

Headline CPI inflation rose in Nov but remained sub-1%; food deflation persisted but at a shallower rate

17 December, 2025

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Data highlights

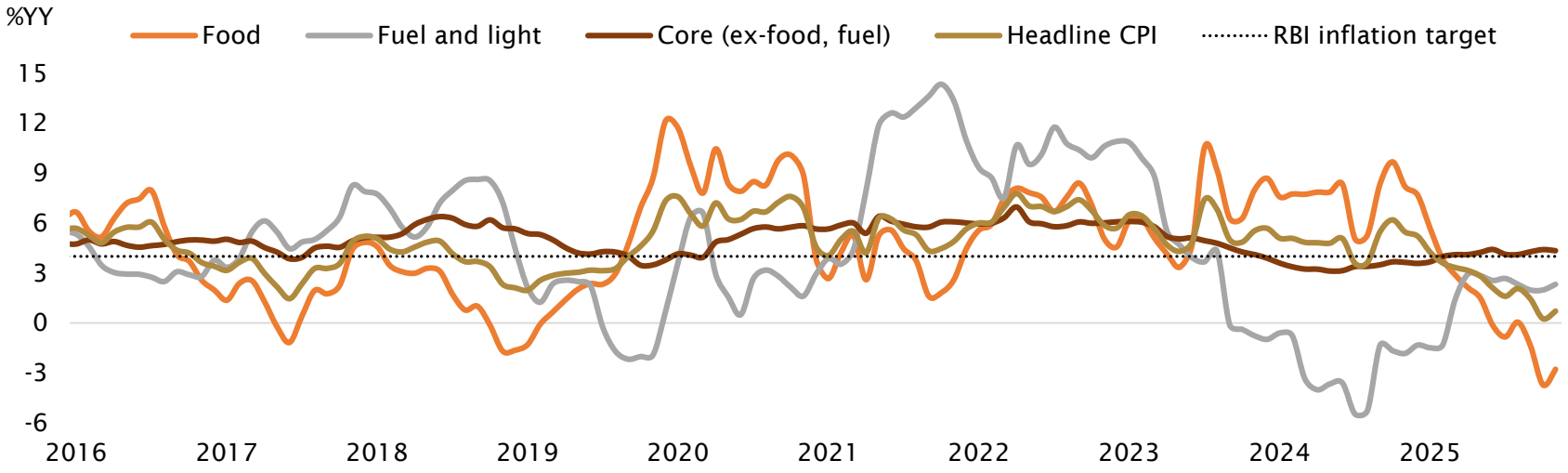
Headline CPI inflation	➢ CPI inflation rose to 0.71% in Nov from record low of 0.25% in Oct and was broadly in line with market estimates (Reuters poll: 0.70%) and our expectations at 0.80%. ➢ Despite unfavorable base effect, the monthly change of 0.30% was below historical trend for Nov (FY12-25) at 0.41% (median) – 0.43% (average). In FYTD terms, inflation averaged 1.77% vs. 4.89% in Apr-Nov FY25.
Core inflation	➢ Core inflation (ex-food, fuel) eased mildly to 4.3% from 4.4% in Oct. In FYTD terms, core inflation averaged 4.3% vs. 3.4% in the same period a year ago. ➢ Super core inflation further excludes auto fuels and precious metals. This measure eased to 2.5% from 2.7% in Oct. The widening gap vis-à-vis other core inflation metrics shows the impact of elevated precious metal prices and suggests lower underlying domestic CPI. This point was underscored in the latest RBI policy in Dec.
Food, beverage (Wt. 45.9%)	➢ The food index posted deflation for the third successive month in Nov, though at a shallower rate of (-)2.78% vs. (-)3.72% in Oct. Vegetables, pulses and spices stayed in deflation, though the extent eased compared to the previous month. Edible oils inflation moderated after remaining in double digits for a year. ➢ The food index increased 0.5% month-on-month after declining for two straight months and at a slightly sharper rate than previous years' (FY12-25) trends for the month of Nov when prices rose by around 0.4%. Of 12 sub-groups, prices rose sequentially in nine, with higher than average gains in egg, meat and vegetables.
Fuel and light (Wt. 6.8%)	➢ Fuel inflation rose to 2.3% from 2.0% in the previous two months. Most key sub-groups posted higher inflation, with LPG continuing to contribute the most.
Miscellaneous (Wt. 28.3%)	➢ Inflation in the miscellaneous group eased to 5.64% from 5.71% in Oct. The pass-through of GST rate cuts, reflected in month-on-month declines in prices of automobiles and white goods, seemed to have tapered in Nov after peaking in Oct.

