

Macro Insights

14th July 2023

WPI enters deflation zone

Wholesale inflation measured by WPI eased to -4.12% in June'23, compared to -3.48% in the previous month i.e. May'23, while it was 16.23% in June'22.

Highlights:

- ☞ Wholesale inflation was in negative territory for third straight month. This is the lowest level since September 2015.
- ☞ The food wholesale inflation has fallen to 1.32% in June'23 as compared to 1.51% in May'23.
- ☞ The inflation in fuel and power category was at -12.63% in June'23 as compared to -9.17% in May'23.
- ☞ The inflation in manufactured products was at -2.71% in June'23 compared to -2.97% in May'23.
- ☞ The decline in the rate of inflation in June is primarily due to a fall in prices of mineral oils, food products, basic metals, crude petroleum & natural gas and textiles.

Chart: Wholesale Price Index - June'23

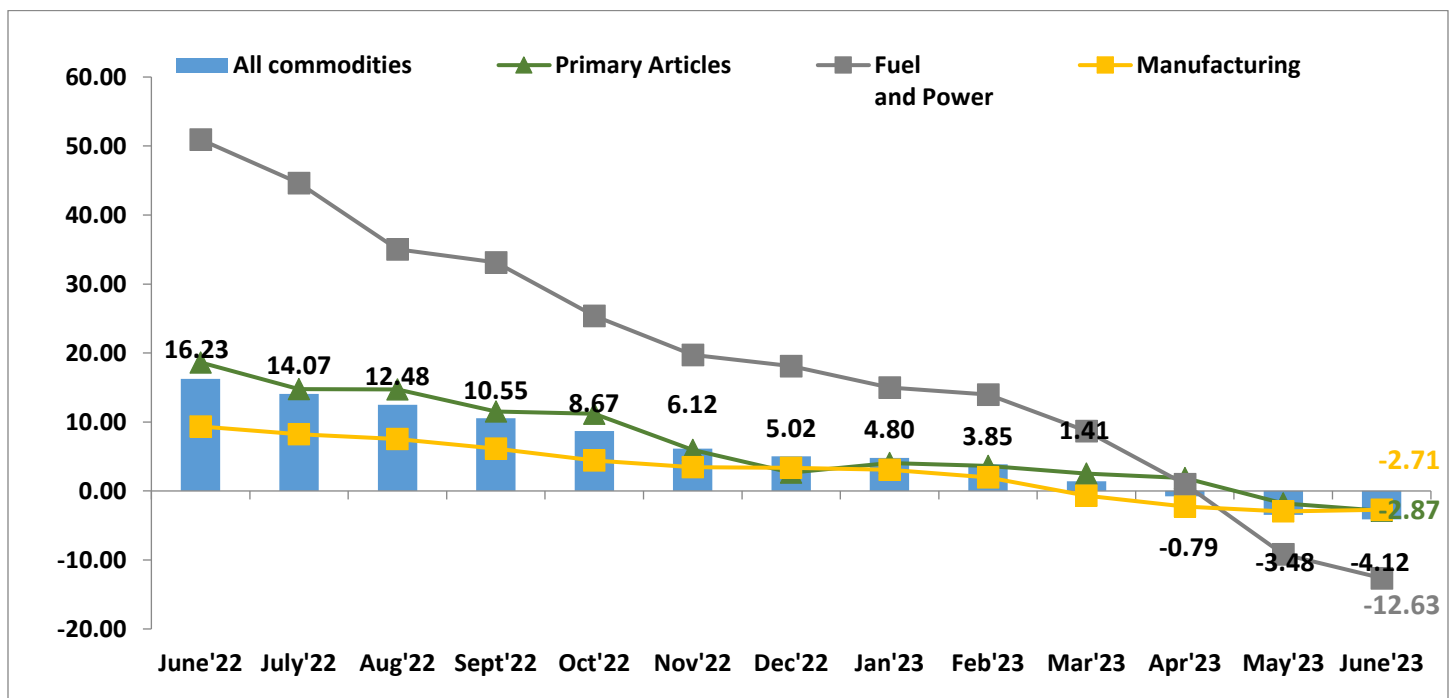


Table: Components of WPI

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%	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
April	15.18	1.89	38.84	0.99	11.39	-2.28	8.48	3.88	15.38	-0.92
May	18.84	-1.79	49.00	-9.17	10.27	-2.97	11.78	1.51	16.63	-3.48
June	18.63	-2.87	50.95	-12.63	9.35	-2.71	13.71	1.32	16.23	-4.12

Views:

1. WPI-based inflation fell across all the major groups of WPI, primary articles and fuel and power.
2. Primary articles, Fuel and power and manufactured products entered into deflationary zone in June'23.
3. The manufactured products category, having the highest weightage in WPI basket, continues to be in the deflationary zone.
4. Going forward, WPI Inflation is expected to be marginally up due to surge in vegetable prices, due to supply side disruptions amid excess rainfall along with lag in sowing major crops and onset of El Nino conditions.

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