

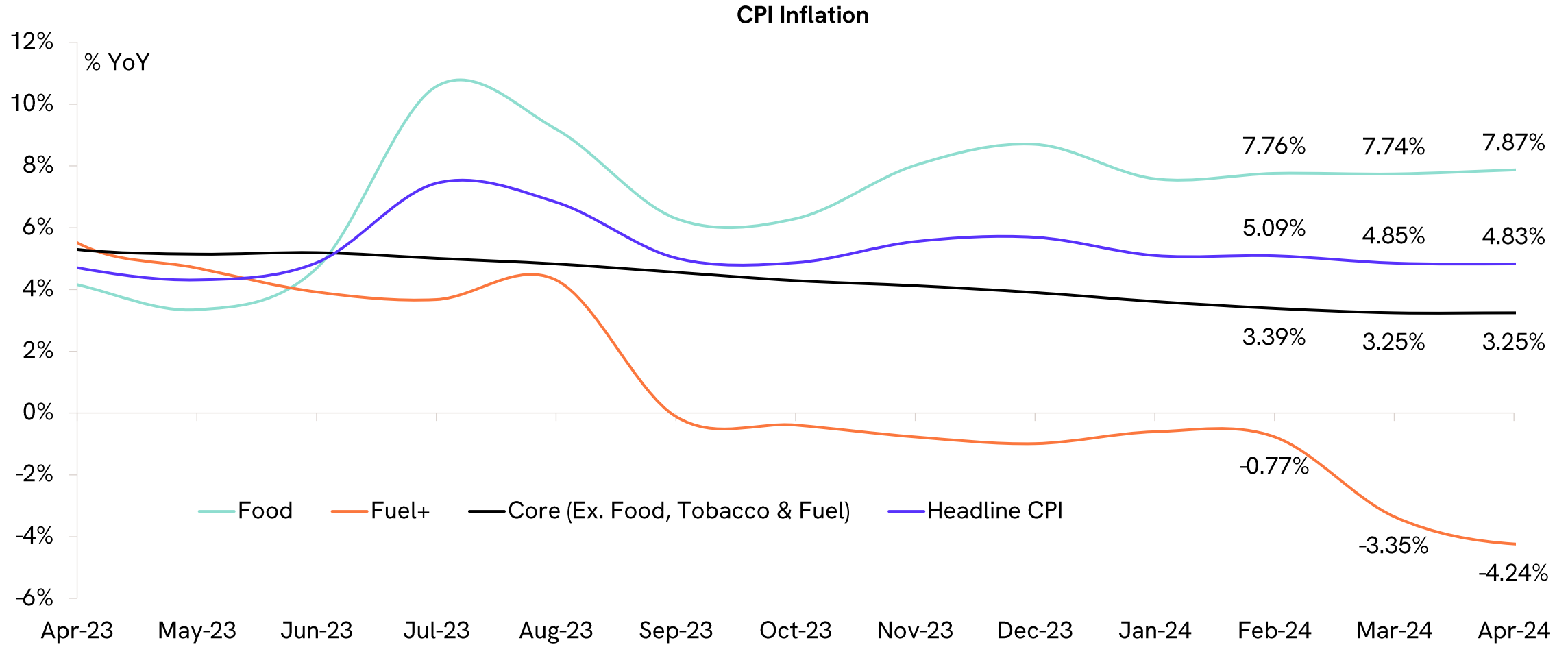
TRENDS & TIDES

India's retail inflation steady
at 4.83% YoY in April 2024



Higher food inflation offsets lower fuel