

# Macro Insights

15 September, 2022

## WPI drops to 12.41% compared to 13.93% in the previous month Jul'22

Office of the Economic Advisor, DPIIT, and Ministry of Commerce & Industry has released the data for Wholesale Price Index (WPI) for August 2022. Wholesale inflation measured by WPI eased to 12.41% in August 2022, compared to 13.93% in the previous month i.e. July 2022, while it was 11.64% in August 2021.



Wholesale Price (WPI) Index eased further to 12.41% in August'22



The wholesale price-based inflation eased for the third consecutive month



The gap between WPI and CPI is declining, it remains wide enough to keep MPC on its path of hawkish stance.

Chart: Wholesale Price Index (WPI)

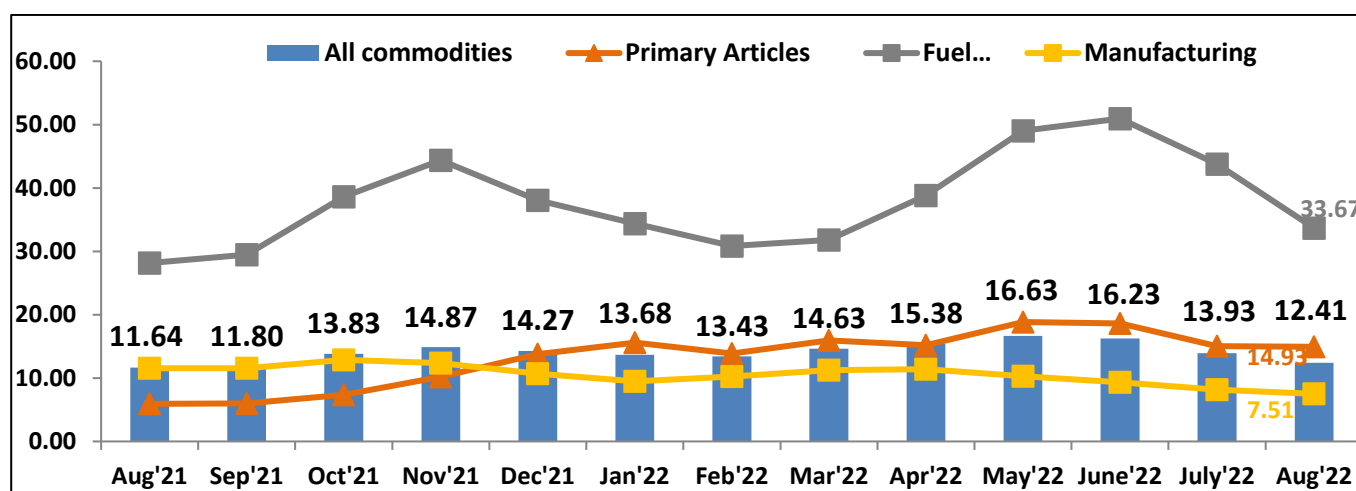


Table: Components of WPI

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%	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
May	9.40	19.71	36.74	40.62	11.25	10.11	4.25	12.34	13.11	15.88
June	8.59	19.22	29.32	40.38	10.96	9.19	3.28	14.39	12.07	15.18
July	6.34	15.04	27.01	43.75	11.46	8.16	0.12	10.77	11.57	13.93

### Highlights:

- WPI inflation eased to an 11-month low on account of rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, chemicals & chemical products, electricity, food products etc. as compared to the corresponding month of the previous year.
- In the fuel and power segment, inflation was 33.67% in August, as compared to 43.75% in the previous month.
- In manufactured products, WPI decreased to 7.51% in August 2022 from 11.56% in the corresponding period last year.
- The Primary Articles segment, witnessed a growth of 14.93% from 5.93% a year ago.
- The food articles, which is a part of the primary articles, captured a growth of 12.37% in August from 10.77% percent last month. The growth can be attributed to a rise in vegetable prices.
- Vegetable prices rose 22.29% in August, against 18.25% in July. Prices of potato spiked to 43.56%.
- Eggs, meat and fish prices escalated to 7.88% in August from 5.55 per cent a month ago.

### Views:

- Even though the WPI has eased, it is the 17<sup>th</sup> consecutive month of double-digit WPI.
- Decline in WPI signals that input costs are gradually moderating in line with the decline seen in commodity prices globally. This is positive for-profit margins and earnings of corporates.
- While the gap between WPI and CPI is declining and providing relief to producers, it remains wide enough to keep MPC on its path of hawkish stance.

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