WEEKLY REPORT

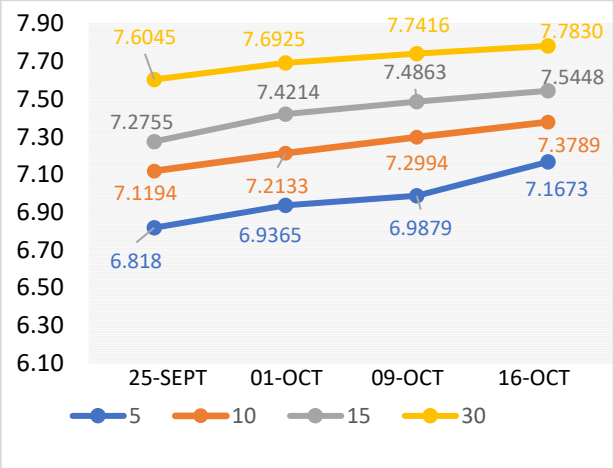
INDIAN DEBT MARKET

18TH OCTOBER 2026

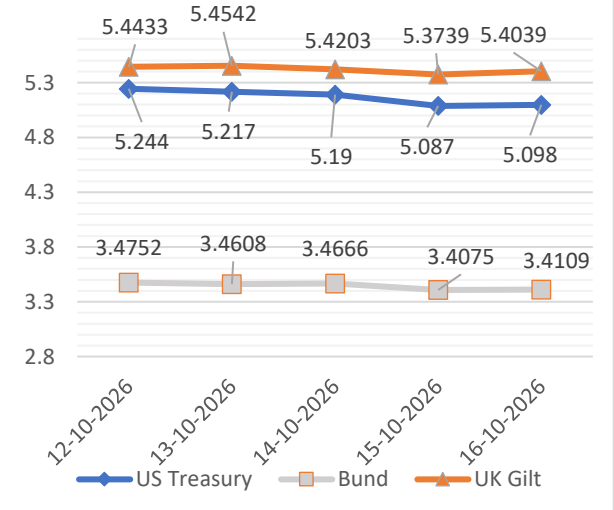
MARKET OVERVIEW

	12 OCT	13 OCT	14 OCT	15 OCT	16 OCT
USD/INR	95.775	95.285	95.155	95.060	94.965
OIL	106.65	105.69	106.06	105.92	109.86
GOLD	4190	4177	4107	4176	4193
India 10 Y	7.3857	7.3633	7.3999	7.3921	7.3789
US 10 Y	5.244	5.217	5.190	5.087	5.098
NIFTY 50	22363	22721	22622	22997	23146
SENSEX	71924	73033	72781	74315	74729

INDIA BOND YIELD (%)



KEY 10-YR YIELDS (%)



Key headlines from the week:

The 10-year benchmark (6.94% GS 2036) yield concluded the week at 7.3789 at **7.95 bps above** the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (7.95 bps above), 10Y UST (19 bps below), 10Y Bund (7 bps below), and 10Y UKT (3 bps below).

The Euro Area posted a trade deficit of €16.1 billion in August of 2026, swinging from a €502 million surplus in the previous year to mark the largest deficit since January of 2023. Imports surged by 16.7% from the previous year to €243.8 billion, the second-highest August figure on record after 2022, as the war in the Middle East and the resulting blockade of tankers leaving the Persian Gulf lifted petroleum and petroleum product purchases by 20.7% to €27 billion.

Reserve Balances in the United States increased to 3030855 USD Million in October 14 from 3022066 USD Million in the previous week. Reserve Balances in the United States averaged 1789065.22 USD Million from 2002 until 2026, reaching an all time high of 4273634.00 USD Million in December of 2021 and a record low of 2643.00 USD Million in February of 2008.

Industrial production in the UK rose 0.8% month-on-month in August 2026, accelerating from an upwardly revised 0.3% increase in the previous month and defying market expectations of a 0.1% decline.

The UK's GDP grew by 0.7% in the three months to August 2026, following a 0.5% rise in the three months to July and to June, exceeding market expectations of a 0.5% increase. Services output rose by 0.9%, following a 0.7% growth in the previous three-month period.

Liquidity Operation by RBI

Date	VRRR	MSF	SDF
OCT 05	-	199	181091
OCT 06	-	475	167822
OCT 07	-	500	172267
OCT 08	-	187	151441
OCT 09	-	144	139623
OCT 10	-	381	139630

AVERAGE DAILY TURNOVER

Item	Week Ended		
	OCT 10. 2025	OCT 02. 2026	OCT 09. 2026
	1	2	3
Call Money	27723	24227	22713
Notice Money	3013	7626	1565
Triparty Repo	683446	1060721	867769
Market Repo	742310	729425	633298
Repo in Corporate Bond	17407	28298	22305

Most Actively Traded Debt.

