

● MAY NUMBERS

WPI inflation
down to 5-mth
low of 2.17%

PRESS TRUST OF INDIA
New Delhi, June 14

CHEAPER VEGETABLES,
ALONG with pulses and meat,
dragged down wholesale inflation
for May to a five-month low of
2.17%, putting pressure on the
RBI to relax interest rate.

The wholesale price index
(WPI)-based inflation was 3.85%
in the previous month and
(-)0.9% in May 2016. The reading
was 2.10% in December 2016.

The Reserve Bank of India,
in its monetary policy review
this month, had revised down-
wards retail inflation forecast
for the first half of the fiscal.

WPI is now based on the new
base year 2011-
12, which was re-
vised last month
from 2004-05,
with an aim to
reflect the
macroeconomic
picture more ac-
curately.

Government
data showed that
prices of food ar-
ticles shrank by 2.27% in May
on an yearly basis.

The inflation print for vegeta-
bles read (-)18.51%. While potato
saw a deflation of 44.36%, for
onion, it came in at 12.86%.
Pulses and cereals saw a slower
growth in prices.

The rate of price increase was
4.15% in cereals, down from
6.67% in May last year. Protein-
rich pulses turned cheaper in
May as prices fell by 19.73%.
Eggs, meat and fish saw a price
decline of 1.025 annually. Infla-
tion in fruit basket read (-)
0.73% in May.

The RBI primarily factors in
retail inflation based on the con-
sumer price index (CPI) to set its
policy. This time, it maintained
status quo on key short-term
lending rate (repo), citing up-
ward risks to inflation.

Industry body Ficci is
hopeful that the central bank will
take a "relook" at its monetary pol-
icy stand in light of these new
numbers. "Ficci would like the RBI
to also be more accommodative
through an easy monetary policy
as the current real interest rate re-
mains on the higher side,"
the industry lobby said.

Another group As-
socham said the fall in WPI
numbers will have a conse-
quent downward impact on
retail inflation, which may
give the RBI room to push
up demand by reducing in-
terest rates.

Rate of price increase in
manufactured items like

sugar,
leather and
related prod-
ucts and to-
bacco was
lower in May.
But inflation
ticked up in
segments
like cement,
lime and
plaster, rub-
ber and plastic products and
wearing apparel.

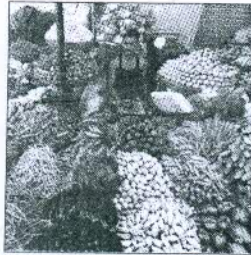
ber and plastic products and
wearing apparel.

The May inflation in the
fuel and power segment
surged to 11.69% in May
this year while prices shrank
in the year-ago period.

The index basket of the
new series has a total of 697
items, including 117 for pri-
mary articles, 16 for fuel and
power and 564 for manu-
factured products.

The slowdown in whole-
sale inflation comes against
the backdrop of retail infla-
tion easing to a multi-year
low of 2.18% in May.

The build-up inflation
rate in the financial year
so far (April-May) was
(-)0.35% as against 2.51%
in the same period of
2016-17.



May wholesale inflation dips to 2.17% on cheaper veggies

NEW DELHI: Cheaper vegetables, along with pulses and meat, dragged down wholesale inflation for May to a five-month low of 2.17 per cent, putting pressure on the RBI to relax interest rate.

The wholesale price index (WPI) based inflation was 3.85 per cent in the previous month and (-)0.9 per cent in May 2016. The reading was 2.10 per cent in December 2016.

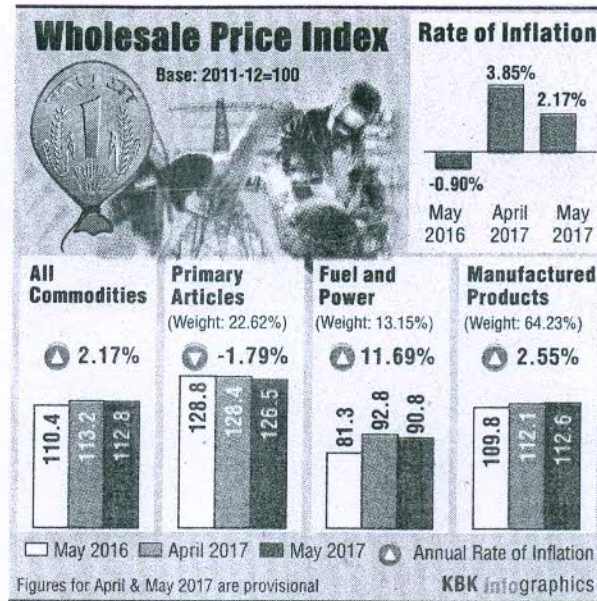
The Reserve Bank, in its monetary policy review this month, had revised downwards retail inflation forecast for the first half of the fiscal.

