

April CPI prints 3.16%, lowest since July, 2019

The headline inflation for April'25 has fallen further to 3.16%, higher than our projection (*pl refer [data preview April'25](#)*), from 3.34% in March'25. The data surprised on the upside vis-à-vis our estimate of 2.96%, primarily on higher than expected inflation in food sub-segment (actual: 2.14%, UBI est.: 1.90%). Core CPI has remained almost flat at 4.09% from 4.10% in March'25 (*refer fig 1*); even as gold prices continued to rise during the month. Meanwhile, the Fuel CPI has surged sharply to 2.92% from 1.42% in March. Fall in vegetables prices continue to be the driving factor for fall in inflation, with the CPI excluding vegetables jumping from 4.04% last month to 4.13% (*refer fig 2*).

Fig 1: CPI eases further to 3.16% in April'25; % y/y

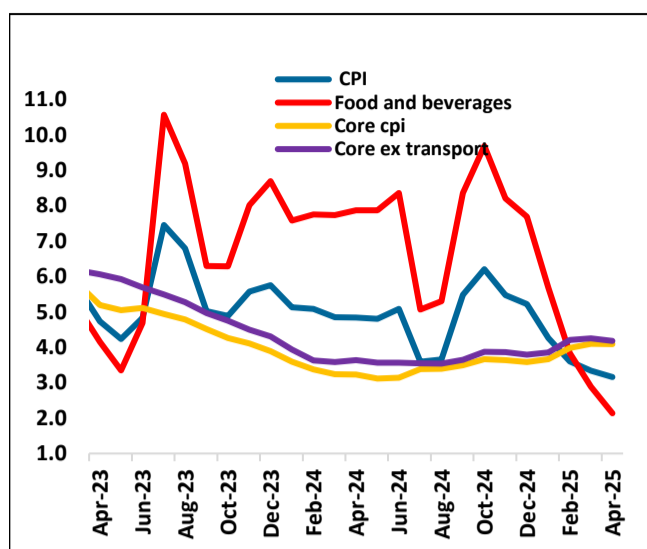
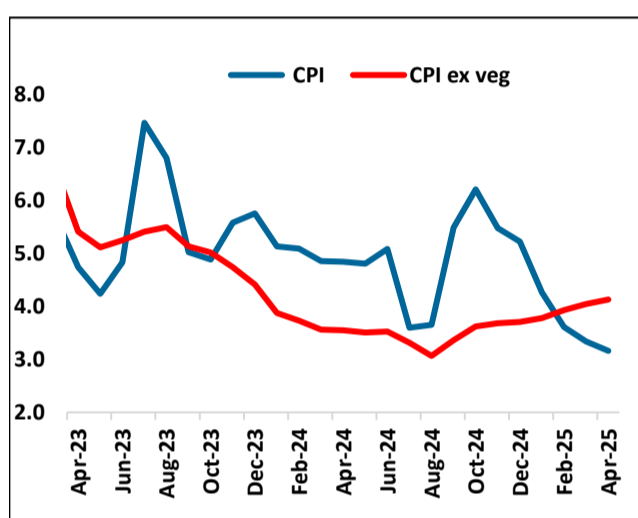


