Annual Market Outlook

2026

Earnings expansion paves the path to mid-teen returns

Index

Foreword – From Consolidation to Expansion

2025 was a year that asked markets to pause, breathe, and recalibrate.

After the sharp 19% surge from the April lows, the Nifty returned to its old high from Sep '24—only to hover there, almost unchanged, as if taking stock of the world around it. Tariff shocks, geopolitical tensions, and shifting global rate expectations tested sentiment, while FIIs kept trimming exposure. Yet the market never truly lost its footing. Domestic investors through record SIP flows and deep DII participation became the quiet stabilizers, powering India through a year of global disruption.

As 2026 begins, the mood shifts from caution to quiet confidence.

Inflation is easing, policy is steadfastly supportive, and the corporate earnings cycle, after the near double-digit EPS cuts of the past year, finally shows signs of reviving. Valuations have drifted back toward long-term norms and the broader markets that spent much of 2025 cooling off are now finding renewed strength through wider earnings participation. Globally, capital is reconsidering the Emerging Market story as growth normalizes in the West.

In this transition, investors are not being called to chase, but to position.

Large caps remain the anchor—fairly valued, earnings-ready and resilient. Mid and small caps, now on firmer footing, move from an underweight view to a more balanced neutral stance, inviting selective additions. With the Nifty likely oscillating between 27,400 and 32,400 through the upcoming year, the real opportunity lies in disciplined, staggered participation rather than aggressive bets.

On the fixed-income side, the story evolves even more subtly.

The RBI's 125 bps of cumulative cuts in 2025, coupled with strong OMO liquidity support, have reshaped the curve. The long-duration trade that dominated the last 18–20 months has largely played out. Instead, the more compelling narrative now lies in the 2–5 year maturity range and high-yield strategies, supported by steady credit environment, active liquidity management and moderating inflation.

A parallel narrative strengthens:

Private market avenues offer access to innovation, differentiated return drivers, and yield stability that traditional markets alone cannot deliver, thus forming a critical third leg of a well-constructed portfolio.

2026, in essence, is not a year of fireworks—it's a year of progression.

A year where India moves from consolidation toward genuine expansion. A year where patience, balance, and thoughtful allocation are likely to outperform noise.

For investors, the roadmap is clear: Balanced allocations across high quality equities and selectively positioned fixed income to be key to capturing India's next leg of growth.

Tariffs. Wars. Flows. Pivots. The Journey From Peak to New Highs

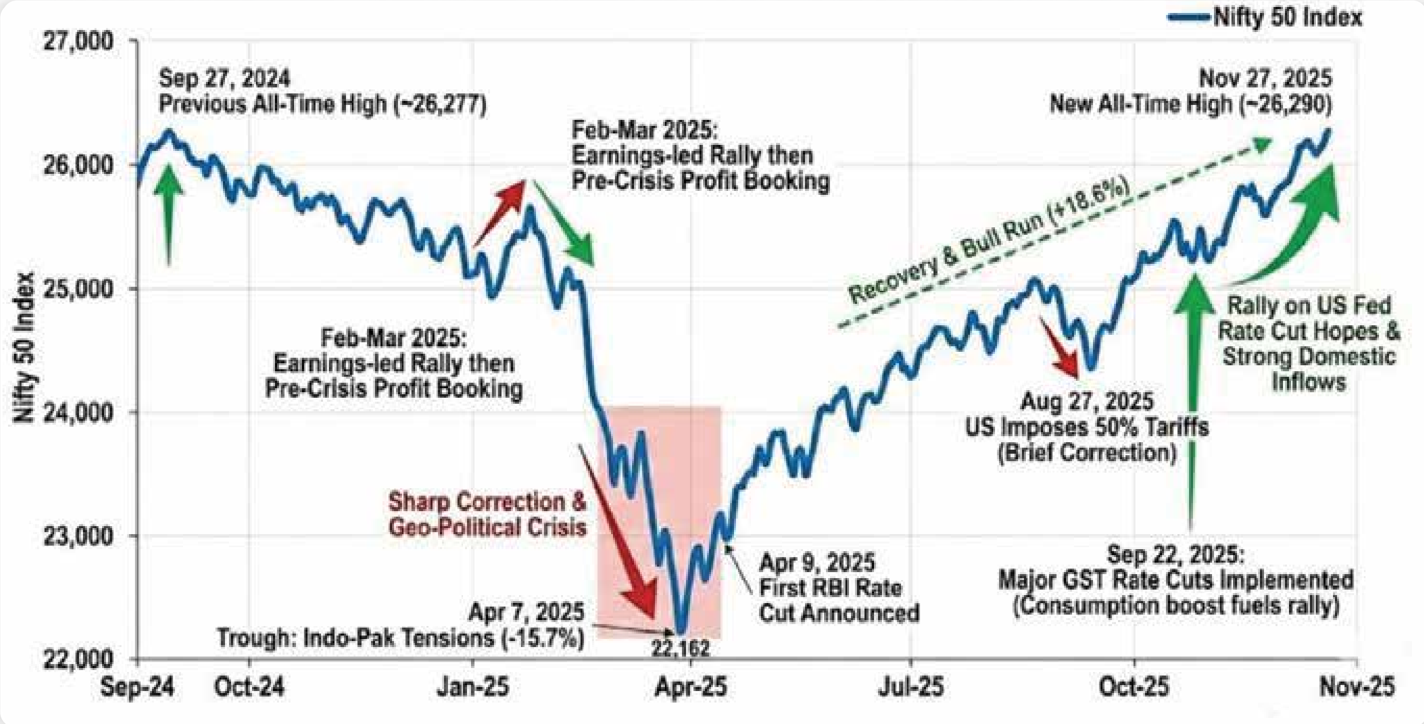

Figure 1.

- Nifty Index has rallied ~19% from the April '25 lows, however, has delivered flat returns (~0.1%) from the previous All-Time High seen in Sept '24.
- Key factors that drove markets: Record SIP & DII Inflows, Structural GST Rate Cuts, US Fed & RBI Pivot hopes, Resilience to War & Tariff shocks.

InCred Wealth

What could shape 2026

The Great Power Tussle – New World Order in Motion

- **Capital Flows:** Tilts towards EMs as growth in the west normalizes and EM equity risk premia compress.
- **China remains volatile but investable** with policy driven stimulus & pockets of value
- **AI Dominance** becomes the new currency of power.

India's Reset Year - A Move from Valuation led rally to Earnings driven cycle

- **India Becomes the Structural Winner:** Resilient macro, manufacturing and consumption push, supportive policy
- **Corporate Earnings to expand**
- **Broader Markets to make a comeback:** Small & Midcaps are back in focus supported by earnings breadth.
- **DIIs remain the backbone**, will continue to help cushion global shocks.

