

Macro Insights

18 August 2022

WPI drops to 13.93% compared to 15.18% in the previous month Jun'22

Office of the Economic Advisor, DPIIT, and Ministry of Commerce & Industry has released the data for Wholesale Price Index (WPI) for July 2022. Wholesale inflation measured by WPI eased to 13.93% in July 2022, compared to 15.18% in the previous month i.e., Jun'2022, while it was 11.57% in July 2021.



Wholesale Price Index inflation drops to 13.93%.



WPI inflation stood at 11.57% in Jul'21



It is expected WPI inflation to ease further in August 2022, reflecting the ongoing correction in global commodity prices.

Chart: Wholesale Price Index (WPI)

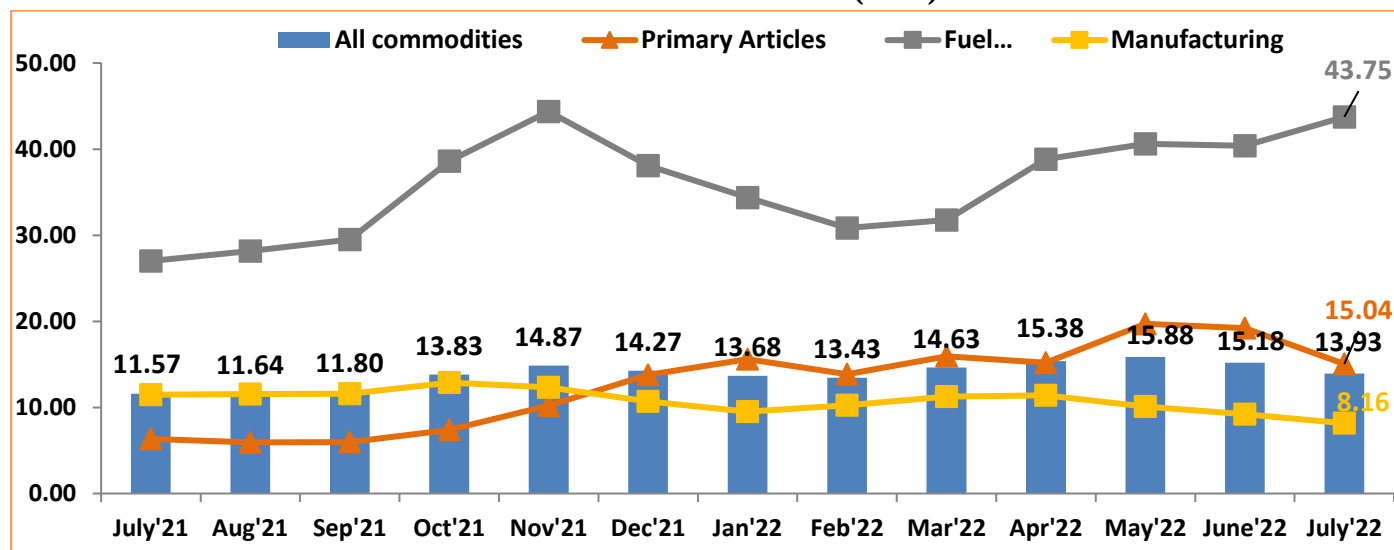


Table: Components of WPI

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:

- Even though the wholesale price-based inflation eased to 13.93 per cent in the month of July 2022, the WPI declined after consecutively remained above 15 per cent in last three months. The Month over Month Change in Major components of WPI is as under:
 - i. **Primary Articles:** - Prices of Minerals (0.96%) increased in July, 2022 as compared to June, 2022. Prices of Food Articles (-2.56%), Nonfood Articles (-2.61%) and Crude Petroleum & Natural Gas (-5.05%) declined in July, 2022 as compared to June, 2022.
 - ii. **Fuel & Power:** - Prices of Mineral Oils (7.95%) and Electricity (6.38%) increased in July, 2022 as compared to June, 2022.
 - iii. **Manufactured Products:** - The increase in prices is mainly contributed by other manufacturing, machinery and equipment, fabricated metal products etc. and the groups that have witnessed decrease in prices are food products, basic metals, textiles, electrical equipment, chemical products etc. as compared to the corresponding month of the previous year.
- Inflation in food articles in July was 10.77 per cent, as prices of vegetables, milk decreased and cereals, paddy, wheat, pulses fruits etc. have spike over previous month.

Views:

- WPI inflation has stayed in double digits for 16 consecutive months starting from April 2021. Out of which 6 times WPI exceeds the level of 14 per cent.
- Going forward, It is expected the WPI inflation to ease further in August 2022, reflecting the ongoing correction in global commodity prices, The price of India's crude oil basket (COB) has come below the psychological threshold of \$100 per barrel in the month of August for the first time since February. Strong export performance along with a gradual easing of supply headwinds is boosting industrial output. We see scope for moderation going forward.

Disclaimer: The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

For any feedback or valuable suggestions: Reach us at eicsmead@pnb.co.in

Follow our Official Page

www.pnbindia.in

pnbindia

