



FIXED INCOME UPDATE

February 2026



Fixed Income Update

Bank Credit Growth		Bank Deposit Growth		
13.1%		10.6%		
Money Market				
Tenure	CD (%)	Change*	CP (%)	Change*
1M	6.45	30	6.80	38
3M	7.19	115	7.75	132
6M	7.25	88	7.80	99
12M	7.10	45	7.65	60
Tenure	G-Sec (%)	Change*	AAA CB (%)	Change*
1Y	5.76	12	7.25	42
3Y	5.97	19	7.31	43
5Y	6.42	8	7.33	38
10Y	6.70	9	7.48	25

Yield on the 10-year benchmark G-sec climbed to over 10-month high at 6.71% on Jan 30, 2026, compared with 6.60% on Dec 31, 2025. Yields pushed higher due to tight systemic liquidity, along with heavy borrowing by states and subdued risk appetite.

Bond yields also rose after Bloomberg Index Services' decision to defer the inclusion of Indian bonds in its Global Aggregate Bond Index triggered unwinding of positions built on index-inflow expectations.

The Union Budget for FY2026-27 announced fiscal deficit target of 4.3%, lower than FY26 target of 4.4%. However, borrowings via G-sec and T-bills as % of total debt receipts is estimated to rise to 77% in FY27 compared to 67% in FY26.

Data as on Jan 31, 2026. *Change in basis points (bps) Data Source – RBI, Mospi.Nic.in; Credit & Deposit Growth data as on Jan 15, 2026; Y-o-Y represents Year-on-Year growth. CRISIL Fixed Income Database, CP - Commercial Paper, CD – Certificate of Deposit, CB – Corporate Bond.

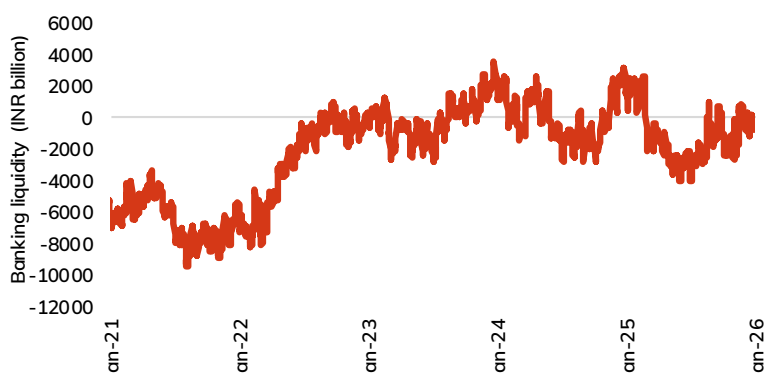


Macro Update

GST Collection
(Goods & Services Tax) ₹1.93 lakh crore (Jan 2026)

Forex Reserves \$709 billion (Jan 23, 2026)

Manufacturing PMI 55.4 (In Jan 2026)



CRUDE: Brent crude closed at \$69.3 per barrel on Jan 31, 2026, up 14% from \$60.9 per barrel on Dec 31, 2025.



INFLATION: CPI inflation hardened to 1.33% on year in Dec 2025 from 0.71% in Nov 2025.



CURRENCY USD/INR: Rupee closed at Rs.91.9 on Jan 31, 2026, down 2.2% compared with Rs.89.9 on Dec 31, 2025.



Gold: Gold prices closed at Rs.1,48,697 per 10 gm on Jan 31, 2026, up 11.4% from Rs.1,33,461 per 10 gm on Dec 31, 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 Jan 31, 2026.



Our Outlook

There is seasonal tightness in liquidity conditions in Jan-Mar quarter, owing to lagged fiscal spending and build up of govt. cash surplus. Due to this, we have seen a rise in yields in short-duration CD/CB segment. Given this backdrop, we recommend investors to invest in low/short duration funds to capitalize on potential accrual opportunities.