Outlook and policy implication

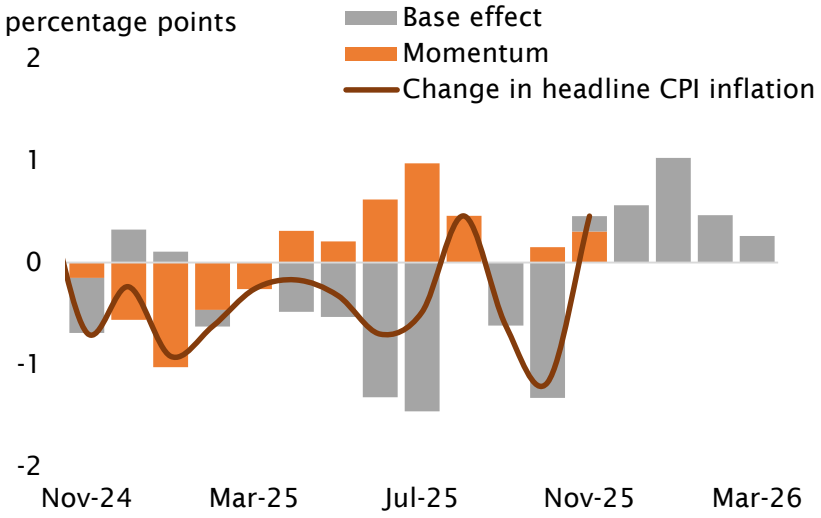
- **Historical trends:** Data shows that inflation tends to fall sequentially in Dec, mainly due to seasonal softening in prices of horticulture items such as vegetables and fruits. The median and average measures based on FY12-25 data show that inflation could be around 0.8% - 0.9% in Dec, with an upward bias due to base effect that is slated to be unfavorable from Nov-Mar FY26. Core inflation could rise to about 4.6%.
- **High frequency data:** Data till 15-Dec shows that food inflation mostly bottomed out in Nov, signaling a similar trend for headline CPI. There was slight firming up of inflation in edible oils, wheat and sugar. Details on cereals and key vegetables were mixed. Most pulses stayed in deflation, albeit at shallower rates.
- **Kharif harvest, stocks and procurement:** As on 5-Dec-2025, about 90% of area under Kharif crops was harvested, led by oilseeds (95%), followed by coarse cereals (94%), rice (78%), and pulses (61%). As on 1-Dec, rice and wheat stocks were at 3x and 1.4x of norms for October, respectively. Up to 30-Nov, procurement of rice and wheat under KMS and RMS 2025-26, respectively were above last year's levels in the same period.
- **Sowing:** Data as on 12-Dec shows that Rabi crop sowing was up ~5% year-on-year and at 84% of normal area sown for the season. Sowing of oilseeds is already above normal area sown under Rabi crop, which bodes well from inflation outlook. In terms of absolute area in lakh hectares, wheat sowing remained the highest.
- **Monsoon progress, reservoir levels:** Data till 10-Dec shows that all India post monsoon season rain was 20% above average, with all regions receiving surplus rainfall. Data till 11-Dec shows adequate reservoir levels across regions. These indicators augur well for Rabi crop outlook.
- **Global commodity prices:** In its latest update, the US EIA kept average crude oil price forecast for 2026 unchanged from the previous month estimate at USD55/b. Though the agency anticipates prices to fall in coming months, it expects OPEC+ output policy and China's inventory builds to limit price declines. Global food prices, as indicated by the UN FAO index, remained in deflation for the second straight month in November, dragged by deflation in sugar, cereals and diary items. In mid-Dec, the Bloomberg commodity index was up about 11%YY, led by sharp gains in precious metal prices, followed by industrial metals.
- **Policy implication:** CPI inflation needs to be around 0.8% in Dec to average 0.6% in Q3, which is RBI MPC's forecast for the quarter. Historical trends indicate that this estimate is likely to be met, so that inflation is evolving along expected lines, particularly amid benign food inflation outlook. This implies this though inflation likely bottomed out in Oct, the latest and next inflation prints are unlikely to move the needle for the MPC when it meets again between Feb 4-6. But at that time, the MPC will have at its disposal the first advance estimates of GDP for FY26. Key economic data, including CPI, GDP and IIP are undergoing revision in their methodologies and base year(s), with new series slated for release from Feb-end when Q3-FY26 GDP data is released. These factors could impel the MPC to maintain status quo on policy in its upcoming decision in Feb.

Headline CPI inflation rose to 0.71% in Nov from series record low of 0.25% in Oct

Headline CPI inflation rose to 0.71% in Nov from series record low of 0.25% in Oct; food deflation narrowed to (-)2.78%



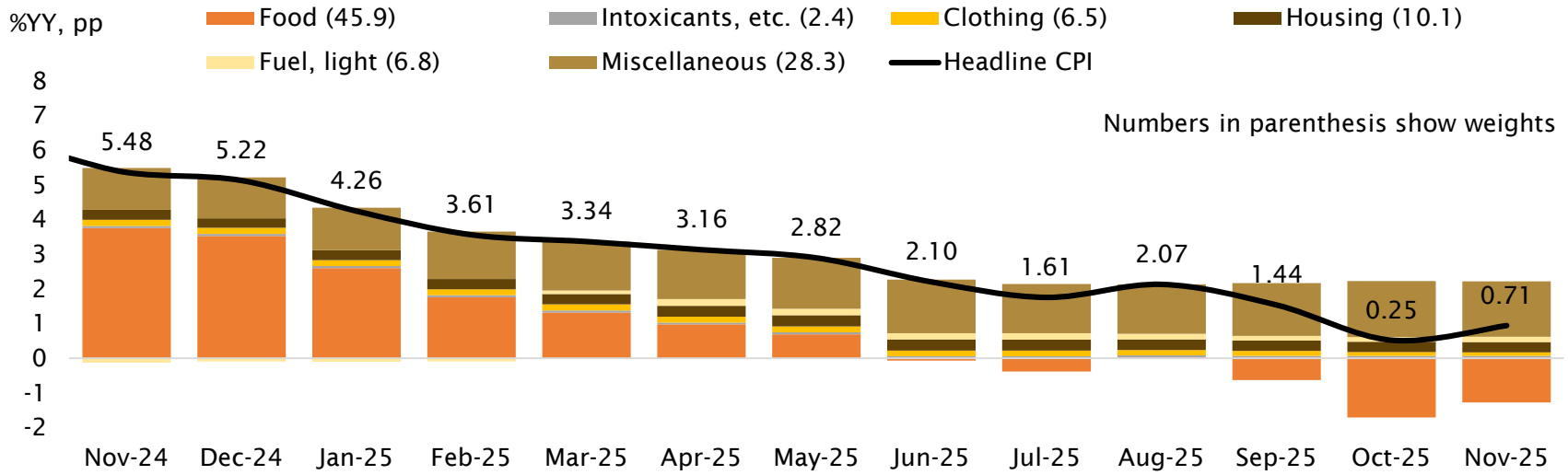
Monthly change in CPI was below historical trend; misc. group inflation eased but stayed above 4% for 15th straight month



