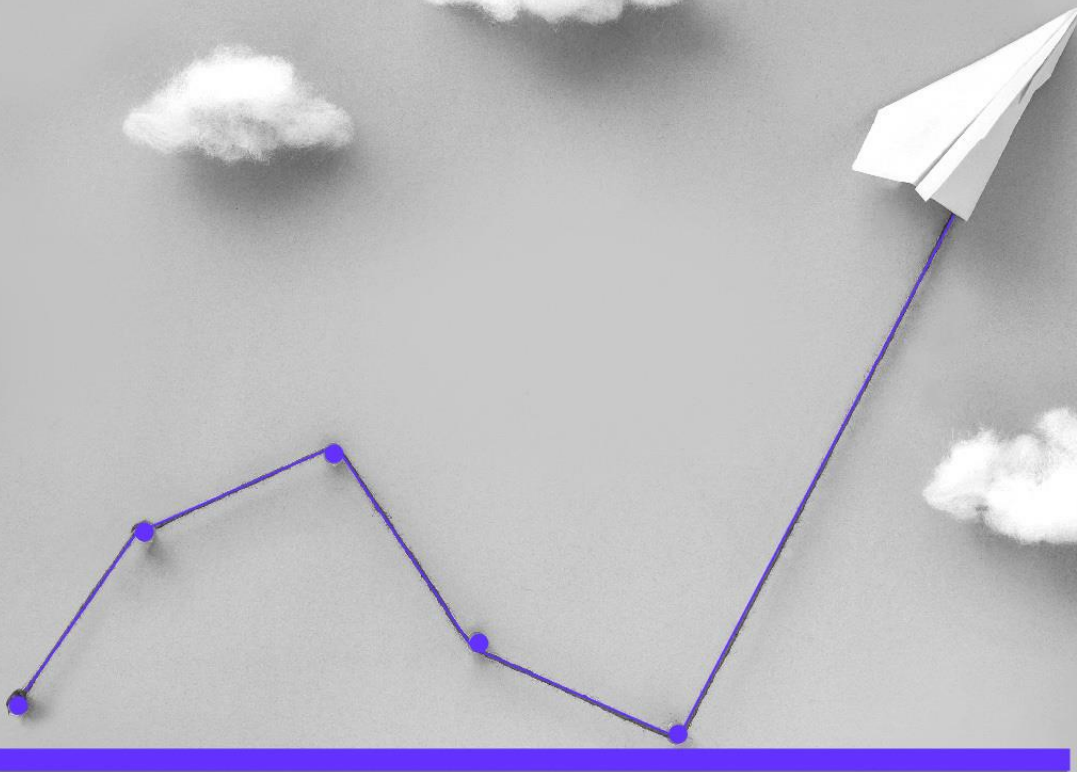


TRENDS & TIDES

**India's retail inflation eases
to 2.82% YoY in May 2025,
lowest reading since Feb 2019**



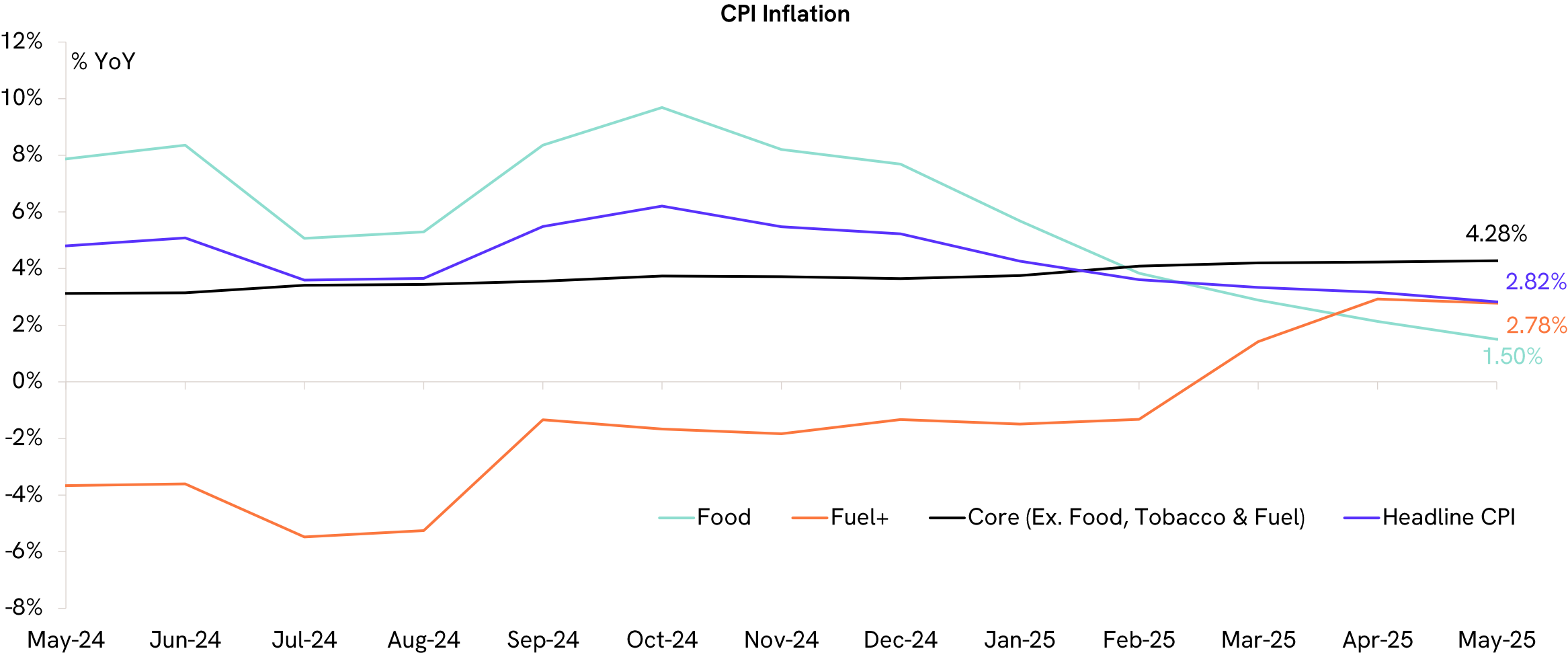
CPI inflation slows to 2.82% YoY in May'25, driven by a decline in food inflation

