BONDWATCH

INDIA

Daily

21-10-2026

The benchmark 6.94 2036 bond yield closed at 7.4427% vs 7.3920% in the previous session.

The 10-year bond yield rose to its highest since 2023 even as RBI rejected all bids at its T-bill auction, as elevated oil prices weighed and traders awaited the RBI policy meeting minutes. 1-year OIS rose 6 bps to 6.59% and with the 5-year at 6.84%, tracking higher oil prices.

The rupee rose 0.5% to 94.46 per dollar on Jio Platforms IPO linked foreign inflows, though elevated oil prices capped further gains.

RBI rejected all bids at its ₹23,000 crore T-bill auction of 91-, 182- and 364-day bill. Reuters poll had expected cutoffs of 5.85%, 6.42% and 6.60%, versus last week's 5.73%, 6.29% and 6.49%. The 364-day bill's spread over the policy rate hit a 4-year high of 99 bps, with markets pricing at least 75 bps more in hikes.

Brent rose $2.06 (1.9%) to $110.85, near 5-month highs, and WTI gained $2.13 (2.2%) to $99.95 as Iran said there was little reason to expect diplomatic progress with the US and US inventories fell.

Market Observations

G-sec

T-Bill cut-off was not accepted in the primary auction. This could be due to extremely high bidding levels by participants, which RBI was not comfortable with.

Buying demand was visible in 18 to 22yr maturity sdls by Pension Funds, Primary Dealers at 8.21 centric levels, where Mutual Funds acted as sellers.

Switches were visible in 30-year maturity Gsec (7.24 2055 vs 7.63 2056) at 1.75bps, where 7.24 2055 traded higher. This switch was predominantly dealt between Mutual Funds and Primary Dealers.

Corp Bond

AAA rated PSU bond yields rose by 3-4 bps across the curve, with the benchmark indicative levels at 7.97% for the 1-year, 8.22% for the 5-year and 8.18% for the 10 year. Trading activity was concentrated in the Medium-term segment, followed by the short MMY segment.

CP/CD

Banking system liquidity surplus fell to ₹48,300 crore as of Oct 20, a 3-month low, down from a ₹11.16 lakh crore peak on Sept 6. Tax outflows drove the drop, and banks borrowed ₹50,000 crore via overnight repo on top of ₹1 lakh crore from the 7-day repo. Liquidity is likely to stay tight until month end government spending kicks in. CD rates spiked across the curve with the 3M (Jan maturity) at 7.38%, 6M (Apr maturity) at 7.70% and 1Y (Oct maturity) at 8%. Trading activity was concentrated in JFM and 2–3M segment.

GOI Yield	21-Oct	19-Oct	14-Oct	18-Sep
1 Year	6.48	6.53	6.48	6.03
5 Year	7.19	7.17	7.13	6.77
10 Year	7.44	7.39	7.40	7.07

AAA Bmk	21-Oct	19-Oct	14-Oct	18-Sep
1 Year	7.97	7.95	7.85	7.55
5 Year	8.22	8.18	8.10	7.80
10 Year	8.18	8.15	8.12	7.87

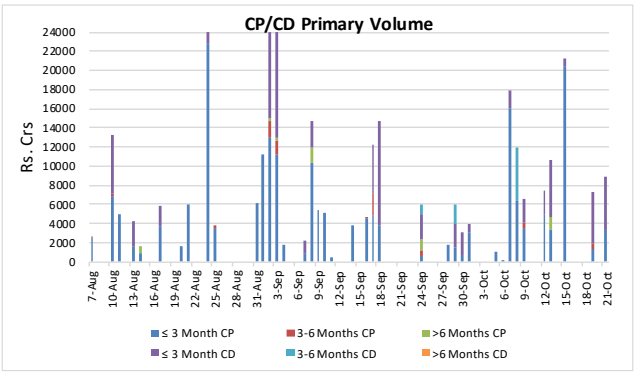
CD	21-Oct	19-Oct	14-Oct	18-Sep
3 Month	7.38	7.05	6.60	6.15
6 Month	7.70	7.45	7.30	6.75
1 Year	8.00	7.90	7.55	7.35

