

WHOLESALE PRICE INDEX

WPI inflation at 11-month high 2.1%
in February 2026; rising energy
prices, food inflation to push up
print further to ~3.2% in March 2026

MARCH 2026





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WPI inflation expectedly rose modestly to 2.1% in February 2026 from 1.8% in January, in line with our forecast.

Primary food, non-food and energy items led to the uptick in WPI inflation in February 2026 vs. January 2026.

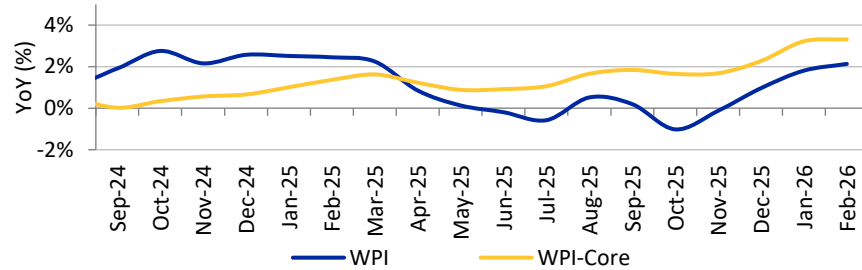
WPI inflation is likely to rise to a 21-month high of 3.2% in March 2026, amid the hardening in global commodity prices and fall in USD/INR pair, triggered by West Asia conflict.

The YoY WPI inflation accelerated to an 11-month high of 2.1% in February 2026 from 1.8% in January 2026, while printing in line with ICRA's forecast. The uptick was mainly driven by primary food and non-food items as well as crude petroleum, and natural gas sub-groups, which together pushed up the headline WPI print by as much as 30 bps, compared to January 2026. Given the hardening in prices of several global commodity prices including crude oil, natural gas and edible oils amid the West Asia conflict, as well as majority of domestic food items, ICRA projects the WPI inflation to rise further to 3.2% in March 2026, the highest level in 21 months. The ongoing weakness in the USD/INR pair and consequent pressure on landed imported costs, combined with continuation of the conflict for a prolonged period pose significant upside risks to the near-term outlook for the WPI inflation.

- **WPI inflation at an 11-month high of 2.1% in February 2026:** The hardening in the February 2026 WPI inflation from 1.8% in January 2026 stemmed from primary food and non-food items, and crude petroleum and natural gas; these together accounted for the bulk of the sequential uptick between these months. The rise in inflation for non-food manufactured products or “core-WPI” was contained in February 2026 (to +3.3% from +3.2%).
- **WPI inflation set to harden to 3.2% in March 2026:** More than half of 22 food items (for which data is available) saw a higher YoY inflation in the first half of March 2026, compared to February 2026. Additionally, global commodity prices, including crude oil, natural gas and edible oils have rose considerably, which along with the fall in the USD/INR pair would exert an upward pressure on the WPI inflation, amid high import dependency of the country for such items. ICRA expects the headline WPI inflation to rise to a 21-month high 3.2% in March 2026.
- **Prolonged West Asia conflict could pose sizeable upside risks to WPI inflation outlook:** India's significant reliance on edible oil imports leaves it vulnerable to indirect price shocks (higher logistics and freight costs) from the West Asia conflict, which would exert upward pressure on such prices. With a weight of 10.4% for fuel items (including crude oil, natural gas, and crude derivatives) in the WPI basket, ICRA estimates that for every 10% increase in crude oil prices, the WPI inflation would rise by ~80-100 bps. High commodity and energy prices for a prolonged period pose significant upside risks to ICRA's baseline forecast of an average WPI inflation of 2.7% for FY2027.

