

WHOLESALE PRICE INDEX

WPI inflation soared to 8.3% in April 2026; set to cross 9% in May, amid continued passthrough of conflict-led energy price shock

MAY 2026





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WPI inflation surged to a 42-month high of 8.3% in April 2026 from 3.9% in March, exceeding ICRA's forecast.

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

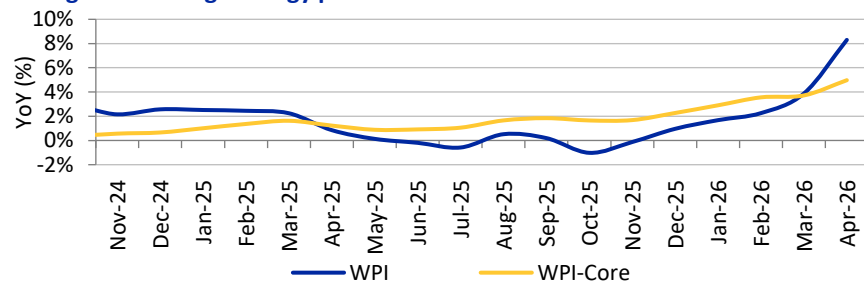
WPI inflation is set to exceed ~9.0% in May 2026, given elevated commodity and energy prices as well as weak USD/INR pair.

The YoY WPI inflation soared to a 42-month high of 8.3% in April 2026 from 3.9% in March 2026, led by the energy-related segments, reflecting the fallout of the West Asia crisis and the depreciation in the USD/INR pair. The fuel and power, and crude petroleum and natural gas segments accounted for as much as 356 bps of the 442 bps uptick in the headline WPI print between these months. Looking ahead, the WPI inflation is set to surpass 9% in May 2026, amid early trends of hardening in food items like edible oils, milk, etc., as well as continued pass-through of rising energy and commodity prices, and a low base. Given the relatively faster transmission of energy price shock to the WPI inflation vis-a-vis the CPI inflation, the wedge between the two soared to 482 bps in April 2026 from 47 bps in March, reinforcing our expectation that the CPI inflation would exceed 4% in May 2026.

- **April 2026 WPI inflation spiked to 8.3%:** The WPI inflation surged to a higher-than-expected 42-month high of 8.3% in April 2026 (ICRA's forecast: +5%) from 3.9% in March 2026, led by the energy-related segments, reflecting the fallout of the West Asia crisis. Fuel and power, and crude petroleum and natural gas segments were the primary drivers of the sharp upswing, accounting for as much as 356 bps of the 442 bps uptick in the WPI print between these months.
- **Core-WPI inflation hardened to 5.0% in April 2026, while food inflation printed at a benign 2.3%:** The YoY core WPI inflation print hardened to a 43-month high of 5.0% in the month, with a sharp sequential surge of 1.5%, mainly attributed to higher commodity prices and a depreciating USD/INR pair. While WPI-food inflation also edged higher, it remained relatively contained at 2.3% in April 2026 (+1.8% in March 2026).
- **WPI inflation to surpass 9% in May 2026:** Food prices have hardened in early-May 2026 relative to the April 2026 levels, in line with the normal seasonal trend, which is likely to push up the YoY WPI-food inflation print further in the ongoing month. This along with the continued passthrough of elevated energy and commodity prices, and the depreciation in the USD/INR pair, is expected to push the WPI print for May 2026 above 9%. With the sharp increase in the WPI inflation in April 2026, the wedge between the CPI and the WPI prints widened to a 44-month high of 482 bps in April 2026 from muted 47 bps in March 2026, amid a relatively faster transmission of rise in energy and other commodity prices into the former vis-a-vis the latter. This reinforces our expectation that the CPI inflation would cross 4% in May 2026. Nevertheless, the MPC may remain on hold in the June 2026 policy review given the lack of visibility about the duration of the West Asia conflict and the transience of the current price shock.

