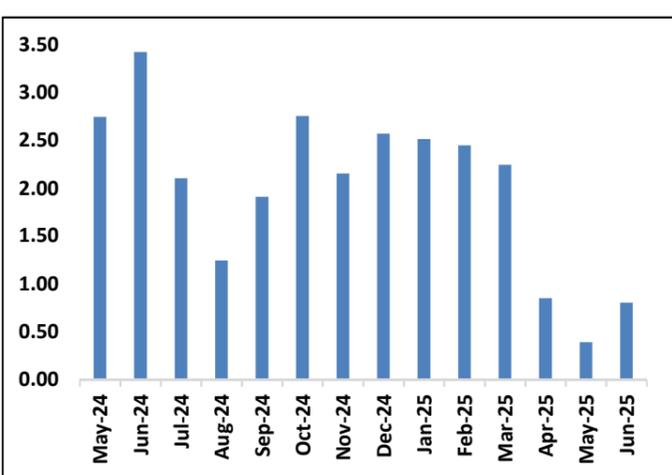


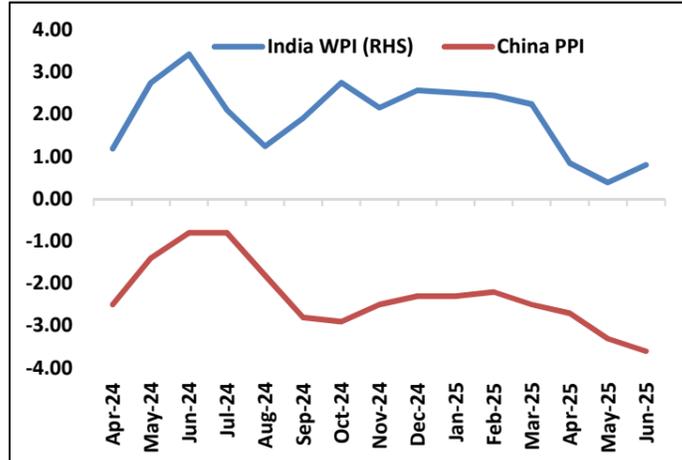
**June'25 WPI likely spiked due to commodity prices led rise in core inflation**

- **Wholesale Price Index (WPI)**, as per our projections, reversed from the recent low of 0.39% in May'25 and accelerated to 0.80% (y/y) in June'25, due to broad based m/m rebound in food, fuel and core inflation even as on yearly basis, food WPI shows moderation while fuel WPI continues to be in deflationary zone. Food WPI moderated to 0.60% y/y from 1.72% in May while core WPI jumped from 0.86% in May to 1.63% in June. Fuel WPI remained in contraction zone, likely clocking (-)1.82% as against (-)3.87% in May.
- **Food WPI** though has come down y/y from 1.72% in May to 0.60% in June, m/m food WPI has likely sharply gone up from 0.12% in May to 1.22% in June. The spike has been primarily led by gaining momentum in wholesale food prices especially vegetables and eggs, fish & meat segments. M/m vegetables inflation in June is seen as high as 10%, highest after 16.08% recorded in Oct'24. Y/y food inflation could have been higher but for the high base effect: food inflation was 8.87% in June'24. While m/m inflation in veggies and eggs segments is up in June; cereals, pulses, spices and other food articles continued to moderate. Other segments like edible oils, sugar, fruits, milk and other manufactured food articles have also shown upward trends as compared to May.
- **Y/y Fuel WPI** likely continued the slide for the 11<sup>th</sup> month in line in June'25 partly due to fall in mineral oils segment and mainly due to high base effect (2.27% in June'24) even as crude oil prices were up by ~10% m/m in June. This has led to a likely fall in y/y Fuel WPI from -3.87% in May to -1.82% in June.
- **Core WPI** which reflects inflation excluding food and fuel, has likely jumped to 1.63% y/y in June'25 vis-a-vis 0.86% in May as global commodity prices (other than gold and silver) hardened during the month. The hike also likely came due to m/m jump in minerals segment to 0.50% over a low base of -7.16% in May over April (m/m). 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. However, China PPI stayed in deflation zone in the month of June'25 and moderated further to -3.6% versus -3.3% in May'25 while India WPI inflation is seen going up in the month of June'25 after falling in May.
- **Going forward**, global commodity prices are expected to remain volatile in view of tariff wars uncertainty and geo-political conflicts though upside may be capped due to ample supply and weak demand. Agricultural commodity prices may remain unpredictable due to monsoon patterns. Any kind of escalation of geo-political conflicts and weather disruptions affecting the supply chain in agricultural commodities can pose upside risks to the WPI in short term.

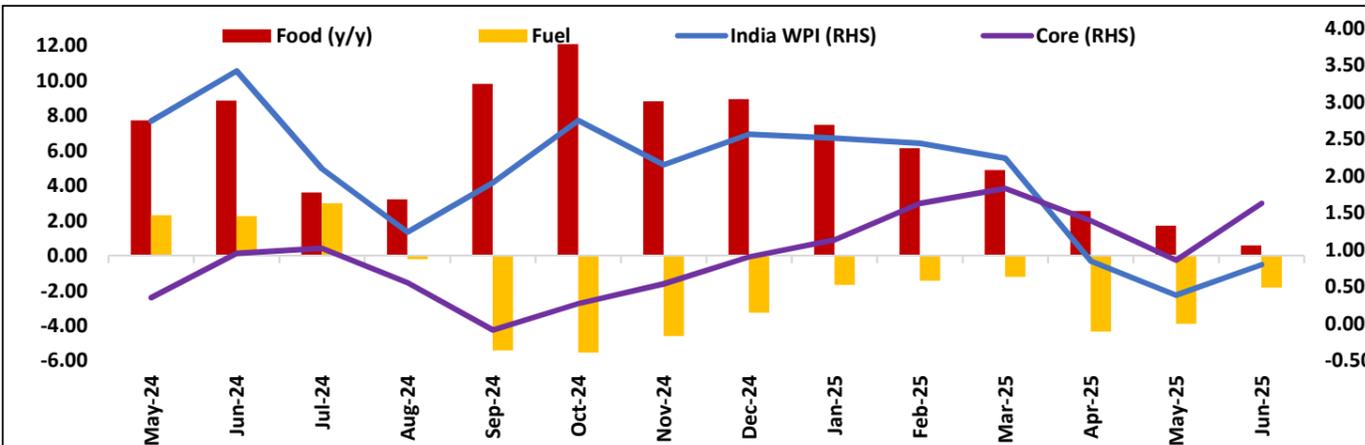
**Fig 1: WPI likely rebounded in June'25 (% , y/y)**



**Fig 2: China PPI and India WPI which normally move in tandem, now seen diverging (% , y/y)**



**Fig 3: Food WPI likely continued to moderate while core WPI spiked in June (% ,y/y)**



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Source: CEIC, Office of Economic Advisor and UBI Research Note: figures for June'25 WPI are our projections

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