



# **Analysis on Recent Economic Developments – June 2025**

- 1. CPI – June 2025**
- 2. World Bank's Global Economic Prospects – June 2025**

**PHDCCI Research Bureau**

# Consumer Price Index – June 2025



**All India sequential inflation rates (%) based on CPI (General) and CFPI: May 2025 over April 2025**

		April 2025 (Final)			May 2025 (Provisional)		
		Rural	Urban	Combd	Rural	Urban	Combd
Inflation	CPI (General)	2.92	3.36	3.16	2.59	3.07	2.82
	CFPI	1.85	1.64	1.78	0.95	0.96	0.99

Source: Ministry of Statistics and Programme Implementation, GoI ([https://mospi.gov.in/sites/default/files/press\\_release/CPI\\_PR\\_12Jun25.pdf](https://mospi.gov.in/sites/default/files/press_release/CPI_PR_12Jun25.pdf))

# Consumer Price Index – June 2025



All India year-on-year inflation rates (%) based on CPI (General) and CFPI: May 2025 over May 2024							
		May 2025 (Provisional)			May 2024		
		Rural	Urban	Combd	Rural	Urban	Combd
Inflation	CPI (General)	2.59	3.07	2.82	5.34	4.21	4.80
	CFPI	0.95	0.96	0.99	8.62	8.83	8.69

Source: Ministry of Statistics and Programme Implementation, GoI ([https://mospi.gov.in/sites/default/files/press\\_release/CPI\\_PR\\_12Jun25.pdf](https://mospi.gov.in/sites/default/files/press_release/CPI_PR_12Jun25.pdf))

# Consumer Price Index – June 2025



India Consumer Price Indices and year-on-year Inflation rates (%) for May 2025 (Provisional)			
Category	Rural	Urban	Combined
Food and Beverages	1.36	1.72	1.50
Pan, tobacco and intoxicants	2.38	2.46	2.41
Clothing and Footwear	2.55	2.82	2.67
Housing	-	3.16	3.16
Fuel and Light	2.50	3.31	2.78
Miscellaneous	5.22	4.91	5.06
<b>General Index (All Groups)</b>	<b>2.59</b>	<b>3.07</b>	<b>2.82</b>
<b>Consumer Food Price Index</b>	<b>0.95</b>	<b>0.96</b>	<b>0.99</b>

Source: Ministry of Statistics and Programme Implementation, GoI ([https://mospi.gov.in/sites/default/files/press\\_release/CPI\\_PR\\_12Jun25.pdf](https://mospi.gov.in/sites/default/files/press_release/CPI_PR_12Jun25.pdf))

# Analysis



Year-on-year CPI inflation for May 2025 has softened to 2.82%, marking a notable reduction of 34 basis points compared to April 2025 (3.16%). This is the lowest year-on-year inflation recorded since February 2019 and provides a substantial boost to households and businesses.

This softening of CPI inflation has been supported by a significant decline in food inflation. The year-on-year inflation rate, based on the All India Consumer Food Price Index (CFPI), for the month of May 2025 compared to May 2024 is 0.99% (provisional), which is the lowest since October 2021.

This marked softening of headline and food inflation during May 2025 is mainly attributed to the decline in prices of pulses and products, vegetables, fruits, cereals and products, household goods, services, sugar and confectionery, and eggs.

CPI and food inflation also significantly softened in both the rural and urban segments of the economy. In the rural segment, the headline inflation stood at 2.59% (provisional) in May 2025, compared to 2.92% in April 2025, whereas food inflation was observed at 0.95% (provisional) in May 2025, down from 1.85% in April 2025.

Similarly, in the urban segment, a significant decline was observed, with headline inflation falling from 3.36% in April 2025 to 3.07% (provisional) in May 2025, accompanied by a sharp decrease in food inflation from 1.64% in April 2025 to 0.96% (provisional) in May 2025.

We expect food inflation to cool further, attributed to the anticipated good monsoon. Moreover, crude prices are expected to stabilise within the range of US\$60 to US\$65 per barrel in the short to medium term, a development that will substantially boost private final consumption expenditure and, consequently, stimulate higher economic growth.

## Global Outlook

- **Global growth** is expected to weaken to 2.3 percent in 2025, with deceleration in most economies relative to last year.
- In 2026-27 a tepid recovery is expected, leaving global output materially below January projections.
- The global economy is facing another substantial headwind, with increased trade tension and heightened policy uncertainty.
- **Downside risks** to the outlook predominate, including an escalation of trade barriers, persistent policy uncertainty, rising geopolitical tensions, and an increased incidence of extreme climate events.
- Policy uncertainty and trade tensions may ease if major economies succeed in reaching lasting agreements that address ongoing trade disputes.
- The challenging global context faced by EMDEs is compounded by the fact that foreign direct investment inflows into these economies have fallen to less than half of their peak level in 2008 and are likely to remain subdued.
- Global cooperation is needed to restore a more stable and transparent global trade environment and scale up support for vulnerable countries grappling with conflict, debt burdens, and climate change.
- Across EMDEs, domestic policy action is also critical to contain inflation risks, strengthen fiscal resilience through improved revenue mobilization, and reprioritize spending.

