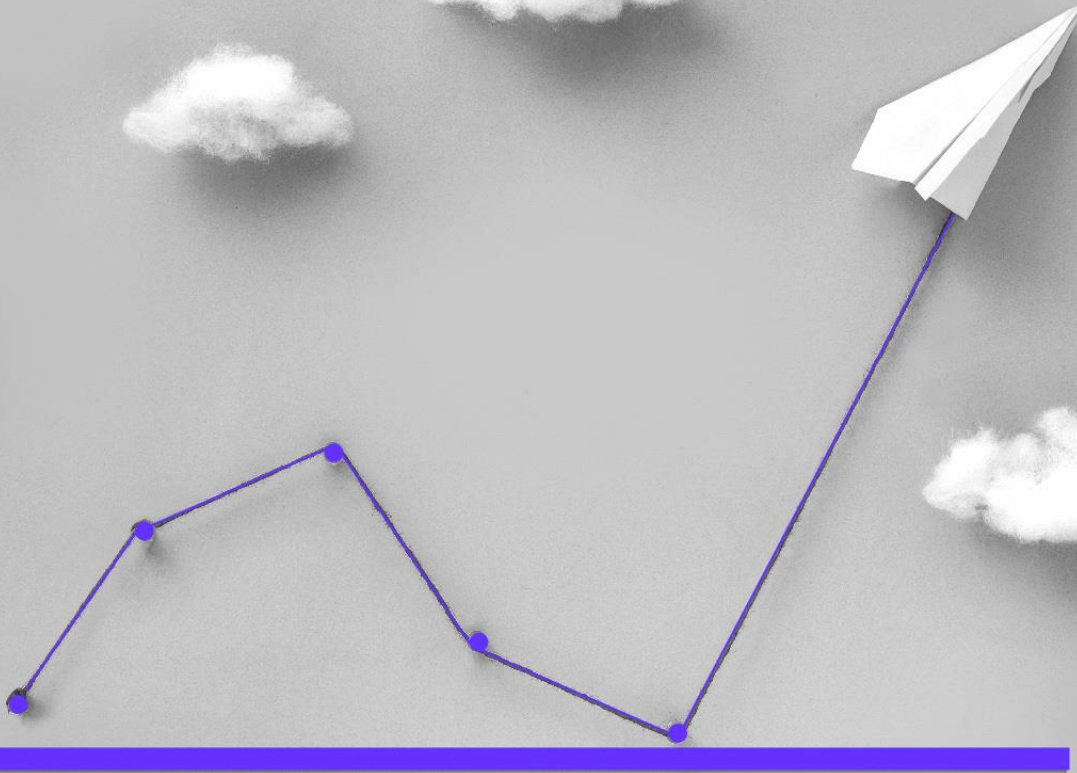


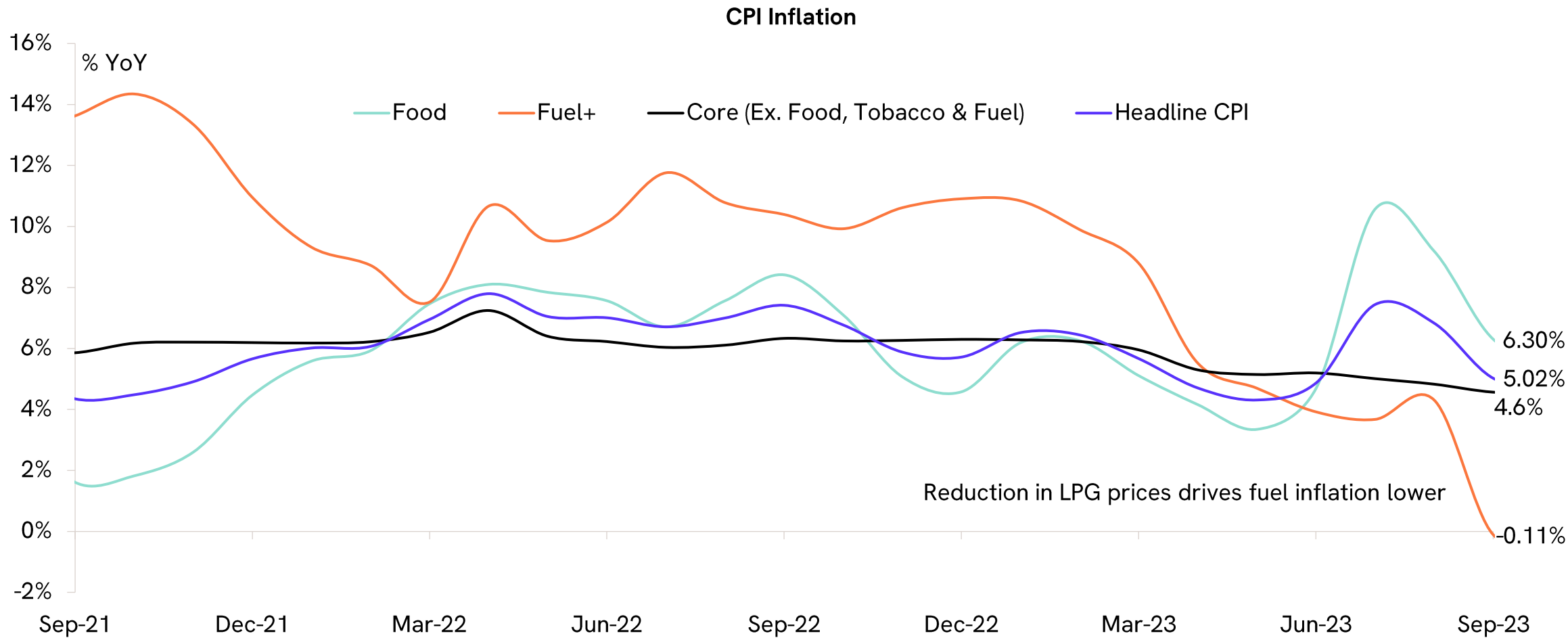
# TRENDS & TIDES

**India retail inflation drops to  
5% YoY in September 2023**



