



CONSUMER PRICE INDEX - MAY 2021

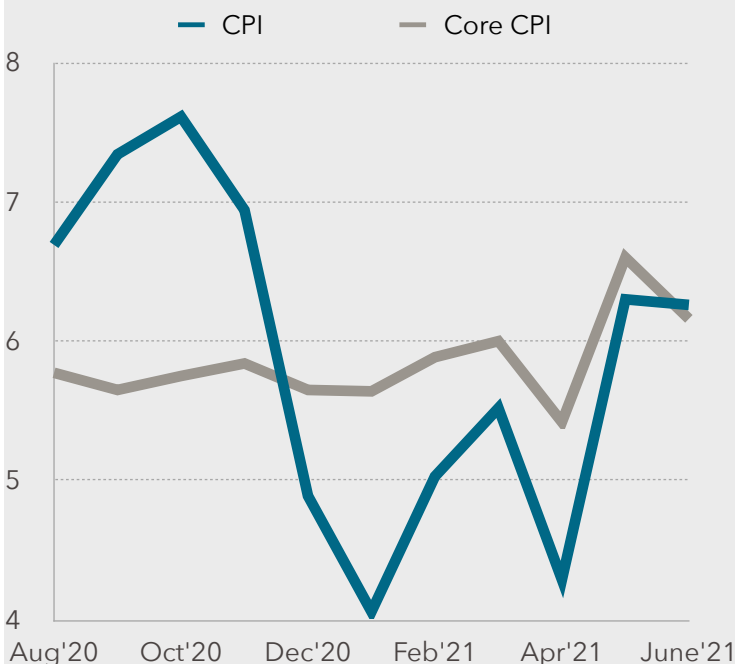
CPI Base Year 2012

Particulars (%)	June'21	May'21	June'20
Food and beverages	162.6	160.7	154
Cereals & products	146.7	146.3	149.6
Meat and fish	202	200.4	192.7
Milk & ,milk products	156.2	156.1	153.3
Fruits	164.6	167.3	147.2
Vegetables	155.4	147.9	156.5
Pulses & products	166	165.4	150.9
Pan, tobacco, intoxicants	115.1	114.9	114.2
Clothing and footwear	168.5	168.2	159.5
Housing	160.5	161.6	154.7
Fuel and light	159.9	159	141.9
Miscellaneous	157.7	167.2	147
CPI	6.26%	6.30	

Highlights

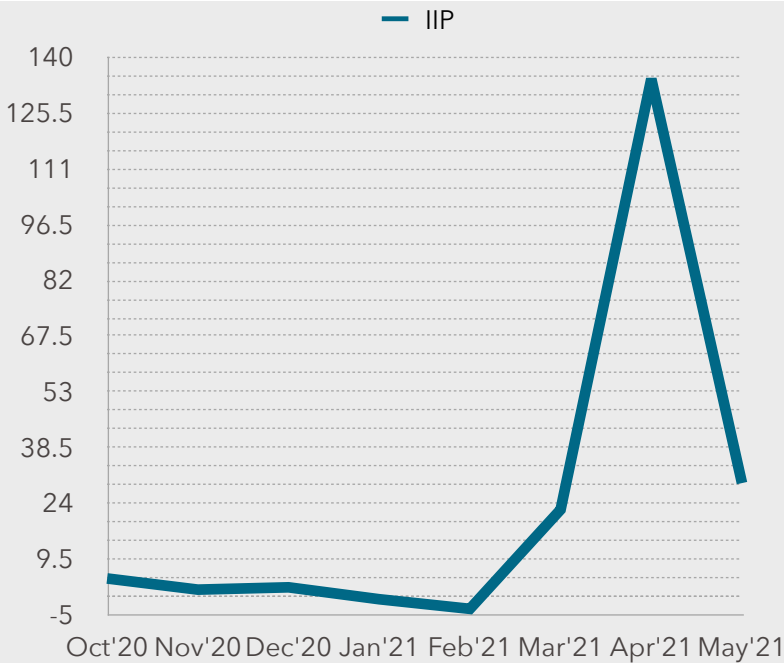
- Retail inflation decreased to 6.26% in June'21 vs 6.30% in May'21. Core inflation has decreased to 6.16% in June vs 6.60% previously.
- Egg prices increased 6.17% MoM and 19.35% YoY Edible Oil prices rose by 2.86% MoM and 34.78% YoY reflecting higher international prices. Prices of vegetables witnessed a sequential rise of 5.07% MoM due to seasonal benefits.
- Fuel and light component rose by 0.57% MoM and 12.68% YoY due to higher global energy prices coupled with higher domestic taxes.
- The miscellaneous segment plummeted by 5.68% MoM and rose 12.68% YoY. This drop was led by an 5.22% contraction in the transport and communication segment and 12.38% rise in transport and communication.

Source: Reuters



Outlook

The June inflation print comes as a positive and we expect CPI to be in moderation in the next reading on expectations of good monsoon - food inflation will ease. In comparison to a year-ago period of global crude prices, fuel inflation is expected to drop, negating the low base effect. Going forward, services inflation may see an increase as lockdown restrictions ease. RBI will consider this number to be transient and will look through this spike in inflation in this quarter while focusing on growth. RBI says a hike in rates at this juncture will negate the benefits derived out of it so far. Variants of Covid19 emerging (3rd wave) will add to concerns.



Industrial output as measured by the IIP index registered growth of 29.3% in May 2021. This rise is attributed to the low base in 2020.

Manufacturing output - which contributes 78% of IIP jumped 34.5% in May 2021. Mining and electricity output rose 23.5% from a year earlier. Capital Goods jumped 85.3% while intermediate goods grew 55.2% on year.

Sources: Reserve Bank of India, Reuters.

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