

# Rupee, stocks slip, crude soars as Israel strikes Iran

Ships transiting Strait of Hormuz, a vital oil artery, put on alert

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Oil prices spiked, the rupee weakened, and equity markets fell sharply on Friday following Israeli strikes across Iran that targeted nuclear facilities and killed top Iranian military commanders. The escalation, among the most serious in years, has raised fears of a broader regional war in West Asia.

Though the Israeli military said Tehran responded by launching over 100 drones, Iranian state media denied the claim, even as Supreme Leader Ayatollah Ali Khamenei warned of "severe punishment". These developments triggered risk-off bets as investors feared heightened inflation and weighed the implications for the already fragile global economic outlook.

Seeking diplomatic support, Israeli Prime Minister Benjamin Netanyahu spoke to his Indian counterpart Narendra Modi, among many other world leaders. Later in the evening, the Directorate General of Shipping advised all Indian seafarers and Indian-flagged vessels operating in Iranian ports or transiting the Strait of Hormuz to exercise due caution. Any closure of the Strait could restrict trade and impact oil prices.

Brent crude prices jumped nearly 5 per cent to \$74.3 per barrel as of 9 pm IST, and have now risen 20 per cent so far in June — the steepest monthly gain since November 2020.

Stock markets witnessed increased volatility. The Sensex ended down 573 points, or 0.7 per cent, at 81,119, while the Nifty 50 dropped 170 points to 24,719. Over the week, the Sensex slipped 1.3 per cent and the Nifty 1.1 per cent.

The Nifty Midcap 100 declined 0.4 per cent and the Nifty Smallcap 100 fell 0.5 per cent. Market capitalisation of BSE-listed firms dropped by ₹2.4 trillion.



A damaged building after an explosion in a residential compound following Israeli strikes on Tehran, on Friday

PHOTO: REUTERS

## Market upheaval

Index	June 13	1-day chg (%)
The US*		
Nasdaq	19,531.2	-0.7▼
S&P 500	60,04.5	-0.7▼
Dow Jones	42,504.1	-1.1▼
Europe*		
FTSE 100	8,842.4	-0.5▼
CAC 40	7,679.2	-1.1▼
DAX	23,499.5	-1.1▼
Euro Stoxx 50 Pr	5,287.8	-1.4▼
Asia		
Hang Seng	23,892.6	-0.6▼
<b>Sensex</b>	<b>81,118.6</b>	<b>-0.7▼</b>
<b>Nifty 50</b>	<b>24,718.6</b>	<b>-0.7▼</b>
Kospi	2,894.6	-0.9▼
Nikkei	37,834.3	-0.9▼
Taiex	22,073.0	-1.0▼

Index	June 13	1-day chg (%)
India VIX	15.1	7.6▲
Nifty Midcap 100	58,227.5	-0.4▼
Nifty Smallcap 100	18,374.8	-0.5▼
India mcap# (₹ trn)	447.2	₹2.4 trn ▼

### Currency and commodities

Brent crude (\$ bbl)*	74.3	4.8▲
Gold (\$ oz)*	3,427.6	1.2▲
Silver (\$ oz)*	36.2	-0.3▼
₹ vs \$ (spot)	86.1	-0.6▼

\* as of 9 pm IST

# mcap of all BSE-listed firms

Sources: Bloomberg, exchange; Compiled by BS Research Bureau

■ ₹ weakens to 2-month low against \$

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# Oil prices to dictate mkt trajectory

The selling extended across global markets. Benchmarks in Asia and Europe closed in the red, while Wall Street opened lower.

Investors moved into traditional safe havens, sending gold prices up by 1.46 per cent to a two-month high of \$3,429 per ounce (8.55 pm IST).

The rupee weakened sharply, settling at 86.09 against the dollar — its lowest level since April 9 — registering a 0.57 per cent drop. It was among the worst-performing Asian currencies on Friday.

The Israeli attack risks deepening instability in West Asia, where tensions have simmered since the 2023 Iran-backed Hamas' assault on Israel. Though Israel and Iran have clashed indirectly for years, Friday's strikes marked the first time Israeli forces have targeted Iran's nuclear infrastructure directly.

Iran, a major global oil producer and key energy supplier to China, could retaliate in ways that disrupt



global energy markets, analysts warned. For India, which relies heavily on imported oil, elevated crude prices could spell trouble.

A sustained surge in energy costs would push up inflation and complicate monetary policy globally. The Reserve Bank of India, which recently cut interest rates to support growth, may be forced to reassess its approach.

"The market trajectory will depend on where oil prices are headed," said Chokkalingam G, founder of Equinomics. "If the cur-

rent tensions de-escalate, the impact will be limited. But if prices return to \$100 and the conflict widens, we'll be on a sticky wicket."

Market breadth remained weak, with 2,595 stocks declining against 1,401 advancing.

"We expect the market to remain subdued on the back of weak global cues," said Siddhartha Khemka, head of research-wealth management at Motilal Oswal Financial Services. "Sector-specific news will continue to drive movement in the interim."