BONDWATCH

INDIA

Daily

01-10-2026

The benchmark 6.94 2036 bond yield closed at 7.2133% vs 7.1879% in the previous session.

India's benchmark 10-year yield rose 3 bps on Thursday extending losses, led by rising global yields and inflation expectations while it rose about 10 bps on the week.

Higher energy prices, rising global yields and growing rate-hike bets, both globally and domestically, weighed on Indian government bonds, while governments H2 borrowing calendar tilted issuance toward 15-year and ultra-long bonds adding to supply pressures.

With central banks worldwide hiking to counter war-driven inflation, the RBI, which has held rates so far, is widely expected to raise them next week. India's 1Y OIS rate rose to 6.27% pricing in nearly 100 bps of RBI tightening over the next year.

The Yield Curve flattened further on rising RBI rate-hike bets. The 10Y/30Y spread narrowed to 47 bps, the 5Y/10Y spread fell to 28 bps from 46 bps in early September.

Global bonds sold off again on Thursday, with the US 10-year yield hitting 5.34%, its highest since 2002, France's 10-year nearing 5% and the UK 30-year topping 6%.

Market Observations

G-sec

Gsec cut-off came In-Line with market expectations, where cut off for 6.20% GS 2029 came in at 98.53 (6.7688%), 6.57% GS 2033 at 96.79 (7.1680%), 7.63% GS 2056 at 99.30 (7.6895%) and 7.50% GOI SGRB 2056 at 98.20 (7.6539%). RBI received competitive bids for a total stipulated amount of 77,698crs vs the notified amount of 33,000crs.

Size switches were dealt in 40-year maturity Gsec (7.25 2063 vs 6.90 2065, 7.34 2064 vs 6.90 2065) at 1bps and 0.50bps. These switches were predominantly dealt between Insurance Companies, Foreign Banks, Pension Funds and Mutual Funds to the combined tune of 1,200crs.

6 months maturity T-bill (Feb / April 2027) was actively traded at 5.75, 5.80 and 5.96 levels. Here Foreign Banks acted as sellers and Mutual Funds as buyers to the combined tune of 1,600crs.

Corp Bond

AAA rated PSU bond yield rose across the curve with benchmark indicative levels at 7.75% for the 1-year, 7.95% for the 5-year and 7.98% for the 10 year. Trading activity was concentrated in the Medium-term segment, followed by the short MMY segment.

CP/CD

Durable liquidity surplus hit a record ₹13.9 lakh crore in the fortnight ended September 15. Overnight rates have stayed low. Traders expect more OMO sales and will closely watch for liquidity measures at next week's MPC meeting. Over the week, CD rates eased in the 3M segment while remained flattish in the other parts of the curve, with the 3M (Dec maturity) at 6.20%, 6M (Mar maturity) at 6.80% and 1Y (Sept maturity) at 7.40% Trading was concentrated in JFM and 2–3M segment.

GOI Yield	1-Oct	30-Sep	25-Sep	1-Sep
1 Year	6.10	6.16	6.08	5.82
5 Year	6.94	6.89	6.82	6.59
10 Year	7.21	7.19	7.12	6.96

AAA Bmk	1-Oct	30-Sep	25-Sep	1-Sep
1 Year	7.75	7.73	7.70	7.60
5 Year	7.95	7.91	7.86	7.73
10 Year	7.98	7.93	7.95	7.74

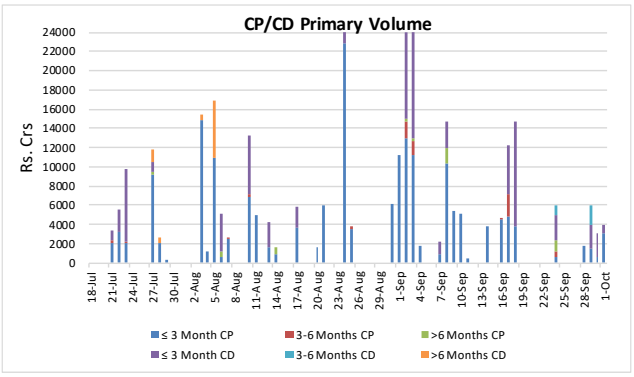
CD	1-Oct	30-Sep	25-Sep	1-Sep
3 Month	6.20	6.25	6.30	6.25
6 Month	6.80	6.83	6.85	6.70
1 Year	7.40	7.42	7.40	7.20