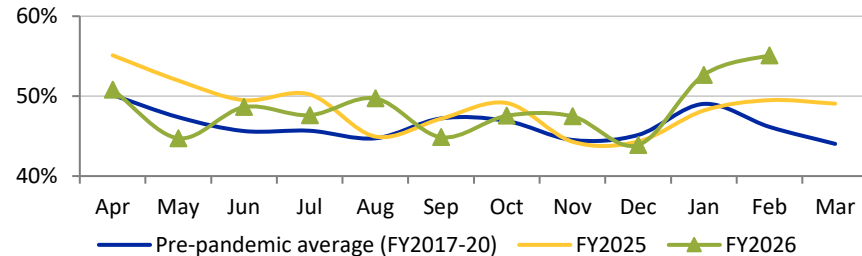
WPI inflation expectedly rose to an 11-month high 2.1% in February 2026, driven by food and energy items

EXHIBIT: In line with ICRA's forecast, headline WPI inflation rose modestly to an 11-month high of 2.1% in February 2026 from 1.8% in January 2026; core inflation also inched up to 3.3% from 3.2% between these months



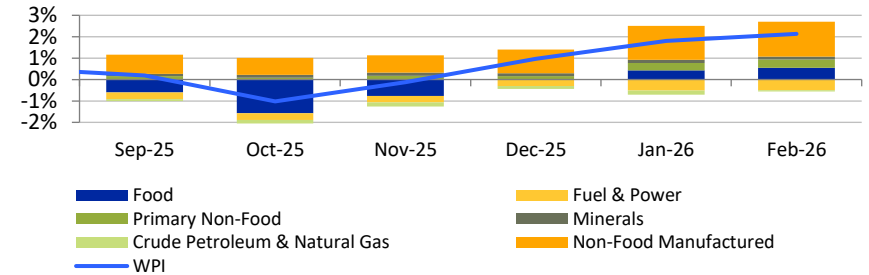
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The share of items in WPI basket* reporting a sequential increase in prices increased to 55% in February 2026 from 53% in January 2026, while also exceeding the historical levels for February (46%)



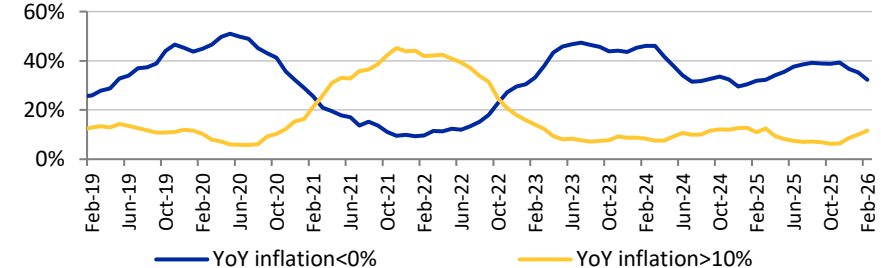
*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

EXHIBIT: Primary food and non-food items (17 bps) and crude petroleum (12 bps) accounted for ~91% of the 32-bps uptick in headline WPI inflation between January and February 2026; contribution of core in WPI remained high at 1.6 pp



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

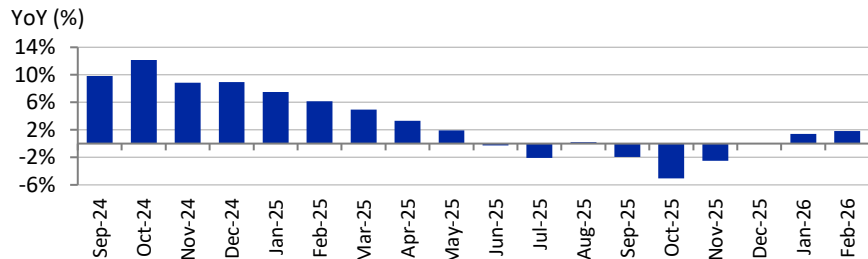
EXHIBIT: Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) rose to 11.7% in February 2026 from 10.1% in January 2026



*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

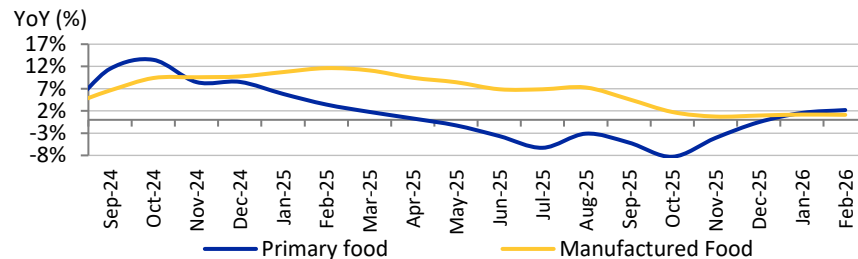
YoY WPI-food inflation hardened to nine-month high of 1.8% in February 2026