# CPI inflation corrects further as food inflation declines

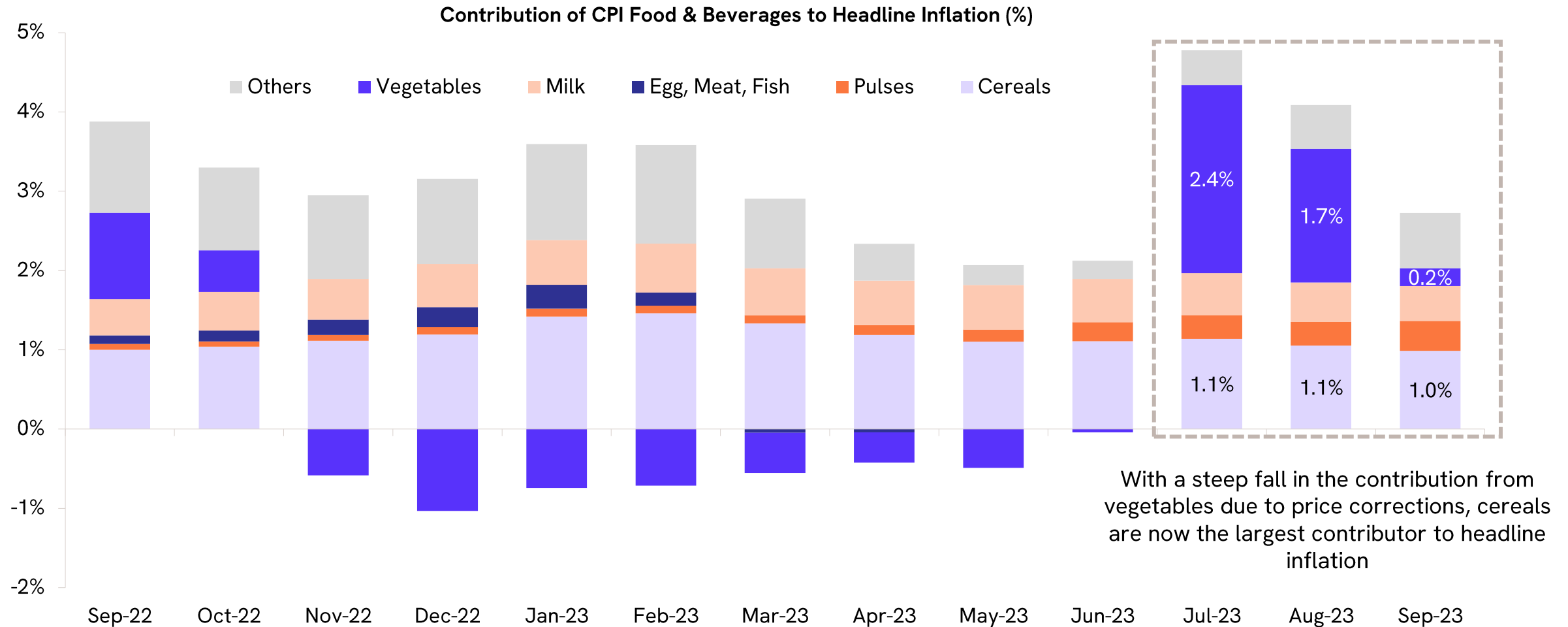
A significant drop in fuel inflation (LPG price reduction) also contributes to the headline correction



