2024, while rural inflation fell from 5.95 per cent to 5.76 per cent during the same period.

## Consumer Price Index (YoY% Change)



Source: MoSPI, PIB

### Components of CPI (YoY% Change)

	CPI	Food and beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
<b>Weight</b>	<b>100</b>	<b>45.86</b>	<b>2.38</b>	<b>6.53</b>	<b>10.07</b>	<b>6.84</b>	<b>28.32</b>
<b>Dec-23</b>	5.69	8.70	3.65	3.61	3.63	-0.99	4.07
<b>Oct-24</b>	6.21	9.69	2.50	2.70	2.81	-1.67	4.32
<b>Nov-24</b>	5.48	8.20	2.35	2.75	2.87	-1.83	4.26
<b>Dec-24</b>	<b>5.22</b>	<b>7.69</b>	<b>2.49</b>	<b>2.74</b>	<b>2.71</b>	<b>-1.39</b>	<b>4.19</b>

Source: MoSPI, CMIE

### Views & Analysis

- Component wise breakup of CPI reveals that food inflation still remains elevated at 7.69 per cent in December 2024- although moderating from the previous two months.

### Components of Food Inflation (YoY% Change)

	Food	Cereals and products	Egg, fish and meat	Milk and products	Oils and fats	Fruits	Vegetables	Pulses and products	Sugar and condiments	Spices
<b>Weight</b>	39.06	9.67	4.04	6.61	3.56	2.89	6.04	2.38	1.36	2.50
<b>Jul-24</b>	5.42	8.14	6.00	3.05	-1.10	3.84	6.83	14.77	5.22	-1.43
<b>Aug-24</b>	5.66	7.31	4.55	2.92	-0.86	6.45	10.75	13.60	4.70	-4.36
<b>Sep-24</b>	9.24	6.84	2.96	3.03	2.53	7.65	36.04	9.81	3.46	-6.13
<b>Oct-24</b>	10.87	6.94	3.33	2.97	9.57	8.43	42.23	7.38	2.57	-7.01
<b>Nov-24</b>	9.04	6.88	4.69	2.85	13.28	7.68	29.37	5.41	1.31	-7.43
<b>Dec-24</b>	<b>8.39</b>	<b>6.51</b>	<b>5.46</b>	<b>2.80</b>	<b>14.60</b>	<b>8.49</b>	<b>26.56</b>	<b>3.83</b>	<b>0.31</b>	<b>-7.41</b>

Source: MoSPI, CMIE

- High prices of edible oils is keeping the inflation in the oils and fats category still elevated. On a YoY basis, inflation in oil and fats has been continuously rising. Coming in at 14.60 per cent in the month of December 2024, this is the highest it has been since April 2022 when it was at 17.28 per cent.
- Further, due to an increase in palm oil prices, prices of products such as soaps, snacks, and tea have also been raised by FMCG companies- exerting further pressure on household budgets.
- Moreover, cumulatively in the April-December 2024 period, food inflation averaged 8.35 per cent- the highest level observed during the same period since 2020 when it had averaged 9.12 per cent. Interestingly, overall inflation during the same period averaged 4.93 per cent which is the lowest level observed since 2020.
- Inflation in the fruits category came it at a 11-month high of 8.49 per cent.
- Nonetheless, food inflation has been moderating from November 2024 onwards with the arrival of the Kharif harvest. Going ahead, a bumper Kharif crop is expected to lower food inflation further in the coming months.

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