EXHIBIT: Partly owing to an unfavourable base, the WPI-food inflation hardened to a nine-month high of 1.8% in February 2026 (+6.2% in Feb 2025) from 1.4% in January 2026 (+7.5% in Jan 2025), while remaining benign



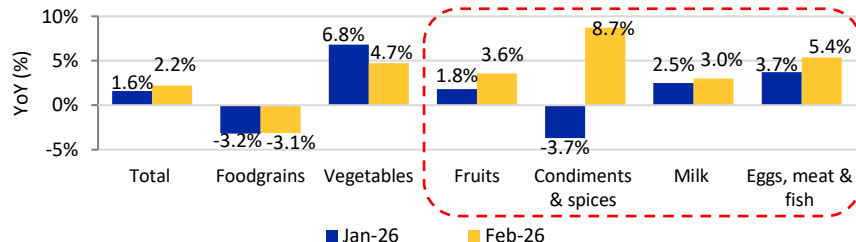
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: This was entirely driven by an uptick in the primary food inflation (to a 12-month high +2.2% in February 2026 from +1.6% in January 2026), while manufactured food inflation eased marginally (to +1.1% from +1.2%)



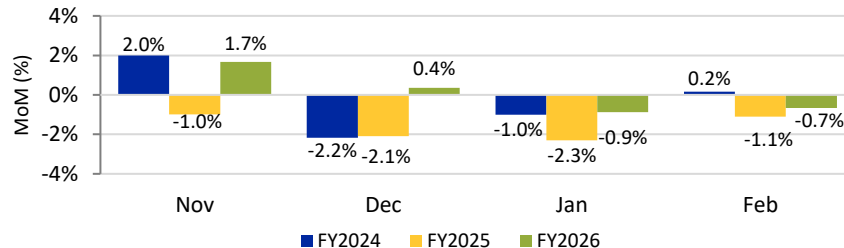
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The inflation for fruits and poultry items hardened in February 2026 vs. January; condiments & spices saw a turnaround to an inflation after a gap of 18 months, while pulses witnessed a narrower deflation



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

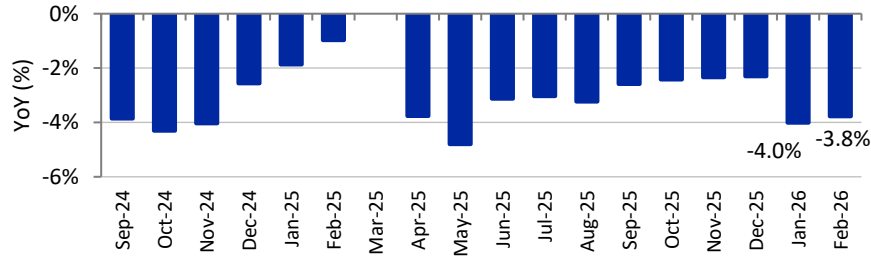
EXHIBIT: The WPI-food index was down by 0.7% in sequential terms in February 2026, shallower than the MoM dip seen in February 2025 (-1.1%), albeit in contrast to the uptick seen in February 2024 (+0.2%)



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

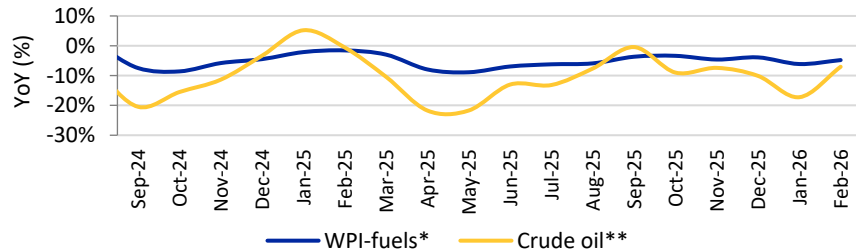
YoY deflation in fuel items narrowed slightly in February 2026 compared to January

