

March '26 WPI clocks 39 months high of 3.88% primarily due to increase in fuel prices

Fig 1. WPI throws an upside surprise in March '26; % y/y

% y/y	UBI Estimate	Actual
Food	2.83	1.86
Fuel	-1.98	6.24
Core	4.61	4.31
Headline	3.08	3.88

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

- WPI inflation surprised on the upside and clocked 3.88% in March 2026, sharply up from 2.13% last month as well as 2.25% same month last year. The print was significantly above our estimate of 3.08% as well as consensus estimate of 3.04% due to higher-than-expected inflation in fuel segment. Fuel inflation registered a sharp switch to positive zone with a spike in inflation to 6.24% as against -3.64% last month and our expectation of -1.98%. Y/y food inflation stayed almost flat at 1.86% while core inflation too jumped to 4.31% from 3.91% last month. Higher than expected m/m cooling off in veggies contributed to keep food inflation contained.
- Food WPI y/y printed 1.86% in March as against 1.82% in Feb this year and a high of 4.89% in March'25. M/m food inflation was actually negative at -0.03%. Veggies recorded a fall of 7.66% in m/m inflation while fruits and edible oils inflation went up by 2.67% and 2.26% respectively. Other manufactured food segment was up by 1.49%. Apart from these segments, other segments either recorded a positive increase or remained more or less flat sequentially. Y/y veggies inflation was up 1.45%, third consecutive increase after 11 months of consistently posting deflation. Y/y inflation in all segments registered positive increase except for cereals and pulses. Interestingly, Spices inflation was sharply up to 14.84% from 8.74% last month.
- Fuel WPI was the main driver of WPI in March'26 which switched into the positive zone and recorded an inflation of 6.24% from -3.64% last month. Fuel inflation had been in deflationary zone for 19 consecutive months till last month. The spike was much higher than our projection of -1.98% as global crude price hike in the wake of US Iran war and shortage of energy resources due to closure of Strait of Hormuz made the effect visible on inflation data. Y/y inflation in crude and natural gas segment was the highest in 39 months at 35.98%. In other fuel segments, coal stayed almost flat while mineral oils too went up into positive zone at 3.51%. Electricity inflation fell further into deflation zone at -6.01%.
- Within WPI sub-segments, Core WPI (ex food and fuel) rose to 4.31% y/y in March vis-à-vis 3.91% in Feb, with non-food articles sharply up to 11.50% and manufactured sub segment to 2.15%. Minerals inflation however was sharply down to 3.22% while beverages recorded a negative inflation. Inflation in basic metals sub-segment within the core was 0.83% during the month whereas other manufacturing segment containing jewellery manufacturing was up by 3.77% m/m and 54.85% y/y.
- With the March data, WPI inflation for FY26 stands at 0.70% while our projection for FY27 is tracking above 5%. WPI may spike further as US-Iran war and spike in commodity prices especially crude oil price. Going forward, we will continue to monitor the global geo-political conflicts, trajectory of input costs, global crude dynamics and commodity prices. As of now, we maintain our view of prolonged pause on rates with a close watch on inflation trends. However, if oil prices stabilize above \$90/bbl, we see possibility of rate hike with FY27 CPI likely to be sharply higher above the 4.5% mark.

