

WHOLESALE PRICE INDEX

WPI inflation dipped further to
14-month low of 0.4% in May 2025;
likely to remain benign at 0.6-0.8% in
June 2025

JUNE 2025





Click to Provide Feedback

The WPI inflation eased to 14-month low of 0.4% in May 2025, below ICRA's forecast.

Food, core items, and minerals were key drivers of the sequential moderation in the headline print.

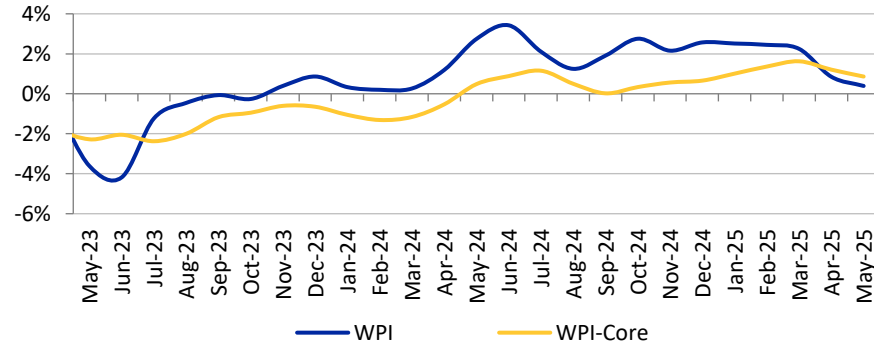
ICRA expects the WPI inflation to remain benign at 0.6-0.8% in June 2025.

Aided by a favourable base, the WPI inflation expectedly flattened further to a 14-month low of 0.4% in May 2025 from 0.9% in April 2025, printing somewhat lower than ICRA's estimate (+0.7%) for the month. The cooling was broad based, with the food, non-food manufacturing, minerals, and fuel and power segments contributing to the dip in the headline print between these months. Given the YoY easing in the wholesale prices of most essential food items in the ongoing month so far, ICRA expects the WPI-food inflation to soften further in June 2025 from the 19-month low of 1.7% in May 2025. However, the temporal and spatial distribution of monsoon remains key for the crop outlook, and consequently, food inflation in the near term. Moreover, oil prices have surged owing to the Israel-Iran conflict, which along with some depreciation in the USD/INR pair, would impart an upward pressure on the WPI inflation print for June 2025, which nevertheless is likely to remain benign at around 0.6-0.8% in the month.

- **WPI inflation softened sharply to 0.4% in May 2025:** The WPI inflation eased sharply to a 14-month low of 0.4% in May 2025 from 0.9% in April 2025 and printed slightly lower than ICRA's forecast of 0.7% the month.
- **Food, core items, and minerals were key drivers:** The moderation in the headline WPI print in May 2025 vis-à-vis April 2025 was largely broad based driven by the cooling in WPI-food items (to a 19-month low of +1.7% in May 2025 from +2.5% in April 2025), minerals (to a 13-month low +0.4% from +9.7%), fuel and power (to -2.3% from -2.2%), and core-WPI (to +0.9% from +1.2%) which together pulled down the headline WPI inflation by ~53 bps.
- **WPI inflation to remain benign at 0.6-0.8% in June 2025:** Given the YoY easing in the wholesale prices of most essential food items in June 2025 (up to June 15) vis-à-vis May 2025, ICRA expects the WPI-food inflation to soften further in the month from 1.7% recorded in the previous month. However, the temporal and spatial distribution of monsoon remains key for the crop outlook, and consequently, food inflation. Additionally, crude oil prices (MoM: +4.3% during June 1-13) have risen sharply in June 2025, owing to the Israel-Iran conflict. This, along with some depreciation in the INR relative to the USD, would impart an upward pressure on the WPI inflation print for June 2025, which nevertheless is likely to remain benign at around 0.6-0.8% in the month.

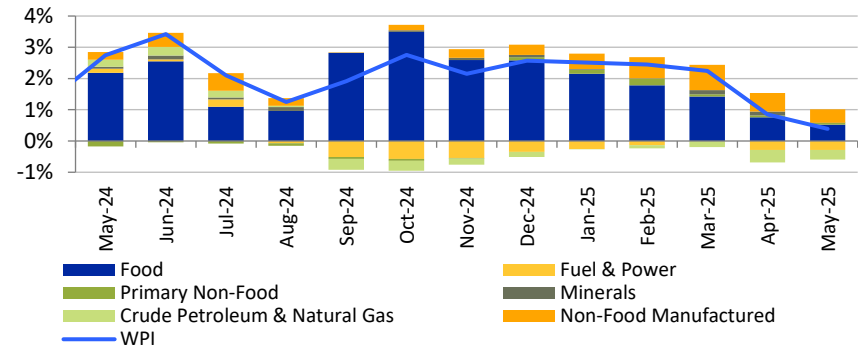
WPI inflation moderated sharply to a 14-month low of 0.4% in May 2025, driven by food, core items, and minerals

