

WHOLESALE PRICE INDEX

West Asia conflict-led surge in energy prices drove WPI inflation to 38-month high 3.9% in March 2026; April print foreseen at 4.8%

APRIL 2026





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WPI inflation nearly doubled to 3.9% in March 2026 from 2.1% in February, printing in line with our forecast.

Crude petroleum and natural gas, & fuel and power groups were the key drivers, owing to energy supply shock caused by West Asia conflict.

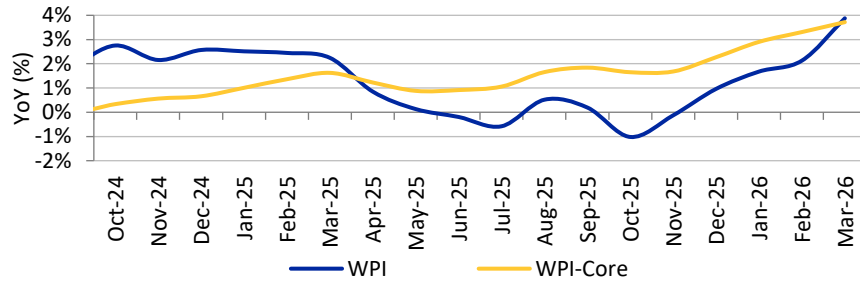
WPI inflation is projected to harden further to 4.8% in April 2026, amid surge in imported inflation; ICRA forecasts WPI inflation at 3.5% for FY2027, with sizeable upside risks.

The YoY WPI inflation hardened to a 38-month high of 3.9% in March 2026 from 2.1% in February 2026, while printing largely in line with ICRA's forecast (+4.0%). Crude petroleum and natural gas, and fuel and power categories were the predominant drivers, accounting for 150 bps of the total 175 bps uptick in headline print between these months, owing to global energy supply disruptions triggered by the West Asia conflict. Looking ahead, the adverse impact of the rise in energy prices, along with elevated shipping and input costs is expected to continue to weigh on the landed cost of imports, thereby exerting upward pressure on the WPI print. ICRA projects the WPI inflation to harden further to ~4.8% in April 2026. Assuming an average crude oil price of \$85/barrel for FY2027, ICRA pegs the WPI inflation to average at ~3.5% in the fiscal, with sizeable upside risks, including those stemming from a deficient monsoon owing to potential El Nino developments.

- **March 2026 WPI inflation jumped to 38-month high of 3.9%:** The WPI inflation nearly doubled to 3.9% in March 2026 from 2.1% in February 2026, while printing largely in line with ICRA's forecast (+4.0%). Crude petroleum and natural gas, and the fuel and power groups witnessed sizeable hardening in their YoY inflation rates, reflecting the impact of the surge in global energy prices owing to the West Asia crisis. Notably, these two groups together accounted for 150 bps of the 175 bps uptick in the headline print in March 2026 relative to February 2026.
- **Core-WPI inflation rose to 41-month high:** While WPI-food (primary food articles + manufactured food products) inflation remained steady at 1.8% in March 2026, the non-food manufactured items or "core-WPI" hardened to a 41-month high of 3.7% from 3.3% in February 2026, driven by chemicals, textiles, motor vehicles, etc. On a sequential basis, the core index rose by 0.7% in March 2026, in line with the average for the previous three months.
- **WPI inflation to harden further to 4.8% in April 2026; average at ~3.5% in FY2027:** ICRA expects the WPI-food inflation to inch up in April 2026, amid early trends of hardening in prices of edible oils (global supply disruptions), pulses, etc. The adverse impact of the surge in global energy prices, along with elevated shipping, freight and input costs is expected to continue to weigh on the landed cost of imports, thereby exerting upward pressure on the WPI print for April 2026. ICRA projects the WPI inflation to rise further to ~4.8% in April 2026. Assuming an average crude oil price of \$85/bbl for FY2027, ICRA pegs the WPI inflation to average at ~3.5%, with sizeable upside risks, including those stemming from a deficient monsoon owing to potential El Nino developments.

