

May 17, 2025

## Wholesale and Retail inflation trending down

### Retail Inflation eases to 3.16% y-o-y in Apr'25

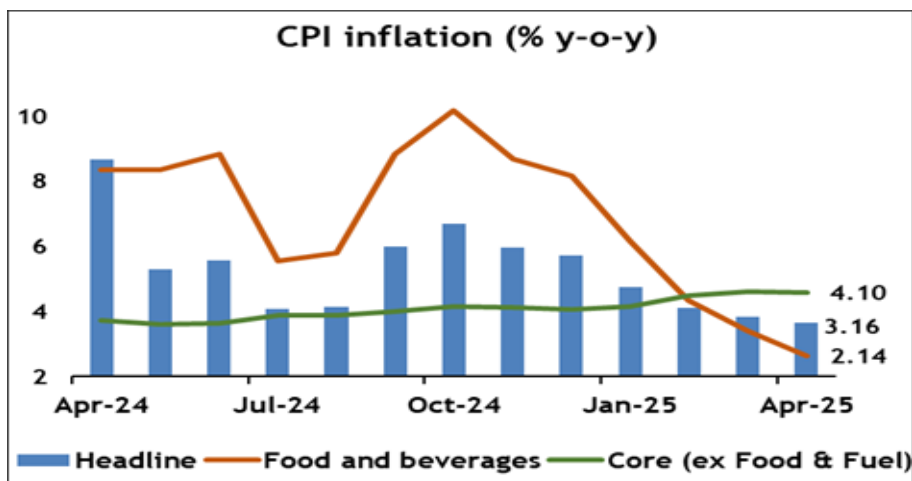
#### Key takeaways

- ❖ India's CPI inflation eased to 3.16% in Apr'25 compared to 3.34% in Mar'25 mainly attributable to disinflation in vegetables, fruits, protein and cereal categories. It is the lowest after August, 2019.
- ❖ Core inflation (Excluding food & fuel) was 4.20% in Apr'25 compared to 4.10% in Mar'25.

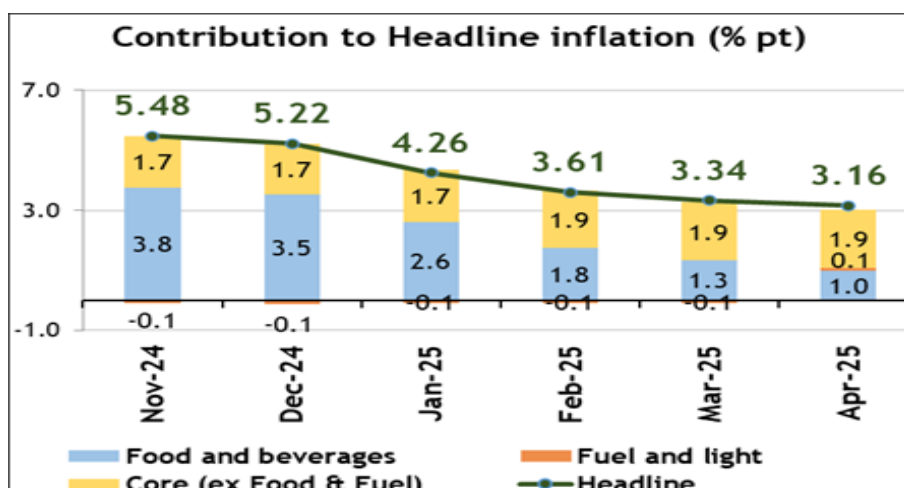
#### Retail Inflation eased to 3.16% y-o-y in April'25:

- India's retail (CPI) inflation eased to 3.16% in Apr'25 from 3.34% in Mar'25, supported by easing in "Food and beverages" inflation to 2.14% from 2.88% in Mar'25.
- The moderation in food inflation is mainly due to contraction in vegetable inflation to -10.98% y-o-y in Apr'25 from inflation of -7.04% in Mar'25. Excluding vegetable and pulses CPI inflation would have been 4.4% in April.
- Cereal prices eased to 5.35% in Apr'25 compared to 5.93% in Mar'25.
- Protein prices eased to 0.22% in Apr'25 compared to 0.72% in Mar'25.
- On the 'fuel & light' front, the muted inflation trend continued with 2.92% in Apr'25 compared to 1.42% in Mar'25.
- However, inflation in housing, personal care and effects, education, healthcare etc continued to be higher than overall retail inflation.
- Rural inflation eased to 2.92% in Apr'25 from 3.25% in Mar'25 and urban inflation eased to 3.36% y-o-y in Apr'25 as compared to 3.43% in Mar'25.

