

WHOLESALE PRICE INDEX

WPI rose to higher-than-expected 0.8% in December 2025; to inch up further to 1.5% in January 2026 led by food and commodity prices

JANUARY 2026





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WPI re-entered the inflationary zone, with a 0.8% print in December 2025, as against 0.3% deflation in November.

WPI-food and core-WPI categories contributed majorly to the uptick in the WPI between these months.

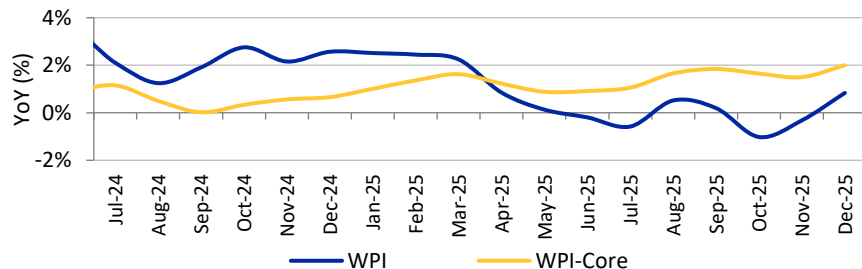
Given the hardening in some domestic food items, non-oil global commodity prices and fall in USD/INR pair, ICRA predicts the WPI inflation to rise to 1.5% in January 2026.

While the WPI expectedly reverted to a year-on-year (YoY) inflation of 0.8% in December 2025 (-0.3% in November 2025) after a gap of two months, the reading was mildly higher than ICRA's forecast (+0.4%). The turnaround in headline WPI was led by the WPI-food and non-food manufactured products or "core-WPI" categories. These two sub-groups together contributed as much as 106 bps of the 115 bps uptick in the headline print between these months. Looking ahead, ICRA projects the WPI inflation to accelerate further to 1.5% in January 2026, given the ongoing rise in global commodity prices (barring crude oil), sustained weakness in USD/INR pair as well as hardening in inflation across some food items. In Q4 FY2026, the WPI is likely to rise by 1.5-2.0% on a YoY basis, after witnessing a 0.2% deflation in Q3 FY2026, which would push up the GDP deflator for the quarter.

- **WPI inflation at higher-than-expected 0.8% in December 2025:** Headline WPI rose by 0.8% YoY in December 2025, after posting deflation in the prior two months (-0.3%/-1.0% in Nov/Oct 2025), higher than ICRA's forecast of 0.4%. The fall in USD/INR pair and rising global commodity prices exerted pressure on the landed cost of imports in the month; this was particularly reflected in non-food manufactured products or "core-WPI" category, that has risen by 0.5% MoM and 2.0% YoY in December 2025, the steepest uptick in 19 and 34 months, respectively.
- **Food and core items were key drivers of the reversal in WPI:** WPI-food index (81 bps) and core-WPI (25 bps) together contributed 106 bps of the total 115 bps uptick in headline WPI between November and December 2025. Notably, the WPI-Food index (comprising primary food articles and manufactured food products) remained flat in December 2025 compared to year-ago levels after recording a deflation during September-November 2025.
- **WPI inflation set to increase to 1.5% in January 2026, average around 1.5-2.0% in Q4 FY2026:** Looking ahead, ICRA expects the WPI-food inflation to harden further in January 2026 and continue on an upward trajectory thereafter owing to an unfavourable base. Besides, global commodity prices have continued to rise on a sequential basis in January 2026 led by sharp gains in precious metals, as well as hardening in prices of some industrial metals, even though oil prices have cooled. Based on all these trends, ICRA expects the YoY WPI inflation to rise further to a 10-month high of 1.5% in January 2026.

