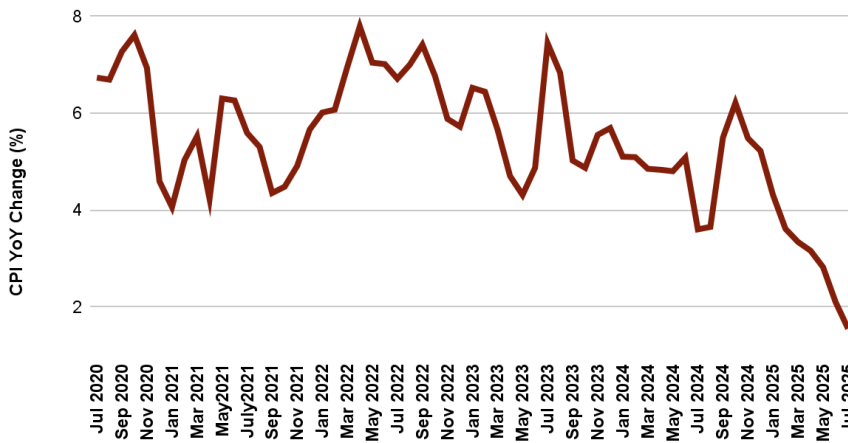


CPI slows for 9th straight month

OVERVIEW



India's consumer price inflation declined to 1.55% in July 2025. This is down from 2.10% in June 2025 and marks a 55-basis-point drop month-on-month.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food Inflation for the month of July, 2025 over July, 2024 is -1.76% (Provisional). Corresponding inflation rates for rural and urban are -1.74% and -1.90%, respectively.
- Rural Inflation is at 1.18% (Provisional) in July, 2025 while the same was 1.72% in June, 2025. The CFPI based food inflation in rural sector is observed as -1.74% (Provisional) in July, 2025 in comparison to -0.87% in June, 2025.
- Urban Inflation declined from 2.56% in June, 2025 to 2.05% (Provisional) in July, 2025. Decline is also observed in food inflation from -1.17% in June, 2025 to -1.90% (Provisional) in July, 2025.
- Housing inflation rate for the month of July, 2025 is 3.17% YoY (Provisional). Corresponding inflation rate for the month of June, 2025 was 3.18%. The housing index is compiled for urban sector only.
- Education inflation rate for the month of July, 2025 is 4.00% YoY (Provisional). Corresponding inflation rate for the month of June, 2025 was 4.37%. It is combined education inflation for both rural and urban sector.

- Health inflation rate for the month of July, 2025 is 4.57% YoY (Provisional). Corresponding inflation rate for the month of June, 2025 was 4.38%. It is combined health inflation for both rural and urban sector.
- Transport & communication inflation rate for the month of July, 2025 is 2.12% YoY (Provisional). Corresponding inflation rate for the month of June, 2025 was 3.90%. It is combined inflation rate for both rural and urban sector.
- Fuel & light inflation rate for the month of July, 2025 is 2.67% YoY(Provisional). Corresponding inflation rate for the month of June, 2025 was 2.55%. It is combined inflation rate for both rural and urban sector.

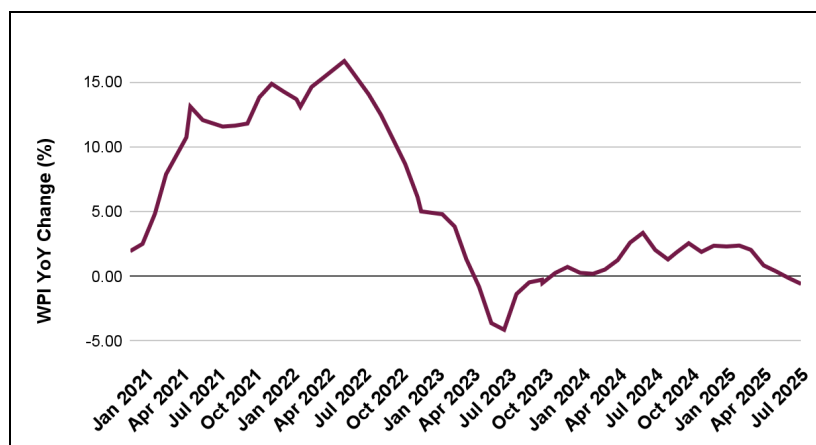
OUTLOOK

Despite headline CPI inflation eases cooler than expected. Global uncertainties with persistent non-food inflation risks, may arrest the steep slide in inflation.

RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25
CPI	1.55	2.10	2.82	3.16	3.34	3.61
FOOD & BEVERAGES	-0.84	-0.20	1.50	2.14	2.88	3.84
PAN TOBACCO & INTOXICANTS	2.45	2.41	2.41	2.08	2.48	2.39
CLOTHING & FOOTWEAR	2.50	2.55	2.67	2.67	2.62	2.68
HOUSING	3.17	3.24	3.16	3.00	3.03	2.91
FUEL & LIGHTING	2.67	2.55	2.78	2.92	1.48	-1.33
MISCELLANEOUS	5.01	5.49	5.06	5.02	4.99	4.78

WPI hits 2-year low



OVERVIEW

India's wholesale prices dropped by 0.58% yoy in July 2025, following a 0.13% fall in June.

KEY HIGHLIGHTS

- Food prices recorded steepest drop since August 2015 at -2.15%, compared to a 0.26% fall in June. The sharp drop was led by plunges in onion prices (-44.38%), potatoes (-41.26%), and vegetables overall (-28.96%), pulses -15.12%, fruits -2.65% and protein-rich food items like eggs, meat and fish at -1.09%.
- Primary articles inflation fell by 4.95% versus a fall of 3.38%.
- Manufacturing inflation accelerated slightly to 2.05% in July, up from 1.97% in June.
- Fuel prices fell 2.43%, following a 2.65% decline in June.
- Non-metallic mineral products (2.69% vs 1.91% in June).
- Leather and related products (2.57% vs 2.42%).
- Wearing apparel (2.50% vs 2.17%).

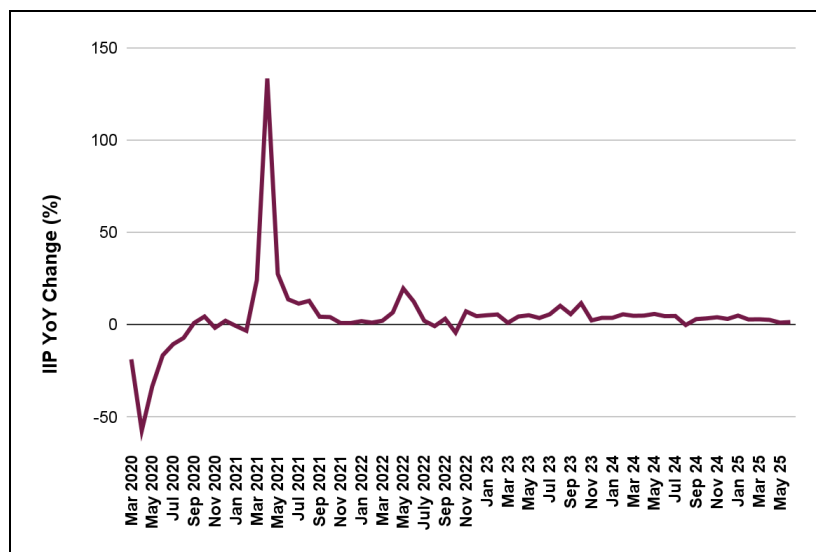
OUTLOOK

Despite headline WPI inflation falling to 2-year low.. Global uncertainties along with increased geopolitical hostilities , may arrest the steep slide in inflation.

WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25
ALL COMMODITIES	-0.58	-0.13	0.13	0.85	2.25	2.45
PRIMARY ARTICLES	-4.95	-3.38	-1.75	-1.44	1.26	2.92
FOOD ARTICLES	-6.29	-3.75	-1.56	-0.86	1.57	3.38
NON FOOD ARTICLES	3.40	2.29	1.53	1.40	1.75	4.84
FUEL & POWER	-2.43	-2.65	-4.80	-2.18	0.00	-0.97
MANUFACTURED PRODUCTS	2.05	1.97	2.11	2.62	3.21	3.00

IIP slips to 10-month low



OVERVIEW

India's industrial output growth slipped to a 10-month low of 1.5% in June 2025. In comparison, factory output as measured by the Index of Industrial Production (IIP) had expanded 4.9% in June 2024. In the first quarter of FY26 (April-June), industrial output grew by just 2%, significantly slower than the 5.4% recorded in the same period last year.

