

Economic Intelligence Cell
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# Macro Insights

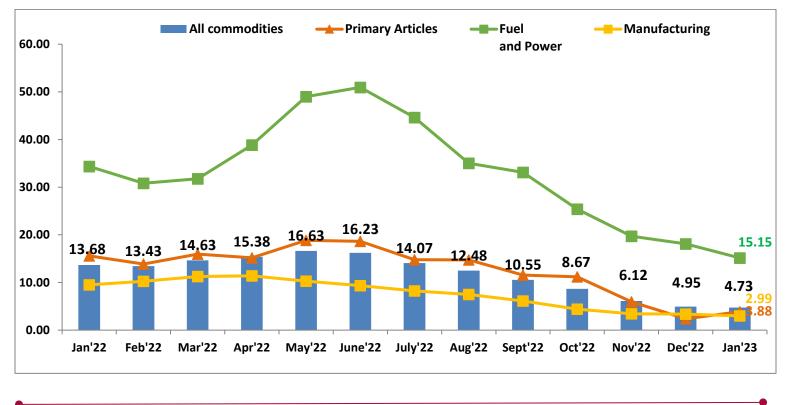
15<sup>th</sup> February 2023

## WPI at a 24-month low

Wholesale inflation measured by WPI eased to 4.73% in January 2023, compared to 4.95% in the previous month i.e. December 2022, while it was 13.68% in January 2022.

## Highlights:

- India's wholesale inflation reduced to its lowest levels in two years.
- Decline in the rate of inflation in January, 2023, is primarily contributed by mineral oils, chemicals & chemical products, textiles, crude petroleum & natural gas, textiles, and food products.
- The WPI Inflation for food articles in January surged to 2.38 per cent from -1.25 per cent in December. For the primary articles segment, the inflation rate recorded a growth of 3.88 per cent.
- Inflation in manufactured products was 2.99% during the month under review.



#### Chart: Wholesale Price Index - Jan'23



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MACRO INSIGHTS – Wholesale Price Index – January 2023

WPI Inflation (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Articles (Part of Primary Articles)		All Commodities	
Weights	22.62%		13.15%		64.23%		15.26%		100%	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
November	10.21	5.94	44.37	19.71	12.34	3.44	4.82	1.51	14.87	6.12
December	13.78	2.38	38.08	18.09	10.71	3.37	9.68	-1.25	14.27	4.95
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
January	15.60	3.88	34.36	15.15	9.50	2.99	10.40	2.38	13.68	4.73

### Table: Components of WPI

## Views:

- 1. This is the eighth straight month of declining WPI-based inflation.
- 2. Wholesale inflation remained in single digits for the fourth month in a row after 18 straight months of double-digit inflation.
- 3. Food articles inflation for both primary and processed categories intensified in January from the previous month due to rising inflation in wheat, milk, and fruit.
- 4. Low Manufacturing inflation reflects the cooling down of the global commodity prices.
- 5. The release of India's wholesale (WPI) inflation numbers come at a time when the retail inflation data, showed a 3-month high of 6.52 per cent.
- 6. The latest WPI number could be favorable for corporates as a dip in wholesale prices might ease pressure on corporate earnings. Lower input costs might also bode well for retail prices.
- 7. Going forward, high base along with softening of global commodity prices is expected to keep WPI inflation at low levels in the coming months.

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