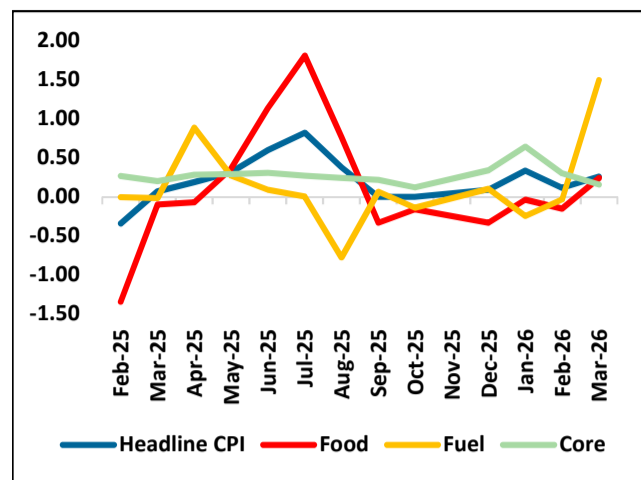


13<sup>th</sup> April 2026

Fig 1: CPI edged up to 3.40% in March'26; % m/m



Source: CEIC, UBI Research

Fig 2: CPI ex-veggies edged up in March'26; % m/m

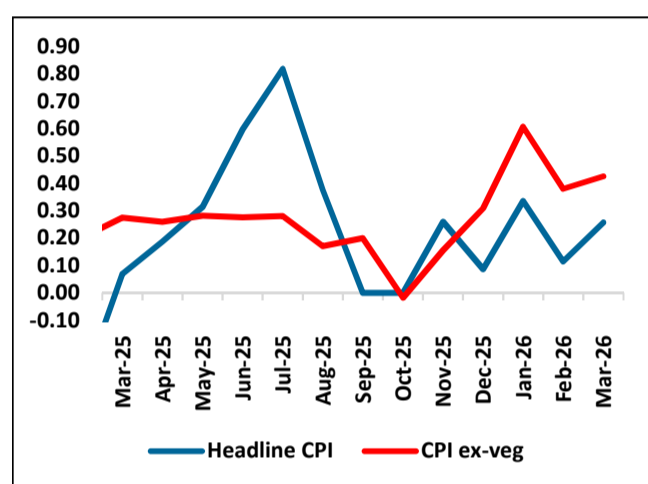


Fig 3: CPI trends & FY27 projections at a glance

% y/y	2024-25	2025-26*	2026-27 (MPC Projections)	2026-27 (UBI Projections)
Q1	4.9	2.7	4.0	3.9
Q2	4.2	1.7	4.4	4.3
Q3	5.6	0.8	5.2	5.2
Q4	3.7	3.1	4.7	4.7
Full Year	4.6	2.1	4.6	4.5
Core CPI	3.5	4.1	4.4	3.6

Source: RBI, CEIC, UBI Research

\*Q1, Q2 & Q3 of FY25-26 are based on old base (2012) while Q4 is based on new base (2024)

### March'26 CPI prints 3.4% on spike in fuel CPI

Consumer Price Index (CPI) inflation in March'26 extended its upward trajectory, rising to 3.40% from 3.21% in February. While headline inflation has been going up for three consecutive months in the new base, it remained comfortably within the tolerance band. The print came in line with [our estimate of 3.44%](#), whereas the consensus was 3.48%. The upside surprise was largely driven by both lower than expected fuel inflation, which has undergone a step-up in levels and higher than expected food inflation (*pl refer fig. 1*). Fuel CPI went up to 1.65% from 0.14% last month whereas food CPI clocked 3.71% as against 3.35% last month. CPI ex-veggies inched up to 3.38% in March'26 from 3.23% last month. Interestingly, core inflation excluding gold and silver edged up to 1.93%, even as core CPI corrected marginally to 3.36% from 3.41%.

