Chhavi Sachdeva, Economic Intelligence Cell

Macro Insights

12th June 2026

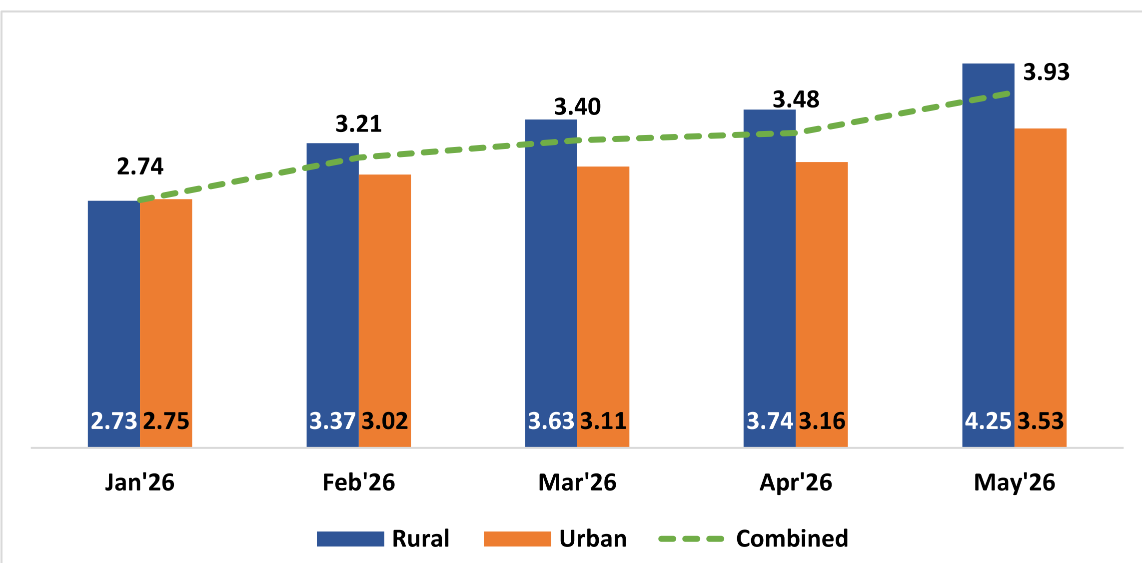
CPI inflation escalates in May'26

India's consumer inflation **rose to 3.93% in May'26**, up by 45 bps from 3.48% in April'26

Highlights:

- Rural Inflation has increased to 4.25% in May'26 as compared to 3.74% in the previous month, while Urban inflation has increased to 3.53% as compared to 3.16% for the same period.
- Food Inflation has accelerated to 4.78% in May'26 as compared to 4.20% for April'26.
- Housing inflation rate for the month of May'26 is 2.12% and the corresponding inflation rates for rural and urban are 2.73% and 1.91% respectively.
- Top 5 items which recorded highest inflation in the month of May'26 are Silver, Tomato, Gold/Diamond/Platinum Jewelry, Ginger and Raisins & Monacca.
- Top five States (having more than 50 lakhs population as per Census 2011) with highest inflation in May'26 are Telangana, Tamil Nadu, Andhra Pradesh, Karnataka and Odisha.

Consumer Price Index (YoY% Change)



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National Level Division Wise Inflation Rate (%)

Sectors	Apr'26(%)	May'26(%)
Personal Care, Social Protection and miscellaneous goods & services	17.66	18.46
Restaurant & accommodation	4.20	5.75
Pan, Tobacco & intoxicants	4.76	4.83
Food & Beverages	4.01	4.55
Education Services	3.15	2.99
Clothing & Footwear	2.80	2.98
Recreation, sports culture	2.11	1.98
Furnishing, Household equipment	1.61	1.89
Transport	-0.01	1.75
Housing, water, electricity, gas & other fuels	1.71	1.73
Health	1.64	1.49
Information & Communication	0.50	0.30

Views & Outlook:

- The CPI inflation is inching up month-on-month since October 2025, when it hit the lowest level of 0.25%. Inflation at 3.93% in May'26 is highest in past eight months.
- The rise in headline inflation was largely driven by food prices, with rural food inflation increasing to 4.85% from 4.26% a month earlier, while urban food inflation rose to 4.66% from 4.10%.
- While headline inflation remains within the Reserve Bank of India's tolerance band, the latest data indicates that inflationary pressures are steadily building across several segments of the economy.
- The pass-through of higher energy prices and raw material costs to consumers has started to push headline inflation higher. Further rupee depreciation of around 2.5% in the month of May'26 and around 6.1% in the current Calender year has led to imported inflation.
- One of the sharpest increases was recorded in the personal care and miscellaneous category, which saw inflation soar to 18.46%. This category includes Jewellery, Insurance, Grooming products and services and Lifestyle-related expenses.
- Inflation in clothing and footwear rose to 2.98% from 2.80%, while restaurant and accommodation services inflation accelerated sharply to 5.75% from 4.20%. Inflation in health eased to 1.49% from 1.64%, and information and communication services inflation moderated to 0.30% from 0.50%.
- As of May'2026, inflation stayed below the RBI's medium-term target of 4% and is not an immediate policy concern. Though, prices of several inputs such as LPG cylinders, industrial raw materials have increased that may exert upward pressure on inflation in the coming months.
- Further, prolonged conflict in Middle East, surge in crude oil prices, depreciation of rupee and weak monsoon due to the possible El-Nino conditions pose risk to the inflation trajectory.

For any feedback or valuable suggestions: *Reach us at* **eicsmead@pnb.bank.in**