

Headline CPI inflation at 2.75% in Jan-2026 (new series, base year 2024) vs. 1.33% in Dec-2025 (old series, base year 2012)

17 February, 2026

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Data highlights

CPI inflation

- Headline CPI inflation printed at 2.75% in Jan-2026 under the new series with base year 2024 (Reuters poll: 2.40%). In Dec-2025, CPI inflation was at 1.33% under the old series with base year 2012.
- The food and beverages index was in deflation for most of H2-CY2025, including in Dec-2025, but posted inflation in the new series at 2.11% in Jan-2026. Amid lower weights for food and fuel, the core group weight increased in the new series, even as core inflation eased vis-à-vis the old series (details in the next slide).

Key changes in the new series

- In addition to the base year, some of the key changes in the new series include:
  - Improved coverage:
    - The Household Consumption Expenditure Survey (HCES) 2023-24 is used to update item basket and weights in the new CPI series.
    - The number of items in the CPI basket has increased to 358 from 299, with goods items rising to 308 from 259, and services to 50 from 40. The series covers 1,465 rural markets and 1,395 urban markets. Also, 12 online markets are covered across 12 towns having a population of over 25 lakh.
    - Rural housing is included but free social transfers are excluded.
    - Items that are redundant and do not capture current spending trends are excluded such as horse cart fare and VCD/DVD hire charges, while those relevant are included such as online streaming services, and attendant/babysitter charges, etc.
  - Methodology changes:
    - In the new series, Jevons index (Short index formula) is used for compiling elementary indices and the Young/Modified Laspeyres' index is used for compiling higher level indices.
    - The classification of items is based on UNDP's COICOP 2018 (Classification of Individual Consumption According to Purpose).
    - Prices are collected using a tablet-based software application, replacing the traditional paper-based method.
    - Alternative data sources such as administrative data and e-commerce/online price data are used.

Additional highlights

- **Changes in weights** – In the new CPI series, the weight of food and fuel has reduced, while that of core groups has increased. Amid lower weight for food, the group moved out of deflation in Jan-2026 and contributed strongly to the headline print, even as various metrics of core inflation drifted lower. Another instance is that of personal care, where inflation remained elevated in Jan-2026 but eased sharply vis-à-vis Dec-2025. The weight of gold under this sub-group eased, contributing to lower inflation.

- **Changes in composition within groups** – The weights have not only changed across major groups but also within sub-groups. There are also changes in composition. For instance, in the new series, vegetables and pulses are grouped under one category, with the combined weight being higher than in the old series. Another instance is that of books and stationary that were earlier classified under education but are now included in recreation.

	Category	Wt. in old series	Wt. in new series	Change in wt.	Jan-26	Dec-25	Change
	Headline CPI	100.00	100.00		2.75	1.33	1.42
	Core (ex-food, fuel)	47.29	57.89	10.59	3.27	4.63	-1.36
	Core-core (ex-petrol, diesel)	44.96	53.04	8.08	3.56	4.77	-1.21
	Super core (ex-precious metals, stones)	43.77	52.09	8.32	2.11	2.43	-0.33
1	Food, beverages	42.28	36.75	-5.52	2.11	-1.85	3.96
2	Housing, related services	10.95	12.30	1.36	2.04	2.86	-0.82
3	Transport	6.37	8.80	2.43	0.09	0.36	-0.27
4	Clothing	6.53	6.38	-0.14	2.98	1.44	1.54
5	Health	5.89	6.10	0.21	2.19	3.43	-1.24
6	Fuel	6.84	5.36	-1.48	0.34	1.97	-1.63
7	Personal care	3.89	5.04	1.15	19.02	28.07	-9.05
8	Furnishings/household goods	2.93	4.47	1.54	1.45	1.26	0.19
9	Communication	2.22	3.61	1.38	0.16	1.63	-1.47
10	Restaurants	3.59	3.35	-0.25	2.87	3.89	-1.02
11	Education	4.46	3.33	-1.13	3.35	3.32	0.03
12	Intoxicants	2.38	2.99	0.61	2.86	2.96	-0.10
13	Recreation	1.67	1.52	-0.16	2.32	1.41	0.91

Outlook and policy implication

- **Daily data:** Data on food prices till 16-Feb exhibited mixed trends. Most pulses continued to be in deflation. Inflation trends in cereals were divergent, with wheat in deflation and rice showing modest gains. Key vegetables showed similar trends, with potato and onion in deflation and tomato showing sharp inflation. Inflation in sugar eased from the levels in Jan-2026. Inflation in some edible oils remained elevated.