inflation in the April CPI print

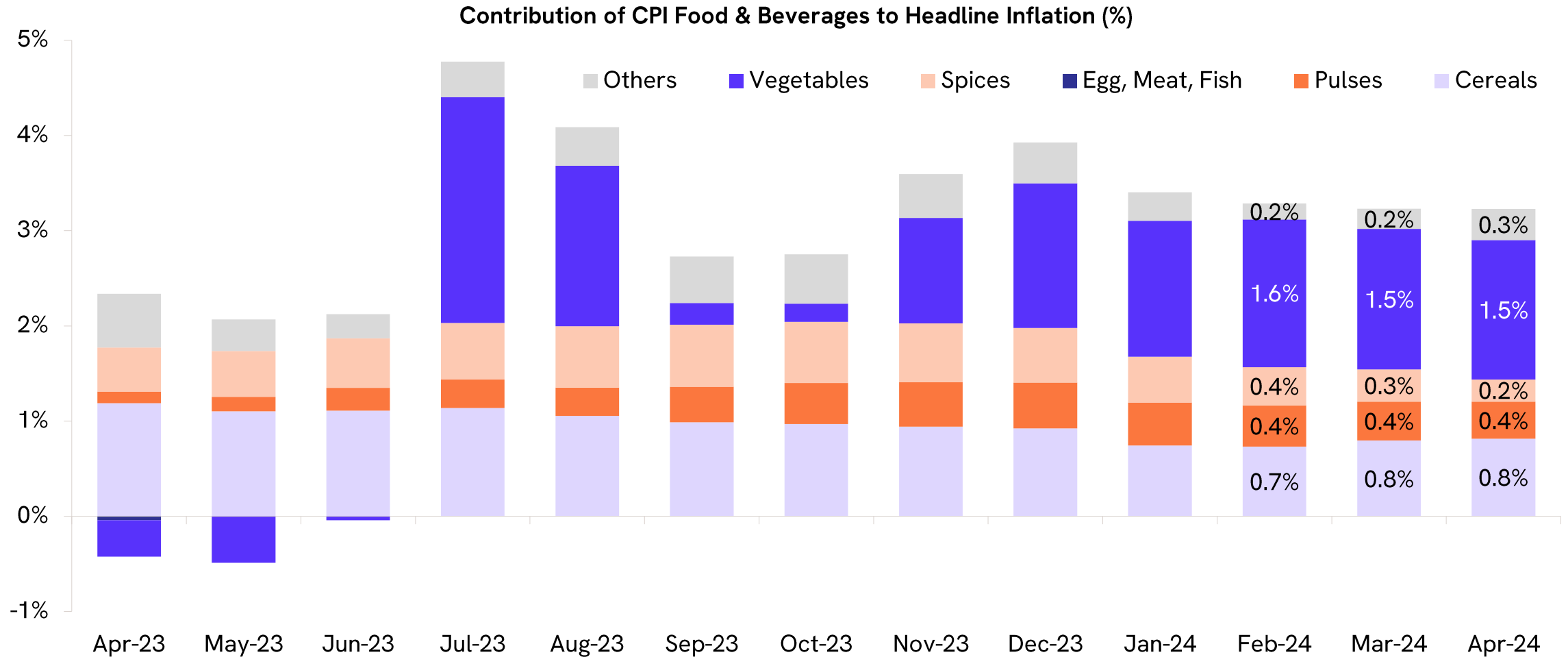
Fuel+ segment remains in steep deflation on account of reduction in LPG prices in March 2024