#### Fuel Inflation

Fuel inflation, as expected, was the main driver in pushing up March'26 CPI as spiralling crude oil prices registered a direct impact on the components of fuel segment. Fuel inflation which has been negative for many months under the old base was 0.16% in Jan'26 under the new base. The same however, spurted to 1.65% in March from 0.14% in Feb, an addition of 151 bps in the contribution to the headline inflation.

#### Food inflation takes a breather as expected

Food inflation, as expected, continued to strengthen with the onset of summer months and printed 3.71%, well above our projection of 3.56%. This was particularly notable given that vegetable prices continued to decline as indicated by Department of Consumer Affairs data which shows an 8% MoM fall, whereas the CPI reflected a more modest decline of 3.57% MoM. Y/y vegetables inflation printed 3.89% vis-à-vis 2.79% last month. Preliminary data for April 2026, based on on-the-ground price trends, suggests mixed movements across food categories. On the ground food prices as indicated by MCA indicate extended fall in vegetables and cereals prices even in the month of April'25 while edible oils, milk and sugar are seen in upward trajectory (*ref. fig. 4*). The broader trajectory for FY27 food inflation may remain elevated due to a low base as well as possible spill overs from war driven supply constraints. With the onset of summer and evolving supply-side uncertainties, particularly in the backdrop of geopolitical tensions, April inflation could see further upward bias. CPI ex-veggies however, continued to firm up and recorded 3.38% y/y inflation (*ref. fig. 2*).

Fig 4: On-the-ground prices indicate a continued decline in food prices in April too

	Sep'25	Oct'25	Nov'25	Dec'25	Jan'26	Feb'26	Mar'26	April'26**
Cereals	0.55	0.32	-0.13	0.13	-0.21	0.47	-0.22	-0.66
Pulses	-0.71	-0.36	0.03	0.05	0.06	1.98	0.77	0.03
Oils	0.83	0.29	-0.03	0.04	-0.03	0.43	0.38	0.52
Veggies*	-9.43	-3.81	6.52	4.49	-4.03	-14.11	-8.19	-4.17
Milk	0.25	-0.02	0.02	-0.15	0.15	-0.14	0.20	0.30
Sugar	0.48	0.24	-0.04	0.00	-0.34	0.00	0.04	0.13

\*OPT (Onion, Potato & tomato)

\*\* till 12<sup>th</sup> April'26

Source: MCA

#### Core inflation firms up again on spurt in gold prices

Core inflation, came at 3.36% below our expectation of 3.49%. Core inflation trends continue to reflect muted underlying demand pressures. Personal care inflation has slightly gone down from 19.65% to 18.65% while pan & tobacco CPI spiked to 4.22% from 3.50% last month. All other core segments remain largely within the comfort range. Core ex-gold remained muted at 2.85% while core ex-gold & silver remained more or less flat at 1.93% from 1.90% last month (*pl refer fig. 5*). A consistently muted trajectory in core CPI ex-gold ex-silver reinforces the absence of broad-based inflationary pressures. Underlying price pressures stay tamed as of now yet upside risks on watch.

#### To conclude,

We remain watchful of geopolitical developments in West Asia, which pose a key upside risk to inflation through commodity channels. RBI Governor in [April'26 MPC](#) also clearly flagged upside risks to inflation projections assuming crude oil price stabilise at \$85/bbl. Our inflation projections remain broadly in line with those of the Reserve Bank of India: FY27 Projections: Q1: 3.9% (vs RBI: 4.0%), Q2: 4.3% (vs RBI: 4.4%), Q3: 5.2% (vs RBI: 5.2%), Q4: 4.7% (vs RBI:4.7%) and FY27 : 4.5% (vs RBI: 4.6%) (*pl refer fig.3*). With respect to core CPI, while RBI's projection is 4.4%, our projection is pegged at 3.6% because we are simply looking at core ex-food and fuel, while RBI is also excluding fuel and lubricants for personal transport equipment that includes petrol, diesel and other natural gas. If we exclude transport from core, our estimate is 3.8%. For the time being, government and oil marketing companies (OMCs) are trying to absorb a significant portion of the increase in crude, LNG, and LPG prices. However, persistent commodity price volatility, supply-side disruptions, especially in energy and war-related uncertainties could materially alter the inflation trajectory. As of now, we maintain our view of prolonged pause on rates with a close watch on inflation trends. However, [if oil prices stabilise above \\$90/bbl](#), we see possibility of rate hike with FY27 CPI likely to be sharply higher above the 4.5% mark.