Gold: The Shine Outlasts Multi-polar Shocks

- **Gold Remains a Credible Macro Hedge**, despite price volatility.
- **Central Bank Buying continues**, driven by geopolitical hedging and a weaker dollar.
- **Real Yields Soften:** Improved gold demand visibility for 2026.
- **ETF Flows may revive**, providing floor to prices.

Private Markets Go Mainstream

- **From Niche to Core:** Marking a structural shift in portfolio allocation
- **Growth Capital sees a rebound after 2022 to 2024 trough:** Stabilised valuations, low public market correlation and access to new age themes
- **Private Credit:** Higher and stable yields, favourable credit cycle, bank/NBFC financing not available, predictable cashflows

Outlook Summary

Equity View

Large Cap

India becomes a structural winner - Earnings to expand

- YTD, Nifty is up ~10.8%, while mid-caps lag (+6.7%) and small-caps are down (-5.7%).
- FIIs stayed net sellers; DIIs absorbed supply, reinforcing India's "domestic shield."
- Valuations normalized to averages (Nifty 50 trades @~20.5x 1yr forward); Earnings sentiment improved.
- India now relatively more appealing v/s EMs.
- Trade deal could act as a near-term export catalyst.

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Indian Equities	Large Cap	Nifty 50	26,203	Positive

Quick Overview

- **Expect Nifty 50 Index to deliver EPS of 1,300 for FY27 (13% growth over FY26) and 1,475 for FY28 (13.5% growth over FY27).**
- **Stagger investments over next 1 month to 3 months.**

Mid & Small Cap

Broader markets to make a comeback

- Broader market valuations softened but still on the higher side, however supported by positive earnings growth.
- Upgrade Mid & Small Caps to neutral (from underweight) and suggest selective allocation to this space.

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Indian Equities	Mid and Small Cap	Nifty Midcap 100	61,043	Neutral

Quick Overview

- **Nifty Midcap 100 Index valuation premium has come off over the past year and now trades at ~21% premium to its long period averages. Nifty Smallcap 250 Index too now trades at reasonable premiums to its averages.**
- **Consider phased investments over next 3months to 4months period, limiting allocation to 25% for mid and 15% for small caps.**

Source: Prices as of 30th Nov 2025; Bloomberg

Fixed Income View

RBI Cuts 125bps in 2025 - Aims to Strengthen Liquidity and Support Growth

- RBI's OMO commitment signals steady liquidity support, smoother transmission, and lower funding costs for banks/NBFCs.
- Lower inflation forecasts keep room for possibly one last rate cut in Feb-26, with strong Q3FY26 GDP limiting any further easing.
- Ongoing external volatility calls for a dynamic, actively reassessed duration stance.
- Weak demand from insurers/pension funds keeps long yields range-bound.
- Short-to-mid yields may soften on liquidity measures, CRR cut risk, and RBI support (bull steepening).

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Fixed Income	G-Sec	10-year G-Sec	6.49%	Positive on 2y-5y maturity funds and high yield strategies
	AAA Corporate	3y AAA	6.67%	
	AA Corporate	3y AA	7.61%	
	A Corporate	3y A	8.85%	

Quick Overview

- ~45% in 2yr – 5yr AAA/AA accrual strategies, ~20% in dynamic/long-duration, ~35% in high-yield assets (A rated and below).
- Credit environment stable; spreads remain attractive.

Source: Prices as of 2nd Dec 2025; Bloomberg

InCred Wealth

Global Equities View

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Global Equities	US	S&P 500	6,849	Neutral
	Europe	MSCI Europe	2,545	Negative
	China	Shanghai Composite	3,889	Neutral

USA

- Rich valuations, narrow market rally, concentrated earnings, open trade risk are key reasons.

Europe

- Lack of earnings, rich valuations and strong Euro is a headwind for exports.

China

- We now have turned Neutral (from positive) given sharp rise in valuations and 20% 1yr returns.

Commodities View

Precious Metal

- Gold gains 60% YTD, driven by supercharged geopolitical and economic uncertainties, softer US dollar and strong price momentum.
- 2026 outlook is uncertain, prices likely rangebound if current macro conditions persist.
- Slower growth and lower rates could support moderate gains; a deeper downturn could drive stronger upside.
- Faster U.S. growth and reduced geopolitical risk could strengthen the dollar and pressure gold lower.
- Precious metals remain a key portfolio diversifier and stabilizer amid ongoing market volatility and can be allocated up to 10% of the portfolio.
- Reinvesting existing gains into gold MLDs offers an attractive hedge opportunity

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Precious Metal	Gold	LBMA USD	4,191	Neutral
	Silver	LBMA USD	54	Neutral

Source: Prices as of 30th Nov 2025; Bloomberg

Commodities View

Crude

- Brent hovered around $63-64/bbl in Nov and early Dec.
- Rising supply and easing seasonal demand to drive inventory buildup and price decline.
- EIA projects: ~$54/bbl in 1Q26 and ~$55/bbl in CY26.
- Inventories seen rising ~2.6mn bbl/day in 4Q25, staying elevated through 2026.
- Russia-Ukraine tensions and potential new sanctions remain key supply risks.

Asset Class	Sub-category	Index	Closing Level	InCred Outlook
Commodities	Crude	Brent Crude (US$/bbl)	63.2	Negative

Source: Prices as of 30th Nov 2025; Bloomberg

InCred Wealth

DM equities, Gold/ Silver outshine in 2025

Emerging Markets outperformed Indian markets; Magnificent 7 continued to outperform in the U.S; China equities made a comeback