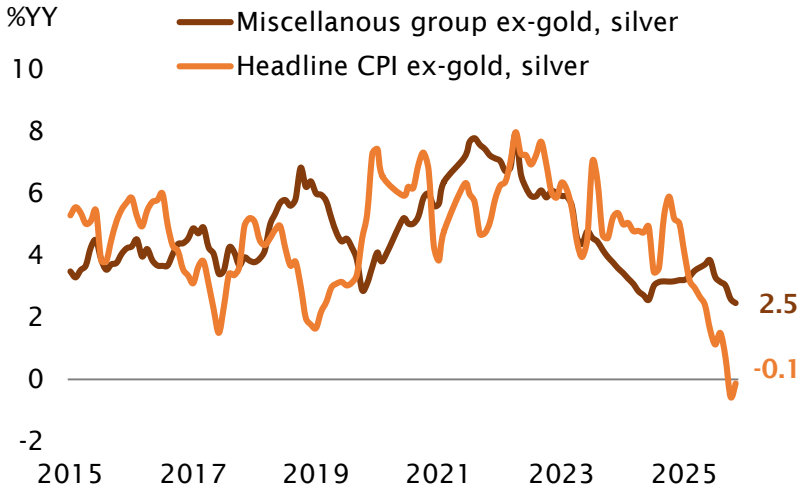
%YY	Weight	Sep-25	Oct-25	Nov-25
Headline CPI	100.0	1.44	0.25	0.71
Food	45.9	-1.37	-3.72	-2.78
Intoxicants	2.4	2.73	2.92	2.96
Clothing	6.5	2.28	1.70	1.49
Housing	10.1	2.98	2.96	2.95
Fuel and light	6.8	1.98	1.98	2.32
Miscellaneous	28.3	5.35	5.71	5.64

Excluding precious metals, miscellaneous group and headline CPI inflation remained subdued

Miscellaneous category continued to add the most to headline CPI inflation; food remained a drag due to deflation



Ex-precious metals, underlying inflation remained soft; except food, m-o-m gains were below historical trends for Nov



%MM, NSA	Weight	Sep-25	Oct-25	Nov-25
Headline CPI	100.0	0.00	0.15	0.30
Food	45.9	-0.39	-0.20	0.50
Intoxicants	2.4	0.28	0.37	0.14
Clothing	6.5	0.15	-0.20	0.05
Housing	10.1	-0.16	0.91	0.16
Fuel and light	6.8	-0.22	-0.06	0.22
Miscellaneous	28.3	0.67	0.77	0.15

Food deflation narrowed to (-)2.78% in Nov from record low in Oct; vegetable, egg and meat prices rose at quicker m-o-m rates

