

Debt mutual funds – fortnightly activities & flows – 15 October 2026

₹1.97 lakh crore back after quarter-end, almost all of it parked in short paper as the RBI turns hawkish

Highlights

- ₹1,96,613 crore came back into debt funds after quarter-end redemptions, led by Liquid Funds (+₹1,66,120 crore, +25.7%), Money Market Funds (+₹14,826 crore) and Overnight Funds (+₹9,138 crore)
- ₹1,88,969 crore went into paper maturing within three months, while universe modified duration fell to 0.99 years from 1.13 years
- ₹46,856 crore of CP and ₹19,623 crore of CDs were bought as money-market yields rose; the 3-month CD rate rose 50 bps to 6.80%
- ₹8,917 crore of paper maturing beyond one year was sold on a net basis, mostly beyond five years (₹8,825 crore), while the 1–3 year bucket saw marginal net buying of ₹1,105 crore

Dashboard

Debt funds fortnightly activity dashboard

30 September–15 October 2026

Segment	Schemes	Net AUM 30 Sep (₹ cr)	**Net AUM 15 Oct (₹ cr)	Change (%)	Highest returns*	Lowest returns*	10-yr yield range
Debt Funds (AMFI Categories)	340	18,12,098	20,06,011	+10.7%	5.75% Liquid Fund	–25.54% Gilt Fund (10Y Constant Duration)	
Debt ETFs	36	91,316	90,898	–0.5%	4.98% Liquid ETFs (1D Rate)	–24.60% G-Sec & Bond ETFs	7.19–7.40%
Debt Index Funds	90	70,700	73,818	+4.4%	4.20% Index Funds, Duration < 1 Yr	–21.41% Index Funds, Duration > 3 Yrs	
Total	466	19,74,114	21,70,727	+10.0%	–	–	

*Median returns are annualised for the period from 30th September to 15th October 2026. For Debt ETFs and Debt Index Funds, medians are shown by sub-group (ETFs by type; index funds by modified duration on 30-Sep-2026).

**Net AUM is based on the available portfolio data for 466 continuing schemes: 340 debt funds in AMFI categories, 36 debt ETFs and 90 debt index funds. Source: ACE MF, Bloomberg and CCIL; Mata Research.

What the fortnight was about

The RBI raised the repo rate by 25 bps to 5.50% on 7 October and changed its stance to “calibrated tightening”. September CPI then rose to 5.54% from 4.83%. G-Sec yields rose across the curve – 3-year +25 bps, 5-year +28 bps, 10-year +20 bps to 7.39% – even as the US 10-year Treasury fell 23 bps.

Money came back after quarter-end, but stayed short. AUM rose ₹1,96,613 crore (+10.0%), led by Liquid Funds (+ ₹1,66,120 crore). Paper maturing within three months took ₹1,88,969 crore, and cash, TREPS and repo rose ₹1,37,207 crore to 13.80% of assets.

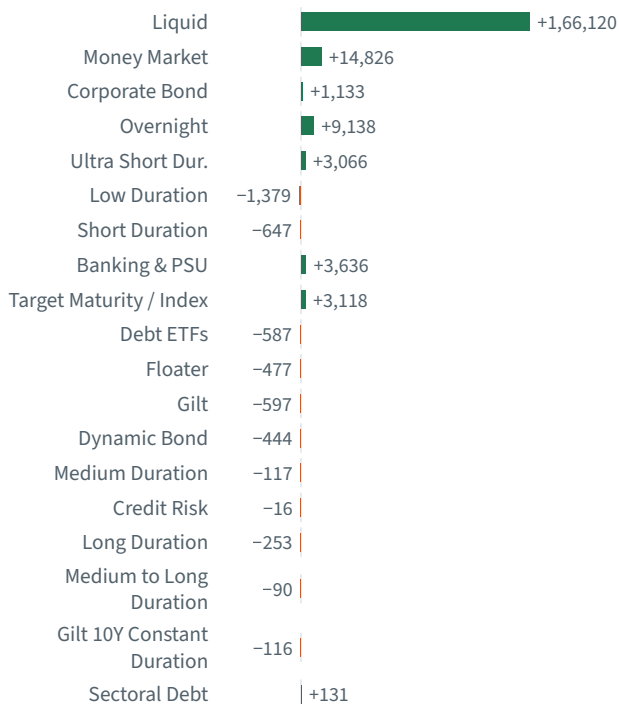
Duration was cut again. Universe modified duration fell to 0.99 years from 1.13 years, 17 of 20 categories cut duration, and ₹8,825 crore was sold beyond five years. Gilt Funds cut to 5.86 years from 7.10 years.

Credit risk was not increased: below-AAA holdings fell ₹1,255 crore, and their share eased to 4.38% from 4.88% as liquid inflows enlarged the base.

