

Macro Insights

15th May 2023

WPI enters deflation zone

Wholesale inflation measured by WPI eased to -0.92% in April 2023, compared to 1.34% in the previous month i.e. March 2023, while it was 15.38% in April 2022.

Highlights:

- ☞ Wholesale inflation dropped into the deflation zone for the first time in nearly three years.
- ☞ The decline in the rate of inflation was broad-based and it was primarily driven by fall in prices of crude, energy, non-food and food articles.
- ☞ Fuel and power basket inflation eased to 0.93 per cent in April 2023 from 8.96 per cent in March 2023.
- ☞ In manufactured products, inflation was (-) 2.42 per cent in April 2023 as against (-) 0.77 per cent in the previous month.
- ☞ Inflation in Primary Articles and Food Articles also declined from previous month.

Chart: Wholesale Price Index - Apr'23

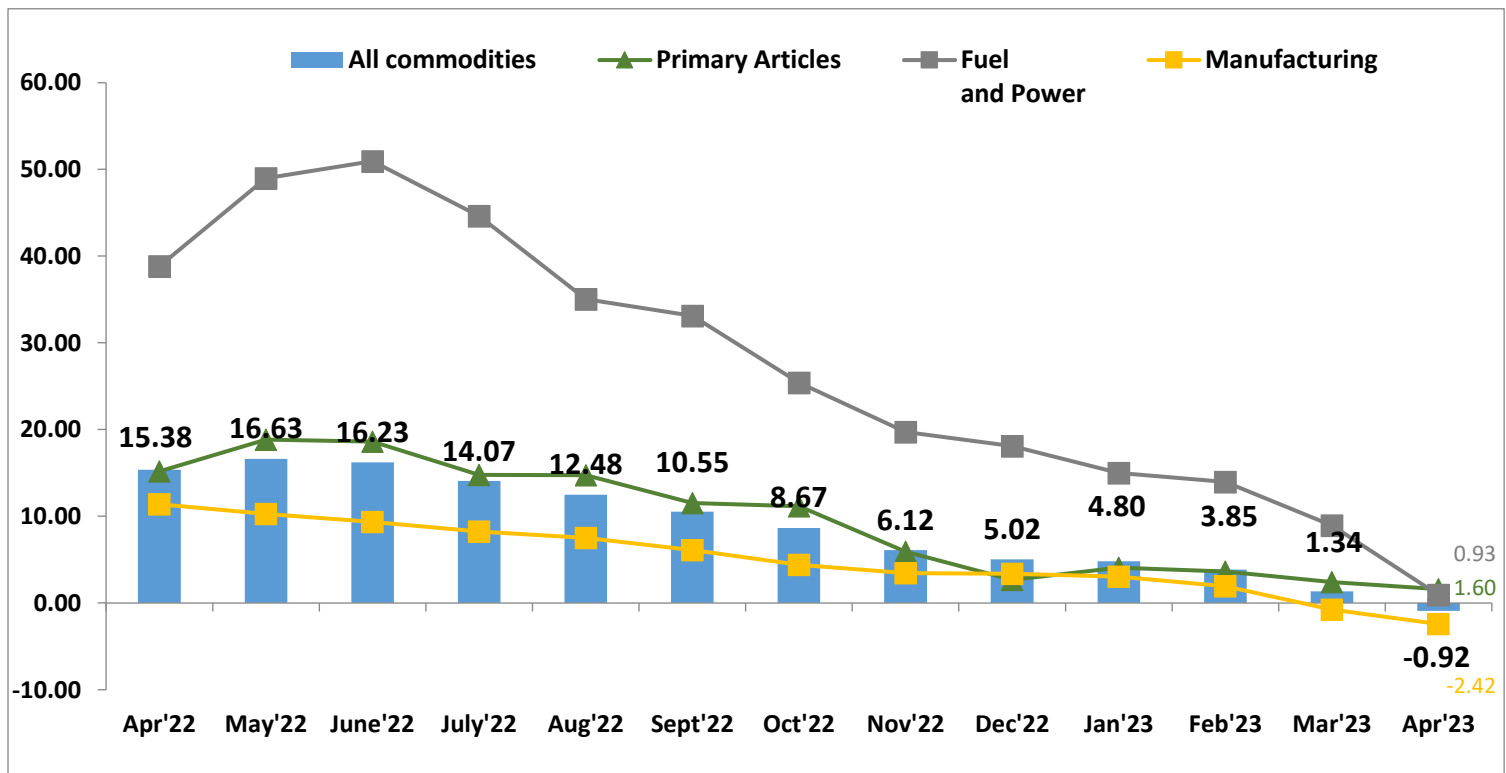


Table: Components of WPI

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
February	13.87	3.64	30.84	13.96	10.24	1.94	8.19	3.81	13.43	3.85
March	15.94	2.40	31.78	8.96	11.26	-0.77	8.44	5.48	14.63	1.34
April	15.18	1.60	38.84	0.93	11.39	-2.42	8.48	3.54	15.38	-0.92

Views:

1. WPI-based inflation fell to its lowest in 34-months. The indicator declined for the 11th straight month.
2. All the components of WPI declined from both the previous month as well as the previous year.
3. Fuel and power inflation significantly eased below 1 per cent due to lower prices for LPG, kerosene and other mineral oils.
4. The manufactured products category, having the highest weightage in WPI basket, continues to be in the deflationary zone.
5. This month too, the deceleration in WPI is in line with the declining Retail Inflation of April 2023. CPI inflation declined to a 19-month low of 4.70 per cent in April 2023 from 5.66 per cent in March 2023.
6. **Going forward, WPI Inflation is expected to remain low in the coming months due to higher base and the easing of global commodity prices which will keep the inflation of manufactured products down.**

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