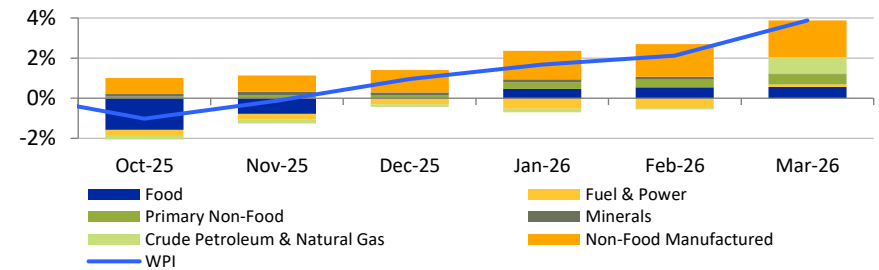
West Asia conflict-led surge in energy prices drove WPI inflation to a 38-month high of 3.9% in March 2026

EXHIBIT: While printing largely in line with ICRA's forecast, headline WPI inflation accelerated to 3.9% in March 2026 from 2.1% in February 2026, the highest level in 38 months; core inflation rose to 3.7% from 3.3%



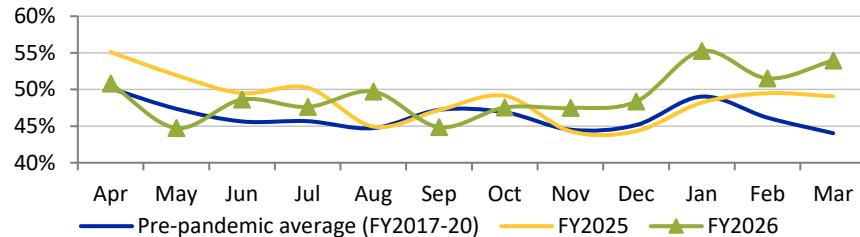
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Crude petroleum and natural gas (87 bps), fuel and power (63 bps), and core-WPI (21 bps) sub-groups accounted for 171 bps of the 175 bps jump in headline WPI inflation prints between February and March 2026



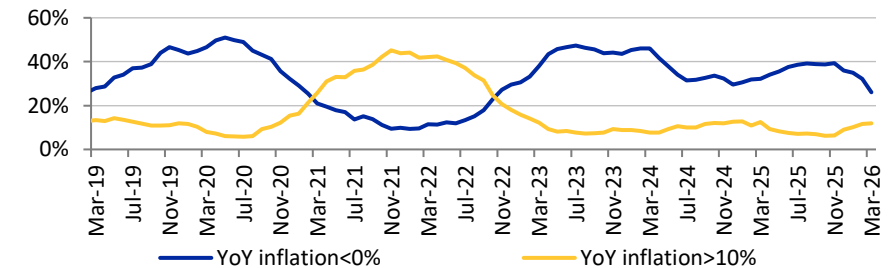
CPNG: Crude petroleum and natural gas; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The share of items in WPI basket* reporting a sequential increase in prices increased to 54% in March 2026 from the revised 52% in February 2026, and exceeded the historical levels for March (44%) by 10 pp



*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

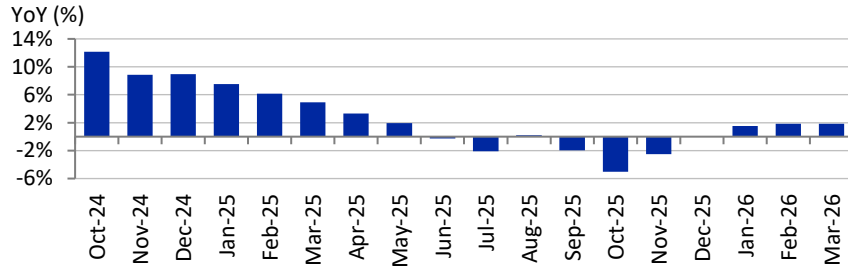
EXHIBIT: Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) rose to 11.9% in March 2026 from 11.7% in February 2026, while remaining lower than year-ago levels (12.5%)



