

Retail inflation likely to edge above 3% in February

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Retail inflation, measured by the Consumer Price Index (CPI), is expected to have climbed past 3 per cent in February, though some economists anticipate a higher print of 4 per cent.

Experts further warn that the economic fallout from the ongoing war is likely to surface in the March data, to be released in April.

The Statistics Ministry is set to release February's retail inflation data on Thursday. Following a 2.7 per cent print in January, this will be the second CPI report of the 2024 series.

"We expect a further climb in headline CPI inflation to 3.1 per cent in February from 2.7 per cent, as the scale of disinflation in food (including vegetables, pulses, etc.) continues to ease, while precious metal price pressures remain firm," Radhika Rao, Senior Economist at DBS Bank, said. Elara Capital's Economist Garima Kapoor expects the number at 3.35 per cent, while Rajeev Sharan, Head of Research, Brickwork Ratings, expects headline inflation of 3.5-4 per cent.

Rao said that while



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pipeline price risks are being monitored, specifically regarding the recent hike in LPG prices and government anti-hoarding measures, an immediate increase in retail fuel prices remains unlikely.

CRUDE COSTS

Sharan of Brickwork Ratings said crude oil prices are once again carrying a conflict premium, with Brent volatility feeding directly into sector costs and consumer inflation.

"Empirical analysis shows that a 10 per cent rise in crude can lift headline CPI inflation by 20 basis points in the short run," he said.

"The impact of elevated crude prices will be reflected in the March CPI inflation numbers," Sharan concluded.