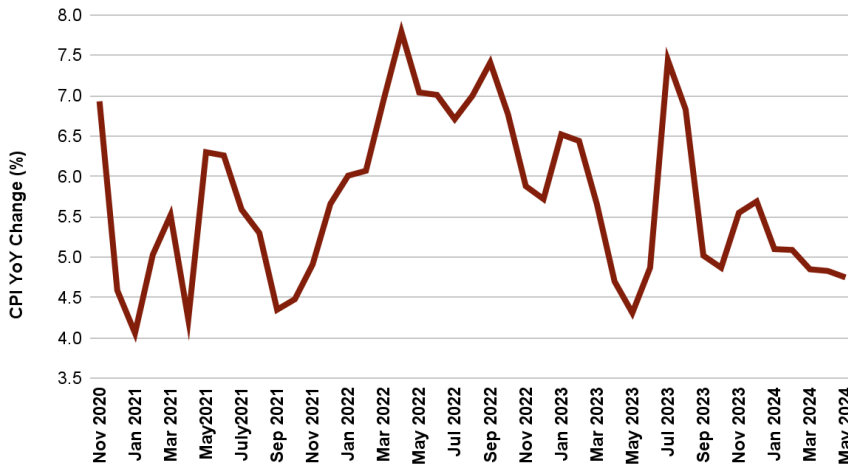


## CPI eases to 12-month low



### OVERVIEW

India's retail inflation eased to a 12-month low of 4.75% on an annual basis in May as against 11-month low of 4.83% in the previous month. Sequentially, the inflation rate remained unchanged at 0.48% in May. Core inflation slowed further to 3.1% in May from 3.2% in the previous month.

### MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food inflation rate in May eased to 8.62% from 8.75% in April. However, it has remained higher than the 3.3% registered in May 2023.
- Rural inflation dipped to 5.28% in May from 5.43%. Meanwhile, the urban inflation rate stood at 4.15% in May.
- Vegetables moderated marginally to 27.3% on a yearly basis as against 27.8% in April.
- Cereals and pulses inflation rate came in at 8.69% and 17.14% respectively.
- Meat and fish prices saw a significant decline to 7.28% last month from 8.17% in April.
- Sequentially, prices of spices in May softened notably to 4.27% as against 7.75% a month ago.
- The Fuel and light inflation rate for May contracted to 3.83% as against a contraction of 4.24% in April.
- Clothing & footwear and housing sectors the inflation rates were 2.74% and 2.56%, respectively.

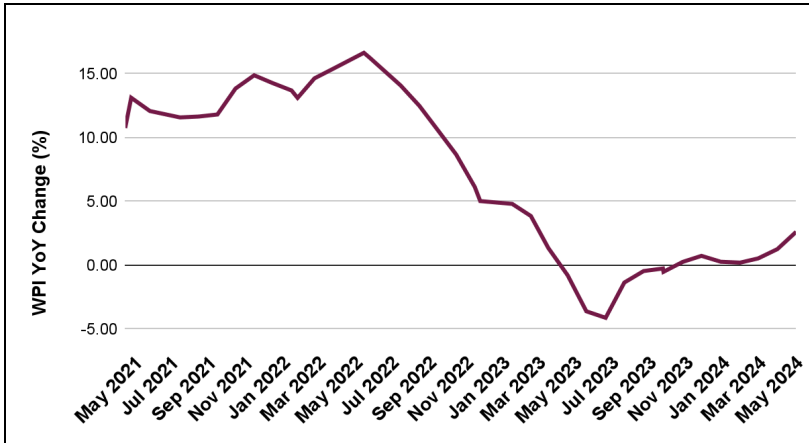
## OUTLOOK

The decline in retail inflation can be largely attributed to the easing of prices for essential items such as food and beverages, which hold substantial weight in the consumer price index (CPI). Factors such as a bumper crop harvest and improved supply chain management have played pivotal roles in stabilizing food prices, offering respite to consumers burdened by the economic fallout of the pandemic. Going ahead, prospect of good monsoon may provide much needed respite against soaring prices of staples.

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

Group	MAY'24	APR'24	MAR'24	FEB'24	JAN'24	DEC'23
<b>CPI</b>	<b>4.75</b>	4.83	4.85	5.09	5.10	5.69
<b>FOOD &amp; BEVERAGES</b>	<b>7.87</b>	7.87	7.68	7.76	7.58	8.70
<b>PAN TOBACCO &amp; INTOXICANTS</b>	<b>3.03</b>	2.99	3.06	3.12	3.28	3.65
<b>CLOTHING &amp; FOOTWEAR</b>	<b>2.74</b>	2.85	2.97	3.14	3.37	3.61
<b>HOUSING</b>	<b>2.56</b>	2.68	2.77	2.88	3.20	3.63
<b>FUEL &amp; LIGHTING</b>	<b>-3.83</b>	-4.24	-3.24	-0.77	-0.60	-0.99
<b>MISCELLANEOUS</b>	<b>3.41</b>	3.54	3.50	3.57	3.82	4.07

## WPI @ 15-month high



### OVERVIEW

India's wholesale prices climbed by 2.61% year-on-year in May 2024, accelerating from a 1.26% rise in the previous month. Monthly, wholesale prices were up 0.20%, easing from an upwardly revised 1.06% growth in April.

### KEY HIGHLIGHTS

- Primary articles (7.20% vs 5.01% in April) and food index (7.40% vs 5.52%) advanced faster, due mainly to higher onion (58.05%), potato (64.05%), and vegetables (32.42%).
- Manufacturing prices recovered (0.78% vs -0.42%), boosted by rises in basic metals (0.35% vs -3.65%) and leather and related products (0.32% vs -0.32%).
- Fuel and power prices slowed slightly (1.35% vs 1.38%), as rises in both LPG (2.48%) and petrol prices (0.51%) were offset by falls in HSD (-1.06%).

