BONDWATCH

Daily

INDIA

09-10-2026

The benchmark 6.94 2036 bond yield closed at 7.2994% vs 7.2868% in the previous session.

The yield rose 9 basis points this week, the eighth straight weekly rise.

Indian bond yields this week continued to be driven by mix of domestic and global factors seen in recent weeks. Early in the week, yields traded sideways with the 10Y around 7.20% ahead of the MPC outcome, with a rate hike largely priced in and OIS rates factoring in about 100 bps of tightening. The 10Y rose to 7.24% after the MPC delivered the expected hike and shifted its stance from neutral to "calibrated tightening", signaling further hikes, though the Governor described it as a milder form of hawkishness. Towards the end of the week, rising oil prices and global yields further weighed on sentiment, pushing the 10Y to 7.30%.

India's bank liquidity surplus fell to ₹3.88 trn, a 6-week low, from ₹5.2 trn at the start of the week, as RBI FX intervention drained rupee liquidity. RBI will continue using OMOs, VRRRs and FX swaps to drain liquidity, not ruling out a CRR hike, and sees the surplus to be exhausted by fiscal year-end.

Brent rose above $105/bbl this week on intensifying vessel attacks, before easing slightly after Trump cited productive talks with Iran.

We expect the 10Y G-Sec yield to trade in a 7.28–7.35% range next week, with risks skewed to the upper end if oil crosses $105/bbl.

Market Observations

G-sec

Gsec cut-off came In-Line with market expectations, where cut off for 7.06% GS 2041 came in at 96.18 (7.4898%) and 7.43% GS 2076 at 95.33 (7.8015%). RBI received competitive bids for a total stipulated amount of 92,102crs vs the notified amount of 36,000crs.

23-year maturity SDLs (MH 2049) saw size deals dealt at 8.0250 levels, one of the highest traded levels in OTC market in this segment since sometime. Here, Mutual Funds acted as sellers and Insurance Companies, Primary Dealers as buyers to the combined tune of 600crs.

Size switches were reported in 30 year and 40-year maturity Gsec (7.24 2055 vs 7.63 2056, 6.90 2065 vs 7.71 2066) at 1.50bps, where 7.24 2055, 6.90 2065 traded higher. These switches were predominantly dealt between Foreign Banks and Primary Dealers to the combined tune of 930crs.

RBI will sell bonds worth ₹25,000 crore in its second round of open market operations to drain more liquidity from the banking system, after selling ₹1 lakh crore of securities in September.

Corp Bond

AAA rated PSU bond yields remained flattish across the curve with slight upward bias with the benchmark indicative levels at 7.70% for the 1-year, 7.97% for the 5-year and 8% for the 10 year. Trading activity was concentrated in the Medium-term segment, followed by the short MMY segment.

CP/CD

CD rates eased in the 3M segment while remained more or less flattish in the 6M and the 1Y segment, with the 3M (Jan maturity) at 6.35%, 6M (Apr maturity) at 7.1% and 1Y (Oct maturity) at 7.50% Trading was concentrated in JFM and 2–3M segment.

GOI Yield	9-Oct	8-Oct	1-Oct	9-Sep
1 Year	6.26	6.26	6.10	5.90
5 Year	6.99	7.00	6.94	6.51
10 Year	7.30	7.29	7.21	6.96

AAA Bmk	9-Oct	8-Oct	1-Oct	9-Sep
1 Year	7.70	7.70	7.75	7.32
5 Year	7.97	7.96	7.95	7.71
10 Year	8.00	8.00	7.98	7.73

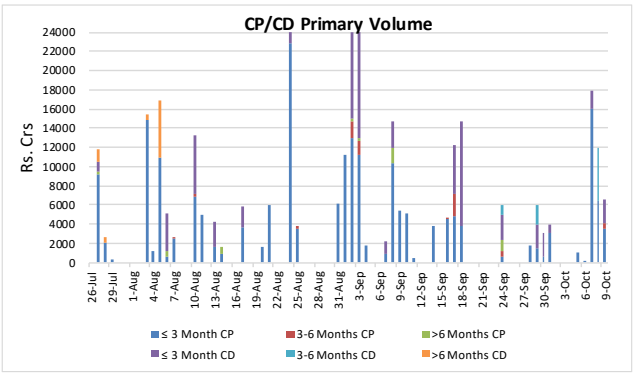
CD	9-Oct	8-Oct	1-Oct	9-Sep
3 Month	6.35	6.45	6.20	5.95
6 Month	7.10	7.10	6.80	6.50
1 Year	7.50	7.50	7.40	7.15

