

Macro Insights

15th November, 2022

WPI - lowest since March 2021

Wholesale inflation measured by WPI eased to 8.39% in October 2022, compared to 10.70% in the previous month i.e. September 2022, while it was 13.83% in October 2021.

Highlights:

- 📌 WPI eased in October to 8.39 per cent year-on-year, the lowest since March 2021, primarily contributed by fall in the price of mineral oils, basic metals, fabricated metal products, except machinery and equipment; textiles; other non-metallic mineral products; minerals etc. and low base.
- 📌 The food articles segment improved to 8.33 per cent in October. The month-on-month improvement can be attributed to the easing in prices of vegetables, potatoes, onions, fruits and milk.
- 📌 Vegetable prices inflation eased to 17.61 per cent from 39.66 per cent in the last month, while that of Potato declined from 49.79 per cent to 44.97 per cent.
- 📌 Spike in the prices of cereals, paddy, wheat, pulses, eggs, meat and fish was observed.
- 📌 In the fuel and power segment, inflation was 23.17 per cent in October 2022, as compared to 32.61 per cent in the previous month.
- 📌 In manufactured products, WPI decreased to 4.42 per cent in October 2022 from 12.87 per cent in the same period a year ago.

Chart: Wholesale Price Index - Oct'22

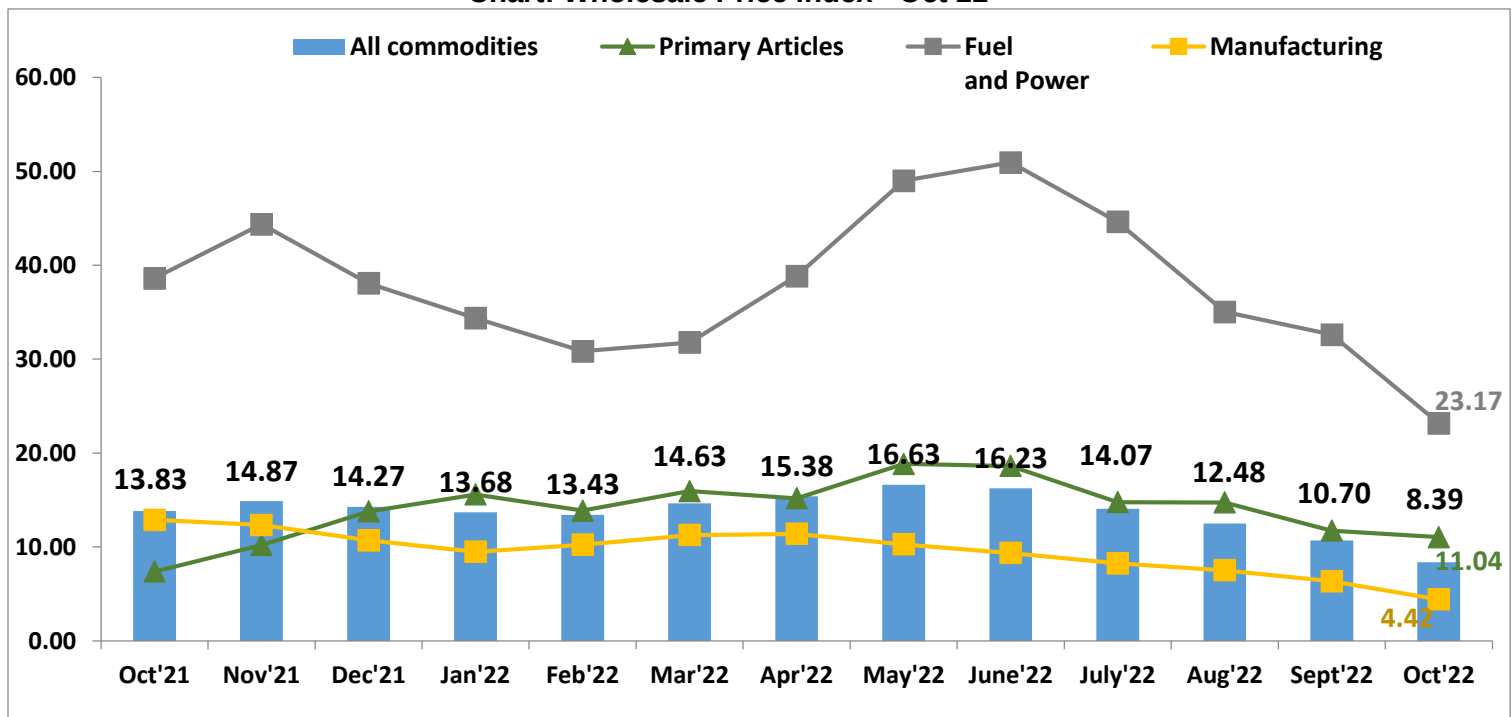


Table: Components of WPI

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%	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
August	5.93	14.74	28.15	35.03	11.56	7.51	-0.80	12.55	11.64	12.48
September	5.98	11.73	29.49	32.61	11.57	6.34	-2.55	11.03	11.80	10.70
October	7.38	11.04	38.61	23.17	12.87	4.42	0.06	8.33	13.83	8.39

Views:

1. The wholesale inflation in India has recorded a single digit after 18 months.
2. On the other hand, the CPI Inflation also eased to a three-month low in October to 6.77 per cent. The effects of lower WPI inflation will further be reflected in the CPI in the coming months, if firms pass on the benefits to the consumers.
3. Hence, going forward, on the back of high base of last year, stability in energy and commodity prices, both WPI and CPI is expected to improve further in the coming months.

Disclaimer: The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

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

Follow our Official Page

www.pnbindia.in

