

# INDIA URBAN FOOD INDEX

## Food Index Rebounds as Crude Climbs and Policy Holds

Our February 19 update of the India Urban Food Index shows a modest uptick to ₹929 (+0.4%), marking a pause after the recent sharp decline, even as volatility eased to 46.28 and affordability edged up to 1.40%. The increase was driven by a slight rise in tomato and chicken prices, alongside firmer prices in red lentils, while onion prices softened further and eggs extended their downward trajectory. Supply conditions remain supportive, with robust reservoir storage, steady market arrivals and adequate buffer stocks reinforcing overall supply visibility across key staples.

The latest configuration points to a food inflation setting that remains comfortable even as select items register price increases. While crude prices have moved higher amid geopolitical tensions and the rupee has weakened in recent sessions, domestic inflation remains low and policy settings unchanged. The Reserve Bank of India has maintained the repo rate, signalling continued caution as it assesses growth momentum, inflation dynamics under the revised data framework, and external developments. For policymakers, the durability of supply conditions and stability in external variables will shape the inflation path, while markets will look for clearer directional cues before reassessing the policy trajectory.

### INDEX SNAPSHOT

#### National Average

**₹929**

Rose 0.4% from the last reading, indicating a slight rebound after the recent decline.

#### Volatility

**46.28**

Fell 10.3% from 51.59 in the last reading, moving below its long-term average of 48.12. This points to easing cross-city dispersion.

#### Affordability (%)

**1.40%**

Inched up by 1 bp from the previous reading, reflecting a small uptick in household spending while remaining below the historical average of 1.49% and within comfortable levels for urban budgets.

### SUPPLY FUNDAMENTALS

|  |   |
|--|---|
| <b>Sowing &amp; Crop Progress</b>      | Robust (total area coverage is up by 15.88 lakh hectares YoY)                       |
| <b>Market Arrivals</b>                 | Steady (balanced inflows across cereals, pulses and oilseeds)                       |
| <b>Buffer Stock Position</b>           | Adequate (stable foodgrain inventories and healthy opening balances)                |
| <b>Reservoir Status</b>                | Improving (live storage is up by 11.6% YoY)   |
| <b>Rainfall &amp; Field Conditions</b> | Supportive (weather conditions continue to align with prevailing seasonal patterns) |

### KEY IMPLICATIONS

The policy backdrop indicates a continued pause by the Reserve Bank of India, with the repo rate left unchanged as policymakers assess the impact of 125 basis points of cumulative easing delivered over the past year. The current stance reflects confidence in buoyant growth prospects and a largely unchanged inflation outlook, even as external trade developments have improved the macro environment. With retail inflation at 2.75% under the new series and growth projected at 6.8%–7.2% for the coming financial year, the central bank appears focused on preserving macro stability while evaluating incoming data. The forward trajectory of policy is likely to remain data-dependent, with the upcoming GDP release under a revised base year, evolving inflation trends, and global conditions shaping the scope for any future adjustment.

### INDEX HIGHLIGHTS

- **Vegetables:** Tomato prices edged up slightly from the previous reading, though levels remain significantly lower than those seen through late 2025. Onion prices softened further, while potato prices held steady at their recent lows. Overall, vegetable prices appear to be settling after the sharp slide observed through January, with supply conditions remaining comfortable across major urban markets.
- **Pulses:** Chickpeas prices increased slightly, maintaining the narrow range observed in recent weeks. In contrast, red lentils prices rose more sharply, reversing the softness recorded in the previous reading.
- **Animal Proteins:** Chicken prices moved higher compared to the previous reading, while egg prices declined further, widening the divergence within the protein basket. In this context, a [Brazilian trade delegation](#) is currently in India exploring avenues to expand poultry exports. Any easing of trade barriers or incremental imports could expand supply availability and help temper domestic chicken price pressures at the margin. Milk prices remained unchanged, with no variation observed across recent readings.
- **Aromatics:** Ginger prices moved higher, while garlic prices also increased following the decline seen earlier in February. Despite the uptick, both commodities continue to trade below their January highs, indicating balanced availability across markets.

