

Macro Insights

CPI inflation inches up in Feb'26

India's consumer inflation rose to **3.21% in Feb'26** accelerating from 2.74% in Jan'26

Highlights:

- ☞ Rural Inflation has increased to 3.37% in Feb'26 as compared to 2.73% in the previous month, while Urban inflation has increased to 3.02% as compared to 2.75% for the same period.
- ☞ Food Inflation has accelerated to 3.47% in February'26 as compared to 2.13% for January'26.
- ☞ Housing inflation rate for the month of February'26 is 2.12% and the corresponding inflation rates for rural and urban are 2.43% and 2.0% respectively.
- ☞ Top 5 items which recorded highest inflation in the month of February'26 are Silver, Gold jewelry, Coconut, Tomato and Cauliflower.
- ☞ Top five States (having more than 50 lakhs population as per Census 2011) with highest inflation in February, 2026 are Telangana, Rajasthan, Kerala, Andhra Pradesh and West Bengal.

Chart 1: Consumer Price Index (YoY% Change)

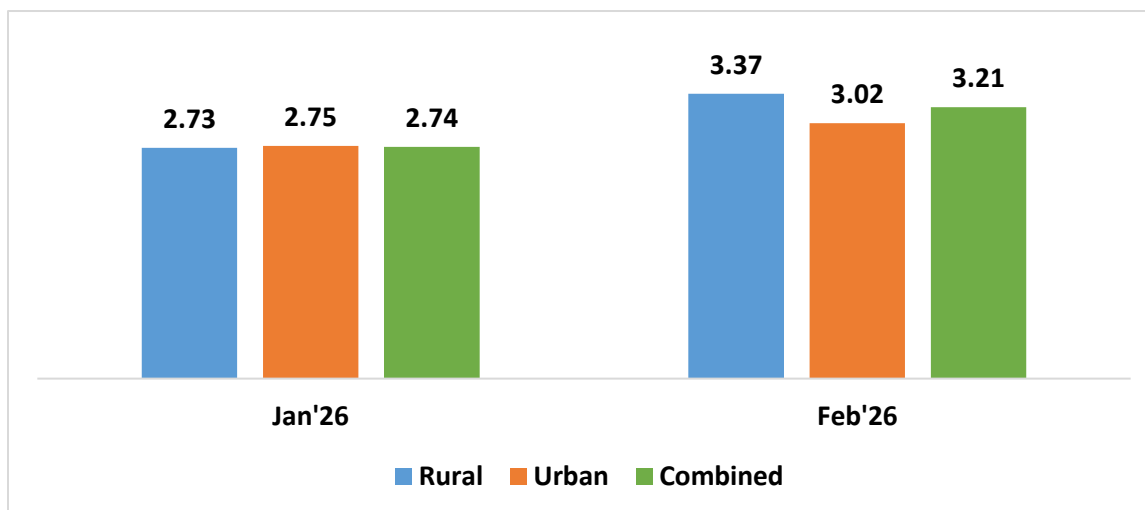
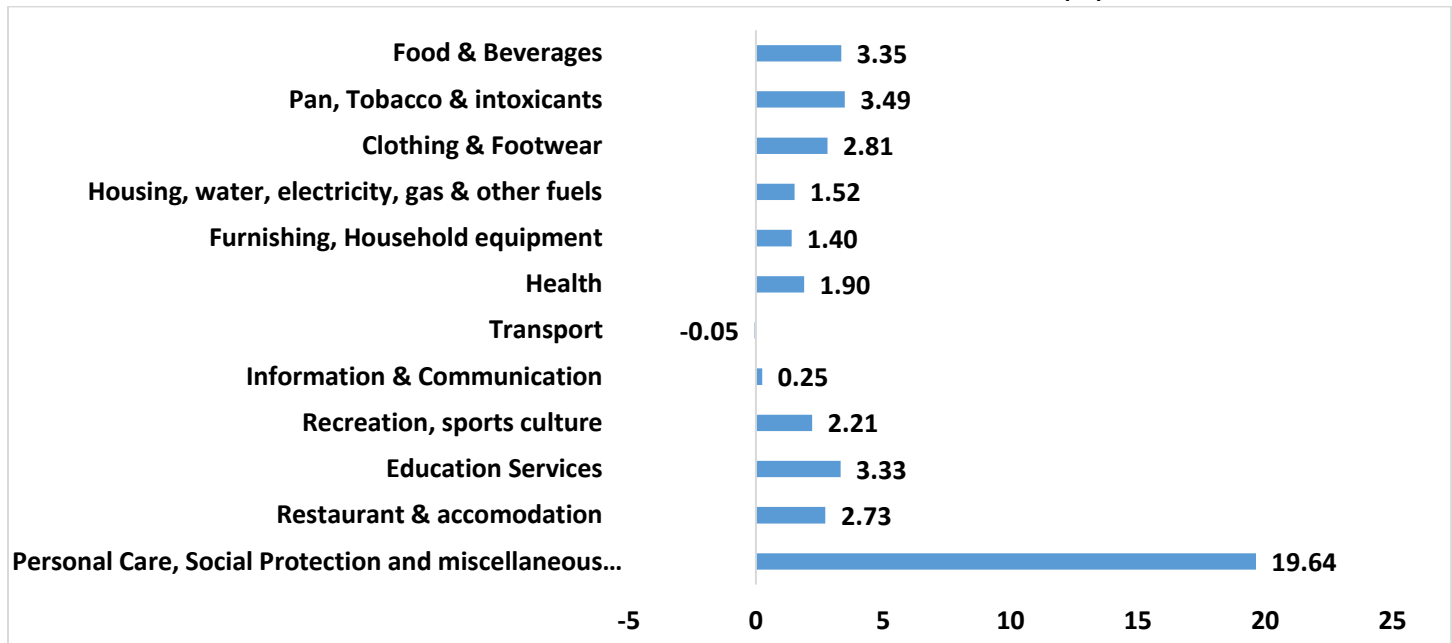


Chart2: National Level Division Wise Inflation Rate (%)



Views and Analysis:

- Highest inflation rate is under Personal care, social protection and miscellaneous goods and services division due to higher gold and silver inflation.
- Food & Beverages recorded inflation at 3.35% in Feb'26, contributing to the rise in overall inflation.
- Rabi sowing recorded robust progress in current year. Strong crop coverage, combined with record buffer stocks held by the Food Corporation of India, suggests continued food supply resilience.
- Education inflation remained elevated at 3.33%, with secondary education at 4.09% and higher education at 3.59%.
- The continuing US–Israel strike on Iran is increasing geopolitical risks near the Strait of Hormuz, causing oil prices to rise. Because India depends heavily on imported crude oil, this situation could lead to higher imported inflation by pushing up fuel costs and weakening the rupee, making India's inflation outlook uncertain. Currently, around 30% of India's crude oil supplies and 90% of LPG imports transit through the Strait of Hormuz.
- If the West Asian crisis is not contained, the inflation is expected to inch up towards the baseline of tolerance band of RBI in the next 3-4 months.
- The RBI will remain watchful and we expect a long pause in policy rates.

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