CP	1-Oct	30-Sep	25-Sep	1-Sep
3 Month	6.25	6.30	6.35	6.30
6 Month	6.85	6.88	6.90	6.75
1 Year	7.45	7.47	7.45	7.25

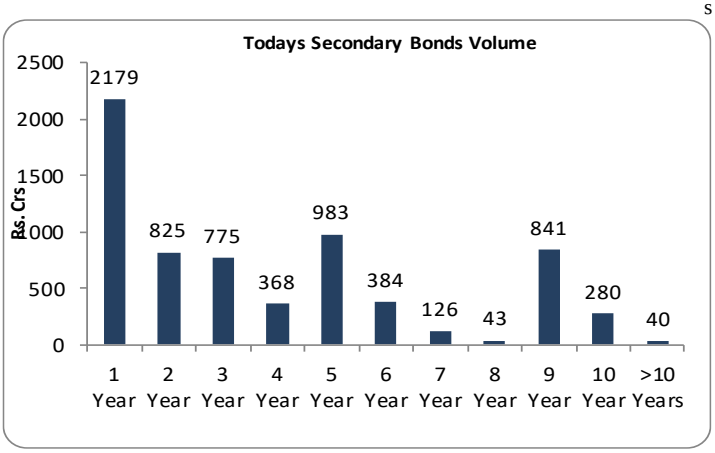
OIS Rate	1-Oct	30-Sep	25-Sep	1-Sep
1 Year	6.27	6.21	6.16	6.02
2 Year	6.48	6.41	6.37	6.21
3 Year	6.58	6.50	6.48	6.33
5 Year	6.73	6.65	6.63	6.51

	1-Oct	30-Sep	25-Sep	1-Sep
Sensex	71,910	72,480	73,896	76,944
Nifty	22,422	22,620	23,141	24,056
USD/INR	96.32	95.83	95.81	94.95
Gold (USD)	4,177	4,156	4,286	4,329
Oil (USD)	99.96	103.53	104.32	94.65

NDF	1-Oct	30-Sep	25-Sep	1-Sep
3 Month	97.39	96.96	96.70	95.64
1 Year	99.68	99.21	99.08	97.89
2 Year	102.41	101.90	101.75	100.65
3 Year	105.30	104.80	104.65	103.55



s



10 Year Benchmarks	1-Oct	30-Sep	25-Sep	1-Sep
India	7.22	7.19	7.12	6.96
US	5.28	5.29	5.18	4.80
South Korea	4.44	4.40	4.41	4.37
Brazil	14.16	14.16	14.12	14.63
Germany	3.53	3.58	3.62	3.34
China	1.68	1.68	1.68	1.69

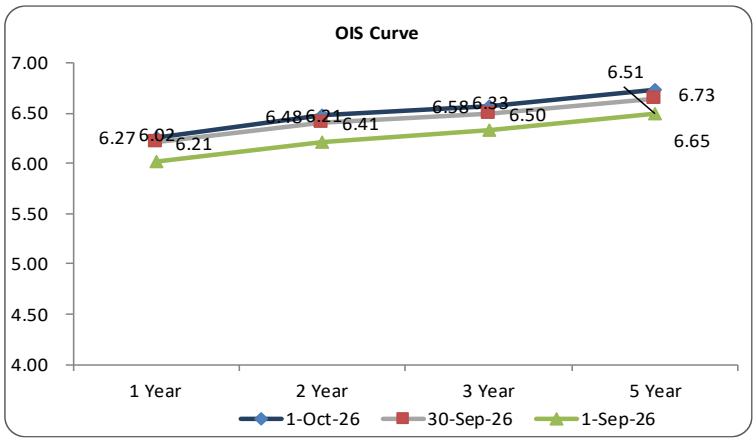
Top Traded Securities	Volume	1-Oct	30-Sep	25-Sep	1-Sep
6.75 2029	0	#N/A	6.80	6.65	6.44
6.79 2034	80	7.20	7.19	7.11	6.90
6.33 2035	25	7.19	7.11	7.08	6.89
6.92 2039	0	7.35	7.31	7.14	7.05
7.09 2054	15	7.74	7.68	7.68	7.57
7.34 2064	0	7.80	7.74	7.68	7.65

