

Macro Insights

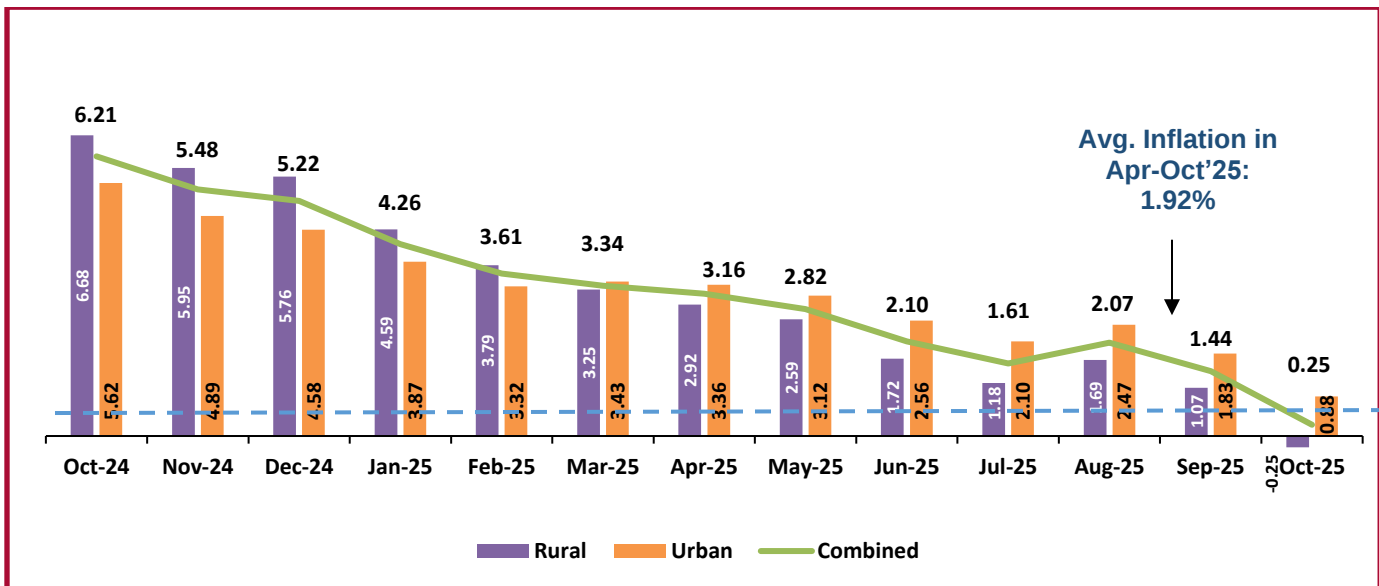
Highlights:

CPI inflation at record low in October

Retail inflation, as measured by the CPI, declined to 0.25% in October 2025, a 119-basis point drop from the September inflation rate of 1.44%. It is the lowest year-on-year inflation of the current CPI series.

- India's retail inflation eased sharply to 0.25% in October 2025, marking its lowest level in the current CPI series.
- Urban inflation stood at 0.88%, while rural area recorded disinflation at -0.25% in October'2025, both reflecting decline from the previous month.
- Core inflation (excl. food and fuel & light) decreased to 4.40% in October 2025 from 4.48% in September 2025 reflecting cooling of prices due to GST rate rationalization.

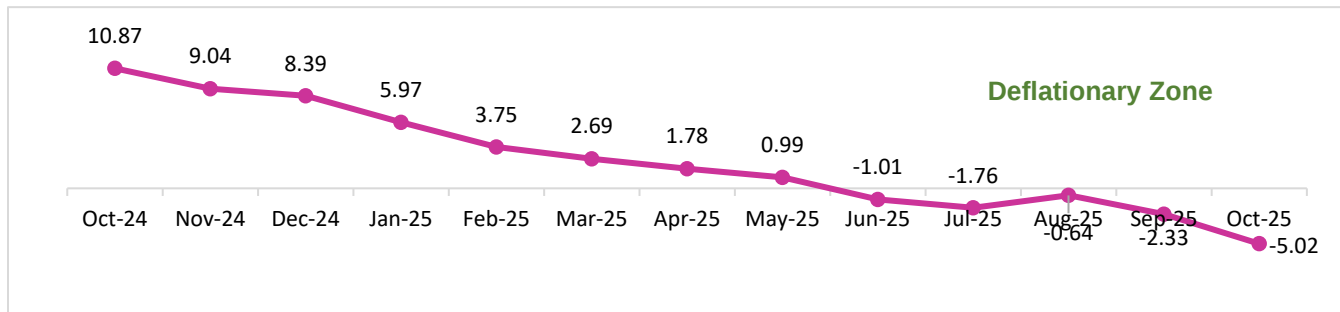
Chart: Consumer Price Index



Components of CPI (YoY% Change)

	CPI	Food & Beverages	Pan, Tobacco & Intoxicants	Clothing & Footwear	Housing	Fuel & Light	Miscellaneous
Weight	100	45.86	2.38	6.53	10.07	6.84	28.32
Oct-24	6.21	9.69	2.50	2.70	2.81	-1.67	4.32
Jun-25	2.10	-0.15	2.41	2.55	3.18	2.55	5.49
Jul-25	1.61	-0.84	2.45	2.50	3.17	2.67	5.01
Aug-25	2.07	0.05	2.49	2.33	3.09	2.32	5.05
Sep-25	1.44	-1.37	2.73	2.28	2.98	1.98	5.35
Oct-25	0.25	-3.72	2.87	1.70	2.96	1.98	5.71

Food Inflation (YoY% Change)



Views and Analysis:

- The decline in headline inflation and food inflation during the month of October 2025 is mainly attributed to full month's impact of decline in GST, favorable base effect and to drop in inflation of Oils and fats, Vegetables, Fruits, Egg, Footwear, Cereals and products, Transport and Communication etc.
- Food inflation was in negative zone and deaccelerated at -5.02% in October, compared to -2.33% in September, registering the lowest reading of the current series. The sharp decline is due to disinflation in Vegetables, Pulses and Spices. Vegetable prices are declining due to high supply driven by good yields from the previous Rabi season. Additionally, increased imports of pulses reduced its prices.
- The decline in retail inflation in October was the result of the market absorbing the impact of the 100 bps rate cut announced by the RBI since the beginning of 2025. Additionally, the reduction in GST rates, favorable base effect and food deflation emerged as the major contributor in declining retail inflation.
- Though, October is expected to mark the bottom of the current inflation cycle, with prices likely to inch up again in the coming months as unseasonal rainfall start to impinge on supply, government raising import duties from November 1 and fading base effect.
- Considering inflation near to zero, we expect the RBI to support the economy further by reducing the repo rate to complement the demand created in the economy due to the GST rate rationalization.

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