EXHIBIT: Headline and Core-WPI Inflation (YoY)



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Composition of WPI Inflation (YoY)

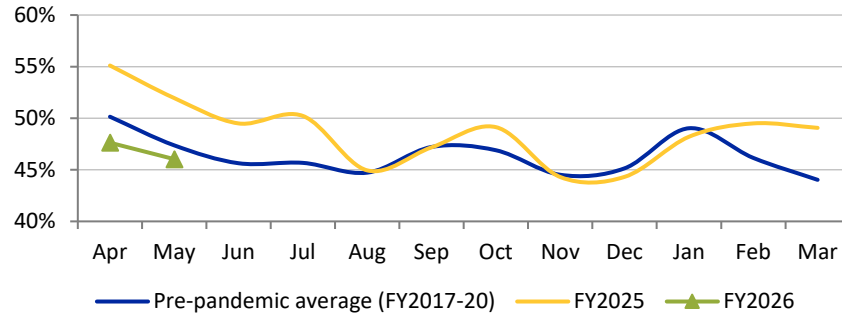


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- Supported by a favourable base, the WPI inflation expectedly softened to a 14-month low of 0.4% in May 2025 (+2.7% in May 2024) from 0.9% in April 2025 (+1.2% in April 2024), while also printing below ICRA's estimate of 0.7% for that month.
- The dip was largely broad based, driven by primary food articles (to -1.6% in May 2025 from -0.9% in April 2025), minerals (to a 13-month low of +0.4% from +9.7%), fuel and power (to -2.3% from -2.2%), manufactured food (to +8.4% from +9.5%), and non-food (core-WPI; to +0.9% from +1.2%) items. These five segments together contributed as much as 53 bps to the overall dip in the headline WPI inflation print between these months.
- Given the slightly larger easing in the headline WPI inflation (to +0.4% in May 2025 from +0.9% in April 2025) vis-à-vis the core-WPI inflation (to +0.9% from +1.2%), the wedge between the two widened to (+) 47 bps in May 2025 from (+) 36 bps in April 2025.

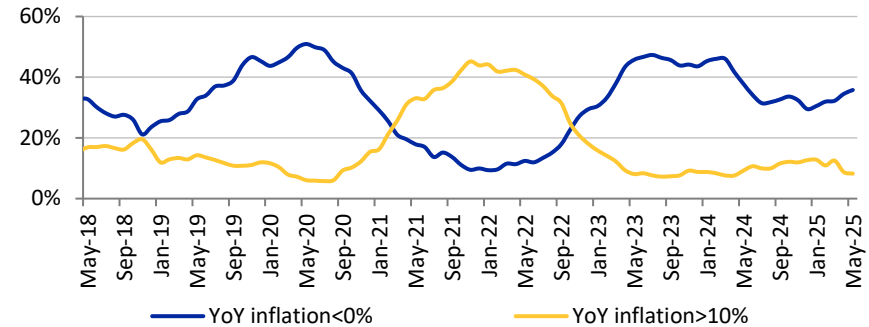
Share of items in WPI basket that saw a sequential uptick in prices eased in May 2025

EXHIBIT: Share of items in WPI basket* reporting a sequential increase in prices (%)



*Based on the 697 items covered in the WPI basket; on FY basis; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

EXHIBIT: Share of items in the WPI* with YoY inflation <0% and >10%

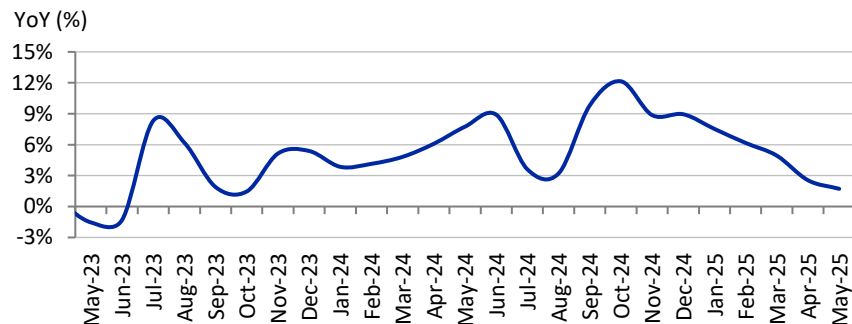


*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

- In line with the correction in headline WPI inflation, the share of items in the WPI basket that witnessed a sequential increase in prices eased to 46.0% in May 2025 from 47.6% in April 2025, while also trailing the average share seen in May of FY2017-20 (47.4%).
- Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) moderated to 8.2% in May 2025 from 8.8% in April 2025, while the share of items reporting a YoY deflation increased to 35.8% from 34.5% between these months.

