



Data Taste Revealed

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Economic Research Vertical: Canara Bank: Head Office

Discussion

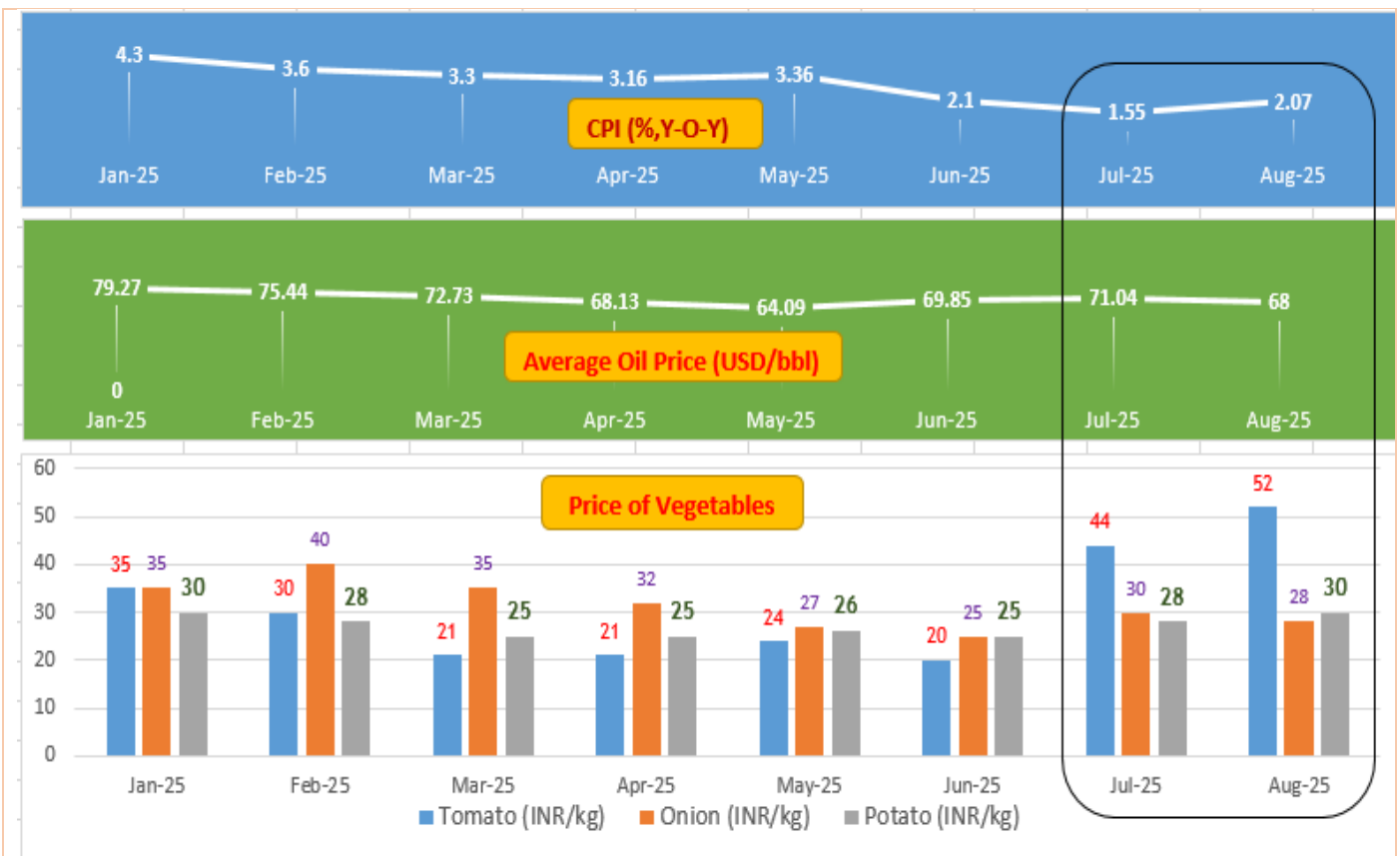
What is driving our CPI inflation since January, 2025?

Data Source

MoSPI Data, 2025

Reflections

- ✓ CPI Inflation has dropped sharply, which is one of the lowest in many years.
- ✓ Since January 2025, Oil prices have declined by 14%, which contributed to a controlled CPI inflation trajectory.
- ✓ Vegetables have had steep price declines. This drop is deeper than many other food items which has pulled down food inflation & overall CPI.
- ✓ Components like tomato, onion, potatoes show much larger falls compared to others.
- ✓ Price of vegetables is now less negative (i.e. the rate of decline is slowing) in August, which is causing some rebound or moderation in headline CPI



Key Takeaway:

India's controlled CPI inflation is sustainably low for the remainder of 2025, averaging 2-3%, thanks to structural agri improvements and policy vigilance. However, it may not stay below 2% indefinitely, with a gradual rise to 3.5-4% by early 2026 more likely and still within target. This "soft landing" supports RBI's growth focus, but vigilance on food supply chains is key.