



- *CPI accelerated to 7.41% compared with 7% in the previous month of August 2022 data released by the National Statistics Office on Wednesday showed. This surge was driven mainly by food prices.*
- *Sequential inflation rose by 57 bps.*
- *Core CPI increased marginally to 6.3% with a 32 bps MoM rise.*
- *IIP for August 2022 contracted by 0.8% vs 2% growth last year.*

Particulars (%)	Sep 22	Aug 22	Sep 21
Food and beverages	177.8	176.3	164
Cereals & products	163.5	160.3	146.6
Meat and fish	209.2	206.5	204
Milk & ,milk products	169.7	168.1	158.4
Fruits	165.6	172.9	156.7
Vegetables	191.6	186.7	162.3
Pulses & products	169.1	167.2	164.1
Pan, tobacco, intoxicants	195.9	195	192.1
Clothing and footwear	167	168	169
Housing	169.5	169	162.1
Fuel and light	179.5	178.8	162.6
Miscellaneous	169.7	169.1	160
GENERAL INDEX	175.3	174.3	163.2
CPI	7.41%	7.0%	

Outlook

Although CPI inflation were along the expectations of the broader market, and marks 3 quarters of inflation remaining above 6%.

We expect food inflation to exert pressure in the December inflation print as excessive and erratic rainfall in October may impact the kharif harvest and delay rabi sowing will affect food prices.

We continue to expect monetary policy tightening further, given the growth outlook and exchange rate.

Inflation Highlights

Food and beverages declined by 8.4% from a year ago period. On a sequential basis it declined by 0.57%. Within this subcategory, cereal and products witnessed a 11.5% YoY rise in prices. Milk rose by 7.1%. Vegetable prices and spices were the categories that rose highest by 18.1% YoY and 2.6% MoM and 16.9% respectively.

Clothing and footwear were up by 9.9% and 12.3% respectively.

Fuel and light segment saw a 10.4% increase in prices.

Among the Miscellaneous segment, Health and transport, Education, Recreation etc all witnessed price rise.

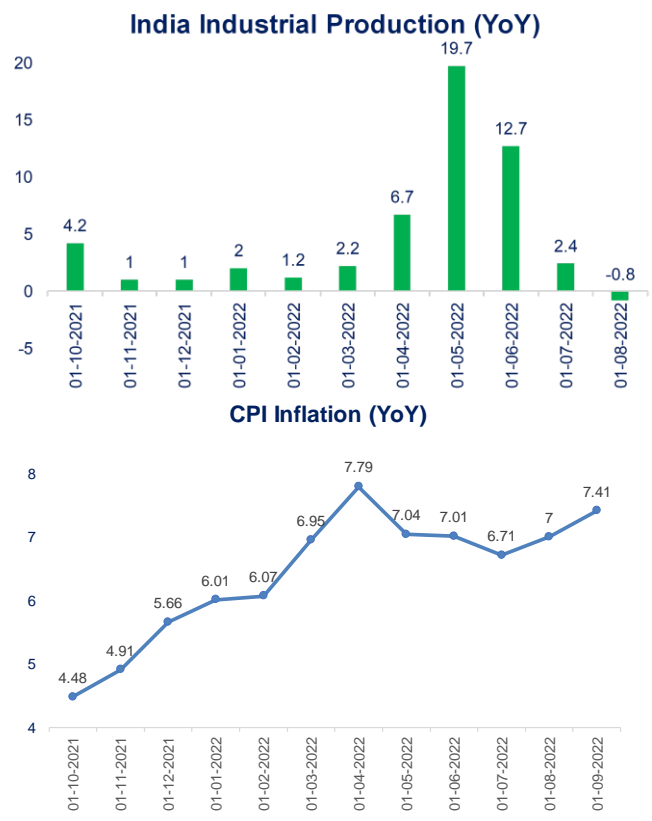
IIP Highlights

Manufacturing fell by -1% yoy vs. +3% growth in the last month while mining declined by -4% vs -3% in last month.

Electricity growth at 1% vs. 2% last month.

Sequentially, IIP weakened by 2% with manufacturing and mining down by -3%/-2% while electricity grew by 1% after two months of decline

Capital goods saw the strongest growth. Consumer non-durables and consumer-durables witnessed a decline. Sequentially, infrastructure saw slight growth of 1%.



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