



Growth booster: Barclays expect the monetary policy committee of the RBI to continue with rate cuts. REUTERS

Barclays says Asian economies' growth may dip on tariffs

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Asian economies may not resort to retaliation to the tariffs announced by U.S. President Donald Trump and may opt for negotiation, according to Barclays. It also expects growth forecasts for these countries to take a hit.

Barring China and possibly Indonesia, most Asian economies are expected to resort to negotiation rather than retaliation.

The effect of tariffs is expected to reduce GDP forecasts for Asian economies. "The new tariffs imply significant downside risks to our GDP growth forecasts if they are not eventually reduced, and we believe they are likely to be more net deflationary than inflationary," according to a Barclays research note.

India may have entered an advanced stage in terms of negotiation, the report read. "Even before the April 2 announcement, governments, including India and Thailand have been openly discussing what additional goods could be purchased from the U.S. to mitigate tariff risk," the analysts said.

The mild cut in GDP forecast is likely to nudge RBI to cut rates. "We continue to expect MPC to reduce the repo rate by 25 bps next week, based on the expectation of a moderation in the CPI inflation to 4.2% on an average in FY26," said Aditi Nayar, chief economist, ICRA.