WPI is now based on the new base year 2011-12, which was revised last month from 2004-05, with an aim to reflect the macroeconomic picture more accurately.

Government data showed that prices of food articles shrank by 2.27 per cent in May on a yearly basis.

The inflation print for vegetables read (-)18.51 per cent. While potato saw a deflation of 44.36 per cent, for onion, it came in at 12.86 per cent. Pulses and cereals saw a slower growth in prices. The rate of price increase was 4.15 per cent in cereals, down from 6.67 per cent in May last year. Protein-rich pulses turned cheaper in May as prices fell by 19.73 per cent. Eggs, meat and fish saw a price decline of 1.02 per cent annually. Inflation in fruit basket read (-)0.73 per cent in May.

The RBI primarily factors in retail inflation based on the consumer price index (CPI) to set its policy. This time, it main-



tained status quo on key short-term lending rate (repo), citing upward risks to inflation.

Industry body Ficci is hopeful that the central bank will take a "relook" at its monetary policy stand in light of these new numbers.

"Ficci would like the RBI to also be more accommodative through an easy monetary policy as the current real interest rate remains on the higher side," the industry lobby said.

Another group, Assocham, said the fall in WPI numbers will have a consequent downward impact on retail inflation, which may give the RBI room to push up demand by reducing interest rates. Rate of price increase in manufactured items like sugar, leather and related products and tobacco was lower in May. But infla-

tion ticked up in segments like cement, lime and plaster, rubber and plastic products and wearing apparel.

The May inflation in the fuel and power segment surged to 11.69 per cent in May this year while prices shrank in the year-ago period.

The index basket of the new series has a total of 697 items, including 117 for primary articles, 16 for fuel and power and 564 for manufactured products.

The slowdown in wholesale inflation comes against the backdrop of retail inflation easing to a multi-year low of 2.18 per cent in May. The build-up inflation rate in the financial year so far (April-May) was (-)0.35 per cent as against 2.51 per cent in the same period of 2016-17.

PTI

WPI inflation eases to 2.17% in May

PNS ■ NEW DELHI

Wholesale inflation eased to 2.17 in May on the back of cheaper vegetables, along with pulses and meat, putting pressure on the RBI to relax interest rate. The wholesale price index (WPI) based inflation was 3.85 per cent in the previous month and (-)0.9 per cent in May 2016. The reading was 2.10 per cent in December 2016.

The Reserve Bank, in its monetary policy review this month, had revised downwards retail inflation forecast for the first half of the fiscal.

WPI is now based on the new base year 2011-12, which was revised last month from 2004-05, with an aim to reflect the macro-economic picture more accurately.

Government data showed that prices of food articles shrank by 2.27 per cent in May on an yearly basis.

The inflation print for vegetables read (-)18.51 per cent. While potato saw a deflation of 44.36 per cent, for onion, it came in at 12.86 per cent.

Pulses and cereals saw a slower growth in prices.



The rate of price increase was 4.15 per cent in cereals, down from 6.67 per cent in May last year. Protein-rich pulses turned cheaper in May as prices fell by 19.73 per cent.

Eggs, meat and fish saw a price decline of 1.02 per cent annually.

Inflation in fruit basket read (-)0.73 per cent in May.

The RBI primarily factors in retail inflation based on the consumer price index (CPI) to set its policy. This time, it maintained *status quo* on key short-term lending rate (repo), citing upward risks to inflation.

Industry body Ficci is hopeful that the central bank will take a "relook" at its monetary policy stand in light of these new numbers.

"Ficci would like the RBI to also be more accommodative through an easy monetary policy as the current real interest rate

remains on the higher side," the industry lobby said.

Another group, Assocham, said the fall in WPI numbers will have a consequent downward impact on retail inflation, which may give the RBI room to push up demand by reducing interest rates.

Rate of price increase in manufactured items like sugar, leather and related products and tobacco was lower in May. But inflation ticked up in segments like cement, lime and plaster, rubber and plastic products and wearing apparel.

The May inflation in the fuel and power segment surged to 11.69 per cent in May this year while prices shrank in the year-ago period.

The index basket of the new series has a total of 697 items, including 117 for primary articles, 16 for fuel and power and 564 for manufactured products.

The slowdown in wholesale inflation comes against the backdrop of retail inflation easing to a multi-year low of 2.18 per cent in May.

The build-up inflation rate in the financial year so far (April-May) was (-)0.35 per cent as against 2.51 per cent in the same period of 2016-17.

