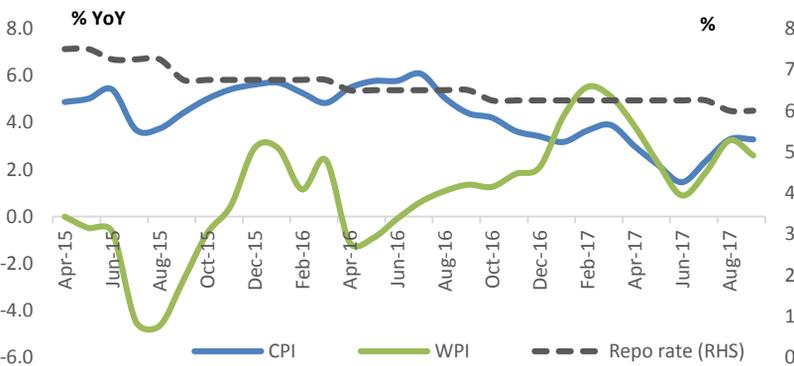


WPI eases to 2.6 percent in September 2017

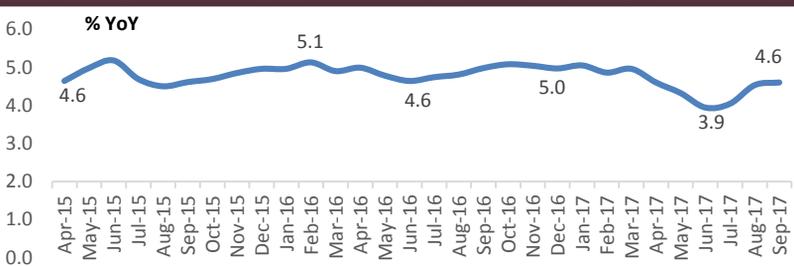
- ❖ WPI based inflation cooled to 2.6 percent in September 2017 from 3.2 percent inflation reported in the previous month. Moderation in prices of primary goods, mainly food prices, eased overall inflationary pressures.
- ❖ WPI food group index inflated by 2.0 percent in September 2017 vis-à-vis 4.4 percent inflation noted in the previous month. Prices of food grains deflated by 5.9 percent in September 2017. Further, prices of fruits & vegetables increased by 9.6 percent in September 2017 as against 27.8 percent increase noted in the previous month. Conversely, prices of milk and eggs, meat & fish rose by 4.1 percent and 5.5 percent respectively in September 2017 vis-à-vis 3.9 percent inflation witnessed in each segment in August 2017.
- ❖ Inflation in fuel and power segment moderated slightly in September 2017. Nevertheless, it remained high at 9.0 percent. Inflation in mineral oils segment was reported at 14.8 percent while coal registered an inflation rate of 9.8 percent in September 2017. Prices of manufactured products increased for the second consecutive month in September 2017. The segment noted an inflation rate of 2.7 percent in September 2017 vis-à-vis 2.5 percent inflation noted in the previous month.
- ❖ Retail CPI inflation was reported at 3.3 percent in September 2017 which was the same as that reported in the month of August. Fuel & light, housing and clothing & footwear reported marginal increase in prices during the month.

Trend in CPI and WPI Inflation



Both, WPI as well as CPI based inflation have been moderating and overall inflation remains well within the RBI's indicative trajectory. In fact, even core inflation rate remains under 5 percent. CPI core inflation (excluding food and fuel & light group) was reported at 4.6 percent in September 2017 vis-à-vis 4.5 percent in the previous month. The corresponding number in September 2016 was 5.0 percent.

Core CPI index (excluding food and fuel & light)



With inflation broadly under control, we feel that there is a need for greater balance in our monetary policy approach. Growth consideration merits equal emphasis and FICCI would urge the Central Bank to take a more balanced view especially when the industrial sector needs support to improve its growth performance that is also vital for generating jobs.

We need an accommodative monetary policy at this juncture and hope RBI brings down the policy rate in the forthcoming bi-monthly monetary policy.

Key WPI Components (% change Y-o-Y)

	Sep-16	Jul-17	Aug-17	Sep-17
Primary articles	3.7	0.6	2.7	0.2
Food group	6.3	2.2	4.4	2.0
Fruits & Vegetables	-0.4	13.8	27.8	9.6
Food grains	11.7	-7.5	-7.2	-5.9
Fuel and power	-2.9	4.4	10.0	9.0
Manufactured products	1.1	2.1	2.5	2.7

Key CPI Components (% change Y-o-Y)

	Sep-16	Jul-17	Aug-17	Sep-17
CPI Food	4.0	-0.4	1.5	1.3
Fruits	6	2.9	5.3	5.1
Cereals & products	4.3	4.0	3.9	3.7
Clothing & footwear	5.2	4.2	4.6	4.6
Housing	5.2	4.9	5.6	6.1
Fuel & light	3.1	4.9	5.0	5.6

Source: MOSPI, PIB, Economic Outlook – CMIE and FICCI Research