

## Retail inflation eases to a 75-month low



### OVERVIEW

India's retail inflation fell to a 75-month low of 2.82% in May 2025, down from 3.16% in April. The CPI increased 0.21% in May of 2025 over the previous month, following a 0.31% rise in April.

### MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food prices fell sharply by 0.99% in May 2025 from 1.78% in April, a drop of 79 basis points. Rural food inflation stood at 0.95%, while urban food inflation was 0.96% in May.
- Vegetable prices registered a year-on-year decline of 13.7% in May, from an 11% drop recorded in April.
- Cereal inflation moderated, with prices rising 4.77% in May compared to 5.35% in the previous month.
- Pulses and products saw a steeper fall, with prices dropping 8.22% year-on-year in May, compared to a 5.23% decline in April.
- Fruits inflation eased to 12.7% from 13.9% in the previous month.
- In rural India, headline inflation eased to 2.59% in May from 2.92% in April 2025, with rural CFPI at 0.95% in May compared to 1.85% the previous month.

- Clothing and footwear inflation, though benign, rose to 2.18% from 2.07% in the previous month.
- In urban areas, headline CPI dropped to 3.07% in May from 3.36% in April, while urban CFPI fell from 1.64% to 0.96%.
- Meanwhile, urban housing inflation edged up slightly, rising to 3.16% in May from 3.06% in April 2025.
- Fuel and light inflation also moderated (2.78% vs. 2.92% in April).
- Education (4.12% vs. 4.13%).
- Health (4.34% vs. 4.25%).
- Transport and communication (3.85% vs. 3.67%).

## 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	MAY'25	APR'25	MAR'25	FEB'25	JAN'25	DEC'24
<b>CPI</b>	<b>2.82</b>	3.16	3.34	3.61	4.31	5.22
<b>FOOD &amp; BEVERAGES</b>	<b>1.50</b>	2.14	2.88	3.84	5.68	7.69
<b>PAN TOBACCO &amp; INTOXICANTS</b>	<b>2.41</b>	2.08	2.48	2.39	2.30	2.49
<b>CLOTHING &amp; FOOTWEAR</b>	<b>2.67</b>	2.67	2.62	2.68	2.68	2.74
<b>HOUSING</b>	<b>3.16</b>	3.00	3.03	2.91	2.76	2.71
<b>FUEL &amp; LIGHTING</b>	<b>2.78</b>	2.92	1.48	-1.33	-1.38	-1.39
<b>MISCELLANEOUS</b>	<b>5.06</b>	5.02	4.99	4.78	4.35	4.19

## WPI @ 14-month low



### OVERVIEW

India's wholesale inflation eased further to a 14-month low of 0.39% in May on an annual basis as against 0.85% in April. On a sequential basis, the wholesale price index-based inflation rate contracted to 0.06% from 0.19% in April.

### KEY HIGHLIGHTS

- Primary articles inflation in May contracted to 2.02% from a decline of 1.44% in April.
- Manufactured products inflation grew at 2.04% in May.
- Fuel and power inflation contracted 2.27% in May as against April's decline of 2.18%.
- Inflation rate for vegetable prices contracted 21.62% as compared to 18.26% in the previous month.
- Onion inflation in the month of May eased to 14.41% against April's 0.20%.
- Potato inflation stood at (-)29.42% against the last month's (-)6.77%.
- Inflation rate for pulses fell to 10.41% as compared to 5.57% in April.
- Cereal prices in May stood at 2.56% after noting 3.81% in April.
- non-food article prices rose 1.53% in May, while crude petroleum and natural gas fell 12.43%.

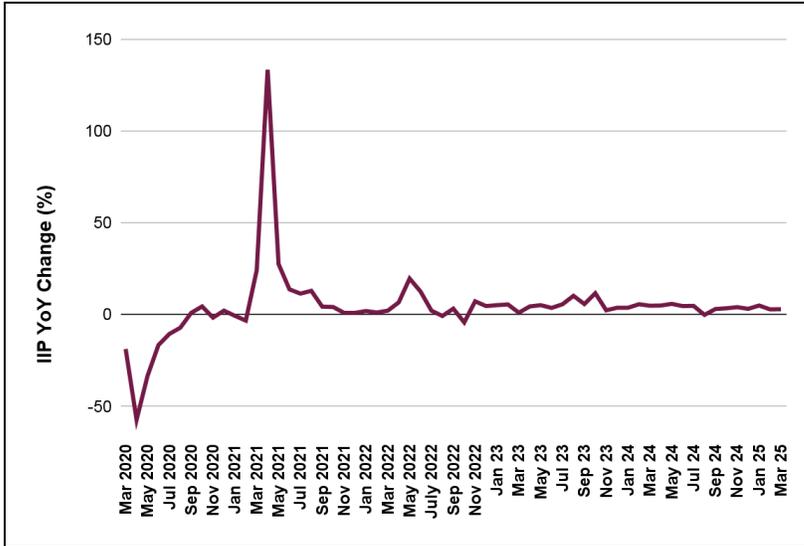
## OUTLOOK

Despite headline WPI inflation falling to 14-month 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	MAY'25	APR'25	MAR'25	FEB'25	JAN'25	DEC'24
<b>All COMMODITIES</b>	<b>0.39</b>	0.85	2.25	2.45	2.51	2.57
<b>PRIMARY ARTICLES</b>	<b>-2.02</b>	-1.44	1.26	2.92	4.58	6.02
<b>FOOD ARTICLES</b>	<b>-1.56</b>	-0.86	1.57	3.38	5.88	8.47
<b>NON FOOD ARTICLES</b>	<b>1.53</b>	1.40	1.75	4.84	2.95	2.46
<b>FUEL &amp; POWER</b>	<b>-2.27</b>	-2.18	0.00	-0.97	-1.87	-2.57
<b>MANUFACTURED PRODUCTS</b>	<b>2.04</b>	2.62	3.21	3.00	2.65	2.14

