

Macro Insights

12th November, 2024

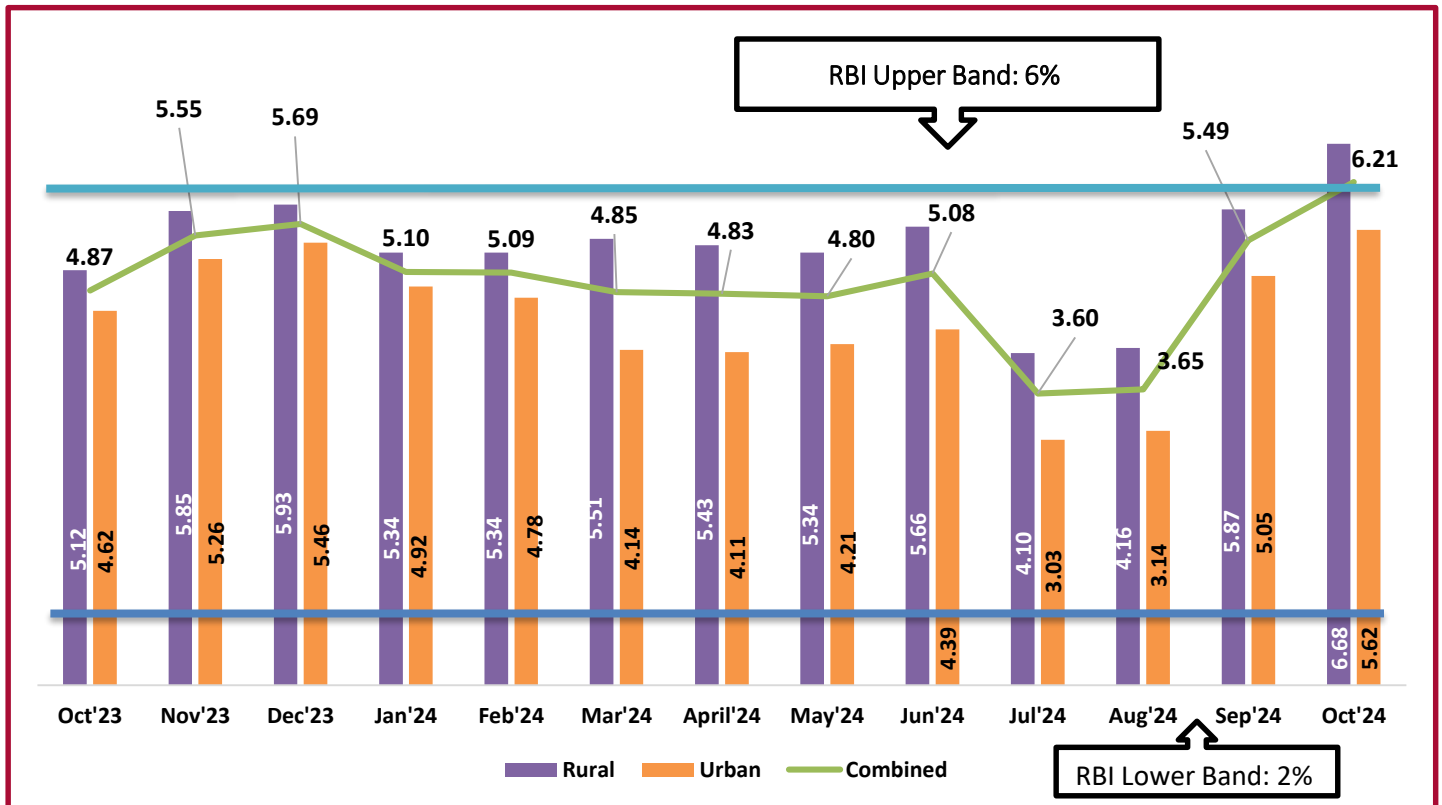
Highlights

CPI jumped to 6.21 per cent in October 2024

Retail inflation measured by CPI jumped to 6.21% in October 2024, compared to 4.87% in the same month previous year. The last time CPI inflation was above 6% was in August 2023.

- India's retail inflation spiked to 6.21 per cent in October'24 breaching the RBI's upper tolerance band near the upper band of tolerance level for the first time in fourteen months.
- Urban inflation increased to 5.62 per cent from 5.05 per cent in the previous month and rural inflation increased from 5.87 per cent to 6.68 per cent. The jump in rural inflation is higher than urban inflation primarily due to a huge spike in fruit and vegetable prices.

Chart: Consumer Price Index – October 2024



Source: MoSPI, PIB

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
Oct'24	6.29	9.69	3.87	2.50	4.31	2.70	3.86	2.81	-0.39	-1.61	4.46	4.32	4.87	6.21
Sep'24	6.30	8.36	3.88	2.51	4.61	2.66	3.95	3.69	-0.11	-1.34	4.77	4.05	5.02	5.49
Aug'24	9.19	5.30	4.10	2.71	5.15	2.72	4.38	2.66	4.31	-5.25	4.91	3.89	6.83	3.65
Jul'24	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	3.60

Source: MoSPI, PIB

Views & Analysis

- Inflation in the Food and Beverages segment which has the highest weightage (45.86%) has shown the maximum increase while all the other components of CPI have shown a decline.
- In the Food basket, Vegetable prices saw the highest jump of 42.18% in October 2024. Vegetable price rise was more in urban India at 42.63%, while in rural India, these grew at 41.94%. In rural India, food sub-segments of oil & fats and fruits also double digit price increase viz 10.91% and 10.06%, respectively.
- Fuel prices witnessed a decline in October 2024. International Crude oil prices have been declining as OPEC decreased its forecast for oil demand in 2024 and 2025 owing to lower demand from advanced economies and concerns of economic stagnation in China, the world's second-largest oil consumer. Lower crude prices bode well for India, a net importer of crude.
- Given the spike in inflation over the RBI's upper tolerance, the central bank is now expected to tread cautiously on its monetary easing path.

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