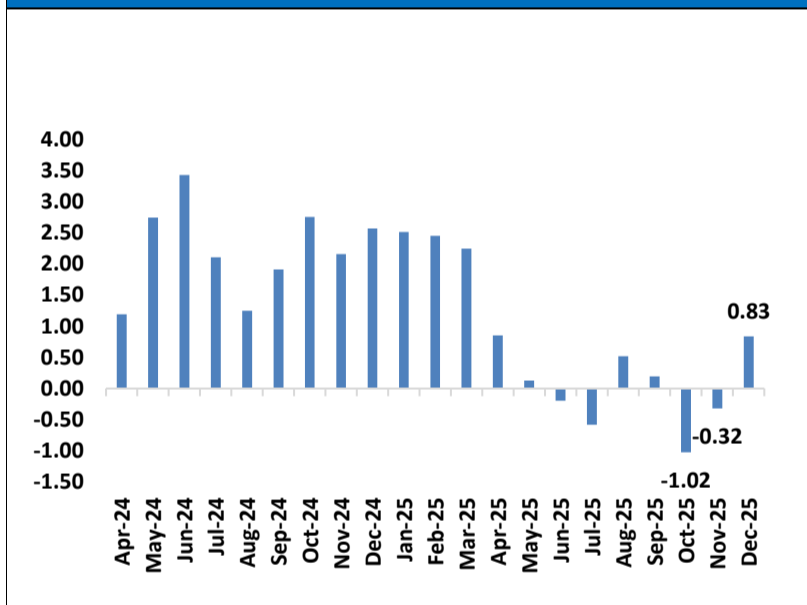


**December '25 WPI sharply up from on broad based sequential strengthening of segments**

- **WPI inflation** came out of deflation zone in December 2025 as expected and printed 0.83%, sharply up from -0.32% last month yet still lower than 2.57% a year ago. The print was above *our projection* (0.45%) and consensus projection (0.30%) due to higher-than-expected uptick in food prices, especially vegetables. Notably, y/y food inflation was nil, while core inflation spiked to 2.32% from 1.80% in November; fuel inflation remained negative at -2.85%. A favorable base effect kept headline and food inflation subdued, while a low core base last year coupled with m/m buoyancy in core segments, especially gold jewelry lifted core WPI. WPI ex-gold has gone up from -0.71% last month to 0.27% y/y in Dec.
- **Food WPI y/y** was nil for the month of December, though sharply higher from last month's -2.59%, supported by a broad-based firming in prices and a high base of 8.95% in December 2024. Most food categories recorded m/m increases, with declines limited to pulses, other food articles, other manufactured food and sugar. Vegetable prices rose sharply by 4.31% m/m, while y/y inflation printed -3.50% from -20.23% last month. Y/y inflation in cereals, pulses, veggies and spices all remained in negative territory.
- **Fuel WPI** declined for the 17<sup>th</sup> consecutive month in December 2025, driven by continued moderation in crude, mineral oils, and electricity prices, partly offset by a marginal uptick in coal inflation. Fuel inflation stood at -2.85% y/y in December versus -3.24% in November, amid continued pressure on global oil prices due to ample supply and subdued demand.
- **Within WPI sub-segments**, food and fuel remained in deflation, while core inflation firmed up. **Core WPI** (excluding food and fuel) rose to 2.32% y/y in December from 1.80% in November, with all sub-components registering increases, led by minerals inflation at 11.86% y/y. On a monthly basis, core WPI rebounded to 0.74% in December from -0.05% in November mainly due to sharp spike in precious metal prices during the month. M/m WPI in other manufacturing segment within core which constitutes jewelry and ornaments jumped 10.72% during the month. Other segments like chemicals, non-metallic mineral products, fabricated metal products and electronic products recorded an uptick m/m.
- **For FY26**, our WPI inflation projection remains below 0.5%. WPI seems to have bottomed out last month and is seen tracking higher as per our projections. Our WPI projection for Q4FY26 is tracking 1.37% compared with -0.17% in Q3FY26. Going ahead, unseasonal winter rains, global commodity price trends, and geopolitical developments—especially tariff-related uncertainties—warrant close monitoring.