### INFLATION OUTLOOK

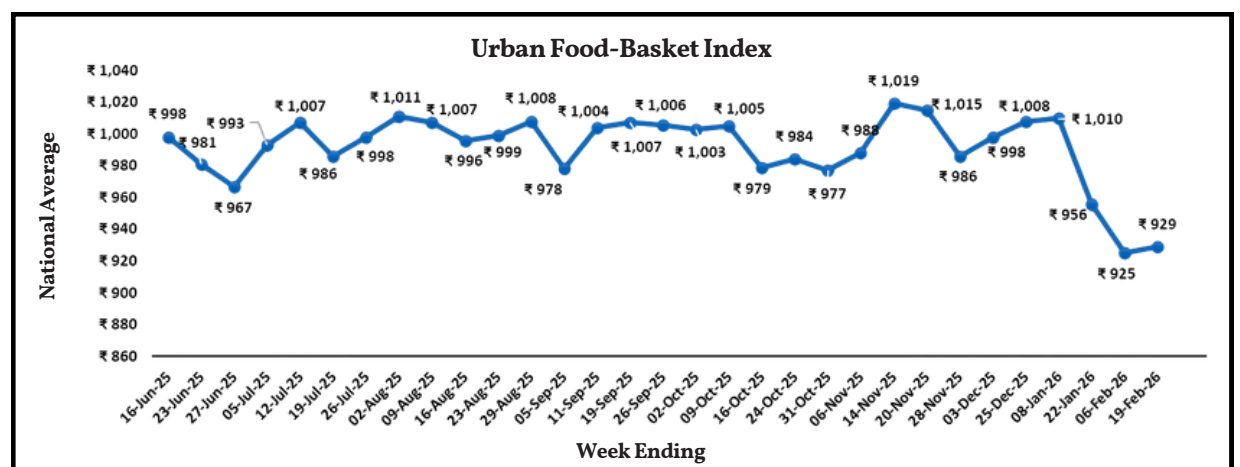
The evolving India–U.S. trade framework carries a nuanced inflation impulse, with disinflationary and mildly inflationary channels operating in parallel over the medium term. With nearly 75% of agricultural exports to the U.S. potentially attracting zero tariffs, higher export realisations could tighten domestic supply in select commodities and create episodic food price pressures, though scale efficiencies may mitigate sustained risks. Tariff cuts for [labour-intensive sectors](#) may lift incomes, but the incremental demand impulse is unlikely to generate broad-based demand-pull inflation given improving supply elasticity and moderating commodity prices.



At the same time, currency and energy dynamics add another layer to the inflation outlook. The Indian rupee closed at 90.98 per U.S. dollar, down 0.3% on the day and 0.4% for the week, marking its [steepest weekly decline](#) in a month as portfolio outflows and geopolitical tensions weighed on sentiment, with the currency hovering near the 91-per-dollar threshold amid reported central bank [dollar sales](#) to prevent a sustained breach.

In energy markets, Brent crude traded near [\\$71 per barrel](#) after a sharp jump amid escalating tensions in the Middle East, with higher crude prices filtering into domestic markets, pressuring equity benchmarks and weighing on oil marketing companies such as Indian Oil Corporation, BPCL and HPCL as input cost concerns resurfaced. Concurrently, India's crude sourcing mix is evolving — Russian imports have fallen to their [lowest share](#) since late 2022 while purchases from the Middle East have increased, alongside renewed Venezuelan cargoes secured by Reliance Industries under a [U.S. licence](#) and acquisitions by BPCL and HPCL Mittal Energy through [Vitol](#) — pointing to an active diversification strategy as trade negotiations with the United States progress and global energy flows realign.

### INDEX TRAJECTORY



Average 10-item basket prices across 21 cities from 16-Jun-25 to 19-Feb-26

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## METHODOLOGY & SCOPE

The India Urban Food-Basket Index tracks retail prices of ten everyday food items at fixed quantities across 21 major Indian cities, using prices sourced from the Blinkit app to provide a consistent and comparable measure of what urban households pay at checkout. By holding quantities constant—from staple vegetables to protein items—the index offers a reliable benchmark for tracking changes in retail food prices over time. With food items accounting for roughly 45% of India's CPI basket, even relatively small movements in these prices can have a material impact on headline inflation and influence the Reserve Bank of India's policy assessment.

