



## CONSUMER PRICE INDEX - MAY 2021

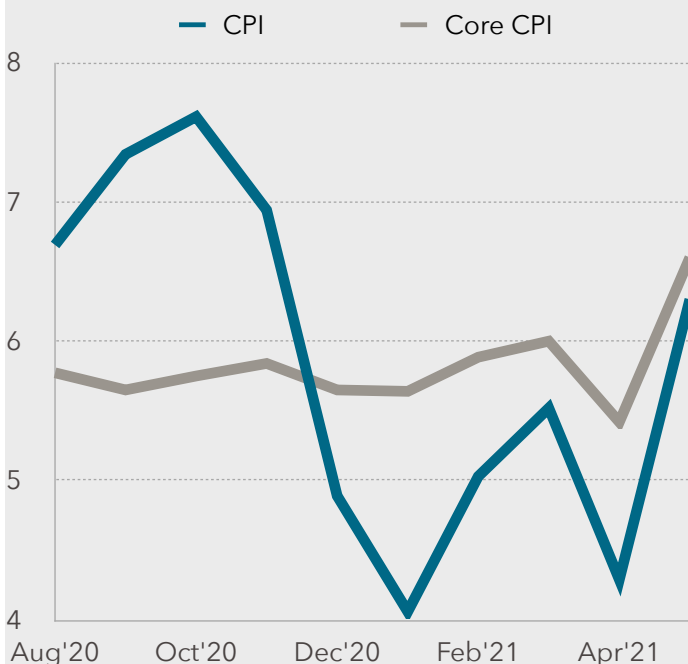
CPI Base Year 2012

| Particulars (%)                  | May'21       | April'21     |
|----------------------------------|--------------|--------------|
| <b>Food and beverages</b>        | 160.7        | 158.0        |
| Cereals & products               | 146.3        | 144.3        |
| Meat and fish                    | 200.4        | 198.0        |
| Milk & ,milk products            | 156.1        | 155.4        |
| Fruits                           | 167.3        | 164.4        |
| Vegetables                       | 147.9        | 144.1        |
| Pulses & products                | 165.4        | 161.7        |
| <b>Pan, tobacco, intoxicants</b> | 191.9        | 188.8        |
| <b>Clothing and footwear</b>     | 160.4        | 157.3        |
| <b>Housing</b>                   | 161.6        | 161.4        |
| <b>Fuel and light</b>            | 159.0        | 155.6        |
| <b>Miscellaneous</b>             | 157.2        | 154.4        |
| <b>CPI</b>                       | <b>6.30%</b> | <b>4.29%</b> |

### Highlights

- Retail inflation increased to 6.30% vs 4.29% in April'21. Core inflation has decreased to 5.42% in April vs 6% previously. The rise in inflation could be attributed to a favourable base effect coupled with increasing food, transport & communication and energy prices.
- Egg prices increased 3.4% MoM and 15.16% YoY due to increased consumption. Edible Oil prices rose by 5% MoM and 30.8% YoY reflecting higher international prices. Prices of vegetables witnessed deflation YoY mostly due to seasonal benefits.
- Fuel and light component rose by 11.58% YoY due to higher global energy prices coupled with higher domestic taxes.
- The miscellaneous segment rose by 1.81% MoM and 7.52% YoY led by an 8% rise in health inflation and 12.38% rise in transport and communication.

Source: MOSPI, Trading Economics

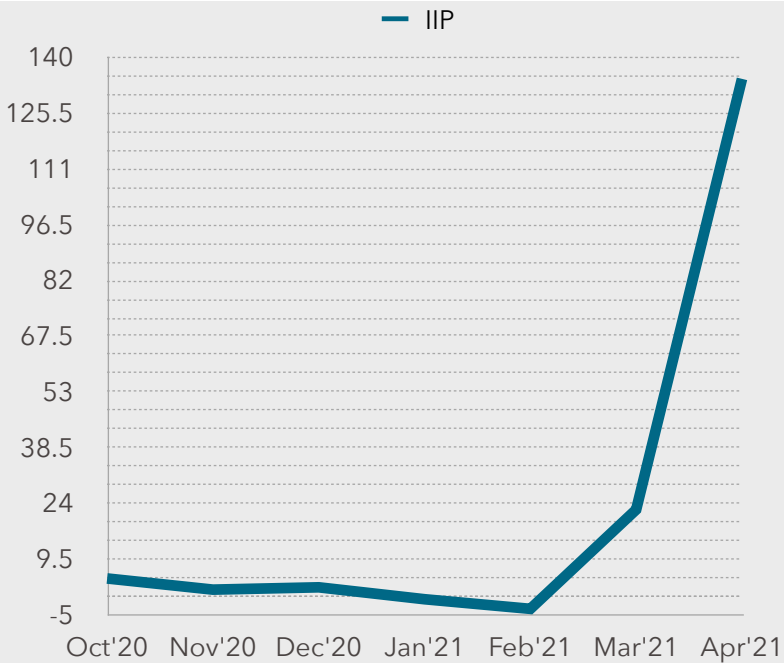


### Outlook

We expect CPI to be on the upside (5-80-6%) in the next reading as the low base effect still holds and as lockdown restrictions coupled with volatile global commodity prices are expected to stay on a rising trajectory.

This sudden increase above the target range of 6% could distort RBI's monetary policy decisions going ahead. RBI is expected to take cues from the next CPI print as this high inflation could be transitory.

Expectations of good monsoon/bumper harvest will help cap any rise in inflation.



Industrial output as measured by the IIP index registered its fastest growth of 134.4 in April 2021. This rise is attributed to the low base of -57.3% in April 2020.

However, on a MoM basis, there has been a de-growth reflecting low demand from localised lockdowns amidst the pandemic.

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/>**