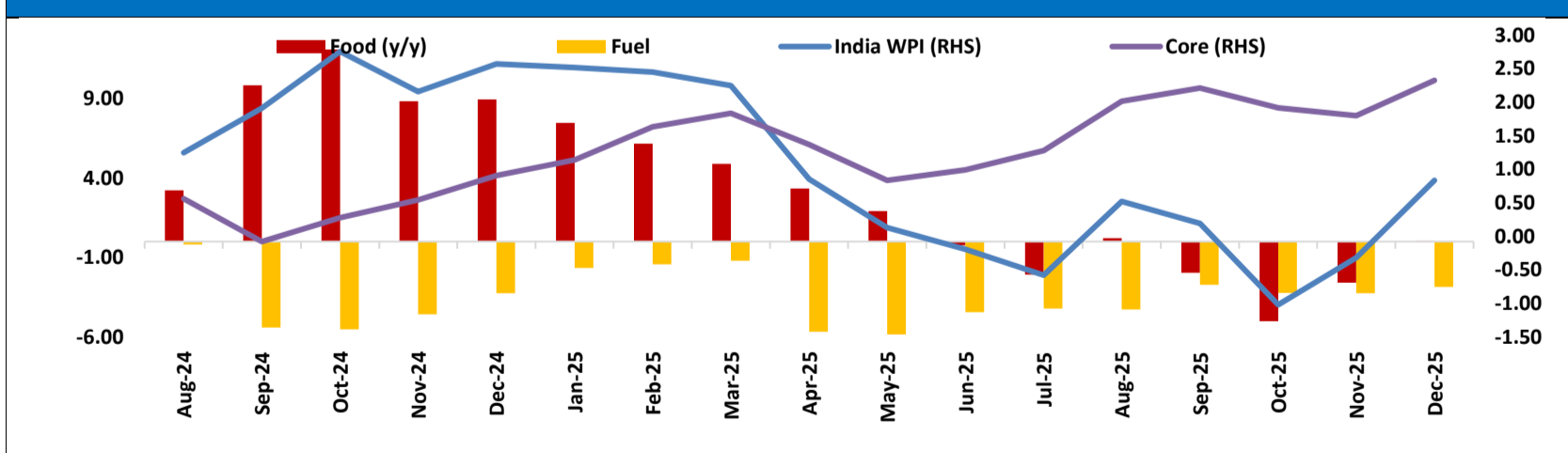
**Chart 1. Dec'25 WPI rebounds further in Nov yet stays muted y/y; % y/y**



**Chart 2. Core WPI spikes in Dec'25**

	% y/y	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Core WPI		2.01	2.21	1.91	1.80	2.32
Basic Metals		-0.51	0.00	-1.58	-1.23	-0.07
Chemicals & Chemical Products		0.37	0.37	0.37	0.07	0.37
Textiles		1.32	1.77	1.91	1.91	1.68
Fabricated Metal Products		0.29	0.51	1.26	0.52	0.29
Non-Metallic minerals (cement etc)		3.08	2.07	1.69	0.61	0.76
Other manufacturing		30.79	32.25	33.57	30.96	45.55

**Chart 3. All segments of WPI sharply up in Dec'25 even as though fuel WPI continues to stay in deflation zone; % y/y**



% y/y	India WPI	Food	Fuel	Core
Jan-25	2.51	7.48	-1.67	1.14
Feb-25	2.45	6.16	-1.42	1.63
Mar-25	2.25	4.89	-1.21	1.83
Apr-25	0.85	3.34	-5.68	1.37
May-25	0.13	1.92	-5.85	0.83
Jun-25	-0.19	-0.24	-4.44	0.99
Jul-25	-0.58	-2.09	-4.21	1.28
Aug-25	0.52	0.21	-4.27	2.01
Sep-25	0.19	-1.96	-2.73	2.21
Oct-25	-1.02	-5.01	-3.23	1.91
Nov-25	-0.32	-2.59	-3.24	1.80
Dec-25	0.83	0.00	-2.85	2.32

Source: Ministry of Commerce & Industry, CEIC and UBI Research

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