CP	21-Oct	19-Oct	14-Oct	18-Sep
3 Month	7.43	7.10	6.65	6.20
6 Month	7.75	7.50	7.35	6.80
1 Year	8.05	7.95	7.60	7.40

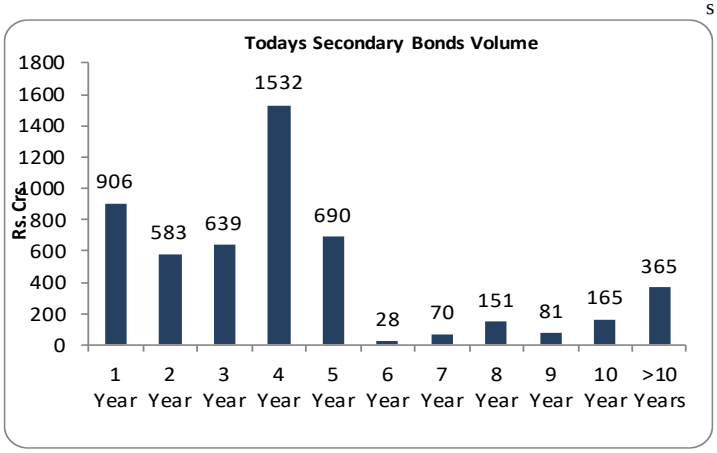
OIS Rate	21-Oct	19-Oct	14-Oct	18-Sep
1 Year	6.59	6.53	6.44	6.07
2 Year	6.66	6.60	6.60	6.28
3 Year	6.73	6.65	6.68	6.41
5 Year	6.84	6.78	6.79	6.58

	21-Oct	19-Oct	14-Oct	18-Sep
Sensex	73,710	73,853	72,782	74,295
Nifty	22,811	22,889	22,623	23,346
USD/INR	94.46	94.93	95.15	95.87
Gold (USD)	4,137	4,140	4,105	4,377
Oil (USD)	109.10	109.55	106.06	103.87

NDF	21-Oct	19-Oct	14-Oct	18-Sep
3 Month	95.98	96.27	96.54	96.72
1 Year	98.69	98.94	99.24	99.06
2 Year	101.65	101.84	102.22	101.83
3 Year	104.55	104.74	105.17	104.77



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10 Year Benchmarks	21-Oct	19-Oct	14-Oct	18-Sep
India	7.44	7.39	7.40	7.07
US	5.10	5.14	5.19	5.00
South Korea	4.17	4.15	4.25	4.46
Brazil	12.96	13.10	12.79	14.30
Germany	3.41	3.45	3.47	3.52
China	1.64	1.68	1.68	1.72

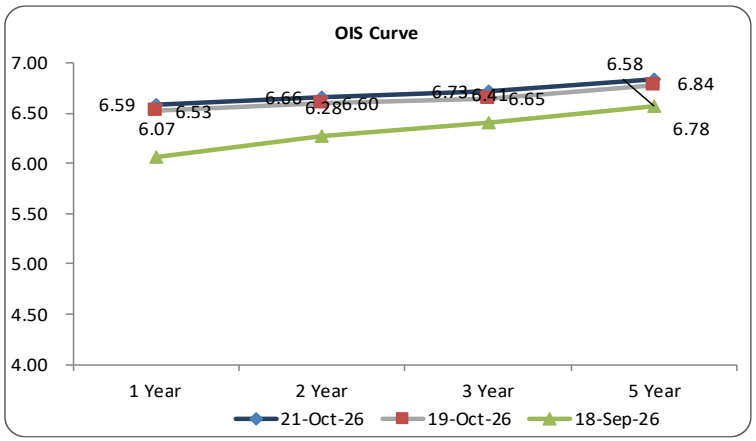
Top Traded Securities	Volume	21-Oct	19-Oct	14-Oct	18-Sep
6.75 2029	0	#N/A	7.09	7.09	6.70
6.79 2034	0	#N/A	7.40	7.37	7.09
6.33 2035	0	7.40	7.35	7.28	7.01
6.92 2039	0	#N/A	7.45	7.45	7.18
7.09 2054	10	#N/A	7.81	7.83	7.61
7.34 2064	0	#N/A	7.84	7.87	7.70