Food inflation eases to 1.5% YoY in May'25 from 2.1% YoY in Apr'25, while core inflation picks up to 4.3% YoY

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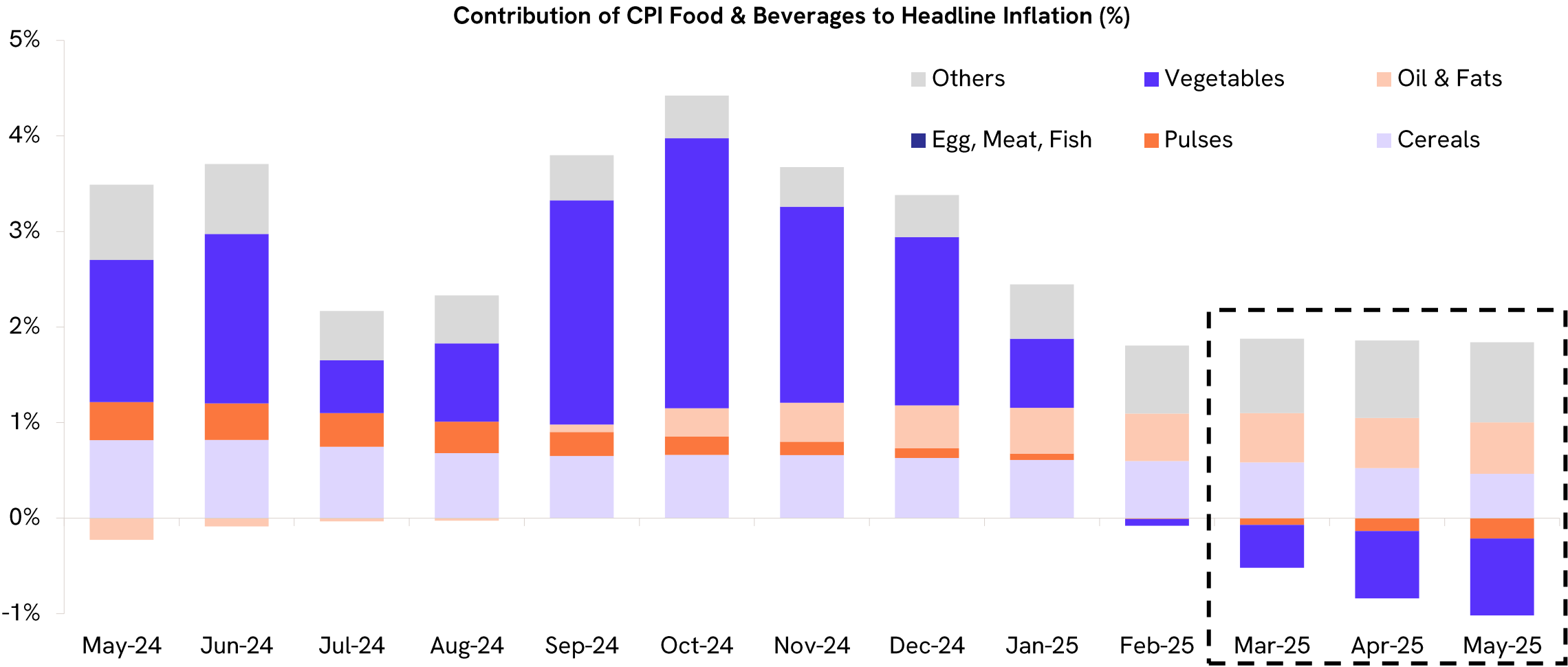
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Source: MOSPI, 360 ONE Asset Research

