

OUTLOOK BUSINESS

THINK BEYOND. STAY AHEAD.



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The recent ceasefire between Iran and Israel, ending "The 12-Day war" as labelled by US President Donald Trump, brought relief to global markets. Indian markets rallied in tandem, too. Stock indices rallied, the rupee surged, and oil prices retreated sharply.

However, this short-term blow has also kicked in a deeper realisation that our economic engines are not immune to global shocks, even as it remained resilient for a while now.

When conflict stirred up in West Asia, our economy felt the chill too. As the US bombed three of Iran's nuclear facilities, joining the West Asia conflict, concerns mounted that Tehran might shut down one of the world's most critical chokepoints Strait of Hormuz.

Around 85% of India's crude oil is imported—much of it flowing through the Strait of Hormuz. War-risk premiums on oil tankers spiked, pushing up shipping and insurance costs. With Brent crude having touched five-month highs earlier this month amid fears of the conflict, the potential inflationary ripple effects were clear.

But after the ceasefire announced on June 24, Brent plunged by 15% to \$69/barrel. The domestic currency closed at ₹85.98 per dollar, registering its largest one-day gain in a month on June 24. Nifty 50 and Sensex have climbed roughly 1% each over the past two sessions to near nine-month highs.

This is not about fuel prices alone. This is about how integrated and exposed India is to a volatile global (dis)order. Instability in one region can derail plans thousands of miles away. Amid all these, India's case for investment in the Chabahar Port, the India-Middle East-Europe Economic Corridor (IMEC) and deeper engagements in Central Asia, Africa, and Southeast Asia are not just diplomatic choices but also strategic economic imperatives. The conflict only reinforces the case for a resilient, multipolar supply and logistics framework.

For now, India has earned some breathing room and perhaps another important lesson. The bigger takeaway is that global partnerships and regional stability are no longer peripheral to India's growth story. They are central to it.



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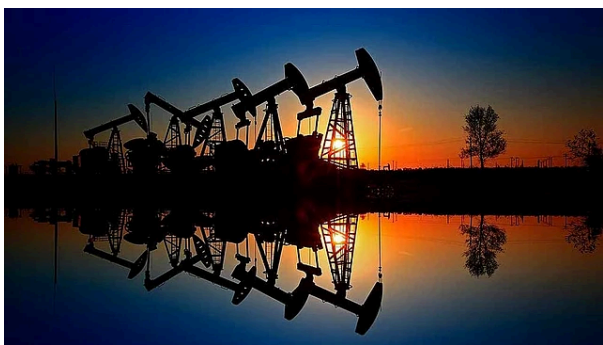
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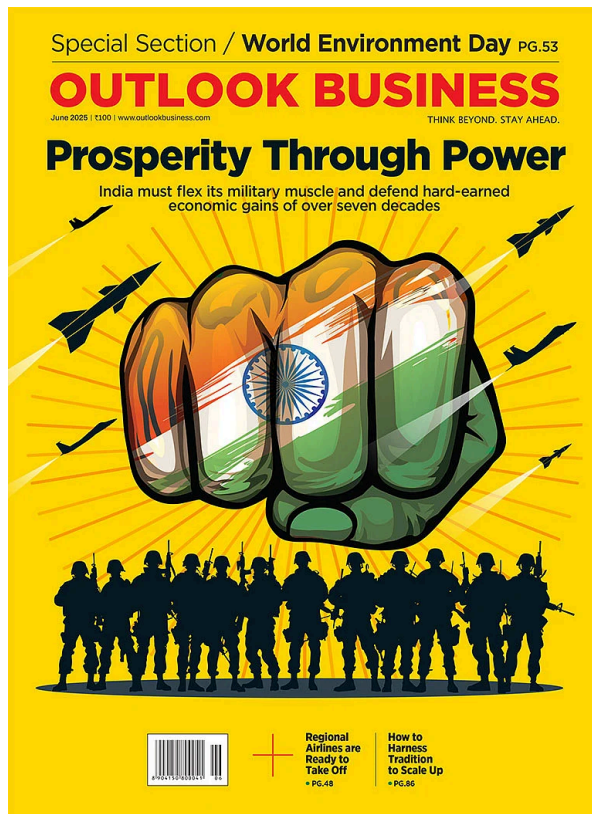
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