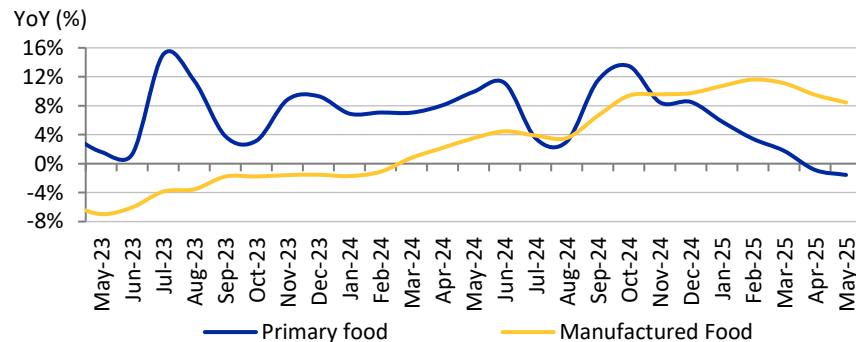
WPI-food inflation slowed to 1.7% in May 2025, the lowest reading in 19 months

EXHIBIT: YoY trends in WPI Food Inflation



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: YoY trends in primary and manufactured food

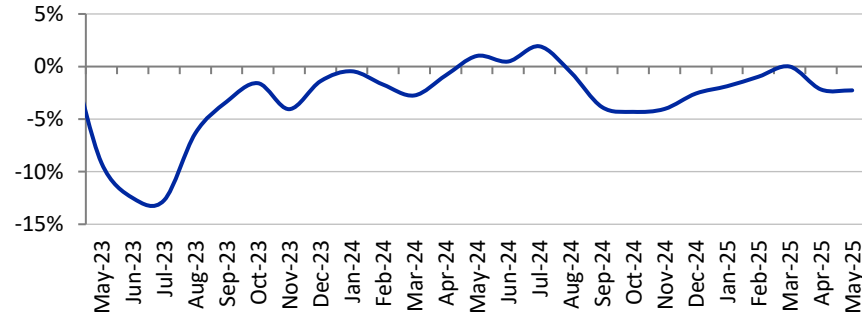


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- The WPI-food inflation (primary food articles and manufactured food items) receded to a 19-month low of 1.7% in May 2025 (+7.8% in May 2024) from 2.5% in April 2025 (+6.1% in April 2024). The YoY deflation in primary food articles widened to 1.6% in May 2025 from 0.9% in April 2025. Besides, the YoY inflation in manufacturing food products also softened to 8.4% from 9.5% between these months.
- The softening in primary food articles was broad based across six of the eight sub-groups in May 2025 relative to the previous month, including pulses (to -10.4% in May 2025 from -5.6% in April 2025), vegetables (to -21.6% from -18.3%), cereals (to +2.6% from +3.8%), eggs, meat and fish (to -1.0% from -0.3%), condiments and spices (to -15.2% from -10.4%) and other food articles (to +8.3% from +9.8%). In contrast, the inflation in milk (to +2.7% from series-low +0.6%) and fruits (to +10.2% from +8.4%) hardened between these months, with the rebound in the former category attributable to price hikes undertaken by producers in early-May 2025 (by Rs. 2/litre).
- In month-on-month (MoM) terms, the WPI-food sub-index inched up by 0.1% in May 2025, significantly lower than the 0.9% seen in May 2024.

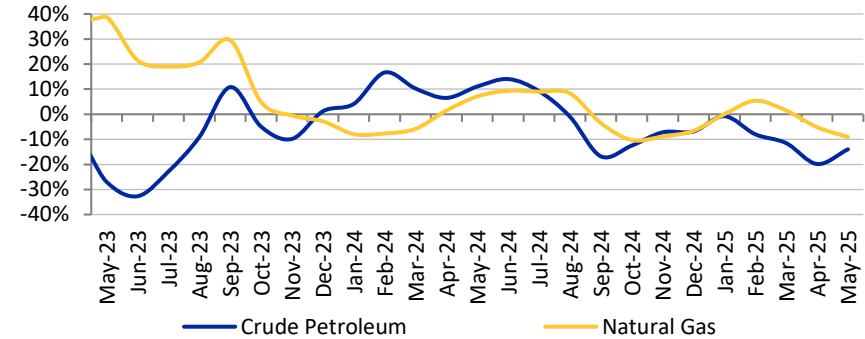
Deflation for crude petroleum and natural gas narrowed in May 2025 compared to April 2025

