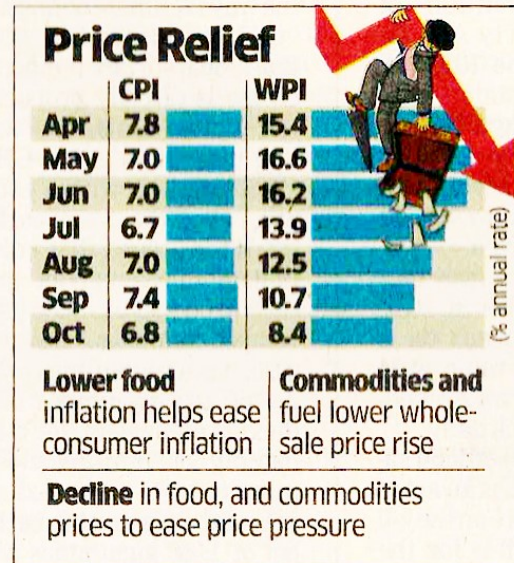


MODERATION IN PRICES EXPECTED TO CONTINUE

Fall Season: CPI, WPI Cool in Oct

Easing inflation raises hopes of a more dovish stance by RBI MPC in Dec policy review



Our Bureau

New Delhi: Retail and wholesale inflation eased sharply in October, raising expectations that the central bank may moderate the pace of interest rate increases in the December monetary policy review.

Retail inflation, as measured by the Consumer Price Index (CPI), dropped to a three-month low of 6.7% in October, slowing from 7.4% in September, data released on Monday by the National Statistics Office showed.

Separately, the Wholesale Price Index (WPI) released by the industry department showed wholesale inflation slipped into the single digits for the first ti-

me in 18 months, at 8.4% in October.

“We expect RBI (Reserve Bank of India) to be less hawkish in its upcoming December policy meet and go for a 35-bps rate hike,” said Rajani Sinha, chief economist at CareEdge Group.

Economists say that though a rate hike is certain, the quantum may be moderated to 35 bps

In its last three reviews, RBI has raised policy rates by 0.5 percentage point each and after September’s spike in inflation, the consensus

was that the central bank may go for another sharp increase in December.