

OCTOBER 03RD , 2026

WEEKLY NEWSLETTER

FX Partner You Can Trust

DOMESTIC STOCKS, BONDS AND RUPEE SELL OFF AS HIGHER CRUDE, USTS WEIGH



Global Development:

Brent continuing to hover above USD 100 mark and US treasury yields soaring to multiple decade highs is weighing on risk sentiment

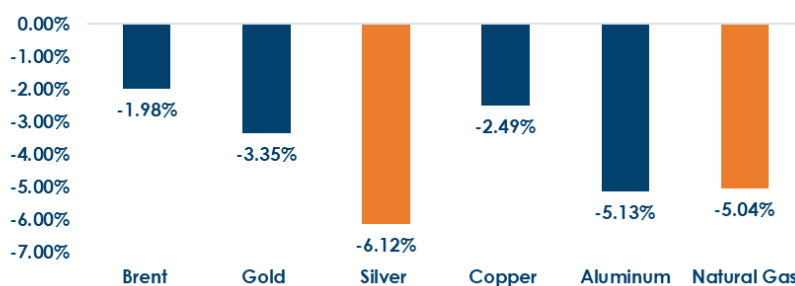
US September jobs report came in weaker than expected. Market is pricing in a 20% chance of a rate hike in October 28th policy

RBI rate decision is due on Wednesday, 7th October and a 25bps hike seems likely

Commodities:

Major commodities witnessed broad-based weakness this week, with Silver (-6.12%), LME Aluminum (-5.13%) and US Natural Gas (-5.04%) leading the declines, while Gold (-3.35%), LME Copper (-2.49%), Brent crude (-1.98%) and WTI crude (-1.41%) also ended lower. European Natural Gas (+3.73%) was the notable exception, rising to EUR 74.76, while crude prices settled at \$91.11/bbl for WTI and \$102.25/bbl for Brent

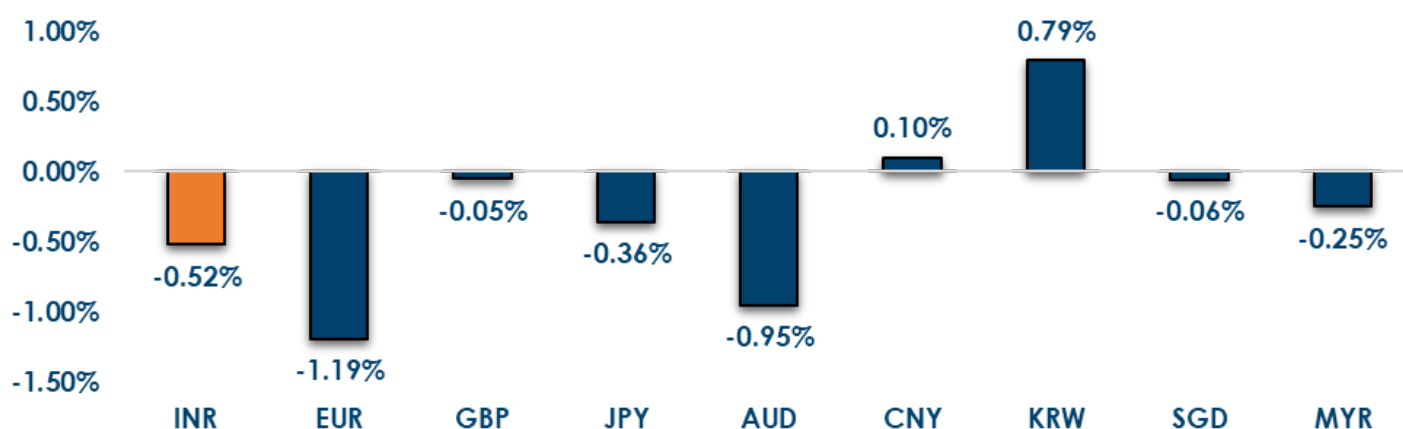
Weekly Change in Commodities



Foreign Exchange:

- The US Dollar strengthened broadly against all G10 currencies this week, with the sharpest declines seen in SEK (-1.22%), EUR (-1.19%), DKK (-1.18%) and NOK (-1.10%), while GBP (-0.05%) and CHF (-0.06%) were relatively resilient.
- GBP/USD remained broadly stable this week, edging 0.05% lower as broad-based Dollar strength was offset by relative resilience in Sterling.
- EUR/USD declined 1.19% this week, with the Euro under pressure amid broad-based strength in the US Dollar
- Asian currencies were mixed against the US Dollar this week, with the KRW (+0.79%) leading gains, while the THB (-0.62%), INR (-0.52%) and JPY (-0.36%) were among the weakest performers.
- Rupee traded a 95.75-96.31 range this week and ended at 96.31 compared to previous close of 95.83
- 3m ATMF onshore implied volatility is at 4.47% and offshore is at 4.97%.
- The forward curve remains downward sloping across the near-term maturities, with implied annualized yields declining from 4.22% at 1M to 2.99% at 3Y, before edging up to 3.07% at 5Y, indicating lower implied forward premiums over the medium term
- FX Reserves fell USD 18.3bn in week ended 25th September to USD 747.5bn.

Weekly % change in Currencies



Fixed Income:

- Global 10-year yields were mixed this week, with France (+10.2bp) and the US (+3.7bp) seeing the sharpest increases, while yields declined notably in South Korea (-18.5bp), Germany (-18.2bp) and Switzerland (-12.2bp).
- Yield on the domestic 10y benchmark traded a 7.11-7.22% range this week and ended at 7.21% compared to previous week close of 7.12%.
- Banking system liquidity is in surplus of Rs 4.7 lakh crs. Overnight MIBOR fixings happened in 5.04-5.28% range this week.
- 1y OIS rose 11bps this week to 6.27% while 5y OIS rose 10bps to 6.72%.
- 1y Tbill is at 6.13% while 1y A1+ CD is at 7.27% and 1y A1+ NBFC CP is at 7.87%
- 10y Nabard is at 7.95% and 10y LIC Hsg Fin is yielding 8.12%
- FPIs sold net USD 2.3bn of domestic bonds in September.

Our Views: What we like?

FX

Higher US bond yields are pushing the Dollar higher against G10

Rupee is likely to continue trading on a weak note against the Dollar.

While the RBI continues to sell Dollars, the buying pressure is intense. Both current and capital account are under stress at this point

Exporters are advised to hedge cautiously only to extent of in-hand orders while Importers are advised to hedge on any dips

We see a 95.10-97.50 range for Rupee over the next several weeks

Fixed Income

Yield on the domestic 10y surpassed recent high of 7.14%

1y OIS is pricing in 4 hikes. 5y OIS looks a good receive around 6.80%

Those looking to raise Dollar funding especially up to 1 year should consider raising INR and swapping given the dislocation in forward curve. 1y OIS is at 6.27% and 12m implied forward annualized yield is at 3.30%, making Dollar cost around 3% vis a vis 1y SOFR IRS at 4.47%

Commodities

Energy prices are likely to be headline driven.

We continue to remain bullish on precious metals at current levels

Given the deteriorating global macro, we have tempered our bullishness on base metals.

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