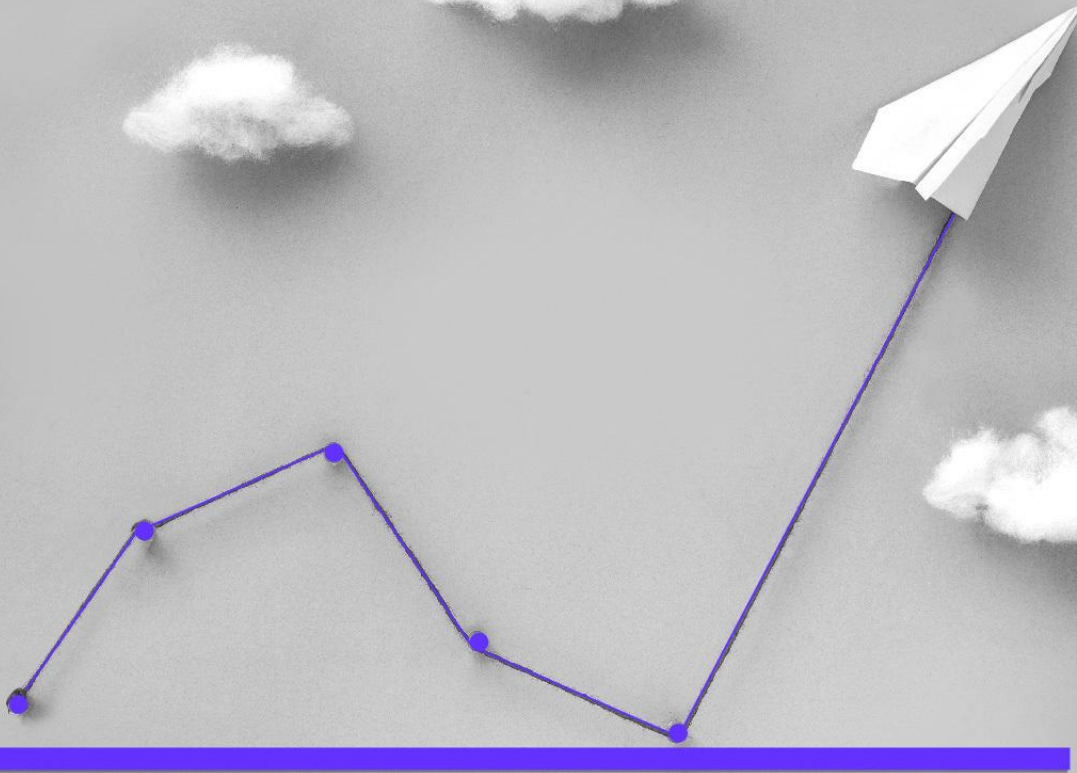


# TRENDS & TIDES

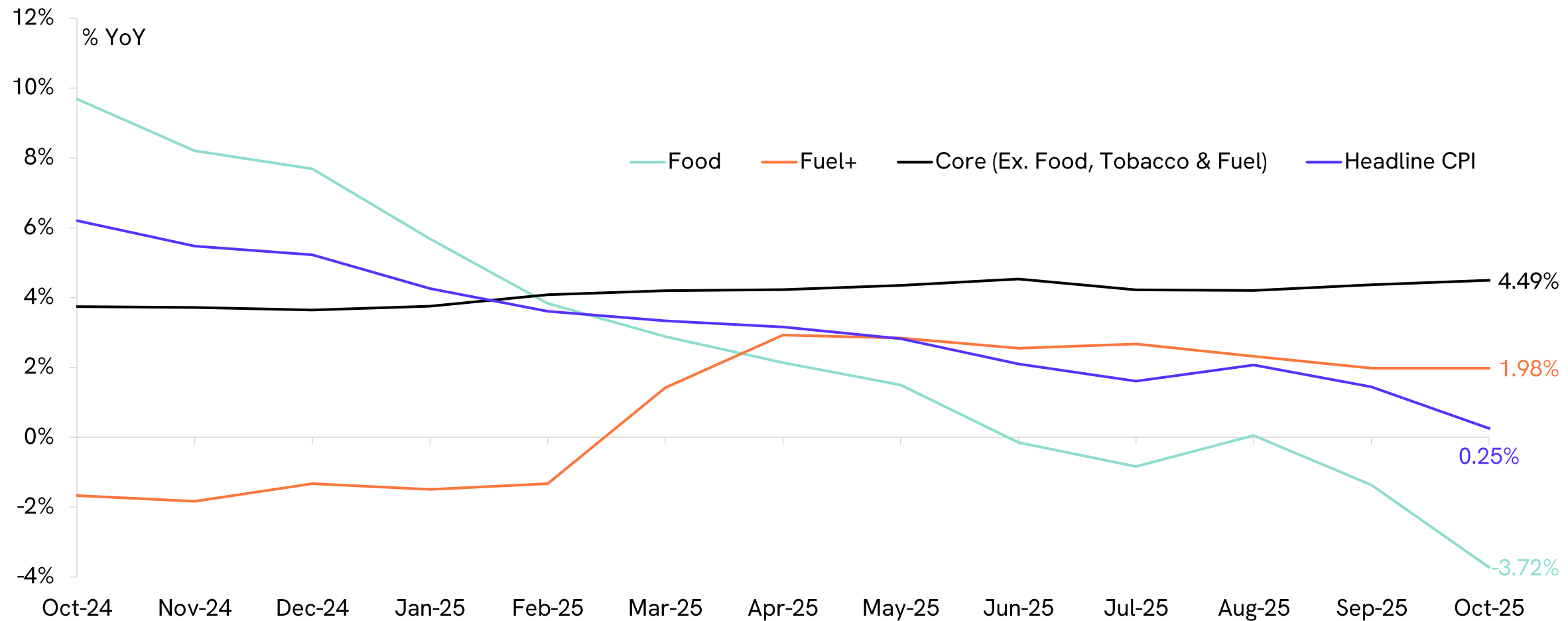
India's retail inflation drops  
to a series low of 0.25% YoY  
in October 2025



# CPI inflation drops to 0.25% YoY in Oct'25 amid sharp food deflation

Food inflation falls at -3.7% YoY in Oct'25 from -1.4% YoY in Sep; core inflation picks up to 4.5% YoY

