Inflation breaches RBI's 6% ceiling as food prices surge

CPI Inflation | Oct 2026

16th Nov 2026

India's retail inflation breached the RBI's 6% upper limit, hitting a two-year high of 6.09% in October from 5.54% in September, as a low base added to rising food prices. Food inflation jumped to 8.9% from 7.7%, driven by onion (116% YoY), rice, tur dal and edible oil. Core inflation firmed to 4.8% despite softer gold and silver prices, signaling broadening pressures, while clothing and transport inflation rose to 5.0% and 5.8%, respectively.

Outlook

With October's print already above the MPC's Q3 FY27 peak projection of 6.0%, the RBI's FY27 forecast of 5.2% now looks at risk of an upward revision. Broadening price pressures, with over a quarter of CPI items now inflating above 6%, strengthen the case for continued tightening. The RBI is likely to stay hawkish, with another 25bp hike in December and a further move possible in February. Upside risks stem from a deficient monsoon, low reservoir levels and El Niño, while the recent easing in crude to around USD 92/bbl offers some relief.

Consumer Price Index Composition

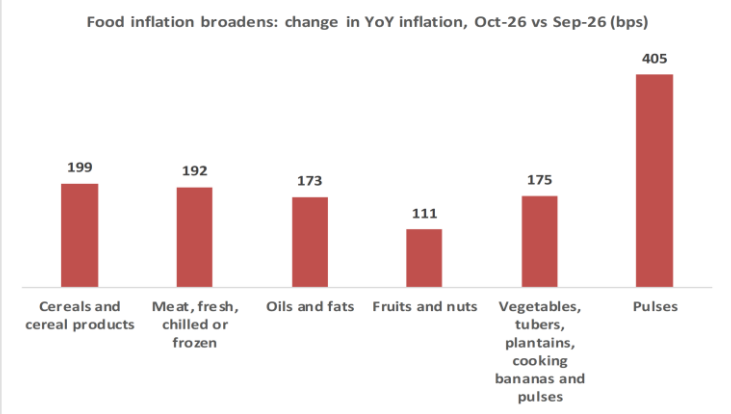
Particulars % YoY	Aug-26	Sep-26	Oct-26
Food and beverages	**5.68**	**7.36**	**8.51**
Food	5.97	7.74	8.94
Beverages	0.11	0.25	0.61
Paan, tobacco and intoxicants	**4.67**	**4.80**	**4.93**
Clothing and footwear	**3.56**	**3.93**	**4.96**
Housing, water, electricity, gas and other fuels	**2.62**	**2.74**	**2.90**
Actual rental payments made for housing	2.27	2.37	2.36
Water supply and miscellaneous services relating to the dwelling	1.57	1.57	2.11
Electricity, gas and other fuels	3.10	3.24	3.71
Furnishings, household equipment and routine household maintenance	**2.68**	**3.11**	**3.94**
Health	**1.33**	**1.40**	**2.05**
Transport	**4.61**	**5.01**	**5.84**
Information and communication	**2.00**	**2.44**	**3.16**
Recreation, sport and culture	**1.73**	**2.15**	**2.52**
Education services	**3.74**	**3.94**	**4.02**
Restaurants and accommodation services	**8.38**	**9.36**	**10.06**
Food and beverage serving services	8.41	9.39	10.09
Accommodation services	1.95	2.43	2.92
Personal care, social protection and miscellaneous goods and services	**15.15**	**13.75**	**10.14**
Personal care	2.18	2.22	2.52
Other personal effects	44.48	38.70	25.44
Other services	1.85	1.98	2.24
CPI	**4.83**	**5.54**	**6.09**

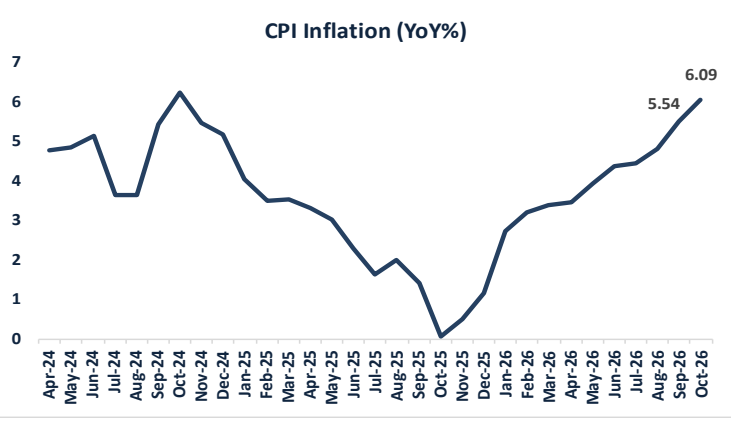
Component wise highlights

Food remained the principal source of inflationary pressure in October, accelerating to 8.94% YoY from 7.74% in September. Onion inflation rose further to 116.2%, while garlic (60.7%), ginger (48.3%) and sugar (26.9%) remained elevated and oils and fats firmed to 10.08%. Tomatoes moved back into positive territory (+5.8%), whereas potatoes (-14.2%) and cauliflower (-10.6%) saw deeper deflation.

On a MoM basis, Food & beverages recorded the largest sequential increase (+0.9%), followed by Clothing & footwear (+0.8%) and Restaurant & accommodation services (+0.8%). Most other divisions rose 0.1-0.5%, while Personal care was the only division to decline (-0.7%), reflecting lower gold and silver prices. The headline index rose 0.5% MoM.

Core CPI (ex-food and fuel) increased to 4.8% YoY from 4.6%, with transport (5.84%), clothing & footwear (4.96%) and furnishings (3.94%) the main contributors, pointing to a wider diffusion of underlying price pressures.





Sources: Reserve Bank of India, Reuters, MOspi, FADA, Government of India

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/ solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.

For any queries contact -
LKP Securities Ltd. Ph.: (91-22) 62501149
E Mail: FixedIncomeResearch@lkpsec.com