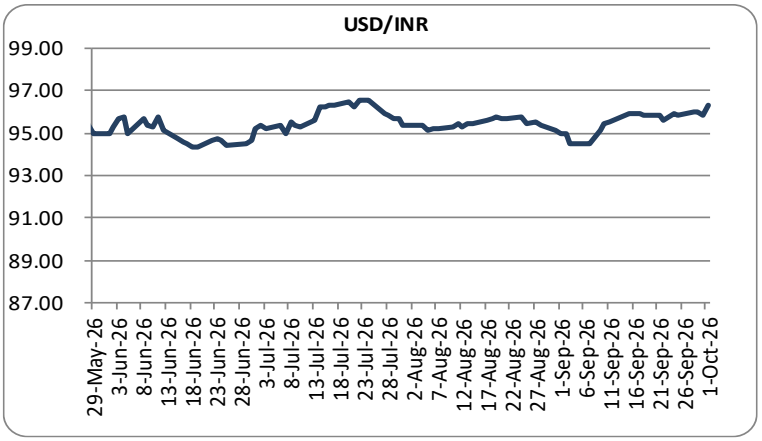
DEBT				EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
21-Sep-26	23,724	25,486	(1,762.41)	10,087	8,900	1,187.11	33,811	34,386	(575.30)

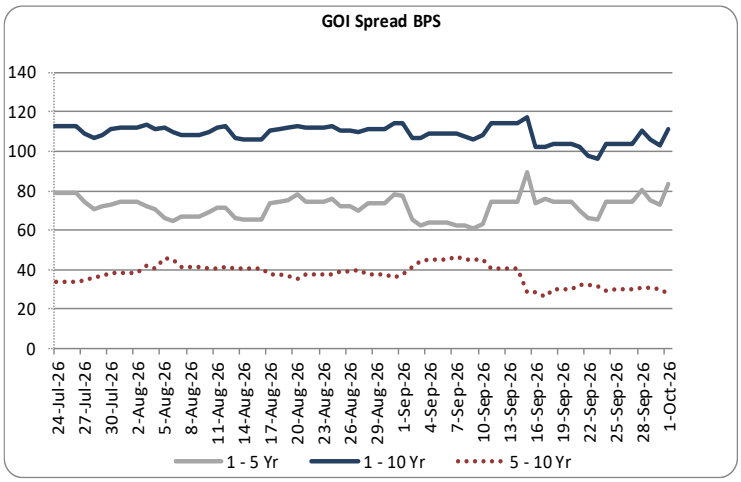
DEBT				EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
1-Oct-26	503	1172	(669.12)	18006	27237	(9,231.88)	18509	28410	(9,901.00)

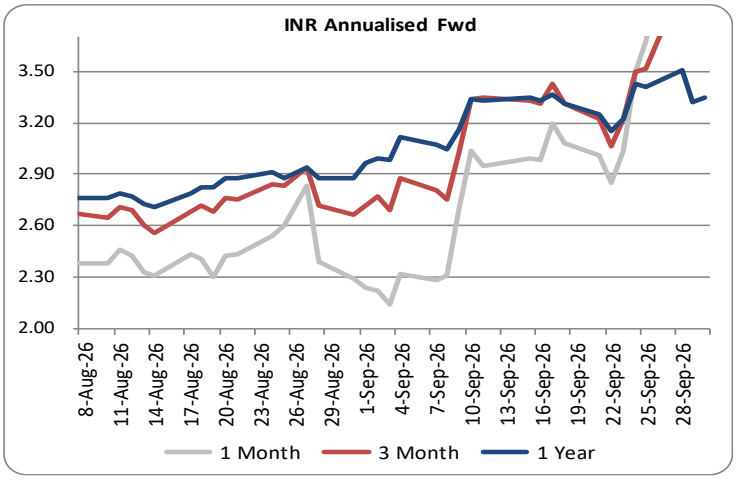
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-26	7.80	7.80
CAD ($ Bn)	Jun-26	(4.20)	6.50
Trade Deficit ($ Bn)	Jun-26	(86.10)	(83.40)
WPI (%)	Aug-26	9.92	9.78
CPI (%)	Aug-26	4.82	4.45
IIP (%)	Aug-26	8.00	7.40
PMI Manufacturing	Sep-26	55.10	52.80
PMI Service	Aug-26	54.10	53.30

