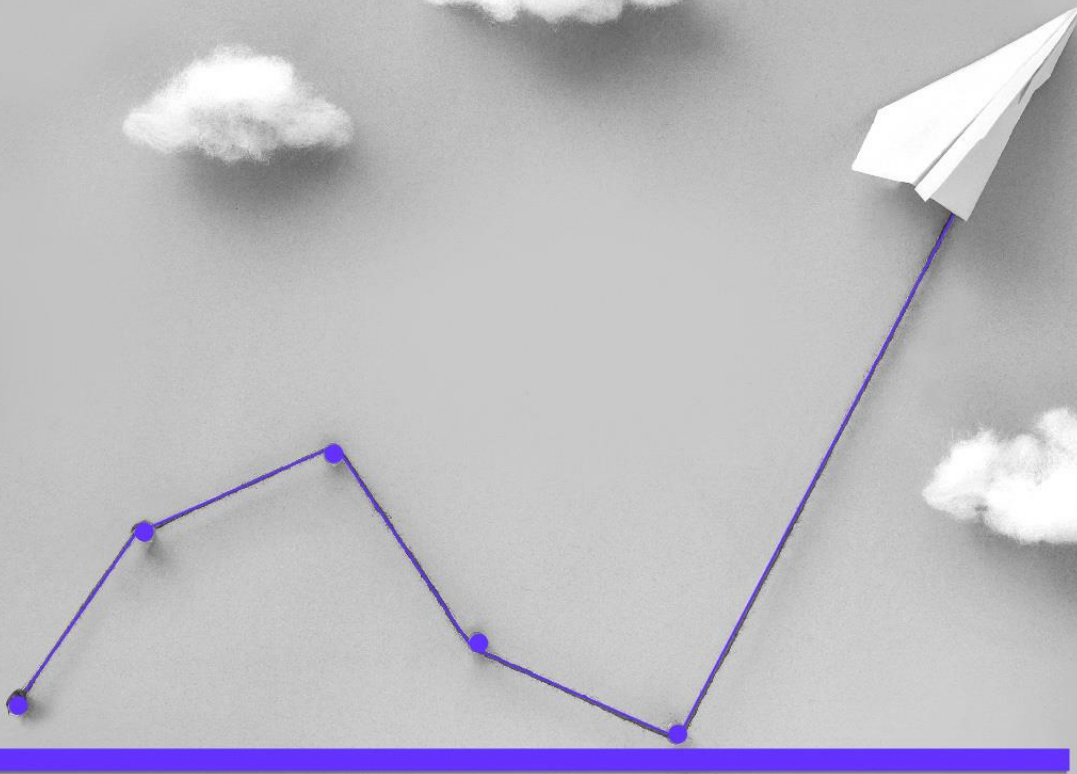


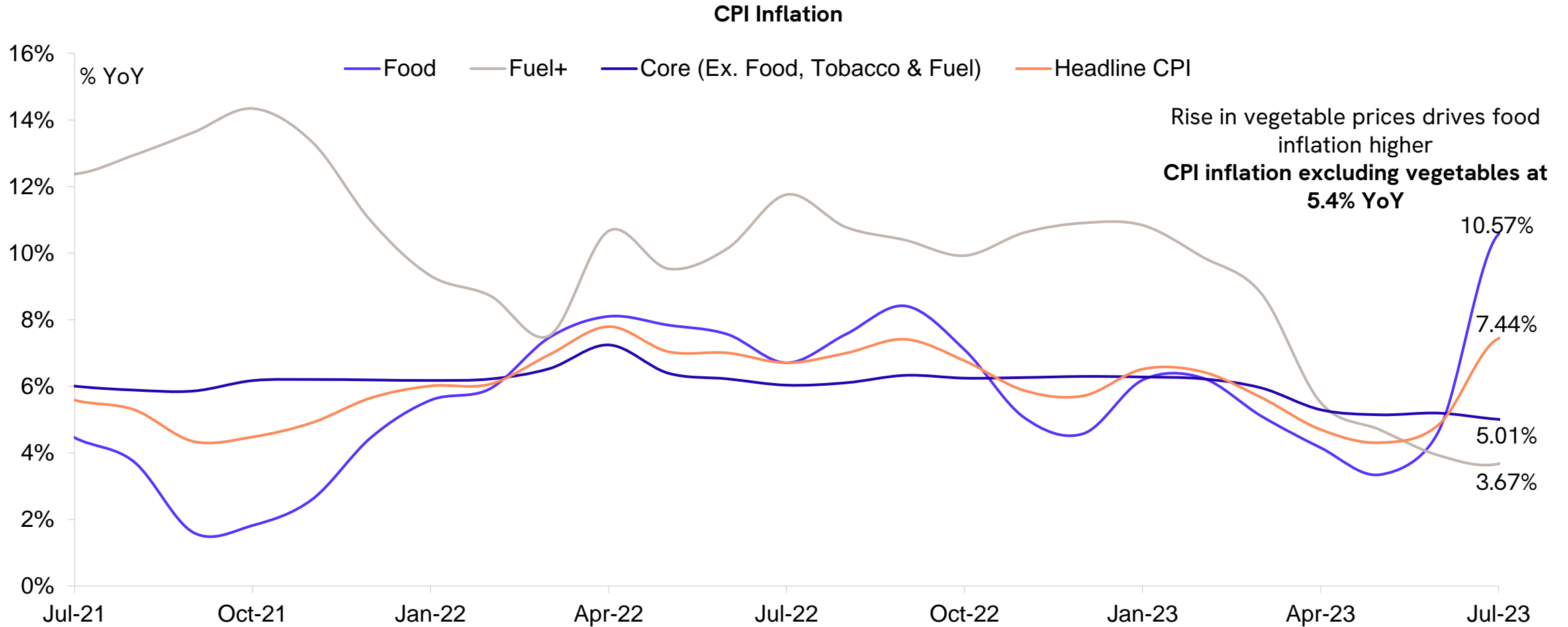
TRENDS & TIDES

**India retail inflation shoots up
to 7.44% YoY in
July 2023**