Fig 2: CPI ex-veggies edged up to 4.13%; % y/y



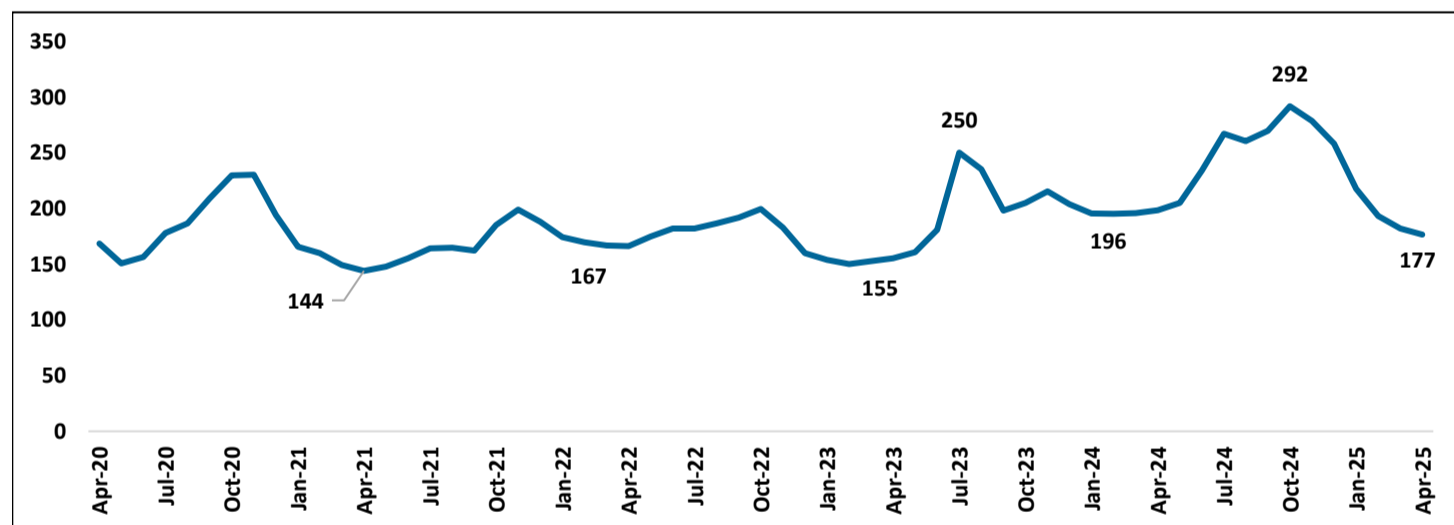
Source: CEIC, UBI Research

Food inflation cools to well below 2.5%

Food inflation has fallen consistently post recent peak seen in October'24 primarily driven by consistent correction in food prices which has extended well into the summer months despite heat challenges. Data from the Department of Consumer Affairs indicates that the average prices of key vegetables such as onions, potatoes, and tomatoes have experienced a correction of approximately 5.8% from March to April (*refer fig 4*). Also, for the month of May'25 so far, there has been a further drop of 1.2% in these prices. The vegetable index has declined to a level of 177 (*refer fig 3*), lowest in 23 months leading to a fall in vegetables inflation to 26 month low of -11%. On a sequential basis, inflation rates for meat and fish, milk, fruits, sugar, non-alcoholic beverages and prepared meals have risen, while categories such as cereals, eggs, pulses and spices have seen declines. The inflation rate for cereals has reached a 35-month low of 5.35% year-on-year, and the CPI for pulses has touched a 75 months low of -5.23%. Certain segments, particularly edible oils, continue to experience inflationary pressures, with rates remaining in double digits and reaching new highs.

Even though sequential decline in food prices offers considerable reassurance; food prices in India remain unpredictable due to factors such as weather conditions, supply chain interruptions, or fluctuations in global commodities. The India Meteorological Department's alert regarding above-average temperatures in May'25 across various regions of the country is a crucial factor to watch out for in the next couple of months.

Fig 3: Vegetable Index slipped to 23-month lows in April'25 in line with our expectations



Source: CEIC, UBI Research

Fig 4: On-the-ground food prices continued to decline in May led by veggies and pulses

% Change in Price (m/m)	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25**
Cereals	0.64	-0.40	-1.67	-0.42	0.55	0.82	-0.32	-0.17	0.02	-0.03	-0.94	-0.71
Pulses	2.56	1.86	-1.09	-0.59	0.02	-0.24	-1.47	-2.37	-4.02	-2.95	-2.18	-1.19
Oils	0.49	-0.14	-1.92	1.73	8.53	3.59	1.06	0.09	0.18	0.32	0.28	0.15
Vegetables*	16.61	29.43	-7.09	0.42	13.52	-4.03	-8.58	-22.87	-15.48	-6.38	-5.80	-1.21
Milk	0.55	0.34	0.02	-0.89	0.09	-0.02	0.22	-0.24	-0.60	-0.02	0.58	0.43
Sugar	0.49	0.18	-0.09	-0.25	0.40	0.11	-0.53	-0.13	1.05	0.91	0.40	0.13

*OPT (Onion, Potato & tomato)

** till 12th May'25

Source: MCA

Core inflation remained almost flat

Core inflation has remained almost flat at 4.09% in April, while core inflation excluding gold has also stayed unchanged at 3.3% (*refer fig 5 & 6*). Core CPI ex-transport post recording a spike in March (4.26%) has again softened to 4.18%. Within the core inflation category, personal care inflation has moderated from 13.50% in March to 12.90%. The ongoing global tariff wars and the continued rise in gold prices may significantly impact the overall CPI in the upcoming months, even if food prices remain stable.

In its April'25 MPC meeting, RBI has revised FY26 inflation forecast downward by 20bps to 4.0%. With Q4FY25 CPI at 3.7% and April'25 CPI also well below 4% at 3.16%, we maintain our call of another 50bps repo rate cut divided between June and August. That said, downside risk remains to our call of terminal rate of 5.5%, yet we are closely watching global risks before re-assessing our call.

