IFA GLOBAL

FX Partner You Can Trust

SEPTEMBER 26TH, 2026

WEEKLY NEWSLETTER

SOARING US YIELDS, ELEVATED CRUDE PRICES KEEP DOMESTIC MARKETS NERVOUS

Global Development:

UST 10y surged toward 5.18%, the highest since the financial crisis, driven by hawkish Fed comments (Governor Barr), a hot PMI print, and rising odds of another October hike. Fed funds futures now price roughly 64% for October.

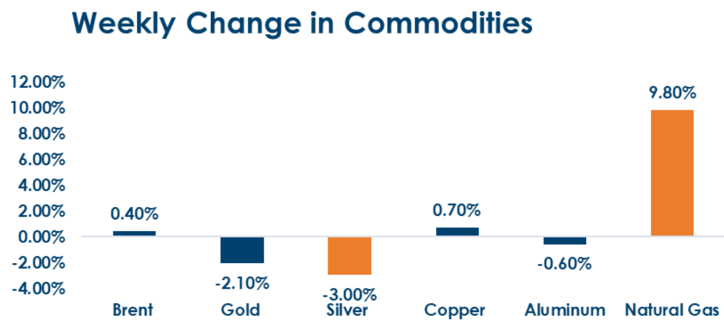
Oil whipsawed on Iran headlines through the week. WTI/Brent fell for five straight sessions on reports of US-Iran side talks on a phased Strait of Hormuz reopening, before Houthi strikes on Saudi Arabia briefly pushed Brent to $108. WTI ended the week down about 7% while Brent was roughly flat to slightly higher, widening the Brent-WTI spread to its highest since May amid talk of a possible US diesel export ban.Equities shrugged off the bond selloff. Nasdaq hit fresh record highs and S&P 500/Dow posted weekly gains — as falling oil offset the yield surge.

Gold and the yen both fell sharply as the dollar rallied on the rate story, with gold pressured by rising real yields and JPY weakening despite the BoJ's hike the prior week.

US nonfarm payrolls on Friday, the Fed's preferred PCE inflation gauge on Wednesday would be the key data points to focus on next week

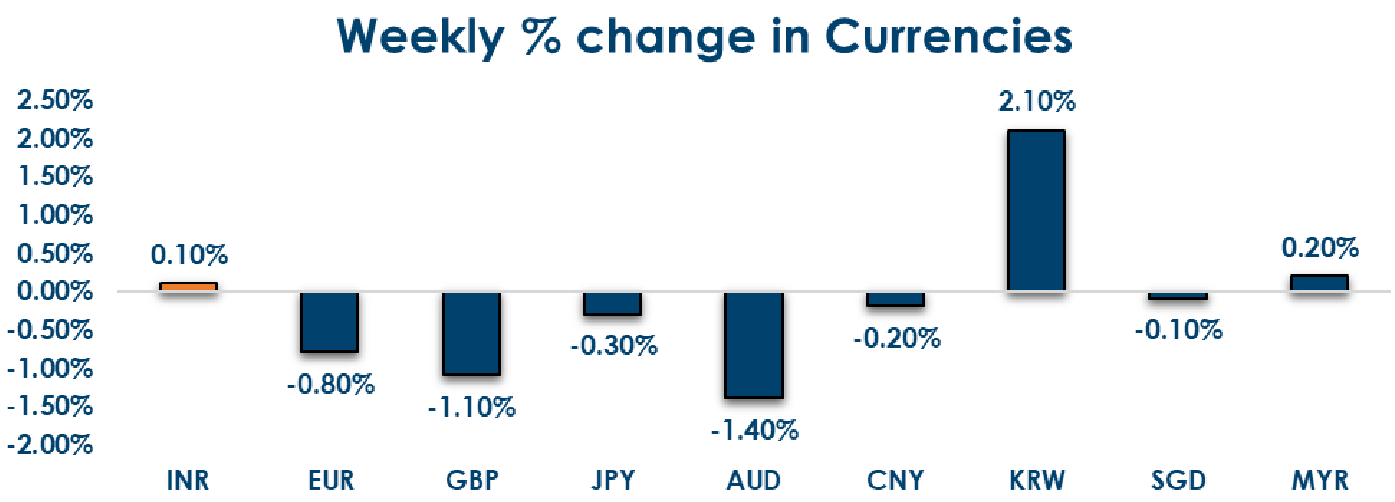
Commodities:

