Marginal rise

CPI Inflation | December 2025

13th Jan 2026

CPI inflation edged higher to 1.3% in December from November's 0.7%, however stayed below the central bank's target range of 2%-6%.

Deflation in food and beverages persisted into a fourth month, narrowing to -1.8% in December from November's -2.8%, as base impacts began to diminish.

Core Inflation rose to 4.6% vs 4.2% in November, while core excluding gold rose slightly to 2.6% from 2.5%.

Expect no change in RBI policy rates as inflation edges higher.

Particulars (%)	Dec-25	Nov-25	Dec-24
Food and beverages	**-1.85%**	**-2.78%**	**7.69%**
Cereals and products	-0.35%	0.10%	6.51%
Meat and fish	5.12%	2.54%	5.30%
Milk and milk products	2.56%	2.45%	6.85%
Fruits	6.66%	6.82%	8.60%
Vegetables	-18.47%	-22.24%	26.56%
Pulses and products	-15.09%	-15.82%	3.83%
Pan, tobacco and intoxicants	**2.96%**	**2.96%**	**2.49%**
Clothing and footwear	**1.44%**	**1.49%**	**2.74%**
Housing	**2.86%**	**2.95%**	**2.71%**
Fuel and light	**1.97%**	**2.32%**	**-1.33%**
Miscellaneous	**6.17%**	**5.64%**	**4.19%**
GENERAL INDEX	**198.00**	**197.90**	**195.4**
Consumer Food Price Index	**201.1**	**201.6**	**206.7**
CPI %	**1.33%**	**0.71%**	**5.22%**

Outlook

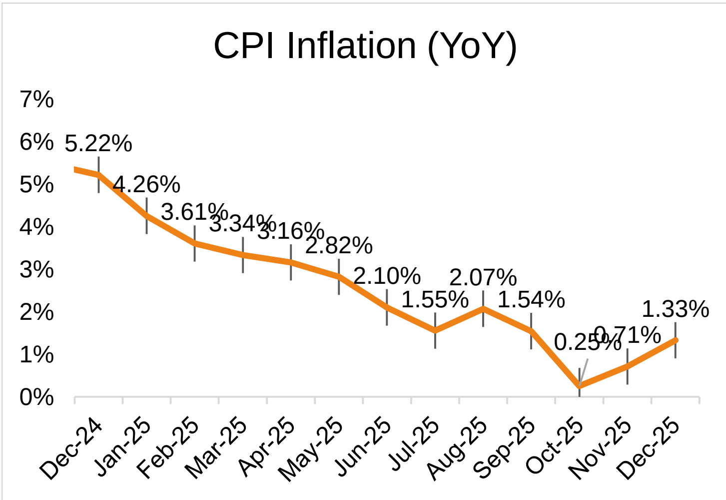
Q3 inflation at 0.77% came in just above RBI's 0.6% forecast. Inflation nudged up slightly from a less favorable base, and is expected to edge higher over coming months. We expect RBI to hold rates with inflation on a gradual rise while emphasis as noted by the governor in December policy on supplying liquidity to enable transmission of past rate cuts. However, next month's new CPI series could alter these estimates.

Inflation Highlights

In December, inflation nudged up slightly from a less favourable base coupled with rising gold costs, however came in below consensus on deeper declines in food prices. The CPI inflation rate stood at 1.3% Y-o-Y below consensus compared to 0.7% in the prior month and 5.2% for December 2024. Headline inflation gained only 5 basis points M-o-M, down sharply from 30bps prior.

Food inflation remained in the deflationary zone at -1.85% in December, compared with -2.78% in November, marking a rise of 93.76 basis points versus 94.18 basis points rise in the previous month. Food inflation eased -25bps MoM, down from the previous 50bps gain. The largest decline within food inflation was observed in vegetables, which fell to -18.47% YoY in December compared to a -22.24% in November. This was followed by a decrease in pulses and products, -15.09% YoY (-15.82% in Nov). Cereals and products eased by -0.35%, Spices by -2.15%. Oil and fats were up by 6.75% vs 7.87% in November.

Core inflation rose to 4.6% in December, driven mainly by significant increases in gold and silver prices. Personal care and effects surged 28.07% YoY (up from 24.14% YoY in November), led by gold prices rising 68.66% YoY and silver 97.07% YoY. Housing price inflation dropped -0.8% MoM, down from 0.2% gain previously. Fuel and light inflation rose 0.3% MoM, up from 0.2% last month. Clothing prices gained 0.2% MoM after a 0.1% rise previously.



Sources: Reserve Bank of India, Reuters.

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