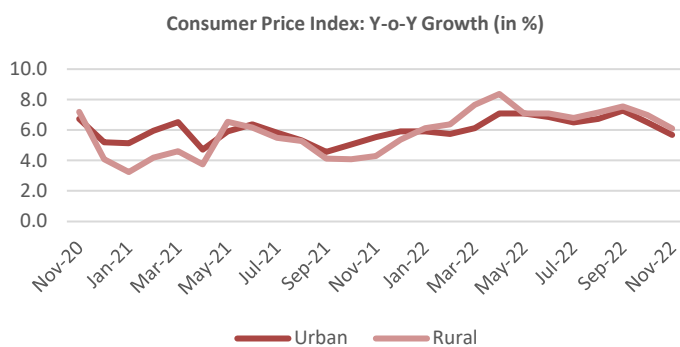
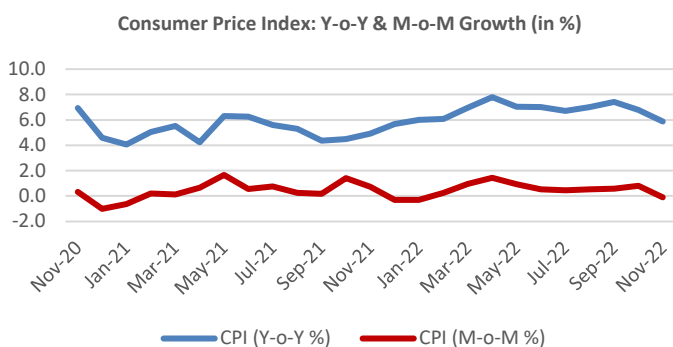


### CPI inflation moderates to 5.9% in November 2022



■ The latest retail inflation data reported a conspicuous moderation in the inflation rate. The Consumer Price Index based inflation rate declined to 5.9 percent in November 2022, vis-à-vis 6.8 percent inflation noted in the previous month. The CPI fell below the RBI’s upper tolerance level for the first time since December 2021.

■ The moderation in retail inflation was largely driven by a substantial fall in food prices, which accounts for almost 40 percent of the CPI basket. Inflation for the food sub-segment declined by a little over two notches to 4.7 percent in November 2022 from 7.0 percent in October 2022. The moderation in food prices was mainly on the back of moderating fruit and vegetable prices. In case of fruits, majority of the items witnessed a decline in inflation with the exception of grapes, oranges, singara, papaya, groundnut, dates, and walnuts. While prices for almost all the vegetables moderated. A substantial moderation was witnessed in case of winter vegetables including, radish, carrot, palak, cauliflower, cabbage, etc. Arrival of the winter crop is likely to have aided this fall. On the other hand, the other sub-segments of food index viz cereals, egg, fish & meat, milk, pulses, and spices witnessed an increase in prices during the month of November 2022 compared to October 2022. The inflation rate for cereal & products was reported at 13.0 percent on a y-o-y basis in November vis-à-vis 12.1 percent in October 2022 – owing to persisting supply constraints. Also, the high feed cost is manifesting in higher milk/dairy product prices.

■ The other components of the CPI exhibited a mixed trend with inflation in case of fuel & light, Pan, tobacco & intoxicants, and miscellaneous sub-segments rising in November 2022; while the segments of clothing & footwear and housing witnessed a slight moderation in November 2022 vis-à-vis the previous month.

#### CPI – Key Sub-segments (% YoY Growth)

Month	Weight	Nov-21	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
General Index	100.0	4.9	6.7	7.0	7.4	6.8	5.9
Food & beverages	45.9	2.6	6.7	7.6	8.4	7.1	5.1
Pan, tobacco & intoxicants	2.4	4.1	1.8	1.7	2.0	1.9	2.0
Clothing & footwear	6.5	7.9	9.9	9.9	10.2	10.2	9.8
Housing	10.1	3.7	3.9	4.1	4.6	4.7	4.6
Fuel & light	6.8	13.4	11.8	10.8	10.4	9.9	10.6
Miscellaneous	28.3	6.8	5.9	6.0	6.1	5.9	6.1

