NSE

MARKET PULSE

A monthly review of the Indian economy and markets



Market Consolidation Amid Global Headwinds

October 2026 | Volume 8 | Issue 10

Market Pulse

Volume 8, Issue 10

This publication is issued monthly by the Economic Policy and Research (EPR) department of the National Stock Exchange of India Limited. It is a review of major developments in the economy and financial markets and market statistics for the month gone by, insights from cited academic research papers and topical research articles.

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Market Pulse

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Market Pulse
October 2026 | Vol. 8, Issue 10

NSE at a glance

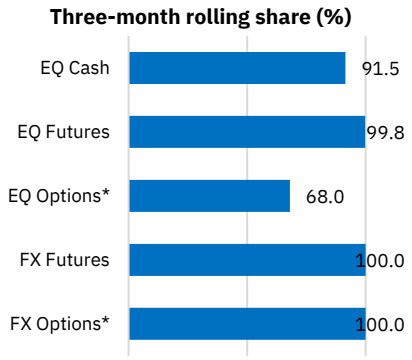
NSE's positioning and reach

NSE's global positioning

1	Largest multi-asset class exchange
3	Third largest equity exchange by no. of trades (10.8% share in FY27TD* as per WFE)
1	Largest derivatives exchange by contracts traded (FY27TD* share: 47% in eq. F&O (WFE)
10	Market capitalization*

*Source: WFE (Data is as of August 2026)

Domestic market share



* Based on premium turnover
** As of September 30th, 2026

Reach

1,329	Trading members
99+%	Pin codes covered
13.7 Crore	Unique registered PANs
US$99.6bn*	Total passive AUM (domestic + global) tracking Nifty indices
US$4.88trn	Market cap of listed entitles

As of September 30th, 2026, unless specified otherwise; *As of August 31st, 2026.

^Represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year

NSE's contribution to the economy

Catalyst for capital formation

Rs 66.5 lakh crore

Total capital raised through equity and debt between FY24 to FY27 (till September 2026)

3,099

Companies listed#

#Companies including SMEs, AMCs and ITP listed as of September 2026

SME Listing snapshot

Rs 24,532 crore

Total capital raised through SME IPOs since inception (till September 2026)

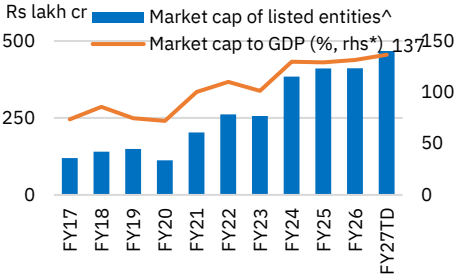
760

SME IPOs

166

Migration to Main Board

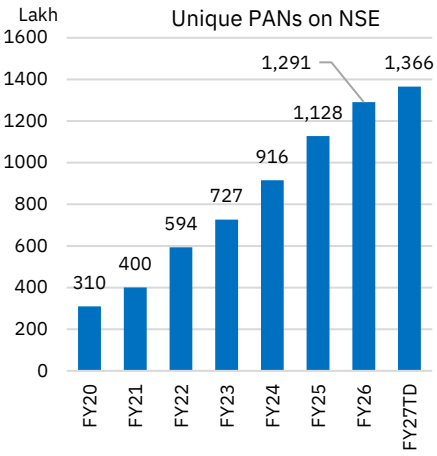
Market capitalisation



^Represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year.
* Market cap to GDP is based on 3M avg. market cap and nominal GDP for the last four quarters.
#Data for FY27TD is as of September 30th, 2026

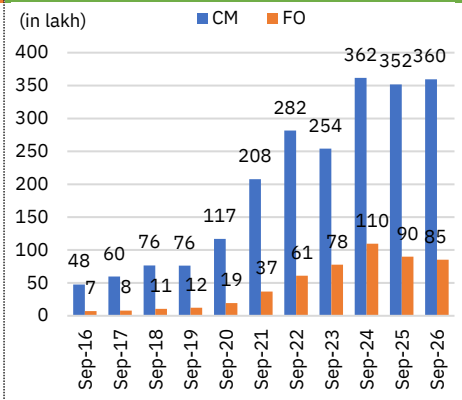
Investor growth

Unique investor base



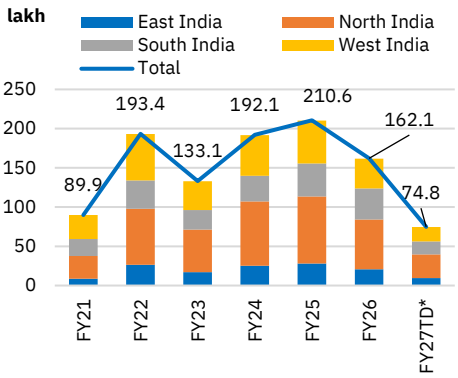
* As of September 30th, 2026

Individual investors' participation*



*Individuals investors' participation is defined here as investors who have traded at least once in the year. Above data is on 12-month rolling ending September.

New investor registrations



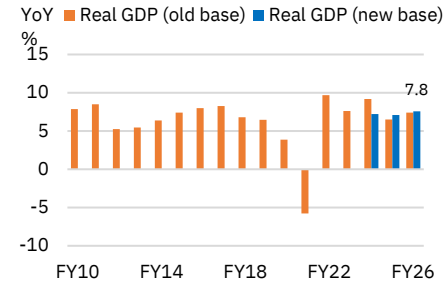
The top five states (UP, GJ, MH, RJ, BR) accounted for 48% of new investor registrations in Sep'26 (FY27TD* denotes data till Sep'26).

Market Pulse
October 2026 | Vol. 8, Issue 10

Key macro charts

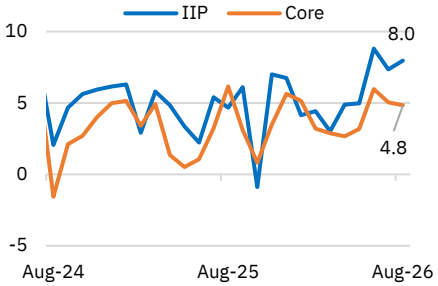
Growth outlook robust

Real GDP growth



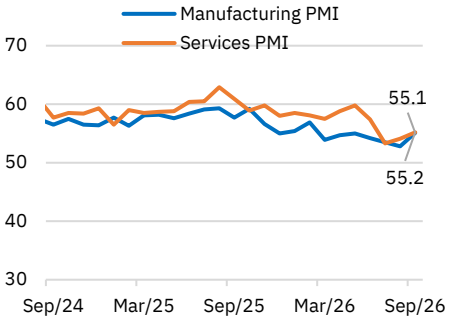
FY26 = Second advance estimate

Industrial activity strengthening



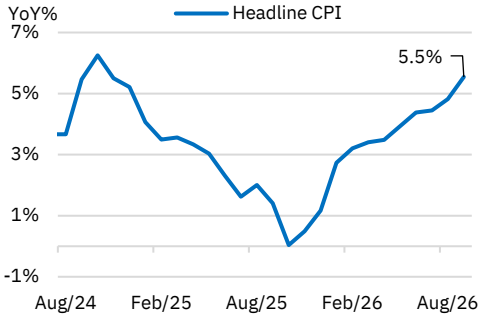
IIP and core is based on revised base year 2022-23.

PMI improves

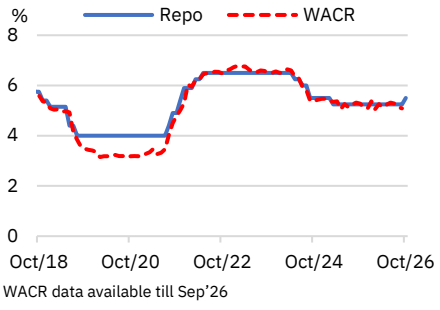


Inflation accelerates while banking system is in ample liquidity surplus

Retail inflation picked up

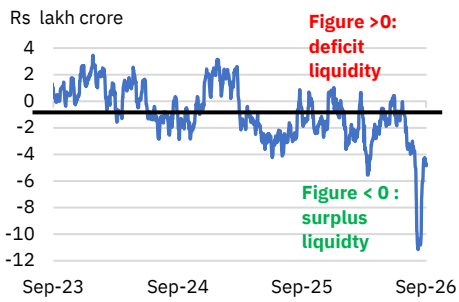


WACR below repo rate



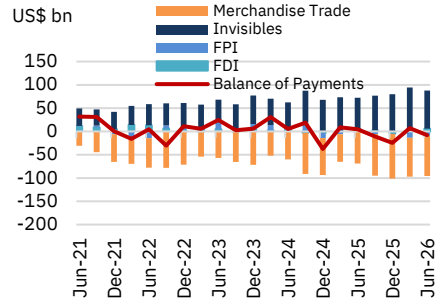
WACR data available till Sep'26

Liquidity remained in surplus

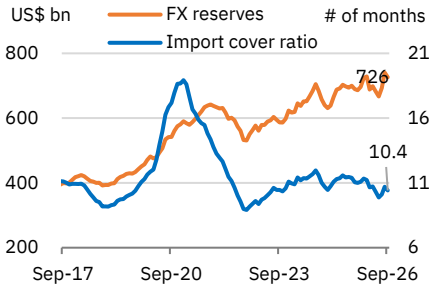


External situation supported by capital flows; forex reserves at ~US$ 726 bn

BOP deficit widened in Q1FY27

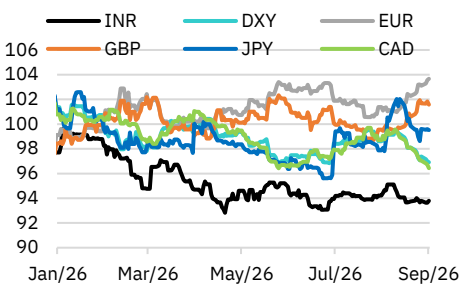


Forex reserves



Note: FX reserves as of Oct 9th, 2026

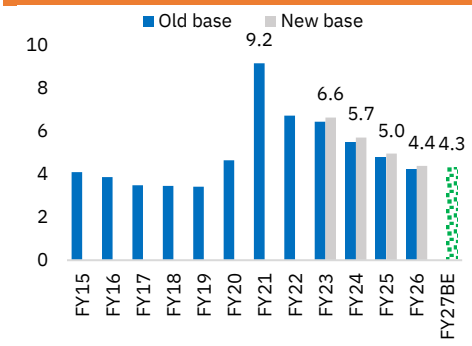
Rupee under marginal recovery



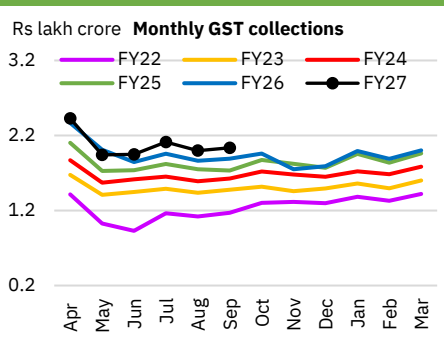
Rebased to 100 on December 31st, 2025

Fiscal prudence but with higher capex

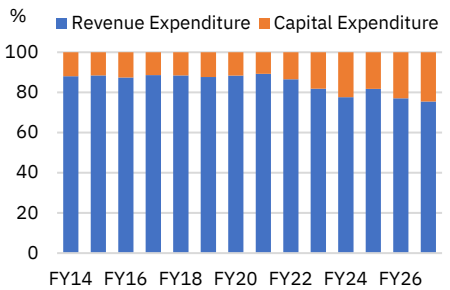
Fiscal deficit (% of GDP)



GST collections robust



Share of capex



Data is for the period Apr'26 to Aug'26 across years.

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Market Pulse

October 2026 | Vol. 8, Issue 10

Key market charts

Performance across asset classes

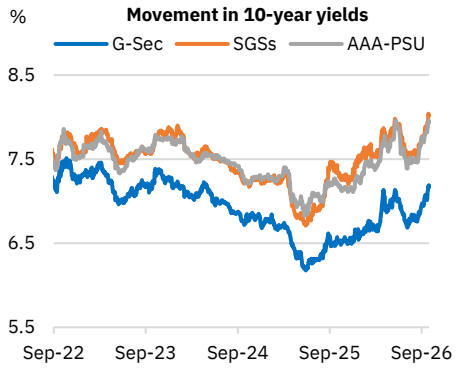
Equity

indices (%)

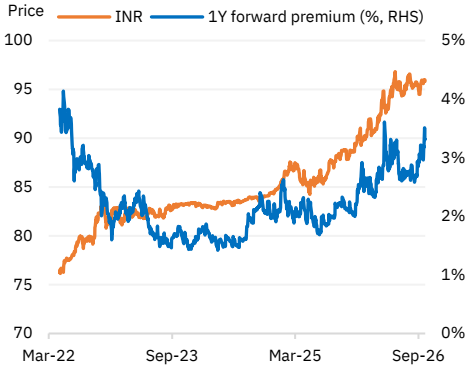
c	1M	6M	12M
Nifty 50	**-6.1**	**1.3**	**-8.1**
Nifty 50 USD	**-6.7**	**0.3**	**-15.1**
MSCI World	-1.3	15.1	13.8
MSCI EM	-0.8	22.0	26.7
S&P 500	-0.5	17.2	14.4
Euro Stoxx 50	-2.4	12.6	13.4
FTSE 100	-2.0	4.2	13.4

* As of September 30th, 2026.

Fixed income

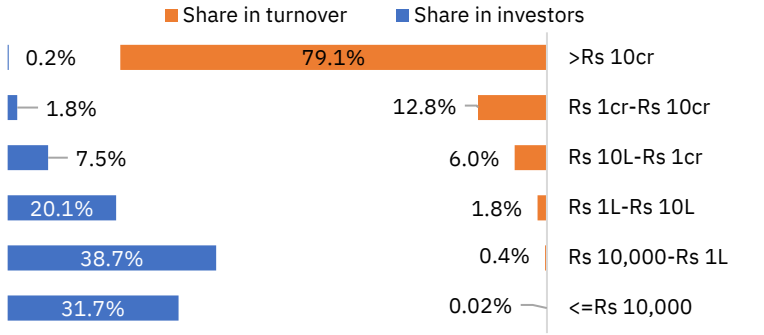


Currency

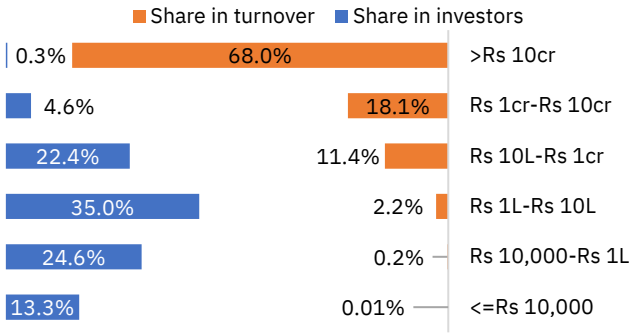


Distribution of trading activity by turnover

Distribution of trading activity by turnover range in NSE CM segment in September 2026



Distribution of trading activity by turnover range for equity options premium in September 2026



Market activity

Client category-wise share (%)

Client category	CM		Equity futures		Equity options#	
	H2FY26	H1FY27	H2FY26	H1FY27	H2FY26	H1FY27
Corporates	3.6	4.0	7.0	7.1	2.2	2.3
DIIs	14.4	13.2	12.8	14.0	0.2	0.2
FIs	13.9	13.2	27.9	31.4	7.1	6.5
Individuals	32.7	33.0	16.4	16.4	38.1	39.2
Prop	32.7	33.3	31.6	27.1	50.2	48.0
Others	2.6	3.3	4.3	4.1	2.3	3.7

Based on premium turnover * Data for H2FY26 is for Oct'25 – Mar'26 and H1FY27 is for Apr'26 – Sep'26.

Average daily open interest

Instruments	FY26		FY27*	
	Contracts (in '000)	Value (Rs crore)	Contracts (in '000)	Value (Rs crore)
Index Futures	343	61,723	398	63,109
Stock Futures	7,285	4,81,515	8,212	5,36,249
Index Options$	7,579	13,70,395	8,498	13,35,806
Stock Options$	4,810	3,18,037	5,311	3,47,514

Note: $Notional value is presented here

Category-wise net inflows into Indian equities

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
In Rs crore													
FPIs	97,056	17,806	20,566	51,253	-33,013	1,01,121	1,70,260	25,750	-1,21,439	1,71,107	427	-1,66,284	-2,60,303
DIIs	-28,557	67,587	35,363	90,738	1,09,662	42,257	-35,663	94,846	2,75,726	1,81,482	5,27,438	7,88,184	6,39,535
Individuals#	-30,149	-8,243	-26,382	-37,988	-8,523	-25,280	52,897	1,42,755	88,376	5,243	1,65,810	-5,717	59,470
In US$ bn													
FPIs	16.1	3.2	3.2	7.8	-4.4	14.4	23.0	3.8	-16.5	20.7	0.1	-18.9	-27.8
DIIs	-4.8	10.4	5.2	14.0	16.0	6.0	-4.8	12.6	35.7	22.0	63.0	90.4	68.2
Individuals#	-4.9	-1.3	-3.9	-5.8	-1.4	-3.6	7.1	19.3	11.7	0.6	19.8	-0.6	6.3

* As of Sep 30th, 2026. # Data for individuals include net flows on NSE in the secondary market only. Individuals include individual /proprietorship firms, HUF and NRI.

Call for Submissions

NSE Best Thesis Award for Financial Economics

The Best Thesis Award in Financial Economics is constituted by the NSE to encourage research and disseminate cutting-edge theory and practice in the area of Capital Market.

The NSE award is given for the best Ph.D. thesis in financial economics with special reference to capital market in India submitted by a recent Indian PhD from an Indian University or an Indian Economic Institute.

The NSE prize will carry a merit certificate and cash award of Rs. 50,000/- to be given to the best thesis. The IEA invites scholars across the country for their entries. The result will be declared by a committee constituted by the IEA President. A copy of the thesis is to be submitted latest by 30th November, 2026 to the Joint Secretary, IEA.

Venue:
109th Annual Conference is going to be organized at Kakatiya University, Warangal, Telangana during 27-29th December 2026.

Copy of the thesis is to be submitted to

Dr S. Narayanan

Joint Secretary & Chief Coordinator, Indian Economic Association
Assistant Professor, P.G. & Research Department of Economics,
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Tamil Nadu.
Mob: 9884513004
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Submissions to be emailed to narayanan.econ@gmail.com and cc to nseri@nse.co.in

NSE | Electronic Gold Receipts™

Electronic Gold Receipts (EGRs)



NSE Electronic Gold Receipts (EGRs) are digital assets representing gold ownership, tradable on NSE platform just like any other securities traded, backed by physical gold that can be redeemed anytime

NSE EGR Product Offerings

EGR - 999 Purity

- EGR 999 1 Kg
- EGR 999 100 grams
- EGR 999 10 grams
- EGR 999 1 grams
- EGR 999 100 milligrams
- EGR 999 10 milligrams

EGR - 995 Purity

- EGR 995 1 Kg
- EGR 995 100 grams
- EGR 995 10 grams
- EGR 995 1 grams
- EGR 995 100 milligrams
- EGR 995 10 milligrams

Advantages of trading NSE EGR

- Transparent price discovery
- Seamless exchange Trading
- Secure Demat Holding
- Regulated ecosystem
- Economical transaction charges
- Robust, Safe, and Resilient Technology Platform

The Future of Gold Markets Begin here

NSE's Electronic Gold Receipts (EGR) segment aims to modernize India's gold ecosystem by bringing together transparency, trust, efficiency, and accessibility.

Executive Summary

The rising cost of capital

"Money will not manage itself"

— Walter Bagehot, Lombard Street (1873)

The cost of capital has returned to the centre of the global economic and financial debate. After the prolonged period of low interest rates following the Global Financial Crisis, sovereign bond yields across several developed economies have moved back towards pre-crisis levels. The latest increase reflects renewed inflation pressures, tighter monetary policy expectations and concerns around fiscal sustainability. Its implications extend beyond government borrowing costs to corporate financing, asset valuations, capital flows and investment decisions. September brought these relationships into sharper focus as rising energy prices and sovereign yields weighed on financial markets, even as economic activity remained relatively resilient.

Global equities weakened in September, reversing August's gains. The MSCI World Index declined 1.3%, while the MSCI Emerging Markets Index fell 0.8%, with performance diverging across regions. AI-related investment continued to support technology-heavy North Asian markets, while European equities and several emerging markets came under pressure. The sharper change was in fixed income: the US 10-year Treasury yield rose to 5.29% at month-end, while the 30-year yield reached 5.68%, amid higher inflation expectations, fiscal concerns and rising term premia. Bond markets across Europe and Japan also weakened as investors reassessed monetary policy and sovereign borrowing requirements.

Global conditions became more difficult through September and October. Renewed escalation in West Asia, including disruptions to shipping routes and energy infrastructure, pushed Brent above US$100/bbl. The Fed, ECB and BoJ each raised policy rates by 25bps in September. The IMF's October outlook projects global growth of 3.1% in 2026 and 3.4% in 2027, with inflation at 4.7% this year. AI-related spending remains an important support for activity, although large capital commitments, infrastructure constraints and uncertainty around eventual returns warrant attention. The combination of higher energy prices, tighter monetary conditions and stretched public finances has made policy choices more difficult.

Indian equities corrected sharply. The Nifty 50 declined 6.1% in September, its second consecutive monthly loss, taking the calendar-year-to-date fall to 13.4%. Unlike August, weakness extended across market-cap segments, with the Nifty Midcap 150, Smallcap 250 and Microcap 250 declining 7.1%, 3.1% and 1.1%, respectively. FPIs turned net sellers in September after two months of inflows, withdrawing US$3.8bn, while DII purchases strengthened to around Rs 76,000 crore, their 38th consecutive month of net buying. The benchmark Indian 10-year G-sec yield rose 24bps to 7.19%, while the rupee depreciated 0.7% to Rs 95.83/US$, reflecting higher oil prices, foreign outflows and tightening global financial conditions.

India's domestic activity has remained relatively strong despite this financial-market correction. Industrial production grew 8.0% YoY in August, bank credit expanded 19.4% by end-September and merchandise exports rose 23% in September. Passenger vehicle sales, GST collections exceeding Rs 2 lakh crore and sustained government capital expenditure also point to continued momentum. The RBI raised its FY27 GDP growth projection by 40bps to 7.1%, while the IMF revised its forecast to 7.0%. Inflation has become a more immediate concern. CPI inflation reached 5.5% in September, while wholesale inflation rose to 11.4%, pointing to significant input-cost pressures. A deficient southwest monsoon, elevated energy prices and rupee depreciation have added to the challenge.

Against this backdrop, the RBI raised the repo rate by 25bps to 5.5% in October, its first increase since February 2023, and shifted its stance to "calibrated tightening". Open-market sales and other liquidity measures have accompanied the rate increase, reflecting the challenge of containing inflation without unduly weakening growth. The work of this year's Economics Prize recipients, Robert E. Hall and Michael Woodford, on the microeconomic foundations of

macroeconomic stabilisation is particularly relevant to these policy trade-offs. The US$127.2bn mobilised in FCNR(B) deposits under the RBI's concessional swap facility by end-August provided additional foreign-currency resources ahead of the subsequent deterioration in global financial conditions. These inflows, however, also entail future liabilities and do not remove underlying external pressures.

Our *Chart of the Month* examines the increase in global sovereign bond yields and its implications. The median 10-year yield across major developed markets has moved close to 4%, with positive real yields returning across several economies. The analysis compares the current repricing with the taper tantrum, the 2018 tightening cycle and the 2022 inflation shock, and considers developments across maturities, public borrowing requirements and debt-servicing costs. It also traces the transmission to equities, currencies, commodities and portfolio flows. For India, elevated US yields, high crude prices and a compressed India–US yield differential have created a more demanding external environment.

Our *Insights* section examines these relationships through ten academic studies on bond markets and borrowing costs. The papers consider how expectations, demand for safe and liquid assets and credit risk determine yields; how fiscal positions, borrowing costs and economic growth interact in assessing public debt sustainability; and how changes in bond supply and yields influence equity valuations, credit spreads and investment decisions. A recurring finding is that financing costs depend on more than the policy rate alone, while the fiscal consequences of debt depend partly on the relationship between interest rates and economic growth. These studies help place the current repricing in a broader analytical context.

NSE data show that primary-market activity remained robust despite the secondary-market correction. September saw 32 Main Board listings across both exchanges, with aggregate IPO proceeds exceeding Rs 40,000 crore. NSE itself was listed during the month. During H1FY27, 70 companies listed on the NSE Main Board, with proceeds of Rs 69,795 crore, up 14% YoY. These totals include offers for sale and should not be read entirely as fresh capital raised by issuers. On NSE Emerge, 39 SMEs listed during H1FY27 against 68 a year earlier, although the average issue size increased 19%.

Investor participation continued to expand. NSE's unique registered investor base reached approximately 13.7 crore by end-September, more than four times its March 2020 level. Around 38% of registered investors were below 30 years of age, and women accounted for 25.2% of individual investors. Participation remained uneven across states: Maharashtra, Uttar Pradesh, Gujarat, West Bengal and Rajasthan together accounted for 47.7% of registered investors, with marked differences in female participation.

Secondary-market activity moderated in Q2FY27. Average daily turnover in the cash market fell 13% QoQ, while equity futures and options turnover declined 19% and 25%, respectively; compared with Q4FY26, the declines were 30% and 37%. Commodity derivatives moved in the opposite direction, with futures and options turnover rising 38% and 116% QoQ respectively, supported by crude oil and electricity contracts. Taken together, these movements point to pressure on equity trading even as activity in energy-linked derivatives strengthens.

The developments of recent months underline how changes in sovereign yields transmit to the broader economy. Higher borrowing costs affect government finances, corporate investment, financial valuations and the allocation of savings. India continues to benefit from domestic economic momentum, a widening investor base and active primary markets, but higher energy prices and tighter global financial conditions are testing these strengths. The task at hand is to maintain macroeconomic stability while preserving the financing conditions needed for productive investment.

With that, we present the October 2026 edition of Market Pulse, and as always, welcome your comments and suggestions.

Tirthankar Patnaik
Chief Economist

Table of Contents

NSE at a glance **3**

Key macro charts **4**

Key market charts **5**

Executive Summary **7**

1 Chart of the Month **24**

1.1 Rising sovereign yields and implications **24**

2 Macroeconomy **37**

2.1 RBI Monetary Policy: Beginning of a shallow tightening cycle 41

2.2 Industrial activity strengthens in August, led by manufacturing and capital goods 49

2.3 Headline inflation accelerated to a 23-month high in September 57

2.4 WPI surged driven by food and fuel prices 60

2.5 Output PPI elevated amid broad-based manufacturing pressures 63

2.6 Trade deficit widened in H1-FY27 despite robust export growth 66

2.7 External buffers remain robust and supported by capital flows 69

2.8 Fiscal deficit widens amid higher capex and subsidy spending 75

2.9 Robust bank credit growth continues ahead of the rate hike cycle 80

2.10 Weak and uneven monsoon likely to weigh on agriculture activity & food inflation 84

2.11 Insights from the Sveriges Riskbank prize in economic science 2026 100

3 Insights **103**

3.1 The information in long-maturity forward rates 108

3.2 The Aggregate Demand for Treasury Debt 112

3.3 Flight-to-Quality or Flight-to-Liquidity? Evidence from the Euro-Area Bond Market 116

3.4 New Evidence on the Interest Rate Effects of Budget Deficits and Debt 120

3.5 Public Debt and Low Interest Rates 124

3.6 Financial markets' behavior around episodes of large changes in the fiscal stance 127

3.7 Bond Supply and Excess Bond Returns 131

3.8 What Explains the Stock Market's Reaction to Federal Reserve Policy? 134

3.9 Corporate yield spreads: Default risk or liquidity? New evidence from the credit default swap market 137

3.10 Retail trading and return predictability in China 141

3.11 References 144

4 Market performance **149**

4.1 Market round-up 149

4.2 Equity market performance and valuations 156

4.3 Fixed income market performance 177

4.4 Commodity market performance 189

4.5 Currency market performance 196

4.5 Institutional flows across market segments in India....203
5 Markets in depth....206
5.1 Robust primary market activity in September 2026....208
5.1.1 Fund mobilisation and new listings....208
5.1.2 SME Corner: SEBI proposes SME IPO reforms to strengthen issuer quality and broaden investor participation....214
5.2 Investor participation: Investor base expands, with rising youth and female participation amid regional concentration....219
5.2.1 Region wise distribution of total registered investors....219
5.2.2 Region wise distribution of new investor registrations....227
5.2.3 Investor profile....231
5.3 Market activity across segments and investor categories....233
5.3.1 Turnover across segments: Equity moderates in Q2FY27; commodities strengthen....233
5.3.2 Category-wise participation across segments: Broad based shift across segments....251
5.3.3 Channel-wise turnover distribution: Mobile share moderates in equity derivatives, while reaching a record high in commodity options....269
5.3.4 Distribution of trading activity by turnover: Concentration rises sequentially across all equity segments 283
5.3.5 Individual investors' activity: Participation moderates amid positive investment flows....287
5.3.6 Spatial distribution of individual investor activity in the cash market....293
5.3.7 Turnover of top 10 traded securities during September 2026....299
5.3.8 Trading Activity in Electricity Futures....301
5.3.9 NSE Dated Brent Futures: Connecting global benchmarks with Indian market needs....308
5.3.10 NSE Energy Options: Building depth and driving participation....309
5.3.11 Electronic Gold Receipts: Strengthening India's Exchange-Traded Gold Ecosystem....311
6 Contract size matters: Evidence from global exchanges....313
7 Annual macro snapshot....318
8 Glossary....319

List of Tables

Table 1: Nominal vs real sovereign yields 30
Table 2: How this is different from previous shock episodes? 34
Table 3: Index-wise equity returns and selected commodity returns during the West-Asia crisis 35
Table 4: Impact of geopolitical uncertainty on India 36
Table 5: High frequency indicators 40
Table 6: Current policy rates 43
Table 7: Key metrics in the last five tightening cycles 43
Table 8: Sub-component wise YoY growth in the last 12 months 49
Table 9: Sector-wise core sector growth for August 2026 (%YoY) 53
Table 10: Services PMI across countries 55
Table 11: Manufacturing PMI across countries 55
Table 12: Component-wise Consumer Price Inflation in September 2026 57
Table 13: Share of CPI items across inflation ranges (%) 58
Table 14: Point contribution of CPI items across inflation ranges 59
Table 15: Share of CPI food items across inflation ranges (%) 59
Table 16: Point contribution of CPI food items across inflation ranges 59
Table 17: Trend in wholesale price inflation 60
Table 18: Output producer price index for September 2026 (%YoY) 63
Table 19: Breakup of Output PPI - Manufacturing (YoY %) 64
Table 20: India's merchandise trade balance for September 2026 66
Table 21: Fiscal balance snapshot 75
Table 22: A snapshot of government finances for FY26 and FY27 so far 78
Table 23: A snapshot of Government finances in financial year 2025-27 79
Table 24: Region-wise distribution of cumulative rainfall 87
Table 25: Category-wise number of subdivisions and % area (sub-divisional) of the country 89
Table 26: Category-wise, state-wise number of districts based on level on rainfall deficiency 89
Table 27: Monthly and cumulative deviation of rainfall across states 90
Table 28: Division-wise reservoir storage levels 92
Table 29: Crop-wise sowing trends across major producing states 93
Table 30: State wise rainfall deficiency vs crop sowing 94
Table 31: IMF growth projections October 2026 WEO 97
Table 32: Performance across equity, fixed income, currency, and commodity markets (As on Sep 30th, 2026) 154
Table 33: Performance (total returns) across global asset classes 155
Table 34: Performance across NSE equity indices (As on September 30th, 2026) 156
Table 35: Performance across NSE sector indices based on Price Return Index 159
Table 36: Top five Nifty 50 Index gainers in September 2026 172

Table 37: Top five Nifty 50 Index gainers in the last 12 months 172
Table 38: Top five Nifty 50 Index losers in September 2026 172
Table 39: Top five Nifty 50 Index losers in the last 12 months 172
Table 40: Performance of key debt indices (As of September 30th, 2026) 177
Table 41: Fiscal trend in corporate bond issuances 184
Table 42: Annual performance across commodities 195
Table 43: Monthly trends for fund mobilisation (Rs crore) through equity and debt in the last 11 months 210
Table 44: Annual trends for fund mobilisation (Rs crore) through equity and debt in the last fiscal year 211
Table 45: New listing on Main Board platform during Sep 2026 212
Table 46: Monthly wise analysis of listing gains for new listed companies on the Main Board 213
Table 47: Quarterly wise analysis of listing gains for new listed companies on the Main Board 213
Table 48: Annual trends for SME IPOs on Emerge platform 214
Table 49: Monthly wise analysis of listing gains for new listed companies on Emerge platform 215
Table 50: Quarterly wise analysis of listing gains for new listed companies on the Emerge platform 215
Table 51: New listing on Emerge platform during September 2026 216
Table 52: Top 10 state wise SME IPOs since inception 217
Table 53: Region-wise distribution of total unique registered investors (in lakh) at end of each fiscal year 220
Table 54: State-wise distribution of total unique registered investors at end of each fiscal year 225
Table 55: Monthly trends for new investors registration in top 25 states (in '000) 229
Table 56: Distribution of registered individual investor base across age groups 231
Table 57: Mean and median age of registered individual investors 231
Table 58: Age distribution of new investors added every year (%) 231
Table 59: Mean and median age of new investors added each year 231
Table 60: State-wise gender share (%) of unique registered investors 232
Table 61: Quarterly trend of turnover (Rs crore) across segments 234
Table 62: Monthly trend of turnover (Rs crore) across segments 235
Table 63: Quarterly trend of average daily turnover (Rs crore) across segments 235
Table 64: Monthly trend of average daily turnover (Rs crore) across segments 236
Table 65: Monthly trend of average daily activities in equity derivatives for exchanges (NSE+BSE) 236
Table 66: Monthly trend of average daily activities in equity derivatives for NSE & BSE 236
Table 67: Monthly trends for Notional to premium ratio in index options across exchanges 237
Table 68: Monthly trends for Notional to premium ratio in stock options across exchanges 237
Table 69: Monthly trends for trades (in lakh) in equity cash and derivatives segment for NSE 238
Table 70: Monthly trends for average trade size (Rs) in equity cash and derivatives segment for NSE 239
Table 71: Average daily turnover (Rs crore) in NSE CM Segment 240
Table 72: Average daily turnover (Rs crore) in NSE's equity derivatives segment 241
Table 73: Average daily open interest (Rs crore) in NSE's equity derivatives segment 242
Table 74: Average daily turnover in commodity derivatives 242

Table 75: Share of client participation in NSE cash market segment (%) 254
Table 76: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%) 255
Table 77: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%) 256
Table 78: Share of client participation in Equity options segment (Premium Turnover) of NSE (%) 257
Table 79: Share of client participation in Index Futures of NSE (%) 258
Table 80: Share of client participation in Stock Futures of NSE (%) 259
Table 81: Share of client participation in Index Options (Premium Turnover) of NSE (%) 260
Table 82: Share of client participation in Stock Options (Premium Turnover) of NSE (%) 261
Table 83: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%) 262
Table 84: Share of client participation in Currency Futures of NSE (%) 263
Table 85: Share of client participation in Currency Options (Premium Turnover) of NSE (%) 264
Table 86: Share of client participation in Interest Rate Futures of NSE (%) 265
Table 87: Share of client participation in Commodity derivatives segment of NSE (%) 267
Table 88: Monthly trend in share (%) of different channels of trading in NSE CM segment 271
Table 89: Share (%) of different channels of trading in equity derivatives segment (notional turnover) 272
Table 90: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover) 273
Table 91: Monthly trend in share (%) of different channels of trading in Equity options (Premium value) 274
Table 92: Monthly Share (%) of different channels in index futures turnover 275
Table 93: Monthly share (%) of different channels in stock futures turnover 276
Table 94: Monthly share (%) of different channels in index options premium turnover 277
Table 95: Monthly share (%) of different channels in stock options premium turnover 278
Table 96: Share (%) for different channels of trading in commodity derivatives 279
Table 97: Share (%) of different channels of trading in commodity futures turnover 280
Table 98: Monthly share (%) of different channels in commodity options premium turnover 281
Table 99: Distribution of turnover by range in NSE CM segment for all investors 284
Table 100: Category-wise share in turnover across turnover ranges in NSE CM segment in September 2026 284
Table 101: Distribution of turnover by range in NSE equity options premium turnover for all investors 285
Table 102: Distribution of turnover and the share of investors categories in equity options in September 2026 285
Table 103: Distribution of turnover by range in equity futures market for all investors 286
Table 104: Distribution of turnover and the share of investors categories in equity futures in September 2026 286
Table 105: Annual net inflows by individual investors in primary and secondary market 287
Table 106: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives 289
Table 107: Top 10 traded securities in CM segment (Rs crore) in September 2026 299
Table 108: Top 10 traded scrips in stock futures segment in September 2026 300
Table 109: Top 10 traded scrips (premium turnover) in stock options in September 2026 300
Table 110: Comparison of contract size of S&P 500 and Nifty 50 Index options 313
Table 111: Exchange-wise options volume and premium traded in the US during Jan-Sep 2026 315

List of Figures

Figure 1: Global sovereign yields across major developed markets 25
Figure 2: Global sovereign yields across major emerging markets 25
Figure 3: Country-wise current, median and peak sovereign bond yields 26
Figure 4: Long-term trend of sovereign yields in the US and UK 26
Figure 5: Long-term trend of sovereign yields in the Eurozone (Germany, France and Italy) 26
Figure 6: Long-term trend of sovereign yields in Japan 27
Figure 7: Long-term trend of sovereign yields in EMs (India, Brazil, Indonesia and South Africa) 27
Figure 8: Change in sovereign yields across major economies since the West Asia crisis 28
Figure 9: Sovereign yield curve: US 28
Figure 10: Sovereign yield curve: UK 28
Figure 11: Sovereign yield curve: Germany 28
Figure 12: Sovereign yield curve: Japan 28
Figure 13: Sovereign yield curve: India 29
Figure 14: Sovereign yield curve: Brazil 29
Figure 15: CPI inflation for select DMs 31
Figure 16: CPI inflation for select EMs 31
Figure 17: Policy rates for select DMs 31
Figure 18: Policy rates for select EMs 31
Figure 19: Central bank policy action since the West Asia Crisis 31
Figure 20: General government fiscal deficit % of GDP 32
Figure 21: Government debt levels % of GDP 33
Figure 22: Interest on public debt (as a % of GDP) 33
Figure 23: Debt sustainability analysis 34
Figure 24: India-US sovereign bond spread 36
Figure 25: Movement in key policy rates 43
Figure 26: Movement in real interest rates 44
Figure 27: MPC members' voting pattern 44
Figure 28: Net lending under RBI's Liquidity Adjustment Facility 45
Figure 29: Monthly trend in weighted call money rate and average monthly banking liquidity 45
Figure 30: India vs. US policy rates and yield differential 46
Figure 31: Monthly net inflows by FPIs in Indian equity 46
Figure 32: Annual net inflows by FPIs in Indian equity 46
Figure 33: India's consumer inflation trajectory and RBI's forecasts 47
Figure 34: Quarterly and annual inflation forecasts by RBI 47
Figure 35: GDP growth trend and RBI's estimates 47
Figure 36: RBI's quarterly and annual GDP growth forecasts 48

Figure 37: Change in policy, lending and deposit rate during the previous policy rate cycle 48
Figure 38: Variation in policy rates across countries 48
Figure 39: Monthly trends in headline IIP growth and three-month moving average 49
Figure 40: Trends in YoY growth for sector-based classification 50
Figure 41: Trends in YoY growth for use-based classification....50
Figure 42: Comparison of year-to-date growth rates across categories....50
Figure 43: Sub-industries wise break of manufacturing IIP growth rates (YoY%)– August 2026 51
Figure 44: India industrial production (3MMA) 51
Figure 45: India industrial production use-based goods (3MMA) 52
Figure 46: Monthly trends in Eight core industries and IIP growth - New base 52
Figure 47: Trends in Eight core industries sub sector wise YoY%....53
Figure 48: Point contribution of core sectors (YoY%) 53
Figure 49: Manufacturing PMI across countries....54
Figure 50: Monthly trends in India's manufacturing and services PMI....56
Figure 51: Trends in monthly headline inflation....57
Figure 52: Division-wise headline inflation....58
Figure 53: Core inflation growth under different baskets 58
Figure 54: CPI food inflation contributors 58
Figure 55: Veg & pulse inflation point contributors....58
Figure 56: State-wise headline inflation in September 2026 59
Figure 57: Trend of wholesale price inflation 60
Figure 58: Trend of inflation in primary articles 60
Figure 59: Monthly trends of fuel & power inflation....60
Figure 60: Monthly trends of mfg. inflation 60
Figure 61: YoY trends in WPI inflation and Core WPI inflation 61
Figure 62: Contribution of sub-components to WPI inflation....61
Figure 63: Manufacturing sub-categories growth in WPI in September 2026 (YoY%) 62
Figure 64: Fuel & power sub-categories growth in WPI in September 2026 (YoY%) 62
Figure 65: Monthly trends in WPI vs output PPI (%YoY) 63
Figure 66: Monthly trends in Output Producer Price Index and its categories (YoY%)....63
Figure 67: Monthly point contribution to Output PPI....64
Figure 68: Monthly trend of manufacturing in Output PPI vs WPI (YoY%) 65
Figure 69: Monthly trends in India's merchandise imports, exports and trade balance....66
Figure 70: Non-oil, non-gold imports....66
Figure 71: Oil imports trend 66
Figure 72: Oil imports vs. Brent crude oil prices trend 67
Figure 73: Monthly trend in monthly services exports, imports and net balance....67
Figure 74: Half yearly trend in merchandise exports, imports and net trade balance 67

Figure 75: Half yearly trend in services exports, imports and net balance 68
Figure 76: Forex reserves and import cover (months) 68
Table 77: Balance of Payments – Monthly and FYTD accounts (based on BPM6 methodology) 70
Figure 78: Monthly trends in gross and net FDI flows 71
Figure 79: Annual trends in gross and net FDI flows 71
Figure 80: Trends in sub-component wise foreign exchange reserves 71
Figure 81: Trends in sub-component-wise foreign exchange reserves (% share) 71
Figure 82: Monthly trends in outward remittances 72
Figure 83: Annual trends in outward remittances 72
Figure 84: Composition of outward remittances in FY27TD 72
Figure 85: Trends in sub-components of NRI Deposits (% share) 73
Figure 86: Quarterly trend in India's international investment position 73
Figure 87: Annual movement in India's international investment position 73
Figure 88: Trends in US dollar forward position across different tenors 74
Figure 89: Trends in % share of each tenor of US dollar forward position 74
Figure 90: Monthly trends in RBI's purchase/sale of US Dollar 74
Figure 91: Centre's gross fiscal trend (% GDP) 75
Figure 92: Gross fiscal deficit as % of budget targets during the month of Apr-Aug across years 75
Figure 93: Centre's gross fiscal trend (% GDP) 75
Figure 94: Centre's gross fiscal and revenue deficit (% of GDP) 75
Figure 95: Direct tax collections during Apr-Aug 76
Figure 96: Indirect tax collections during Apr-Aug 76
Figure 97: Monthly-run rate of GST collections 76
Figure 98: Monthly GST collections trend 76
Figure 99: Revenue and capital exp during Apr-Aug 76
Figure 100: Expenditure mix during Apr-Aug 76
Figure 101: Interest payment (% of revenue receipts) 77
Figure 102: YoY% of receipts and expenditure for 5MFY27 (Apr-Aug) 77
Figure 103: Half yearly central government's dated securities issuances: Calendar vs Actual 77
Figure 104: Outstanding bank credit and deposit 80
Figure 105: Growth in bank credit across key heads 80
Figure 106: Size-wise growth in industrial bank credit 81
Figure 107: Growth in bank credit across segments of industry (% YoY) 81
Figure 108: Growth in bank credit across segments of services (% YoY) 81
Figure 109: Growth in bank credit across segments of personal loans 81
Figure 110: Growth rate in loans against gold jewellery (% YoY) 81
Figure 111: Trends in bank credit and deposit growth (% YoY) 82
Figure 112: Trends in deposit growth (% YoY) 82

Figure 113: Credit to Deposit ratio (%) 82
Figure 114: Issued and outstanding amount of certificate of deposits 82
Figure 115: Growth in sectoral deployment of outstanding credit by NBFCs 83
Figure 116: Growth in sectoral deployment of outstanding credit by NBFCs within services 83
Figure 117: Growth in sectoral deployment of outstanding credit by NBFCs within retail 83
Figure 118: Daily mean rainfall in India – SW monsoon season 2026 86
Figure 119: Cumulative rainfall and percentage deviation during the 2026 SW monsoon season 86
Figure 120: Southwest monsoon monthly rainfall percentage deviation 87
Figure 121: Cumulative weekly rainfall and % deviation across years 87
Figure 122: Daily rainfall deviation in India across regions 88
Figure 123: State-wise rainfall deviation (%) (As of September 30th, 2026) 91
Figure 124: Trend of reservoir storage levels (as of September 30th, 2026) 91
Figure 125: Monthly trend of reservoir storage levels over years 92
Figure 126: Live reservoir storage levels 92
Figure 127: Actual sown area as a % of normal area sown (as of September 25th, 2026) 93
Figure 128: YoY % change in actual sown area (as of September 25th, 2026) 93
Figure 129: Monthly trend of food & beverages inflation (YoY %) 94
Figure 130: Monthly point contribution of food inflation (%) 94
Figure 131: Scatter plot of rainfall deviation (%) and inflation across states in 2026 95
Figure 132: Geopolitical risk index (30-day moving average) 96
Figure 133: US trade and economic policy uncertainty index 96
Figure 134: Cross-country wise growth outlook by IMF 97
Figure 135: Growth across major economies 97
Figure 136: Inflation across major economies 97
Figure 137: Policy rates across advanced economies 98
Figure 138: Policy rates across emerging economies 98
Figure 139: Unemployment rates across major developed economies 98
Figure 140: Trends in industrial production (YoY%) across major economies 98
Figure 141: Trend in PMI manufacturing across countries 99
Figure 142: NIFTY sector performance in September 2026 159
Figure 143: NIFTY sector performance in 2026 till date (Jan-Sep'26) 160
Figure 144: Nifty 50 and Nifty 50 USD since inception 160
Figure 145: Annualised return of major indices across different time periods (As of September 30th, 2026) 161
Figure 146: Market cap to GDP ratio trend 162
Figure 147: Index-wise distribution of total market capitalisation of listed entities 163
Figure 148: Index-wise share in total market capitalisation of listed entities 164
Figure 149: Index-wise change in total market capitalisation of listed entities in CY26TD (Jan-September 2026) . 164
Figure 150: Index-wise share in total market capitalisation of listed entities 165

