

Global Oil Shortage and Inflation Fears

The global markets have reacted sharply to Trump's announcement of a naval blockade in the Strait of Hormuz. Asian markets, which predominantly include Japan and South Korea, opened at lower trading levels. Crude oil began trading at a higher value of \$100/barrel, signalling a shortage of oil supply.

A major concern in India is the surge in energy prices, primarily due to its heavy reliance on overseas imports. According to last year's estimates, India's import bill stood at \$150 billion, which could now increase to \$200-250 billion, given the current price trends. This will account for a 67% increase in the overall import bill for India. This will also put massive pressure on India's inflation as well as global inflation. The global oil shortage will not be resolved, and many orders are still pending fulfilment. The prices of commodities are likely to see a significant increase for the foreseeable future.

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