In G-secs, we saw markets being fearful and cautious possibly due to end of rate cutting cycle by the RBI; losses in existing portfolio; fear of higher supply of G-sec/SDLs. We believe that these fears may be overstated and sentiment-driven as there are adequate drivers of demand for G-secs from banks, NPS funds and insurance sector.

The recent Union Budget announcement was neutral for fixed income markets. Gross borrowing costs announced are higher than market expectations, and has pushed up yields. However, the current yield scenario is already elevated and therefore, any further rise in yields may be relatively capped. At the current levels, we believe most of the negative are already priced in. The 15-year and above G-sec curve is already pricing in a normal economic environment.

Market Activity

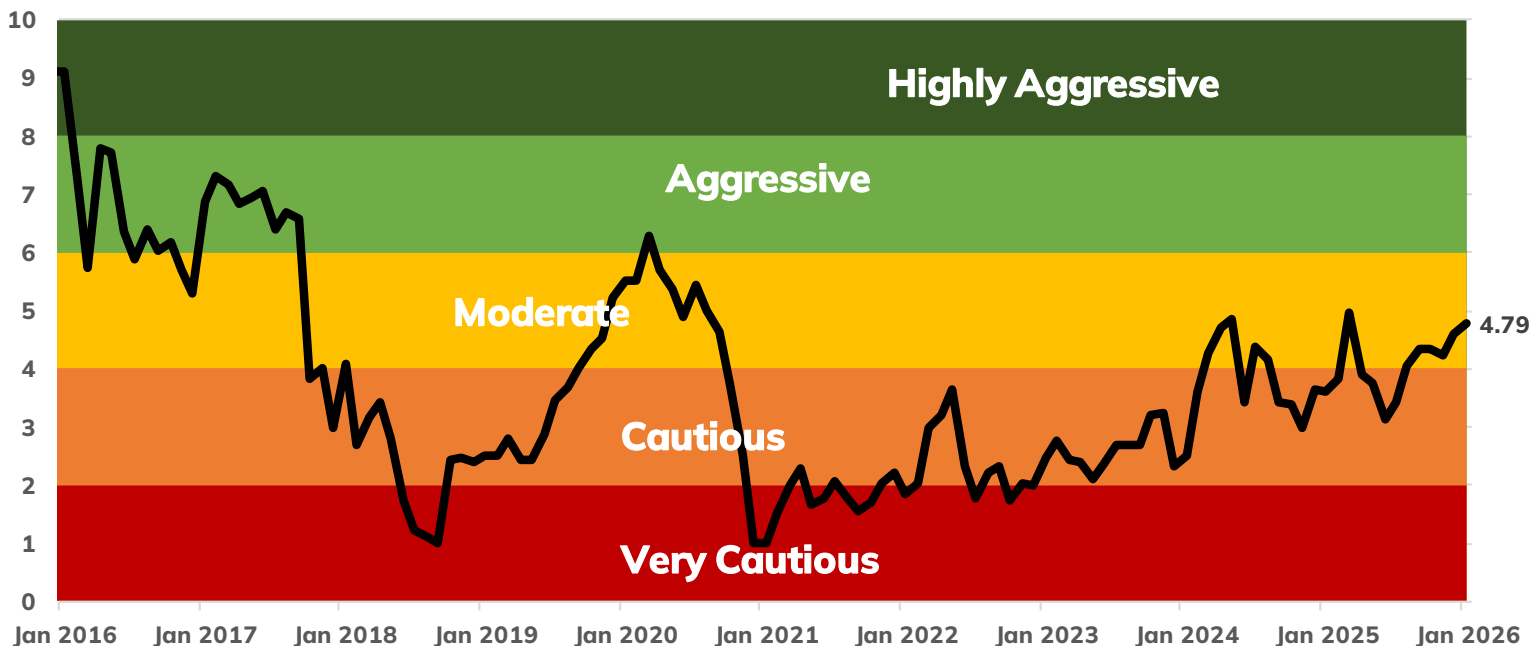
The 10-year Indian benchmark bond yield hit ten-month highs owing to heightened supply concerns. Yields settled at 6.69% on Jan 31, 2026 against 6.58% on Dec 31, 2025.