Figure 151: Decile-wise distribution of total market capitalisation of listed entities 166
Figure 152: Decile-wise share of total market capitalisation of listed entities 166
Figure 153: Decile-wise change in total market capitalisation of listed entities in CYTD (Jan-September 2026) 167
Figure 154: Sector-wise contribution to Nifty 50 price return in September 2026 168
Figure 155: Sector-wise contribution to Nifty 50 Index change (points) in September 2026 168
Figure 156: Sector-wise contribution to Nifty 50 price return in the last 12 months 168
Figure 157: Sector-wise contribution to Nifty 50 Index change (points) in the last 12 months 169
Figure 158: Nifty 50 Index monthly movement across sectors over the last 12 months 169
Figure 159: Nifty 50 Index monthly return across sectors over the last 12 months 170
Figure 160: Sector-wise Nifty50 Index attribution (2005-) 170
Figure 161: Nifty 50 sector weightage (September 2025) 171
Figure 162: Nifty 50 sector weightage (September 2026) 171
Figure 163: Sector weights in the Nifty 50 Index (2005-) 171
Figure 164: Nifty 50 NTM P/E trend for last 15 years 174
Figure 165: Nifty 50 NTM P/B trend for last 15 years 174
Figure 166: Nifty 50 NTM P/E (Last three-year trend) 174
Figure 167: Nifty 50 NTM P/B (Last three-year trend) 174
Figure 168: Five-year trend of Nifty 50 values at different 12-month forward P/E bands 174
Figure 169: NTM P/E of MSCI India vs. MSCI EM (15-year trend) 175
Figure 170: NTM P/B of MSCI India vs. MSCI EM (15-year trend) 175
Figure 171: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend) 175
Figure 172: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend) 175
Figure 173: Nifty 50 forward earnings yield* vs. 10-year G-sec yield 176
Figure 174: Long-term trend of 10-year sovereign bond yields across major developed economies 178
Figure 175: Long-term trend of 30-year sovereign bond yields across major developed economies 178
Figure 176: Sovereign yields curve across major economies 179
Figure 177: Change in sovereign yields across major economies in September 2026 179
Figure 178: Change in sovereign yields across major economies in CY26 (As on September 30th, 2026) 179
Figure 179: India 10Y G-sec yield—long-term trend 180
Figure 180: India 10Y G-sec yield—last one-year trend 180
Figure 181: India sovereign yield curve 180
Figure 182: Change in sovereign yields across the curve so far FY27 (As on September 30th, 2026) 180
Figure 183: India sovereign bonds term premia 181
Figure 184: Annual trend of Centre's market borrowings 181
Figure 185: Centre's market borrowings in the last 12 months 181
Figure 186: Inflation, yields and spreads in India vs. US 182
Figure 187: Spreads between 10-year SGS and G-sec yields 183
Figure 188: Annual state government borrowings 183

Figure 189: State government borrowings in the last 12 months 183
Figure 190: Monthly trend in corporate bond issuances 184
Figure 191: Maturity profile of corporate bonds issued in the month of FY27 (As on September 30th, 2026) 185
Figure 192: Credit profile of corporate bonds issued in the month of FY27 (As on September 30th, 2026) 185
Figure 193: Annual trend in maturity profile of corporate bond issuances 185
Figure 194: Annual trend in credit profile of corporate bond issuances 185
Figure 195: Corporate bond term premia between 10-year and 1-year yields 186
Figure 196: AAA-rated corporate bond yield curve 186
Figure 197: AA+ rated corporate bond yield curve 186
Figure 198: Change in AAA corporate bond and G-sec yields in FY27 187
Figure 199: Change in AA+ corporate bond and G-sec bond yields in FY27 187
Figure 200: Spreads for one-year AAA-rated corporate bonds over G-Sec across segments 187
Figure 201: Spreads for three-year AAA-rated corporate bonds over G-Sec across segments 187
Figure 202: Spreads for five-year AAA-rated corporate bonds over G-Sec across segments 188
Figure 203: Spreads for 10-year AAA-rated corporate bonds over G-Sec across segments 188
Figure 204: Movement in key commodity indices 191
Figure 205: Movement in key commodity indices since 2020 191
Figure 206: Returns of key precious metals in 2024, 2025 and 2026 till date 192
Figure 207: Returns of key industrial metals in 2024, 2025 and 2026 till date 193
Figure 208: Returns of key agricultural commodities in 2024, 2025 and 2026 till date 194
Figure 209: Returns of key energy commodities in 2024, 2025 and 2026 till date 195
Figure 210: Movement in INR and major DM currencies against dollar since end of 2025 197
Figure 211: Movement in INR and major EM currencies against dollar since end of 2025 197
Figure 212: Global currency movements in September 2026 (% change MoM) 198
Figure 213: Brent Crude oil prices and INR movement (March-September 2026) 198
Figure 214: Movement of INR and US Dollar Index (DXY) in 2026 till September 2026 198
Figure 215: Annualised volatility of INR and other DM & EM currencies 199
Figure 216: Change in INR and major DM & EM currencies (as on September 30th, 2026) 200
Figure 217: RBI forex reserves and USDINR 200
Figure 218: Real and nominal effective exchange rates of INR 201
Figure 219: USDINR and 1-year forward premium 202
Figure 220: Monthly Net inflows by FPIs in Indian equity and debt markets 203
Figure 221: Monthly net inflows by DIIs in Indian equity markets 204
Figure 222: Annual net inflows by DIIs in Indian equity markets 204
Figure 223: Annual net inflows by domestic mutual funds in Indian equity markets 205
Figure 224: Annual net inflows by domestic mutual funds in Indian debt markets 205
Figure 225: Sector-wise fund-raising share for Main Board IPO issuances for FY26 and FY27TD 213
Figure 226: Annual trends in average IPO size on Emerge Platform 215

Figure 227: Sector-wise fund-raising share for SME IPO issuances for FY26 and FY27TD 216
Figure 228: Annual trend of listing and market capitalisation on Emerge platform 217
Figure 229: Trend of region wise total unique registered investors 220
Figure 230: Trend of region wise total unique registered investors (% share) 220
Figure 231: State-wise comparison of median population age and registered investor age 221
Figure 232: Age-wise distribution of registered investor base 222
Figure 233: State-wise share of investors below 30 years of age 222
Figure 234: India's State-wise investor story - growth and penetration 224
Figure 235: Relationship between per-capita income (PCI) and registered investors as a % of state population 224
Figure 236: State-wise distribution of registered investors as of September 2026 226
Figure 237: Monthly trends in new investor additions 228
Figure 238: Region-wise distribution of new investors registered each financial year 228
Figure 239: Number of new investors registered in the top ten districts (in '000) 230
Figure 240: Quarter wise trends for ADT across cash market and equity derivatives segments 235
Figure 241: Monthly trend of total trades in NSE cash market segment 238
Figure 242: Monthly trend of trades in equity futures 238
Figure 243: Monthly trend of total trades in equity options 239
Figure 244: Monthly trend of average trade size in NSE cash market segment 239
Figure 245: Monthly trend in average trade size in equity futures 240
Figure 246: Monthly trend in average trade size in equity options premium 240
Figure 247: Annual trends in average daily turnover in NSE CM segment 241
Figure 248: Annual trends in average daily turnover in NSE's equity derivatives segment 241
Figure 249: Annual and monthly trends in average value of margin trading 242
Figure 250: Annual trends in average daily turnover in commodity derivatives segment 243
Figure 251: Monthly trends of turnover in debt segment 244
Figure 252: Annual share in total turnover across segments 244
Figure 253: Monthly trends of average daily turnover in debt segment 245
Figure 254: Monthly trends of average trade size in debt segment 245
Figure 255: Monthly trend in number of trades reported across platforms 246
Figure 256: Annual share in number of trades reported across platforms 246
Figure 257: Annual trends for share in total turnover across participant categories 248
Figure 258: Annual trends for share in OTC turnover across participant categories 248
Figure 259: Share in RFQ turnover across participant categories 249
Figure 260: Share in total number of trades across participant categories 249
Figure 261: Share in OTC trade counts across participant categories 250
Figure 262: Share in RFQ trade counts across participant categories 250
Figure 263: Quarterly trend in share of client participation in NSE cash market segment (%) 253
Figure 264: Quarterly trend in share of client participation in Equity futures (Notional Turnover) at NSE (%) 253

Figure 265: Quarterly trend in share of client participation in Equity options (Premium Turnover) at NSE (%) 253
Figure 266: Quarterly trend in share of client participation in Commodity futures (Notional Turnover) at NSE (%) .. 253
Figure 267: Quarterly trend of client participation share in Commodity options (Premium Turnover) at NSE 254
Figure 268: Annual trends in share of client participation in NSE cash market segment (%) 255
Figure 269: Annual trends in share of client participation in NSE cash market segment 255
Figure 270: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE (%) 256
Figure 271: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE 256
Figure 272: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE (%)..... 257
Figure 273: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE 257
Figure 274: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%) 258
Figure 275: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE..... 258
Figure 276: Annual trends in share of client participation in Index Futures at NSE (%) 259
Figure 277: Annual trends in share of client participation in Index Futures at NSE..... 259
Figure 278: Annual trends in share of client participation in Stock Futures at NSE (%) 260
Figure 279: Annual trends in share of client participation in Stock Futures at NSE 260
Figure 280: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%) 261
Figure 281: Annual trends in share of client participation in Index Options (premium turnover) at NSE 261
Figure 282: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE (%)..... 262
Figure 283: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE 262
Figure 284: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%).. 263
Figure 285: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE 263
Figure 286: Annual trends in share of client participation in Currency Futures at NSE (%)..... 264
Figure 287: Annual trends in share of client participation in Currency Futures at NSE 264
Figure 288: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%) 265
Figure 289: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE..... 265
Figure 290: Annual trends in share of client participation in Interest Rate Futures at NSE (%)..... 266
Figure 291: Annual trends in share of client participation in Interest Rate Futures at NSE 266
Figure 292: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) (%) 268
Figure 293: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) 268
Figure 294: Annual trends in share of client participation in Commodity Futures at NSE (%) 268
Figure 295: Annual trends in share of client participation in Commodity Futures at NSE 268
Figure 296: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%).. 268
Figure 297: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE..... 268
Figure 298: Quarterly trend in turnover share for different channels in the NSE CM Segment 270
Figure 299: Quarterly trend in turnover share for different channels in the Equity futures..... 270
Figure 300: Quarterly trend in turnover share for different channels in the Equity options 270

Figure 301: Quarterly trend in turnover share for different channels in the Commodity futures 270
Figure 302: Quarterly trend in turnover share for different channels in the Commodity options..... 271
Figure 303: Annual turnover trend for different channels in the NSE CM segment..... 271
Figure 304: Annual trend in turnover share for different channels in the NSE CM segment..... 271
Figure 305: Annual trends in share (%) for modes of trading in NSE CM segment 272
Figure 306: Annual turnover trend for different channels in the equity derivatives segment 272
Figure 307: Annual trend in turnover share for different channels in the equity derivatives segment 272
Figure 308: Annual trends in share (%) for modes of trading in equity derivatives 273
Figure 309: Annual turnover trend for different channels in the equity futures segment..... 273
Figure 310: Annual trend in turnover share for different channels in the equity futures segment..... 273
Figure 311: Annual trends in share for modes of trading in equity futures turnover 274
Figure 312: Annual turnover trend for different channels in the equity options segment 274
Figure 313: Annual trend in turnover share for different channels in the equity options segment 274
Figure 314: Annual trends in share for modes of trading in equity options premium turnover 275
Figure 315: Annual turnover trend for different channels in Index futures 275
Figure 316: Annual trend in turnover share for different channels in Index futures 275
Figure 317: Annual trends in share for different modes in index futures turnover 276
Figure 318: Annual turnover trend for different channels in stock futures..... 276
Figure 319: Annual trend in turnover share for different channels in stock futures..... 276
Figure 320: Annual trends in share for different modes in stock futures turnover 277
Figure 321: Annual turnover trend for different channels in Index options premium 277
Figure 322: Annual trend in turnover share for different channels in Index options premium 277
Figure 323: Annual trends in share for different modes in index options premium turnover..... 278
Figure 324: Annual turnover trend for different channels in stock options premium 278
Figure 325: Annual trend in turnover share for different channels in stock options premium 278
Figure 326: Annual trends in share for different modes in stock options premium turnover 279
Figure 327: Annual turnover trend for different channels in the commodity derivatives segment 279
Figure 328: Annual trend in turnover share for different channels in the commodity derivatives segment 279
Figure 329: Annual trends in share for different modes in commodity derivatives 280
Figure 330: Annual turnover trend for different channels in commodity futures..... 280
Figure 331: Annual trend in turnover share for different channels in commodity futures..... 280
Figure 332: Annual trends in share for different modes in commodity futures..... 281
Figure 333: Annual turnover trend for different channels in commodity options 281
Figure 334: Annual trend in turnover share for different channels in commodity options 281
Figure 335: Annual trends for different modes in commodity options premium turnover 282
Figure 336: Distribution of trading activity by turnover in NSE CM segment in September 2026 284
Figure 337: Distribution of trading activity by turnover in NSE CM segment in September 2025 284
Figure 338: Distribution of trading activity by turnover in equity options premium turnover in September 2026 285

Figure 339: Distribution of trading activity by turnover in equity options premium turnover in September 2025 285
Figure 340: Annual net inflows by individual investors in NSE's CM segment (secondary market) 287
Figure 341: Overall cumulative net inflows of individual investors in NSE's CM segment (secondary market) in last seven years 288
Figure 342: Monthly trend of individual investors' participation in the NSE CM and equity derivative segments 289
Figure 343: Yearly trend of individual investors' participation in the NSE CM and equity derivative segments 289
Figure 344: Trading frequency of individual investors participation (% share) in the CM segment 290
Figure 345: Trading frequency of individual investors participation (% share) in equity derivatives 290
Figure 346: Investor participation across segments in September 2026 291
Figure 347: Monthly trend of investors' participation in the NSE commodity derivatives (in thousands) 292
Figure 348: Region-wise distribution of individual investors' turnover in equity cash 293
Figure 349: Region-wise share of individual investors' turnover in cash market (%) 294
Figure 350: Region-wise share of individual investors in cash market (%) 294
Figure 351: Top 10 states based on turnover of individual investors in the equity cash segment 295
Figure 352: Top 10 states based on individual investors' participation in the equity cash segment 295
Figure 353: Share of the top 10 states based on turnover of individual investors in the equity cash segment 295
Figure 354: Share of the top 10 states based on individual investors' participation in the equity cash segment 295
Figure 355: Top 10 districts based on equity cash turnover of individual investors 296
Figure 356: Top 10 districts based on individual investors participation in the equity cash market 297
Figure 357: Share of the top 10 districts based on individual investors' turnover in equity cash 297
Figure 358: Share of the top 10 districts based on individual investors traded in the cash market 298
Figure 359: Comparison of Spot VWAP and NSE Electricity Futures LTP – Sep 2026 Contract 302
Figure 360: NSE Electricity Futures Trade Volume– Sep 2026 Contract 302
Figure 361: Daily Open Interest in NSE Electricity Futures – Sep 2026 Contract 302
Figure 362: NSE Electricity Futures Trade Volume (July'26 to September'26 contracts) 303
Figure 363: Comparison of Spot VWAP and NSE Electricity Futures LTP (July'26 to September'26 contracts) 303
Figure 364: Trends in volume on expiry day in NSE crude oil options 309
Figure 365: Trends in volume and premium turnover on expiry day in NSE natural gas options 310
Figure 366: Comparison of contract size of S&P 500 and Nifty 50 Index options 313
Figure 367: Total options turnover: India vs. US 314
Figure 368: Total options contracts traded: India vs. US 314
Figure 369: Monthly trends in total options turnover: India vs. US 314
Figure 370: Monthly trends in total options contracts traded: India vs. US 314
Figure 371: Monthly trend of average daily options contracts traded in the US and India 316
Figure 372: Monthly trend of the ratio of India and US options contracts traded 316
Figure 373: Monthly trend of average daily options premium turnover in the US and India 317
Figure 374: Monthly trend of the ratio of India and US options premium turnover 317

1 Chart of the Month

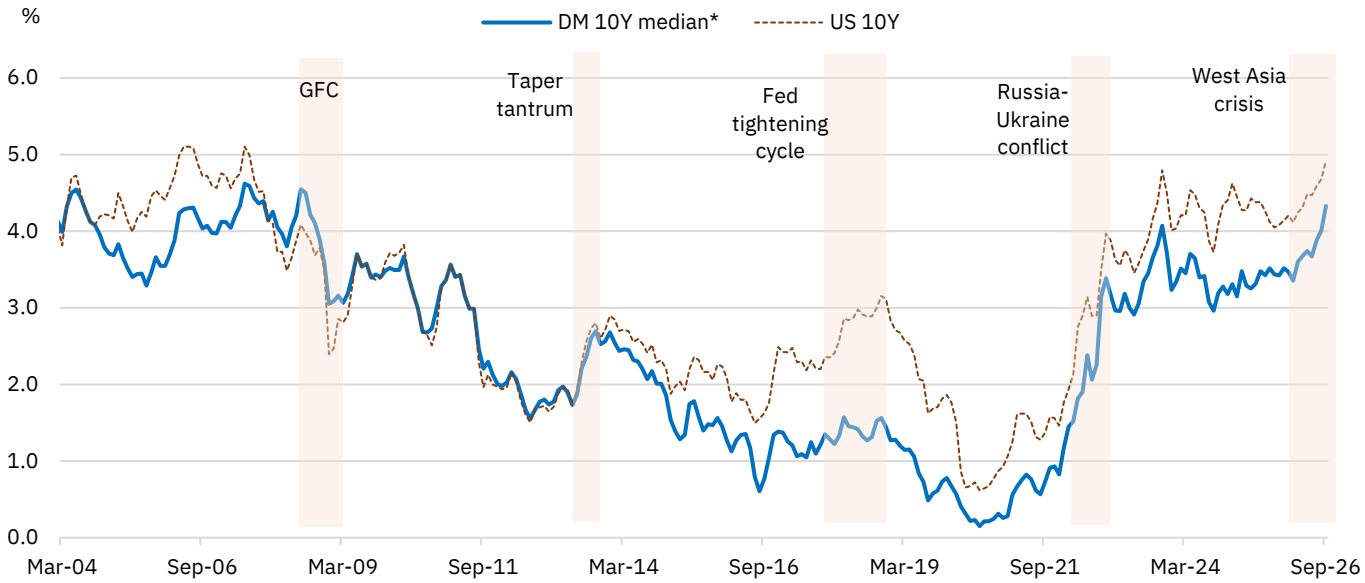
1.1 Rising sovereign yields and implications

Global sovereign bond yields have risen sharply over the past few years and are now back near levels that prevailed before the prolonged low-rate period following the Global Financial Crisis. By end-September 2026, the median 10-year yield across major developed markets was close to 4%, while the US 10-year yield had moved above 5%. The latest rise, however, differs from earlier episodes of bond-market stress. It is occurring at a time when inflation risks have re-emerged, monetary policy expectations have turned less accommodative and fiscal positions across several major economies remain stretched. At the same time, positive real yields have returned across a number of developed markets, altering the relative attractiveness of sovereign fixed income and the broader pricing of risk across global markets.

This report examines the drivers and implications of this shift through a comparative assessment of major developed and emerging economies. It looks at how the current repricing differs from the taper tantrum, the 2018 tightening cycle and the 2022 inflation shock; how the move has evolved across different maturities of the yield curve; and how rising borrowing costs interact with fiscal deficits, public debt and debt-servicing capacity. The analysis also traces the transmission of higher sovereign yields across equities, currencies, commodities and portfolio flows, with a particular focus on India, where elevated US yields, high crude prices and a compressed India–US yield differential have created a more demanding external environment.

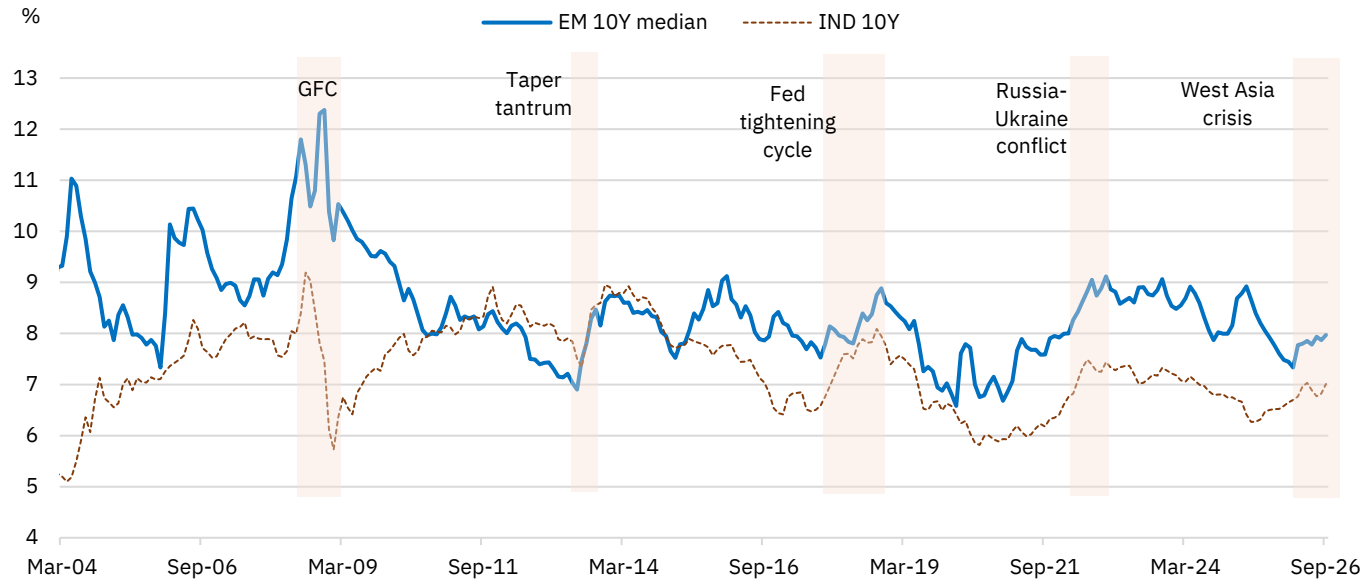
- **Global sovereign yields return to multi-year highs:** The long decline in sovereign borrowing costs that followed the Global Financial Crisis has reversed decisively in recent years. Earlier increases in yields were driven by specific shocks: the 2013 taper tantrum followed the Fed's signal of an eventual withdrawal of monetary accommodation, while the rise in 2017–18 coincided with continued Fed rate hikes and balance-sheet normalisation. A sharper and more sustained increase began in 2022, when the Russia–Ukraine conflict added to already elevated inflation through higher energy and commodity prices, prompting aggressive monetary tightening across major economies. After easing somewhat thereafter, yields have moved higher again amid renewed inflation and energy pressures, tighter policy expectations and growing fiscal concerns. By September 2026, the median G7 10-year yield had risen to around 4%, close to levels seen before the GFC, with yields in most major developed markets close to their long-term medians.
- **The rise in emerging-market yields has been relatively contained:** Unlike developed markets, sovereign yields across the selected emerging-market basket have remained within the broader range seen over the past two decades. EM yields rose sharply during the GFC, the taper tantrum and again in 2022 as higher US rates, a stronger dollar and domestic inflation pressures tightened financial conditions but have subsequently remained below those peaks. The median 10-year yield across the selected EMs was 8% in September 2026, compared with levels above 9% during several earlier stress episodes. India's 10-year G-sec yield, at 7%, also remains below both its long-term median of 7.3% and its historical peak of 9.2%, pointing to a relatively more contained repricing than in several developed sovereign markets.

Figure 1: Global sovereign yields across major developed markets



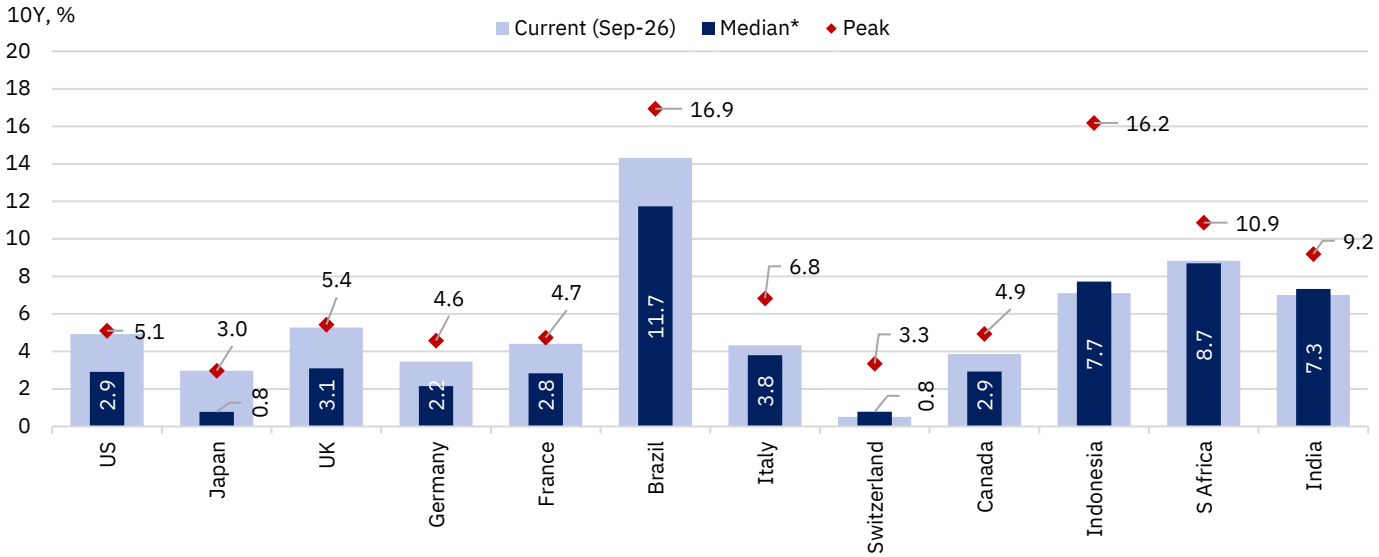
Source: LSEG Workspace, NSE EPR. Note: *For Developed markets, we have used G7 countries: US, UK, Germany, France, Italy, Japan and Canada.

Figure 2: Global sovereign yields across major emerging markets



Source: LSEG Workspace, NSE EPR. Note: For select Emerging markets, we have considered India, Indonesia, Brazil and South Africa

Figure 3: Country-wise current, median and peak sovereign bond yields



Source: LSEG Workspace, NSE EPR. Note: * Median and peak values based on data from May 2003 as Indonesia 10Y data not available before 2003 Median value corresponds to May 2003 till before the West Asia crisis (December 2025) to capture the trend before the WA crisis.

Country-wise: Long-term sovereign yields through previous shocks

For reference, A= Global Financial crisis (May 2008-March 2009), B= Taper tantrum (May-September 2013), C= Fed tightening cycle (January-October 2018), D= Russia-Ukraine conflict (February-October 2022) and E= West Asia crisis (since January 2026 till date)

Figure 4: Long-term trend of sovereign yields in the US and UK

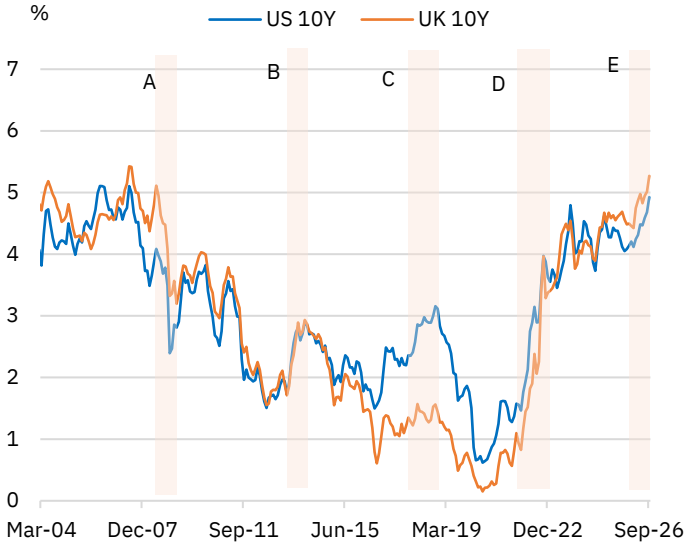
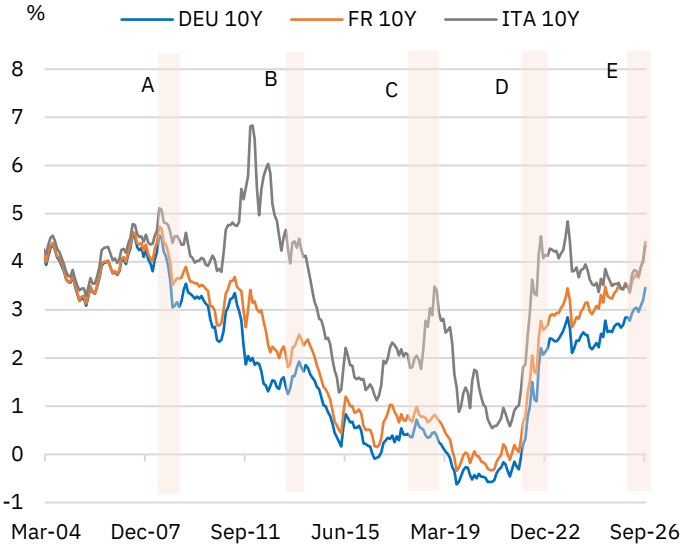


Figure 5: Long-term trend of sovereign yields in the Eurozone (Germany, France and Italy)

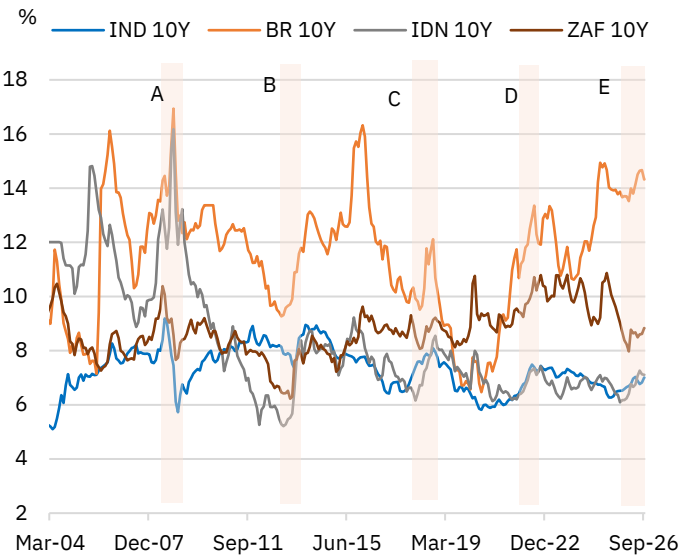


Source: LSEG Workspace, NSE EPR.

Figure 6: Long-term trend of sovereign yields in Japan



Figure 7: Long-term trend of sovereign yields in EMs (India, Brazil, Indonesia and South Africa)

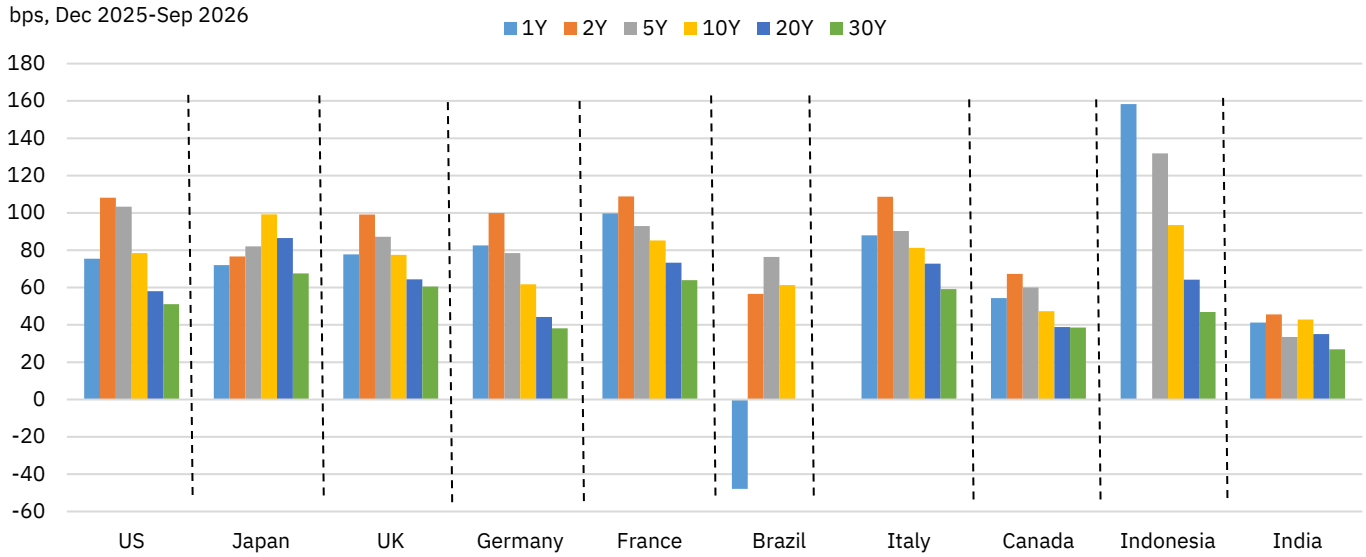


Source: LSEG Workspace, NSE EPR.

- **Yield-curve movements point to a broader repricing in the current episode:** The nature of the adjustment has differed considerably across earlier rate shocks. During the taper tantrum, policy rates remained anchored near zero, leaving the short end largely unchanged even as expectations of reduced Fed asset purchases pushed longer-term yields higher and steepened curves across major developed markets. The Covid shock produced the opposite effect: aggressive rate cuts, abundant liquidity and large-scale asset purchases compressed short-term yields to near-zero levels, while longer yields remained relatively higher, resulting in steep upward-sloping curves. The 2022 Russia–Ukraine shock saw a broader upward shift as the surge in energy prices and inflation was followed by rapid monetary tightening.

  The West Asia crisis shows a broader rise across the curve. Short-term yields have moved up as markets price a tighter policy path, while yields at the 10- and 30-year tenors have also risen materially, with long-end rates in the US, UK, Germany and Japan now above levels seen during earlier shocks. The persistence of pressure at longer maturities points to factors beyond near-term monetary policy, including higher inflation uncertainty, larger government borrowing requirements and a higher term premia.

Figure 8: Change in sovereign yields across major economies since the West Asia crisis



Source: LSEG Workspace, NSE EPR. Notes: For Developed markets, we have used G7 countries: US, UK, Germany, France, Italy, Japan and Canada

Sovereign yields curve across major economies during previous shocks

Figure 9: Sovereign yield curve: US

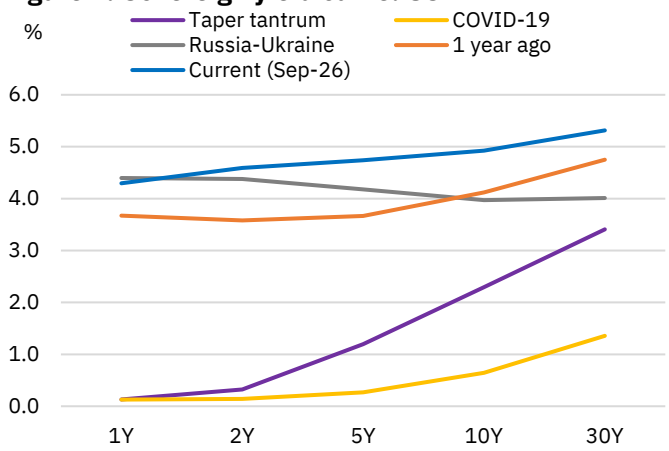
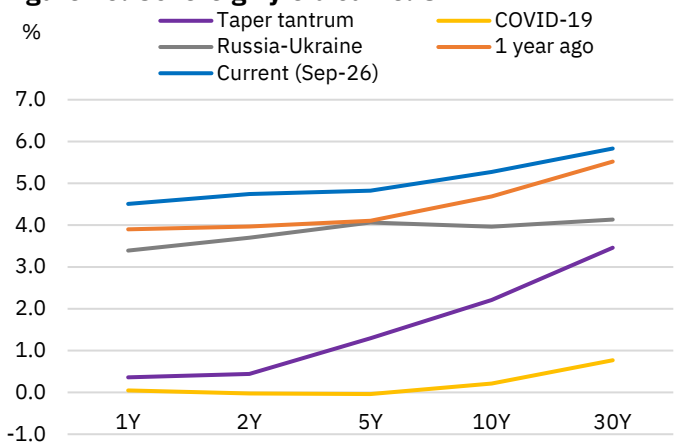


Figure 10: Sovereign yield curve: UK



Source: LSEG Workspace, NSE EPR.

Figure 11: Sovereign yield curve: Germany

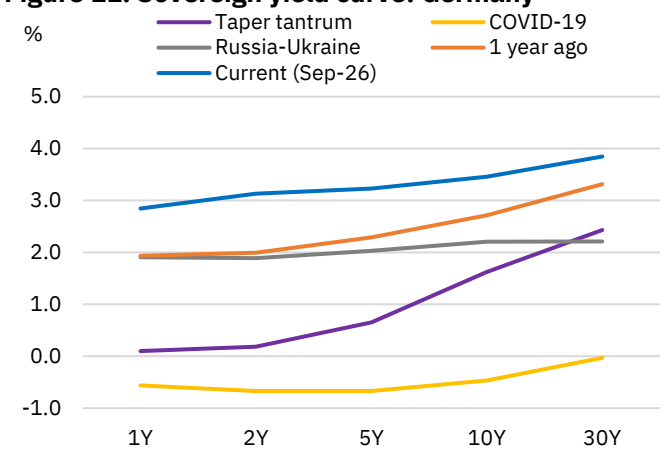
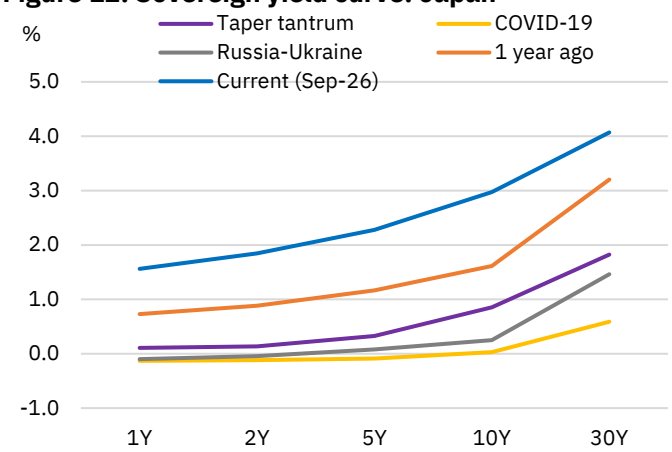


Figure 12: Sovereign yield curve: Japan



Source: LSEG Workspace, NSE EPR.

Figure 13: Sovereign yield curve: India

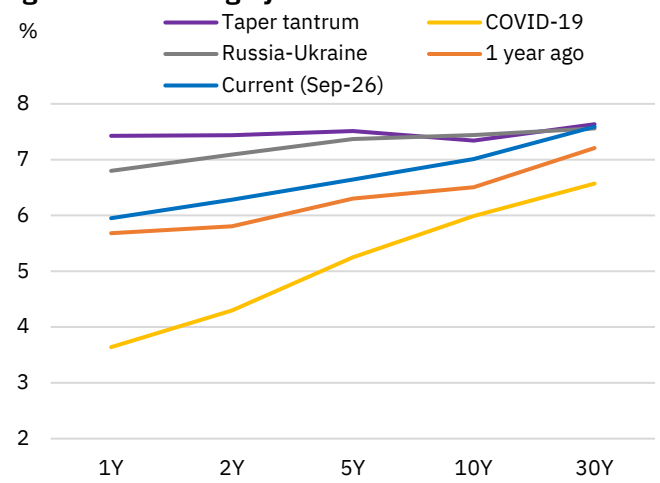
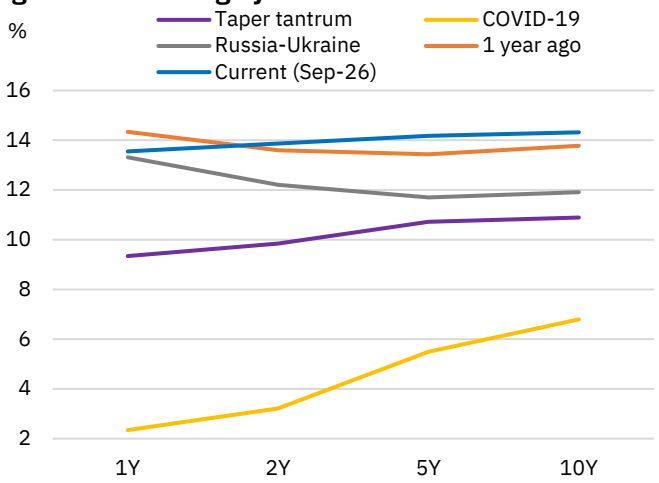


Figure 14: Sovereign yield curve: Brazil



Source: LSEG Workspace, NSE EPR. Note: For Brazil, data for 30Y sovereign bonds in not available.

- **Positive real sovereign yields make the current episode materially different from the 2022 inflation shock:** During the Russia-Ukraine episode, the rise in inflation substantially exceeded the increase in nominal sovereign yields, pushing average ex-post real 10-year yields deeply negative across developed markets: -5.4% in the US, -6.8% in the UK, -5.7% in Germany and -2.2% in Japan. The current episode presents a different configuration. Inflation remains elevated and exposed to renewed upside risks, but nominal yields have risen sufficiently to keep real yields positive: average real 10-year yields stand at around 1.1% in the US, 1.8% in the UK, 0.9% in Japan and 0.4% in Germany.

  When US Treasuries and other developed-market sovereign bonds offer positive inflation-adjusted returns, investors require a larger additional return to hold riskier emerging-market assets. This becomes particularly relevant where the relative yield differential is narrowing. In India's case, the India-US 10-year spread has compressed towards 2pp, compared with more than 5pp during the taper tantrum and around 4.4pp during the Russia-Ukraine shock. This reduces the relative carry advantage of EM assets and increases their sensitivity to changes in US rates. The same channel can strengthen the dollar and put pressure on EM currencies when investors rebalance towards higher-yielding dollar assets, particularly when the rate shock coincides with weaker external balances or higher commodity import costs.

Table 1: Nominal vs real sovereign yields

		Select DMs				Select EMs			
	%	US	Japan	UK	Germany	Brazil	Indonesia	S Africa	India
Taper tantrum	Peak nominal 10Y	2.8	0.7	2.9	1.9	11.8	8.4	7.8	8.6
	Avg inflation	1.6	0.5	2.8	1.7	6.3	6.9	6.0	9.6
	Peak inflation	2.0	1.1	2.9	2.0	6.7	8.2	6.4	10.5
	Avg real 10Y	0.9	0.3	**-0.4**	**0.0**	4.7	0.4	1.5	**-1.7**
Fed tightening	Peak nominal 10Y	3.2	0.1	1.6	0.5	10.7	8.6	9.2	7.9
	Avg inflation	2.5	1.1	2.5	1.7	3.6	3.2	4.5	4.3
	Peak inflation	2.9	1.5	3.0	2.3	4.6	3.4	5.2	5.1
	Avg real 10Y	0.4	**-1.0**	**-1.1**	**-1.2**	7.1	4.1	4.1	3.5
Russia-Ukraine conflict	Peak nominal 10Y	4.0	0.2	4.0	2.2	11.9	7.4	10.8	7.4
	Avg inflation	8.3	2.4	9.1	6.8	10.0	4.2	6.9	6.9
	Peak inflation	9.1	3.7	11.1	8.8	12.1	6.0	7.8	7.8
	Avg real 10Y	**-5.4**	**-2.2**	**-6.8**	**-5.7**	2.2	2.9	3.2	0.3
West Asia crisis	Peak nominal 10Y	4.9	3.0	5.3	3.5	14.3	7.1	8.8	7.0
	Avg inflation	3.3	1.6	2.9	2.6	4.4	3.3	4.0	4.0
	Peak inflation	4.2	1.9	3.3	3.3	4.7	4.8	5.0	5.5
	Avg real 10Y	1.1	0.9	1.8	0.4	9.8	3.5	4.5	2.8

Source: CEIC, CMIE Economic Outlook, LSEG Workspace, NSE EPR. Note: Real yield is calculated as nominal 10-year sovereign yield less average inflation.

- **Renewed price pressures have raised inflation risks across major economies:** Inflation has moved higher across several developed and emerging economies amid renewed energy pressures and heightened geopolitical uncertainty. In the US, UK and Germany, headline inflation has risen back to around 3–4% by August/September 2026, while inflation in Japan has also edged higher. A similar increase is visible across major emerging markets, with inflation rising to around 5% in India and South Africa and remaining elevated in Brazil. The renewed increase comes at a time when energy-market uncertainty remains high, raising the risk of second-round effects through transport, production and broader input costs and making the return of inflation towards central-bank targets more difficult.

- **Higher inflation risks have interrupted the global easing cycle:** The change in the inflation backdrop has already prompted a turn in monetary policy, with seven of the ten economies in the sample raising policy rates in 2026. Indonesia has tightened by around 100bps, while France, Germany, Japan and South Africa have raised rates by around 50bps and India and the US by around 25bps. With inflation still above target in several economies and risks tilted to the upside, expectations of further tightening—or policy rates remaining high for longer—have also strengthened, adding to the repricing of sovereign yields across maturities.

