

India WPI for Feb'25 inches up to 2.38% y/y

- **Wholesale Price Index (WPI)** inched up to 2.38% (y/y) in Feb'25, slightly up from 2.31% in previous month, mainly driven by manufacturing inflation. WPI numbers were surprisingly above our estimates of 2.0%, mainly due to higher than expected core inflation amid commodity price volatility.
- **Food WPI** continued its sequential decline m/m in Feb due to seasonal cooling, especially in vegetables and egg fish & meat basket. However, prices of fruits were seen to increase sequentially in Feb'25. Edible oil prices too were higher sequentially on global supply pressures.
- **Fuel WPI** showed negative growth in Feb'25 (y/y) due to high base effect, though decline was at a slower pace. However, sequential uptick continued from previous month due to volatility in global energy prices, showing 1.6% m/m increase.
- **Core WPI** which reflects inflation excluding food and fuel, witnessed y/y pick-up at 1.4% in Feb'25. Sequentially, core inflation increased by 0.20% amid global commodity price pressure and supply uncertainty.
- **China's producer Price Index** continued in deflation zone to clock at (-)2.30% in Feb'25. India WPI shows close co-relation with China PPI, showing the impact of global commodity price movement on manufacturing sector inflation in both India and China. However, gradual divergence is observed in PPI and WPI due to country-specific supply factors.
- **Going forward**, trends in WPI are largely driven by seasonal food price movements, which are expected to show upward pressure in coming months amid festive demand. Edible oil prices too are higher annually. Meanwhile, the resurgence in global commodity prices may add to inflationary pressure. From a global perspective, geo-political tensions and the impact of Trump's policies and spillover on domestic supplies would be on keen watch.

Chart 1. WPI rises despite slip in food inflation

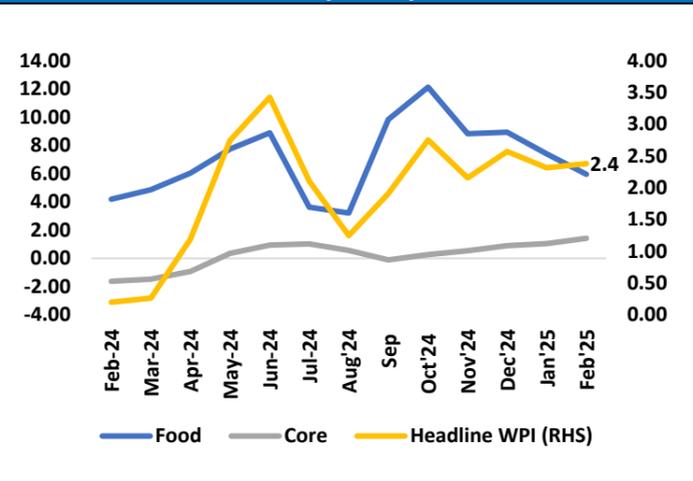


Chart 2. China PPI Vs. India WPI show divergence

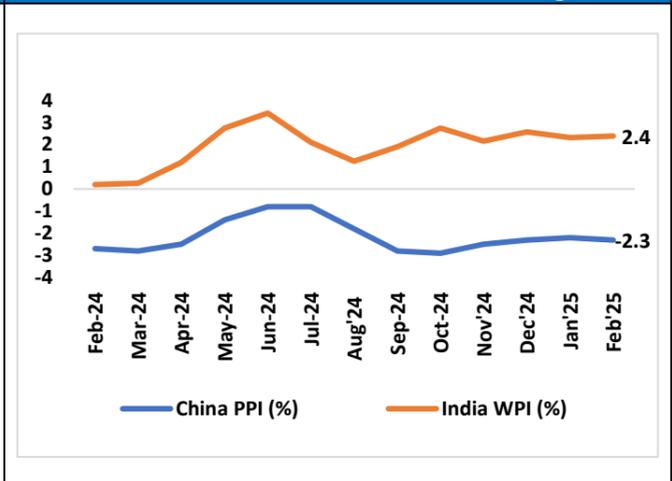


Chart 2. Non-food component showing pick-up, driving WPI higher.

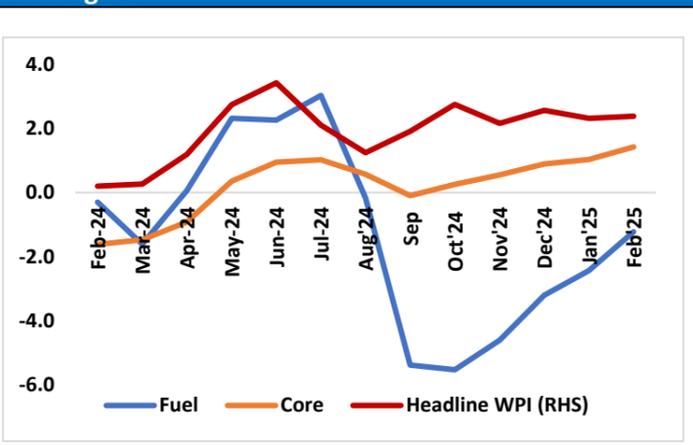


Chart 4. Core WPI resurged as commodity prices increased

	% y/y	Nov-24	Dec-24	Jan-25	Feb-25
Core CPI		0.40	0.90	1.0	1.4
Basic Metals		-1.14	-1.43	-1.22	-0.65
Chemicals and Chemical Products		0.07	0.52	0.96	1.26
Textiles		1.27	2.39	2.16	1.93
Fabricated Metal Products		-2.87	-1.31	-1.74	-1.02
Non-metallic minerals (cement etc)		-2.97	-3.03	-1.93	-0.9

Y/Y, %	Headline WPI	Food	Fuel	Core
Feb-24	0.20	4.18	-0.30	-1.62
Mar-24	0.26	4.87	-1.62	-1.48
Apr-24	1.19	6.05	0.06	-0.92
May-24	2.74	7.73	2.32	0.36
Jun-24	3.43	8.89	2.26	0.95
Jul-24	2.10	3.62	3.03	1.02
Aug-24	1.25	3.21	-0.17	0.57
Sep-24	1.91	9.84	-5.39	-0.10
Oct-24	2.75	12.13	-5.54	0.26
Nov-24	2.16	8.84	-4.61	0.55
Dec-24	2.37	8.88	-4.24	0.87
Jan-25	2.31	7.40	-2.44	1.04
Feb-25	2.38	5.95	-1.23	1.42

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