

Apart from RBI's rate cut, the CPI inflation and IIP data came in better than expected at 4.83% for March and 2% for February, respectively. Though we do not expect any more rate cut as inflation has to remain persistently below 5% for RBI to consider further rate cuts. But IMD has forecast that monsoon is expected to be above normal at 106% and this should further control the food prices.

Earlier core sector data had also indicated a rise in manufacturing activities and the overall scenario now is more positive with stronger chances of growth picking up momentum in coming months.

The risks now may arise from a reversing of oil prices, brexit, slowdown in China, bad debts in banking sector, corporate results, Fed rate hikes, and pressure on deficit due to seventh pay commission, subsidies, and OROP. Long term investors should also monitor sovereign debt issues in Eurozone and debt bubbles in China and Japan.

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