Figure 15: CPI inflation for select DMs

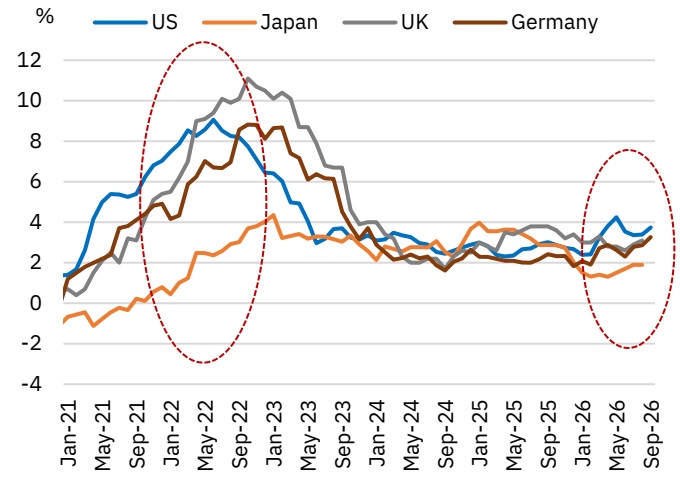
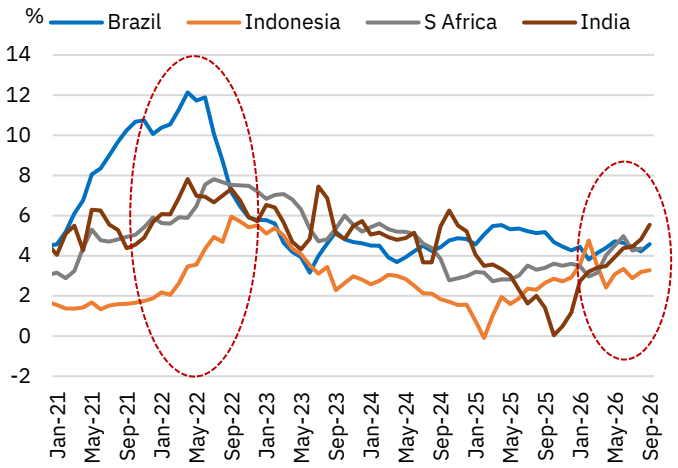


Figure 16: CPI inflation for select EMs



Source: CEIC, NSE EPR.

Figure 17: Policy rates for select DMs

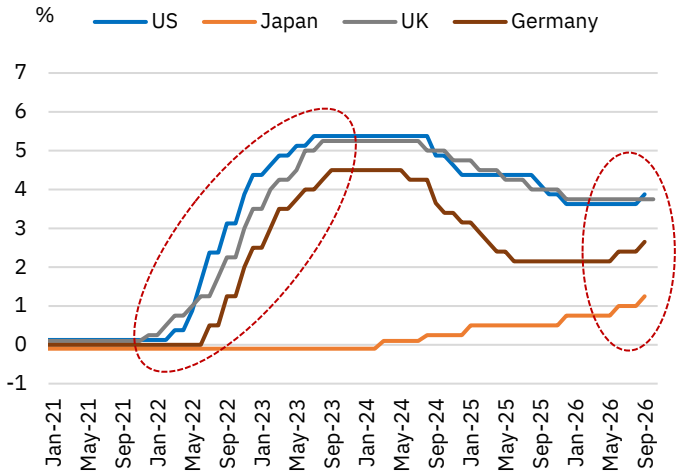
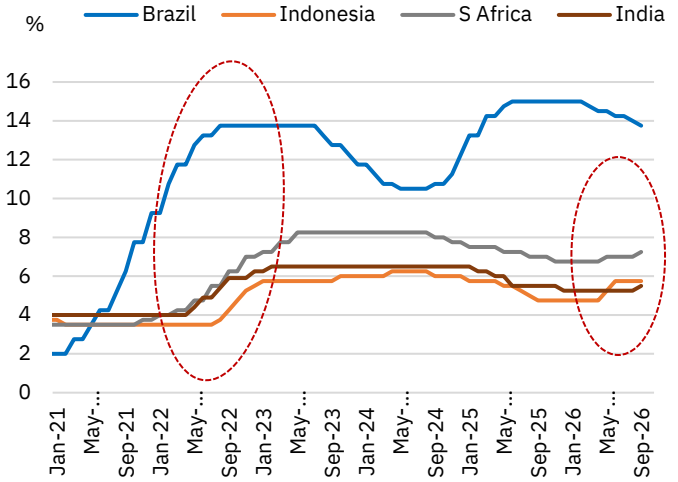
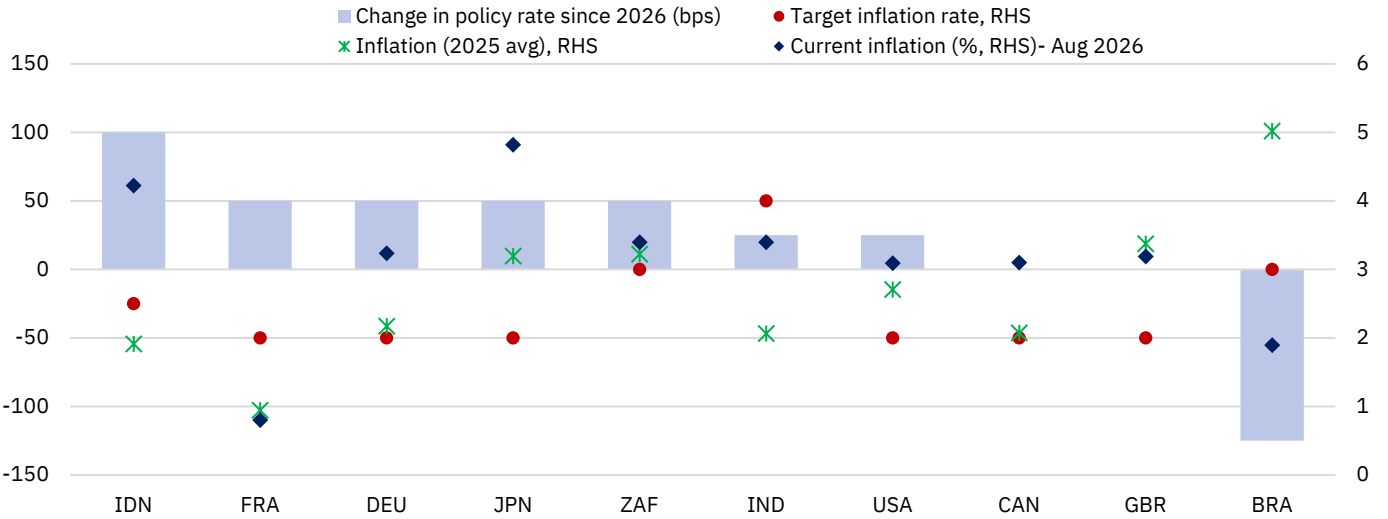


Figure 18: Policy rates for select EMs



Source: CEIC, NSE EPR.

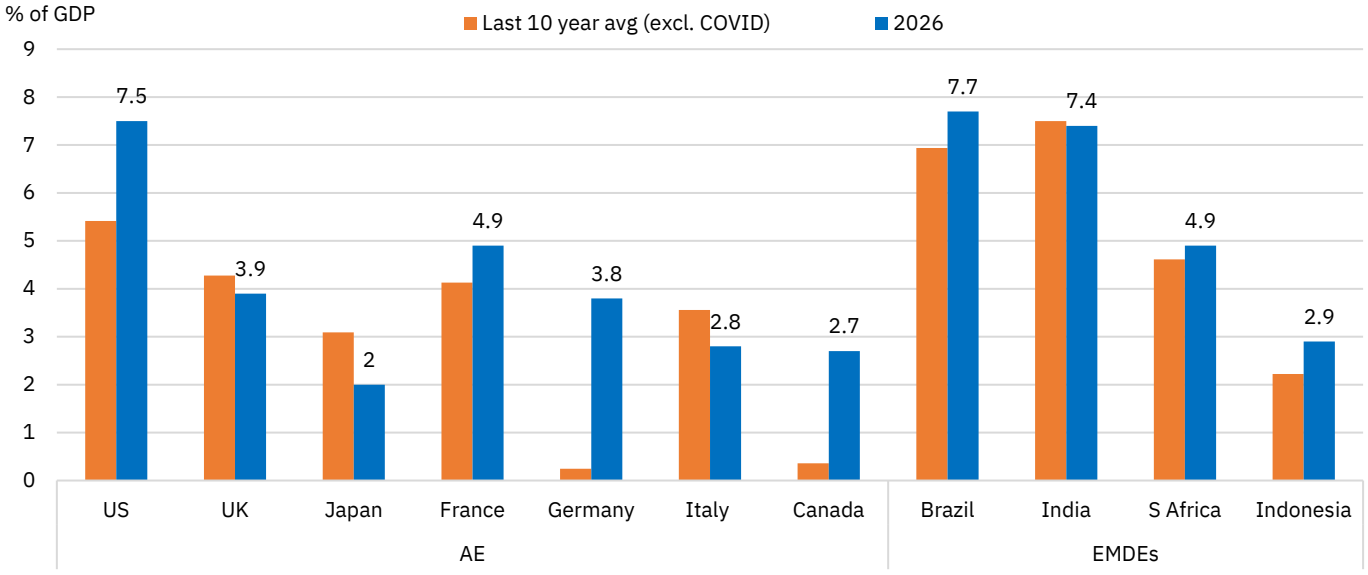
Figure 19: Central bank policy action since the West Asia Crisis



Source: CEIC, NSE EPR. Note: IDN= Indonesia, FRA= France, DEU= Germany, JPN= Japan, ZAF= South Africa, IND= India, USA= United States, CAN= Canada, GBR= United Kingdom, BRA= Brazil.

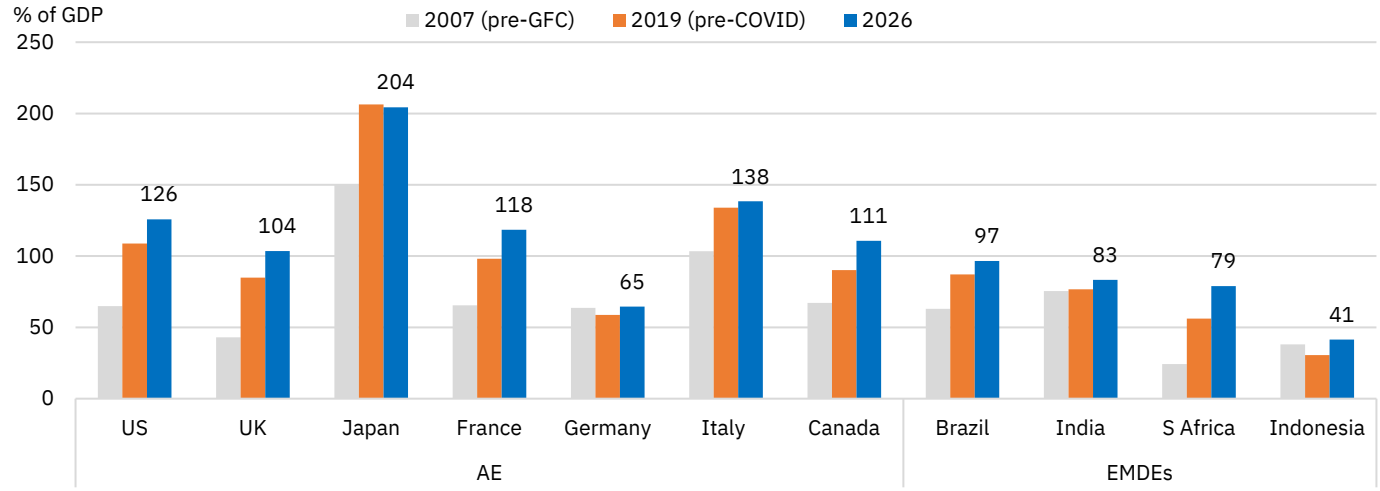
- **Persistent fiscal deficits are keeping sovereign borrowing requirements elevated:** Fiscal positions remain stretched across several major economies even outside the pandemic period. The US general government deficit is estimated at 7.5% of GDP in 2026, around 2pp above its average over the previous decade excluding Covid, while deficits in France and Germany are also above their respective historical averages at 4.9% and 3.8% of GDP. Among EMDEs, Brazil continues to run a sizeable deficit of 7.7% of GDP, while India's deficit remains elevated at 7.4%. Persistently large deficits imply continued heavy sovereign issuance at a time when borrowing costs have already risen sharply, increasing the amount of debt that markets need to absorb at higher yields.
- **Higher yields are turning elevated debt stocks into a more binding fiscal constraint:** The fiscal implications of the current rise in sovereign yields are amplified by the much larger stock of government debt accumulated over the past two decades. US general government debt is estimated at 126% of GDP in 2026, nearly double its pre-GFC level of around 65%, while debt ratios have reached 118% in France, 138% in Italy and 104% in the UK. The impact is already visible in debt-servicing costs: US interest payments increased to 4.0% of GDP in 2024 from around 2.4% in 2000, while the burden stood at 8.3% in Brazil and 5.3% in South Africa. Importantly, high debt does not translate mechanically into high interest costs—Japan's debt remains above 200% of GDP, but interest payments were only around 1.5% of GDP in 2024, reflecting the exceptionally low rates locked in on its existing debt stock. The concern now is the refinancing channel: as older low-cost debt matures and is refinanced at today's higher interest rates, the government's average borrowing cost will rise gradually. This is particularly relevant for the US with the 10-year Treasury yield moving above 5%, as higher interest expenditure can itself widen fiscal deficits and increase future borrowing requirements, creating additional supply pressure on sovereign yields.

Figure 20: General government fiscal deficit % of GDP



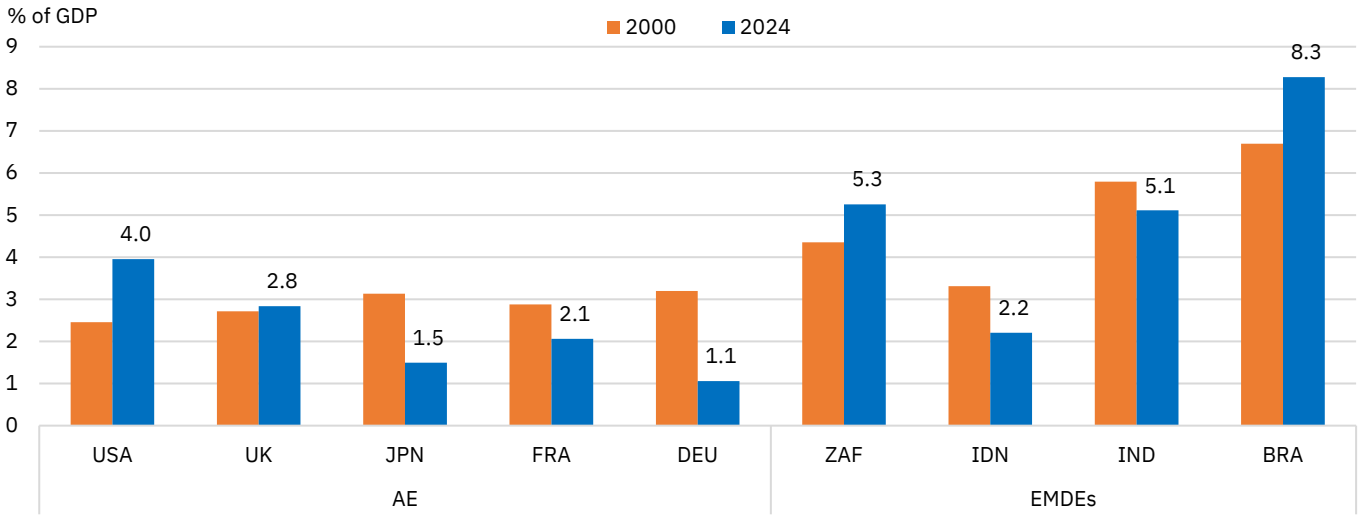
Source: IMF World Economic Outlook, NSE EPR. Note: 1) Fiscal deficit for 2026 are IMF estimates and correspond to the general government. COVID periods correspond to 2020 & 2021.

Figure 21: Government debt levels % of GDP



Source: IMF World Economic Outlook, NSE EPR. Note: 1) Government debt level % of GDP for 2026 are IMF estimates.

Figure 22: Interest on public debt (as a % of GDP)



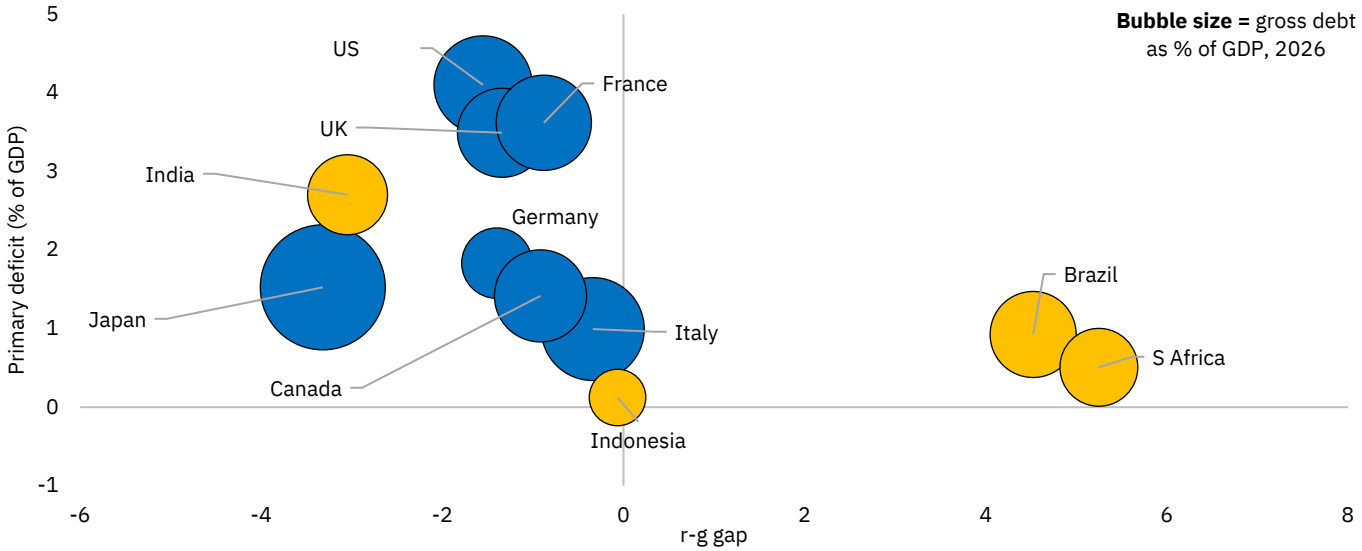
Source: IMF World Economic Outlook, NSE EPR. Note: DEU= Germany, ZAF= South Africa, AE = Advanced economies, EMDEs = Emerging Market & Developing Economies.

- **Debt dynamics remain manageable where growth continues to outpace borrowing costs, but large primary deficits are eroding that cushion:** A negative r-g gap remains an important support for debt dynamics, as nominal GDP growth continues to outpace the effective interest rate on government debt (nominal 10Y sovereign yield used as proxy) across most developed economies. However, this cushion is being eroded by persistent primary deficits and rising refinancing costs. The US, UK and France continue to record sizeable primary deficits of around 3.5–4% of GDP despite favourable r-g gaps, while debt ratios remain elevated. As older low-cost debt is refinanced at prevailing market rates, the effective interest burden is likely to rise, narrowing the r-g advantage and increasing the fiscal adjustment required to stabilise debt.

- **The risk is more immediate where r-g is already positive:** Brazil and South Africa stand out with interest-growth differentials of around +4-5pp alongside continued primary deficits, implying that debt ratios face upward pressure from both higher servicing costs and the underlying fiscal position. India remains relatively better placed, with nominal growth exceeding the effective interest rate by around 3pp,

although a primary deficit of close to 3% of GDP limits the benefit of this growth cushion. Japan also retains a favourable r-g differential, but its exceptionally high debt stock leaves debt dynamics sensitive to a sustained increase in effective borrowing costs.

Figure 23: Debt sustainability analysis



Source: IMF World Economic Outlook, NSE EPR. Note: 1) r-g gap and primary deficit as % of GDP correspond to an average of 2023-2025. Blue signifies developed economies and yellow signifies emerging market economies.

Earlier selloffs were dominated by one principal source of repricing. The 2013 taper tantrum reflected expectations of reduced Fed asset purchases, the 2017–18 episode coincided with rate hikes and balance-sheet normalisation, while the 2022 sell-off was driven primarily by the inflation shock and aggressive monetary tightening. The current shock is different in that renewed inflation risks and tighter policy expectations are coinciding with a much weaker fiscal backdrop.

Table 2: How this is different from previous shock episodes?

United States	Taper tantrum	Fed tightening	Russia-Ukraine conflict	West Asia crisis
Change in 10Y (bps)	107.1	74.8	220.8	78.4
Average inflation (%)	1.6	2.5	8.3	3.3
Peak inflation (%)	2.0	2.9	9.1	4.2
Change in policy rate (bps)	0.0	75.0	300.0	25.0
Fiscal balance (% of GDP)	-4.6	-5.3	-3.7	-7.5
Gross debt (% of GDP)	105.0	107.7	119.1	125.8

Source: CEIC, CMIE Economic Outlook, LSEG Workspace, NSE EPR.

Implications for the markets in the recent conflict

- **Higher sovereign yields are reshaping the cross-asset response to the geopolitical shock:** The current episode combines a sharp rise in energy prices with elevated nominal and real sovereign yields, producing a different market response from a conventional risk-off shock. Brent crude rose 26.9% during March-May and a further 15.8% during the September re-escalation, reinforcing inflation and policy-rate concerns. At the same time, higher real yields increased the return

available on sovereign fixed income and raised discount rates across risk assets. Equity performance was initially mixed, with the S&P 500 and Nikkei remaining resilient during March-May, but the September phase saw broader weakness across developed and emerging markets as the US 10-year yield approached 5%. Precious metals moved in the opposite direction to oil, with gold falling 12.6% during March-May and 6.2% in September, consistent with the drag from higher real yields offsetting part of the safe-haven demand normally associated with geopolitical stress.

Table 3: Index-wise equity returns and selected commodity returns during the West-Asia crisis

		West Asia conflict (Mar-May'26)	Re-escalation of WA conflict (Sept'26)
US 10Y yield change (bps)		47.3	44.8
Markets	**Index**		
Developed Markets	MSCI World	6.8	-1.3
	S&P 500	10.2	-0.5
	Euro Stoxx 50	-1.4	-2.4
	FTSE 100	-4.6	-2.0
	Nikkei 225	12.7	0.7
Emerging Markets	MSCI EM	8.8	-0.8
	Shanghai SE Composite	-2.3	-3.6
	KOSPI	35.7	0.3
	Brazil Bovespa	-7.3	5.0
	IDX Composite	-25.6	-7.0
India	Nifty 50	-6.5	-6.1
	Commodity		
	Brent Crude Oil (US$/bbl)	26.9	15.8
	Gold Spot Price (US$/troy ounce)	-12.6	-6.2
	Silver Spot Price (US$/troy ounce)	-19.8	-9.2

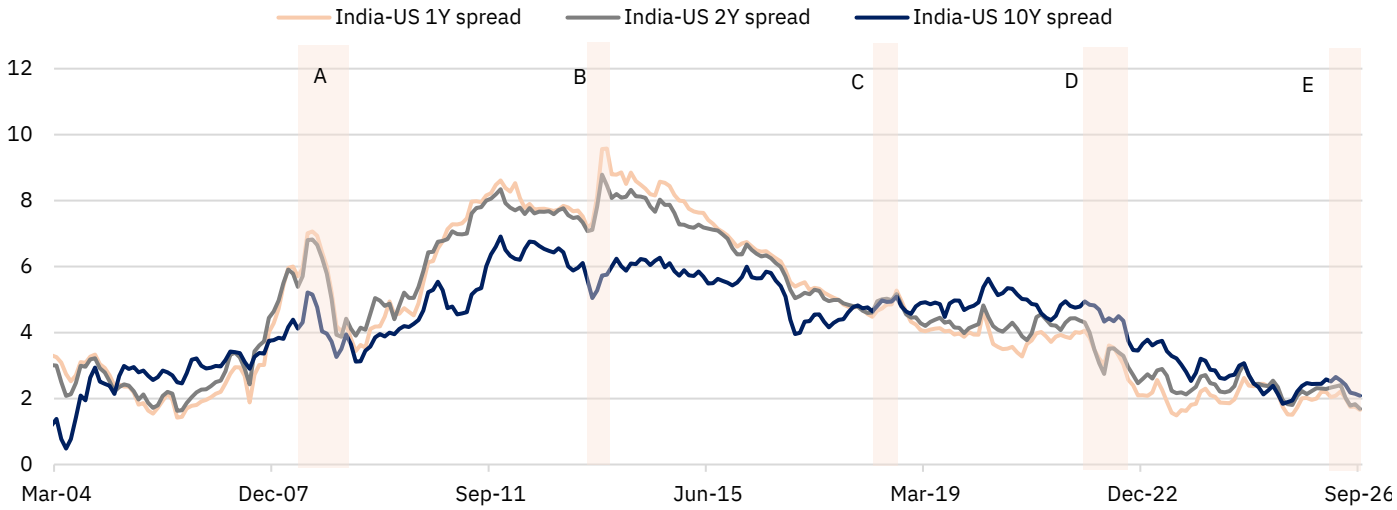
Source: LSEG Workspace, NSE EPR.

Impact on India

- **India's external rate cushion has narrowed sharply in the current episode:** The India–US sovereign yield spread has compressed to multi-year lows, with the 10-year spread narrowing to 2.1pp in September 2026, from an average of 5.4pp during the taper tantrum and 4.4pp during the Russia–Ukraine shock. The compression has come alongside a rise in the US 10-year yield to nearly 5%, even as Brent crude has remained above US$100/bbl. For India, this represents an unusually adverse combination of tighter global financial conditions and an unfavourable terms-of-trade shock: the lower relative yield differential reduces the carry advantage on Indian fixed income, while elevated crude prices add to imported inflation and external financing pressures.
- **Portfolio flows have borne the brunt of the adjustment, while domestic liquidity has limited the market correction:** Average monthly FPI outflows rose to US$7.5bn during March-May 2026 and remained sizeable at US$3.8bn in September, compared with US$1.3bn during the taper tantrum. The impact on domestic equities, however, has been partly absorbed by stronger domestic

institutional participation, with DII inflows averaging US$9.8bn during March-May and US$8.0bn in September. Consequently, the Nifty50 correction was contained at around 6% in both phases of the current shock, although the fall was larger in US dollar terms during March-May as the rupee depreciated by 2.8%.

Figure 24: India-US sovereign bond spread



Source: LSEG Workspace, NSE EPR. Note: For reference, A= Global Financial crisis (May 2008-March 2009), B= Taper tantrum (May-September 2013), C= Fed tightening cycle (January-October 2018), D= Russia-Ukraine conflict (February-October 2022) and E= West Asia crisis (since January 2026 till date).

Table 4: Impact of geopolitical uncertainty on India

	Nifty50 return (eop) %	Nifty50 USD return (eop)%	Brent crude (average)	US 10Y (average)	India 10Y (average)	Rupee/$ avg. movement	FPI flows – monthly avg. (US$ mn)	DII flows monthly avg. (US$ mn)
Units	**%**	**%**	**US$/bl**	**%**	**%**	**Change %**	**US$ mn**	**US$ mn**
Global financial crisis	-53	-62.5	107.7	3.78	8.17	-19		1,606
India taper tantrum	-8.6	-22.4	106.6	2.53	7.88	-7.2	-1,256	728
Russia-Ukraine conflict	-9.6	-13.3	113	2.93	7.3	-2.4	-4,617	5,488
West Asia conflict (Mar-May'26)	**-6.5**	**-10.4**	**107.7**	**4.35**	**6.92**	**-2.8**	**-7,549**	**9,839**
Re-escalation of WA conflict (September'26)	**-6.1**	**-6.7**	**109.7**	**4.98**	**7.04**	**0**	**-3,750**	**8,030**

Source: LSEG workspace, CMIE Economic Outlook, NSDL, NSE EPR Notes: 1) eop= end of period 2) –ve sign in rupee movement indicates depreciation of rupee

2 Macroeconomy

Resilience, Rate hikes and Renewed global headwinds

The global economy entered a more uncertain phase through September and October as renewed geopolitical escalation reversed the respite following the US-Iran ceasefire. Disruptions around the Strait of Hormuz and Bab el-Mandeb, alongside Houthi attacks on Saudi energy infrastructure, pushed Brent above US$100/bbl, reviving inflation and supply concerns. Higher energy prices, fiscal vulnerabilities and hawkish monetary policy expectations drove sovereign yields in several advanced economies to multi-year or multi-decade highs, unsettling equity, bond and currency markets. Reflecting persistent inflation risks, the US Fed, ECB and BoJ each raised policy rates by 25bps in September. The Fed's target range reached 3.75–4.00%, with markets pricing around a 90% probability of another hike by December. Political unrest in France and trade policy uncertainty added to the risks. The IMF's October 2026 outlook projects global growth of 3.1% in 2026 and 3.4% in 2027, with inflation at 4.7% this year. AI-led infrastructure spending remains an important counterweight, although constrained power and computing capacity, rising investment commitments and uncertain revenue prospects raise questions about its sustainability and eventual overcapacity.

India, meanwhile, continues to demonstrate resilience in domestic demand and investment, despite mounting external pressures. Industrial production increased 8.0% YoY in August, led by manufacturing and capital goods, while bank credit grew 19.4%[1] and September merchandise exports rose 23%. Domestic PV sales increased by over 28% in H1FY27, while GST collections exceeding Rs 2 lakh crore, buoyant services activity, sustained government capex and festive-season demand signal continued momentum. Reflecting this strength, the RBI upgraded its FY27 GDP growth projection by 40bps to 7.1%. The IMF also raised its FY27 growth forecast by 60bps to 7.0% in October, citing resilient domestic demand and services activity. However, CPI inflation reached a 23-month high of 5.5% in September and WPI inflation surged to 11.4%, signalling growing input-cost pressures. The 12.6% southwest monsoon deficit, the largest in 11 years, and below-average reservoirs have heightened agricultural risks. Aggregate kharif sowing was only 1.2% lower YoY, masking crop-specific weakness in major agricultural-producing states affected by deficient rainfall. Elevated crude prices, rupee depreciation and rising G-Sec yields have compounded these pressures. Against this backdrop, the MPC unanimously raised the repo rate by 25bps to 5.5% in October and shifted the stance to *"calibrated tightening"*. The RBI has also deployed OMO sales (of around Rs 1.25 lakh crore since September), tighter CRR maintenance requirements and targeted foreign-exchange measures to manage liquidity and currency volatility. With inflation projected to average 5.8% over the next three quarters, rate cuts appear unlikely; the extent of further hikes and effectiveness of monetary transmission will be critical. India's challenge remains to preserve growth while containing the broadening of price pressures across the economy, a stabilisation challenge that resonates with the work of 2026 Economics Nobel laureates Robert E. Hall and Michael Woodford.

- **RBI MPC stays on hold, in line with expectations:** In line with market expectations, the RBI's MPC unanimously raised the repo rate by 25bps to 5.5%, the first hike since February 2023, while shifting the stance to "*calibrated tightening*." The move reflects a reassessment of inflation risks, with the FY27 CPI forecast raised by 20bps to 5.2% and inflation expected to average 5.8% over the next three quarters. Core inflation at 4.4% suggests some broadening of price pressures, although inflation remains predominantly supply-driven. Meanwhile, resilient growth, with the FY27 GDP forecast upgraded by 40bps to 7.1%, provides room for pre-emptive tightening to contain second-round effects and anchor inflation expectations. The October action likely marks the beginning of a shallow tightening cycle, with further calibrated hikes possible and rate cuts unlikely in the near term. However, persistent surplus liquidity of over Rs 5 lakh crore warrants active management to ensure effective monetary transmission.

[1] Data as of September 30th, 2026 as per RBI's Weekly Statistical Statement (WSS)

- **Industrial activity strengthens in August, led by manufacturing and capital goods:** India's IIP growth accelerated to 8.0% YoY in August, driven by manufacturing (9.0%) and electricity & gas (12.3%). Use-based classification pointed to robust growth in capital goods (16.9%) and intermediate goods (13.7%), alongside consumer durables (11.0%) even as primary goods (3.5%) and non-durables (2.0% YoY) growth remained subdued. Manufacturing momentum remained broad-based, with 18 of 23 industries recording positive growth and 10 recorded double-digit growth. Key contributors of the growth primarily included electrical equipment (30.9%), other transport equipment (25.3%), motor vehicles, trailers and semi-trailers (25.2%) and rubber (21.4%). In contrast, core sector growth moderated marginally to 4.8% YoY in August from 5.0% in July, with five of the nine sectors recording positive growth. Meanwhile, manufacturing and services PMI remained in expansionary territory at 55.1 and 55.2, respectively.
- **Headline inflation rose to a 23-month high in September:** Headline CPI inflation rose to 5.5% YoY in September from 4.8% in August, remaining above the RBI's target of 4% for the fourth consecutive month while the quarterly average for Q2FY27 was 4.9% YoY (vs. 3.9% in Q1). The monthly increase was led by surge in food prices (7.4% YoY) amid deficient monsoon, alongside inflation accelerating in restaurants and accommodation (9.4% YoY) and transport (5% YoY). Within food, price pressures were concentrated in vegetables and pulses (9.2% YoY), sugar (13.8%) and fruits & nuts (10.8%). Core inflation edged up to 4.3% YoY, while super-core inflation increased to 3.1% from 2.8% coupled with 22% of the items with a cumulative weight of 27.5% in September'26 having inflation above 6%, indicating a gradual broadening of inflationary pressures beyond food.
- **WPI and output PPI surged driven by broad-based price pressures** India's wholesale price inflation (WPI) rose to 11.4% YoY in September 2026, up from 9.9% in August, the highest level since the start of the new series, led by a combination of price momentum, low-base effect and reflected geopolitical disruptions and associated impact on global commodity prices. The increase was broad-based, led by food inflation, which reached a 21-month high of 8.7% YoY, and fuel & power inflation, which rose to 25.9% YoY. Inflation in manufactured products also accelerated to 9.8% YoY, with seven of 23 manufacturing industries recording double-digit inflation. Output PPI remained elevated at 11.4% YoY, with manufacturing inflation rising to 12.6% YoY and mining & quarrying to 21.3% YoY. Within manufacturing, inflation remained particularly high in coke & refined petroleum products (39.6% YoY), basic metals (17.3%), chemical & chemical products (16.7%) and textiles (16.1%), pointing to persistent price pressures across key manufacturing segments.
- **Weak and uneven monsoon is likely to weigh on agriculture activity:** Cumulative rainfall during the 2026 Southwest (SW) monsoon season stood at 759.4 mm, 12.6% below the long-period average (LPA) of 868.6 mm, marking the driest monsoon in 11 years, compared with a 7.9% surplus in 2025. Rainfall distribution remained uneven, with East and North-East India and the South Peninsula recording deficits of 25.6% and 24.3%, respectively. Of the 36 meteorological subdivisions, 17 subdivisions, covering 42% of the country's area, received deficient rainfall. Reservoir storage stood at 70.8% of capacity at end-September, below the 10-year average of 78.5% and the year-earlier level of 89.5% has seen lower sowing activity in specific products. Aggregate kharif sowing this season was

only modestly lower by 1.2% YoY compared with last year, masking crop-specific pressures in key agricultural states such as Karnataka, Tamil Nadu, Maharashtra and Bihar, where deficient rainfall has coincided with weaker sowing activity in select crops. Meanwhile, food and beverages inflation accelerated to 7.4% in September from 5.7% in August, reflecting elevated prices of vegetables, pulses, fruits and nuts.

- **Merchandise trade deficit widens despite robust export growth:** India's merchandise trade deficit widened to US$30.2bn in September'26, despite exports surging to a four-month high of US$44.4bn (+23% YoY), driven by a sharper sequential increase in imports (+5.5% MoM). Oil imports rose to a three-month high amid elevated crude oil prices, which averaged over US$100/bbl during the month. Cumulatively, merchandise exports surged by 18.5% YoY to nearly US$260bn in H1FY27, supported by broad-based growth in petroleum products (+37.1%), engineering goods (+21.4%) and electronics (+41.5%), reflecting policy support and resilient global demand. Nevertheless, the merchandise trade deficit widened to US$177.6bn from US$156.9bn in H1FY26, driven by healthy growth in both oil and non-oil imports, even as gold and silver imports contracted. Meanwhile, the estimated net services surplus declined by 10.2% YoY in September to US$16.9bn, as services receipts remained broadly flat while payments increased by ~9%.

- **Bank credit and deposit growth remain robust in September:** Bank credit growth remained robust ahead of RBI's tightening cycle, expanding by 19.4% YoY as of end-September'26, as per RBI's Weekly Statistical Supplement. Sectoral data for August indicated broad-based credit expansion, led by services (+24.3% YoY) and industry (+18.2%), with granular trends pointing to sustained buoyancy in credit to MSMEs, NBFCs, vehicle & housing loans and loans against gold. Meanwhile, deposit growth witnessed a notable acceleration over the last two months, reaching 17.8% YoY by end-September, supported by sizeable FCNR(B) deposit mobilisation. The faster pace of deposit growth has helped partially ease the elevated credit-deposit ratio and reduce banks' reliance on CD issuances. Accordingly, CD issuances moderated to Rs 56k crore in August, before rebounding to around Rs 1.2 lakh crore in September amid quarter-end funding requirements.

- **Fiscal deficit widens driven by higher capex and subsidy spending:** The Centre's fiscal deficit in 5MFY27 (Apr-Aug) stood at Rs 7.1 lakh crore (41.9% of FY27BE), compared with Rs 6 lakh crore during the corresponding period last year. Gross tax revenues grew by 6.5% YoY to Rs 14.3 lakh crore, led by buoyant growth in corporate tax (+15.4%) and income tax (+12.3%). In contrast, lower GST collections (-3.4% YoY) and excise duty (-22.6% YoY) has partly weighed on revenue receipts. On the expenditure side, capital expenditure remained robust, rising 18.2% YoY (41.7% of FY27BE), while revenue expenditure increased by a modest pace 8.2% YoY, driven by a 24.4% increase in subsidy expenditure, partly offset by contraction in interest payments. The Centre has pegged the half-yearly borrowings for H2-FY27 at Rs 7.86 lakh crore, marginally lower than Rs 8 lakh crore in H1-FY27, with the Government revising the full-year number to Rs 16 lakh crore from the budgeted number of Rs 17.2 lakh crore.

Table 5: High frequency indicators

Indicators		Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Consumption							
Auto volumes - passenger (domestic)	YoY%	32.7	28.8	15.7	37.6	23.8	19.6
2W volumes (domestic)	YoY%	28.4	14.8	18.6	22.6	10.5	13.5
Tractor volumes	YoY%	26.8	19.6	11.9	20.5	7.7	-18.1
Vehicle registrations	YoY%	13.8	11.3	23.8	27.7	19.2	31.9
Personal loans	YoY%	16.0	15.4	15.8	16.2	16.9	
IIP-Consumer durables	YoY%	5.6	8.0	10.3	12.0	11.1	
IIP-Consumer non-durables	YoY%	0.2	-0.4	5.6	-0.8	2.1	
Petrol Consumption	YoY%	6.8	3.4	7.5	9.2	8.2	8.0
Diesel Consumption	YoY%	0.8	1.6	6.1	10.0	6.8	5.6
GST collections	Rs lakh crore	2.4	1.9	1.9	2.1	2.0	2.0
MGNREGA Work Demand	YoY%	-36.0	-34.3	-23.8	-38.1	9.0	36.1
CPI	YoY%	3.5	3.9	4.4	4.5	4.8	5.5
WPI	YoY%	8.4	9.9	10.0	9.8	9.9	11.4
Investment							
IIP-Capital goods	YoY%	12.0	15.5	17.9	19.0	16.9	
Central government capex	YoY%	18.8	-0.6	66.0	53.7	-29.9	
IIP- Infra/ construction goods	YoY%	6.1	6.6	8.8	8.0	6.4	
External sector							
Merchandise exports	YoY%	11.1	17.1	14.4	19.7	26.1	23.1
Merchandise imports	YoY%	10.0	20.6	30.9	17.4	14.1	8.0
Non-POL, Non-gold and silver imports	YoY%	14.1	9.9	29.5	19.5	18.4	21.9
Services (net)	YoY%	15.4	-1.5	9.1	7.3	6.0	-10.2
Foreign exchange reserves	US$ bn	698.5	682.3	666.9	692.9	740.8	747.6
Business activity							
IIP	YoY%	4.9	5.0	8.8	7.4	8.0	
IIP-Manufacturing	YoY%	6.1	5.2	9.5	8.2	9.0	
Core sector: Coal	YoY%	-9.0	-9.5	1.4	7.6	-3.8	
Core sector: Steel	YoY%	4.7	5.1	5.6	1.9	3.4	
Core sector: Cement	YoY%	8.3	8.4	9.9	12.7	12.5	
Core sector: Electricity	YoY%	5.5	11.2	11.4	8.4	11.6	
Manufacturing PMI	Index	54.7	55.0	54.2	53.5	52.8	55.1
Domestic cargo traffic	YoY%	7.0	10.7	9.4	4.2	3.5	
International cargo traffic	YoY%	11.6	10.4	19.4	14.9	15.5	
Port cargo	YoY%	1.4	3.9	3.7	6.4	6.9	6.3
E-way bills	YoY%	11.8	11.5	14.5	6.0	7.7	7.2
Services/ banking							
Services PMI	Index	58.8	59.8	57.4	53.3	54.1	55.2
Domestic passengers traffic	YoY%	-2.9	7.7	-1.2	-4.7	-6.0	
International passengers traffic	YoY%	-16.1	-9.1	-4.6	-4.6	-4.0	
Bank deposit	YoY%	13.3	12.2	13.3	15.4	17.6	17.8
Bank credit	YoY%	16.6	17.7	18.6	19.3	20.1	19.4
Banking system liquidity (Net injection(+)/absorption(-))	Rs lakh crore	-2.6	-1.4	-1.8	-2.3	-4.2	-4.0

Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Port cargo traffic is cargo traffic including transshipment for all commodities. 2) Bank credit and deposit growth for September 2026 corresponds to RBI WSS.

2.1 RBI Monetary Policy: Beginning of a shallow tightening cycle

In line with market expectations, the RBI's Monetary Policy Committee (MPC) unanimously raised the repo rate by 25bps to 5.5% and shifted the stance to "calibrated tightening", marking the first rate hike since February 2023. The policy tone was relatively hawkish, reflecting a less favourable growth-inflation balance and a clear reassessment of the inflation trajectory. The FY27 CPI inflation forecast was revised up by 20bps to 5.2%, with inflation expected to average at around 5.8% over the next three quarters. Core inflation is projected at 4.4%, indicating some broadening in underlying price pressures, although inflation remains predominantly supply-driven, with limited evidence so far of sustained demand-side pressures. At the same time, the FY27 GDP growth forecast was revised up by 40bps to 7.1%, supported by resilient private consumption, investment, manufacturing, services and exports. This resilience gives the RBI greater room to prioritise inflation containment without materially compromising growth at this stage.

The October action is likely to mark the beginning of a calibrated tightening cycle. With the policy rate at 5.5% and inflation projected to remain elevated over the coming quarters, the ex-ante real policy rate is likely to stay mildly negative initially. Further calibrated hikes could move real rates modestly into positive territory, although monetary conditions may still remain short of becoming significantly restrictive. Rate cuts therefore are unlikely in the near term, leaving the policy choice between a pause and further tightening. The terminal rate will depend on the persistence and breadth of inflation, the emergence of second-round effects and the degree to which higher rates begin to weigh on activity. Sizeable surplus liquidity remains an additional complication, as weaker transmission could dilute the intended tightening impulse, making active liquidity management imperative.

- **First rate hike since February 2023; stance shifts to calibrated tightening…:** In line with market expectations, the MPC unanimously raised the policy repo rate by 25 bps to 5.5% in its October meeting and changed the stance to "*calibrated tightening.*" This marks the first rate hike since February'23, after an extended period of status quo at 6.5% through February'25, followed by a cumulative 125 bps of easing between February and December 2025. The move reflects a less favourable growth-inflation balance, with resilient growth providing policy space even as inflation risks have strengthened. Accordingly, the SDF and MSF rates were raised to 5.25% and 5.75%, respectively.

The RBI's MPC unanimously decided to raise the policy repo rate by 25bps for the first time since February 2023, while changing the stance to "Calibrated tightening."

- **…as inflation risks warrant policy recalibration:** The MPC noted that inflation and its outlook are no longer as benign as last year, with headline CPI expected to average 5.8% over the next three quarters and core inflation projected at 4.4% in FY27. The rate hike is therefore aimed at containing second-round effects and preventing supply shocks from becoming embedded in pricing behaviour. The shift in the stance to *calibrated tightening*, last adopted in October 2018, signals that rate cuts are off the table in the near term, with the policy choice now between a pause and further hikes. The extent and duration of tightening will remain contingent on underlying inflation, the broadening of price pressures, second-round effects and evolving demand conditions.

- **Inflation outlook turns less benign…:** The MPC noted that inflation pressures have become more broad-based, even as supply-side factors remain the dominant driver. Signs of generalisation are also visible in diffusion indicators, with the weighted share of CPI items recording inflation above 4% rising to around 37% in August. Reflecting the firmer trajectory, the RBI raised its FY27 headline CPI inflation forecast by 20 bps to 5.2%, with Q2 projected at 4.9%, Q3 at 6.0% and Q4 at 5.7%; Q1FY28 inflation is projected at 5.6%. Core inflation for FY27 is now projected at 4.4%. Going forward, deficient monsoon conditions, El Nino, elevated crude oil prices and broader food-price pressures are expected to keep near-term

FY27 inflation has been revised up by 20bps to 5.2% while GDP growth is projected to be 40bps higher at 7.1%.

inflation elevated, although signs of supply shocks becoming embedded in pricing behaviour remain limited.

- **...while growth projections see a significant upgrade:** Domestic economic activity has remained resilient despite persistent global headwinds, with Q1FY27 real GDP growth at 7.8%, supported by robust private consumption, strong investment activity and a positive contribution from net exports. High-frequency indicators suggest that momentum has continued into Q2, aided by firm manufacturing activity, resilient discretionary consumption, sustained services-sector expansion and strong credit flows. Reflecting this broad-based strength, the RBI raised its FY27 real GDP growth forecast sharply by 40 bps to 7.1%, with Q2 projected at 7.2% (+80bps), Q3 at 6.9% (+40 bps) and Q4 at 6.8%; Q1FY28 growth is projected at 7.1%. Going forward, continued infrastructure spending, a rebound in private capex, buoyant services exports and recent trade agreements are expected to support activity. However, lagged implication of deficient SW monsoon conditions and strong global El Nino on upcoming rabi season, elevated commodity prices, geopolitical tensions, trade frictions and tighter global financial conditions remain key downside risks.

