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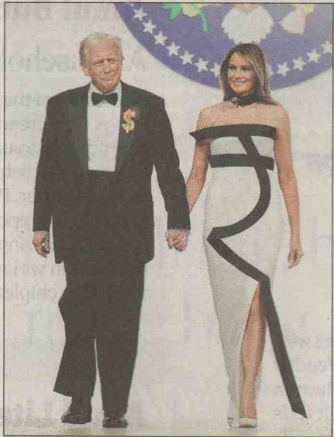
Bonds could bloom on govt's debt discipline

TEAM TOI

Bond market players were cautiously optimistic as the Budget aimed for a fiscal deficit target of 4.4% for FY26 that was within the market's expectation range. In addition, govt's borrowing figures were also conservative, while the FM made sure there were enough boosters to lift consumption, debt fund managers said. Bond market players are expecting the 10-year benchmark gilt yields to move in the range of 6.50% and 6.75% in the short run. On Friday it closed at 6.70%. Unlike the stock market that had a special day-long trading on Saturday, the bond market was closed.

"A slowing economy needed not only a consumption booster for the near-term recovery but also a conducive environment for investment to ensure sustainable growth over the medium term," said Ram Kamal Samanta, senior VP — investments, Star Unwin Dai-ichi Life Insurance. Bond market is now looking at RBI's rate setting committee meeting. Expectations are high that it would cut interest rate by 25 basis points (100 basis points = 1 percentage point).

"RBI's monetary policy next week is expected to announce a change of stance to



MONEY BALL

'accommodative' from 'neutral'," said Murthy Nagarajan, Head-Fixed Income, Tata Mutual Fund.