As of 30th Nov 2025	Current Level	Point-to-Point (%)				Calendar Year (%)					
		1 Month	3 Months	6 Months	1 Year	CYTD 25	2024	2023	2022	2021	2020
Global Indices											
S&P 500	6,849	0.1	6.0	15.9	13.5	16.4	23.3	24.2	-19.4	26.9	16.3
S&P 500 Equal-Weight	7,745	1.7	1.6	8.4	2.0	9.1	10.9	11.6	-13.1	27.5	10.5
Nasdaq	23,366	-1.5	8.9	22.2	21.6	21.0	28.6	43.4	-33.1	21.4	43.6
Russell 2000	2,500	0.8	5.7	21.0	2.7	12.1	10.0	15.1	-21.6	13.7	18.4
MSCI Emerging Markets	1,367	-2.5	8.6	18.1	26.7	27.1	5.1	7.0	-22.4	-4.6	15.8
Shanghai Composite	3,889	-1.7	0.8	16.2	16.9	16.0	12.7	-3.7	-15.1	4.8	13.9
Indian Indices											
Nifty 50	26,203	1.9	7.3	5.9	8.6	10.8	8.8	20.0	4.3	24.1	14.9
Nifty 500	23,933	0.9	6.5	5.0	5.5	7.0	15.2	25.8	3.0	30.2	16.7
Nifty MidCap 100	61,043	2.0	9.5	6.3	8.2	6.7	23.9	46.6	3.5	46.1	21.9
Nifty SmallCap 250	16,733	-3.4	1.4	-0.6	-5.6	-5.7	26.4	48.1	-3.6	61.9	25.1
Other Assets (levels)											
Brent Crude	63	65	68	64	73	75	77	86	78	52	66
Gold	4,191	4,012	3,429	3,278	2,651	2,609	2,078	1,814	1,806	1,888	1,515
Silver	54	49	39	33	31	29	24	24	23	26	18
Dollar index	99	100	98	99	106	108	101	104	96	90	96
USD/INR	89	89	88	86	84	86	83	83	74	73	71
Credit/ Yields (%)											
India 10 year G-sec	6.5	6.5	6.6	6.3	6.7	6.8	7.2	7.3	6.5	5.9	6.6
US 10 year G-sec	4.0	4.1	4.2	4.4	4.2	4.6	3.9	3.9	1.5	0.9	1.9

Source: Bloomberg

Broad-based gains across large cap stocks

Large Cap Equities continued to stay positive in CYTD25; Mid Cap and Small Cap have remained under pressure this year.

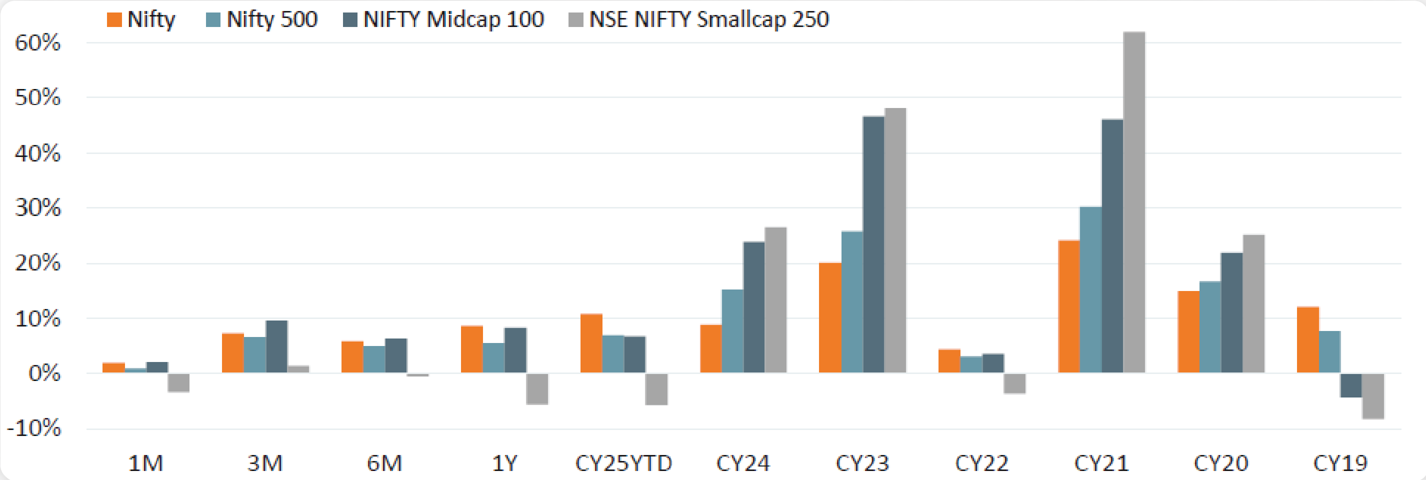

Figure 2.

Sectoral Indices	Point-to-Point (%)				Calendar Year (%)					
	1 Month	3 Month	6 Month	1 Year	CYTD25	2024	2023	2022	2021	2020
NSE Financials	2.8	9.1	5.2	16.2	18.6	9.4	13.2	9.5	14.0	4.5
Nifty Bank	3.4	11.4	7.2	14.8	17.5	5.3	12.3	21.2	13.5	-2.8
BSE Capital Goods	-1.7	5.8	-2.6	-2.1	2.1	21.8	66.9	16.0	53.4	10.6
NSE Infrastructure	0.9	8.8	7.6	10.5	14.1	15.9	39.1	6.1	35.6	12.2
NSE IT	4.7	6.3	0.2	-13.3	-13.7	22.0	24.1	-26.0	59.6	54.9
Nifty India Defence PR	-1.5	8.1	-7.8	19.4	23.3	55.5	89.2	-	-	-
NSE Auto	3.6	11.3	19.1	18.9	21.6	22.6	47.6	15.3	19.0	11.5
NSE FMCG	-1.1	-1.0	0.6	-4.1	-2.1	-0.3	29.0	17.5	10.0	13.5
Nifty Healthcare PR	2.3	4.7	8.2	6.4	0.5	40.6	32.9	-10.8	18.3	-

- On CYTD basis Nifty 50 Index is outperforming the Mid & Small Cap indices by 4% and 15.0%, respectively.
- Defense, Auto and Financials have been outperformers so far in 2025.
- IT, FMCG, Healthcare and Capital Goods have been underperformed CYTD2025.

Source: Prices as of 30th Nov 2025; Bloomberg

Global Macro & Markets

Global Macro

Fed Cuts Rates; Policy Shift Sets Global Tone

	Quarterly GDP Sept-25 SA qoq (%)	Inflation Oct-25 yoy (%)	Current Policy Rate Nov-25 / Dec-25	10Y bond yield 3-Dec-25
US	3.8%	3.0%	3.50% - 3.75%	4.08%
Europe	0.2%	2.1%	2.00%	2.75%
Japan	0.5%	2.8%	0.50%	1.90%

USA

- Fed delivered 3rd rate cut taking Funds rate to 3.50% - 3.75%, but as per Fed Dot plot we expect just one more rate cut in 2026.
- Growing dissent in the FOMC over further rate action also comes through in their altered language on future cuts. The language change is similar to what they had resorted to in last year's policy before they hit a pause on rate cuts.
- Powell has said Fed has done enough for bolstering economy in backdrop of weak employment numbers.
- Fed is at crossroads given the rising dissent amongst members for future cuts while trying to keep Govt pressure at bay and managing inflation - growth dynamics effectively. We don't have a dovish Fed.