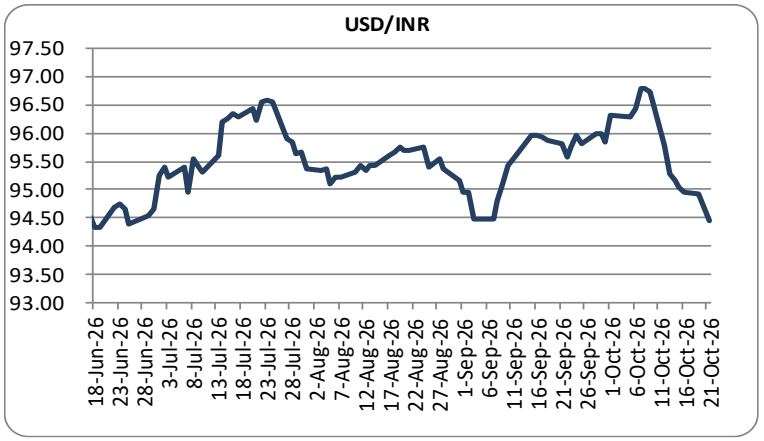
DEBT				EQUITY			TOTAL (Rs.Crs)		
MF	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
13-Oct-26	13,528	13,891	(363.09)	12,444	9,499	2,944.93	25,972	23,390	2,581.84

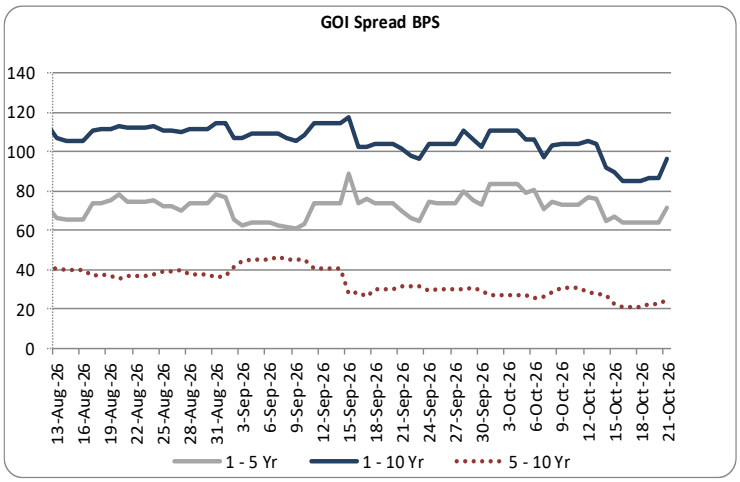
DEBT				EQUITY			TOTAL (Rs. Crs)		
FII	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment	Gross Purchase	Gross Sales	Net Investment
21-Oct-26	376	86	290.67	12044	12457	(413.20)	12420	12542	(122.53)

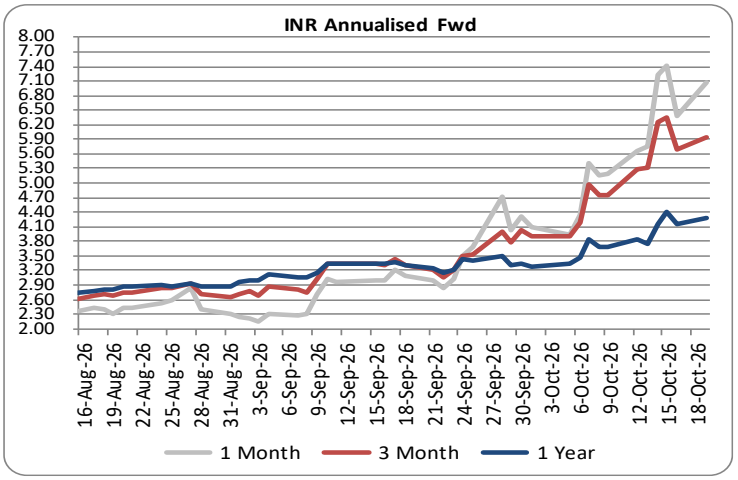
INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-26	7.80	8.60
CAD ($ Bn)	Jun-26	(4.20)	6.50
Trade Deficit ($ Bn)	Jun-26	(86.10)	(83.40)
WPI (%)	Sep-26	11.39	9.92
CPI (%)	Sep-26	5.54	4.82
IIP (%)	Aug-26	8.00	7.40
PMI Manufacturing	Sep-26	55.10	52.80
PMI Service	Sep-26	55.20	54.10

