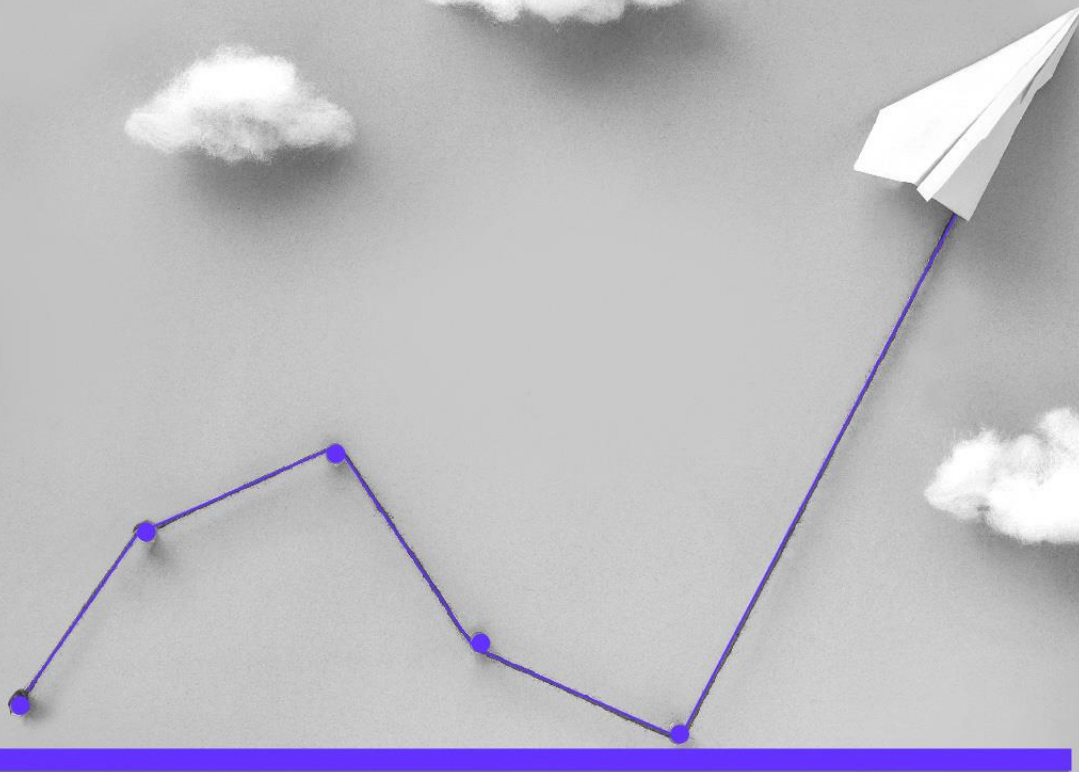


TRENDS & TIDES

**RBI MPC April 2025 cuts repo
rate by 25 bps to 6.00%;
Changes stance to
'accommodative'**



Benign inflation & moderate growth outlook lead to policy easing

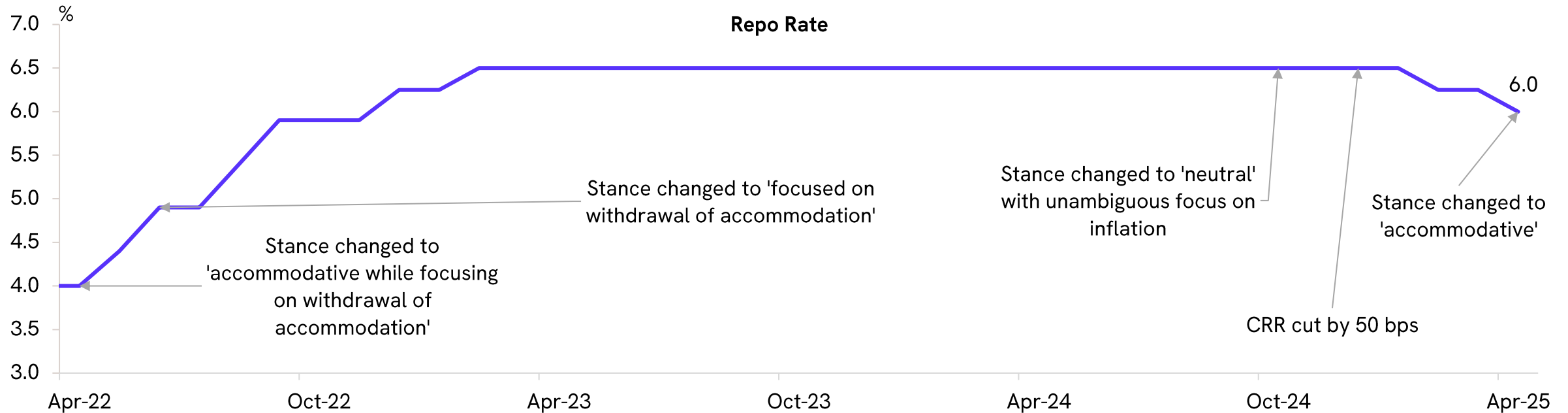
RBI MPC changes the policy stance to 'accommodative' from 'neutral' as focus shifts to growth

