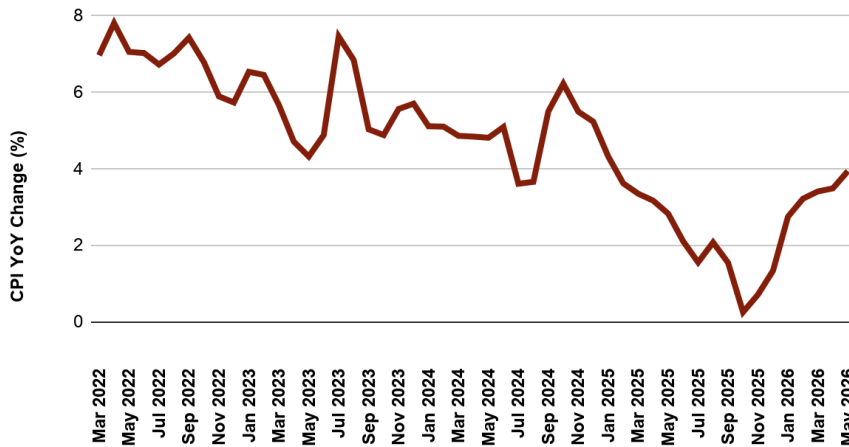


## CPI climbs to 3.93%, highest in 16 months



### OVERVIEW

The retail inflation accelerated to 3.93% in May from 3.48% in the previous month. From the previous month, consumer prices rose by 0.8%.

### MOVEMENT IN MAJOR COMPONENTS OF CPI

- Food inflation rose to 4.78% in May from 4.2% in April, with food inflation in rural India at 4.85%, slightly higher than the 4.66% recorded in urban centres.
- Food and beverages inflation stood at 4.55%, while food alone rose 4.78%.
- Price growth was high for personal care, social protection, and miscellaneous goods and services 18.5%.
- Restaurant inflation remained elevated, with food and beverage serving services rising 5.77% and restaurants and accommodation services up 5.75%.
- Inflation was muted for transportation (1.75%) and housing and utilities 1.73%.
- Transport services for goods rose 7.63% year-on-year, reflecting the impact of higher logistics costs amid elevated crude prices and supply disruptions linked to tensions in West Asia. Operation of personal transport equipment also rose

3.06%.

- A sharp surge was also visible in discretionary and commodity-linked spending. Inflation in other personal effects, which includes jewellery and precious metals, jumped 56.35%.
- Education and services inflation remained sticky. Higher education costs rose 3.64%, while education services overall increased 2.99%, suggesting core services inflation remains firm.

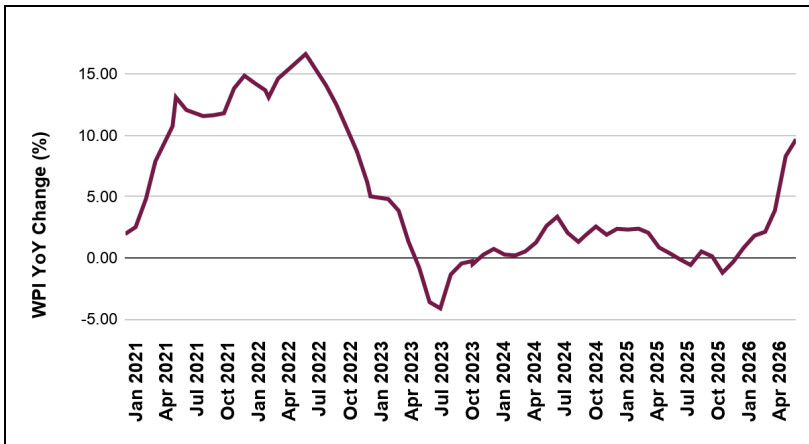
## OUTLOOK

Blockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. High Oil & Gas prices may push up inflation.