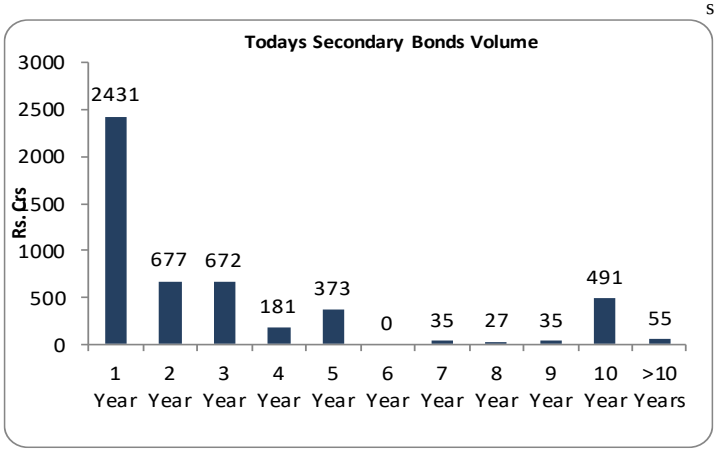
CP	9-Oct	8-Oct	1-Oct	9-Sep
3 Month	6.40	6.50	6.25	6.00
6 Month	7.15	7.15	6.85	6.55
1 Year	7.55	7.55	7.45	7.20

OIS Rate	9-Oct	8-Oct	1-Oct	9-Sep
1 Year	6.24	6.28	6.27	5.99
2 Year	6.44	6.48	6.48	6.19
3 Year	6.57	6.60	6.58	6.30
5 Year	6.73	6.77	6.73	6.48

	9-Oct	8-Oct	1-Oct	9-Sep
Sensex	72,472	71,593	71,910	74,764
Nifty	22,520	22,232	22,422	23,432
USD/INR	96.73	96.78	96.32	95.11
Gold (USD)	4,184	4,134	4,178	4,400
Oil (USD)	102.88	104.28	102.31	101.21

NDF	9-Oct	8-Oct	1-Oct	9-Sep
3 Month	98.00	98.11	97.43	95.77
1 Year	100.54	100.65	99.60	98.10
2 Year	103.42	103.52	102.33	100.83
3 Year	106.37	106.44	105.23	103.77





10 Year Benchmarks	9-Oct	8-Oct	1-Oct	9-Sep
India	7.31	7.29	7.22	6.96
US	5.25	5.23	5.23	4.84
South Korea	4.39	4.39	4.44	4.39
Brazil	12.80	12.80	14.27	14.30
Germany	3.47	3.49	3.52	3.44
China	1.72	1.69	1.68	1.74

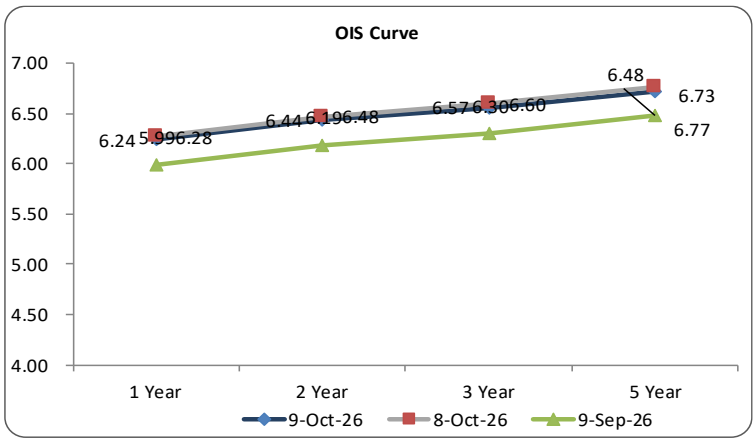
Top Traded Securities	Volume	9-Oct	8-Oct	1-Oct	9-Sep
6.75 2029	120	6.82	6.94	6.80	6.43
6.79 2034	70	7.27	7.28	7.20	6.89
6.33 2035	0	7.27	7.18	7.17	6.89
6.92 2039	0	7.40	7.34	7.35	7.08
7.09 2054	20	7.77	7.80	7.68	7.59
7.34 2064	30	7.83	7.80	7.79	7.69

