Data Review: October CPI

India Economy | Update

November 13, 2026

CPI at 6.09%; see additional 50bps of rate hikes by RBI

Key Points

- CPI inflation rose to 6.09%YoY (NBIE: 6.00%; Bloomberg consensus: 6.00%) in Oct-26 from 5.54% in Sep-26. The deviation from our estimate was led by food inflation which stood at 8.94% (NBIE estimate: 8.69%) and was broad based across cereals, meat, vegetables and pulses. Core inflation was also marginally above our estimate due to lower than expected moderation in gold and silver prices.
- Core CPI (excluding petrol and diesel) stood at 4.52**%** in Oct-26**,** up from 4.34% in Sep-26. Core CPI (excluding petrol, diesel, gold and silver) stood at 3.69% (+0.43%MoM) up from 3.13% in Sep-26. While underlying inflationary pressures are becoming broad-based, it remains relatively contained below 4%.
- In signs of inflation becoming broad based, 26.5% of items showed inflation above 6% in Oct-26, up from 22.3% in Sep-26 and 11.2% in Jan-26.
- Our CPI estimate for FY27 stands at 5%, with some upside risks. Amid resilient growth and more broad based inflationary pressures, we factor in an additional 50bps of rate hikes over the next two meetings, taking the terminal rate to 6%. However, we see limited need for aggressive rate hikes, with inflation in FY28 unlikely to exceed 5%.

Key Macro Forecasts

Particulars	FY25	FY26	FY27F
GDP (% YoY)	7.1	7.7	7.3
GVA (% YoY)	7.3	7.9	7.4
Agriculture (% YoY)	4.2	3.0	3.2
Industry ex. construction (% YoY)	8.7	9.0	7.9
Services inc. construction (% YoY)	7.8	9.0	8.4
CPI (average)	4.7	2.0	5.0
WPI (average)	2.3	0.9	9.5
Interest rates-Repo (Fiscal year end)	6.25	5.25	6.00
Fiscal deficit (% of GDP)	4.8	4.4	4.3
Current account balance (% of GDP)	-0.6	-0.6	-1.2
INR/USD (Average)	84.5	88.7	93.8
10-year yields (average)	7.0	6.5	7.0
Crude oil price (US$/bbl average)	77	68	80

Source: MOSPI, CEIC, Nirmal Bang Institutional Equities

CPI rises to 6.0% led by higher food prices: CPI inflation rose to 6.09% YoY in Oct-26 from 5.54% in Sep-26. Food and beverage inflation stood at 8.5% YoY in Oct-26, up from 7.4% in Sep-26. Cereals rose 1.7%MoM led by higher rice prices. Vegetables & pulses prices rose 1.7% MoM led by higher prices of pulses (led by Tur and Moong). Meat prices rose 2.4%Mom led by higher chicken prices. Rural and urban inflation stood at 6.63% and 5.41%, respectively, in Oct-26 with the former heavily influenced by higher food prices. Fuel & light inflation rose 3.7% YoY and 0.3% MoM.

Underlying inflationary pressures broadening but still contained below 4%: Core inflation stood at 4.76% in Oct-26, up from 4.60% in Sep-26 and slightly above our estimate of 4.70% largely due to gold and silver prices moderating less than expected. Core CPI (excluding petrol and diesel) stood at 4.52% (+0.30%MoM) in Oct-26, up from 4.34% (+0.40%MoM) in Sep-26 and marginally above our expectation of 4.45%. Core CPI (excluding petrol, diesel, gold and silver) stood at 3.69% (+0.43%MoM), up from 3.13% in Sep-26, but slightly below our estimate of 3.75%. Gold & platinum jewellery declined 1.75%MoM while Silver jewellery declined 4.6%MoM. While underlying inflationary pressures are becoming broad-based, it remains relatively contained at below 4%.

Limited need for aggressive rate hikes: Our CPI estimate for FY27 stands at 5%, with some upside risks. Our CPI estimate for 3QFY27 is now tracking 6.1% with 4QFY27 likely to be in the range of 5.7-6.2% before moderating. With the recent decline in crude oil prices, commodity prices are likely peaking off. However, higher domestic food prices on the back of a poor monsoon remain a risk. We factor in an additional 50bps of rate hikes over the next two meetings, taking the terminal rate to 6%. However, we see limited need for aggressive rate hikes, with inflation in FY28 unlikely to exceed 5%.

