SOVEREIGN global

DAILY REPORT
INDIAN DEBT MARKET
12TH OCTOBER 2026

GLOBAL MARKET SNAPSHOT

MARKETS	PRICE	% CHANGE
USD/INR	96.047	-0.75
BRENT OIL	102.62	-0.90
GOLD	4196.80	-0.29
INDIA10YR	7.3857	+1.18
US10YR	5.254	+0.27
NIFTY50	22363.35	-0.70
SENSEX	71924.68	-0.76

G-SEC/BONDS YIELDS

SECURITY	LTY (%) TODAY	LTY (%) PREV
364DTB	6.3300	6.2600
G-SEC2031	7.1005	7.0021
G-SEC2035	7.3422	7.2665
G-SEC2041	7.5492	7.4920
G-SEC2055	7.8144	7.7444
SDL2029	7.3125	7.2983
SDL2036	7.9424	7.8728

MOST ACTIVELY TRADED CORPORATE BONDS

SECURITY	YTM (%)	LTP
BAJAJ HOUSING FINANCE LIMITED 7.87 NCD 04AG36 FVRS1LAC	8.4422	96.2659
REC LIMITED SR 255 7.17 BD 01JL31 FVRS1LAC	8.0800	96.4682
REC LIMITED SR 260 (B) 7.67 BD 30SP31 FVRS1LAC	7.6426	100.000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24E 7.80 BD 15MR27 FVRS1LAC	7.1667	100.1256
AXIS BANK LIMITED SR 5 7.65 NCD 30JN27 FVRS10LAC	7.2000	100.0186
MANTRI INFRASTRUCTURE PRIVATE LIMITED 9 LOA 31MR23 FVRS10LAC - Defaulted in Redemption	5.2500	182.8571
SUNDARAM FINANCE LIMITED SR AA1 7.95 NCD 14AG29 FVRS1LAC	8.3850	98.6469
JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED 8.1 NCD 19AG29 FVRS1LAC	8.7500	98.3566

OVERNIGHT INDEXED SWAP

OIS(1YEAR)		OIS(2YEAR)		OIS(5YEAR)	
OPEN	CLOSE	OPEN	CLOSE	OPEN	CLOSE
6.2500	6.3600	6.5000	6.5500	6.7400	6.7975

BOND MARKET

The 10-year benchmark recorded (6.94% GS 2036) a close of 7.3857%, 8.63 bps higher than the previous day's trading session.

DOMESTIC BROADCAST

The headline inflation rate in India rose to 5.54% in September 2026 from 4.83% in the previous month, the highest since October 2024 and ahead of market expectations of 5.4%. It was the 11th straight month of rising inflation in the economy, approaching the Reserve Bank of India's upper tolerance limit of 6% as adverse weather and geopolitical shocks to oil prices lifted the costs of major products in the Indian consumer basket.

On Monday, Indian government bonds experienced a significant decline due to central bank measures affecting liquidity. The benchmark 6.94% 2036 bond yield rose to its highest level in three years. The Reserve Bank of India announced it would sell 250 billion rupees of bonds to tighten liquidity. Meanwhile, the benchmark Brent crude price remained above $100 per barrel, impacting inflation.

Indian mutual funds have sold $4.5 billion in government bonds since July, prompted by changing rate expectations. The Reserve Bank of India raised rates for the first time in nearly four years, signaling further increases. Many asset managers are shifting to short-duration assets to mitigate risks associated with rising yields. Fund managers have noticed an increase in long-term bond yields reaching nearly three-year highs.

Indian companies may re-enter the bond market given recent central bank measures aimed at stabilizing the rupee. High overseas yields and increased hedging costs have limited borrowing options for these businesses. Analysts suggest that some companies could reconsider bond issuances previously canceled because of excessive yields. With rising bank borrowing costs, bonds may become more appealing for certain issuers seeking flexibility.

On October 13, the Reserve Bank of India plans to auction government securities valued at Rs 25,000 crore. This operation will present six distinct securities, each with maturities ranging between 2030 and 2034.

GLOBAL BROADCAST

The yield on South Korea 3 Year Bond Yield eased to 3.92% on October 12, 2026, marking a 0.08 percentage points decrease from the previous session. Over the past month, the yield has fallen by 0.10 points, though it remains 1.36 points higher than a year ago, according to over-the-counter interbank yield quotes for this government bond maturity.

SPREAD ANALYSIS

The India 10Years vs the United States 10 Years Government Bond spread value is 213.17 bps, 9 bps higher than the closing of the previous day.

Normal Convexity in Long-Term vs Short-Term Maturities.
2 Years vs 1 Year bond spread is 41.41 bp.
5 Years vs 2 Years bond spread is 34.63 bp.
10 Years vs 2Years bond spread is 8.66 bp.

MARKET OUTLOOK

Today, the 10-year benchmark yields ended higher compared to the previous day and maintained good liquidity. The yield is projected to fluctuate between 7.35% and 7.5%.