Macro Insights

14th September 2026

CPI Inflation rises to 4.82% in August 2026

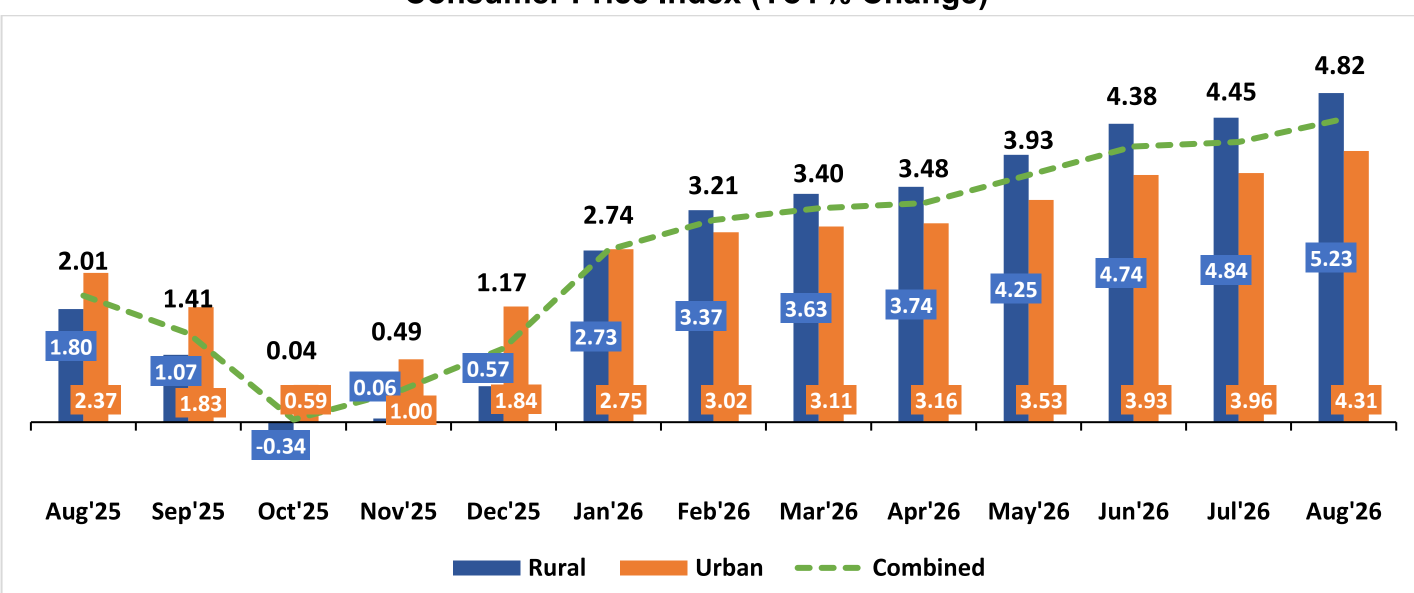
CPI inflation continues to surge in Aug'26, highest in new base series

India's consumer inflation **rose to 4.82% in Aug'26**, up by 37 bps from 4.45% in Jul'26

Highlights:

- Food Inflation accelerated to 5.95% in Aug'26 as compared to 5.52% for Jul'26.
- Inflation has increased across categories including clothing, household goods and education, in addition to food and transportation.
- Rural CPI inflation increased to 5.23% in Aug'26 from 4.84% in Jul'26 and urban inflation rose to 4.31% from 3.96%. Food and essential commodities have a relatively higher importance in rural household consumption.
- Core CPI (excl. food & fuel) rose to 4.16% in Aug'26 from 3.86% in Jul'26, suggesting that demand-side price pressures are gaining stickiness.
- Top 5 items which recorded highest inflation in the month of Aug'26 are Silver Jewellery, Ginger, Onion, Garlic, & Gold/Diamond/Platinum Jewellery.
- Top five States (having more than 50 lakhs population as per Census 2011) with highest inflation in Aug'26 are Telangana, Tamil Nadu, Madhya Pradesh, Andhra Pradesh and Odisha. While, Telangana has remained the state with the highest inflation since Jan'26.

Consumer Price Index (YoY% Change)



Source: MoSPI

National Level Division Wise Inflation Rate (%)

Sectors	Weight (%)	Jul'26 YoY (%)	Aug'26 YoY (%)	Change (in bps)
Personal Care, social protection and miscellaneous goods & services	5.0	14.77	15.17	40
Restaurant and accommodation	3.4	7.72	8.38	66
Food and beverages	36.8	5.24	5.66	42
Pan, tobacco and intoxicants	3.0	4.79	4.71	-8
Transport	8.8	4.43	4.60	17
Education Services	3.3	3.64	3.73	9
Clothing and Footwear	6.4	3.38	3.56	18
Furnishing, Household equipment	4.5	2.40	2.68	28
Housing, water, electricity, gas and other fuels	17.7	2.16	2.61	45
Recreation, sports culture	1.5	1.64	1.74	10
Health	6.1	1.34	1.34	-
Information and communication	3.6	0.63	2.01	138

Source: MoSPI

Views & Analysis

- Retail Inflation (CPI) increased across divisions except pan, tobacco & intoxicants in Aug'26 compared to Jul'26. As a result, the headline CPI rose to 4.82% YoY, marking the highest reading under the new CPI series and remaining above the RBI's 4% target for the third consecutive month.
- Food inflation remains the principal driver, rising to 5.95% YoY in Aug'26 from 5.52% in Jul'26, with sharp increases in onion (48.27%), ginger (73.82%) and garlic (43.60%) prices
- Services inflation is also showing stickiness, particularly in restaurants, accommodation and transportation, raising the risk of second-round effects if elevated input costs persist.
- Inflation in personal care, social protection, & miscellaneous goods and services also remained elevated, driven by a sharp 44.56% YoY rise in prices of other personal effects in Aug'26.
- The monsoon rainfall momentum slowed in Aug'26 after a recovery during Jul'26 due to a strengthened El Niño. As per the IMD, the nationwide cumulative rainfall deficit reached 15% below the Long Period Average (LPA) as of 12th Sept'26, leaving 43% of the country rainfall deficient.
- In addition, the global energy prices also increased sharply amid renewed West Asian conflict. India's crude oil basket went from an average of $82.04 per barrel in Jul'26 to $90.19 in Aug'26.
- Higher energy prices, which have now shot up to $107.66 per barrel in Sept (till 11th), are likely to affect CPI directly in coming months through transportation and higher input costs.
- Thereby, the CPI inflation could move above 5.0% in the coming months. Fading favorable base effect, elevated vegetable prices, deficient monsoon rainfall and heightened global crude-oil and other essential commodities prices posing upside risks. Meanwhile, any moderation in food prices and easing of global energy prices could help headline inflation stabilize.
- A sustained broadening of price pressures would strengthen the case for RBI's MPC to revisit their current stance of policy repo rate pause in the HY2 of FY27, given the resilient growth prospects of the economy.

For any feedback or valuable suggestions: *Reach us at* ***eicsmead@pnb.bank.in***

Follow our Official Page

www.pnb.bank.in