Europe

- ECB kept its key interest rate unchanged at 2% at its October meeting and emphasized and repeated that policy was in a good place as economic risks recede.
- The view of inflation was broadly unchanged.
- While the economy has continued to grow despite the challenging global environment, it cautioned that the outlook is still uncertain.
- It added that it would follow a meeting-by-meeting with a data-dependent approach.

Japan

- BOJ held rates steady at 0.50% in October, extending the pause in its hiking cycle from subzero rates that began in March last year.
- BOJ Governor indicated that it needs more certainty about the performance of the US economy, which affects Japan's exports and currency and wants more time to assess incoming data.
- BOJ revised its growth forecast for the current fiscal year to 0.7% from 0.6% in the previous projection.

India Macro Outlook

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India Market Outlook

Credit growth has started picking-up; GST boost seen in PV sales; Trade deficit has widened

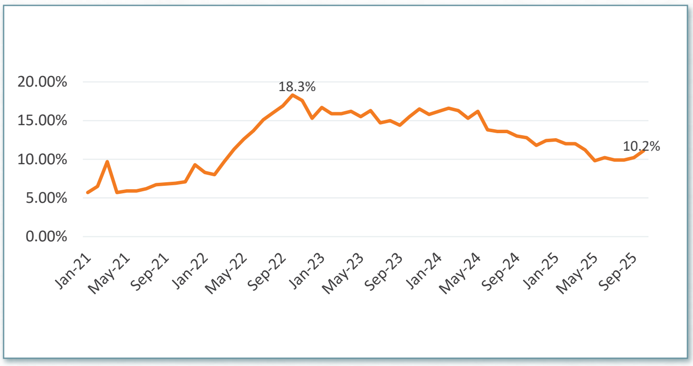

Figure 3. - Non-Bank Food Credit Growth (y-o-y)

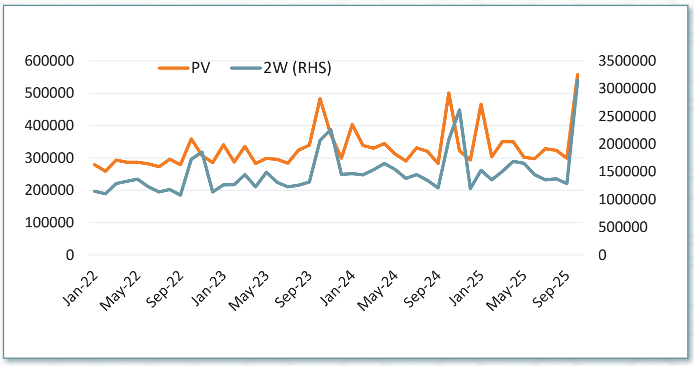

Figure 5. - PV & Two-Wheeler

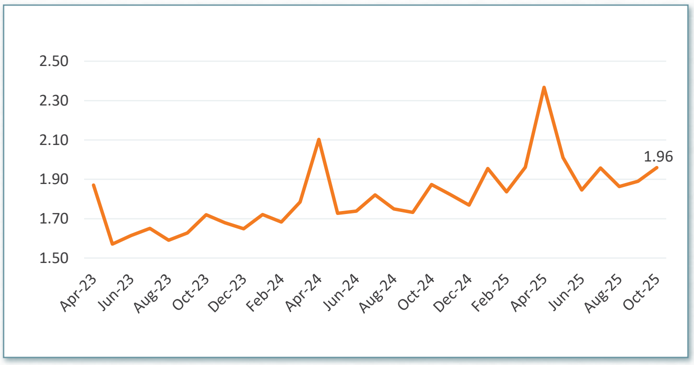

Figure 4. - GST Collection (₹Trn)

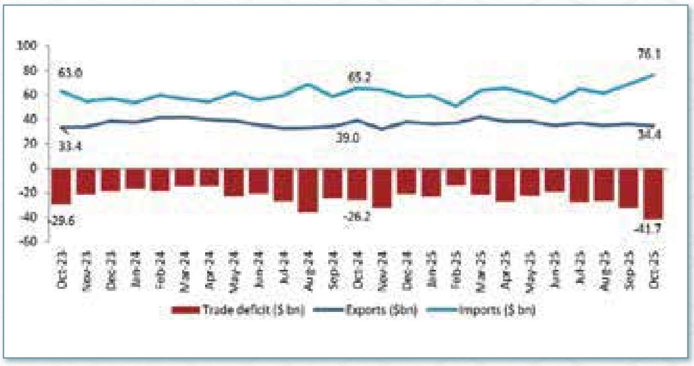

Figure 6. - Export & Import of Goods

Macro resilience is seen with growth pick-up and benign inflation

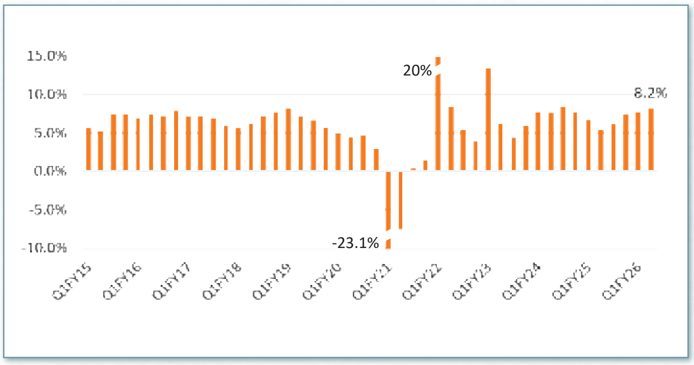

Figure 7. - GDP Trend (q-o-q)

