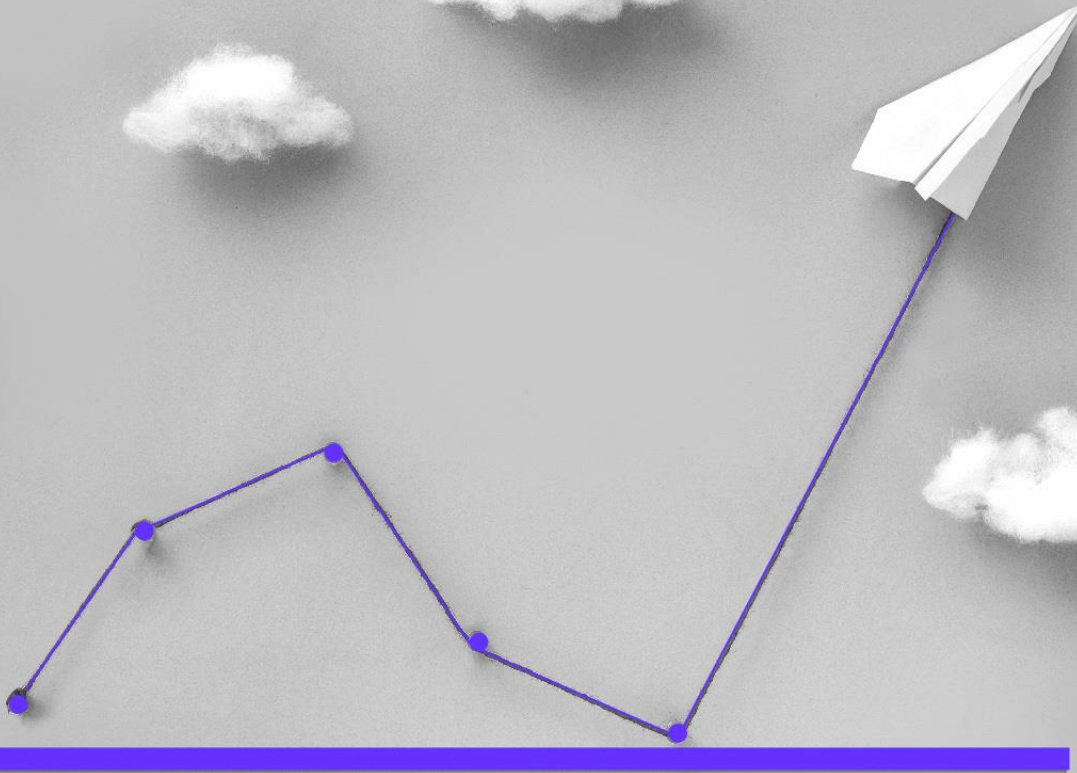


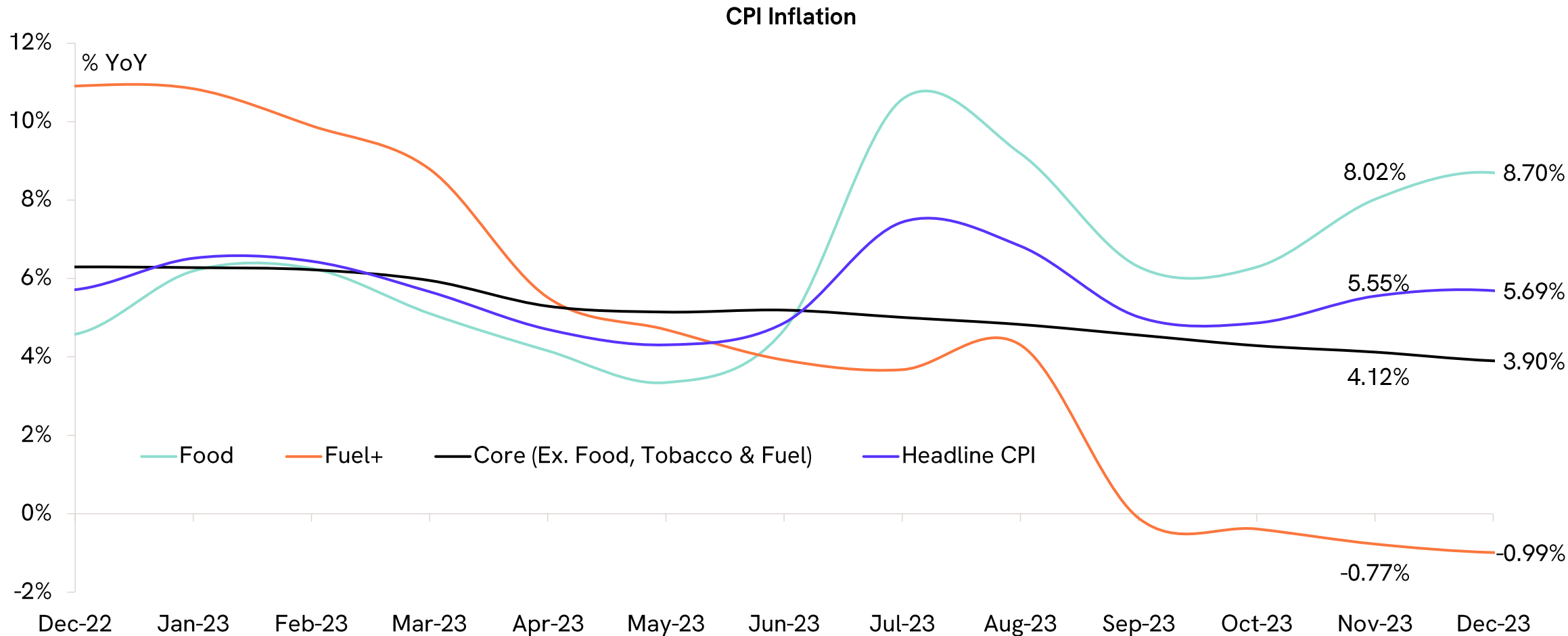
TRENDS & TIDES

**India's retail inflation rises
to 5.69% YoY in December
2023**



