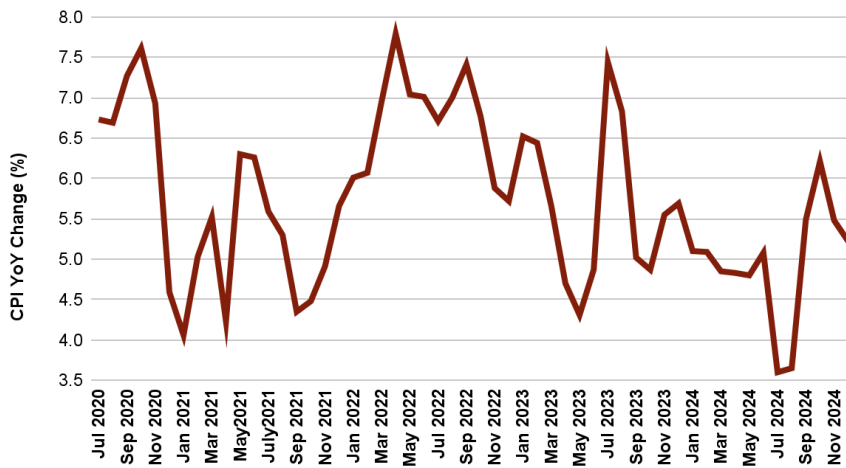


CPI eases to 4-month low of 5.22%



OVERVIEW

India's annual inflation rate eased to 5.22% in December of 2024 from 5.38% in the previous month. The slight deceleration in consumer prices was owed to a slower inflation for food (8.39% vs 9.04% in November). In turn, prices eased slightly for housing (2.71% vs 2.87%), but deflation slowed for fuel and light (-1.39% vs -1.83%). On a monthly basis, Indian retail prices were 0.52% lower, the sharpest monthly decline in over one year.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Cereal prices stood at 6.51% after rising by 6.9% in November.
- Meat and fish inflation was 5.3% compared to a rise of 4.7% in the previous month.
- Milk inflation rose 2.8% after rising by 2.9% in the preceding month.
- Pulses inflation rose 3.83% after rising by 5.4% last month.
- Clothing and footwear inflation rose 2.74% compared to a rise of 2.8% in the previous month.
- Housing prices went up by 2.71% after rising by 2.9% last month.

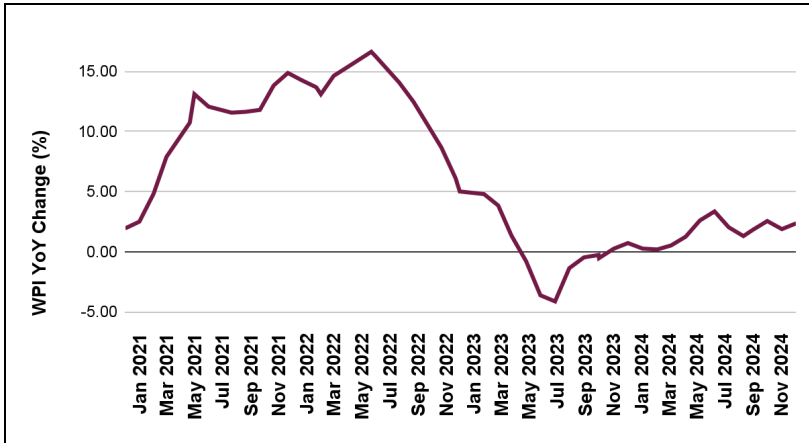
OUTLOOK

The sharp spike in inflation data last month cooled off partially and was expected to subsidize going forward. High prices of vegetables are attributable to the seasonality and heavy rains in some part of the country, causing supply-side constraints. Demand - Supply mismatch may ease further going ahead.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	DEC'24	NOV'24	OCT'24	SEP'24	AUG'24	JUL'24
CPI	5.22	5.48	6.21	5.49	3.65	3.60
FOOD & BEVERAGES	7.69	8.20	9.69	8.36	5.30	5.06
PAN TOBACCO & INTOXICANTS	2.49	2.35	2.60	2.51	2.71	3.02
CLOTHING & FOOTWEAR	2.74	2.75	2.70	2.71	2.72	2.67
HOUSING	2.71	2.87	2.81	2.78	2.66	2.68
FUEL & LIGHTING	-1.39	-1.83	-1.61	-1.39	-5.31	-5.48
MISCELLANEOUS	4.19	4.26	4.32	4.05	3.89	3.79

