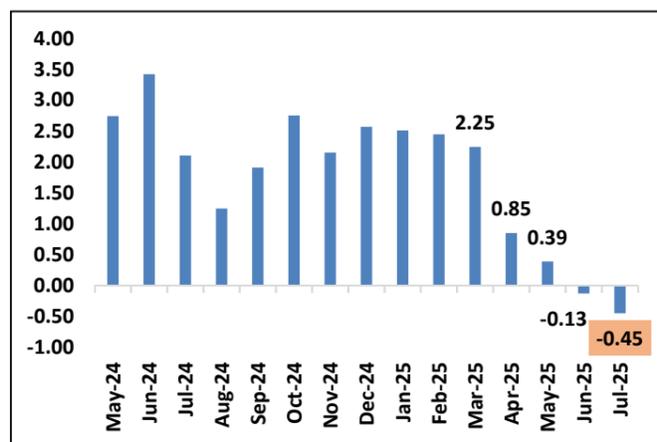


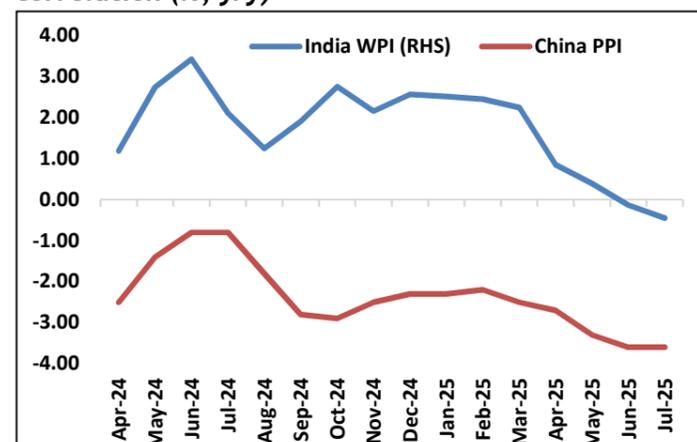
**July'25 WPI y/y likely fell to almost 2 years' low of -0.45% despite m/m uptick**

- **Wholesale Price Index (WPI)**, in our opinion, followed the trends in CPI and fell further down to -0.45% in July'25 from last month's -0.13%. This is primarily led by both food inflation and fuel sub-segments that likely dived further into deflation territory even as core WPI picked up during the month. Food WPI corrected sharply to -1.72% y/y from -0.26% in June while core WPI strengthened from 1.06% in June to 1.50% in July. Fuel WPI too remained in contraction zone, likely shrinking to -4.90% from -4.23% in June. Base effects have also played a role as sequentially, all sub segments have seen an uptick.
- **Food WPI** though has fallen y/y from -0.26% in June to -1.72% in July, m/m food WPI has likely gone up from 0.36% in June to 1.02% in July. The spike has been primarily led by some momentum gained in wholesale food prices across segments. M/m vegetables inflation in July is seen at 10.2%, after an 11-month high of 18.29% was recorded last month. Within food segment, m/m inflation in milk, sugar, other manufactured foods and eggs, fish & meat is seen up; while segments like cereals, pulses, fruits, spices, oils and other food articles likely continued to be in deflation. In specific, y/y inflation in pulses has been in negative zone since Feb'25.
- **Y/y Fuel WPI likely** continued the slide for the 12<sup>th</sup> month in line in July'25 partly due to fall in inflation in crude & mineral oils segment and partly due to high base effect (3.01% in July'24) even as crude oil prices were up by ~9% m/m in July. This has led to a likely fall in y/y Fuel WPI from -4.23% in June to -4.90% in July.
- **Core WPI** which reflects inflation excluding food and fuel, has gone up from 1.06% last month to 1.50% in July. While all sub segments have seen near flat momentum in recent months, metals are a key mover and we see an uptick in July tracking global prices. We estimate that m/m core WPI has also gone up from 0.05% in June to 0.34% this month. Core WPI includes price movements in non-food manufactured products which closely track commodity prices as more than 40% manufacturing raw materials are imported.
- **A comparative analysis of China's Producer Price Index (PPI) and Wholesale Price Index in India** reflects that, there exists a strong correlation between the two. China PPI has continued to stay in deflation zone in the month of July'25 and stayed flat at -3.60%, same as in June'25. This is in tandem with our projection of India WPI for July'25 which is expected to remain in deflation for the second consecutive month at -0.45% vis-à-vis -0.13% last month.
- **Going forward**, uncertainty regarding fluctuating trade scenarios in view of additional US trade tariffs and geo-political conflicts are expected to keep global commodity prices volatile even though ample supply and weak demand may cap the upside. Monsoon patterns and weather disruptions are the main factors to be watched out for domestically that may affect the supply chain and thus WPI in the short term.

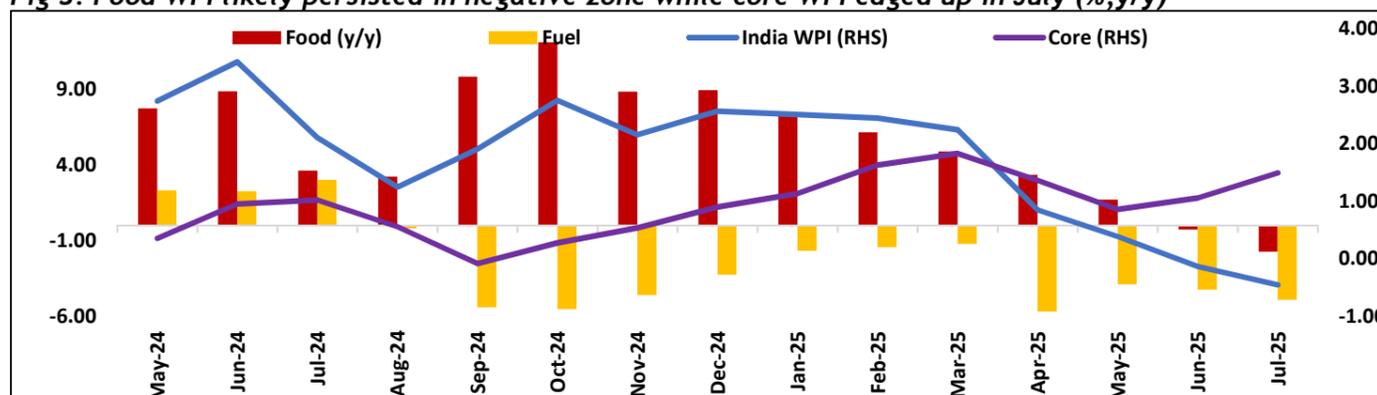
**Fig 1: WPI likely fell further in July'25 (% , y/y)**



**Fig 2: China PPI and India WPI seem to show high correlation (% , y/y)**



**Fig 3: Food WPI likely persisted in negative zone while core WPI edged up in July (% , y/y)**



Source: CEIC, Office of Economic Advisor and UBI Research

Note: figures for July'25 India WPI are our projections

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