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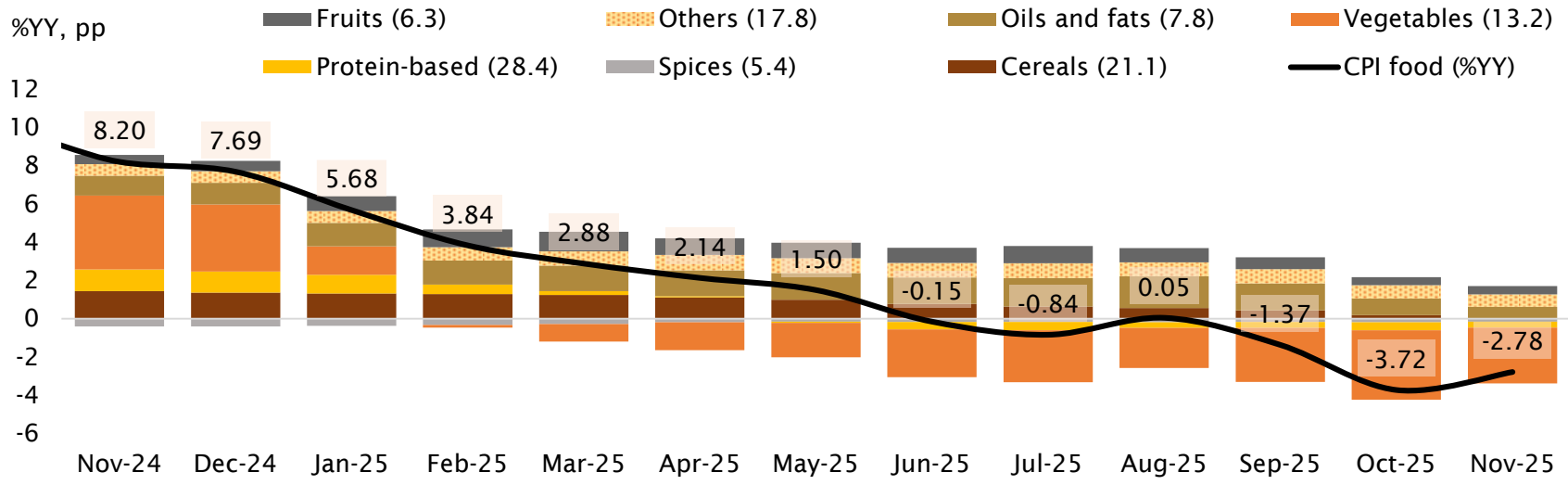
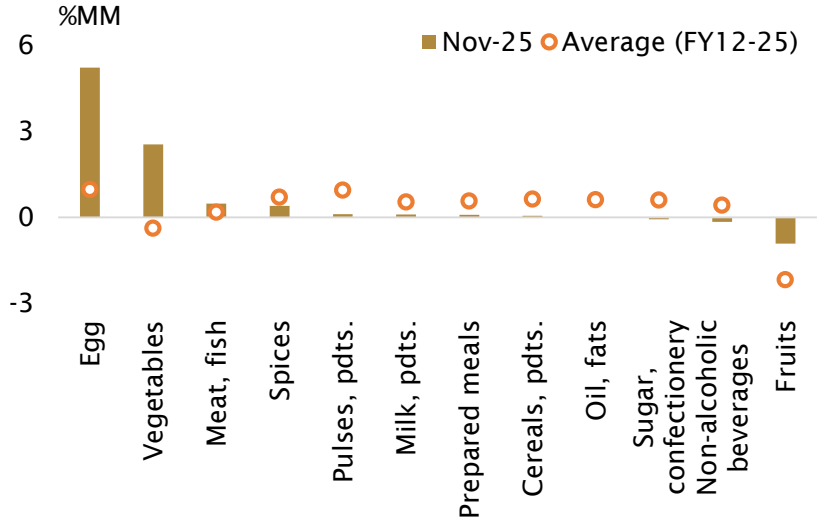
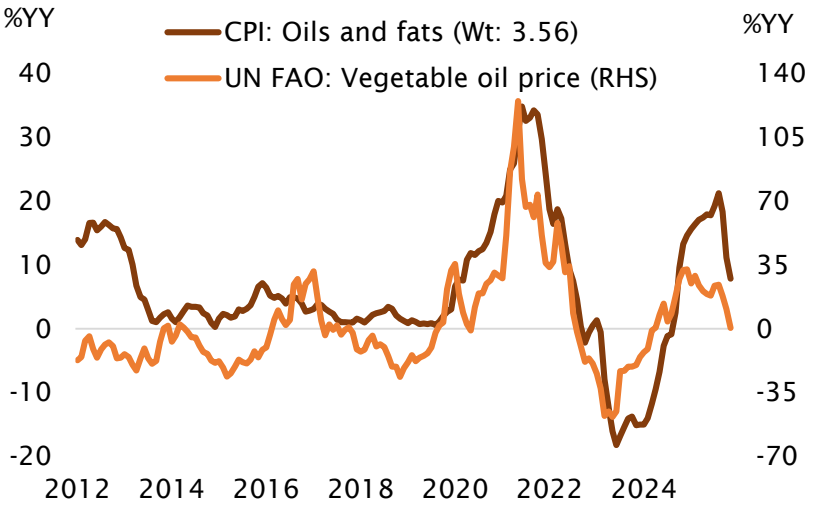
Food deflation narrowed amid unfavorable base effect and m-o-m gains; vegetables, pulses, spices stayed in deflation



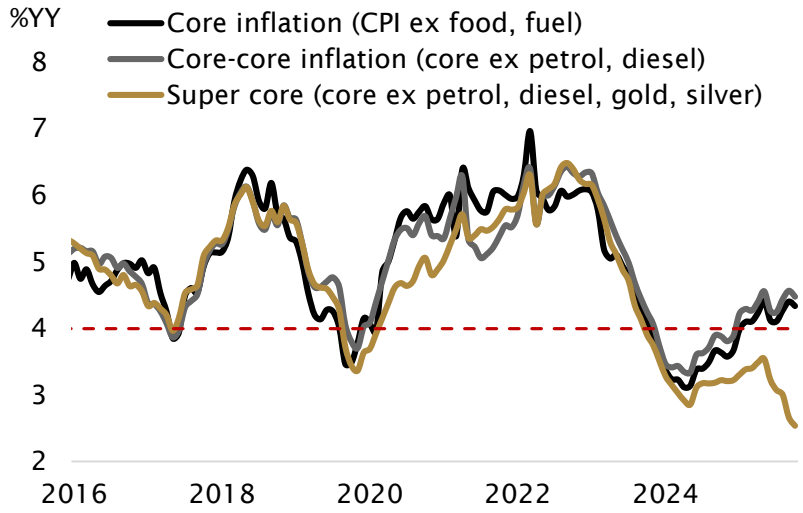
M-o-m gains in vegetable, egg, meat prices were above historical average; edible oils inflation eased tracing global trends