KEY HIGHLIGHTS

Sectoral classification

- Manufacturing rose 3.9% in June, slightly up from 3.5% a year earlier.
- Mining output contracted sharply by 8.7%, a stark reversal from 10.3% growth in June 2024.
- Electricity generation also shrank by 2.6%, compared to 8.6% growth in the same period last year.
- Primary goods fell 3% year-on-year in June versus fall of 1.4% in the preceding month.
- Capital goods grew by 3.5% versus 13.3% in May.
- Intermediate goods grew 5.5% versus 4.7% in the preceding month.
- Infrastructure goods grew 7.2% versus 6.7% last month.
- Consumer durables grew 2.9% versus fall of 0.9% in the previous month.
- Consumer non-durables output fell 0.4% versus a fall of 1% in the previous month.

OUTLOOK

India's industrial output growth slowdown comes amid the turbulence caused by the now-revoked reciprocal tariffs announced by the United States last month, which raised a cloud over global exports. Tariff related uncertainties may continue to mar growth off IIP.

IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Jun-25	May-25	Apr-25	Mar-25	Feb-25	Jan-25
ALL INDUSTRIES	1.5	1.9	2.6	3.0	2.9	5.0
MINING & QUARRYING	-8.7	-0.1	-0.2	0.4	1.6	4.4
MANUFACTURING	3.9	3.2	3.1	3.0	2.9	5.8
ELECTRICITY	-2.6	-4.7	1.7	6.3	3.6	2.4

Trade gap widens to \$27.35

OVERVIEW

India's merchandise trade deficit significantly widened to \$27.35 billion in July, a sharp increase from June's \$18.78 billion. Imports rose 8.6% year-on-year to \$64.59 billion, while exports stood at \$37.24 billion, up 7.3%.

KEY HIGHLIGHTS

- Services exports in July 2025 are seen at \$31.03 billion, a less than 2-percent rise on-year, while the imports counterpart is seen falling by 3.4% to \$15.40 billion.
- Engineering Goods exports increased by 13.75% from US\$ 9.17 Billion in July 2024 to US\$ 10.43 Billion in July 2025.
- Electronic Goods exports increased by 33.89% from US\$ 2.81 Billion in July 2024 to US\$ 3.77 Billion in July 2025.
- Gems & Jewellery exports increased by 28.95% from US\$ 1.85 Billion in July 2024 to US\$ 2.39 Billion in July 2025.
- Drugs & Pharmaceuticals exports increased by 14.06% from US\$ 2.33 Billion in July 2024 to US\$ 2.66 Billion in July 2025.
- Organic & Inorganic Chemicals exports increased by 7.19% from US\$ 2.30 Billion in July 2024 to US\$ 2.47 Billion in July 2025.

EXPORTS

- Cereals (71.97%), Coffee (67.46%), Electronic Goods (33.89%), Meat, Dairy & Poultry Products (31.19%), Gems & Jewellery (28.95%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (27.11%), Jute Mfg. Including Floor Covering (26.34%), Oil Seeds (22.68%), Tea (18.97%), Cereal Preparations & Miscellaneous Processed Items (14.49%), Drugs & Pharmaceuticals (14.06%), Marine Products (14.02%), Engineering Goods (13.75%), Ceramic Products & Glassware (12.27%), Rice (10.96%), Cashew (10.96%), Handicrafts Excl. Hand Made Carpet (10%), Carpet (8.05%), Leather & Leather Products (7.79%), Organic & Inorganic Chemicals (7.19%), Fruits & Vegetables (6.58%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (5.18%), Rmg Of All Textiles (4.75%), Tobacco (4.51%), Plastic & Linoleum (4.39%), Man-Made Yarn/Fabs./Made-Ups Etc. (4.05%) and Spices (4.01%) record positive growth during July 2025 over the corresponding month of last year.

IMPORTS

- Pulses (-51.62%), Leather & Leather Products (-41.1%), Newsprint (-25.73%) and Coal, Coke & Briquettes, Etc. (-20.93%) record negative growth during July 2025 over the corresponding month of last year.

OUTLOOK

India's trade related uncertainty may continue owing to US tariff tantrums. Trade deficit may continue to exhibit volatility owing to tariff related unpredictable actions taken by U.S.

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