EXHIBIT: YoY deflation in fuel and power narrowed to 3.8% in February 2026 from 4.0% in January 2026, amid a lower deflation in mineral oils and electricity, while the inflation print for coal remained unchanged



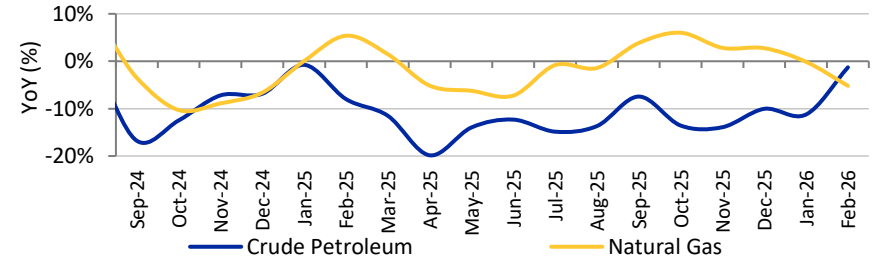
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: Consequently, the WPI-fuels* index saw a lower deflation of 4.8% in February 2026 vis-à-vis 6.1% in January 2026, led by mineral oils (-5.4% vs. -5.6%; weight of ~8.0% in fuel) and crude petroleum (-1.3% vs. -11.2%)



*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 also narrowed to 2.6% in February 2026 from 7.8% in the prior month, entirely led by crude petroleum, while that for natural gas widened to an eight-month low of 5.2%

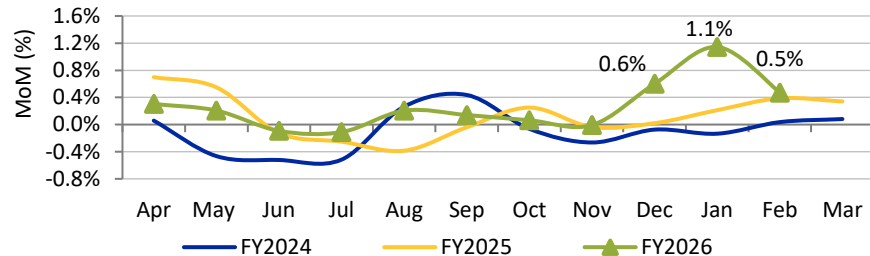


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

- The WPI index for crude petroleum for February 2026 is 14.2% higher than the final level for December 2025, as against the 11.7% rise 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 February 2026 may subsequently undergo a downward revision.**
- Looking ahead, the ongoing hardening in international prices of several fuel items such as crude oil and natural gas triggered by the West Asia conflict is expected to transmit into the WPI inflation (weight: +10.4%) print for March 2026 at a faster pace, vis-à-vis the CPI inflation (weight: +6.84%), given the larger weight of such items in the former as against the latter metric.

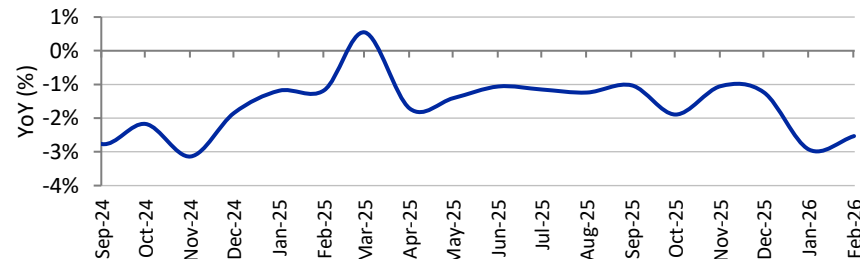
Sequential uptick in core-WPI narrowed in February 2026 vs. January 2026, in line with trends in global commodity prices and USD/INR pair

EXHIBIT: MoM rise in core-WPI halved to 0.5% in February 2026 from 1.1% in January 2026, while remaining elevated, amid lower sequential uptick in global commodity prices as well as slight appreciation in the USD/INR pair