EXHIBIT: YoY trends in Fuel and Power Inflation



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: YoY trends in Crude Petroleum and Natural Gas Inflation

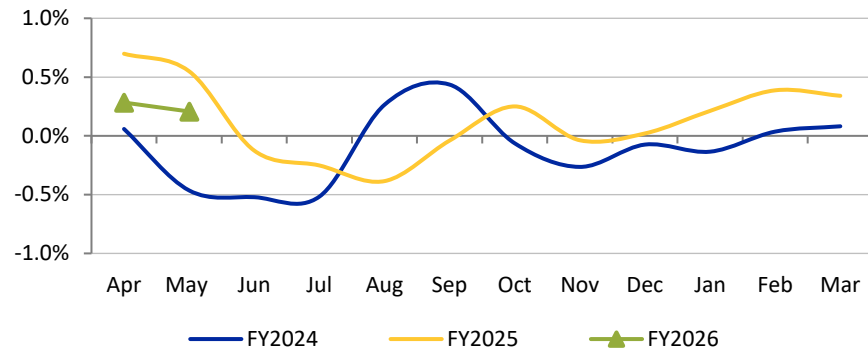


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- The YoY deflation in fuel and power sub-index (weight in WPI: 13.2%) widened marginally to 2.3% in May 2025 (+1.0% in May 2024) from 2.2% in April 2025 (-0.9% in April 2024). This was solely driven by a steeper deflation in mineral oils (to -7.5% from -5.6%), even as the inflation rose for electricity (to +11.7% from +6.6%) and coal (to +0.9% from +0.0%) between these months.
- In contrast, the YoY deflation in crude petroleum and natural gas narrowed to 12.4% in May 2025 from 15.6% in April 2025, led by crude petroleum (to -14.0% from -19.8%), even as the deflation widened for natural gas (to -9.1% from -5.1%) between these months. Notably, the WPI index for crude petroleum for May 2025 is 5.7% lower than the final level for March 2025, shallower than the 13.1% decline in the average monthly international crude oil prices of the Indian basket (in Rs./bbl terms) between these months. **This suggests that the print for May 2025 may undergo a downward revision. However, the recent rebound in crude oil prices post the escalation of tensions in the Middle East is likely to impart upward pressure on the WPI inflation print for June 2025.**

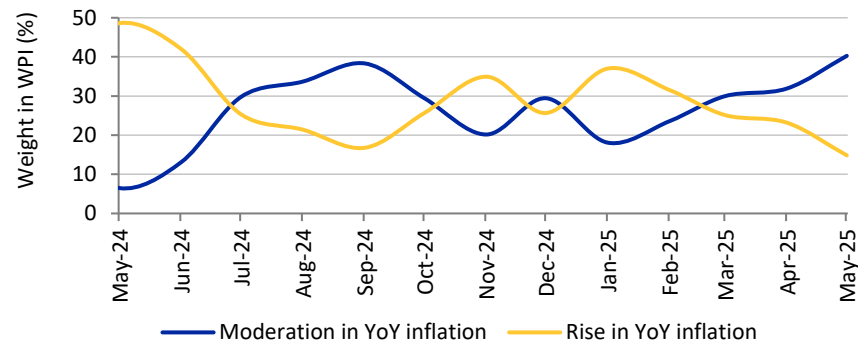
Core-WPI inflation softened to 0.9% in May 2025 from 1.2% in April 2025, led by broad-based moderation across 13 of the 21 sub-groups

EXHIBIT: Month-on-month trends in Core-WPI



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Weightage (%; in WPI) of core-WPI (55.1% weight) sub-sectors recording sequential rise and moderation in their YoY inflation

