



# FIXED INCOME UPDATE

## November 2025



## Fixed Income Update

Bank Credit Growth	Bank Deposit Growth
11.5%	9.5%

Money Market				
Tenure	CD (%)	Change*	CP (%)	Change*
1M	5.84	-26	6.40	-32
3M	6.02	9	6.58	1
6M	6.23	6	6.79	11
12M	6.40	0	6.94	6

Tenure	G-Sec (%)	Change*	AAA CB (%)	Change*
1Y	5.63	2	6.67	-5
3Y	5.89	-4	6.86	-10
5Y	6.16	-4	6.90	-10
10Y	6.53	-3	7.14	-8

Yield on the 10-year benchmark 6.33% GS 2035 eased from ~6.57% at Sep 30, 2025 to 6.51% on Oct 3, 2025. It dipped below the 6.50% mark only once before eventually settling at 6.53% on Oct 31, 2025.

Yields had softened at the beginning of the month due to perceptions of a dovish stance by the central bank. As the month drew to a close, short covering ahead of the US Fed's policy decision led to some gains in bond prices.

Yields were also kept high by the government's decision to reduce the allocation of ultra-long bonds and to instead enhance the allocation of 10-year benchmark bonds in its borrowing plan for the second half of this fiscal.

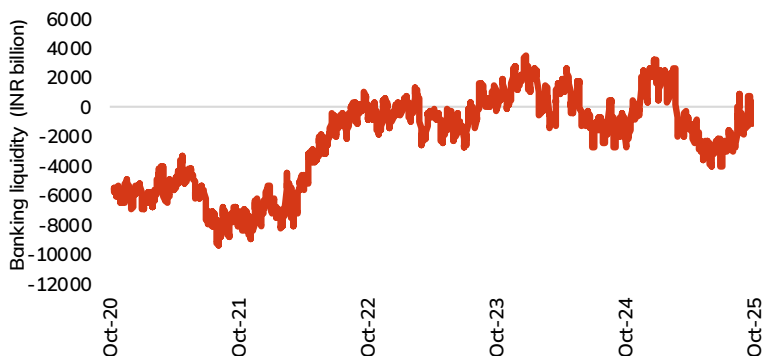
Overnight rates stayed below the prevalent repo rate of 5.50% for most of the month, thereby restricting the weighted average call rate for October to ~5.46%.

Data as on Oct 31, 2025. \*Change in basis points (bps) Data Source – RBI, Mospi.Nic.in; Credit & Deposit Growth data as on Oct 17, 2025; Y-o-Y represents Year-on-Year growth. CRISIL Fixed Income Database, CP - Commercial Paper, CD – Certificate of Deposit, CB – Corporate Bond.



## Macro Update

GST Collection (Goods & Services Tax)	₹1.95 lakh crore (Oct 2025)
Forex Reserves	\$695 billion (Oct 24, 2025)
Manufacturing PMI	59.2 (In Oct 2025)



**CRUDE:** Brent crude closed at \$64.8 per barrel on Oct 31, 2025, down 1.9% from \$66.0 per barrel on Sep 30, 2025.



**INFLATION:** CPI inflation softened to 1.54% on year in Sep 2025 from 2.07% in Aug 2025.



**CURRENCY USD/INR:** Rupee closed at Rs.88.72 on Oct 31, 2025, down 0.1% compared with Rs 88.79 on Sep 30, 2025.



**Gold:** Gold prices closed at Rs 1,20,770 per 10 gm on Oct 31, 2025, up 4.7% from Rs 1,15,349 per 10 gm on Sep 30, 2025.

Data Source – RBI, Mospi.Nic.in, CRISIL Fixed Income Database ; CPI – Consumer Price Index, WPI – Wholesale Price Index, GDP – Gross Domestic Product. PMI – Purchasing Managers' Index.

Source: CRISIL. Data as on Oct 31, 2025.



# Our Outlook

Bond yields cooled down in Oct 2025 tracking the fall in US Treasury yields. Expectations for further policy easing by the RBI also brought down yields. However, yields began to rise again after the US Fed’s hawkish remarks that dampened hopes for a December 2025 rate cut.

In line with our view, we expect economic growth to rebound strongly. Also, the yield curve shape is very steep at the current juncture. Effectively, this means that as recovery progresses we may see the yield curve flatten.

On monetary policy, we believe the room for policy easing is limited given the expected growth recovery. Also, the space for further rate cuts is quite narrow.