## IIP dips to 8-month low



### OVERVIEW

India's industrial output grew 2.7% year-on-year in April, down from 3.9% in March.

### KEY HIGHLIGHTS

#### Sectoral classification

- Manufacturing rose 3.4% in April as against 3% in the previous month.
- Electricity growth slowed to 1.1% from 6.3% in March.
- Mining contracted by 0.2% in April from an expansion of 0.4% a month ago.
- Primary goods contracted 0.4% year-on-year in April versus 3.9% in the preceding month.
- Capital goods grew 20.3% versus 3.6% in March.
- Intermediate goods grew 4.1% versus 3.8% in the preceding month.
- Infrastructure goods grew by 4% versus 9.9% last month.
- Consumer durables grew by 6.4% versus 6.9% in the previous month.
- Consumer non-durables output contracted by 1.7% versus a contraction of 4% in the previous month.

## OUTLOOK

India's industrial output growth slowed to 2.7% in April. The 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	APR'25	MAR'25	FEB'25	JAN'25	DEC'24	NOV'24
<b>ALL INDUSTRIES</b>	<b>2.7</b>	3.0	2.9	5.0	3.2	5.2
<b>MINING &amp; QUARRYING</b>	<b>-0.2</b>	0.4	1.6	4.4	2.6	1.9
<b>MANUFACTURING</b>	<b>3.4</b>	3.0	2.9	5.8	3.0	5.8
<b>ELECTRICITY</b>	<b>1.1</b>	6.3	3.6	2.4	6.2	4.4

# Trade gap narrows to \$21.88 billion in May

## OVERVIEW

India's merchandise trade deficit in May stood at \$21.88 billion, the trade gap narrowed from \$26.42 billion in April. On a year-on-year basis, the trade deficit was slightly lower compared to \$22.09 billion recorded in May 2024.

## KEY HIGHLIGHTS

- Exports in May 2025 were down 2.17%, at \$38.73 billion, down from \$39.59 billion in May 2024.
- Imports fell 1.7% YoY, at \$60.61 billion as against \$61.68 billion.
- Trade in services showed an estimated surplus of \$14.65 billion in May, as services exports rose to an estimated \$32.39 billion while imports increased to \$17.14 billion.
- Non-Petroleum exports in April-May 2025 valued at US\$ 64.25 Billion registered an increase of 7.53% as compared to US\$ 59.75 Billion in April-May 2024.
- Non-petroleum and non-gems & jewellery exports in May 2025 were US\$ 30.71 Billion compared to US\$ 28.73 Billion in May 2024.
- Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports in May 2025 were US\$ 41.19 Billion compared to US\$ 36.79 Billion in May 2024.

## EXPORTS

- Exports of Electronic Goods (54.1%), Marine Products (26.79%), Tobacco (22.69%), Meat, Dairy & Poultry Products (16.87%), Organic & Inorganic Chemicals (16%), Mica, Coal & Other Ores, Minerals Including Processed Minerals (11.65%), Rmg Of All Textiles (11.35%), Spices (11.19%), Other Cereals (9.64%), Jute Mfg. Including Floor Covering (9.5%), Coffee (8.18%), Drugs & Pharmaceuticals (7.38%), Leather & Leather Products (6.89%), Fruits & Vegetables (2.56%), Tea (2.3%), Ceramic Products & Glassware (2.27%), Carpet (1%) record positive growth during May 2025 over the corresponding month of last year.

## IMPORTS

- Imports of Pulses (-51.89%), Transport Equipment (-28.23%), Fertilisers, Crude & Manufactured (-26.64%), Petroleum, Crude & Products (-26.14%), Newsprint (-20.57%), Coal, Coke & Briquettes, Etc. (-19.37%), Pearls, Precious & Semi-Precious Stones (-18.51%), Metaliferrous Ores & Other Minerals (-13.53%), Gold (-12.6%), Vegetable Oil (-3.61%) record negative growth during May 2025 over the corresponding month of last year.

## OUTLOOK

India's trade deficit narrowed as total imports fell largely due to a fall in oil prices while total exports grew on the back of a strong performance by the services sector. Rebound in oil prices may again widen trade deficit.

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SHRIRAM INSIGHT SHARE BROKERS LTD. CK-5, Sector-II, Salt Lake City, Kolkata - 700091 | Tel : 2359 4612, 2359 4614, 2359 4877 | Fax : (033) 2321-8429 | E-mail : [helpdesk@shriraminsight.com](mailto:helpdesk@shriraminsight.com) | [www.shriraminsight.com](http://www.shriraminsight.com) | \*Through Insight Commodities & Futures Pvt. Ltd