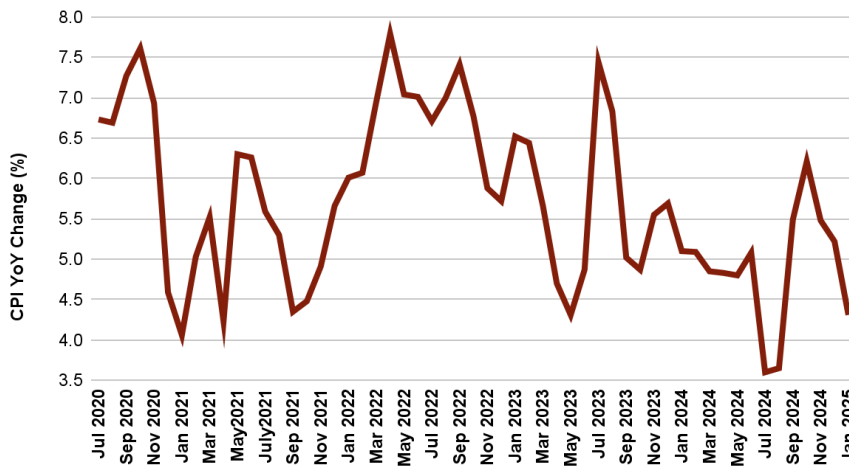


CPI eases to 5-month low @ 4.31% in January



OVERVIEW

India's consumer price inflation registered an increase of 4.31% on a yearly basis in January, weaker than the 5.22% rise logged in December. On a monthly basis, overall consumer prices slid 0.97% and food prices declined 2.9%.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Cereal prices rose by 6.24% after rising by 6.5% in December.
- Meat and fish inflation was 5.25% compared to a rise of 5.3% in the previous month.
- Inflation in eggs rose 1.27% after rising by 6.9% last month.
- Milk and milk products inflation was 2.85% as compared to 2.8% in the previous month.
- Pulses inflation rose 2.59% after rising by 3.8% last month.
- Clothing and footwear inflation rose to 2.68%, compared to 2.7% in the previous month.
- Housing prices went up by 2.76%, compared to 2.7% last month.

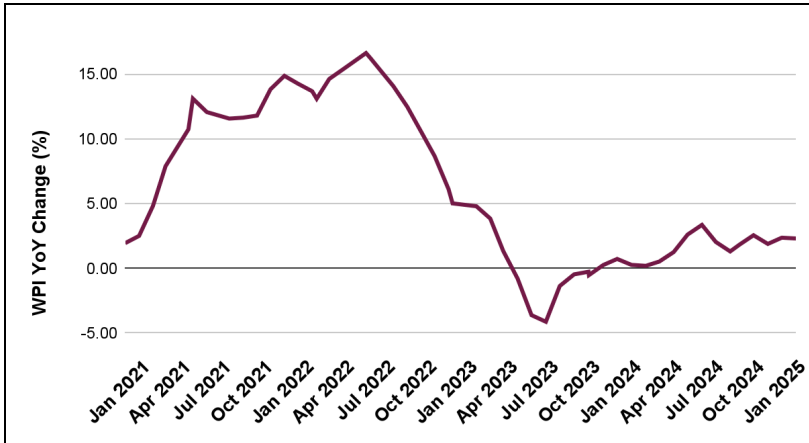
OUTLOOK

The 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, causing supply-side constraints. Demand - Supply mismatch may ease further going ahead.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

| Group | JAN'25 | DEC'24 | NOV'24 | OCT'24 | SEP'24 | AUG'24 |
|--------------------------------------|--------------|--------|--------|--------|--------|--------|
| CPI | 4.31 | 5.22 | 5.48 | 6.21 | 5.49 | 3.65 |
| FOOD & BEVERAGES | 5.68 | 7.69 | 8.20 | 9.69 | 8.36 | 5.30 |
| PAN TOBACCO & INTOXICANTS | 2.30 | 2.49 | 2.35 | 2.60 | 2.51 | 2.71 |
| CLOTHING & FOOTWEAR | 2.68 | 2.74 | 2.75 | 2.70 | 2.71 | 2.72 |
| HOUSING | 2.76 | 2.71 | 2.87 | 2.81 | 2.78 | 2.66 |
| FUEL & LIGHTING | -1.38 | -1.39 | -1.83 | -1.61 | -1.39 | -5.31 |
| MISCELLANEOUS | 4.35 | 4.19 | 4.26 | 4.32 | 4.05 | 3.89 |