- **Liquidity surplus widens; RBI steps up management to align WACR:** Banking-system liquidity increased substantially since the August policy, with the average daily surplus under the LAF rising to Rs 5.9 lakh crore (vs. Rs 1.2 lakh crore in July). The sizeable surplus kept the WACR largely in the lower half of the policy corridor, averaging around 14 bps below the repo rate since the August policy, while short-term money-market rates also softened. Transmission to bank rates remained uneven: the weighted average lending rate on fresh rupee loans hardened by 8bps during July–August, while fresh term-deposit rates declined by 28bps, partly reflecting abundant liquidity following FCNR (B) mobilisation. The RBI has responded through term VRRR auctions and OMO sales to align the WACR with the repo rate. Managing surplus liquidity will assume greater importance during the tightening phase, as persistent excess liquidity could dilute or delay transmission of higher policy rates.

- **The door opens for further calibrated rate hikes**: Today's 25bps hike is likely to mark the beginning of a shallow tightening cycle. With inflation projected to move closer to the upper end of the tolerance band, ex-ante real policy rates are likely to remain mildly negative initially, turning only modestly positive with further calibrated hikes. Even then, monetary conditions may tighten without becoming significantly restrictive. Inflation pressures are gradually becoming more broad-based, although core inflation, at around 4.4%, remains manageable and the firming up in inflation is still predominantly supply-driven, with demand-side pressures contained. Resilient growth gives the RBI room to normalise policy further, but the extent of tightening will depend on how quickly higher rates begin to constrain activity. At the same time, sizeable surplus liquidity creates an unusual policy configuration—higher policy rates alongside abundant banking system liquidity. Unless adequately managed, this surplus could dilute transmission of rate hikes to money-market and lending rates, making liquidity management critical to preserving the intended tightening impulse. To summarise, the direction of policy is clearer; the terminal rate will remain data dependent.

Table 6: Current policy rates

The policy repo rate was increased by 25bps to 5.5%. The stance was changed to “calibrated tightening”.

Key rates	April 2026	June 2026	August 2026	October 2026
Repo Rate	5.25%	5.25%	5.25%	5.50%
Standing Deposit Facility (SDF)*	5.00%	5.00%	5.00%	5.25%
Marginal Standing Facility (MSF)	5.50%	5.50%	5.50%	5.75%
Bank Rate	5.50%	5.50%	5.50%	5.75%
Cash Reserve Ratio (CRR)	3.00%	3.00%	3.00%	3.00%

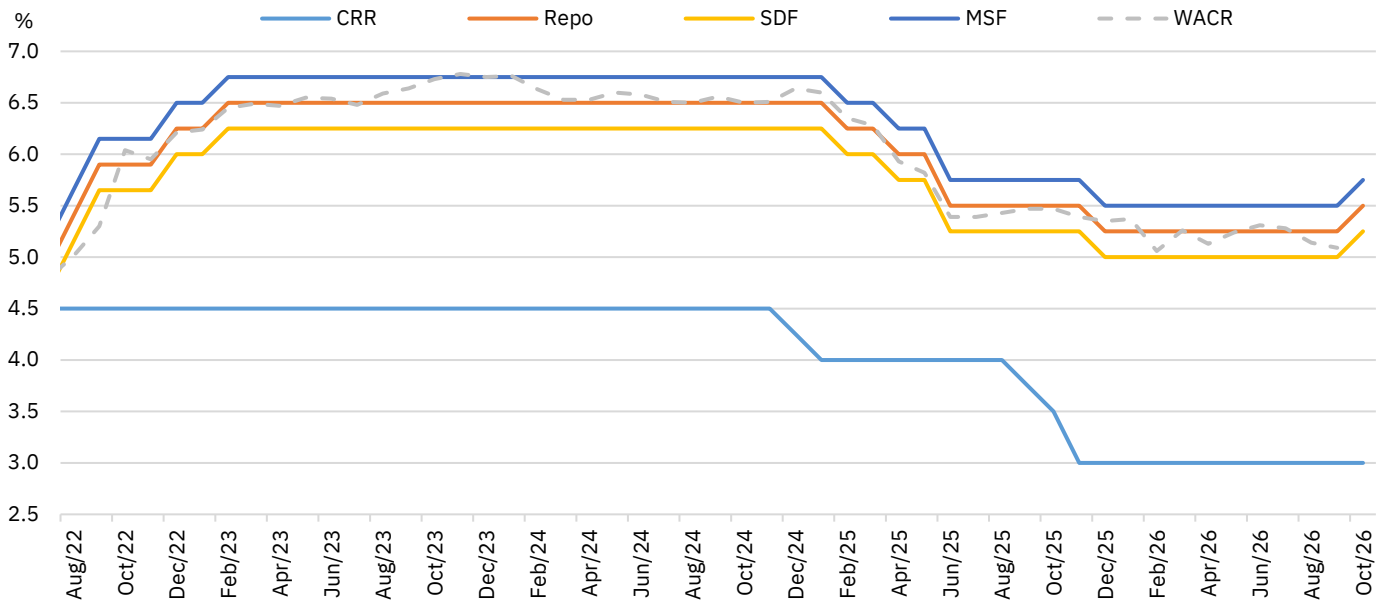
Source: RBI, NSE EPR. * Introduced in April 2022 policy as the new floor of the LAF corridor.

Table 7: Key metrics in the last five tightening cycles

Period	Sep'05-Sep'08	Feb'10-Mar'12	Aug'13-Dec'14	May'18-Jan'19	Apr'22-Jan'25
Policy repo rate (start of the cycle)	6.00%	4.75%	7.25%	6.00%	4.00%
Policy repo rate (end of the cycle)	9.00%	8.50%	8.00%	6.50%	6.50%
Hike (bps)	**300**	**375**	**75**	**50**	**250**
CPI inflation (average)	6.4%	9.9%	7.6%	3.5%	5.7%
CPI inflation (peak during the period)	9.7%	14.8%	11.5%	4.9%	7.8%
Real GDP growth	9.7%	8.9%	7.0%	6.5%	7.8%

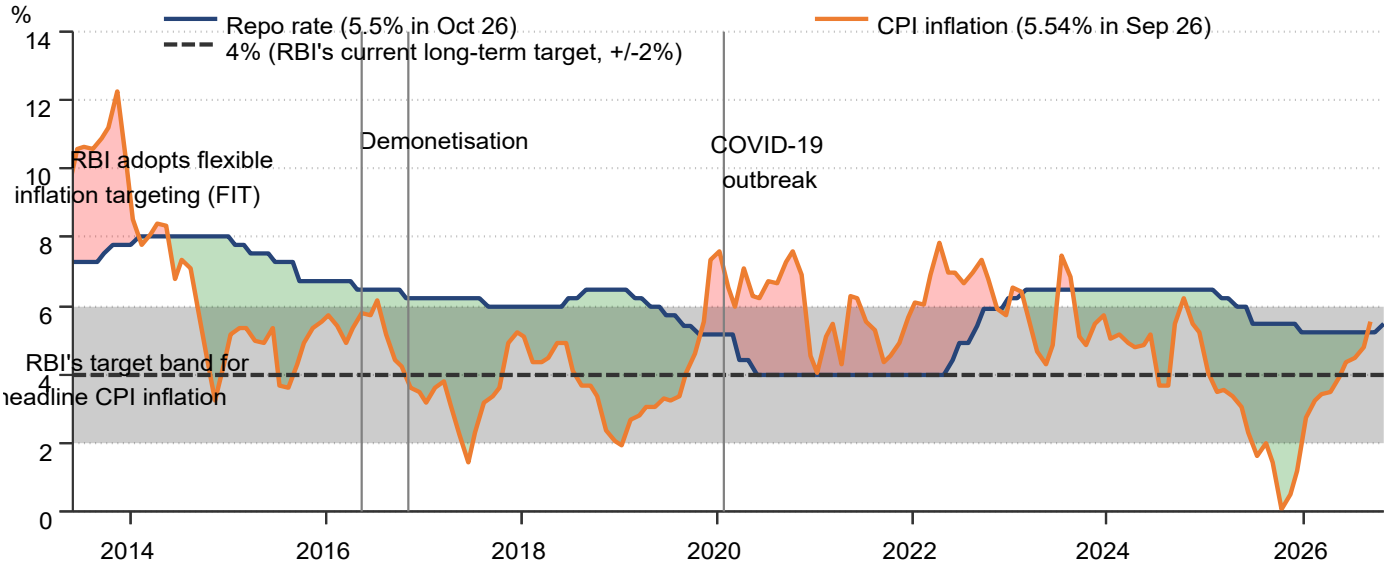
Source: RBI, NSE EPR. Note: CPI inflation for the periods 2005-08 and 2010-12 corresponds to CPI-IW due to lack of data. CPI inflation and Real GDP growth across all periods corresponds to 2011-12 base year for comparability.

Figure 25: Movement in key policy rates



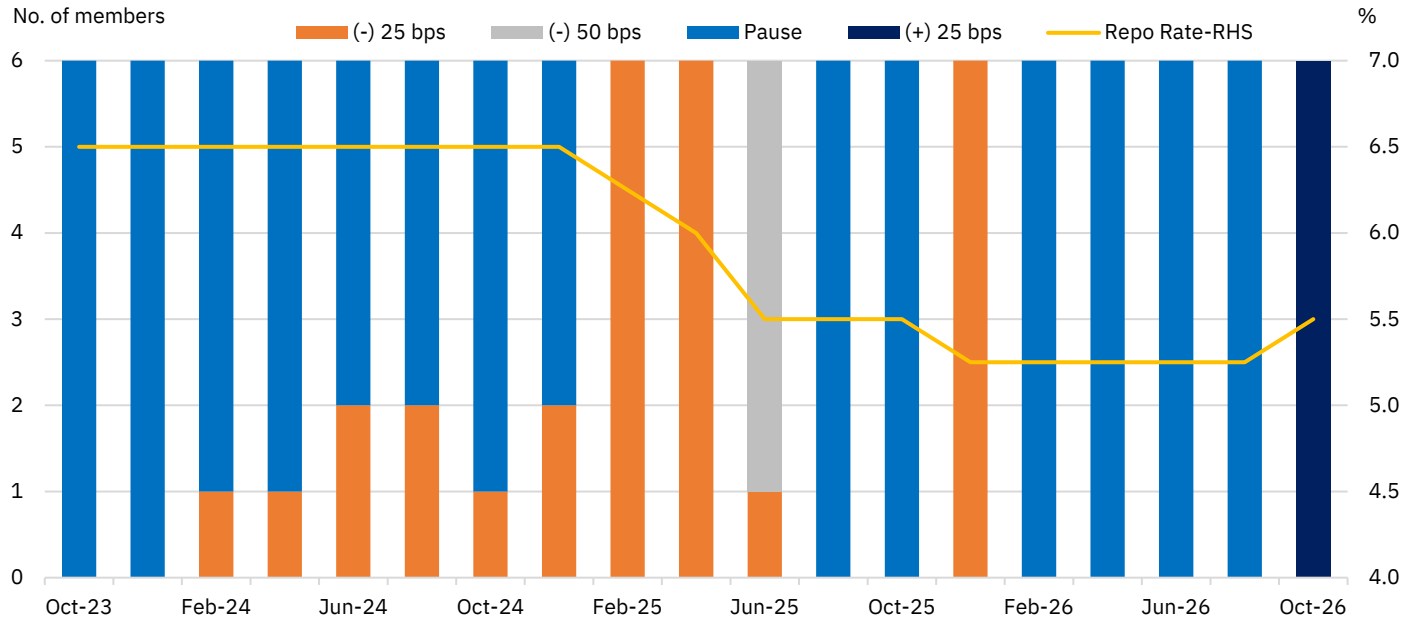
Source: CMIE Economic Outlook, NSE EPR. Notes: 1) Data for WACR has been captured till September 30th, 2026

Figure 26: Movement in real interest rates



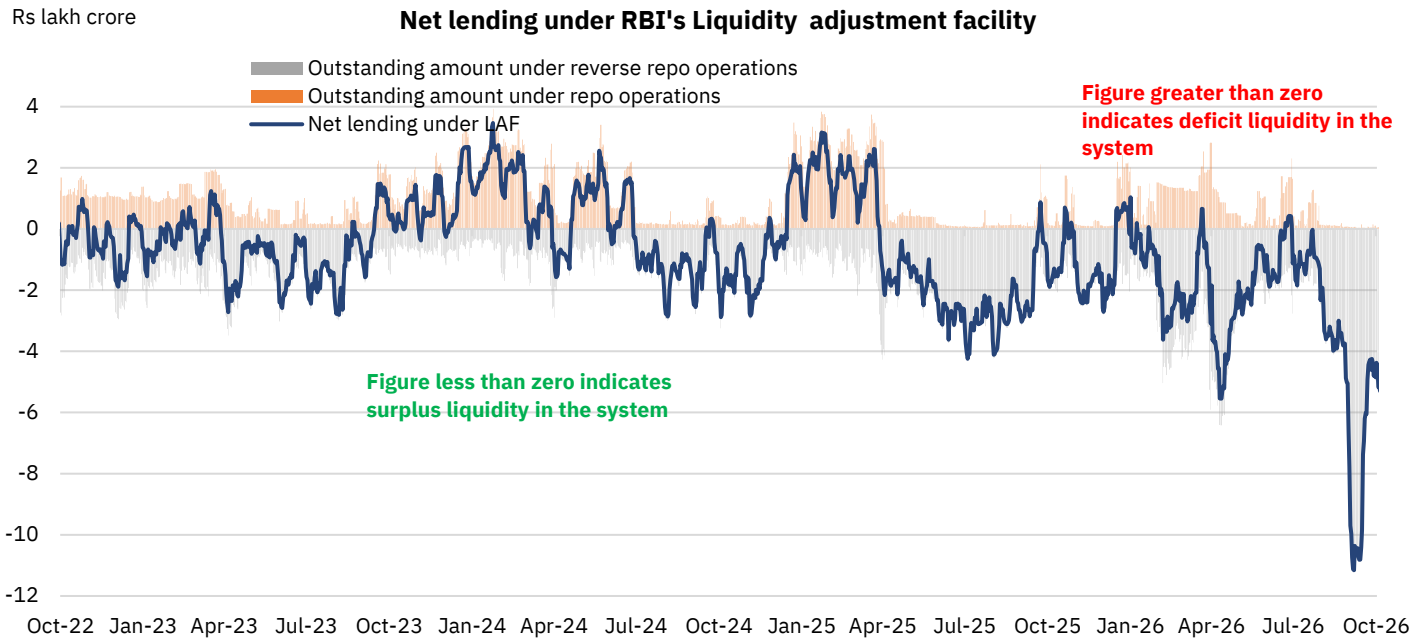
Source: LSEG Workspace, NSE EPR.

Figure 27: MPC members' voting pattern



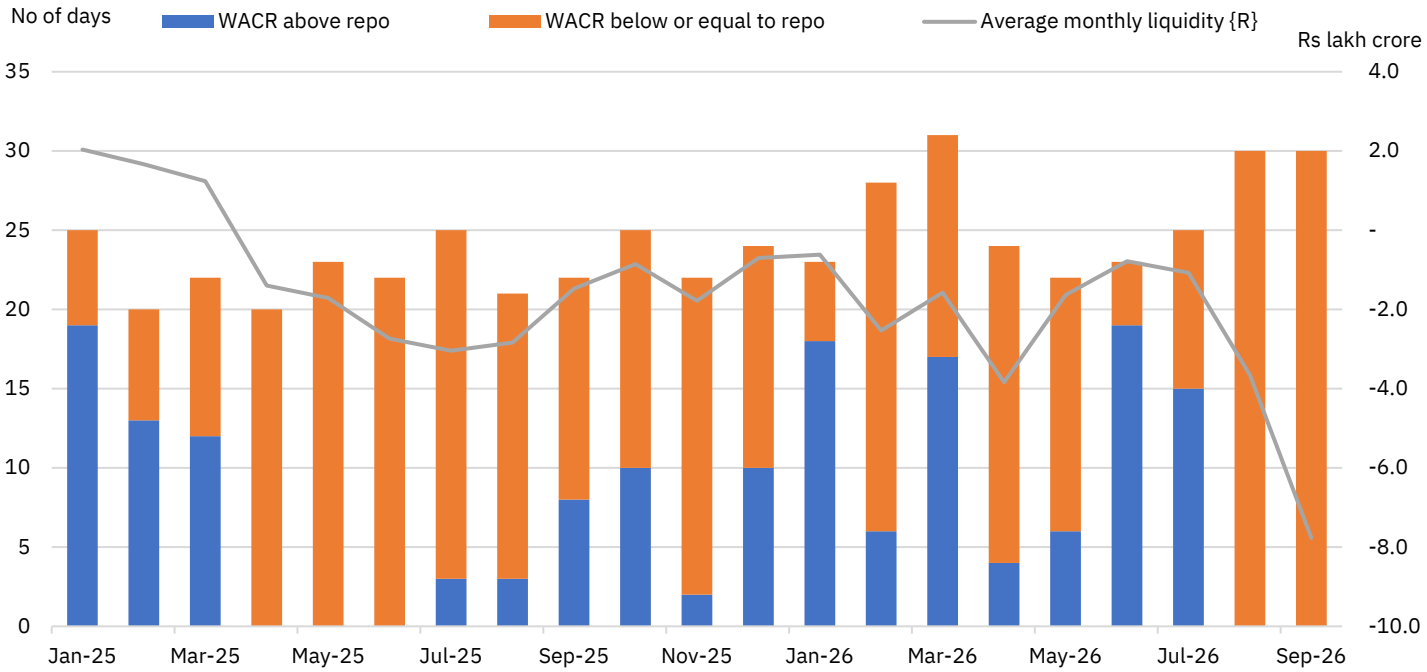
Source: RBI, NSE EPR.

Figure 28: Net lending under RBI's Liquidity Adjustment Facility



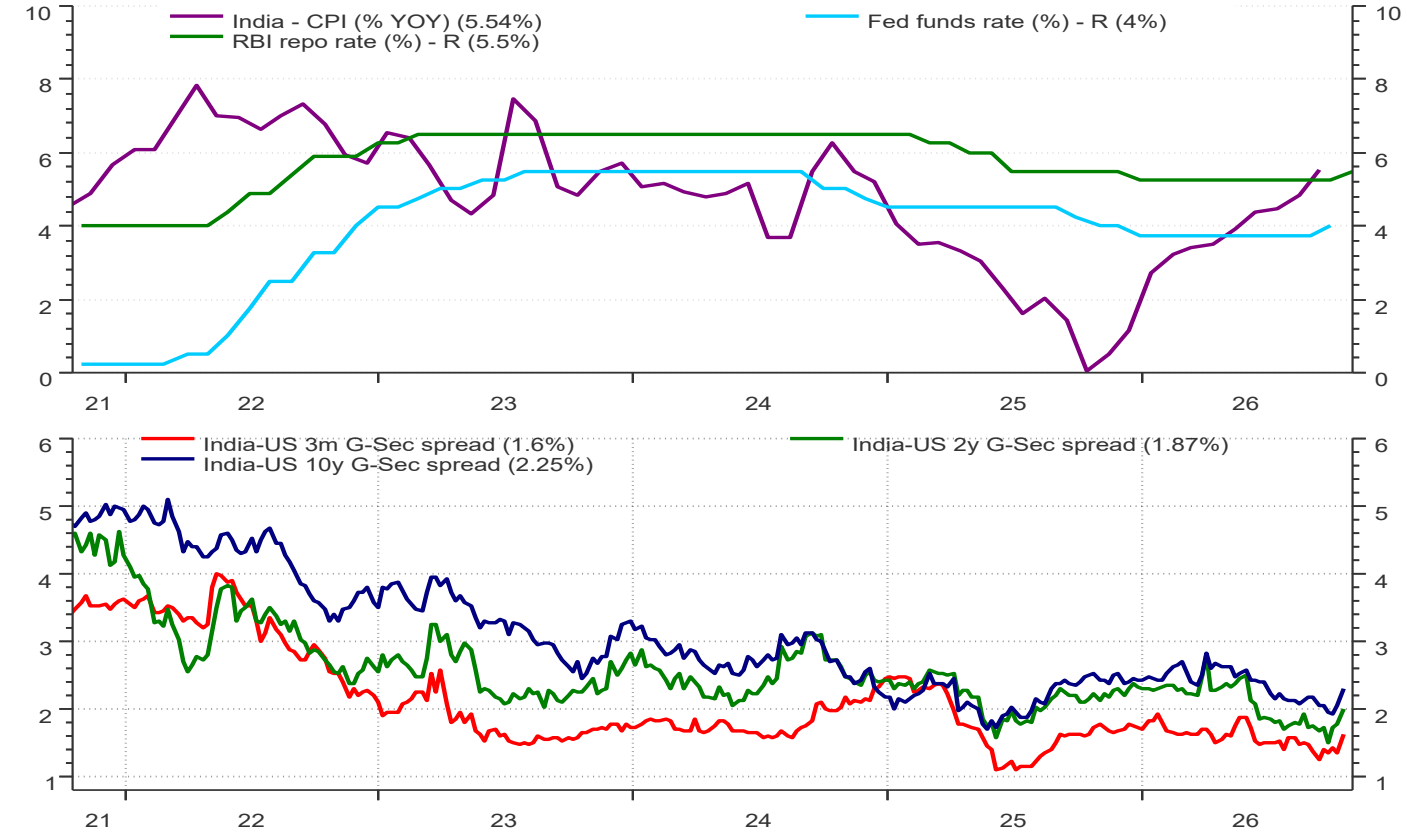
Source: CMIE Economic Outlook, NSE EPR. Note: Data till October 5th, 2026

Figure 29: Monthly trend in weighted call money rate and average monthly banking liquidity



Source: CMIE Economic Outlook, NSE EPR. Note: 1) Positive values indicate deficit, while negative values indicate surplus

Figure 30: India vs. US policy rates and yield differential



Source: LSEG Workspace, NSE EPR.

Figure 31: Monthly net inflows by FPIs in Indian equity

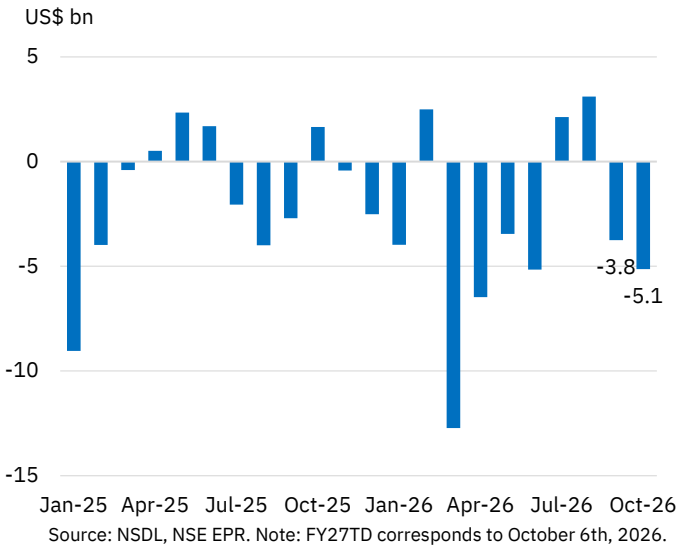
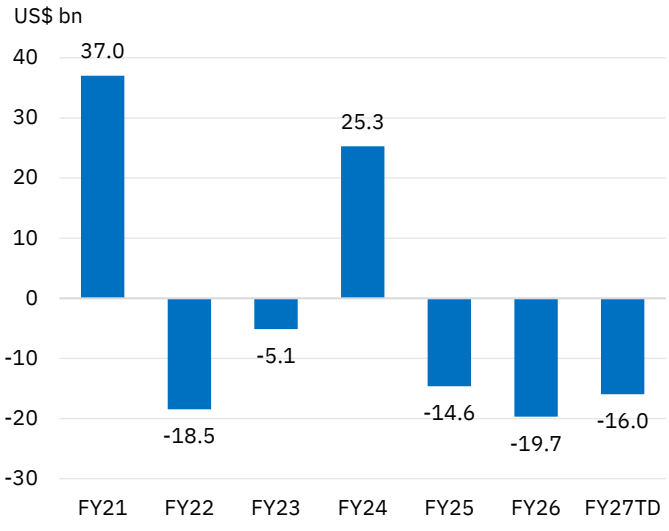
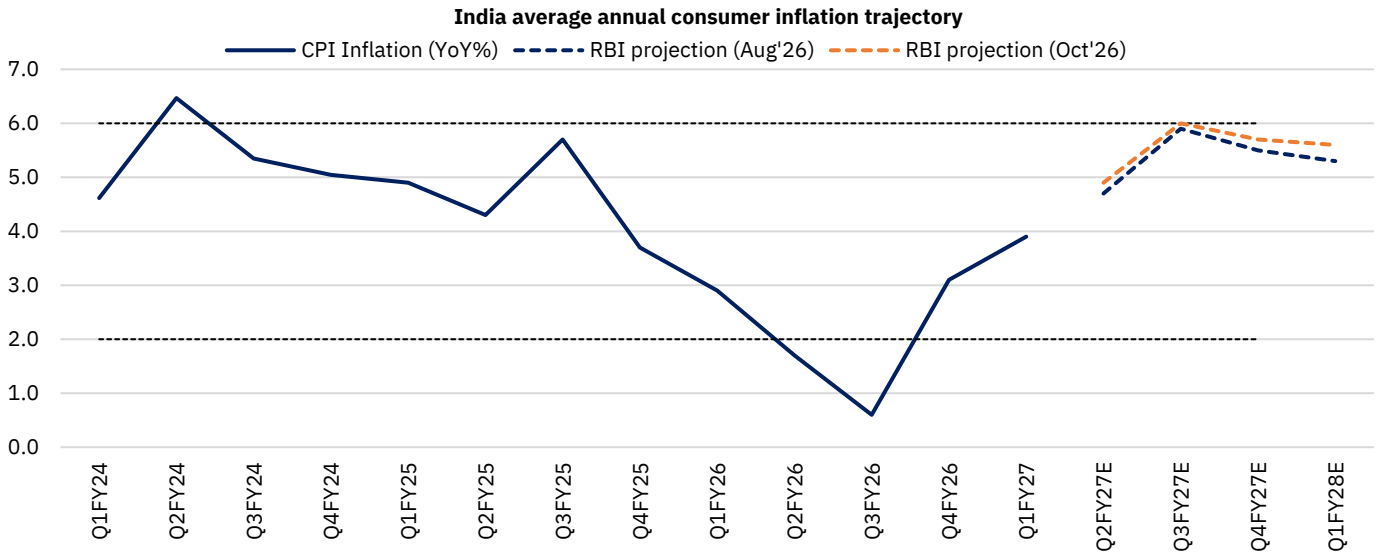


Figure 32: Annual net inflows by FPIs in Indian equity



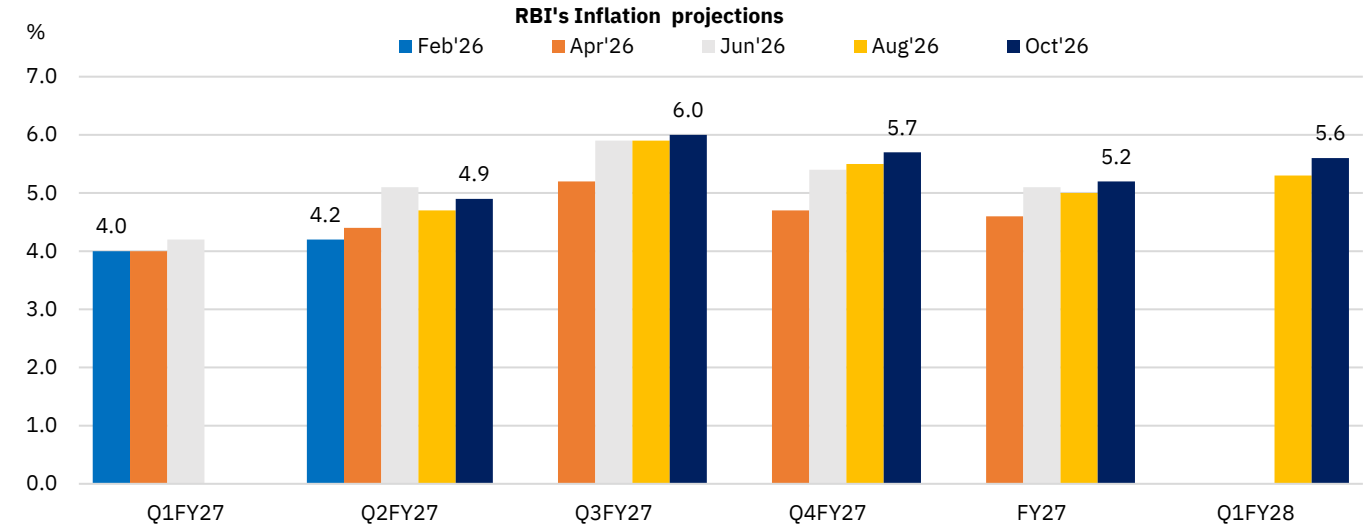
Source: NSDL, NSE EPR. Note: FY27TD corresponds to October 6th, 2026.

Figure 33: India's consumer inflation trajectory and RBI's forecasts



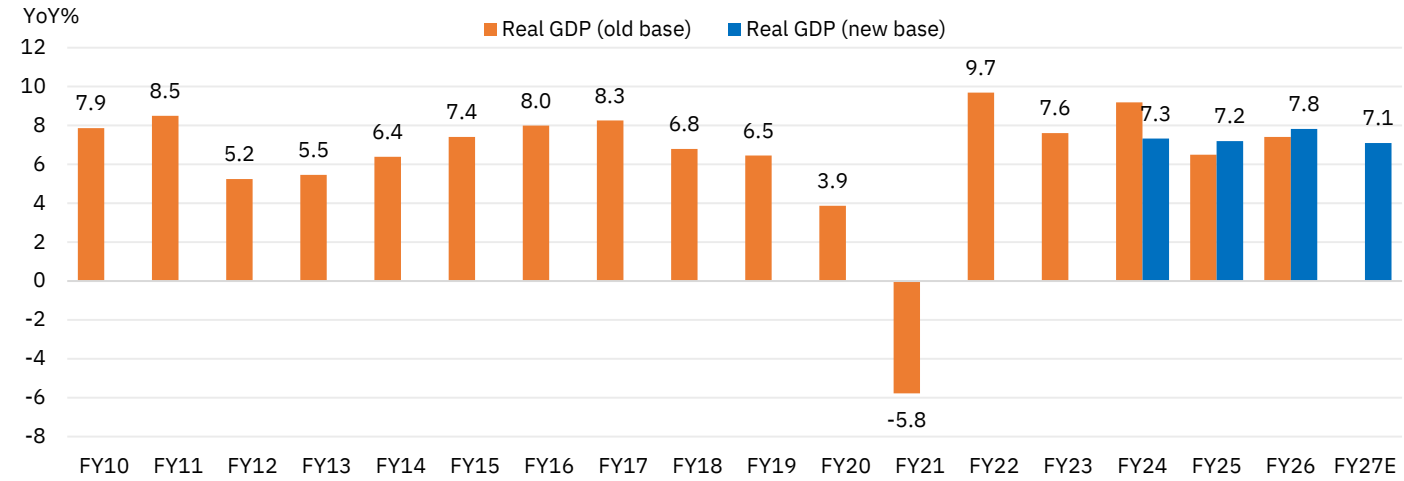
Source: CMIE Economic Outlook, RBI, NSE EPR.

Figure 34: Quarterly and annual inflation forecasts by RBI



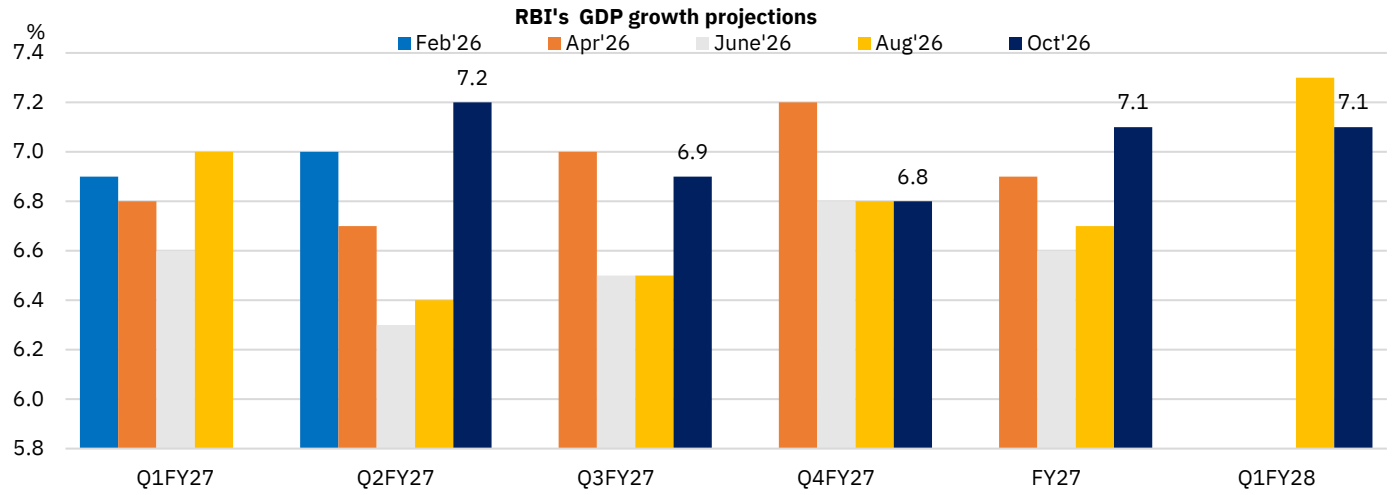
Source: RBI, NSE EPR

Figure 35: GDP growth trend and RBI's estimates



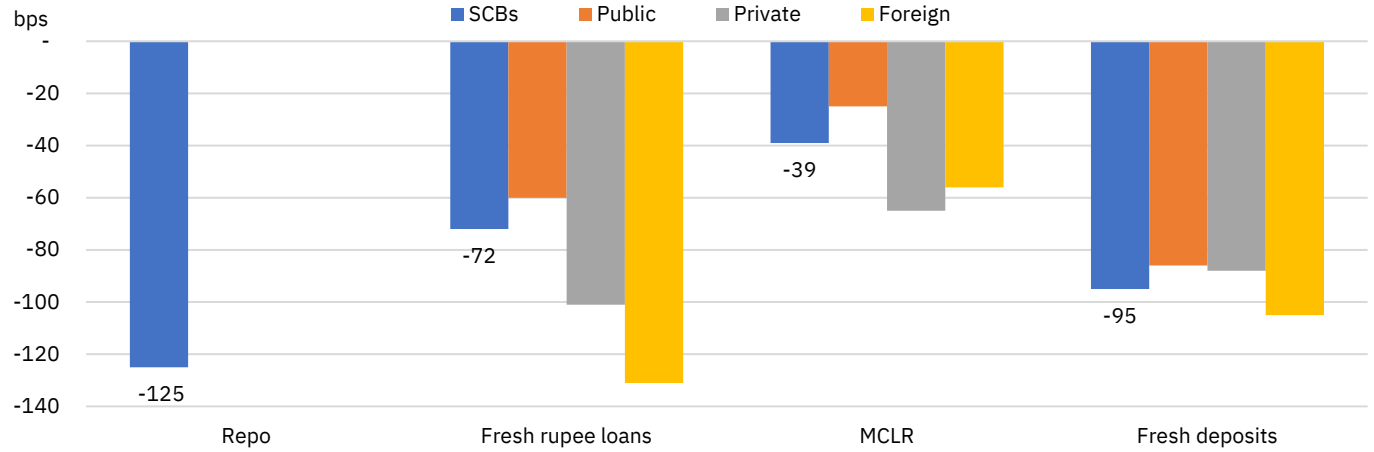
Source: CMIE Economic Outlook, RBI, NSE EPR. FY27E = RBI estimate

Figure 36: RBI's quarterly and annual GDP growth forecasts



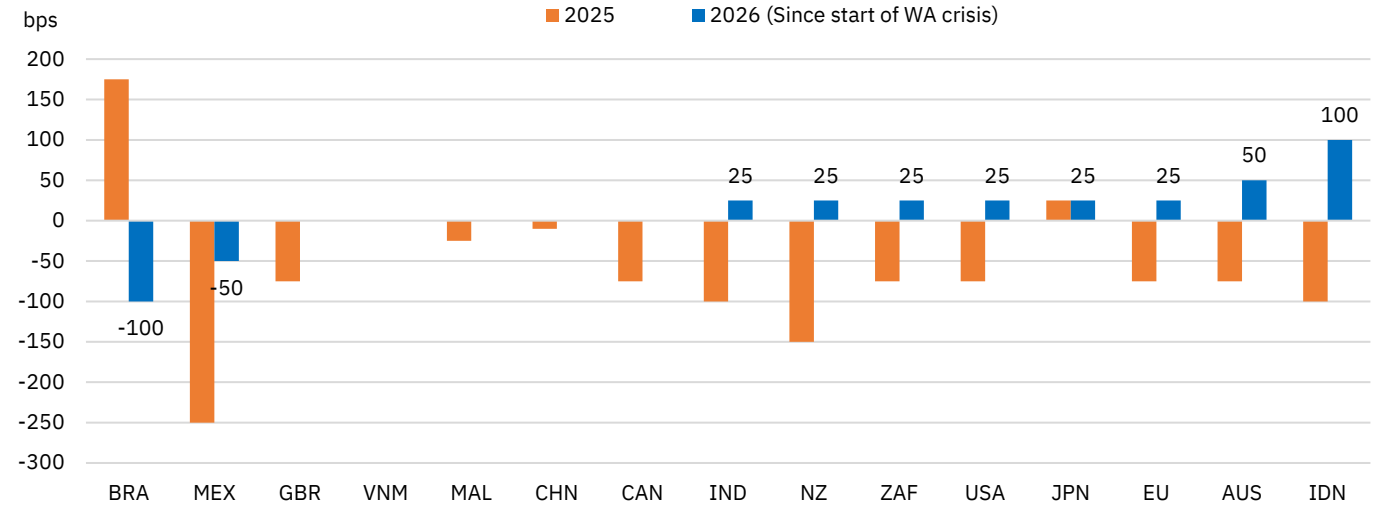
Source: RBI, NSE EPR.

Figure 37: Change in policy, lending and deposit rate during the previous policy rate cycle



Source: CMIE Economic Outlook, NSE EPR; Notes: 1) The change in repo rate, fresh rupee loans and fresh deposits is between January'25 and Aug'26, while in case of MCLR, the change is between January'25 and Sep'26

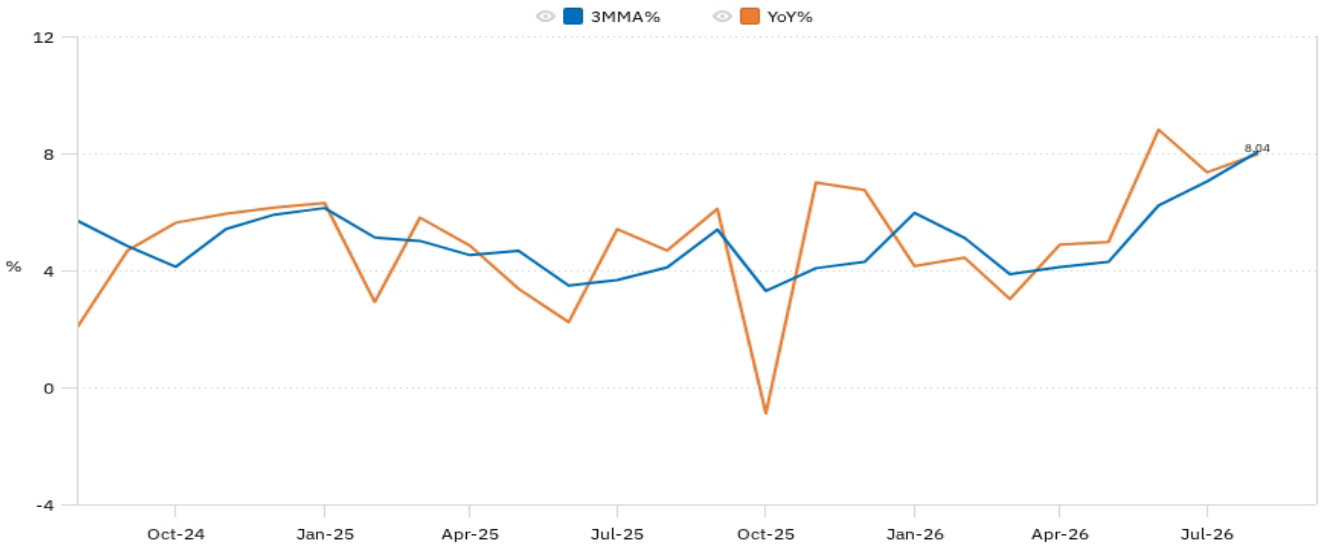
Figure 38: Variation in policy rates across countries



Source: CEIC, LSEG Workspace, NSE EPR. Notes: 1) For China, the loan prime rate for 1 year has been considered for computation 3) AUS = Australia, BRA = Brazil, CAN = Canada, CHN= China, EU = European Union, IND= India, INDO=Indonesia, JAP= Japan, MEX=Mexico, MAL=Malaysia, SA= South Africa, USA=United States of America, VIE-=Vietnam, UK=United Kingdom, NZ= New Zealand. 2) Data captured for other countries is end-September 2026, data captured for India also incorporates the latest change in October 2026 meet.

2.2 Industrial activity strengthens in August, led by manufacturing and capital goods

Figure 39: Monthly trends in headline IIP growth and three-month moving average



Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) The recent data has been captured till August 2026

Table 8: Sub-component wise YoY growth in the last 12 months

Smallest Value — Largest Value

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
IIP	4.7	6.1	-0.9	7.0	6.7	4.1	4.4	3.0	4.9	5.0	8.8	7.4	8.0
Mining & quarrying	15.8	15.7	2.8	3.3	0.8	-0.5	-2.4	-2.6	-3.8	-1.4	1.6	-0.9	-5.6
Manufacturing	3.6	5.5	-0.7	8.8	7.7	4.6	5.7	4.0	6.1	5.2	9.5	8.2	9.0
Electricity & Gas Supply	3.7	3.3	-7.0	-1.6	5.9	5.6	1.9	1.2	4.6	10.3	11.3	8.7	12.3
Water Supply+	6.9	6.2	6.0	4.3	4.4	5.1	5.6	6.4	6.6	5.5	6.1	7.4	6.3
Primary Goods	7.6	6.6	0.4	1.1	2.4	1.9	0.0	0.2	0.8	2.7	5.4	4.2	3.5
Capital Goods	6.0	13.2	5.4	16.6	12.9	12.4	16.5	8.5	12.0	15.5	17.9	19.0	16.9
Intermediate Goods	3.3	6.4	1.2	8.2	7.7	5.6	4.7	6.0	10.3	5.8	11.5	10.4	13.7
Infrastructure & Construction ...	9.2	9.8	5.1	12.0	12.3	12.9	10.1	5.2	6.0	6.6	8.8	8.0	6.4
Consumer Durables Goods	0.9	4.6	-6.0	13.0	7.4	-0.2	4.2	2.4	5.6	8.0	10.3	12.0	11.1
Consumer Non Durables Goods	0.1	-0.5	-9.4	3.9	5.9	-1.2	1.6	-0.6	0.2	-0.4	5.6	-0.8	2.1

Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) Water Supply+ means water supply, sewerage and waste management.