Headline CPI rises to 5.69% YoY in Dec'23 from 5.55% YoY in Nov

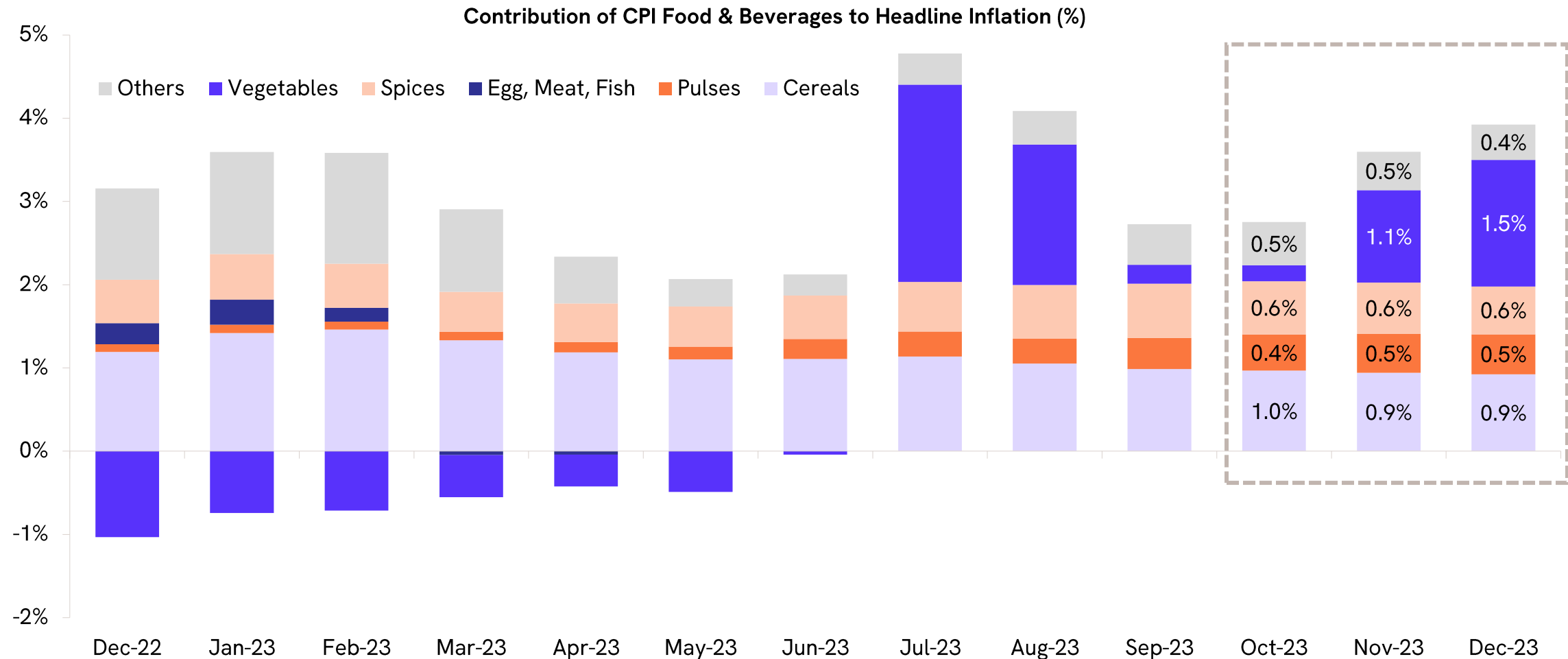
Increase in food inflation drives headline inflation higher, even as core inflation continues to cool down



