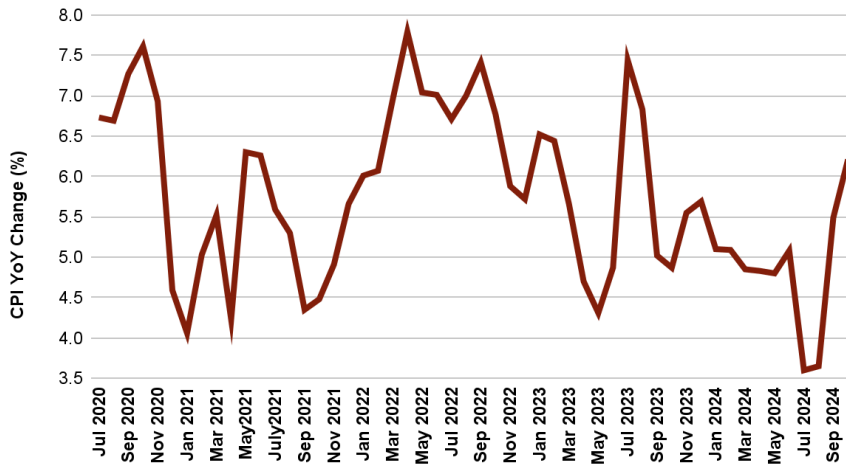


## Retail inflation hits 14-month high



### OVERVIEW

India's retail inflation rose to 6.21% in October from 5.49% in the preceding month. The consumer price index-based inflation was 4.87% in October 2023. The inflation in the food basket rose to 10.87% in October from 9.24% in September and 6.61% in the year-ago month.

### MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food inflation at 10.87% in October Vs 9.24% (MoM).
- Rural inflation at 6.68% in October Vs 5.87% (MoM).
- Urban inflation at 5.62% in October Vs 5.05% (MoM).
- Vegetables inflation at 42.18% in October Vs 35.99% (MoM).
- Pulses inflation at 7.43% in October Vs 9.81% (MoM).
- Fuel & Light inflation at -1.61% in October Vs -1.39% (MoM).
- Housing inflation at 2.82% in October Vs 2.78% (MoM).
- Clothing & Footwear inflation at 2.70% in October Vs 2.71% (MoM).

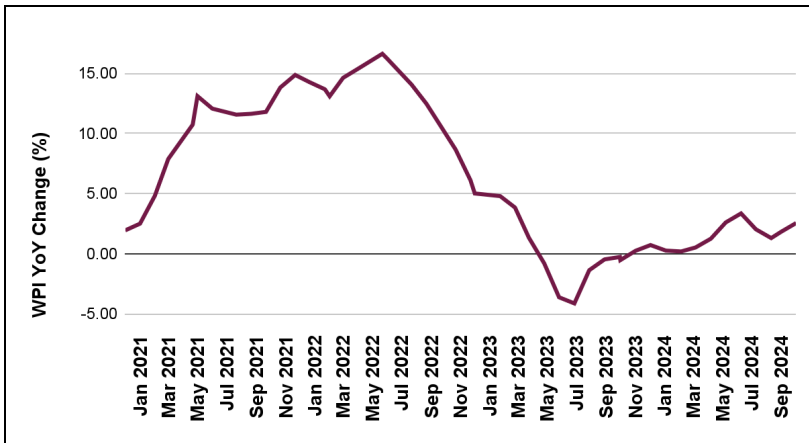
## OUTLOOK

The latest spike in inflation data was driven by a rise in perishables, edibles and beverages prices. High prices of vegetables are attributable to the seasonality and heavy rains in some part of the country, causing supply-side constraints.

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

| Group                                | OCT'24       | SEP'24 | AUG'24 | JUL'24 | JUN'24 | MAY'24 |
|--------------------------------------|--------------|--------|--------|--------|--------|--------|
| <b>CPI</b>                           | <b>6.21</b>  | 5.49   | 3.65   | 3.60   | 5.08   | 4.80   |
| <b>FOOD &amp; BEVERAGES</b>          | <b>9.69</b>  | 8.36   | 5.30   | 5.06   | 8.36   | 7.87   |
| <b>PAN TOBACCO &amp; INTOXICANTS</b> | <b>2.60</b>  | 2.51   | 2.71   | 3.02   | 3.08   | 3.03   |
| <b>CLOTHING &amp; FOOTWEAR</b>       | <b>2.70</b>  | 2.71   | 2.72   | 2.67   | 2.73   | 2.74   |
| <b>HOUSING</b>                       | <b>2.81</b>  | 2.78   | 2.66   | 2.68   | 2.69   | 2.56   |
| <b>FUEL &amp; LIGHTING</b>           | <b>-1.61</b> | -1.39  | -5.31  | -5.48  | -3.66  | -3.83  |
| <b>MISCELLANEOUS</b>                 | <b>4.32</b>  | 4.05   | 3.89   | 3.79   | 3.41   | 3.41   |

## WPI rises to 4-month high



### OVERVIEW

India's WPI inflation rate rose to 2.36% in October 2024, up from 1.84% in September. The month over month change in WPI for the month of October, 2024 stood at 0.97% as compared to September, 2024.