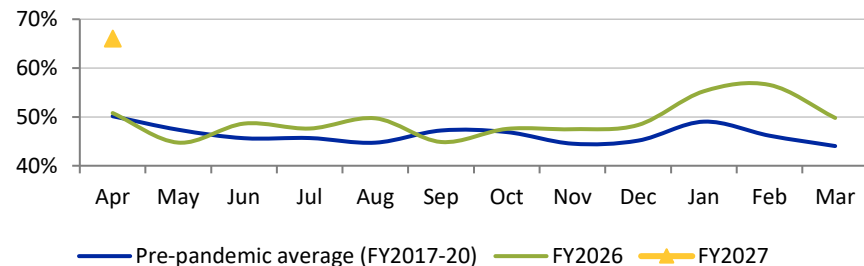
WPI inflation soared to 42-month high 8.3% in April 2026, reflecting transmission of conflict-led spike in energy prices

EXHIBIT: Headline WPI inflation soared to a 42-month high of 8.3% in April 2026 (+3.9% in March 2026), surpassing ICRA's est of 5.0%, owing to pass-through of the surge energy prices amid West Asia war



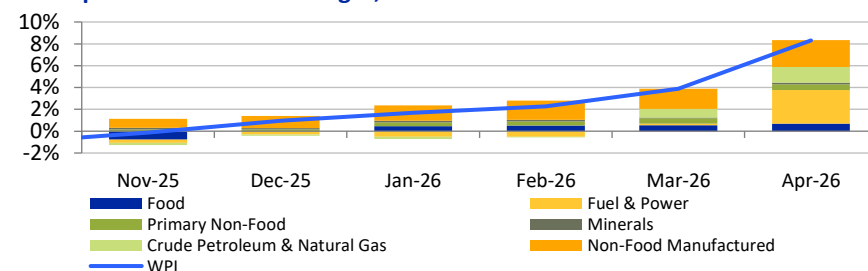
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: The share of items in WPI basket* reporting a sequential increase in prices spiked to 66% in April 2026 from 50% in March 2026, while printing almost 16pp higher than pre-pandemic average for April



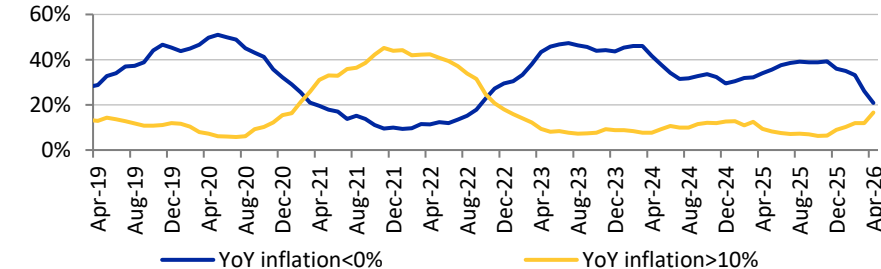
*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; CEIC; ICRA Research

EXHIBIT: Fuel and power (+293 bps) heavily contributed to the spike in April 2026 WPI print compared to March 2026, followed by 63-64 bps each from crude petroleum and natural gas, and core-WPI items



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

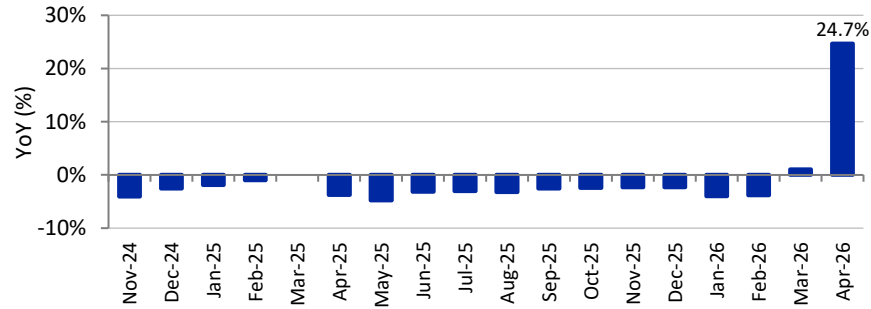
EXHIBIT: Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) rose to 16.5% in April 2026 (+12% in March 2026), the highest in last 40 months



*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

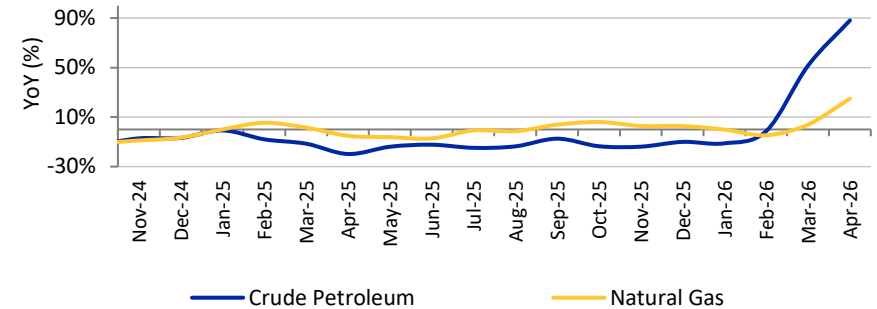
Inflation for fuel and power, crude oil and natural gas surged to double digits in April 2026