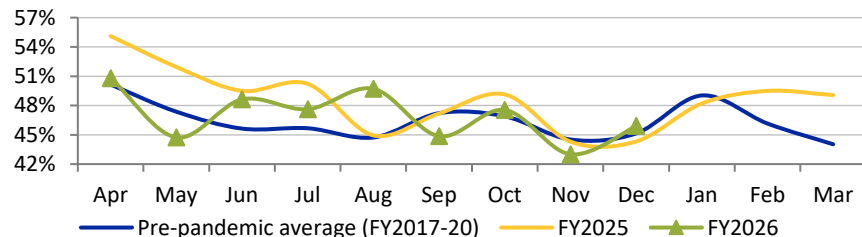
WPI witnessed higher-than-expected inflation of 0.8% in December 2025

EXHIBIT: Headline WPI rose by 0.8% YoY in December 2025, after posting deflation in the prior two months (-0.3%/-1.0% in Nov/Oct 2025); however, core-WPI inflation rose to a 34-month high of 2.0% in December 2025



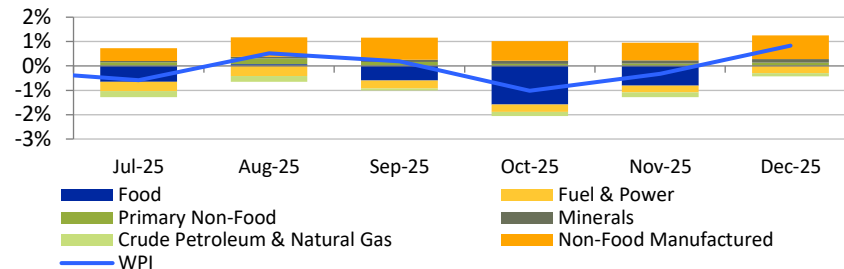
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: The share of items in WPI basket* reporting a sequential increase in prices rose to 46% in December 2025 from 43% in November 2025, while trending slightly above the December average for FY2017-20 (45.1%)



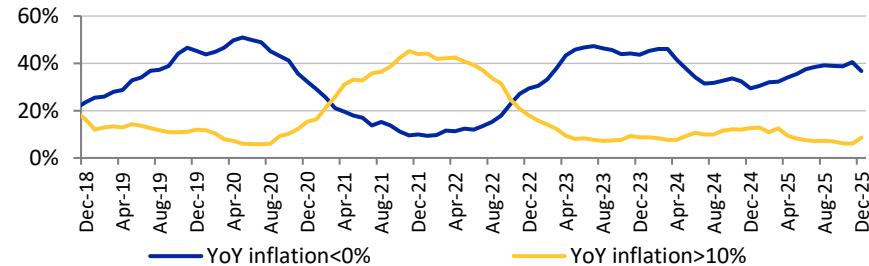
*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; CEIC; ICRA Research

EXHIBIT: WPI-food index and core-WPI together pushed up the WPI print by as much as 106 bps between November and December 2025 (of the total uptick of 115 bps), followed by crude petroleum and natural gas at 6 bps



CPNG: Crude petroleum and natural gas; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

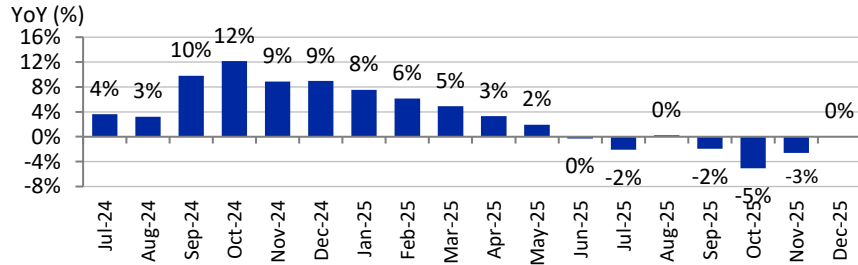
EXHIBIT: Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) rose to 8.6% in December 2025 from 6.0% in November 2025



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

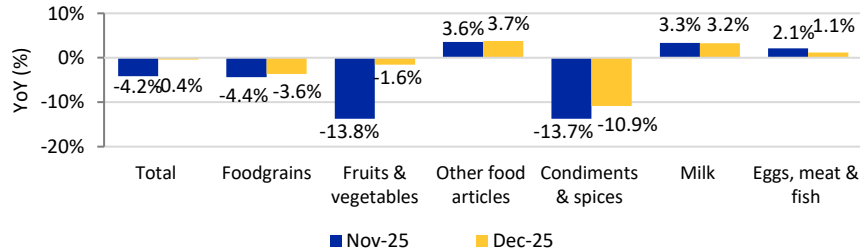
WPI food-index remained flat in December 2025 vis-à-vis year-ago levels

