

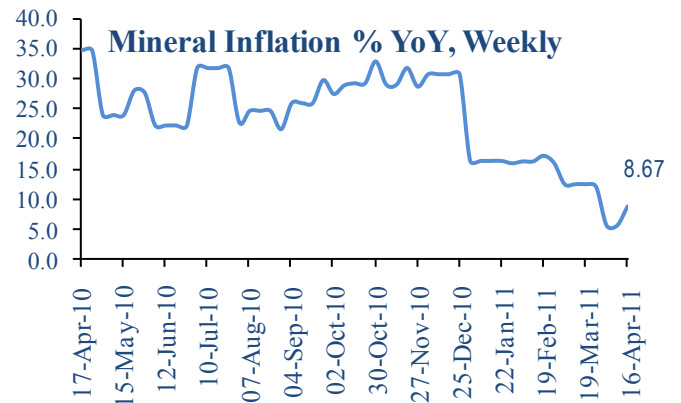
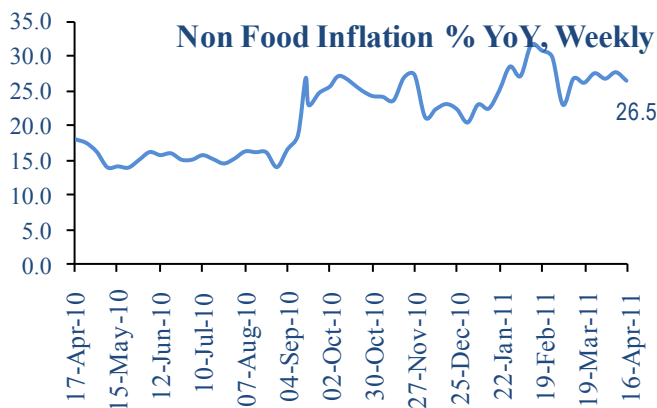
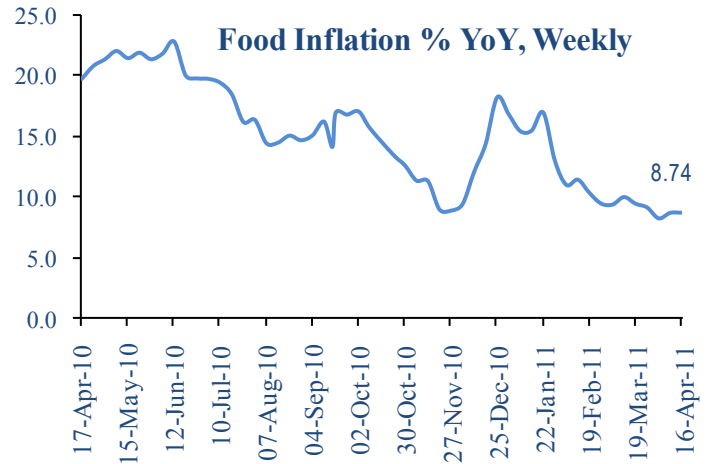
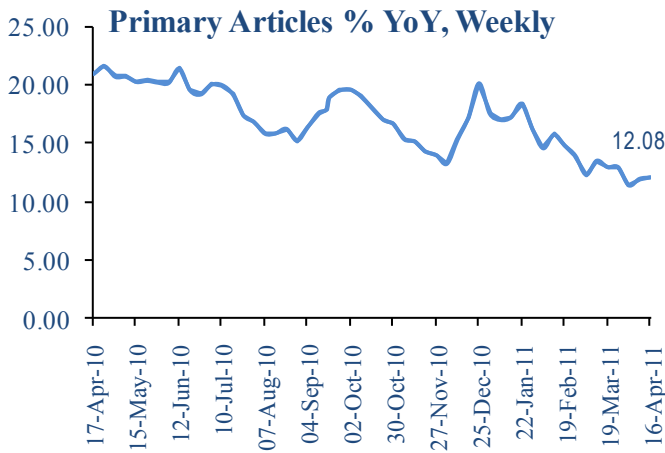
Inflation Report

For Week Ended April 16, 2011

Policy & Research Unit

Primary articles inflation rises further to 12.08% YoY, due to sharp rise in minerals prices

Primary articles inflation for the week ending April 16, 2011, increased to 12.08% YoY compared with 11.96% YoY a week ago due to rise in the index by 0.1% on a WoW basis. The rise in primary articles inflation in the week has been due to sharp rise in the mineral index by 3% over the week despite decline in food and non food articles prices on WoW basis.



