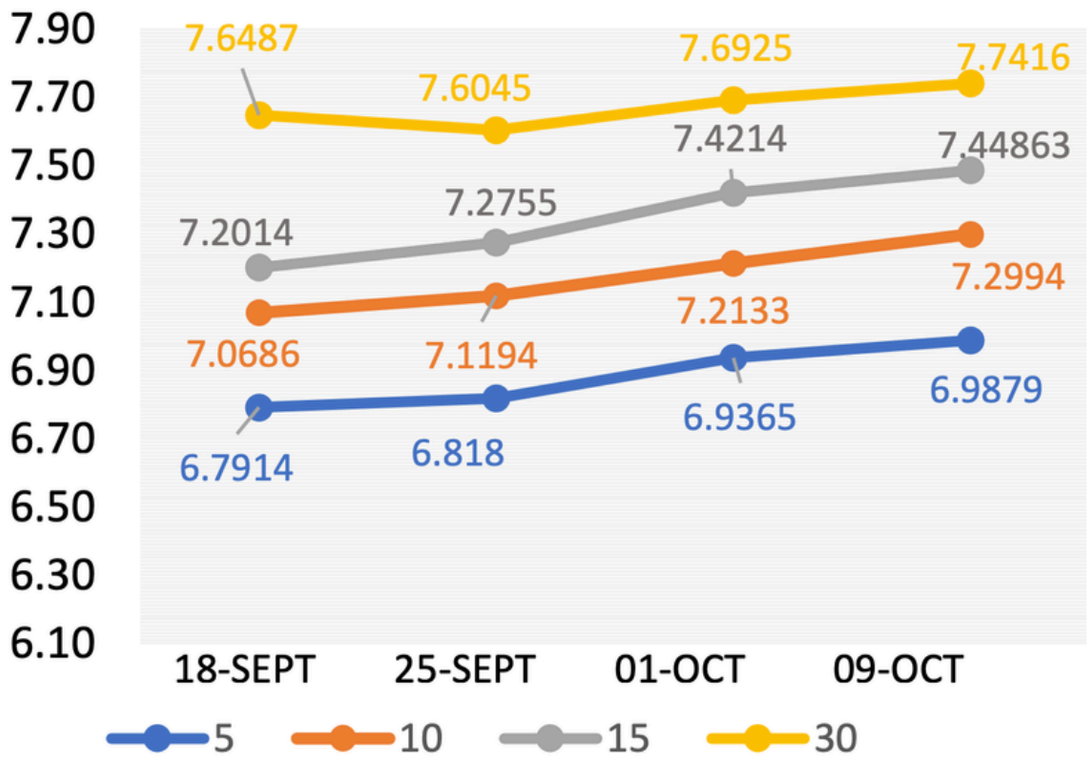
SOVEREIGN GLOBAL MARKET PRIVATE LIMITED

Indian Debt Market - Weekly Report - 11th Oct, 2026

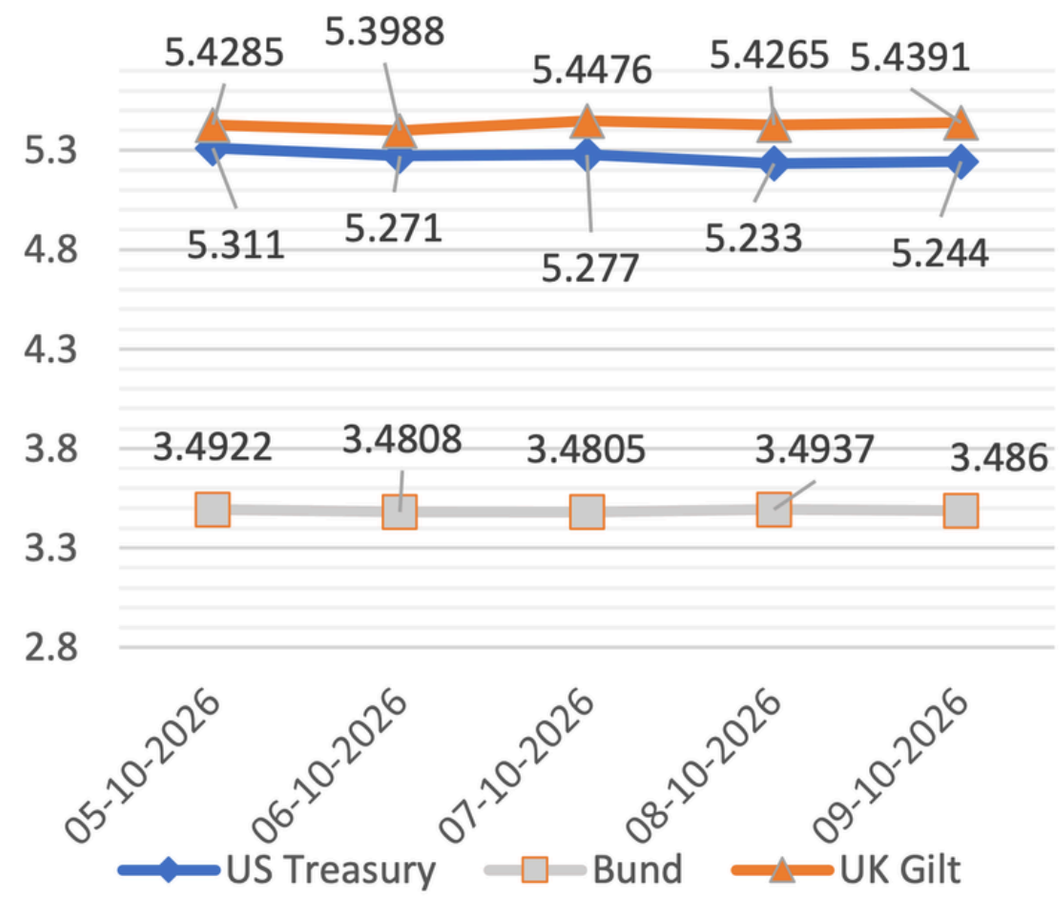
MARKET OVERVIEW

	05 Oct	06 Oct	07 Oct	08 Oct	09 Oct
USD/INR	96.300	96.400	96.785	96.795	96.775
OIL	100.32	100.58	100.2	104.28	104.72
GOLD	4156	4187	4140	4157	4216
India 10 Y	7.2108	7.1928	7.2410	7.2868	7.2994
US 10 Y	5.311	5.271	5.277	5.233	5.2442
NIFTY 50	22555	22776	22603	22231	22520
SENSEX	72312	73067	72638	71593	72472

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 7.2994 at 8.61 bps above the previous week's closing figure.

The weekly movement in spreads include 10Y Indian Treasuries (8.61 bps above), 10Y UST (3 bps below), 10Y Bund (3 bps above), and 10Y UKT (7 bps above).

The US 30-year bond yield hit a fresh 24 year high on Wednesday, as a selloff in world bond markets resumed a day after getting some respite from worries over higher inflation and government debt loads. The 30-year yield briefly touched 5.7041% ahead of the release of the Federal Reserve's September meeting minutes later in the day.

China’s foreign exchange reserves fell to $3.4 trillion at the end of September 2026, down $38.1 billion from a month earlier. The State Administration of Foreign Exchange attributed the decline primarily to a stronger US dollar and surging US Treasury yields, which likely led to currency translation and asset valuation changes.

Japan's 30-year government bond yield surged to a historic 4.235%, with market participants keenly anticipating Prime Minister Sanae Takaichi's upcoming address. Meanwhile, yields on shorter-maturity bonds dipped, reflecting adjustments in the financial landscape. Investors are wary that Takaichi’s spending agenda could exacerbate Japan's fiscal challenges.

