**Food inflation spikes in urban India, nears 9%**

India’s consumer price inflation eased a tad to a one-year low of 4.75% in May, from 4.83% in April, but food price rise remained unchanged at 8.7%, with urban households facing a sharper 8.83% spike in food inflation. Retail inflation stood at 4.31% in May 2023, with food prices rising less than 3%.

May was the fourth successive month with food inflation of over 8.5%, though it cooled fractionally for rural consumers from 8.75% in April to 8.62%. On a month-on-month basis, the Consumer Price Index (CPI) was up 0.5% in May, while the food price index had risen 0.73% from April’s levels. The sequential rise in food prices was 0.7% for rural consumers and 0.9% for their urban counterparts.

The gap between urban and rural consumers’ inflation trends was sharp for the third consecutive month, with rural households seeing a 5.3% rise in prices in May. For urban consumers, the retail inflation pace was 4.15%, just fractionally higher than 4.14% in March and 4.11% in April.

While retail inflation has now been below 6% since September 2023, it is still far from the central bank’s 4% target. The Reserve Bank of India expects retail inflation to average 4.5% this year and has projected an average of 4.9% for the April to June quarter. With April and May inflation coming in slightly below that, it is likely that price rise may resurge to over 5% this month.

Barring spices, where the inflation rate cooled to 4.3%, the lowest level in at least two years, price pressures persisted for most food items. Vegetable prices rose 27.3% in May, while the inflation rate accelerated for cereals (8.7%), eggs (7.6%), fruits (6.7%) as well as pulses.