CUES IN THE NEWS

India's Retail Inflation At Record Low

India's CPI inflation sharply moderated in October 2025 to 0.25% (Bloomberg median poll at 0.40%), from 1.44% in September 2025. On the other hand, core inflation inched higher to 4.40% (4.27% in September 2025) due to a sharp increase in gold & silver prices. On a MoM basis, headline and core indices noted an increase of 0.15% and 0.64% respectively. Average CPI inflation during April-October 2025 stood at 1.92%, substantially lower than 4.81% during the same period last financial year.

Higher favourable base in food and m-o-m deflation slid headline inflation to record low

Food inflation noted a deflation of 3.72% YoY, lowest reading in the 2012 CPI series. Within the food basket, vegetables, pulses & products and spices continued to observe deflation, while oils and fats inflation remained in double digit (11.17%) for the twelfth consecutive month, although lower than previous month (18.3%).
Similarly, fuel inflation remained in check, supported by benign global crude oil prices.

Overall rural CPI noted a deflation of 0.25%, lowest on record, while urban inflation stood at 0.88%.

Source: MoSPI, Ionic Wealth

Core inflation remained elevated due to continued surge in precious metals

Core CPI, which excludes food & fuel component, quickened to 4.40% in October 2025, compared to 4.27% in the previous month. The surge in core basket was led by a gold and silver prices which increased by 57.8% and 62.4% respectively in October 2025 on a y-o-y basis. *Adjusted for precious metals, core inflation remained curtailed at 2.94%.*
Going forward, domestic inflationary environment could remain benign, given GST rate cuts, healthy kharif output, and stable global energy prices. Although, unfavorable base for the coming months and some uptick in global commodity prices could lead to a healthy rebound in inflation.

Ionic Wealth View

India's inflation now stands at 1.9% (April-October 2025) vs RBI's FY26 full year estimate of 2.6%. Slowdown in inflation also reflects larger demand concerns and drop in food inflation may probably also disrupt the nascent rural recovery. There's clear space available for monetary easing and RBI is likely to deliver a rate cut in December 2025. Our thesis of tariffs being inflationary for US and disinflationary for rest of the world is unfolding slowly and we believe that divergence will likely continue.