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WPI inflation falls for the second consecutive month

"The fall in WPI inflation for the second consecutive month comes as a big relief. The easing of WPI inflation in July is primarily led by lower food, metals and chemical prices. If not for a sharp sequential rise in mineral oil prices and hike in electricity tariff, the fall in WPI inflation would have been sharper. Going ahead, the signs of global supply chain normalisation coupled with recession fears in major economies should support the downtrend in commodities prices. Consequently, wholesale price inflation is expected to ease further in coming months. However, lower sowing of paddy and tight supply of wheat could limit the fall in primary inflation. Further, a weaker rupee would to some extent mitigate the benefit of decline in commodity prices," said Rajani Sinha, Chief Economist, CareEdge.