

Macro Insights

14th January, 2025

WPI inflation rises to 2.37% in December 2024

The wholesale inflation measured by WPI rose to 2.37 per cent in December 2024 on a YoY basis, as against 0.86 per cent in December 2023, while it was at 1.89 per cent in November 2024.

It was mainly on account of **rise in prices of manufactured items and a low base effect.**

Highlights

- ☞ Primary Articles rose from 5.73 per cent in December 2023 to 6.02 per cent in December 2024.
- ☞ However, Inflation rate in food articles (part of primary articles) declined to 8.47 per cent in December 2024 vis-à-vis 8.63 per cent in November 2024 and 9.32 per cent in December 2023.
- ☞ Manufactured products witnessed a sharp rise from -0.78 per cent in December 2023 to 2.14 per cent in December 2024.
- ☞ Fuel and Power remain in deflationary zone since August 2024, registering (-) 3.79 per cent in December 2024.

Chart: Wholesale Price Index – December 2024

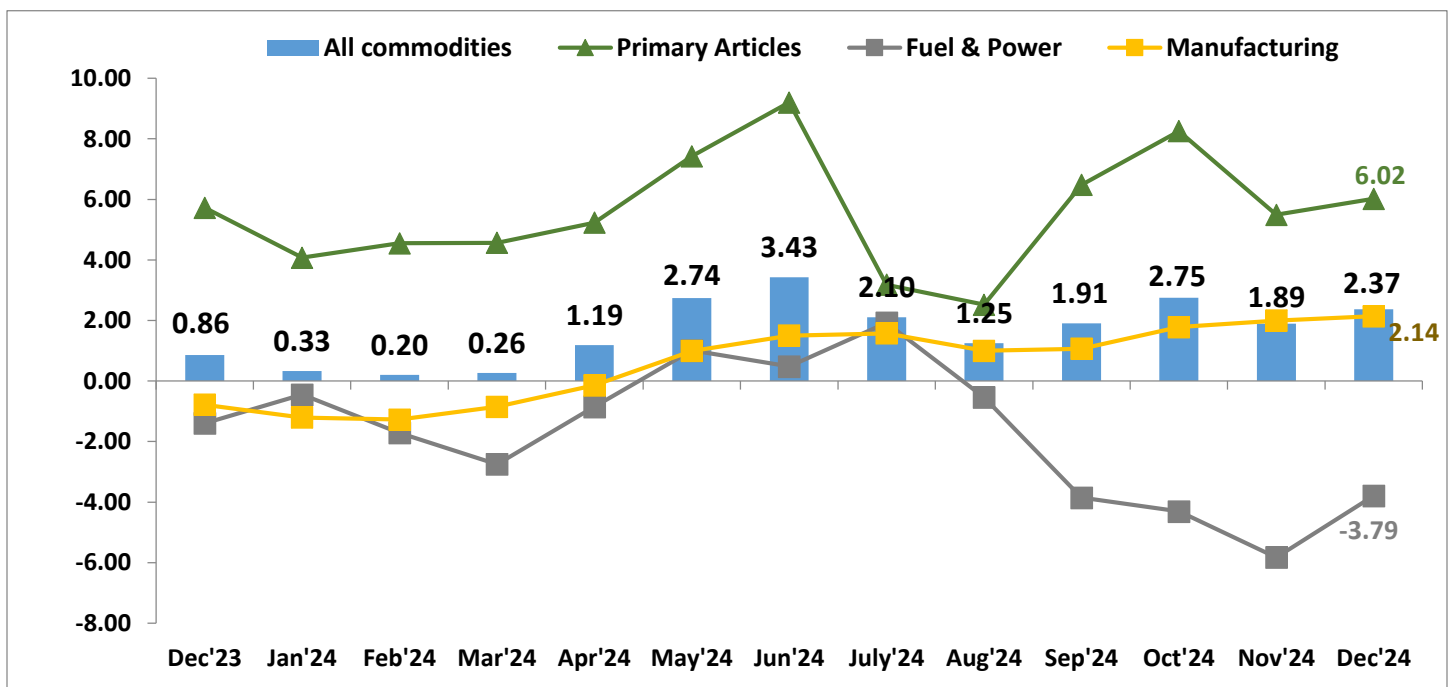


Table: Components of WPI

| WPI Inflation YoY (%) | Primary Articles | | Fuel & Power | | Manufactured Products | | Food Articles (Part of Primary Articles) | | All Commodities | |
|-----------------------|------------------|-------------|--------------|--------------|-----------------------|-------------|--|--------------|-----------------|-------------|
| | Weights | 22.62% | 13.15% | | 64.23% | | 15.26% | | 100% | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| October | 2.26 | 8.26 | -1.58 | -4.31 | -1.06 | 1.78 | 3.17 | 13.49 | -0.26 | 2.75 |
| November | 5.16 | 5.49 | -4.05 | -5.83 | -0.78 | 2.00 | 8.84 | 8.63 | 0.39 | 1.89 |
| December | 5.73 | 6.02 | -1.39 | -3.79 | -0.78 | 2.14 | 9.32 | 8.47 | 0.86 | 2.37 |

Views & Analysis

- The YoY decline in the prices of Food Articles was led by the deceleration in the prices of Paddy, Pulses, Onion and Milk.
- However, prices of Wheat, Potato, Fruits, Eggs, Meat & Fish witnessed a rise in December 2024 when compared to December 2023.
- The highest weighted category in WPI Index - the Manufactured Products, which rose to 2.14 per cent in December 2024 in contrast to its deflationary figure in the same month a year ago, was supported by price hikes in in food products, textiles, wearing apparel, paper products, chemical products and rubber & plastic products.
- Under Fuel and Power, where inflation figures have remained negative, LPG is in the positive territory, whereas the other two items – Petrol & HSD – are in the negative zone.
- The WPI Food Index, which includes food articles and manufactured food products, dropped from 8.92 per cent in November 2024 to 8.89 per cent in December 2024.
- On the other hand, Retail Inflation measured by Consumer Price Index (CPI), fell slightly to a four-month low of 5.22 per cent in December 2024 from 5.48 per cent in November 2024.
- With the uptick in commodity prices, rupee depreciation and unfavourable base, WPI is expected to marginally rise in the upcoming month.

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