Source: MOSPI, 360 ONE Asset Research

Vegetables remain the primary contributor to headline inflation

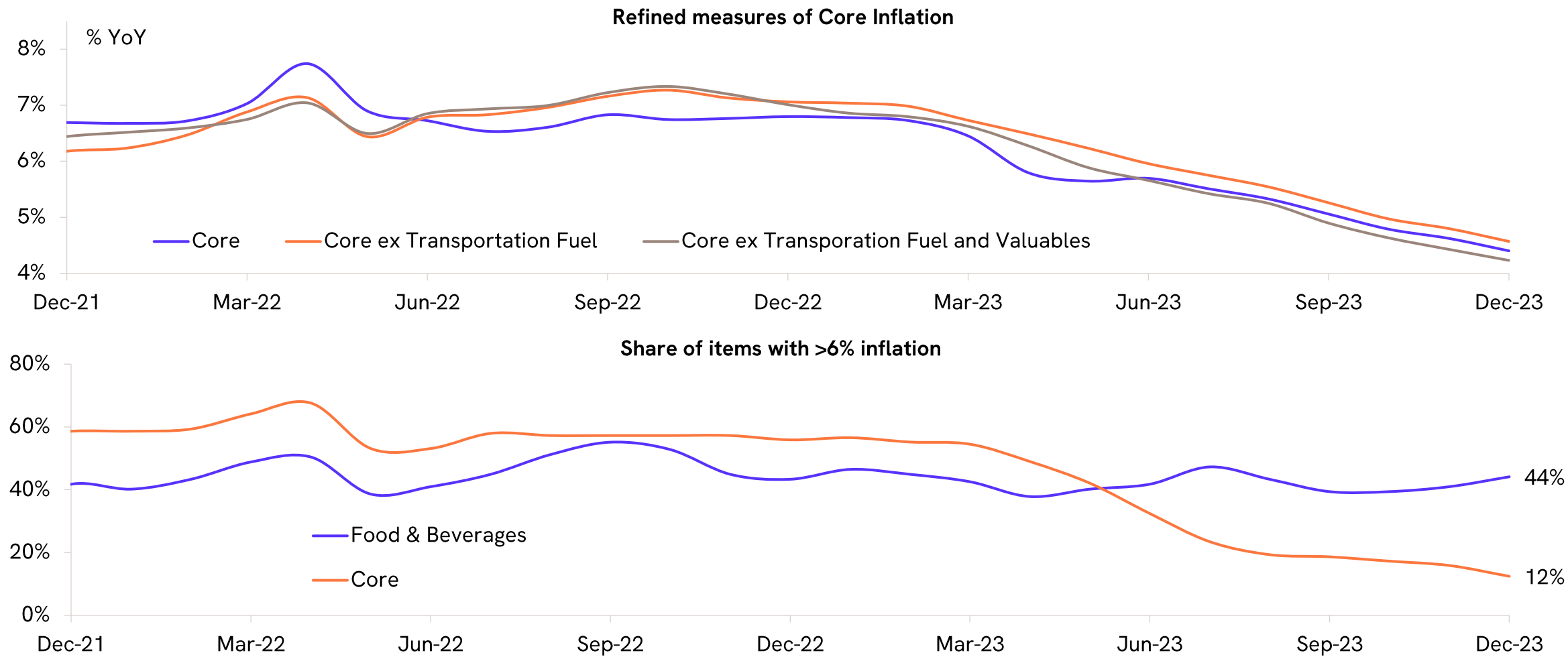
Vegetable inflation rises to 27.6% YoY in Dec'23 from 17.7% YoY in Nov on muted MoM correction in prices



