



FIXED INCOME UPDATE

March 2026



Fixed Income Update

Bank Credit Growth		Bank Deposit Growth		
13.6%		11.2%		
Money Market				
Tenure	CD (%)	Change*	CP (%)	Change*
1M	5.60	-85	6.05	-75
3M	6.99	-20	7.44	-31
6M	7.00	-25	7.44	-36
12M	6.88	-22	7.28	-37
Tenure	G-Sec (%)	Change*	AAA CB (%)	Change*
1Y	5.59	-17	7.10	-15
3Y	5.88	-9	7.15	-16
5Y	6.39	-3	7.24	-9
10Y	6.68	-2	7.40	-8

Yield on the 10-year benchmark G-sec came under pressure due to Union Budget's bigger-than-expected higher borrowings, the RBI's perceived refrainment from making fresh liquidity support announcements and rising geopolitical tensions.

Bond prices saw some support from strong demand at state debt auctions. The emergence of softer-than-expected US economic data that raised expectations of Fed rate cuts and the release of lower-than-expected domestic inflation data for January also led to some gains.

Sustained liquidity management by the RBI and increased government spending led to higher durable liquidity surplus during Feb 2026.

Data as on Feb 27, 2026. *Change in basis points (bps) Data Source – RBI, Mospi.Nic.in; Credit & Deposit Growth data as on Feb 15, 2026; Y-o-Y represents Year-on-Year growth. CRISIL Fixed Income Database, CP - Commercial Paper, CD – Certificate of Deposit, CB – Corporate Bond.

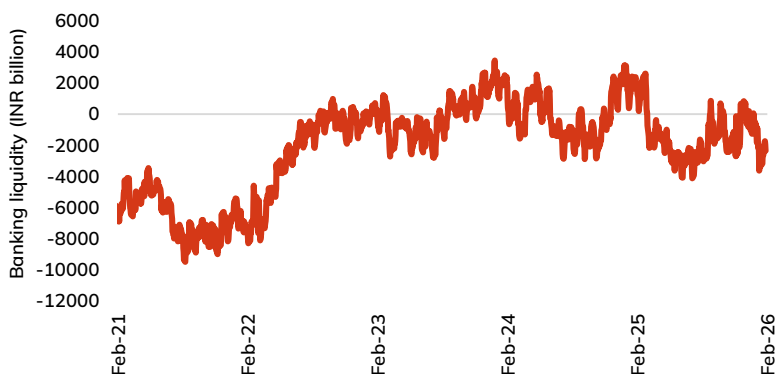


Macro Update

GST Collection (Goods & Services Tax) ₹1.83 lakh crore (Feb 2026)

Forex Reserves \$724 billion (Feb 20, 2026)

Manufacturing PMI 56.9 (In Feb 2026)



CRUDE: Brent crude closed at \$72.9 per barrel on Feb-end 2026, up 5.2% from \$69.3 per barrel on Jan-end 2026.



INFLATION: CPI inflation hardened to 2.75% on year in Jan 2026 from 1.33% in Dec 2025.



CURRENCY USD/INR: Rupee closed at Rs.90.95 on Feb-end 2026, down 1.0% compared with Rs.91.9 on Jan-end 2026.



Gold: Gold prices closed at Rs.1,48,697 per 10 gm on Feb-end 2026, up 7.0% from Rs.1,48,697 per 10 gm on Jan-end 2026.

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 Feb 27, 2026.



Our Outlook

We believe there is seasonal tightness in liquidity conditions during Jan-Mar quarter due to delayed fiscal spending, leading to a buildup of government cash surplus. Consequently, we have observed an increase in yields in the short-duration Certificate of Deposit (CD) and Commercial Bill (CB) segments. Given this context, we recommend that investors consider low or short-duration funds to capture the elevated yields.

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 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