EXHIBIT: After recording a deflation during September-November 2025, the WPI-Food index remained flat in December 2025, compared to year-ago levels (-2.6% in November 2025)



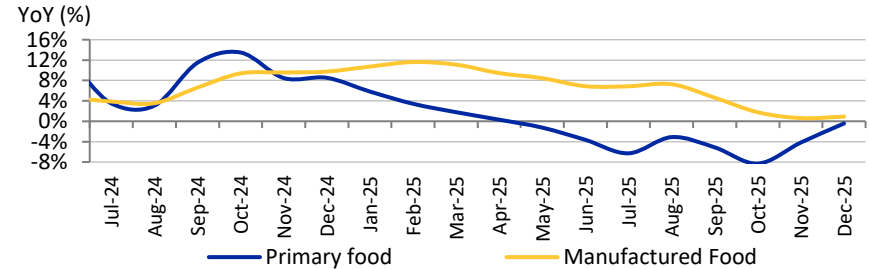
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Within primary food articles, there was a broad-based uptick (in six out of 8 items, barring eggs, meat, fish, and milk) in December 2025 vs. November 2025, with narrower deflation in vegetables, pulses, cereals, etc.



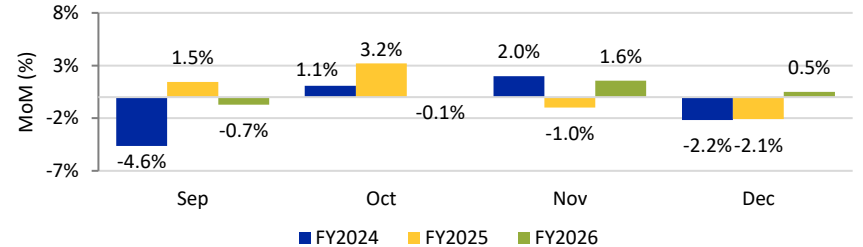
Foodgrains includes cereals and pulses; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: This was led by a narrower deflation in primary food articles (to -0.4% from -4.2%) as well as an uptick in the inflation for manufacturing food products (to +0.9% from +0.6%) in December 2025 vis-à-vis November 2025



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

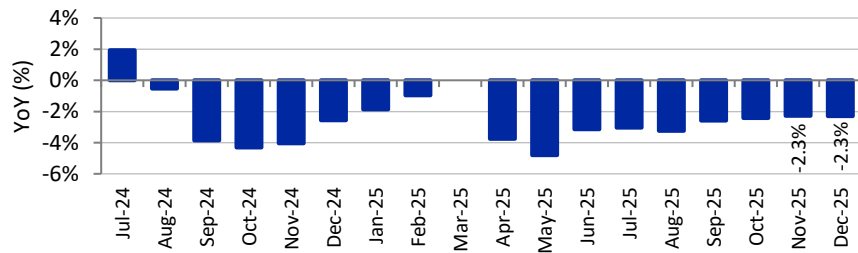
EXHIBIT: Even as WPI-food index remained flat on a YoY basis, it saw a MoM uptick of 0.5% in December 2025, in contrast to the decline seen in the corresponding months of 2023 (-2.2%) and 2024 (-2.1%)



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

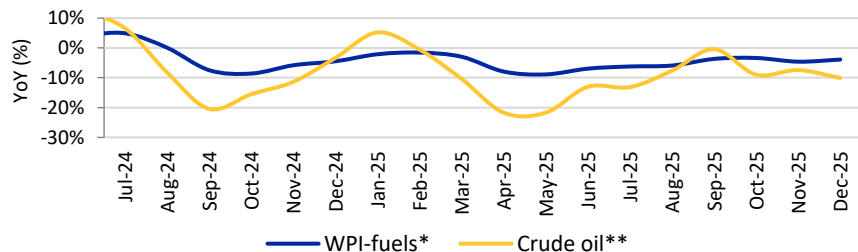
While deflation for crude petroleum and natural gas narrowed in December vs. November 2025, that for fuel and power remained stable

