

# B2K Economy Bytes

WPI Inflation Trends May 2025



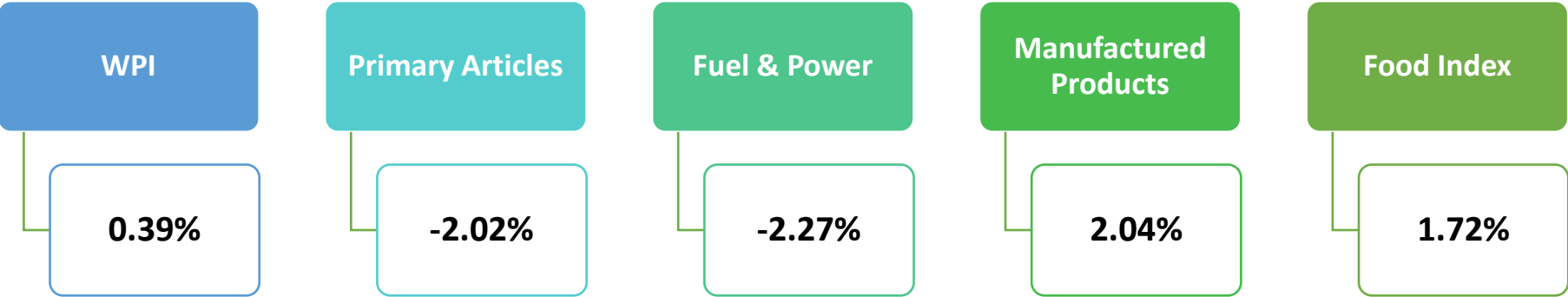
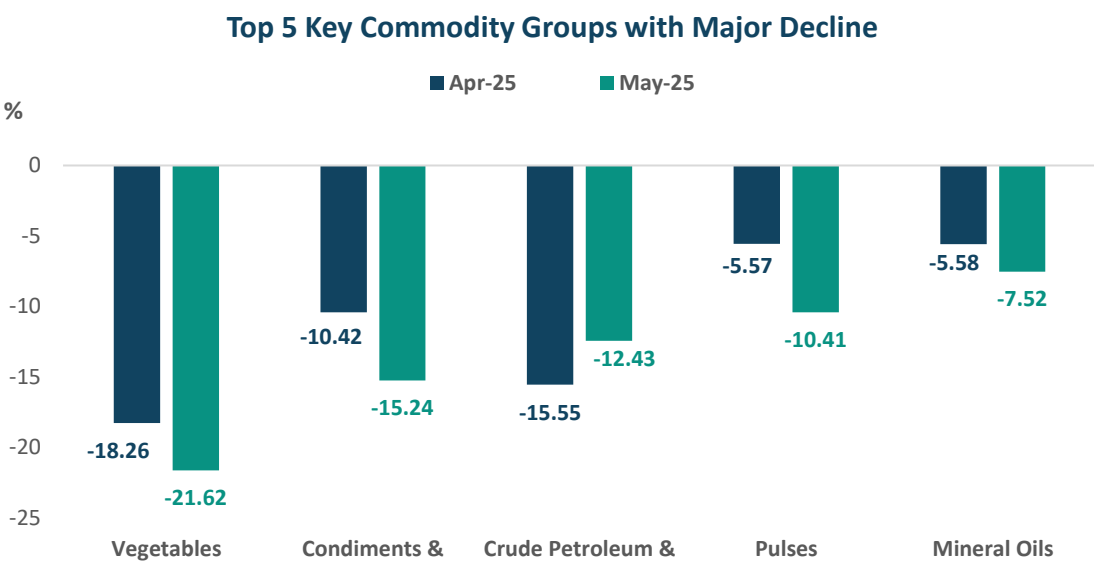
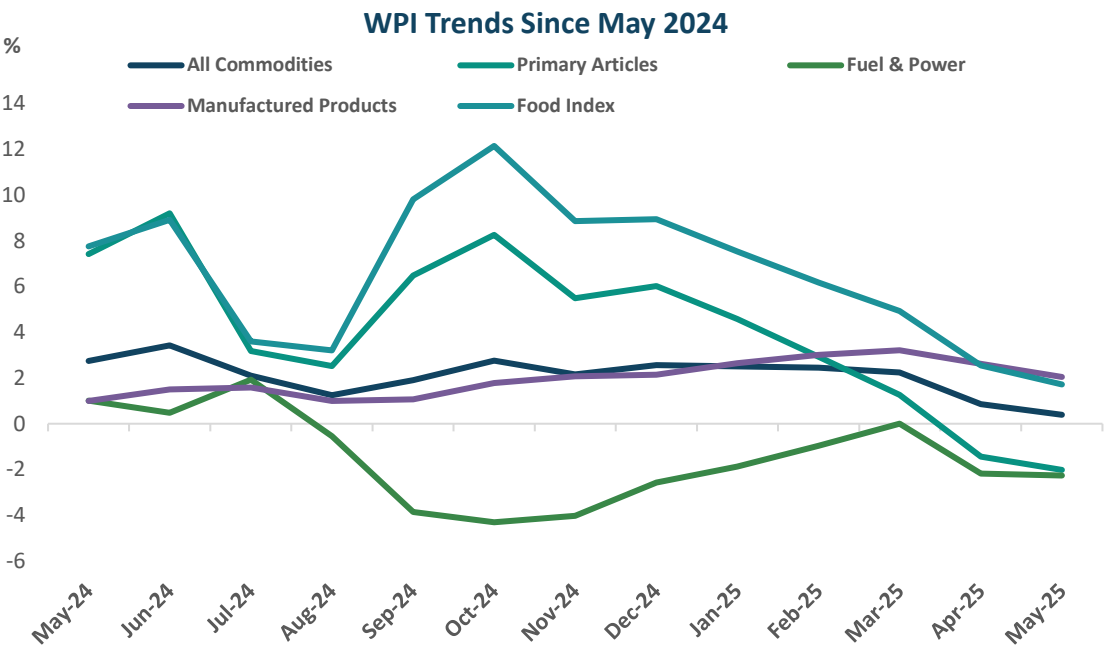
# Disinflation in WPI Continues

