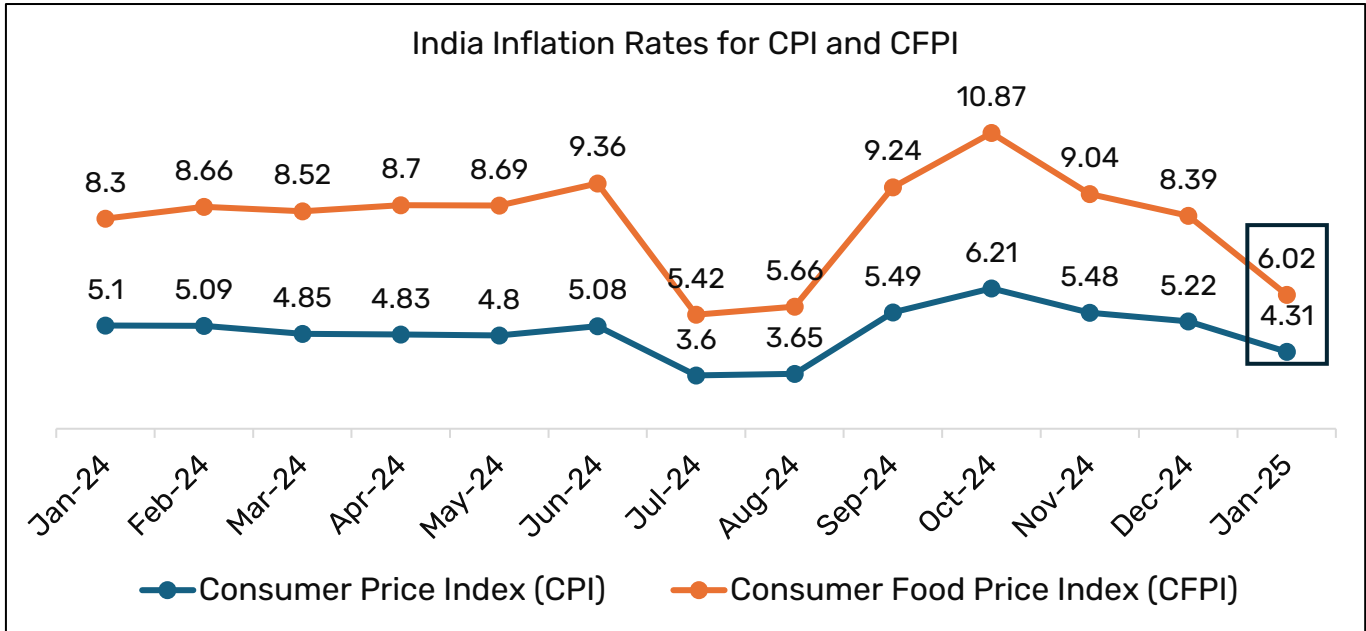


India's retail inflation dips to a five-month low of 4.31% in January



- India's retail inflation eased to a five-month low of 4.31% in January, down from 5.22% in December, as food price growth slowed.
- Rural inflation cooled to 4.64% compared to 5.76% in December, while urban inflation stood at 3.87% as against 4.58% the previous month.
- Fresh winter produce reaching local markets has eased food inflation, helping drive a decline in overall inflation.

Further Rate Cuts?

- With inflation projected to moderate to 4.8% in FY25 and further to 4.2% in FY26, the RBI has some room for policy easing, especially with headline CPI inflation now, already showing signs of softening.
- A 25bps rate cut in April is likely, but further cuts will depend on inflation aligning with RBI's projections and external stability.
- Furthermore, external risks, including Rupee depreciation and global commodity price fluctuations, could limit both the extent and timing of rate cuts.

Source: RBI, Internal

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