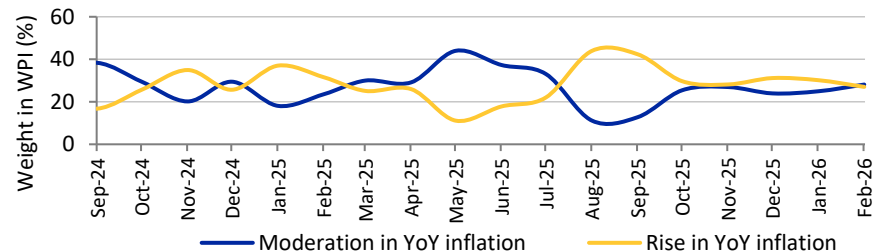
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: WPI-farm inputs remained in the contractionary zone for the eleventh consecutive month, although the extent of the same narrowed to 2.5% in February 2026 from 2.9% in January 2026



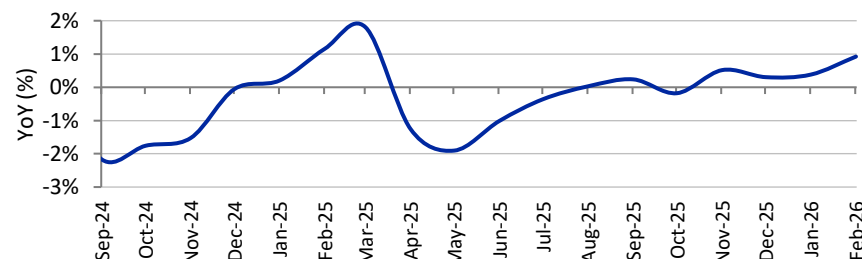
*Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The weight of sub-sectors of core-WPI seeing a higher YoY print stood lower at ~27% in February 2026 (vs. ~30% in Jan 2026 and ~32% in Feb 2025); basic metals saw a 4.4% rise vs. 6.0% YoY in Jan 2026 (weight: ~10%)



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

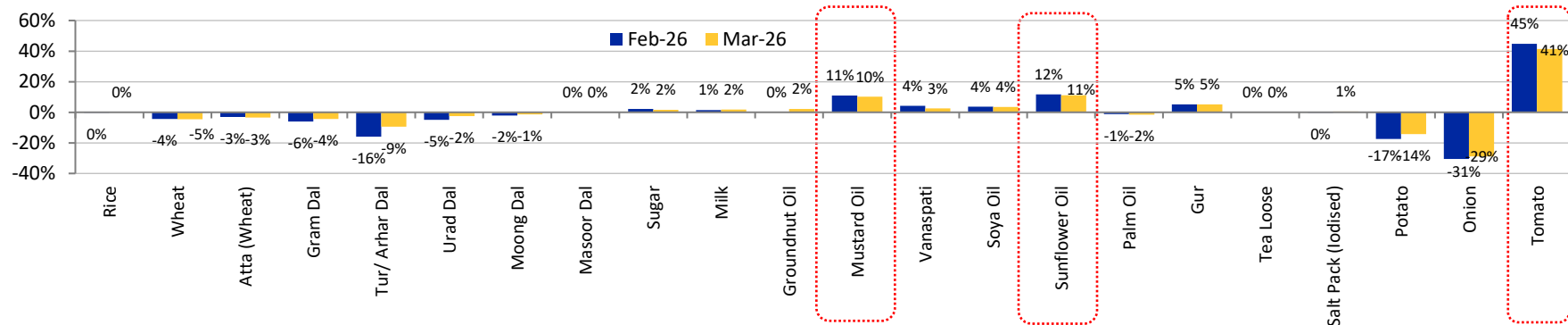
EXHIBIT: In contrast, WPI-Industrial raw materials reported a pick-up, with YoY growth rising to 0.9% in February 2026 from 0.4% in January 2026, led by higher inflation in primary non-food articles, electricity, HSD, etc.**



