The benchmark 6.94 2036 bond yield closed at 6.8495% vs 6.8709% in the previous session.

The Indian benchmark 10-year yield surged 9.5 bps over the week, its sharpest weekly rise since the week ended April 3.

India Bond yields this week were driven by dented sentiment both domestically and globally, with yields rising across the curve on the back of the early closure of the FCNR swap window, rising oil prices, hawkish MPC minutes, and stress in global bond markets.

The 10Y Yield rose to 6.81% on Monday, up from 6.76% last Friday, after the RBI's surprise advance closure of the FCNR swap window, with the 5-year yield rising the most by 8 bps. Higher oil prices and a global bond sell-off further weighed on sentiment through the week. Following the hawkish MPC minutes on Wednesday, the 10-year yield rose nearly 5 bps to 6.87% on Thursday from its previous close, fueling bets of rate hike a view also reflected in OIS rates, where the 1-year OIS rose 17 bps to 5.90%, while the 5-year OIS also surged 17 bps to 6.42%

The 5Y note led the losses, as a prime beneficiary of the FCNR facility, with its yield spiking 13 bps for the week, its largest weekly rise since early May.

Brent crude futures climbed as much as 6% for a second straight week, reaching $93 a barrel, as the 60-day U.S.-Iran interim deal lapsed without indications of an extension, fueling concerns over renewed supply disruptions.

Government bond yields around the world rose this week amid growing concerns over the inflation outlook and the prospect of higher fiscal spending.

Market Observations

G-sec

Size buying demand was visible in 5 year & 6-year maturity SDLs (2031 / 2032) at 7.12 and 7.20 centric levels. Here Private Banks acted as buyers and Pension Funds / Mutual Funds as sellers.

The G-sec cutoff was in line with market expectations for the 50-year maturity, but came in weak for the 15-year segment.

Selling was observed in 10-year SDLs from mutual funds, while pension funds showed demand for 12–13-year SDLs.

Corp Bond

Over the week, AAA rated PSU bond Yields surged 10-15 bps across the curve, weighed by negative sentiment from the early closure of FCNR deposit scheme and rising rate hike bets following hawkish MPC minutes with benchmark indicative levels at 7.46% for the 1-year vs 7.35, 7.60% for the 5-year vs 7.38% and 7.69% for the 10-year vs 7.50%. Trading activity was concentrated in the Medium-term segment, followed by the short MMY segment.

CP/CD

Banking system liquidity has stayed in surplus mode, aided by strong FCNR(B) deposit inflows, while the surplus has narrowed to ₹3.5 lakh crore as of August 20 from ₹3.9 lakh crore last week. RBI has been conducting VRRR auctions to mop up excess liquidity, even as GST related outflows continue to drain liquidity from the banking system. RBI's surprise move to close the FCNR scheme early, along with the hawkish tone of the latest MPC minutes, has driven CD yields higher across the curve over the week with the 3M (Nov maturity) at 6.56% vs 6.40% last week, 6M (Feb maturity) at 6.96% vs 6.65%, and 1Y (Aug maturity) at 7.30% vs 7.08%. Trading was concentrated in JFM and 2–3M segments, led by banks and mutual funds.

GOI Yield	21-Aug	20-Aug	14-Aug	22-Jul
1 Year	5.73	5.74	5.70	5.74
5 Year	6.48	6.52	6.36	6.47
10 Year	6.85	6.87	6.76	6.80

AAA Bmk	21-Aug	20-Aug	14-Aug	22-Jul
1 Year	7.46	7.42	7.35	7.45
5 Year	7.60	7.56	7.38	7.44
10 Year	7.69	7.65	7.50	7.50

CD	21-Aug	20-Aug	14-Aug	22-Jul
3 Month	6.56	6.50	6.40	6.85
6 Month	6.96	6.85	6.65	7.00
1 Year	7.30	7.25	7.08	7.15

CP	21-Aug	20-Aug	14-Aug	22-Jul
3 Month	6.61	6.55	6.45	6.90
6 Month	7.01	6.90	6.70	7.05
1 Year	7.35	7.30	7.13	7.20

OIS Rate	21-Aug	20-Aug	14-Aug	22-Jul
1 Year	5.90	5.94	5.73	6.00
2 Year	6.13	6.17	5.92	6.18
3 Year	6.25	6.27	6.05	6.29
5 Year	6.42	6.48	6.25	6.48