Inflation contribution from vegetables & pulses turns further negative

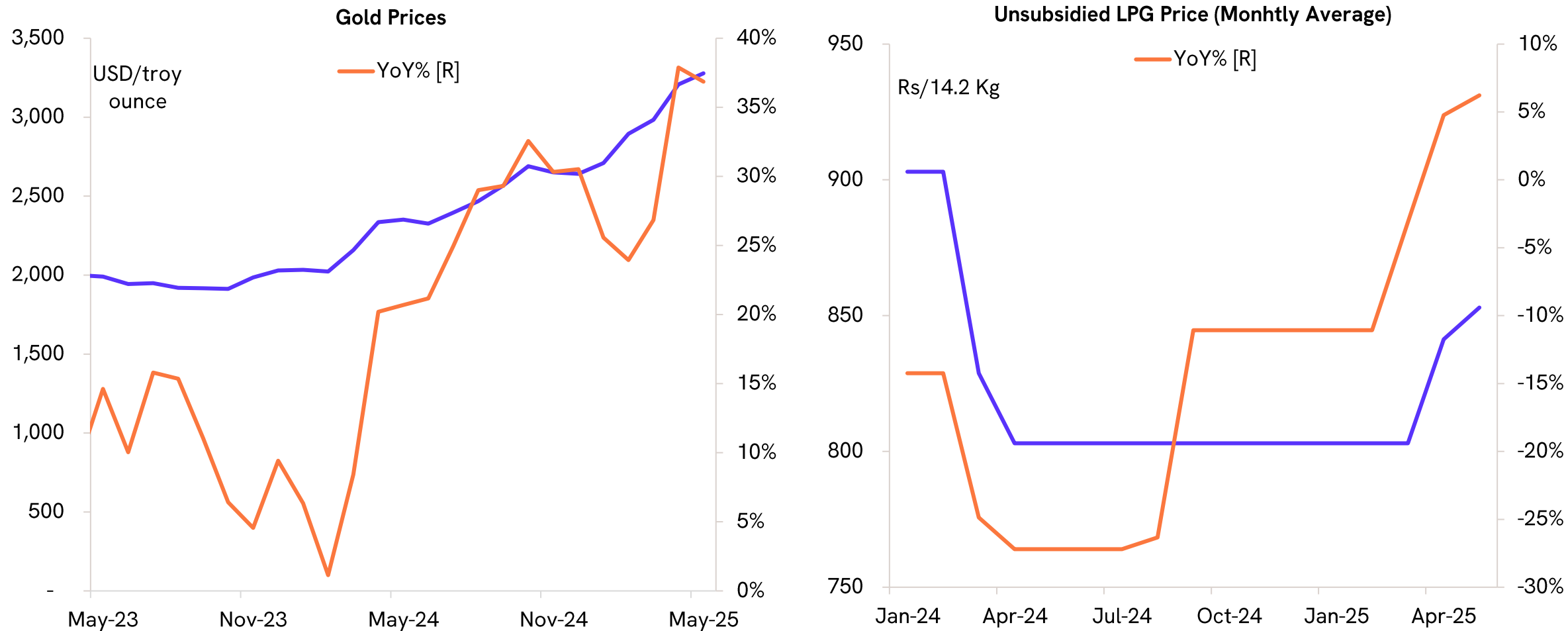
Vegetable inflation falls to -14.0% YoY in May'25 from -11.0% YoY in Apr'25