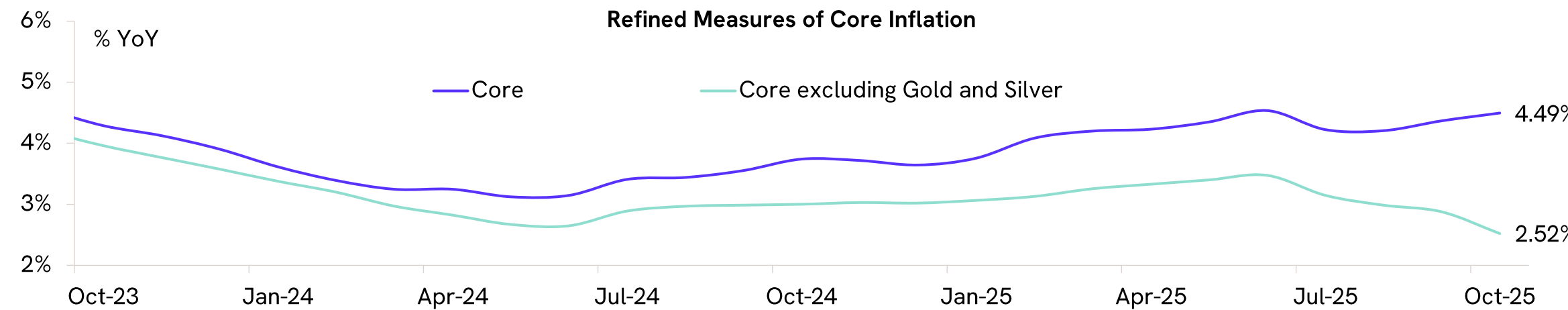
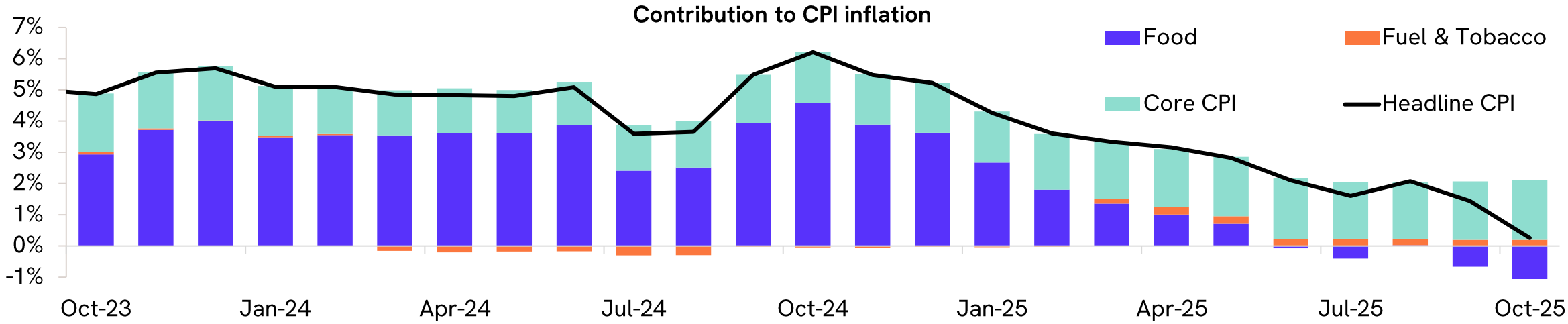
CPI Inflation



Source: MOSPI, 360 ONE Asset Research

# A decline in the contribution from food leads to a decrease in inflation

Core inflation is primarily led by higher gold & silver prices; core inflation excluding gold & silver stands at 2.5%