We find the forward pricing of long-dated G-sec yields and the 5-year OIS attractive. The forward curve is already pricing in policy normalization. We expect the curve to flatten over the next 1–2 months. We like long-duration assets and SDLs from a tactical perspective. We recommend low duration, corporate bond and short term category of schemes under the current policy environment.

## Market Activity

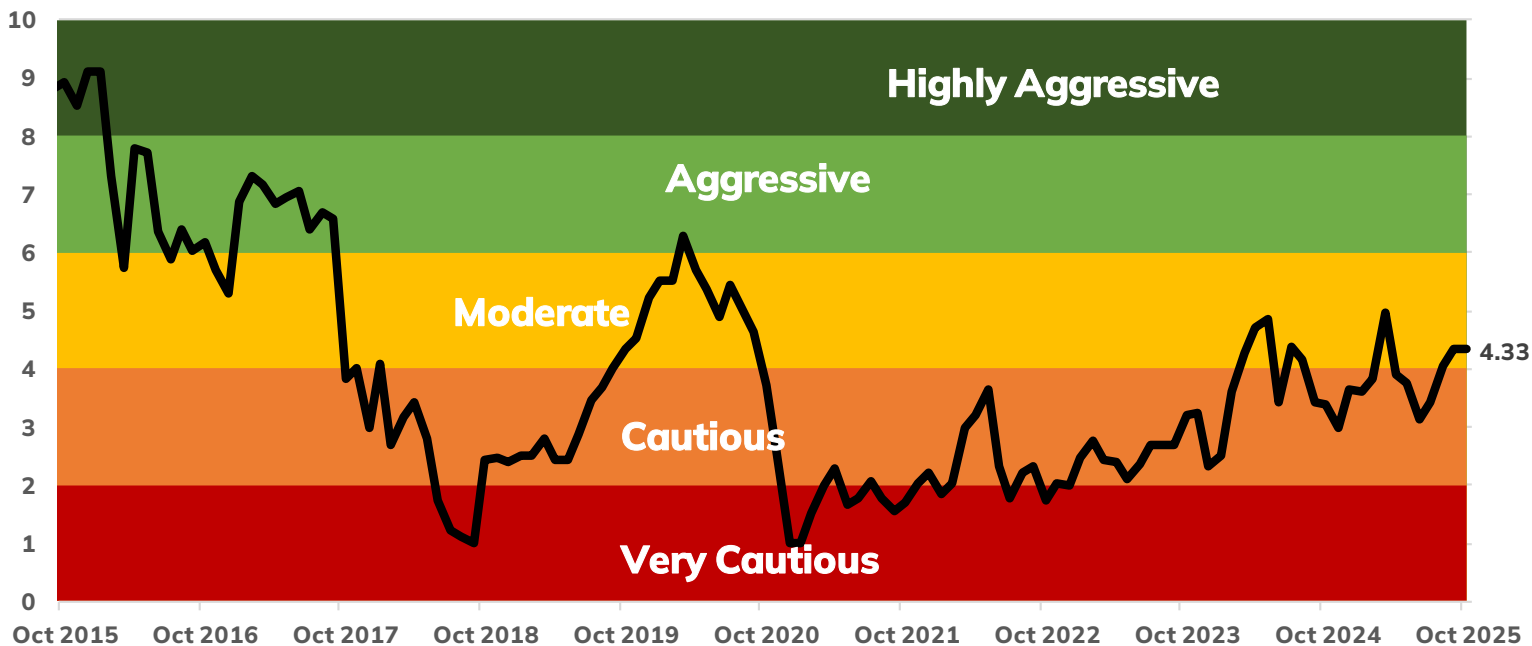
The 10-year Indian benchmark bond yield cooled 4 bps during the month to 6.53% on Oct 31, 2025 from 6.57% on Sep 30, 2025.

Overnight rates hovered near the repo rate on account of surplus liquidity in the system. Rates did move up higher briefly during the latter part of the month as liquidity tightened due to forex interventions by the RBI.

The 91-day T-bill yield rose 1 bp on-month to 5.45% whereas the 182-day T-bill rose 5 bps to 5.58%. (Source: CCIL)

bps – basis points; T-bill – Treasury Bill; RBI – The Reserve Bank of India; MPC – Monetary policy committee; SDL – State Development Loans.

