



Citrus Advisors

Debt Investment Strategy

June 2022



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Recent Developments

- **Recent RBI Policy**
- **Global Trend of rate hikes**
- **Inflation - No longer transitory**

Our Expectations

- **Expect multiple rate hikes by RBI**
 - **Current repo rate at 4.9% can go upto 6%**
- **Current g-sec yield in the range of 7.4 - 7.5% can go to 8.25 - 8.5%**
 - **Short term yields to harden significantly**

These are based on currently visible factors such as inflation and policy statements

Investment Strategy

- It is suggested that **New allocation should be parked in overnight or liquid funds for the next 6 months.**
- We can move this allocation to **Gilt/Long term bonds/Medium term bonds** based on the **trend of yields.**
- Based on current assessment, the **sequence of shifting** should be **medium term bonds followed by long term bonds followed by gilt funds.**

Factors to watch

- **Inflation trend in India**
- **RBI policies**
- **US Fed announcements**
- **Ukraine war**
- **Global Supply Chains**
- **Monsoon in India**

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