EXHIBIT: Trends in WPI inflation for fuel and power



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

EXHIBIT: Trends in WPI inflation for crude petroleum and natural gas

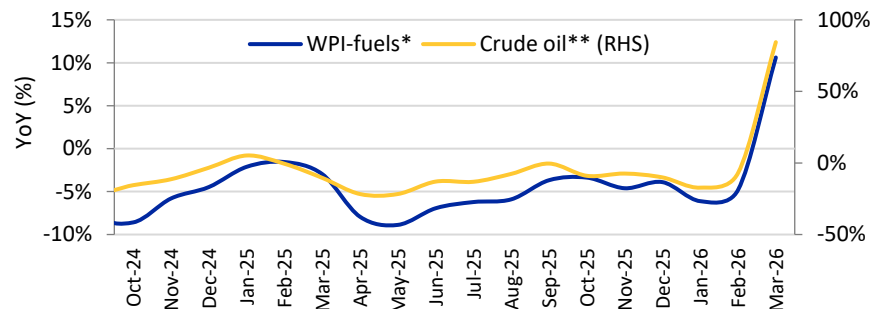


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

- The WPI-fuel and power inflation surged to a 42-month high of 24.7% in April 2026 (-3.8% in April 2026) from 1.1% in March 2026 (flat in March 2025), reflecting the passthrough of the surge in global energy prices amid the West Asia crisis. This was entirely driven by the surge in inflation in mineral fuels (to +39.5% in April 2026 from +3.5% in March 2026) and narrowing deflation in electricity (to -0.9% from -6.0%), even as the YoY inflation in the coal (to 1.4% from 1.8%) eased.
- Additionally, sustained tensions and the depreciation in USD/INR pair also exerted an upward pressure on the prices of crude petroleum (YoY: 54-month high +88.1% in April 2026 vs. +51.6% in March 2026) and natural gas (31-month high +24.9% vs. +3.9%).
- On a sequential basis, the crude petroleum WPI rose by ~17% in April 2026, slightly higher than the rise in Brent crude oil prices (+14%). However, this stood in contrast with the MoM dip of 8.3% displayed by the Indian basket of crude oil, which may have been on account of the change in composition mix of sweet (Brent) and sour (Oman and Dubai) grades imported by refiners each month. This suggests that the April 2026 index for crude petroleum may be overestimated and some recalibration may be required to account for the increase in crude oil prices for Indian basket instead of only Brent.

WPI-fuel index surged to 43-month high of 45.5% in April 2026

EXHIBIT: YoY trends in WPI-fuel index and crude oil prices (Indian basket)



*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

EXHIBIT: YoY trends in fuel and power sub-indices

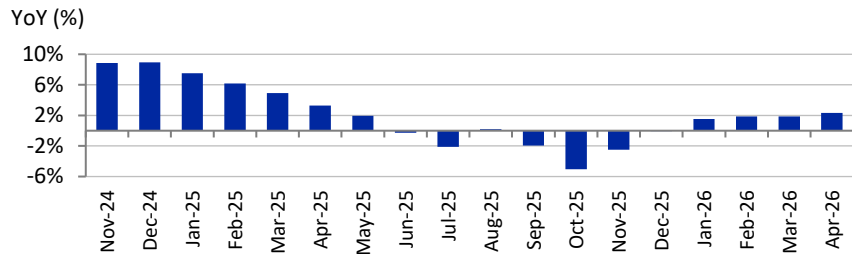
YoY (%)	Weight in WPI (%)	Feb-26	Mar-26	Apr-26
Fuel & Power	13.2%	-3.8%	1.1%	24.7%
-Mineral Oils	7.9%	-5.4%	3.5%	39.5%
o/w Petrol	1.6%	-5.4%	2.5%	32.4%
HSD	3.1%	-3.7%	3.3%	25.2%
ATF	0.3%	-5.0%	1.6%	142.6%
-Coal	2.1%	1.8%	1.8%	1.4%
-Electricity	3.1%	-3.1%	-6.0%	-0.9%

