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The global economy faces renewed tests.

According to the IMF's April 2026 World Economic Outlook, global growth is projected to slow to 3.1% in 2026, down from 3.4% in 2025, due to Middle East conflict disruptions, energy market volatility, and sluggish trade. While headline inflation is expected to rise to 4.4% in 2026, growth is projected to pick up slightly to 3.2% in 2027.

Growth Growth: Projected at 3.1% for 2026, a downward revision of 0.2 percentage points.

Inflation: Global headline inflation is forecast to rise to 4.4% in 2026 before easing to 3.7% in 2027.

Regional Outlook: Emerging and developing Asia faces a slowdown to 5.1% due to energy constraints and normalized export growth. Europe and Central Asia growth is seen easing to 2.4%.

Alternative Scenarios: If geopolitical tensions intensify, the IMF notes that growth could be constrained to 2.5%, or as low as 2.0% in severe scenarios

How the War in the Middle East Is Affecting Energy, Trade, and Finance.

The war in the Middle East is upending lives and livelihoods in the region and beyond. It is also dimming the outlook for many economies that had only just shown signs of a sustained recovery from previous crises. The shock is global, yet asymmetric. Energy importers are more exposed than exporters, poorer countries more than richer ones, and those with meager buffers more than those with ample reserves. Beyond its painful human toll, the war has caused serious disruption to the economies of the most directly affected countries, including damage to their infrastructure and industries that could become long-lasting. Although these countries are resilient, their short-term growth prospects will be negatively affected.

Asia and Europe are bearing the brunt of higher fuel and input costs: about 25 to 30 percent of global oil and 20 percent of liquefied natural gas pass through the Strait of Hormuz, feeding demand not only in Asia but also in parts of Europe. Economies heavily dependent on oil imports in Africa and Asia are finding it increasingly hard to access the supplies they need, even at inflated prices.

Parts of the Middle East, Africa, Asia-Pacific, and Latin America face the added strain of higher food and fertilizer prices and tighter financial conditions. Low-income countries are especially at risk of food insecurity; some may need more external support—even as such assistance has been declining.

There could also be shortages or price surges of other materials used in manufacturing. The Gulf supplies a large share of the world's helium, used in a vast array of products from semiconductors to medical imaging devices. Indonesia, which provides roughly half of global nickel—a key component in electric-vehicle batteries—could face a shortage of sulfur needed to process the metal. Eastern African economies that depend on trade links with and remittances from Gulf countries face weaker demand for their services exports, logistical bottlenecks and reduced remittances.

A key US Federal Reserve official warned Friday that a series of interest rate hikes could be needed if price shocks from the Middle East war are larger than expected, fueling inflation.

"Federal funds rate increases, potentially a series of them, could be warranted, even at the risk of further weakness to the labor market," Minneapolis Fed President Neel Kashkari said, explaining his dissent to the central bank's overall decision this week.

A bigger price shock could cause public expectations of inflation to shift, and the Fed would need to act against it, he believes. Kashkari was among four officials who voted against the Fed's statement Wednesday (29th april) after a two-day policy meeting. There are 12 voting members on the bank's rate-setting committee.

RBI MPC Meeting Outlook:

India's central bank is poised to hold interest rates steady amid escalating global tensions. Policymakers are expected to prioritize stabilizing the rupee and managing bond yields, rather than immediate rate hikes. The focus will be on injecting liquidity and supporting the economy through the energy shock, with inflation and growth forecasts likely to be revised downwards.

ECONOMIC OVERVIEW.

Overall, the global economic environment in 2026 is characterized by slowing growth, persistent inflationary pressures, and elevated geopolitical risks. While domestic fundamentals in key economies like India remain relatively resilient, external headwinds—particularly energy shocks and trade disruptions—are likely to constrain near-term upside. Policymakers globally are expected to remain cautious, prioritizing stability while navigating an increasingly uncertain macroeconomic landscape.



NIFTY TECHNICAL VIEW (WEEKLY CHART) – 23,997.55



- In the month of APRIL, the Nifty witnessed strong bullish momentum, as index managed to bounce from the lower levels after its steepest monthly decline in the month of March 2026.
- On the weekly chart, the index has formed a small bullish candle with a long wick at the top near to the resistance of 20 WEMA which indicates bears dominance over the index. The index is holding its bearish structure as it is forming lower low and lower high formation.
- **For bullish momentum to resume, the index must breach and sustain above the key resistance level of 24,620. On the downside, 23,795 will act as the immediate and crucial support level.**

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