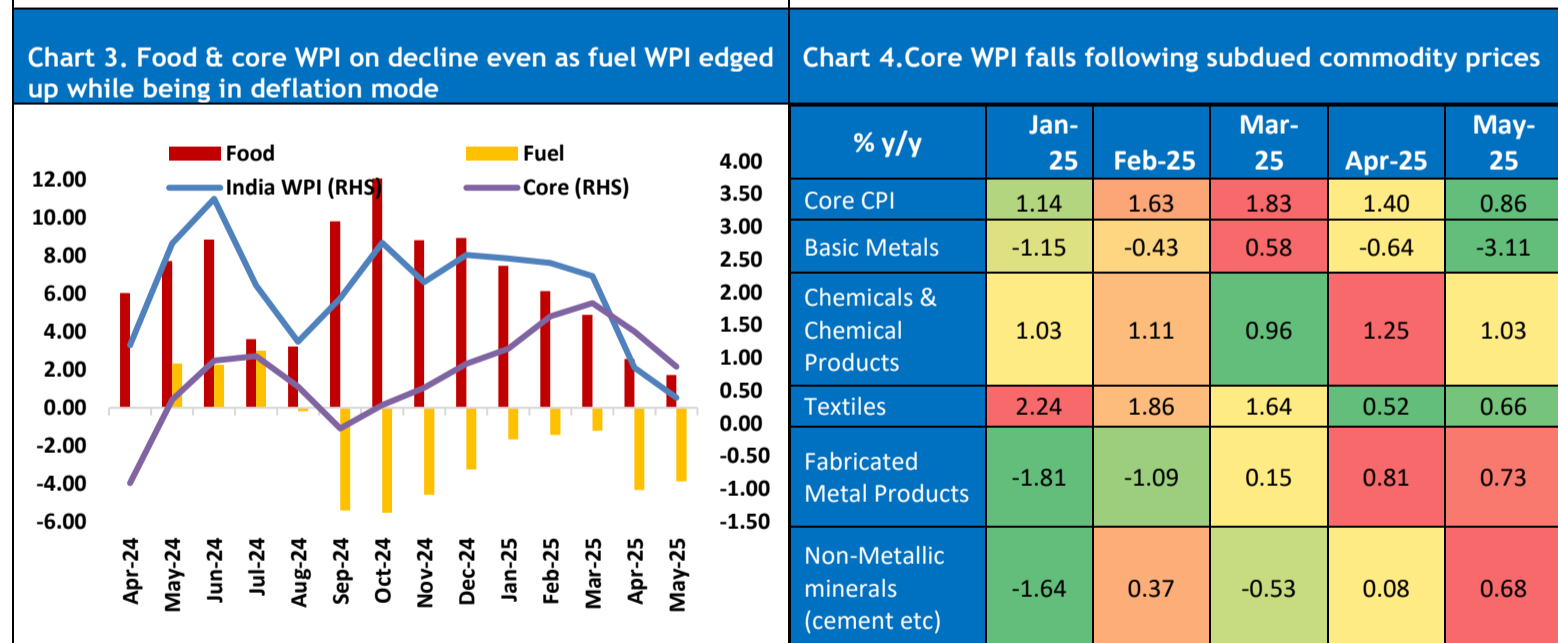
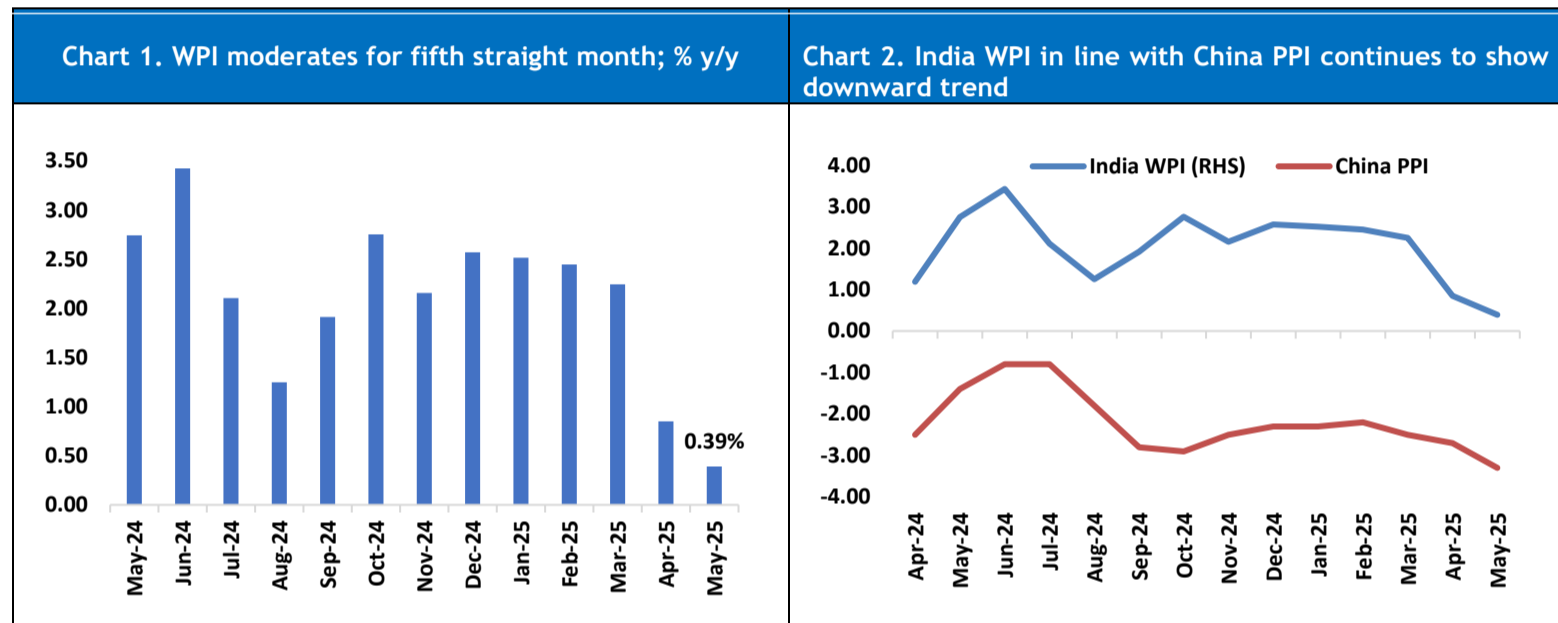