WPI rises to 2.37% in December 2024



OVERVIEW

India's India's wholesale inflation increased to 2.37% in December from 1.89% in November. The core inflation stood at 0.7% against 0.5% month-on-month. In November, the wholesale inflation came at 1.89% and in October it came at 2.36%.

KEY HIGHLIGHTS

- Primary articles inflation touched to 6.02%, from 5.49% in November.
- Food inflation touched 8.89 in December, from 8.29% in November with vegetable prices climbing 28.65% year-on-year, marginally up from a 28.57% rise in the previous month. Potato inflation continued to be high at 93.20%, and in onion it spiked to 16.81% in December.
- Fuel and power contracted at a slower pace in December at 3.79% as against (-) 5.83% in November.
- Prices of manufactured products, which account for about 64% of the wholesale price index, increased 2.14% from a 2% increase in the previous month.

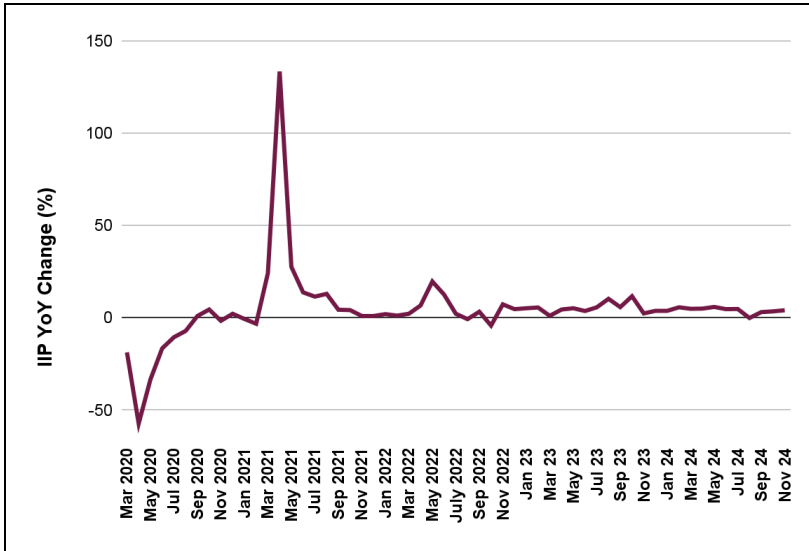
OUTLOOK

The sharp spike in inflation data last month cooled off partially and was expected to subsidize going forward. High prices of vegetables are attributable to the seasonality and heavy rains in some part of the country, causing supply-side constraints. Demand - Supply mismatch may ease further going ahead.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	DEC'24	NOV'24	OCT'24	SEP'24	AUG'24	JUL'24
ALL COMMODITIES	2.37	1.89	2.75	1.91	1.25	2.10
PRIMARY ARTICLES	6.02	5.49	8.26	6.48	2.52	3.18
FOOD ARTICLES	8.47	8.63	13.54	11.48	3.06	3.50
NON FOOD ARTICLES	2.46	-0.98	-1.71	-1.46	-1.84	-1.85
FUEL & POWER	-3.79	-5.83	-4.31	-3.85	-0.54	1.93
MANUFACTURED PRODUCTS	2.14	2.00	1.78	1.07	1.00	1.58

IIP growth hits 6-month high of 5.2% in November



OVERVIEW

India's industrial production rose 5.2% year-over-year in November, faster than the 3.7% gain in October. Manufacturing output grew 5.8% annually versus a 4.4% rise in October. Similarly, the growth in mining quickened to 1.9% from 0.9%. Electricity production rose 4.4% from last year compared to 2.0% in October. During April to November, industrial production posted an annual growth of 4.1% compared to 6.5% rise in the same period last year.

