

TOP NEWS:

Kanpur train derailment toll rises to 130

[HomeEconomy](#) **HSBC sees room for 50 basis points rate cut this fiscal**

HSBC sees room for 50 basis points rate cut this fiscal

RBI is expected to go for a 50 basis points rate cut over the remaining months of the fiscal as inflationary pressure is expected to stay contained thanks to good monsoon and falling vegetable prices, says a report.

By: [PTI](#) | New Delhi | Published: September 13, 2016 4:48 PM

0
SHARES

Facebook

Twitter

Google+

LinkedIn

Email

According to global financial services major HSBC over the next 12 months CPI inflation is expected to trend at or below 5 per cent, which incidentally is RBI's upcoming target for inflation in early 2017. (Reuters)

RBI is expected to go for a 50 basis points rate cut over the remaining months of the fiscal as inflationary pressure is expected to stay contained thanks to good monsoon and falling vegetable prices, says a report.

According to global financial services major HSBC over the next 12 months CPI inflation is expected to trend at or below 5 per cent, which incidentally is RBI's upcoming target for inflation in early 2017.

"We expect a 50 bps rate cut over the remained of FY17 (October 2016 to March 2017)," HSBC said in a research note, adding a 25 bps cut is expected in October-December quarter and an additional 25 bps in January-March period.

TOP NEWS:**Kanpur train derailment toll rises to 130**

months, convincingly opening up space for monetary easing,” HSBC said.

According to HSBC, with headline inflation expected to come in below the upcoming target, “the space for a 50 bps rate cut has opened up”. Moreover, with vegetable prices showing the decline, the case for a 25 bps rate cut in 4Q2016 (October-December) has “solidified”, it added.

Furthermore, the rapid rise in area sown for pulses (30 per cent year-on-year on September 9), is expected to bring inflation down further, opening up the space for an additional 25 bps rate cut in 1Q2017 (January-March).

The next policy review meet is scheduled to be held on October 4.

It would also be the first review under the new RBI Governor Urjit Patel, who has assumed charge effective September 4 after end of his predecessor [Raghuram Rajan](#)’s three-year tenure.

Rajan had faced a lot of criticism for his reluctance to cut rates, though he always maintained that the rates were lowered at every given opportunity.