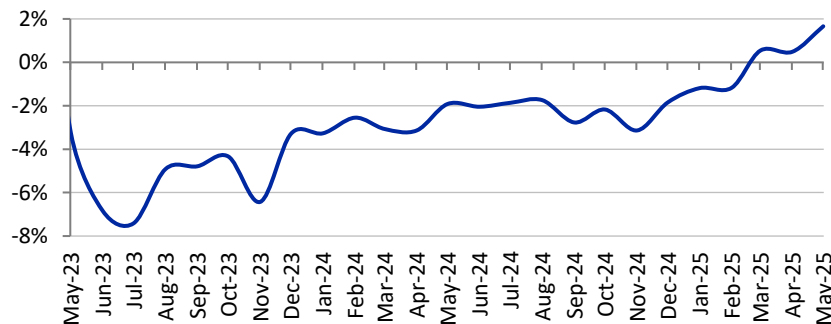


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- The core-WPI inflation (55.1% weight in the WPI basket) eased to 0.9% in May 2025 (+0.5% in May 2024) from 1.2% in April 2025 (-0.5% in April 2024), partly aided by a favorable base.
 - The moderation was led by 13 of the 21 sub-groups of the core-WPI (with a sizeable weight of 40.3% in the WPI basket), including manufacture of chemicals and chemical products, basic metals, fabricated metal products, machinery and equipment, motor vehicles, trailers and semi trailers, etc.
- The share of sub-sectors of the core-WPI recording an YoY uptick in May 2025 vis-à-vis the previous month fell to ~15% from 23% in April 2025 while the share of items witnessing a moderation rose to ~40% from 32% between these months.
- On a sequential basis, the core index rose by 0.2% in May 2025, lower than the uptick in April 2025 (+0.3%) and the corresponding year-ago month (+0.5%).

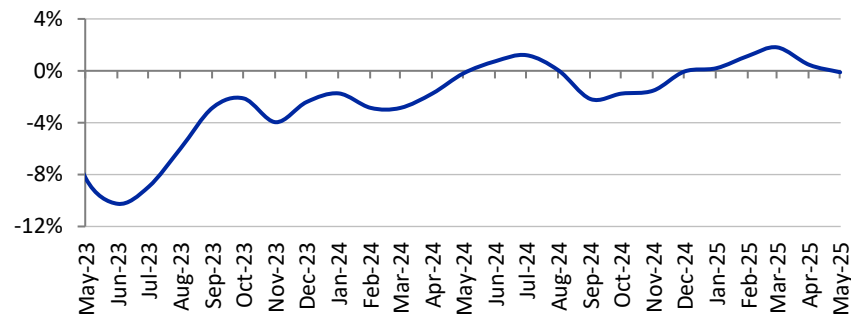
Industrial inputs witnessed a deflation in May 2025 while the inflation in farm inputs surged in the month

EXHIBIT: Farm inputs WPI (YoY)



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Industrial raw materials WPI (YoY)



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

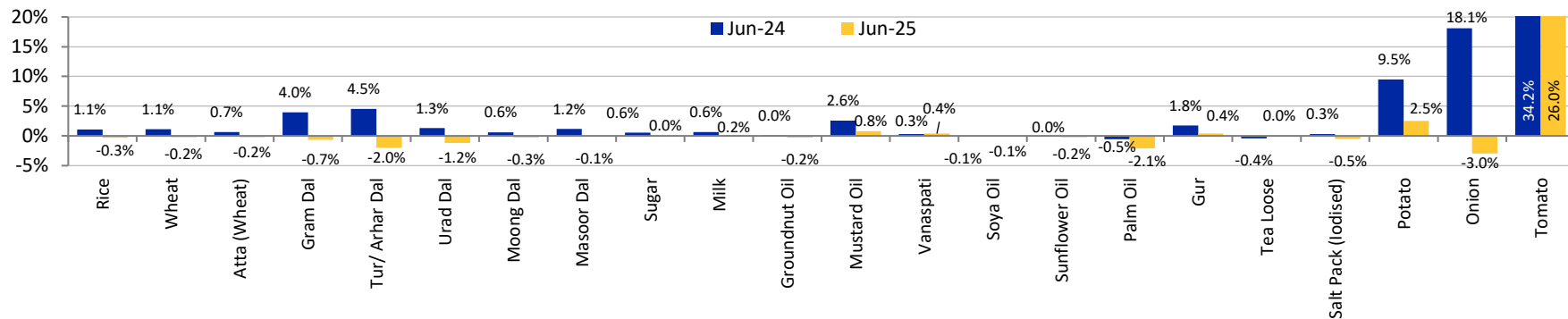
- The WPI for industrial raw materials¹ returned to the deflationary zone after a gap of four months, contracting by 0.1% in May 2025 (-0.2% in May 2024) as against an inflation of 0.5% in April 2025 (-1.7% in April 2024). This was primarily led by fuel items (including HSD, ATF, naphtha, bitumen, furnace oil, and petroleum coke), minerals, cotton yarn, etc. that outweighed the uptick in electricity and coal.
- On the other hand, the inflation for farm inputs² rose sharply to 1.7% in May 2025 (-1.9% in May 2024) from 0.5% in April 2025 (-3.1% in April 2024), despite a favorable base. This was largely driven by sharp surge in electricity, followed by modest uptick in fertilizer and nitrogen compounds, and agricultural and forestry machinery.
- On a sequential basis, both WPI industrial raw materials (MoM: -1.2% in May 2025 vs. -0.7% in May 2024) and the farm inputs (-0.2% vs. -1.4%) indices contracted in May 2025, although the extent of the dip narrowed in case of the latter vis-à-vis the year-ago month.

