

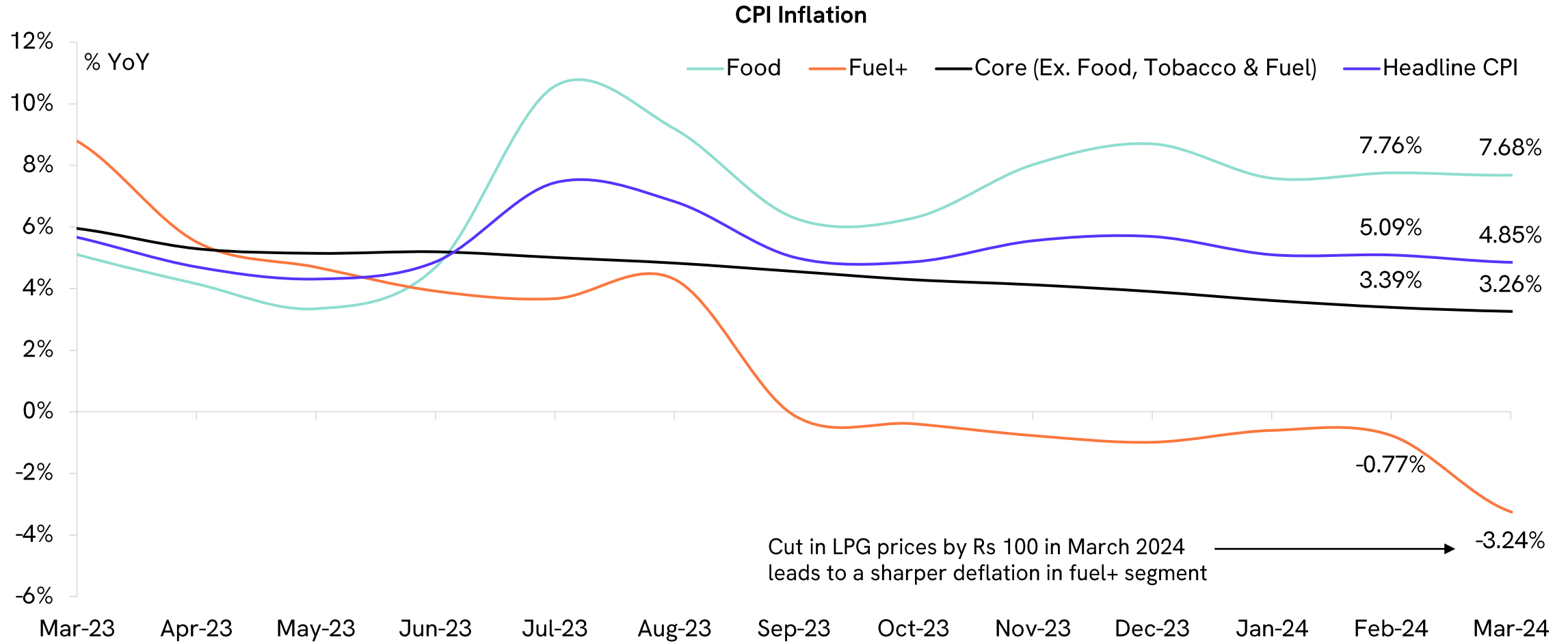
TRENDS & TIDES

**India's retail inflation eases
to 4.85% YoY in March 2024**



CPI inflation declines on account of sharp deflation in Fuel+ segment

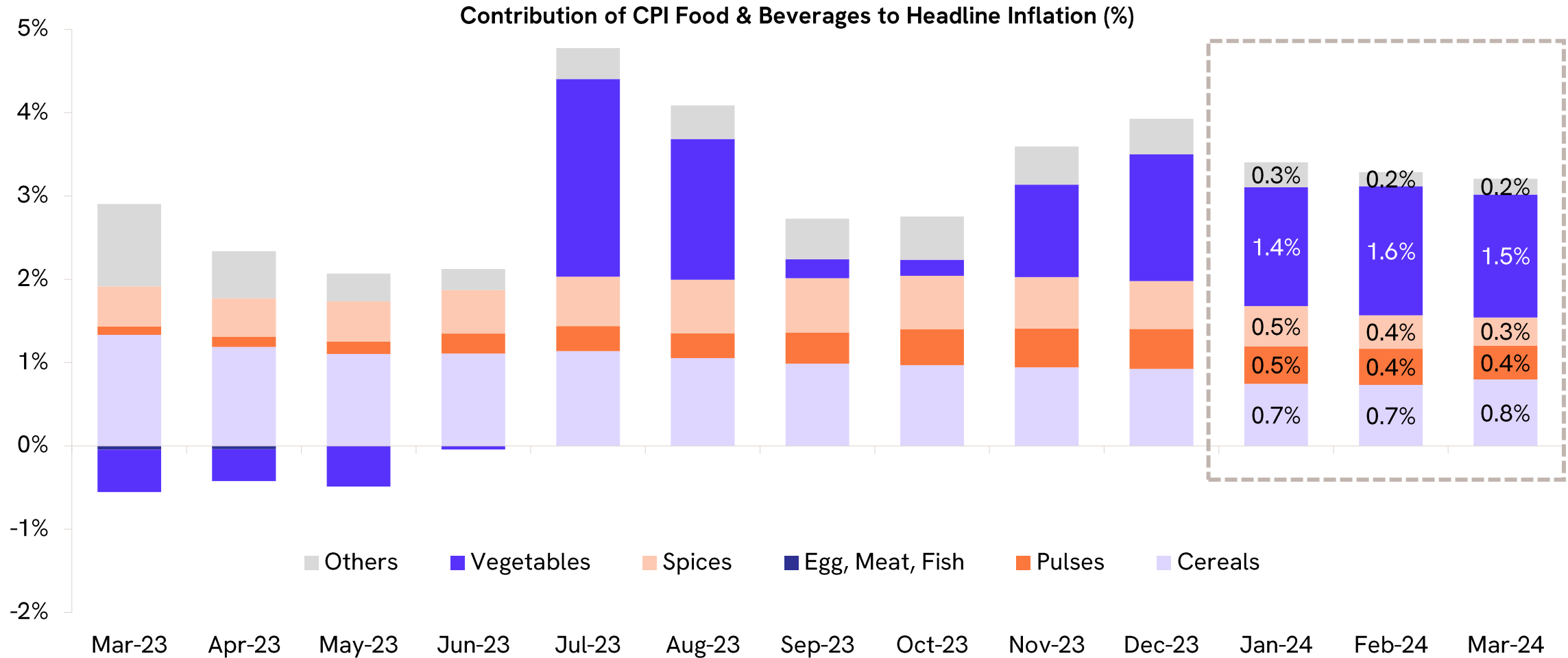
Food inflation remains elevated at 7.68% YoY, even as core inflation further eases to a series low of 3.26% YoY