**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: YoY WPI-food inflation to harden further in March 2026

EXHIBIT: YoY trends in wholesale prices in February 2026 and March 2026*

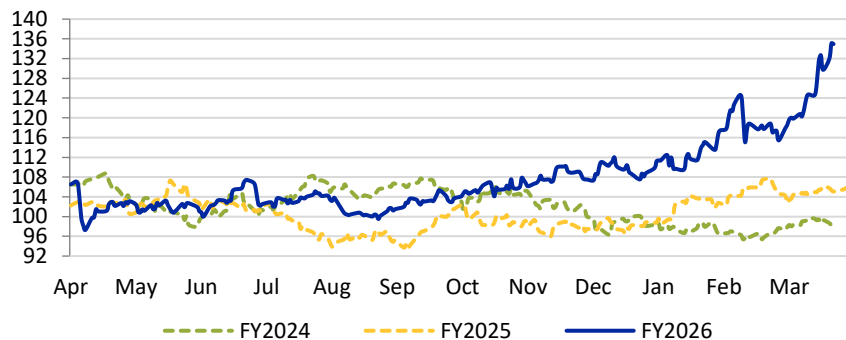


*Till March 15, 2026; Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the early data for March 2026 (until March 15), the average wholesale prices of as many as 13 of the 22 available food items rose sequentially in the month, including rice, few pulses, sugar, milk, most edible oils, gur, and salt.
- Notably, India's significant reliance on edible oil imports leaves it vulnerable to indirect price shocks (higher logistics and freight costs) from the ongoing West Asia conflict, that is likely to exert an upward pressure on such prices. The wholesale domestic prices of groundnut and sunflower oil are trending ~2% higher sequentially in March 2026 so far. Among key vegetables (tomato, onion, potato; TOP), tomato prices continued to ease during the ongoing month (-13.2% MoM to a 10-month low of Rs. 21.5/kg; -32.5% MoM in Feb 2026). Besides, potato (34-month low of Rs. 15.9/kg) and onion (32-month low of Rs. 20.0/kg) prices have eased by 4% MoM each in the first half of March 2026.
- On a YoY basis, as many as 12 of the 22 items reported higher readings during March 1-15, 2026 vis-à-vis February 2026. This set includes pulses, potato, and onion that reported a narrower deflation. While tomato (+41.4% YoY; amid a low base) and edible oils (particularly mustard and sunflower; each over +10% YoY) reported a lower YoY print in March 2026 vis-à-vis February 2026, inflation levels remained elevated.
- Given these trends, ICRA expects the YoY WPI-food inflation to inch up further in March 2026 (+4.9% in March 2025) from 1.8% in February 2026 (+6.2% in February 2025), partly led by an unfavourable base.

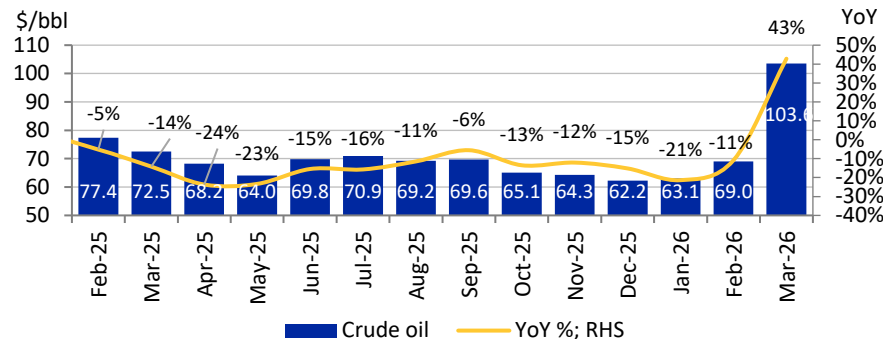
OUTLOOK: Global energy prices surged to nearly 4-year highs in early-March 2026, amid tensions in West Asia

