

## India headline CPI: March 2023

### A favourable base offsets MoM rise in prices but core inflation still broad-based

India's headline CPI inflation eased to 5.66% YoY in Mar '23 (Feb: 6.44%) on a favourable base. This drove broad base lowering of inflation across major sub-segments except Housing.

- Lower Services inflation – this was broadly on a favourable base and pulled core inflation below 6% after almost 17 months to 5.95%.
- Favorable base of 96 bps in Mar '23 offsets 23 bps MoM rise thus taking headline inflation lower by 78 bps.

Food inflation fell to 5.1% YoY in Mar '23 (Feb: 6.3%) due to lower inflation in meat and fish, oils and fats, as well as cereals. Vegetables prices were up 1.7% MoM in Mar '23 in comparison to 2.5% MoM fall in Feb'23.

Cereal inflation dipped marginally to 15.3% YoY (Feb: 16.7%) due to fall in wheat prices as government sold stocks in the open markets. Prices of other cereals like bajra and maize also fell and that of jowar showed muted increase.

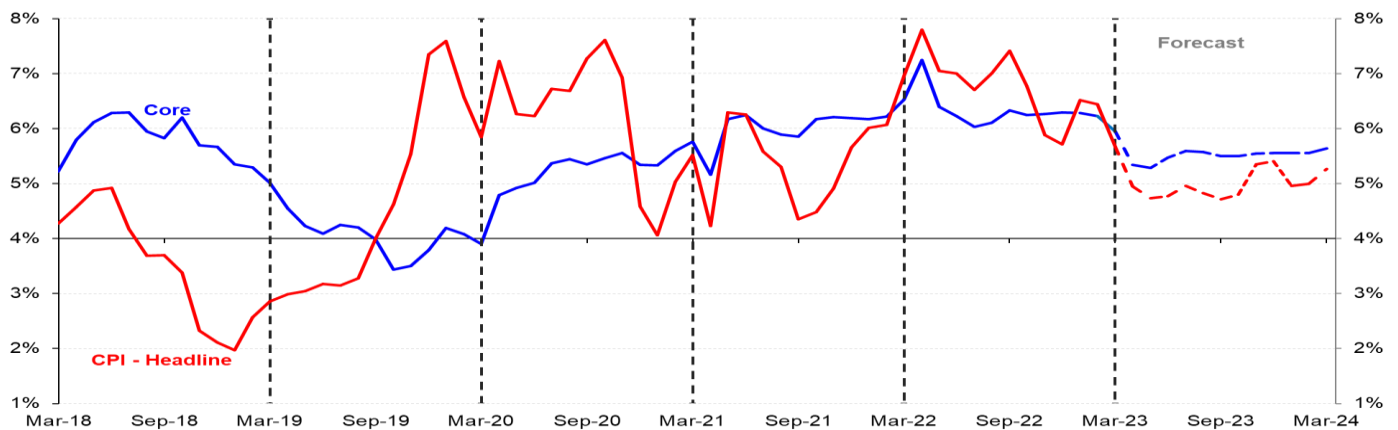
Spices inflation is still high but it eased marginally to 18.2% YoY on muted MoM increase. Milk inflation also runs high at 9.3% YoY, along with 'prepared meals+' at 7.6% YoY.

Core inflation (ex food, fuel and tobacco) eases to 5.95% YoY (Feb: 6.23%).

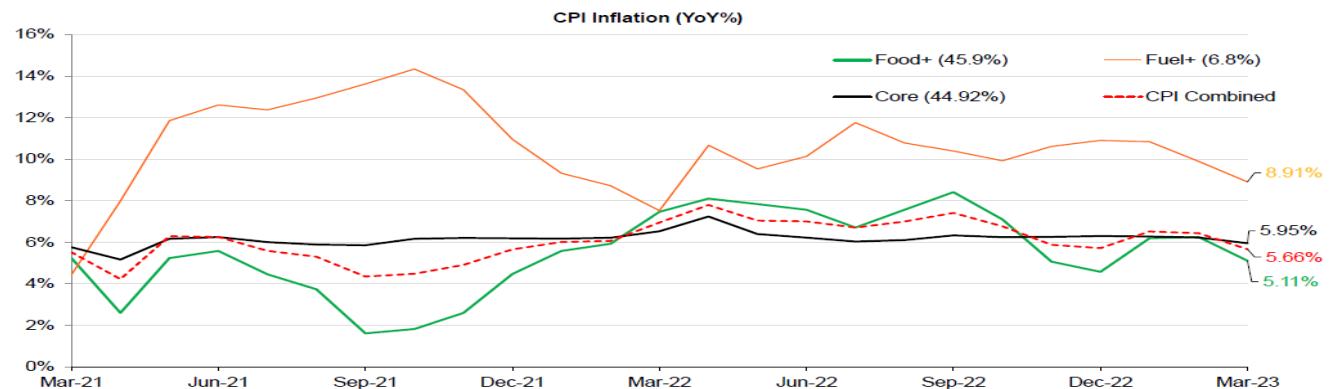
Internals show generalized and broad-based inflationary pressures with the share of items in the core basket witnessing a greater than 6% inflation at 56% and weighted median CPI elevated at 6.4% YoY (though lower than 6.6% in Feb).

Rural inflation fell to 5.5% YoY (Feb: 6.7%) and urban inflation fell slightly less to 5.9% YoY (Feb: 6.1%). Core inflation also fell in both regions with rural core remaining higher than urban.

Headline CPI inflation averages 6.65% in FY23 and 6.2% in Q4, and is expected to gradually fall close to 5% in FY24 with upside risks emanating from higher cereal prices, and downside risks from global slowdown.



**Mar'23 headline CPI moderates to 5.66% YoY (Feb: 6.44% YoY) as supportive base drives broad based fall across segments**



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