

## CPI @ 4-month high



### OVERVIEW

India's consumer price inflation advanced to 5.08% in June. In the same period last year, inflation was 4.87%. On a monthly basis, consumer prices rose 1.33%, while food prices posted a strong 3.17% increase. Food price inflation accelerated to 9.36% in June from 8.69% a month ago.

### MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food inflation increased to 9.55% in June from 8.69% in May and 4.55% in June 2023.
- Rural inflation in June increased to 5.67% from 4.78% in June 2024 and 5.34% in May. Urban inflation moderated to 4.39% in June from 4.21% in May and 4.96% in June 2023.
- Vegetables inflation quickened to 29.32% in June 2023, while pulses & products inflation accelerate to 16.1% in June.
- The Fuel and light inflation rate for June was (-)3.66% as against a contraction of 3.83% in May.
- Clothing & footwear and housing sectors, the inflation rates were 2.73% and 2.69%, respectively.

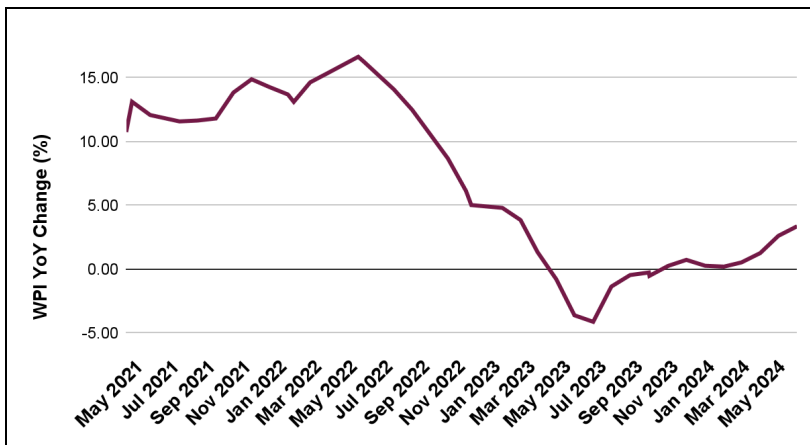
## OUTLOOK

After being under 5% for 3 months in a row, the inflation is now again back above 5%. This higher inflation was triggered by food prices. June inflation was largely driven by delayed monsoons. In the last few weeks, the monsoons have made up, so July inflation should hopefully be sober.

## RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	JUN'24	MAY'24	APR'24	MAR'24	FEB'24	JAN'24
<b>CPI</b>	<b>5.08</b>	4.80	4.83	4.85	5.09	5.10
<b>FOOD &amp; BEVERAGES</b>	<b>8.36</b>	7.87	7.87	7.68	7.76	7.58
<b>PAN TOBACCO &amp; INTOXICANTS</b>	<b>3.08</b>	3.03	2.99	3.06	3.12	3.28
<b>CLOTHING &amp; FOOTWEAR</b>	<b>2.73</b>	2.74	2.85	2.97	3.14	3.37
<b>HOUSING</b>	<b>2.69</b>	2.56	2.68	2.77	2.88	3.20
<b>FUEL &amp; LIGHTING</b>	<b>-3.66</b>	-3.83	-4.24	-3.24	-0.77	-0.60
<b>MISCELLANEOUS</b>	<b>3.41</b>	3.41	3.54	3.50	3.57	3.82

## WPI @ 3.36%, Highest in 16 months



### OVERVIEW

India's wholesale price inflation rose 3.36% year-over-year in June, faster than the 2.61% increase in May. On a monthly basis, wholesale prices moved up 0.39% from June, when they increased by 0.26%.

### KEY HIGHLIGHTS

- Prices for primary articles grew 8.80% in June versus a 7.20% gain in the prior month. Similarly, the yearly price growth in the food index accelerated to 8.68% from 7.40%.
- Costs for manufactured products climbed 1.43% after a 0.78% gain in the preceding month.
- Meanwhile, the annual price growth in fuel and power eased from 1.35% in May to 1.03% in June.

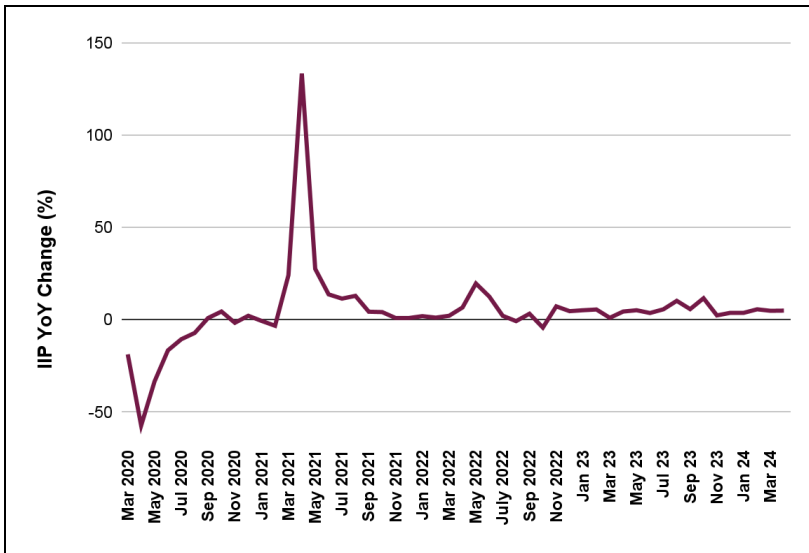
## OUTLOOK

Higher WPI inflation was triggered by costlier food items. June inflation was largely driven by delayed monsoons. In the last few weeks, the monsoons have made up, so July inflation should hopefully be sober.

## WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	JUN'24	MAY'24	APR'24	MAR'24	FEB'24	JAN'24
<b>ALL COMMODITIES</b>	<b>3.36</b>	2.61	1.19	0.26	0.20	0.27
<b>PRIMARY ARTICLES</b>	<b>8.80</b>	7.20	5.23	4.57	4.55	3.84
<b>FOOD ARTICLES</b>	<b>10.87</b>	9.82	7.74	6.88	6.95	6.85
<b>NON FOOD ARTICLES</b>	<b>-1.95</b>	-3.99	-4.41	-4.13	-6.29	-6.56
<b>FUEL &amp; POWER</b>	<b>1.03</b>	1.35	-0.85	-2.75	-1.71	-0.51
<b>MANUFACTURED PRODUCTS</b>	<b>1.43</b>	0.78	-0.14	-0.85	-1.27	-1.13

## IIP grows 5.9%, highest in 7 months



### OVERVIEW

India's industrial production advanced 5.9% year-over-year in May, faster than the 5.0% rise in April. During April to May, industrial production grew 5.4% from the same period last year, data showed.

Among the major three sectors, electricity output grew the most by 13.7%. This was followed by a 6.6% rise in mining output and a 4.6% increase in manufacturing production.

### KEY HIGHLIGHTS

#### Sectoral classification

- Mining output rose by 6.6% in May, as compared to 6.7% in April.
- Manufacturing output grew by 4.6%, as against 3.9% in the last month.
- Electricity generation rose by 13.7%, as compared with 10.2% in the previous month.
- Primary goods output rose by 7.3%, as compared with 7% in April.
- Capital goods output increased 2.5%, as against 3.1% in the previous month.
- Intermediate goods output grew by 2.5%, as compared with 3.2% last month.
- Infrastructure and construction goods output gained 6.9% versus 8% a month ago.

- Consumer durables output rose by 12.3%, after growing by 9.8% in the previous month.
- Consumer non-durables output rose by 2.3% versus 2.4% last month.

## OUTLOOK

In the upcoming months, the industrial output may pick up pace with the likelihood of improvement in the demand owing to improvement in the infrastructure and rural spending post general election.

## IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	MAY'24	APR'24	MAR'24	FEB'24	JAN'24	DEC'23
<b>ALL INDUSTRIES</b>	<b>5.9</b>	5.0	4.9	5.7	3.8	3.8
<b>MINING &amp; QUARRYING</b>	<b>6.6</b>	6.7	1.2	8.0	5.9	5.1
<b>MANUFACTURING</b>	<b>4.6</b>	3.9	5.2	5.0	3.2	3.9
<b>ELECTRICITY</b>	<b>13.7</b>	10.2	8.6	7.5	5.6	1.2

# India's trade deficit widens to \$20.98 bn

## OVERVIEW

India's trade deficit widened to \$20.98 billion in June from \$19.19 billion a year ago. Exports increased by 2.6 per cent to \$35.2 billion while imports stood at \$56.18 billion.

## KEY HIGHLIGHTS

- Exports rose by 2.6% year-on-year to \$35.2 billion but fell 7.7% month-on-month, as compared with May.
- Imports increased 5% year-on-year to \$56.2 billion but fell 9.3% month-on-month as against May.

## EXPORTS

- Engineering goods export stood at \$9.4 billion, 10.3% lower year-on-year.
- Petroleum product exports were at \$5.5 billion, 18.3% lower than a year earlier.
- Gems and jewellery exports were at \$2.2 billion, 1.4% lower on an annual basis.
- Organic and inorganic chemical exports were at \$2.3 billion, 3.3% higher on an annual basis.
- Drugs and pharmaceutical exports were at \$2.5 billion, 9.9% higher from over a year earlier.
- Electronic exports were at \$2.8 billion, 16.9% higher from over a year earlier.

## IMPORTS

- Petroleum, crude, and product imports were up 19.6% from a year ago at \$15.1 billion.
- Organic and inorganic chemical imports were at \$2.5 billion, 1.3% lower on an annual basis.
- Coal, coke, and briquettes imports were down 16.5% than a year ago at \$2.9 billion.
- Electronic goods imports were at \$7.7 billion, 15.9% higher over a year earlier.
- Machinery, electrical and non-electrical goods were at \$4.1 billion, down 10.6% over the previous year.
- Gold imports stood at \$3.1 billion, 38.7% lower than a year ago.

## OUTLOOK

Imports outstripped exports in value terms against the backdrop of the Red Sea conflict. The lower growth in exports is mainly due to the armed conflict in the Red Sea. Indian exports have been impacted by a slowdown in global growth. The tightening of interest rates due to nagging inflation, especially in advanced Western economies, has led to a slowdown in business, investment and trade. Growth in exports may continue to remain subdued owing largely to Red-Sea conflict.



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