*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

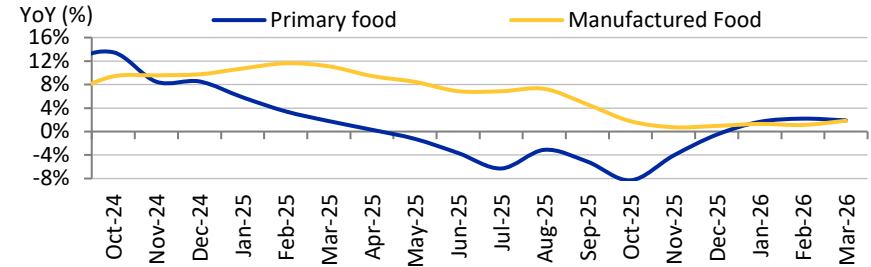
WPI-food inflation remained benign at 1.8% in March 2026, amid cooling in primary food items like vegetables, fruits, milk, and cereals

EXHIBIT: WPI-food inflation remained unchanged at a benign 1.8% YoY in March 2026 vis-à-vis February 2026, despite an unfavourable base



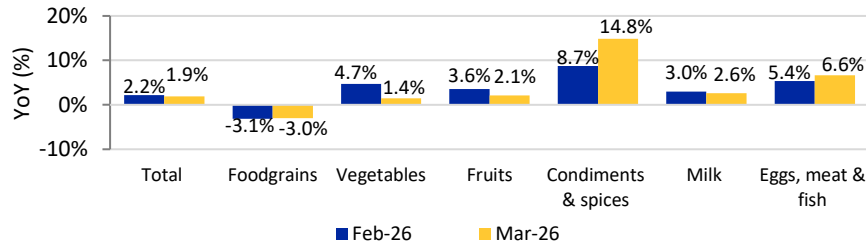
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: This was led by moderation in primary food inflation (weight: 15%; to +1.9% from +2.2% in February 2026), that offset the uptick in manufactured food products inflation (weight: 9%; to +1.8% from +1.1%)



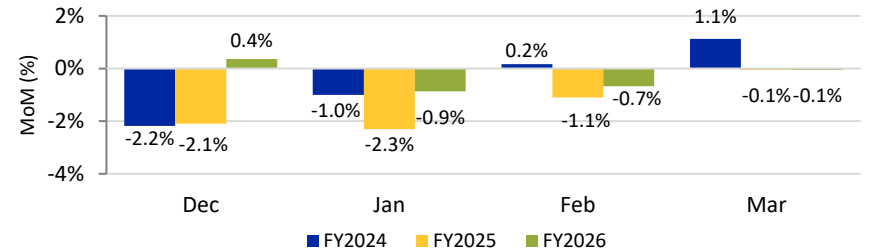
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Within primary food items, vegetables, fruits, milk and cereals saw a cooling, while condiments & spices, and eggs, meat and fish witnessed an uptick in their YoY prints in March 2026 relative to February 2026



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

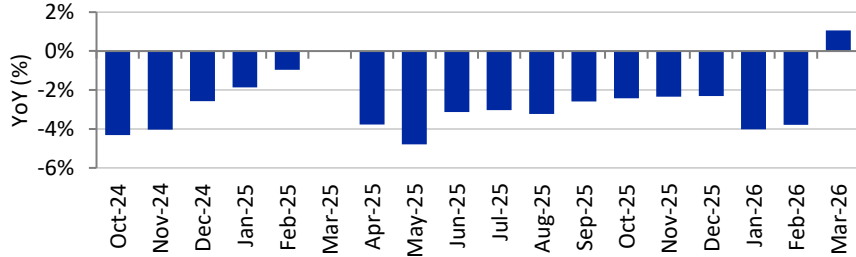
EXHIBIT: On a sequential basis, the WPI-food index was down by 0.1% in March 2026, similar to the corresponding year-ago period



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

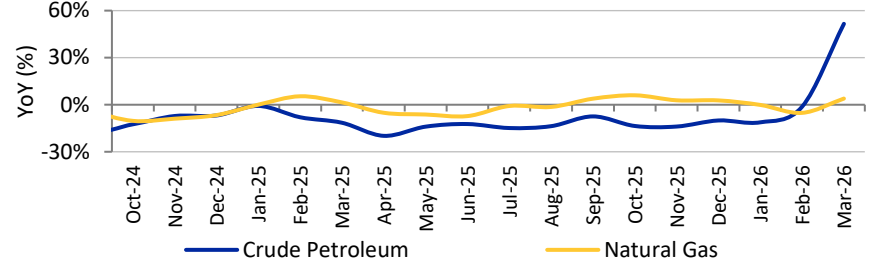
Inflation in fuel items expectedly spiked in March 2026

