

India CPI Inflation Preview: Iran-US War, Heat, Monsoon To Push Inflation Higher; What It Means For You?

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India CPI Preview: Crude oil price rally, fuel pass-through, and import-cost pressures stemming from Iran-US tensions are expected to have kept consumer price index (CPI) inflation elevated in May.

Additionally, high summer temperatures and patchy pre-monsoon showers may have pushed up food prices during the month.

The Ministry of Statistics and Programme Implementation (MoSPI) is set to release the CPI data for May on Friday, June 12. In April, retail inflation rose marginally to 3.8%, but remained well below the Reserve Bank of India (RBI)'s medium-term target of 4%.

This time, experts see, inflation can edge higher and may breach RBI's medium term target. "We do expect inflationary pressure to rise in the coming months, driven by the gradual rise in retail fuel prices and producers passing their cost pressure to consumers. Food inflation has already been rising and faces upside risk from below-normal monsoon this fiscal," read a CRISIL report.

CPI Inflation In May Expected To Firm Around 4%

India's CPI inflation might have surged in May, given the geopolitical tensions due to Iran-US war and its ripple-effects across segments in the economy. "CPI inflation in May 2026 is expected to firm slightly to around 4.0%, reflecting higher crude oil prices, fuel pass-through, and import-cost pressures stemming from geopolitical tensions-all of which are feeding into transport, logistics and selected manufactured goods," stated Rajeev Sharan, Head of Research, Brickwork Ratings.

The recent uptick in petrol and diesel prices by the Oil Marketing Companies (OMCs) may push up transport costs. Additionally, the recent spike on commercial LPG cylinders may impact food inflation.

Monsoon, Fertiliser Concern To Fuel Food Inflation

Patchy pre-monsoon and concerns of below-normal monsoon can also impact food inflation in the coming months. The West Asia crisis-led fertiliser supply crunch also pose a threat to India's agrarian economy.

"Food inflation is likely to hover near 4.5%, as early heat stress and uneven pre-monsoon showers keep vegetables and perishables unstable, while cereals and edible oils face renewed pressure from higher freight and fertiliser costs," added Sharan.

May CPI Inflation Preview: Core Inflation To Remain Contained

While food inflation is expected to surge in May, rising energy cost can impact non-food categories and push core inflation as well. "Core inflation is expected to remain contained at around 3.7%, though it may firm marginally if rising energy costs begin to filter into services and non-food categories. Overall, May's print is likely to show a cautious re-acceleration rather than a sharp inflation spike," noted Sharan.

Recap Of CPI Inflation In May

India's retail inflation based on the Consumer Price Index (CPI) rose marginally to 3.48 per cent in April 2026 from 3.40% in March, according to data released by the Ministry of Statistics and Programme Implementation (MoSPI) on Tuesday. The inflation rate remained below the Reserve Bank of India's medium-term target of 4 per cent.

Rural inflation stood at 3.74 per cent, while urban inflation was recorded at 3.16% during the month. Food inflation, measured by the Consumer Food Price Index (CFPI), increased to 4.20% in April from 3.87 per cent in March. Rural food inflation was recorded at 4.26%, while urban food inflation stood at 4.10%.