## RETAIL INFLATION FOR MAJOR ITEMS IN THE PAST 2 MONTHS

Group	May-26	Apr-26	Mar-26	Feb-26	Jan-26
<b>CPI</b>	<b>3.93</b>	3.48	3.40	3.21	2.74
<b>Food and beverages</b>	<b>4.55</b>	4.01	3.71	3.35	2.11
<b>Paan, tobacco and intoxicants</b>	<b>4.83</b>	4.76	4.23	3.49	2.86
<b>Clothing and footwear</b>	<b>2.98</b>	2.80	2.75	2.81	2.98
<b>Housing, water, electricity, gas and other fuels</b>	<b>1.73</b>	1.71	1.97	1.52	1.53
<b>Furnishings, household equipment and routine household maintenance</b>	<b>1.89</b>	1.61	1.39	1.40	1.45
<b>Health</b>	<b>1.49</b>	1.64	1.75	1.90	2.19
<b>Transport</b>	<b>1.75</b>	-0.01	0.00	-0.05	0.09
<b>Information and communication</b>	<b>0.30</b>	0.50	0.33	0.25	0.16
<b>Recreation, sport and culture</b>	<b>1.98</b>	2.11	2.28	2.21	2.32
<b>Education services</b>	<b>2.99</b>	3.15	3.30	3.33	3.35
<b>Restaurants and accommodation services</b>	<b>5.75</b>	4.20	2.88	2.73	2.87
<b>Personal care, social protection and miscellaneous goods and services</b>	<b>18.46</b>	17.66	18.65	19.64	19.02

## WPI @ 9.68% in May



### OVERVIEW

India's wholesale prices advanced 9.68% year-on-year in May 2026, accelerating from a marginally revised 8.26% rise in April.

### KEY HIGHLIGHTS

- Primary articles inflation increased to 4.99% from 3.78% a month earlier.
- Fuel prices surged 30.33%, driven by a sharp rise in mineral oil prices (49.82%) and crude petroleum & natural gas prices (61.51%).
- Manufacturing inflation accelerated to 7.48% from an upwardly revised 6.68%, led by tobacco products (13.59% vs 13.63% in April), chemicals and chemical products (13.40% vs 5.09%), basic metals (12.30% vs 10.59%), textiles (10.22% vs 7.30%), and food products (6.14% vs 4.53%).
- WPI food index accelerated to a 14-month high of 4.49%.

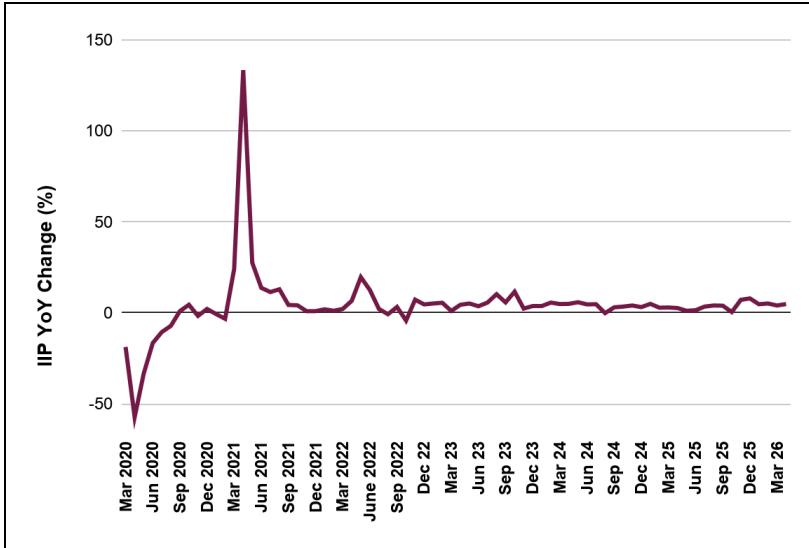
## OUTLOOK

Blockage in Strait of Hormuz poses significant inflation risks owing to sharp spike oil and gas prices. High Oil & Gas prices may push up inflation.

## WPI INFLATION FOR MAJOR ITEMS IN THE PAST 6 MONTHS

Group	May-26	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25
<b>All Commodities</b>	<b>9.68</b>	8.26	3.98	2.18	1.19	0.30
<b>Primary Articles</b>	<b>4.99</b>	3.78	2.58	1.64	-0.09	-2.78
<b>Fuel and Power</b>	<b>30.33</b>	24.89	3.20	-3.37	-3.83	-2.63
<b>Manufactured Products</b>	<b>7.48</b>	6.68	4.80	3.61	2.82	2.22
<b>Food Index</b>	<b>4.49</b>	3.11	1.92	1.27	-0.36	-2.53

## IIP grows 4.9% in April



### OVERVIEW

India's industrial production expanded 4.9% year-on-year in April 2026. Industrial production in March had expanded by 3.2%. The comparable figure in April 2025 stood at 5.7%.