**Figure 1: CPI Inflation**



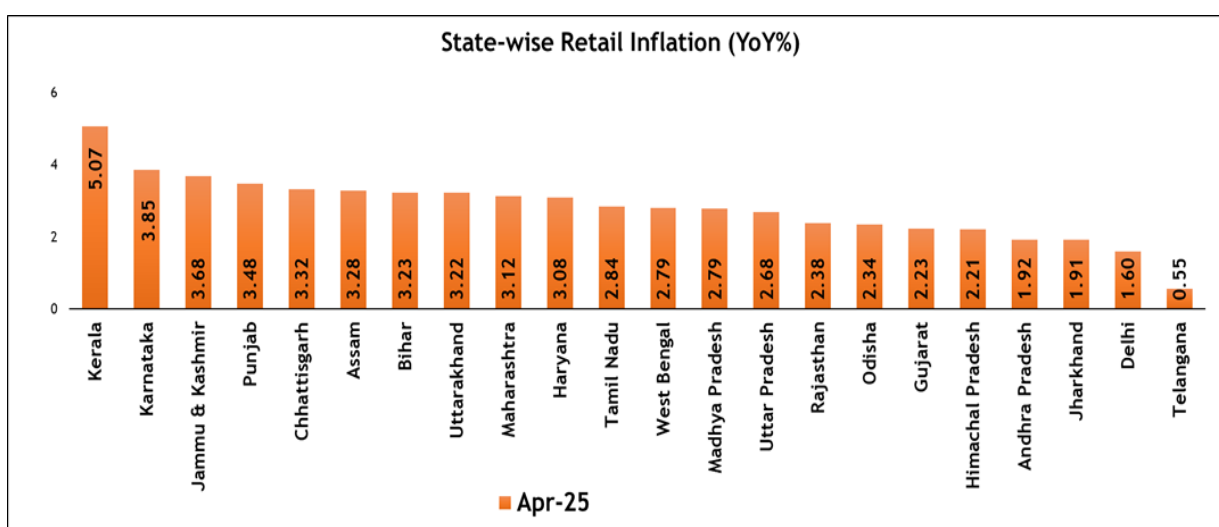
**Figure 2: Contribution to Headline Inflation**



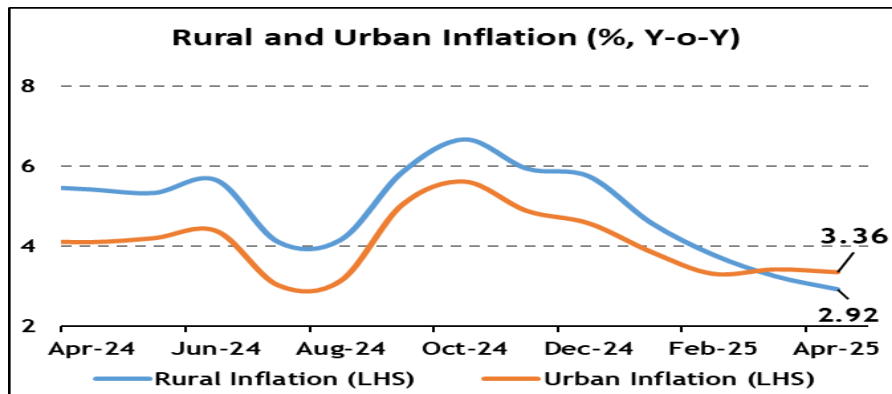
**Table 1: CPI Inflation**

CPI Inflation (% y.o.y)					
	Weight	Apr-24	Feb-25	Mar-25	Apr-25
<b>Headline</b>	100	8.17	3.61	3.34	3.16
<b>Food and beverages</b>	46	7.87	3.84	2.88	2.14
Cereals and products	10	8.63	6.10	5.93	5.35
Protein	13	7.10	1.74	0.72	0.22
Fruits	3	5.22	14.82	16.27	13.80
Vegetables	6	27.80	-1.13	-7.04	-10.98
<b>Fuel and light</b>	7	-4.02	-1.33	1.42	2.92
<b>Core (ex Food &amp; Fuel)</b>	47	3.23	3.99	4.10	4.10
Pan, tobacco and intoxicants	2	2.99	2.44	2.48	2.08
Clothing and footwear	7	2.85	2.68	2.62	2.67
Housing	10	2.68	2.91	3.03	3.00
Miscellaneous	28	3.54	4.84	4.99	5.02
of which: Transport & Comm.	9	1.09	2.93	3.36	3.73