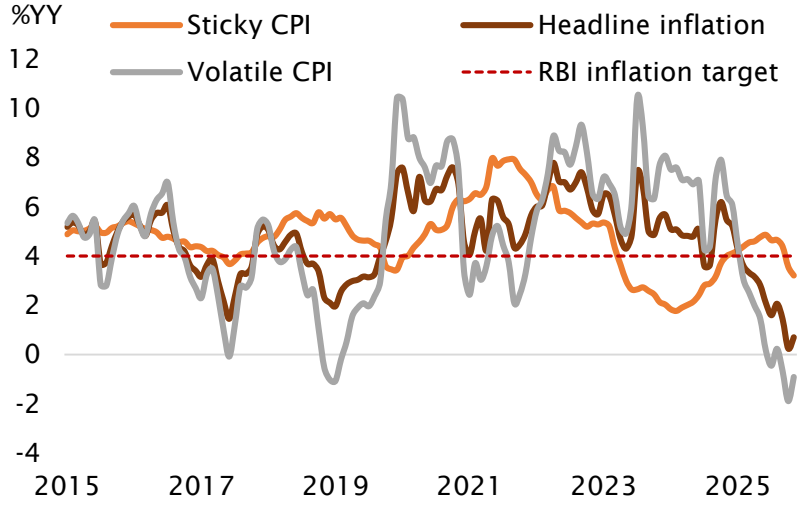




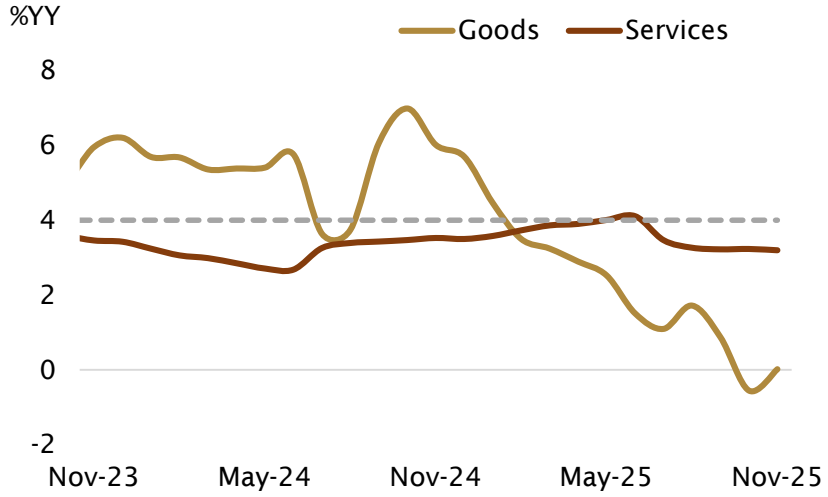
Underlying measures of inflation eased in Nov; core goods inflation continued to benefit from GST rate cut(s) pass-through

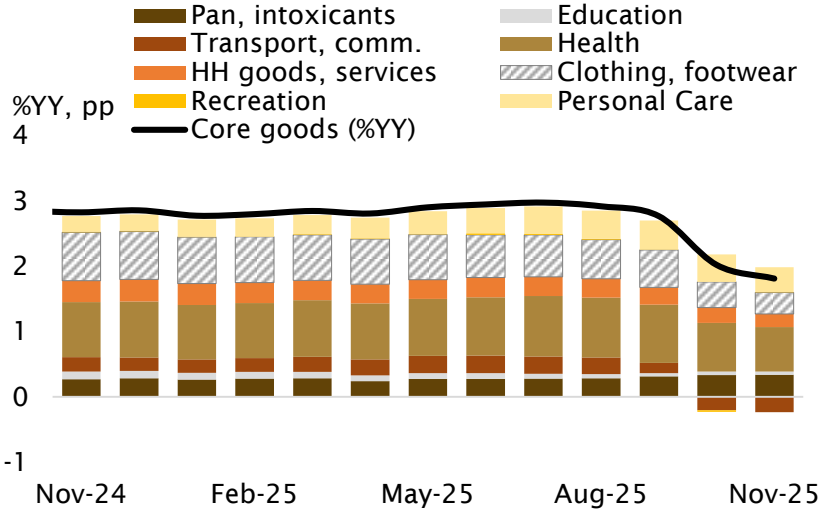
The divergence in super core inflation (excl. precious metal prices) vis-à-vis other core measures remained notable





Core goods inflation reflected continued pass-through of GST rate cuts to prices of automobiles and white goods





Global commodity prices remain soft, except precious metals; global food index in deflation for second straight month in Nov