CPI breaches 6% target limit due to surge in food inflation

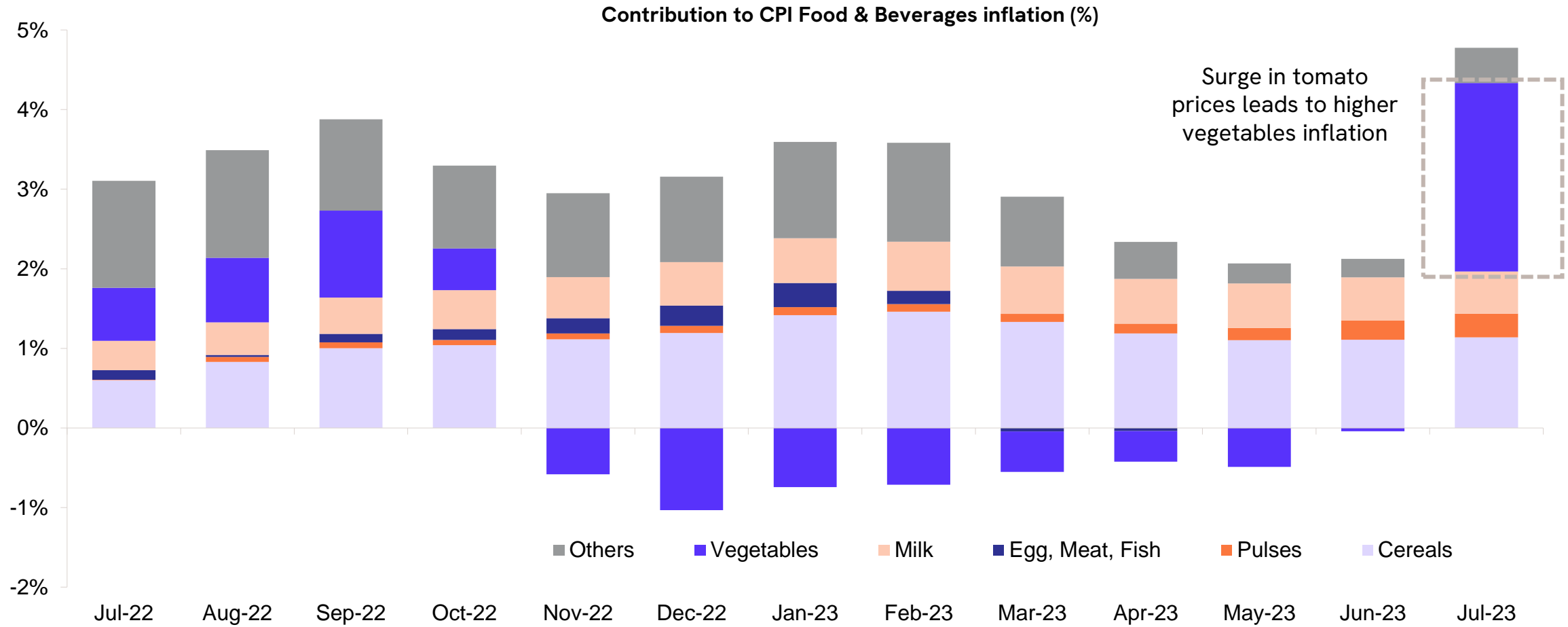
Erratic weather conditions, including delayed and uneven monsoon, lead to rise in food inflation