KEY HIGHLIGHTS

Sectoral classification

- Mining output rose by 1.9%.
- Manufacturing output grew by 5.8%.
- Electricity generation rose by 4.4%.
- Primary goods production rose by 2.7%.
- Capital goods output increased by 9%.
- Intermediate goods output grew by 5%.

- Infrastructure and construction goods output gained 10%.
- Consumer durables output rose by 13.1%.

OUTLOOK

India's industrial sector showcased renewed momentum as the Index of Industrial Production (IIP) reported a growth rate of 3.5% in October 2024. Manufacturing, Consumer durable & Infra and construction acted as main growth driver followed by surge of 3.1% in Capital Goods. Momentum may continue in coming months owing to recovery in industrial activities post monsoon and resumption of government expenditure.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	NOV'24	OCT'24	SEP'24	AUG'24	JUL'24	JUN'24
ALL INDUSTRIES	5.2	3.5	3.1	-0.1	4.8	4.7
MINING & QUARRYING	1.9	0.9	0.2	-4.3	3.7	10.3
MANUFACTURING	5.8	4.1	3.9	1.1	4.6	3.2
ELECTRICITY	4.4	2.0	0.5	-3.7	7.9	8.6

Trade gap narrows to \$21.94 bn in December

OVERVIEW

India's trade deficit narrowed to \$21.94 bn in December from November's revised \$32.84 billion. Exports in December rose to \$38.01 billion from November's \$32.11 billion, while imports fell to \$59.95 billion from the \$64.95 billion in November.

KEY HIGHLIGHTS

- Exports during December 2024 were \$38.01 Billion as compared to \$38.39 Billion in December 2023.
- Imports during December 2024 were \$59.95 Billion as compared to \$57.15 Billion in December 2023.

EXPORTS

- Non-petroleum and non-gems & jewellery exports in December 2024 were \$30.96 Billion compared to \$28.60 Billion in December 2023.
- Exports of Other Cereals (67.89%), Rice (64.03%), Jute Mfg. Including Floor Covering (51.63%), Cashew (45.7%), Coffee (36.88%), Electronic Goods (35.11%), Tobacco (23.96%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (23.4%), Meat, Dairy & Poultry Products (17.87%), Marine Products (15.83%), Handicrafts Excl. Hand Made Carpet (14.9%), Rmg Of All Textiles (12.89%), Man-Made Yarn/Fabs./Made-Ups Etc. (12.53%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (11.98%), Tea (11.26%), Cereal Preparations & Miscellaneous Processed Items (9.57%), Carpet (9.15%), Engineering Goods (8.35%), Ceramic Products & Glassware (8.02%), Plastic & Linoleum (6.02%), Leather & Leather Products (4.28%), Fruits & Vegetables (3.77%), Spices (1.73%) and Drugs & Pharmaceuticals (0.63%) record positive growth during December 2024 over the corresponding month of last year.

IMPORTS

- Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports in December 2024 were \$38.28 Billion compared to \$36.86 Billion in December 2023.
- Imports of Coal, Coke & Briquettes, Etc. (-43.42%), Pearls, Precious & Semi-Precious Stones (-42.02%), Iron & Steel (-18.58%), Project Goods (-12.4%), Leather & Leather Products (-12.33%), Newsprint (-9.52%), Artificial Resins, Plastic Materials, Etc. (-3.8%), Transport Equipment (-0.96%), Fertilisers, Crude & Manufactured (-.89%) and Non-Ferrous Metals (-0.47%) recorded negative growth during December 2024 over the corresponding month of last year.

OUTLOOK

India's trade deficit narrowed sharply to \$21.94 billion in December 2024 from the record \$31.83 billion in November, driven by a significant reduction in gold imports and a decline in the net oil import bill. Despite challenges, sectors such as textiles, electronics, engineering goods, rice, and marine products displayed robust growth, underscoring their resilience amid a turbulent global trade environment.

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