EXHIBIT: WPI fuel and power witnessed a turnaround after a gap of 11 months, witnessing an inflation of 1.1% in March 2026 (vs. -3.8% in February 2026), reflecting the impact of the surge in global energy prices amid West Asia crisis



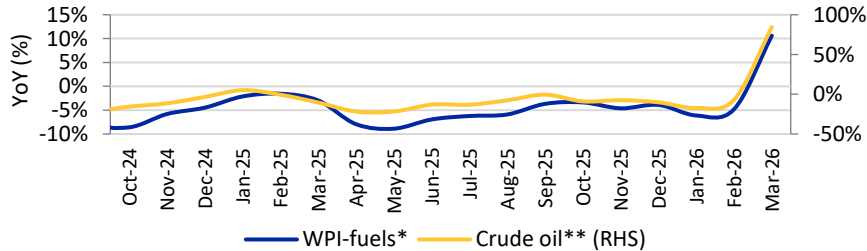
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Sustained tensions through March 2026 exerted upward pressure on the prices of crude petroleum (YoY: +51.6% vs. -1.3% in Feb 2026) and natural gas (+3.9% vs. -5.2%)



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

EXHIBIT: Overall, the WPI-fuels* index hardened by 10.6% YoY in March 2026 (vs. -4.8% in February 2026), the highest pace seen in 37 months

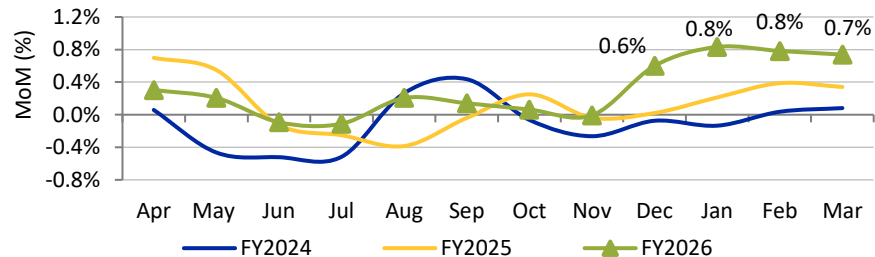


*WPI-fuels comprises of fuel & power and crude petroleum & natural gas, and has a weight of 10.4% in the WPI; **Average price of Indian Basket of crude oil in INR terms; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- The YoY inflation in the WPI fuel index (comprising crude petroleum and natural gas, and fuel and power group) witnessed a sizeable uptick of 10.6% YoY in March 2026 – the highest level in 37 months. Notably, it accounted for 150 bps of the 175 bps increase in the headline print in March 2026 relative to February 2026.
- On a sequential basis, the crude petroleum WPI rose by ~49% in March 2026, similar to the rise in the Brent crude oil prices. Interestingly, there was a change in the composition of the Indian basket of crude oil in March 2026 vis-à-vis February 2026, with a larger weight assigned to Brent compared to the sour West Asian grades, that have seen larger price spikes owing to the West Asia crisis.

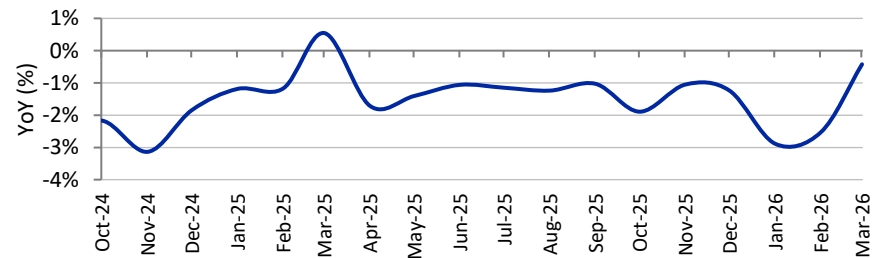
Sequential uptick in core-WPI in March 2026 higher than year ago level, amid spike in global commodity prices and weak USD/INR pair

