

CPI inflation rises to 5.41% on higher food inflation

November CPI came in at 5.41%, higher than our estimate of 5.20% and consensus of 5.30%. Food inflation rose to 6.08%, mainly due to poor monsoon and reversal of favourable base with pulses shooting up 46.0% YoY (pulses alone contributed 107 basis to overall inflation). Vegetable inflation rose to 4.0% from 2.42% in previous month, Fuel inflation fell to 5.28% compared with 5.32% in October, Misc inflation rose to 3.78% from 3.51% in October while clothing, bedding and footwear rose to 5.76% from 5.62%.

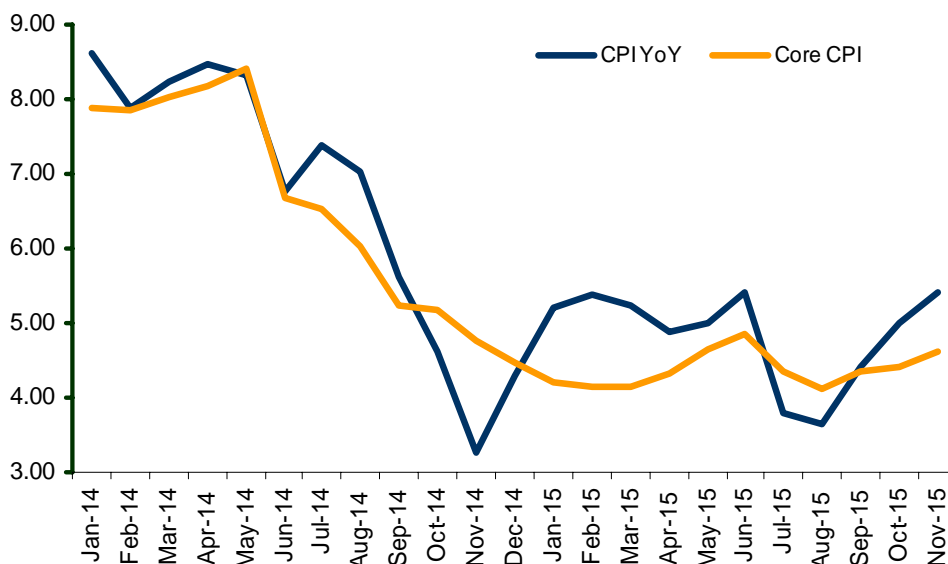
Core CPI for November came in at 4.62% against 4.42% for October pointing to some rise in domestic demand.

YoY Growth

	Oct-15	Nov-15
Food and Beverage	5.34	6.08
<i>Vegetables</i>	2.42	4.00
<i>Cereal and Products</i>	1.46	1.70
<i>Milk and Milk Products</i>	4.79	4.03
<i>Fruits</i>	1.98	2.07
Pan, Tobacco and intoxicants	9.50	9.50
Fuel and Light	5.32	5.28
Housing	4.88	4.95
Miscellaneous	3.51	3.78
Clothing and Bedding& footwear	5.62	5.76
CPI -General	5.00	5.41
CPI - Core	4.42	4.62

IMPACT

November CPI is a little higher than consensus (due to faster rise in food prices esp pulses). Without the benefit of favorable base effect, inflation was largely contained in most food articles and cereals and shows good management by government in most food product categories. We think inflation is likely to undershoot RBI's estimate of 5.8% for Jan 2016 by 25 - 30 basis (as we expect some moderation in food prices going ahead even though there will be some push in inflation from low base in Dec and Jan). We expect inflation to range between 5.0% - 5.5% levels in the medium term.



CPI INFLATION

Headline Inflation rises to 5.41%

CPI Combined Inflation for Nov 2015 rose to 5.41% compared with 5.00% for the previous month as food inflation rose faster than estimated. Food inflation rose to 6.08% with vegetables at 4.0%. Pulses, once again, rose sharply YoY to 46.0%. Fuel inflation was 5.28% compared with 5.32% in Oct. Misc inflation rose to 3.78% from 3.51% in Oct while clothing, bedding and footwear rose to 5.76% from 5.62%.

Urban CPI Inflation was higher at 4.71% compared to 4.28% the month before while Rural CPI Inflation rose to 5.95% from 5.54% the month before.

CPI Food & Beverages rose to 6.08% from 5.34% the month before as pulses inflation was sharply higher.

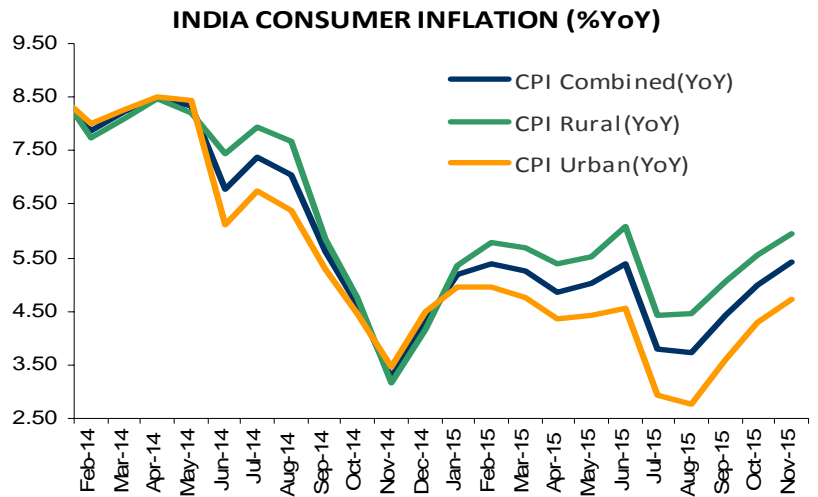
CPI YoY for Pan, Tobacco & Intoxicants was unchanged at 9.50% from the month before

CPI YoY for Clothing Bedding & Footwear was higher at 5.76% from 5.62% the month before.

