

## **November wholesale inflation at 3.93% vs 3.59% in October**

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India's wholesale inflation grew at 3.93 percent during November, more than 3.59 percent in October, due to increase in prices of food and fuel products.

Wholesale inflation rate, measured by WPI, is a marker for price movements in bulk buys for traders and broadly mirrors trends in shop-end prices.

Latest price data released by the commerce ministry today showed that food prices, especially betel leaves, egg and fruits & vegetables continued to rise, with price rise in petrol, diesel pulling up the inflation level.

Primary articles, which accounts for more than a fifth of the entire wholesale price index grew 5.28 percent in November from 3.33 percent in October.

Earlier this week, data released by government showed that retail inflation increased sharply to a 15-month high at 4.88 percent in November, mainly due to an increase in prices of vegetables and fuel. Factory output witnessed a tepid growth of 2.2 percent in October as compared with a 4.1 percent year-on-year increase in September owing to subdued demand, which is a result of rollout of the new indirect tax system-Goods and Services Tax (GST).

Last week, the Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) forecasted that retail inflation will hover around the range 4.3 to 4.7 percent in quarter ended December and March, higher than the previous projection of 4.2-4.6 percent.

The MPC also said that that inflation expectations, i.e., food and fuel inflation, edged up in November. Inflation expectations of households surveyed by the Reserve Bank have already firmed up and any increase in food and fuel prices may further harden these expectations.