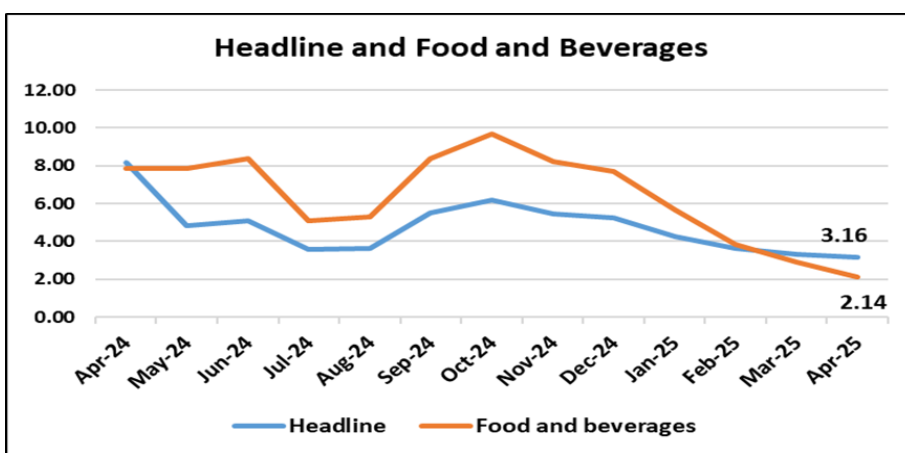
**Figure 3: State-wise Retail Inflation**



**Figure 4: Rural and Urban Inflation**



**Figure 5: Headline and Food and Beverages**

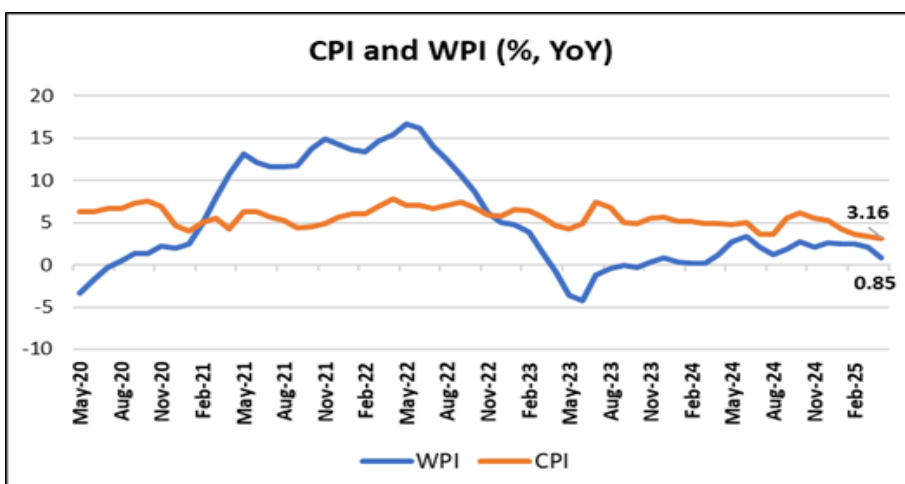


### **Whole Sale Price Inflation (WPI)**

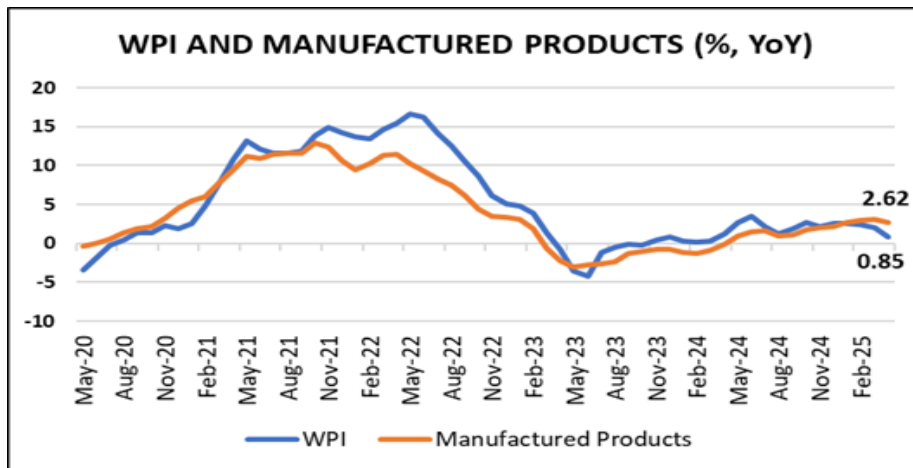
India's Wholesale Price Index (WPI) inflation sharply declined to 0.85% in April 2025 primarily due to fuel & Power and primary article sectors. Prices for primary articles decreased by 0.11% month on month with crude petroleum and natural gas prices falling significantly.

Manufactured inflation increased by 0.35% m-o-m in April, with annual inflation rate for this category at 2.62% (YoY).

**Figure 6: CPI and WPI**



**Figure 6: WPI and manufactured products**



### **Implications**

- Retail inflation for Q1 FTY26 is expected to be below RBI estimate of 3.6%. The odds of a 25bps rate cut in June MPC is very high while for FY26 it could be 75bps taking the terminal repo rate to 5.25%.
- As banks with EBLR linked advances will see margin erosion cut in deposit rates will become inevitable to protect NIMs.
- The extremely low WPI inflation is apparently exerting its impact on retail inflation as well.
- 10Yr benchmark G-Sec yields is likely to go below 6% by the end of FY26. Corporate bond yields will decline significantly and well rated corporates and NBFCs will face a much lower borrowing cost.

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