- **Kharif harvest, procurement:** By end-Jan, Kharif harvesting was almost complete, except for some pulses and oilseeds. In early Feb, Rice procurement was almost at 92% of the target set for Kharif Marketing Season 2025-26, while wheat procurement was ~90% of the estimate for Rabi Marketing Season 2025-26. In mid-Jan, the combined stock of rice and wheat was 2.8X the buffer norm for the quarter.

- **Sowing:** As on 13-Feb, summer sowing was progressing well and at one-fifth of normal area sown for the season. Cumulative sowing was above levels in the same week last year across most food grains, except rice.

- **Monsoon progress, reservoir levels:** As on 11-Feb, cumulative winter season rain that starts from 1-Jan was 45% below long period average but this was in line with the IMD's forecast for the month of below normal rain. There were deficiencies across regions, both for the week ending 11-Feb and cumulative for the season.

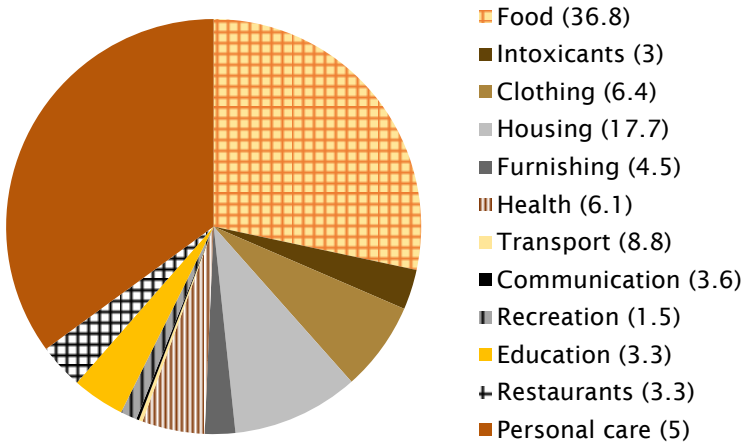
- **Commodity prices:** Global commodity prices have been mixed, with crude prices rising recently and precious metal prices retreating somewhat. Brent crude breached USD70/b in end-Jan on US-Iran tensions and weather disruptions. In its latest update, the US EIA expects prices to ease in 2026, as supply exceeds demands and inventories rise. The agency estimates average price of USD58/b in 2026 and USD53/b in 2027.

- **Policy implication:** Headline CPI inflation was higher in Jan-2026 than market estimates but remained benign at sub-4%. Beneath the headline print, underlying patterns showed changes in trends, particularly for food and core inflation. Food moved out of deflation while core inflation moderated vis-à-vis Dec-2025. But the extent of change is unlikely to move the needle for the RBI MPC when it meets in Apr-2026. If anything, softer core inflation suggests low underlying inflation pressures in the economy. On the flip slide, higher food and headline prints could make it difficult for the MPC to justify further easing, implicitly implying an extended pause at this juncture, unless growth surprises significantly in either direction.

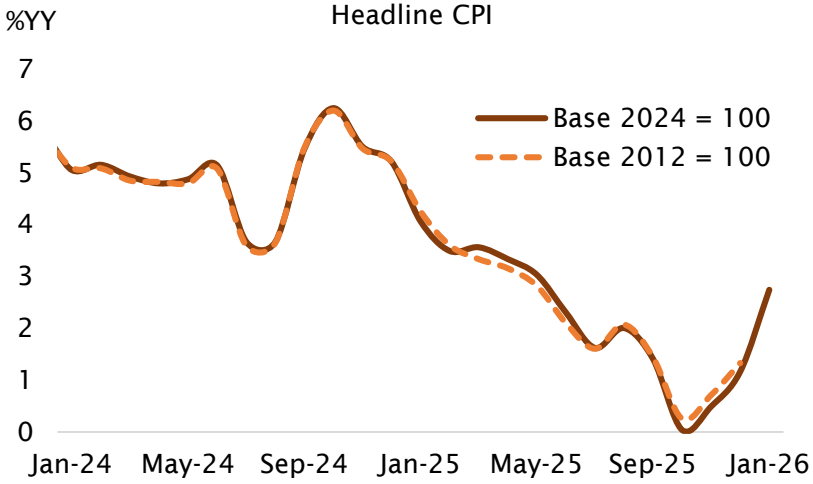
Sequential momentum shows less volatility for both headline and food indices under new CPI series

Headline CPI inflation printed at 2.75% in Jan-2026, with food, personal care, housing contributing more than 70%