Category-wise AUM change & modified duration shift

AUM change by category

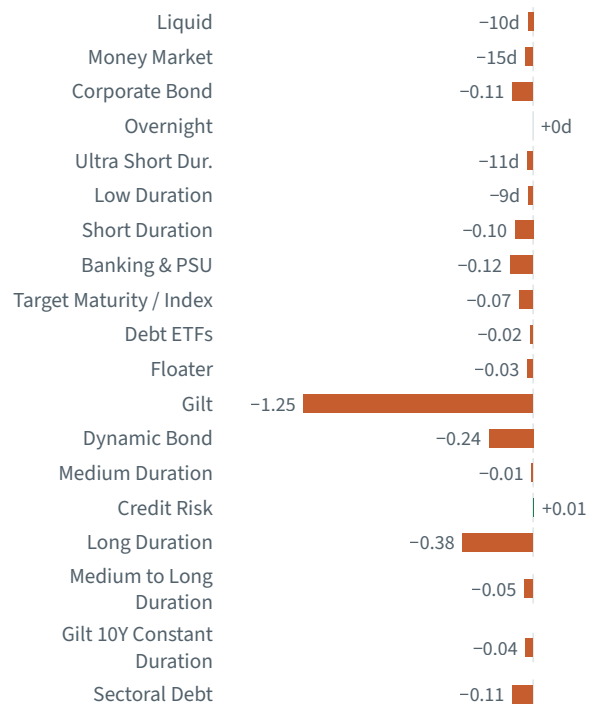
₹ cr, 30 Sep–15 Oct 2026; largest first



Source: ACE MF; Mata Research.

Modified duration change

Years; days (d) for money-market categories



Source: ACE MF; Mata Research.

Market backdrop: yields, liquidity & money-market rates

Sovereign yields & OIS

Indicator	30 Sep 2026	15 Oct 2026	Change
3M T-Bill (%)	5.50	5.73	+23 bps
1Y T-Bill (%)	6.17	6.49	+32 bps
3Y G-Sec (%)*	6.64	6.89	+25 bps
5Y G-Sec (%)	6.89	7.17	+28 bps
10Y G-Sec (%)	7.19	7.39	+20 bps
10Y SDL (%)	7.88	8.04	+16 bps
1Y OIS (%)	6.20	6.54	+34 bps
5Y OIS (%)	6.65	6.79	+14 bps

*3Y G-Sec = 7.04% GS 2029. Source: Bloomberg, CCIL, ICICI CP/CD rates as supplied; Mata Research.

Credit, money market & global

Indicator	30 Sep 2026	15 Oct 2026	Change
3Y AAA PSU (%)	7.88	8.13	+25 bps
10Y AAA PSU (%)	7.95	8.17	+22 bps
3M CD (%)	6.30	6.80	+50 bps
3M CP (%)	7.07	7.30	+23 bps
MIBOR Overnight (%)	5.28	5.87	+59 bps
Liquidity surplus (₹ lakh cr)	4.87	2.42	-2.44
Brent (USD/bbl)	103.53	105.92	+2.3%
US 10Y Treasury (%)	5.28	5.06	-22 bps

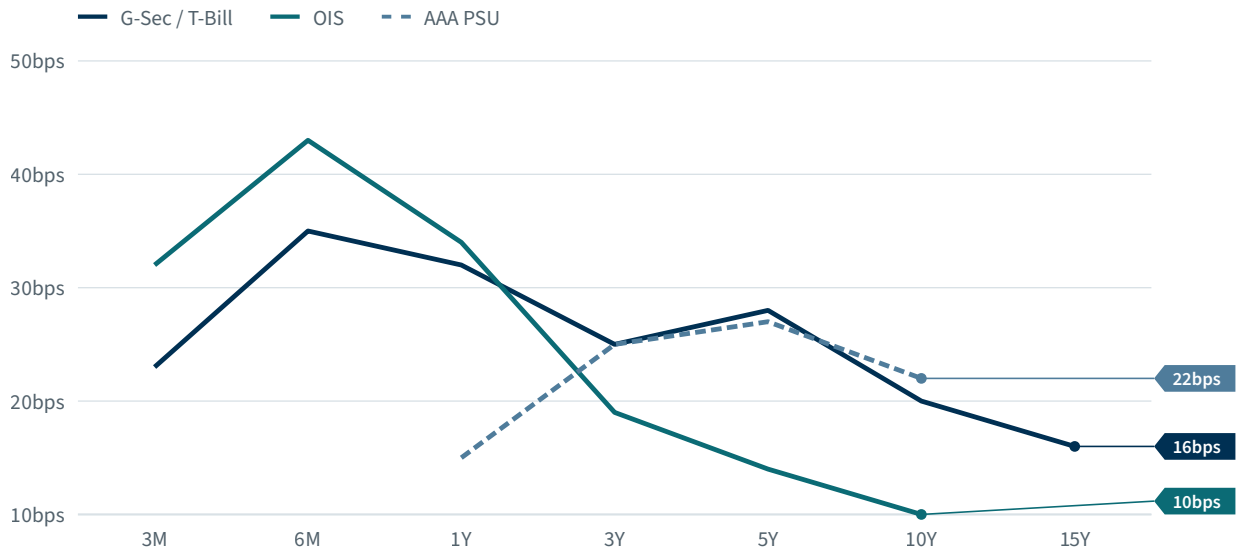
Source: Bloomberg, CCIL, ICICI CP/CD rates as supplied; Mata Research.