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

- After reporting a YoY deflation since September 2024, the WPI fuel index reverted to an inflation of 10.6% in March 2026, before surging further to a 43-month high of 45.5% in April 2026. Notably, it accounted for 341 bps of the 442 bps increase in the headline print in April 2026 vs. March 2026. This was largely driven by the spike in the inflation for mineral oils (to +39.5% from +3.5%), owing to the sharp increase in petrol (to +32.4% from +2.5%) and HSD (to +25.2% from +3.3%) prices for industrial use, even as the retail selling prices for the same have been kept unchanged.
- The price of domestically produced natural gas prices (Government notified, on GCV basis) surged by ~58% MoM in April 2026, larger than the 14.8% uptick seen in the WPI-Natural gas index.
- The sizeable jump in inflation across some fuel segments between March 2026 and April 2026, suggests that the former may be revised upwards when the final numbers for the month are released in June 2026.

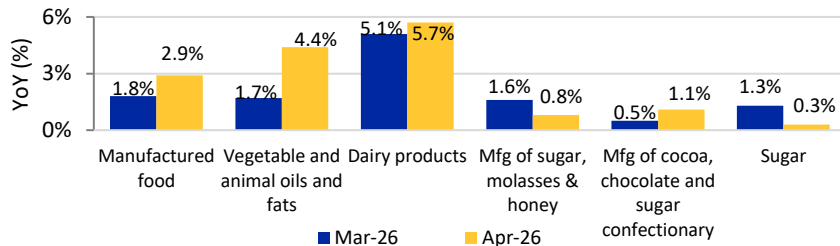
WPI-food inflation inched up, while remaining benign at 2.3% in April 2026

EXHIBIT: WPI-food inflation hardened to a 12-month high of 2.3% in April 2026 from 1.8% in March 2026, printing slightly higher than our estimates, while remaining benign



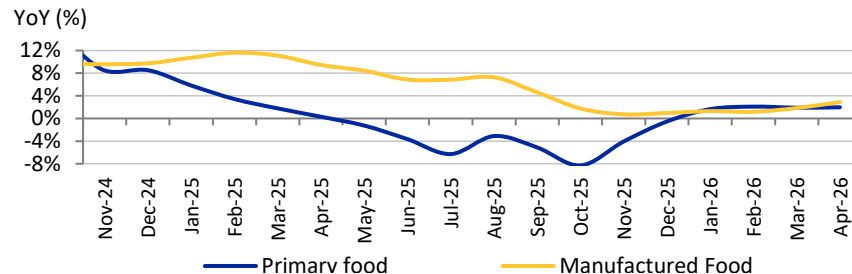
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Within manufactured food products, some items like oils and fats (surge in imported cost post conflict) and dairy products have witnessed higher YoY inflation prints in April 2026 vs. March 2026



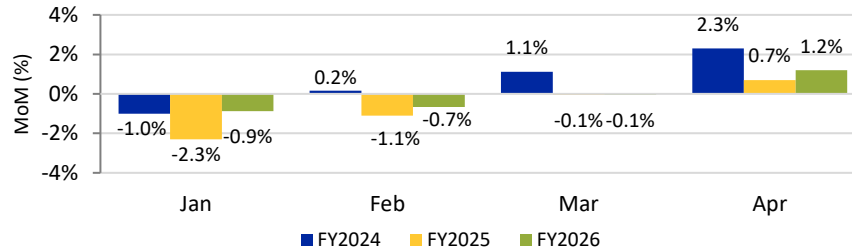
Foodgrains includes cereals and pulses; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: This was driven by an uptick in inflation for manufactured food products (weight: 9%; to +2.9% from +1.8%) even as primary food inflation (weight: 15%; to +2.0% from +1.9%) inched up mildly



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

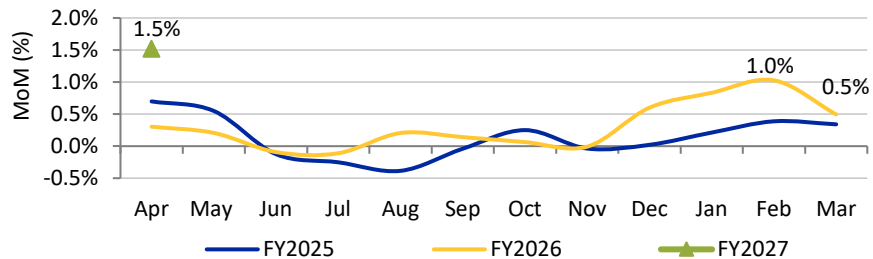
EXHIBIT: On a sequential basis, the WPI-food index was 1.2% higher in April 2026 (highest since November 2025), as against 0.7% uptick seen in the year-ago month, entirely led by manufactured food products (+0.7% vs. -0.3%)



