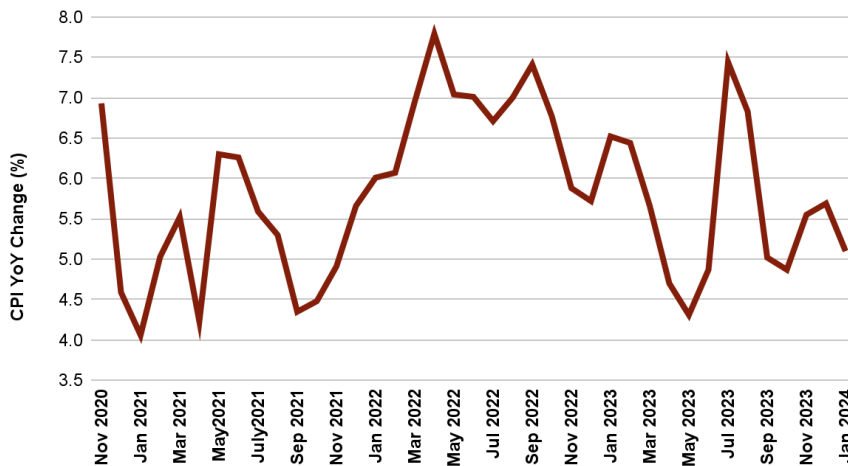


CPI inflation eases to 5.10%



OVERVIEW

India's retail inflation eased to the lowest in three months in January at 5.1% in January, as compared with 5.69% in December.

Food price inflation declined to 8.30% in January, as compared with 9.53% in December. Core inflation fell to 3.6% in January, from 3.9% in December last year. This was the lowest print since November 2019.

Rural inflation fell to 5.34% in January, as compared with 5.93% in December. Urban inflation stood at 4.92% in January, as against 5.46% in December.

MOVEMENT IN MAJOR COMPONENTS OF CPI

- Cereal prices rose by 7.8%, as against a rise of 9.93% in December.
- Inflation in meat and fish was at 1.2%, as compared with 1.15% in the previous month.
- Inflation in eggs was at 5.6%, up from 4.36% in the previous month.
- Inflation in milk and milk products was at 4.6%, as compared with 5.1%.
- Prices of oils and fats declined 14.96%, in line with the fall seen in the previous month.
- Vegetable prices rose 27%, as compared with 27.6%. Pulses inflation was at 19.5%, as against 20.7%.
- Clothing and footwear inflation was at 3.4% versus 3.6%.
- Housing inflation was at 3.2% versus 3.6%.
- Food and beverage inflation eased by 0.5% in January, as compared with the previous month.

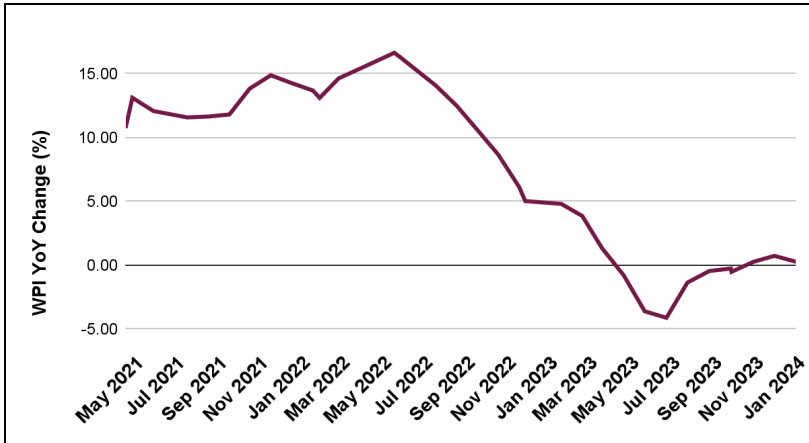
OUTLOOK

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	JAN'24	DEC'23	NOV'23	OCT'23	SEP'23	AUG'23
CPI	5.10	5.69	5.55	4.87	5.02	6.83
FOOD & BEVERAGES	7.58	8.70	8.02	6.24	6.30	9.19
PAN TOBACCO & INTOXICANTS	3.28	3.65	3.81	3.87	3.88	4.10
CLOTHING & FOOTWEAR	3.37	3.61	3.90	4.31	4.61	5.15
HOUSING	3.20	3.63	3.55	3.80	3.95	4.38
FUEL & LIGHTING	-0.60	-0.99	-0.77	-0.39	-0.11	4.31
MISCELLANEOUS	3.82	4.07	4.38	4.40	4.77	4.91

WPI @ 3-month low of 0.27%



OVERVIEW

India's wholesale price index accelerated 0.27% during January, compared to 0.73% in December. The month-on-month change in WPI index for January witnessed a contraction of (-)0.33% from a contraction of (-)1.12% in the preceding month.

KEY HIGHLIGHTS

- Inflation in manufactured products contracted 1.13% compared with 0.71% contraction in December.
- Primary-article inflation was 3.84% against 5.78% in the previous month.
- Food articles inflation rose 6.85% compared with 9.38% in the previous month.
- Non-food articles inflation contracted 6.56% against 4.73% contraction in the previous month.
- Vegetable inflation rose 19.7% compared with 26.3% in the preceding month.
- Fuel and power inflation declined 0.51% compared with 2.41% decline a month ago.