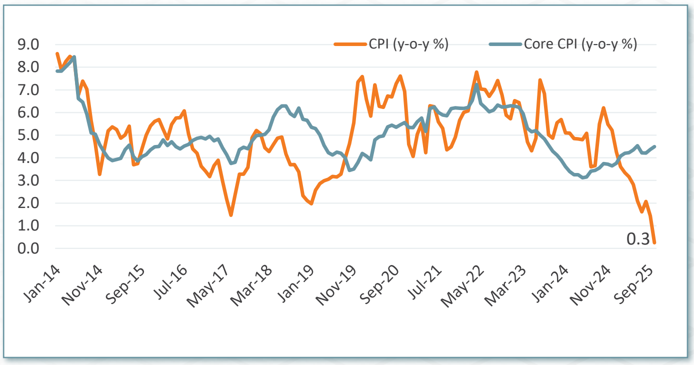

Figure 9. - CPI & Core CPI – line chart

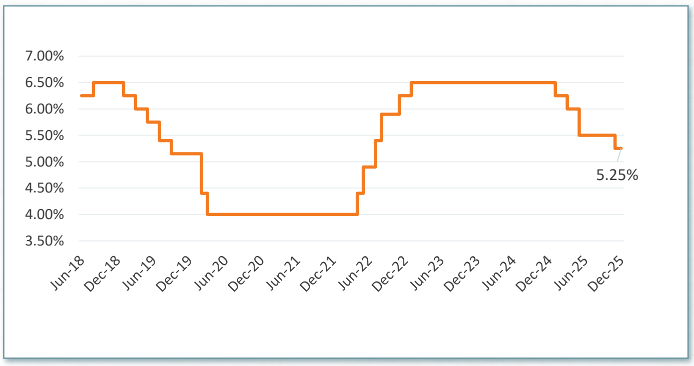

Figure 8. - Policy Rate – line graph

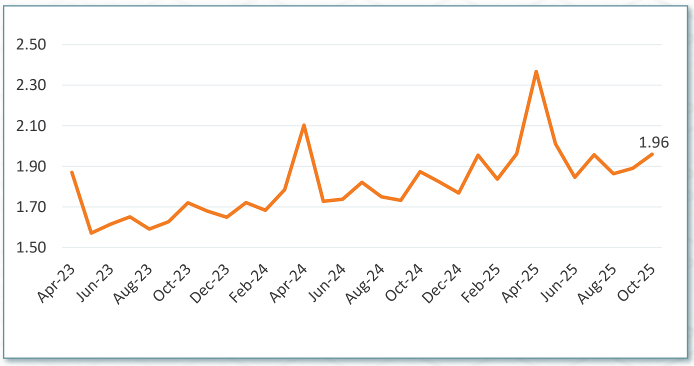

Figure 10. - IIP

Source: Bloomberg, FADA, IKIGAI AMC

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India Market Outlook

INR amongst the worst performing currencies in Asia

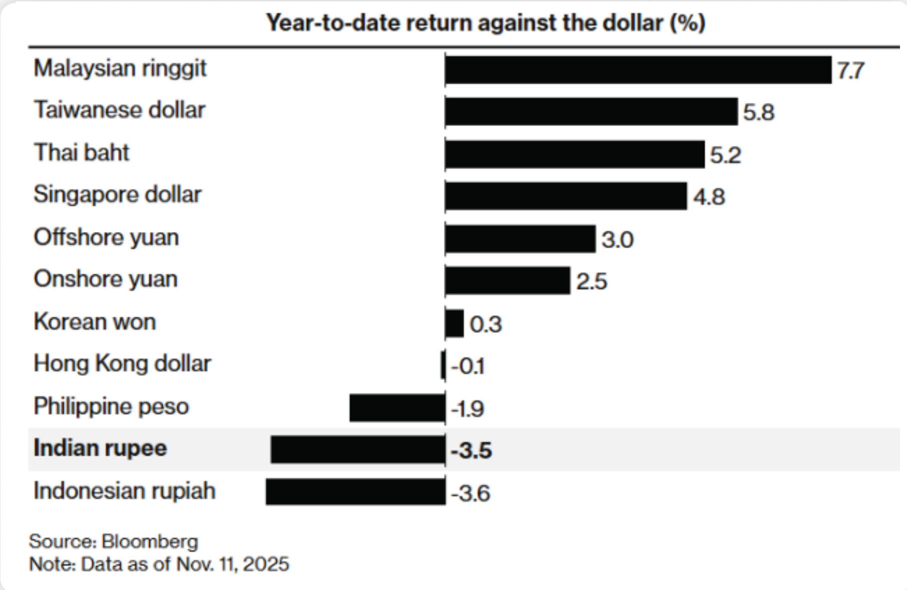

Figure 11.

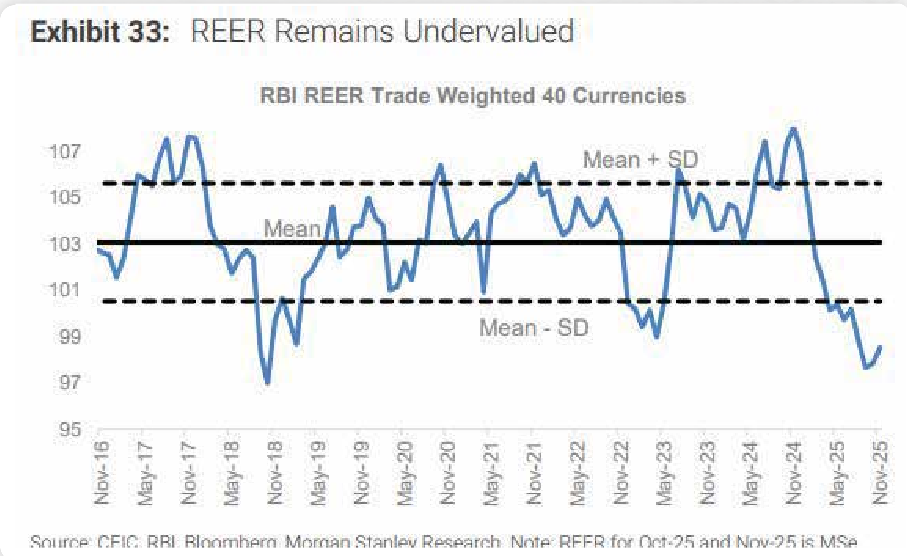

Figure 12.

- The REER has fallen sharply and is near (or slightly below) the Mean – 1 SD level (~100 or below).
- Currency is weaker relative to its fair value (cheaper)
- Every time INR reaches below -1sd it bounces back - Historically, an undervalued REER implies INR has more room to stabilize or strengthen going forward.

Flow, Valuations & Earnings

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Flows, Valuations, Earnings

DII Inflows at all time highs; FII remained net sellers in 2025 YTD

- FIIs total net sale quantum of $16.4bn so far in 2025.
- DIIs & MFs continued to be net buyers at $8.7bn and $4.5bn respectively.
- In CY25YTD, DIIs have invested ₹81.6bn worth of Indian equities.
- FIIs also turned net sellers in debt markets at $0.5bn while MFs continued to be net sellers at $8.0bn.
- SIP flows continue to come at all time high levels.

