

Wholesale Inflation Eases to 5-month Low of 13.9% in July

Our Bureau

New Delhi: India's wholesale inflation dropped to a five-month low of 13.9% in July on easing prices of food articles and manufactured products, reinforcing expectations that inflation has peaked. Data released last week showed retail inflation moderated to a five-month low of 6.7% in July. The Wholesale Price Index (WPI) based inflation was 15.2% in June and 11.57% in July last year.

Inflation for May was revised up to 16.6% from 15.9% estimated earlier.

"Going ahead, the signs of global supply chain normalisation coupled with recession fears in major economies should support the downtrend in commodities prices," Rajani Sinha, chief economist, CareEdge. "Consequently, wholesale price inflation is expected to ease further in coming months."

Wholesale Price Index-based inflation was 15.2% in June and 11.57% in July last year

The WPI inflation has remained in double-digits for 16 consecutive months beginning April last year. The month-on-month WPI index was down 0.13% in July.

The RBI is expected to continue to raise interest rates as wholesale inflation is still high and retail inflation is outside the central bank's target 2-6% rate.

India Ratings said, "more rate hikes may still follow depending on the incoming data in the rest of FY23 and as things stand now another 25-50bp hike in repo rate in FY23."

Inflation in food articles eased to 10.8% in July from 14.4% in June while that in vegetables was 18.3% against 56.8% in the previous month. Wholesale food prices declined by 2.6% month-on-month, led by seasonal drops in prices for vegetables, fruits, and animal proteins, data released by the government on Tuesday showed. Fuel and power inflation was 43.8% in July compared to 40.4% in June. Inflation in manufactured products was 8.16%.