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WPI inflation eases to 12.4% in August, but food prices continue to rise

The Wholesale Price Index-based inflation was 13.93% in July



Annapurna Singh, DHNS, New Delhi, SEP 14 2022, 12:17 IST | UPDATED: SEP 14 2022, 18:26 IST



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oil and other commodities went down, however, it continued to remain in double digits for the past year and a half, government data showed.

Food prices, on the other hand, continued to rise.

The easing of WPI would impact retail inflation, only if companies pass on the benefits to the end consumer. If not, the Reserve Bank of India will be forced to raise interest rates. WPI measures change only in producers' prices.

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"Inflation in August is primarily contributed by the rise in prices of mineral oils, food articles, crude petroleum and natural gas, basic metals, chemicals, chemical products, electricity as compared to the corresponding month in the previous year," the ministry of commerce stated.

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The food articles segment rose 12.37 per cent in August compared to 10.77 per cent in the previous month. Vegetable prices rose over 22 per cent. Among vegetables, potato prices rose nearly 44 per cent. Prices of fruits, too, spiked compared to the previous month.

Inflation in fuel and power segments, however, came down nearly by 10 percentage points to 33.67 per cent in August, compared to July. LPG prices, too, came down on the producers' end.

The increase in food inflation was offset by easing of fuel and other commodities. WPI index has lower weight on food compared to the consumer price index.

"While easing wholesale inflation is a positive development, it remains to be seen if firms will pass on the benefit to the final consumers. If not, then bringing inflation within target range could take even longer. If the easing of global commodity prices sustains, we could expect WPI to ease to a single digit by October. We expect WPI inflation to fall below CPI by the end of this fiscal," said

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