## Debt Valuation Index for Duration Risk Management



Data as on Oct 31, 2025. Debt Valuation Index considers WPI, CPI, Sensex returns, Gold returns and Real estate returns over G-Sec yield, Current Account Balance, Fiscal Balance, Credit Growth and Crude Oil Movement for calculation. RBI – Reserve Bank of India. Debt Valuation Index is a proprietary model of ICICI Prudential AMC Ltd. (the AMC) used for assessing overall debt valuations. The AMC may also use this model for other facilities/features offered by the AMC.



# Our Recommendation

Category	Scheme	Indicative Investment Horizon
<b>For Parking Surplus Funds</b>		
Arbitrage	ICICI Prudential Equity - Arbitrage Fund	3 months and above
Measured Equity	ICICI Prudential Equity Savings Fund	6 months and above
Low duration	ICICI Prudential Savings Fund	3 months and above
<b>Short Term Approach</b>		
Moderate Duration + Accruals	ICICI Prudential Short Term Fund	6 months and above
	ICICI Prudential Corporate Bond Fund	6 months and above
Accruals	ICICI Prudential Banking & PSU Debt Fund	9 months and above
	ICICI Prudential Credit Risk Fund	1 year and above
<b>Long Term Approach</b>		
Dynamic Duration	ICICI Prudential All Seasons Bond Fund	3 years and above
<b>Tactical Approach</b>		
Gilt	ICICI Prudential Gilt Fund	1 year and above

None of the aforesaid recommendations are based on any assumptions. These are purely for reference and the investors are requested to contact their financial advisors before investing. Note: The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

## Riskometers

### ICICI Prudential Equity Savings Fund

(An open ended scheme investing in equity, arbitrage and debt.)

This product is suitable for investors who are seeking\*:

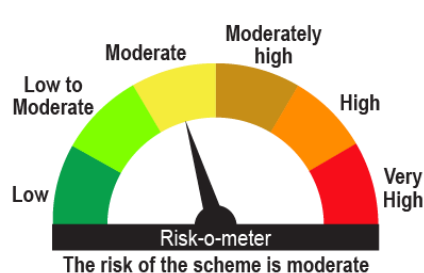
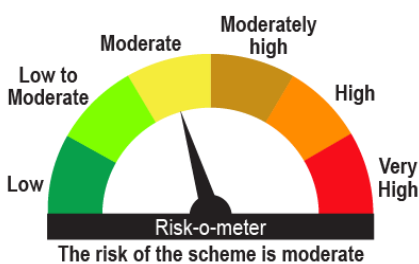
- Long term wealth creation.
- An open ended scheme that seeks to generate regular income through investments in fixed income securities, arbitrage and other derivative strategies and aim for long term capital appreciation by investing in equity and equity related instruments.

### ICICI Prudential Savings Fund

(An open ended low duration debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 6 months and 12 months. A relatively high interest rate risk and moderate credit risk.)

This product is suitable for investors who are seeking\*:

- Short term savings
- An open ended low duration debt scheme that aims to maximise income by investing in debt and money market instruments while maintaining optimum balance of yield, safety and liquidity.

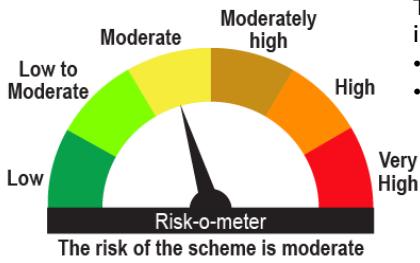


Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above risk-o-meters are as on Sep 30, 2025. Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

# Riskometers

## ICICI Prudential Banking & PSU Debt Fund

(An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal bonds. A relatively high interest rate risk and moderate credit risk.)

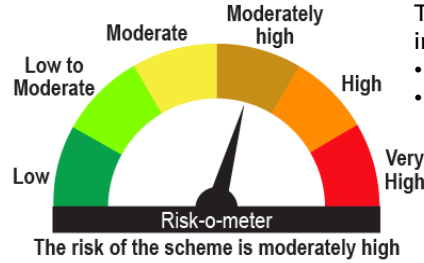


This product is suitable for investors who are seeking\*:

- Short term savings
- An open ended debt scheme predominantly investing in debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds.

## ICICI Prudential All Seasons Bond Fund

(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk.)

