

The benchmark 6.94 2036 bond yield closed at 6.9581% vs 6.9452% in the previous session.

The Indian benchmark bond yield rose on Tuesday, tracking global bond sell off, it had risen to 6.9653%, its highest intraday level since June 11, OIS rates rose in line with bond yields with the 5Y OIS rate up 2bps at 6.5050%.

Globally, bond sell off has deepened, as investors worry about oil driven inflation anticipating the need for central banks to raise interest rates. Euro zone bond yield rose to fresh multi year highs on Tuesday with the 10Y yield at 3.34%, Japan's benchmark 10-year bond yield struck the key 3% mark for the first time since 1996 on Tuesday. Renewed US-Iran fighting pushed the 10-year Treasury yield to a 19-month high of 4.778, while odds of a Fed rate hike this month jumped to 66% from 41% a week earlier.

Brent crude rose \$1.72 (1.9%) to \$92.21/barrel and WTI rose \$2.12 (2.47%) to \$87.88/barrel, as renewed US-Iran fighting reignited supply disruption fears from the Middle East.

Meanwhile, India's gross GST collections grew 14.8% Y/Y to Rs 1,99,853 crore in August 2026, boosted mainly by higher tax revenue from imports. India's Q1 FY27 CAD stood at \$4.2 bln (0.5% of GDP), merchandise trade deficit at \$86.1 bln, and BoP deficit at \$8.1 bln, per RBI data.

Market Observations

G-sec

SDL cut-off came In-Line with market expectations, where states were able to successfully borrow 26,590crs worth of bonds against the notified amount of 27,000crs.

Size buying demand was visible in 6-year maturity Gsec (6.54 2032) at 6.68 levels. Here, Foreign Banks acted as buyers and Pension Funds as sellers.

Size buying demand was visible from 4 year to 6-year maturity SDLs (2030 / 2031 / 2032) at 7.12, 7.17, 7.21, 7.27 and 7.34 centric levels. Here Private Banks acted as buyers and Insurance Companies / Mutual Funds as sellers.

6 months maturity Tbill (Feb / March 2027) was actively traded at 5.63 and 5.64 levels, to the tune of 1,500crs. Here Mutual Funds acted as sellers and Foreign Banks as buyers.

Switches was visible in 40-year maturity Gsec (6.90 2065 vs 7.71 2066) at 1.80bps, where 6.90 2065 traded higher. This switch was dealt between Foreign Banks and Private Banks to the combined tune of 310crs.

Corp Bond

AAA rated PSU bond yields remained more or less flattish with slight easing bias, with benchmark indicative levels at 7.60% for the 1-year, 7.73% for the 5-year and 7.74% for the 10 year. Trading activity was concentrated in the Medium-term segment, followed by the short MMY segment.

SIDBI accepted bids worth Rs 5,889 crore (\$620.79 million) for bonds maturing in three years and one month, at an annual coupon of 7.70%.

CP/CD

Banking system liquidity surplus surges to 6.65 trillion rupees as on August 31, highest since April 2022, After Tepid demand at 7-day VRRR auction, RBI announced overnight VRRR auction for 4 trillion rupees. CD rates eased across the curve with the 3M (Dec maturity) at 6.25%, 6M (Mar maturity) at 6.70% and 1Y (Sept maturity) at 7.25%. Trading was concentrated in JFM and 2-3M segments.

GOI Yield	1-Sep	31-Aug	25-Aug	31-Jul
1 Year	5.82	5.80	5.74	5.71
5 Year	6.59	6.58	6.46	6.45
10 Year	6.96	6.95	6.85	6.83

AAA Bmk	1-Sep	31-Aug	25-Aug	31-Jul
1 Year	7.60	7.62	7.55	7.40
5 Year	7.73	7.75	7.64	7.40
10 Year	7.74	7.74	7.65	7.45