Source: MOSPI, 360 ONE Asset Research

Core inflation and its refined measures continue to trend downwards

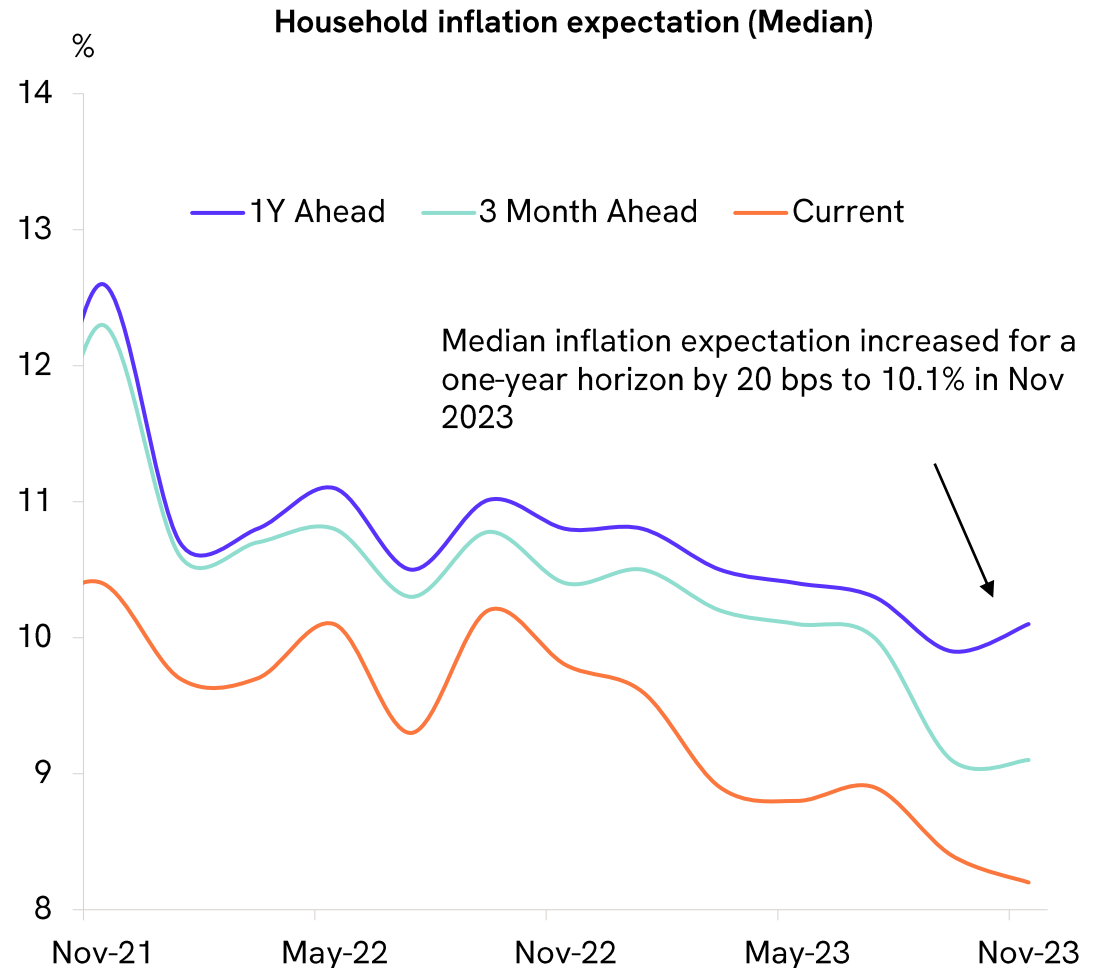