Source: MOSPI, 360 ONE Asset Research

# Fall in vegetable prices drives food inflation lower

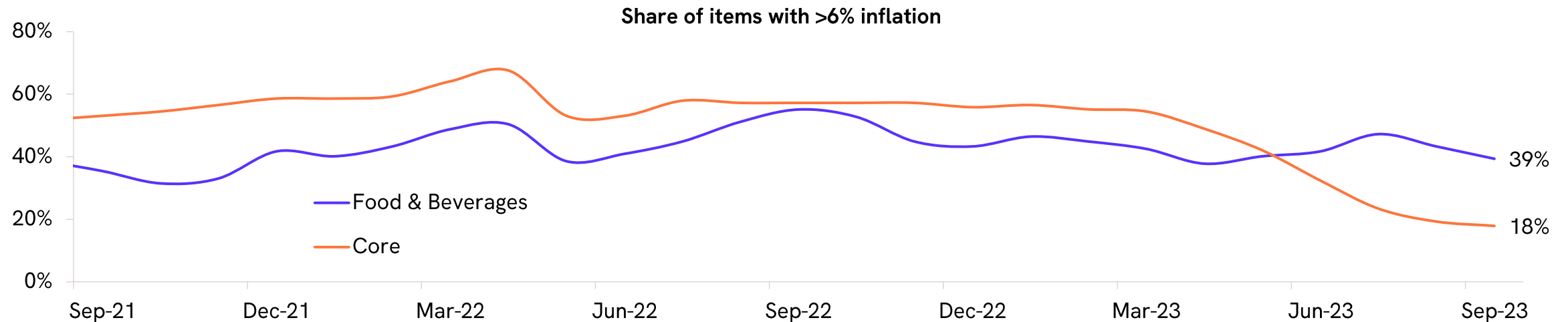
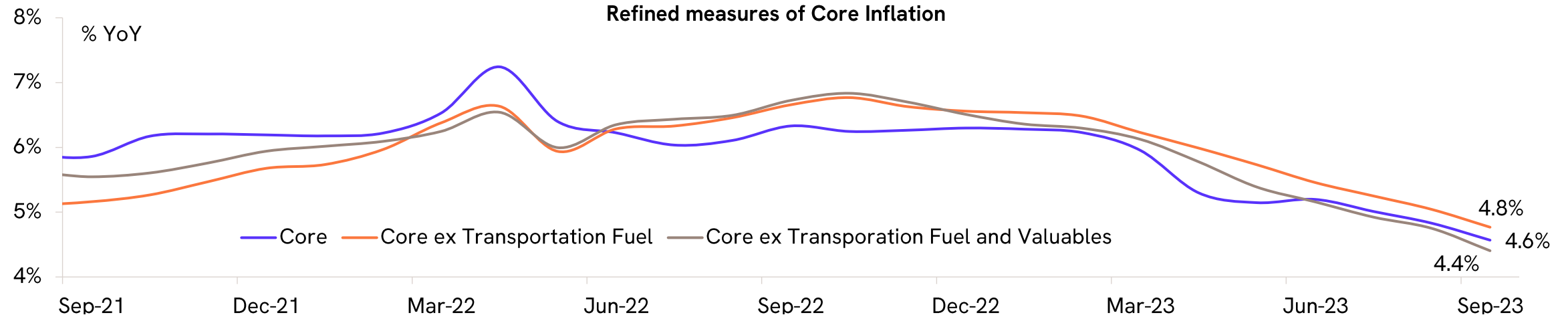
Vegetables prices correct by 16% MoM in Sep'23, compared to a 6% MoM correction in the previous month