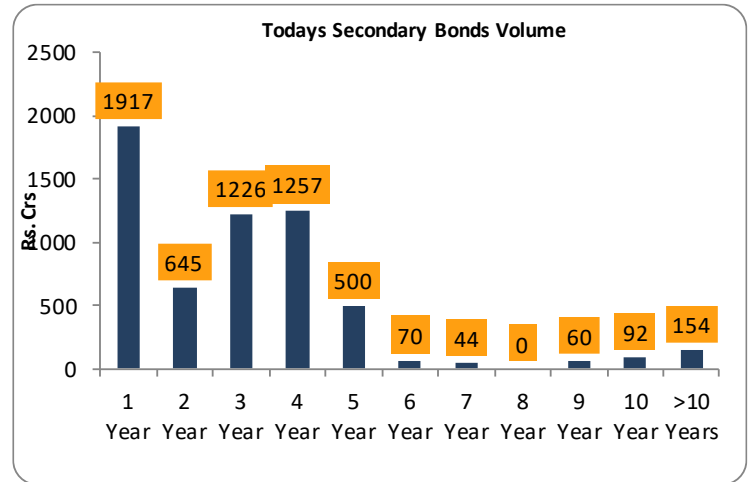
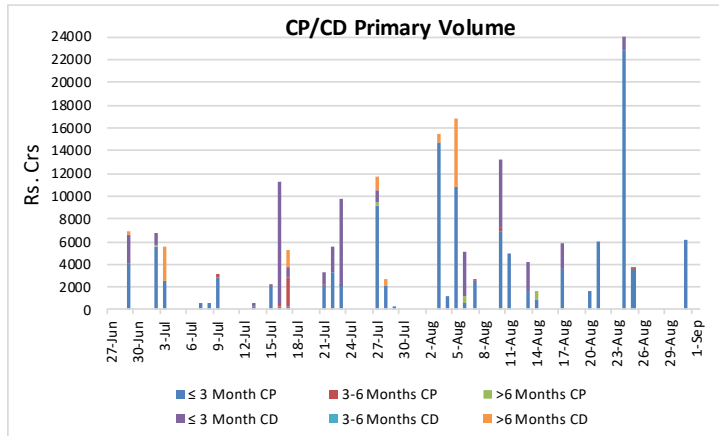
CD	1-Sep	31-Aug	25-Aug	31-Jul
3 Month	6.25	6.38	6.40	6.80
6 Month	6.70	6.75	6.80	6.90
1 Year	7.20	7.30	7.25	7.20

CP	1-Sep	31-Aug	25-Aug	31-Jul
3 Month	6.30	6.43	6.45	6.85
6 Month	6.75	6.80	6.85	6.95
1 Year	7.25	7.35	7.30	7.25

OIS Rate	1-Sep	31-Aug	25-Aug	31-Jul
1 Year	6.02	6.00	5.86	5.92
2 Year	6.21	6.19	6.04	6.12
3 Year	6.33	6.31	6.15	6.22
5 Year	6.51	6.48	6.35	6.41

	1-Sep	31-Aug	25-Aug	31-Jul
Sensex	77,174	76,957	77,656	78,095
Nifty	24,122	24,080	24,335	24,384
USD/INR	94.85	95.16	95.41	95.38
Gold (USD)	4,433	4,448	4,657	4,041
Oil (USD)	91.07	90.49	88.58	90.12

NDF	1-Sep	31-Aug	25-Aug	31-Jul
3 Month	95.5283	95.8496	96.0305	96.2522
1 Year	97.7883	98.06	98.2434	98.5297
2 Year	100.68	100.86	101.085	101.385
3 Year	104.07	104.36	104.135	104.555



10 Year Benchmarks	1-Sep	31-Aug	25-Aug	31-Jul
India	6.95	6.95	6.85	6.84
US	4.78	4.76	4.64	4.75
South Korea	4.38	4.31	4.34	4.26
Brazil	14.70	14.70	14.58	14.77
Germany	3.33	3.32	3.20	3.20
China	1.69	1.69	1.69	1.71

Top Traded Securities	Volume	1-Sep	31-Aug	25-Aug	31-Jul
6.75 2029	#NAME?	6.4393	6.4349	6.4973	6.396
6.79 2034	#NAME?	6.9028	6.911	6.7981	6.7972
6.33 2035	#NAME?	6.9001	6.8844	6.7954	6.776
6.92 2039	#NAME?	#N/A	7.0357	6.9709	6.9416
7.09 2054	#NAME?	7.5788	7.5742	7.4934	7.4968
7.34 2064	#NAME?	7.6436	7.6369	7.5744	7.5885