	21-Aug	20-Aug	14-Aug	22-Jul
Sensex	77,549	77,538	78,009	76,755
Nifty	24,240	24,232	24,366	23,996
USD/INR	95.73	95.71	95.43	96.57
Gold (USD)	4,582	4,518	4,376	4,129
Oil (USD)	93.35	93.78	88.52	94.07

NDF	21-Aug	20-Aug	14-Aug	22-Jul
3 Month	96.48	96.49	96.30	97.49
1 Year	98.79	98.79	98.46	99.76
2 Year	101.77	101.63	101.35	102.61
3 Year	105.16	105.13	104.44	106.11

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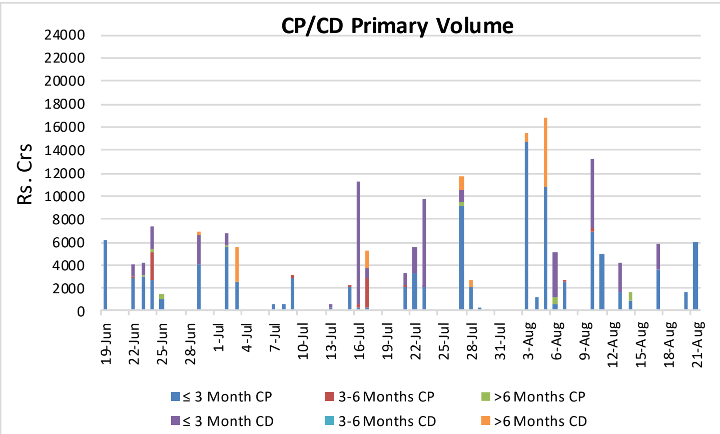
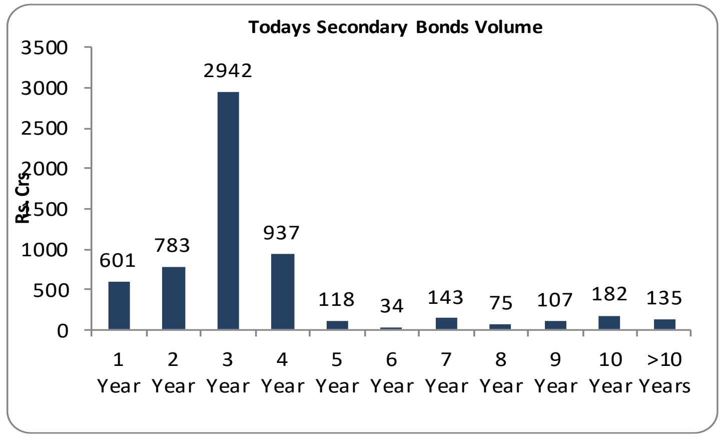




10 Year Benchmarks	21-Aug	20-Aug	14-Aug	22-Jul
India	6.87	6.87	6.76	6.80
US	4.69	4.70	4.70	4.66
South Korea	4.41	4.33	4.30	4.35
Brazil	14.83	14.83	14.91	14.87
Germany	3.25	3.26	3.20	3.18
China	1.69	1.69	1.69	1.73

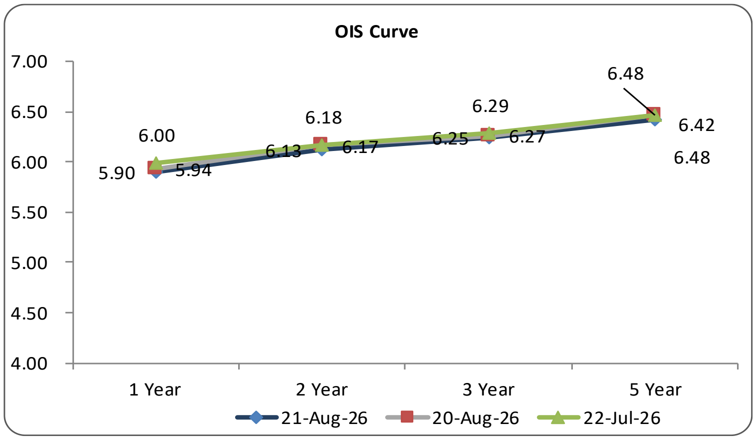
Top Traded Securities	Volume	21-Aug	20-Aug	14-Aug	22-Jul
6.75 2029	0	6.41	6.41	6.33	6.33
6.79 2034	20	6.81	6.82	6.69	6.81
6.33 2035	0	#N/A	6.79	6.70	6.76
6.92 2039	0	6.94	6.93	6.88	7.01
7.09 2054	95	#N/A	7.42	7.36	7.47
7.34 2064	25	7.58	7.56	7.47	7.57