Figure 40: Trends in YoY growth for sector-based classification

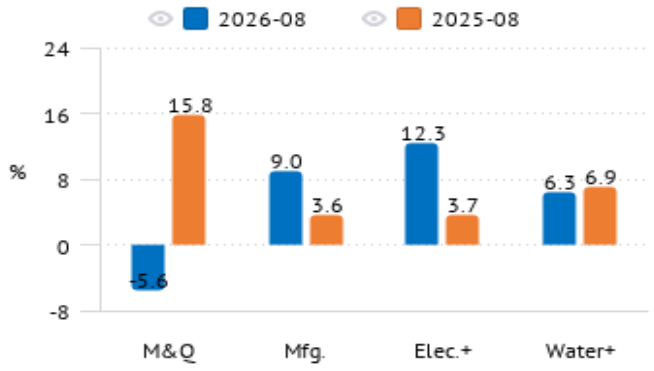
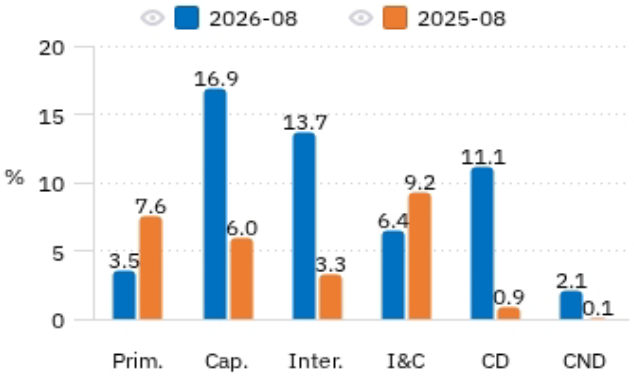
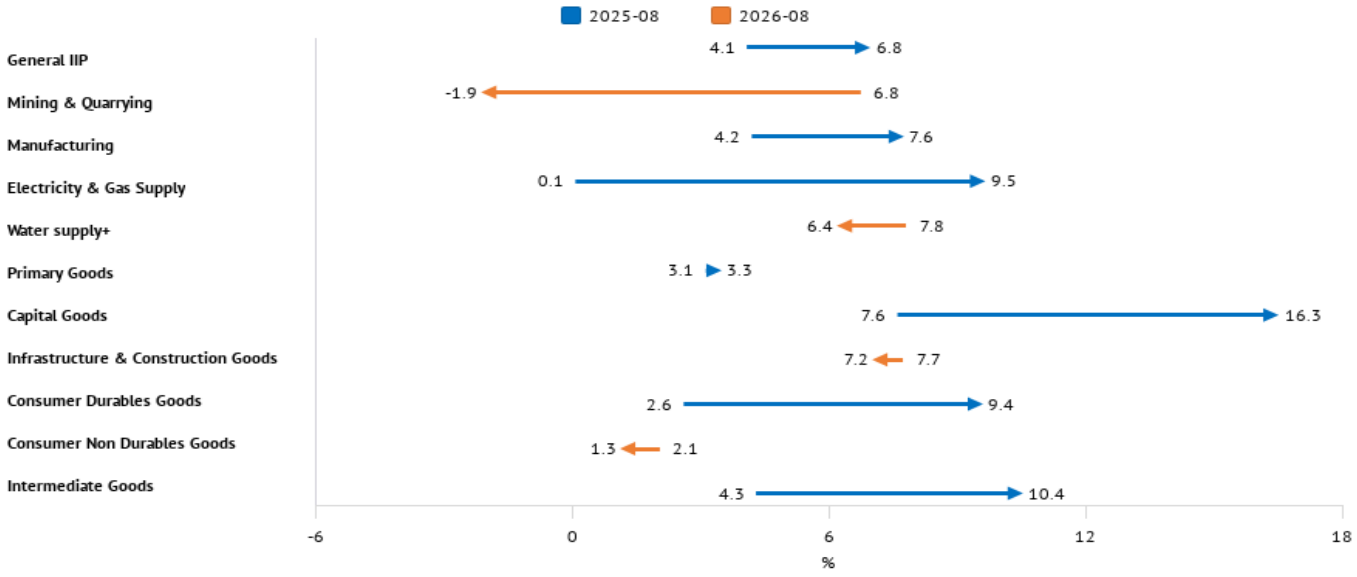


Figure 41: Trends in YoY growth for use-based classification



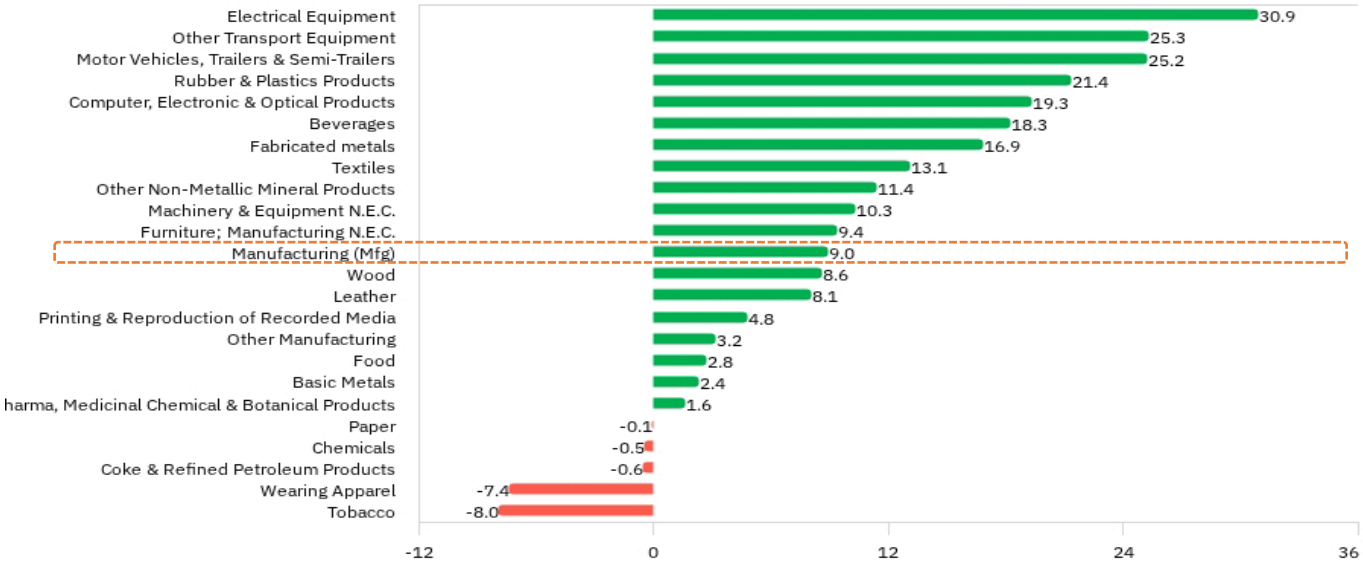
Source: CEIC, NSE EPR Notes: 1) Full forms: M&Q= Mining & Quarrying, Elec. = Electricity & Gas Supply, Water+ = Water supply, sewerage and waste management, Prim. = Primary goods, Cap. = Capital goods, Inter. = Intermediate goods, I & C= Infrastructure & Construction, CD = Consumer Durables, CND= Consumer Non-durables

Figure 42: Comparison of year-to-date growth rates across categories



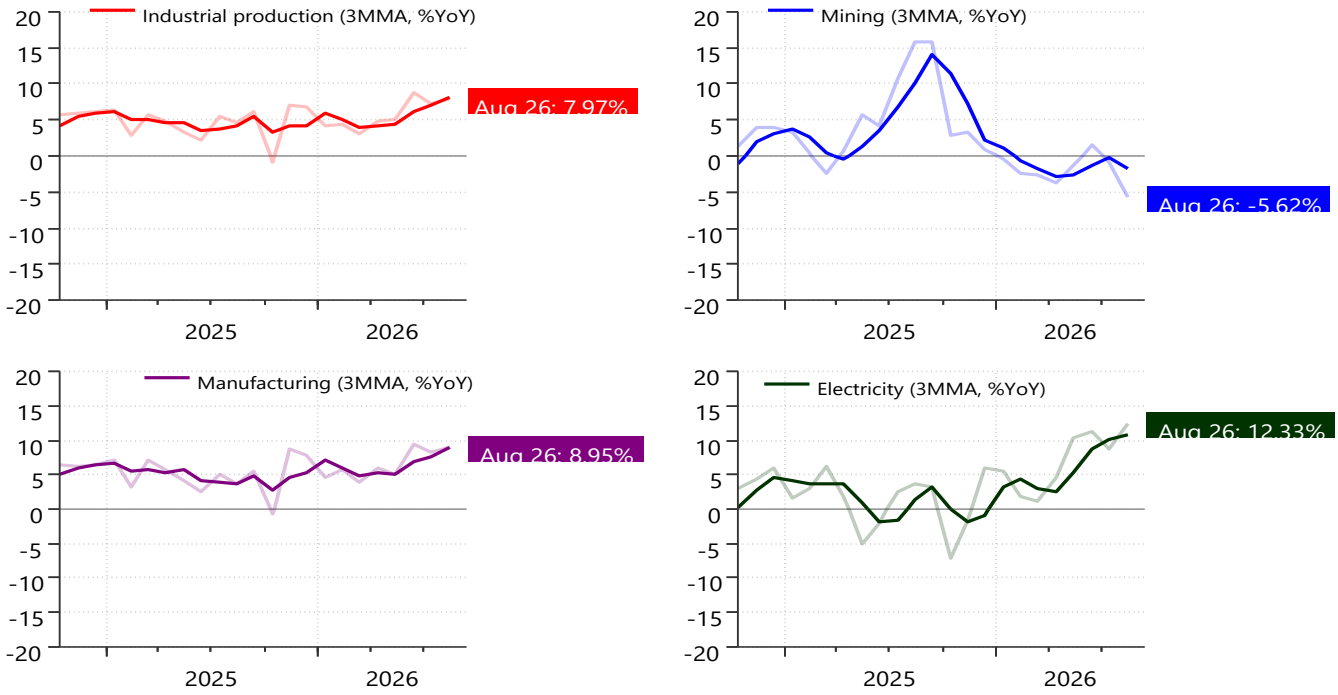
Source: CEIC, NSE EPR Notes: 1) The YoY growth plotted above is based on the new base year 2022-23 2) Water Supply means water supply, sewerage and waste management.

Figure 43: Sub-industries wise break of manufacturing IIP growth rates (YoY%)– August 2026



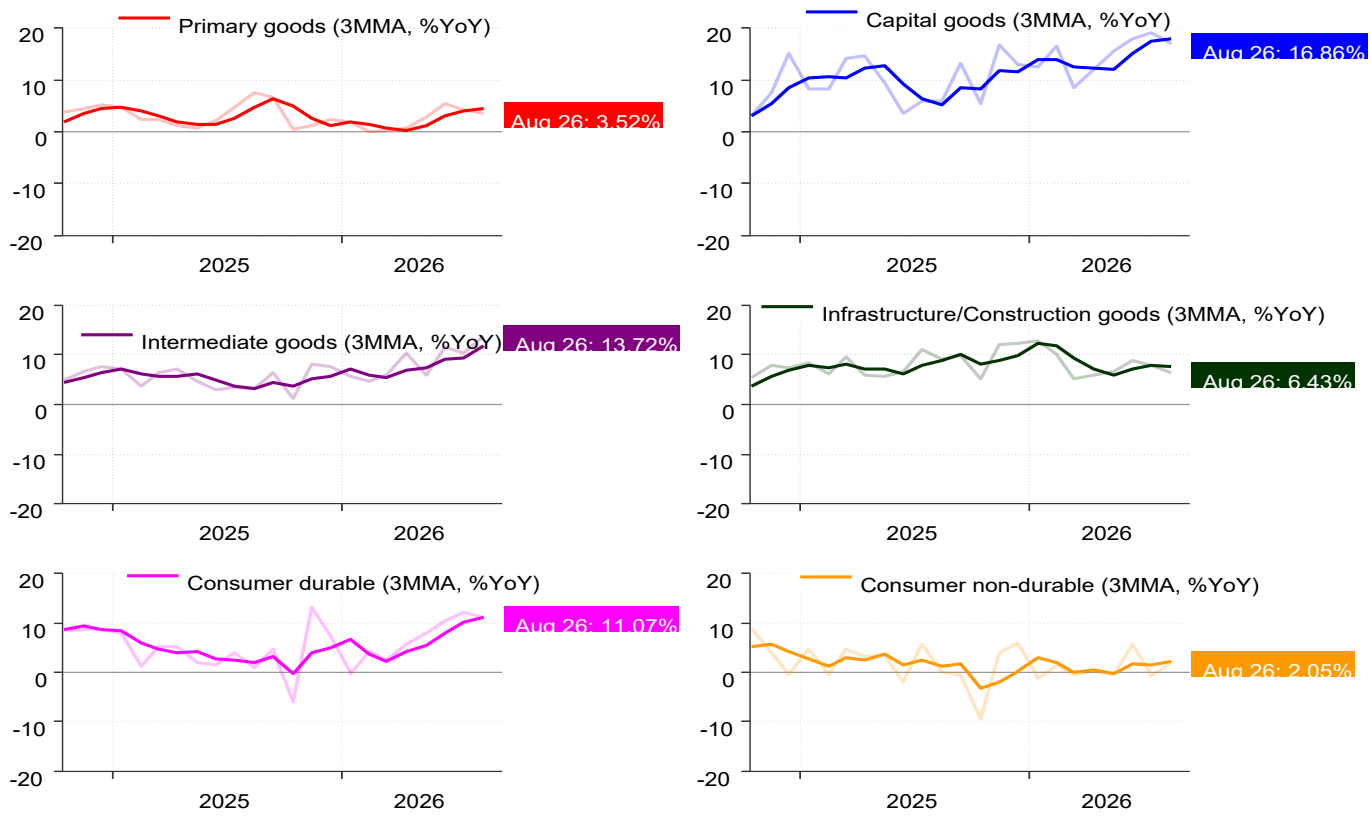
Source: CEIC, NSE EPR. Notes: 1) The YoY growth plotted above is based on the new base year 2022-23

Figure 44: India industrial production (3MMA)



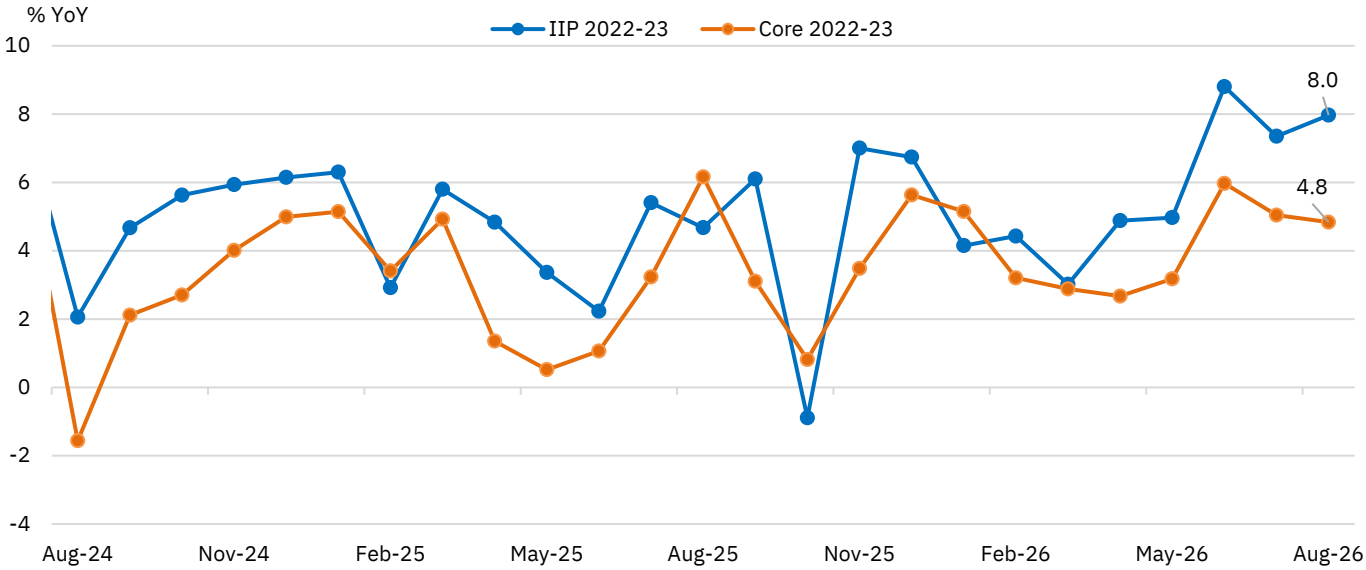
Source: LSEG Workspace, NSE EPR.

Figure 45: India industrial production use-based goods (3MMA)



Source: LSEG Workspace, NSE EPR.

Figure 46: Monthly trends in Eight core industries and IIP growth - New base



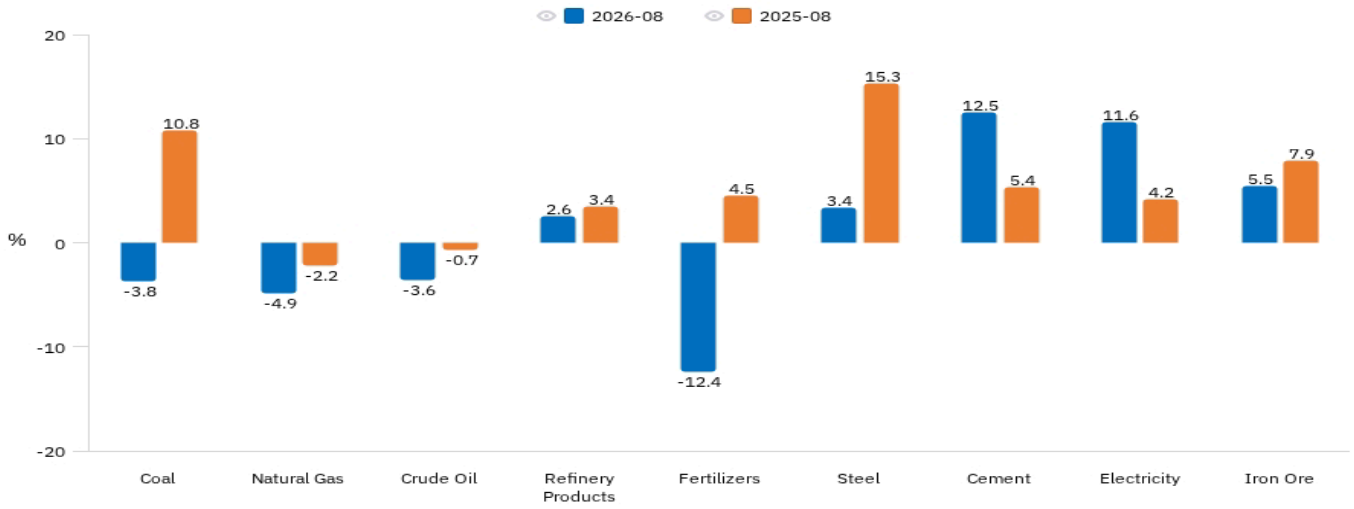
Source: CEIC, NSE EPR.

Table 9: Sector-wise core sector growth for August 2026 (%YoY)

Indicator	Weight	Aug-26	Jul-26	Aug-25	FY27TD	FY26TD
Core sector	100.0	4.8	5.0	6.2	4.3	2.5
Coal	5.6	-3.8	7.6	10.8	-2.7	-0.3
Natural gas	3.8	-4.9	-3.0	-2.2	-4.4	-2.7
Crude oil	7.4	-3.6	-5.3	-0.7	-4.1	-1.4
Refinery	22.6	2.6	3.0	3.4	-1.3	0.4
Fertilisers	2.7	-12.4	-8.0	4.5	-6.6	-1.0
Steel	17.6	3.4	1.9	15.3	4.1	11.8
Cement	4.4	12.5	12.7	5.4	10.4	7.6
Electricity	30.9	11.6	8.4	4.2	9.6	0.7
Iron ore	4.9	5.5	29.5	7.9	22.2	-2.9

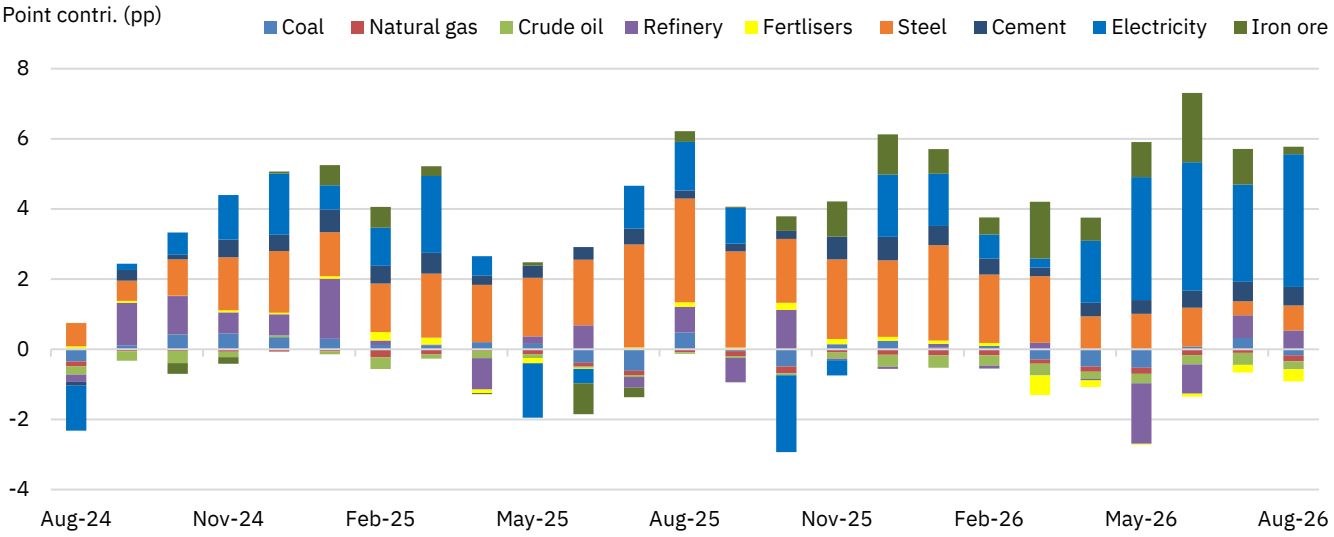
Source: CEIC, NSE EPR. Notes 1) FY26TD and FY27TD is for the period April-August. Notes: 1) The YoY growth plotted above is based on the new base year 2022-23.

Figure 47: Trends in Eight core industries sub sector wise YoY%



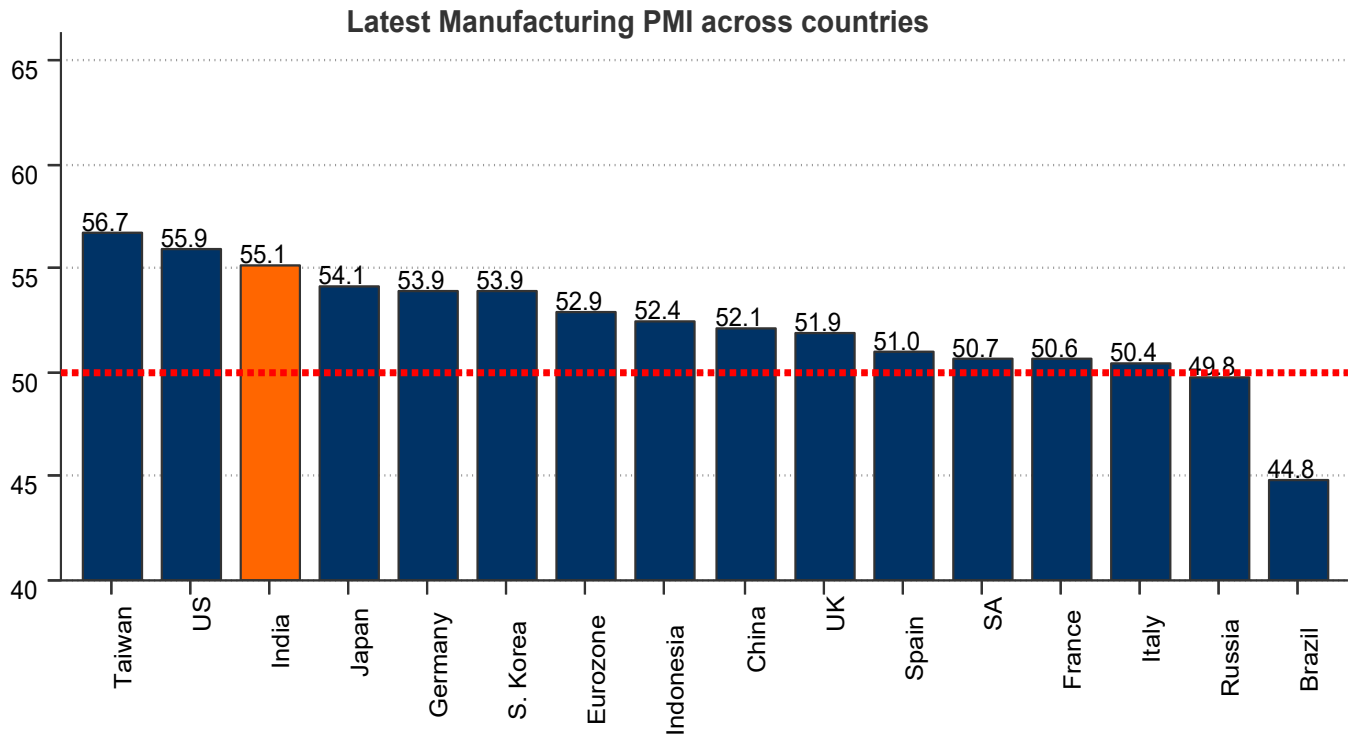
Source: CEIC, NSE EPR. Notes: 1) The YoY growth plotted above is based on the new base year 2022-23.

Figure 48: Point contribution of core sectors (YoY%)



Source: CEIC, NSE EPR

Figure 49: Manufacturing PMI across countries



Source: LSEG Workspace, NSE EPR. The data is as of September 2026.

Table 10: Services PMI across countries

Smallest Value — Largest Value

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Australia	51.8	54.1	55.8	52.4	52.5	52.8	51.1	56.3	52.8	46.3	50.7	48.7	50.5	53.6	53.2	51.9
Brazil	49.3	46.3	49.3	46.3	47.7	50.1	53.7	51.3	53.1	50.1	52.3	50.4	51.3	49.7	50.5	49.2
Canada	44.3	49.3	48.6	46.3	50.5	44.3	46.5	45.8	46.5	47.2	49.2	50.6	47.1	49.1	46.8	48.3
China	50.6	52.6	53.0	52.9	52.6	52.1	52.0	52.3	56.7	52.1	52.6	54.4	54.1	50.4	51.4	51.6
France	49.6	48.5	49.8	48.5	48.0	51.4	50.1	48.4	49.6	48.8	46.5	44.3	46.8	49.6	48.0	51.2
Germany	49.7	50.6	49.3	51.5	54.6	53.1	52.7	52.4	53.5	50.9	46.9	48.1	48.6	49.8	49.7	52.9
India	60.4	60.5	62.9	60.9	58.9	59.8	58.0	58.5	58.1	57.5	58.8	59.8	57.4	53.3	54.1	55.2
Japan	51.7	53.6	53.1	53.3	53.1	53.2	51.6	53.7	53.8	53.4	51.0	50.0	52.2	51.2	52.5	51.3
Russian Federation	49.2	48.6	50.0	47.0	51.7	52.2	52.3	53.1	51.3	49.5	49.7	48.7	48.2	49.0	51.3	51.3
United Kingdom	52.8	51.8	54.2	50.8	52.3	51.3	51.4	54.0	53.9	50.5	52.7	49.3	48.8	52.1	52.5	52.1
United States	52.9	55.7	54.5	54.2	54.8	54.1	52.5	52.7	51.7	49.8	51.0	50.7	51.2	54.6	56.5	58.8

Source: CEIC, NSE EPR.

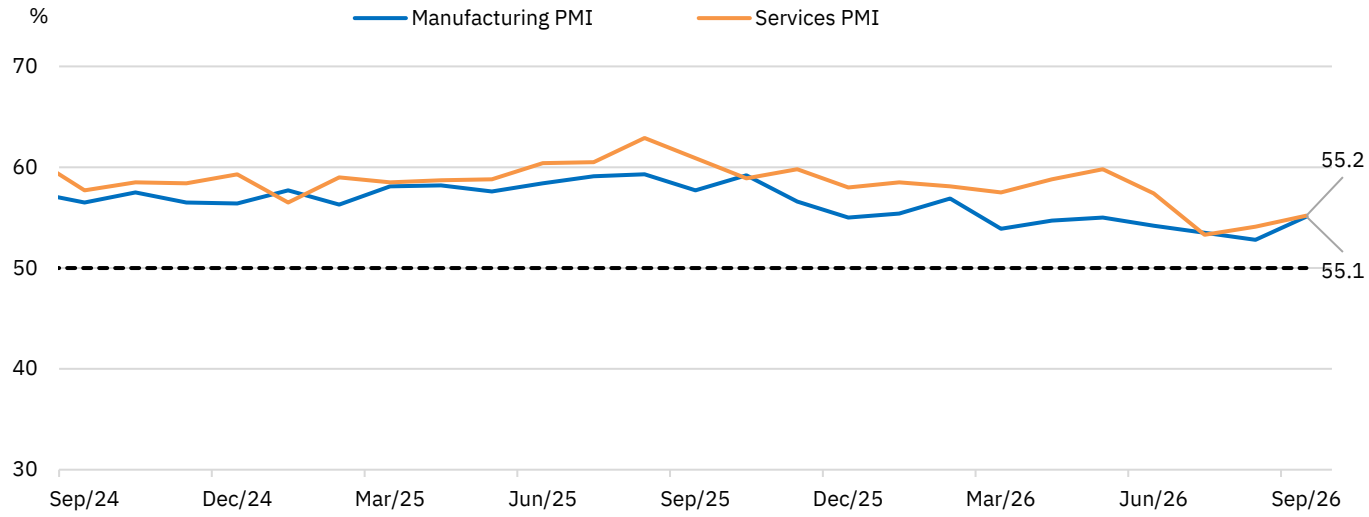
Table 11: Manufacturing PMI across countries

Smallest Value — Largest Value

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Australia	51.3	53.0	51.4	49.7	51.6	51.6	52.3	51.0	49.8	51.3	50.7	51.5	52.0	52.0	49.6
Brazil	48.2	47.7	46.5	48.2	48.8	47.6	47.0	47.3	49.0	52.6	49.1	50.8	47.5	46.3	44.8
Canada	46.1	48.3	47.7	49.6	48.4	48.6	50.4	51.0	50.0	53.3	52.9	53.0	53.5	53.0	51.5
China	49.5	50.5	51.2	50.6	49.9	50.1	50.3	52.1	50.8	52.2	51.8	51.7	50.9	51.5	52.1
France	48.2	50.4	48.2	48.8	47.8	50.7	51.2	50.1	50.0	52.8	49.7	51.2	49.8	51.1	50.6
Germany	49.1	49.8	49.5	49.6	48.2	47.0	49.1	50.9	52.2	51.4	50.1	50.3	52.2	54.3	53.9
India	59.1	59.3	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8	55.1
Indonesia	49.2	51.5	50.4	51.2	53.3	51.2	52.6	53.8	50.1	49.1	50.0	46.9	50.2	49.8	52.4
Japan	48.9	49.7	48.5	48.2	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8	54.5	54.9	54.1
Korea	48.0	48.3	50.7	49.4	49.4	50.1	51.2	51.1	52.6	53.6	54.8	52.1	53.1	52.3	53.9
Malaysia	49.7	49.9	49.8	49.5	50.1	50.1	50.2	49.3	50.7	51.6	49.9	50.7	50.7	50.2	49.9
Mexico	49.1	50.2	49.6	49.5	47.3	46.1	46.3	47.1	48.9	47.7	49.6	51.3	51.3	49.8	50.3
Russia	47.0	48.7	48.2	48.0	48.3	48.1	49.4	49.5	48.3	48.1	48.8	50.3	50.7	48.8	49.8
United Kingdom	48.0	47.0	46.2	49.7	50.2	50.6	51.8	51.7	51.0	53.7	53.9	52.5	51.9	51.7	51.9
United States	49.8	53.0	52.0	52.5	52.2	51.8	52.4	51.6	52.3	54.5	55.1	53.9	53.9	53.9	55.9

Source: CEIC, NSE EPR.

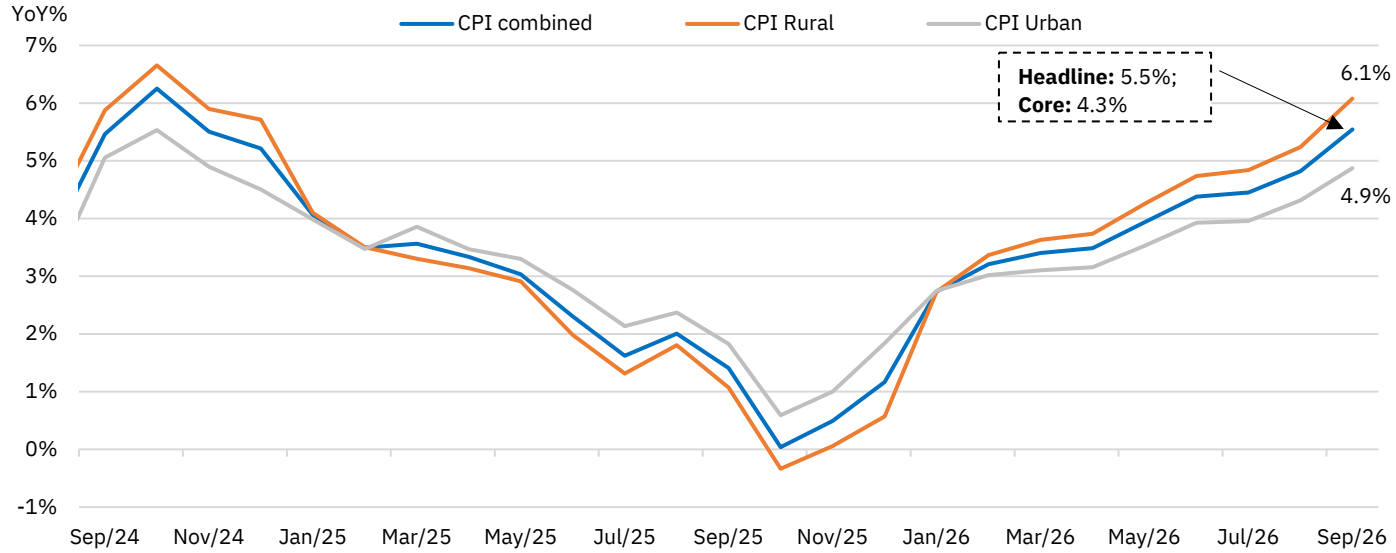
Figure 50: Monthly trends in India's manufacturing and services PMI



Source: CEIC, NSE EPR.

2.3 Headline inflation accelerated to a 23-month high in September

Figure 51: Trends in monthly headline inflation



Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) Core inflation defined here is the retail inflation excluding food, pan & tobacco and fuel. As per RBI, fuel represents two categories, viz., 'electricity, gas and other fuels'; and 'Fuels and lubricants for personal transport equipment' which includes 'petrol', 'diesel', and 'other natural gas (CNG)'.

Table 12: Component-wise Consumer Price Inflation in September 2026

YOY%	Weight (%)	Sep-26	Aug-26
Headline CPI		**5.5**	**4.8**
Food & Beverages	36.8	7.4	5.7
Paan, tobacco and intoxicants	3.0	4.8	4.7
Clothing & Footwear	6.4	3.9	3.6
Housing, water, electricity, gas and other fuels	17.7	2.7	2.6
Furnishings, household equipment and routine household maintenance	4.5	3.1	2.7
Health	6.1	1.4	1.3
Transport	8.8	5.0	4.6
Diesel	0.3	*8.4*	*8.4*
Petrol	4.5	*7.5*	*7.5*
Information and communication	3.6	2.4	2.0
Recreation, sport and culture	1.5	2.2	1.7
Education services	3.3	3.9	3.7
Restaurants and accommodation services	3.3	9.4	8.4
Personal care, social protection and miscellaneous goods and services	5.0	13.7	15.2
Core Inflation[1]	**50.1**	**4.3**	**4.1**

Source: CSO, NSE EPR; Notes: 1) Core inflation defined here is the retail inflation excluding food, pan & tobacco and fuel. As per RBI, fuel represents two categories, viz., 'electricity, gas and other fuels'; and 'Fuels and lubricants for personal transport equipment' which includes 'petrol', 'diesel', and 'other natural gas (CNG)'.

Figure 52: Division-wise headline inflation

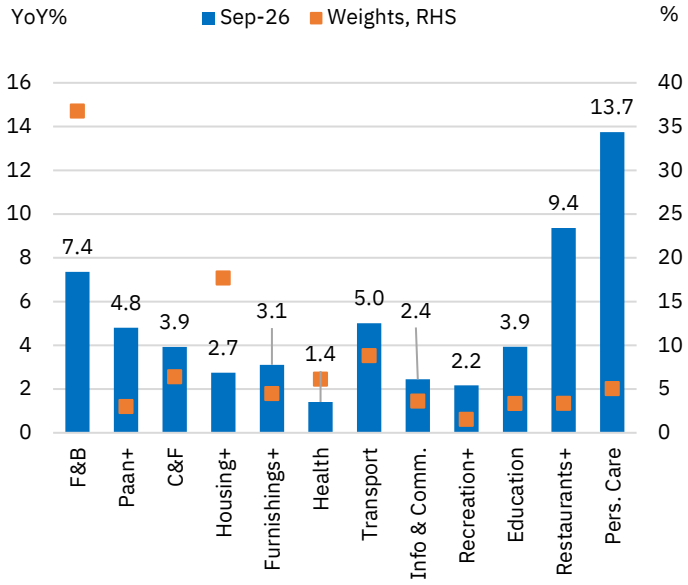
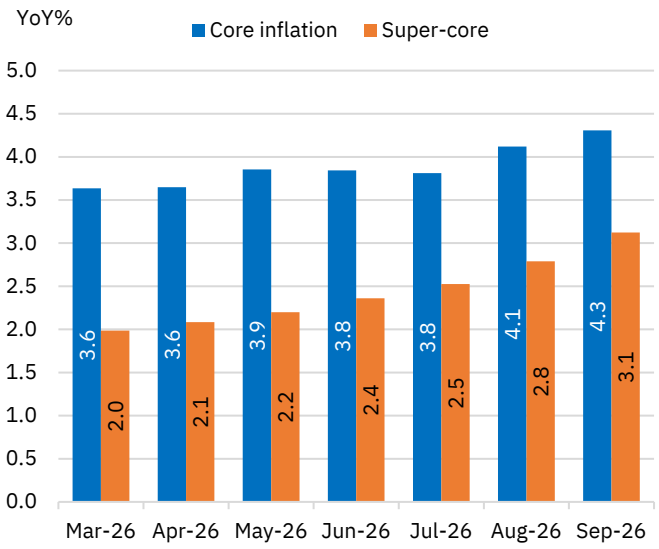


Figure 53: Core inflation growth under different baskets



Source: CMIE Economic outlook, MOSPI, NSE EPR; Notes: 1) F&B= Food and beverages; Paan+ = Paan, tobacco and intoxicants, C&F= Clothing & Footwear, Housing+ = Housing, water, electricity, gas and other fuels, Furnishings+ = Furnishings, household equipment and routine household maintenance, Recreation+ = Recreation, sport and culture, Restaurants+ = Restaurants and accommodation services, Pers. care= Personal care, social protection and miscellaneous goods and services. As per RBI, core inflation is defined as headline inflation excluding food, pan & tobacco and within fuel, 'electricity, gas and other fuels', 'petrol', 'diesel', and 'other natural gas (CNG)' while super-core inflation further excludes gold/diamond/platinum jewellery and silver jewellery also.

Figure 54: CPI food inflation contributors

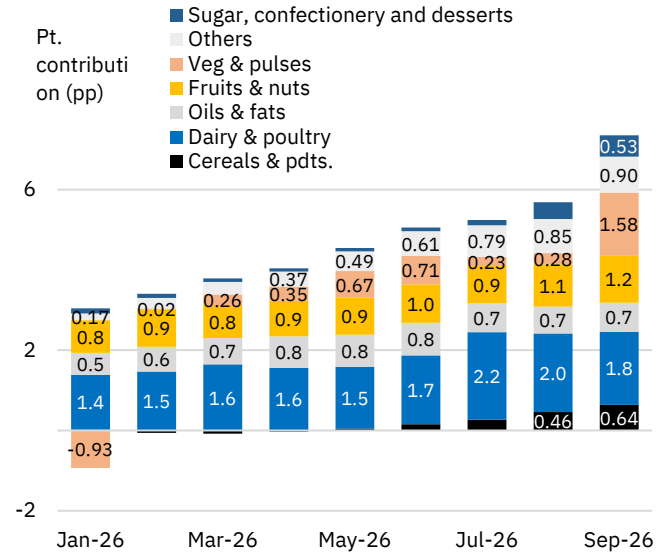
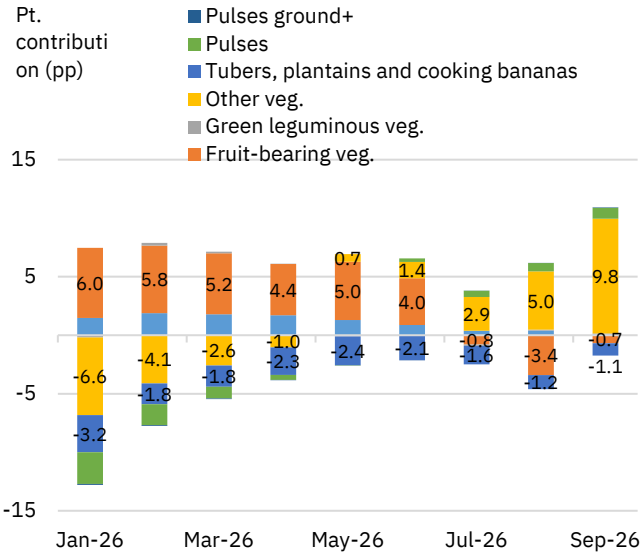


Figure 55: Veg & pulse inflation point contributors



Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR. Notes – 1) Other vegetables include onion, garlic, carrot, radish, jackfruit and other vegetables. 2) Pulses ground+ = Vegetables, tubers, plantains, cooking bananas and pulses ground.

Table 13: Share of CPI items across inflation ranges (%)

Inflation range	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
< 2%	48.9	48.9	48.6	48.3	45.3	40.8	39.7	37.4	34.9
2 – 4%	33.0	29.9	29.3	28.2	28.5	30.2	32.1	31.8	29.1
4-6%	7.0	8.4	8.9	8.1	9.2	10.3	9.8	11.5	13.7
>6%	11.2	12.8	13.1	15.4	17.0	18.7	18.4	19.3	22.3

Source: CMIE Economic outlook, MOSPI, NSE EPR. Notes – 1) The table presents the percentage share of CPI sub-components across different inflation ranges. The 2–4% range includes inflation rates ≥2% and ≤4%, while the 4–6% range includes inflation rates >4% and ≤6%. The same classification principle applies to the other ranges.

Table 14: Point contribution of CPI items across inflation ranges

Inflation range	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
< 2%	-0.6	-0.3	-0.1	-0.2	-0.1	-0.1	-0.2	-0.3	0.0
2 – 4%	1.0	0.9	0.8	1.0	1.2	1.1	1.1	1.1	0.8
4-6%	0.3	0.3	0.4	0.5	0.5	0.4	0.5	0.6	0.8
>6%	2.1	2.3	2.3	2.3	2.5	3.0	3.1	3.4	3.9
Total /CPI inflation	**2.7**	**3.2**	**3.4**	**3.5**	**4.0**	**4.4**	**4.4**	**4.8**	**5.5**

Source: CMIE Economic outlook, MOSPI, NSE EPR. Notes – 1) The table presents the point contribution of CPI sub-components across different inflation ranges. The 2–4% range includes inflation rates ≥2% and ≤4%, while the 4–6% range includes inflation rates >4% and ≤6%. The same classification principle applies to the other ranges.

Table 15: Share of CPI food items across inflation ranges (%)

Inflation range	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
< 2%	46.6	43.9	43.2	46.6	43.9	40.5	43.2	42.6	41.2
2 – 4%	22.3	18.9	18.9	14.2	15.5	16.9	18.9	14.9	16.2
4-6%	8.8	9.5	12.2	8.8	9.5	9.5	6.1	8.8	5.4
>6%	22.3	27.7	25.7	30.4	31.1	33.1	31.8	33.8	37.2

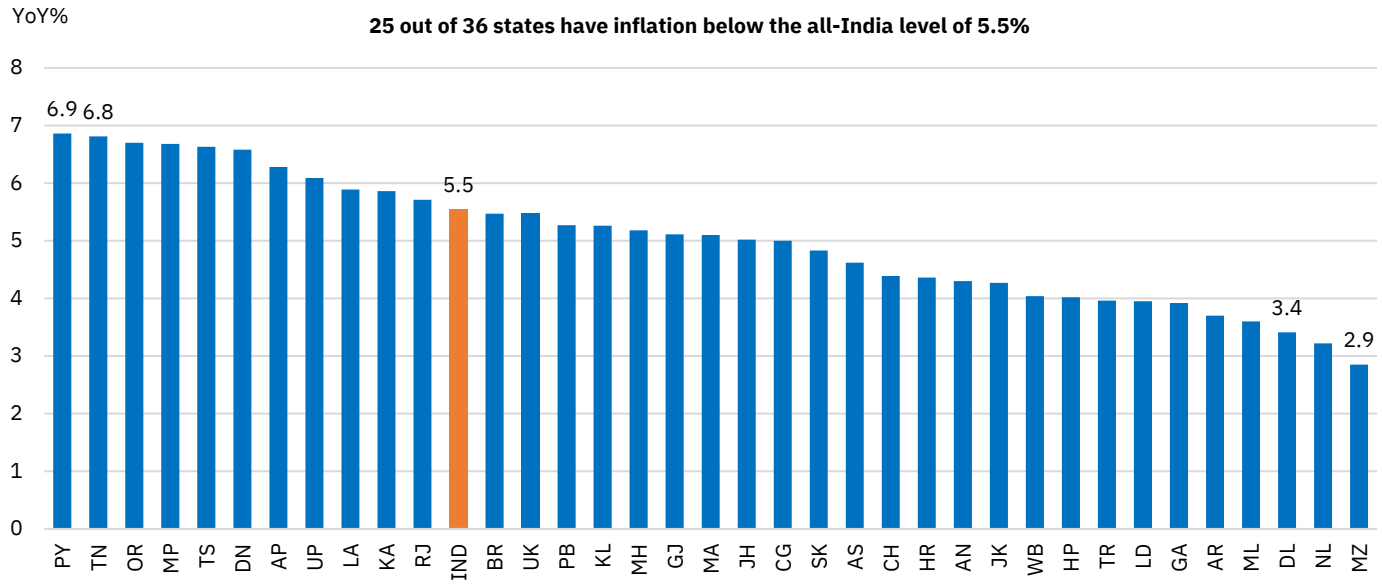
Source: CMIE Economic outlook, MOSPI, NSE EPR. Notes – 1) The table presents the percentage share of CPI sub-components across different inflation ranges. The 2–4% range includes inflation rates ≥2% and ≤4%, while the 4–6% range includes inflation rates >4% and ≤6%. The same classification principle applies to the other ranges.

Table 16: Point contribution of CPI food items across inflation ranges

Inflation range	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
< 2%	-2.4	-1.5	-1.1	-0.8	-0.5	-0.3	-0.6	-0.9	-0.3
2 – 4%	0.8	0.8	0.8	0.7	0.7	0.9	1.1	0.8	0.3
4-6%	0.4	0.3	0.4	0.4	0.4	0.3	0.3	0.6	0.7
>6%	3.3	3.8	3.7	3.8	3.9	4.1	4.4	5.2	6.6
Total	***2.1***	***3.3***	***3.7***	***4.0***	***4.5***	***5.1***	***5.2***	***5.7***	***7.4***

Source: CMIE Economic outlook, MOSPI, NSE EPR. Notes – 1) The table presents the percentage share of CPI sub-components across different inflation ranges. The 2–4% range includes inflation rates ≥2% and ≤4%, while the 4–6% range includes inflation rates >4% and ≤6%. The same classification principle applies to the other ranges.