Contribution to CPI inflation in Jan-2026

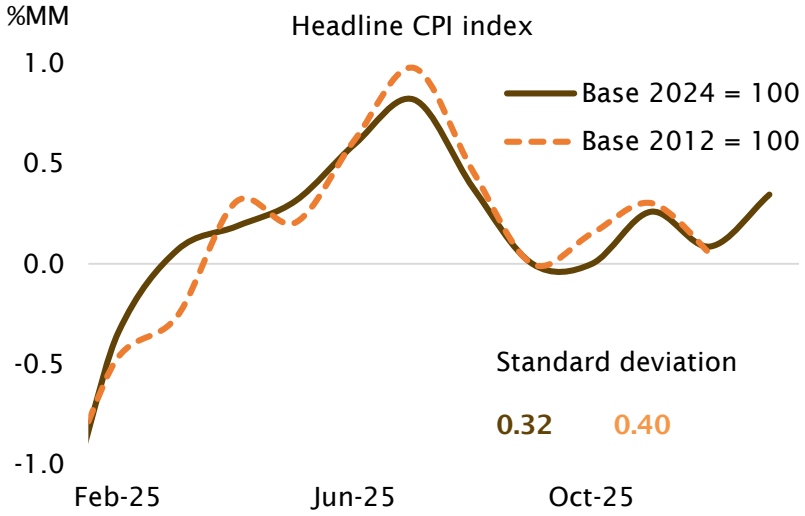


Headline CPI

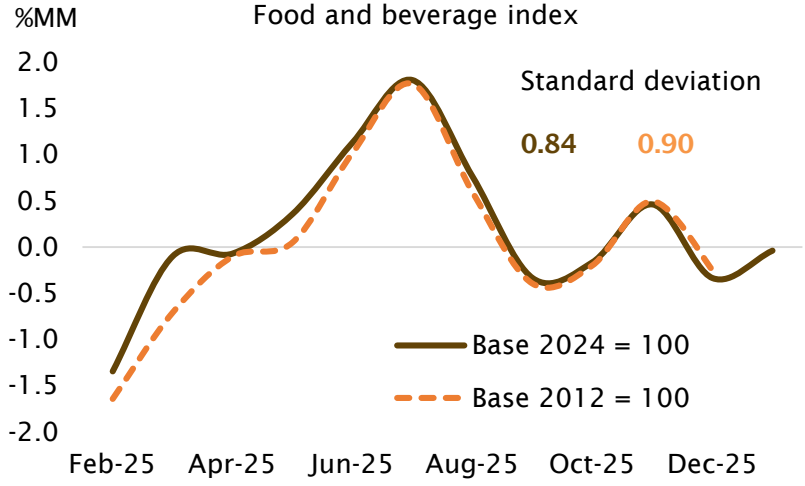


Sequential momentum shows less volatility for both headline and food indices under new CPI series