Source: MOSPI, 360 ONE Asset Research

Vegetables, cereals and pulses remain the major drivers of inflation

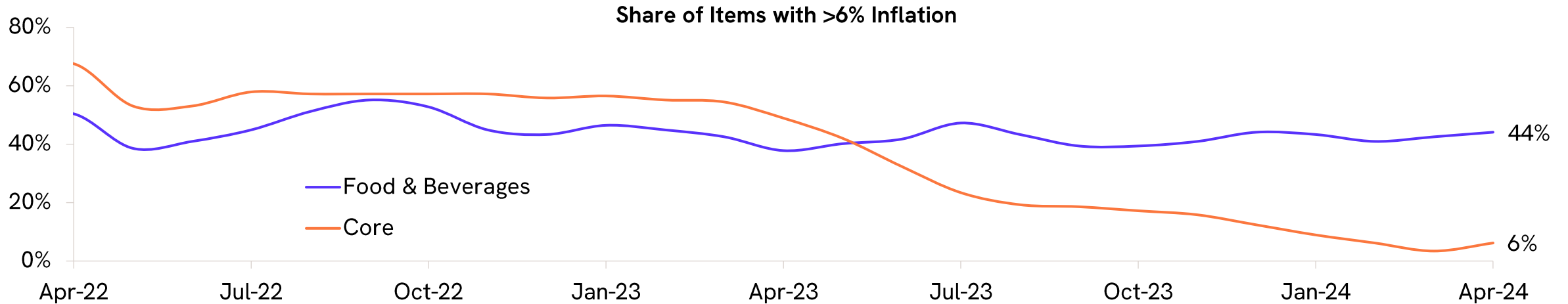
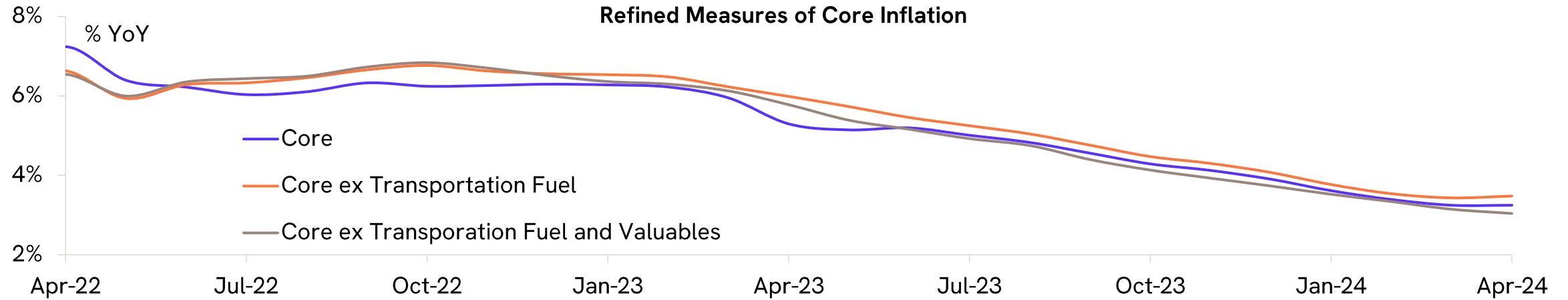
Cereals inflation rises to 8.6% YoY in Apr'24, while vegetables and pulses inflation stay high at 27.8% and 16.8%, respectively



Source: MOSPI, 360 ONE Asset Research

Core inflation remains flat despite a steep rise in gold prices in April

Food inflation remains broad-based, with 44% of food items witnessing greater than 6% inflation

