

# Macro Insights

15<sup>th</sup> May, 2024

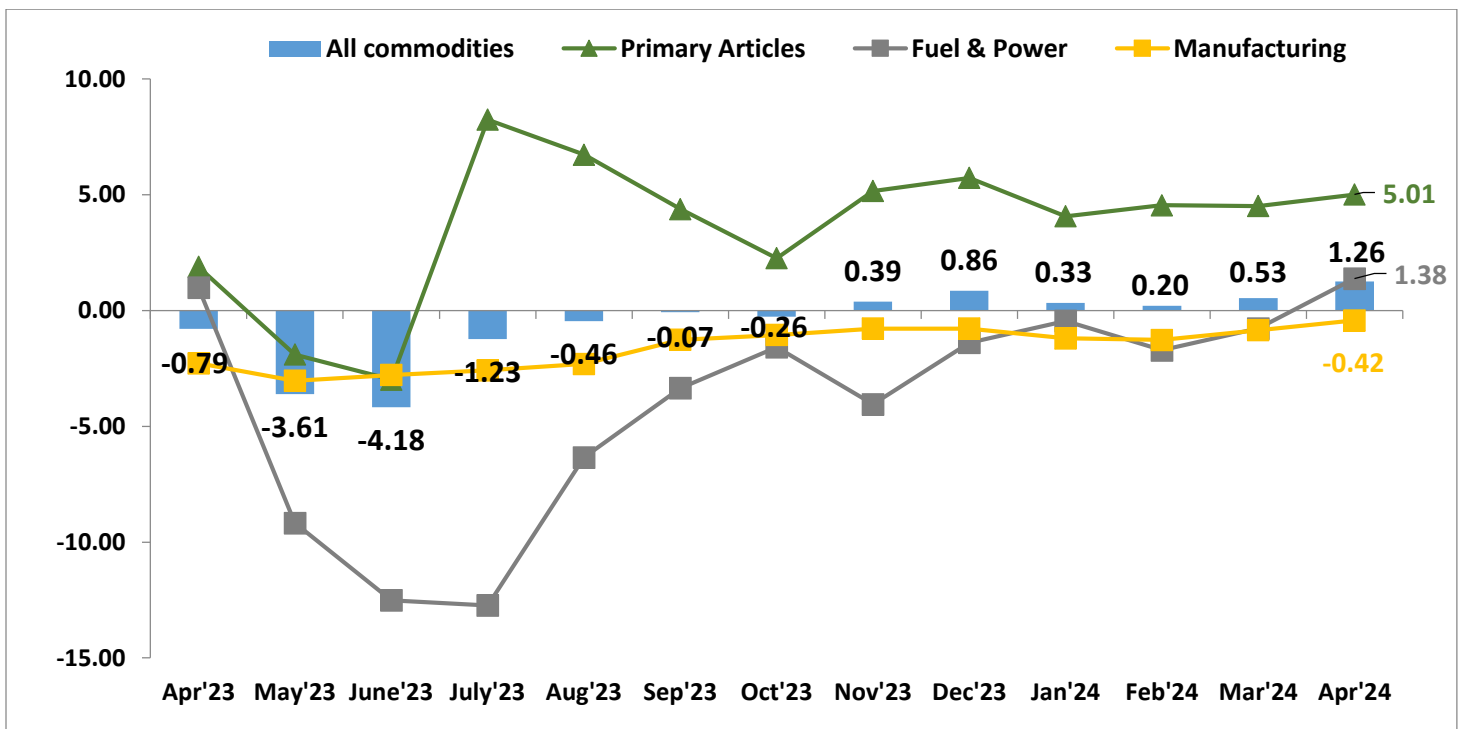
## India's WPI inches up to 13-month high

Wholesale inflation measured by WPI accelerated to 1.26 per cent in April 2024 on a YoY basis, as against 0.53 per cent in March 2024, while it was at -0.79 per cent in April 2023.

## Highlights

- India's WPI has continued its uptrend for the third consecutive month in April 2024. It has remained in positive territory since November 2023.
- Positive rate of inflation in April 2024 is primarily due to increase in prices of food articles, electricity, crude petroleum & natural gas, manufacture of food products, other manufacturing etc.
- In April 2024, fuel and power inflation rose to 1.38% year-on-year.
- Prices of primary articles rose by 5.01 per cent, while that of manufactured products' fell by 0.42 per cent Y-o-Y.

Chart: Wholesale Price Index – April 2024



**Table: Components of WPI**

WPI Inflation (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Articles (Part of Primary Articles)		All Commodities	
	Weights	2023	2024	2023	2024	2023	2024	2023	2024	2023
	22.62%		13.15%		64.23%		15.26%		100%	
February	3.64	4.55	13.96	-1.71	1.94	-1.27	3.81	7.07	3.85	0.20
March	2.52	4.51	8.69	-0.77	-0.70	-0.85	5.42	6.88	1.41	0.53
April	1.89	5.01	0.99	1.38	-2.28	-0.42	3.88	7.74	-0.79	1.26

**Views:**

1. In April 2024, Manufactured products with the highest weight in the WPI basket witnessed a MoM rise of 0.50%, yet it remained in the deflationary zone (-0.42%) on YoY basis. Categories that have shown month-over-month price increase include basic metals, other manufacturing, textiles, food products, chemical & chemical products, etc. Other non-metallic mineral products, paper & paper products, motor vehicles, trailers & semi-trailers, furniture, and leather & related products are the categories that witnessed price decrease compared to March 2024.
2. Food articles inflation has risen further to 7.74% in April from 6.88% in March 2024. Among the major food articles, Potato & Onion has witnessed the highest rise of 71.97% & 59.75%, respectively followed by Vegetables (23.60%), Pulses (16.58%), Paddy (12.03%), Cereals (8.72%), Wheat (5.69%) and Milk (4.30%). Meanwhile, Fruits was the only category saw a deflation of 1.78 percent in April 2024.
3. Further, India's retail inflation cooled off a bit to 4.83% in April from 4.85% in March 2024 remaining well within the Reserve Bank of India's (RBI) target range of 2-6%. Since, Inflation is in the manageable limit & India's economic growth is strong, RBI is expected to continue with the Repo rate pause in upcoming June 2024 MPC meet and might go for rate cut only by Q3 FY25.
4. Going forward, it is anticipated that WPI inflation will witness more upticks in coming months before it starts to moderate. The rise is expected on the account of fading base effect, sticky food inflation owing to ongoing heat wave, elevated crude oil prices and ongoing geopolitical risks in West Asia. However, the above average monsoon prediction by IMD in 2024 might provide some relief by lowering the intensity of rise in WPI.

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