Chart 2. March '26 WPI spikes sharply to clock 39 months high; % y/y

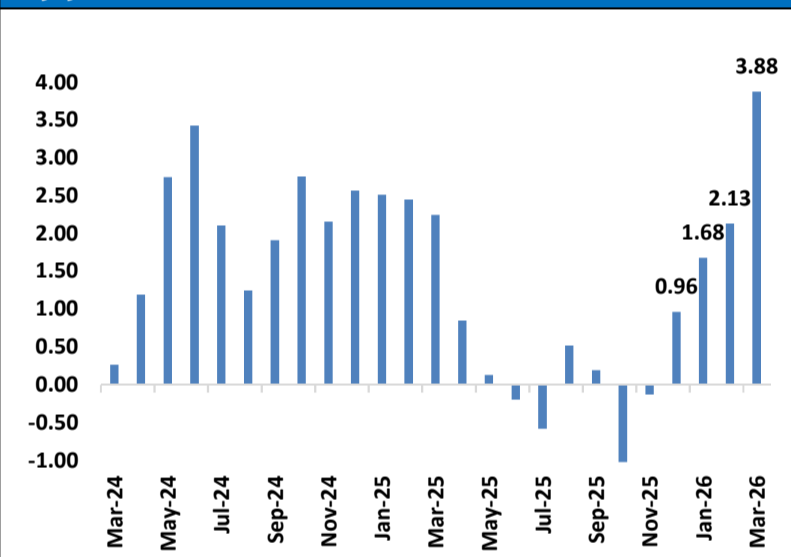
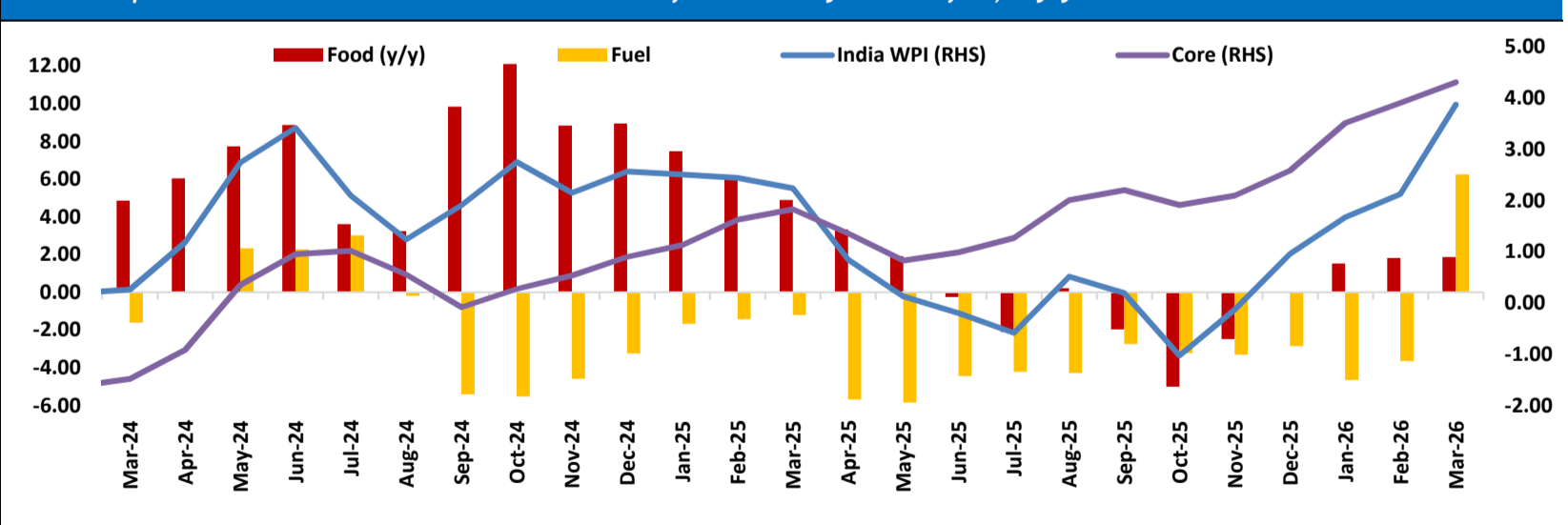


Chart 3. Core WPI too jumps in March '26

% y/y	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Core WPI	1.91	2.10	2.59	3.52	3.91	4.31
Basic Metals	-1.58	-1.23	0.07	3.21	4.35	4.01
Chemicals & Chemical Products	0.37	0.22	0.51	0.51	0.73	2.19
Textiles	1.91	1.91	1.75	2.34	3.29	4.91
Fabricated Metal Products	1.26	0.74	0.15	1.03	0.15	-0.15
Non-Metallic minerals (cement etc)	1.69	0.76	0.61	0.83	0.30	1.28
Other manuf.	33.57	36.02	52.32	52.72	53.97	54.85

Chart 4. Spurt in Fuel and Core WPI in March '26 while food WPI stays almost flat; % y/y



% y/y	India WPI	Food	Fuel	Core
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	-0.13	-2.47	-3.30	2.10
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	3.88	1.86	6.24	4.31

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

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