

Macro Insights

13th February 2025

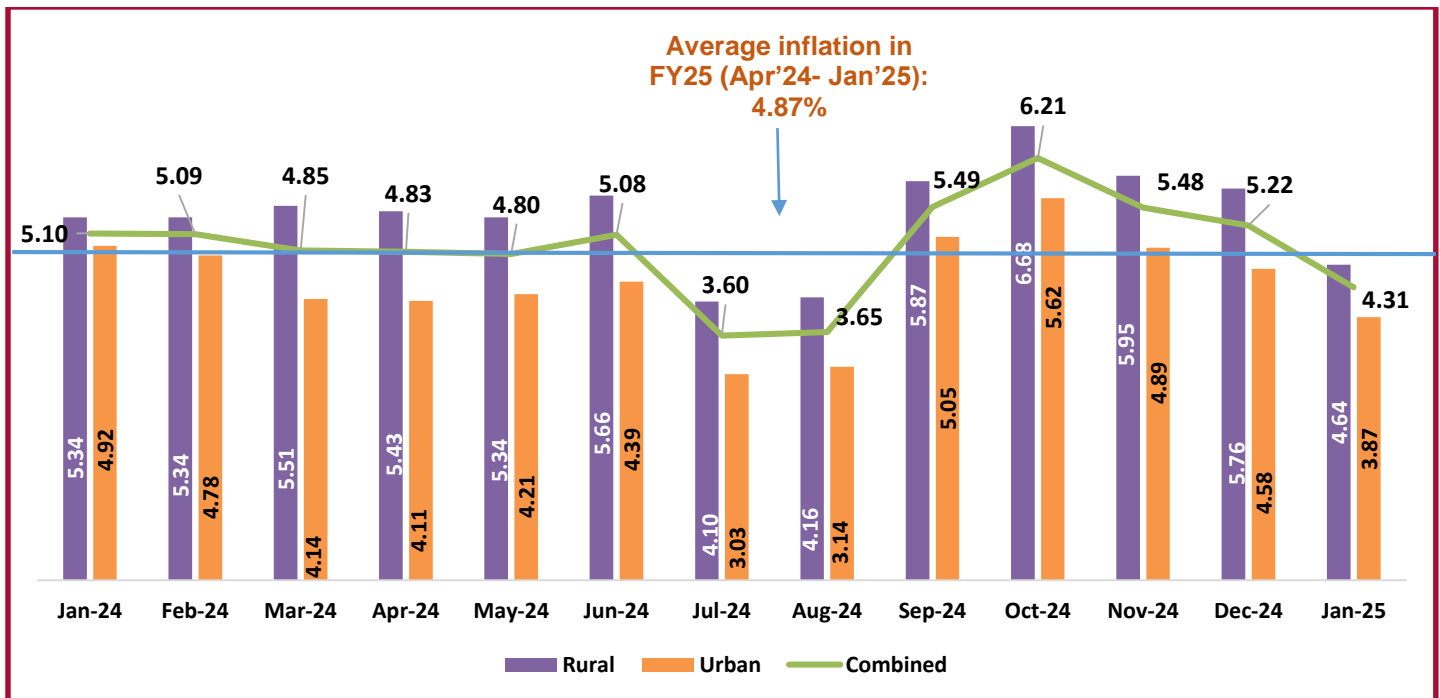
CPI at 4.31% in January 2025- lowest since August 2024

Retail inflation measured by CPI dropped to its lowest level since August 2024- coming in at 4.31 per cent (provisional) for the month of January 2025, falling from 5.22 per cent in December 2024 and 5.10 per cent in January 2024.

Highlights

- India's retail inflation further moderated to 4.31 per cent in January 2025. There was a substantial drop in food inflation which fell from 8.39 per cent in December 2024 to 6.02 per cent in January 2025.
- Urban inflation fell from 4.58 per cent in December 2024 to 3.87 per cent in January 2025, while rural inflation fell from 5.76 per cent in December 2024 to 4.64 per cent in January 2025.

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
Weight	100	45.86	2.38	6.53	10.07	6.84	28.32
Jan-24	5.10	7.58	3.28	3.37	3.20	-0.60	3.82
Nov-24	5.48	8.20	2.35	2.75	2.87	-1.83	4.26
Dec-24	5.22	7.69	2.49	2.74	2.71	-1.33	4.19
Jan-25	4.31	5.68	2.30	2.68	2.76	-1.38	4.35

Source: MoSPI, CMIE

Views & Analysis

- The significant decline in headline inflation and food inflation during the month of January, 2025 is mainly attributable to a decline in inflation of Vegetables, Egg, Fish & Meat, Pulses & Products, Cereals and Products, Education, Clothing and Health.

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
Weight	39.06	9.67	4.04	6.61	3.56	2.89	6.04	2.38	1.36	2.5
Aug-24	5.66	7.31	4.55	2.92	-0.86	6.45	10.75	13.60	4.70	-4.36
Sep-24	9.24	6.84	2.96	3.03	2.53	7.65	36.04	9.81	3.46	-6.13
Oct-24	10.87	6.94	3.33	2.97	9.57	8.43	42.23	7.38	2.57	-7.01
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	6.02	6.24	4.84	2.85	15.64	12.22	11.35	2.59	0.31	-6.85

Source: MoSPI, CMIE

- Component wise breakup of food inflation reveals that the moderation in overall CPI inflation is driven by a fall in food inflation which stood at 6.02 per cent in January 2025- the lowest since August 2024.
- Further breakdown of components of food inflation shows that the prices are still elevated in case of fruits and edible oils. Inflation in the fruits category came in substantially high at 12.22 per cent. Inflation in oils & fats at 15.64 per cent also stood at the highest level since April 2022.
- The top five items showing highest YoY inflation in January 2025 are Coconut oil, potato, coconut, garlic, and peas.
- The RBI recently reduced the policy rates owing to the sequential moderation in consumer prices since October 2024. RBI forecasts inflation to come in at 4.4 per cent in Q4 FY25 and at 4.8 per cent for full year FY25. **Average inflation in the 10-month period from Apr'24 to Jan'25 stood at 4.87 per cent.**

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