Figure 56: State-wise headline inflation in September 2026



Source: CMIE States of India, MOSPI, NSE EPR; Notes: 1) TS= Telangana, AN= Andaman & Nicobar, KL= Kerala, PY= Puducherry, TN= Tamil Nadu, RJ= Rajasthan, SK= Sikkim, LD= Lakshadweep, KA= Karnataka, HP= Himachal Pradesh, AP= Andhra Pradesh, WB= West Bengal, IND= India, MP= Madhya Pradesh, PB= Punjab, UP= Uttar Pradesh, MH= Maharashtra, DN= Daman & Nagar Haveli & Daman & Diu, HR= Haryana, BR= Bihar, NL= Nagaland, CH= Chandigarh, GJ= Gujarat, DL= Delhi, UK= Uttarakhand, JH= Jharkhand, GA= Goa, LA= Ladakh, ML= Meghalaya, CG= Chhattisgarh, TR= Tripura, AR= Arunachal Pradesh, AS= Assam, MZ= Mizoram, MA= Manipur

2.4 WPI surged driven by food and fuel prices

Table 17: Trend in wholesale price inflation

Indicator	Weight	Sep-26	Aug-26	Sep-25	FY26TD	FY27TD
Headline WPI	**100**	**11.4**	**9.9**	**-0.2**	**-0.2**	**9.9**
Food basket	25.0	8.7	7.0	-3.4	-1.2	6.1
Primary articles	**22.8**	**8.7**	**7.8**	**-4.1**	**-2.9**	**6.9**
Food articles	16.0	8.1	5.7	-6.8	-4.2	5.2
Non-food articles	5.5	10.3	14.8	3.2	0.9	12.0
Minerals	1.3	9.5	8.2	3.8	-0.2	9.0
Fuel & Power	**14.1**	**25.9**	**22.9**	**-2.6**	**-3.5**	**25.3**
Coal	0.7	9.3	1.6	-4.2	-1.2	0.8
Mineral oils	8.2	40.0	38.5	-3.1	-4.9	41.3
Electricity	4.5	-0.4	-1.7	-1.1	-0.2	-1.1
Crude & Nat. gas	0.7	57.3	34.4	-3.3	-11.0	45.2
Mfg products	**63.1**	**9.8**	**8.4**	**1.8**	**1.6**	**8.1**

Source: DPIIT, NSE EPR. Note: FYTD corresponds to April to September.

Figure 57: Trend of wholesale price inflation

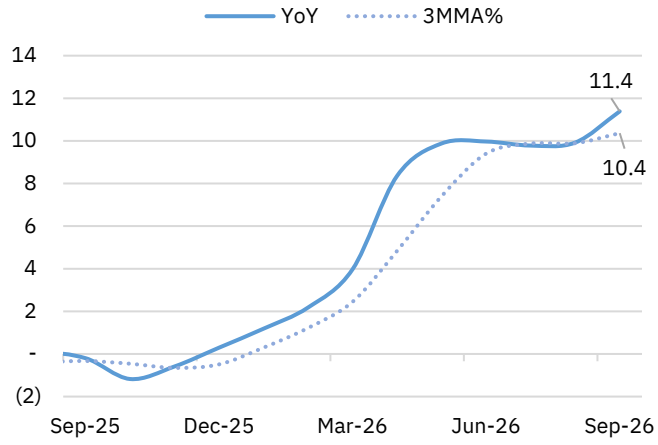
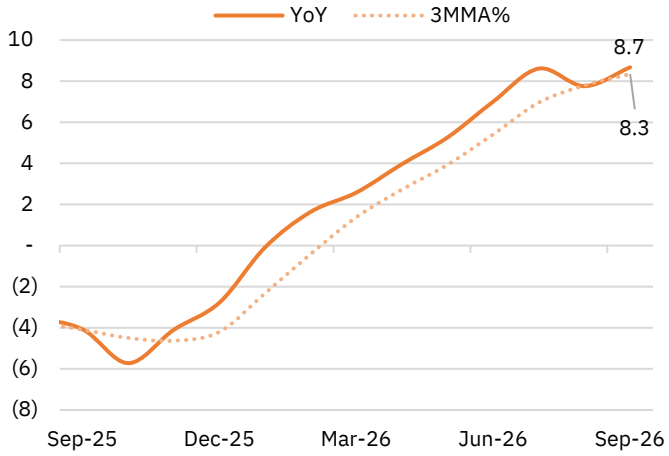


Figure 58: Trend of inflation in primary articles



Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 59: Monthly trends of fuel & power inflation

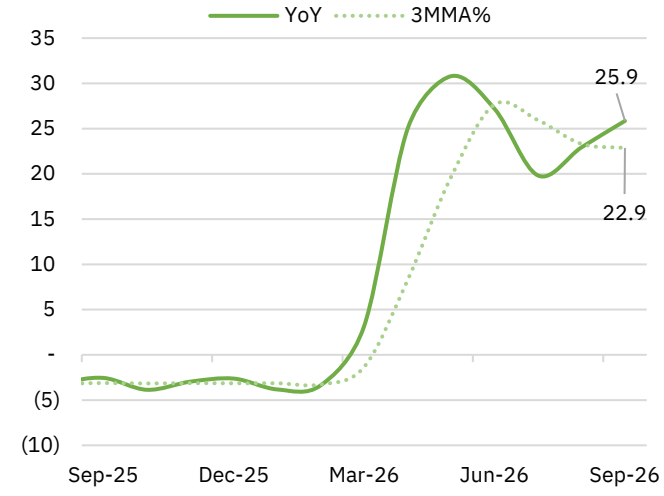
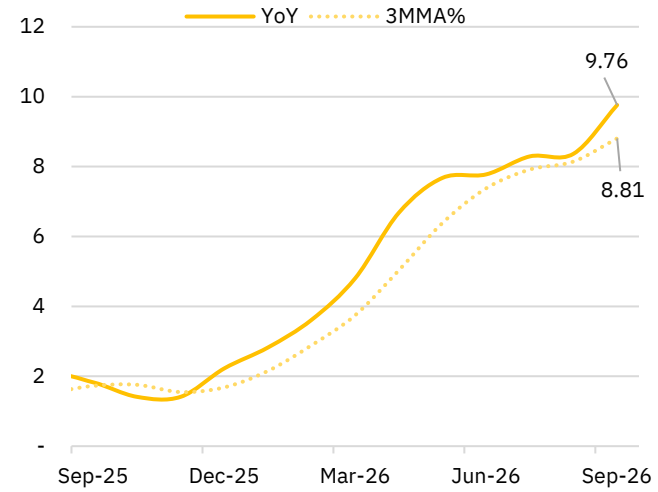
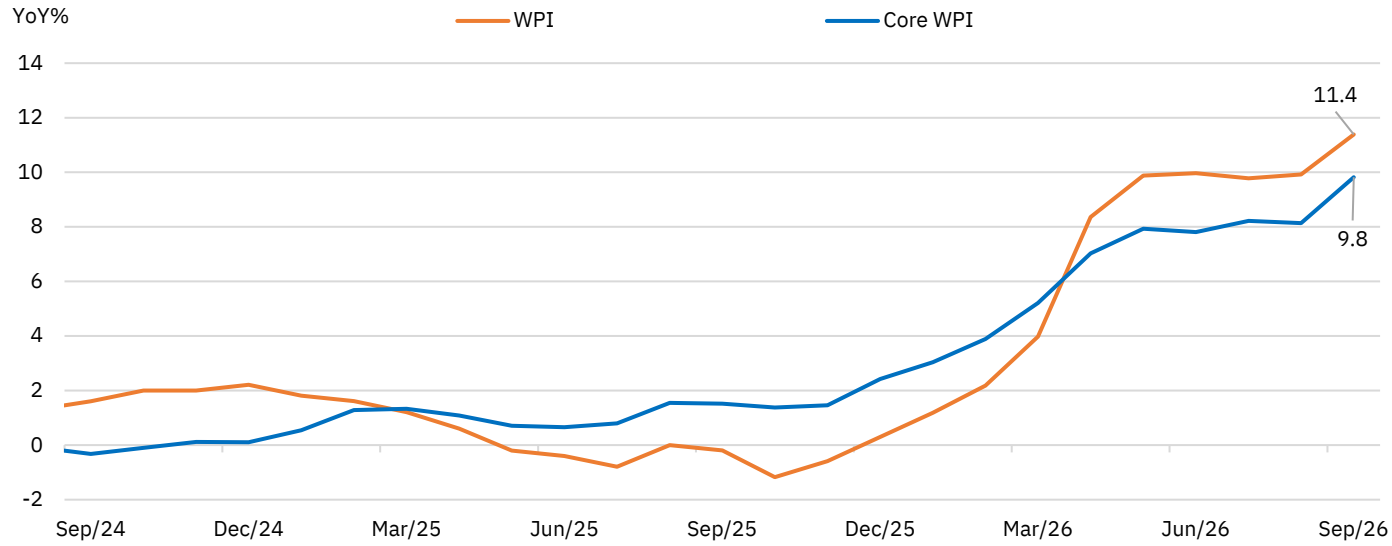


Figure 60: Monthly trends of mfg. inflation



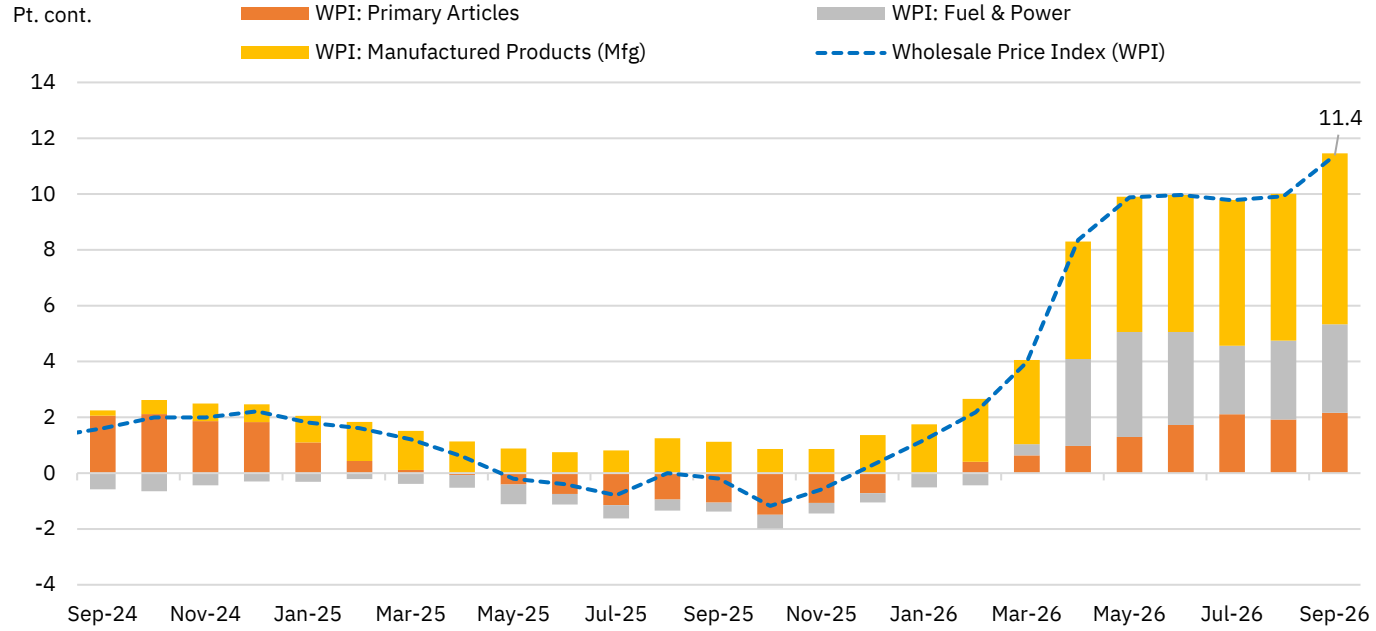
Source: DPIIT, Office of Economic Affairs, NSE EPR.

Figure 61: YoY trends in WPI inflation and Core WPI inflation



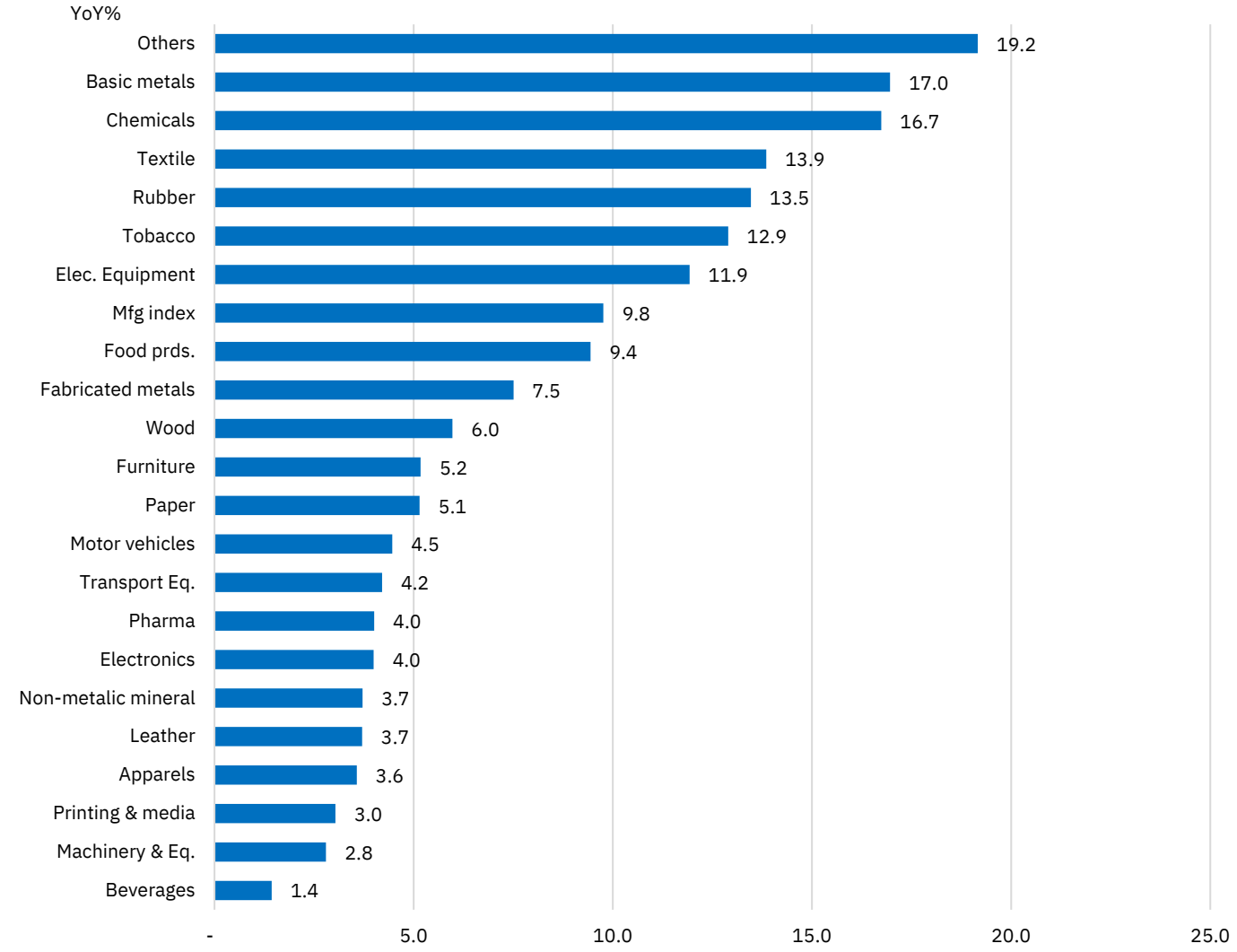
Source: DPIIT, Office of Economic Affairs, NSE EPR Note: Core WPI is overall WPI excluding fuel and food components.

Figure 62: Contribution of sub-components to WPI inflation



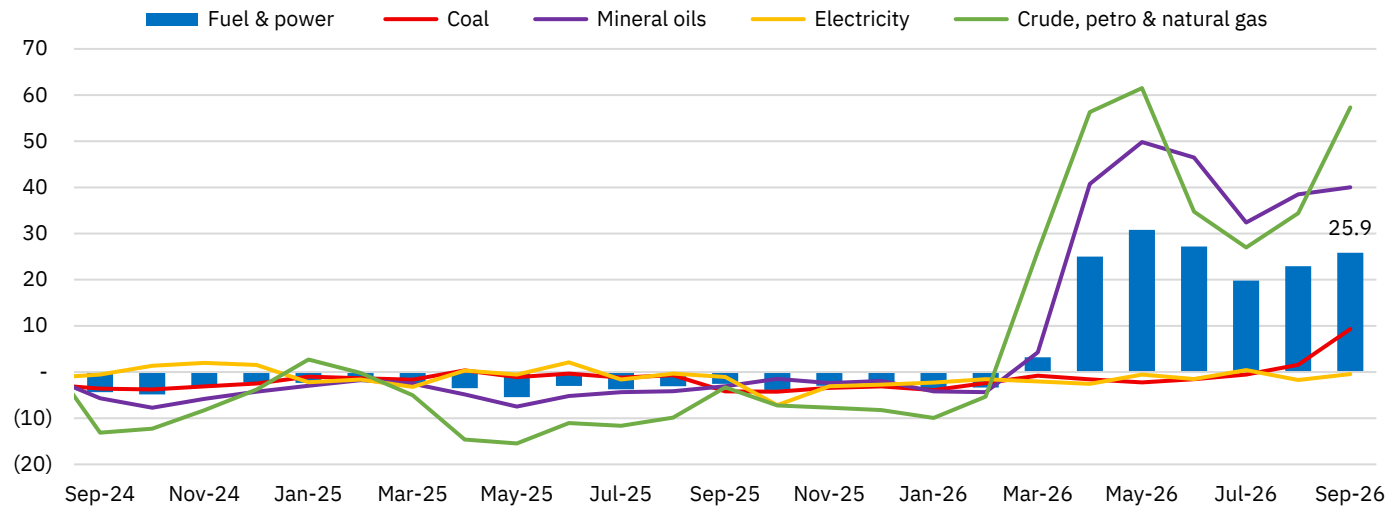
Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 63: Manufacturing sub-categories growth in WPI in September 2026 (YoY%)



Source: DPIIT, Office of Economic Affairs, NSE EPR

Figure 64: Fuel & power sub-categories growth in WPI in September 2026 (YoY%)



Source: DPIIT, Office of Economic Affairs, NSE EPR

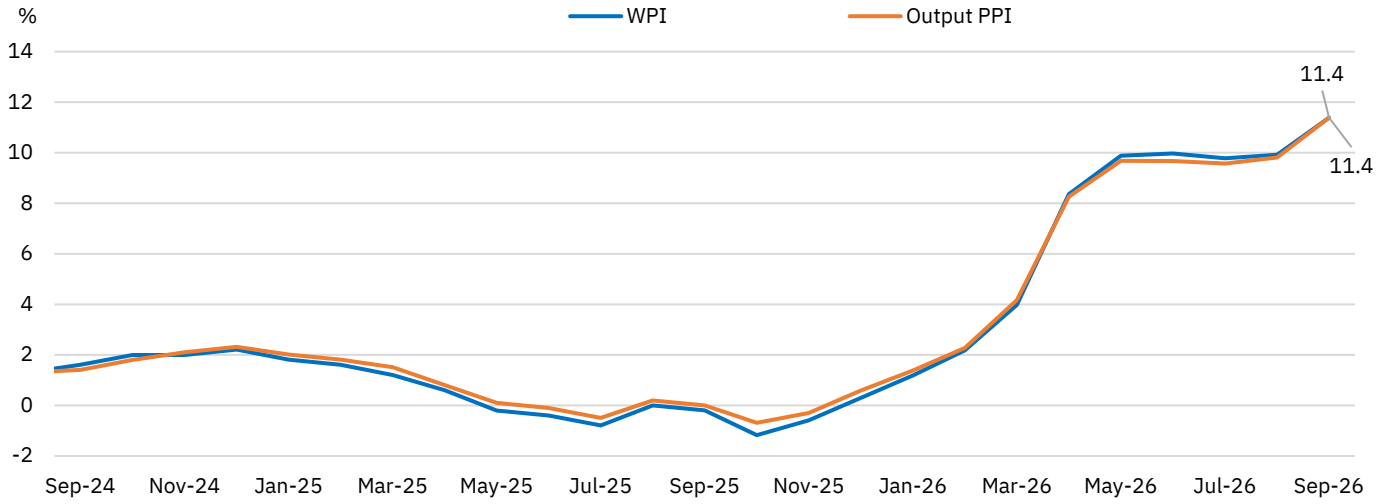
2.5 Output PPI elevated amid broad-based manufacturing pressures

Table 18: Output producer price index for September 2026 (%YoY)

Indicator	Weight	Sep-26	Aug-26	Sep-25	FY27TD	FY26TD
Output Producer Price Index	100.0	11.4	9.8	0.0	9.7	0.1
Agri, forestry & fishing	22.2	8.5	7.3	-3.9	6.4	-2.4
Manufacturing	69.9	12.6	11.0	1.3	11.1	4.8
Mining & Quarrying	3.4	21.3	15.1	2.5	18.1	7.1
Electricity	4.5	-0.3	-1.7	-1.2	-1.0	-1.5

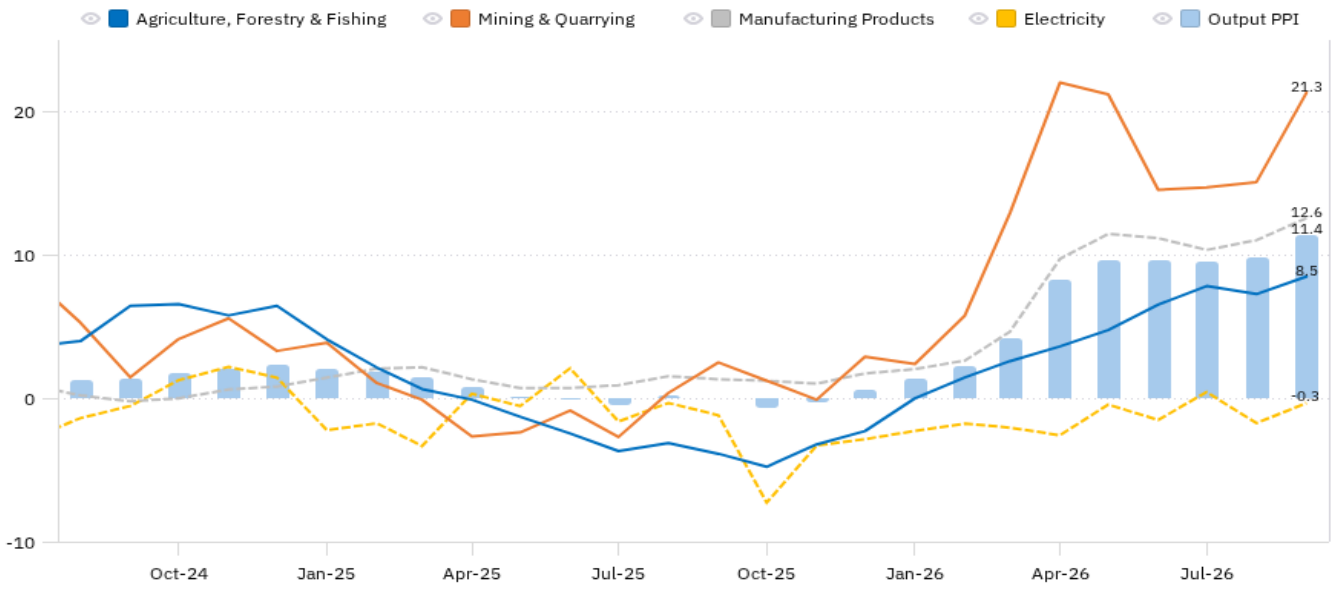
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Note: YTD corresponds to April-September

Figure 65: Monthly trends in WPI vs output PPI (%YoY)



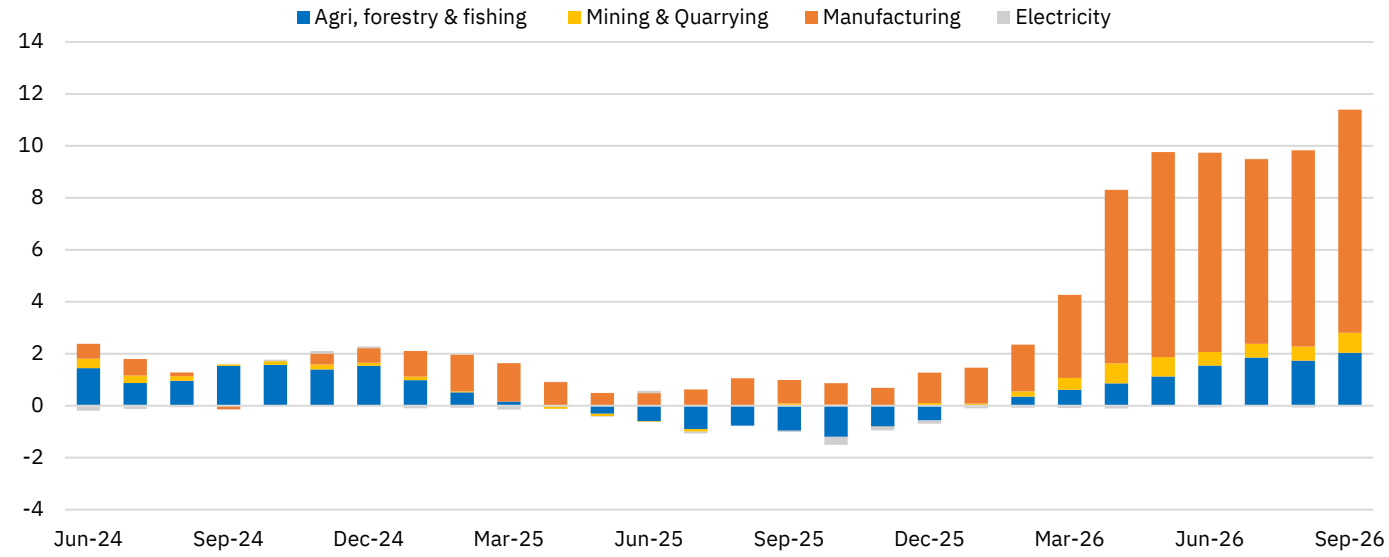
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) WPI index is based on revised base year 2022-23.

Figure 66: Monthly trends in Output Producer Price Index and its categories (YoY%)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR. Notes – 1) Monthly data are updated till September 2026.

Figure 67: Monthly point contribution to Output PPI



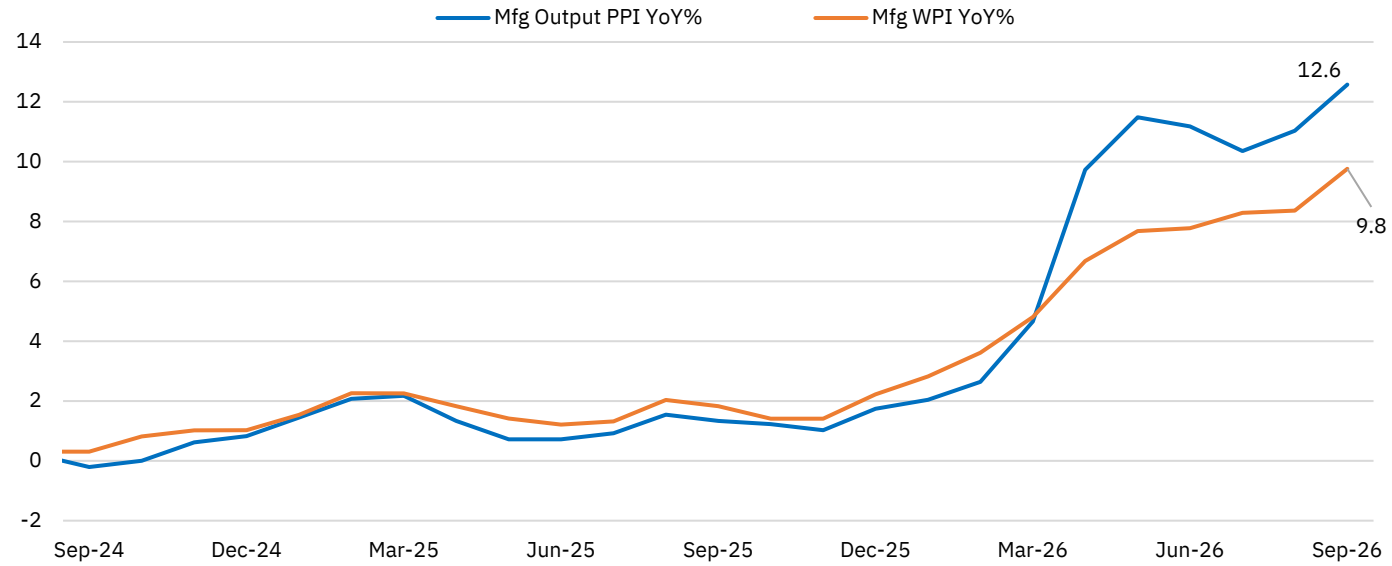
Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR

Table 19: Breakup of Output PPI - Manufacturing (YoY %)

Indicator	Weight	Sep-26	Aug-26	Jul-26	Jun-26
Manufacturing Products	69.9	12.6	11.0	10.4	11.2
Food products	8.5	9.5	9.7	9.0	7.9
Beverages	0.8	1.3	1.8	0.4	1.1
Tobacco products	0.3	15.3	15.5	16.7	17.6
Textiles	4.4	16.1	14.4	14.1	13.8
Wearing Apparel	1.2	4.0	2.9	3.3	2.8
Leather & Related Products	0.5	3.6	4.3	3.8	4.3
Wood & of Products of Wood & Cork	1.1	5.6	6.5	6.4	7.0
Paper & Paper Products	1.0	5.4	4.7	3.7	3.4
Printing & Reproduction of Recorded Media	0.3	3.9	4.0	3.8	3.7
Coke & Refined Petroleum Products	7.1	39.6	37.9	32.0	45.9
Chemicals & Chemical Products	5.7	16.7	14.2	13.2	14.2
Pharmaceuticals, Medicinal Chemical & Botanical Products	1.9	3.7	3.2	4.2	3.3
Rubber & Plastics Products	2.6	14.1	11.8	11.3	11.2
Other Non-Metallic Mineral Products	2.5	4.4	3.1	3.5	2.7
Basic Metals	7.5	17.3	11.0	12.6	10.7
Fabricated Metal Products, Except Machinery & Equipment	3.2	6.7	5.8	5.9	5.0
Computer, Electronic & Optical Products	1.8	4.0	-3.0	-4.1	-2.9
Electrical Equipment	3.8	8.1	7.5	7.5	7.3
Machinery & Equipment	2.5	2.9	3.0	2.8	1.9
Motor Vehicles, Trailers & Semi-Trailers	4.4	4.2	3.1	2.8	2.7
Other Transport Equipment	1.3	5.0	5.7	5.1	5.0
Furniture	0.7	3.9	3.6	2.8	3.1
Other Manufacturing	6.8	13.3	12.2	12.1	12.1

Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR

Figure 68: Monthly trend of manufacturing in Output PPI vs WPI (YoY%)



Source: CEIC Data, Ministry of Commerce & Industry, NSE EPR.

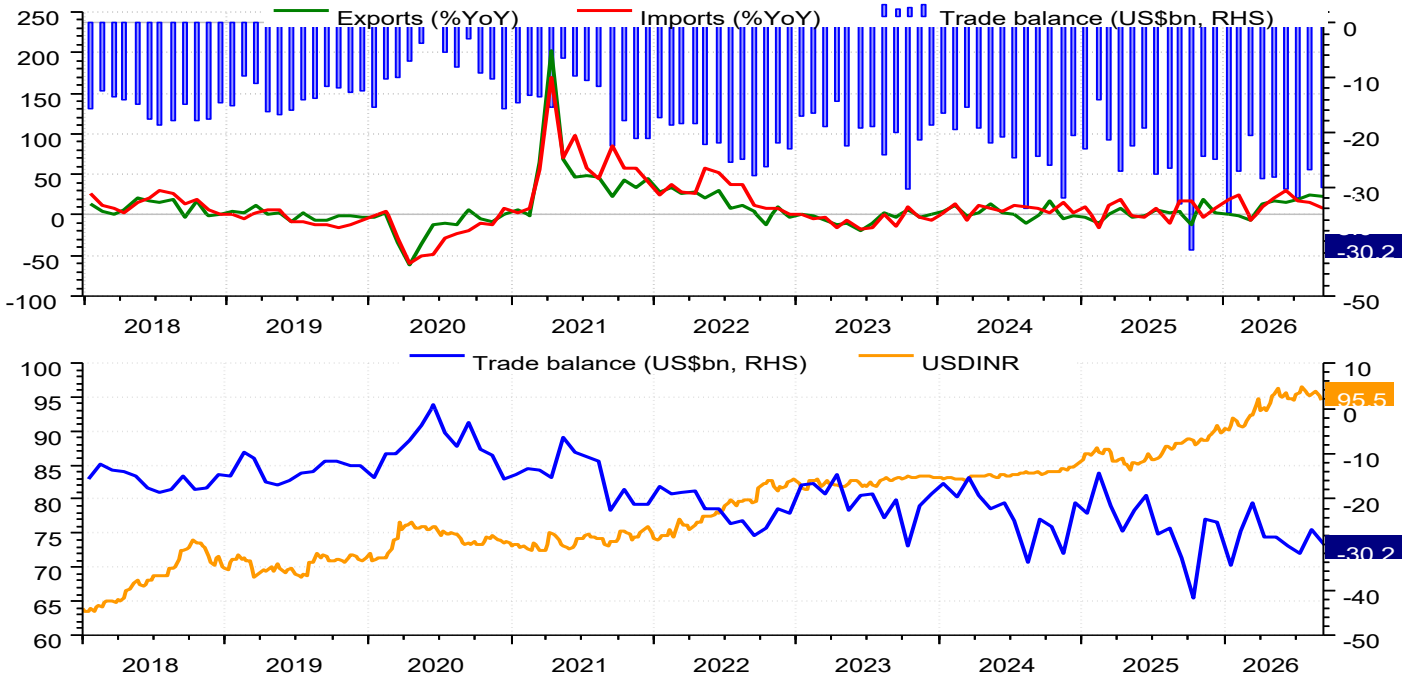
2.6 Trade deficit widened in H1-FY27 despite robust export growth

Table 20: India's merchandise trade balance for September 2026

Period	Merchandise Exports		Merchandise Imports								Trade balance (US$ bn)
	Total (US$ bn)	%YoY	Total (US$ bn)	%YoY	Oil imports (US$ bn)	%YoY	Non-oil imports (US$ bn)	%YoY	Gold imports (US$ bn)	% YoY	
Sep-26	44.4	22.9	74.6	8.0	18.3	30.8	56.3	2.2	1.8	(81.3)	(30.2)
Aug-26	43.8	26.1	70.7	14.1	16.7	25.8	54.0	10.9	2.3	(57.7)	(26.9)
Sep-25	36.1	6.0	69.1	17.6	14.0	(5.9)	55.1	(5.9)	9.6	106.9	(33.0)
FY27TD	259.9	18.4	437.5	16.3	113.8	23.6	323.7	13.9	19.3	(27.3)	(177.6)
FY26TD	219.4	2.7	376.2	4.8	92.1	(1.0)	284.1	6.9	26.5	(8.7)	(156.8)

Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR. Note: YTD corresponds to April-September.

Figure 69: Monthly trends in India's merchandise imports, exports and trade balance



Source: LSEG Workspace, NSE EPR.

Figure 70: Non-oil, non-gold imports

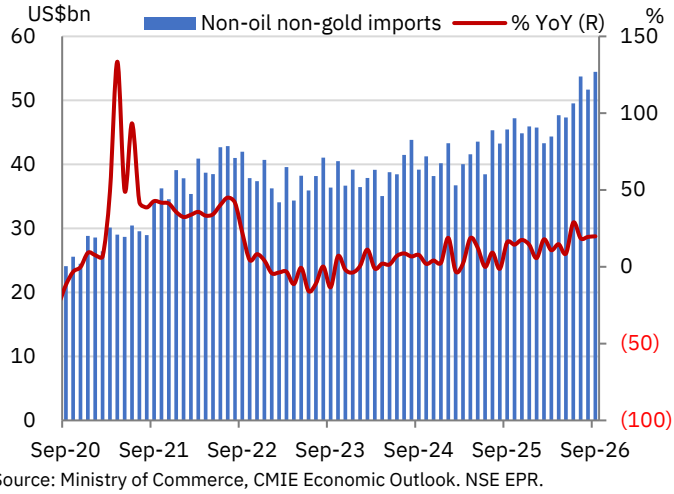
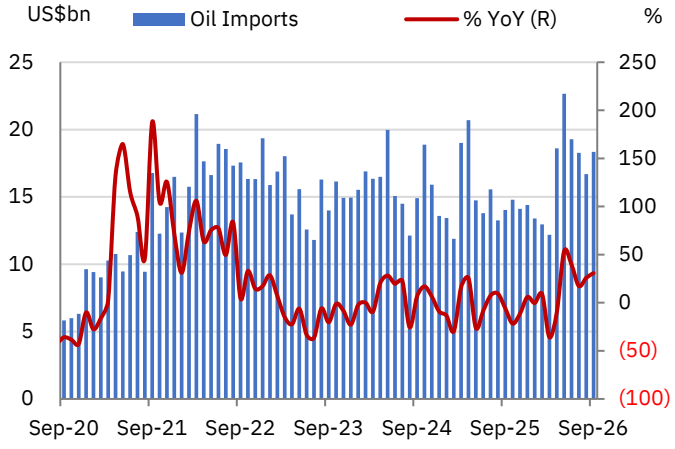
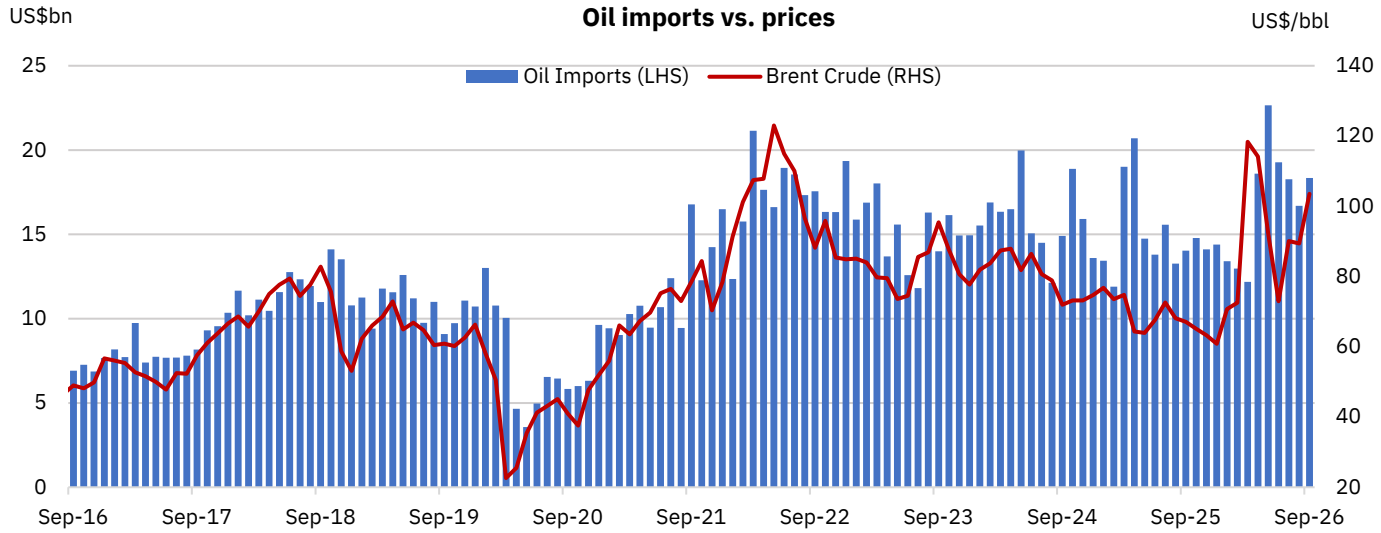


Figure 71: Oil imports trend



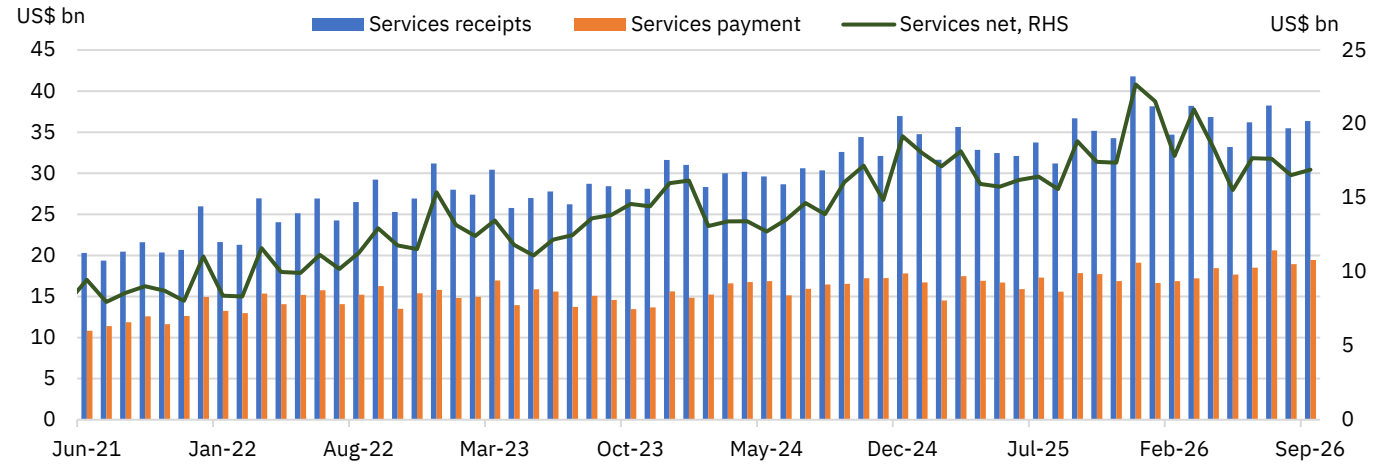
Source: Ministry of Commerce, CMIE Economic Outlook. NSE EPR.

Figure 72: Oil imports vs. Brent crude oil prices trend



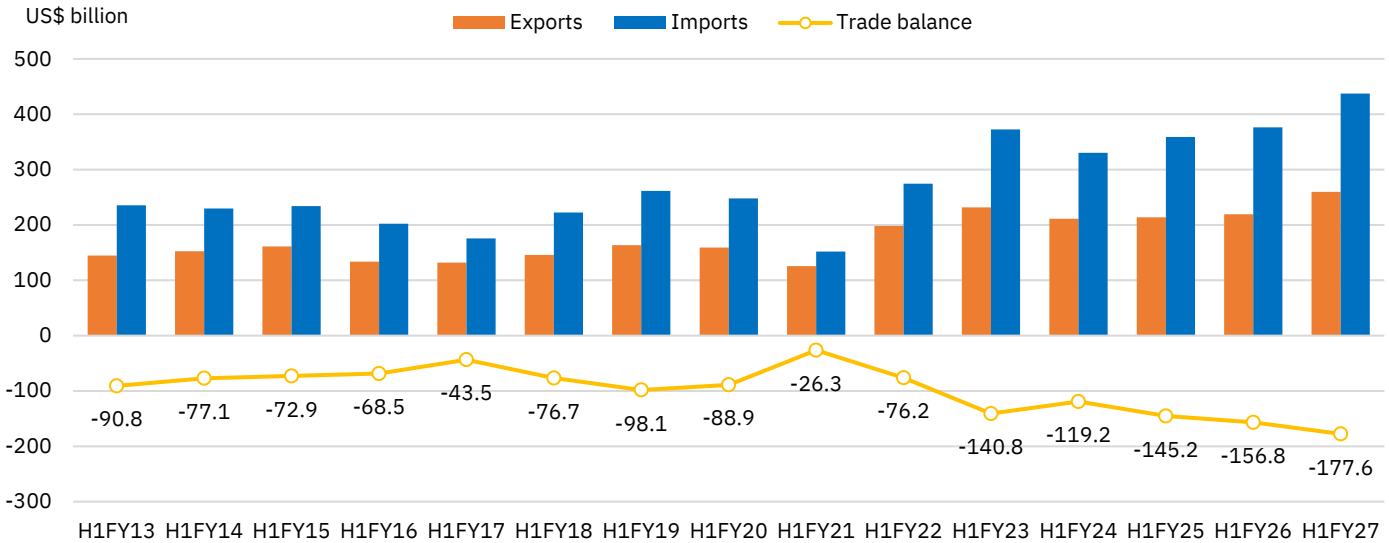
Source: LSEG Workspace, CMIE Economic Outlook, NSE EPR.

Figure 73: Monthly trend in monthly services exports, imports and net balance



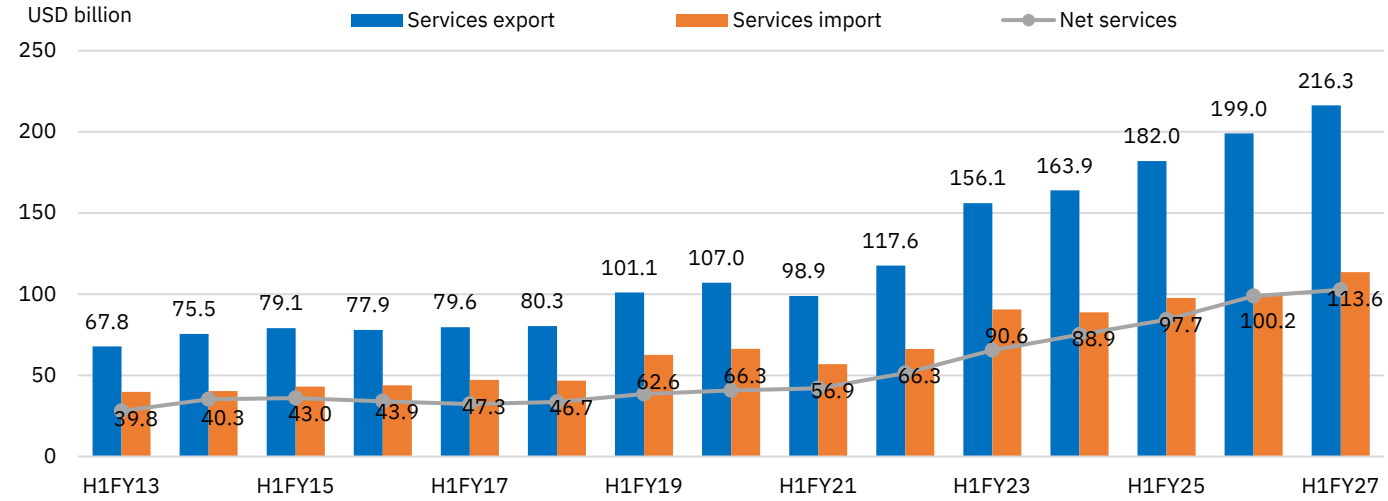
Source: CMIE Economic Outlook, NSE EPR.

