

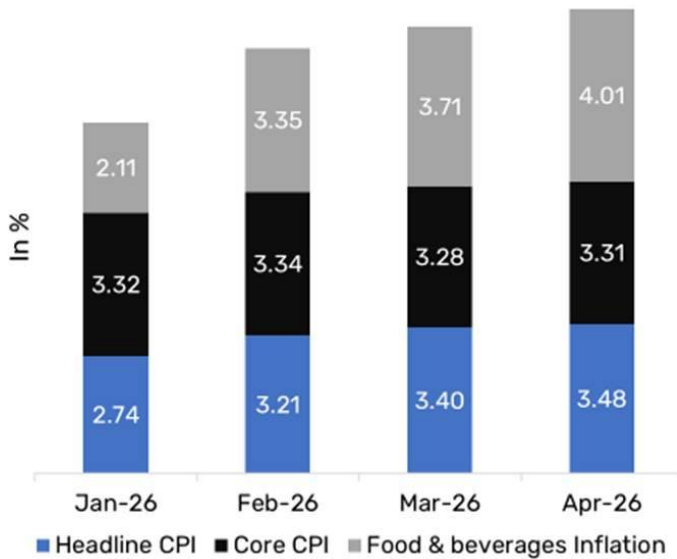


14<sup>th</sup> May 2026

MacroLens

# Inflation Watch

## Print benign, but building medium-term risks



- April CPI inflation edged up to 3.5% YoY from 3.4% in March, driven by a broad-based rise in food prices, particularly across oils & fats, fruits, meat & fish and eggs.
- Imported inflation also remained elevated amid higher global commodity and crude oil prices.
- Core inflation stayed stable at 3.3% YoY, indicating contained underlying demand pressures.
- Rural and urban inflation both increased in April, reflecting the broad-based rise in price pressures across the economy.

### Emerging Risks



- Brent near USD 110/bbl
- Imported inflation elevated
- Delayed fuel price pass-through could create second-round effects.



- Oils, fruits, meat prices rising
- El Niño conditions and weak monsoon could impact food supply



- WPI rising faster than CPI
- Producer-side cost pressures (energy, freight, commodities) likely to transmit gradually into CPI



- INR hovering above 95/USD
- Adds to imported inflation risk via higher energy & input costs

### Inflation Outlook

The inflation outlook remains manageable in the near term, although risks are gradually building. So far, the pass-through of higher global energy prices to domestic inflation has remained limited, supported by stable retail fuel prices and absorption of costs across the supply chain. However, a sustained rise in crude prices could eventually lead to fuel price adjustments, resulting in broader second-order effects through transportation, logistics and input costs, thereby pushing inflation higher over the coming quarters. In such an environment, the RBI is likely to maintain a cautious and data-dependent stance, with limited room for further policy easing until there is greater clarity on the extent of fuel price pass-through and its impact on inflation.

Source: Kotak Institutional Securities, PIB, CMIE. Data as on 12<sup>th</sup> May 2026.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.