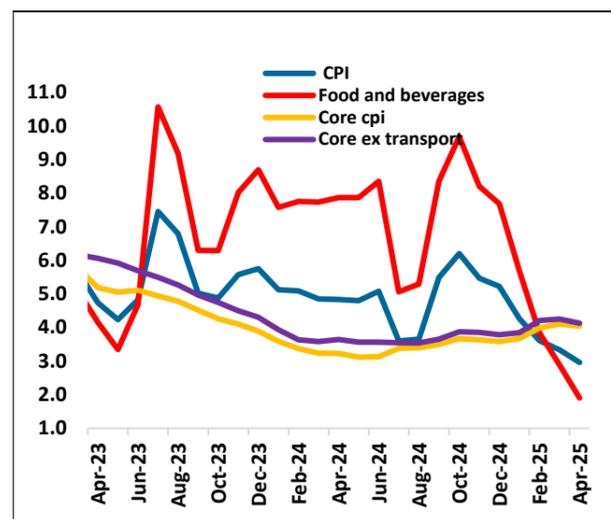


**April'25 CPI is seen clocking 6 year low of 2.96% as food prices continue to ease**

**Fig 1: Headline CPI likely fell further in April'25 while core CPI also took a breather; % y/y**



Source: CEIC, UBI Research

**Fig 2: CPI table; % y/y**

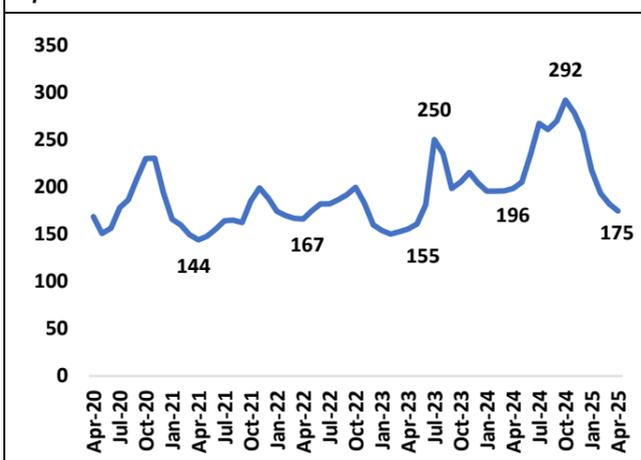
Y/Y, %	CPI	Food	Fuel	Core	Core Ex Transport
May-24	4.8	7.9	-3.7	3.1	3.6
Jun-24	5.1	8.4	-3.6	3.1	3.6
Jul-24	3.6	5.1	-5.5	3.4	3.5
Aug-24	3.7	5.3	-5.3	3.4	3.5
Sep-24	5.5	8.4	-1.3	3.5	3.6
Oct-24	6.21	9.7	-1.7	3.7	3.9
Nov-24	5.5	8.2	-1.8	3.6	3.9
Dec-24	5.2	7.7	-1.3	3.6	3.8
Jan-25	4.3	5.7	-1.5	3.7	3.9
Feb-25	3.6	3.8	-1.3	4.0	4.2
Mar-25	3.34	2.88	1.48	4.10	4.25
April-25	2.96	1.90	2.40	4.04	4.13