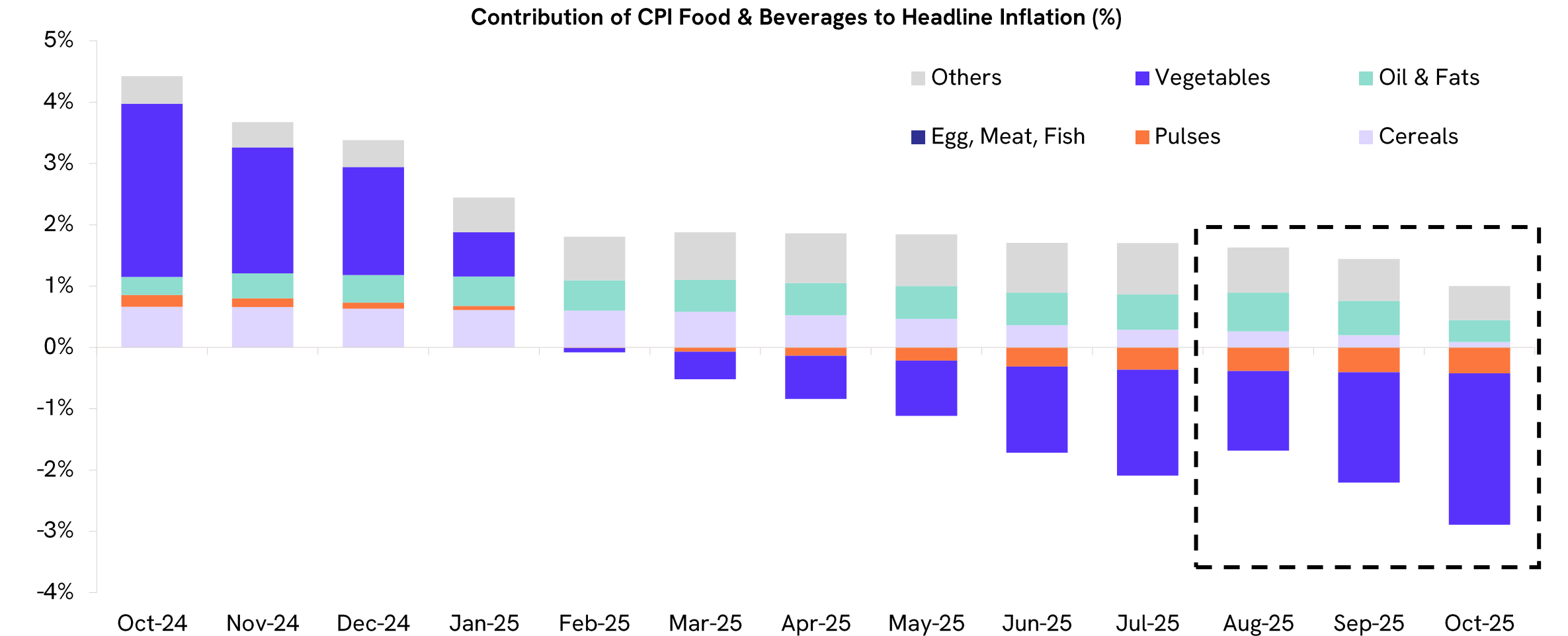


Source: CMIE, 360 ONE Asset Research

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# Within food, a fall in the contribution from vegetables drives inflation lower

Vegetable inflation decreases to -27.6% YoY in Oct'25 from -21.4% YoY in the previous month



Source: MOSPI, 360 ONE Asset Research

# GST cuts also help bring inflation to a record low in the current series

Most products witnessed a reduction in tax rates under GST 2.0, with only a few facing higher rates