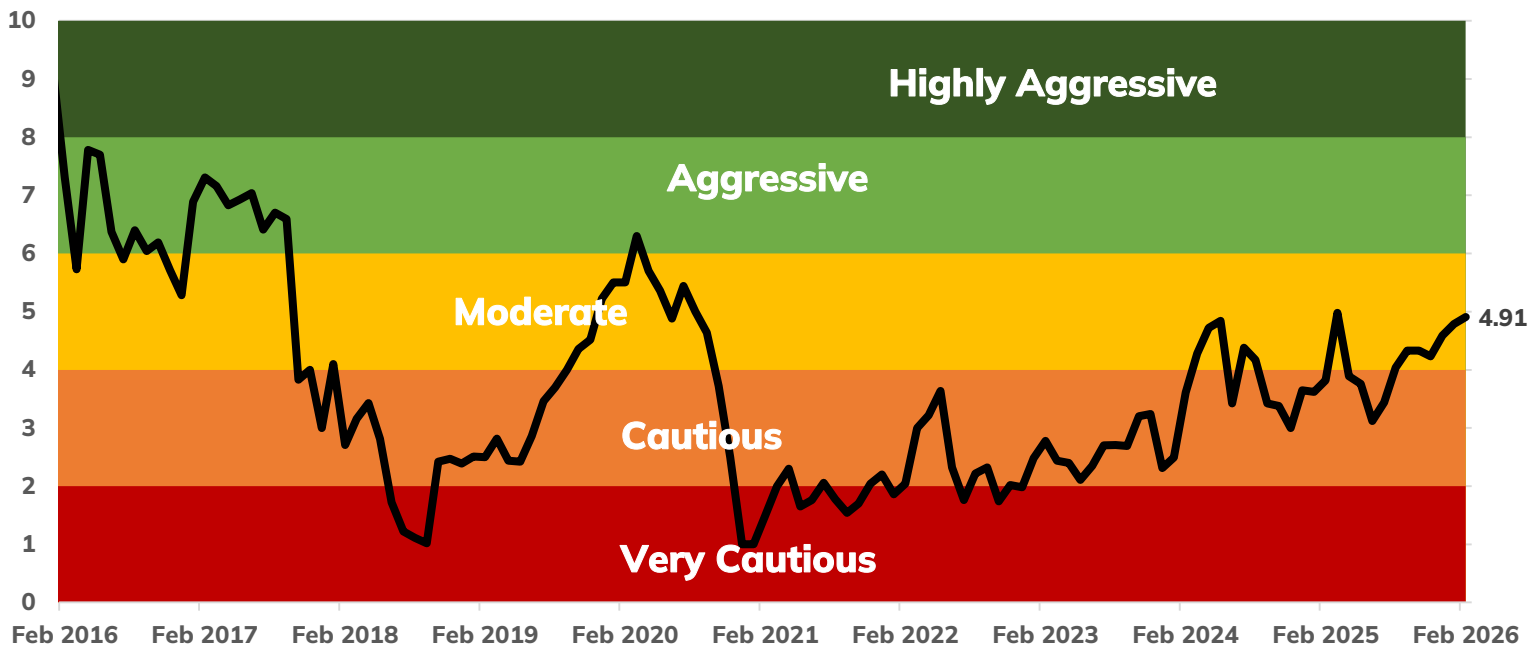
The 10-year Indian benchmark bond yield jumped higher during the month due to higher borrowing in Budget 2026-27, but eased by month-end due to emergence of positive set of global and domestic data. Yields settled at 6.66% on Feb 27, 2026 against 6.69% on Jan 30, 2026.

Liquidity conditions turned into surplus throughout the month on account of various liquidity injection measures taken by the RBI.

The 91-day T-bill yield fell 16 bps on-month to 5.29% whereas the 182-day T-bill fell 21 bps to 5.41%. (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.

Debt Valuation Index for Duration Risk Management



Data as on Feb 27, 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 inequity, arbitrage and debt.)

ICICI Prudential Savings Fund

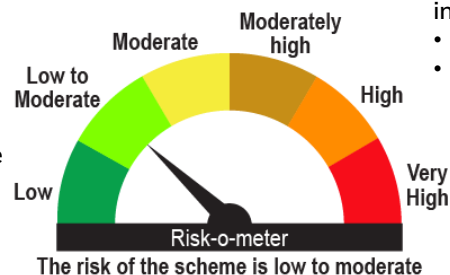
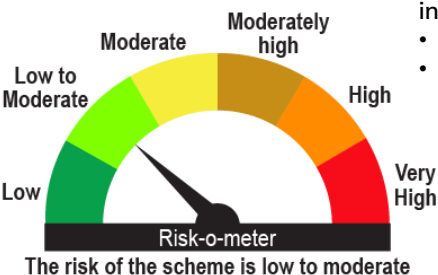
(An open ended low duration debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 6 months and 12 months. A relatively high interest rate risk and moderate credit risk.)

This product is suitable for investors who are seeking*:

- 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.

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.

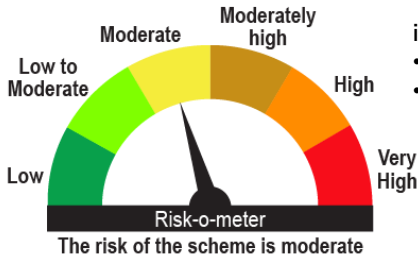


Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above risk-o-meters are as on Jan 31, 2026. Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

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.)

