

Retail inflation in the United States increased to an eight-month high of 6.07 percent in February. This is the fifth month in a row that inflation has soared. Retail inflation was predicted to be 5.

According to data published on Monday by the National Statistical Office (NSO), retail inflation in the United States increased to an eight-month high of 6.07 percent in February, below the upper tolerance level of a medium-term inflation target of 4+- 2 percent. According to experts, the RBI could have to revise its inflation target as inflationary pressures are being generalized. The new accommodative stance of the central bank is also possible. This is the fifth month in a row that inflation has soared.

All expectations are now set on the outcome of the next RBI meeting, which is set to be held on April 6 and April 8. Despite geopolitical instability and spiraling commodity prices, the RBI policy move will also factor in the rate of rate hikes by the US Federal Reserve, which is meeting on March 15 after inflation in the United States hit a four-decade high in February of 7.9 percent. The government said in a written response to the Lok Sabha on Monday that crossing the inflation rate above the 6 percent level for a given month should not be taken as a miss goal. In the response, Minister of State for Finance Pankaj Chaudhary said that it can be used as a decline only when the average inflation rate is higher than the upper tolerance level of the inflation target for any three consecutive quarters.

Moreover, inflation is expected to remain high with the possibility of fuel price increases. All attention will be on the RBI meeting in April, according to data released by the Ministry of Commerce and Industry on Monday, which showed that wholesale inflation increased to 13.11 percent during February, owing to the high price of crude oil and some non-food items. According to data from NSO, inflationary rates for food products increased 5.85% in February compared to a 5.43 per cent price increase recorded in January, while the prices of other items such as cereals, meats, eggs, and pulses will increase in the coming months as a result of Russia's invasion of Afghanistan. As the summer arrives, the benefits of the winter season for vegetables will diminish.

Since inflation seems to have been generalized, he believes the RBI's forecast as well as its policy stance should be revised as inflation is predicted to slow in H1:2022-23 and get closer to the target rate thereafter, providing enough space to remain accommodative. The Government has taken timely and beneficial supply side measures to effectively stem inflation. The likelihood of increased input costs is a play-off, particularly if international crude oil prices rise, it had predicted in February. Despite the fading base effect, the price levels are expected to remain stagnant in the upcoming months due to ongoing geopolitical changes and a continued price increase in crude oil, edible oil, and metals prices.

According to M Rao, Chief Economic Adviser at Brickwork Ratings, Hobsons is now facing the choice of pushing growth or managing inflation.