

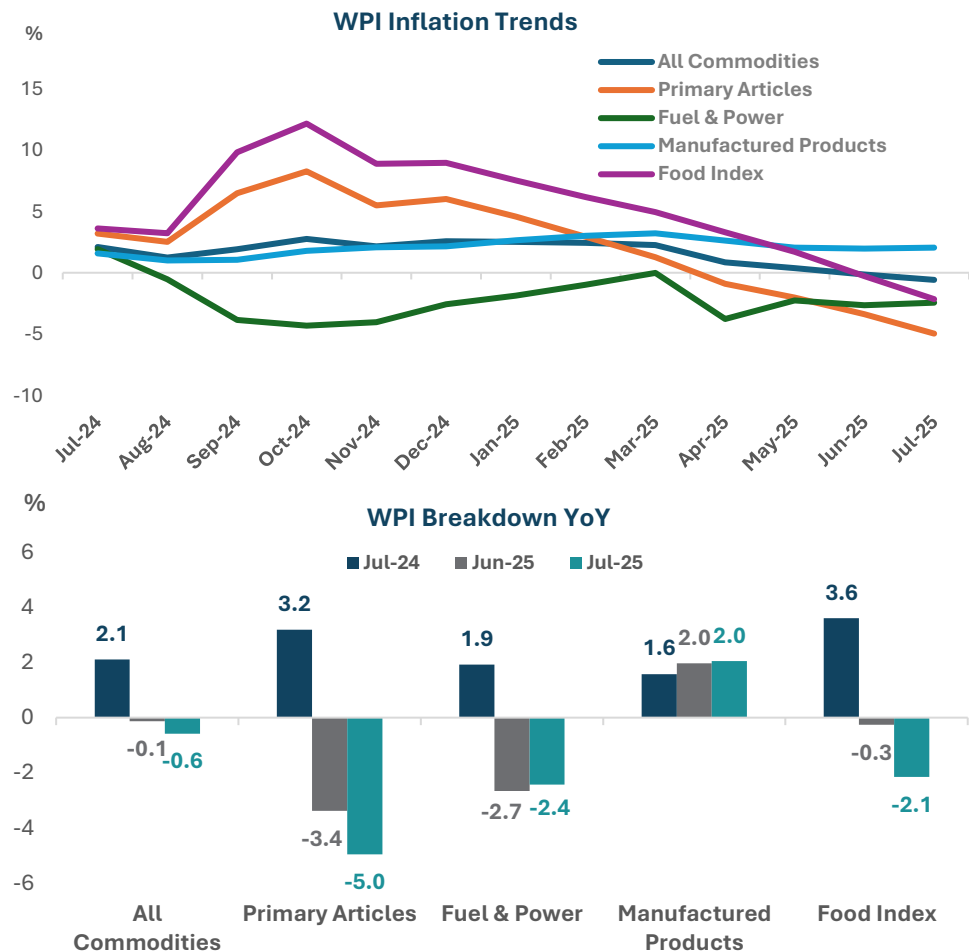
# INDIA | AUGUST 2025

## B2K Economy Bytes

### WPI Inflation-July 2025

- ❖ The WPI inflation rate has declined for the seventh consecutive month to -0.58% on a YoY basis, reaching its lowest level since July 2023. Falling food and fuel prices drove the decline with key items being OTP (Onion, Tomato, Potato) and Crude Petroleum.
- ❖ Category-wise, Food Articles were the main driver for deflation, falling to -6.29% (YoY) in July (-3.75% in June), followed by Crude Petroleum and Natural Gas (-11.15% YoY from -12.31% in June) and Manufacture of Basic Metals (-2.34% YoY from -3.14% in June).
- ❖ Within Food Articles, the largest contributor to the fall in prices was Vegetables which fell to -28.96% (YoY) in July from -22.65% in June.
- ❖ Manufactured Products was the only category to experience inflation for July due to a rise in prices for Manufacture of vegetable and animal oils and fats (22.04% YoY vs 23.05% in June), Manufacture of jewellery and related products (28.39% YoY vs 27.64% in June) and Manufacture of non-ferrous metals including precious metals (4.16% YoY vs 1.96% in June).

- Record foodgrain output in FY2025 contributed to lower wholesale food prices. WPI food inflation (-2.1%) recorded its lowest level in 10 years also due to high base effect.
- Fuel prices too fell as lower international crude oil prices reduced the base cost of domestic fuel. Additionally, domestic demand for fuel in July fell 4% on a YoY basis to 19.43 million tonnes from 20.24 million tonnes, according to data from the Petroleum Planning and Analysis Cell (PPAC) as the early monsoon reduced the demand for fuel due to disruption of economic activities.
- Inflation of manufacturing products stayed at around 2% as demand for manufactured items remained firm.

