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Inflation driven by rise in fuel costs

The all-time high level of WPI inflation at 15.08% in April was driven by the rise in prices across the board with manufactured products and fuel and power leading the charge. The double-digit inflation level was very much in line with the CareEdge expectation of 15%. Higher energy and metals prices due to supply-side bottlenecks have added to the input cost pressures for the domestic producers. As inflation is primarily supply-driven, we expect upward price pressures to persist in the near term. With recovery in demand, producers are expected to pass on the rising costs to consumers which could push retail inflation even higher.

~ Rajani Sinha | Chief Economist, Care Ratings

