

# B2K Economy Bytes

WPI Inflation Trends June 2025

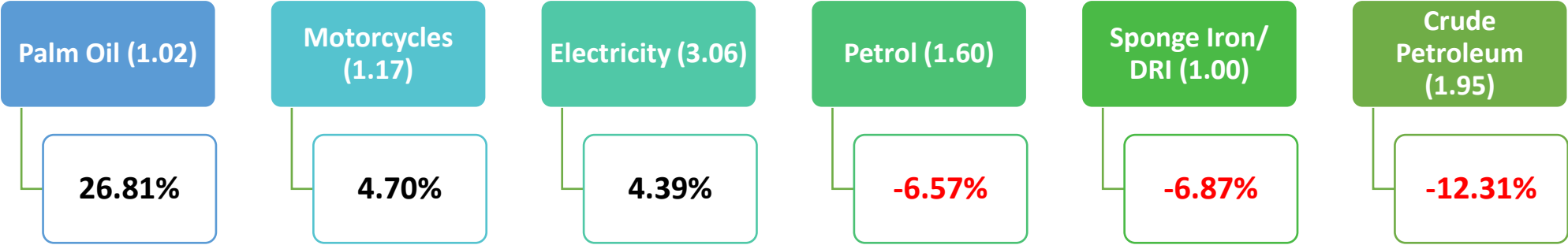
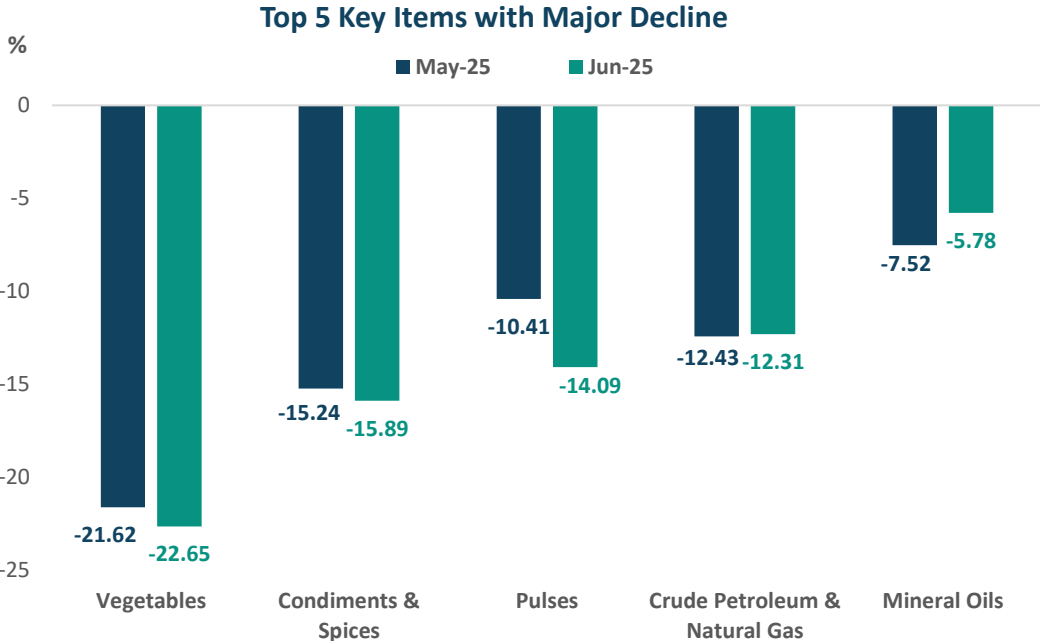
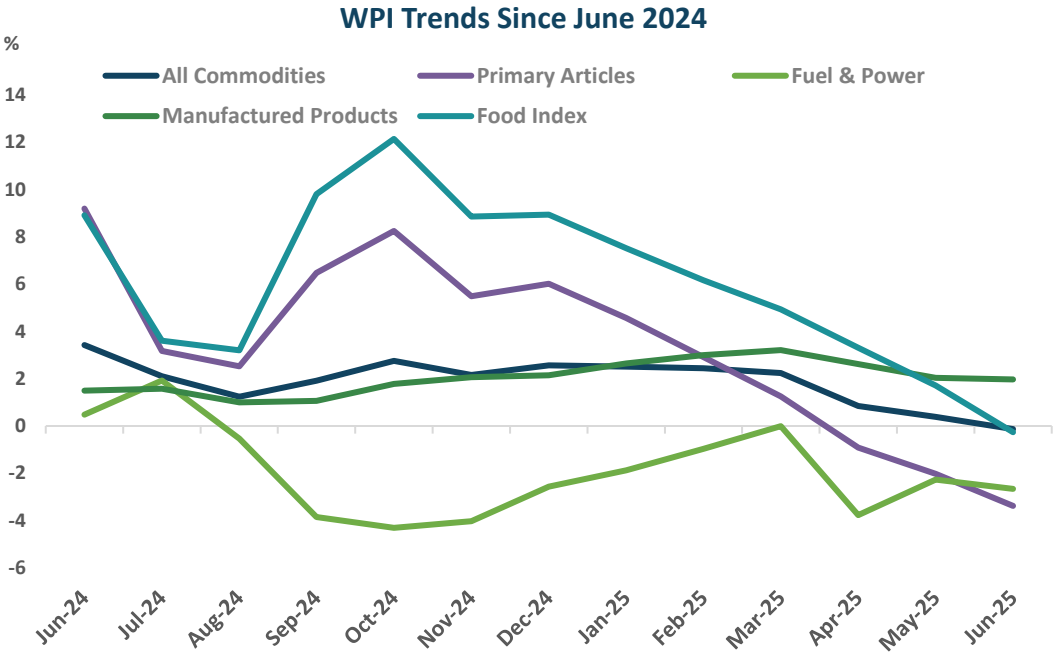


