

# Insights in

2  
Mins

Debt  
Markets  
in 2023



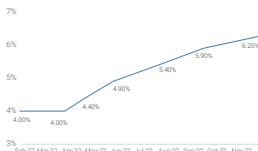
EDELWEISS  
MUTUAL FUND

## What we said last year

Year of policy normalization & hardening yields, expect low single digit returns

## RBI rate cycle

RBI repo rate may rise to 6.50% and can stay put in 2023



## What we think about 2023

Bond markets may deliver high single digit returns due to higher income and potential price appreciation

## Terminal rate range

Terminal rate may stay between 6.25% to 6.50%.

## US Fed rate

Fed may continue to raise rates up-to 5.00% - 5.25%

## Liquidity

Liquidity in debt markets may remain marginally positive with average surplus around Rs.1 trillion

## Inflation range

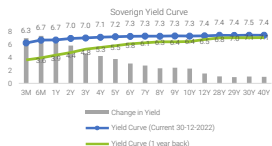
Inflation likely to stay between 5.5% to 6.0%

## 10-year G-sec yield

7.0% to 7.5%

## Yield curve

Yield curve may remain flat with term spreads in 50-75bps range



## Credit spreads

Will widen gradually over benchmark yields

## Currency outlook

USD-INR pair will likely weaken to Rs.85 per USD in 2023

## Government borrowing and fiscal deficit

Net borrowing to be around Rs. 11 trillion based on FY24 FD @ 5.8% of GDP

## Risks

Risks to look for in 2023 would be resurgence of the pandemic amidst rising cases globally & Geo-politics

## Advice for investors in 2023

Great time to invest in 5+Y G-Sec/SDL - Target Maturity Funds to capture superior tax-adjusted returns & for maintaining long-term asset allocation

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