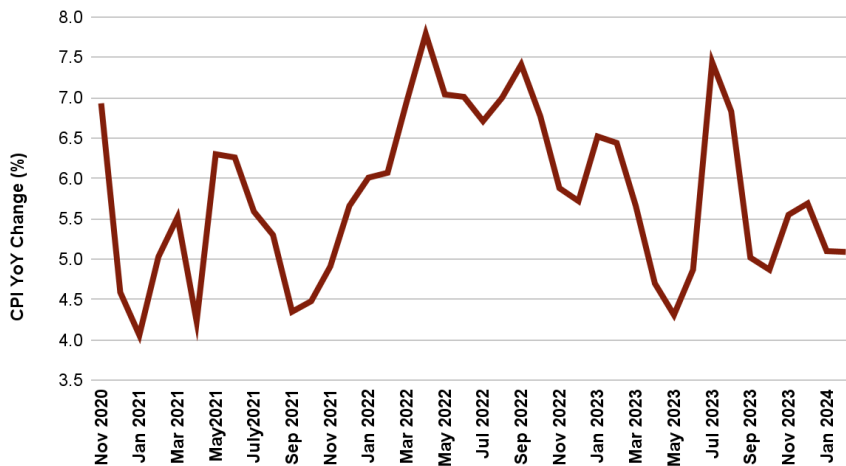


CPI slows to 5.09%



OVERVIEW

India's consumer price inflation eased to 5.09% in February. The retail inflation rate had eased to 5.1% in January from 5.69% in December 2023. Month-on-month, consumer prices gained 0.16% in February, reversing a 0.11% fall in January.

Rural inflation came at 5.34% in February, which is the same as in January and 5.93% in December. Urban inflation for February also eased marginally to 4.78% as against January's 4.92%.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Cereal prices rose by 7.6%, as against 7.8% in January.
- Meat and fish prices were 5.21%, compared with 1.2% in the previous month.
- Eggs prices were at 10.7% against 5.6% last month.
- Milk and milk products were at 3.86%, compared with 4.6%.
- Oils and fats price declined 13.97%, compared to a rise of 15% in the previous month.
- Vegetable prices rose 30.25% as against a rise of 27% last month.
- Pulses inflation rose 18.9%, compared to a rise of 19.5%.
- Clothing and footwear inflation was at 3.14% versus 3.4% in the previous month.
- Housing inflation was at 2.88% versus 3.2%.

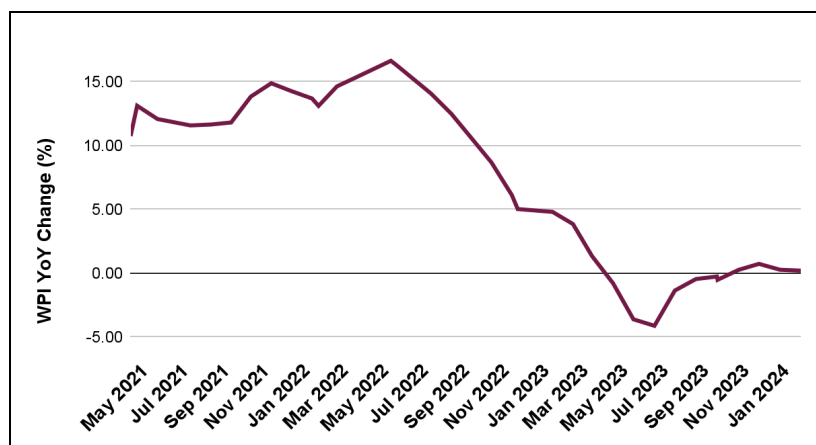
OUTLOOK

Food prices in India have been elevated for most parts of 2023, due to erratic weather conditions that have disrupted production of key essential food items such as cereals, pulses, sugar and even vegetables. Prices may cool off further in coming months.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	FEB'24	JAN'24	DEC'23	NOV'23	OCT'23	SEP'23
CPI	5.09	5.10	5.69	5.55	4.87	5.02
FOOD & BEVERAGES	7.76	7.58	8.70	8.02	6.24	6.30
PAN TOBACCO & INTOXICANTS	3.12	3.28	3.65	3.81	3.87	3.88
CLOTHING & FOOTWEAR	3.14	3.37	3.61	3.90	4.31	4.61
HOUSING	2.88	3.20	3.63	3.55	3.80	3.95
FUEL & LIGHTING	-0.77	-0.60	-0.99	-0.77	-0.39	-0.11
MISCELLANEOUS	3.57	3.82	4.07	4.38	4.40	4.77

WPI @ 0.2% in February



OVERVIEW

India's wholesale prices increased for the fourth straight month in February, the WPI rose 0.20% year-over-year in February, slower than the 0.27% gain in January. On a monthly basis, wholesale prices edged up 0.1%, reversing a 0.46% drop in January.

KEY HIGHLIGHTS

- Inflation Food articles stood at 6.95% in February from 6.85% in January.
- Inflation in vegetables was 19.78%, up from 19.71% in January.
- The WPI inflation in pulses was at 18.48% in February compared with 16.06% in January.
- Primary articles grew at a faster pace of 4.49% from 3.84% in the preceding month.
- Wholesale inflation in crude petroleum and natural gas grew 8.24% in February.
- Prices for manufactured products were 1.27% lower compared to last year, and those for fuel and power declined 1.59%.