EXHIBIT: YoY deflation in fuel and power remained largely unchanged at 2.3% in December 2025 vis-à-vis November 2025, with the uptick in the inflation for coal and mineral oils being offset by the steeper deflation in electricity



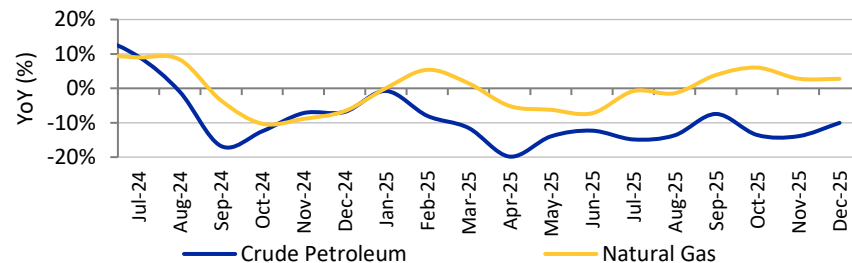
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: Deflation in WPI-fuels* (to -3.9% from -4.6% in Nov 2025) narrowed in December 2025 vs. previous month, amid a lower deflation in mineral oils (-3.3% vs. -3.4%; constituting greater weight of ~8.0% in fuel)



*WPI-fuels comprises of fuel & power and crude petroleum & natural gas, and has a weight of 10.4% in the WPI; **Average price of Indian Basket of crude oil in INR terms; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: The deflation in crude petroleum and natural gas narrowed to 6.0% in December 2025 (-6.8% in Dec 2024) from 8.7% in November 2025 (-7.7% in Nov 2024), entirely led by crude petroleum (to -10.0% from -13.9%)

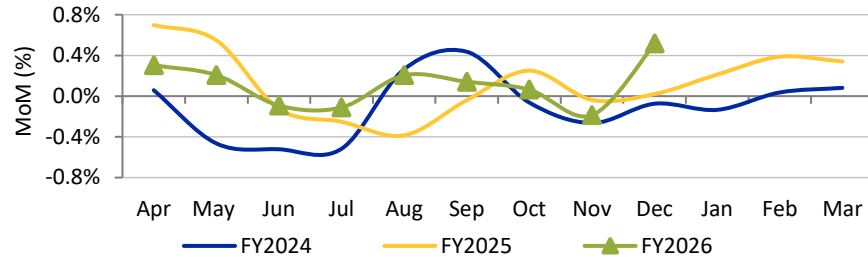


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

- The WPI index for crude petroleum for December 2025 is 1.4% lower than the final level for October 2025, narrower than the 2.7% dip 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 December 2025 may subsequently undergo a downward revision.**

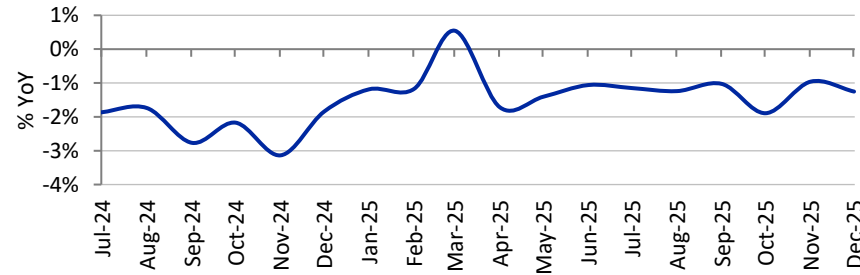
Farm inputs persisted in deflationary zone in December 2025, while industrial raw materials recorded a muted inflation print

EXHIBIT: The core-WPI rose by 0.5% MoM in December 2025, the steepest sequential uptick in 19 months, with rising global commodity prices and depreciation in the USD/INR pair likely weighing on landed cost of imports



