BONDWATCH

INDIA

Daily

05-08-2026

The benchmark 6.94 2036 bond yield closed at 6.7722% on Wednesday from 6.8152% on Tuesday.

The Indian 10Y benchmark G-sec yield eased 4.5 bps to three week low of 6.77% on RBI's dovish hold, while market participants were expecting hawkish commentary by the Governor, falling oil prices also kept sentiments positive. OIS rates dipped in line with RBI's dovish commentary, liquidity signal and fall in oil prices with the 5Y OIS falling 11bps to 6.25%.

In line with market expectations, the RBI held the repo rate at 5.25%, diverging from regional peers, including Indonesia and the Philippines, which have tightened policy to contain the war-driven inflation shock. RBI Governor sounded dovish in contrast with market expectations, MPC revised inflation forecasts for FY27 downwards by 10 bps to 5% commenting recent rise in inflation was majorly led by fuel and food due to supply side pressures while generalized inflation pressures remained modest emphasizing core core inflation remained modest at 2.3-2.5%. FY27 Growth forecasts were also revised upwards by 10bps to 6.7% citing growth has remained robust, led by healthy consumption, investments and service exports. Governor also sounded positive on liquidity front reiterating to maintain "sufficient" liquidity to keep the WACR aligned with the repo rate.

Meanwhile, U.S. President Donald Trump said his administration had "very good discussions" with Iran during all-day negotiations on Tuesday, fueling expectations of an imminent end to the five-month conflict. Brent slipped near 78 early on Wednesday, on deal hopes, then edged higher after a Houthi attack on a Saudi tanker renewed tensions.

Market Observations

G-sec

5–7yr G-secs drew ALM demand from foreign banks in 6.35–6.63 range.

Pension fund demand seen in 1–3yr G-secs, 6.03 2029 traded @6.14 for 500cr; foreign bank sold.

Corp Bond

Corp bond yields remained flattish across the curve, with benchmark indicative levels at 7.35% for the 1-year, 7.40% for the 5-year and 7.47% for the 10 year. Trading activity was largely concentrated in the medium-term segment, followed by the short term MMY segment.

CP/CD

Governor Sanjay Malhotra said the RBI would maintain "sufficient" liquidity to keep the weighted average call rate aligned with the repo rate. RBI has received inflows of nearly $41 billion by end-July under schemes announced in June. CD rates eased by 5-7bps across the curve with the 3M (Nov maturity) at 6.60%, 6M (Feb maturity) at 6.75% and 1Y (Aug maturity) at 7.15%. Trading was concentrated in JFM and 2–3M segments, led by banks and mutual funds.

GOI Yield	5-Aug	4-Aug	28-Jul	3-Jul
1 Year	5.65	5.70	5.71	5.65
5 Year	6.31	6.41	6.41	6.41
10 Year	6.77	6.82	6.78	6.71

AAA Bmk	5-Aug	4-Aug	28-Jul	3-Jul
1 Year	7.35	7.35	7.35	7.15
5 Year	7.40	7.40	7.32	7.16
10 Year	7.47	7.47	7.40	7.40

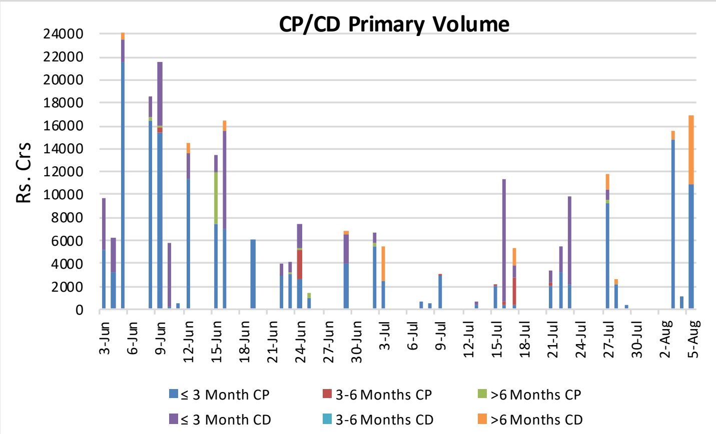
CD	5-Aug	4-Aug	28-Jul	3-Jul
3 Month	6.60	6.75	6.82	6.26
6 Month	6.75	6.85	6.90	6.65
1 Year	7.15	7.10	7.15	7.00