EXHIBIT: The core-WPI index rose by 0.7% in March 2026 (+0.8% in Feb 2026), higher than the rise of 0.3% in March 2025, amid a sharp sequential uptick in global commodity prices as well as depreciation in the USD/INR pair



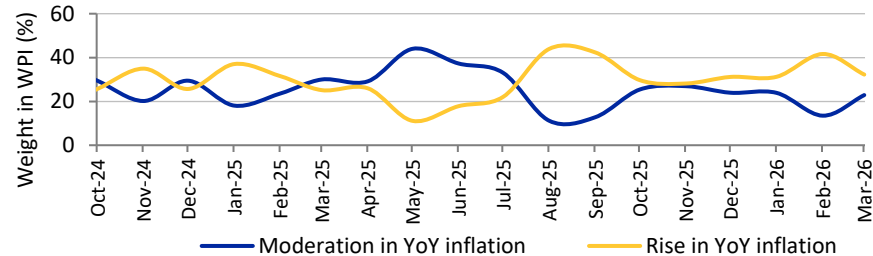
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The deflation in WPI-farm inputs narrowed sharply to 0.4% in March 2026 from 2.5% in February 2026, given the spike in HSD and fertiliser prices, amid the ongoing conflict in West Asia



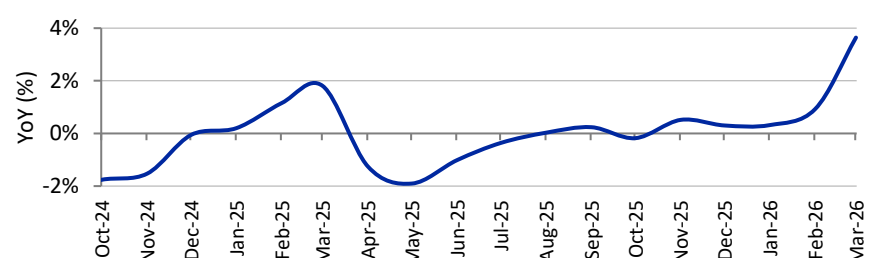
*Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The weight of sub-sectors of core-WPI that saw a higher YoY print stood at ~32% in March 2026 (vs. ~31% in Jan 2026 and ~42% in Feb 2026); this was led by items such as textiles, chemicals, electrical equipment, etc.



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

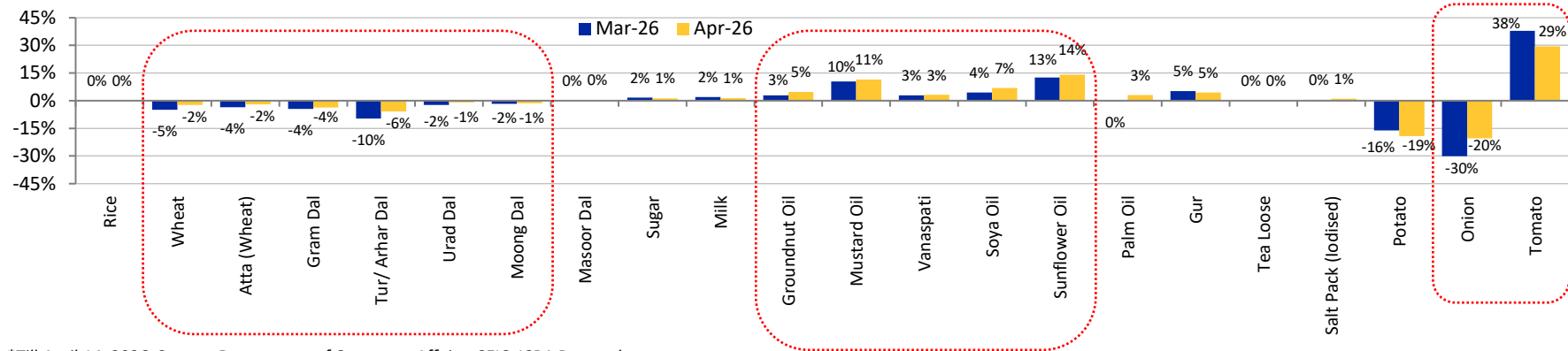
EXHIBIT: In addition, the inflation for WPI-Industrial raw materials[^] surged to a 37-month high of 3.6% in March 2026 from 0.9% in February 2026, driven by higher inflation for ATF, naphtha and HSD, owing to the West Asia conflict