## Global Outlook

- In 2025, growth is projected to slow in East Asia and Pacific as well as in Europe and Central Asia—both regions that are highly reliant on global trade—and, to a lesser extent, in South Asia.
- In Latin America and the Caribbean, growth is projected to be the lowest among EMDE regions over the forecast horizon, as activity is held back by high trade barriers and long-standing structural weaknesses.
- Global financial conditions have been tighter this year, on average, relative to late 2024, principally reflecting trade policy uncertainty.
- Volatility in financial markets spiked and equity markets plunged globally as trade tensions escalated in early April.
- Growth in EMDEs is expected to slow in 2025, to 3.8 percent, before edging up a touch over 2026-27, to 3.9 percent.
- Global headline consumer price inflation has remained elevated above pre-pandemic norms over the past year, briefly edging higher in some advanced economies in early 2025.
- Downside risks to the outlook continue to dominate.
- Higher or more persistent trade policy uncertainty presents a major risk to global trade, investment, and overall activity. Renewed increases in trade tensions and barriers could further weigh on consumer and business confidence, weakening demand.



	2022	2023	2024e	2025f	2026f	2027f
<b>World</b>	<b>3.3</b>	<b>2.8</b>	<b>2.8</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>
<b>Advanced economies</b>	<b>2.9</b>	<b>1.7</b>	<b>1.7</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>
United States	2.5	2.9	2.8	1.4	1.6	1.9
Euro area	3.5	0.4	0.9	0.7	0.8	1.0
Japan	0.9	1.4	0.2	0.7	0.8	0.8
<b>Emerging market and developing economies</b>	<b>3.8</b>	<b>4.4</b>	<b>4.2</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>
<b>East Asia and Pacific</b>	<b>3.6</b>	<b>5.2</b>	<b>5.0</b>	<b>4.5</b>	<b>4.0</b>	<b>4.0</b>
China	3.1	5.4	5.0	4.5	4.0	3.9
Indonesia	5.3	5.0	5.0	4.7	4.8	5.0
Thailand	2.6	2.0	2.5	1.8	1.7	2.3
<b>Europe and Central Asia</b>	<b>1.5</b>	<b>3.6</b>	<b>3.6</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>
Russian Federation	-1.4	4.1	4.3	1.4	1.2	1.2
Türkiye	5.5	5.1	3.2	3.1	3.6	4.2
Poland	5.3	0.2	2.9	3.2	3.0	2.9
<b>Latin America and the Caribbean</b>	<b>4.0</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.6</b>
Brazil	3.0	3.2	3.4	2.4	2.2	2.3
Mexico	3.7	3.3	1.5	0.2	1.1	1.8
Argentina	5.3	-1.6	-1.8	5.5	4.5	4.0
<b>Middle East and North Africa</b>	<b>5.4</b>	<b>1.6</b>	<b>1.9</b>	<b>2.7</b>	<b>3.7</b>	<b>4.1</b>
Saudi Arabia	7.5	-0.8	1.3	2.8	4.5	4.6
Iran, Islamic Rep. <sup>2</sup>	3.8	5.0	3.0	-0.5	0.3	1.8
Egypt, Arab Rep. <sup>2</sup>	6.6	3.8	2.4	3.8	4.2	4.6
<b>South Asia</b>	<b>6.0</b>	<b>7.4</b>	<b>6.0</b>	<b>5.8</b>	<b>6.1</b>	<b>6.2</b>
India <sup>2</sup>	7.6	9.2	6.5	6.3	6.5	6.7
Bangladesh <sup>2</sup>	7.1	5.8	4.2	3.3	4.9	5.7
Pakistan <sup>2</sup>	6.2	-0.2	2.5	2.7	3.1	3.4
<b>Sub-Saharan Africa</b>	<b>3.9</b>	<b>2.9</b>	<b>3.5</b>	<b>3.7</b>	<b>4.1</b>	<b>4.3</b>
Nigeria	3.3	2.9	3.4	3.6	3.7	3.8
South Africa	2.1	0.8	0.5	0.7	1.1	1.3
Angola	3.0	1.0	4.4	2.7	2.6	3.2

## Real GDP

(Percent change from previous year unless indicated otherwise)

**Note:** e = estimate; f = forecast.

2. GDP growth rates are on a fiscal year (FY) basis. Aggregates that include these countries are calculated using data compiled on a calendar year basis. For India and the Islamic Republic of Iran, the column for 2022 refers to FY2022/23. For Bangladesh, the Arab Republic of Egypt, and Pakistan, the column for 2022 refers to FY2021/22. Pakistan's growth rates are based on GDP at factor cost.

**Source:** World Bank Open Knowledge Repository

(<https://openknowledge.worldbank.org/collections/09c5e8fc-1871-5c21-fa077-3e03044c7b62>)



# India Outlook

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- India is projected to maintain the fastest growth rate among the world's largest economies, at 6.3 percent in FY2025/26 (April 2025 to March 2026).
- Fiscal consolidation is expected to continue in India over the forecast horizon, with growing tax revenues and declining current expenditures projected to contribute to a gradual decline in the public debt-to-GDP ratio.
- India's projected merchandise trade deficits are expected to be only partly offset by surpluses in the services trade.
- In India, inflation will remain contained over the forecast horizon, assuming normal seasonal conditions.

# Disclaimer

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*Thank You*