¹ Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI

² Comprises high speed diesel, fodder, electricity, fertilisers, pesticides and agricultural and forestry machinery from WPI

OUTLOOK: WPI-food inflation to ease in June 2025 amid broad-based softening in 20 of the 22 food items in the month so far

EXHIBIT: MoM trends in wholesale prices in June 2024 and June 2025 (till June 15, 2025)

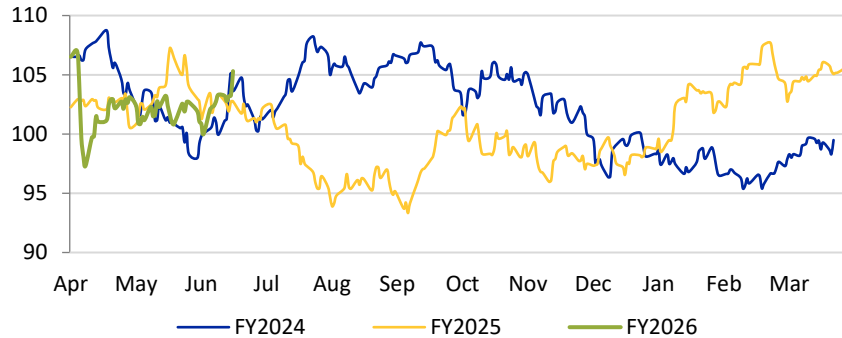


Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the data released by the Department of Consumer Affairs, the average wholesale prices of as many as 14 of the 22 commodities eased sequentially in June 2025 (till June 15, 2025), including cereals (such as rice, wheat, and wheat flour), all pulses, salt, and onion. Notably, the prices of some edible oils (like groundnut, soya, sunflower, and palm oil) moderated sequentially after a gap of several months, aided by the Govt's reduction in basic customs duty on such items effective end-May 2025 (to 10% from 20% on crude varieties of sunflower, soybean, and palm oils, reversing the hike seen in September 2024).
- Among the major vegetables, the prices of potato (MoM: +2.5% in June 2025 vs. +9.5% in June 2024) and tomato (+26.0% vs. +34.2%) saw a seasonal MoM rise in June 2025, although the extent of the uptick was lower than the surge seen in June 2024, while those for onion moderated (-3.0% vs. +18.1%; led by healthy rabi onion production and supply). However, the YoY contraction in tomato, onion, potato (TOP) prices widened in June 2025 vs. May 2025, ranging between 22% and 35%, aided by a favorable base.
- Notably, as many as 20 of the 22 items reported an easing in their YoY inflation rate in June 2025 (until June 15) compared to May 2025, barring, vanaspati oil, and loose tea. **Given these trends, ICRA expects the WPI-food inflation to soften further in June 2025 (+8.9% in June 2024) from 1.7% in May 2025 (+7.8% in May 2024). Notwithstanding the early onset of the South-west monsoon, the progression of the same has halted in early-June 2025, with a significant lag of 31% over the normal levels up to June 15, 2025. Going forward, the temporal and spatial distribution of the monsoon remains key for the crop outlook, and consequently, food inflation.**

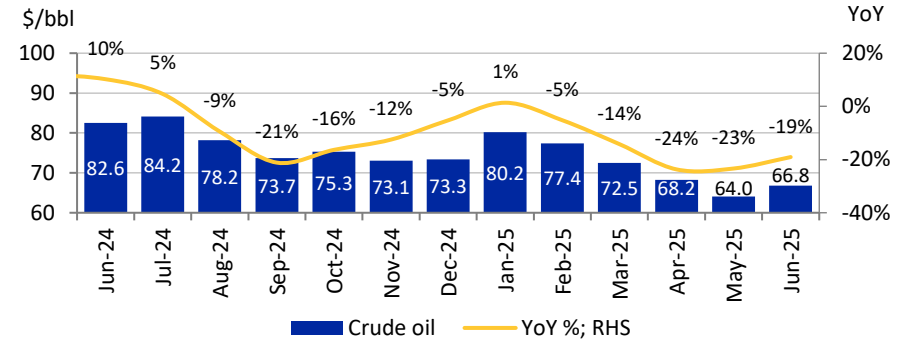
OUTLOOK: Hardening in global commodity prices, including crude oil, to exert upward pressure on WPI inflation in June 2025