[^]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: Food inflation to inch up in April 2026 compared to March 2026

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

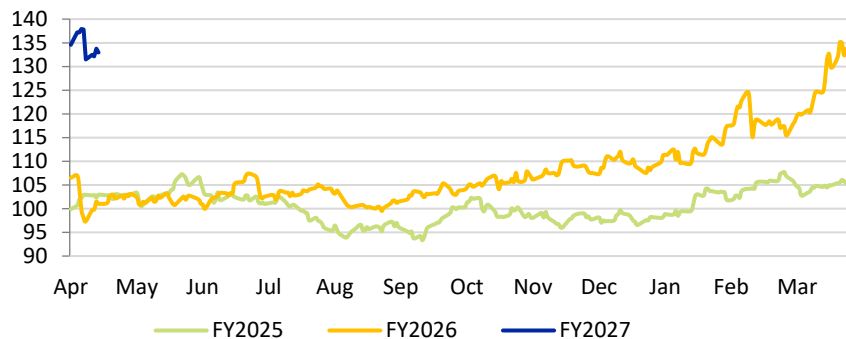


*Till April 14, 2026; Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the early data for April 2026 (until April 14), the average wholesale prices of as many as 12 of the 22 available food items hardened sequentially in the month, including some pulses (like *tur* and *urad dal*), sugar, milk, all edible oils, *gur*, and salt. Reflecting India's significant reliance on imported edible oils, domestic edible oil prices expectedly saw an upward pressure in the ongoing month so far, with prices of soya, sunflower and palm oil rising by 2.5-3.0% sequentially during April 1-14, 2026, on top of the 2.0-3.5% MoM rise seen in March 2026.
- In contrast, among key vegetables, tomato prices eased for the fourth consecutive month in April 2026 so far (-5.5% MoM to a 11-month low of Rs. 19.8/kg). Besides, potato (36-month low of Rs. 14.7/kg) and onion (34-month low of Rs. 18.8/kg) prices have eased by 4-5% MoM during April 1-14, 2026, supported by crop arrivals.
- As many as 15 of the 22 wholesale food items reported an uptick in their YoY prints during April 1-14, 2026 vis-à-vis March 2026. These include items such as wheat, *atta*, most pulses, and onion which reported a narrower YoY deflation, and edible oils (led by mustard and sunflower oil; in the range +11-14% YoY) which saw higher YoY readings. While tomato (+29.4% YoY vs. +37.9% in March 2026; amid a low base) reported a lower YoY print in April 2026 so far vis-à-vis March 2026, inflation levels remained elevated.
- Considering these trends, ICRA expects the YoY WPI-food inflation to inch up to ~2.0% in April 2026 (+3.3% in April 2025) from 1.8% in March 2026 (+4.9% in March 2025).

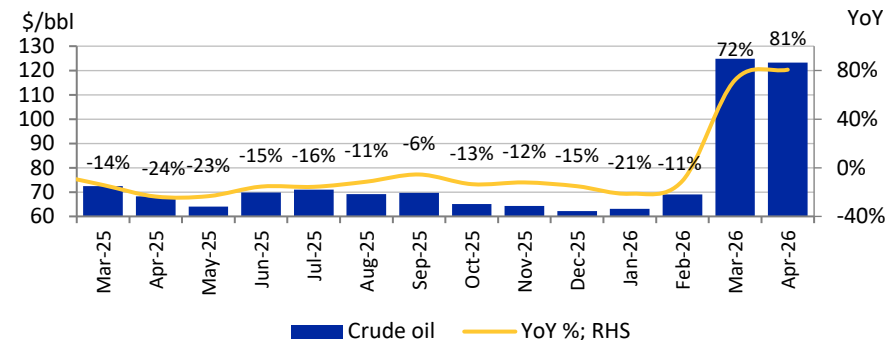
OUTLOOK: Global commodity prices surged to decade highs in early-April 2026, amid tensions in West Asia