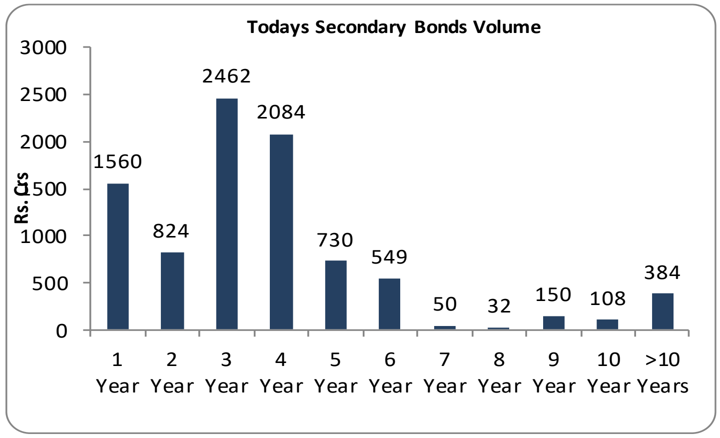
CP	5-Aug	4-Aug	28-Jul	3-Jul
3 Month	6.65	6.80	6.87	6.31
6 Month	6.80	6.90	6.95	6.70
1 Year	7.20	7.15	7.20	7.05

OIS Rate	5-Aug	4-Aug	28-Jul	3-Jul
1 Year	5.76	5.87	5.88	5.78
2 Year	5.94	6.06	6.07	5.91
3 Year	6.05	6.17	6.17	6.01
5 Year	6.25	6.36	6.35	6.18

	5-Aug	4-Aug	28-Jul	3-Jul
Sensex	78,581	78,429	76,766	77,764
Nifty	24,625	24,615	23,985	24,271
USD/INR	95.12	95.38	95.85	95.21
Gold (USD)	4,163	4,076	4,027	4,175
Oil (USD)	80.77	79.36	84.09	72.12

NDF	5-Aug	4-Aug	28-Jul	3-Jul
3 Month	95.80	95.89	96.44	95.97
1 Year	97.99	98.13	98.69	97.97
2 Year	100.77	100.88	101.56	100.54
3 Year	103.98	104.05	104.97	104.04





10 Year Benchmarks	5-Aug	4-Aug	28-Jul	3-Jul
India	6.78	6.82	6.78	6.71
US	4.61	4.63	4.60	4.48
South Korea	4.18	4.25	4.30	4.20
Brazil	14.54	14.54	14.77	14.54
Germany	3.11	3.12	3.11	2.93
China	1.71	1.70	1.73	1.74

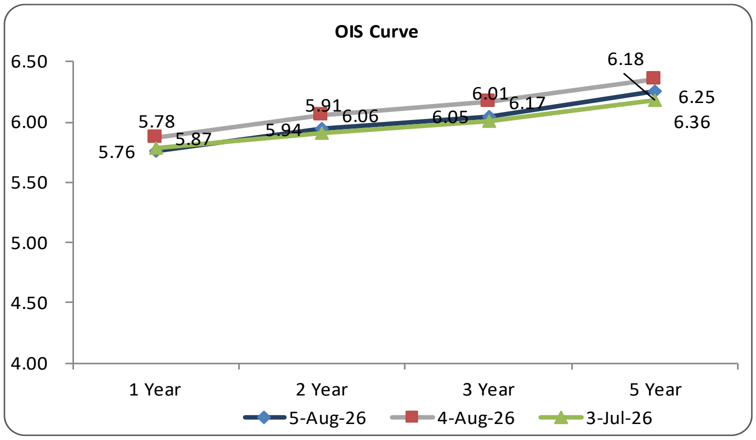
Top Traded Securities	Volume	5-Aug	4-Aug	28-Jul	3-Jul
6.75 2029	0	6.33	6.34	6.21	6.20
6.79 2034	285	6.75	6.78	6.74	6.72
6.33 2035	40	6.74	6.77	6.72	6.70
6.92 2039	10	6.92	7.01	7.04	6.92
7.09 2054	0	7.46	7.47	7.44	7.33
7.34 2064	0	7.61	7.63	7.54	7.44