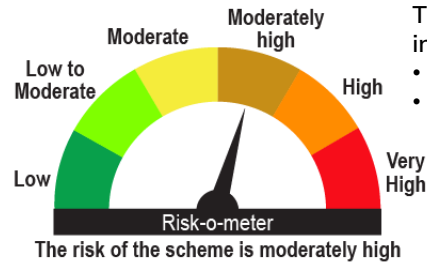


This product is suitable for investors who are seeking*:

- 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.)

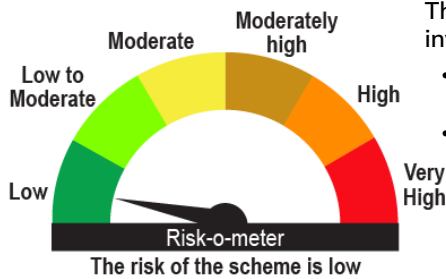


This product is suitable for investors who are seeking*:

- 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.)

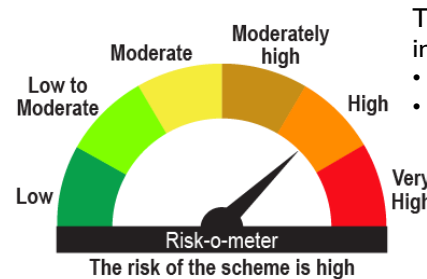


This product is suitable for investors who are seeking*:

- 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.)

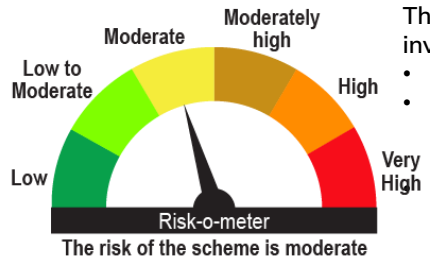


This product is suitable for investors who are seeking*:

- 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.)

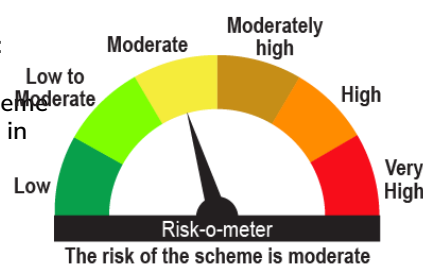


This product is suitable for investors who are seeking*:

- 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.)

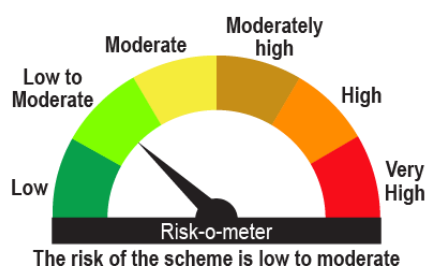


This product is suitable for investors who are seeking*:

- 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.

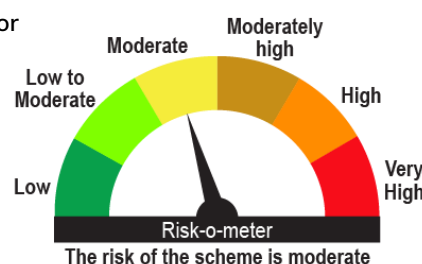


This Product is suitable for investors who are seeking*:

- 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.)

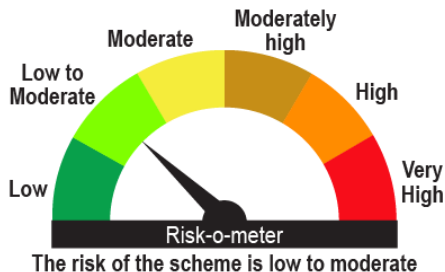


This product is suitable for investors who are seeking*:

- 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.)

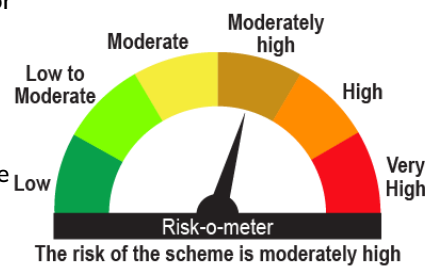


This Product is suitable for investors who are seeking*:

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

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*:

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

All figures and other data given in this document are dated as of Feb 27, 2026, unless stated otherwise. The same may or may not be relevant at a future date. The information shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Prudential Asset Management Company Limited (the AMC). Prospective investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of ICICI Prudential Mutual Fund.

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