Core PCE prices in the United States, which are the Federal Reserve's preferred gauge of underlying inflation, rose by 3.3% from the previous quarter in the second quarter of 2026, falling below the 3.6% second estimate and slowing from a downwardly revised 3.9% increase in the previous period.

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Liquidity Operation by RBI

DATE	VRR	MSF	SDF
SEP 28	111711	201	224503
SEP 29	152818	5880	180469
SEP 30	85424	6451	268919
OCT 01	168055	824	131306
OCT 01	-	566	133321
OCT 01	-	1620	210276

AVERAGE DAILY TURNOVER

Item	Week Ended		
	OCT 03. 2025	SEP 25. 2026	OCT 02. 2026
	01	02	03
Call Money	21716	25947	24227
Notice Money	11930	1525	7626
Triparty Repo	856666	895696	1060721
Market Repo	823769	606081	729425
Repo in Corporate Bond	16112	28835	28298

KEY 10-YR YIELDS (%)

Paper	Yield (%)	LTP
TATA CAPITAL LIMITED SR B STRPP-I 7.905 NCD 03DC26 FVRS1LAC	7.0066	100.1015
REC LIMITED SR 260 (B) 7.67 BD 30SP31 FVRS1LAC	7.6429	100.0000
NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT SR 25A 7.70 BD 30SP27 FVRS1LAC	7.7036	99.9825
TATA CAPITAL HOUSING FINANCE LIMITED SR B 8.10 NCD 13DC28 FVRS1LAC	8.2300	99.6856

Indian Market update:

Indian government bonds have faced a downturn for the eighth consecutive week, primarily influenced by soaring oil prices and a more aggressive stance from the central bank. The yield on benchmark bonds has surged, signaling a drop in investor confidence. Additionally, the Reserve Bank of India raised the repo rate to 5.50%, with economists anticipating further increments that may take it to at least 6.00%.