By:

Kanika Pasricha  
[kanika.pasricha@unionbankofindia.bank](mailto:kanika.pasricha@unionbankofindia.bank)

Nidhi Arora  
[nidhiarora@unionbankofindia.bank](mailto:nidhiarora@unionbankofindia.bank)

Fig 5: Core ex-gold ex-silver CPI edged up to 0.20% even as core CPI corrected to 0.15%; % m/m

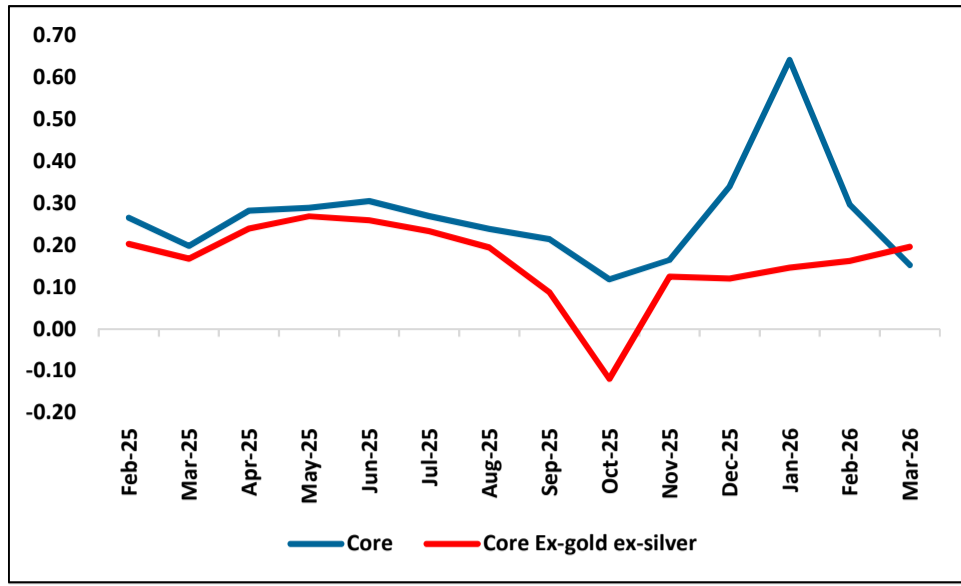


Fig 6: Headline CPI continues the upward movement in March'26 while core also followed suite; % y/y

Y/y, %	Headline CPI	Food	Cereals	Pulses	Vegetables	Fuel	Core	CPI ex-veg	Core Ex-gold	Core Ex-gold ex-silver	Core Ex-Transport	Housing
Jan-26	2.73	2.12	0.11	-10.42	-3.45	0.16	3.38	3.0	2.9	1.8	3.96	2.04
Feb-26	3.21	3.35	-0.34	-6.53	2.79	0.14	3.41	3.2	2.9	1.8	4.02	2.12
Mar-26	3.40	3.71	-0.48	-3.65	3.89	1.65	3.36	3.4	2.8	1.9	1.93	1.93

Source: CEIC, UBI Research

Banking Research Team	
Kanika Pasricha Chief Economic Advisor	kanika.pasricha@unionbankofindia.bank
Suneesh K	suneeshk@unionbankofindia.bank
R Gunaseelan	gunaseelan@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Jovana Luke George	jovana.george@unionbankofindia.bank
Dhiraj Kumar	dhirajkumar@unionbankofindia.bank
Akash Deb	akash510@unionbankofindia.bank
Rohit Yarmal	rohitdigambar@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank
S. Jaya Laxmi	s.jayalakshmi@unionbankofindia.bank

**Disclaimer:**

The views expressed in this report are personal views of the author(s) and do not necessarily reflect the views of Union Bank of India. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Union Bank of India and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability regarding the same.