Source: MOSPI, 360 ONE Asset Research

Higher food inflation largely driven by increase in vegetable prices

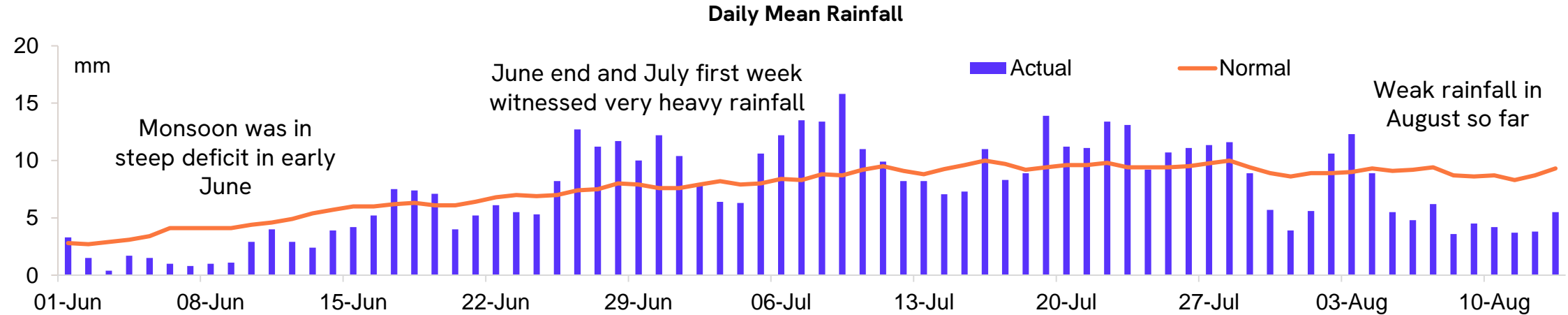
Cereals, pulses, spices and fruits also witness a substantial increase in prices in July 2023



