India: March'26 WPI likely saw broad based spike to 3.08% on war effects

06th April 2026

Fig 1: Table

%, y/y	India WPI	Food	Fuel	Core
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	-2.14	-3.84	1.20
Aug-25	0.52	0.20	-4.25	2.01
Sept-25	0.13	-2.02	-2.72	2.12
Oct-25	-1.21	-5.01	-3.37	1.60
Nov-25	-0.32	-2.59	-3.24	1.80
Dec-25	0.83	0.00	-2.85	2.32
Jan-26	1.81	1.43	-4.64	3.81
Feb-26	2.13	1.82	-3.64	3.91
Mar-26	**3.08**	**2.83**	**-1.98**	**4.61**

Source: CEIC, Office of Economic Advisor and UBI Research

March'26 WPI likely touched 21 months high of 3.08% as all segments spurt during the month

- **Wholesale Price Index (WPI)** inflation is estimated at 3.08% in March 2026, up from 2.13% in February as well as 2.25% in March last year. The spurt in headline WPI was contributed to all three segments of food, fuel and core. Food WPI increased from 1.82% to 2.83%, while core inflation is estimated to have substantially risen to 4.61%, compared with 3.91% last month and 1.83% a year ago. Meanwhile, fuel inflation though elevated during the month but remained in deflationary territory at -1.98% from -3.64% last month given the global crude oil price spike effect. Hiked crude oil prices not only flare up the fuel inflation but also contribute to broader price pressures and stickiness in core inflation through transportation and input costs.

- **Food WPI** is estimated to have risen to 2.83% from 1.82% in the previous month. Sequentially also, food WPI was up by 0.86% m/m. Food inflation is expected to firm up further in the coming months due spill overs from war led oil price hike affecting supply chains, seasonal summer pressures and the waning of favorable base effects. On a month-on-month basis, only vegetables inflation likely registered a decline, while all other food segments recorded minor (pulses) to substantial increases (fruits & spices). Vegetables' inflation is estimated to have fallen 6.23% m/m, but rose sharply to 3.03% y/y. Year-on-year inflation remained negative only in cereals (-0.79%) and pulses (-3.73%).

- **Fuel WPI** continued to strengthen substantially within the deflation zone as crude prices shot up by 80% m/m. In rupee terms, crude prices rose by about 85% during the month. Inflation in crude oil likely reached the highest since August'24 to 1.86%. However, mineral oils (-4.65%) and electricity (-0.99%) stayed negative, while coal inflation increased to 3.30%. Overall, fuel inflation is projected at -1.98% y/y, compared with -3.64% in February and -1.21% in March last year.

- Core WPI (excluding food and fuel) also likely went up to 4.61% from 3.91% consequent to sharp spike in global commodity prices following escalations of geopolitical tensions in West Asia, and rupee depreciation. Elevated global metal prices have kept input cost pressures high for manufacturers. All sub-components of core WPI are likely to have registered increases during the month. Y/y core WPI is estimated to have risen to 4.61%, compared with 1.83% in February last year.

- **A comparison with China's Producer Price Index (PPI)** suggests a strong co-movement between the two indicators. As per estimates, China's PPI too spiked in March and switched from a negative -0.90% in February to 0.40% in March. India's WPI too is estimated to have risen from 2.13% to 3.08% over the same period.

- **With March estimation at 3.08%,** our projection for FY26 WPI inflation is currently tracking at 0.65%. For FY27, our WPI estimate is tracking above 5.80% (assuming oil price average of $90/bbl). In case the crude settles at a higher price, inflation can have further upside. Prolonged geopolitical tensions—particularly involving the US-Iran conflict and prolonged disruptions in the Strait of Hormuz—could push commodity prices further higher. WPI being more sensitive to oil price shocks than CPI; the level at which oil price settles even as we have probably reached endgame is crucial for inflation outlook and central bank policy reaction function.

Fig 2: WPI likely jumped to 3.08% in March'26 from 2.13% in Feb'26; (%, y/y)

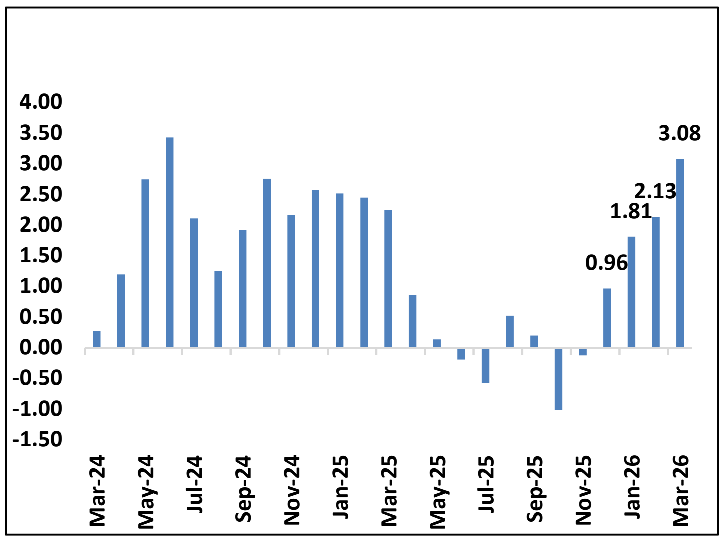


Fig 3: While China PPI switched to positive zone from -0.90% in Feb'26 to 0.40% in March, India WPI too likely spiked during the period; (%, y/y)