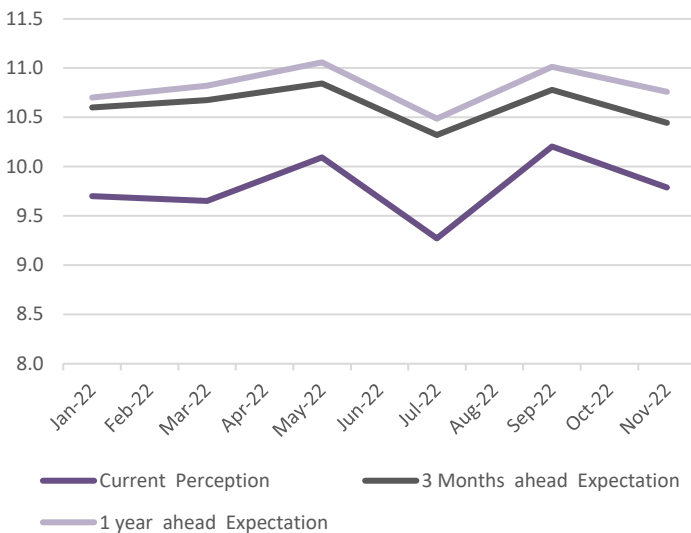
#### CPI – Key Sub-segment of Food (% YoY Growth)

Month	Food	Cereals and products	Egg, fish and meat	Milk and products	Oils and fats	Fruits	Vegetables	Pulses and products	Sugar and condiments	Spices
Weight	39.1	9.7	4.0	6.6	3.6	2.9	6.0	2.4	1.4	2.5
Nov-21	1.9	1.5	4.9	3.4	29.7	6.0	-13.6	3.2	6.2	4.1
Jul-22	6.7	6.9	2.4	5.8	7.5	6.3	10.9	0.2	4.8	12.9
Aug-22	7.6	9.6	0.5	6.4	4.6	7.4	13.3	2.6	4.5	14.9
Sep-22	8.6	11.5	2.2	7.1	0.4	5.7	18.2	3.1	1.6	16.9
Oct-22	7.0	12.1	2.8	7.7	-2.2	5.2	7.8	2.8	0.0	18.1
Nov-22	4.7	13.0	3.9	8.2	-0.6	2.6	-8.1	3.2	-0.3	19.5

Source: MoSPI, CMIE

### Household Inflation Expectations

Household Median Inflation Expectations (in %)



Inflation Expectations Survey released by the Reserve Bank of India for the month of December 2022 showed inflation expectations of households moderating below the 10 per cent level. Current median inflation expectations of households declined from 10.2 percent in September 2022 to 9.8 percent in November 2022. The 3-months and 1-year ahead expectations, although moderated slightly from their level in September 2022, remained over the 10 percent level. Households' median inflation perception for the current period moderated by 40 bps, while the three months and one-year ahead median inflation expectations also declined by 40 bps and 20 bps, respectively, from the previous survey round. The share of households expecting higher inflation declined for all product groups from the previous survey round. However, among major products/services, the percentage of households expecting higher inflation in food products and housing over the 1-year horizon increased in the latest survey round.

### City-wise Inflation Expectations (November-2022)

City	Current Perception (Nov-22)	3 Months ahead Expectation	1 year ahead Expectation
Ahmedabad	7.9	9.0	9.2
Bengaluru	10.0	10.6	11.4
Bhubaneswar	8.3	9.8	10.5
Chennai	9.9	11.0	12.7
Delhi	10.4	11.5	11.7
Hyderabad	9.0	10.1	11.8
Kolkata	10.4	12.0	12.7
Mumbai	9.3	10.4	10.7
Thiruvananthapuram	5.5	7.0	9.0

Source: RBI Inflation Expectations Survey, December 2022

### Comments

Inflation rate coming within the Reserve Bank of India's target zone for first time since December last year after witnessing some record highs in the preceding months of 2022 is a welcome sign. Going forward, it is expected that lower food prices, especially for fruits and vegetables, and stable energy and gasoline prices globally will favorably impact India's headline inflation. Good progress of rabi sowing is also likely to pan out well for the country's food inflation scenario. Household's inflation expectations are also moderating as per RBI's recent survey. However, one will have to keep a close watch as uncertainty continues to prevail.