

## Macro Insights

17<sup>th</sup> April 2023

### WPI at a 29-month low

Wholesale inflation measured by WPI eased to 1.34% in March 2023, compared to 3.85% in the previous month i.e. February 2023, while it was 14.63% in March 2022.

### Highlights:

- ☞ India's wholesale inflation reduced to a 29-month low.
- ☞ The decline in the rate of wholesale inflation in March is primarily contributed by fall in prices of basic metals, food products, textiles, non-food articles, minerals, rubber & plastic products, crude petroleum & natural gas and paper and paper products.
- ☞ Fuel and power basket inflation eased to 8.96 per cent in March 2023 from 14.82 per cent in February 2023.
- ☞ In manufactured products, inflation was (-)0.77 per cent in March 2023 as against 1.94 per cent in the previous month.
- ☞ Inflation in Primary Articles also declined by 88 bps from previous month, even though food articles turned costly.

Chart: Wholesale Price Index - Mar'23

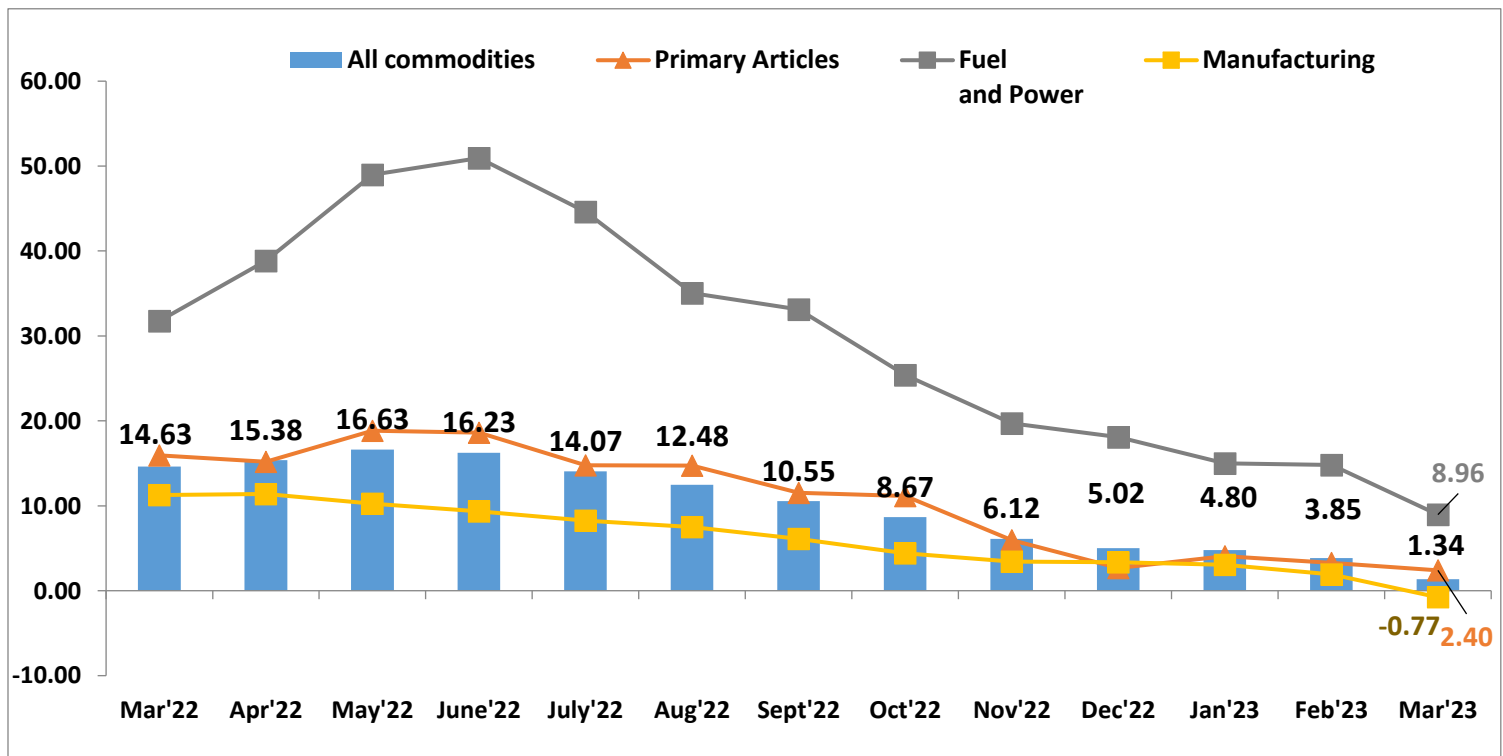


Table: Components of WPI

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
January	15.60	4.06	34.36	15.00	9.50	3.06	10.40	2.67	13.68	4.80
February	13.87	3.28	30.84	14.82	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

### Views:

1. This is the tenth straight month of declining WPI-based inflation.
2. Along with the contributing commodities, the decline was supported by high base.
3. The manufactured products category, having the highest weightage in WPI basket, witnessed a deflation after almost three years.
4. The deceleration in WPI is in line with the declining Retail Inflation of March 2023. CPI inflation declined to a 15-month low of 5.66 per cent in March 2023 from 6.44 per cent in February 2023.
5. **The fall in WPI is a positive signal for the economy. Going forward, low level of WPI Inflation is expected in the coming months due to higher base.**

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