DEBT			
MF	Gross Purchase	Gross Sales	Net Investment
14-Aug-26	-	-	-

EQUITY		
Gross Purchase	Gross Sales	Net Investment
-	-	-

TOTAL (Rs.Crs)		
Gross Purchase	Gross Sales	Net Investment
-	-	-

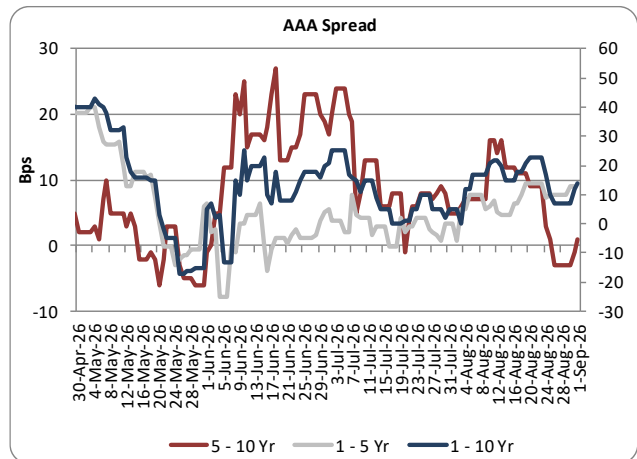
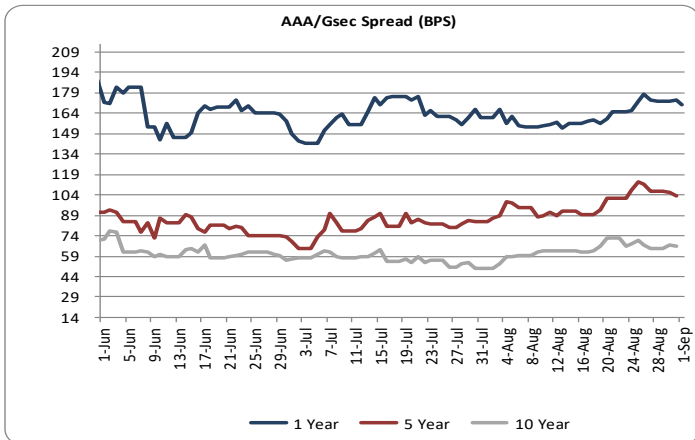
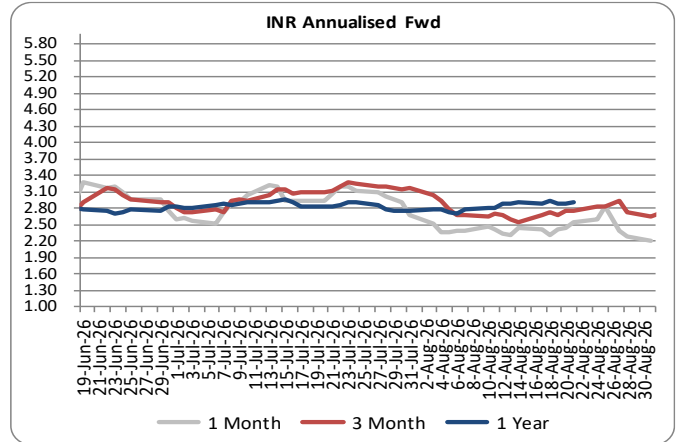
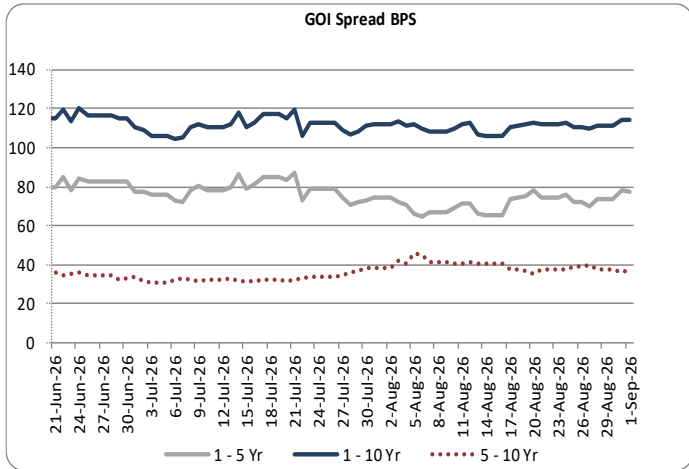
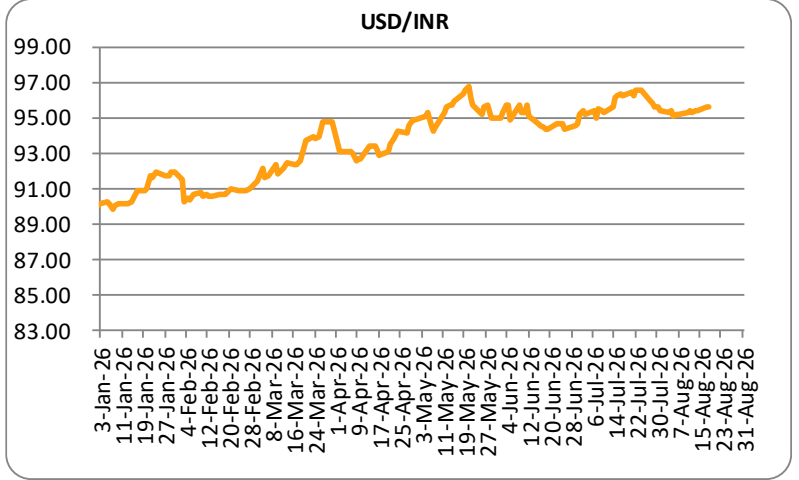
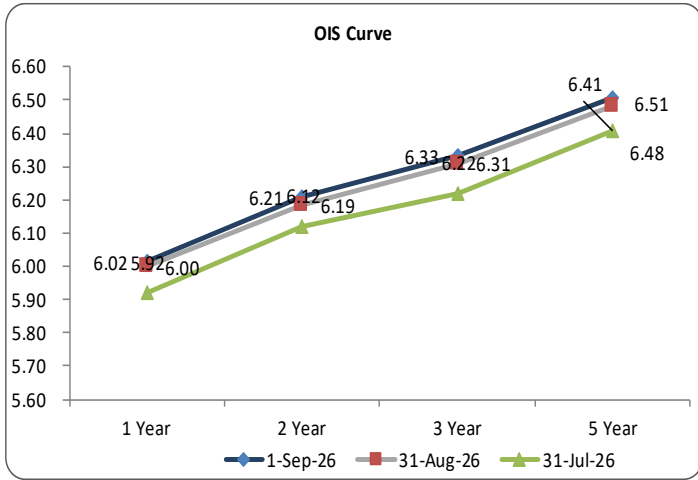
DEBT			
FII	Gross Purchase	Gross Sales	Net Investment
2-Sep-26	0	0	-

