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US INFLATION.

US inflation risks are rising as the Hormuz closure enters its 4th month, as the chart shows: Inflation rose to 3.8% in April, the highest level for over 2 years, It was just 2.4% in February before the US/Israel war began And the upward trend is set to continue as the Strait remains closed. Producer Price Index (PPI) Wholesale inflation hit (6.0%) annually, the largest spike since 2022. The surge is largely attributed to an energy shock originating from the escalating war in Iran, which spiked gasoline prices.

Hot inflation data and geopolitical energy shocks have prompted Federal Reserve officials to signal a potentially more hawkish monetary policy. While the Fed kept the fed funds rate steady at (3.5% - 3.75%), soaring energy and core inflation readings have markets bracing for a prolonged "higher-for-longer" stance, with some policymakers eyeing future rate hikes.



INDIAN ECONOMIC INDICATORS.

India's gross Goods and Services Tax (GST) collections reached an all-time high of ₹2.42 lakh crore, driven by year-end filings and strong domestic and import trade. The recent monthly net revenue stands at ₹2.10 lakh crore, reflecting consistent growth in digital tax administration and compliance.

India's annual retail inflation rate stands at 3.48% as of the latest data. While this remains comfortably within the Reserve Bank of India's target range (4% (+-)2%), the Finance Ministry has warned of potential upward pressures due to elevated global energy prices, rupee depreciation, and monsoon-related food risks.

India's annual Wholesale Price Index (WPI) inflation jumped to 8.30% year-on-year in April, up sharply from 3.88% in March. This 42-month high was primarily driven by global oil price shocks, a weakening rupee, and an unfavorable base effect.

The HSBC Composite PMI stood at 58.1, remaining well above the 50-mark and indicating continued expansion in both manufacturing and services sectors.

ECONOMIC OVERVIEW.

Global inflationary pressures have intensified due to prolonged disruptions in the Strait of Hormuz, leading to higher energy prices and accelerating inflation across major economies. In the US, both consumer and wholesale inflation have risen sharply, prompting expectations of a prolonged higher-interest-rate environment. In India, economic activity remains strong, supported by record GST collections and robust business expansion, as reflected in the HSBC Composite PMI. While retail inflation remains within the RBI's comfort range, a sharp rise in wholesale inflation highlights growing cost pressures from elevated crude oil prices and currency weakness. Overall, strong domestic demand continues to support India's growth outlook, although global geopolitical tensions and energy market volatility remain key risks.



NIFTY TECHNICAL VIEW (WEEKLY CHART) – 23,547.75



- In the month of May, the Nifty underperformed compared to most major global markets, reflecting continued caution among market participants.
- On the weekly chart, the index has formed a small bearish candle with an upper wick near the resistance of the 20 WEMA, indicating persistent selling pressure at higher levels. The index continues to maintain its bearish structure by forming a pattern of lower highs. Additionally, the RSI is gradually moving southward, which signals weakening momentum and remains a cautious sign for the bulls. To regain strength and resume its upward trajectory, the index needs to decisively breach and sustain above the 20 WEMA (24,194.60).
- **For bullish momentum to strengthen, the index must close and sustain above the key resistance level of 24,195. On the downside, 23,260 will act as the immediate and crucial support level, and a breach below this level could invite further selling pressure.**



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