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

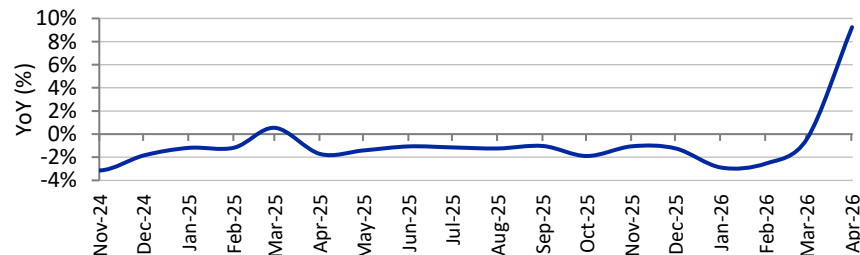
Core-WPI up by 1.5% MoM in April 2026, amid spike in global commodity prices and weak USD/INR pair

EXHIBIT: The core-WPI index rose by 1.5% MoM in April 2026 (+0.5% in March 2026), much higher than the 0.3% rise in April 2025, amid sharp sequential uptick in global commodity prices and USD/INR depreciation



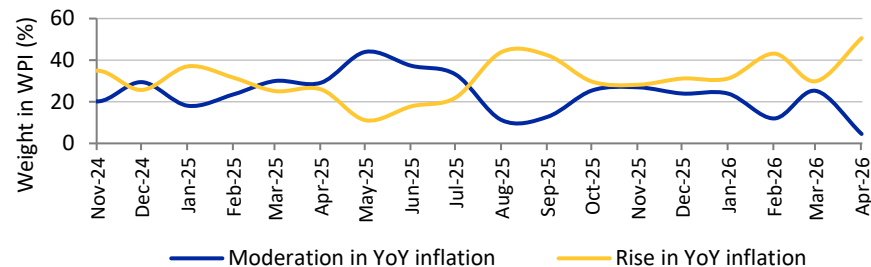
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: After a gap of 12 months, the WPI-farm inputs sub-index reverted to an inflation of 9.2% in April 2026 (-0.4% in Mar 2026), given the spike in fertilisers and HSD prices, owing to the West Asia conflict



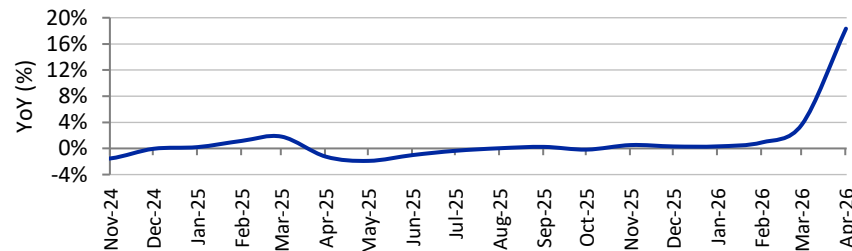
*Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: As many as 17 of the 21 sub-sectors of core-WPI, with a sizeable weight of ~51% in the WPI saw a higher YoY print in April 2026; this was led by items such as basic metals, chemicals, textiles, electrical equipment, etc.



