

## Macro Insights

15<sup>th</sup> October, 2022

### WPI declined for fourth consecutive month

- The wholesale price-based inflation declined for the fourth consecutive month to 10.7% in September 2022 on softening in prices of food, fuel and manufactured items.
- Despite the easing in the wholesale inflation data, the WPI continues to remain in the double digits for the 18<sup>th</sup> consecutive month beginning April 2021.



Wholesale Price Index declined across all the three categories.

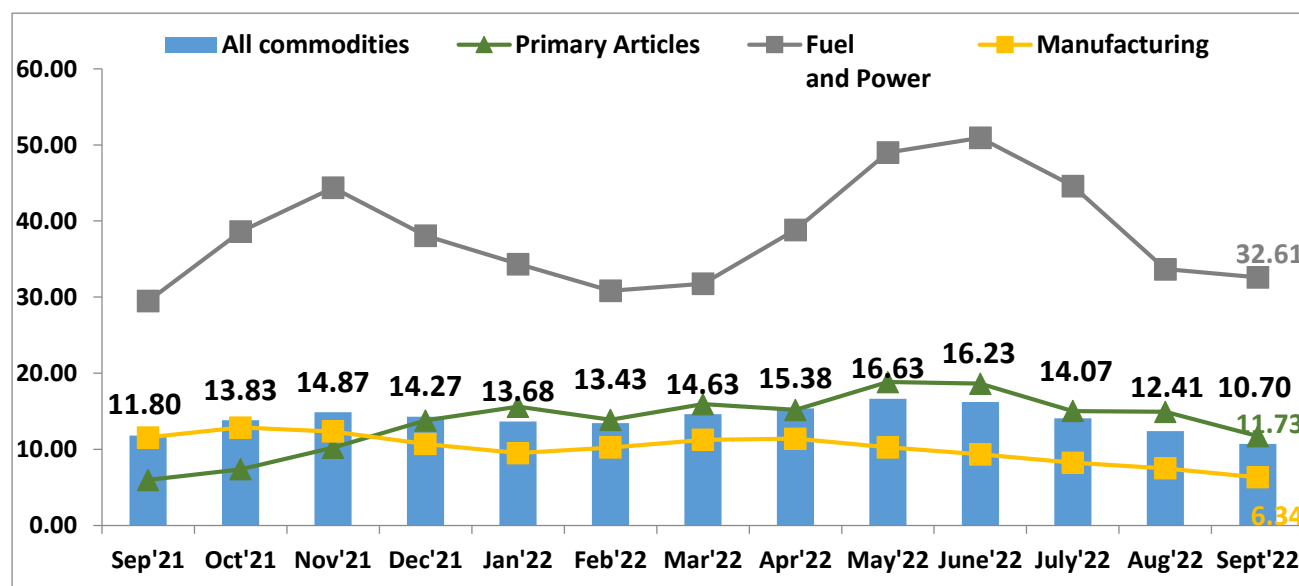


Domestic prices to ease further as international prices of commodity and fuel begins to ease.



The decline in WPI will be reflected in CPI with a lag as firms pass on the price decrease to the consumers.

Chart: Wholesale Price Index-Sept'22



**Table: Components of WPI**

| WPI Inflation (%) | Primary Articles |              | Fuel & Power |              | Manufactured Products |             | Food Articles<br>(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         |
| July              | 6.34             | <b>14.78</b> | 27.01        | <b>44.62</b> | 11.46                 | <b>8.24</b> | 0.12                                        | <b>10.77</b> | 11.57           | <b>14.07</b> |
| August            | 5.93             | <b>14.93</b> | 28.15        | <b>33.67</b> | 11.56                 | <b>7.51</b> | -0.80                                       | <b>12.37</b> | 11.64           | <b>12.41</b> |
| Sept              | 5.98             | <b>11.73</b> | 29.49        | <b>32.61</b> | 11.57                 | <b>6.34</b> | -2.55                                       | <b>11.03</b> | 11.80           | <b>10.70</b> |

1. The wholesale price-based inflation declined for the fourth consecutive month to 10.7% in September 2022 on softening in prices of food, fuel and manufactured items. Despite the easing in the wholesale inflation data, the WPI continues to remain in the double digits for the 18th consecutive month beginning April 2021.
2. In the fuel and power segment, inflation was 32.61% in September 2022, as compared to 33.67% in the previous month.
3. In manufactured products, WPI decreased to 6.34% in September 2022 from 11.57% in the corresponding period last year.
4. The Primary Articles segment, witnessed a growth of 11.73% in September 2022 from 5.98% a year ago.
5. The food articles, which is a part of the primary articles declined to 11.03% in September 2022 from 12.37% in August 2022. The growth can be attributed to a rise in vegetable prices.

### Way Forward

1. The Wholesale Price Index declined for the 18th consecutive month and the month on month decline was there across all the three categories i.e Primary Articles, Fuel and Power and manufactured products.
2. Fuel and power declined as oil prices were stable because of global recession fear.
3. Easing wholesale inflation is a positive development and if the firms pass on this benefit to the consumers the CPI inflation will likely decline.
4. Going forward we expect Wholesale price index to ease further due to base effect, stable oil prices and declining commodity prices.

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