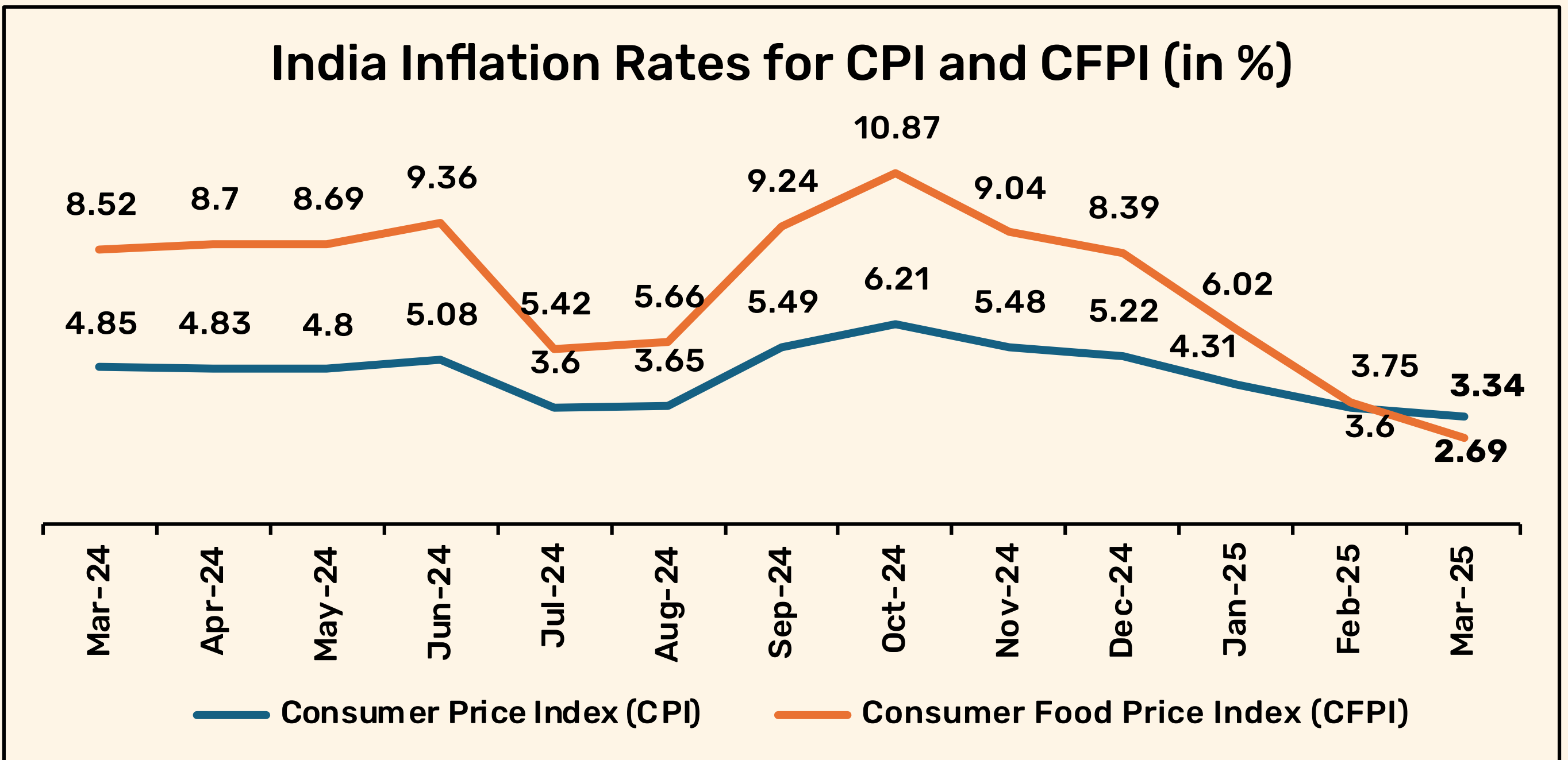




INDIA RECORDS THE LOWEST CPI SINCE AUG 2019



India's CPI Inflation eased to 3.34% in March 2025, the lowest it has been since August 2019.



Rural inflation dropped to 3.25% from 3.79% in Feb 2025. However, urban inflation saw a marginal rise from 3.32% in the previous month to 3.43%.



The fall in March 2025 inflation is attributed to a sharp decline in food inflation to 2.69%, against 3.75% in the last month and 8.52% in March 2024.

CASE FOR FURTHER RATE CUTS

- With inflation stabilizing and growth indicators showing early signs of moderation, the macro environment is now more conducive for further policy easing.
- Liquidity conditions remain favourable, and the RBI has demonstrated its intent to support growth through OMO and FX operations.
- The RBI's recent pivot to an accommodative stance and the initial 25 bps cut in April have set the tone for a dovish cycle and today's inflation number strengthens the case for 50 bps cut over the coming months.

WAY AHEAD

- Investors with a horizon of over a year seeking to benefit from the rate cut, potential yield declines and liquidity infusion may consider long-term GILT funds.
- Those with a similar timeframe but preferring lower duration risk can explore high-quality Banking & PSU funds to capture credit spreads.
- For a shorter 3 to 12-month investment horizon, Money Market funds offer a suitable avenue.

Source: RBI, Internal

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