Headline CPI index

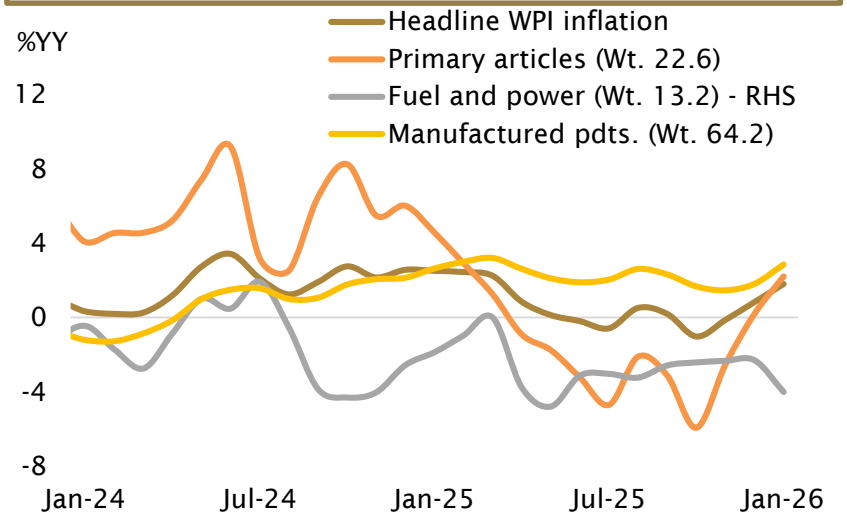


Food and beverage index

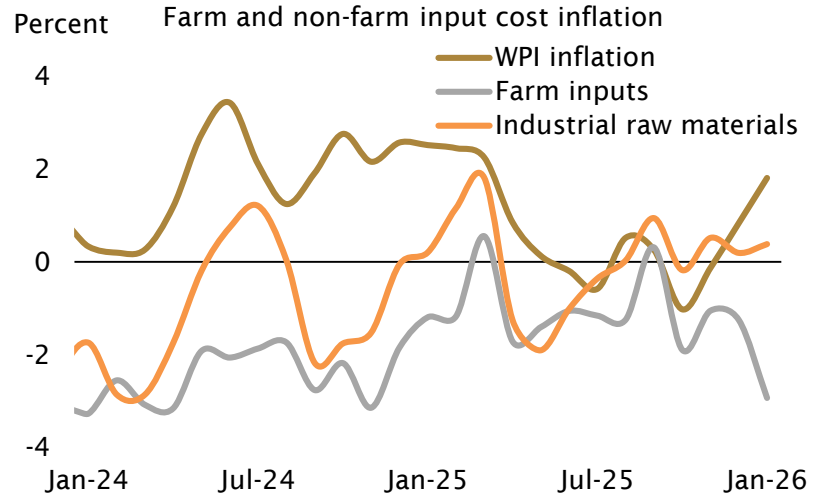


WPI inflation rose to 1.81% in Jan-2026 from 0.83% in Dec-2025; mixed trends in global commodity prices

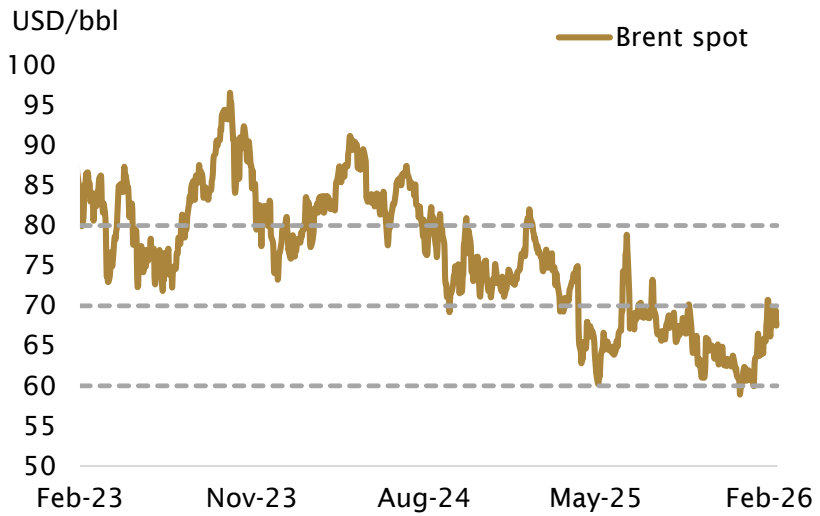
WPI inflation rose in Jan-2026 despite deflation in fuel

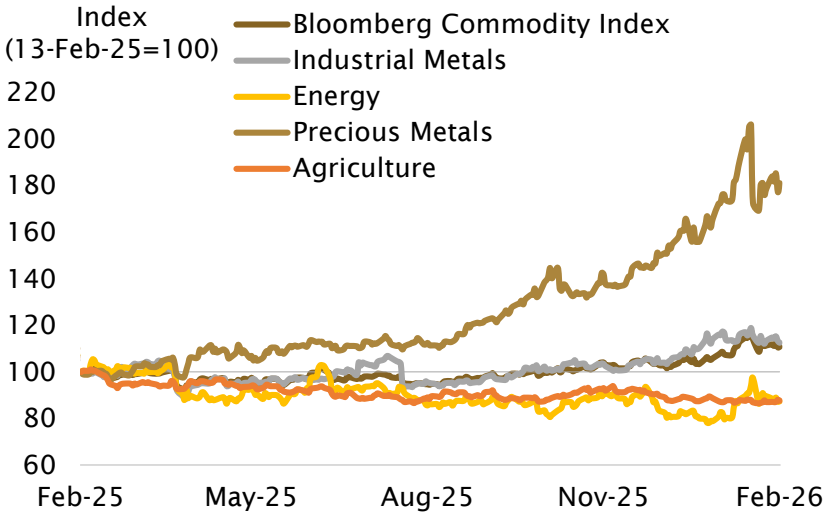


Non-farm input cost inflation remains muted



Crude oil breached USD70/b recently on weather disruptions, US-Iran tensions; precious metals saw some correction





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1101, Naman Centre, Bandra Kurla Complex, Bandra (E), Mumbai -400 051, Maharashtra.
Ph: +91 22 4084 5000 • Fax: +91 22 4084 5052 • www.trustgroup.co.in