- **Rate Hike Lifts the Front End Most; Curve Bear-Flattens:** T-Bill yields rose **23–35 bps** – the **3-month to 5.73%**, the 6-month to 6.30% and the **1-year to 6.49%**. The **3-year G-Sec (7.04% GS 2029) rose 25 bps to 6.89%** and the **5-year 28 bps to 7.17%**, while the **10-year rose 20 bps to 7.39%** and the 15-year 16 bps to 7.55%. The 10-year SDL rose 16 bps to 8.04%, narrowing its spread over the 10-year G-Sec to 65 bps.
- **Corporate Yields Moved with G-Secs; OIS Priced a Short Cycle:** AAA PSU yields rose **25 bps (3-year, to 8.13%), 27 bps (5-year) and 22 bps (10-year, to 8.17%)**, leaving spreads over G-Secs within 2 bps of their 30 September levels. OIS rose **27–43 bps up to one year** but only **10–19 bps beyond three years** – the market priced near-term tightening rather than a long hiking cycle.
- **Liquidity Surplus Halved; Overnight Rates Moved Above the New Repo Rate:** Net system liquidity surplus fell from **₹4.87 lakh crore on 30 September to ₹2.42 lakh crore on 15 October**, after a peak of ₹5.30 lakh crore on 5 October. Daily VRRR absorption fell from ₹2.56 lakh crore on 7 October to ₹9,562 crore on 15 October. **MIBOR rose 59 bps to 5.87%** and the call rate 54 bps to 5.75%. CD yields rose more than CP yields – **3-month CD +50 bps to 6.80%** against 3-month CP +23 bps to 7.30% – narrowing the CP-over-CD pick-up to 50 bps from 77 bps.
- **Global Inputs Mixed – US Yields Eased, Crude Firmed:** The **US 10-year Treasury fell 23 bps to 5.06%** and the 2-year 15 bps to 4.74%. **Brent rose 2.3% to USD 105.92/bbl**, after dipping to USD 100.20 on 7 October. The rupee strengthened to **95.07 per dollar from 95.98**, after weakening to 96.77 on 8 October. Indian yields rose despite lower US yields, so the drivers were domestic policy and inflation.
- **Policy shift:** The MPC raised the repo rate to 5.50% on 7 October, moved to “calibrated tightening” and raised its FY27 CPI projection to 5.2% (Q3: 6.0%). **The Governor said near-term rate cuts were off the table.**
- **Inflation confirmed it:** September CPI rose to 5.54% (released 12 October), with food inflation at 7.74%.
- **Supply was not the trigger:** The H2 FY27 borrowing calendar (26 September) set ₹7.86 lakh crore of dated securities, ₹1.2 lakh crore below the Budget estimate – yet yields still rose.

Front end repriced most; managers stayed short

Front end repriced most as the RBI hiked; curve bear-flattened

Change in yield by tenor, bps, 30 Sep–15 Oct 2026



3Y G-Sec = 7.04% GS 2029; 3M–1Y G-Sec points are T-Bills. Source: Bloomberg, CCIL; Mata Research.

- After the RBI raised the repo rate to 5.50% on 7 October, yields rose across the curve but most at the short end. T-Bill yields rose 23–35 bps and OIS rose 32–43 bps from 3 months to 1 year, against 20 bps for the 10-year and 16 bps for the 15-year, so the curve bear-flattened.
- OIS beyond three years rose only 10–19 bps, pricing near-term tightening rather than a long hiking cycle. AAA PSU yields rose 15–27 bps, broadly in line with G-Secs, so credit spreads held.
- Debt fund managers positioned where yields repriced most, buying short paper and selling long bonds; they are likely to keep duration short until the long end stabilises.

Fresh picks & full exits: shift in debt MF holdings

▲ Top fresh picks by debt schemes, mid-October 2026

Security	No. of schemes added	Amount bought (₹ cr)
Lakshminarayan Securitisation Trust PTC	19	2,099
182D T-Bill 25-Mar-27	17	1,572
6.94% GOI 2036	17	1,529
91D T-Bill 14-Jan-27	16	4,447
Reliance Industries 7.90% 2036	16	1,640
91D T-Bill 29-Oct-26	15	1,475
NABARD CP 01-Jan-27	13	4,927
182D T-Bill 11-Feb-27	13	3,247
7.06% GOI 2041	13	436
182D T-Bill 22-Oct-26	11	2,453
Axis Bank CD 13-Jan-27	11	1,180
91D T-Bill 12-Nov-26	11	787
HDFC Bank CD 16-Oct-26	10	2,800
Canara Bank CD 03-May-27	10	2,769
91D T-Bill 05-Nov-26	10	1,216

Ranked by number of schemes initiating / fully exiting a position. Exits exclude paper that matured on or before 15-Oct-2026. Some securities appear in both lists because different schemes entered and exited them. Source: ACE MF; Mata Research.