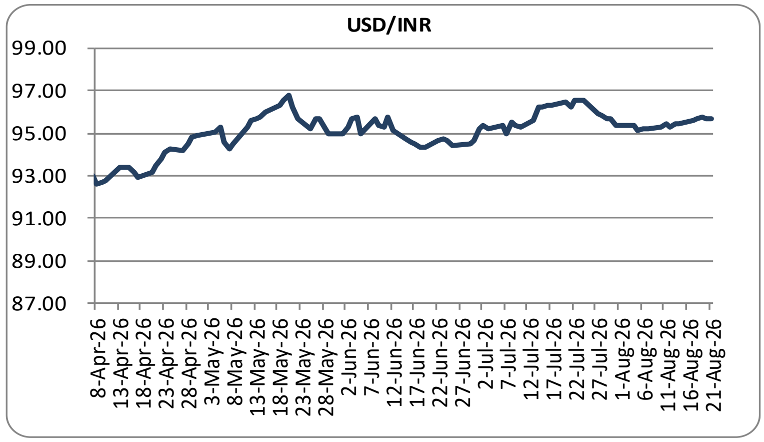
	DEBT			EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
13-Aug-26	21,341	15,388	5,953.68	13,498	8,926	4,571.83	34,840	24,314	10,525.51

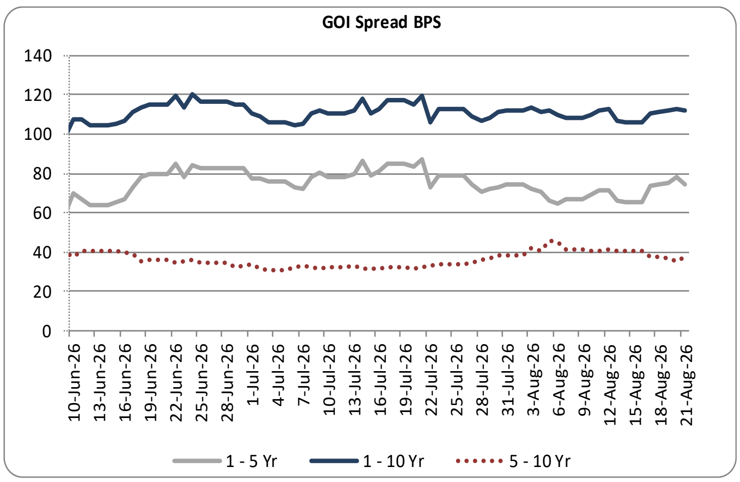
	DEBT			EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
21-Aug-26	14	382	(367.75)	12146	12418	(271.82)	12160	12799	(639.57)

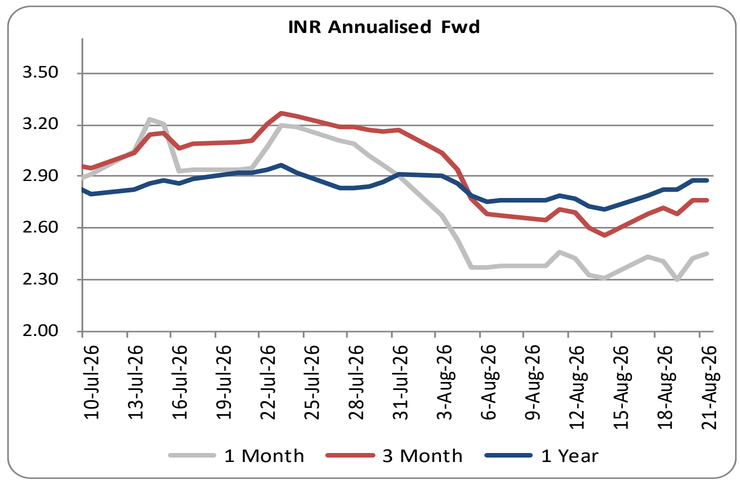
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Mar-26	7.80	8.00
CAD ($ Bn)	Jun-26	(3.10)	7.10
Trade Deficit ($ Bn)	Mar-26	(83.40)	(93.60)
WPI (%)	Jul-26	9.78	9.87
CPI (%)	Jul-26	4.45	4.38
IIP (%)	Jun-26	7.30	5.00
PMI Manufacturing	Jul-26	53.50	54.20
PMI Service	Jul-26	53.30	57.40