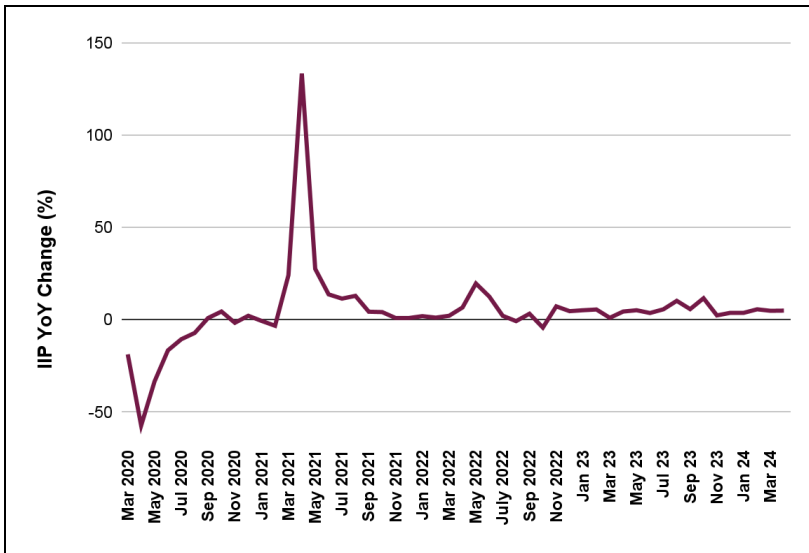
## OUTLOOK

The positive rate of inflation is due to an increase in prices of food articles, manufacture of food products, crude petroleum and natural gas, mineral oils, and other manufacturing. The monsoon is expected to be above normal, it will help in easing food inflation in the coming months.

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

Group	MAY'24	APR'24	MAR'24	FEB'24	JAN'24	DEC'23
<b>ALL COMMODITIES</b>	<b>2.61</b>	1.26	0.26	0.20	0.27	0.86
<b>PRIMARY ARTICLES</b>	<b>7.20</b>	5.01	4.57	4.55	3.84	5.73
<b>FOOD ARTICLES</b>	<b>9.82</b>	7.74	6.88	6.95	6.85	9.38
<b>NON FOOD ARTICLES</b>	<b>-3.99</b>	-4.41	-4.13	-6.29	-6.56	-4.73
<b>FUEL &amp; POWER</b>	<b>1.35</b>	1.38	-2.75	-1.71	-0.51	-1.39
<b>MANUFACTURED PRODUCTS</b>	<b>0.78</b>	-0.42	-0.85	-1.27	-1.13	-0.78

## IIP drops to 3-month low



### OVERVIEW

India's IIP slowed to 5% in April, a three month low, as against 5.4% in March. The IIP growth rate was recorded at 4.6% in April 2023, the government said in a press release.

### KEY HIGHLIGHTS

#### Sectoral classification

- Mining output growth accelerated to 6.7% in April against a 5.1% expansion in the year-ago month.
- Manufacturing sector's growth decelerated to 3.9% in April compared to 5.5% a year ago.
- Electricity generation increased by 10.2% in April against a contraction of 1.1% in the same month of the last year.
- Primary goods increased by 7% in April 2024 as against 1.9%.
- Capital goods segment grew by 3.1% in April, but it expanded by 4.4% in the same month of last year.
- Intermediate goods segment was 3.2% in the month under review, higher than the 1.7% recorded in the same period a year ago.
- Infrastructure and construction goods saw a marginal growth of 8.0% in April 2024, against a 13.4% expansion YoY.

- Consumer durables grew by 9.8% during April compared to a decline of 2.3% in 2023.
- Consumer non-durable consumer goods decreased by 2.4% after rising by 11.4% in April 2023.

## 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	APR'24	MAR'24	FEB'24	JAN'24	DEC'23	NOV'23
<b>ALL INDUSTRIES</b>	<b>5.0</b>	4.9	5.7	3.8	3.8	2.4
<b>MINING &amp; QUARRYING</b>	<b>6.7</b>	1.2	8.0	5.9	5.1	6.8
<b>MANUFACTURING</b>	<b>3.9</b>	5.2	5.0	3.2	3.9	1.2
<b>ELECTRICITY</b>	<b>10.2</b>	8.6	7.5	5.6	1.2	5.8

# Trade gap @ 7-month high

## OVERVIEW

India's trade deficit widened to \$23.78 billion in May, from \$19.1 billion in April 2024 and \$22.1 billion in May 2023. Exports increased by 9.1% to \$38.13 billion while imports up 7.7% to \$61.91 billion.

## KEY HIGHLIGHTS

- Exports rose 9.1% year-on-year to \$38.1 billion and fell 9% month-on-month from April.
- Imports increased 7.7% year-on-year to \$61.9 billion and declined 14.5% month-on-month from April.

## EXPORTS

- Engineering goods stood at \$10 billion, 7.4% lower year-on-year.
- Petroleum products were at \$6.8 billion, 15.8% higher than a year earlier.
- Gems and jewelry were at \$2.8 billion, 2.2% lower on an annual basis.
- Organic and inorganic chemicals were at \$2.3 billion, 3.2% higher on an annual basis.
- Drugs and pharmaceutical were at \$2.3 billion, 10.5% higher f
- Electronics were at \$3 billion, 23% higher from over a year earlier.

## IMPORTS

- Petroleum, crude, and product were down 28.1% from a year ago at \$19.9 billion.
- Organic and inorganic chemicals were at \$2.5 billion, 0.5% lower on an annual basis.
- Coal, coke, and briquettes were down 26.5% than a year ago at \$3.3 billion.
- 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

Slowing 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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