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

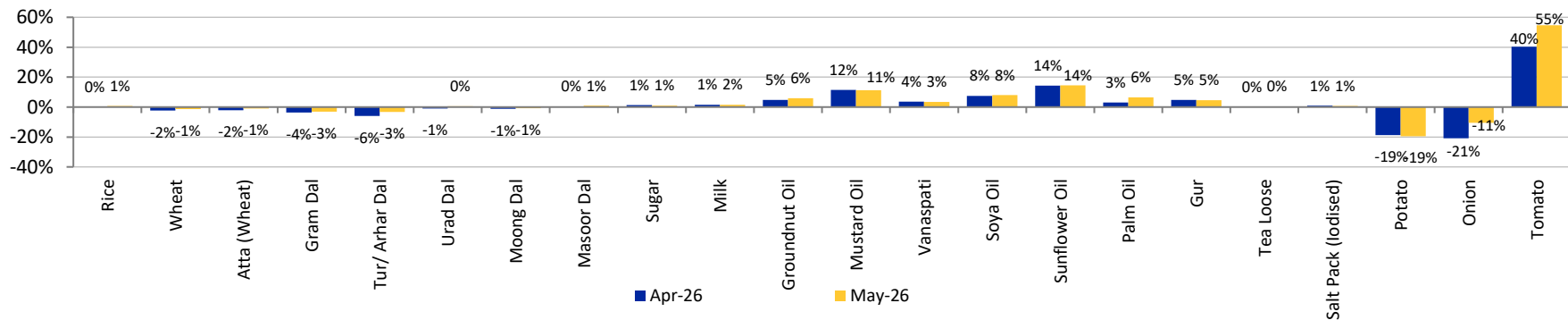
EXHIBIT: Similarly, the inflation for WPI-Industrial raw materials[^] surged to a 43-month high of 18.3% in April 2026 from 3.6% in March 2026, driven by higher inflation for ATF (+143%), naphtha (+95%), HSD (+25%), etc.



[^]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: WPI Food inflation to harden to 13-month high of ~3.2% in May 2026

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

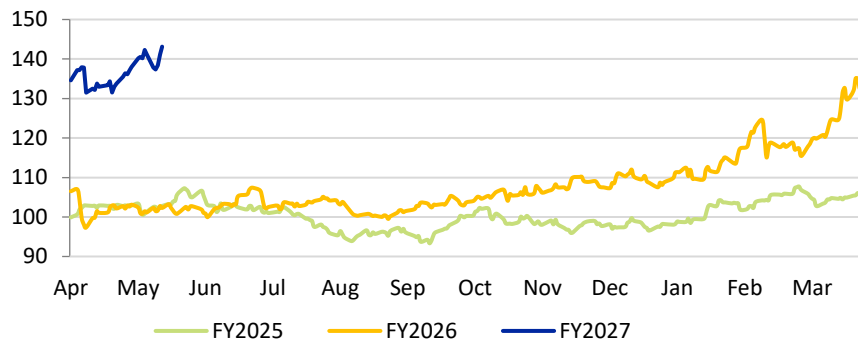


*Till May 12, 2026; Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the early data for May 2026 (until May 12), the average wholesale prices of as many as 16 of the 22 available food items have hardened sequentially in the month, including wheat, few pulses, milk (seasonal production constraints), all edible oils (amid significant reliance on imports), *gur*, sugar, salt, etc. Additionally, vegetable prices have firmed in May 2026 so far, driven by supply disruptions, and a tightening supply-demand balance. Tomato prices have risen sharply by 20.7% MoM to Rs. 25.9/kg during May 1-12, 2026. While potato prices have inched up by 2.2% MoM so far this month, onion prices remained broadly unchanged.
- Milk prices have been hiked by Rs. 2/litre nationwide from May 14, 2026, owing to the increase in cattle feed and logistical costs, which would further weigh on the food inflation print. However, the recent export ban on all types of sugar till September 2026 would partially arrest the ongoing uptick in sugar prices.
- As many as 16 of the 22 wholesale food items reported an uptick in their YoY prints during May 1-12, 2026 vis-à-vis April 2026. These include items such as rice, wheat, *atta*, all pulses, milk, some edible oils, loose tea, tomato, and onion. Notably, double-digit inflation was seen across edible oils (led by mustard and sunflower oil; in the range +11-14% YoY), and tomato (+54.7% YoY vs. +40.2% YoY in April 2026; amid a low base).
- Considering these trends and an unfavourable base, ICRA expects the YoY WPI-food inflation to surge to a 13-month high of ~3.2% in May 2026 (+1.9% in May 2025) from 2.3% in April 2026 (+3.3% in April 2025).**

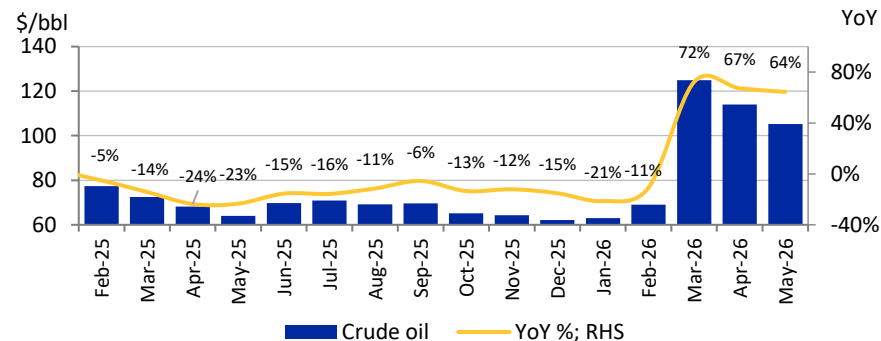
OUTLOOK: Global commodity prices continued to soar in May 2026