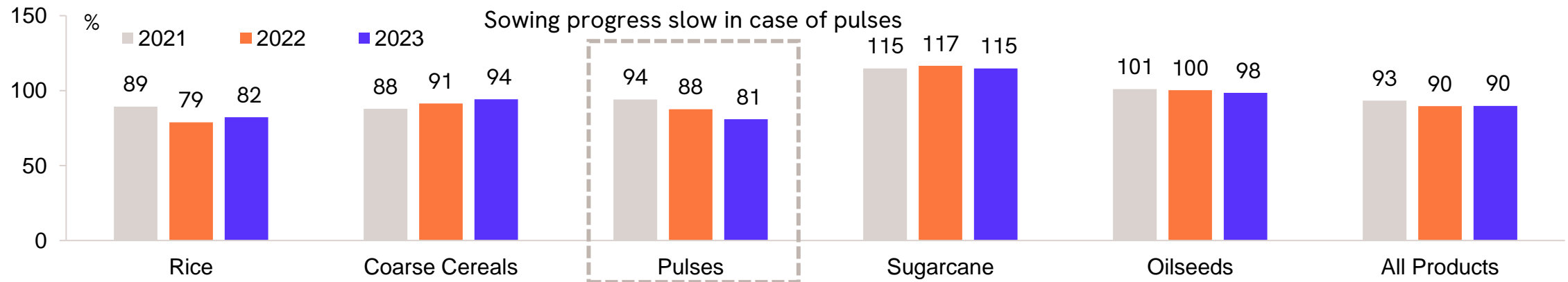
Source: MOSPI, 360 ONE Asset Research

Uneven rainfall distribution likely to impact crop yields

Sowing for rice has shown gradual improvement, but remains weak for pulses



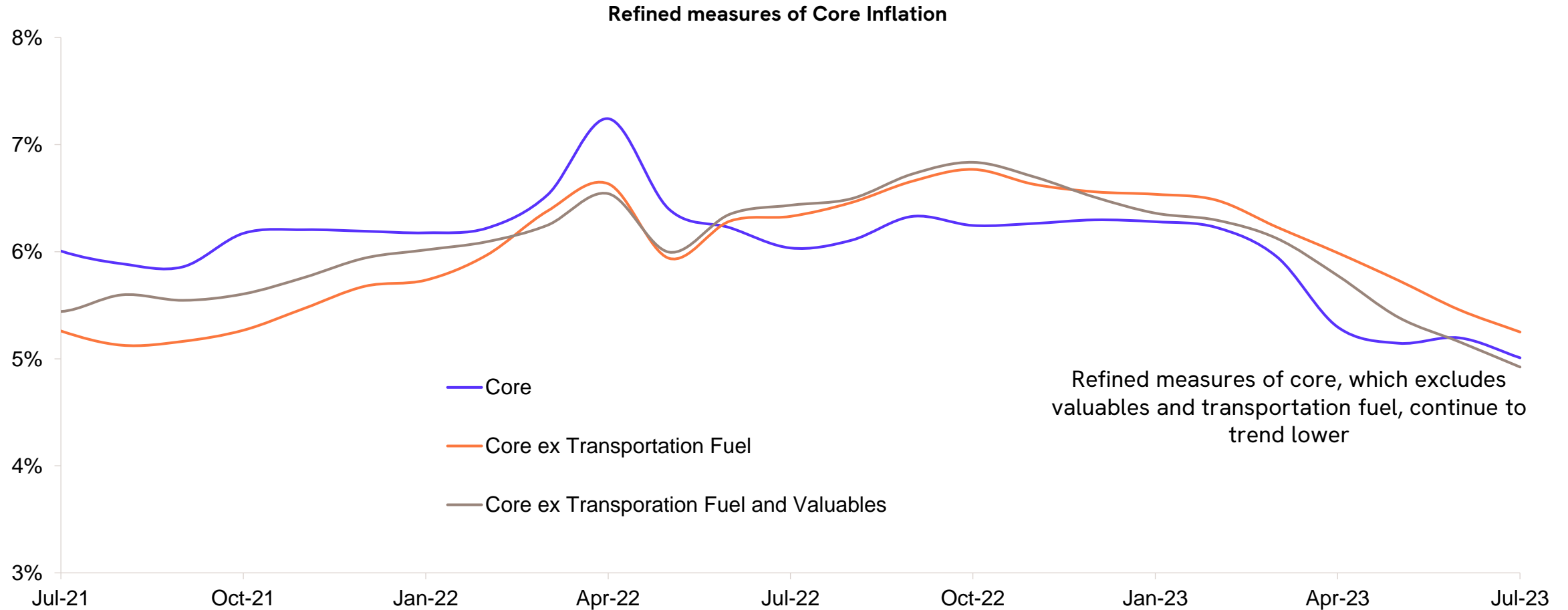
Kharif Actual Area Sown % of Normal Area (as on 11th August)