▼ Securities fully exited (excl. maturities)

Security	No. of schemes exited	Amount sold (₹ cr)
6.94% GOI 2036	10	1,817
6.90% GOI 2065	9	594
Indian Bank CD 12-Jan-27	8	290
7.24% GOI 2055	8	251
7.71% GOI 2066	8	185
6.68% GOI 2040	8	184
NABARD CD 14-Jan-27	7	686
Bank of Baroda CD 06-Jan-27	7	604
MTNL 7.05% 2030	7	469
Muthoot Finance 2029	7	356
NABARD 7.70% 2027	7	245
Bank of Baroda CD 08-Jan-27	6	555
6.48% GOI 2035	6	126
91D T-Bill 29-Oct-26	5	633
Kotak Mah. Bank CD 08-Jan-27	5	565

Ranked by number of schemes initiating / fully exiting a position. Exits exclude paper that matured on or before 15-Oct-2026. Some securities appear in both lists because different schemes entered and exited them. Source: ACE MF; Mata Research.

Top traded securities: debt fund highlights

Top 20 traded securities by debt mutual fund schemes, mid-October 2026

Security	▲ Bought		▼ Sold		Net change (₹ cr)
	No. of schemes	Amount (₹ cr)	No. of schemes	Amount (₹ cr)	
6.94% GOI 2036	43	3,933	39	6,563	-2,631
6.90% GOI 2065	6	131	22	1,540	-1,409
7.71% GOI 2066	1	9	16	852	-842
91D T-Bill 22-Oct-26	10	340	5	729	-389
91D T-Bill 05-Nov-26	10	1,216	6	1,534	-317
Axis Bank CD 13-Jan-27	11	1,180	6	1,471	-291
91D T-Bill 29-Oct-26	18	1,727	8	1,961	-234
Canara Bank CD 28-Jan-27	12	677	7	724	-46
7.24% GOI 2055	11	537	16	553	-16
NABARD CD 14-Jan-27	9	739	8	735	+4
91D T-Bill 12-Nov-26	11	787	4	755	+32
HDFC Bank CD 15-Feb-27	10	728	5	536	+192
NABARD 7.53% 2028	11	402	9	189	+212
7.06% GOI 2041	17	697	5	372	+325
SIDBI CD 14-Jan-27	12	1,377	6	562	+815
182D T-Bill 25-Mar-27	17	1,572	0	0	+1,572
Reliance Industries 7.90% 2036	17	1,726	0	0	+1,726
Bank of Baroda CD 06-Jan-27	8	2,575	7	604	+1,971
Lakshminarayan Securitisation Trust PTC	19	2,099	0	0	+2,099
91D T-Bill 14-Jan-27	16	4,447	0	0	+4,447

The 20 securities traded by the most schemes (buying + selling), sorted by net change, largest net selling first; matured paper excluded. Green indicates net buying, red indicates net selling. Source: ACE MF; Mata Research.

Top 10 net traded securities by debt schemes, mid-October 2026

Sovereign: T-Bills & G-Secs maturing within 1 year		Money market: CPs, CDs & bonds maturing within 1 year	
Security	Net change (₹ cr)	Security	Net change (₹ cr)
91D T-Bill 07-Jan-27	+6,382	SIDBI CP 07-Jan-27	+5,905
91D T-Bill 14-Jan-27	+4,447	NABARD CP 01-Jan-27	+4,927
182D T-Bill 11-Feb-27	+3,247	NABARD CP 04-Jan-27	+4,875
182D T-Bill 22-Oct-26	+2,074	NTPC CP 13-Nov-26	+3,483
182D T-Bill 25-Mar-27	+1,572	HPCL CP 05-Nov-26	+3,363
5.74% GOI 2026	+1,398	NTPC CP 23-Nov-26	+2,980
91D T-Bill 31-Dec-26	+1,115	HDFC Bank CD 23-Mar-27	+2,861
182D T-Bill 24-Dec-26	-465	Bank of Baroda CD 23-Dec-26	+2,816
182D T-Bill 01-Apr-27	+421	Canara Bank CD 03-May-27	+2,769
182D T-Bill 31-Dec-26	+406	NTPC CP 24-Dec-26	+2,619

Ranked by absolute net change in ₹ crore. Sovereign list covers T-Bills and central G-Secs, and money market list covers CPs, CDs and corporate bonds, maturing by 15-Oct-2027. No corporate bond maturing within 1 year ranked in the top 10; the largest was Sikka Ports & Terminals 7.90% 2026 (+₹896 cr). Green indicates net buying, red indicates net selling. Source: ACE MF; Mata Research.