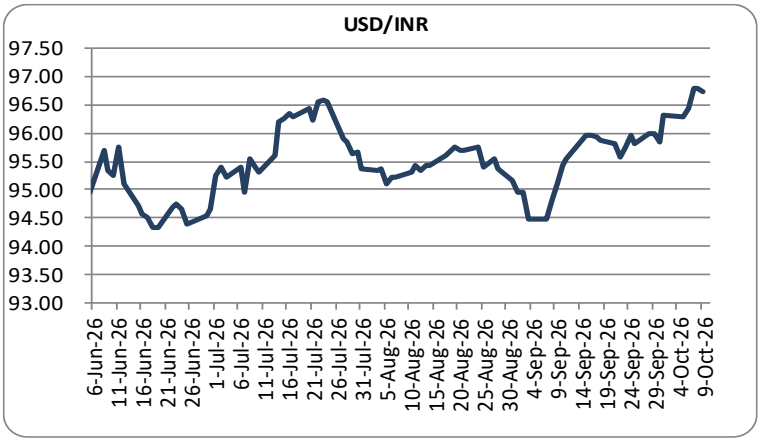
DEBT				EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
6-Oct-26	5,490	5,246	243.94	4,340	2,859	1,481.27	9,830	8,105	1,725.21

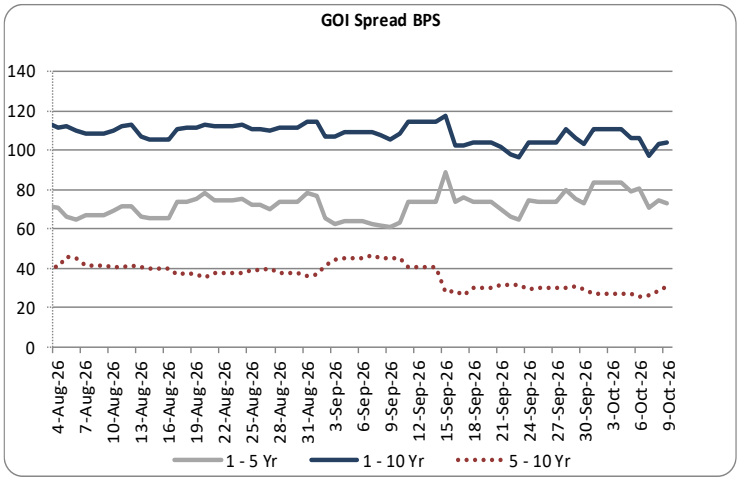
DEBT				EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
9-Oct-26	498	988	(490.13)	16107	28991	(12,884.07)	16605	29979	(13,374.20)

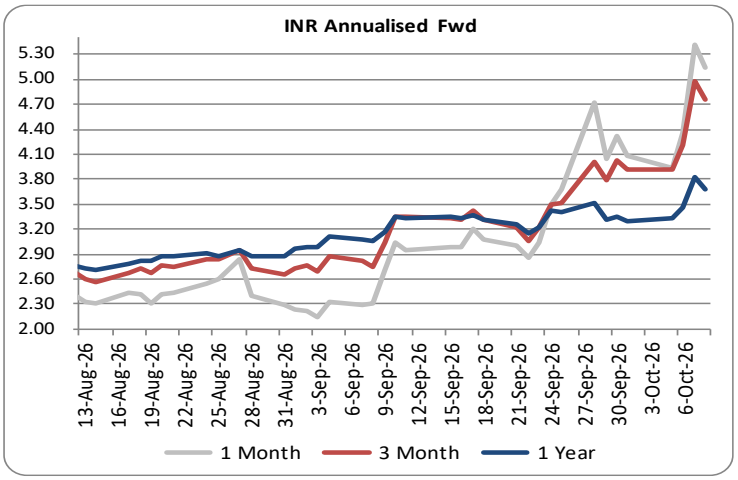
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-26	7.80	8.60
CAD ($ Bn)	Jun-26	(4.20)	6.50
Trade Deficit ($ Bn)	Jun-26	(86.10)	(83.40)
WPI (%)	Aug-26	9.92	9.78
CPI (%)	Aug-26	4.82	4.45
IIP (%)	Aug-26	8.00	7.40
PMI Manufacturing	Sep-26	55.10	52.80
PMI Service	Sep-26	55.20	54.10