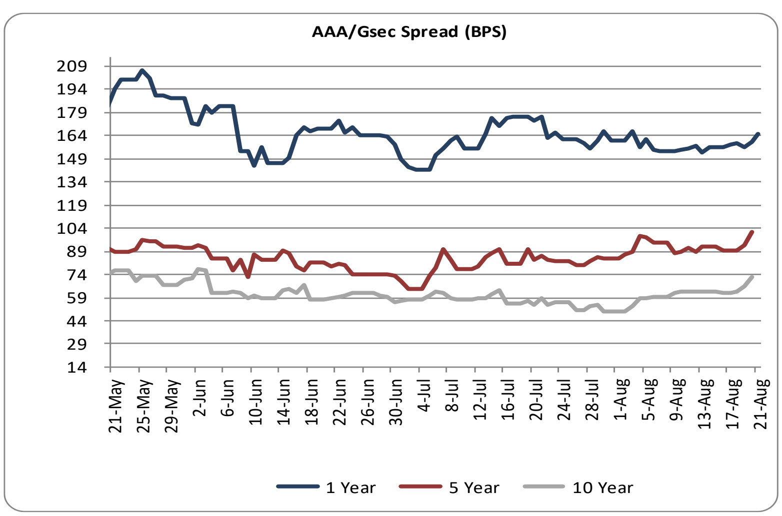
Economic Calender	Country	Date	Poll	Prior
CB Consumer Confidence (Aug)	US	25-Aug-26	91.2	90.8
New Home Sales (Jul)	US	25-Aug-26	620K	628K
Core PCE Price Index (YoY) (Jul)	US	26-Aug-26	3.3%	3.3%
Core PCE Price Index (MoM) (Jul)	US	26-Aug-26	0.2%	0.1%
GDP (QoQ) (Q2) P	US	26-Aug-26	1.5%	2.1%
Crude Oil Inventories	US	26-Aug-26		4.405M
Initial Jobless Claims	US	27-Aug-26		206K
Industrial Production (YoY) (Jul)	IN	28-Aug-26		7.3%

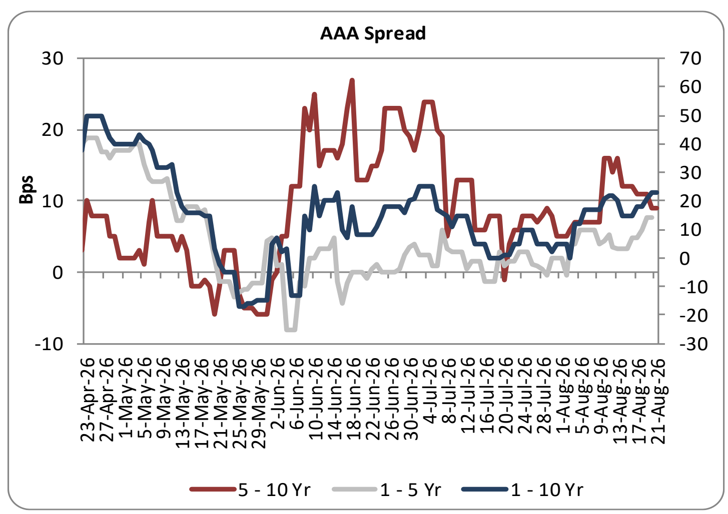

OIS Curve
7.00
6.50
6.00
5.50
5.00
4.50
4.00
1 Year
2 Year
3 Year
5 Year
6.00
5.90
5.94
6.18
6.13
6.17
6.29
6.25
6.27
6.48
6.42
6.48
21-Aug-26
20-Aug-26
22-Jul-26