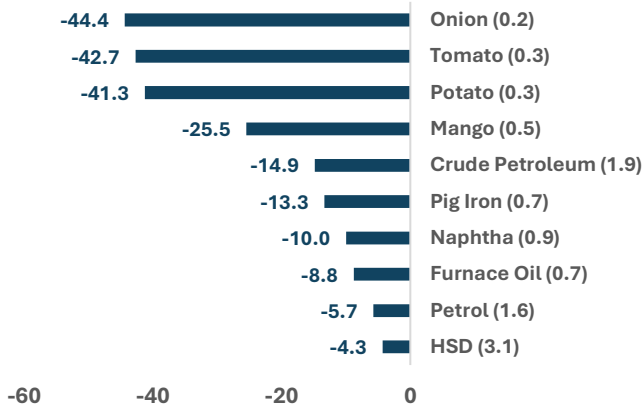


For more information refer to Annexure.

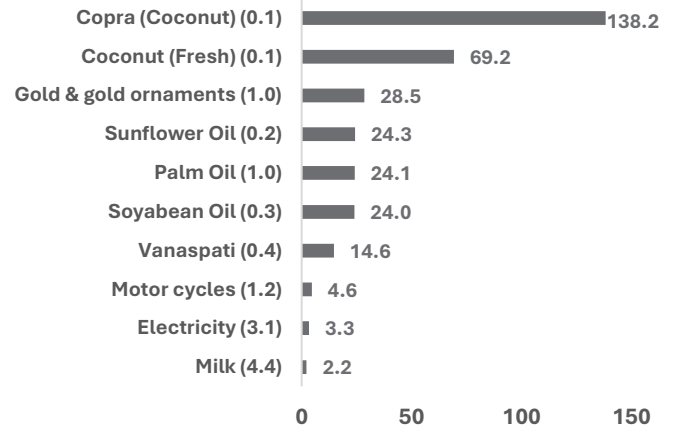
Source: CMIE, MoSPI, B2K Research

## Deflation in food and fuel driving overall deflation\*

Items with Highest Negative Inflation (%)

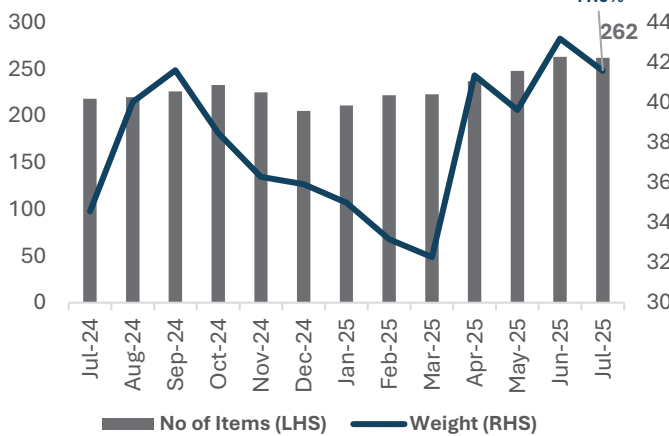


Items with Highest Inflation (%)

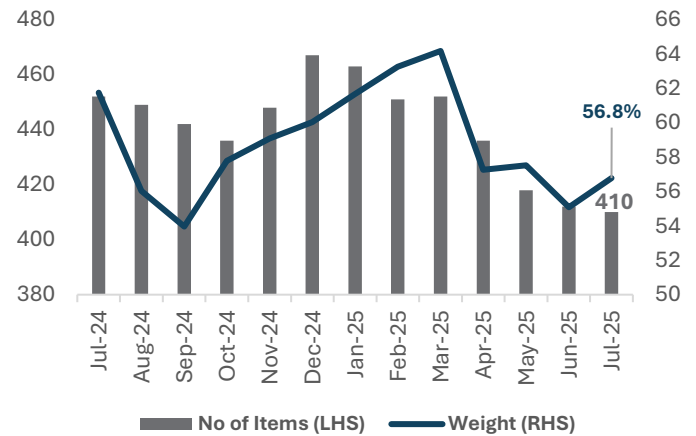


## Number of items experiencing inflation on declining trend

Items with Falling Prices



Items with Rising Prices



## Outlook

- ❖ With expectations of another record harvest in FY2026, boosted by the early monsoon, wholesale food prices are expected to remain subdued for a while.
- ❖ US EIA forecasts that the Brent crude oil prices will decline significantly in the coming months, falling from USD 71 per barrel (b) in July to USD 58/b on average in the fourth quarter of 2025. The anticipated drop in crude prices is expected to help India, the world's largest oil importer, and keep its import costs low.
- ❖ New US tariffs under Trump could strain trade, and collapse of the US India trade deal could prompt higher tariffs on India, disrupting supply chains and raising input costs.
- ❖ Overall, WPI inflation is likely to maintain a deflationary trend driven by easing food and fuel prices, although there may be a moderate upside risk on manufacturing prices which carry significant weight in the WPI basket.