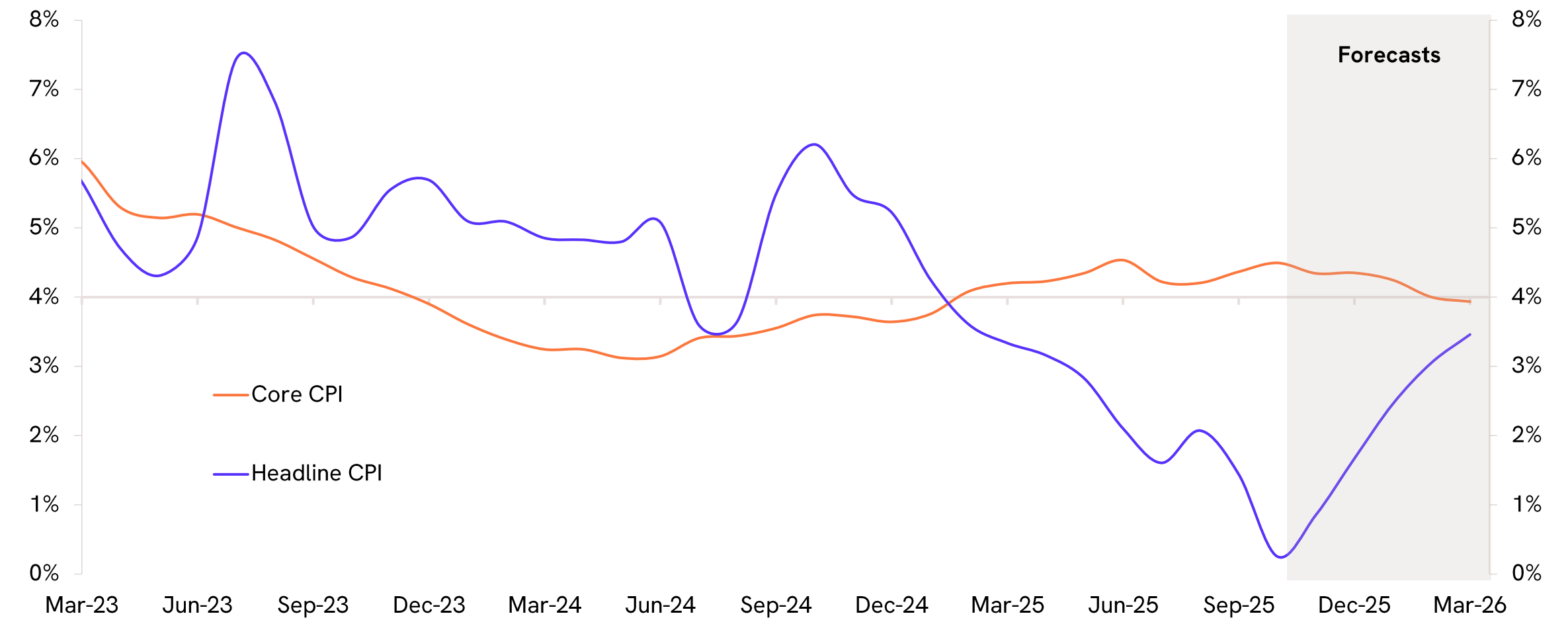
| Sector            | Product                                                                           | GST       |       |           |
|-------------------|-----------------------------------------------------------------------------------|-----------|-------|-----------|
|                   |                                                                                   | Old Rate  | Cess  | New Rate  |
| Automobiles       | Two-Wheeler (<350 CC), Three-Wheeler, Auto Parts, Commercial Vehicles             | 28        |       | 18        |
|                   | Two-Wheeler(>350 CC)                                                              | 28        | 3     | 40        |
|                   | Passenger Vehicles (Length <= 4m and <1.2L engine for petrol/<1.5L for diesel)    | 28        | 1-3   | 18        |
|                   | Other Passenger Vehicles                                                          | 28        | 15-22 | 40        |
|                   | Tractors (excluding road tractors >1.8L engine)                                   | 12        |       | 5         |
| Building Material | Cement                                                                            | 28        |       | 18        |
| Consumer Durables | Air Conditioner                                                                   | 28        |       | 18        |
| Consumer Staples  | Butter and Others Fats, Fruit Pulp or Fruit Juice, Instant Noodles, Namkeens      | 12        |       | 5         |
|                   | Hair Care (Excluding Coconut Hair Oil), Toothpaste, Soaps, Shampoos               | 18        |       | 5         |
|                   | Sugar, Biscuits, Chocolates, Mineral Water                                        | 18        |       | 5         |
| Pharmaceuticals   | Certain Lifesavings Drugs                                                         | 12        |       | 0         |
|                   | Other Medicines, Medical Grade Oxygen, Surgical Paraphernalia, Corrective Glasses | 12        |       | 5         |
| Insurance         | Life and Non-Life Insurance                                                       | 18        |       | 0         |
| Others            | Footwear (Not Exceeding Rs 2,500)                                                 | 12        |       | 5         |
|                   | Apparel/Garments, Cotton Quilts (exceeding Rs 2,500)                              | 12        |       | 18        |
|                   | Hotel Fare (up to Rs 7,500)                                                       | 12 w/ ITC |       | 5 w/o ITC |
|                   | Airfare - Premium Economy, Business and First Class                               | 12        |       | 18        |

Source: CMIE, Kotak Institutional Equities, 360 ONE Asset Research

# Outlook: FY26 inflation likely to undershoot the RBI's projection of 2.6%

We expect additional monetary easing in the current cycle, with a 25-bps rate cut likely in the next policy meeting

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Source: MOSPI, 360 ONE Asset Research

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