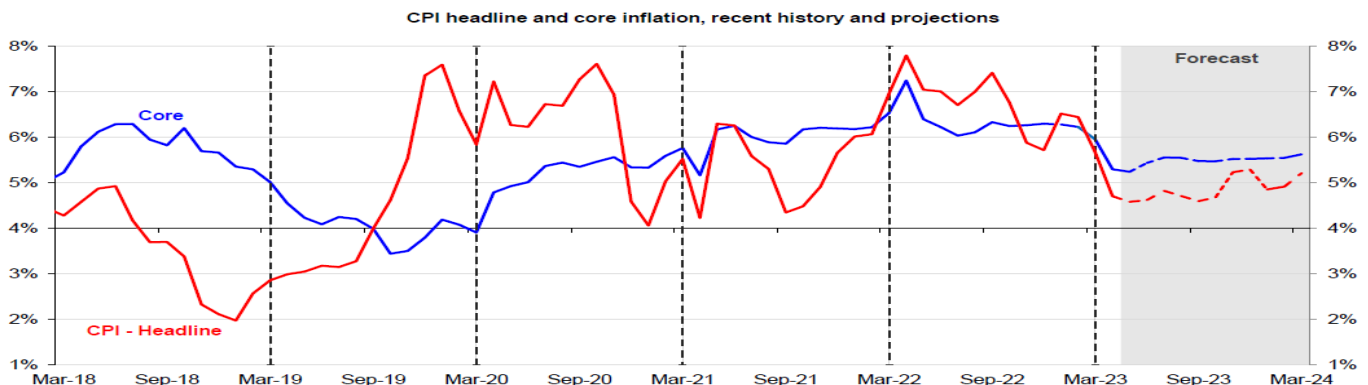


## CPI update: April 2023

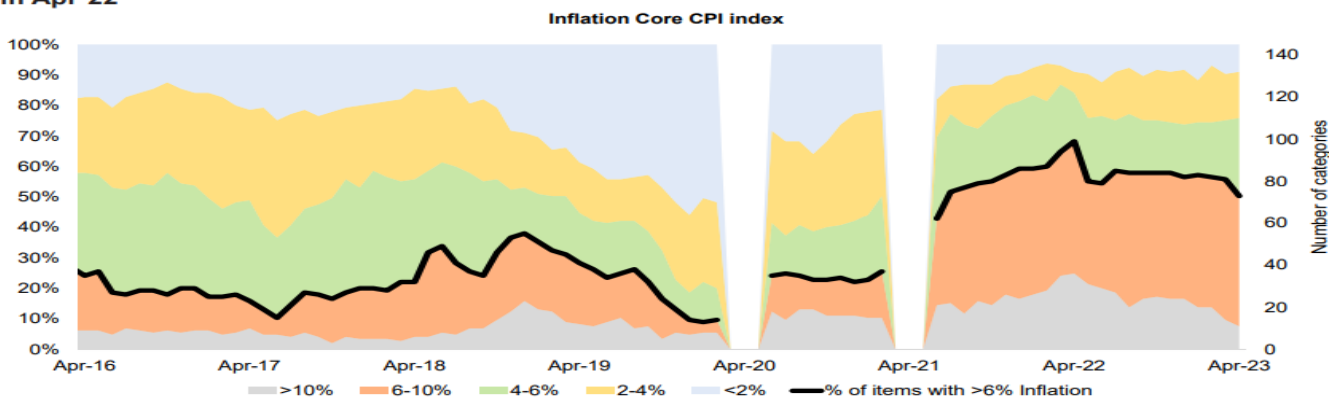
### Apr'23 Headline CPI inflation drops to 4.70% YoY on favourable base, softer fuel and slowing momentum in select Services

- India's headline CPI eased to 4.70% on a YoY basis in Apr '23 (Mar: 5.66%)**
  - A favourable base drives broad lowering of inflation across major sub-segments except Education, Personal Care+ and Pan & Tobacco.
  - Favourable base in Transportation+ (sharp fuel price increases last year) was offset by monthly increases in Education and Personal Care+ (gold, silver price increases) thus pulling Core lower to 5.3% YoY.
  - A favorable base of 143 bps in Apr '23 offsets 51 bps MoM rise thus taking headline inflation lower by 96 bps.
- Food inflation fell to 4.2% YoY in Apr '23 (Mar: 5.1%) on lower inflation across sub-segments except pulses and sugar.**
  - Vegetable prices were up 1.7% MoM basis in Apr '23 slightly lower than 1.8% MoM increase seen in Feb'23.
  - Cereal inflation was lower at 13.4% YoY (Mar: 15.3%) as fall in wheat (open market), jowar and others, more than offset sharp increase in wheat (PDS), rice, and rice products.
  - Spices inflation was high at 17.4% YoY. Milk inflation also runs high at 8.9% YoY, along with 'prepared meals+' at 7.0% YoY.
- 'Fuel and Light' inflation was sharply lower at 5.5% YoY (Mar: 8.8% YoY) on base effect.**
  - Added to by correction in prices of kerosene PDS, LPG and charcoal offsetting increases in electricity and coal.
- Core inflation (ex food, fuel and pan) eases to 5.30% YoY (Mar: 5.95%).**
  - Within core, 'transport+', 'HH goods & services, health and clothing+' witnessed lower inflation while that in 'personal care+' (sharp increase in gold and silver) and education (higher tuition fees) had risen.
  - Weighted median CPI falls to 5.77% YoY basis from 6.40% in Mar.
  - Inflation in items of core CPI basket witnessing >6% inflation falls to 50% from peak of 68% in Apr '22
- Headline CPI averaged 6.65% in FY23 and 6.2% in Q4 and as per Axis Bank Economic Research it is expected to gradually fall close to 4.9% in FY24, with upside risks emanating from components of food, and downside risks from global slowdown.**

Headline CPI likely to gradually ease to around 4.9% in FY24 with upside risks emanating from components of food, and downside risks from global slowdown



### Proportion of core CPI basket witnessing >6% inflation falls to 50% from peak of 68% in Apr'22



Source: Axis Bank Business and Economic Research Team

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