\*: Number of items in WPI basket is 695, Number in brackets are weights, HSD: High Speed Diesel

For detailed WPI inflation and its components refer to Annexure.

Source: EIA, B2K Research

## Annexure

CPI Inflation Rates - Year on Year Changes in %							
WPI and Key Components	Weights (%)	FY2025	Q1 FY2025	Q4 FY2025	Q1 FY2026	Jun-25	Jul-25
<b>All Commodities</b>	<b>100.00</b>	<b>2.27</b>	2.45	2.40	0.37	-0.13	-0.58
<b>Primary Articles</b>	<b>22.62</b>	<b>5.18</b>	7.28	2.91	-2.11	-3.38	-4.95
Food Articles	<b>15.26</b>	<b>7.33</b>	9.72	3.67	-1.70	-3.75	-6.29
Non-Food Articles	<b>4.12</b>	<b>-0.42</b>	-3.24	3.20	1.78	2.29	3.40
Minerals	<b>0.83</b>	<b>5.20</b>	5.24	4.52	1.01	0.83	1.06
Crude Petroleum and Natural Gas	<b>2.41</b>	<b>-1.54</b>	8.96	-4.12	-13.46	-12.31	-11.15
<b>Fuel &amp; Power</b>	<b>13.15</b>	<b>-1.34</b>	0.20	-0.95	-2.90	-2.65	-2.43
Coal	<b>2.14</b>	<b>-0.59</b>	0.05	-0.29	0.61	0.81	0.52
Mineral Oils	<b>7.95</b>	<b>-1.77</b>	1.26	-1.65	-6.30	-5.78	-4.96
Electricity	<b>3.06</b>	<b>-0.62</b>	-2.76	0.59	4.99	4.39	3.31
<b>Manufactured Products</b>	<b>64.23</b>	<b>1.74</b>	0.78	2.96	2.21	1.97	2.05
Manufacture of food products	<b>9.12</b>	<b>7.21</b>	3.39	11.15	8.29	6.99	6.74
Manufacture of beverages	<b>0.91</b>	<b>1.94</b>	1.86	1.69	1.80	1.65	1.27
Manufacture of tobacco products	<b>0.51</b>	<b>2.46</b>	2.31	3.27	3.45	2.78	1.81
Manufacture of textiles	<b>4.88</b>	<b>1.24</b>	-0.02	1.91	0.56	0.15	-0.15
Manufacture of wearing apparel	<b>0.81</b>	<b>1.72</b>	1.83	1.96	1.62	2.17	2.50
Manufacture Of Leather and Related Products	<b>0.54</b>	<b>0.91</b>	0.16	2.26	2.85	2.41	2.57
Manufacture of wood and of products of wood and cork	<b>0.77</b>	<b>1.81</b>	3.29	0.60	0.62	0.60	0.47
Manufacture of paper and paper products	<b>1.11</b>	<b>-0.76</b>	-5.13	1.71	1.71	1.52	0.94
Printing and reproduction of recorded media	<b>0.68</b>	<b>2.76</b>	3.98	3.25	2.32	2.38	2.04
Manufacture of chemicals and chemical products	<b>6.47</b>	<b>-0.30</b>	-2.56	1.03	1.01	0.59	0.22
Manufacture of pharmaceuticals, medicinal chemical and botanical products	<b>1.99</b>	<b>1.01</b>	0.56	1.07	1.25	1.32	0.90
Manufacture of rubber and plastics products	<b>2.30</b>	<b>1.21</b>	0.55	1.54	1.04	0.47	0.00
Manufacture of other non-metallic mineral products	<b>3.20</b>	<b>-2.39</b>	-2.22	-0.85	0.73	1.91	2.69
Manufacture of basic metals	<b>9.65</b>	<b>-0.93</b>	-0.26	-0.34	-2.40	-3.14	-2.34
Manufacture of fabricated metal products, except machinery and equipment	<b>3.15</b>	<b>-1.87</b>	-2.39	-0.92	0.71	0.81	0.22
Manufacture of computer, electronic and optical products	<b>2.01</b>	<b>1.91</b>	3.28	1.34	0.08	0.33	1.16
Manufacture of electrical equipment	<b>2.93</b>	<b>1.73</b>	1.94	1.82	1.00	0.75	0.90
Manufacture of machinery and equipment	<b>4.79</b>	<b>1.38</b>	1.82	1.10	0.97	1.15	1.38
Manufacture of motor vehicles, trailers and semi-trailers	<b>4.97</b>	<b>1.17</b>	1.43	0.85	0.51	0.38	0.54
Manufacture of other transport equipment	<b>1.65</b>	<b>1.44</b>	1.41	2.23	4.03	4.59	4.50
Manufacture of furniture	<b>0.73</b>	<b>0.43</b>	-1.08	1.97	3.22	4.00	3.84
Other manufacturing	<b>1.06</b>	<b>16.20</b>	12.14	21.28	22.50	26.08	26.85
<b>Food Index</b>	<b>24.38</b>	<b>7.30</b>	7.59	6.20	1.57	-0.26	-2.15
Source: EIA, CMIE, B2K Research							

