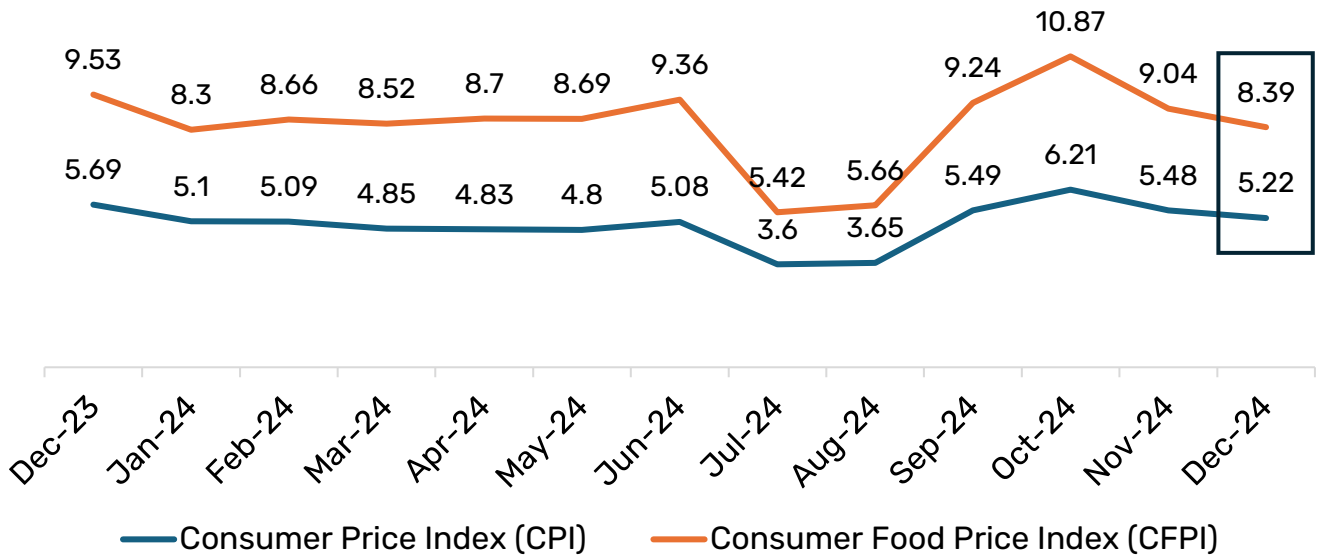


13th January 2025

India's Retail Inflation eases to 5.22%, marking a 4-month low

India Inflation Rates for CPI and CFPI



- India's retail inflation eased to 5.22% in December 2024, down from 5.48% in November 2024, primarily due to a moderation in food prices.
- Rural inflation dropped to 5.76% from 5.95% in November, while urban inflation declined to 4.58% compared to 4.89% in the previous month.
- Food prices have driven inflation higher in recent months, with vegetable prices rising sharply over the past year. However, a good summer harvest, supported by favorable monsoons, is helping reduce price pressures.

Cut or No Cut?

- India's easing inflation has offered the RBI room for a potential rate cut.
- This is supported by slowing GDP growth, which fell to 5.4% in Q2 FY25, and global central banks moderating their tightening stances.
- However, the weakening rupee, which recently reached a record low of Rs.86.58 against the dollar, is also a key consideration when evaluating the potential for a rate cut, as it could affect inflation and foreign investment trends.

Source: RBI, Internal

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