EXHIBIT: Trends in the Bloomberg commodity price Index



*Data for FY2026 is up to June 13, 2025; Source: Refinitiv, ICRA Research

EXHIBIT: Trends in prices of Indian basket of crude oil

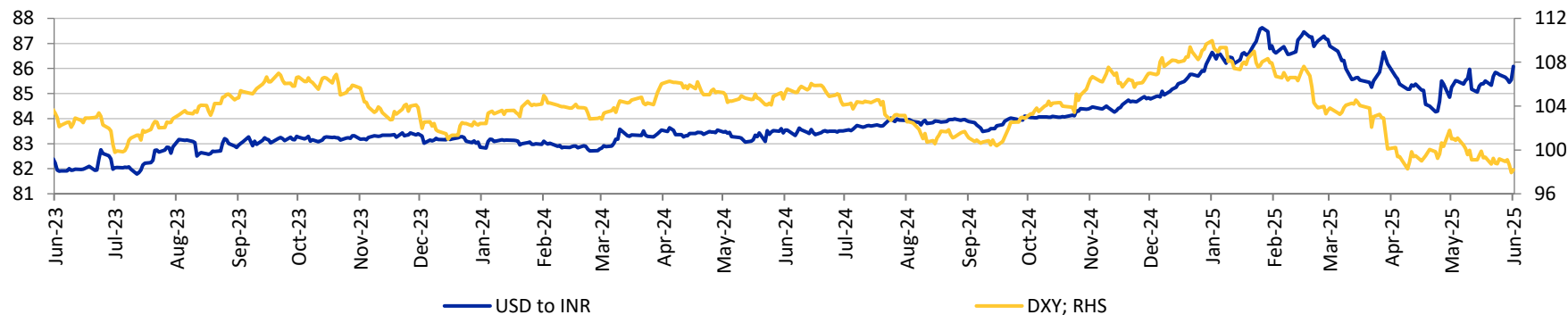


*Data for FY2026 is up to June 13, 2025; Source: PPAC, CEIC, ICRA Research

- Global commodity prices, as measured by Bloomberg Commodity Index, rose sequentially by 1.3% in June 2025 (until June 13) after witnessing a contraction in each of the last three months, amid rising geopolitical tensions in West Asia. Even on a YoY basis, the index was up by 0.9% during June 1-13, 2025, as compared to a contraction of 2.0% seen in the previous month.
- Likewise, the average price of the Indian basket of crude oil rose by 4.3% MoM to \$66.8/bbl during June 1-13, 2025, reversing the sequential contraction seen since February 2025. Moreover, on a YoY basis, the contraction narrowed to 19.1% in June 2025 so far from 23.4% in May 2025 and 23.7% in April 2025. Notably, oil prices (Indian Basket) climbed to \$73.1/bbl on June 13, 2025, the highest level since early-April 2025, following the escalation of tensions between Israel and Iran. **The development around the conflict remains a key monitorable for the oil prices in the near term.**
- Overall, the surge in global commodity prices, including crude oil is likely to impart upward pressure on the WPI inflation print for June 2025.**

OUTLOOK: WPI inflation to remain benign at 0.6-0.8% in June 2025

EXHIBIT: Trends in INR, DXY



*Data for FY2026 is up to June 13, 2025; Source: CEIC; RBI; ICRA Research

- The USD/INR pair remained quite stable during June 1-12, 2025, ranging between 85.3 and 85.8, supported by a weakening dollar, comfortable domestic CPI inflation readings, and the rising prospects of the finalisation of the US-India trade deal before the July 9, 2025 deadline. However, the pair breached the 86 mark on June 13, 2025, reaching the levels last seen in early-April 2025, following the escalation of geopolitical tensions in West Asia.
- Overall, the pair has averaged at 85.67/\$ during June 1-13, 2025, down 0.5% as compared to 85.21/\$ seen in May 2025, despite a 1.3% dip in DXY during this period. **Looking ahead, growing risk-off sentiment owing to geo-political tensions and its likely impact on FII inflows, and the rise in global commodity prices would pose some downward pressure on the USD/INR pair in the near term.**
- **Given these trends, ICRA expects the headline WPI inflation to inch up slightly, while remaining benign at 0.6-0.8% in June 2025 (+3.4% in June 2024), relative to 0.4% in May 2025 (+2.7% in May 2024). We expect the WPI inflation to average at 1.8% in FY2026, against 2.3% seen in FY2025.**

