

Another rate cut likely this fiscal, says HSBC economist

Our Bureau

Mumbai, November 17:

HSBC expects the RBI to cut repo rates by another 25 basis points (bps) before the end of this fiscal.

Whether it would be at the December meeting or in February would depend on market volatility around the US Fed's upcoming policy meeting (December 13-14) and India's demonetisation scheme, Pranjul Bhandari, Chief India Economist, HSBC Global Research, said in a report.

If volatility rises, the RBI may choose to push out the rate cut to February, she said. The latest inflation data and softening global prices indicate that CPI inflation is likely to undershoot RBI's 5 per cent target of early-2018 by a hefty margin, she said.

Further, the recent demonetisation is likely to lower growth and inflation (on the back of a contraction in effective money supply), she added.

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