

Macro Insights

16th July, 2025

India's WPI dips to 20-month low

Wholesale inflation measured by WPI fell to a 20-month low of -0.13 per cent in June 2025 on a YoY basis, as against 0.39 per cent in May 2025. It was recorded at 3.43 per cent in June 2024. June marked the first month of deflation in WPI since the beginning of 2025.

Highlights

- WPI in June 2025 was pulled down by deflationary trends in the primary articles and fuel and power sub-groups.
- Manufactured products, which have the largest weight in the index, at 64.23 per cent, also recorded further easing from 2.04 per cent in May to 1.97 per cent in June 2025.
- While the WPI food index increased from 189.5 in May 2025 to 190.2 in June 2025, the inflation decreased from 1.72 per cent to -0.26 per cent during this period.

Chart: Wholesale Price Index – June 2025

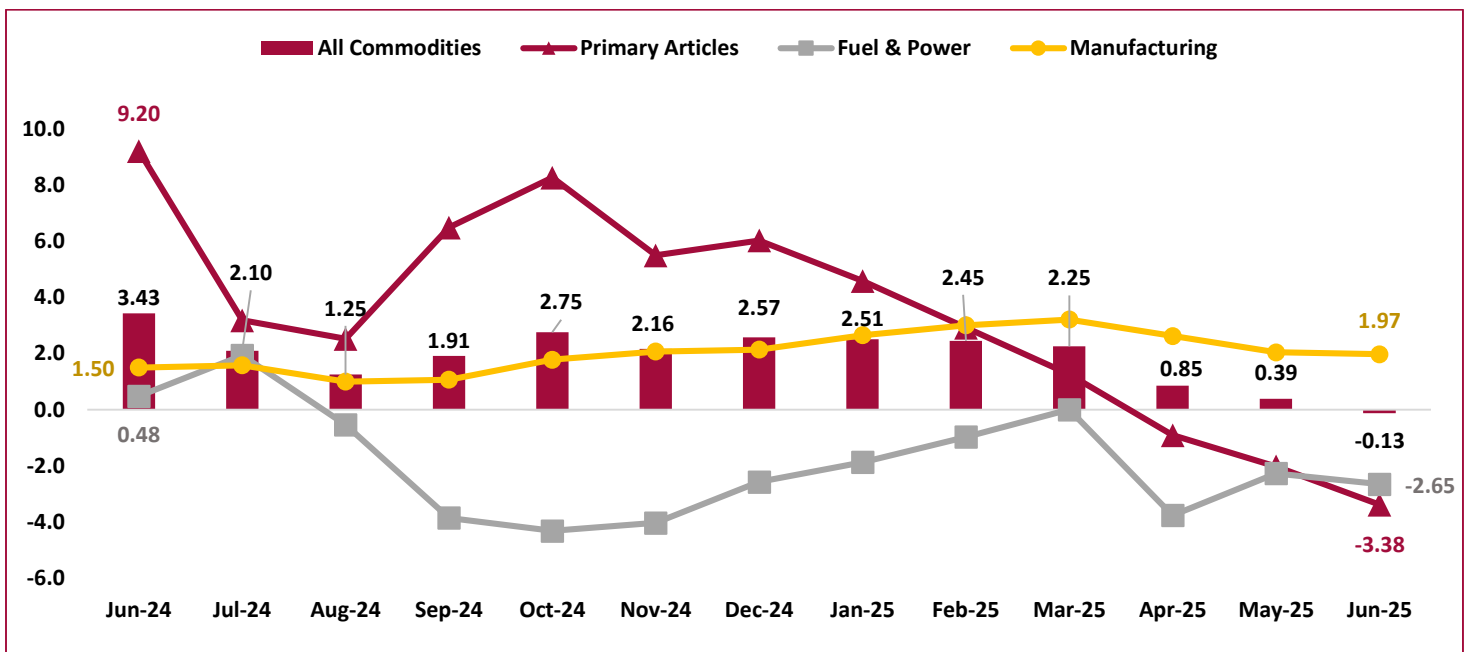


Table: Components of WPI

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		2024	2025	2024	2025
April	5.23	-0.91	-0.85	-3.76	-0.14	April	5.23	-0.91	-0.85	-3.76
May	7.42	-2.02	1.01	-2.27	1.00	May	7.42	-2.02	1.01	-2.27
June	9.20	-3.38	0.48	-2.65	1.50	June	9.20	-3.38	0.48	-2.65

Views:

1. Inflation continued to moderate in June 2025 with retail inflation, as measured by Consumer Price Inflation (CPI), recording a 77-month low of 2.1% and wholesale inflation registering a contraction after 20 months.
2. The fall in wholesale price inflation into negative territory was also driven by base effect. WPI spiked from 2.74% in May 2024 to 3.43% in June 2024.
3. All the three segments – primary articles, fuel and power and manufactured products recorded a decline in y-o-y growth from May 2025 to June 2025.
4. In the primary articles segment, cereals grew at 1.44% (y-o-y) in Jun'25, registering a declining trend since Jan'25. The deflation in pulses got deeper at 14.06% in Jun'25 compared to 10.41% in May'25. Milk, on the other hand, recorded a positive growth in inflation at 2.26% in Jun'25. However, it was lower than 2.66% recorded in May'25.
5. Within the fuel and power segment, petrol and diesel fell by 6.57% and 5.12% (y-o-y) respectively in Jun'25 compared to the same month last year, supported by decline in crude oil prices.
6. The WPI food index declined by 0.26% on a y-o-y basis in June 2025 despite a month on month increase supported by rise in prices of vegetables and fruits and milk. However, on an annual basis fruits and vegetable prices declined by 13.53% in June 2025 with onion and potato prices recording a decline of 33.49% and 32.67% respectively.
7. The declining trend in WPI, which is indicative of prices faced at producer level, especially the downward trend in manufactured products indicates that input cost pressured have been broadly contained. However, manufacturing inflation is susceptible to sudden shifts in supply chain constraints due to geopolitical uncertainties.
8. Going forward, we expect the WPI to remain in deflationary territory with stabilizing crude oil prices and declining food prices. However, the spatial distribution of monsoon and geopolitical developments could introduce potential upside risk to the inflation outlook.

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