

Aug Retail Inflation at 10-Month High of 3.21%

Our Bureau

New Delhi: India's retail inflation climbed up to a 10-month high of 3.21% in August but stayed below the central bank's 4% medium-term target, strengthening expectations of another rate cut next month.

Inflation based on the Consumer Price Index (CPI) was 3.15% in July and 3.69% in August 2018. The previous high was 3.38% in October 2018.

Inflation in the food basket was 2.99%, up from 2.36% in July, data released by the Central Statistics Office showed on Thursday. However, retail inflation is within the Reserve Bank India's target range of 4%, with

Inflation Climb

	July	Aug
CPI	3.15%	3.21%
Food inflation	2.36%	2.99%

► **Uptick** in food, health inflation
► **Vegetables**, pulses drive food inflation up



deviation of 2% on either side. The RBI governor-led Monetary Policy Committee will take a call on interest rates on October 4.

Inflation mainly originated from meat and fish, vegetables, pulses and products, health, education, and per-

sonal care and effects.

"With the CPI inflation recording only a mild increase in August despite the sharp uptick in the food inflation, we continue to expect the MPC to reduce the repo rate by 15-25 basis points in the October 2019 policy review, given the continuing concerns related to economic growth," said Aditi Nayar, principal economist at ICRA.

One basis point is 0.01 percentage point. Inflation in meat and fish basket was 8.51%, pulses and products 6.94% and vegetables 6.9%. Retail inflation in health was 7.84%, recreation and amusement 5.54 % and personal care and effects 6.38 %. Price rise in the 'education' segment was recorded at 6.1% in August.