



OCT. INFLATION WIPES OFF RATE CUT EXPECTATIONS

FALAKNAAZ SYED
MUMBAI, NOV. 13

With India's October inflation registering the fastest pace of rise in over a year, a rate cut in the December 2024 policy review appears ruled out despite a slowing economy, said economists. The central bank is also likely to upwardly revise its official FY25 inflation projection at the upcoming review. The six-member Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) will meet between December 4-6.

Aditi Nayar, Chief Economist at ICRA Ltd said, "With the CPI inflation breaching the 6 per cent mark in October 2024 and expected to exceed the MPC's estimate for Q3 FY2025 by at least 60-70 bps, a rate cut in the December 2024 policy review appears ruled out, in spite of our projection of a sub-7 per cent GDP growth print for Q2 FY2025. We anticipate that a shallow rate cut cycle of 50 basis points may commence in February 2025 or later."