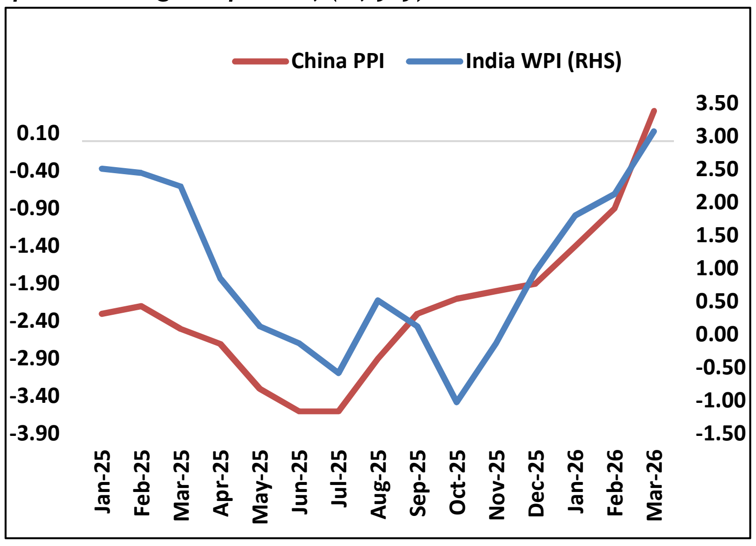
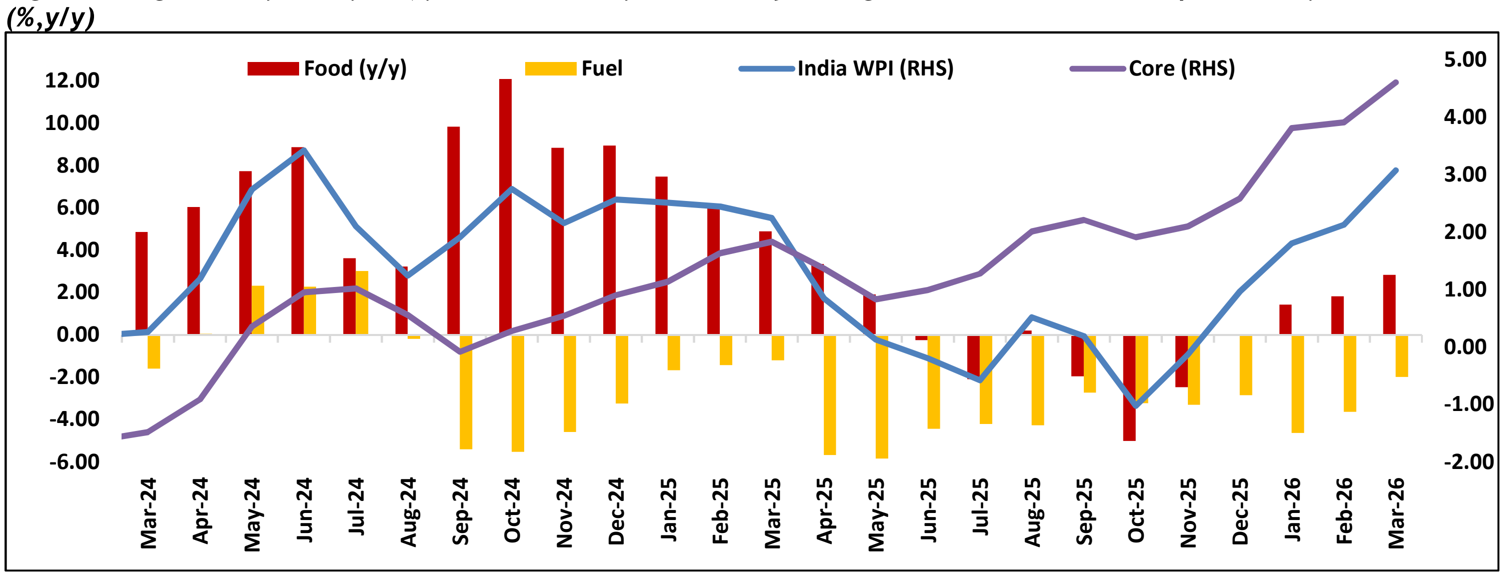


Fig 4: All segments of WPI: food, fuel and core inflation likely strengthened in March'26 on spill over of war worries (%,y/y)



Source: CEIC, Office of Economic Advisor and UBI Research
Note: Figures for March'26 India WPI are our projections , China PPI for March'26 is market estimate.

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