

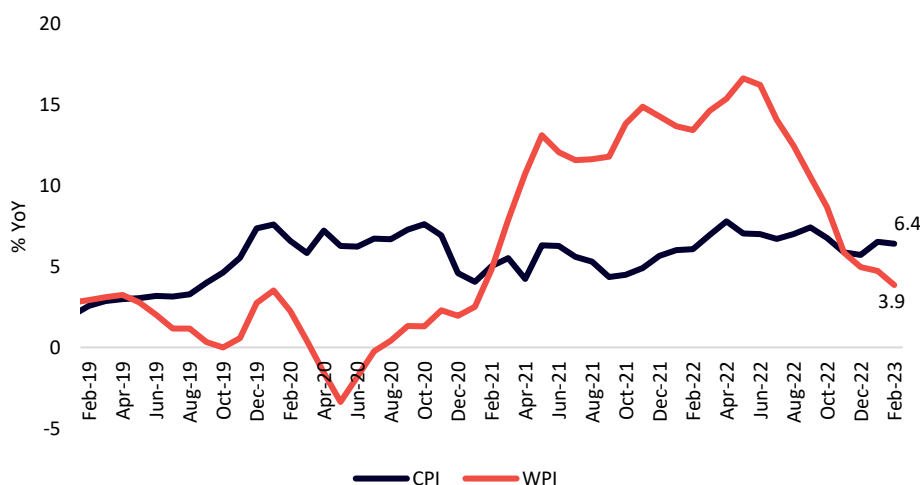
India's wholesale inflation continued its descent and moderated to around two years low in February'23. The WPI inflation eased to 3.9% YoY in February'23 vs. 4.7% in the previous month. On the other hand, the retail inflation for February'23 (CPI) continued to remain above RBI's upper tolerance threshold at 6.4%. At 3.9%, WPI inflation continues to trail below CPI inflation for the fourth consecutive month.

The easing of headline WPI inflation seems to be primarily aided by favourable (high) statistical base effect as on sequential basis the prices rose marginally by 0.2% MoM. On annualized basis, a broad-based moderation was seen in food, fuel and manufactured product prices.

Group wise movement in price index in February'23

- Fuel & power price index eased to 14.8% YoY in February'23 from 15.2% increase in the previous month, nevertheless remaining in double-digits for 23-months. On sequential basis, the inflation rose by 1.9% MoM in February'23 reversing the contraction seen in the last two months. Within the segment, the sequential increase was driven by mineral oils (particularly Naphtha, ATF, Petrol, and Kerosene) which rose by 2.9% MoM from two consecutive months of decline.
- On annualized basis, the food index rose by 2.8% YoY in February'23 vs. 2.9% in January'22. Sequentially, the food inflation further eased to 0.1% MoM from 0.5% in the previous month led by decline seen in the prices of food grains (-0.9% MoM) and condiments (-2.10% MoM).
- Manufactured products index, with a weightage of 64% in the WPI, has been moderating for ten consecutive months underscoring gradual moderation in input price pressures. In February'23, the inflation in manufactured articles eased to a 29-month low of 1.9%YoY. Sequentially, the index rose by a modest 0.2% MoM led by increase in the prices of pharmaceuticals (+0.6% MoM), fabricated metals (1%) and machinery and equipment (0.4%).

Chart 1 : Trend in WPI inflation and CPI inflation



Source: Nuvama Wealth Research

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Date: March 14, 2023

WPI inflation eases to a 25-month low

Table 1: Change in index value across segments of WPI (% Change YoY)

	Headline	Primary articles					Fuel & power				Mfg. products	Food group
		Total	Food articles	Non-food articles	Minerals	Petroleum & nat. gas	Total	Coal	Mineral oils	Electricity		
Jan-22	13.7	15.6	10.4	20.5	30.0	55.4	34.4	3.1	56.2	15.7	9.5	9.6
Feb-22	13.4	13.9	8.2	24.2	22.1	46.1	30.8	3.2	49.9	12.1	10.2	8.7
Mar-22	14.6	15.9	8.4	25.3	21.7	69.2	31.8	3.2	50.1	10.0	11.3	9.3
Apr-22	15.4	15.2	8.5	24.0	12.0	69.1	38.8	2.8	62.9	10.0	11.4	9.1
May-22	16.6	18.8	11.8	24.1	23.0	79.5	49.0	2.8	74.6	20.2	10.3	10.6
Jun-22	16.2	18.6	13.7	18.5	7.6	77.3	50.9	2.8	71.0	36.2	9.3	11.8
Jul-22	14.1	14.8	10.8	12.9	5.5	65.9	44.6	2.7	59.4	36.3	8.2	9.3
Aug-22	12.5	14.7	12.6	8.4	7.4	59.9	35.0	5.2	45.9	28.3	7.5	10.1
Sep-22	10.6	11.5	11.0	4.3	-2.4	44.7	33.1	5.2	46.0	20.5	6.1	8.0
Oct-22	8.7	11.2	8.4	8.0	10.1	43.6	25.4	4.2	29.1	31.0	4.4	6.6
Nov-22	5.8	5.5	1.1	7.5	-1.0	48.2	17.4	3.0	23.8	9.5	3.6	2.2
Dec-22	5.0	2.4	-1.2	3.7	-2.9	39.7	18.1	2.6	22.7	16.6	3.4	0.7
Jan-23	4.7	3.9	2.4	4.5	-9.3	23.8	15.2	2.6	17.9	16.6	3.0	2.9
Feb-23	3.9	3.3	3.8	0.1	-10.6	14.5	14.8	3.4	15.8	19.7	1.9	2.8

Source: PIB and Edelweiss Wealth Research

WPI inflation eases to a 25-month low

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