Figure 74: Half yearly trend in merchandise exports, imports and net trade balance



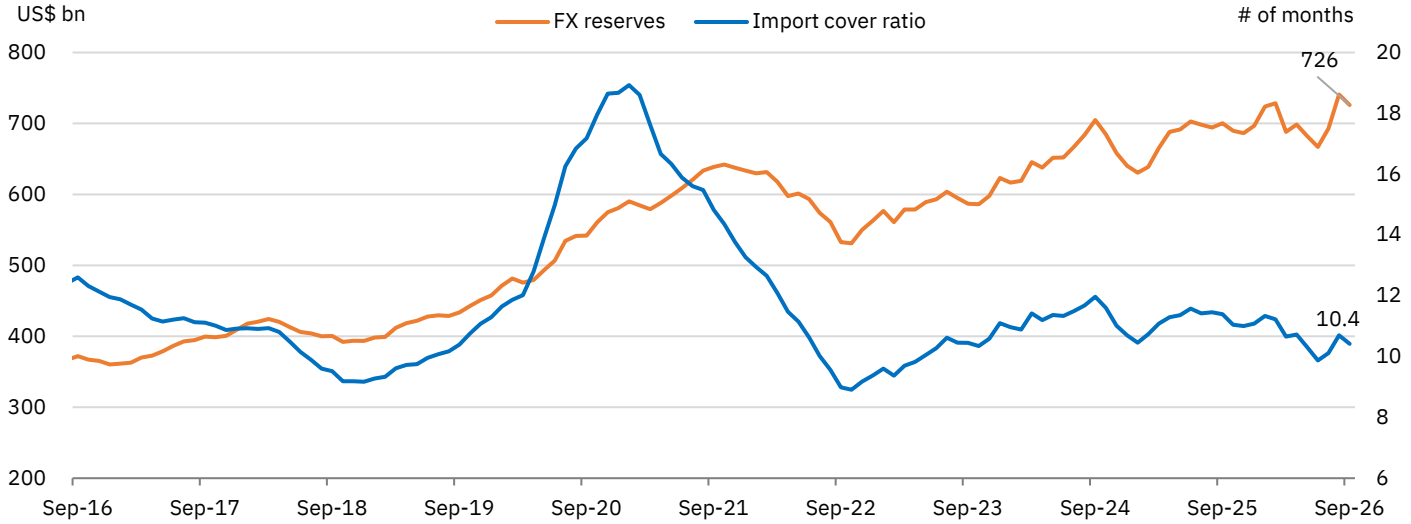
Source: CMIE Economic Outlook, NSE EPR. H1FY27 covers period from Apr-Sep 2026.

Figure 75: Half yearly trend in services exports, imports and net balance



Source: CMIE Economic Outlook, NSE EPR. H1FY27 covers period from Apr-Sep 2026

Figure 76: Forex reserves and import cover (months)



Source: LSEG Workspace, RBI, NSE EPR; Forex reserves as of October 9th, 2026

2.7 External buffers remain robust and supported by capital flows

India's external sector remained supported by substantial capital inflows, despite a widening cumulative current account deficit. The current account deficit narrowed to US$5.2 bn in August 2026 from US$6.1 bn a year earlier, as the merchandise trade deficit moderated to US$26.6 bn and net services receipts increased to US$16.5 bn. Net transfers, which include remittances, also rose to US$12.8 bn. However, the cumulative current account deficit widened to US$18.3 bn during April-August FY27 from US$12.8 bn in the corresponding period last year, reflecting a larger merchandise trade deficit. On the capital account, net inflows strengthened significantly in August, with the capital account surplus reaching US$50.6 bn, supported by banking capital inflows of US$64.7 bn, including net NRI deposit inflows of US$83.0 bn. Net FDI and FPI flows also recorded inflows during the month. Consequently, the overall balance of payments recorded a surplus of US$45.4 bn in August, compared with a deficit of US$5.6 bn a year earlier, taking the cumulative surplus during April-August FY27 to US$58.0 bn.

Foreign exchange reserves at US$726.0 bn continued to provide an important external buffer, while rising outward remittances reflected increased overseas spending and investment by Indian residents. Additionally, the RBI's net dollar forward position has increased, and its maturity has shifted towards longer-tenor (>1 year) contracts, while spot-market transactions moved from net dollar sales of US$6.1 bn in May to net purchases of US$18.7 bn July. Overall, India's external position continues to be supported by reserve buffers and capital inflows, while trade imbalances and evolving foreign exchange market policy measures remain important, particularly for the rupee.

- **BOP surplus in August supported by strong FCNR (B) deposit inflows:** India's Balance of Payments (BoP) recorded a surplus of US$45.4 bn in August 2026 compared with a deficit of US$5.6 bn in August 2025. The turnaround was primarily driven by a substantial increase in capital inflows, particularly led by FCNR (B) deposit mobilisation. Meanwhile, the current account deficit narrowed to US$5.2 bn in August'26 from US$6.1 bn a year earlier supported by an improvement in the merchandise trade balance, higher net services receipts and increased net transfers. However, these gains were partly offset by a widening net income deficit, which increased to US$8.0 bn from US$6.3 bn. Net FDI and FPI also turned positive at US$3.3 bn and US$1.7 bn, respectively, while net external commercial borrowings recorded an outflow of US$22.4 bn driven by outward lending to non-residents through GIFT city banking units. These inflows were supported by the RBI's special FCNR(B) deposit mobilisation scheme, which attracted foreign-currency savings from NRIs and helped strengthen India's external position.

- **Foreign exchange reserves provide an external buffer amid rising outward remittances:** Foreign exchange reserves stood at US$726.0 bn providing an important external buffer. The decline since September's peak of US$ 785 bn is largely due to a decline in foreign currency assets used for rupee stabilization and a reduction in gold's dollar value. Foreign currency assets formed the largest component (82.3% of the total forex reserves), while gold's share increased over the longer term amid higher international gold prices and reserve diversification. India's outward remittances under the RBI's Liberalised Remittance Scheme (LRS) increased to US$2.6 bn in July 2026, marginally higher than June and FYTD value of US$9.8 bn with travel having a majority share of over 53%.

- **RBI's foreign exchange operations reflect shifts in forward positions and spot market transactions:** RBI's outstanding net long dollar forward position has increased over the period. A notable shift in the maturity composition was observed around June 2025, when the concentration of the net dollar forward position moved from contracts with maturities of more than three months and up to one year towards contracts maturing beyond one year. The longer-tenor bucket

subsequently accounted for a larger share of the outstanding position, while the composition across shorter maturities continued to fluctuate. The RBI's net dollar transactions also varied over the period. RBI shifted from marginal net dollar purchases of US$0.6 bn in June 2026 to a record US$18.7 bn in July 2026 driven mainly by the special swap facility, through which banks channelled newly mobilised foreign-currency inflows to the RBI.

Table 77: Balance of Payments – Monthly and FYTD accounts (based on BPM6 methodology)

US$ bn	Aug-25	Aug-26	YoY growth	FY26TD	FY27TD	YoY Growth
Current account	**-6.1**	**-5.2**	**14.8**	**-12.8**	**-18.3**	**-43.0**
Merchandise balance	-27.6	-26.6	3.6	-124.7	-146.0	-17.1
Exports	35.1	44.7	27.4	185.0	219.9	18.9
Imports	62.7	71.3	13.7	309.8	366.0	18.1
Net services	15.6	16.5	5.8	79.9	85.8	7.4
Exports	31.2	35.5	13.8	162.3	180.0	10.9
Imports	15.6	18.9	21.2	82.4	94.2	14.3
Net transfers	12.2	12.8	4.9	55.6	66.8	20.1
Net income	-6.3	-8.0	-27.0	-23.6	-24.8	-5.1
Capital account	**0.5**	**50.6**	**NA**	**12.0**	**76.3**	**NA**
Foreign Direct Investment (net)	-0.1	3.3	NA	9.6	13.8	43.8
In India (net)	2.0	5.2	160.0	23.6	31.5	33.5
Abroad (net)	2.2	1.9	-13.6	14.0	17.7	26.4
Foreign Portfolio Investment (net)	-2.6	1.7	165.4	-3.5	-3.7	-5.7
In India (net)	-2.5	1.9	176.0	-2.5	-2.4	4.0
Abroad (net)	0.1	0.1	0.0	1.1	1.3	18.2
External commercial borrowings	-0.1	-22.4	NA	6.7	-28.3	NA
To India (net)	-0.6	1.6	366.7	4.7	7.3	55.3
By India (net)	-0.4	23.9	NA	-2.0	35.7	NA
Short-term Credit to India (Net)	0.2	0.2	0.0	1.4	5.5	292.9
Banking Capital (Net)	-4.7	64.7	NA	-0.3	85.8	NA
of which: NRI Deposits (Net)	1.0	83.0	NA	5.6	119.2	NA
Other Capital (Net)	7.8	3.0	-61.5	-1.9	3.2	268.4
Overall Balance	**-5.6**	**45.4**	**NA**	**-0.8**	**58.0**	**NA**

Source: RBI, NSE EPR Note: 1. Errors and omissions are included under 'Other Capital'. 2) Total of sub-components may not tally with aggregate due to rounding off.

Figure 78: Monthly trends in gross and net FDI flows

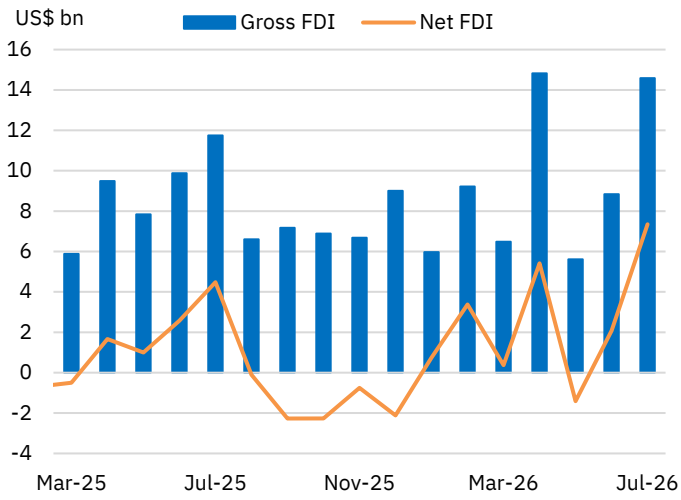
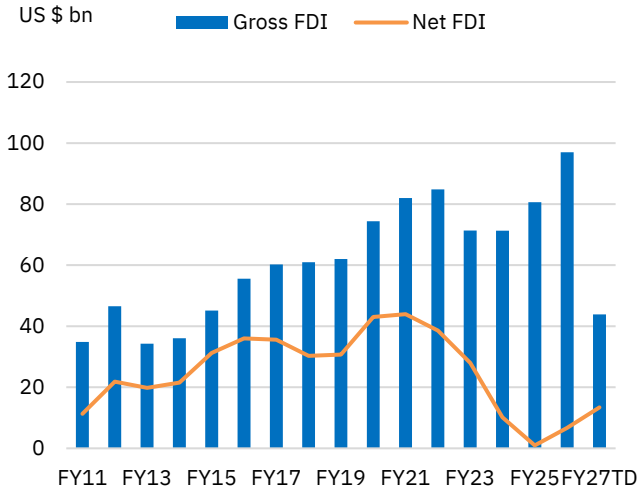
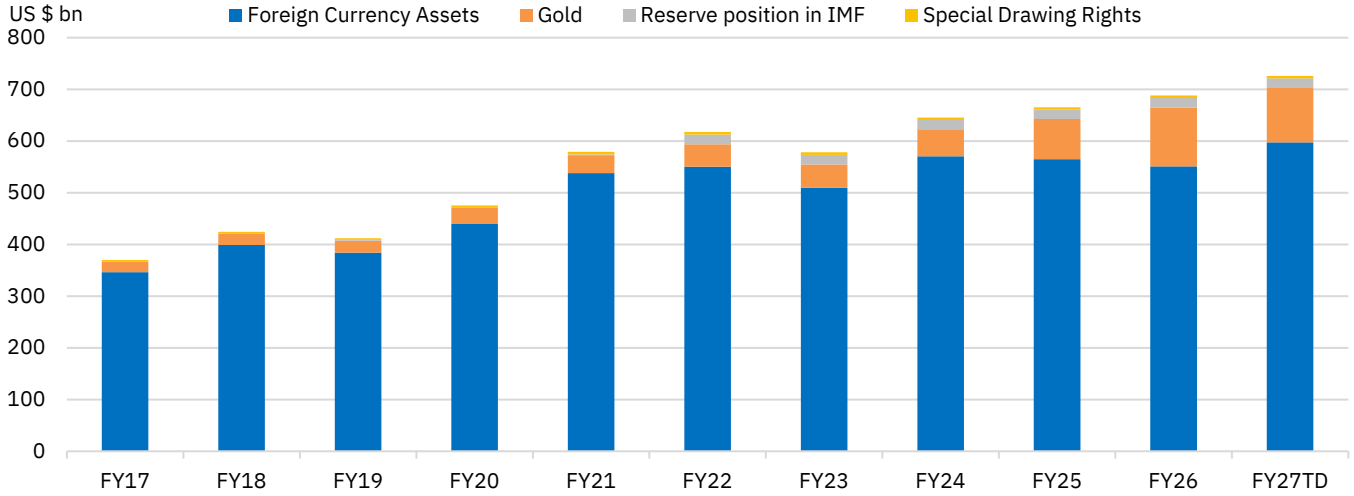


Figure 79: Annual trends in gross and net FDI flows



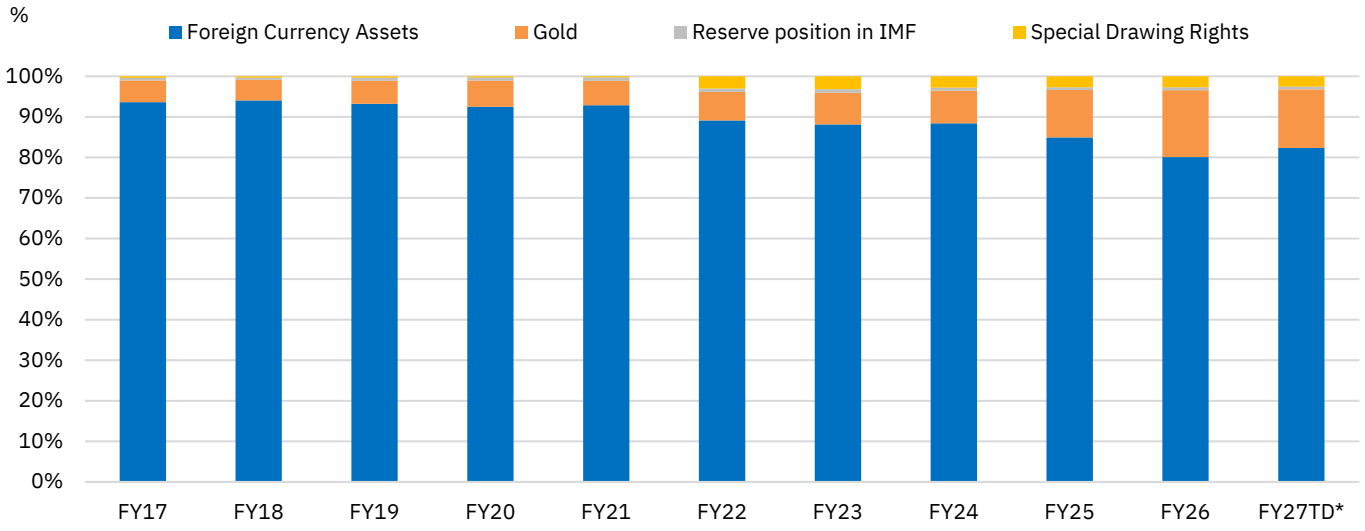
Source: CMIE Economic Outlook, NSE EPR Notes: 1) FY27TD data is till July 2026 (latest available)

Figure 80: Trends in sub-component wise foreign exchange reserves



Source: CEIC, NSE EPR. Note: FY27TD corresponds to October 9th, 2026

Figure 81: Trends in sub-component-wise foreign exchange reserves (% share)



Source: CEIC, NSE EPR. Note: FY27TD corresponds to October 9th, 2026.

Figure 82: Monthly trends in outward remittances

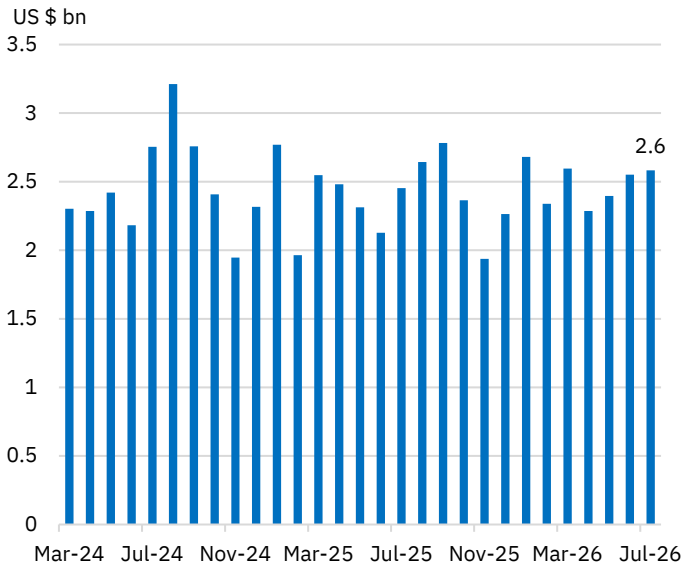
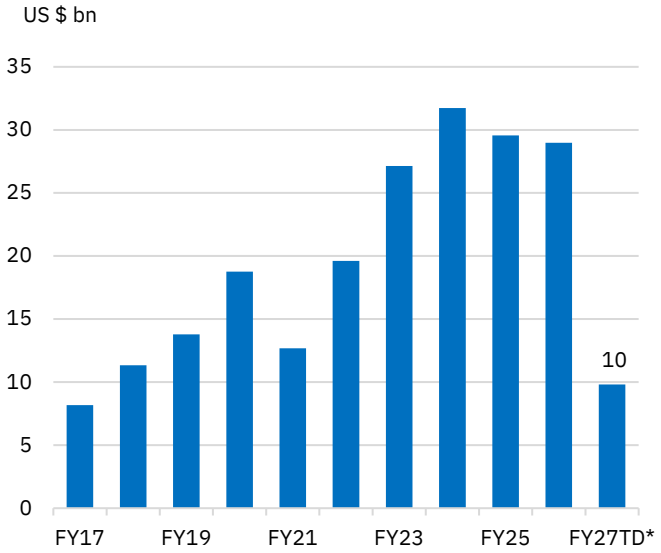
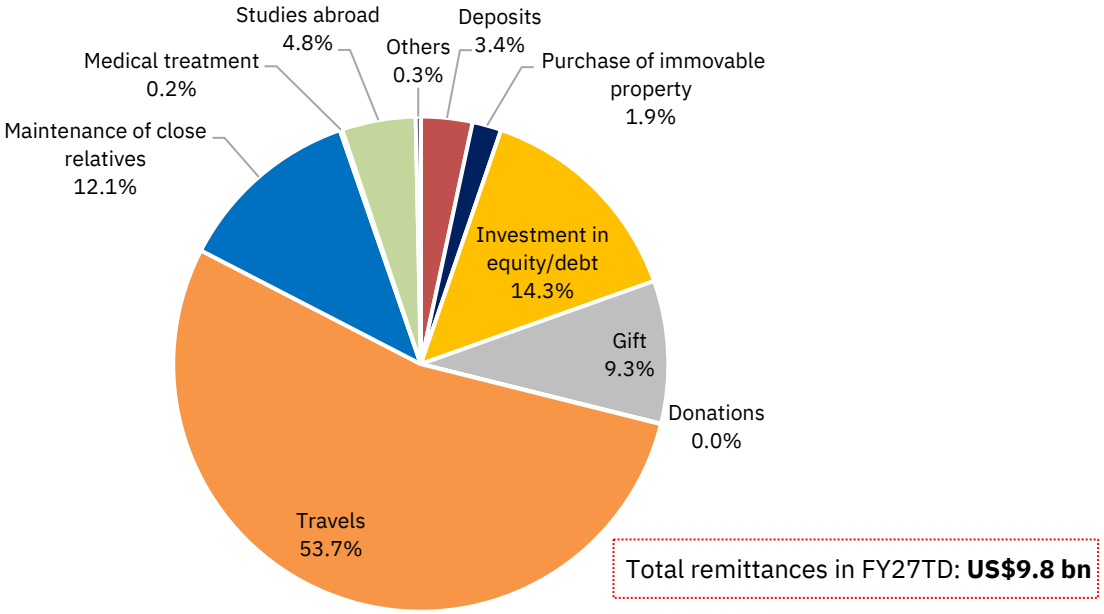


Figure 83: Annual trends in outward remittances



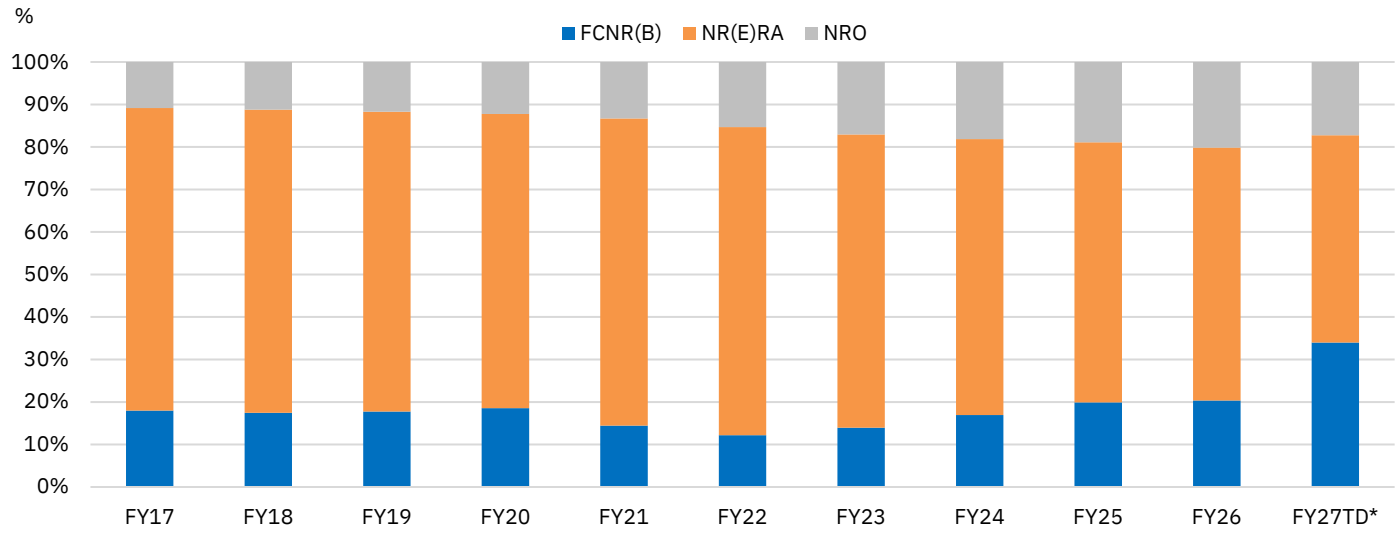
Source: CMIE Economic Outlook, NSE EPR Notes: 1) * Data for FY27 pertains to April-July 2026

Figure 84: Composition of outward remittances in FY27TD



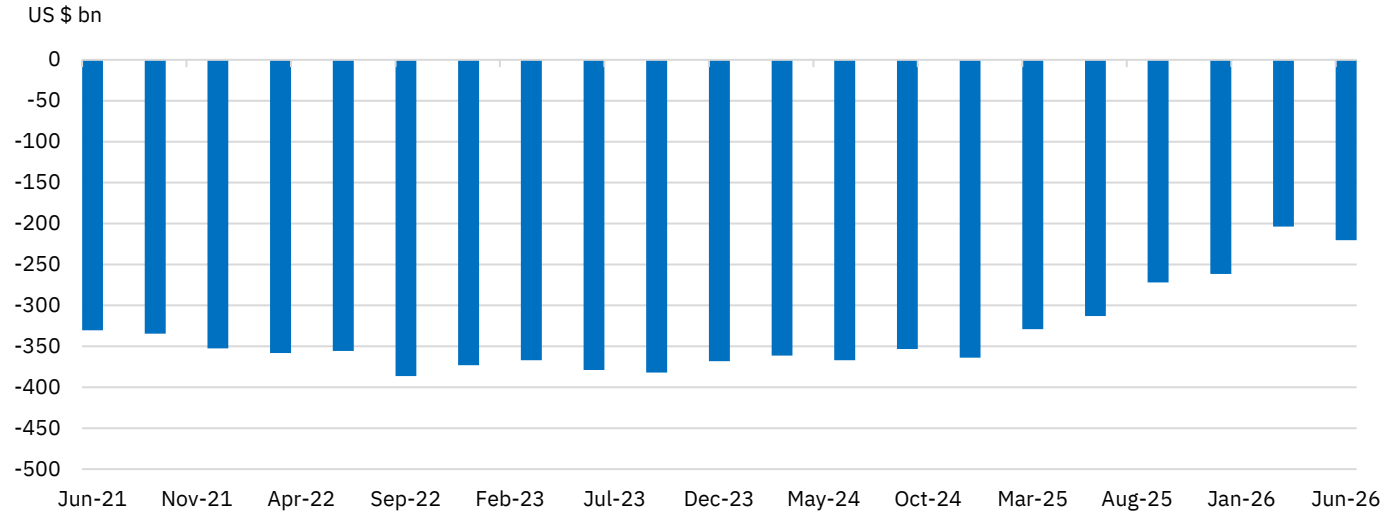
Source: CMIE Economic Outlook, NSE EPR. Note: Data for FY27TD is from Apr-Jul 2026.

Figure 85: Trends in sub-components of NRI Deposits (% share)



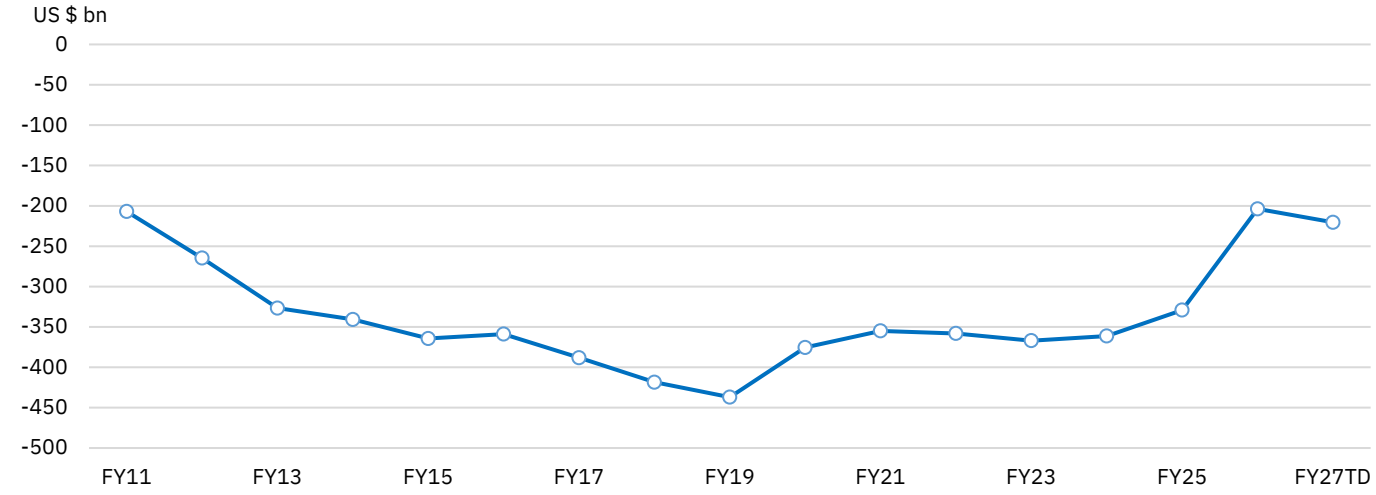
Source: RBI, NSE EPR. Note: 1) FY27TD till July 2026. 2) FCNR (B): Foreign Currency Non-Resident (Banks) Deposit; NR(E)RA: Non-resident (External) Rupee Account;

Figure 86: Quarterly trend in India's international investment position



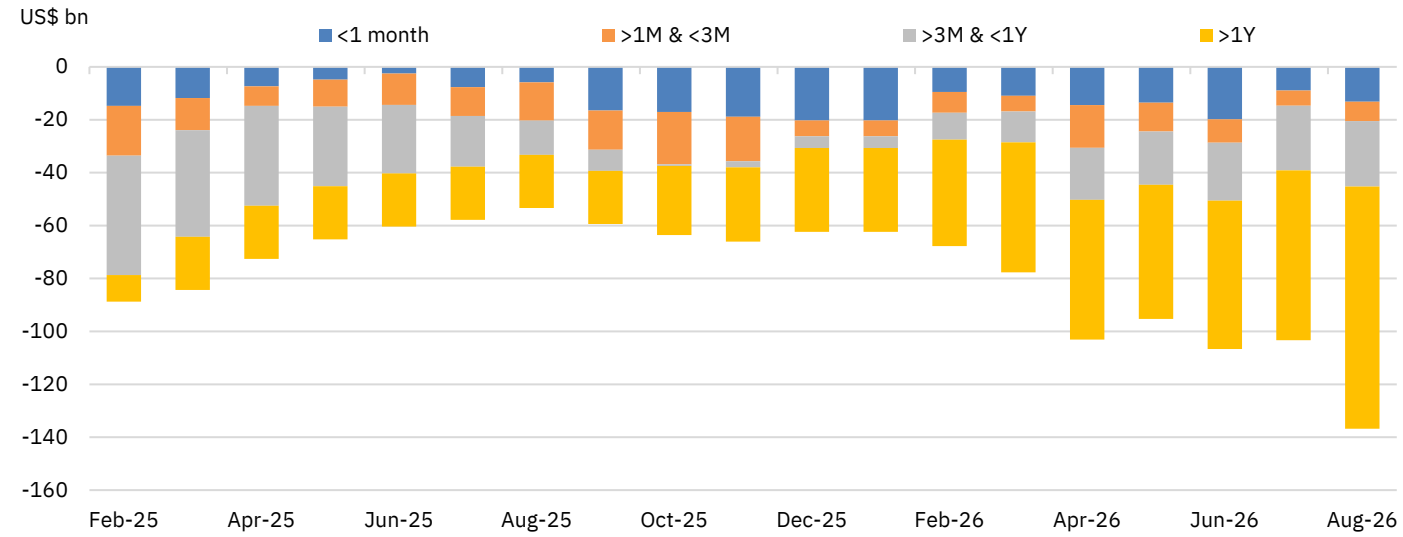
Source: CEIC, NSE EPR.

Figure 87: Annual movement in India's international investment position



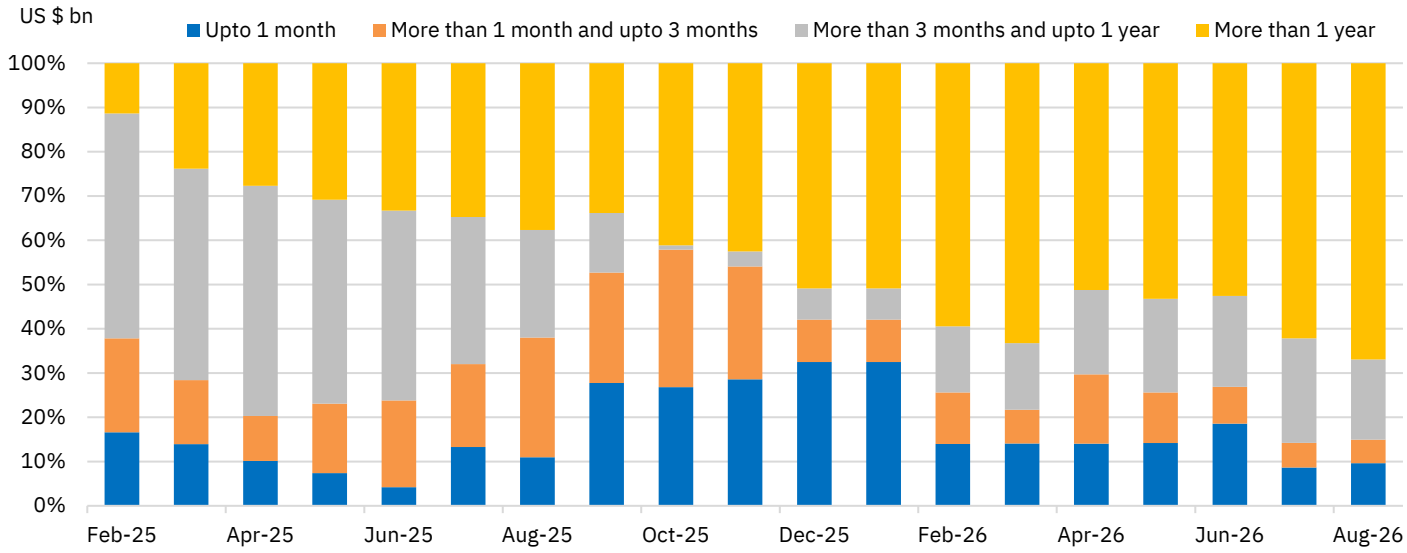
Source: CEIC, NSE EPR. Note: FY27TD data is June 2026.

Figure 88: Trends in US dollar forward position across different tenors



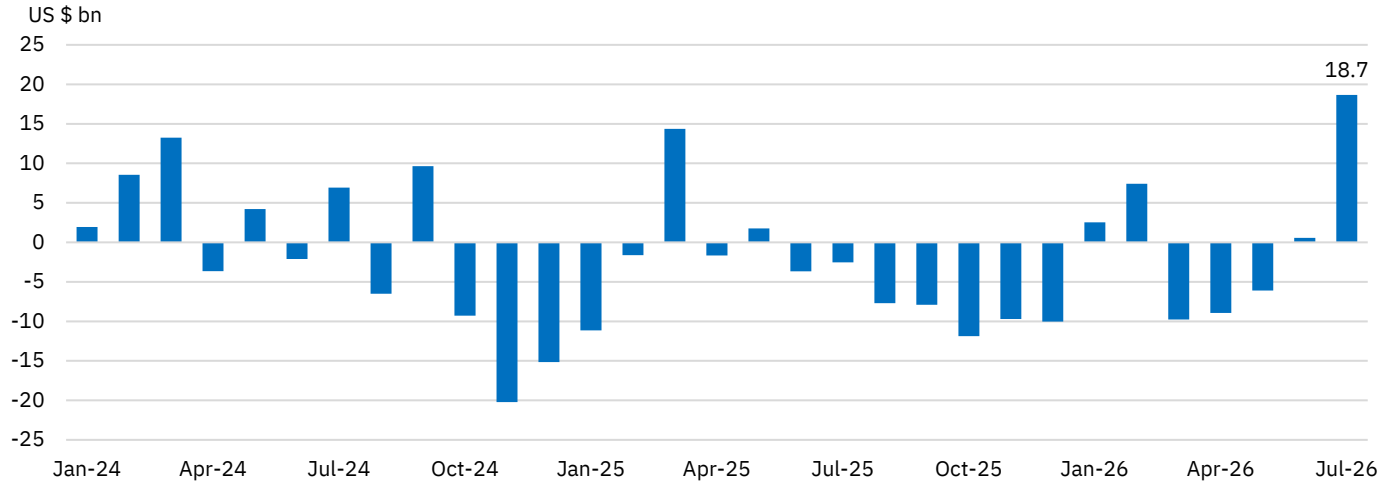
Source: RBI, NSE EPR.

Figure 89: Trends in % share of each tenor of US dollar forward position



Source: RBI, NSE EPR.

Figure 90: Monthly trends in RBI's purchase/sale of US Dollar



Source: CEIC, NSE EPR.

2.8 Fiscal deficit widens amid higher capex and subsidy spending

Figure 91: Centre's gross fiscal trend (% GDP)

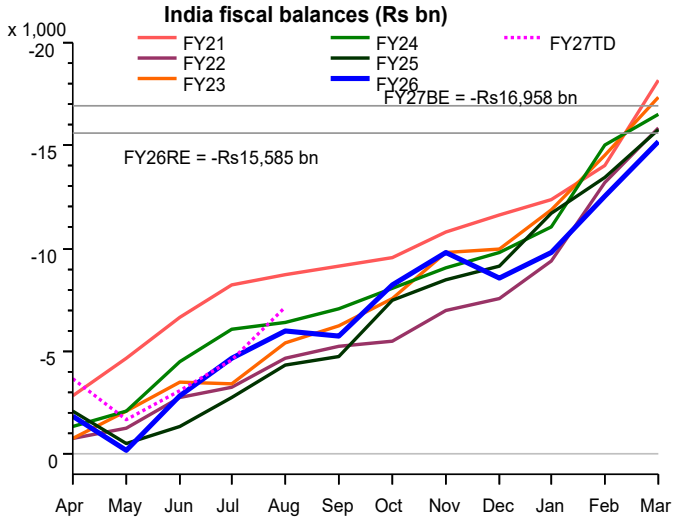
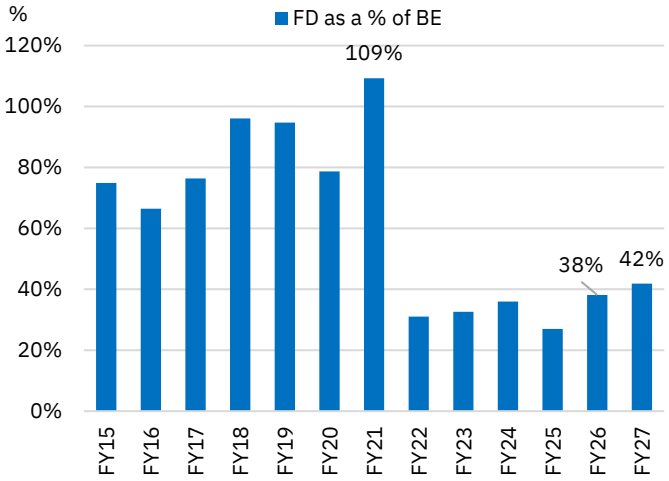


Figure 92: Gross fiscal deficit as % of budget targets during the month of Apr-Aug across years



Source: LSEG Workspace, CMIE Economic Outlook, CGA, NSE EPR.

Figure 93: Centre's gross fiscal trend (% GDP)

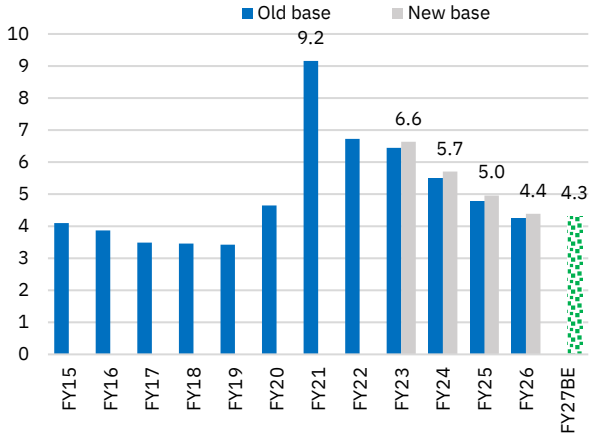
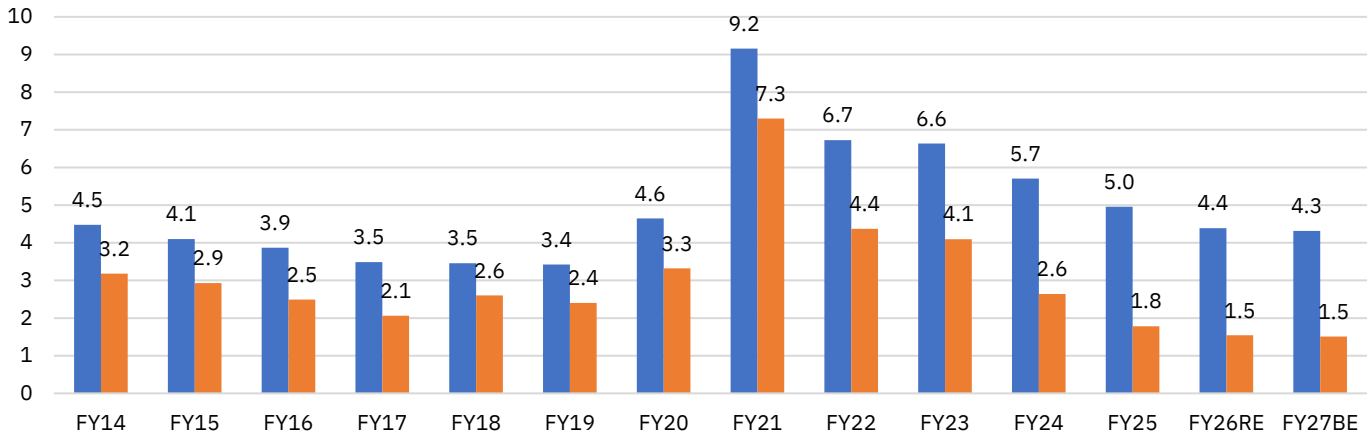


Table 21: Fiscal balance snapshot

Rs lakh crore	FY25	FY26	% YoY	FY27BE	% YoY
Net tax rev	25.0	26.2	4.9	28.7	9.3
Non-tax rev	5.4	6.8	26.5	6.7	-1.9
Non-debt cap rec.	0.4	0.8	100.3	1.2	41.4
Total receipts	**30.8**	**33.9**	**10.0**	**36.5**	**7.8**
Revenue Exp	36.0	38.4	6.5	41.3	7.5
Capital Exp	10.5	10.7	1.6	12.2	14.3
Total exp.	**46.5**	**49.1**	**5.4**	**53.5**	**9.0**
Fiscal deficit	**15.7**	**15.2**	**-3.5**	**17.0**	**11.6**
GDP	**318.1**	**346.4**	**8.9**	**393.0**	**13.5**
% of GDP	**5.0**	**4.4**		**4.3**	

Source: CMIE Economic Outlook, CGA, NSE. BE = Budget Estimates, PA = Provisional actuals; Note: 1) % YoY growth in FY27BE is over the provisional estimates of FY26 2) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 3) GDP for FY25 and FY26 are based on new base and for FY27, it is sourced from the Union Budget documents

Figure 94: Centre's gross fiscal and revenue deficit (% of GDP)



Source: CMIE Economic Outlook, CGA, NSE EPR. BE = Budget Estimates, RE= Revised Estimates. Notes – 1) GDP for FY23-27 are based on new base. 2) Fiscal deficit = Total expenditure – total receipts, Revenue deficit = Revenue expenditure – revenue receipts.

Figure 95: Direct tax collections during Apr-Aug

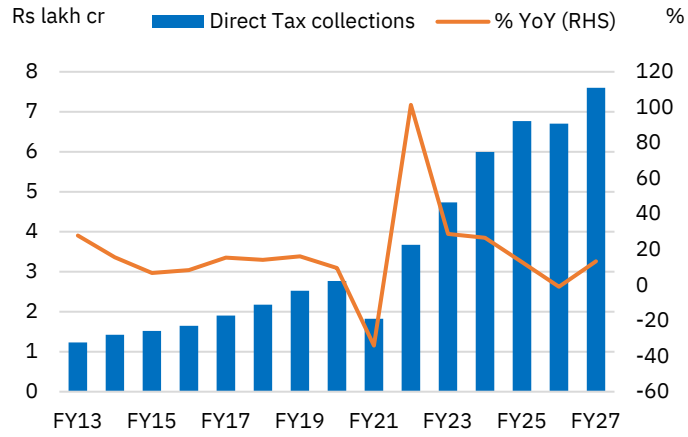
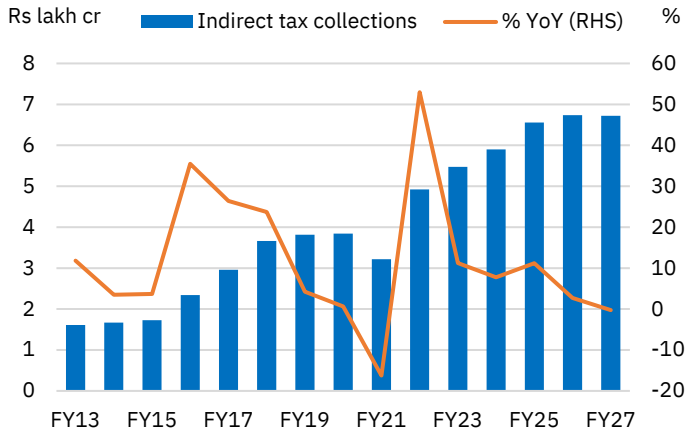
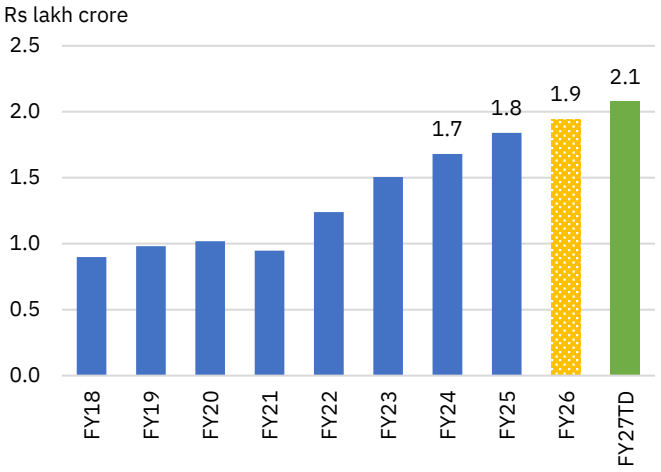


Figure 96: Indirect tax collections during Apr-Aug



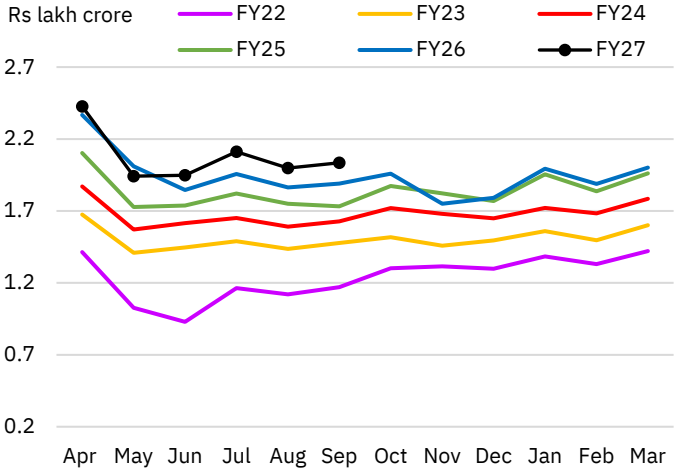
Source: CMIE Economic Outlook, CGA, NSE EPR.