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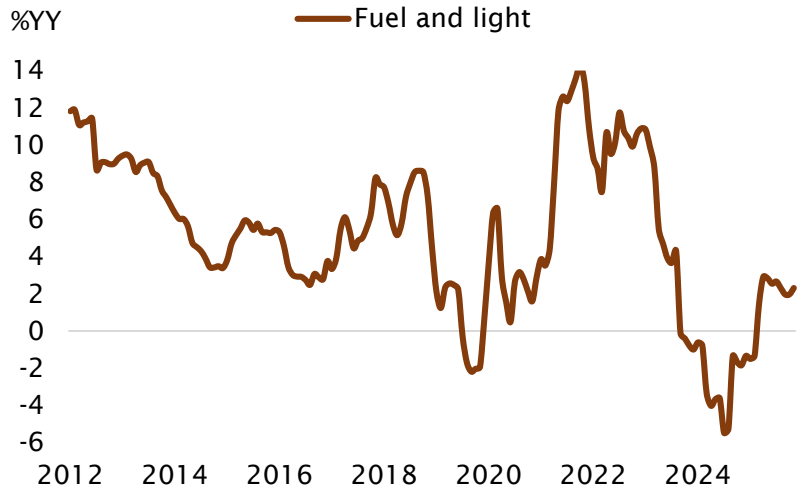
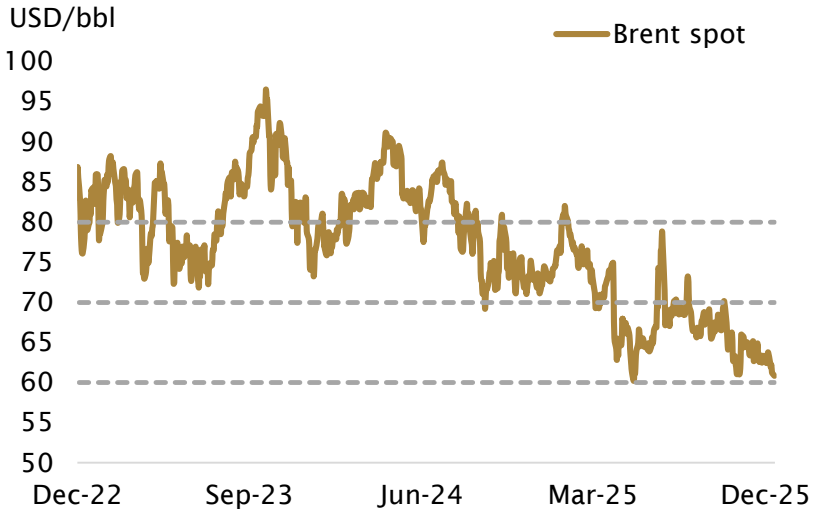
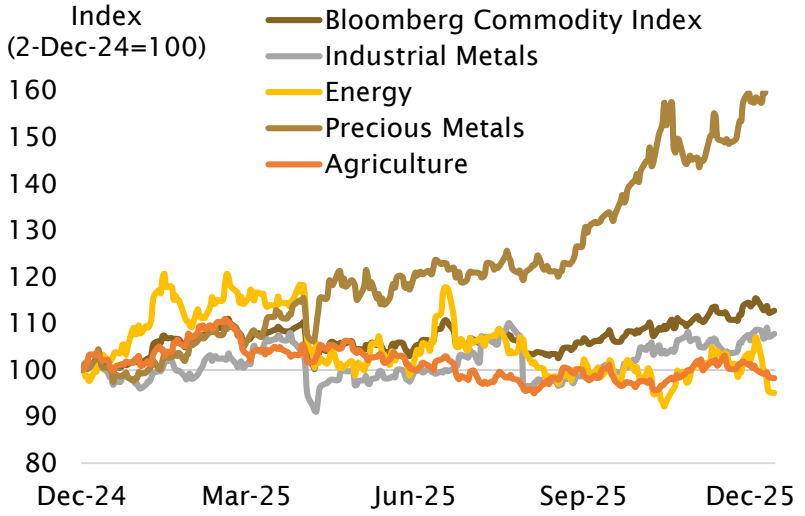
Domestic fuel inflation rose in Nov but stayed benign