### KEY HIGHLIGHTS

- The inflation rate for primary articles went up to 8.09% in October from 6.59% in September.
- Food item inflation surged to 13.54% in October from 11.53% in September, with vegetable prices showing a significant increase of 63.04%, up from 48.73per cent in September. Pulses inflation during the month of October was at 9.74%, while the inflation for wheat stood at 8.04% during the same month in comparison to 7.60% in September. Cereals inflation was at 7.91%. Eggs, Meat & Fish inflation came in at -0.52%. Potato and onion reported inflation at 78.73% and 39.25% respectively.
- The non-food articles reported WPI inflation at -1.71% in October as against -1.64% during the previous month. Minerals inflation came in at 1.87% in October, down from 3.03% in September. The Crude Petroleum & Natural gas posted wholesale inflation at -12.16% in October and crude petroleum was at -12.98%.
- Fuel and power sector experienced a deflation of 5.79% in October, compared to 4.05% in September.
- Manufactured items showed an inflation rate of 1.50%, increasing from 1% in the previous month.

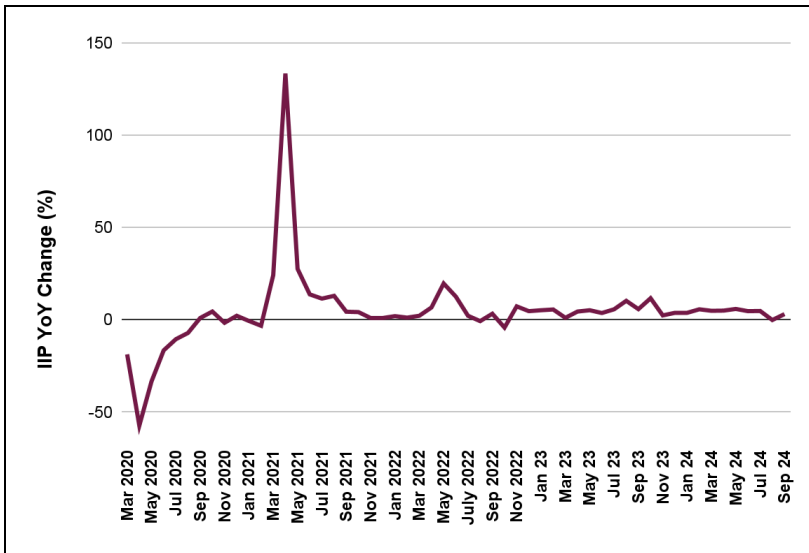
## OUTLOOK

The latest spike in inflation data was driven by a rise in perishables, edibles and beverages prices. High prices of vegetables are attributable to the seasonality and heavy rains in some part of the country, causing supply-side constraints.

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

| Group                        | OCT'24       | SEP'24 | AUG'24 | JUL'24 | JUN'24 | MAY'24 |
|------------------------------|--------------|--------|--------|--------|--------|--------|
| <b>ALL COMMODITIES</b>       | <b>2.36</b>  | 1.84   | 1.25   | 2.10   | 3.43   | 2.61   |
| <b>PRIMARY ARTICLES</b>      | <b>8.09</b>  | 6.59   | 2.52   | 3.18   | 9.20   | 7.20   |
| <b>FOOD ARTICLES</b>         | <b>13.54</b> | 11.53  | 3.11   | 3.45   | 10.87  | 9.82   |
| <b>NON FOOD ARTICLES</b>     | <b>-1.71</b> | -1.64  | -2.08  | -2.90  | -1.95  | -3.99  |
| <b>FUEL &amp; POWER</b>      | <b>-5.79</b> | -4.05  | -0.54  | 1.93   | 0.48   | 1.35   |
| <b>MANUFACTURED PRODUCTS</b> | <b>1.50</b>  | 1.00   | 1.00   | 1.58   | 1.50   | 0.78   |

## IIP rebounds to 3.1% in September



### OVERVIEW

India's Index of Industrial Production (IIP) witnessed an expansion of 3.1% in September as against a contraction of 0.1% in August. During April to September, industrial production posted an annual growth of 4.0% compared to 6.2% rise in the same period last year.

