

RESEARCH**BOB ECONOMICS RESEARCH | BOB ESSENTIAL COMMODITIES INDEX**

Inflation expected to moderate

SUMMARY**INDIA ECONOMICS: BOB ESSENTIAL COMMODITIES INDEX**

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COMMODITIES INDEX**

06 January 2025

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Aditi Gupta
 Economist

In fact, prices of these products has declined in the range of 9.8%-22.7% in Jan'25 (1-5 Jan'25). With mandi arrivals picking up, prices are expected to moderate further in the coming months. Global edible oil prices have also stabilized and are likely to see some correction. Further, abundant domestic supply is likely to keep cereals and pulses inflation continued. However, pressure can emanate from the rapid depreciation in the domestic exchange rate which can lead to higher imported inflation.

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:

- BoB ECI showed softening price pressures in Dec'24. On YoY basis, it moderated to 5.4% from 5.5% in Nov'24. Out of the 20 commodities in the index, 12 commodities noted inflation below 4%. Amongst major categories, softening prices of vegetables, especially tomato and onion contributed majorly to the moderation in inflation. Notably, onion prices declined for the second straight month in Dec'24. Similarly, tomato prices moderated to 22.4% after increasing by 33.7% in Nov'24. On the other hand, prices of potato and edible oils accelerated reflecting a negative base effect. While potato prices rose by over 50% in Dec'24, price increase in edible oils categories for items such as mustard and sunflower oil was over 23%.
- On a sequential basis, BoB ECI saw a sharp correction with the index declining by 0.5% in Dec'24. This followed a 0.4% increase in Nov'24. On a sequential basis, prices of all TOP vegetables (tomato, onion and potato) declined, with tomato and onion leading with a fall of 12.8% and 11.9% respectively. The decline in potato prices was much more muted at 2.4%. However, a pickup in mandi arrivals of TOP vegetables suggests that prices are likely to see further correction in the coming days. Even for edible oils, there is some correction in prices on a MoM basis.



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