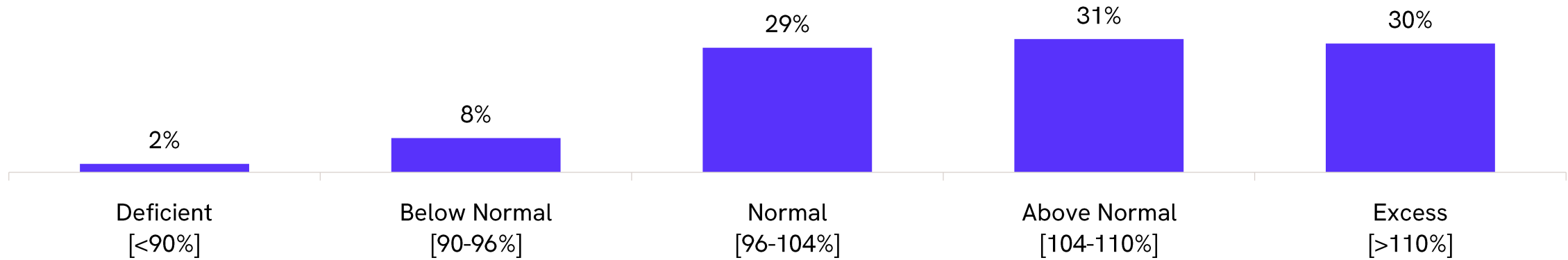


Source: MOSPI, 360 ONE Asset Research

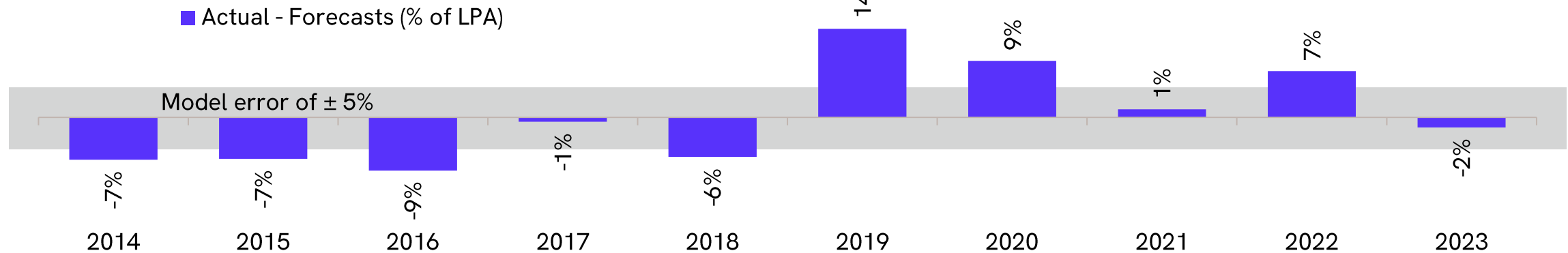
IMD forecasts 'above normal' monsoon at 106% of long period average

El Niño conditions will likely turn neutral in the early monsoon, and La Niña is expected to develop during the 2nd half

IMD 1st Stage Long Range Forecasts
Probabilities for Rainfall Range (% of Long Period Average – LPA)



Deviation of Actual from IMD 1st Stage Forecasts



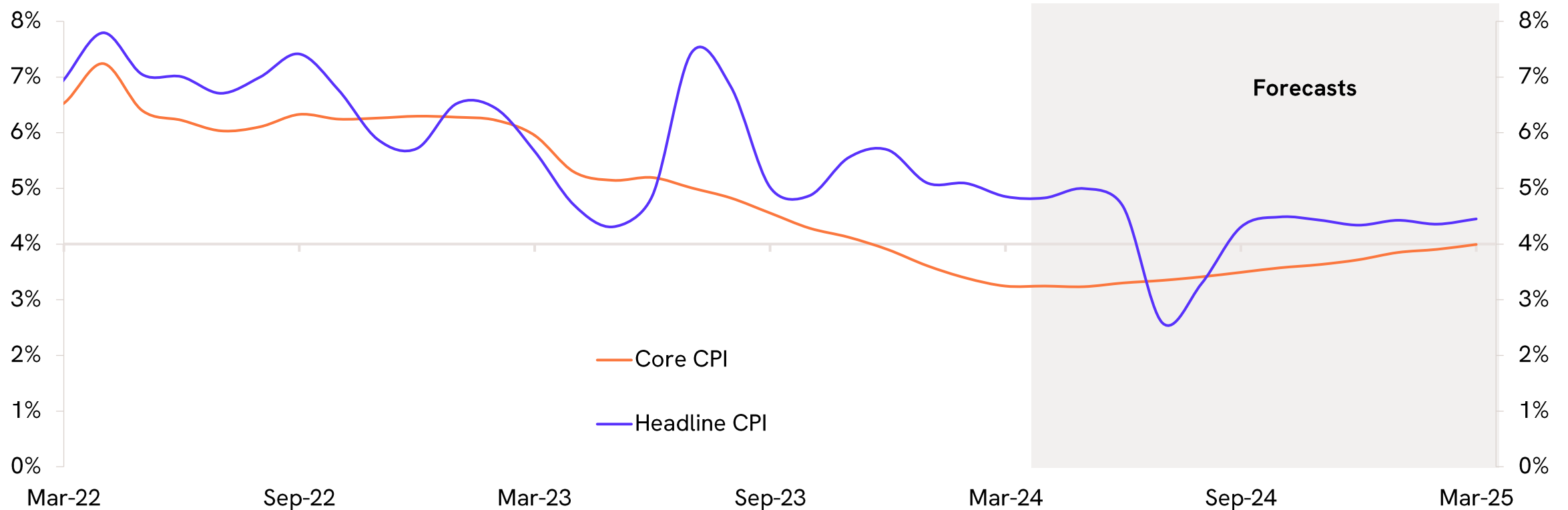
Source: RBI, Skymet, 360 ONE Asset Research

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

The RBI might consider shifting the policy stance to 'neutral' in the June or August MPC meeting, given the 61% probability of 'above normal' or 'excess' monsoon by IMD

However, owing to the uncertainty surrounding food inflation, the RBI is likely to maintain caution regarding rate cuts



Source: MOSPI, 360 ONE Asset Research

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