

Wholesale inflation at 42-month high in April

KULDEEP SINGH

New Delhi, May 14

WHOLESALE PRICE INFLATION rose to a 42-month high of 8.3% year-on-year in April, up from 3.88% in March, mainly due to a sharp increase in the prices of crude petroleum and natural gas, costlier food and fuel and a low base, data released by the Ministry of Commerce and Industry on Thursday show.

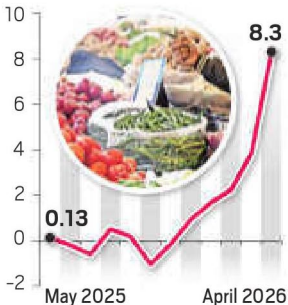
This reflects strong price pressures at the producer level and raises the prospect of these being transmitted to the retail level in some measure, though the wholesale and retail indices aren't strictly congruous.

The sequential increase in WPI inflation was the steepest in the current series.

Continued on Page 10

OIL SHOCK

Wholesale inflation (% chg, y-o-y)



Source: Ministry of Commerce & Industry

Wholesale inflation hits 42-month high in April

Retail inflation, measured by the Consumer Price Index (CPI), rose marginally to 3.48% in April, according to data released by the National Statistics Office on Tuesday. This was below analyst expectations, as prices of manufactured articles, as reflected on core inflation, remained subdued, but many of them warn of a quick rise in retail prices across broad categories of goods captured in the index under the new 2024 series in the coming months, with implications for monetary policy and interest rates. A likely hike in pump prices of auto fuel in the next few days could stoke inflation at the retail level.

The increased cost of imported crude on account of the blockade of the Strait of Hormuz hasn't been passed on to consumers, except for commercial LPG and aviation fuel segments.

With the sharp increase in WPI inflation in April, the wedge between the CPI and WPI prints widened to a 44-month high of 482 basis points from a relatively mild 47 bps in March.

While there was a broad-based increase across segments, the fuel and power segment (weight: 13.15%) contributed substantially due to soaring global crude oil prices amid the fallout of the West Asia crisis. This segment recorded 24.71% y-o-y inflation in April, a sharp jump from 1.05% in March and -3.85% in February. Primary articles (weight: 22.62%) saw inflation rise to 9.17%. Within this category, crude petroleum inflation surged 88.06%, oilseeds inflation rose to 22.24%, and minerals recorded 12.15% inflation.

The WPI-based inflation has been on a rising trend for



the last six months, but the April spurt was big. The WPI inflation stood at 0.85% in April 2025.

According to Icra, the fuel and power, and crude petroleum and natural gas segments together accounted for 356 bps of the 442-bps uptick in the headline print between March and April.

It further stated that the sizeable jump in WPI inflation across some segments may suggest that the March figures could be revised upwards when the final numbers for the month are released in June.

Significantly, manufactured products (weight: 64.23%) recorded an inflation rate of 4.62% in April, up from 3.39% in March. In the manufacturing group, several sub-groups witnessed inflation, with food products (2.90%), basic metals (7%), chemicals (5.09%), and textiles (7.30%) exerting upward pressure.

Food articles inflation saw a marginal increase to 1.98% in April from 1.90% in March. Vegetable inflation moderated to 0.53% (y-o-y) from 1.45% in March, while fruit inflation contracted by 0.21%. Cereals inflation remained in negative territory at -0.29%.

The WPI Food Index

(weight: 24.38%), which comprises food articles from the primary group and food products from manufactured products, rose to 2.31% in April from 1.85% in March.

Madan Sabnavis, chief economist at Bank of Baroda, said WPI inflation will continue to remain elevated in the coming months unless there is a significant correction in international crude oil prices. "Last year, inflation was negative and hence, on this low base, higher numbers were anyway expected," Sabnavis said.

Rahul Agrawal, senior economist at Icra, said food prices, along with the continued pass-through of elevated energy and commodity prices and the depreciation of the rupee, are expected to push the WPI print for May above 9%.

Megha Arora, director at India Ratings and Research, also pegged May WPI inflation at 9% y-o-y due to the transmission of high energy prices to the manufacturing sector. The West Asia conflict, leading to higher prices of crude oil and its derivatives, as well as the potential El Nino effect, will continue to pose upside risks to inflation, Arora said.