Top 10 net traded gilts and corporate bonds by debt schemes, mid-October 2026

Gilts: central G-Secs maturing beyond 1 year		Corporate bonds maturing beyond 1 year	
Security	Net change (₹ cr)	Security	Net change (₹ cr)
6.94% GOI 2036	-2,631	Reliance Industries 7.90% 2036	+1,726
6.90% GOI 2065	-1,409	Summit Digitel Infrastructure 2029	+758
7.71% GOI 2066	-842	Bajaj Housing Finance 7.64% 2030	-551
6.68% GOI 2040	-478	NABARD 7.44% 2029	+461
7.34% GOI 2064	-373	Bharti Telecom 7.30% 2027	+440
7.06% GOI 2041	+325	SIDBI 7.29% 2029	+364
7.61% GOI 2030	-306	REC 6.95% 2028	+352
7.30% GOI 2053	-269	REC 7.17% 2031	+328
6.48% GOI 2035	-209	REC 7.46% 2028	+322
7.09% GOI 2054	-135	SIDBI 6.74% 2029	-245

Ranked by absolute net change in ₹ crore; both lists cover paper maturing after 15-Oct-2027. Gilts exclude SDLs; corporate bonds exclude PTCs. Green indicates net buying, red indicates net selling. Source: ACE MF; Mata Research.

Cash holdings of duration categories, 30 Sep vs 15 Oct 2026

Category	Cash, 30 Sep (% of AUM)	Cash, 15 Oct (% of AUM)	Change (bps)	Change (₹ cr)
Short Duration	6.61	8.62	+201	+2,038
Floater	4.27	4.50	+24	+99
Banking & PSU	7.12	9.16	+204	+1,816
Corporate Bond	6.42	7.66	+124	+2,179
Credit Risk	4.79	5.08	+29	+64
Medium Duration	6.28	5.31	-97	-248
Medium to Long Duration	13.11	8.81	-430	-429
Dynamic Bond	11.89	14.48	+258	+694
Long Duration	4.24	6.74	+249	+256
Gilt	14.30	15.21	+91	+177
Gilt 10Y Constant Duration	3.13	3.35	+22	+4
Sectoral Debt	1.27	5.85	+458	+39
Target Maturity / Index	2.86	3.89	+103	+851
Debt ETFs	3.60	3.56	-4	-49
Total, duration categories	6.29	7.36	+108	+7,491

Cash = TREPS, repo, call money and cash & net current assets. Green indicates a rise in cash, red a fall. Source: ACE MF; Mata Research.

- **Managers sold the long end after the rate hike.** The RBI's move to "calibrated tightening" and a higher inflation print led managers to cut long-dated G-Sec holdings. The 10-year benchmark 6.94% GOI 2036 was the most actively traded security and was net sold, and selling in the 2065 and 2066 bonds was almost one-sided. Nine of the top ten net-traded long gilts were net sold. With near-term rate cuts ruled out, managers see little reason to hold duration and are likely to stay underweight the long end until inflation and crude oil settle.
- **Money went to the short end, where yields rose most.** The hike repriced T-Bills, CPs and CDs sharply, and managers used the post-quarter-end inflows to lock in those yields at low risk. Buying was concentrated in T-Bills and PSU CPs maturing between December and February, so this paper comes back to funds around the RBI's December policy. Managers are earning carry while keeping the option to reinvest once the next policy signal is clear.
- **Credit was added only at the margin, in quality names.** Corporate bond buying was limited to a long Reliance Industries bond and short-dated AAA PSU bonds from NABARD, SIDBI and REC. Some housing finance paper was trimmed. Short-dated corporate bonds saw little activity, with CPs and CDs taking the money instead. Managers prefer high-grade credit for extra yield over adding duration through G-Secs.
- **Duration funds raised cash rather than deploy it.** Cash in duration categories rose to 7.36% of AUM from 6.29%. The increase was largest in Dynamic Bond and Long Duration funds, the categories with the most room to take duration, and in Short Duration and Banking & PSU funds. Only Medium Duration and Medium to Long Duration funds put cash to work. Managers are holding cash for better entry points rather than buying duration into rising yields.
- **The overall stance is defensive and flexible.** Managers sold long gilts, bought short paper and raised cash, so portfolios are positioned for higher-for-longer rates. Dynamic Bond and Long Duration funds now hold more cash, so these managers are likely to be the first to add duration once yields stabilise or the rate cycle shows signs of peaking.