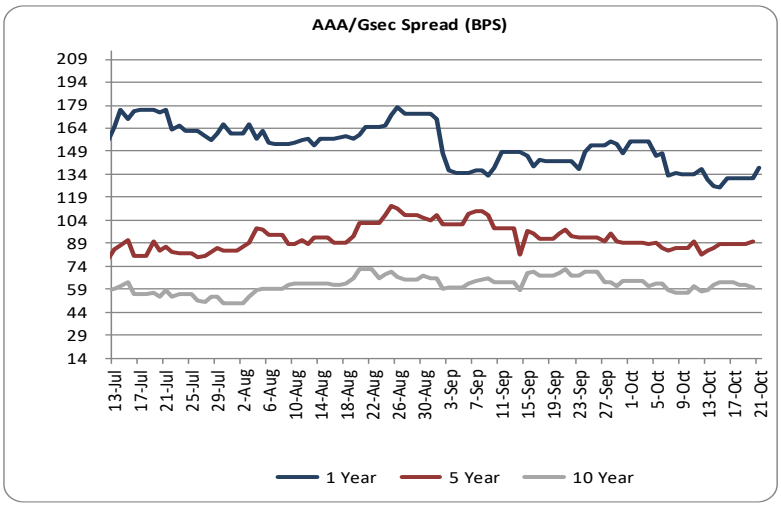
Economic Calender	Country	Date	Poll	Prior
Crude Oil Inventories	US	21-Oct-26		-8.557M
Initial Jobless Claims	US	22-Oct-26	200K	199K
S&P Global Services PMI (Oct) P	IN	23-Oct-26		55.2
S&P Global Manufacturing PMI (Oct) P	IN	23-Oct-26		55.1
S&P Global Services PMI (Oct) P	US	23-Oct-26	58.0	58.8
S&P Global Manufacturing PMI (Oct) P	US	23-Oct-26	55.5	55.9

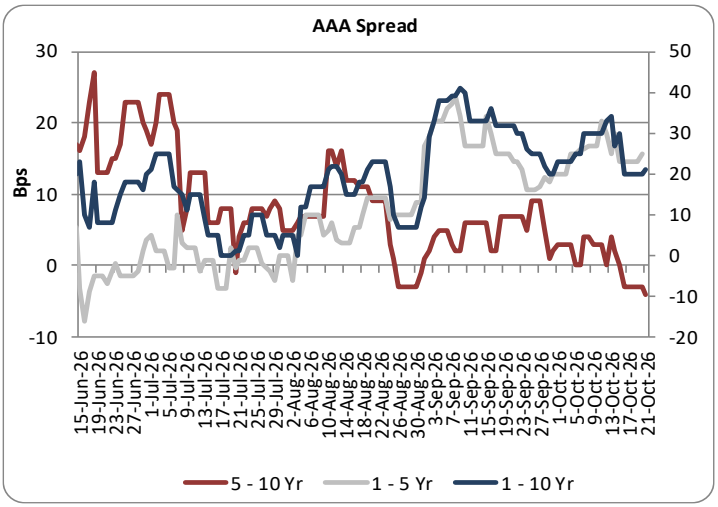

OIS Curve
7.00
6.50
6.00
5.50
5.00
4.50
4.00
6.59
6.53
6.07
6.66
6.28
6.60
6.73
6.41
6.65
6.58
6.84
6.78
1 Year
2 Year
3 Year
5 Year
21-Oct-26
19-Oct-26
18-Sep-26