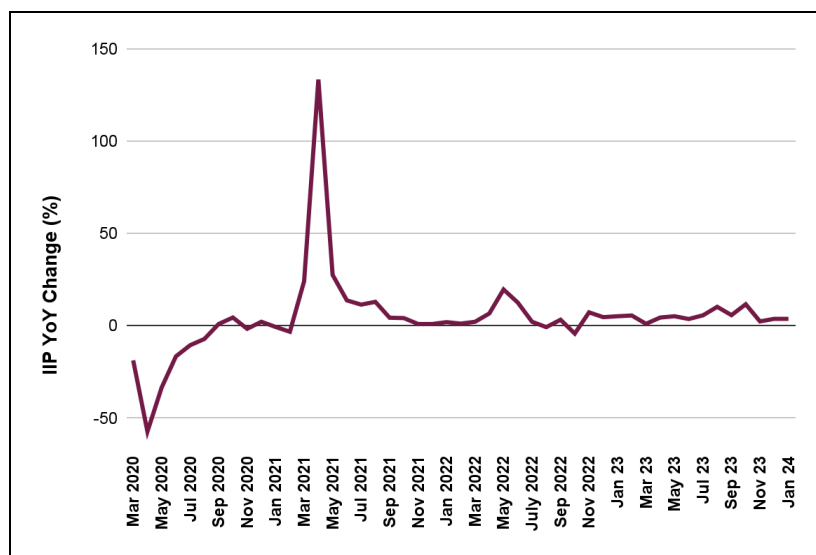
OUTLOOK

Food prices in India have been elevated for most parts of 2023, due to erratic weather conditions that have disrupted production of key essential food items such as cereals, pulses, sugar and even vegetables. The increase in inflation was largely led by a sharp surge in food article inflation which is likely to cool off in the coming months.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	FEB'24	JAN'24	DEC'23	NOV'23	OCT'23	SEP'23
ALL COMMODITIES	0.20	0.27	0.86	0.39	-0.52	-0.07
PRIMARY ARTICLES	4.49	3.84	5.73	5.16	2.26	4.38
FOOD ARTICLES	6.95	6.85	9.38	8.18	3.17	3.79
NON FOOD ARTICLES	-6.29	-6.56	-4.73	-3.20	-1.14	-2.14
FUEL & POWER	-1.59	-0.51	-1.39	-4.05	-1.58	-3.35
MANUFACTURED PRODUCTS	-1.27	-1.13	-0.78	-0.78	-1.06	-1.27

India's IIP @ 3.8% in January



OVERVIEW

India's industrial production expanded 3.8% year-over-year in January, slower than the 4.2% in December. During April to January, industrial production grew 5.9% from the same period last year.

KEY HIGHLIGHTS

Sectoral classification

- Mining Manufacturing output grew by 3.2% in January 2024 as opposed to a 4.5% increase in the last month of 2023.
- In January, mining and electricity production rose by 5.9% and 5.6%, respectively, from 5.2% and 1.2% in December.
- Primary goods: 2.9% versus 4.8% in December.
- Capital goods: 4.1% versus 3.6% in December.
- Intermediate goods: 4.8% versus 3.9% in December.
- Infrastructure goods: 4.6% versus 5.1% in December.

- Consumer durable goods: 10.9% versus 5.3% in December.
- Consumer non-durable goods: -0.3% versus 2.4% in December.
- Mining output grew the most, up by 5.9%.

OUTLOOK

In the upcoming months, the industrial output may pick up pace with the likelihood of improvement in the demand owing to improvement in the rural spending ahead of the general election.

IIP GROWTH IN THE PAST 6 MONTHS AT BASE 2011-12

SECTOR	JAN'24	DEC'23	NOV'23	OCT'23	SEP'23	AUG'23
ALL INDUSTRIES	3.8	3.8	2.4	11.7	5.8	10.3
MINING & QUARRYING	5.9	5.1	6.8	13.1	11.5	12.3
MANUFACTURING	3.2	3.9	1.2	10.4	4.5	9.3
ELECTRICITY	5.6	1.2	5.8	20.4	9.9	15.3

Trade gap @ 13-month low

OVERVIEW

India's trade deficit widened to \$18.7 billion in February after narrowing to \$17.5 billion in January.

KEY HIGHLIGHTS

- Exports rose 11.9% annually to \$41.4 billion.
- Imports rose 12.2% annually to \$60.11 billion.
- Services exports grew 10.8% YoY and services imports 0.2% YoY in Jan'24, and the services surplus widened by 17.7% YoY. For the fiscal year-to-date, the services trade surplus widened 20% YoY.

EXPORTS

- Engineering goods exports (+15.9% YoY).
- Petroleum products (+5.1% YoY).
- Chemicals (+33% YoY).
- Pharmaceuticals (+22.2% YoY).
- Electronics exports (+54.8% YoY).

IMPORTS

- Gold imports increased 133.8% YoY
- Oil imports were unchanged YoY despite a 1.1% YoY rise in Brent crude price.

OUTLOOK

Slowing Imports outstripped exports in value terms against the backdrop of the Red Sea conflict. The marginal growth in exports is mainly due to the armed conflict in the Red Sea. Indian exports have been impacted by a slowdown in global growth. The tightening of interest rates due to nagging inflation, especially in advanced Western economies, has led to a slowdown in business, investment and trade. Growth in exports may continue to remain subdued owing largely to Red-Sea conflict.

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SHRIRAM INSIGHT SHARE BROKERS LTD. CK-5, Sector-II, Saltlake City, Kolkata - 700091 | Tel : 2359 4612, 2359 4614, 2359 4877 | Fax : (033) 2321-8429 | E-mail : research@shriraminsight.com | www.shriraminsight.com | *Through Insight Commodities & Futures Pvt. Ltd