In recent years, states have made a substantial impact on their finances by reissuing bonds, which now form a significant portion of their market borrowings. This trend, particularly pronounced over the last two years, illustrates an increased involvement from state governments. Coupled with the Reserve Bank of India's push for greater market transparency, the reissuance of bonds could enhance liquidity, creating a more appealing landscape for bond investors.

Banks are expected to report a nearly 60% decline in treasury income for the July-September quarter. Analysts predict treasury gains to decrease from ₹13,100 crore last year to ₹5,500 crore this year.

The Reserve Bank of India has increased its key policy rate by 25 basis points, raising it to 5.50%. This adjustment signifies a strategic step towards cautious monetary tightening shaped by global economic developments. Traders are exercising caution due to heightened global yields and soaring crude oil prices impacting the bond market.

UPCOMING AUCTIONS

13TH OCTOBER – RBI announced the SDL auction, in which 13 states will be raising aggregating to 31,200 crores.

14THOCTOBER – RBI announced the auction of T bills for 91 days, 182 days, and 364 days for 8,000, 8000, & 7000 crores respectively.

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INR – DOLLAR EXCHANGE

DATE	05 OCT	06 OCT	07 OCT	08 OCT	09 OCT
OPEN	96.2	96.3	96.4	96.7	96.7
HIGH	96.3	96.4	96.8	96.8	96.7
LOW	96.2	96.3	96.3	96.6	96.5
CLOSE	96.3	96.4	96.7	96.7	96.7

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

KEY EVENTS

DATE	Yield (%)
28- SEPT	INDIA INFLATION RATE, GERMANY 12-MONTH BILL AUCTION
29- SEPT	JAPAN PPI, GERMANY INFLATION RATE, US ADP EMPLOYMENT CHAGE WEEKLY
30- SEPT	CHINA GDP GROWTH RATE, CHINA INFLATION RATE, INDIA WPI, US CORE INFLATION RATE, US CPI, GERMANY 20-YEAR BILL AND 30-YEAR BILL AUCTION, INDIA M3 MONEY SUPPLY
01- SEPT	JAPAN FOREIGN BOND INVESTMENT, AUSTRALIA EMPLOYMENT CHANGE, JAPAN INDUSTRIAL PRODUCTION, US INITIAL JOBLESS CLAIMS
02- SEPT	EA CPI, EA PPI, EA BALANCE OF TRADES, INDIA FOREX

Currency Movement:

In recent trading, the Indian rupee closed at 96.73 against the dollar, showing minimal fluctuation from its prior standing. The rupee's slide was mitigated by dollar sales from state-run banks, although it lingers close to record lows. Analysts foresee a further downturn due to challenging market conditions, with the currency's stability affected by a decline in India's foreign exchange reserves over the past four weeks.

India’s foreign exchange reserves fell for a fourth consecutive week to $734.6 billion as of October 2, 2026, according to a footnote to Reserve Bank of India Governor Sanjay Malhotra’s monetary policy statement. Reserves have declined from their recent peak of $785.71 billion on September 4, a drop of around $50 billion in less than a month.

Key updates and week ahead:

Americas: Markets will focus on the IMF–World Bank annual meetings, the IMF’s updated World Economic Outlook and speeches from global central bankers, including Fed Chair Warsh, amid elevated energy costs, record public debt and rising yields. US September CPI is expected to accelerate to 3.6% YoY, with headline inflation rising 0.6% MoM and core CPI increasing 0.2%.

Europe: The key focus will be final Eurozone inflation, expected to confirm an acceleration to 3.8% in September, while industrial production is forecast to rebound 0.1%. Germany’s wholesale prices are expected to rise 0.7% MoM, alongside final inflation releases from France, Spain and Italy. In the UK, August GDP is forecast to contract 0.1%, while industrial production is also expected to decline 0.1%, signalling continued economic weakness.

Asia-Pacific: China’s September inflation and trade data will be in focus, with CPI expected to accelerate to 1.1%, PPI to 4.4%, exports to grow 25.3% and imports 23.5%; new yuan loans are forecast at CNY 975bn. In Japan, producer inflation is expected to remain elevated at 7.6%, while machinery orders are forecast to rebound 2.5% MoM. India’s consumer and wholesale inflation, trade and unemployment data will provide further insight into domestic conditions. 9

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