# First Negative WPI Inflation in Twenty Months

WPI Inflation Rates -Year on Year Changes							
WPI and Key Components	Weights	FY2025	Q1 FY2025	Q4 FY2025	Q1 FY2026	May-25	Jun-25
All Commodities	100	2.26%	2.45%	2.40%	0.37%	0.39%	-0.13%
Primary Articles	22.62	5.14%	7.28%	2.91%	-2.11%	-2.02%	-3.38%
Fuel & Power	13.15	-1.32%	0.20%	-0.95%	-2.90%	-2.27%	-2.65%
Manufactured Products	64.23	1.72%	0.78%	2.96%	2.21%	2.04%	1.97%
Food Index	24.38	7.28%	7.59%	6.20%	1.57%	1.72%	-0.26%
Non-Food Index	75.62	0.23%	3.39%	0.88%	-0.16%	-0.14%	-0.08%

- **WPI inflation rate** recorded negative at -0.13% in June 2025, first time since October 2023. Deflationary trend in prices of **Primary Articles** and **Fuel and Power** led the overall fall. The average **WPI Inflation Rate** for Q1FY2026 dropped to Q4FY2024 level.
- In **Primary Articles**, deflation in June was driven by **Vegetables** (-22.65%), **Condiments and Spices** (-15.89%), **Crude Petroleum & Natural Gas** (-12.31%) & **Pulses** (-14.09%).
- **Fuel and Power** prices continued to decline in June due to fall in **Mineral Oils** (-5.78%) while **Electricity** prices saw a moderate increase (4.39%).
- In **Manufactured Products**, only **Manufacture of Basic Metals** (-3.14%) reported deflation.
- **Q1FY2026 WPI Inflation Rates** fell from **Q1 FY2025** in all categories; **Manufactured Products** showed relatively lesser fall.
- Both **Food Index** and **Non-food Index** softened, while non –food index reported negative inflation for the third straight month.

# Food & Fuel Prices Drive Deflation



Note: Figures in bracket are weights in % in the overall basket  
Source: Office of the Economic Advisor, B2K Research

# Sharper Decrease in June Compared to May

WPI movement		
Sectors	Change in inflation rates June over May	Major Reason Driving the Change
All Commodities	-52	Inflation was dragged down by negative increase in primary articles and fuel and power index
Primary Articles	-136	Prices of vegetables, condiments and spices and pulses fell further in June
Fuel & Power	-39	Mineral oil prices declined in June while prices of electricity only increased moderately
Manufactured Products	-7	Prices fell in June due to deflation in manufacture of basic metal prices
Food Index	-198	Food index fell due to major fall in prices of vegetables and pulses

## Global Commodity Prices

- Continued global supply adjustments and subdued demand could drive the deflationary trend.
- The introduction of the new US tariffs likely to induce volatility in supply chains and higher inputs costs resulting in an upward pressure on imported commodities such as crude oil.
- **Crude petroleum and Natural Gas** prices have driven deflation in June, with **Crude Petroleum** (-12.31%) and **Fuel and Power** segments slipping into deflation (-2.65%). The trend is likely to reverse going forward.

## Monsoon and Food Inflation

- Expectation of a moderate 2% increase in total production of major agricultural crops in 2025-26, by supported by good southwest monsoon conditions, likely to keep food prices lower in the rest of the year.
- **WPI-food Inflation** reached a 2-year low of -0.26% in June 2025, led by cooling prices in **Vegetables** (-22.65%), **Pulses** (-14.09%), **Cereals** (+1.44%) and **Condiments and Spices** (-15.89%).

## Base Effect Vs Sticky Inflation in Key Categories

- A favourable base effect suppresses YoY comparisons. In FY2025, WPI inflation remained steady across categories.
- Edible oils (e.g., palm oil) inflation rate remained in double-digit since September 2024 following import duty hikes. Similar move from the government is likely to push the prices higher.



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The B2K team has experienced domain experts and industry practitioners who have provided such services and implemented solutions across institutions in different countries. As such, team members are experts in regulatory and management practices in these areas and have helped many clients in adopting best practices.

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