

**RESEARCH**
**BOB ECONOMICS RESEARCH | BOB-ECI**

BoB Essential Commodities Index, Aug 2023

**Daily macro indicators**

Indicator	1-Sep	4-Sep	Chg (%)
US 10Y yield (%)	4.11	4.18	7bps
India 10Y yield (%)	7.17	7.21	4bps
USD/INR	82.72	82.75	0
Brent Crude (US\$/bbl)	88.6	89.0	0.5
Dow	34,722	34,838	0.3
Hang Seng	18,382	18,844	2.5
Sensex	65,387	65,628	0.4
India FII (US\$ mn)	31-Aug	1-Sep	Chg (\$ mn)
FII-D	20.6	86.7	66.1
FII-E	152.2	215.1	62.9

Source: Bank of Baroda Economics Research

**SUMMARY**
**INDIA ECONOMICS: BOB-ECI**

BoB Essential Commodity Index (BoB ECI) has moderated to 0.7% in Aug'23 and further has fallen by 1.7% in Sep'23, on a sequential basis. This follows 4.9% sequential rise visible in Jul'23. Even on YoY basis, BoB ECI has moderated to 6.3% in Aug'23 compared to 6.5% in Jul'23. More than 50% of the component of the index has noticed considerable softening in prices. Government's efforts have played out well in containing price of tomatoes. Then pass through from wholesale to retail prices has also happened for tomato series, as the gap between the two has reduced considerably. So no surprise price shock is expected. For Onion as well, before time prompt supply side measures by Government will help in arresting the price rise.

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Dipanwita Mazumdar  
Economist

Considering the Sep'23 momentum in prices where considerable trailing is visible, we expect reversal in rising prices to happen soon with fresh arrivals in Mandi. Even though Q2FY24 inflation trajectory might overshoot RBI's projections, comfort would be visible in H2. Further a below 5% services inflation print would provide addition support. But pulses can be a spoiler. However, past episodes have suggested that spiral in pulses have been largely contained and no spill over to headline has occurred on the backdrop of a range bound core inflation, which is the situation lately.

To get an idea about the calculation of the index, refer to our [previous edition](#) of BoB ECI.

### Price picture using BoB Essential Commodity Index:

- On MoM basis, BoB ECI has edged down to 0.7% in Aug'23 from 4.9% in Jul'23. Out of 20 commodities, retail prices of 11 essential commodities have fallen. Amongst them, the biggest drop was visible in case of tomatoes where retail prices have fallen by 8% in Aug'23 from 236% jump in Jul'23. Other commodities such as Potato (prices rose at a slower pace of 3% in Aug'23 against 9.3% increase in Jul'23), Onion (prices rose by 13.2% in Aug'23 compared to 16.2% in Jul'23) and Tur (prices rose by 2.9% in Aug'23 against 5.8% increase in Jul'23), showed fair degree of moderation in price momentum. Even Urad dal, Rice and Sugar prices showed some softening.
- In Sep'23, the sequential picture of BoB-ECI turned out to be interesting with 16 out of 20 commodities noting fall in retail prices, with most considerable drop visible in tomato, onion and potato followed by rice and milk. For the first four days of Sep'23, BoB ECI has fallen by 1.7% on a sequential basis.
- On a seasonally adjusted basis, BoB ECI has moderated to 0.6% in Aug'23.
- The YoY picture is also similar. **BoB ECI moderated to 6.3% in Aug'23 from 6.5% in Jul'23. 50% of the commodities showed softening in its price momentum.**



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**Note:** Recommendation structure changed with effect from 21 June 2021

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