

# Macro Insights

17<sup>th</sup> March, 2025

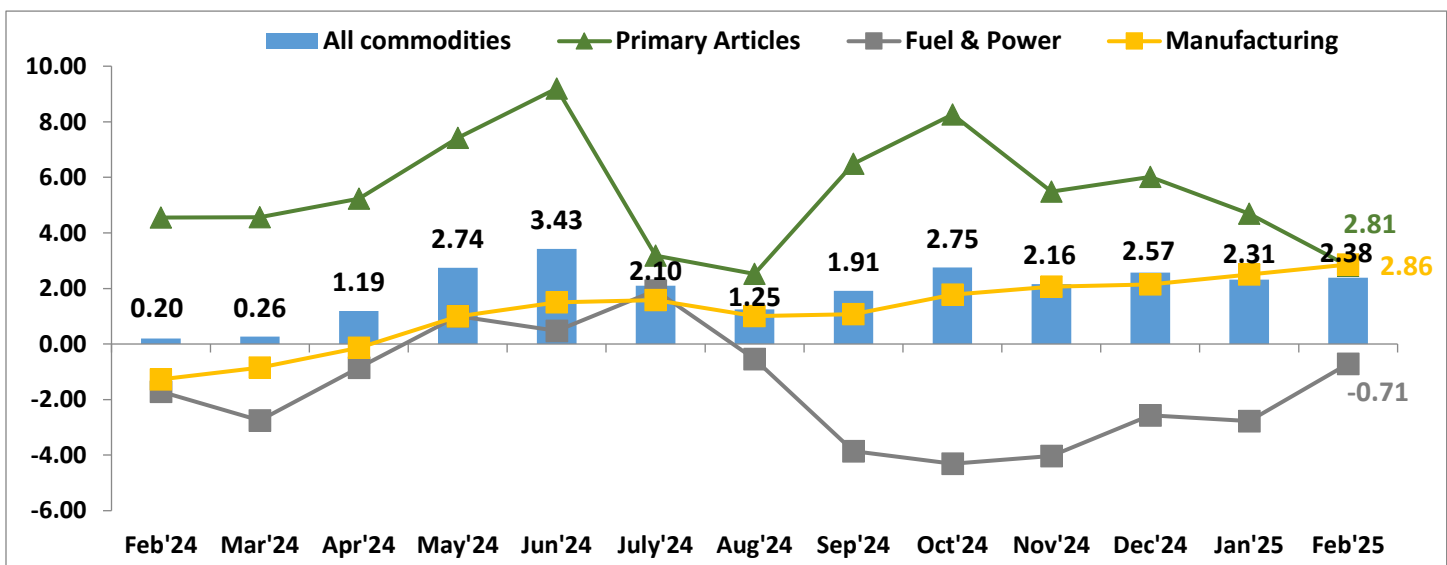
## WPI inflation rises to 2.38% in February 2025

The wholesale inflation measured by WPI recorded a slight increase to 2.38 per cent (provisional) in February 2025 on a YoY basis, compared to 2.31 per cent in January 2025. It was significantly higher than 0.20 per cent recorded in February 2024.

## Highlights

- The uptick in WPI was driven by higher **Fuel & Power** prices in February 2025 compared to January 2025, primarily led by electricity and mineral oils.
- Inflation in **Manufactured Products** also increased from 2.51 per cent in January 2025 to **2.86 per cent in February 2025**.
- Inflation in **Primary Articles** declined for the second consecutive month, from 4.69 per cent in January 2025 to **2.81 per cent in February 2025**.
- Inflation in **food articles** (part of primary articles) dropped from 5.88 per cent in January 2025 to **3.38 per cent in February 2025**.

Trend of Wholesale Price Index (%)



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		Weights		Weights		Weights		Weights	
	22.62%		13.15%		64.23%		15.26%		100%	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
December	5.73	6.02	-1.39	-2.57	-0.78	2.14	9.32	8.53	0.86	2.57
	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
February	4.55	2.81	-1.71	-0.71	-1.27	2.86	7.07	3.38	0.20	2.38

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

### Views & Analysis

- Wholesale inflation in February 2025 showed a mixed trend. Inflation in primary articles experienced a significant drop, while deflation in the Fuel & Power category slowed down compared to both the previous month and the same period last year. Meanwhile, inflation in Manufactured Products increased on both YoY and MoM basis.
- Lower inflation in primary articles was majorly led by food articles (vegetables with highest decline), followed by crude petroleum & natural gas, minerals, and non-food articles.
- The Fuel & Power prices rose by 2.12 per cent in February 2025 compared to January 2025, driven by increase in electricity and mineral oils prices. However, on a YoY basis, the category remained in the deflationary zone at -0.71 per cent.
- Manufactured Products that constitute the largest share in the index witnessed higher inflation in February 2025, with notable price hikes in the manufacture of food products & articles, basic metals, non-metallic mineral products, and chemicals.
- However, the WPI Food Index, which includes food articles and manufactured food products, declined to 5.94 per cent in February 2025 (a 6-month low) from 7.47 per cent in January 2025 on YoY basis, partially offsetting the overall inflation rise.
- Going forward, the WPI inflation is expected to moderate around 2.2 per cent in March 2025 on account of lower food inflation supported by strong agricultural output and falling global crude oil prices led by ongoing trade tensions and weaker demand prospects.

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