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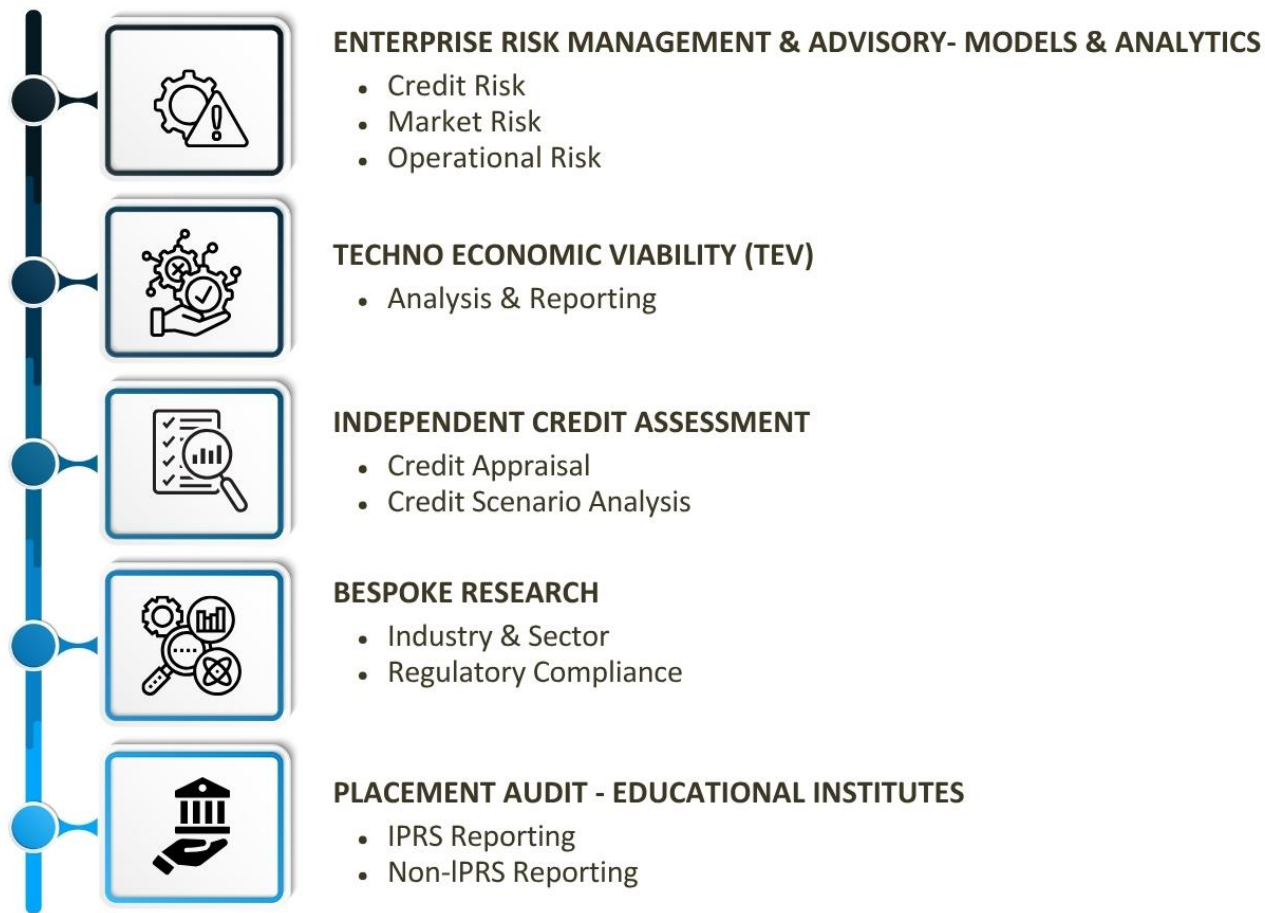
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