

ECONOMY

Wholesale price inflation climbs to 13.11% in February

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Manufactured products inflation picks up pace



Inflation in wholesale prices resurged to 13.11% in February after two months of mild cooling off, staying above the 10% mark for the eleventh month in a row, as per official data released on Monday.

Inflation measured by the Wholesale Price Index (WPI) was at 12.96% in January after hitting a record high of 14.9% in November 2021. The index for December 2021 has been revised, raising the inflation for that month to 14.27% from an earlier estimate of 13.56%.

Fuel and power inflation touched 31.5% this February, the lowest in five months and only slightly lower than January's 32.3%. Manufactured products inflation picked up from 9.42% to 9.84%, signalling that producers have begun passing part of their rising input costs to end-users even as the pace of price rise in basic metals shot up to almost 20% from 16.3% in January.

The sequential trend was a little different, with fuel and power inflation rising the most to 4.35% on a month-on-month basis, while the WPI index grew 1.4% in February over January 2022. Manufactured products grew 0.95%, while food and primary articles climbed 0.06% and 1.09%, respectively.

Primary articles continued to record elevated inflation at 13.39%, the fourth successive month above 10%. The Food Index, however, moderated from a 24-month high of 9.55% in January to 8.47% in February, and helped limit the overall rise in inflation.

"The easing in primary food inflation was driven by a sharp drop in vegetable prices, as well as some correction in eggs and certain pulses, amidst rises in many other food groups," said ICRA chief economist Aditi Nayar, stressing that the 13.11% WPI print was higher than expected.

"The high rate of inflation in February 2022 is primarily due to rise in prices of mineral oils, basic metals, chemicals and chemical products, crude petroleum & natural gas, food articles and non-food articles, etc. as compared to the corresponding month of the previous year," an official statement from the Office of the Economic Adviser (EA), Department for Promotion of Industry and Internal Trade in the Ministry of Commerce and Industry said.

"With geopolitical tensions far from providing any respite, the resultant disruptions in global supply chains, rising freight costs and an increase in international commodity prices are expected to keep wholesale price pressures elevated at double-digit levels for the remaining fiscal," CARE Ratings said in a note. "However, a favourable base could pull down the overall WPI inflation to some extent in the coming months," it added.

ICRA also pointed to the global surge in commodity prices, including crude as well as edible oils, as the 'chief risk to the WPI inflation trajectory' and expects March wholesale inflation to be at a high level between 13% and 14%.

The National Statistical Office is scheduled to release the Consumer Price Index that measures retail inflation on Monday evening.