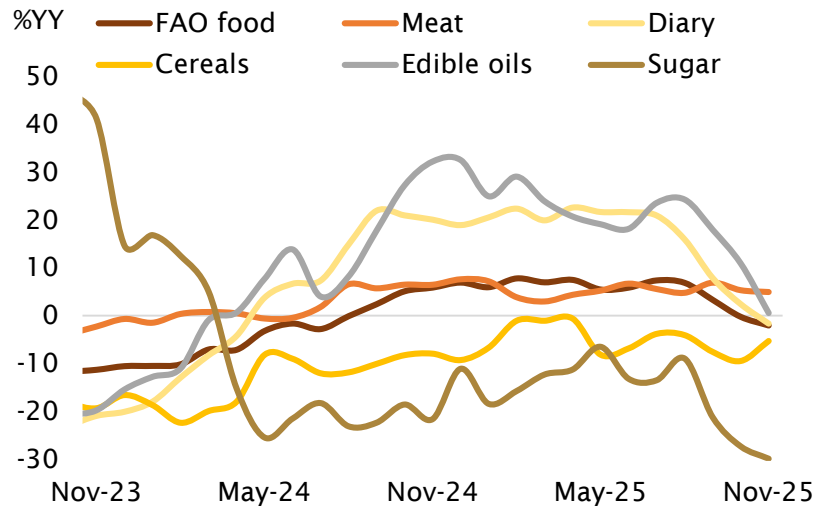


Crude oil prices remain muted at close to USD60/b



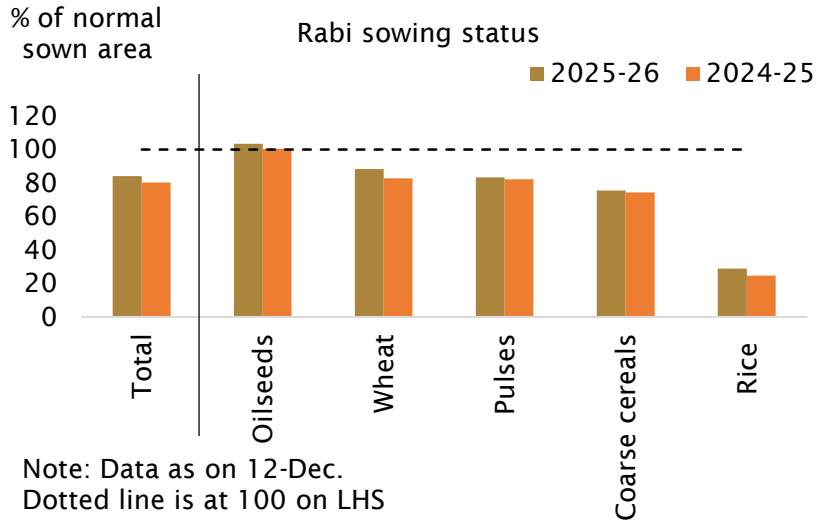
Precious metal prices remain elevated on safe haven demand; global food index in deflation for second straight month





Rabi sowing, above normal post-monsoon season rains, and reservoir levels continue to support benign food inflation outlook

Total Rabi sowing up 5% year-on-year; deflation in key vegetables continues, though prices are rising month-on-month

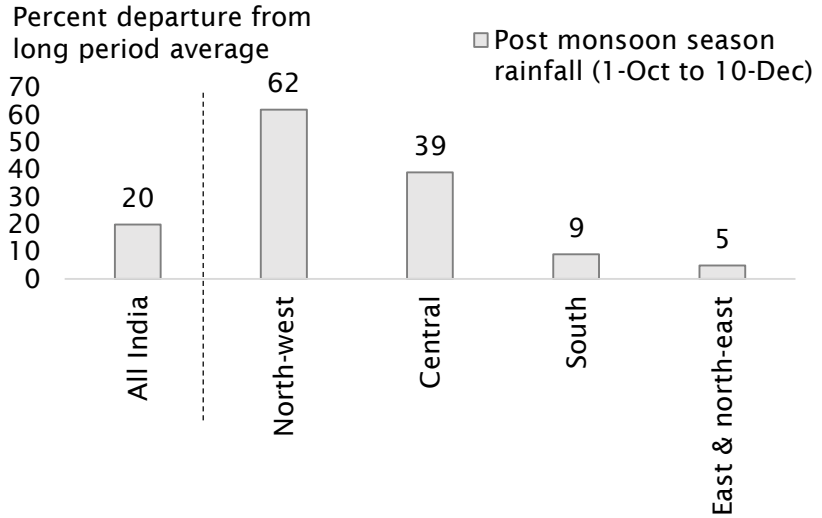


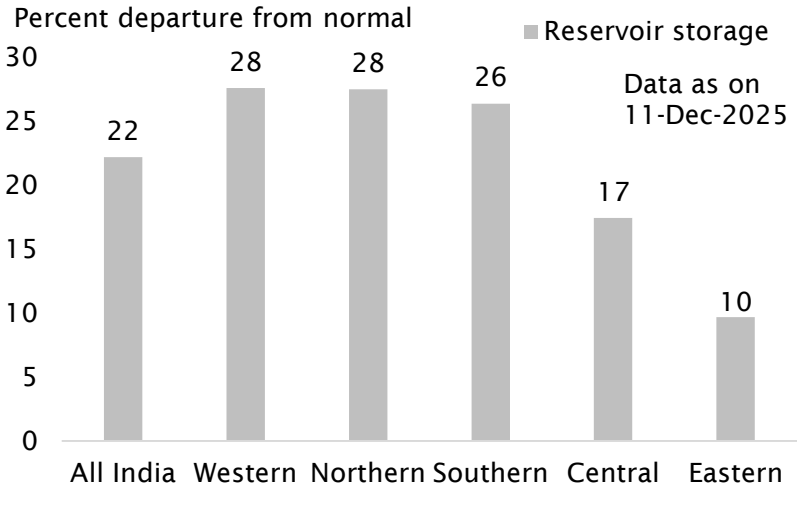
Note: Data as on 12-Dec.
Dotted line is at 100 on LHS

%YY	Tomato	Onion	Potato	Vegetables
Wt. in CPI	0.57	0.64	0.98	6.0
Sep-25	-6.1	-49.9	-37.3	-21.4
Oct-25	-43.0	-54.3	-36.6	-27.6
Nov-25	-12.8	-55.4	-33.0	-22.2
Dec-25*	-2.6	-50.3	-31.9	
%MM				
Sep-25	-22.6	-2.4	-2.1	-3.2
Oct-25	-9.6	-3.5	1.3	-0.3
Nov-25	17.1	0.2	5.6	2.6
Dec-25*	11.8	-4.8	-7.2	

Note: *All India retail price till Dec 14.