WPI slows to 2.31%



OVERVIEW

India's wholesale prices climbed by 2.31% year-on-year in January 2025, slightly easing from a 2.37% rise in December 2024, below forecasts of a 2.50% gain. Monthly, wholesale prices fell 0.45%, the third straight month of decline, following an upwardly revised 0.64% drop in December.

KEY HIGHLIGHTS

- Primary Primary articles (4.69% vs 6.02%).
- Inflation in food articles rose 5.88%, compared to a rise of 6.91% in December.
- Food prices (7.47% vs 8.89%).
- Food products (10.42% vs 9.68%).
- Vegetables: 8.35%, potatoes: 74.28%, fruits: 15.12%.
- Manufacturing prices accelerated to a two-year high (2.51% vs 2.14% in December 2024).
- Fuel & power prices dropped much softer (-2.78% vs -3.79%).
- Petrol (-3.64% vs -5.09%) and HSD (-3.61% vs -4.30%).
- Wearing apparel (2.12% vs 1.65%).
- Leather and related products (2.27% vs 1.21%).

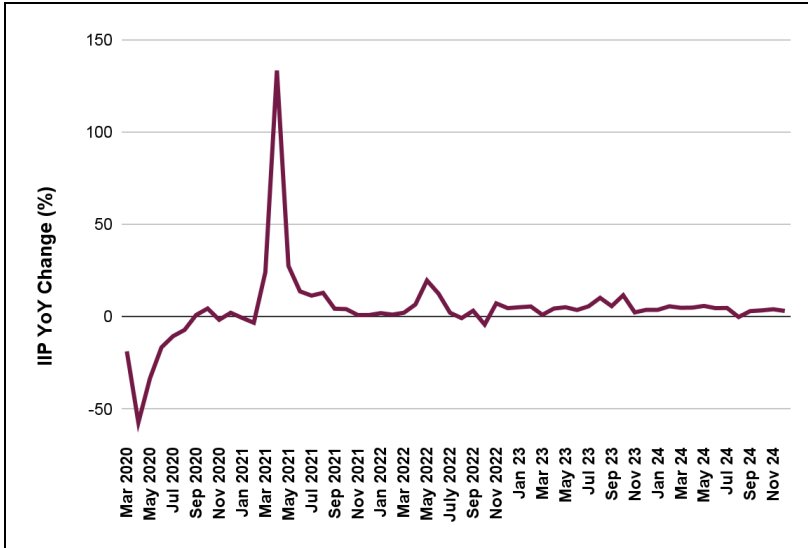
OUTLOOK

The 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, causing supply-side constraints. Demand - Supply mismatch may ease further going ahead.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

| Group | JAN'25 | DEC'24 | NOV'24 | OCT'24 | SEP'24 | AUG'24 |
|------------------------------|--------------|--------|--------|--------|--------|--------|
| ALL COMMODITIES | 2.31 | 2.37 | 2.16 | 2.75 | 1.91 | 1.25 |
| PRIMARY ARTICLES | 4.69 | 6.02 | 5.49 | 8.26 | 6.48 | 2.52 |
| FOOD ARTICLES | 5.88 | 8.47 | 8.63 | 13.54 | 11.48 | 3.06 |
| NON FOOD ARTICLES | 2.95 | 2.46 | -0.98 | -1.71 | -1.46 | -1.84 |
| FUEL & POWER | -2.78 | -3.79 | -4.03 | -4.31 | -3.85 | -0.54 |
| MANUFACTURED PRODUCTS | 2.51 | 2.14 | 2.07 | 1.78 | 1.07 | 1.00 |

IIP growth eases to 3.2%



OVERVIEW

Industrial production rose 3.2% year-over-year in December, slower than the revised 5.0% gain in November. The expected increase was 3.9%. From April to December, industrial production posted an annual growth of 4.0% compared to a 6.3% rise in the same period last year.

