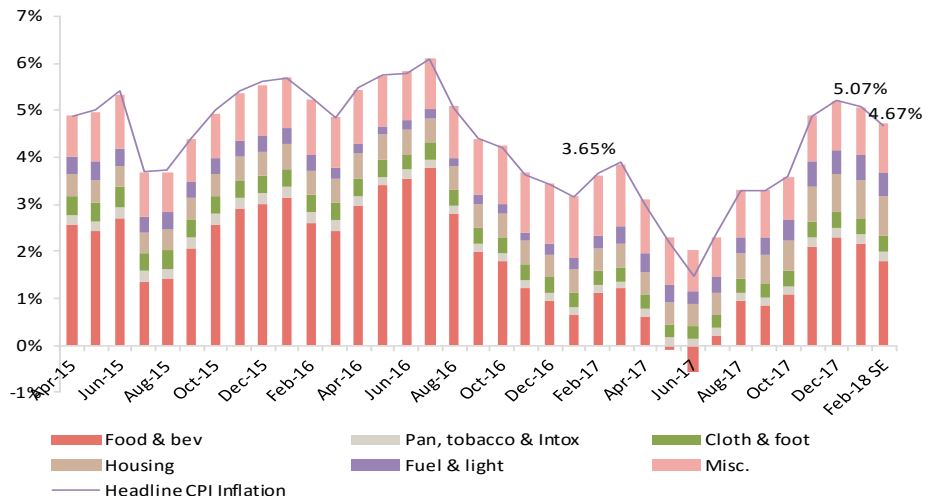


Feb CPI Inflation Estimates: 4.67% (YoY)

- India's Feb **headline CPI Inflation** is seen easing 40bps to 4.67% YoY from 5.07% in January but modestly higher compared to 3.65% in Feb'17. The **Core CPI Inflation (Excluding Food & Beverages and Fuel & Light)** is expected to firm up to 5.24% YoY from 5.14% in the previous month.
- The overall month-on-month momentum is seen to have declined ~0.15% as against 0.23% increase for the comparable period last year thus giving a high base. The momentum in Vegetable price index is seen to have dropped for three months in a row with Feb decline estimated ~ 7% (m/m) compared to ~6.25% in Jan'18 as against 0.1% increase in Feb'17.
- The monthly momentum in subgroups and the resultant annual inflation can be seen as under:
 - Eggs CPI to have decreased ~1% (M/m); YoY inflation ~10.1%
 - Vegetable CPI to have declined ~7% (M/m); YoY Inflation ~18% YoY
 - Fruits CPI to have increased by ~1.2% (M/m); Fruits CPI Inflation ~5.6% YoY
 - Pulses CPI to have decreased ~0.9% (M/m); Pulses CPI Inflation ~-17.1% YoY
 - Sugar & Confectionery declined ~1.3% (M/m); S&C CPI Inflation 0.01%
 - Housing Index +0.8% (M/m) ; Housing CPI Inflation ~ 8.45% YoY
 - Transportation and Comm. 0.6% (M/m); T & C Inflation ~2.2% YoY
 - Personal Care & Effects 0.6% (M/m); PCE Inflation ~ 4.5% YoY
- CPI Inflation excluding statistical impact of CPC HR Allowance**
 - The headline CPI Inflation excluding the statistical impact is seen at 4.27% YoY vs 4.65% in Jan.
 - The Core CPI Inflation excluding statistical impact is seen to be at 4.21% YoY in Feb'18 vs 4.14% in the previous month.
- We expect Headline CPI Inflation to average ~ 4.7%-4.8% in final three-months of FY18 vis-à-vis 4.56% in Q3FY18 with March'18 reading close to 4.6%.
- Going forward the headline trajectory is seen to be inching higher to ~5.3% in Q1 FY19 before steadily moderating to 4.7%, 4.2% and 4.6% in Q2, Q3 and Q4 of FY19 respectively with average for FY19 ~4.6-4.7%. However after stripping out the statistical impact from state HR Impact Headline CPI Inflation is seen to average 3.9%.

Contribution to Inflation (Including Sunidhi Estimates (SE) for Feb'18)



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February'18 CPI Inflation Estimates

	Consumer Price Index			Estimates		
	Weight	Feb-17	Jan-18	Index (SE)	CPI – Inflation	
				Feb-18	M/m	Y/y
General Index (All Groups)	100	130.6	136.9	136.7	-0.15%	4.67%
1 Food and beverages	45.86	133	139.2	138.1	-0.82%	3.80%
2 Pan, tobacco and intoxicants	2.38	144.4	154.7	155.3	0.39%	7.55%
3 Clothing and footwear	6.53	135.9	142.3	142.8	0.33%	5.05%
4 Housing	10.07	130.5	140.4	141.5	0.80%	8.45%
5 Fuel and light	6.84	127.9	136.6	137.4	0.62%	7.46%
6 Miscellaneous	28.32	124.8	129.1	129.6	0.42%	3.88%
Consumer Food Price Index		131.8	138.1	136.6	-1.05%	3.64%

Source: MOSPI, Sunidhi Research

February'18 WPI Inflation Estimates: 2.35% (YoY) (2011-12 = 100)

- India's Feb'18 headline Wholesale Price Index (WPI) based inflation is seen at 2.35% YoY easing from 2.84% in January. The Manufacturing WPI is further expected to firm up to 2.99% YoY from 2.78% in Jan. Fuel & Power Inflation is seen to moderate significantly to ~ 3.4% YoY from ~4.1% in the previous month. Primary Articles Inflation is expected to ease to 0.4% from 2.4% in Jan where sharp decline in Food Articles Inflation to 1.1%YoY vs 3 % and ~ 5.2% drop in Crude prices is seen taking , Creude, Petroleum & Natural Gas to a disinflation of 2.1% vs +1.2% in the previous month. The Core WPI inflation is seen accelerating to 3.78% YoY in Feb from 3.45% in Jan.

February '18 WPI Estimates

	Weight	Wholesale Price Index		Projection		
		Feb-17	Jan-18	Index (SE)	WPI – Inflation	
				Feb-18	M/m	Y/y
ALL COMMODITIES	100.00	113.0	115.8	115.7	-0.13%	2.35%
I PRIMARY ARTICLES	22.62	127.0	129.7	127.6	-1.66%	0.43%
II FUEL & POWER	13.15	94.5	96.9	97.7	0.81%	3.37%
III MANUFACTURED PRODUCTS	64.23	111.8	114.7	115.1	0.39%	2.99%

Source: Sunidhi Research

Jan'18 IIP Estimates (6.94% YoY)

- India Index of Industrial Production is expected to **grow 6.94% YoY** in Jan vs 7.07% in December and a comparable 3.5% growth in Jan'17.
- Mining is seen to have expanded 3.5% YoY vs 1.2% in the previous month and 8.6% in Jan'17.
- Electricity generation is seen to have accelerated to 7.7% YoY growth vs 4.4% in Dec'17 and 5.1% in Jan'17.
- Manufacturing growth is expected to have moderated to 7.4% in Jan'18 from 8.4 % in Dec'17 but is expected to show continuing strength compared to 2.5% growth in Jan'17.

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