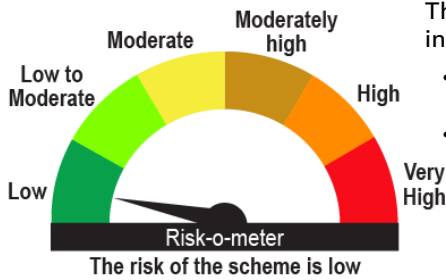


This product is suitable for investors who are seeking\*:

- All duration savings
- A debt scheme that invests in debt and money market instruments with a view to maximize income while maintaining optimum balance of yield, safety and liquidity.

## ICICI Prudential Equity - Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities.)

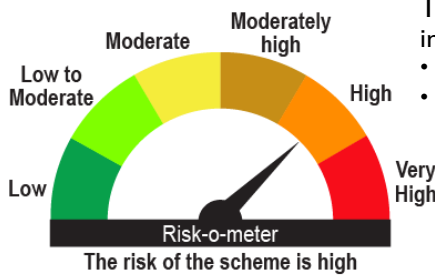


This product is suitable for investors who are seeking\*:

- Short Term Income Generation
- A hybrid scheme that aims to generate low volatility returns by using arbitrage and other derivative strategies in equity markets and investments in debt and money market instruments

## ICICI Prudential Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds. A relatively high interest rate risk and relatively high credit risk.)

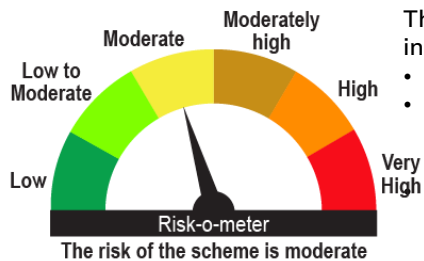


This product is suitable for investors who are seeking\*:

- Medium term savings
- A debt scheme that aims to generate income through investing in AA and below rated corporate bonds while maintaining the optimum balance of yield, safety and liquidity.

## ICICI Prudential Corporate Bond Fund

(An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.)

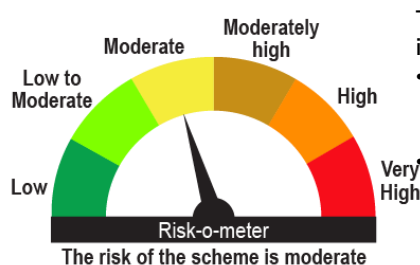


This product is suitable for investors who are seeking\*:

- Short term savings
- An open ended debt scheme predominantly investing in highest rated corporate bonds.

## ICICI Prudential Short Term Fund

(An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 years and 3 years. A relatively high interest rate risk and moderate credit risk.)

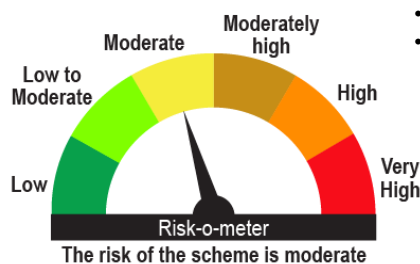


This product is suitable for investors who are seeking\*:

- Short term income generation and capital appreciation solution
- A debt fund that aims to generate income by investing in a range of debt and money market instruments of various maturities.

## ICICI Prudential Gilt Fund

(An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)



This product is suitable for investors who are seeking\*:

- Long term wealth creation.
- A Gilt scheme that aims to generate income through investment in Gilts of various maturities

# Potential Risk Class Matrix



The Potential risk class (PRC) matrix based on interest rate risk and credit risk.

Sr No	Scheme Name	Position in the Matrix																								
1	ICICI Prudential All Seasons Bond Fund	<table border="1"> <thead> <tr> <th colspan="4">Potential Risk Class</th> </tr> <tr> <th>Credit Risk→</th> <th>Relatively Low (Class A)</th> <th>Moderate (Class B)</th> <th>Relatively High (Class C)</th> </tr> <tr> <th>Interest Rate Risk ↓</th> <td></td> <td></td> <td></td> </tr> <tr> <th>Relatively Low (Class I)</th> <td></td> <td></td> <td></td> </tr> <tr> <th>Moderate (Class II)</th> <td></td> <td></td> <td></td> </tr> <tr> <th>Relatively High (Class III)</th> <td></td> <td style="background-color: #cccccc;">B-III</td> <td></td> </tr> </thead> </table>	Potential Risk Class				Credit Risk→	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)		B-III	
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# Disclaimer

## **Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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