Source: MOSPI, 360 ONE Asset Research

Vegetables, cereals and pulses are the major drivers of inflation

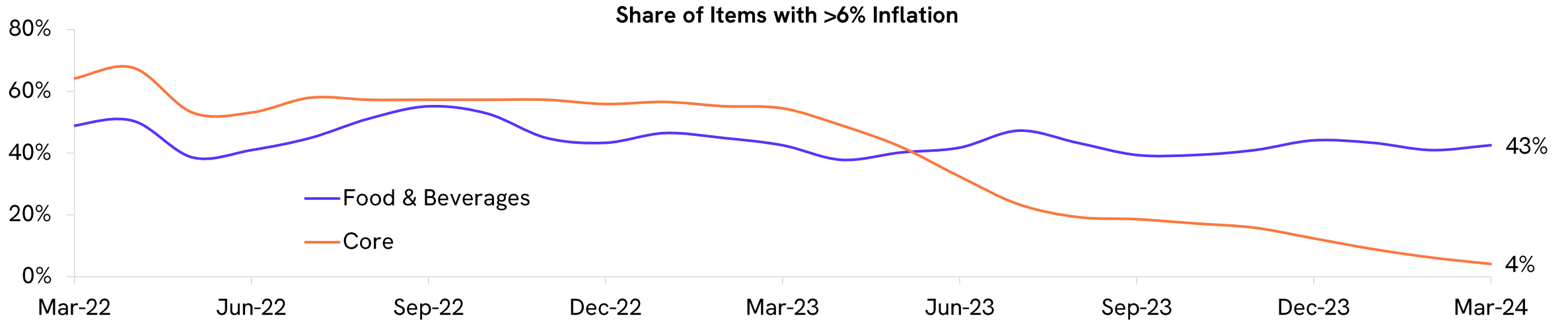
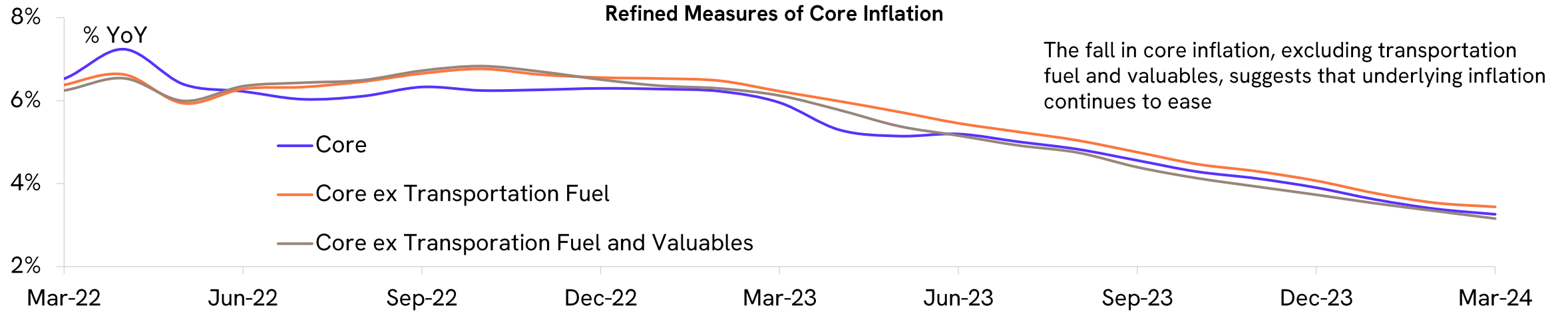
Cereals inflation rises to 8.4% YoY in Mar'24, while vegetables and pulses inflation stay high at 28.3% and 17.7%, respectively



Source: MOSPI, 360 ONE Asset Research

Core inflation lower as cut in pump prices offsets rise in gold prices

Food inflation remains broad-based, with 43% of food items witnessing greater than 6% inflation