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


GOI Spread BPS
140
120
100
80
60
40
20
0
10-Jun-26
13-Jun-26
16-Jun-26
19-Jun-26
22-Jun-26
25-Jun-26
28-Jun-26
1-Jul-26
4-Jul-26
7-Jul-26
10-Jul-26
13-Jul-26
16-Jul-26
19-Jul-26
22-Jul-26
25-Jul-26
28-Jul-26
31-Jul-26
3-Aug-26
6-Aug-26
9-Aug-26
12-Aug-26
15-Aug-26
18-Aug-26
21-Aug-26
1 - 5 Yr
1 - 10 Yr
5 - 10 Yr


INR Annualised Fwd
3.50
3.20
2.90
2.60
2.30
2.00
10-Jul-26
13-Jul-26
16-Jul-26
19-Jul-26
22-Jul-26
25-Jul-26
28-Jul-26
31-Jul-26
3-Aug-26
6-Aug-26
9-Aug-26
12-Aug-26
15-Aug-26
18-Aug-26
21-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
21-May
25-May
29-May
2-Jun
6-Jun
10-Jun
14-Jun
18-Jun
22-Jun
26-Jun
30-Jun
4-Jul
8-Jul
12-Jul
16-Jul
20-Jul
24-Jul
28-Jul
1-Aug
5-Aug
9-Aug
13-Aug
17-Aug
21-Aug
1 Year
5 Year
10 Year


AAA Spread
Bps
30
20
10
0
-10
70
60
50
40
30
20
10
0
-10
-20
-30
23-Apr-26
27-Apr-26
1-May-26
5-May-26
9-May-26
13-May-26
17-May-26
21-May-26
25-May-26
29-May-26
2-Jun-26
6-Jun-26
10-Jun-26
14-Jun-26
18-Jun-26
22-Jun-26
26-Jun-26
30-Jun-26
4-Jul-26
8-Jul-26
12-Jul-26
16-Jul-26
20-Jul-26
24-Jul-26
28-Jul-26
1-Aug-26
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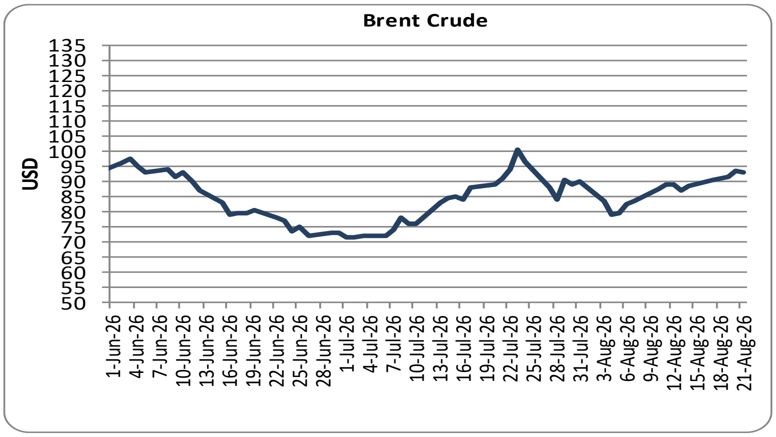
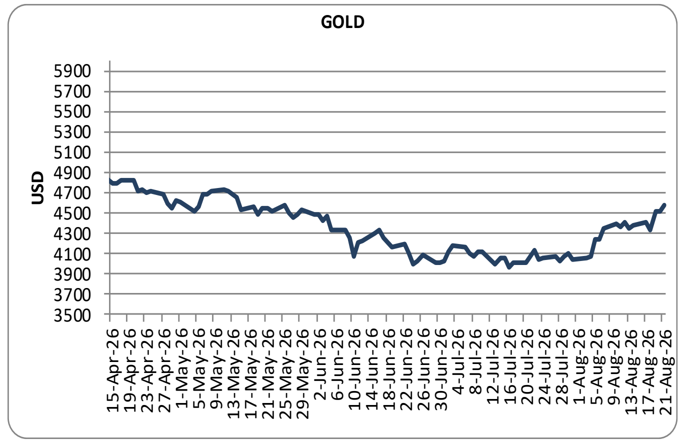
9-Aug-26
13-Aug-26
17-Aug-26
21-Aug-26
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





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