Figure 12. - SIP inflows continue to inch-up; gain 17%yoy

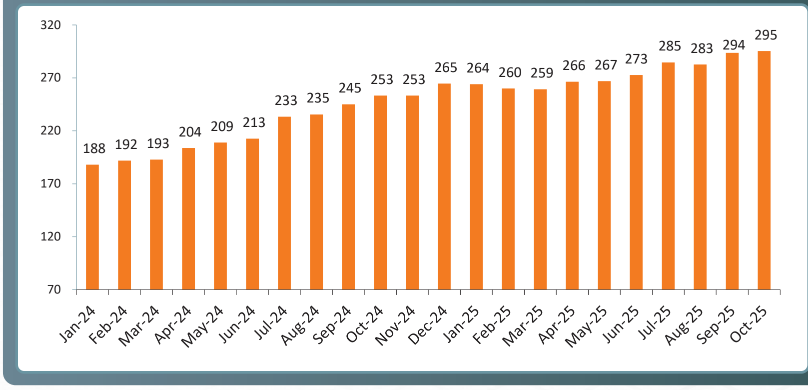


Figure 13. - FIIs stay net sellers, DIIs and MFs continue to be net buyers of Equities

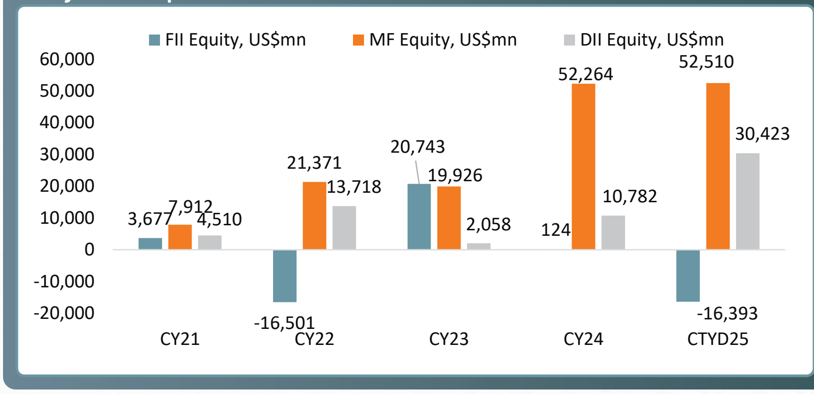
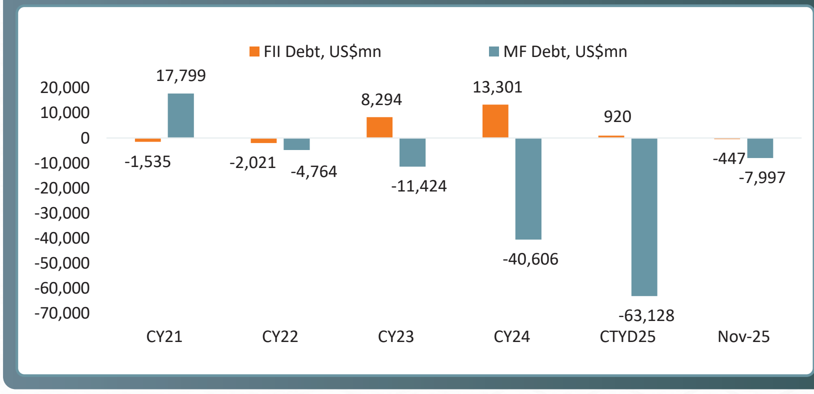


Figure 14. - FIIs are marginal buyers while mutual funds continue to sell



Source: Bloomberg, NSDL, SEBI, AMFI

Flows, Valuations, Earnings

Most valuations metric have cooled from their Sep-24 peaks

Figure 15. - India's market cap to GDP increases however still down from all time highs

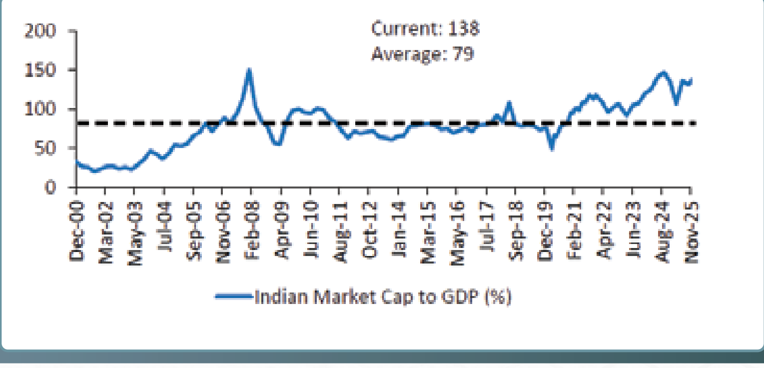


Figure 16. - Earnings yield to bond yield spread closer to average

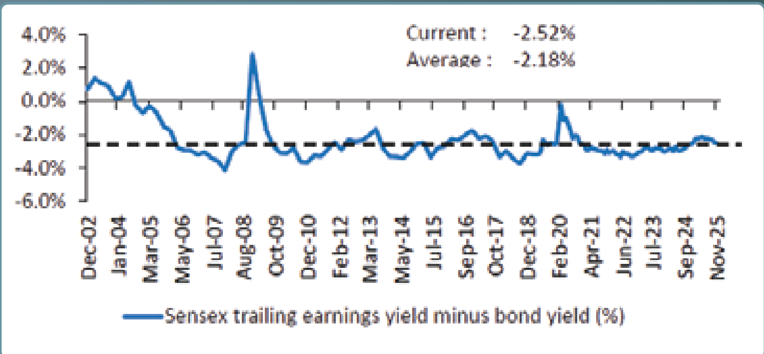


Figure 17. - Nifty valuation marginally above long-term average

Figure 18. - On P/B basis, Nifty trades at a premium

Equity Macro Outlook

InCred Wealth

Equity Outlook– India's Reset Year

India becomes a structural winner; Earnings to expand; Broader markets will make a comeback

- YTD, Nifty is up ~10.8%, while mid-caps lag (+6.7%) and small-caps are down (-5.7%).
- FIIs stayed net sellers; DIIs absorbed supply, reinforcing India's "domestic shield."
- India valuations have normalized toward averages (trades at ~20.5x 1yr forward) and now look more balanced vs EM peers.
- Earnings sentiment has improved post Q2FY26, with H2 demand recovery expected on RBI easing, tax moderation, and GST changes.
- A trade deal could act as a near-term export catalyst.
- Large-cap valuations are neutral; with earnings set to improve, we remain positive. Expect Nifty 50 to deliver EPS growth CAGR of 13% for FY27-FY28.
- Broader market valuations have relatively cooled and are backed by solid earnings growth. Midcap premiums have shrunk to 21% v/s LPA.
- We upgrade Mid & Small Caps to neutral (from underweight).
- Expect a gradual, directional improvement in equities into CY2026.
- In our view, Nifty 50 Index could be at nearly 30,000 for Dec-26 trading at 1yr forward valuation of 20.3x – this marks a 15% upside over the next 12m

