

Macro Insights

India's WPI dips to 2-year low

Wholesale inflation measured by WPI fell to a 2 year low of -0.58 per cent in July 2025 on a YoY basis, marking the second consecutive month of decline.

Highlights:

- WPI in July'2025 is negative due to decrease in prices of food articles, mineral oils, crude petroleum & natural gas, manufacture of basic metals etc.
- Manufactured products, which have the largest weight in the index, at 64.23 per cent, recorded 2.05 per cent inflation in July'2025
- While the WPI food index increased from 190.2 in June 2025 to 191.3 in July 2025, the inflation further declined from -0.26 per cent in June 2025 to -2.15 per cent in July 2025.

Chart: Wholesale Price Index – July 2025

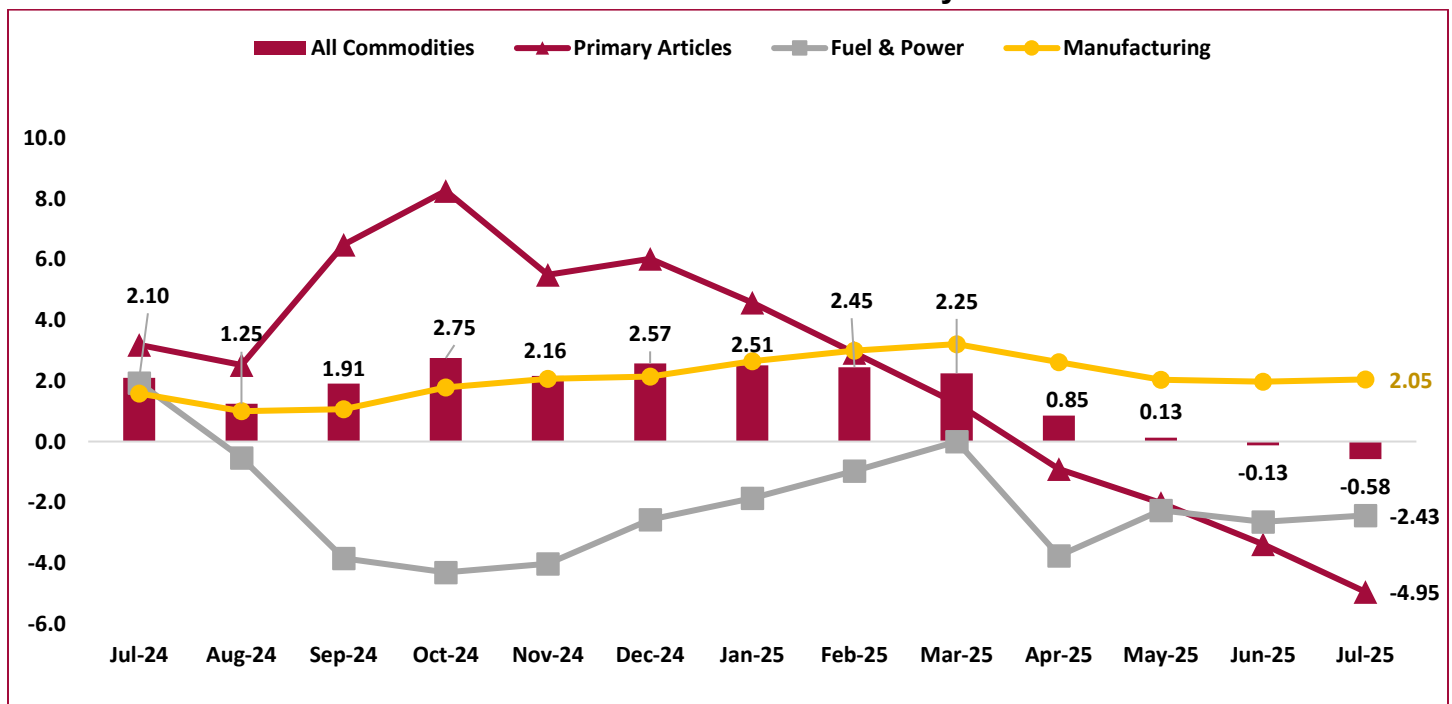


Table: Components of WPI

WPI Inflation YoY (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Index		All Commodities	
Weights	22.62%		13.15%		64.23%		24.38%		100%	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
May	7.42	-1.75	1.01	-4.80	1.00	2.11	7.75	1.93	2.74	0.13
June	9.20	-3.38	0.48	-2.65	1.50	1.97	8.91	-0.26	3.43	-0.13
July	3.18	-4.95	1.93	-2.43	1.58	2.05	3.60	-2.15	2.10	-0.58

Views:

1. Inflation continued to moderate in July 2025 with retail inflation, as measured by Consumer Price Inflation (CPI), recording a 78-month low of 1.55% and wholesale inflation registering a contraction for second consecutive month to 0.58%.
2. Primary Articles and Food Group recorded further decline in inflation in July as compared to June 2025.
3. Major food groups that recorded a decline were Pulses, vegetables, Potato & Onion.
4. Fuel & Power recorded a decline due to easing of price of Crude Petroleum.
5. Under Manufactured category, M-o-M price gains were noted in segments like other manufacturing, transport equipment, motor vehicles, non-metallic mineral products, and furniture. In contrast, declines were seen in basic metals, fabricated metal products, food products, chemicals, and paper-based goods.
6. The declining trend in WPI, which is indicative of prices faced at producer level, indicates that input cost pressured have eased. However, manufacturing inflation is susceptible to sudden shifts in supply chain constraints due to geopolitical uncertainties.
7. The decline in WPI inflation is also expected to lead to further easing of retail inflation as the drop in prices of bulk goods is passed on to the retail level and the decline in fuel prices leads to a drop in input costs.
8. Going forward, we expect the WPI to remain in deflationary territory with stabilizing crude oil prices and declining food prices. However, the spatial distribution of monsoon and geopolitical developments and depreciation of rupee could introduce potential upside risk to the inflation outlook.

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