Commodity markets delivered mixed signals this week, with a sharp 7.9% decline in WTI contrasting with Brent above USD 100, a 9.8% surge in US natural gas and modest gains in copper.



Foreign Exchange:

- The US Dollar strengthened broadly against G10 currencies this week as a sharp rise in US Treasury yields supported the greenback, with the AUD, GBP, CAD and NOK among the weakest performers.
- Sterling weakened 1.1% against the Dollar this week amid broad-based USD strength and higher US yields.
- The Euro declined 0.8% against the Dollar as rising US yields supported the greenback.
- Asian currencies were mixed this week, with the KRW leading gains at 2.1%, while the IDR and CNH were among the weakest performers against the Dollar.
- Rupee traded a 95.56-95.97 range this week and ended at 95.82 compared to previous week close of 95.88.
- Forward premia remained elevated this week amid RBI sell-buy swaps to absorb liquidity, with implied annualized forward yields at 3.81% for 1M, easing to 3.44% at 12M before settling around 3.16–3.30% across the 2Y–5Y tenors.
- 3m onshore ATMF implied volatility is at 4.44% and offshore is at 4.80%
- FX Reserves fell 14.9bn in the week ending Sep 18 to USD 765.9bn on account of short tenor Sell-Buy Swaps (for surplus liquidity absorption) and outright intervention sales done by the RBI.



Fixed Income:

- Global bond yields rose sharply this week, led by France (+21.9bp) and the US (+20.9bp), while yields also climbed across the UK, Germany, Switzerland, Japan and Australia; China and South Korea were the only major markets to see declines.
- Yield on the domestic benchmark 10y traded a 7.00-7.14% range and ended at 7.12% compared to previous week close of 7.07%.
- 1y OIS climbed 9bps this week to 6.16% while 5y rose 3bps to 6.62%. Overnight MIBOR fixings happened in 5.13-5.30% range. Banking system liquidity is in surplus of more than Rs 4 lakh crs.
- 1y T-bill is at 6.08% while 1y A1+ CD is at 7.32% and 1y A1+ NBFC CP is at 7.95%.
- 10y NABARD is around 7.90% and 10y LIC Hsg Fin is around 8.10%
- FPIs have taken out net USD 1.5bn from domestic bonds in September so far.

Our Views: What we like?

FX

Majors i.e. EUR, GBP, AUD and JPY are all at lower ends of their respective trading ranges. We expect ranges to hold in G10 with chance of downside break (Dollar strength)

Rupee is likely to remain under pressure as US 10y yield curve settles above the 5% mark. Elevated Brent prices are likely to keep sentiment on the edge. Break of 96.10 could trigger a 0.5% move higher on USDINR.

We expect a 94.40-97.40 range over the next few weeks.

Fixed Income

Domestic 10y benchmark bond yield is at the upper end of its 6.90-7.15% trading range. We expect the range to hold till Brent is below USD 110 per barrel.

5y OIS is good to receive close to 6.75-6.80% levels.

Commodities

While energy prices are likely to be headline driven, we believe Gold and Silver allocation is a must in any long term portfolio and current levels look attractive to start building positions.

Contact Us:
India Forex Asset & Management Pvt. Ltd.
+91 86557 85089 | info@ifaglobal.net
Subscribe to our Daily Reports Here!

**The views and opinions expressed above are for informational purposes only and should not be construed as investment advice.*