Source: CEIC, UBI Research

Note: Figures for April'25 in all the charts/tables are our projections

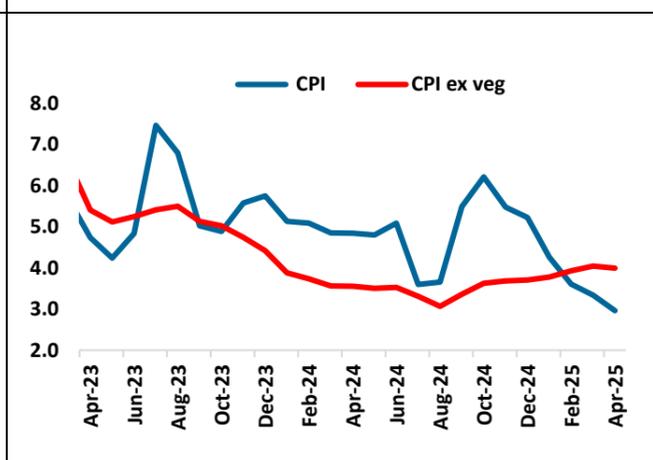
- **April CPI is seen falling to its lowest level since May'19 as vegetable prices extend the cooling-off beyond winter months:** The headline inflation for the month of April'25 is expected to fall to 2.96% from 3.34% in March as the food prices especially vegetables, cereals and pulses extend the slide well into the summer season. Core inflation also likely took a breather and moderated to 4.04% from 4.10% in March (refer fig.1 & 2). Similarly, CPI ex-vegetables is also seen slightly coming down to 3.99% in April from 4.04% in March (refer fig.4).
- The fall in food prices, especially vegetable prices that is a normal feature during winter months, started in the month of November and is continuing the trend even in the month of April as against the norm of till February/March. Among key vegetables, prices of potato and onion recorded further correction while tomato prices inched up during the month (source: MCA). Y/y vegetables inflation has touched 28 months low of -12.08% in April. Apart from vegetables, prices of cereals like rice and wheat also moderated while pulses witnessed a broad-based correction. The m/m pulses inflation is seen down to -2.16% as against -2.92% last month and y/y pulses inflation at -5.35% (lowest level since Feb'19) vis-à-vis -2.73% in March. Edible oil prices though continue to firm up and sugar and milk prices have also gone up during the month.
- It is interesting to note that the trough for vegetables CPI index is yet to be hit as prices have continued to cool in the first week of May as well. In the last two years the peaks and troughs for veg CPI index have varied significantly (FY24: 250/155 and FY25: 292/182) with the alignment of trough closer to historical trends (refer fig.3).
- Consequently, the y/y food inflation fell further down in the month of April to 1.90% from 2.88% in March, by about 98 bps. On the ground (OTG) prices are down for vegetables, cereals and pulses while edible oils and milk continue to firm up (refer fig.5) even in the month of May so far as indicated by the data collected from MCA.

**Fig 3: Vegetables index falls further in the month of April to 23 months low**



Figures for April'25 in all the charts/tables are our projections;

**Fig 4: Even CPI ex veggies moderated to 3.99% from 4.04% last month; % y/y**



Source: CEIC, UBI research

**Fig 5: On the ground (OTG) prices continue to slide**

% 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	-0.88
Pulses	2.56	1.86	-1.09	-0.59	0.02	-0.24	-1.47	-2.37	-4.02	-2.95	-2.18	-1.15
Oils	0.49	-0.14	-1.92	1.73	8.53	3.59	1.06	0.09	0.18	0.32	0.28	0.09
Vegetables*	16.61	29.43	-7.09	0.42	13.52	-4.03	-8.58	22.87	-15.48	-6.38	-5.80	-1.77
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	0.02

\*OPT (Onion, potato, tomato);

\*\*till 05<sup>th</sup> May 2025

Source: Ministry of Consumer Affairs, UBI research

- Core inflation too likely took a pause and slightly moderated to 4.04% in April'25 vis-a-vis 4.10% in March even as gold prices are up approximately 7% m/m. Y/y personal care inflation though likely came a tad down from 13.50% last month to 13.30% in April. Core ex-gold has also moderated to 3.2% from 3.3% last month. Core ex-transport inflation likely has fallen from 4.25% to 4.13%.
- The sustained deflation in vegetables CPI (seen consistently for last 6 months) is likely to persist thereby keeping a lid on the headline inflation. In coming months, food inflation is expected to take clues from the onset of monsoon and its reach across the country coupled with any persistent heatwave conditions as the vegetable prices may firm up in the summer months. IMD has projected above normal maximum temperatures over most parts of the country during the month of May 2025. For FY26, while the CPI is tracking way below the 4% projection, we would like to wait and watch given the high sensitivity of headline inflation to vegetable prices.

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