EXHIBIT: Trends in the Bloomberg commodity price Index



*Data for FY2027 is up to April 14, 2026; Source: Refinitiv, ICRA Research

EXHIBIT: Trends in prices of Indian basket of crude oil

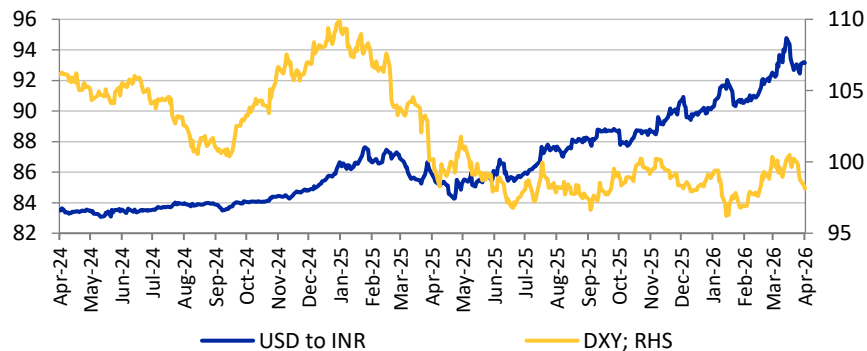


*Data for April 2026 is up to April 10; Source: PPAC, CEIC, ICRA Research

- Against the backdrop of a prolonged West Asia conflict and the resulting supply constraints triggered from the disruption in the Strait of Hormuz, global commodity prices have remained elevated since March 2026, with the Bloomberg commodity price index rising further by 2.6% MoM during April 1-14, 2026 following the 11.0% surge in March 2026. On a YoY basis, the index is up ~32% in April 2026 so far (vs. +25% in March 2026). Notably, during these two months (until April 14), the index has also exceeded the levels seen during the initial months of the Russia-Ukraine war (February-April 2022).
- Following a sharp sequential surge in March 2026 (+81% MoM to \$124.9/bbl), the average price of the Indian basket of crude oil dipped slightly by 1.3% MoM to \$123.2/bbl during April 1-10, 2026, albeit trending significantly higher than the average of ~\$67/bbl seen during April-February FY2026. On a YoY basis, it is up by a sharp ~72% in March 2026 and ~81% in April 2026 so far, following the sustained YoY contraction seen since February 2025. **In the near term, price action is likely to be driven by geopolitics and logistics rather than typical demand-supply balances. Given the uncertain conflict dynamics, the near-term outlook for crude price remains volatile with upside risks.**
- Given the 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 rises by 80-100 bps.**

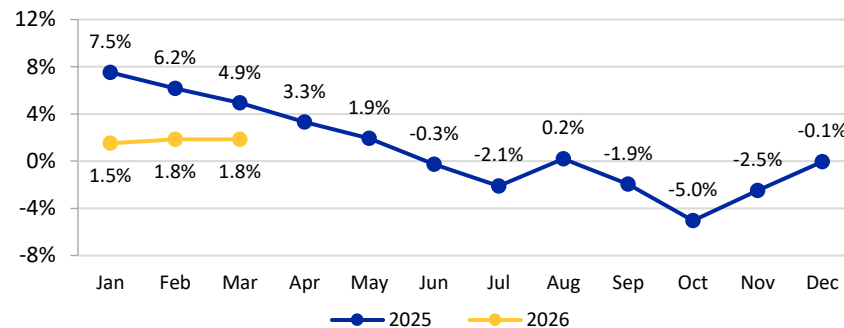
OUTLOOK: WPI inflation to harden to 39-month high of ~4.8% in April 2026

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



*Data for April 2026 is up to April 14; 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 depreciated by a sharp 9.4% in FY2026, performing worse than most other EM currencies. Between end-February 2026 and end-March 2026, the pair depreciated by 2.6%, amid the persistence of the conflict in West Asia, while the DXY jumped by 2.4% MoM (led by safe-haven demand).
- Notably, the USD/INR pair closed at a record low of 94.78 on March 27, 2026. However, in April 2026 so far, it has averaged at 92.9, likely supported by RBI's forex market interventions, as well as softening in the DXY. The pair has appreciated by 0.3% to 93.1 as on April 14, 2026 relative to end-March 2026 vis-à-vis a dip of 1.8% in DXY, during this period. **Notwithstanding the recovery in the USD/INR pair, elevated shipping, freight and input prices are expected to continue to weigh on the landed cost of imports, thereby exerting upward pressure on the WPI print for April 2026.**
- **Given these developments and an unfavourable base, ICRA expects the YoY WPI inflation to jump to a 39-month high of ~4.8% in April 2026 (+0.9% in April 2025) from 3.9% in March 2026 (+2.2% in March 2025).**
- **Assuming an average crude oil price of \$85/bbl for FY2027, ICRA pegs the WPI inflation to average at ~3.5%, with sizeable upside risks, including those stemming from a deficient monsoon owing to potential El Nino developments.**