### KEY HIGHLIGHTS

#### Sectoral classification

- Mining growth at 0.2% in September Vs -4.3% (MoM).
- Manufacturing growth at 3.9% in September Vs 1% (MoM).
- Electricity growth at 0.5% in September Vs -3.7% (MoM).
- Primary Goods growth at 1.8% in September Vs -2.6% (MoM).
- Capital Goods growth at 2.8% in September Vs 0.7% (MoM).
- Infra Goods growth at 3.3% in September Vs 1.9% (MoM).
- Cons Durables growth at 6.5% in September Vs 5.2% (MoM).
- Non-Durables growth at 2% in September Vs -4.5% (MoM).

## OUTLOOK

India's industrial sector showcased renewed momentum as the Index of Industrial Production (IIP) reported a growth rate of 3.1% in September 2024. Manufacturing surged by 3.9%, acting as the main growth driver followed by surge of 2.8% in Capital Goods. Momentum may continue in coming months owing to recovery in industrial activities post monsoon.

## IIP GROWTH IN THE PAST 6 MONTHS

| SECTOR                        | SEP'24     | AUG'24 | JUL'24 | JUN'24 | MAY'24 | APR'24 |
|-------------------------------|------------|--------|--------|--------|--------|--------|
| <b>ALL INDUSTRIES</b>         | <b>3.1</b> | -0.1   | 4.8    | 4.7    | 5.9    | 5.0    |
| <b>MINING &amp; QUARRYING</b> | <b>0.2</b> | -4.3   | 3.7    | 10.3   | 6.6    | 6.7    |
| <b>MANUFACTURING</b>          | <b>3.9</b> | 1.1    | 4.6    | 3.2    | 4.6    | 3.9    |
| <b>ELECTRICITY</b>            | <b>0.5</b> | -3.7   | 7.9    | 8.6    | 13.7   | 10.2   |

# Trade deficit widens to \$27.14 bln

## OVERVIEW

India's merchandise trade deficit in October narrowed to \$27.14 billion from \$33.43 billion on a yearly basis. Sequentially, the number has widened from \$20.78 billion in September 2024.

## KEY HIGHLIGHTS

- Exports in October stood at \$39.2 billion, while imports were \$66.34 billion, government data showed. In the previous month, merchandise exports were \$34.58 billion and imports stood at \$55.36 billion.
- Services exports were estimated at \$34.02 billion in October, while imports were \$17 billion. In September, services exports were estimated at \$30.61 billion, and imports were \$16.32 billion.

## EXPORTS

- Non-petroleum and non-gems & jewellery exports in March 2024 were USD 33.67 Billion, compared to USD 30.87 Billion in March 2023.
- For the month of March 2024, under merchandise exports, 17 of the 30 key sectors exhibited positive growth in March 2024 as compared to same period last year (March 2023). These include Handicrafts Excl. Hand Made Carpet (128.39%), Spices (51.01%), Coffee (40.3%), Organic & Inorganic Chemicals (39.67%), Tobacco (35.81%), Tea (27.05%), Electronic Goods (23.12%), Carpet (16.23%), Drugs & Pharmaceuticals (12.73%), Plastic & Linoleum (11.16%), Engineering Goods (10.66%), Meat, Dairy & Poultry Products (8.72%), Cereal Preparations & Miscellaneous Processed Items (8.23%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (6.78%), Fruits & Vegetables (2.92%), RMG Of All Textiles (1.7%) and Ceramic Products & Glassware (0.22%).

## IMPORTS

- Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports in March 2024 were USD 35.21 Billion, compared to USD 36.51 Billion in March 2023.
- Under merchandise imports, 18 out of 30 key sectors exhibited negative growth in March 2024. These include Gold (-53.56%), Newsprint (-36.42%), Fertilisers, Crude & Manufactured (-36.23%), Leather & Leather Products (-25.67%), Vegetable Oil (-24.29%), Metaliferrous Ores & Other Minerals (-22.15%), Chemical Material & Products (-20.26%), Artificial Resins, Plastic Materials, Etc. (-19.87%), Organic & Inorganic Chemicals (-19.29%), Pearls, Precious & Semi-Precious Stones (-17.69%), Textile Yarn Fabric, Made-Up Articles (-12.17%), Cotton Raw & Waste (-11.29%), Transport Equipment (-10.7%), Iron & Steel (-10.1%), Wood & Wood Products (-9.84%), Coal, Coke & Briquettes, Etc. (-6.6%), Petroleum, Crude & Products (-4.4%) and Medicinal & Pharmaceutical Products (-2.85%).

## OUTLOOK

India's foreign trade has been affected by weak demand in major markets, geopolitical tensions and volatile commodity prices. Sluggish growth in India's key markets has lowered demand for exports while rising global fuel costs have increased expenses. One of the chief reasons underpinning the sequential rise in the trade deficit appears to be a jump in the volume of crude oil imports, as well as a festive season-led uptick in gold imports.



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