Decoding debt positioning: AUM, maturity, duration, YTM, liquidity & credit quality

Category snapshot: AUM on 15 October and fortnightly changes

AUM on 15 Oct 2026; changes in AUM, maturity, duration, YTM, liquidity and credit since 30 Sep 2026

Category	AUM 15 Oct (₹ cr)	AUM chg (₹ cr)	Avg. mat. chg	Mod. dur. chg	YTM chg (bps)	Cash chg (bps)	Sov. chg (bps)	AAA / A1+ chg (bps)	AA+ & below chg (bps)
Money-market categories (maturity and duration in days)									
Overnight	1,29,785	+9,138	+0	+0	+58	+34	-125	+91	+0
Liquid	8,12,306	+1,66,120	-11	-10	+10	+1,311	-336	-965	-11
Money Market	3,03,234	+14,826	-16	-15	+19	+448	-62	-384	-2
Ultra Short Dur.	1,23,913	+3,066	-17	-11	+16	+369	+27	-371	-25
Low Duration	1,05,995	-1,379	-13	-9	+16	+114	+48	-150	-11
Liquid ETFs	28,354	+168	+0	+0	+68	-1	+1	+0	+0
Duration categories (maturity and duration in years)									
Short Duration	1,03,434	-647	-0.15	-0.10	+23	+201	-138	-32	-31
Floater	50,755	-477	-0.04	-0.03	+23	+24	-51	+24	+4
Banking & PSU	76,308	+3,636	-0.16	-0.13	+22	+204	-24	-173	-7
Corporate Bond	1,70,423	+1,133	-0.25	-0.11	+23	+124	-104	-8	-11
Credit Risk	22,100	-16	-0.07	+0.01	+19	+29	+12	+49	-71
Medium Duration	24,893	-117	-0.13	-0.01	+19	-97	+6	+78	+18
Med. to Long Dur.	9,717	-90	-0.29	-0.05	+19	-430	+51	+355	+22
Dynamic Bond	28,923	-444	-0.42	-0.24	+19	+258	-367	+172	-64
Long Duration	10,691	-253	-0.92	-0.38	+14	+249	-251	+0	+1
Gilt	28,972	-597	-2.71	-1.25	-8	+91	-91	+0	+0
Gilt 10Y Const.	3,747	-116	-0.03	-0.04	+21	+22	-22	+0	+0
Sectoral Debt	815	+131	-0.15	-0.11	+10	+458	+169	-425	-202
Debt Index Funds	73,818	+3,118	-0.09	-0.08	+29	+103	-361	+258	+0
Debt ETFs (Bond)	62,543	-587	-0.04	-0.02	+24	-4	-11	+15	+0

Changes over 30 Sep–15 Oct 2026; shares in bps of AUM. Average maturity and modified duration are Mata Research estimates on the full portfolio, with cash, TREPS and repo counted at one day. Cash includes TREPS, repo, call money and net current assets; 30-Sep cash was net of quarter-end payables, large in Liquid and Money Market Funds. Sovereign = G-Secs, SDLs and T-Bills. AAA / A1+ = AAA bonds and A1+ CPs and CDs, excluding sovereign paper. AA+ & below = AA+ to A- rated, defaulted and unrated paper. Source: ACE MF; Mata Research.

Debt universe credit mix (% of assets)

466 schemes; 30 September vs 15 October 2026

Rating bucket	Sovereign	A1+ (CPs / CDs)	AAA	Cash & equivalents	AA+ / AA / AA-	A+ & below, others
30 Sep 2026 (%)	16.51	48.36	21.85	8.22	4.48	0.58
15 Oct 2026 (%)	14.59	47.04	20.03	13.80	4.02	0.52
Change (bps)	-192	-132	-182	+558	-46	-6
Change (₹ cr)	-9,169	+66,440	+3,457	+1,37,207	-1,118	-205

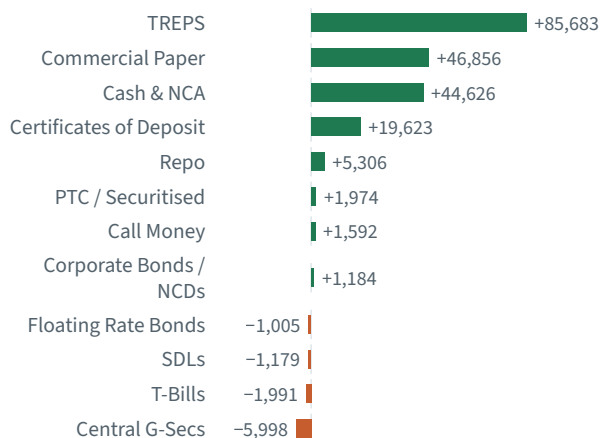
Sovereign = G-Secs, SDLs and T-Bills. Cash & equivalents = TREPS, repo, call money and net current assets; 30-Sep cash was net of quarter-end payables, so its rise is overstated. A+ & below, others = A+ to A- rated, defaulted, unrated and A1 paper, plus non-debt holdings such as InvITs. Share changes reflect a ₹1.97 lakh crore larger asset base. Source: ACE MF; Mata Research.