Table A.1: Trend in Monthly WPI Inflation

	Weight	YoY Inflation				MoM
		January-26	January-26	February-26	March-26	March-26
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	1.8%	1.7%	2.1%	3.9%	1.6%
Primary Articles	22.62	2.2%	2.3%	3.3%	6.4%	2.3%
- Food	15.26	1.6%	1.7%	2.2%	1.9%	-0.8%
- Non-Food	4.12	7.6%	7.7%	8.8%	11.5%	-0.2%
- Minerals	0.83	12.8%	11.4%	11.1%	3.2%	0.1%
- Crude Petroleum and Natural Gas	2.41	-7.8%	-7.8%	-2.6%	36.0%	36.2%
Fuel and Power	13.15	-4.0%	-4.0%	-3.8%	1.1%	4.1%
- Coal	2.14	1.8%	1.8%	1.8%	1.8%	0.0%
- Minerals Oils	7.95	-5.6%	-5.6%	-5.4%	3.5%	8.8%
- Electricity	3.06	-3.6%	-3.6%	-3.0%	-6.0%	-5.1%
Manufactured Products	64.23	2.9%	2.6%	2.9%	3.4%	0.9%
- Food	9.12	1.2%	1.3%	1.1%	1.8%	1.5%
- Non-Food	55.11	3.2%	2.9%	3.3%	3.7%	0.7%

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
		January-26 Initial	January-26 Revised	February-26 Initial	March-26 Initial	March-26 Initial
Non-Food Manufactured Products	55.11	3.2%	2.9%	3.3%	3.7%	0.7%
Beverages	0.91	1.0%	1.0%	0.8%	0.4%	-0.4%
Tobacco Products	0.51	1.4%	1.2%	6.3%	5.4%	0.3%
Textiles	4.88	2.5%	2.3%	3.3%	4.9%	1.3%
Wearing Apparel	0.81	2.1%	2.0%	2.1%	1.8%	-0.2%
Leather and Related Products	0.54	0.8%	0.9%	1.6%	3.0%	0.6%
Wood and Products of Wood and Cork	0.77	1.1%	1.1%	0.9%	1.1%	0.3%
Paper and Paper Products	1.11	0.6%	0.8%	-0.4%	0.9%	1.1%
Printing and Reproduction of Recorded Media	0.68	0.6%	0.6%	0.3%	0.2%	-0.2%
Chemicals and Chemical Products	6.47	0.3%	0.5%	0.7%	2.2%	1.5%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	0.5%	0.3%	0.6%	1.3%	0.5%
Rubber and Plastics Products	2.30	-0.9%	-0.6%	-0.5%	1.0%	1.5%
Other Non-Metallic Mineral Products	3.20	0.9%	0.8%	0.3%	1.3%	0.3%
Basic Metals	9.65	6.0%	3.2%	4.4%	4.0%	0.8%
Fabricated Metal Products, except Machinery and Equipment	3.15	0.9%	1.0%	0.1%	-0.1%	-0.1%
Computer, Electronic and Optical Products	2.01	0.2%	0.2%	-0.2%	0.0%	-0.1%
Electrical Equipment	2.93	2.7%	3.3%	3.5%	3.7%	0.2%
Machinery and Equipment	4.79	1.4%	1.3%	1.4%	0.9%	-0.2%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.3%	0.2%	0.3%	0.4%	0.2%
Other Transport Equipment	1.65	5.0%	5.0%	4.9%	4.2%	1.0%
Furniture	0.73	1.5%	1.5%	1.9%	1.2%	0.3%
Other Manufacturing	1.06	47.8%	52.7%	54.0%	54.8%	3.8%

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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