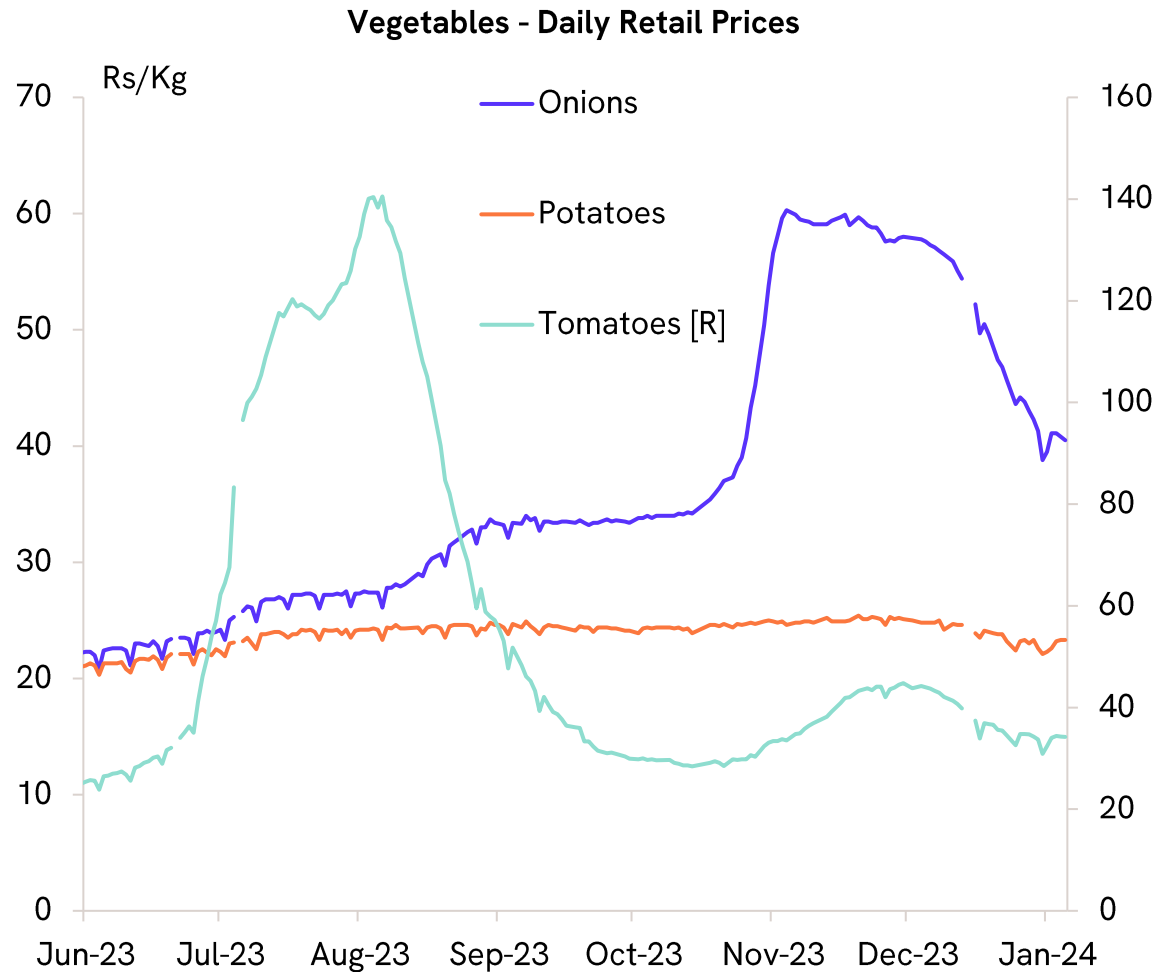
Food inflation remains broad-based, with 44% of food items witnessing greater than 6% inflation