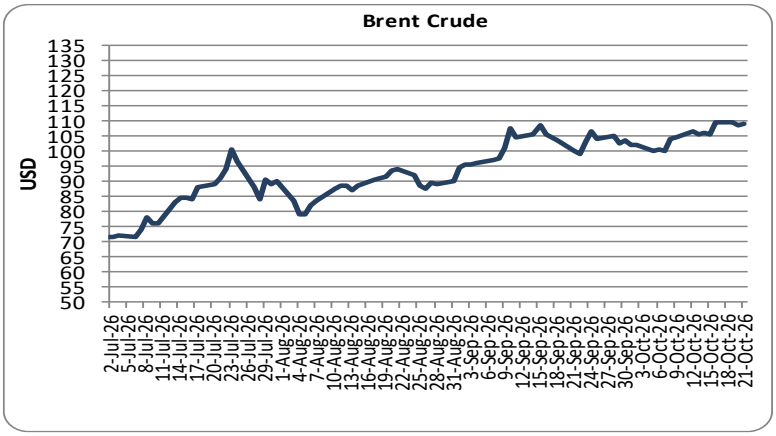

USD/INR
97.50
97.00
96.50
96.00
95.50
95.00
94.50
94.00
93.50
93.00
18-Jun-26
23-Jun-26
28-Jun-26
3-Jul-26
8-Jul-26
13-Jul-26
18-Jul-26
23-Jul-26
28-Jul-26
2-Aug-26
7-Aug-26
12-Aug-26
17-Aug-26
22-Aug-26
27-Aug-26
1-Sep-26
6-Sep-26
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16-Oct-26
21-Oct-26

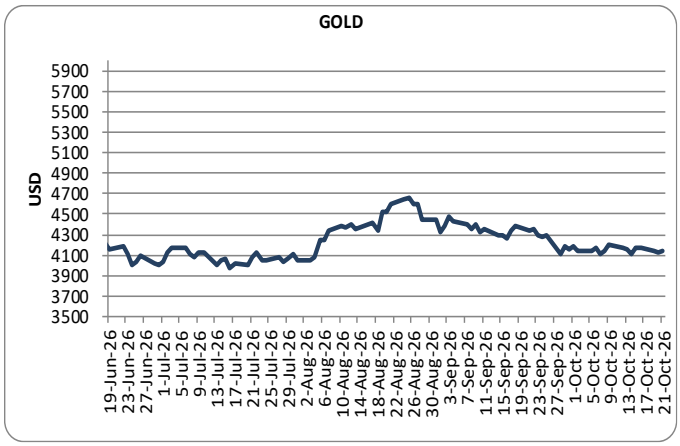

GOI Spread BPS
140
120
100
80
60
40
20
0
13-Aug-26
16-Aug-26
19-Aug-26
22-Aug-26
25-Aug-26
28-Aug-26
31-Aug-26
3-Sep-26
6-Sep-26
9-Sep-26
12-Sep-26
15-Sep-26
18-Sep-26
21-Sep-26
24-Sep-26
27-Sep-26
30-Sep-26
3-Oct-26
6-Oct-26
9-Oct-26
12-Oct-26
15-Oct-26
18-Oct-26
21-Oct-26
1 - 5 Yr
1 - 10 Yr
5 - 10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


INR Annualised Fwd
8.00
7.70
7.40
7.10
6.80
6.50
6.20
5.90
5.60
5.30
5.00
4.70
4.40
4.10
3.80
3.50
3.20
2.90
2.60
2.30
2.00
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
12-Oct-26
15-Oct-26
18-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
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
13-Oct
17-Oct
21-Oct
1 Year
5 Year
10 Year


AAA Spread
Bps
30
20
10
0
-10
50
40
30
20
10
0
-10
-20
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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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
13-Oct-26
17-Oct-26
21-Oct-26
5 - 10 Yr
1 - 5 Yr
1 - 10 Yr





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

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

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