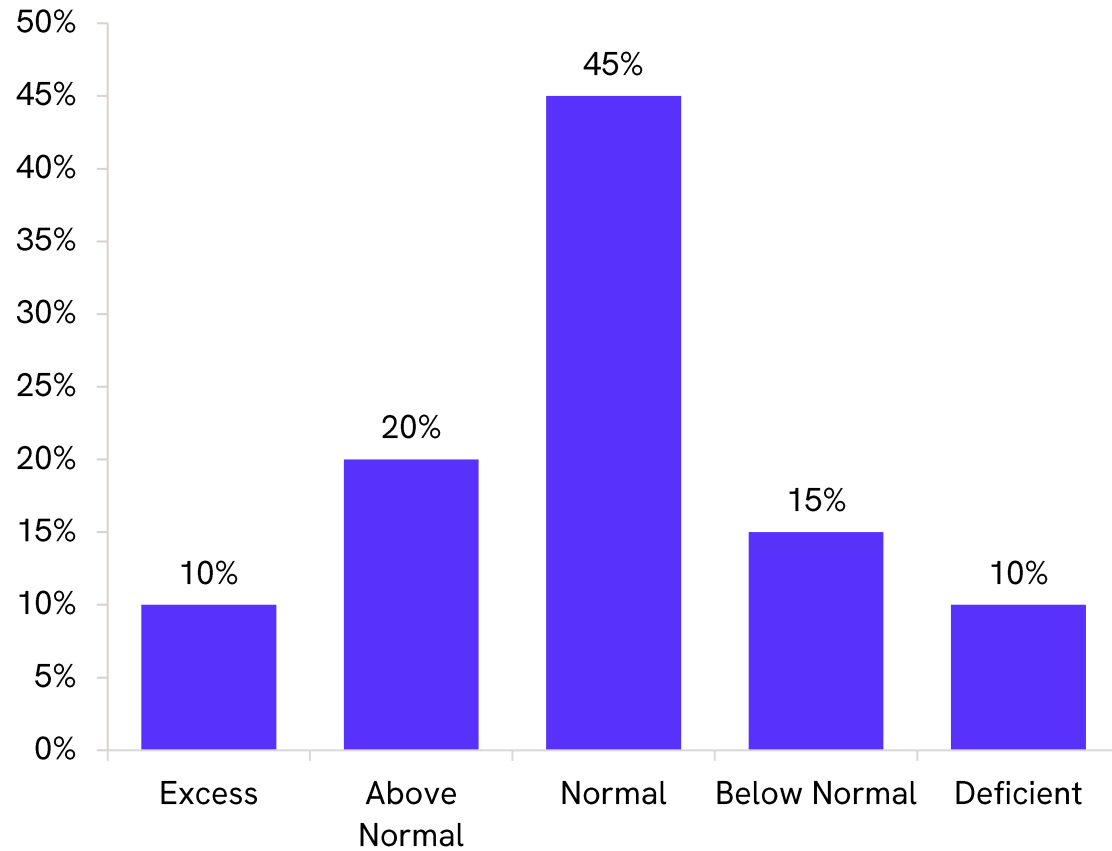


Source: MOSPI, 360 ONE Asset Research