Overall post-monsoon season rain 20% above long term average; adequate reservoir levels augur well for Rabi output





WPI deflation narrowed in Nov; farm input index remained in deflation; non-farm input inflation flat vis-à-vis deflation in Oct

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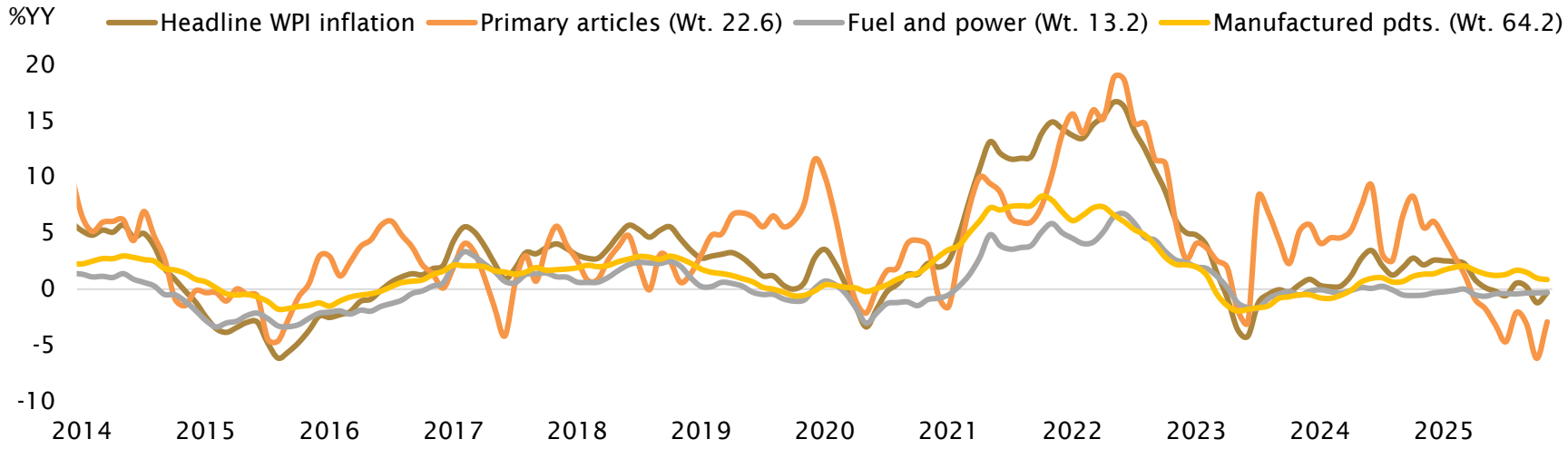
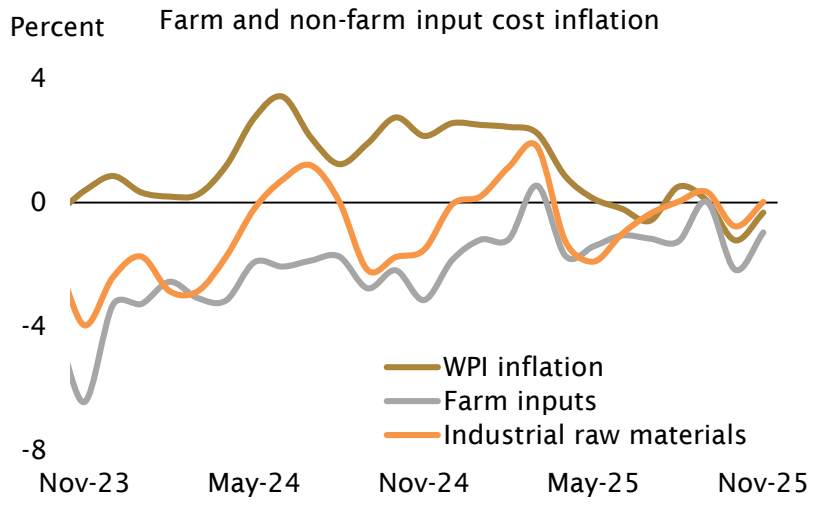
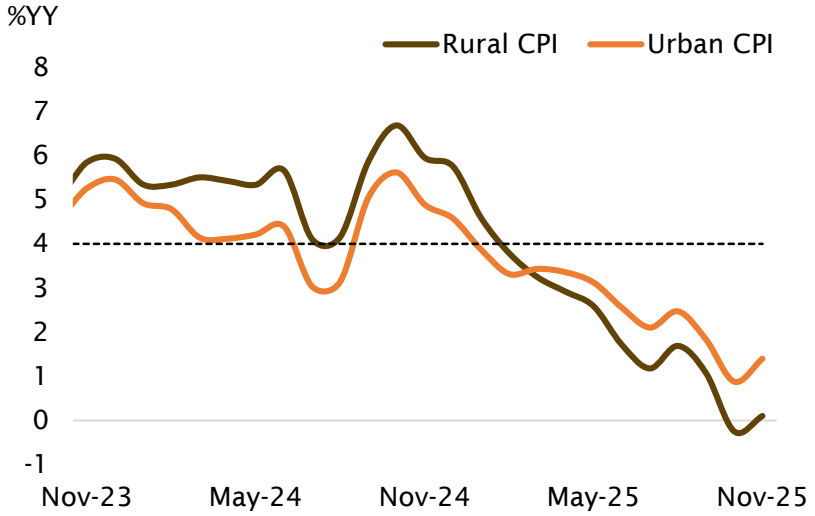
WPI in deflation for second straight month but at lower rate; main sub-groups either posted deflation or disinflation



Input cost pressures stayed benign; rural CPI index moved out of deflation, urban inflation climbed but remained low





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