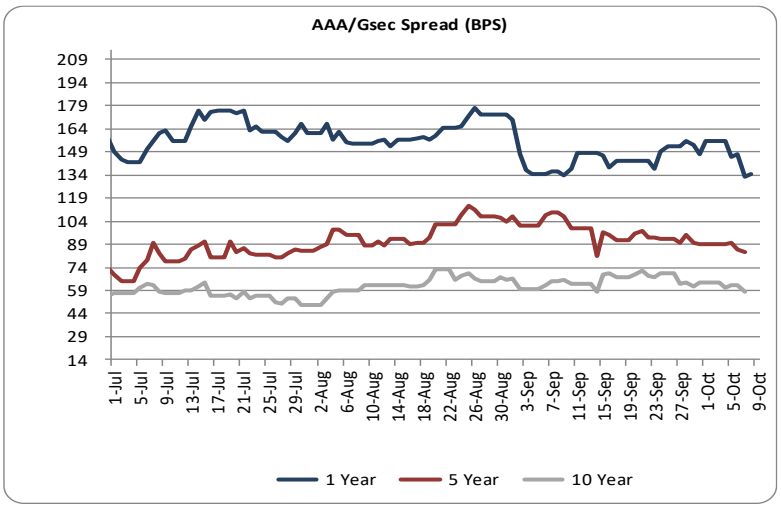
Economic Calender	Country	Date	Poll	Prior
CPI (YoY) (Sep)	IN	12-Oct-26		4.82%
Existing Home Sales (Sep)	US	13-Oct-26		3.98M
WPI Inflation (YoY) (Sep)	IN	14-Oct-26		9.92%
Core CPI (MoM) (Sep)	US	14-Oct-26		0.3%
CPI (MoM) (Sep)	US	14-Oct-26		0.4%
CPI (YoY) (Sep)	US	14-Oct-26		3.4%
GDP (MoM) (Aug)	UK	15-Oct-26		0.4%
Trade Balance (Sep)	IN	15-Oct-26		-26.86B

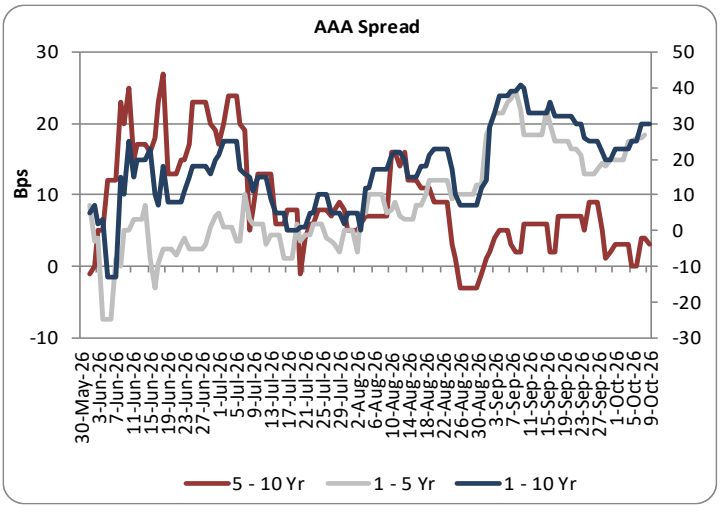

OIS Curve
7.00
6.50
6.00
5.50
5.00
4.50
4.00
6.24
5.996.28
6.44
6.196.48
6.57
6.306.60
6.48
6.73
6.77
1 Year
2 Year
3 Year
5 Year
9-Oct-26
8-Oct-26
9-Sep-26

