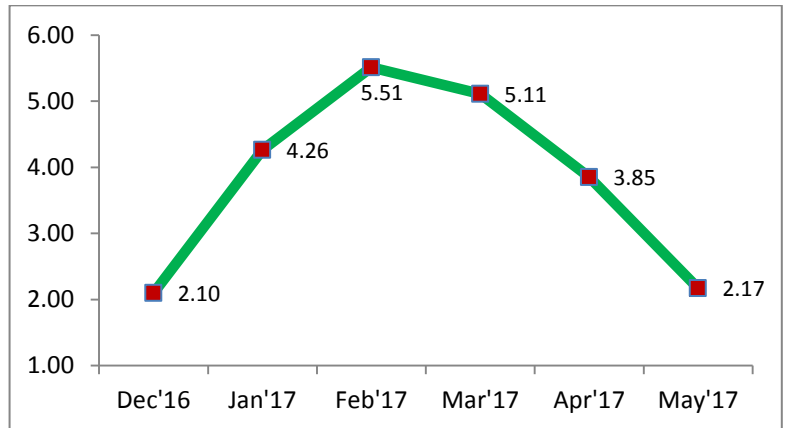


## Wholesale Price Inflation: May 2017

The wholesale price index (WPI) based inflation rate for the month of May 2017 came in at 2.2% compared to 3.9% in the previous month. CARE had projected the WPI inflation at 3.1%.



**Contact:**

**Madan Sabnavis**

Chief Economist

mailto:madan.sabnavis@careratings.com

91-22-67543489

**Anuja Shah**

Economist

anuja.jaripatke@careratings.com

91-22-67543568

**Mradul Mishra (Media Contact)**

mradul.mishra@careratings.com

91-22-67543515

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- The inflation in primary articles had declined by 1.79% in May'17 as against 1.82% recorded in Apr'17. The ease inflation can be ascribed to fall in potato, vegetables and pulses prices
- The food inflation decreased by 2.27% as against increase of 1.16% in Mar'17
- This decrease can be attributed to decrease in prices of Potatoes by 44.36%, decrease in prices of vegetables by 18.51% and pulses prices decline of 19.23%
- The non-food articles inflation stood at -0.91% in May 2017 against -0.16% in the previous month
- Prices of Fibres increased by 11.69% in May'17 as against an increase of 18.52% in April'17
- Inflation in oilseeds declined by 10.22% in May'17 as against a decline of 8.52% in the previous month
- Inflation rate of fuel and power moderate to 11.69% in May 2017 from 18.52% in the previous month
- Inflation in high speed diesel declined to 22.71% from 38.92% in Apr'17
- Manufactured products continued to witness a decline in inflation from 2.66% in April'17 to 2.55% in May'17
- Sugar (12.83%), Vegetables & Animal oil (2.11%), Tobacco Products (1.78%), Textiles (3.27%), Wearing Apparel (3.25%) and Leather and related products (-4.40%) witnessed easing in prices this month.

Group	Growth in WPI (%)					
	Weight (%)	Jan'17	Feb'17	Mar'17	Apr'17	May'17
<b>All commodities</b>	<b>100</b>	<b>4.26</b>	<b>5.51</b>	<b>5.29</b>	<b>3.85</b>	<b>2.17</b>
<b>Primary Articles</b>	<b>22.62</b>	<b>1.93</b>	<b>4.01</b>	<b>3.98</b>	<b>1.82</b>	<b>-1.79</b>
Food Articles	15.26	0.28	2.55	3.82	1.16	-2.27
Non-food Articles	4.12	0.74	4.65	3.58	-0.16	-0.91
<b>Fuel &amp; Power</b>	<b>13.15</b>	<b>16.67</b>	<b>25.17</b>	<b>23.66</b>	<b>18.52</b>	<b>11.69</b>
<b>Manufactured Products</b>	<b>64.23</b>	<b>3.33</b>	<b>3.23</b>	<b>3.03</b>	<b>2.66</b>	<b>2.55</b>

Source: MOSPI

### CARE's View

- Going ahead, there would be further moderation in inflation in coming months with expectations of normal monsoons.
- Upside risk to inflation could emerge from movement in the global oil prices, which are steady today.
- ***We are expecting the WPI inflation to remain in the range of 3% for next couple of months.***

#### CORPORATE OFFICE:

#### CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road,  
Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457

E-mail: care@careratings.com | Website: www.careratings.com

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