EXHIBIT: Trends in the Bloomberg commodity price Index



*Data for FY2027 is up to May 12, 2026; Source: Refinitiv, ICRA Research

EXHIBIT: Trends in prices of Indian basket of crude oil

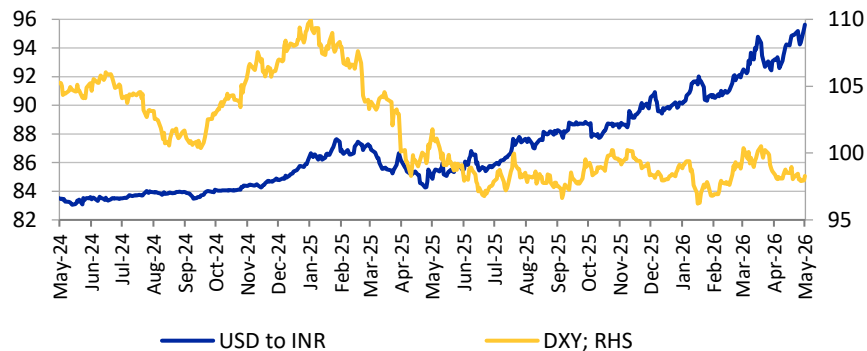


*Data for May 2026 is up to May 12; Source: PPAC, CEIC, ICRA Research

- Owing to the onset of the West Asia conflict at end-February 2026 and the consequent supply chain bottlenecks amid the disruption in Strait of Hormuz, the Bloomberg commodity price index averaged ~18% higher during May 1-12, 2026 compared to its February 2026 average. This is led by a surge in prices of energy, industrial metals, and grains, that offset the easing seen in precious metals. The index is up 3.6% MoM (+3.0% in April 2026) and 37.7% YoY (vs. +32.7% YoY in April 2026) in May 2026 so far.
- Notwithstanding sequential moderation from the peak levels, the average price of the Indian basket of crude oil remained elevated at \$105.3/bbl during May 1-12, 2026, with the YoY growth easing only slightly to 64.4% from 67.2% in April 2026. **The impact of the UAE's exit from the OPEC on bringing down oil prices later in the year is currently not known; this could partly offset the stickiness in oil prices imparted by the damage to infrastructure in the aftermath of the West Asia conflict. Nevertheless, the near-term outlook for crude oil price remains volatile given uncertainty emanating from the West Asia conflict.**
- 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.

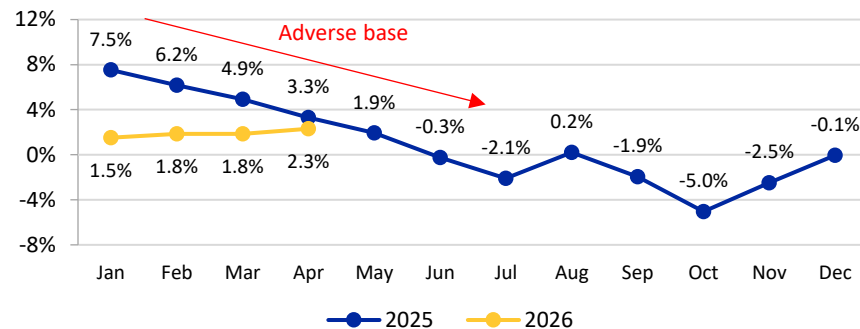
OUTLOOK: WPI inflation expected to cross ~9.0% in May 2026

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



*Data for May 2026 is up to May 12; 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