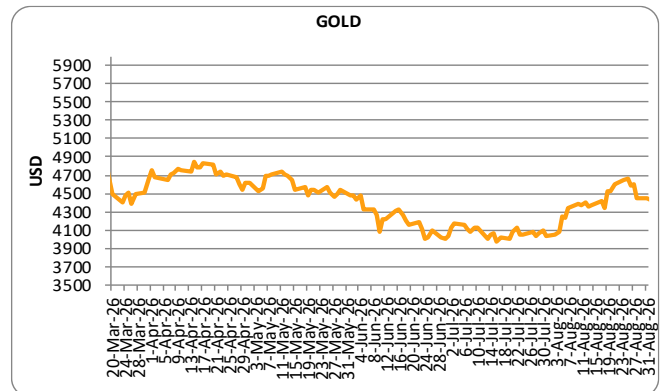
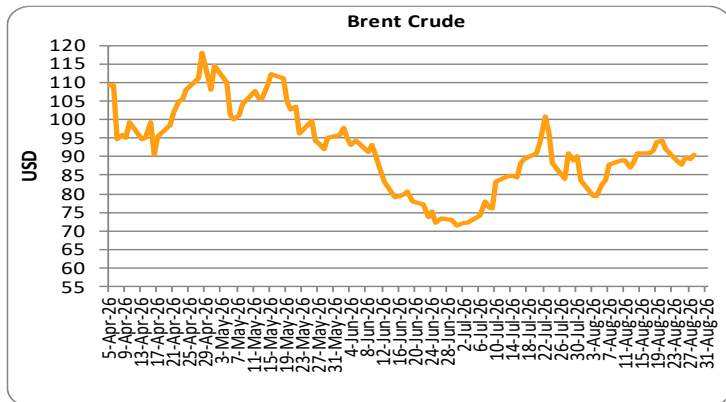
EQUITY		
Gross Purchase	Gross Sales	Net Investment
0	0	-

TOTAL (Rs. Crs)		
Gross Purchase	Gross Sales	Net Investment
0	0	-

INDICATORS	PERIOD	ACTUAL	PRIOR
GDP Quaterly (%)	Jun-26	7.80	7.80
CAD (\$ Bn)	Jun-26	(3.10)	7.10
Trade Deficit (\$ Bn)	Mar-26	(83.40)	(93.60)
WPI (%)	Jul-26	9.78	9.87
CPI (%)	Jul-26	4.45	4.38
IIP (%)	Jul-26	6.70	8.80
PMI Manufacturing	Aug-26	52.80	53.50
PMI Service	Jul-26	53.30	57.40

Economic Calender	Country	Date	Poll	Prior
S&P Global Manufacturing PMI (Aug)	US	2026-09-01	53.2	53.2
ISM Manufacturing PMI (Aug)	US	2026-09-01	55.2	55.6
JOLTS Job Openings (Jul)	US	2026-09-01	7.330M	7.359M
ADP Nonfarm Employment Change (Aug)	US	2026-09-02	47K	44K
Crude Oil Inventories	US	2026-09-02	0	0.095M
S&P Global Services PMI (Aug)	IN	2026-09-03	54.5	54.5





Sources: Reserve Bank of India, Bloomberg, Reuters, CCIL and FIMMDA.

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