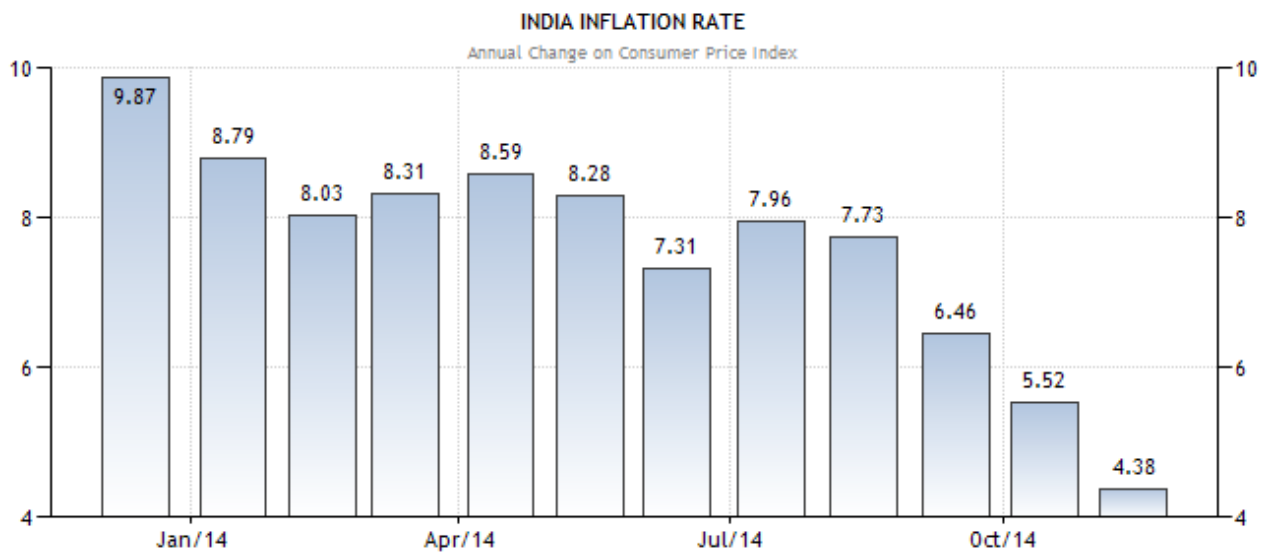


Our view for the year 2015 is that inflation (WPI and CPI) is expected to remain low and key benchmark rates could reduce by up to 100 basis points in phases during the year. The key factors supporting our views are –

- Crude oil and global commodity prices are weak, and are expected to remain weak throughout the year.
- Strong dollar and stable Rupee at the current levels (Rs 60 – 65) will lead to stable BOP.
- The lag between policy changes and fresh investments will lead to surplus funds in Indian financial system.

Inflation has not only abated but looks likely to stay at relatively stable levels and will support easier policy.



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI), INDIA

RECOMMENDATIONS: Investors in long term bonds and debt funds may see a 5 – 10% capital appreciation falling interest rates. We recommend investment in long term fixed income assets.

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