- **Every duration category shortened maturity, while portfolio yields rose.** All 14 duration categories reduced average maturity, yet portfolio YTM's still rose 14–29 bps as maturing paper was reinvested at higher market rates. Gilt Funds were the only exception: their YTM fell 8 bps as they moved into lower-yielding T-Bills.
- **Duration funds rotated from sovereign into AAA.** Medium to Long Duration, Debt Index and Dynamic Bond funds raised their AAA / A1+ share by 170–355 bps while cutting sovereign paper. They are using high-grade corporate bonds for carry instead of holding G-Secs into rising yields.
- **Lower-rated paper was trimmed where it was largest.** Credit Risk, Dynamic Bond and Sectoral Debt funds cut their AA+ and below share the most, and the universe share fell 50 bps to 4.38%. Medium and Medium to Long Duration funds were the only categories that added, and only marginally.
- **The fall in the A1+ share is due to dilution, not selling.** Funds added ₹66,440 crore of A1+ CPs and CDs, but the share fell 132 bps because the asset base grew faster. Liquid Funds show the same effect most sharply (–965 bps), as inflows went to TREPS first.

Where the money moved: instruments & maturity buckets

By instrument

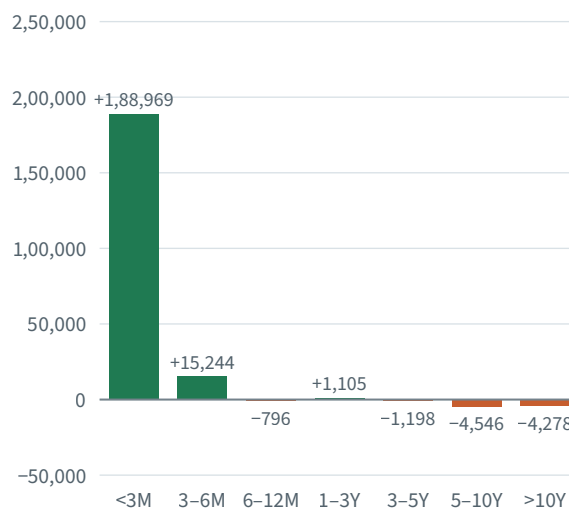
Net change in holdings, ₹ cr, 30 Sep–15 Oct 2026



Change in market value of holdings, 466 schemes. Cash & NCA rise is mostly quarter-end payables being settled. Source: ACE MF; Mata Research.

By residual maturity

Net change in holdings, ₹ cr, 30 Sep–15 Oct 2026



Buckets use 15-Oct residual maturity for both dates (no roll-down); PTC with no maturity (+2,099) and non-debt (-58) excluded. Source: ACE MF; Mata Research.

Issuer watch: where debt funds lent more & less

- **PSU banks and development financiers drew the most money.** NABARD, Bank of Baroda, Canara Bank, SIDBI and Central Bank of India were the largest additions, mostly through CPs and CDs maturing within three months. These issuers were raising short-term funds as rates rose, and funds bought their paper in volume, using it to place inflows in high-quality, liquid credit.
- **PSU and large corporate CP issuers tapped the inflows.** NTPC, HPCL and Tata Steel raised funds almost entirely through CPs, and Tata Steel nearly doubled its holdings across funds. Reliance Retail and Reliance Industries also saw steady additions, including a long Reliance Industries bond.
- **Long PSU bonds and some financiers were trimmed.** IRFC was the largest reduction, entirely in long bonds, consistent with the selling of longer-dated paper. Indian Overseas Bank CDs and housing finance names such as Bajaj Housing Finance and Tata Capital Housing Finance were also reduced.
- **New names were few and mostly high grade.** Chambal Fertilisers, The Ramco Cements and Anand Rathi entered through A1+ CPs. The only new lower-rated additions were small: Lendingkart Finance (AA-) and EarlySalary Services (A), each in a single fund house. The largest new name was a securitisation trust, not a new issuer. Funds are adding new issuers cautiously and mainly at the short end.
- **Exits were almost entirely maturities.** Sheela Foam and THDC India paper matured, and Hampi Expressways was the only issuer sold out completely. Managers are not cutting credit exposure aggressively; they are letting lower-rated paper run off.

▲ Issuers accumulated by debt schemes

Issuer	No. of AMCs	Net change (₹ cr)	Change (%)
NABARD	39	+7,762	+7%
Bank of Baroda	39	+7,713	+18%
NTPC	23	+5,069	+34%
HPCL	25	+4,450	+33%
Canara Bank	38	+4,290	+9%
Tata Steel	11	+3,210	+93%
SIDBI	40	+3,190	+3%
Bajaj Finance	30	+2,511	+12%
Central Bank of India	14	+2,439	+26%
Reliance Retail	29	+2,191	+9%
Reliance Industries	22	+2,086	+18%
Securitised Debt (PTCs)	15	+2,071	+29%

Non-sovereign issuers; includes bonds, CPs, CDs and securitised paper. Net change in market value, 30 Sep–15 Oct 2026. No. of AMCs = fund houses holding the issuer on 15-Oct-2026. Source: ACE MF; Mata Research.