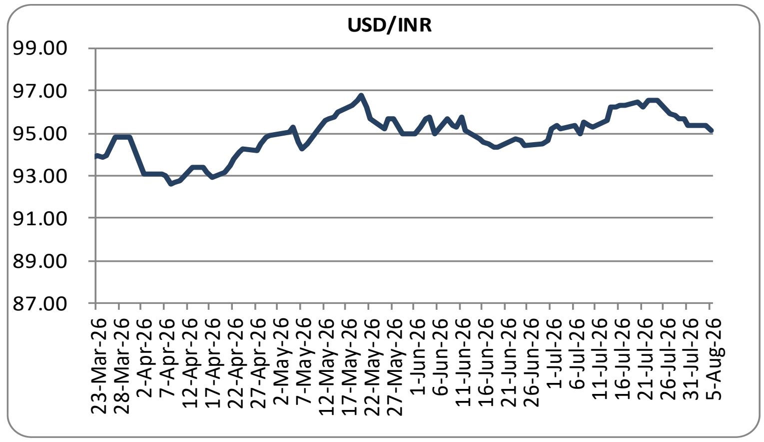
	DEBT			EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
31-Jul-26	676	703	(26.36)	1,233	755	478.22	1,910	1,458	451.86

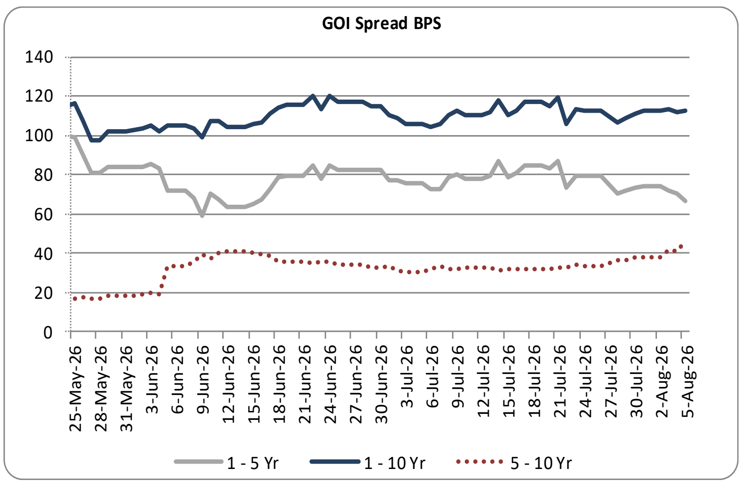
	DEBT			EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
5-Aug-26	1355	307	1,047.48	22838	13515	9,323.38	24193	13822	10,370.86

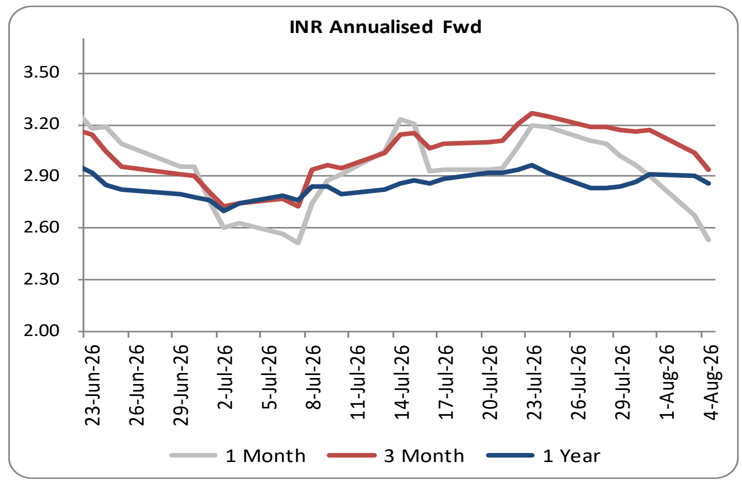
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-26	7.80	8.00
CAD ($ Bn)	Mar-26	7.10	(15.50)
Trade Deficit ($ Bn)	Mar-26	(83.40)	(93.60)
WPI (%)	Jun-26	9.87	9.68
CPI (%)	Jun-26	4.38	3.94
IIP (%)	Jun-26	7.30	5.00
PMI Manufacturing	Jul-26	53.50	54.20
PMI Service	Jul-26	53.30	57.40