The RBI Monetary Policy Committee (MPC) decides to reduce the policy repo rate by 25 basis points to 6.00% from 6.25%

The MPC changes the policy stance to 'accommodative' from 'neutral'

The monetary policy statement notes that there is a decisive improvement in the inflation outlook and there is now a greater confidence of a durable alignment of headline inflation with the target

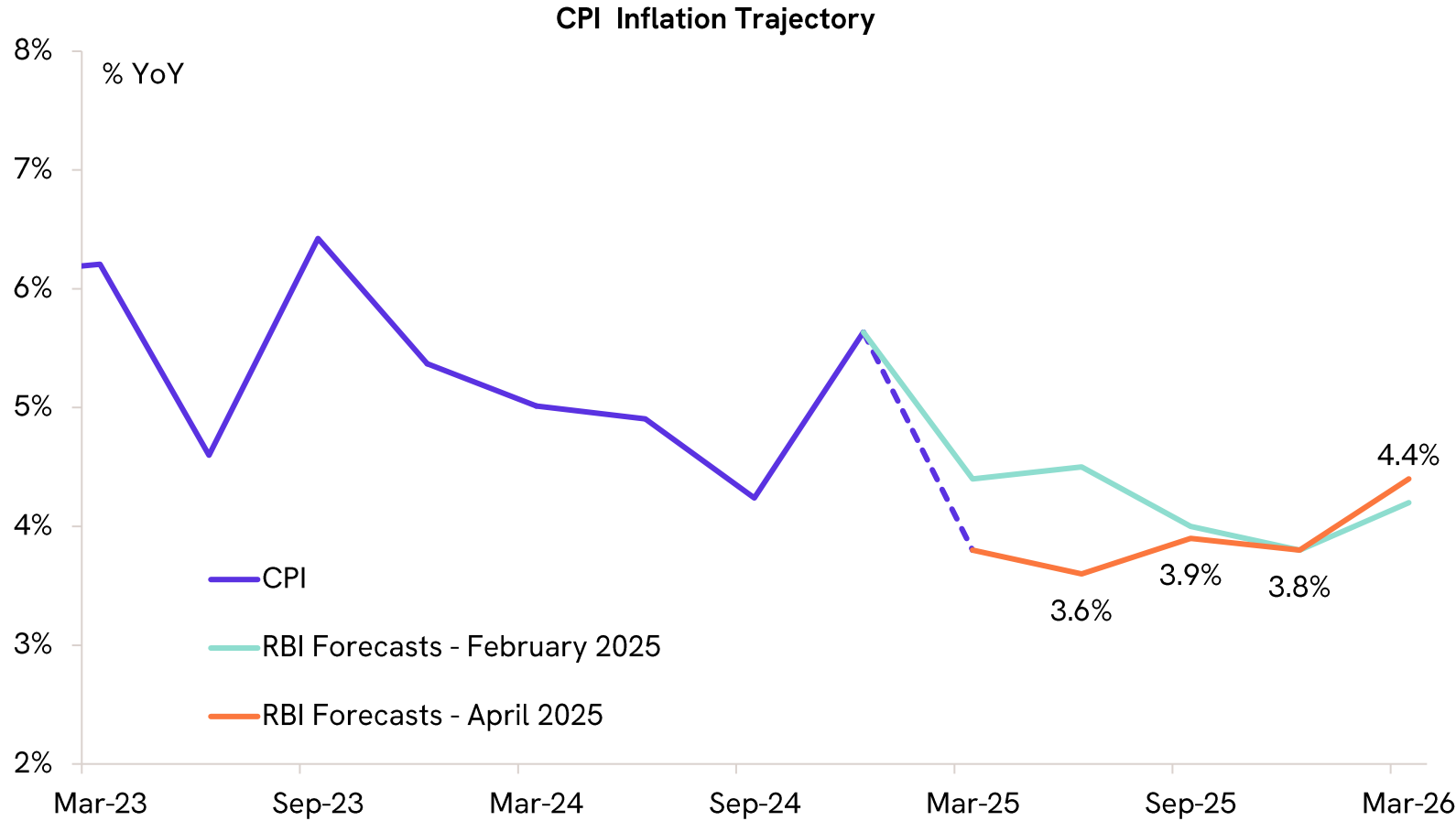
However, the growth is still on the recovery path, impeded by a challenging global environment and high uncertainties due to a surge in global volatility