Source: MOSPI, 360 ONE Asset Research

Core inflation has picked up on account of a steep increase in gold prices

Fuel inflation has also picked up due to a rise in LPG prices and the fading of a favourable base effect



Source: CMIE, 360 ONE Asset Research

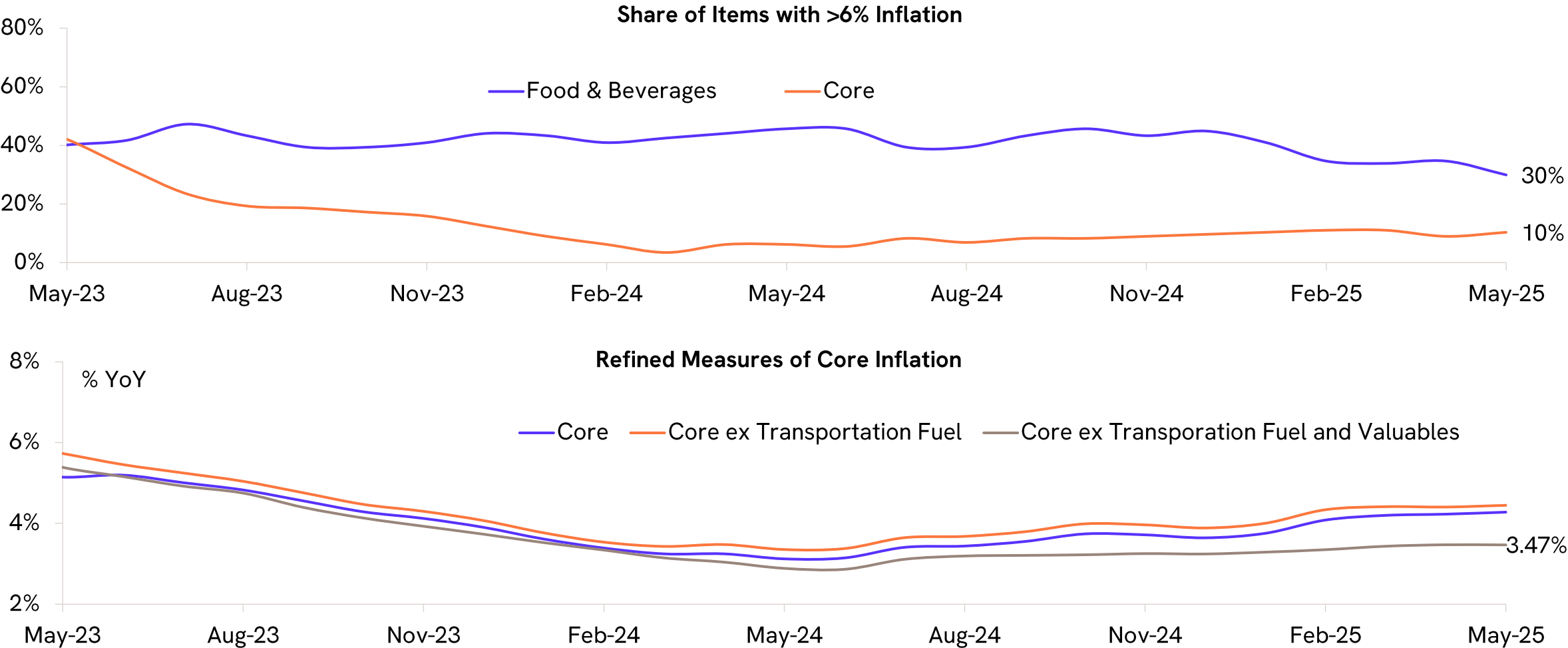
30% of food items witnessing >6% inflation, lower than 45% in Dec'24