Liquidity conditions fluctuated between surplus to neutral in the previous month owing to tax outflows to Govt. and RBI forex interventions.

The 91-day T-bill yield rose 16 bps on-month to 5.45% whereas the 182-day T-bill rose 26 bps to 5.62%. (Source: CCIL)

bps – basis points; T-bill – Treasury Bill; RBI – The Reserve Bank of India; MPC – Monetary policy committee; SDL – State Development Loans. GST – Goods and services tax. CD – Certificate of Deposit. CB – Corporate Bond.

Debt Valuation Index for Duration Risk Management



Data as on Jan 31, 2026. 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
For Parking Surplus Funds		
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
Money Market	ICICI Prudential Money Market Fund	3 months and above
Floating Rate	ICICI Prudential Floating Interest Fund	6 months and above
Short Term Approach		
Moderate Duration + Accruals	ICICI Prudential Short Term Fund	6 months and above
	ICICI Prudential Corporate Bond Fund	6 months and above
	ICICI Prudential Banking & PSU Debt Fund	9 months and above
Long Term Approach		
Dynamic Duration	ICICI Prudential All Seasons Bond Fund	3 years and above
Credit		
Credit Focus	ICICI Prudential Credit Risk Fund	1 year and above
	ICICI Prudential Medium Term Bond Fund	1 year and above
Tactical Approach		
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.

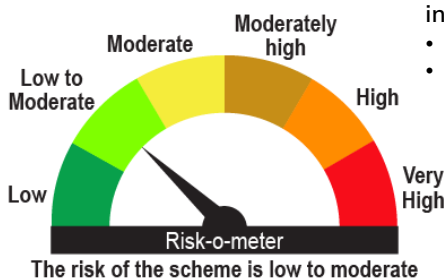
Riskometers

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.

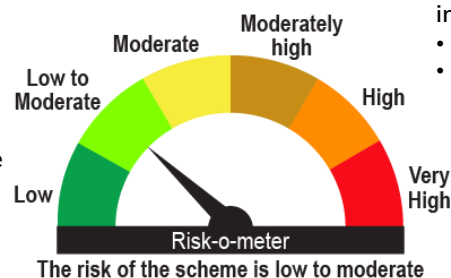


ICICI Prudential Savings Fund

(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.

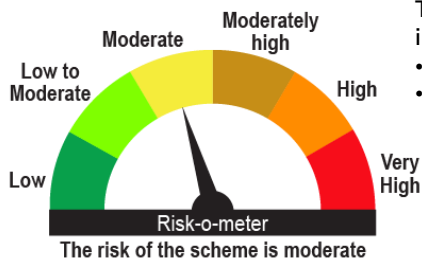


Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above risk-o-meters are as on Dec 31, 2025. Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

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.)

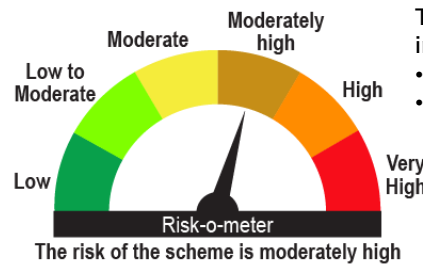


This product is suitable for investors who are seeking*:

- 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.)

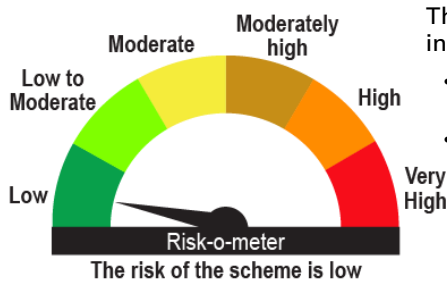


This product is suitable for investors who are seeking*:

- 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.)