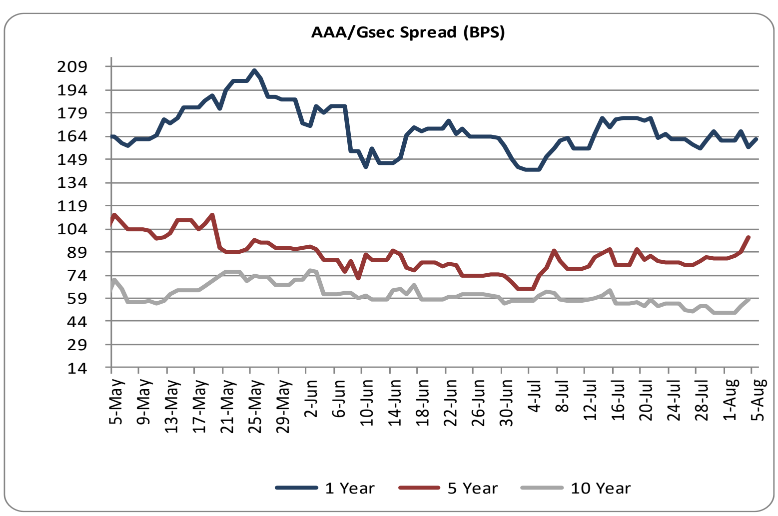
Economic Calender	Country	Date	Poll	Prior
ADP Nonfarm Employment Change (Jul)	U.S.	05-Aug-26		98K
S&P Global Services PMI (Jul)	U.S.	05-Aug-26	53.60	51.20
ISM Non-Manufacturing PMI (Jul)	U.S.	05-Aug-26		54.00
Crude Oil Inventories	U.S.	05-Aug-26		(7.167)M
Initial Jobless Claims	U.S.	06-Aug-26		
FX Reserves, USD	INDIA	07-Aug-26		
Average Hourly Earnings (MoM) (Jul)	U.S.	07-Aug-26		0.30
Nonfarm Payrolls (Jul)	U.S.	07-Aug-26		57K

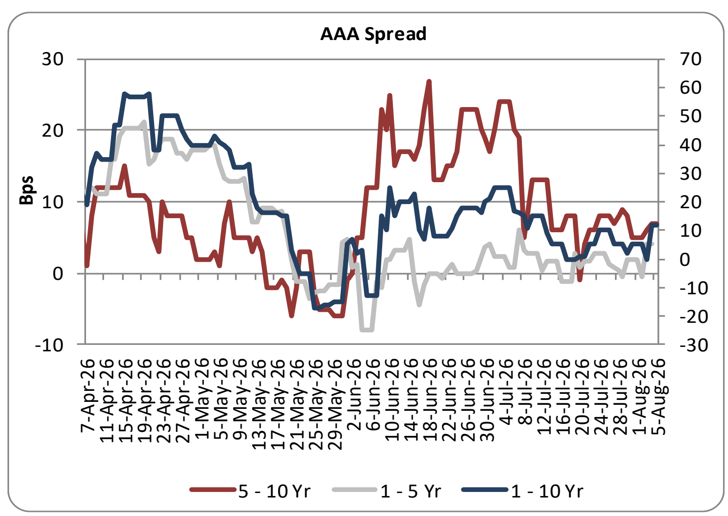

OIS Curve
6.50
6.00
5.50
5.00
4.50
4.00
5.78
5.76
5.87
5.91
5.94
6.06
6.01
6.05
6.17
6.18
6.25
6.36
1 Year
2 Year
3 Year
5 Year
5-Aug-26
4-Aug-26
3-Jul-26

