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### SGX Nifty sniffing at 16,000-mark

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Analysts, however, still advise caution

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Beaten down domestic markets are expected to bounce back sharply on Friday. According to analysts, the market is in an "oversold" zone and one can expect a technical pullback. However, analysts still advise caution, as inflationary pressures, rate hike fears, stuttering global growth and geopolitical tension persist.

SGX Nifty indicates that Nifty can regain the 16,000-mark. SGX Nifty is trading near 15,990. Though overnight the US stocks closed mixed, equities across the Asia-Pacific region are trading positive between 1.2 per cent and 2.5 per cent.

Headline inflation and Index for industrial production (IIP) numbers also came as a shocker. "The record inflation number for April will put pressure on RBI to increase the rate in the ensuing MPC meeting," analysts said.

## RBI to hike rate

"The April inflation shock of 7.8 per cent is attributable to broad-based gains in food, energy and the core segment, said Emkay Global, adding that "the RBI no longer thinks the output sacrifice required to tame somewhat supply-driven inflation can be so high on net. The Central bank's reaction function is now evolving with fluid macro realities. We see June's policy to be live, and the MPC may front-load rates by another 25-50 bps."

Nish Bhatt, Founder & CEO, Millwood Kane International, an investment consulting firm, said, "Recently, the RBI checked the interest rates to curb inflation but there is a possibility to have another hike in the interest rates in the future to curb the inflation."

Mitul Shah, Head Of Research at Reliance Securities, said, "While the Indian economy has shown signs of growth and recovery across the board despite elevated input and labour costs and ongoing supply chain disruptions, inflationary pressures continue to loom as it is largely predicted to be about 7.5 per cent, far beyond the Central bank's tolerance band."

## Depends on global markets

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Amid the turbulent economic environment, investors await the next set of earnings results during the week, along with several IPOs which are expected to open for subscription, he said and added, "global markets are likely to determine the trajectory of Indian equities."

For India's economy to recover, it is very critical for consumption expenditure to start improving, which in turn will help improve capacity utilisation levels and start the private investment cycle. The rising inflation will be a further dampener for consumption spending. "The silver lining in this lacklustre IIP data is the healthy performance of the infrastructure sector," said CareEdge

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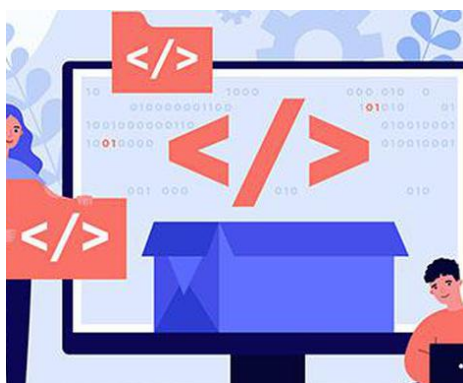
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