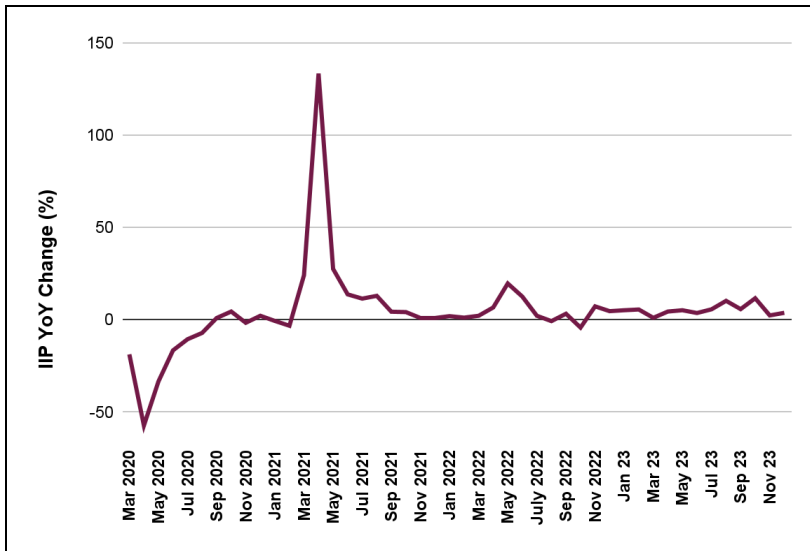
OUTLOOK

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	JAN'24	DEC'23	NOV'23	OCT'23	SEP'23	AUG'23
ALL COMMODITIES	0.27	0.73	0.39	-0.52	-0.07	-0.46
PRIMARY ARTICLES	3.84	5.78	5.16	2.26	4.38	6.73
FOOD ARTICLES	6.85	9.38	8.18	3.17	3.79	11.43
NON FOOD ARTICLES	-6.56	-4.73	-3.20	-1.14	-2.14	-6.80
FUEL & POWER	-0.51	-2.41	-4.05	-1.58	-3.35	-6.34
MANUFACTURED PRODUCTS	-1.13	-0.71	-0.78	-1.06	-1.27	-2.30

IIP grows 3.8% in December



OVERVIEW

India's industrial output grew by 3.8% in December, as compared with a revised estimate of 2.4% in November. In December 2022, India's industrial output had grown by 5.1%. Meanwhile, for April-December 2023, industrial growth stood at 6.1% as against 5.5% in April-December 2022.

KEY HIGHLIGHTS

Sectoral classification

- Mining output grew by 5.1%.
- Manufacturing output expanded by 3.9%.
- Electricity generation rose by 1.2%.
- Primary goods output rose 4.6%.
- Capital goods output increased 3.2%.
- Intermediate goods output rose 3.4%.

- Infrastructure and construction goods output gained 4.1%.
- Consumer durables output rose 4.8%.
- Consumer non-durables output rose 2.1%.

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	DEC'23	NOV'23	OCT'23	SEP'23	AUG'23	JUL'23
ALL INDUSTRIES	3.8	2.4	11.7	5.8	10.3	5.7
MINING & QUARRYING	5.1	6.8	13.1	11.5	12.3	10.7
MANUFACTURING	3.9	1.2	10.4	4.5	9.3	4.6
ELECTRICITY	1.2	5.8	20.4	9.9	15.3	8.0

Trade gap @ 9-month low

OVERVIEW

India's trade deficit widened year-on-year to \$17.49 billion in January this year. Trade deficit stood at \$17.03 billion and \$19.8 billion in December 2023.

KEY HIGHLIGHTS

- Exports in January rose 3.12% on an annual basis to \$36.92 billion, up from \$35.8 in the same month a year ago. Merchandise exports in December were \$38.45 billion.
- Imports in January were \$54.41 billion, up 3% year-on-year. Merchandise imports figure in December stood at \$58.25 billion.
- In January, services exports were \$32.80 billion, while imports were \$16.05 billion. In December, services exports were \$27.88 billion and imports were \$13.25 billion.
- Services exports in January were \$32.80 billion and imports were \$16.05 billion in January. In December, services exports and imports were \$27.88 billion and \$13.25 billion respectively.
- During April-January FY24, exports dropped 4.89% to \$353.92 billion while imports slipped 6.71% to \$561.12 billion.

EXPORTS

- Engineering goods stood at \$8.8 billion, 4.2% lower year-on-year.
- Petroleum product exports were at \$8.2 billion, 6.6% lower than a year earlier.
- Gems and jewellery exports were at \$2.6 billion, 1.26% lower on an annual basis.
- Organic and inorganic chemical exports were at \$2.4 billion, 0.3% higher on an annual basis.

- Drugs and pharmaceutical exports were at \$2.1 billion, 6.8% higher on an annual basis.

IMPORTS

- Petroleum, crude, and product imports were down 4.3% from a year ago at \$16.6 billion.
- Coal, coke, and briquettes were down 4.8% than a year ago at \$3.5 billion.
- Electronic goods were at \$7.9 billion, 27.8% higher over a year earlier.
- Machinery, electrical and non-electrical goods were at \$3.7 billion, 5.7%, lower on an annual basis.

OUTLOOK

Slowing global economy implies commodity prices will trend lower on average compared with the previous year. As such, the goods deficit is expected to decline this fiscal year as import values fall much more than export values, both weighed down by weak external demand and, to a lesser extent, moderation in domestic demand. Services exports expected to remain robust resulting in lower trade deficit.

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