Source: MOSPI, 360 ONE Asset Research

# Core inflation falls to 4.6% YoY in Sep 2023, from 4.8% in Aug

Food inflation remains broad-based, with 39% of food items witnessing greater than 6% inflation

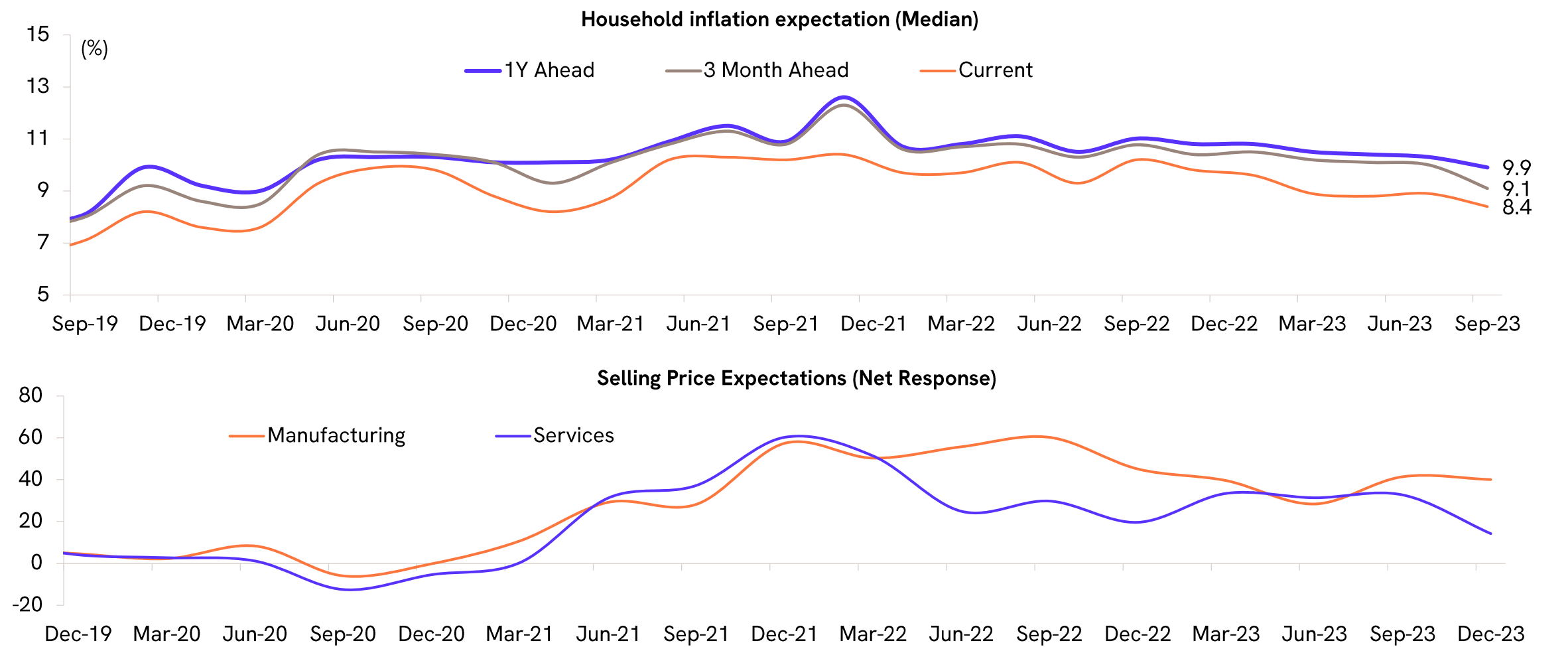


Source: MOSPI, 360 ONE Asset Research

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# HH inflation expectations in single-digits for the 1<sup>st</sup> time since Covid-19

Services firms expect moderation in selling price growth, manufacturers also anticipate slightly lower price growth



Source: RBI, 360 ONE Asset Research

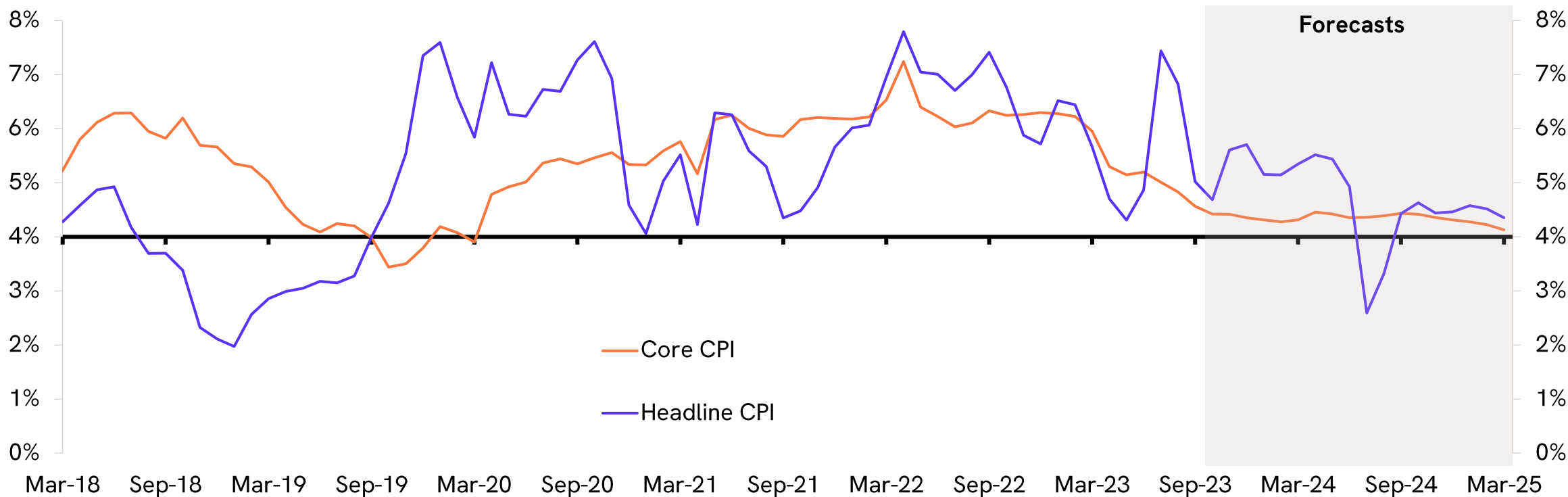
Note: Net Response (NR) is the difference between the percentage of respondents reporting increase in selling prices and those reporting decreasing in selling price

# Outlook: Inflation expected to average around 5.5% in FY24

RBI MPC is expected to maintain a prolonged pause until there is visibility of inflation sustainably reaching the 4% target

Poor pulses sowing, lower reservoir levels, and high crude prices pose risks to the inflation outlook

The monetary policy continues to be 'actively disinflationary' to prevent recurrent incidents of overlapping price shocks from causing a generalized and persistent increase in headline inflation



Source: MOSPI, 360 ONE Asset Research

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