### KEY HIGHLIGHTS

#### Sectoral classification

- Manufacturing grew 6.2% during April, while electricity and gas supply expanded 4.9% in April. Manufacture of motor vehicles, trailers and semi-trailers (12.7%), Manufacture of electrical equipment (19.2%) and Manufacture of machinery and equipment n.e.c. (12.9%).
- Mining & Quarrying output in April contracted 5.1%.
- Electricity and Gas Supply recorded growth of 4.9%.
- Water supply, sewerage and waste management activities increased 6.6%.
- Primary goods output expanded 0.8% on year, while capital goods, a proxy for factory output, jumped 16%.
- Production of infrastructure or construction goods, consumer durables and non-consumer durables rose 7.1%, 4.3% and 2.8% on an annual basis in April.

## OUTLOOK

Blockage in Strait of Hormuz may significantly impact trade and industry. Shortage of Oil & Gas may negatively impact industrial activities.

## IIP GROWTH IN THE PAST 6 MONTHS

SECTOR	Apr-26	Mar-26	Feb-26	Jan-26	Dec-25	Nov-25
<b>All Industries</b>	<b>4.9</b>	4.1	5.1	5.1	8.0	7.2
<b>Mining &amp; Quarrying</b>	<b>-5.1</b>	5.5	3.1	4.3	6.9	5.8
<b>Manufacturing</b>	<b>6.2</b>	4.3	5.9	5.3	8.4	8.5
<b>Electricity &amp; Gas Supply</b>	<b>4.9</b>	0.8	2.3	5.2	6.3	-1.5
<b>Water Supply, Sewerage &amp; Waste Management</b>	<b>6.6</b>	-	-	-	-	-

# Trade gap narrows slightly

## OVERVIEW

India merchandise trade deficit narrowed to \$28.21 billion in May from \$28.38 billion in April. Exports rose to \$45.2 billion in May from \$43.56 billion in the previous month while imports rose to \$73.41 billion against a six-month high of \$71.94 billion in April.

## KEY HIGHLIGHTS

- The cumulative value of merchandise exports during April-May 2026-27 was US\$ 88.91 Billion, as compared to US\$ 76.59 Billion during April-May 2025-26, registering a positive growth of 16.09%.
- The cumulative Non-Petroleum exports in April-May 2026-27 valued at US\$ 70.74 Billion registered an increase of 10.49% as compared to US\$ 64.03 Billion in April-May 2025-26.
- Petroleum Products exports increased by 54.89% from US\$ 5.44 Billion in May 2025 to US\$ 8.42 Billion in May 2026.
- Engineering Goods exports increased by 24.48% from US\$ 9.89 Billion in May 2025 to US\$ 12.31 Billion in May 2026.
- Organic & Inorganic Chemicals exports increased by 12.71% from US\$ 2.41 Billion in May 2025 to US\$ 2.72 Billion in May 2026.
- Electronic Goods exports increased by 11.62% from US\$ 4.57 Billion in May 2025 to US\$ 5.10 Billion in May 2026.
- Gems & Jewellery exports increased by 6.66% from US\$ 2.38 Billion in May 2025 to US\$ 2.53 Billion in May 2026.

## **EXPORTS**

- Exports of Other Cereals (262.73%), Petroleum Products (54.89%), Meat, Dairy & Poultry Products (42.51%), Oil Meals (24.61%), Engineering Goods (24.48%), Handicrafts Excl. Hand Made Carpet (23.85%), Plastic & Linoleum (21.82%), Iron Ore (14.76%), Organic & Inorganic Chemicals (12.71%), Electronic Goods (11.62%), Gems & Jewellery (6.66%), Drugs & Pharmaceuticals (6.13%), Rice (5.38%), Cereal Preparations & Miscellaneous Processed Items (4.4%), Coffee (4.37%), and Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (1.89%) record positive growth during May 2026 over the corresponding month of last year.

## **IMPORTS**

- Imports of Silver (-86.65%), Project Goods (-64.05%), Chemical Material & Products (-63.58%), Pearls, Precious & Semi-Precious Stones (-26.5%), Iron & Steel (-12.47%), Pulp And Waste Paper (-9.93%), Machine Tools (-8.14%), Newsprint (-6.69%), Textile Yarn Fabric, Made-Up Articles (-3.68%), and Wood & Wood Products (-3.65%) record negative growth during May 2026 over the corresponding month of last year.

## **OUTLOOK**

Blockage in Strait of Hormuz may significantly impact trade. Both import and export may be badly impacted.

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