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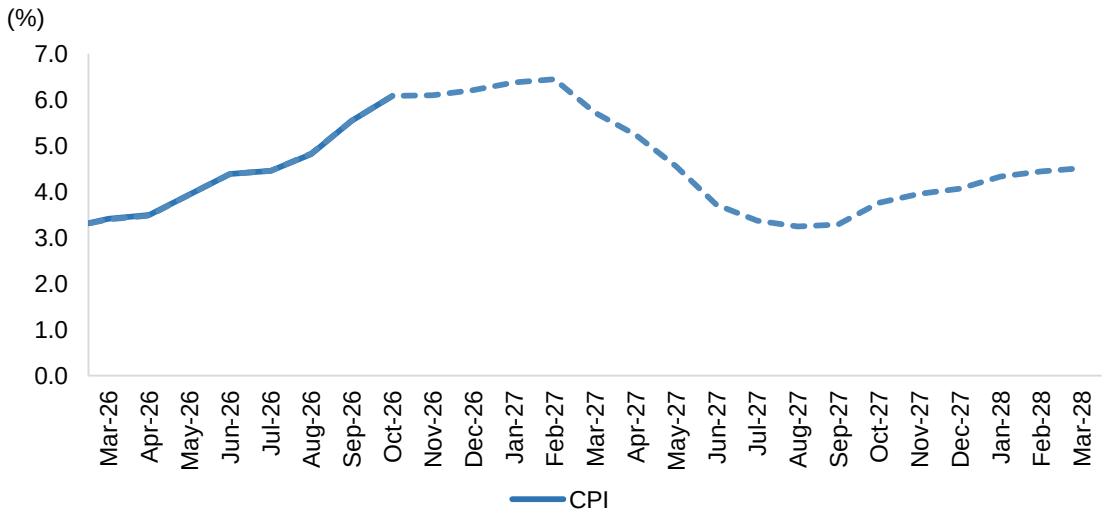
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Exhibit 1: CPI at 6.09%; Core inflation at 4.76%

Product	Weight (%)	Aug-26	Sep-26	Oct-26	%MoM	Aug-26	Sep-26	Oct-26
CPI	**100.0**	**4.8**	**5.5**	**6.1**		**0.7**	**0.7**	**0.5**
Food and beverage	**36.8**	**5.7**	**7.4**	**8.5**		**1.2**	**1.3**	**0.9**
Cereals and products	*5.9*	*2.8*	*3.9*	*5.9*		*1.4*	*1.2*	*1.7*
Meat, Fresh, Chilled Or Frozen	*2.5*	*12.0*	*8.7*	*10.6*		*(3.2)*	*(0.7)*	*2.4*
Milk and milk products	*7.3*	*4.8*	*5.1*	*5.6*		*0.2*	*0.6*	*0.5*
Oils and fats	*2.7*	*7.8*	*8.3*	*10.1*		*1.4*	*1.3*	*1.1*
Fruits & Nuts	*3.7*	*9.6*	*10.7*	*11.9*		*0.6*	*(0.1)*	*(0.1)*
Vegetables	*6.8*	*1.6*	*9.2*	*10.9*		*3.6*	*4.3*	*1.7*
Sugar, Confectionery & Desserts	*1.4*	*10.9*	*13.8*	*13.0*		*7.7*	*2.9*	*(0.5)*
Food & Beverages: Beverages: Fruit & Vegetable Juices	*0.5*	*1.4*	*1.6*	*2.0*		*0.3*	*0.3*	*0.2*
Other Beverages	*0.1*	*(1.4)*	*(1.3)*	*(0.9)*		*(0.0)*	*0.2*	*0.1*
Ready-Made Food & Other Food Products	*3.3*	*9.6*	*10.0*	*10.5*		*1.1*	*0.6*	*0.3*
Paan, tobacco and intoxicants	***3.0***	***4.7***	***4.8***	***4.9***		***0.2***	***0.3***	***0.2***
Clothing and footwear	**6.4**	**3.6**	**3.9**	**5.0**		**0.5**	**0.6**	**0.8**
Housing and Water	**12.3**	**2.4**	**2.5**	**2.6**		**0.3**	**0.2**	**0.2**
Fuel and Light	**5.4**	**3.1**	**3.2**	**3.7**		**0.3**	**0.2**	**0.3**
Furnishings, HH Eqp & Routine HH Maintenance	**4.5**	**2.7**	**3.1**	**3.9**		**0.4**	**0.5**	**0.5**
Miscellaneous	**36.2**	**5.2**	**5.4**	**5.4**		**0.6**	**0.4**	**0.2**
Health	*6.1*	*1.3*	*1.4*	*2.0*		*0.2*	*0.3*	*0.4*
Transport	*8.8*	*4.6*	*5.0*	*5.8*		*0.3*	*0.2*	*0.2*
Information & Communication	*3.6*	*2.0*	*2.4*	*3.2*		*1.4*	*0.4*	*0.4*
Recreation, Sport & Culture	*1.5*	*1.7*	*2.2*	*2.5*		*0.5*	*0.4*	*0.4*
Education	*3.3*	*3.7*	*3.9*	*4.0*		*0.3*	*0.1*	*0.1*
Restaurants & Accommodation Services	*3.3*	*8.4*	*9.4*	*10.1*		*0.8*	*1.0*	*0.8*
Personal Care and Effects	*5.0*	*15.2*	*13.7*	*10.1*		*1.1*	*0.4*	*(0.7)*
Core CPI	**57.9**	**4.4**	**4.6**	**4.8**		**0.5**	**0.4**	**0.3**