EXHIBIT: Trends in the Bloomberg commodity price Index



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

EXHIBIT: Trends in prices of Indian basket of crude oil

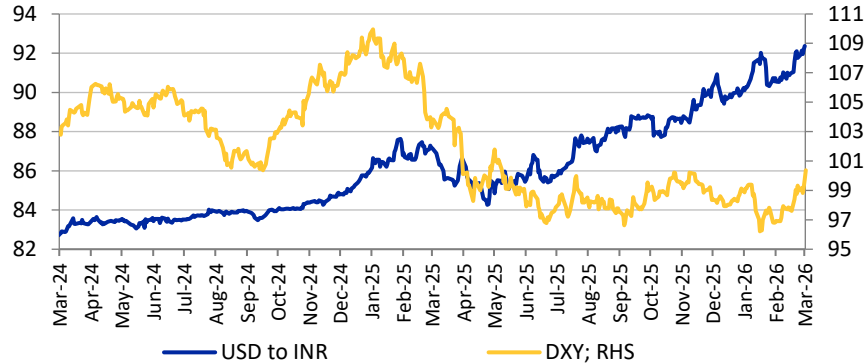


*Data for March 2026 is up to March 12; Source: PPAC, CEIC, ICRA Research

- Following the escalation of the conflict in West Asia, global commodity prices have surged in early-March 2026 (until March 13), with the Bloomberg commodity price index trending 9.4% higher on a MoM basis. On a YoY basis, the index is up ~23% in March 2026 so far (+11-13% during November-February 2026), averaging at levels last seen during April-June 2022 (i.e. during the Russia-Ukraine war). This is primarily driven by massive oil supply shock triggered by the closure of the Strait of Hormuz, that has led to significant rise in energy (including Brent crude oil, natural gas, WTI crude oil) and grains prices, as well as increased volatility in industrial and precious metal prices.
- The average price of the Indian basket of crude oil has increased significantly by ~50% MoM to \$103.6/bbl during March 1-12, 2026, the highest average level recorded since August 2022. On a YoY basis, this is ~43% higher in March 2026, following sustained YoY contraction seen since February 2025. An extended conflict is likely to adversely impact global crude oil and LNG supplies, which may put further pressure on energy prices.
- Notably, with a weight of 10.4% for fuel items (including crude oil, natural gas, and crude derivatives) in the WPI basket, ICRA estimates that for every 10% increase in crude oil prices, the headline WPI inflation print is expected to rise by ~80-100 bps. Consequently, higher crude oil and other commodity prices for a prolonged period owing to the [West Asia conflict](#) pose significant upside risks to our baseline projection of an average WPI inflation of 2.7% in FY2027.**

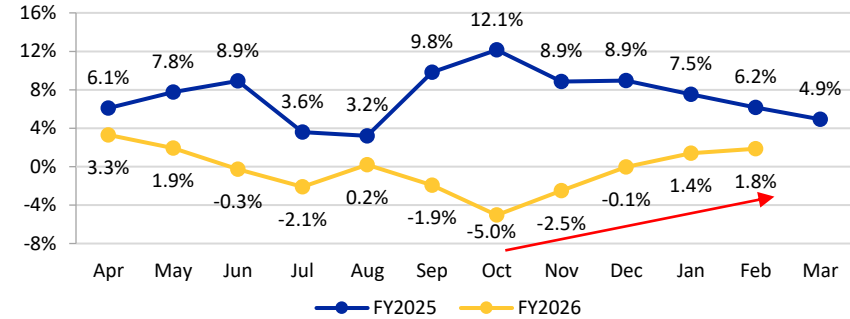
OUTLOOK: WPI inflation to rise further to ~3.2% in March 2026

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



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

EXHIBIT: YoY Trends in WPI-food inflation



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

- The USD/INR pair had reported a slight sequential appreciation in February 2026 (to an average of 90.73 from 90.78 in January 2026), supported by the announcement of US-India trade deal that led to resurgence in investor's confidence (FI equity inflows: +\$2.5 billion). However, during March 1-13, 2026, the pair has witnessed pressure, depreciating by 1.5% MoM to an average of 92.05, on account of tensions in West Asia, which have weighed on investor confidence and flight towards US assets and Treasuries (DXY: +1.8% MoM, likely owing to safe-haven demand). **This depreciation in the USD/INR pair is expected to weigh on the landed cost of imports and may exert upward pressure on the near-term prints for the WPI inflation.**
- Given the hardening in wholesale domestic food and global commodity prices, as well as the downward pressure on the USD/INR pair, ICRA expects the YoY WPI inflation to rise further to a 21-month high of ~3.2% in March 2026 (+2.2% in March 2025) from 2.1% in February 2026 (+2.4% in February 2025).