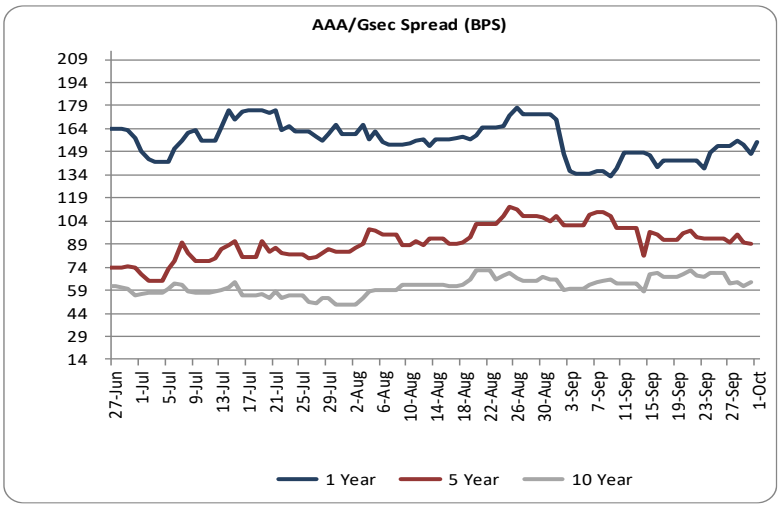
Economic Calender	Country	Date	Poll	Prior
S&P Global Manufacturing PMI (Sep)	IN	01-Oct-26		52.8
Initial Jobless Claims	US	01-Oct-26		197K
S&P Global Manufacturing PMI (Sep)	US	01-Oct-26	57	53.9
ISM Manufacturing PMI (Sep)	US	01-Oct-26		54.6
CPI (YoY) (Sep) P	EU	02-Oct-26		3.20%
FX Reserves, USD	IN	02-Oct-26		
Nonfarm Payrolls (Sep)	US	02-Oct-26		162K
Unemployment Rate (Sep)	US	02-Oct-26		4.10%

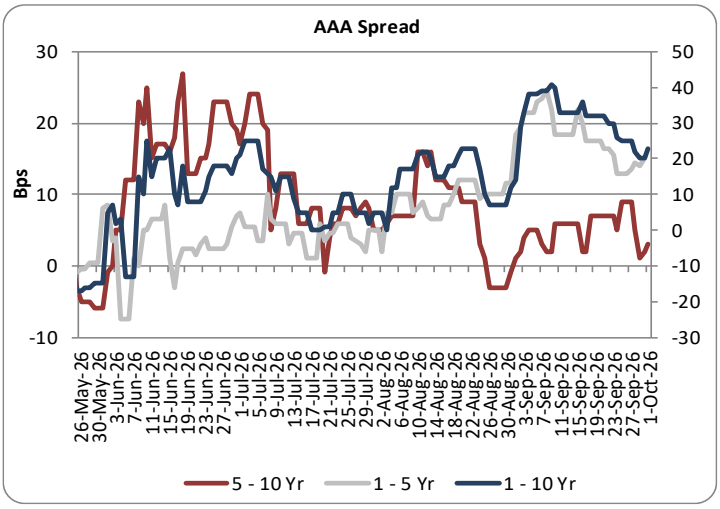

OIS Curve
7.00
6.50
6.00
5.50
5.00
4.50
4.00
6.27
6.02
6.21
6.48
6.21
6.41
6.58
6.33
6.50
6.51
6.73
6.65
1 Year
2 Year
3 Year
5 Year
1-Oct-26
30-Sep-26
1-Sep-26

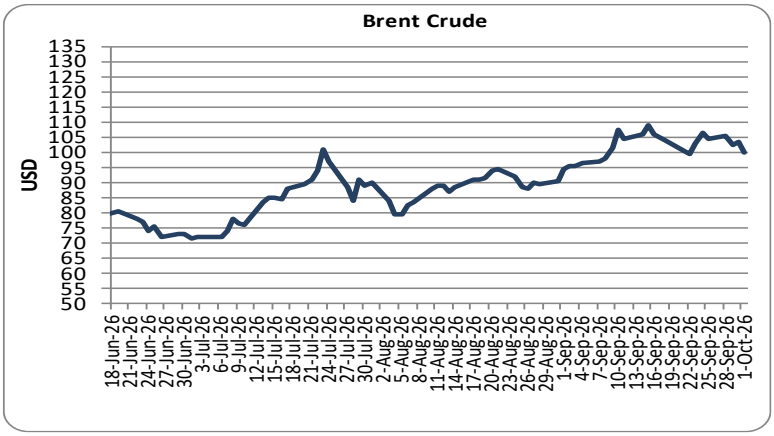

USD/INR
99.00
97.00
95.00
93.00
91.00
89.00
87.00
29-May-26
3-Jun-26
8-Jun-26
13-Jun-26
18-Jun-26
23-Jun-26
28-Jun-26
3-Jul-26
8-Jul-26
13-Jul-26
18-Jul-26
23-Jul-26
28-Jul-26
2-Aug-26
7-Aug-26
12-Aug-26
17-Aug-26
22-Aug-26
27-Aug-26
1-Sep-26
6-Sep-26
11-Sep-26
16-Sep-26
21-Sep-26
26-Sep-26
1-Oct-26