Source: RBI, 360 ONE Asset Research

RBI projects CPI inflation for FY26 at 4% YoY, down from 4.2% in Feb'25 policy

The outlook for food inflation has turned decisively positive, with a broad-based seasonal correction in vegetable prices



RBI inflation outlook:

The uncertainties on rabi crops have abated considerably

The second advance estimates point to a record wheat production and higher production of key pulses over the last year

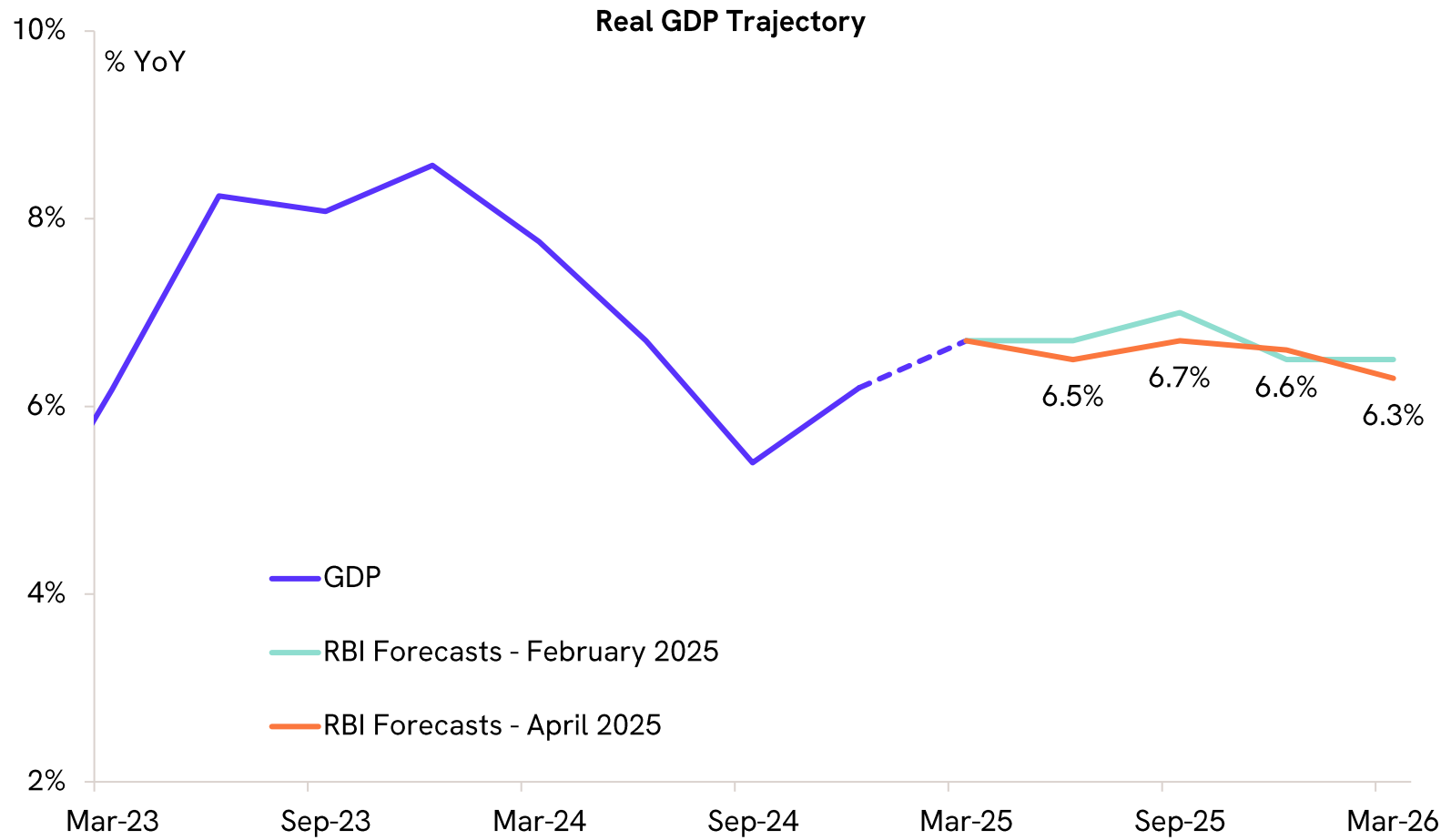
The sharp decline in inflation expectations for three-months and one-year ahead period would help anchor inflation expectations