India WPI for May'25 falls to 0.39% y/y in line with our projection

- **Wholesale Price Index (WPI)** corrects further to 14-month low of 0.39% (y/y) in May'25, from 0.85% in previous month reflecting broad based easing of supply side pressures as fuel and core inflation are down m/m while food inflation is slightly positive m/m. The prime driver of y/y drop in headline WPI was food and core subsegments even as slight uptick in fuel WPI, despite staying in deflation mode, capped the downside. The number has come in line with our below consensus estimate (0.70%) of 0.38% (please refer [our wpi data preview report](#)).
- **Food WPI:** WPI Food has fallen to a 19-month low of 1.72% y/y vis-à-vis CPI food inflation which fell to 6-year low in May'25. M/m food WPI inflation has turned positive to clock 0.12% from -0.01% in April with similar trends seen in CPI as well. Inflation in segments like cereals, pulses, spices, oils, manufactured foods, veggies and edible oils was down m/m while fruits, eggs, meat & fish and sugar were up. Despite the m/m pickup, y/y food inflation has moderated on favourable base effect (y/y food WPI inflation was 7.74% in May 2024).
- **Fuel WPI** y/y stayed in negative zone and fell to -3.87%, down from -4.33% in April. High base effect also played a role as the fuel WPI was 2.33% in May last year. Negative fuel inflation reflects subdued global oil prices in the month of May. M/m fuel WPI inflation was also negative at -0.82% vis-a-vis -3.01% in April as the inflation in mineral oils decreased in May'25 as compared to April'25 even as coal and electricity inflation saw a rise during the month.
- **Core WPI** has continued to moderate in May too, to 0.86% in May from 1.40% in April. Sequentially also, core WPI was down to 0.03% from 0.13% in April in tune with softening commodity prices during the month. The fall in core WPI was basically led by m/m correction in minerals and non-food articles inflation.
- **Going forward,** trends in WPI are likely to be led by food prices along with commodity prices (especially oil and metals) which are on sequential pickup post Iran -Israel conflict. Monsoon led trend in food prices and commodity prices in the wake of geopolitical tensions will be prime inflation driver in the coming months.



y/y, %	Headline WPI	Food	Fuel	Core
Jun-24	3.43	8.87	2.27	0.96
Jul-24	2.10	3.62	3.01	1.02
Aug-24	1.25	3.23	-0.18	0.56
Sep-24	1.91	9.83	-5.41	-0.08
Oct-24	2.75	12.10	-5.52	0.28
Nov-24	2.16	8.84	-4.58	0.54
Dec-24	2.57	8.95	-3.25	0.91
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	2.57	-4.33	1.40
May-25	0.39	1.72	-3.87	0.86

Source: Ministry of Commerce, CEIC and UBI Research

By:
 Kanika Pasricha
kanika.pasricha@unionbankofindia.bank

Nidhi Arora
nidhiarora@unionbankofindia.bank

Banking Research Team	
Kanika Pasricha Chief Economic Advisor	kanika.pasricha@unionbankofindia.bank
Suneesh K	suneeshk@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Jovana Luke George	jovana.george@unionbankofindia.bank
Dhiraj Kumar	dhirajkumar@unionbankofindia.bank
Akash Deb	akash510@unionbankofindia.bank
Rohit Yarmal	rohitdigambar@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank
S. Jaya Laxmi	s.jayalaxmi@unionbankofindia.bank

Disclaimer:

The views expressed in this report are personal views of the author(s) and do not necessarily reflect the views of Union Bank of India. Nothing contained in this publication shall constitute or be deemed to constitute an offer to sell/ purchase or as an invitation or solicitation to do so for any securities of any entity. Union Bank of India and/ or its Affiliates and its subsidiaries make no representation as to the accuracy; completeness or reliability of any information contained herein or otherwise provided and hereby disclaim any liability regarding the same.