Paper	Yield (%)	LTP
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 24E 7.80 BD 15MR27 FVRS1LAC	7.4149	100.0031
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 26F 7.44 BD 17JL29 FVRS1LAC	8.1600	98.2402
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA SR III 7.40 BD 18JU31 FVRS1LAC	8.1800	96.9886

Indian Market update:

Indian government bonds have experienced ongoing losses for nine consecutive weeks due to RBI's monetary tightening measures. The benchmark 6.94% 2036 bond yield has climbed over 62 basis points during this period, reflecting investor concerns. Additionally, the RBI's commitment to support the rupee and manage liquidity has further dampened bond market sentiment. Market participants are wary of possible future actions regarding bond yields as the RBI addresses financial stability.

Indian government bonds remained stable on Friday as traders contemplated the central bank's forthcoming policy moves. A noteworthy auction of 10-year bonds is on the horizon, anticipated to shed light on market demand and interest. Recent shifts in US Treasury yields have bolstered the Indian market. The Reserve Bank of India is fine-tuning financial conditions to cope with capital outflows and escalating shorting costs of the rupee.

In a move aimed at protecting investors, Kotak Mahindra Asset Management Company has put a temporary hold on subscriptions for two of its mutual fund schemes. This decision follows the zero valuation of Yes Bank AT1 bonds after a significant bank reconstruction in March 2020.

In a pivotal decision, India's Supreme Court declared that the write-off of Yes Bank's 84-billion-rupee AT-1 bonds is unlawful, causing a steep decline in Yes Bank shares.

UPCOMING AUCTIONS

19TH OCTOBER – RBI announced the SDL auction, in which 11 states will be raising aggregating to 24,400 crores.

21ST OCTOBER – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 8,000, 8000, & 7000 crores respectively.

INR – DOLLAR EXCHANGE

	12 OCT	13 OCT	14 OCT	15 OCT	16 OCT
OPEN	95.8	95.1	95.0	95.1	94.7
HIGH	95.9	95.3	95.1	95.1	95.0
LOW	95.5	95.0	94.7	94.8	94.6
CLOSE	95.7	95.2	95.1	95.0	94.9

INTEREST RATES

COUNTRY	CURRENT	PREVIOUS
INDIA	5.50	5.25
USA	4.00	3.75
UK	3.75	3.75
CHINA	3.00	3.10
EURO AREA	2.65	2.40
JAPAN	1.25	1.00

DATE	EVENTS
19- OCT	China GDP growth rate, China industrial production, US 3-MONTH BILL AND 6-MONTH BILL AUCTION
20- OCT	CHINA LOAN PRIME RATE, GB UNEMPLOYMENT RATE, EA CURRENT ACCOUNT, US ADP EMPLOYMENTY CHANGE WEEKLY, GERMANY 30-YEAR BUND AUCTION
21- OCT	JAPAN BALANCE OF TRADE, GB INFLATION RATE, GB PPI, INDIA INFRASTRUCTURE OUTPUT, RISSIA PPI, US 20-YEARBOND AUCTION
22- OCT	US JOBLESS CLAIM, JAPAN FOREIGN BOND INVESTMENT, CANADA PPI
23- OCT	JAPAN INFLATION RATE, INDIA FOREX, INDIA HSBC COMPOSITE, SINGAPORE INFLATION, GERMANY PMI COMPOSITE FLASH

Currency Movement:

Foreign Exchange Reserves in India decreased to 726030 USD Million in October 9 from 734610 USD Million in the previous week. Foreign Exchange Reserves in India averaged 322885.24 USD Million from 1998 until 2026, reaching an all time high of 785710.00 USD Million in September of 2026 and a record low of 29048.00 USD Million in September of 1998.

This week, the Indian rupee saw an impressive 2% increase, attributed to effective policy measures designed to alleviate short-term depreciation pressures. Despite the positive movement, analysts caution that a lasting recovery is contingent upon significant improvements in the overall economic landscape.

Key updates and week ahead:

Americas: US markets will focus on October flash PMIs, expected to show slower but continued expansion in manufacturing and services, alongside a busy corporate earnings calendar featuring Tesla, Netflix, Meta, IBM and American Express. Housing indicators will provide further insight into domestic demand, with housing starts forecast at 1.30mn and building permits at 1.40mn. In Canada, headline CPI is expected to rise 0.2% MoM, while annual core inflation is forecast to remain at 2.6%.

Europe: Preliminary October PMIs will be central to assessing regional economic momentum, with Euro Area manufacturing and services expected to remain in expansion, albeit at a slower pace. Germany's manufacturing activity is forecast to sustain growth, while services are expected to reach an eight-month high; however, German ZEW sentiment and broader Euro Area confidence are likely to weaken.

Asia-Pacific: China's Q3 GDP growth is expected to accelerate to 4.4% YoY from 4.3% in Q2, while September industrial production is forecast to rise 5.4% and retail-sales growth to improve to 0.5%. Fixed-asset investment is likely to remain in contraction, while the PBoC is expected to keep its 1-year and 5-year LPRs unchanged at 3% and 3.5%, respectively.