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Fig 5: Most of the core CPI sub-segments are below 4% except for personal care, health & education

% y/y	Pan; tobacco; and intoxicants	Clothing	Footwear	Housing	Household goods and services	Health	Transport and comm.	Recreation and amusement	Education	Personal care and effects
May-24	3.03	2.83	2.17	2.56	2.51	4.20	0.97	2.57	4.07	7.67
Jun-24	3.08	2.77	2.05	2.69	2.39	4.13	0.97	2.33	3.57	8.23
Jul-24	3.02	2.76	1.99	2.68	2.33	4.06	2.60	2.20	3.54	8.44
Aug-24	2.71	2.75	2.10	2.66	2.43	4.10	2.71	2.37	3.85	8.00
Sep-24	2.51	2.80	1.98	2.72	2.55	4.09	2.71	2.37	3.79	9.00
Oct-24	2.50	2.79	2.15	2.81	2.65	3.96	2.77	2.42	3.90	10.99
Nov-24	2.35	2.78	2.20	2.87	2.82	4.01	2.70	2.65	3.89	10.42
Dec-24	2.49	2.83	2.08	2.71	2.81	4.05	2.64	2.70	3.95	9.76
Jan-25	2.30	2.72	2.08	2.82	2.86	3.97	2.76	2.69	3.83	10.63
Feb-25	2.44	2.77	2.02	2.91	2.80	4.12	2.93	2.69	3.83	13.63
Mar-25	2.48	2.71	1.96	3.03	2.68	4.26	3.36	2.46	3.98	13.50
Apr-25	2.08	2.70	2.07	3.00	2.51	4.25	3.73	2.51	4.13	12.90

Fig 6: Core ex-gold CPI at 3.3% remained subdued even as core CPI remained almost flat at 4.09%

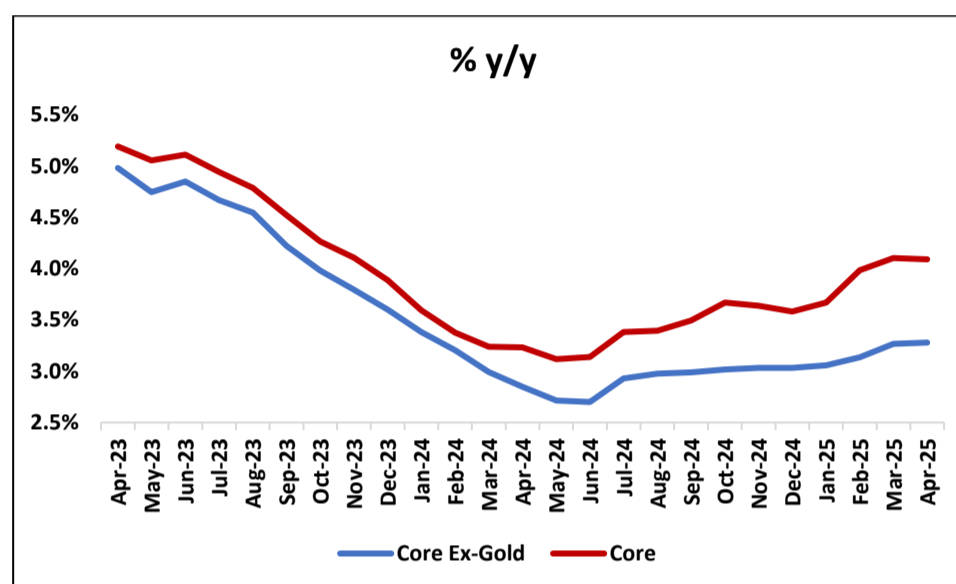


Fig 7: Headline CPI continued to slide in April'25

% Y/y	Headline CPI	o/w Food & Beverages	Cereals	Pulses	Vegetables	Fuel	Core
Jan-24	5.1	7.6	7.8	19.5	27.1	-0.6	3.6
Feb-24	5.1	7.8	7.7	18.9	30.2	-0.8	3.4
Mar-24	4.9	7.7	8.4	17.8	28.3	-3.4	3.2
Apr-24	4.8	7.9	8.6	16.8	27.8	-4.0	3.2
May-24	4.8	7.9	8.7	17.1	27.4	-3.7	3.1
Jun-24	5.1	8.4	8.8	16.1	29.3	-3.6	3.1
Jul-24	3.6	5.1	8.1	14.8	6.8	-5.5	3.4
Aug-24	3.7	5.3	7.3	13.6	10.7	-5.3	3.4
Sep-24	5.5	8.4	6.8	9.8	36.0	-1.3	3.5
Oct-24	6.2	9.7	6.9	7.4	42.2	-1.7	3.7
Nov-24	5.5	8.2	6.9	5.4	29.4	-1.8	3.6
Dec-24	5.2	7.7	6.5	3.8	26.6	-1.3	3.6
Jan-25	4.3	5.7	6.2	2.5	11.3	-1.5	3.7
Feb-25	3.6	3.8	6.1	-0.3	-1.1	-1.3	4.0
Mar-25	3.34	2.88	5.93	-2.73	-7.04	1.42	4.10
Apr-25	3.16	2.14	5.35	-5.23	-10.98	2.92	4.09

Source: CEIC, UBI Research

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