

Macro Insights

17th June, 2025

India's WPI eases to 14-month low

Wholesale inflation measured by WPI eases to 0.39 per cent in May 2025 on a YoY basis, as against 0.85 per cent in April 2025, while it was at 2.74 per cent in May 2024.

Highlights

- India's WPI has dropped to its lowest level in 14 months, reaching 0.39 per cent in May 2025.
- Low rate of inflation in May 2025 is primarily driven by lower food and fuel costs, though concerns persist regarding potential price increases due to geopolitical conflicts.
- In May 2025, fuel and power prices fell by 2.27 per cent year-on-year.
- Prices of primary articles fell by 2.02 per cent, while manufactured products' rose by 2.04 per cent Y-o-Y.

Chart: Wholesale Price Index – May 2025

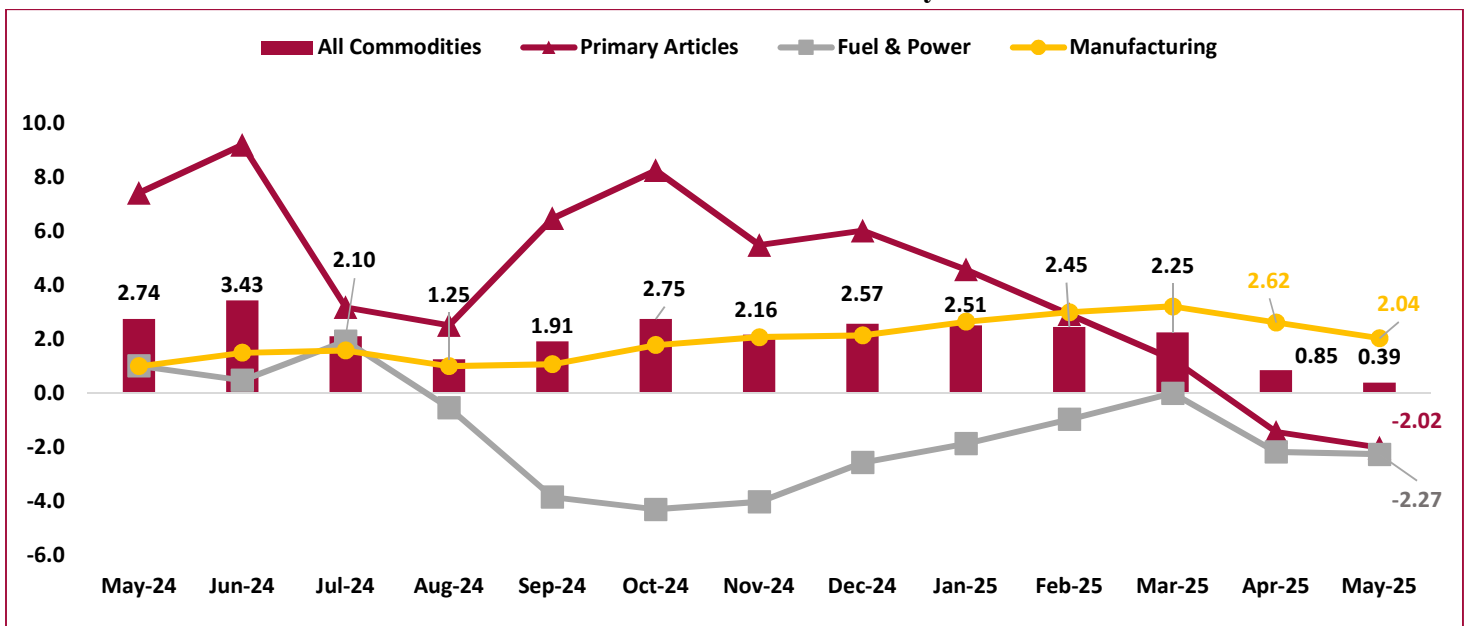


Table: Components of WPI

WPI Inflation YoY (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Index		All Commodities	
Weights	22.62%		13.15%		64.23%		24.38%		100%	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
March	4.57	1.26	-2.75	0.00	-0.85	3.21	4.82	4.93	0.26	2.25
April	5.23	-1.44	-0.85	-2.18	-0.14	2.62	6.09	2.55	1.19	0.85
May	7.42	-2.02	1.01	-2.27	1.00	2.04	7.75	1.72	2.74	0.39

Views:

1. India's wholesale price index-based inflation fell to a 14-month low of 0.39% in May 2025, down from 0.85% in April 2025. A favorable base aided the drop in the annual rate of inflation based on the All India Wholesale Price Index (WPI), with the food, non-food manufacturing, minerals, and fuel and power segments contributing to the dip.
2. Further, Consumer price index (CPI)-based inflation eased to 2.82% year-on-year in May 2025, down from 3.16% in April 2025 and 4.8% in May 2024.
3. Going forward, expectations of a normal monsoon and a rebound in rabi sowing have raised hopes of improved agricultural output, potentially easing food prices further in the coming months.
4. Though, a sudden escalation between Israel and Iran has pushed global crude oil prices sharply higher, posing upside risk to inflation in India.
5. Meanwhile, earlier in June, the Reserve Bank India's (RBI) Monetary Policy Committee cut the repo rate by 50 basis points to 5.5%, its third straight cut and a cumulative reduction of 100 basis points since the easing cycle began in February. The move signals a possible pivot from inflation control to supporting growth.

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