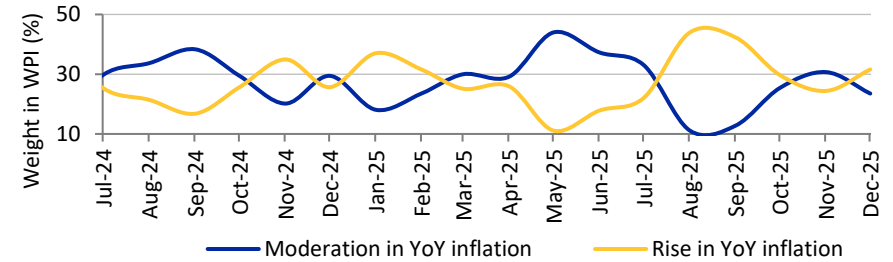
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: WPI-farm inputs remained in the contractionary zone for the ninth consecutive month, with the extent of the same widening to 1.3% from 1.0% in November 2025, led by HSD, electricity, agri and forestry machinery



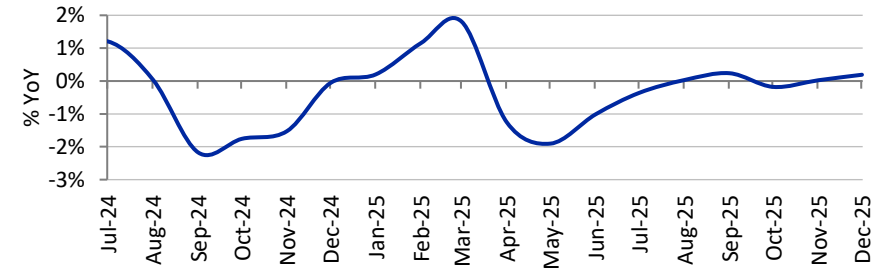
*Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The weight of sub-sectors of core-WPI seeing an expansion in their YoY print increased to ~32% in December 2025 from ~24% in November 2025



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

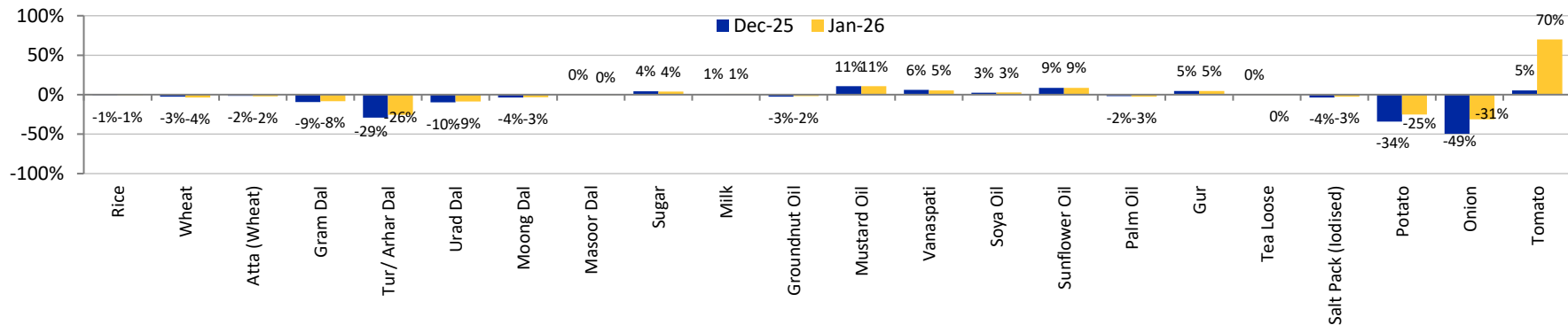
EXHIBIT: The index for WPI-Industrial raw materials reported a muted uptick of 0.2% in December after remaining flat in November 2025, led by higher readings for primary non-food articles, minerals, coal, and ATF**



**Comprises high speed diesel, fodder, electricity, fertilisers, pesticides and agricultural and forestry machinery from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

