

Macro Insights

14th January, 2025

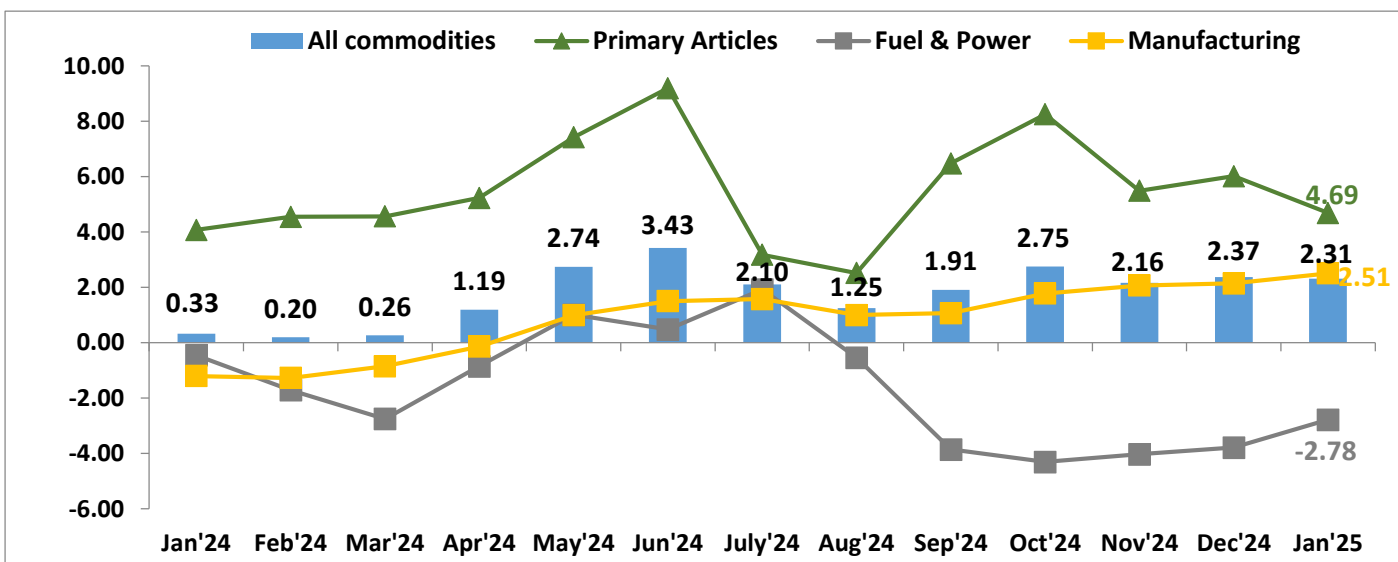
WPI inflation eases to 2.31% in January 2025

The wholesale inflation measured by WPI fell marginally to 2.31 per cent in January 2025 on a YoY basis, compared to 2.37 per cent in December 2024, while it was higher than January 2024 figure of 0.33 per cent.

Highlights

- Inflation in **Primary Articles** fell from 6.02 per cent in December 2024 to **4.69 per cent in January 2025**. However, it was higher compared to January last year (4.07 per cent).
- Inflation in **food articles** (part of primary articles) declined substantially from 8.47 per cent in December 2024 to **5.88 per cent in January 2025**. It was 6.91 per cent in January last year.
- Inflation rose only in case of **Manufactured Products** from 2.14 per cent in December 2024 to **2.51 per cent in January 2025**. In January last year, it was in the deflationary zone at -1.20 per cent.

Wholesale Price Index (%) – January 2025



Source: Office of Economic Adviser, Ministry of Commerce & Industry

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
November	5.16	5.49	-4.05	-4.03	-0.78	2.07	8.84	8.48	0.39	2.16
December	5.73	6.02	-1.39	-3.79	-0.78	2.14	9.32	8.47	0.86	2.37
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
January	4.07	4.69	-0.45	-2.78	-1.20	2.51	6.91	5.88	0.33	2.31

Source: Office of Economic Adviser, Ministry of Commerce & Industry

Views & Analysis

- Fuel and Power has remained in the deflationary zone since August 2024. In January 2025, prices declined by 2.78 per cent, although lower than the decline of 3.79 per cent witnessed in December 2024. International Crude oil prices have been declining as OPEC decreased its forecast for oil demand in 2024 and 2025 owing to lower demand from advanced economies and China.
- Nonetheless, on a month-on-month basis, wholesale prices have been declining since October 2024.
- Further breakup of manufactured products reveals that wholesale inflation in January 2025 rose (on a YoY basis) in case of food products (especially vegetable and animal fats), textiles, wearing apparel, leather products, paper products, chemical products, and rubber & plastic products.
- Inflation in case Food Articles (part of Primary Articles) fell on account of substantial YoY moderation in the prices of paddy, pulses, vegetables, and milk- which helped control food prices. On the other hand, prices of fruits and egg, meat & fish rose in January 2025 on a YoY basis.
- The WPI Food Index, which includes food articles and manufactured food products, moderated from 8.89 per cent in December 2024 to 7.47 per cent in January 2025.
- With the sequential moderation in commodity prices, in commodity prices and RBI's continuous efforts to stabilize the currency, WPI is expected to remain moderated.

Disclaimer: The opinion/information expressed/compiled in this note is of Bank's Research team and does not reflect opinion of the Bank or its Management or any of its subsidiaries. The contents can be reproduced with proper acknowledgement to the original source/authorities publishing such information. Bank does not take any responsibility for the facts/ figures represented in the note and shall not be held liable for the same in any manner whatsoever.

For any feedback or valuable suggestions: Reach us at eicsmead@pnb.co.in

Follow our Official Page www.pnbindia.in

