

## Macro Insights

14<sup>th</sup> March 2023

### WPI slides to 3.85% low of 2 years

Wholesale inflation measured by WPI eased to 3.85% in February 2023, compared to 4.73% in the previous month i.e. January 2023, while it was 13.43% in February 2022.

### Highlights:

- Wholesale Price Index declined to 2 year low and the favourable base effect has been able to curtail the inflation to some extent.
- It has declined over last month also and the main reason for fall is the declining prices of crude oil and natural gas, food products.
- There has been continuous decline in Fuel and Power since July 22.
- Inflation for manufactured products was 1.94 per cent in February down from 2.99 per cent in January

Chart: Wholesale Price Index - Feb'23

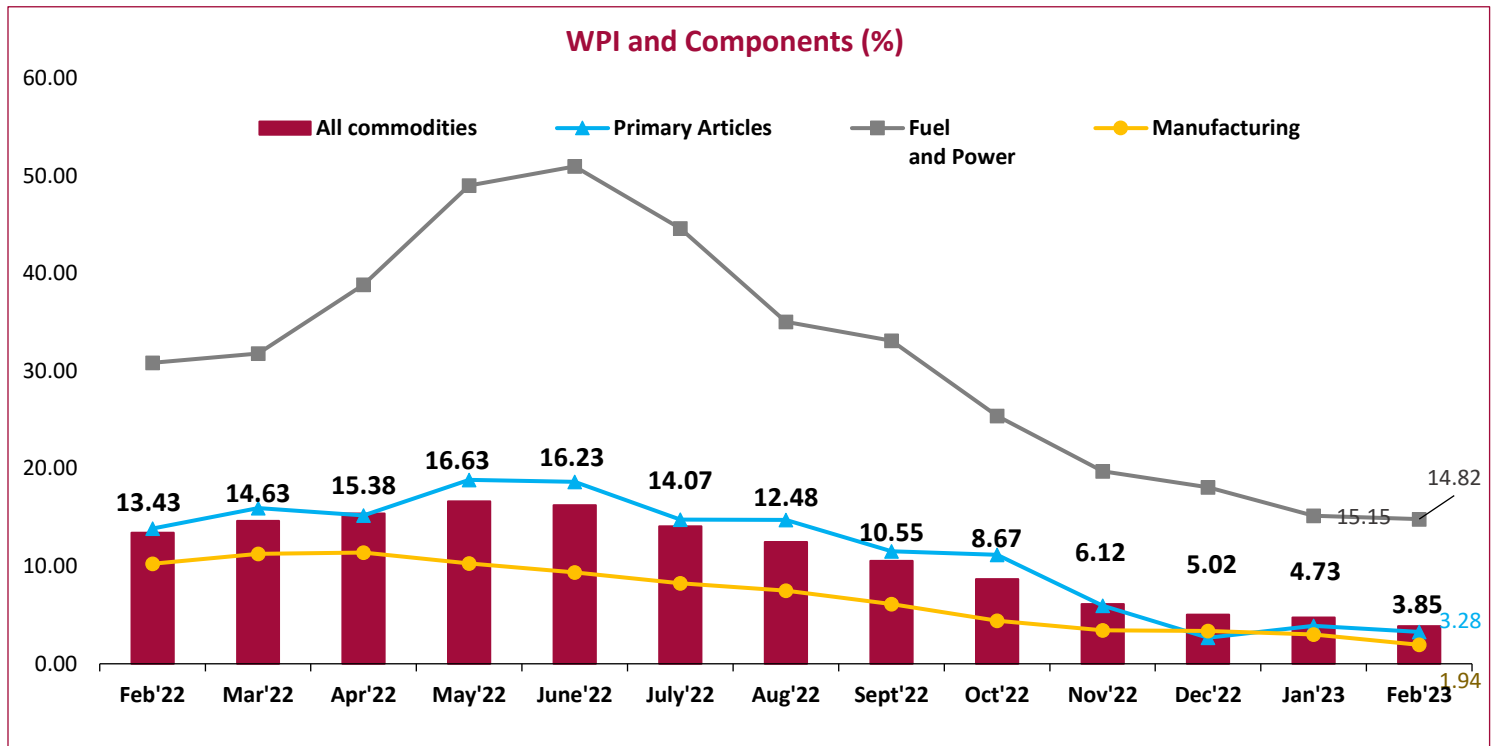


Table: Components of WPI

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%	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
December	13.78	2.67	38.08	18.09	10.71	3.37	9.68	-1.02	14.27	5.02
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
January	15.60	3.88	34.36	15.15	9.50	2.99	10.40	2.38	13.68	4.73
February	13.87	3.28	30.84	14.82	10.24	1.94	8.19	3.81	13.43	3.85

### Views:

1. Dip in Wholesale prices are likely to pave way for easing pressure on Corporate earnings and reduced input cost will reflect in Consumer Price Index which may also see downward trend in coming times.
2. The future outlook of the Food inflation would depend on weather related conditions and timely monsoon.
3. Going forward, there is expectations of further decline in WPI as the commodity prices continue to soften.

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