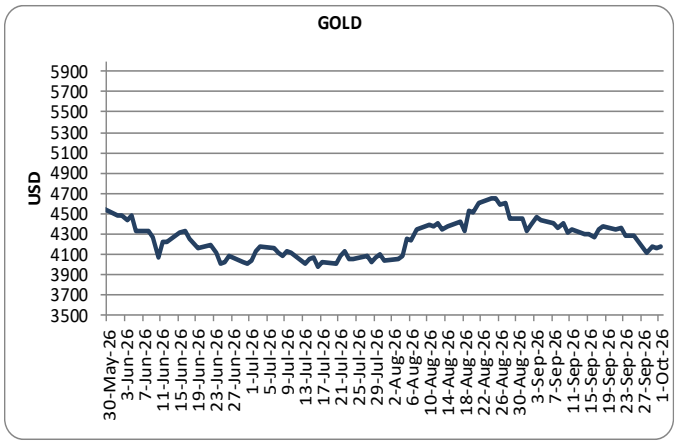

GOI Spread BPS
140
120
100
80
60
40
20
0
24-Jul-26
27-Jul-26
30-Jul-26
2-Aug-26
5-Aug-26
8-Aug-26
11-Aug-26
14-Aug-26
17-Aug-26
20-Aug-26
23-Aug-26
26-Aug-26
29-Aug-26
1-Sep-26
4-Sep-26
7-Sep-26
10-Sep-26
13-Sep-26
16-Sep-26
19-Sep-26
22-Sep-26
25-Sep-26
28-Sep-26
1-Oct-26
1 - 5 Yr
1 - 10 Yr
5 - 10 Yr


INR Annualised Fwd
3.50
3.20
2.90
2.60
2.30
2.00
8-Aug-26
11-Aug-26
14-Aug-26
17-Aug-26
20-Aug-26
23-Aug-26
26-Aug-26
29-Aug-26
1-Sep-26
4-Sep-26
7-Sep-26
10-Sep-26
13-Sep-26
16-Sep-26
19-Sep-26
22-Sep-26
25-Sep-26
28-Sep-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
27-Jun
1-Jul
5-Jul
9-Jul
13-Jul
17-Jul
21-Jul
25-Jul
29-Jul
2-Aug
6-Aug
10-Aug
14-Aug
18-Aug
22-Aug
26-Aug
30-Aug
3-Sep
7-Sep
11-Sep
15-Sep
19-Sep
23-Sep
27-Sep
1-Oct
1 Year
5 Year
10 Year


AAA Spread
Bps
30
20
10
0
-10
50
40
30
20
10
0
-20
-30
26-May-26
30-May-26
3-Jun-26
7-Jun-26
11-Jun-26
15-Jun-26
19-Jun-26
23-Jun-26
27-Jun-26
1-Jul-26
5-Jul-26
9-Jul-26
13-Jul-26
17-Jul-26
21-Jul-26
25-Jul-26
29-Jul-26
2-Aug-26
6-Aug-26
10-Aug-26
14-Aug-26
18-Aug-26
22-Aug-26
26-Aug-26
30-Aug-26
3-Sep-26
7-Sep-26
11-Sep-26
15-Sep-26
19-Sep-26
23-Sep-26
27-Sep-26
1-Oct-26
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





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

The information in this document has been printed based on publicly available information, internal data and other reliable sources believed to be true and is for general guidance only. While every effort is made to ensure the accuracy and completeness of information contained, the company makes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand, or cause of action. Nothing contained in this publication shall constitute an offer to sell/purchase or an invitation/ solicitation to do so for any Government Security, Currency, Security, and Equity. LKP Securities Ltd. accepts no liability whatsoever for any loss, howsoever arising, from any use of this document, its contents or otherwise arising in connection therewith.
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/