- Amid concerns around prolonged geopolitical tensions and sustained supply chain disruptions driving up global energy and commodity prices, as well as worsening external imbalances, the USD/INR pair closed at a record low of 95.63 on May 12, 2026. The pair has averaged at 94.92 during May 1-12, 2026, down 1.6% relative to average of 93.43 in April 2026. Since the start of the West Asia conflict, the USD/INR pair has depreciated by 5.0% as on May 12, 2026 (relative to end-February 2026), even as the DXY has only strengthened slightly by 0.7% during the period.
- Elevated shipping, freight and input prices coupled with steep depreciation in USD/INR pair, are expected to weigh on the landed cost of imports, thereby exerting upward pressure on the WPI print for May 2026. With the sharp increase in the WPI inflation in April 2026, the wedge between the CPI and the WPI prints widened to a 44-month high of 482 bps in the month from a relatively mild 47 bps in March 2026, amid a relatively faster transmission of rise in energy and other commodity prices into the former category vis-a-vis the latter.
- Given these adverse developments and an unfavourable base, ICRA expects the YoY WPI inflation to rise above ~9.0% in May 2026 (+0.1% in May 2025) from 8.3% in April 2026 (+0.9% in April 2025). At present, we expect the WPI inflation to average 6.5-7.0% in FY2027, after printing sub-1% (on an average) over the last three years.

Table A.1: Trend in Monthly WPI Inflation

	Weight	YoY Inflation				MoM
		February-26	February-26	March-26	April-26	April-26
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	2.1%	2.3%	3.9%	8.3%	3.9%
Primary Articles	22.62	3.3%	3.2%	6.4%	9.2%	2.6%
- Food	15.26	2.2%	2.1%	1.9%	2.0%	1.4%
- Non-Food	4.12	8.8%	8.6%	11.5%	12.2%	-0.9%
- Minerals	0.83	11.1%	11.5%	3.2%	12.1%	0.9%
- Crude Petroleum and Natural Gas	2.41	-2.6%	-2.4%	36.0%	67.2%	16.4%
Fuel and Power	13.15	-3.8%	-3.8%	1.1%	24.7%	18.2%
- Coal	2.14	1.8%	1.8%	1.8%	1.4%	0.0%
- Minerals Oils	7.95	-5.4%	-5.4%	3.5%	39.5%	29.4%
- Electricity	3.06	-3.0%	-3.1%	-6.0%	-0.9%	-2.5%
Manufactured Products	64.23	2.9%	3.1%	3.4%	4.6%	1.4%
- Food	9.12	1.1%	1.2%	1.8%	2.9%	0.7%
- Non-Food	55.11	3.3%	3.6%	3.7%	5.0%	1.5%

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
		February-26 Initial	February-26 Revised	March-26 Initial	April-26 Initial	April-26 Initial
Non-Food Manufactured Products	55.11	3.3%	3.6%	3.7%	5.0%	1.5%
Beverages	0.91	0.8%	0.5%	0.4%	0.4%	0.5%
Tobacco Products	0.51	6.3%	4.7%	5.4%	5.7%	0.1%
Textiles	4.88	3.3%	3.7%	4.9%	7.3%	2.6%
Wearing Apparel	0.81	2.1%	2.0%	1.8%	2.2%	0.2%
Leather and Related Products	0.54	1.6%	1.7%	3.0%	1.2%	0.5%
Wood and Products of Wood and Cork	0.77	0.9%	1.1%	1.1%	1.5%	0.7%
Paper and Paper Products	1.11	-0.4%	-0.3%	0.9%	1.8%	0.6%
Printing and Reproduction of Recorded Media	0.68	0.3%	1.3%	0.2%	1.5%	0.8%
Chemicals and Chemical Products	6.47	0.7%	1.0%	2.2%	5.1%	3.4%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	0.6%	0.6%	1.3%	1.8%	1.0%
Rubber and Plastics Products	2.30	-0.5%	-0.2%	1.0%	2.1%	1.4%
Other Non-Metallic Mineral Products	3.20	0.3%	0.5%	1.3%	2.3%	0.7%
Basic Metals	9.65	4.4%	4.9%	4.0%	7.0%	3.3%
Fabricated Metal Products, except Machinery and Equipment	3.15	0.1%	-0.4%	-0.1%	0.6%	1.0%
Computer, Electronic and Optical Products	2.01	-0.2%	-0.2%	0.0%	-0.1%	0.3%
Electrical Equipment	2.93	3.5%	3.5%	3.7%	4.2%	0.3%
Machinery and Equipment	4.79	1.4%	1.8%	0.9%	1.9%	0.9%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.3%	0.4%	0.4%	0.5%	0.2%
Other Transport Equipment	1.65	4.9%	5.7%	4.2%	4.5%	0.9%
Furniture	0.73	1.9%	2.0%	1.2%	2.6%	1.3%
Other Manufacturing	1.06	54.0%	55.5%	54.8%	48.4%	-1.9%

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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