

Macro Insights

14th August 2023

WPI continues in negative zone for the fourth straight month

Wholesale Price Index fell by 1.36 per cent which was slower decline as compared previous two months. Last year, it was 14.07 per cent.

Highlights:

- India's wholesale prices remained in the deflationary zone for the fourth month in a row in July, although the Wholesale Price Index (WPI) inflation rose to a three-month high of –1.36 percent on a mammoth rise in vegetable prices.
- To put the month-on-month increase in the vegetable index in perspective, the all-commodity index of the WPI rose 1.95 percent in July while the food index was up 7.13 percent.
- Within vegetables, the index of tomatoes was up an astonishing 307 percent month-on-month

Chart: Wholesale Price Index – July'23

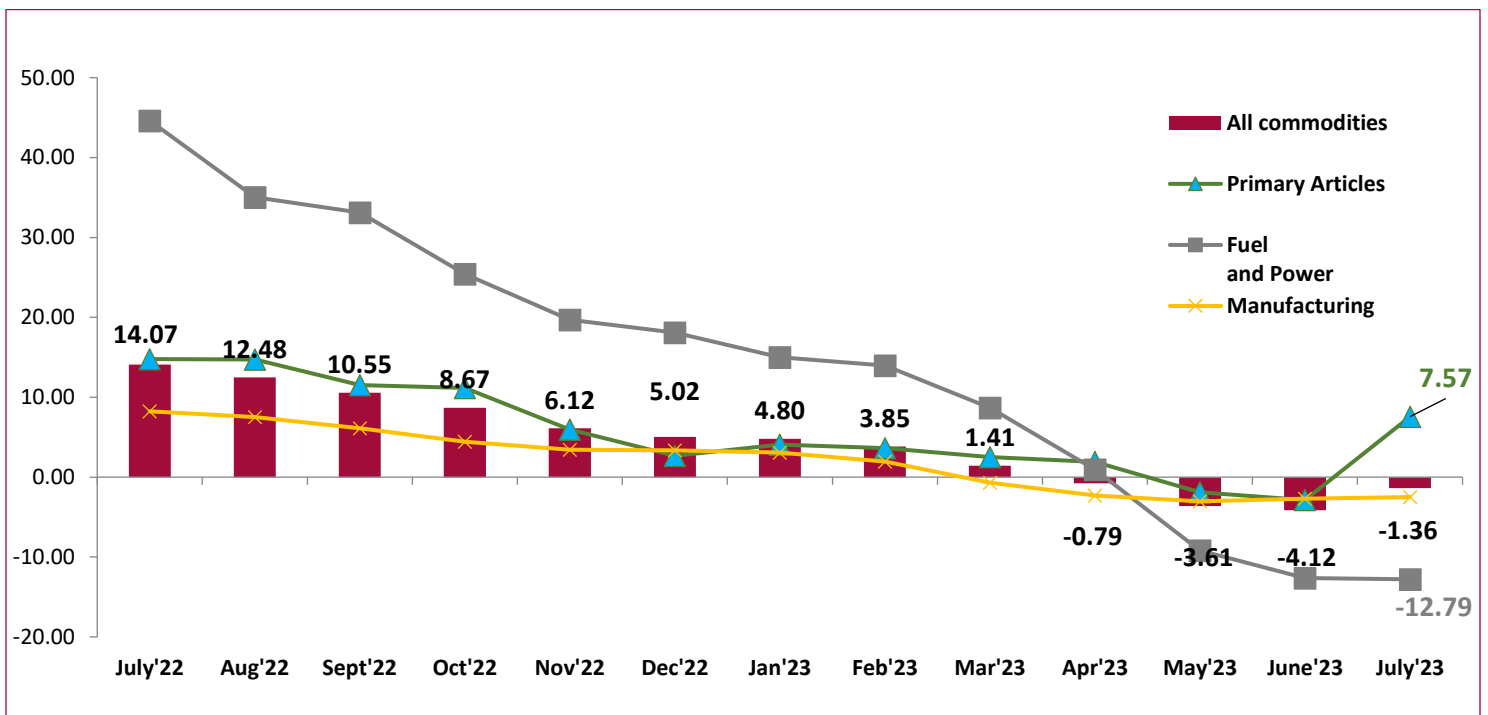


Table: Components of WPI

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
May	18.84	-1.90	49.00	-9.17	10.27	-3.03	11.78	1.63	16.63	-3.61
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

1. The hike this time is majorly driven by food prices and the government has taken multiple measures in an attempt to cool food prices, even the regulator has looked through the recent spike in prices and termed it as a temporary problem due to demand-supply mismatch and the weather.
2. WPI inflation to remain at a subdued level and be in the range of 1-2%.

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