WPI Sub groups	Index	% YoY		% WoW	
		16-Apr-11	16-Apr-11	09-Apr-11	16-Apr-11
Primary articles	191.1	12.08	11.96	0.1	0.2
Food Articles	182.6	8.76	8.74	-0.2	-0.1
Non Food Articles	192.5	26.5	27.7	-0.4	0.7
Minerals	267.0	8.67	5.49	3.0	0.0
Fuel	160.3	13.5	13.1	0.6	0.0

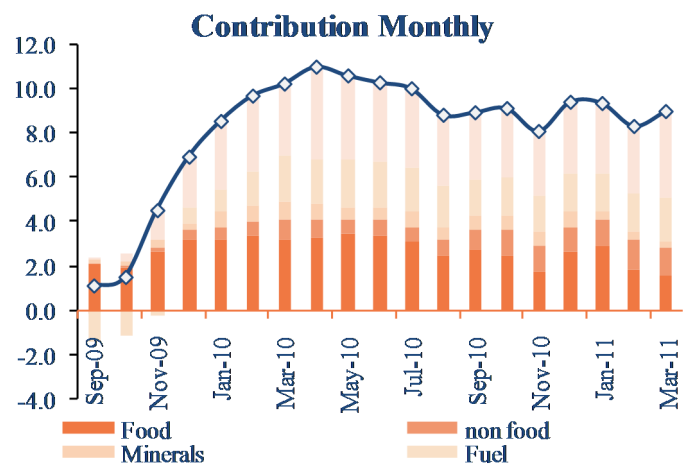
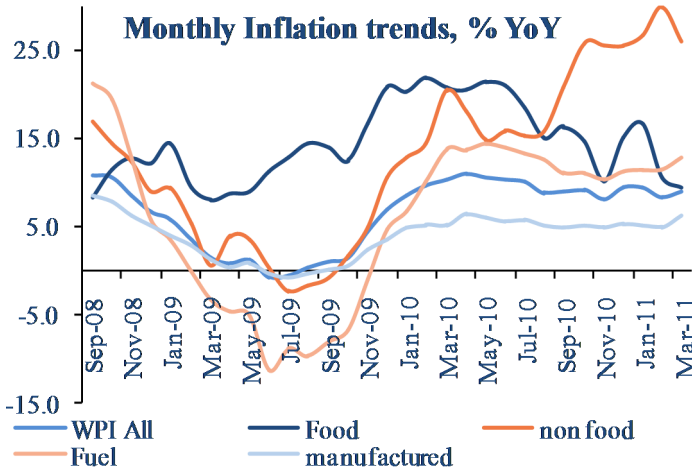
Food inflation for the week ending April 16, 2011 stood at 8.76% YoY almost unchanged from last week, as the index declined by 0.2% WoW basis. Over the week Food Articles index declined to 182.6 from 182.9 a week ago due to lower prices of fish-inland, poultry chicken, fish-marine, egg, wheat, gram, masur and arhar. However, the prices of jowar, maize and milk, condiments & spices, ragi, barley, urad and mutton moved up.

Non-food inflation eased to 26.5% YoY from 27.7% YoY a week ago due to decline in prices by 0.40% YoY. In the week ending April 16, 2011, its index declined 192.5 from 193.2 a week due to lower prices of flowers, castor seed and soyabean, fodder, rape & mustard seed and copra. However, the prices of mesta, groundnut seed and raw silk and gaur seed and sunflower moved up.

Sharp rise in the minerals prices in the week wending April 16, 2011 resulted in higher primary articles inflation during the week. Mineral index jumped by 3% to 267.0 from 259.2 from a week ago due to higher prices of iron ore, zinc concentrate and copper ore.

Fuel & Power

Fuel inflation rose to 13.53% YoY compared with 13.03% YoY a week ago as the index grew by 0.60% over the week. Fuel index increased due to higher prices of lubricants, light diesel oil and furnace oil and naphtha. However, the prices of bitumen declined



◆ **PRU View**

Higher prices of fuel and minerals will put further pressure on manufactured products prices. As fuel and commodity inflation is spilling on manufactured products prices we expect more monetary measures in the offing. We expect a 25 bps hike in the RBI's coming annual monetary policy meeting on May 3, 2011.

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