

# FINANCIAL EXPRESS

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## WPI inflation eases for 3rd straight month

Wholesale inflation eased for a third straight month in August. While there was an increase in food inflation, it was offset by easing of other commodity prices including crude oil. WPI has lower weight of food components vis a vis CPI and that would explain the inching down of WPI inflation, even while CPI inflation increased in the period under review. While easing wholesale inflation is a positive development, it remains to be seen if firms will pass on the benefit to final consumers. If not, then bringing retail inflation within the target range could take even longer. If the easing of global commodity prices sustains, we could expect wholesale inflation easing to single digit by October. We expect WPI inflation to fall below CPI inflation by the end of this fiscal. **Rajani Sinha, Chief Economist, CareEdge**

