

WPI inflation accelerates to 3.59% in October

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In sync with retail price inflation, India's wholesale price inflation accelerated to 3.59% in October from 2.6% a month ago on the back rising vegetable prices.

Vegetable prices increased 36.6% in October that led to food inflation more than doubling to 4.3% in the same month.

Fuel inflation also rose by 10.5% in October from 9% in September as international crude oil prices hardened.

However, inflation for manufacturing items eased to 2.6% in October from 2.7% a month ago.

Government data released on Monday showed India's retail inflation quickened to 3.58% in October, the fastest pace in seven months, spurred by rising food and fuel prices, virtually ruling out the possibility of an interest rate cut by the Reserve Bank of India (RBI) in its 6 December monetary policy review.

RBI has raised its inflation target to 4.2-4.6% for the second half of this fiscal year from 4-4.5%, reflecting the combined impact of unfavourable base effects, the upturn in food prices and the impact of the increase in house rent allowance announced by the central government.

Indicating the adverse macroeconomic impact of the rise in crude oil prices, global financial services company Nomura Holdings Inc. said every \$10 per barrel rise in the price will worsen India's retail inflation by 0.6-0.7 percentage points and the current account balance by 0.4 percentage points of gross domestic product (GDP).

Crude oil price of the Indian basket stood at \$62.66 per barrel on Monday