OUTLOOK: WPI-food print to revert to the inflationary territory in January 2026

EXHIBIT: YoY trends in wholesale prices in December 2025 and January 2026*

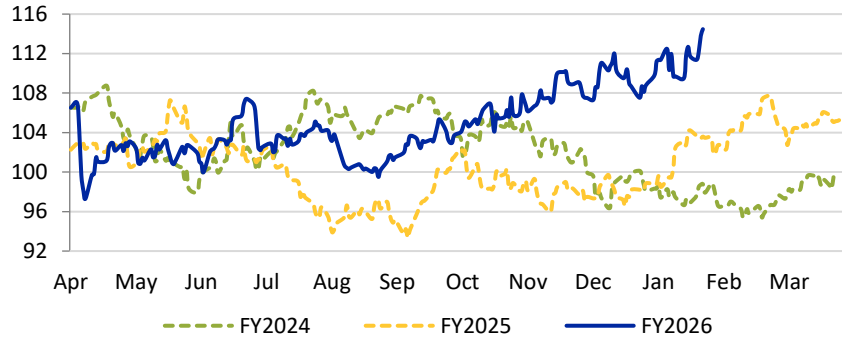


*Till January 13, 2026; Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the early data for January 2026 (until Jan 13), the average wholesale prices of as many as 10 of the 22 available food items hardened sequentially in the month. These include *atta* (wheat), tur dal, urad dal, milk, some edible oils (like groundnut, vanaspati, soya, and sunflower), onion, and tomato.
- Among the key vegetables, onion (+5.3% MoM in Jan 1-13, 2026 vs. -22.6% in Jan 2025) and tomato (+0.6% vs. -37.6%; amid demand-supply mismatches) reported a sequential uptick, while potato prices declined (-6.4% vs. -17.8%) for the second consecutive month in January 2026 so far. Additionally, aided by healthy sowing in the ongoing rabi season, wheat (unchanged for the second consecutive month vs. +1.1% MoM in Jan 2025) and wheat atta (+0.2% vs. +0.8%) reported a lower sequential uptick than the year-ago levels.
- On a YoY basis, as many as 13 of the 22 items reported a higher reading in January 2026 so far vis-à-vis December 2025, with tomato reporting a steep rise of 70% YoY; followed by elevated prints of some edible oils like mustard (+11%), sunflower (+9%), and vanaspati (+5%), sugar (+4%), and *gur* (+5%). **ICRA expects the WPI-food index to revert to the inflationary zone in January 2026 (vs. YoY unchanged print in Dec 2025), following the contraction seen in five of the last seven months, and harden thereafter owing to unfavourable base.**

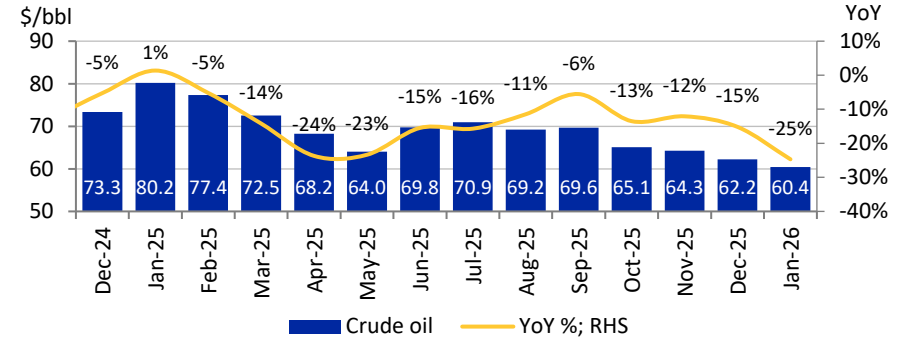
OUTLOOK: YoY prints for global commodity prices remained elevated in January 2026