Source: CMIE, 360 ONE Asset Research

Core inflation falls to 5.0% YoY in July 2023, from 5.2% in June

Continued correction in refined measures of core inflation indicate easing of underlying inflationary pressures



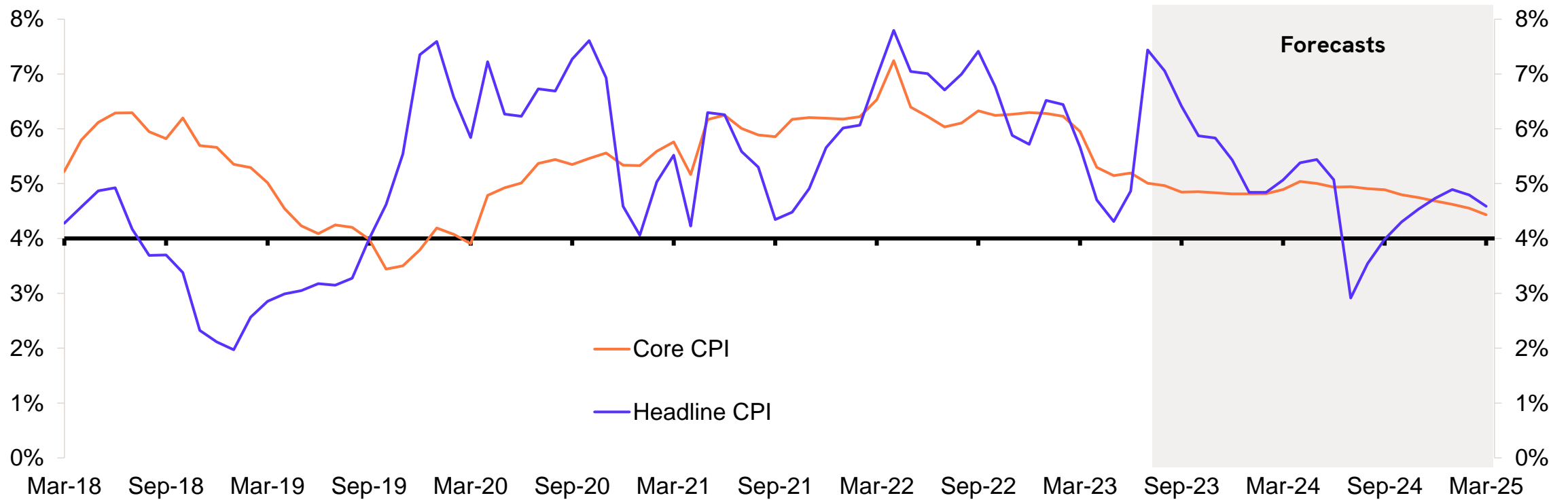
Source: MOSPI, 360 ONE Asset Research

Outlook: Inflation expected to average around 5.5% in FY24

Step increase in food prices (particularly vegetables) has pushed the inflation trajectory upwards

RBI MPC to remain in 'wait and watch' mode to assess the complete impact of the monsoon on food inflation. As communicated in the policy, RBI will look through the recent surge in food inflation if there are no signs of persistence

