



## CONSUMER PRICE INDEX - APRIL 2021

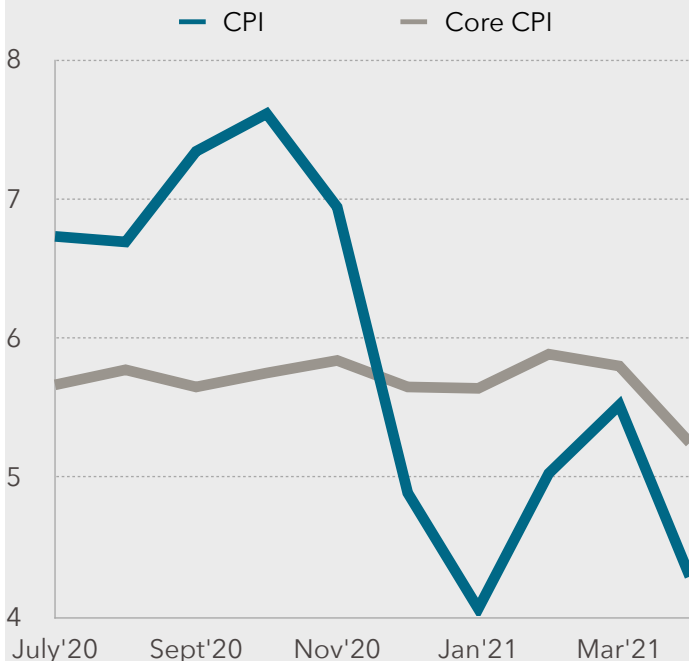
CPI Base Year 2012

Particulars (%)	April'21	March'21
<b>Food and beverages</b>	158.1	156.7
Cereals & products	144.3	144.1
Meat and fish	198	192.2
Milk & ,milk products	155.4	154.9
Fruits	164.6	153.7
Vegetables	144.7	149.7
Pulses & products	161.7	159.8
<b>Pan, tobacco, intoxicants</b>	188.8	188.0
<b>Clothing and footwear</b>	157.3	156.4
<b>Housing</b>	161.4	159.9
<b>Fuel and light</b>	155.5	155.6
<b>Miscellaneous</b>	154.5	153.8
<b>CPI</b>	4.29	5.52

### Highlights

- Retail inflation decreased to 4.29% vs 5.52% in March'21. Core inflation has decreased to 5.25% vs 5.80%. The drop in inflation could be attributed to a favourable base effect coupled with plummeting vegetable prices.
- Vegetable prices contracted by 14% YoY and 3.4% MoM. However, Pulses and product prices have increased by 1.2% MoM and 9% YoY. Fruits increased by 7% MoM and 9.8% YoY. The Meat and fish segment also recorded a 3% MoM rise (16.6% YoY). Restricted supply, increased consumption and higher transportation costs could be attributed to rising prices.
- Fuel and light component rose by 7.5% YoY due to higher global energy prices.
- The miscellaneous segment rose by 0.5% MoM and 6.2% YoY led by health inflation.

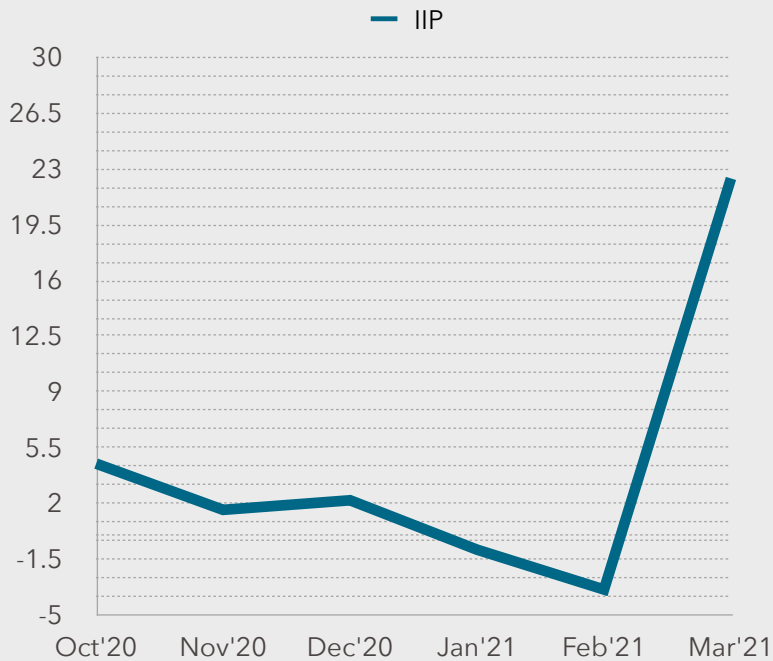
Source: MOSPI, Trading Economics



### Outlook

We expect CPI to range between 4.20% to 5% in the next 2-3 months. Occasional lockdown restrictions coupled with volatile global commodity prices are expected to stay elevated in the next inflation print. The low base effect will however cap elevation. Going forward, if lockdowns persist, services inflation will rise. These risks limit the ability of the RBI to lower interest rates further.

Expectations of good monsoon/bumper harvest will help drive down inflation.



Industrial output as measured by the IIP index registered its fastest growth of 22.4 in March 2021. This rise is attributed to the low base effect. However, despite this, there has been a tremendous improvement in IIP over Feb'2021.

Manufacturing and electricity output were up by 25.8% YoY and 22.5% YoY, respectively in March, with mining output improving by 6.1% YoY.

Sources: Reserve Bank of India, Reuters.

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