

## Macro Insights

14<sup>th</sup> September 2023

### Deflation continues under WPI for fifth consecutive term

Wholesale Price Index fell by 0.52 per cent which was slower decline as compared previous three months. Last year, it was 12.48 per cent.

### Highlights:

- India's wholesale prices remained in the deflationary zone for the fifth month in a row in August, although the Wholesale Price Index (WPI) inflation rose to -0.52 percent. It was at 12.48 per cent in August 2022.
- WPI contracted due to deflation in fuel and power and manufactured products categories whereas WPI food inflation remained in double digits.
- Inflation in Primary Articles has fallen on Month on Month basis.

Chart: Wholesale Price Index – July'23

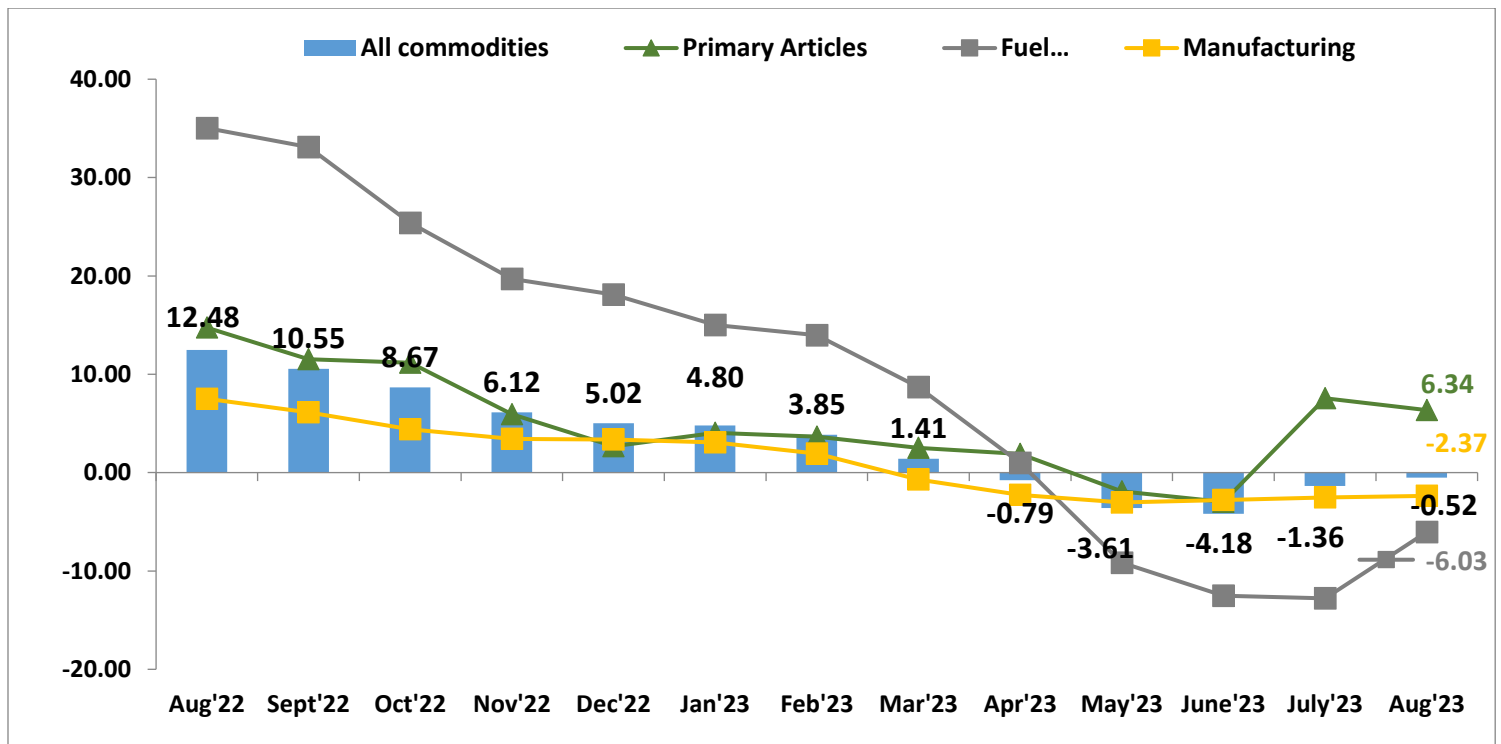


Table: Components of WPI

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
June	18.63	-2.87	50.95	-12.63	9.35	-2.71	13.71	1.32	16.23	-4.12
July	14.78	7.57	44.62	-12.79	8.24	-2.51	10.77	14.25	14.07	-1.36
August	14.74	6.34	35.03	-6.03	7.51	-2.37	12.55	10.60	12.48	-0.52

1. With the support of high base fading, some uptick in WPI inflation could be seen in the second half. It is anticipated that the WPI inflation could enter the positive territory next month onwards. Additionally, rise in global crude oil prices and deficient rainfall domestically pose a major threat.
2. Nevertheless, for the full fiscal year (FY'24), WPI inflation is expected to average in the range of 1-2 per cent.

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