EXHIBIT: Trends in the Bloomberg commodity price Index



*Data for FY2026 is up to January 13, 2026; Source: Refinitiv, ICRA Research

EXHIBIT: Trends in prices of Indian basket of crude oil

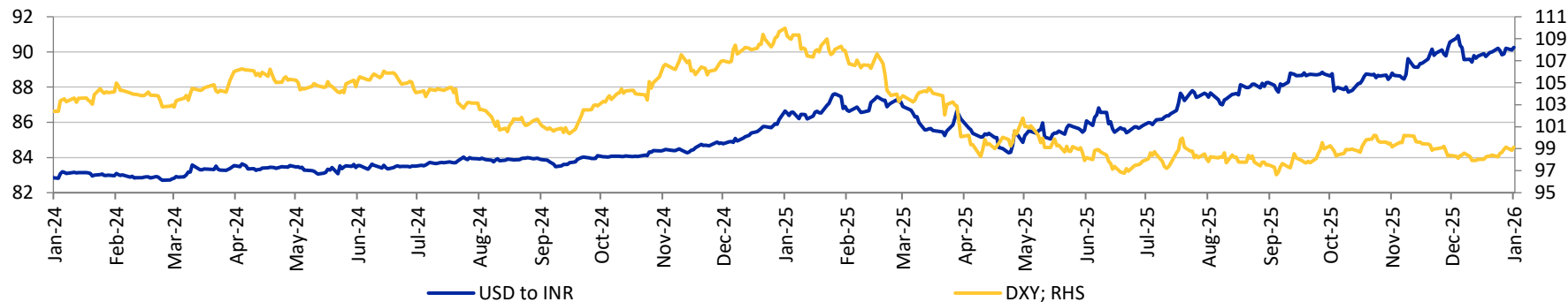


*Data for January 2026 is up to January 12; Source: PPAC, CEIC, ICRA Research

- Global commodity prices continued to harden on a sequential basis in January 2026, with the Bloomberg commodity price Index rising by 1.6% MoM during January 1-13, 2026 from 1.5% in December 2025. This uptrend has largely been led by sharp gains in precious metals (such as gold and silver), hardening in prices of some industrial metals (such as copper, aluminum and zinc; amid structural metal demand for electrification, clean energy purposes, etc. as well as supply side lags) and grains (soyabean). On a YoY basis, the Index was up by 9.8% during January 1-13, 2026 (vs. +12.4% in December 2025).
- On the other hand, the average price of the Indian basket of crude oil declined sequentially for the fourth consecutive month to \$60.4/bbl during January 1-12, 2026, the lowest level seen since February 2021. Moreover, on a YoY basis, the contraction in the same widened steeply to 24.7% (vs. -15.2% in December 2025), amid global oil glut and weak demand. This follows geopolitical developments involving the announcement of USA's control of Venezuela's oil reserves (as per the OPEC, the country has the world's largest proven oil reserves of 303 billion barrels, accounting for ~20% of global oil reserves).

OUTLOOK: WPI inflation to rise further to a 10-month high ~1.5% in January 2026

EXHIBIT: Trends in USD/INR and Dollar Index (DXY)



*Data for January 2026 is up to January 13, 2026; Source: CEIC; RBI; ICRA Research

- The USD/INR pair, depreciated by 4.9% in CY2025, primarily led by depreciation in the second half of the year amid the uncertainties emanating from US tariff policies, that led to heavy FII equity outflows from the country. During January 1-13, 2026, the pair has remained above the 90 mark on most days, averaging at 90.1 vs. 89.98 in December 2025.
- **Led by the hardening in YoY food inflation owing to an unfavourable base, rise in global commodity prices, and sustained pressure on USD/INR over the past few months, ICRA expects the YoY WPI inflation to rise further to ~1.5% in January 2026 (vs. +0.8% in December 2025), the highest level in 10 months.**
- In Q4 FY2026, the WPI is projected to revert to an inflation of ~1.5-2.0%, after witnessing a 0.4% deflation in Q3 FY2026, which will push up the growth in the GDP deflator in the quarter.