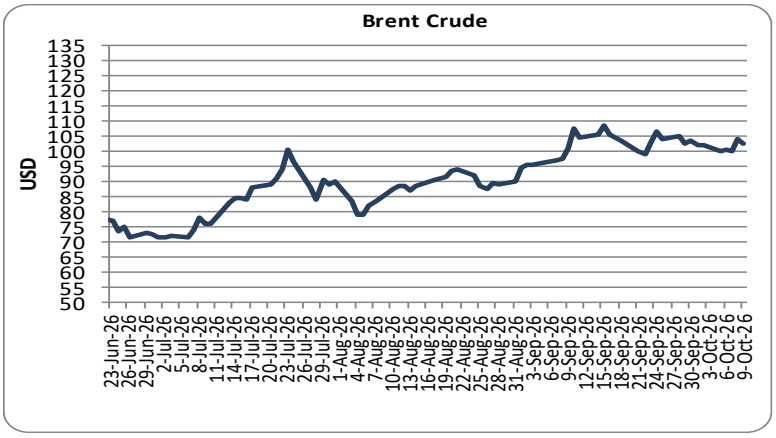

USD/INR
97.50
97.00
96.50
96.00
95.50
95.00
94.50
94.00
93.50
93.00
6-Jun-26
11-Jun-26
16-Jun-26
21-Jun-26
26-Jun-26
1-Jul-26
6-Jul-26
11-Jul-26
16-Jul-26
21-Jul-26
26-Jul-26
31-Jul-26
5-Aug-26
10-Aug-26
15-Aug-26
20-Aug-26
25-Aug-26
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4-Oct-26
9-Oct-26

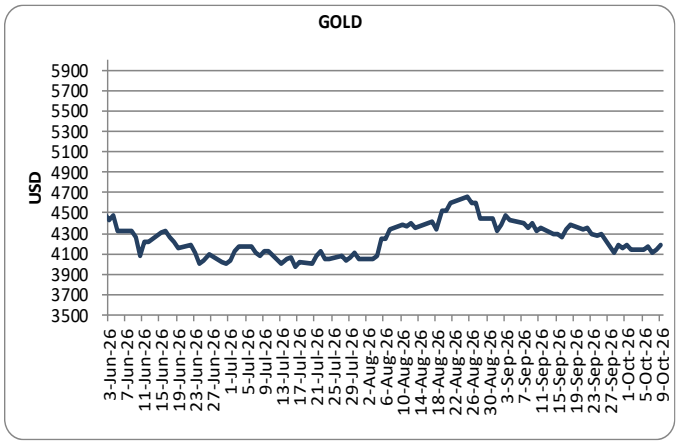

GOI Spread BPS
140
120
100
80
60
40
20
0
4-Aug-26
7-Aug-26
10-Aug-26
13-Aug-26
16-Aug-26
19-Aug-26
22-Aug-26
25-Aug-26
28-Aug-26
31-Aug-26
3-Sep-26
6-Sep-26
9-Sep-26
12-Sep-26
15-Sep-26
18-Sep-26
21-Sep-26
24-Sep-26
27-Sep-26
30-Sep-26
3-Oct-26
6-Oct-26
9-Oct-26
1 - 5 Yr
1 - 10 Yr
5 - 10 Yr


INR Annualised Fwd
5.30
5.00
4.70
4.40
4.10
3.80
3.50
3.20
2.90
2.60
2.30
2.00
13-Aug-26
16-Aug-26
19-Aug-26
22-Aug-26
25-Aug-26
28-Aug-26
31-Aug-26
3-Sep-26
6-Sep-26
9-Sep-26
12-Sep-26
15-Sep-26
18-Sep-26
21-Sep-26
24-Sep-26
27-Sep-26
30-Sep-26
3-Oct-26
6-Oct-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-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
5-Oct
9-Oct
1 Year
5 Year
10 Year


AAA Spread
Bps
30
20
10
0
-10
50
40
30
20
10
0
-10
-20
-30
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
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29-Jul-26
2-Aug-26
6-Aug-26
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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-Oct-26
9-Oct-26
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





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