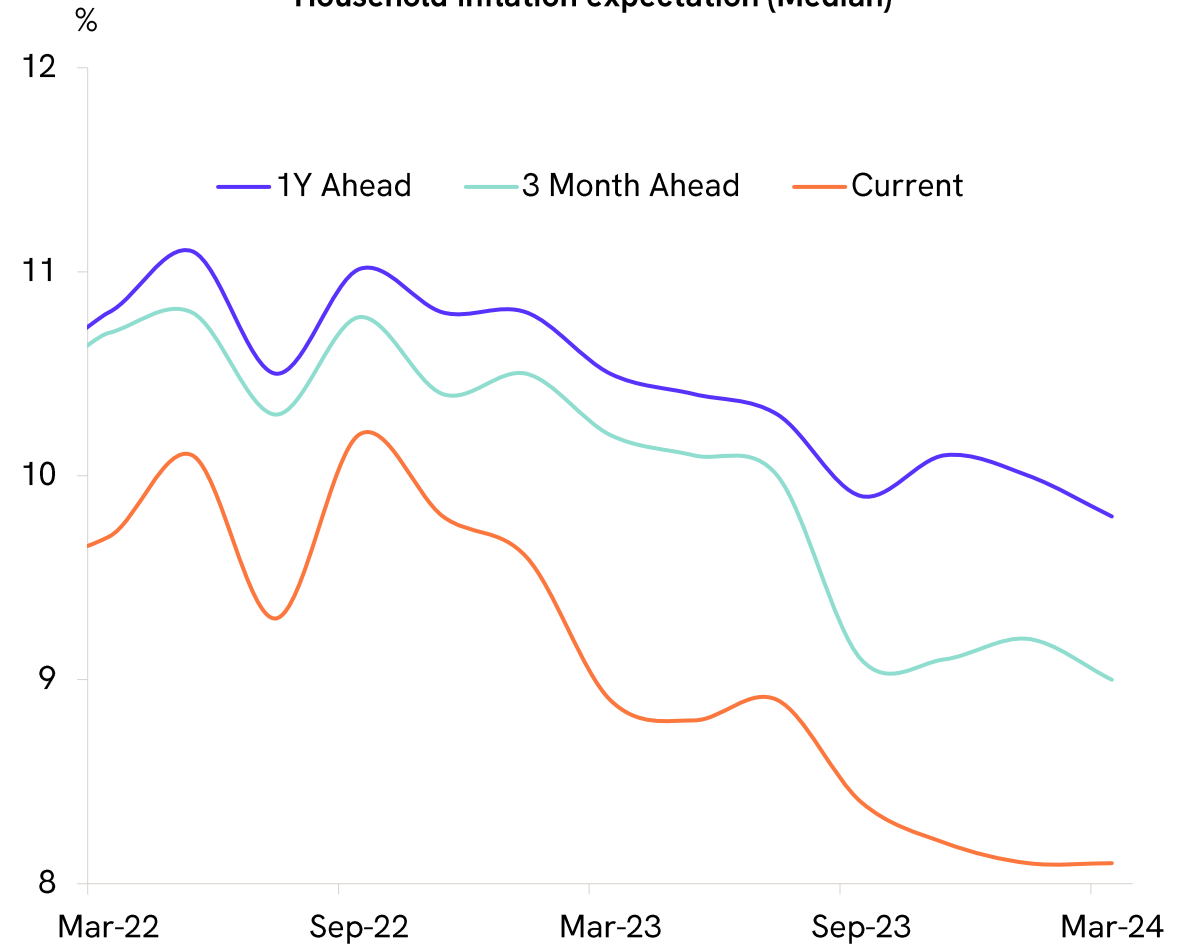
Skymet forecasts normal monsoon at 102% of the long-period average