▼ Issuers reduced by debt schemes

Issuer	No. of AMCs	Net change (₹ cr)	Change (%)
IRFC	31	-2,320	-10%
Indian Overseas Bank	8	-1,238	-17%
Bajaj Housing Finance	26	-815	-4%
Tata Capital Housing Finance	23	-814	-6%
Punjab & Sind Bank	14	-785	-6%
HDFC Securities	26	-759	-5%
HDB Financial Services	18	-599	-19%
PFC	32	-597	-2%
Indian Bank	35	-541	-3%
Yes Bank	6	-339	-3%
IIFL Finance	7	-284	-6%
NaBFID	13	-267	-3%

Non-sovereign issuers; includes bonds, CPs, CDs and securitised paper. Net change in market value, 30 Sep–15 Oct 2026. No. of AMCs = fund houses holding the issuer on 15-Oct-2026. Source: ACE MF; Mata Research.

Reading the positioning: what managers believe

- **They read the hike as the start of tightening, not the end.** The RBI moved to “calibrated tightening”, projected Q3 CPI at 6.0% and ruled out near-term cuts, while the US 10-year Treasury touched an intraday 24-year high of 5.35%, Brent stayed above USD 100 and the rupee weakened to 96.77 per dollar on 8 October. Managers cut duration in 17 of 20 categories, universe modified duration fell to 0.99 years from 1.13 years, and ₹8,825 crore of paper maturing beyond five years was sold.
- **They want the money back around the December policy.** 77% of the ₹1,96,387 crore of fresh purchases matures within three months, and ₹1,05,110 crore falls due in December and January – around the RBI’s 2–4 December MPC meeting. Managers are keeping the option to reinvest after the next policy signal.
- **They are taking the higher money-market yields, but only at short tenors.** Funds bought ₹46,856 crore of CP and ₹19,623 crore of CDs. Money Market Fund YTM rose 19 bps to 7.11% while their average maturity fell to 122 days – yield was taken without adding tenor.
- **Gilt managers are using T-Bills as a waiting room.** T-Bills rose to 20.17% of gilt fund assets from 7.98%, and TREPS to 15.3% from 9.9%. This keeps the funds within their sovereign mandate and leaves cash ready to buy duration later.
- **They are not yet absorbing long-end supply.** The H2 borrowing cut of ₹1.2 lakh crore did not bring buyers back to the ultra-long end: schemes holding 7.71% GOI 2066 fell to 29 from 37 and those holding 6.90% GOI 2065 to 55 from 62.

- **The long end divides the largest desks.** SBI Gilt cut duration by 3.49 years, while ICICI Pru Gilt held 9.08 years and ICICI Pru Dynamic Bond extended. When the largest desks take opposite views in the same fortnight, the long end is at a decision point rather than in a settled trend.

What to watch

- **Crude oil: the biggest risk to yields.** Brent rose to USD 116.72 on 23 October from USD 105.92 on 15 October, its highest since May. Houthi attacks on Saudi energy sites and repeated attacks on tankers have kept a large risk premium in prices. A sustained move above USD 110 would likely push inflation expectations and long-end yields higher; any easing would be the first trigger for managers to add duration.
- **The RBI's signals after a hawkish set of minutes.** The MPC minutes (21 October) showed most members open to further hikes if price pressures broaden; markets are pricing about 100 bps of tightening over 12 months. The RBI has also tightened liquidity directly: a ₹25,000 crore OMO sale on 13 October, and banks' minimum daily CRR maintenance raised to 99% from 90% from 16 October. Further OMO sales or liquidity steps would likely keep short-term rates firm ahead of the 2–4 December policy.
- **Liquidity close to neutral.** The surplus fell from ₹4.87 lakh crore on 30 September to ₹31,255 crore on 22 October, and the RBI is now injecting funds through VRR repos. A slide into deficit would likely lift T-Bill, CP and CD yields further. The 3-month T-Bill was already at 5.83% on 23 October, and 3-year AAA PSU yields rose 19 bps after 15 October to 8.32%.
- **Domestic yields still rising despite softer US yields.** The 10-year G-Sec rose to 7.47% on 23 October, 8 bps above its 15 October level, and the 10-year SDL to 8.08%. The US 10-year eased below 5% (4.99%) on weaker US data and expectations that the Fed may wait until December to hike. Indian yields are being driven by crude, inflation and RBI action rather than by US Treasuries.
- **The Fed on 27–28 October.** A hold is widely expected, with markets pricing a likely hike in December. A hawkish surprise would remove the support Indian bonds have had from lower US yields; a clearly patient tone would ease pressure on emerging-market currencies, including the rupee.
- **October CPI and the December maturity wall.** October CPI, due on 12 November, will show whether inflation is heading towards the RBI's 6.0% Q3 projection. About ₹1.05 lakh crore of paper bought fresh in the fortnight matures in December and January; whether managers reinvest it in short paper again or extend into longer bonds will be the clearest sign that their view on rates has turned.

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