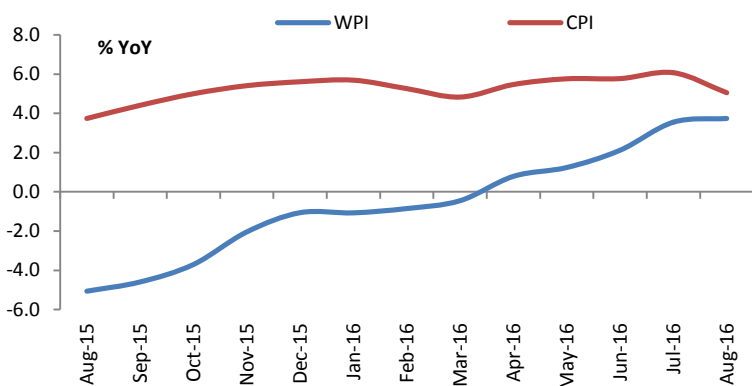


### WPI inflation stood at 3.7 percent in August 2016

- ❖ *Headline WPI accelerated to 3.7 percent in August 2016 (-5.1% in August 2015), a twenty four month high, vis-à-vis an inflation of 3.5 percent in July 2016 (-4.0 % in July 2015).*
- ❖ *WPI based food inflation eased to 8.2 percent in August 2016 vis-à-vis 11.82 percent inflation noted in the previous month. Prices of non-food articles also moderated to 8.4 percent in August 2016 from 9.5 percent inflation noted in the previous month.*
- ❖ *Inflation for fuel & power stood at 1.6% in August 2016 vis-a vis (-) 1.0% in July 2016.*
- ❖ *Prices of manufactured products rose by 2.4 percent in August 2016 vis-a-vis a rise of 1.8 percent in July 2016. A surge in prices was also seen in manufactured food products (11.4 percent in August 2016 vis-à-vis 10.2 percent in July 2016). In Non-Food Manufactured Products, prices rose in textiles and in wood & wood products. Beverages and Tobacco Products, Non-metallic mineral products & transport equipment were other segments that noted inflationary pressures in August 2016.*
- ❖ *Retail CPI inflation decelerated sharply to 5.1 percent in August 2016 vis-à-vis 6.1 percent in July. CPI based food and beverages inflation stood at 5.8 percent in August 2016 as compared to 8.0 percent inflation noted in the previous month.*

Trend in CPI and WPI Inflation



Kharif Crop Sowing- Status as on September 23, 2016

Crop	In Lakh Hectare	
	Area sown in 2016-17	Area sown in 2015-16
Rice	387.04	377.35
Pulses	145.84	112.93
Coarse Cereals	189.58	183.59
Oilseeds	189.16	183.71
Sugarcane	45.77	49.60
Jute & Mesta	7.59	7.73
Cotton	102.55	115.98
<b>Total</b>	<b>1067.53</b>	<b>1030.89</b>

While the WPI inflation rate has edged up marginally in the month of August 2016 vis-à-vis July numbers, food prices which had been on an uptrend over the last few months indicated moderation with vegetable and fruit prices softening. This is also corroborated in the CPI numbers released earlier this week, which reported a fall in the CPI inflation rate on the back of decline in food prices.

The good monsoon has been a boon and with improved sowing for major crops, prices are expected to remain range bound this fiscal. Also, the government has been examining the situation closely and should continue the measures to improve supply side management

CPI Based Inflation for Select Food Items (% change Y-o-Y)

	May-16	June-16	July-16	Aug-16
Vegetables	10.85	14.81	14.0	1.02
Potato	36.89	40.17	47.11	51.48
Brinjal	6.32	9.97	16.18	9.92
Fruits	2.56	2.79	3.53	4.46
Sugar (other sources)	16.22	19.43	25.48	28.87
Pulses	31.57	26.86	27.53	22.01

WPI Based Inflation for Select Food Items (% change Y-o-Y)

	May-16	June-16	July-16	Aug-16
Vegetables	13.35	17.18	28.05	0.17
Potato	63.82	66.14	58.78	66.72
Brinjal	11.87	22.57	59.46	32.34
Fruits	3.88	6.42	17.30	13.91
Sugar, Khandsari & Gur	19.82	23.29	28.72	31.47
Pulses	35.80	26.64	35.76	34.55

Source: PIB, Office of the Economic Advisor, Economic Outlook – CMIE and FICCI Research