The fall in crude oil prices augurs well for the inflation outlook

Concerns on lingering global market uncertainties and the recurrence of adverse weather-related supply disruptions pose upside risks to the inflation trajectory

RBI projects FY26 GDP growth at 6.5% YoY, down from 6.7% in Feb'25

Headwinds from global trade disruptions continue to pose downward risks to the growth outlook



RBI growth outlook:

Sustained demand from rural areas, an anticipated revival in urban consumption, expected recovery of fixed capital formation supported by increased government capital expenditure, higher capacity utilisation, and healthy balance sheets of corporates and banks are expected to support growth

Merchandise exports would be weighed down by the evolving global economic landscape, which appears to be uncertain at the current juncture

Service exports are expected to sustain resilience

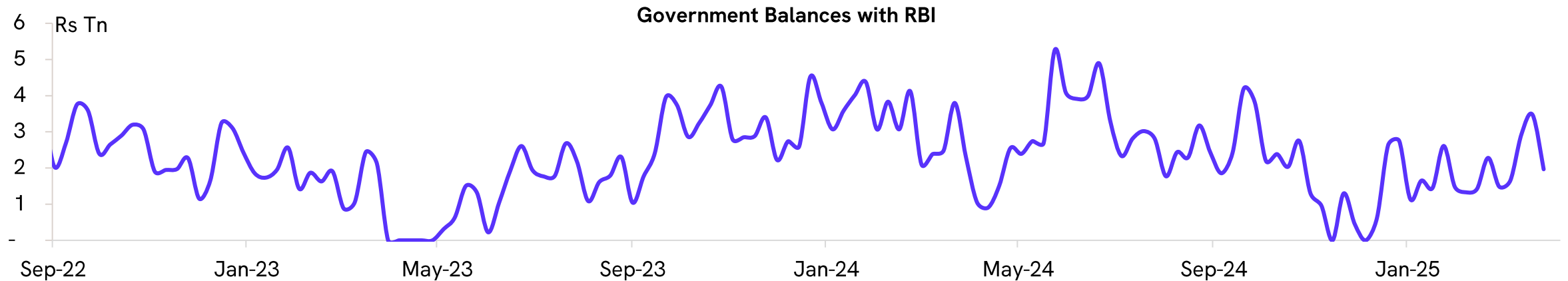
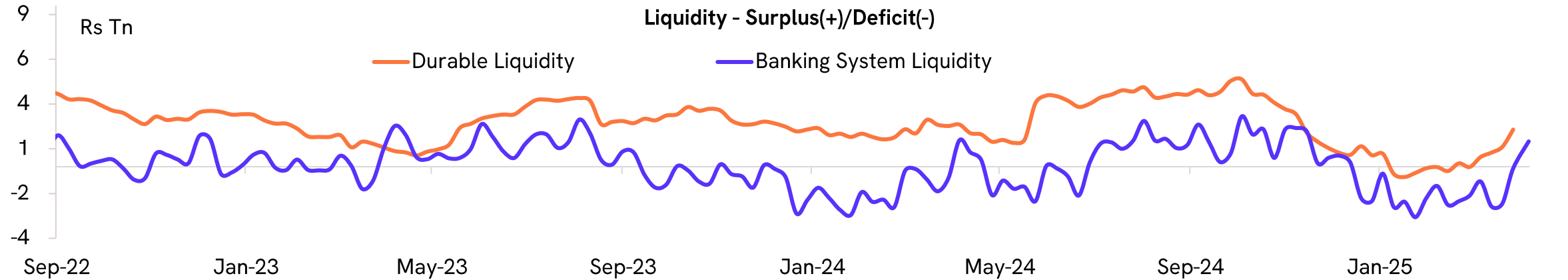
Agricultural prospects appear bright, industrial activity continues to recover, and the services sector is expected to be resilient