Core inflation ex transport fuel and valuables stood at 3.5% YoY in May'25, reflecting subdued underlying inflationary pressures

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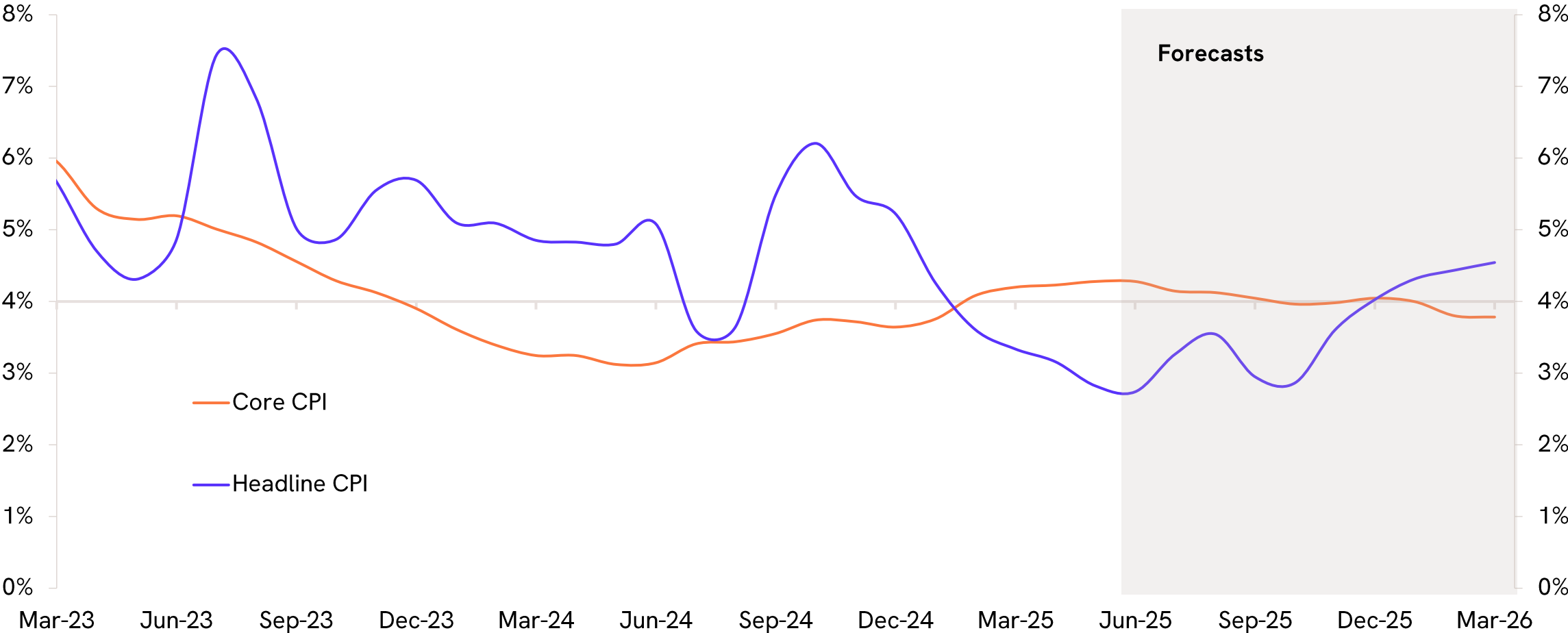
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Source: MOSPI, 360 ONE Asset Research

Outlook: Inflation is projected to undershoot the 4% target in FY26

The RBI is expected to stay on hold in the near term, but a 25 bps cut remains on the table if growth risks intensify



Source: MOSPI, 360 ONE Asset Research

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