Table A.1: Trend in Monthly WPI Inflation

	Weight	YoY Inflation				MoM
		October-25	October-25	November-25	December-25	December-25
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	-1.2%	-1.0%	-0.3%	0.8%	0.7%
Primary Articles	22.62	-6.2%	-5.9%	-2.9%	0.2%	1.1%
- Food	15.26	-8.3%	-8.3%	-4.2%	-0.4%	0.9%
- Non-Food	4.12	1.5%	2.1%	2.3%	2.9%	2.8%
- Minerals	0.83	5.6%	10.3%	10.4%	11.9%	1.6%
- Crude Petroleum and Natural Gas	2.41	-7.5%	-7.5%	-8.7%	-6.0%	-0.4%
Fuel and Power	13.15	-2.6%	-2.4%	-2.3%	-2.3%	1.2%
- Coal	2.14	0.4%	0.4%	0.4%	1.0%	0.7%
- Minerals Oils	7.95	-2.2%	-2.2%	-3.4%	-3.3%	0.1%
- Electricity	3.06	-5.8%	-5.1%	-0.9%	-1.8%	4.5%
Manufactured Products	64.23	1.5%	1.7%	1.3%	1.8%	0.4%
- Food	9.12	1.8%	1.8%	0.6%	0.9%	-0.1%
- Non-Food	55.11	1.5%	1.7%	1.5%	2.0%	0.5%

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
		October-25 Initial	October-25 Revised	November-25 Initial	December-25 Initial	December-25 Initial
Non-Food Manufactured Products	55.11	1.5%	1.7%	1.5%	2.0%	0.5%
Beverages	0.91	1.0%	1.0%	0.7%	0.7%	-0.2%
Tobacco Products	0.51	3.2%	3.2%	2.5%	1.5%	0.9%
Textiles	4.88	1.9%	1.9%	1.9%	1.7%	0.3%
Wearing Apparel	0.81	1.7%	1.6%	2.2%	1.6%	-0.2%
Leather and Related Products	0.54	1.3%	1.4%	1.3%	1.3%	0.2%
Wood and Products of Wood and Cork	0.77	1.6%	1.6%	1.7%	2.0%	0.1%
Paper and Paper Products	1.11	0.4%	0.4%	1.4%	1.4%	-0.2%
Printing and Reproduction of Recorded Media	0.68	2.2%	2.2%	1.7%	0.5%	-0.2%
Chemicals and Chemical Products	6.47	0.4%	0.4%	0.1%	0.4%	0.4%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	1.9%	1.9%	1.4%	1.6%	0.1%
Rubber and Plastics Products	2.30	-0.5%	-0.5%	-0.1%	-0.9%	-0.5%
Other Non-Metallic Mineral Products	3.20	2.0%	1.7%	0.6%	0.8%	0.4%
Basic Metals	9.65	-1.6%	-1.6%	-1.2%	-0.1%	0.4%
Fabricated Metal Products, except Machinery and Equipment	3.15	1.5%	1.3%	0.5%	0.3%	0.2%
Computer, Electronic and Optical Products	2.01	0.8%	0.7%	0.1%	-0.2%	-0.3%
Electrical Equipment	2.93	1.5%	1.7%	1.6%	1.8%	0.2%
Machinery and Equipment	4.79	1.4%	1.5%	1.9%	2.0%	0.1%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.7%	0.7%	0.8%	0.3%	0.0%
Other Transport Equipment	1.65	4.8%	4.7%	4.1%	4.0%	-0.1%
Furniture	0.73	2.2%	2.0%	0.7%	1.9%	0.1%
Other Manufacturing	1.06	28.3%	33.6%	31.0%	45.5%	10.7%

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 (weight; %)	Item Description	Weight (%)
Primary Food Articles (22.62)	Milk	4.44
	Paddy	1.43
	Wheat	1.03
Primary Non-food Articles (4.12)	Industrial Wood	0.89
	Raw Cotton	0.66
	Fodder	0.53
Minerals (0.83)	Copper Concentrate	0.33
	Iron Ore	0.21
	Phosphorite	0.11
Crude Petroleum and Natural Gas (2.41)	Crude Petroleum	1.95
	Natural Gas	0.46
Fuel and Power (13.15)	HSD	3.10
	Electricity	3.06
	Petrol	1.60
Manufactured Food Products (9.12)	Vegetable and Animal Oils and Fats	2.64
	Grain Mill Products	2.01
	Dairy Products	1.17
Non-Food Manufactured Products (55.11)	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



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