

Retail inflation at 4-month high of 5.08% in June

IIP grew to 7-month high of 5.9% in May

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New Delhi, 12 July

India's retail inflation rate in June reversed its five-month downward trend owing to an increase in food prices, and crossed the 5 per cent mark, prompting analysts to predict an extended pause on policy rates by the Reserve Bank of India (RBI).

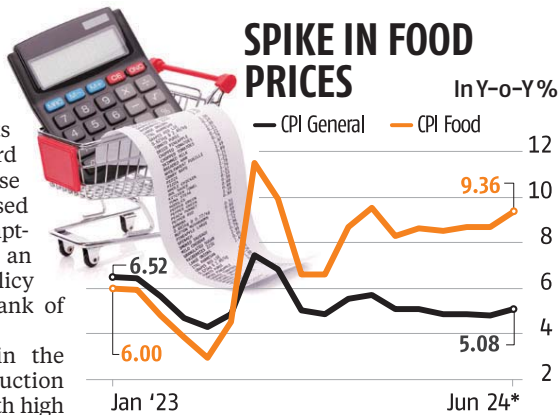
Separately, growth in the index of industrial production (IIP) rose to a seven-month high in May to 5.9 per cent.

The set of macro-economic data comes ahead of the FY25 Budget, to be presented by Union Finance Minister Nirmala Sitharaman on July 23.

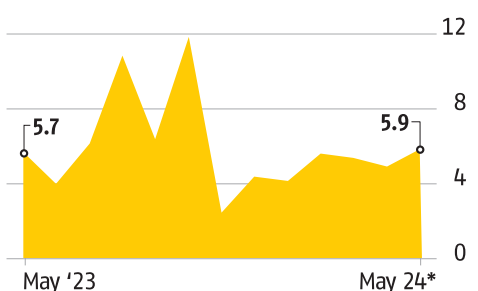
The data released by the National Statistical Office (NSO) on Friday showed the spike in the food inflation rate to 9.36 per cent pushed the headline retail inflation figure to a four-month high of 5.08 per cent in June from 4.8 per cent in May.

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SPIKE IN FOOD PRICES



IIP: UPWARDS AGAIN



*Provisional; Source: NSO



KERALA RETAINS TOP RANK IN SDG INDIA INDEX 2023-24

Uttarakhand and Kerala have emerged as the top performer states in NITI Aayog's Sustainable Development Goal (SDG) India Index 2023-24, which evaluates progress of states and Union Territories on social, economic, and environmental parameters, while Bihar has been adjudged as the worst performer. According to the SDG India Index 2023-24, India's overall SDG score increased to 71 in 2023-24, compared to 66 in 2020-21. 6 ▶

Markets on upward trajectory

The moderation in US inflation raised hopes for at least two rate cuts by the Federal Reserve this year. The core consumer price index in the US rose by only 0.1 per cent from the previous month — the smallest increase in three years — primarily due to a slowdown in housing costs. This, coupled with tepid payroll growth, is expected to prompt US monetary policymakers to begin cutting rates as early as September. Federal Reserve Bank of Chicago President Austan Goolsbee said that the recent inflation data suggests that the US central bank is on track to achieve its 2 per cent target. However, he refrained from speculating on the timing of the first rate cut. In India, the equity market is largely on an upward trajectory after a brief but sharp

decline on the day of the Lok Sabha election results, buoyed by hopes of policy continuity and strong macroeconomic indicators. Since June 4, the Sensex has hit intraday highs 15 times and closed at new highs on 14 occasions. The Nifty 50 has hit intraday highs 17 times and ended the session at new highs 15 times.

The trajectory of the market will depend on whether the FPI flows continue, said analysts. “FPIs are probably reallocating to India. Most of the good news has been priced in, but the potential inflow of FPIs has not been priced in. Until now, the rally has been supported by domestic investors. If FPIs join, it can go up further,” said U R Bhat, co-founder of Alphaniti Fintech.