Published on a fortnightly basis, the index is designed to capture emerging price trends driven by factors such as monsoon disruptions, supply bottlenecks, seasonal shifts, and currency movements well ahead of their reflection in official monthly CPI data. Each update integrates the latest price point into the existing time series, enabling precise period-on-period comparisons and clearer trend identification. In parallel, the analysis also tracks movements in the exchange rate and global crude oil prices—key non-food components accounting for the remaining share of the CPI basket—ensuring that the broader inflation environment is assessed in a comprehensive and forward-looking manner.

## INDEX DATA: INCEPTION TO DATE

| Week Ending | National Average | Volatility | Affordability % |
|-------------|------------------|------------|-----------------|
| 16-Jun-25   | ₹ 998            | 52.39      | 1.50%           |
| 23-Jun-25   | ₹ 981            | 51.24      | 1.47%           |
| 27-Jun-25   | ₹ 967            | 51.38      | 1.45%           |
| 05-Jul-25   | ₹ 993            | 67.93      | 1.49%           |
| 12-Jul-25   | ₹ 1,007          | 52.04      | 1.51%           |
| 19-Jul-25   | ₹ 986            | 51.26      | 1.48%           |
| 26-Jul-25   | ₹ 998            | 58.73      | 1.50%           |
| 02-Aug-25   | ₹ 1,011          | 56.11      | 1.52%           |
| 09-Aug-25   | ₹ 1,007          | 48.30      | 1.51%           |
| 16-Aug-25   | ₹ 996            | 49.28      | 1.50%           |
| 23-Aug-25   | ₹ 999            | 42.83      | 1.50%           |
| 29-Aug-25   | ₹ 1,008          | 55.42      | 1.51%           |
| 05-Sep-25   | ₹ 978            | 46.93      | 1.46%           |
| 11-Sep-25   | ₹ 1,004          | 47.16      | 1.51%           |
| 19-Sep-25   | ₹ 1,007          | 49.62      | 1.51%           |
| 26-Sep-25   | ₹ 1,006          | 48.00      | 1.51%           |
| 02-Oct-25   | ₹ 1,003          | 27.69      | 1.51%           |
| 09-Oct-25   | ₹ 1,005          | 39.39      | 1.51%           |
| 16-Oct-25   | ₹ 979            | 48.65      | 1.47%           |
| 24-Oct-25   | ₹ 984            | 51.63      | 1.48%           |
| 31-Oct-25   | ₹ 977            | 58.33      | 1.47%           |
| 06-Nov-25   | ₹ 988            | 62.99      | 1.48%           |
| 14-Nov-25   | ₹ 1,019          | 38.25      | 1.53%           |
| 20-Nov-25   | ₹ 1,015          | 32.64      | 1.52%           |
| 28-Nov-25   | ₹ 986            | 42.15      | 1.48%           |
| 03-Dec-25   | ₹ 998            | 41.83      | 1.50%           |
| 25-Dec-25   | ₹ 1,008          | 28.51      | 1.51%           |
| 08-Jan-26   | ₹ 1,010          | 42.75      | 1.52%           |
| 22-Jan-26   | ₹ 956            | 50.56      | 1.44%           |
| 06-Feb-26   | ₹ 925            | 51.50      | 1.39%           |
| 19-Feb-2026 | ₹ 929            | 46.28      | 1.40%           |

**Source Note:** Supply-side indicators are compiled from official releases by PIB, Agmarknet, the Central Foodgrains Storage Portal, the Central Water Commission dashboard, and the IMD's All India Weather Forecast Bulletin.

## DISCLAIMER

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## ABOUT EAGLEWOOD CAPITAL

The Dovetail-Eaglewood-India Fund is a Mauritius-based Category I FPI that serves as a gateway for global investors to tap into India's growth story. Our mission is to offer investors a compelling opportunity to capitalize on India's economic momentum. The Fund is managed by Dovetail Capital, with Eaglewood serving as the Fund's Investment Advisor.

Eaglewood is a contrarian investor: we apply fundamental research and proprietary models to allocate capital to overlooked Indian equities and operate a rigorous risk framework that protects capital and supports tactical deployment into catalyst-driven opportunities.

Dovetail is one of India's largest fund administrators, with over USD 2.2 billion in assets under administration; its investment manager, DIM, serves as the Fund's IM and manages an asset base exceeding USD 0.5 billion across multiple funds and mandates. In this critical role, DIM acts as the Fund's operational backbone, overseeing middle- and back-office functions and coordinating all aspects of fund operations.