



CONSUMER PRICE INDEX - AUGUST 2021

CPI Base Year 2012

Particulars (%)	Aug'21	July'21	Aug'20
Food and beverages	164	162.6	158
Cereals & products	146.3	146.7	148.4
Meat and fish	204.3	202	187.1
Milk & ,milk products	158	156.2	153.6
Fruits	161	164.6	150.9
Vegetables	164.9	155.4	186.7
Pulses & products	163	166	149.8
Pan, tobacco, intoxicants	115.7	115.1	116.4
Clothing and footwear	168.4	168.5	160.3
Housing	162.4	160.5	156.3
Fuel and light	161.4	159.8	142.9
Miscellaneous	159.6	157.6	150
GENERAL INDEX	162.9	161.3	154.7
CPI	5.30%	5.59	

Highlights

- Retail inflation decreased to 5.30% in Aug'21 vs 5.59% in July'21 - is a reflection of falling food inflation.
- Food and beverages increased by 3.80% YoY. Within which Oils and fats saw a 33% rise from a year ago period. Prices of vegetables plummeted by 11.68% 5.73% MoM but rose by 6.11% from last month. Prices of fruits saw a 2.19% decline MoM via ride of 6.69% YoY. The price rise in pulses was 8.81% YoY.
- Clothing and footwear rose 6.84% on year. Housing saw a 3.90% increase YoY. The Fuel and light component rose by 1% MoM and 12.95% from a year ago period.
- The miscellaneous segment increased by 1.27% MoM and rose 6.40% YoY. This rise was led by a 10.24% YoY growth in the transport and communication segment and 6.48% rise in recreation and amusement given the reopening of lockdowns.

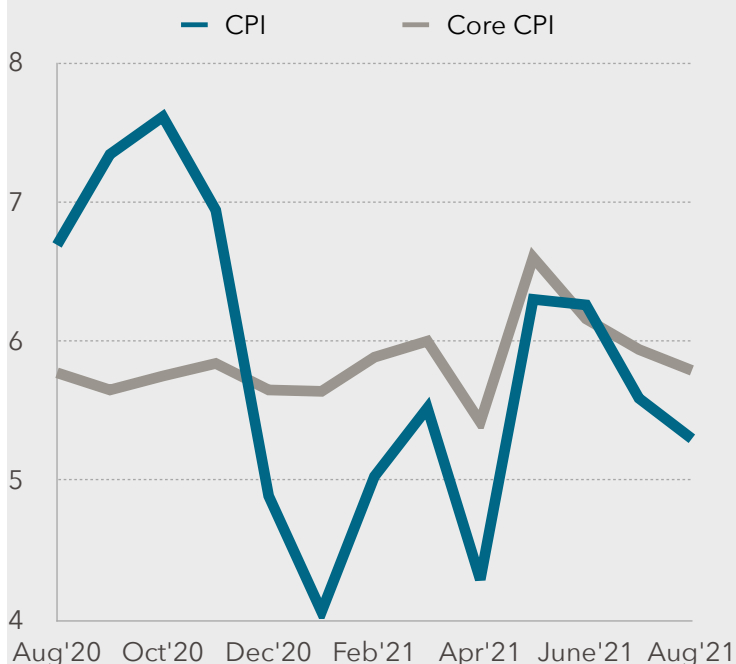
Outlook

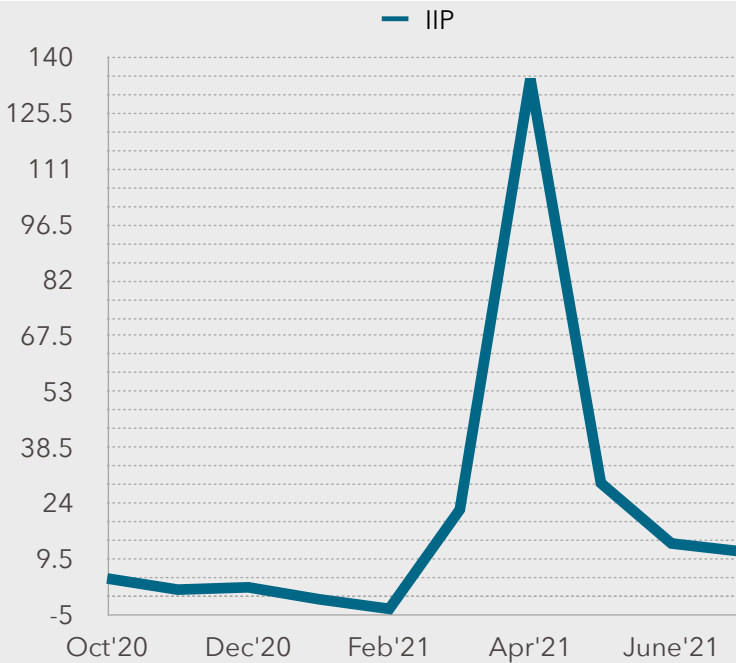
Going forward higher bases will drag down CPI over the next couple of months. However, core CPI is sticky and will be pressurised due to high input costs.

Rainfall for the month of September will be an important indicator to food inflation expectations. Global fuel prices have been plateauing due to a spreading Delta Covid variant decreasing demand for fuel.

The August CPI print provides RBI some respite and is expected to stay accommodative as far as possible with a change in stance to neutral only at the end of the year.

In the short term, RBI is likely to continue to enhance the liquidity management tools through different tenures and additional quantum of Variable Rate Reverse Repos (VRRRs).





Industrial production increased by 11.5% in July easing from a 13.6% expansion in June mainly due to a low-base effect and by manufacturing, mining and power sectors but the output remained slightly below the pre-pandemic level.

The manufacturing sector, which constitutes 77.63% of the Index of Industrial Production (IIP), grew 10.5% in July, according to the data released by the National Statistical Office (NSO) on Friday. Mining production rose 19.5% vs 23.1% previously.

Sources: Reserve Bank of India, Reuters.

LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

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For any queries contact -

LKP Securities Ltd. Ph: (91-22) 66306555 Fax: (91-22) 2284 2415

E Mail: FixedIncomeResearch@lkpsec.com

Visit our website - <http://www.lkpsec.com/>