Source: MOSPI, 360 ONE Asset Research

Vegetable prices witness correction with the arrival of kharif crops

Household one-year-ahead inflation expectations pick up in Nov on account of elevated food inflation



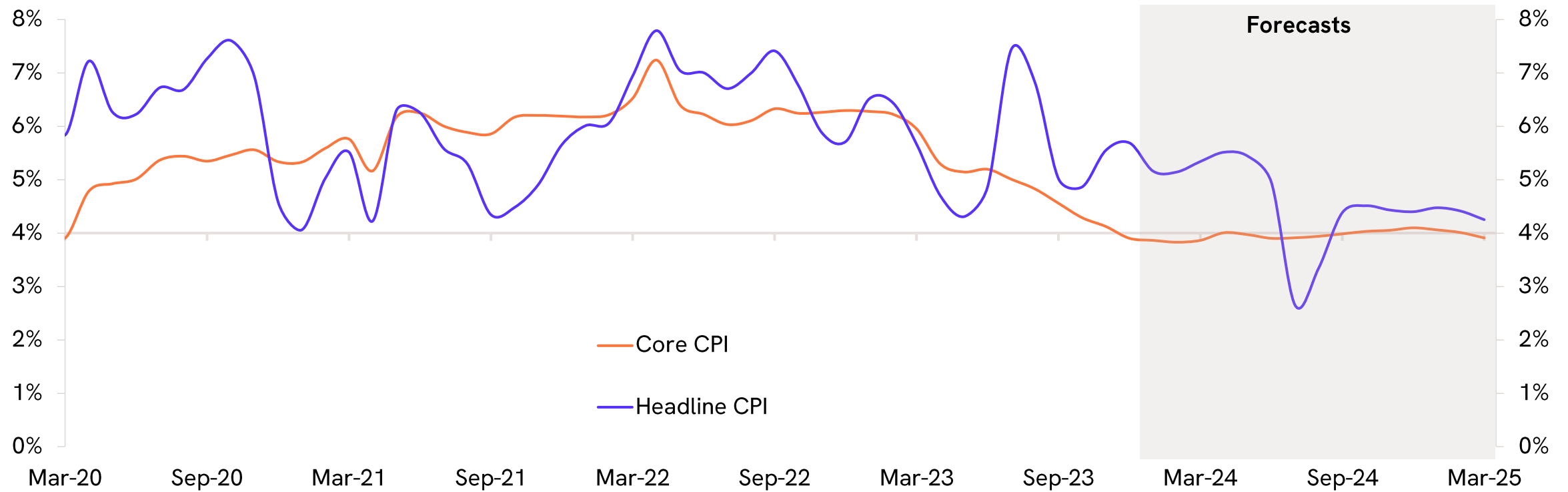
Source: CMIE, RBI, 360 ONE Asset Research

Outlook: Inflation expected to average 5.4% in FY24 & 4.5% in FY25

RBI MPC is expected to maintain a pause until there is visibility of inflation durably aligning with 4% target

The Rabi season production and IMD monsoon forecasts for 2024 are key events to watch for assessing the trajectory of food inflation

The monetary policy would continue to be 'actively disinflationary' in the near term 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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