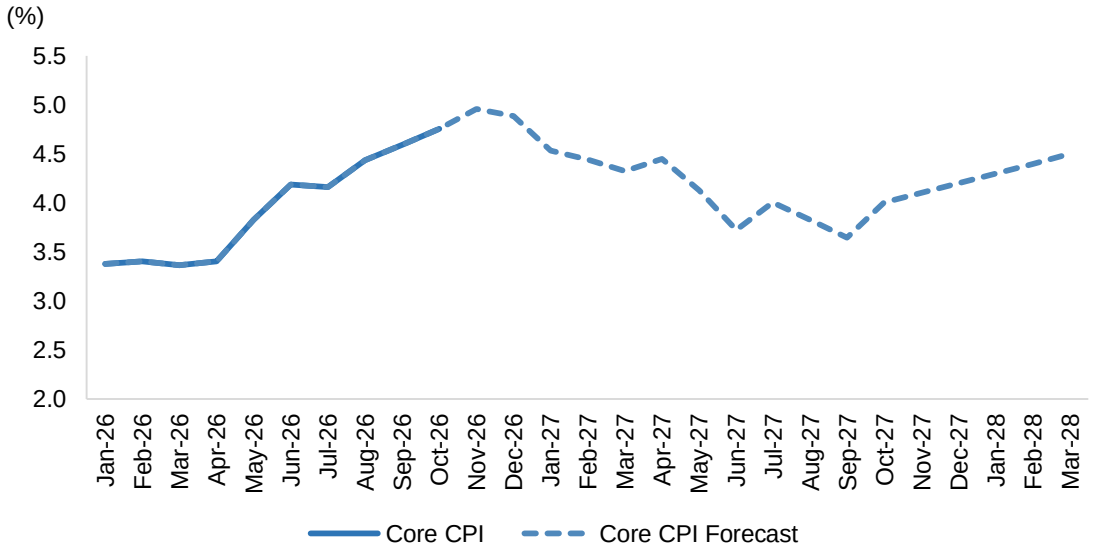
Source: CSO, CEIC, Nirmal Bang Institutional Equities

Exhibit 2: CPI likely to remain elevated over the next few months before moderating



Source: MOSPI, CEIC, Nirmal Bang Institutional Equities

Exhibit 3: Core CPI seen rising to ~ 5% before moderating



Source: MOSPI, CEIC, Nirmal Bang Institutional Equities

Exhibit 4: 26.5% of items show inflation above 6% in Oct-26 vs. 22.3% in Sep-26 and 11.2% in Jan-26

Date	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
<0	17.0	16.8	16.5	14.8	13.4	12.3	13.1	10.9	8.7	5.9
0-2	31.8	32.1	32.1	33.5	31.8	28.5	26.5	26.5	26.3	18.7
2- 4	33.0	29.9	29.3	28.2	28.5	30.2	32.1	31.8	29.1	27.1
4- 6	7.0	8.4	8.9	8.1	9.2	10.3	9.8	11.5	13.7	21.8
>6	11.2	12.8	13.1	15.4	17.0	18.7	18.4	19.3	22.3	26.5

Source: MOSPI, CEIC, Nirmal Bang Institutional Equities

Exhibit 5: Rural inflation highest in Telangana; wedge highest in Uttar Pradesh

State	Rural Inflation	Urban Inflation	Difference
Uttar Pradesh	7.20	4.88	2.32
Chhattisgarh	6.72	4.59	2.13
Odisha	7.74	5.63	2.11
Ladakh	6.80	4.95	1.85
Manipur	5.51	3.66	1.85
Assam	4.94	3.23	1.71
Maharashtra	6.86	5.20	1.66
Haryana	5.20	3.56	1.64
Jharkhand	6.44	4.86	1.58
NCT of Delhi	5.24	3.77	1.47
Andhra Pradesh	7.81	6.37	1.44
Kerala	7.01	5.58	1.43
Telangana	8.05	6.68	1.37
Rajasthan	6.33	5.09	1.24
Madhya Pradesh	7.66	6.46	1.20
Uttarakhand	5.84	4.66	1.18
Sikkim	5.65	4.48	1.17
Arunachal Pradesh	4.62	3.50	1.12
Tamil Nadu	7.86	6.84	1.02
West Bengal	5.08	4.13	0.95
Karnataka	7.54	6.60	0.94
Nagaland	4.00	3.10	0.90
Andaman And Nicobar Islands	3.86	3.03	0.83
Tripura	5.00	4.17	0.83
Lakshadweep	5.68	4.92	0.76
Meghalaya	3.80	3.16	0.64
Bihar	5.79	5.18	0.61
Mizoram	3.19	2.58	0.61
Gujarat	6.06	5.46	0.60
Punjab	5.75	5.42	0.33
Puducherry	8.03	7.93	0.10
Himachal Pradesh	4.28	4.21	0.07
Jammu And Kashmir	4.87	4.91	-0.04
Goa	4.33	4.72	-0.39
The Dadra And Nagar Haveli And Daman And Diu	6.61	7.92	-1.31
Chandigarh	-	5.23	-
All India	6.63	5.41	1.22

**: No rural market in Chandigarh*

Source: MOSPI, CEIC, Nirmal Bang Institutional Equities

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BUY > 15%

HOLD -5% to14%

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