Source: MOSPI, RBI, 360 ONE Asset Research

Note: The March 2025 GDP growth is based on an internal forecast

RBI appears to be aiming to maintain liquidity conditions in surplus

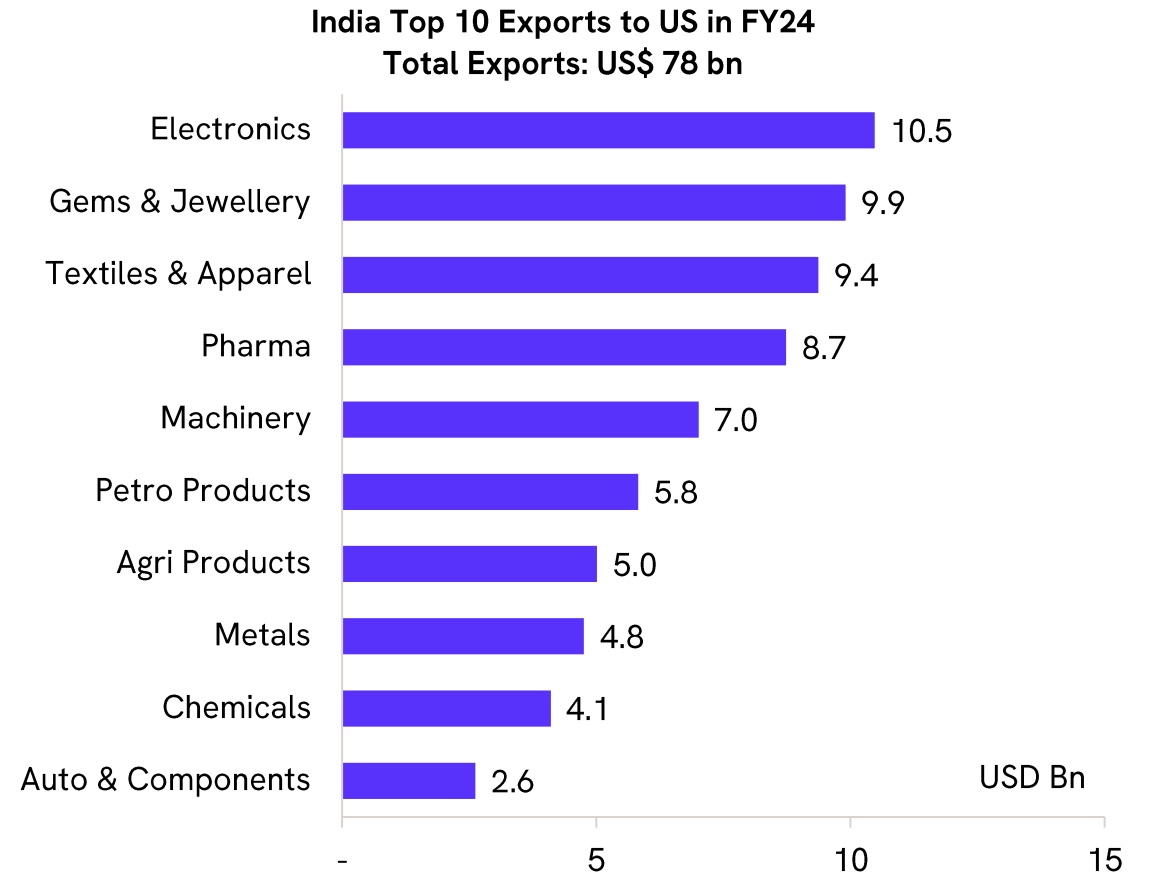
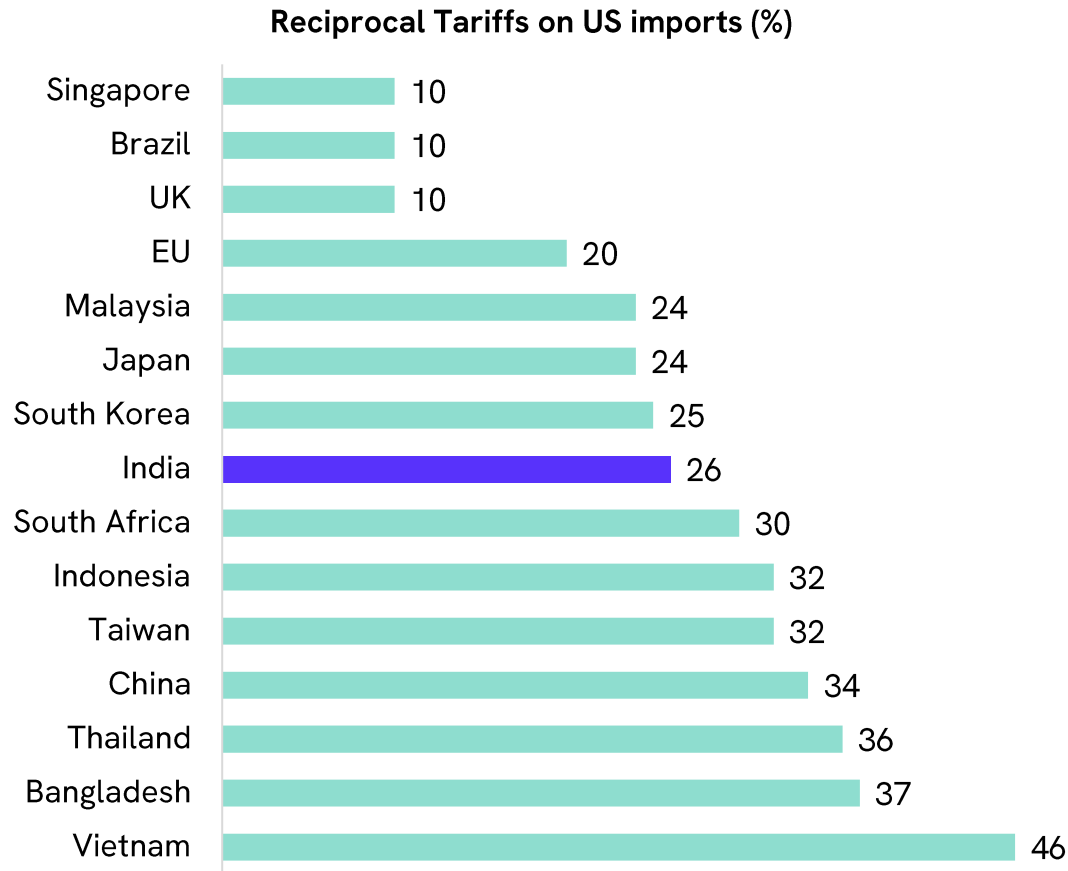
Surplus liquidity conditions will help improve the transmission of rate cuts to credit and deposit markets



Outlook: We expect the RBI to cut rates by a further 25 bps in the June policy

The inflation outlook appears favourable, while growth risks have intensified amid increasing economic uncertainty

The implementation of reciprocal tariffs by the US is expected to dampen global growth and weigh heavily on export-oriented sectors



Source: CMIE, 360 ONE Asset Research

The total tariff on China stands at 104%, which includes a 20% tariff announced earlier and an additional 50% tariff imposed in retaliation by China

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