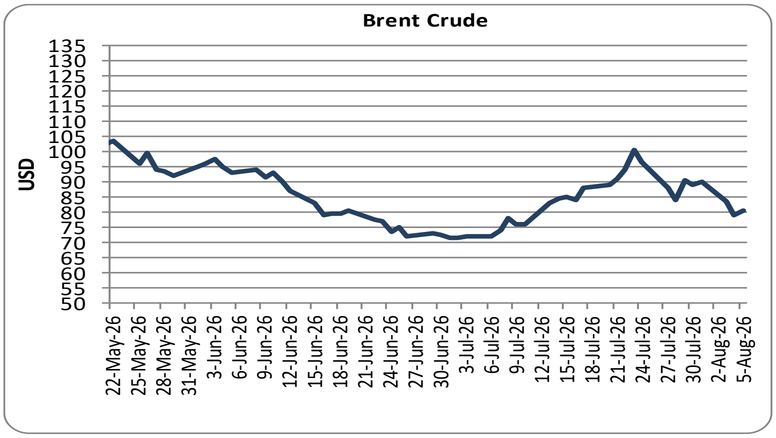

USD/INR
99.00
97.00
95.00
93.00
91.00
89.00
87.00
23-Mar-26
28-Mar-26
2-Apr-26
7-Apr-26
12-Apr-26
17-Apr-26
22-Apr-26
27-Apr-26
2-May-26
7-May-26
12-May-26
17-May-26
22-May-26
27-May-26
1-Jun-26
6-Jun-26
11-Jun-26
16-Jun-26
21-Jun-26
26-Jun-26
1-Jul-26
6-Jul-26
11-Jul-26
16-Jul-26
21-Jul-26
26-Jul-26
31-Jul-26
5-Aug-26

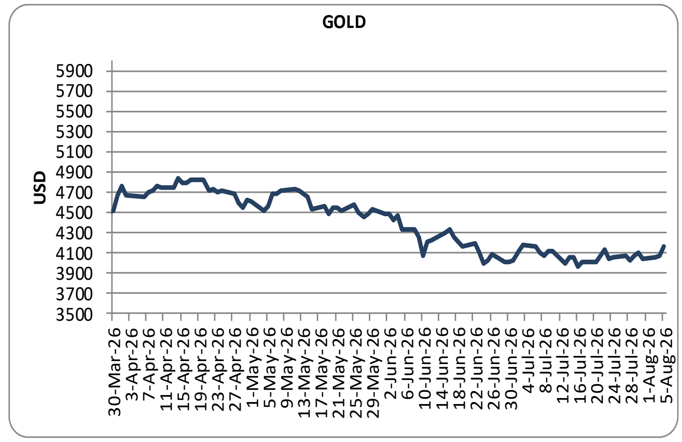

GOI Spread BPS
140
120
100
80
60
40
20
0
1 - 5 Yr
1 - 10 Yr
5 - 10 Yr


INR Annualised Fwd
3.50
3.20
2.90
2.60
2.30
2.00
23-Jun-26
26-Jun-26
29-Jun-26
2-Jul-26
5-Jul-26
8-Jul-26
11-Jul-26
14-Jul-26
17-Jul-26
20-Jul-26
23-Jul-26
26-Jul-26
29-Jul-26
1-Aug-26
4-Aug-26
1 Month
3 Month
1 Year


AAA/Gsec Spread (BPS)
209
194
179
164
149
134
119
104
89
74
59
44
29
14
1 Year
5 Year
10 Year


AAA Spread
Bps
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





LKP SECURITIES LTD., 203, Embassy Centre, Nariman Point, Mumbai- 400021

For any queries contact - LKP Securities Ltd. Ph: 022-62501149 Fax: (91-22) 2284 2415 E Mail: fixedincomeresearch@lkpsec.com

Visit our website - http://www.lkpsec.com/