KEY HIGHLIGHTS

Sectoral classification

- Manufacturing segment expansion moderated to 3.0% in December, 2024 from 5.5% in November.
- Mining quickened to 2.6% in December from 1.9% in November.
- Electricity production rose 6.2% from last year versus 4.4% in November.
- Primary goods production rose by 3.8% in December compared to 2.7% in November.
- Capital goods output increased by 10.3% vs 8.8% last month.
- Intermediate goods output grew by 5.9% vs 4.8% in the previous month.
- Infrastructure and construction goods output rose by 6.3% vs 8.1.
- Consumer durables output rose by 8.3%.
- Consumer non-durables output contracted by 7.6%.

OUTLOOK

India's industrial sector growth slowed as the Index of Industrial Production (IIP) reported a growth rate of 3.2% in December 2024. Mining and Capital goods acted as main growth driver followed by Consumer Goods. Momentum may continue in coming months owing to recovery in industrial activities on resumption of government expenditure.

IIP GROWTH IN THE PAST 6 MONTHS

| SECTOR | DEC'24 | NOV'24 | OCT'24 | SEP'24 | AUG'24 | JUL'24 |
|-------------------------------|------------|--------|--------|--------|--------|--------|
| ALL INDUSTRIES | 3.2 | 5.2 | 3.5 | 3.1 | -0.1 | 4.8 |
| MINING & QUARRYING | 2.6 | 1.9 | 0.9 | 0.2 | -4.3 | 3.7 |
| MANUFACTURING | 3.0 | 5.8 | 4.1 | 3.9 | 1.1 | 4.6 |
| ELECTRICITY | 6.2 | 4.4 | 2.0 | 0.5 | -3.7 | 7.9 |

Trade gap narrows to \$21.94 bn in December

OVERVIEW

India's trade deficit widened to \$22.9 billion in January from \$21.94 billion in December, with exports at \$36.43 billion and imports at \$59.4 billion. The government had earlier revised December's all-time high deficit from \$37.84 billion to \$32.84 billion after adjusting gold import estimates.

KEY HIGHLIGHTS

- Services exports in January were estimated at \$38.55 billion and imports at \$18.22 billion against \$32.66 billion and \$17.50 billion, respectively, in December.
- Gold imports fell to \$2.68 billion in January from the previous month's \$4.7 billion.
- Crude oil imports fell to \$13.4 billion in January from \$15.2 billion in December.

EXPORTS

- Exports of engineering goods stood at \$10 billion, 7.4% lower year-on-year.
- Petroleum product exports were at \$6.8 billion, 15.8% higher than a year earlier.
- Gems and jewellery exports were at \$2.8 billion, 2.2% lower on an annual basis.
- Organic and inorganic chemical exports were at \$2.3 billion, 3.2% higher on an annual basis.
- Drugs and pharmaceutical exports were at \$2.3 billion, 10.5% higher from over a year earlier.
- Electronic exports were at \$3 billion, 23% higher from over a year earlier.

IMPORTS

- Petroleum, crude, and product imports were down 28.1% from a year ago at \$19.9 billion.
- Organic and inorganic chemical imports were at \$2.5 billion, 0.5% lower on an annual basis.
- Imports of coal, coke, and briquettes were down 26.5% than a year ago at \$3.3 billion.
- Imports of electronic goods were at \$7.1 billion, 6.7% higher over a year earlier.
- Machinery, electrical and non-electrical goods were at \$4.1 billion, down 0.3% over the previous year.
- Gold imports stood at \$3.3 billion, 9.8% lower than a year ago.

OUTLOOK

India's trade deficit expanded marginally to \$22.9 billion in January from \$21.94 billion in December 2024 driven by fall in export of engineering goods. Despite challenges, sectors such as textiles, electronics, rice, and marine products displayed robust growth, underscoring their resilience amid a turbulent global trade environment.

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