1: Nifty December 2026 target range based on adjusted EPS expectations

	-1SD	10 Year Average	+1SD
Nifty 1-year forward PE	18.6	20.3	22.0
Nifty 50 EPS expectations in FY28		1,475	
Nifty range at end of 2026	27,435	29,942	32,450

Key Takeways

- **Expect Nifty 50 Index to deliver EPS growth of 13% over FY27-FY28.**
- **Positive on frontline equities while changing stance to neutral on broader markets on expected stronger earnings pick-up and valuation premiums shrinking.**

Equity Allocation Strategy

Points to consider for equity portfolio management

1) SMID segment continues to trade at a premium relative to Large Cap stocks, and to its respective long period average valuations (while the premium has significantly reduced). But a positive earnings growth view prompts us to change our stance.
2) We change out stance to neutral in Mid & Small caps and suggest selective allocation to this space. Our preference for Large Caps reflects in suggesting 60% of equity portfolio towards this segment and balance towards broader markets.
3) Deploy over 1month - 3 months in Large Cap strategies and extend the stagger from 3 months - 4months for any mid and small cap allocation.
4) Alternative investment solutions such as MLD ideas can be actively considered offering principal protection and accelerated participation.

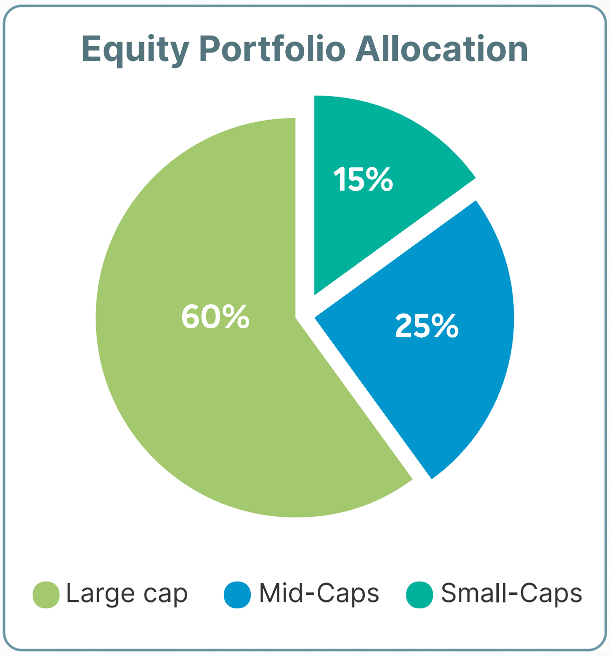


Figure 19.

Category	InCred Outlook
Large Cap	Positive
Mid and Small Cap	Neutral

InCred Wealth

Our Preferred Sectors

Banking

Large private banks expected to outperform due to **better spreads & core profitability recovery.** Gaining market share in home/auto loans while growing high-yield segments.

Automobile

Overweight rating maintained. Macro stimulus (tax cuts, salary revisions) driving a **2-3 year demand cycle**. CV turnaround sustaining with low base benefits.

Healthcare

Positive on **CDMO & branded generics**. Cautious on US generics due to margin risks. Earnings beating expectations with structural growth themes intact.

Metal & Mining

Benefiting from **Industrial Nationalism**. Trade barriers (tariffs, quotas) shielding domestic producers from global dumping. Focus on securing capacity & price stability.

Metal & Mining

Public capex-led super-cycle (Power, Defence, Railways). Premium valuations justified for high-profit delivery. Massive **T&D opportunity** (Rs9.15tr) ahead.

Risk to Our Equity View

The Key Headwinds That Could Test Markets in 2026

Collapse of the "AI Trade"

- A sharp valuation de-rating could trigger broad risk-off across global tech & growth markets.
- Global sentiment hit sparks a domino unwind, pushing funds to reduce EM exposure and driving potential FPI outflows from India.

US–India Trade Deal Delays

- Tariff moves have already impacted shipments signaling real near-term revenue risk for exporters
- A delayed deal creates regulatory uncertainty for exporters (profit downgrades for export-export names) and hit to investor sentiment that can accelerate FPI re-weighting away from India.

Weak Earnings & Nominal Growth

- Nifty sees further EPS downgrades in 2026 indicating continued disappointment vs consensus.
- GDP deflator remains low, signaling weak nominal growth that compresses corporate revenues and government receipts
- Both these instances heighten the risk of multiple compression.

Collapse of Domestic flows

- As of late Nov-25, DIIs had pumped in ~₹7.08 lk cr into Indian equities in 2025 - the highest annual total on record to date.
- With FPIs selling, the market relies on record DII inflows.
- A slowdown due to redemption pressure or confidence shocks could remove this critical liquidity backstop.

Fixed Income Outlook

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Fixed Income Outlook

Given planned CRR cuts / front-ended Repo cut, medium term offers value

- G-sec yields have moved up by 40bps since June MPC and trade closer to 6.63%.
- Neutral policy stance, multiple Bond auctions at higher cut-off yields and expectations of higher CPI in Q1FY27 is weighing on market participants.
- AAA bond yields have seen hardening in the 10yr segment
- 3yr Spreads in the AA / A rated segment continue to remain attractive
- Short-term yields have remained steady amid the ongoing phased CRR reductions and supportive liquidity conditions in the system.

Figure 20. - Issuers with credit rating "A" offers higher credit spreads

3-year tenor	02-Dec-25	Dec-24	Dec-23	Dec-22
G sec	5.92	6.72	7.09	7.04
Credit Spreads (bp)				
AAA over G sec	75	81	56	71
AA over AAA	94	76	67	57
A over AA	125	184	134	191

Figure 21. - Yield curve has steepened significantly over the last 2 months

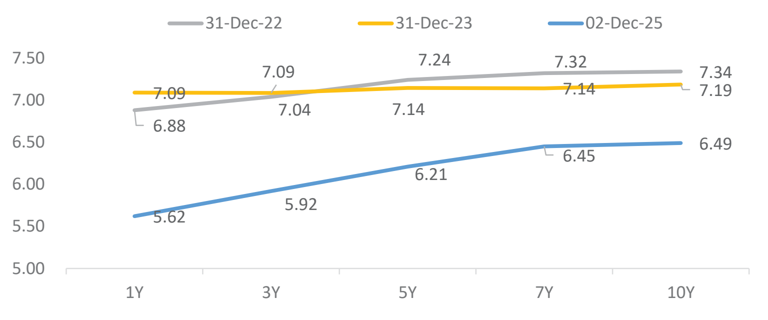
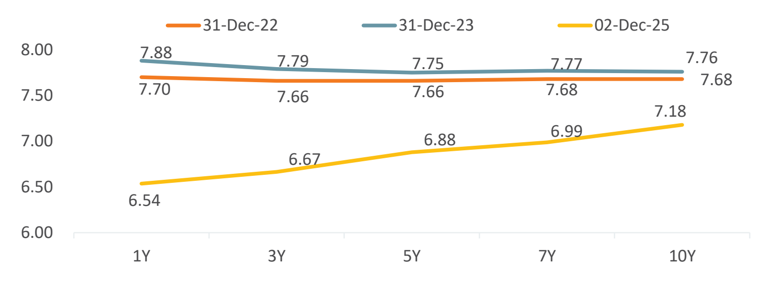