Table A.1: Trend in Monthly WPI Inflation

Weight		YoY Inflation				MoM
		March-25	March-25	April-25	May-25	May-25
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	2.0%	2.2%	0.9%	0.4%	-0.1%
Primary Articles	22.62	0.8%	1.3%	-1.4%	-2.0%	-0.1%
- Food	15.26	1.6%	1.8%	-0.9%	-1.6%	0.6%
- Non-Food	4.12	1.8%	1.6%	1.4%	1.5%	-0.6%
- Minerals	0.83	2.8%	10.8%	9.7%	0.4%	-7.2%
- Crude Petroleum and Natural Gas	2.41	-7.6%	-7.6%	-15.6%	-12.4%	0.0%
Fuel and Power	13.15	0.2%	0.0%	-2.2%	-2.3%	-0.9%
- Coal	2.14	-0.1%	-0.1%	0.0%	0.9%	0.8%
- Minerals Oils	7.95	-1.6%	-1.6%	-5.6%	-7.5%	-2.1%
- Electricity	3.06	5.5%	4.6%	6.6%	11.7%	0.8%
Manufactured Products	64.23	3.1%	3.2%	2.6%	2.0%	0.0%
- Food	9.12	10.7%	11.1%	9.5%	8.4%	-0.7%
- Non-Food	55.11	1.5%	1.6%	1.2%	0.9%	0.2%

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

Table A.2: Trend in Monthly Inflation related to Non-Food Manufactured Products

	Weight	YoY Inflation				MoM
		March-25 Initial	March-25 Revised	April-25 Initial	May-25 Initial	May-25 Initial
Non-Food Manufactured Products	55.11	1.5%	1.6%	1.2%	0.9%	0.2%
Beverages	0.91	1.6%	1.7%	1.9%	1.8%	0.1%
Tobacco Products	0.51	2.2%	3.2%	2.7%	4.6%	0.8%
Textiles	4.88	1.7%	1.6%	0.5%	0.7%	0.1%
Wearing Apparel	0.81	2.0%	2.0%	0.7%	2.0%	0.6%
Leather and Related Products	0.54	2.0%	1.4%	2.4%	2.4%	0.3%
Wood and Products of Wood and Cork	0.77	0.6%	0.6%	0.6%	0.5%	-0.1%
Paper and Paper Products	1.11	2.4%	2.2%	2.1%	1.7%	-0.3%
Printing and Reproduction of Recorded Media	0.68	2.9%	3.3%	2.4%	2.3%	0.0%
Chemicals and Chemical Products	6.47	1.0%	1.0%	1.3%	1.0%	-0.1%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	1.3%	1.0%	1.0%	1.0%	0.4%
Rubber and Plastics Products	2.30	1.2%	1.3%	1.6%	0.9%	-0.5%
Other Non-Metallic Mineral Products	3.20	-0.3%	-0.5%	0.1%	0.7%	0.4%
Basic Metals	9.65	0.3%	0.6%	-0.6%	-3.1%	-0.2%
Fabricated Metal Products, except Machinery and Equipment	3.15	0.1%	0.1%	0.8%	0.7%	0.2%
Computer, Electronic and Optical Products	2.01	0.6%	0.7%	-0.1%	-0.2%	0.4%
Electrical Equipment	2.93	1.9%	2.0%	1.8%	0.7%	-0.2%
Machinery and Equipment	4.79	1.2%	1.4%	1.2%	0.8%	-0.1%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.3%	0.3%	0.7%	0.5%	0.0%
Other Transport Equipment	1.65	3.4%	3.3%	3.7%	4.0%	0.0%
Furniture	0.73	2.2%	3.0%	3.0%	3.0%	-0.1%
Other Manufacturing	1.06	22.9%	24.4%	15.8%	22.9%	7.4%

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

Table A.3: Sub-sectors with items having major contribution in the WPI Inflation

Sub-Group	Item Description	Weight (%)
Primary Food Articles	Milk	4.44
	Paddy	1.43
	Wheat	1.03
Primary Non-food Articles	Industrial Wood	0.89
	Raw Cotton	0.66
	Fodder	0.53
Minerals	Copper Concentrate	0.33
	Iron Ore	0.21
	Phosphorite	0.11
Crude Petroleum and Natural Gas	Crude Petroleum	1.95
	Natural Gas	0.46
Fuel and Power	HSD	3.10
	Electricity	3.06
	Petrol	1.60
Manufactured Food Products	Vegetable and Animal Oils and Fats	2.64
	Grain Mill Products	2.01
	Dairy Products	1.17
Non-Food Manufactured Products	Basic Metals	9.65
	Chemicals and Chemical Products	6.47
	Motor Vehicles, Trailers and Semi-Trailers	4.97

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research



Click to Provide Feedback



ICRA

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head- Research and Outreach	aditin@icraindia.com	0124- 4545 385
Rahul Agrawal	Senior Economist	rahul.agrawal@icraindia.com	022 – 6114 3425
Aarzoo Pahwa	Economist	aarzoo.pahwa@icraindia.com	0124 – 4545 835
Tiasha Chakraborty	Economist	tiasha.chakraborty@icraindia.com	0124- 4545 848
Isha Sinha	Associate Economist	isha.sinha@icraindia.com	022 – 6114 3445





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!