

# Cooling food prices bring inflation relief

CPI inflation slows to a three-month low, easing below the 7% mark

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**R**etail inflation slowed to a three-month low in October, easing below the 7% mark, led by softening food and commodity prices, official data showed. Wholesale inflation also eased to a 19-month low in October, touching single digits for the first time since March last year.

Inflation based on the Consumer Price Index (CPI) eased to 6.77% in October from 7.41% in September, according to data released by the statistics ministry on Monday. A *Mint* poll of 22 economists had predicted inflation at 6.7%.

Slowing inflation may ease some pressure on the Reserve Bank of India, allowing the central bank's monetary policy committee (MPC) to temper rate increases, economists said. However, the panel may need more convincing evidence of price pressures easing before suspending interest rate increases.

Economists expect retail and wholesale inflation to ease further, led by factors such as last year's high base and stability in energy and commodity prices.

Inflation has now remained over RBI's upper tolerance band of 6% for the tenth straight month. As a result, RBI has projected inflation for FY23 at 6.7%.

## MORE TO GO

Slowing inflation may ease some pressure on RBI, allowing its monetary policy committee to temper rate increases, economists said.



Source: Ministry of commerce and industry; National statistical office

## WHAT'S NEXT?

**INFLATION** stayed over RBI's upper tolerance band of 6% for the 10th month : **BUT** economists expect both retail and wholesale inflation to ease from now : **LAST** year's high base and stability in commodity prices may cool inflation

SARVESH KUMAR SHARMA/MINT

Wholesale Price Index-based inflation eased sharply to 8.39% in October against 10.7% in the previous month, data released by the commerce ministry showed on Monday. Wholesale inflation eased to single digits after 18 months of double-digit inflation.

"The moderation is primarily led by a strong base. With the base effect kicking in, we can expect the inflation numbers to moderate gradually. The easing of global commodity pri-

ces and domestic WPI inflation is also supportive of moderation in CPI inflation. However, producers may not fully pass on the benefits of easing commodity prices to consumers in the near term," said Rajani Sinha, chief economist, CareEdge.

She added that the MPC might be less hawkish in its December policy meet and go for a 35-bps rate hike. "Nonetheless, there is a need to closely

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