

# WPI inflation cools to 3-mth low of 2%

## Moderation driven by decline in inflation of primary articles

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The wholesale price index (WPI)-based inflation cooled to a three-month low of 2.04 per cent in July from a 16-month high of 3.36 per cent in June, primarily on the back of a sharp reduction in food prices. Food price inflation stood at 3.45 per cent during the month compared to 10.87 per cent in June, data released by the Ministry of Commerce and Industry showed on Wednesday.

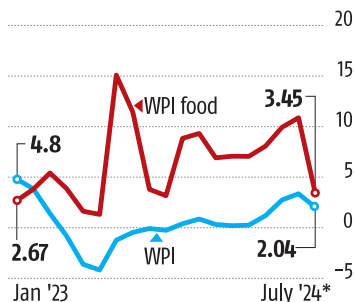
According to the data, inflation of other major sub-indices like manufactured products and fuel & power witnessed a slightly higher year-on-year (Y-o-Y) print in July.

Within food articles, prices of vegetables (-8.93 per cent) and egg, meat & fish (-1.59 per cent) contracted, while there was also a slight deceleration in the prices of onion (88.77 per cent), cereals (8.96 per cent), paddy (10.98 per cent) and pulses (20.27 per cent). On the other hand, the prices of potato (76.23 per cent) and fruits (15.62 per cent) accelerated during the month.

Manufactured products, which have a weight of 64.2 per cent in the index, also saw a rise in inflation to 1.58 per cent in July from 1.43 per cent

## FOOD IMPACT

(% chg Y-o-Y)



\*Figures for June and July are provisional  
Source: Ministry of Commerce and Industry

in June. This was led by an acceleration in the prices of manufactured beverages (2.14 per cent), tobacco (2.31 per cent), textiles (2.09 per cent), wood products (3.53 per cent) and pharmaceuticals (2.05 per cent), among others.

Factory gate prices for fuel & power (1.72 per cent) accelerated in July as the prices of cooking gas (6.06 per cent) rose sharply. The prices of high-speed diesel (-1.65 per cent) and petrol (-0.64 per cent) rose but remained in contraction during the month.

Rajani Sinha, chief economist, CARE Ratings, says that the moderation in WPI inflation was primarily driven by a decline in the inflation of primary articles, even as inflation for manufactured products and fuel & power increased.