

WPI Inflation cools down to 4-month low of 3.39% in October

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The wholesale price index-based inflation fell to a four-month low of 3.39 per cent in October from 3.57 per cent in the previous month even though the rate of price rise was up slightly in both manufactured and fuel items comprising almost 80 per cent of the index. This meant it was mainly food products which pulled down inflation.

If the consumer price index (CPI)-based inflation also comes down, data for which would be released later in the evening, and RBI would have a room to cut interest rates in its December policy review. After demonetization of old Rs 500 and 1000 currency notes, it is widely expected that RBI would lower the rates.

Food inflation declined to 4.34 per cent in October from 5.75 per cent in the previous month. However, pulses and potatoes showed elevated inflation even though it moderated from that in September.

In case of pulses, inflation declined to 21.58 per cent from 23.99 per cent, while potatoes had inflation at 60.80 per cent against 73.31 per cent.

Elsewhere, the rate of price rise cooled down to much lower levels. In fact, prices of vegetables as overall category declined by 9.97 per cent in October, though at a lower pace than 10.91 per cent in September.

Inflation in fuel was up at 6.18 per cent in October from 5.58 per cent in the previous month due to price rise in both petrol and diesel.

Manufactured products, comprising almost 65 per cent of the index, saw inflation ticking up to 2.67 per cent from 2.48 per cent.

However here as well, food items saw inflation falling to 10.48 per cent from 11.21 per cent.