## WPI Inflation Rates -Year on Year Changes

WPI and Key Components	Weights	FY2025	Q1 FY2025	Q2 FY2025	Q3 FY2025	Q4 FY2025	Apr-25	May-25
All Commodities	100.00	2.26%	2.45%	1.75%	2.49%	2.40%	0.85%	<b>0.39%</b>
Primary Articles	22.62	5.14%	7.28%	4.03%	6.59%	2.91%	-1.44%	<b>-2.02%</b>
Fuel & Power	13.15	-1.32%	0.20%	-0.87%	-3.64%	-0.95%	-2.18%	<b>-2.27%</b>
Manufactured Products	64.23	1.72%	0.78%	1.21%	2.00%	2.96%	2.62%	<b>2.04%</b>
Food Index	24.38	7.28%	7.59%	5.47%	9.98%	6.20%	2.55%	<b>1.72%</b>

- In May 2025, the **WPI Inflation Rate** dropped to a one-year low of 0.39%. Inflation eased due to a fall in prices for **Primary Articles** and **Fuel and Power**.
- In **Primary Articles**, further disinflation in May was driven by **Vegetables** (-21.62%), **Condiments and Spices** (-15.24%), **Crude Petroleum & Natural Gas** (-12.43%) & **Pulses** (-10.41%).
- **Fuel and Power** prices continued to decline in May due to **Mineral Oils** (-7.52%) while **Electricity** prices witnessed a large increase (11.72%).
- In **Manufactured Products**, only **Manufacture of Basic Metals** (-3.11%) and **Manufacture of Computer, Electronic and Optical Products** (-0.16%) reported disinflation.

# Deflation in Food and Fuel Prices



## Global Commodity prices

**Crude petroleum and Natural Gas** prices have driven deflation, with **Crude Petroleum** witnessing deflation of -13.97% in May 2025. **Fuel and Power** segments slipped into deflation (-2.27% YoY in May 2025), contributing significantly to the headline WPI moderation.

- Continued global supply adjustments and subdued demand could maintain the deflationary trend.
- Any escalation in geopolitical tensions and tariff wars could inject volatility into supply chains and input costs and resulting an upward pressure on imported commodities.

## Monsoon and Food Inflation

**WPI-food Inflation** reached a 20-month low of 1.72% in May 2025, led by deflation in primary **Food Articles** (-1.56%) and cooling prices for **Vegetables** (-21.62%), **Pulses** (-10.41%), **Cereals** (+2.56%) and **Condiments and Spices** (-15.24%).

- Early monsoon forecasts (above-normal rainfall) and improved crop supply are likely to further ease food prices going forward.
- Seasonal factors such as flood or erratic monsoon may reverse earlier corrections.

## Base Effect Vs Sticky Inflation In Key Categories

- A favourable base effect from FY2025 (e.g., **WPI-Food Inflation** was +7.75% in May 2024) will suppress YoY comparisons.
- Edible oils (e.g., palm oil) continued with double-digit inflation from import duty hikes in September 2024. Similar changes may continue to impact the prices in the domestic markets.

### Authors

Varun Vijay - Research Analyst  
Anita Shetty - AVP Research

### Contacts

P: +91 8040409950/ 9742770001  
E: [info@b2kanalytics.com](mailto:info@b2kanalytics.com)  
W: [www.b2kanalytics.com](http://www.b2kanalytics.com)

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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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Telephone: + 91 97427 70001. Email: [info@b2kanalytics.com](mailto:info@b2kanalytics.com)

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