Figure 22. - AAA curve seen bull steepening given the sharp fall in short term liquidity



Source: SBIMF Research, Bloomberg; MOFSL

Fixed Income Outlook

Overnight rates hover around Repo Rate

Figure 23. - Banking system liquidity moves to surplus

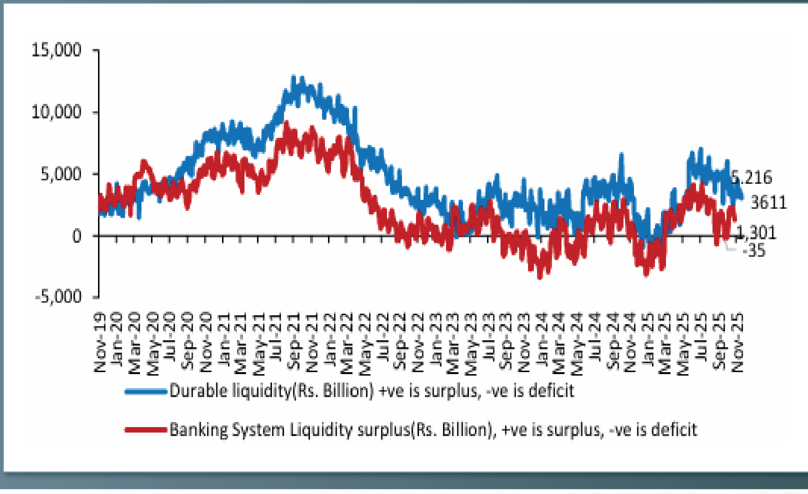
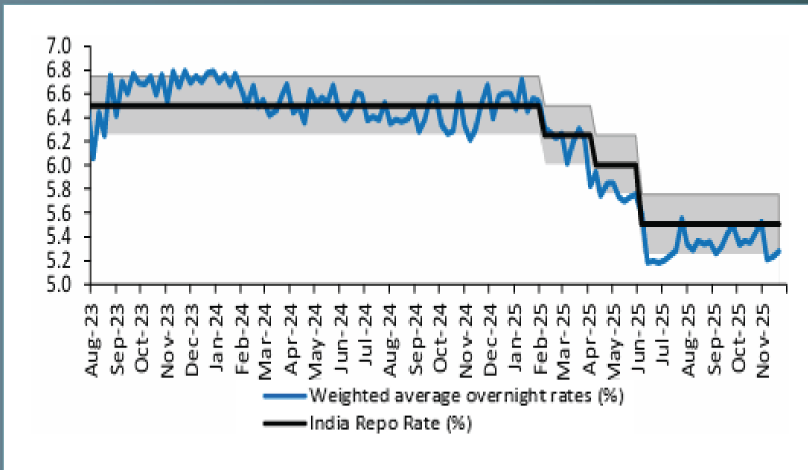


Figure 24. - Overnight rate anchor near repo rate (shaded area is policy corridor)



- Banking system liquidity goes to ~1-2tn surplus; Durable liquidity moderates too to 3.6tn (vs. 5tn as on Sep'25 end).
- RBI has taken various measures to inject ~INR 13tn liquidity since December 2024
- Massive FX sell with elevated forward book led to moderation in system liquidity offsetting CRR cut related liquidity infusion
- India 3m CD yield is ~10bps higher than post the June 2025 rate cut. Similarly, 10yr G-Sec and SDL yields also trade higher than post June MPC levels
- Despite being in a monetary easing environment, market rates such as CD rates and the G-sec curve have moved up by nearly 20 basis points since the June policy review

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Fixed Income Outlook and Allocation Strategy

Outlook

- RBI cut rates by 25 bps in Dec-25, taking total CY25 cuts to 125 bps.
- RBI's strong OMO commitment signals steady liquidity support, smoother transmission, and lower funding costs for banks/NBFCs.
- Lower inflation forecasts keep room for possibly one last rate cut in Feb-26, with strong Q3FY26 GDP limiting any further easing.
- Ongoing external volatility calls for a dynamic, actively reassessed duration stance.
- The strong duration trade seen 18m – 20m ago has largely played out; shifting heavily into duration funds now adds limited value.
- Weak demand from insurers/pension funds may keep long-end yields range-bound, while limited supply and RBI active liquidity management could soften short–medium yields further (bull steepening).

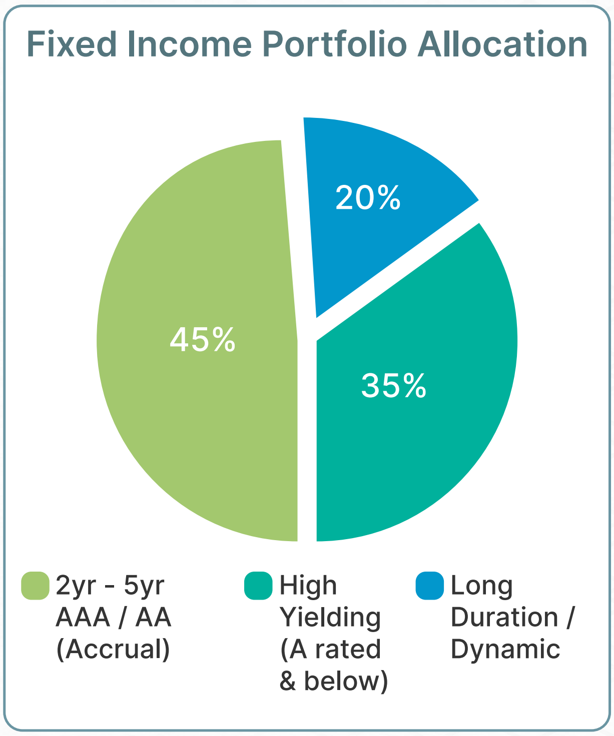

Figure 25.

Category	Outlook
Fixed Income	Positive on strategies focusing on 2yr – 5yr segment of the yield curve

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