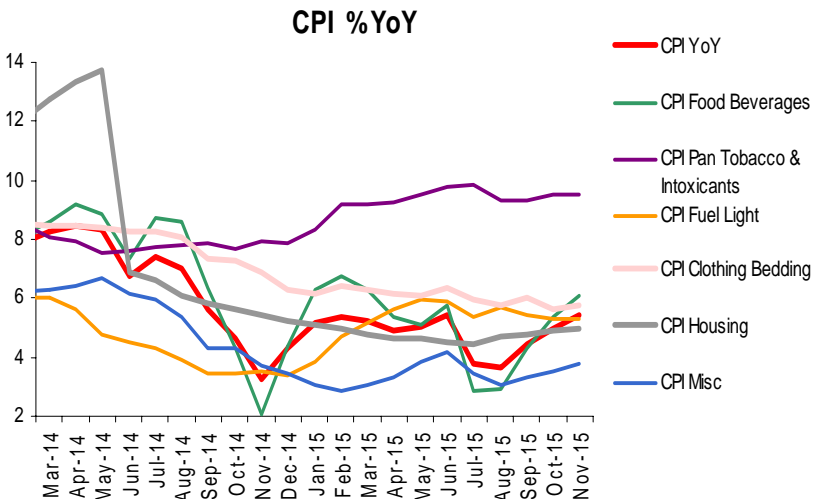
CPI Inflation for Fuel & Light fell to 5.28% from 5.32% the month before and CPI Housing was slightly higher at 4.95% from 4.88% in Oct.

CPI Miscellaneous was higher at 3.78% from 3.51% the month before.

Nov 2015 CPI Combined inflation at 5.41% against 5.0% for previous month



Components of CPI-Combined Inflation:

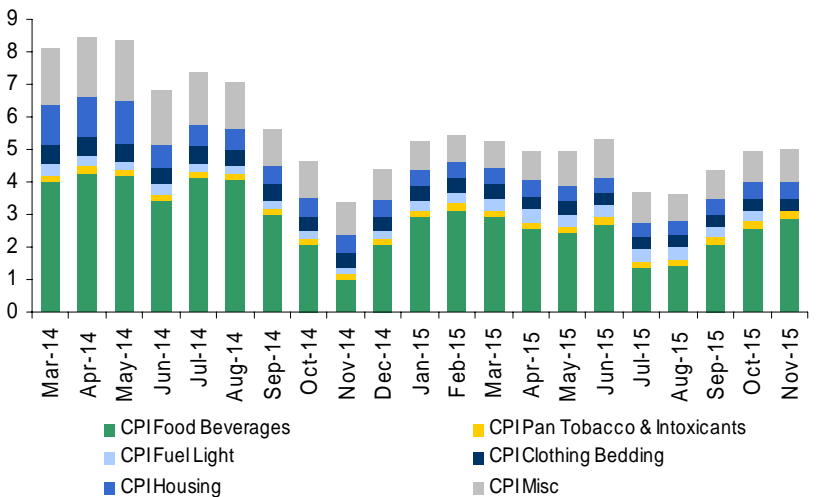


Major Contributors to Consumer Inflation

% Contribution to CPI Combined		
	Oct-15	Nov-15
Food, Beverages & tobacco	51.21	53.62
Pan, Tobacco & Intoxicants	4.56	4.25
Fuel & Light	6.95	6.42
Clothing, Bedding & Footwear	7.40	7.03
Housing	9.57	8.99
Miscellaneous	18.9	18.73

Food contribution has increased in Nov due to YoY rise in some food articles due to poor monsoons. Pulses contribution is 107 basis to the overall inflation.

CPI Contribution



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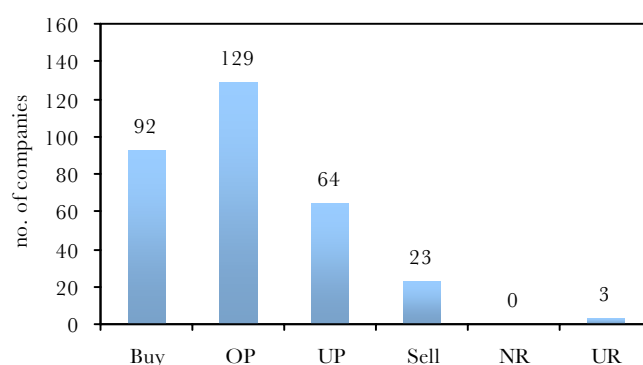
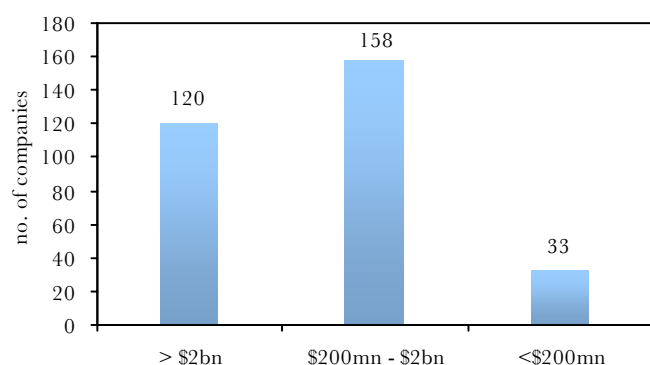
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B&K Economic Research

----- B&K Universe Profile -----

By Market Cap (US\$ mn)

By Recommendation



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