

MARKETS: Will RBI cut rates on 7th June?

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The strongest El Nino in 20 years has finally ended after two years -- in the time it's led to poor rains in India. The El Nino ending may help in easing India's inflation and make a case for a rate cut in the next RBI policy meet.

Wholesale and Consumer Inflation have inched up in April largely on the back of higher food prices due to poor Rabi crop. Crops across the country have suffered due to the ensuing water shortage in the country and in drought-stricken regions, especially in Maharashtra.

If the Met's forecast of 106% of normal rains comes true, we should see a pick-up in rural demand. It would be too soon to expect a rate cut in June, but if the monsoon is normal this year, the Reserve Bank of India may cut rates in the August 9 policy meet.

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