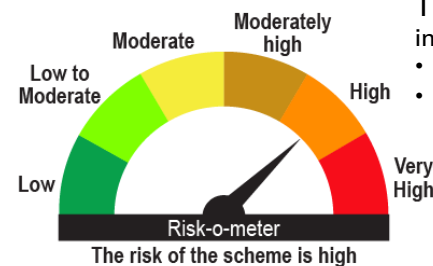


This product is suitable for investors who are seeking*:

- 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.)

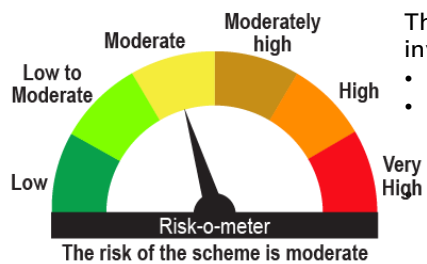


This product is suitable for investors who are seeking*:

- 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.)

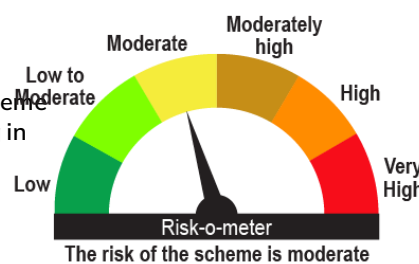


This product is suitable for investors who are seeking*:

- 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.)

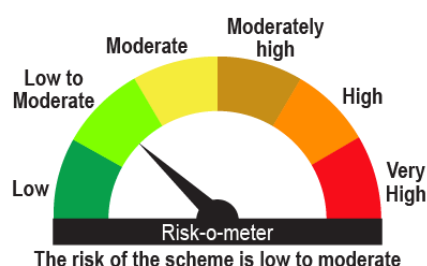


This product is suitable for investors who are seeking*:

- 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 Floating Interest Fund

((An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). A relatively high interest rate risk and moderate credit risk.

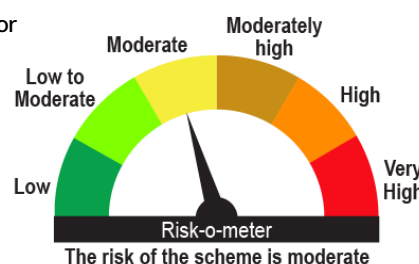


This Product is suitable for investors who are seeking*:

- Short term savings
- An open ended debt scheme predominantly investing in floating rate instruments

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*:

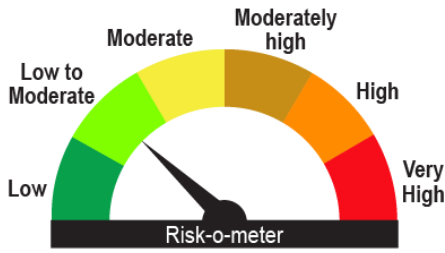
- Long term wealth creation.
- A Gilt scheme that aims to generate income through investment in Gilts of various maturities

ICICI Prudential Money Market Fund

(An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk)

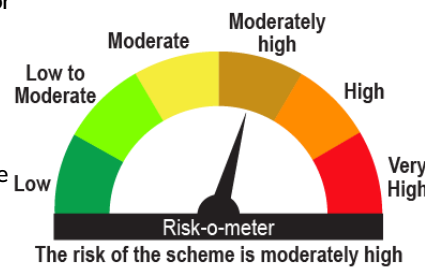
ICICI Prudential Medium Term Bond Fund

(An open Ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 Years and 4 Years The Macaulay duration of the portfolio is 1 Year to 4 years under anticipated adverse situation. A relatively high interest rate risk and moderate credit risk)



This Product is suitable for investors who are seeking*:

- Short term savings
- A money market scheme that seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity.



This Product is suitable for investors who are seeking*:

- Medium term 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

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																								
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Disclaimer

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

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