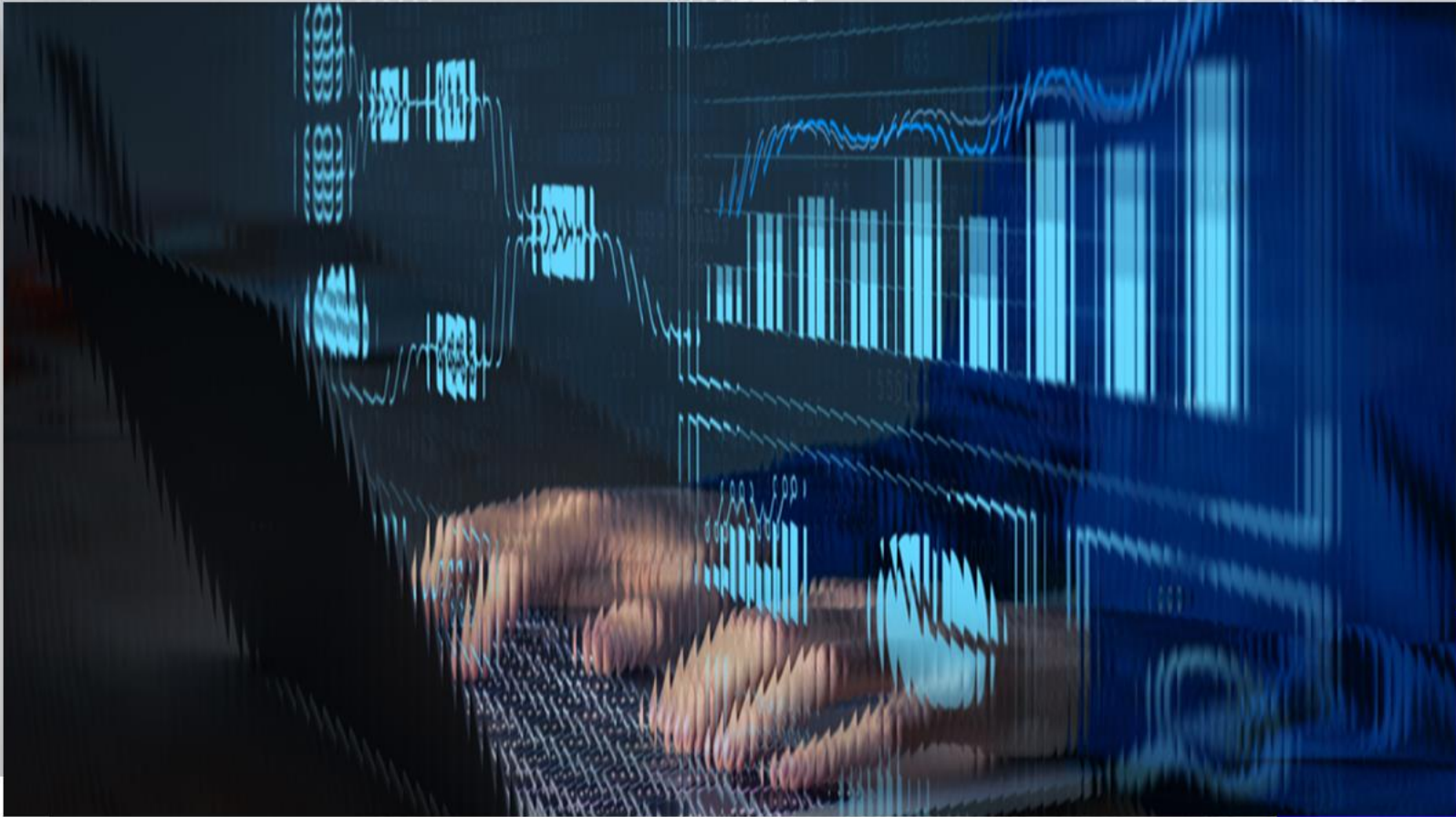
Uneven spatial and temporal distribution of rainfall is the most significant near-term risk to the inflation trajectory



Source: MOSPI, 360 ONE Asset Research

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