Household inflation expectations continue to trend lower as headline inflation eases

Skymet - Monsoon Probabilities



Household inflation expectation (Median)

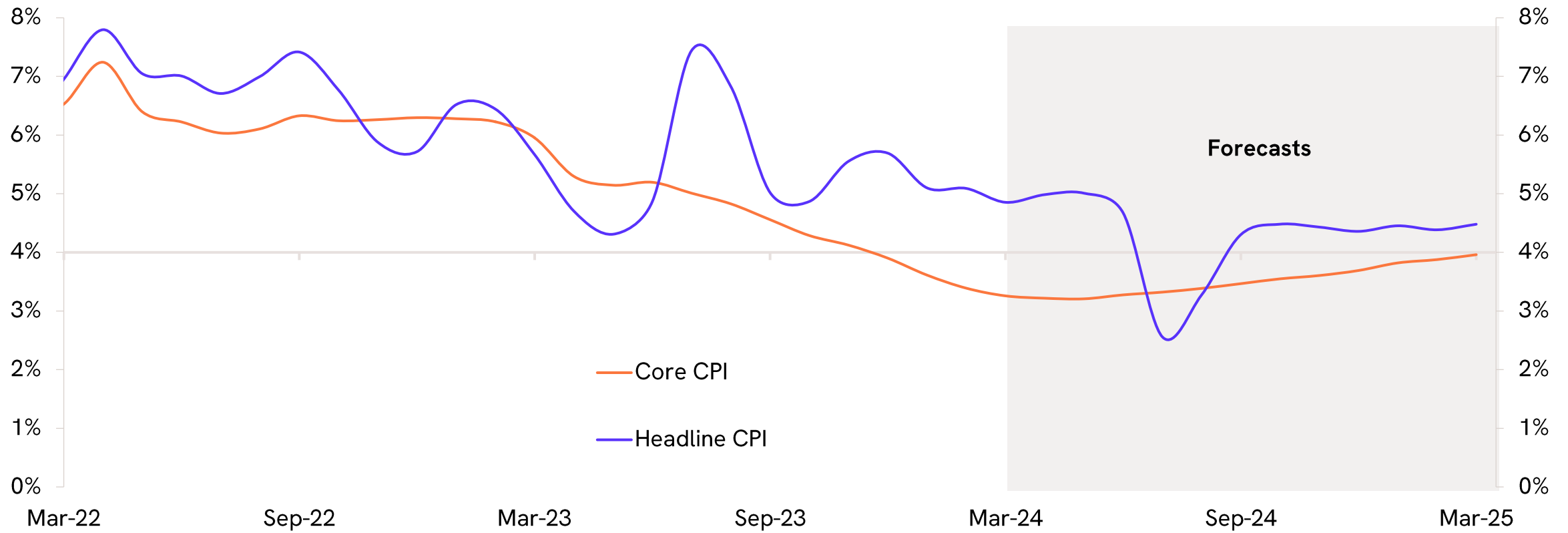


Source: RBI, Skymet, 360 ONE Asset Research

Outlook: Inflation expected to average 4.3-4.5% in FY25

Food prices may impart volatility to headline inflation, while weak consumption keeps the core benign

Assuming a normal monsoon forecast by IMD, the RBI could consider changing the policy stance to 'neutral' in the June or August MPC meeting
However, given the uncertainty surrounding food inflation, the RBI will likely continue exercising caution regarding rate cuts



Source: MOSPI, 360 ONE Asset Research

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