Table A.1: Trend in Monthly WPI Inflation

	Weight	YoY Inflation				MoM
		December-25	December-25	January-26	February-26	February-26
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	0.8%	1.0%	1.8%	2.1%	0.3%
Primary Articles	22.62	0.2%	0.2%	2.2%	3.3%	-0.5%
- Food	15.26	-0.4%	-0.5%	1.6%	2.2%	-1.3%
- Non-Food	4.12	2.9%	3.5%	7.6%	8.8%	0.8%
- Minerals	0.83	11.9%	11.3%	12.8%	11.1%	-1.2%
- Crude Petroleum and Natural Gas	2.41	-6.0%	-6.0%	-7.8%	-2.6%	4.2%
Fuel and Power	13.15	-2.3%	-2.3%	-4.0%	-3.8%	1.2%
- Coal	2.14	1.0%	1.0%	1.8%	1.8%	0.0%
- Minerals Oils	7.95	-3.3%	-3.3%	-5.6%	-5.4%	2.1%
- Electricity	3.06	-1.8%	-1.8%	-3.6%	-3.0%	-0.3%
Manufactured Products	64.23	1.8%	2.0%	2.9%	2.9%	0.5%
- Food	9.12	0.9%	1.0%	1.2%	1.1%	0.6%
- Non-Food	55.11	2.0%	2.3%	3.2%	3.3%	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
		December-25	December-25	January-26	February-26	February-26
		Initial	Revised	Initial	Initial	Initial
Non-Food Manufactured Products	55.11	2.0%	2.3%	3.2%	3.3%	0.5%
Beverages	0.91	0.7%	0.7%	1.0%	0.8%	0.0%
Tobacco Products	0.51	1.5%	2.0%	1.4%	6.3%	4.0%
Textiles	4.88	1.7%	1.8%	2.5%	3.3%	0.7%
Wearing Apparel	0.81	1.6%	1.5%	2.1%	2.1%	0.1%
Leather and Related Products	0.54	1.3%	1.3%	0.8%	1.6%	-0.1%
Wood and Products of Wood and Cork	0.77	2.0%	1.7%	1.1%	0.9%	-0.1%
Paper and Paper Products	1.11	1.4%	1.4%	0.6%	-0.4%	0.3%
Printing and Reproduction of Recorded Media	0.68	0.5%	0.5%	0.6%	0.3%	0.1%
Chemicals and Chemical Products	6.47	0.4%	0.5%	0.3%	0.7%	0.5%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	1.6%	1.5%	0.5%	0.6%	0.1%
Rubber and Plastics Products	2.30	-0.9%	-0.9%	-0.9%	-0.5%	0.8%
Other Non-Metallic Mineral Products	3.20	0.8%	0.6%	0.9%	0.3%	0.2%
Basic Metals	9.65	-0.1%	0.1%	6.0%	4.4%	-1.0%
Fabricated Metal Products, except Machinery and Equipment	3.15	0.3%	0.1%	0.9%	0.1%	-0.1%
Computer, Electronic and Optical Products	2.01	-0.2%	0.5%	0.2%	-0.2%	-0.4%
Electrical Equipment	2.93	1.8%	2.2%	2.7%	3.5%	1.2%
Machinery and Equipment	4.79	2.0%	2.1%	1.4%	1.4%	0.2%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.3%	0.3%	0.3%	0.3%	0.1%
Other Transport Equipment	1.65	4.0%	4.3%	5.0%	4.9%	0.1%
Furniture	0.73	1.9%	1.7%	1.5%	1.9%	0.2%
Other Manufacturing	1.06	45.5%	52.3%	47.8%	54.0%	9.8%

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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