Figure 97: Monthly-run rate of GST collections



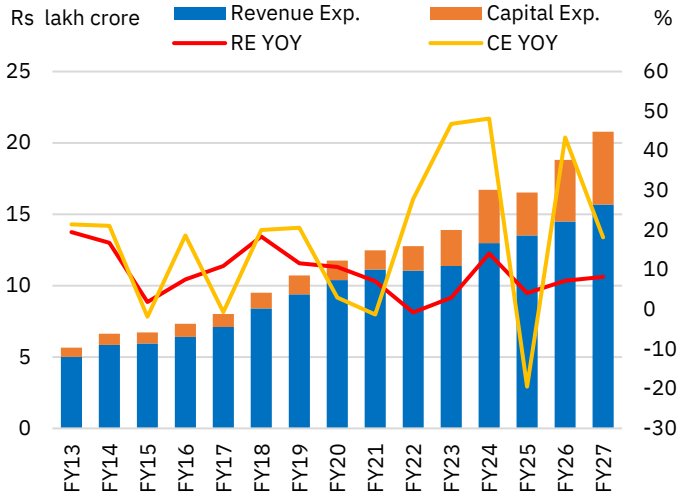
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR. Data for FY27 is for April-Sep

Figure 98: Monthly GST collections trend



Source: CMIE Economic Outlook, NSE EPR.

Figure 99: Revenue and capital exp during Apr-Aug



Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Figure 100: Expenditure mix during Apr-Aug

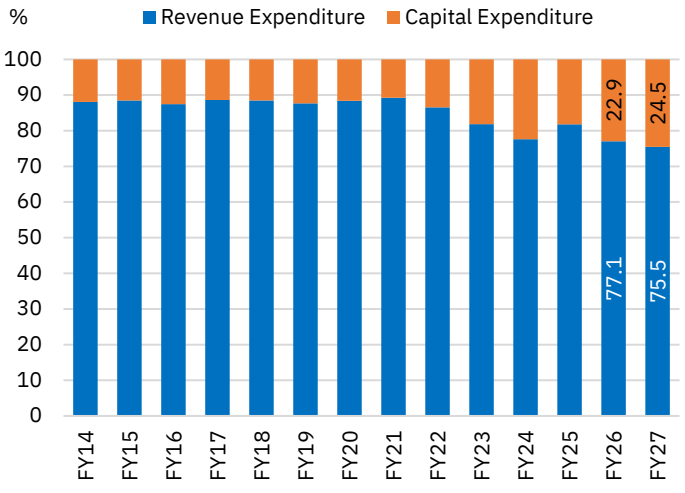
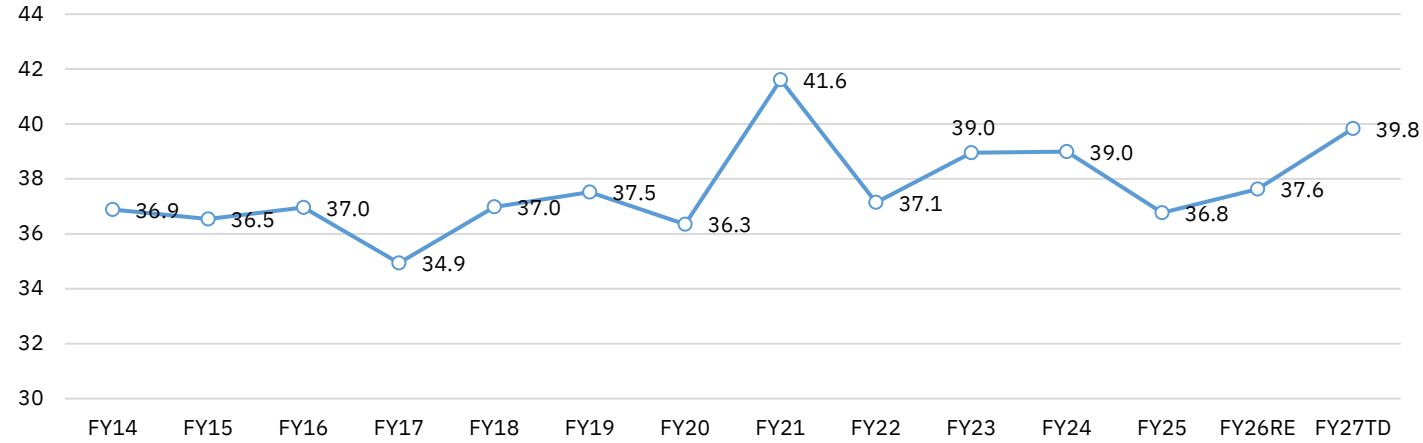
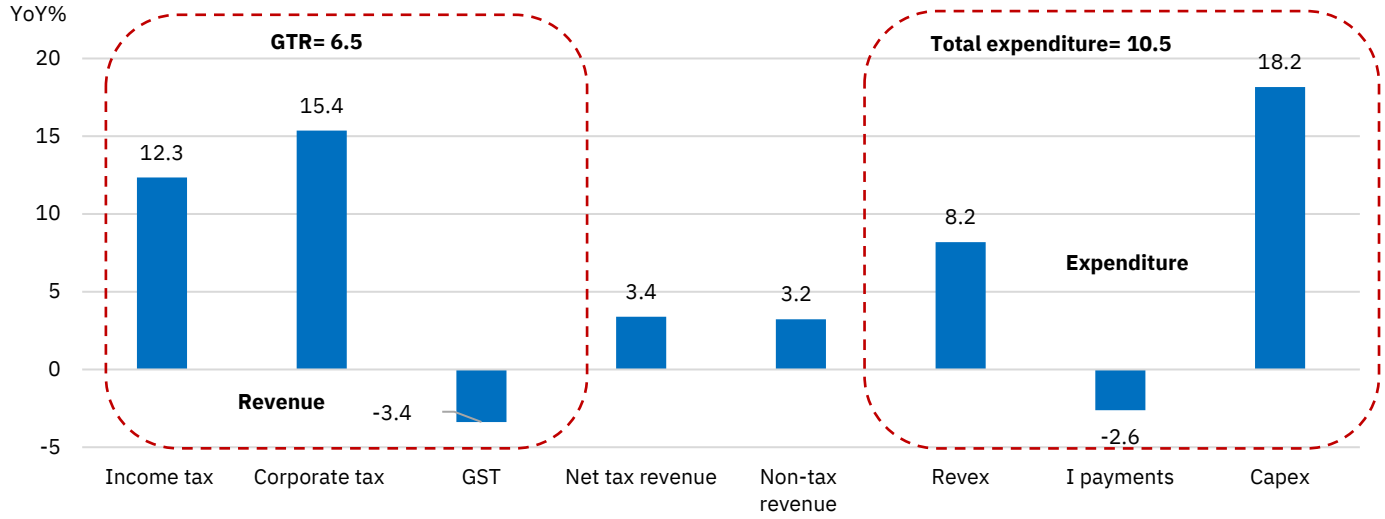


Figure 101: Interest payment (% of revenue receipts)



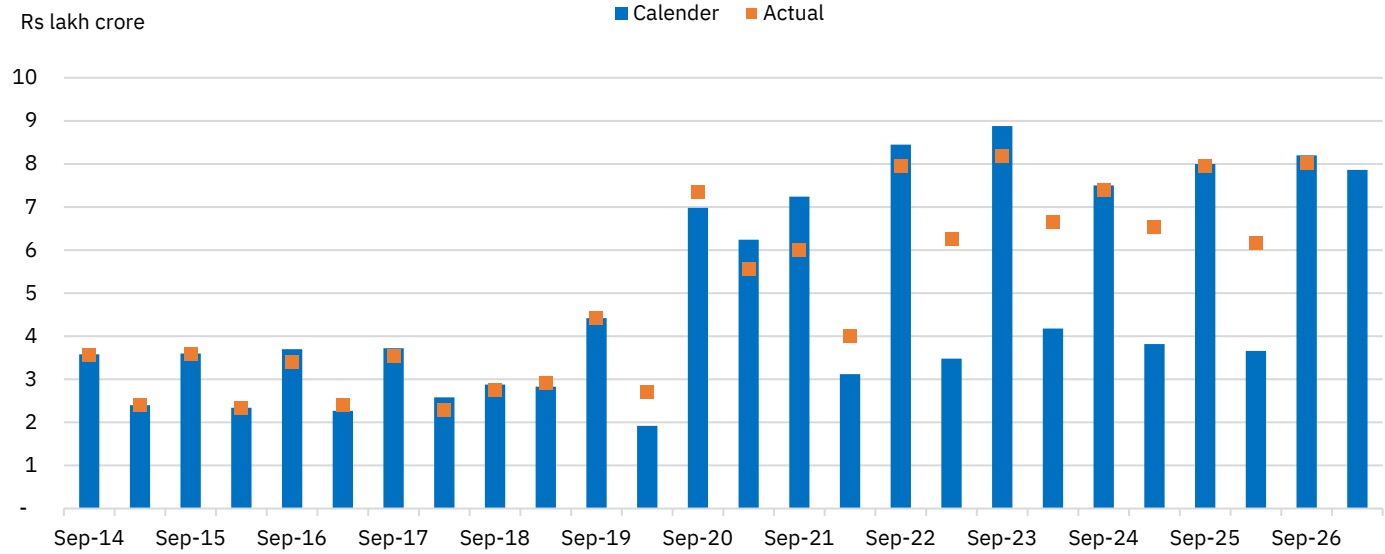
Source: CMIE Economic Outlook, CGA, PIB, NSE EPR. RE = Revised estimates. Notes – 1) FY27TD is for Apr-Aug.

Figure 102: YoY% of receipts and expenditure for 5MFY27 (Apr-Aug)



Source: CMIE Economic Outlook, CGA, PIB, NSE EPR.

Figure 103: Half yearly central government's dated securities issuances: Calendar vs Actual



Source: CMIE Economic Outlook RBI NSE EPR. Notes: 1) Calendar represents scheduled issuances of Central Government dated securities; actual figures reflect issuances during the corresponding period.

Table 22: A snapshot of government finances for FY26 and FY27 so far

Items	FY26TD	FY27TD	Realisation/utilisation rate		Avg. monthly required run-rate (Rs lakh crore)	
	Rs lakh crore	Rs lakh crore	5MFY26 (as % of RE)	5MFY27 (as % of BE)	7MFY26	7MFY27
Net tax revenues	**8.1**	**8.4**	**30.3%**	**29.2%**	**2.7**	**2.9**
Gross tax revenues	**13.4**	**14.3**	**33.0%**	**32.5%**	**3.9**	**4.2**
Of which:						
Direct Tax	**6.7**	**7.6**	**27.7%**	**28.2%**	**2.5**	**2.8**
Corporation tax	2.3	2.6	20.7%	21.5%	1.3	1.4
Income tax	4.4	5.0	33.6%	33.8%	1.2	1.4
Indirect Tax	**6.7**	**6.7**	**40.7%**	**39.4%**	**1.4**	**1.5**
Goods and service tax	4.5	4.4	42.4%	43.1%	0.9	0.8
Custom Duties	0.8	1.1	32.2%	39.3%	0.3	0.2
Excise Duties	1.1	0.9	33.3%	22.3%	0.3	0.4
States Share	-5.3	-5.9	38.1%	38.7%	-1.2	-1.3
Transferred to NCCD	0.0	0.0	33.6%	32.9%	0.0	0.0
Non-Tax Revenue	**4.4**	**4.5**	**66.0%**	**68.2%**	**0.3**	**0.3**
Dividends and profits	3.1	3.3	82.2%	84.3%	0.1	0.1
Other non-tax revenues	1.3	1.2	52.6%	53.9%	0.2	0.2
Total revenue receipts	**12.5**	**12.9**	**37.4%**	**36.6%**	**3.0**	**3.2**
Non-Debt Capital Receipts	0.3	0.8	49.9%	63.5%	0.0	0.1
Recovery of Loans	0.1	0.1	28.3%	34.1%	0.0	0.0
Misc. Receipts (include divestment)	0.2	0.6	69.2%	77.7%	0.0	0.0
Total Receipts	**12.8**	**13.7**	**37.7%**	**37.5%**	**3.0**	**3.3**
Revenue Expenditure	**14.5**	**15.7**	**37.5%**	**38.0%**	**3.5**	**3.7**
Interest Payments	5.3	5.1	41.5%	36.7%	1.1	1.3
Major subsidies	1.5	1.9	32.0%	41.1%	0.5	0.4
Food	0.6	0.8	28.2%	36.7%	0.2	0.2
Fertilizer	0.9	1.0	45.8%	60.4%	0.1	0.1
Petroleum	0.0	0.0	3.3%	3.2%	0.0	0.0
Other revenue expenditure	7.7	8.7	36.2%	38.2%	1.9	2.0
Capital Expenditure	**4.3**	**5.1**	**39.4%**	**41.7%**	**0.9**	**1.0**
Total Expenditure	**18.8**	**20.8**	**37.9%**	**38.9%**	**4.4**	**4.7**
Fiscal Deficit	**6.0**	**7.1**	**38.4%**	**41.9%**	**1.4**	**1.4**

Source: CMIE Economic Outlook, CGA, Budget Documents, NSE EPR. Notes – 1) FY26TD and FY27TD refers to the period of Apr-Aug.

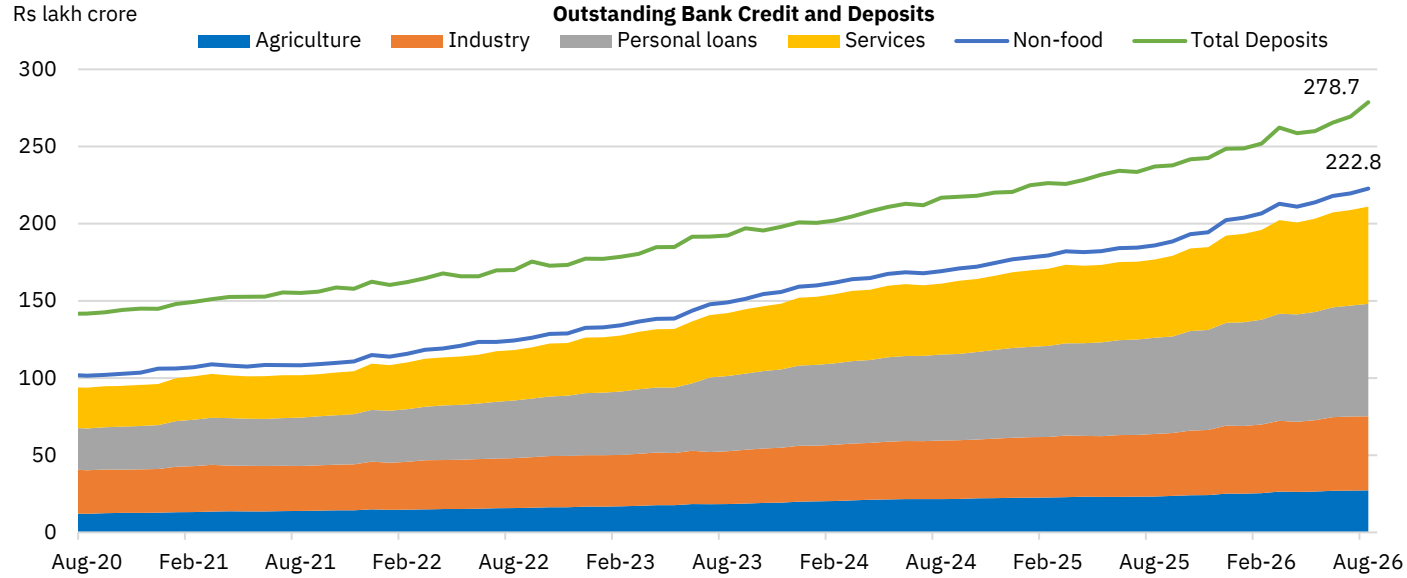
Table 23: A snapshot of Government finances in financial year 2025-27

Items	FY25		FY26					FY27	
	Rs lakh crore	% YoY	BE (Rs lakh crore)	RE (Rs lakh crore)	PE (Rs lakh crore)	% YoY from RE	% YoY from BE	BE (Rs lakh crore)	% YoY over FY26PE
Net tax revenue	**25.0**	**7.4**	**28.4**	**26.7**	**26.2**	**4.9**	**-7.6**	**28.7**	**9.4**
Gross tax revenues	**38.0**	**9.5**	**42.7**	**40.8**	**40.2**	**6.0**	**-5.8**	**44.0**	**9.3**
Of which:									
Direct Tax	**22.2**	**13.6**	**25.2**	**24.2**	**22.8**	**2.7**	**-9.4**	**27.0**	**18.3**
Corporation tax	9.9	8.3	10.8	11.1	11.0	11.4	1.8	12.3	11.9
Income tax	12.4	18.2	14.4	13.1	11.8	-4.2	-17.8	14.7	24.2
Indirect Tax	**15.7**	**4.3**	**17.5**	**16.6**	**12.2**	**-22.3**	**-30.1**	**17.1**	**55.6**
Goods and service tax	10.3	7.3	11.8	10.5	6.1	-40.4	-48.2	10.2	-4.9
Custom Duties	2.3	0	2.4	2.6	2.6	13.4	10.2	2.7	2.1
Excise Duties	3.0	-1.7	3.2	3.4	3.4	13.9	6.8	3.9	14.1
States Share	12.9	13.9	-14.2	-13.9	13.9	8.2	-198.1	-15.3	-209.8
Transferred to NCCD	0.1	7.8	-0.1	-0.1	0.1	-14.2	-181.1	-0.1	-223.3
Non-Tax Revenue	**5.4**	**33.5**	**5.8**	**6.7**	**6.8**	**26.5**	**17.1**	**6.7**	**-1.3**
Dividends and profits	3.1	80.5	3.3	3.8	4.1	33.0	24.3	3.9	-4.9
Revenue receipts	**30.4**	**11.3**	**34.2**	**33.4**	**33.0**	**8.7**	**-3.4**	**35.3**	**6.9**
Non-Debt Capital Receipts	0.4	-30	0.8	0.6	0.8	100.3	4.7	1.2	43.3
Divestment proceeds	0.2	-48.1	0.5	0.3	0.6	243.8	18.3	0.8	35.3
Total Receipts	**30.8**	**10.4**	**35**	**34.1**	**33.9**	**10.0**	**-3.3**	**36.5**	**7.8**
Revenue Expenditure	**36.0**	**3.1**	**39.4**	**38.7**	**38.4**	**6.5**	**-2.6**	**41.3**	**7.7**
Interest Payments	11.2	4.9	12.8	12.7	12.4	11.4	-2.9	14	12.7
Subsidy outgo	4.2	-2.8	4.3	4.7	4.5	7.4	5.5	4.5	-0.8
Capital Expenditure	**10.5**	**10.8**	**11.2**	**11**	**10.7**	**1.6**	**-4.5**	**12.2**	**14.1**
Total Expenditure	**46.5**	**4.7**	**50.7**	**49.6**	**49.1**	**5.4**	**-3.3**	**53.5**	**9.1**
Fiscal Deficit	**15.7**	**4.8**	**15.7**	**15.6**	**15.2**	**3.5**	**3.2**	**17**	**11.9**
Fiscal Deficit/GDP	**5.0**		**4.4**	**4.4**	**4.4**			**4.3**	

Source: Budget Documents, NSE EPR. BE: Budget Estimates; RE: Revised Estimates; A = Actual. Notes: 1) Total receipts in the above table include net tax revenue, non-tax revenue and non-debt capital receipts and excludes debt receipts. 2) GDP estimates for FY25 and FY26(PE) are based on the revised new base year while GDP for FY27 is as per Budget Estimates.

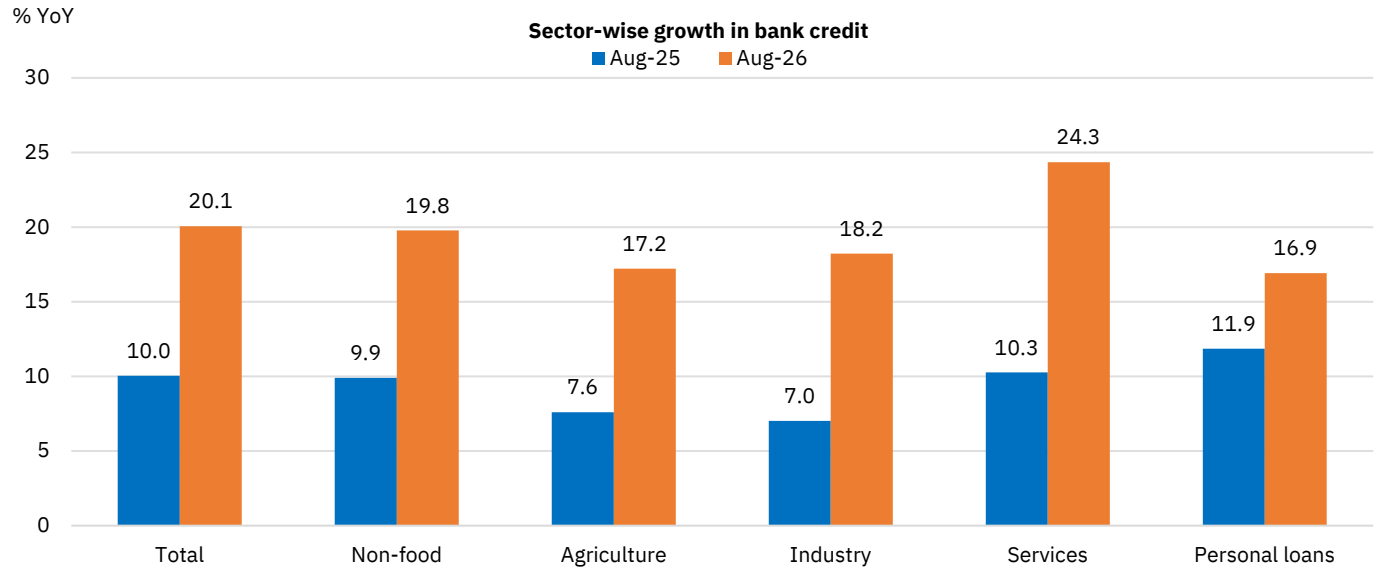
2.9 Robust bank credit growth continues ahead of the rate hike cycle

Figure 104: Outstanding bank credit and deposit



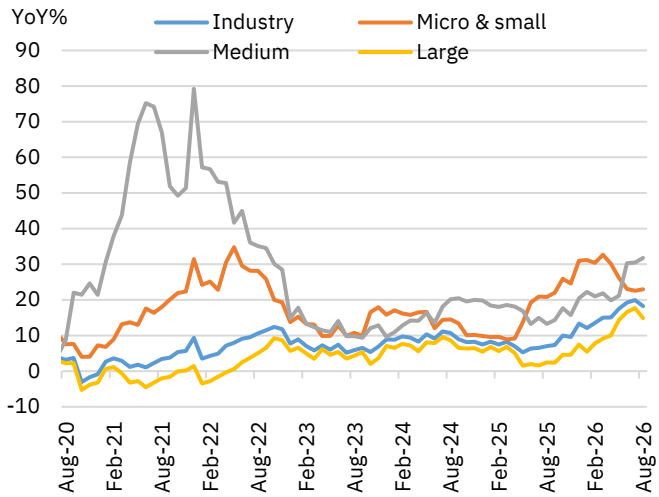
Source: CMIE Economic Outlook, RBI, NSE EPR.

Figure 105: Growth in bank credit across key heads



Source: CMIE Economic Outlook, NSE EPR.

Figure 106: Size-wise growth in industrial bank credit



Source: CMIE Economic Outlook, NSE EPR.

Figure 107: Growth in bank credit across segments of industry (% YoY)

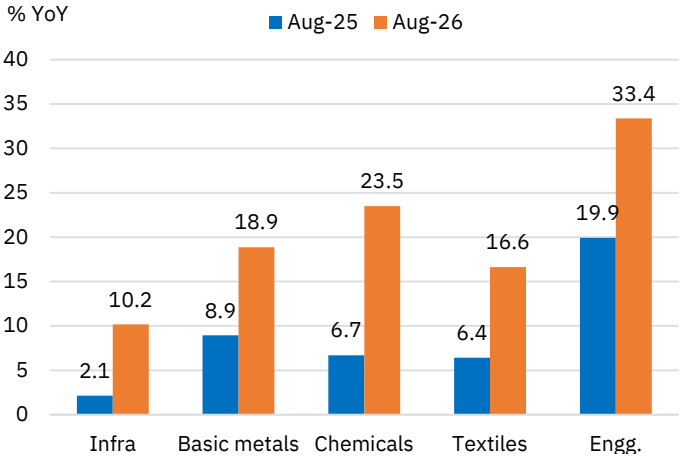
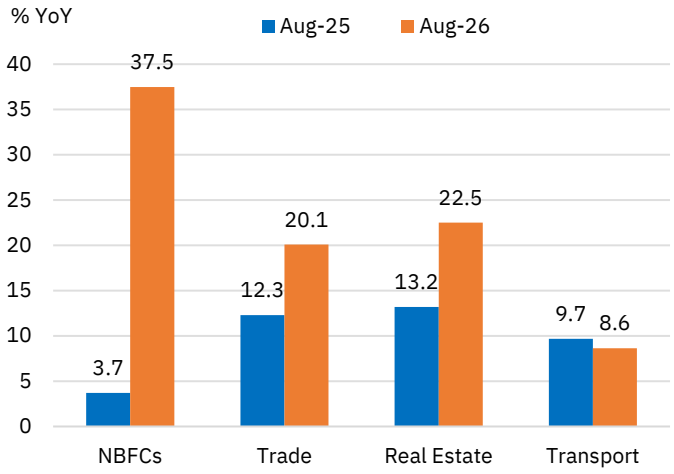


Figure 108: Growth in bank credit across segments of services (% YoY)



Source: CMIE Economic Outlook, NSE EPR.

Figure 109: Growth in bank credit across segments of personal loans

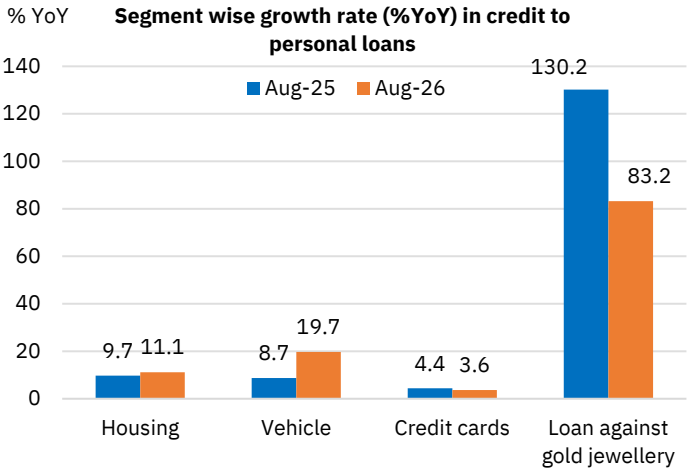
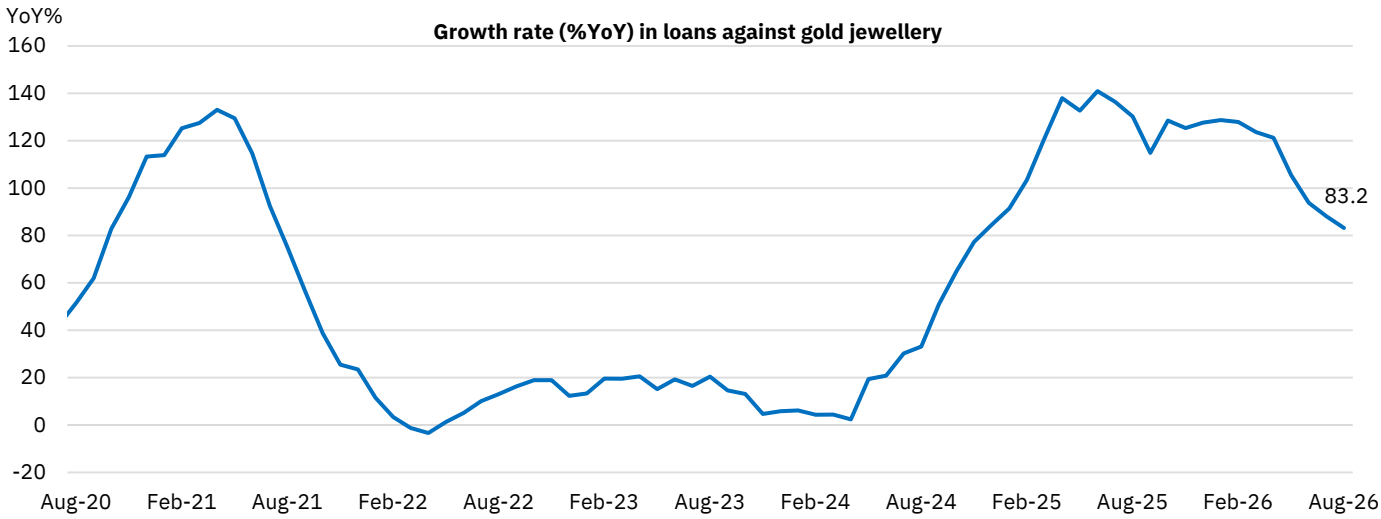


Figure 110: Growth rate in loans against gold jewellery (% YoY)



Source: CMIE Economic Outlook, NSE EPR

Figure 111: Trends in bank credit and deposit growth (% YoY)

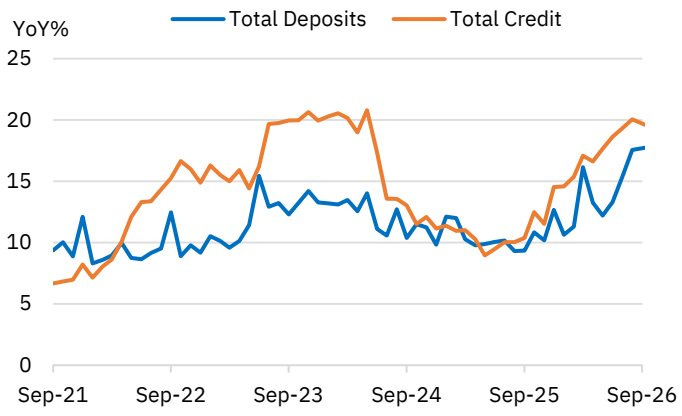
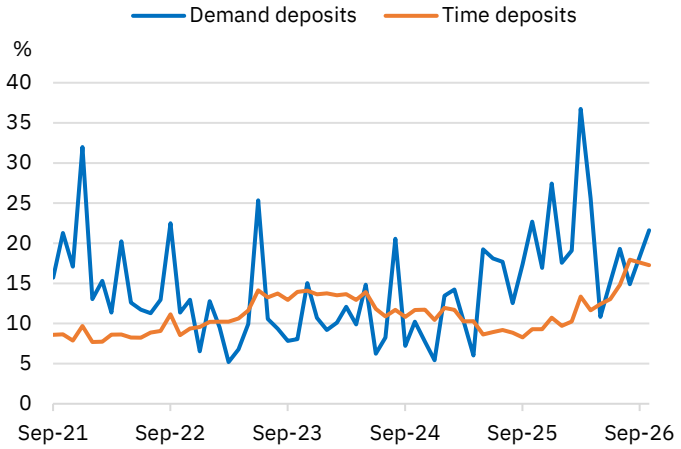
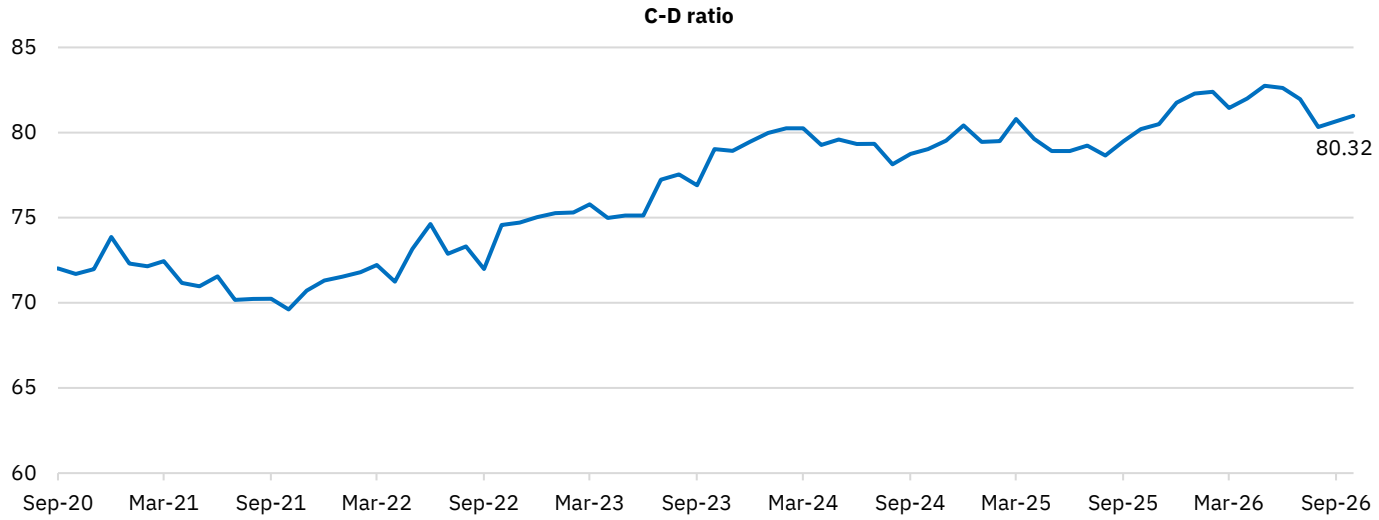


Figure 112: Trends in deposit growth (% YoY)



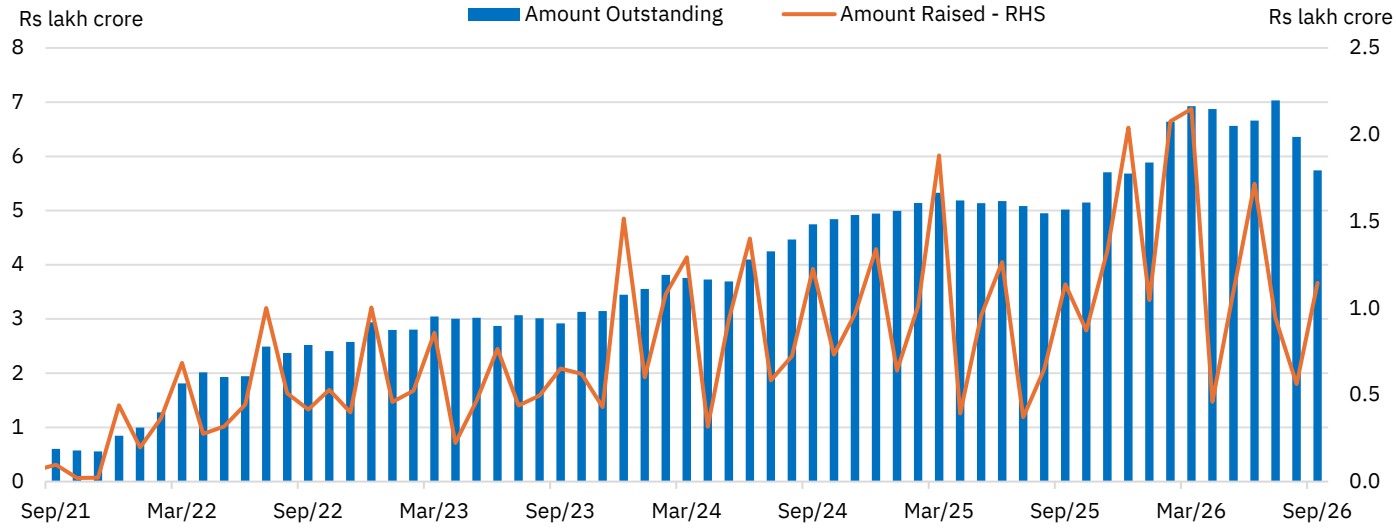
Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for September 2026 has been sourced from the Weekly Statistical Statement of RBI (latest).

Figure 113: Credit to Deposit ratio (%)



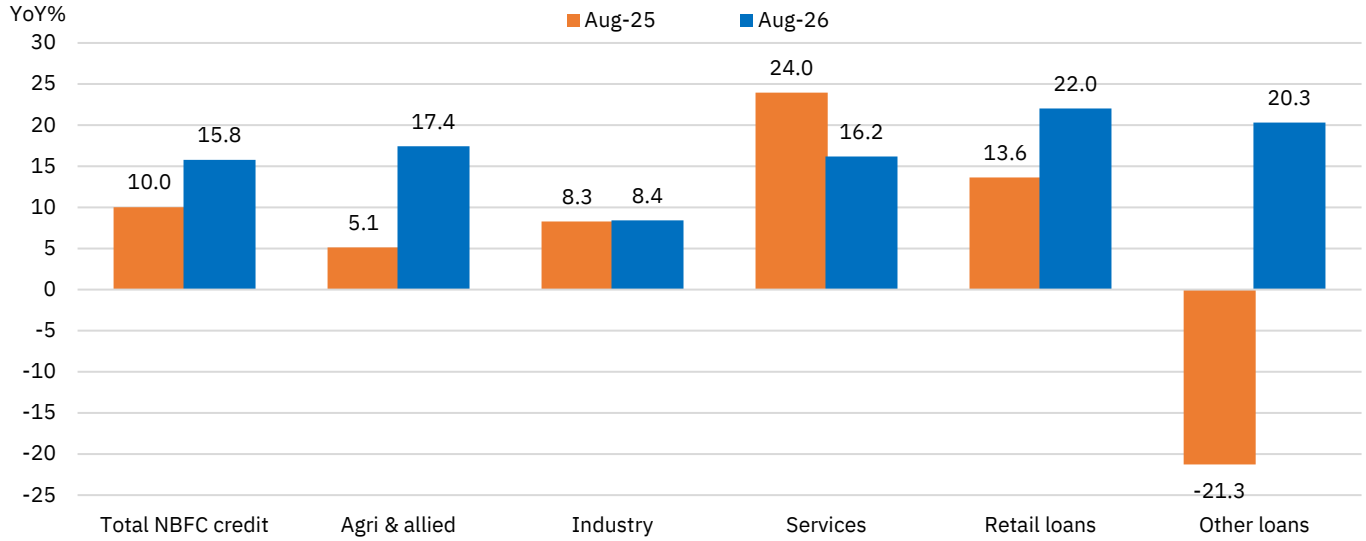
Source: CMIE Economic Outlook, RBI, NSE EPR. Note: Data for August 2026 as of August 31st,2026 from the Weekly Statistical Statement of RBI (latest).

Figure 114: Issued and outstanding amount of certificate of deposits



Source: CMIE Economic Outlook, NSE EPR.

Figure 115: Growth in sectoral deployment of outstanding credit by NBFCs



Source: CMIE Economic Outlook, RBI, NSE EPR.

Figure 116: Growth in sectoral deployment of outstanding credit by NBFCs within services

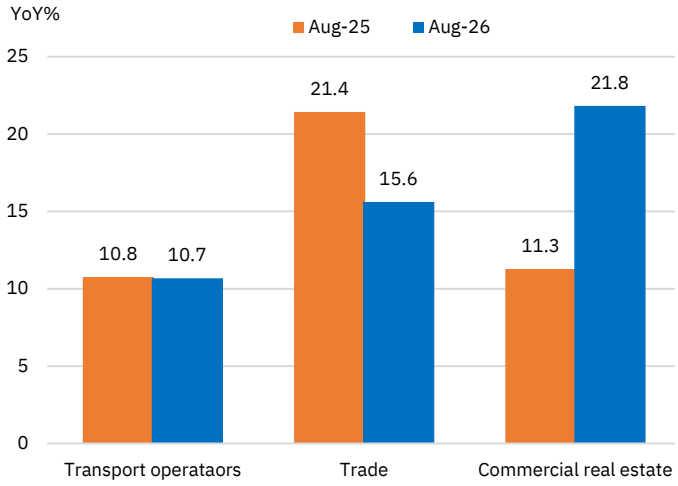
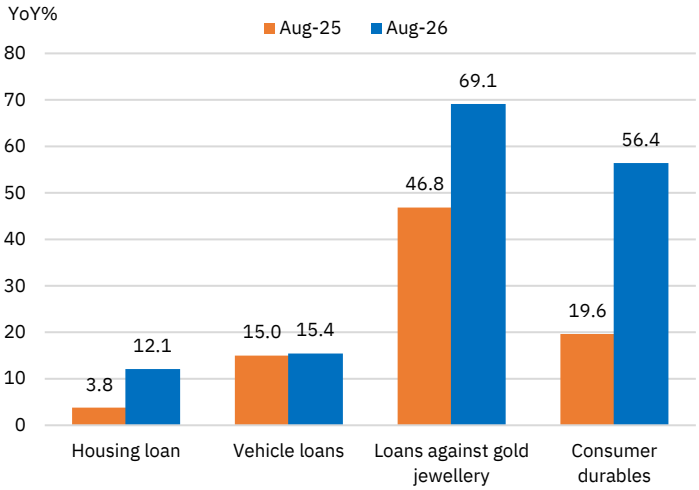


Figure 117: Growth in sectoral deployment of outstanding credit by NBFCs within retail



Source: CMIE Economic Outlook, RBI, NSE EPR.

2.10 Weak and uneven monsoon likely to weigh on agriculture activity & food inflation

The southwest (SW) monsoon ended at 759.4 mm in 2026, 12.6% below the long-period average (LPA) of 868.6 mm, marking the driest monsoon in 11 years and reversing the 7.9% surplus recorded in 2025, reflecting the impact of El-Nino conditions on the monsoon patterns. The deficit was particularly pronounced in East and North-East India and the South Peninsula, while 17 of 36 meteorological subdivisions, covering 42% of the country's area, received deficient rainfall. At the state level, Meghalaya recorded the largest rainfall deficit at 60%, followed by Manipur (45.6%), Arunachal Pradesh (44.3%), Punjab (41.2%), Puducherry (39.6%) and Goa (34.3%). The Union government has declared drought in five states, while 6.11 lakh hectares of cropland have been assessed as affected by extreme rainfall and floods, highlighting the multiple weather-related pressures on agriculture.[2] At the state level, Maharashtra expanded the number of drought-hit talukas to 305 out of 358 (85%) as of October 14,[3] while Karnataka and Andhra Pradesh reported widespread drought conditions.[4]

Lower reservoir storage has compounded these concerns, with live storage in major reservoirs at 70.8% of capacity at end-September, below the 10-year average of 78.5% and the year-earlier level of 89.5%. Although aggregate kharif sowing contracted by a modest 1.2% YoY, state-level trends indicate uneven agricultural outcomes amid rainfall deficiencies. Karnataka recorded a 29.9% rainfall deficit, alongside declines in coarse cereal and maize sowing of 19.9% and 20.4%, respectively. In Tamil Nadu, a 20.2% rainfall deficit coincided with a 25.1% decline in rice sowing and a 28.5% decline in coarse cereal sowing. These divergences suggest that the relatively small contraction in aggregate kharif sowing masks sharper regional and crop-specific pressures, with potential implications for agricultural output, farm incomes and rural demand. Concurrently, food and beverages inflation accelerated to 7.4% in September from 5.7% in August, driven by elevated prices of vegetables, pulses, fruits and nuts. The concurrence of deficient rainfall, localised drought conditions, lower reservoir storage and elevated food inflation underscores the transmission of monsoon-related stress through agricultural production, rural demand and food prices.

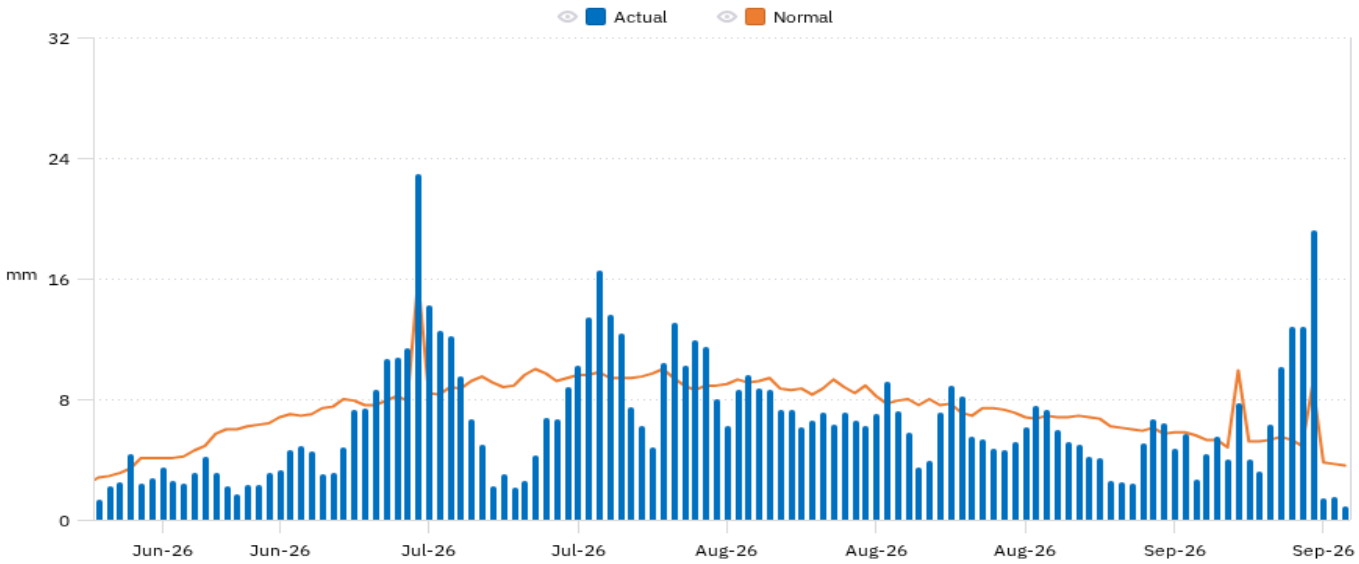
- **Rainfall deficiency of 12.6% in 2026 amid El Nino condition:** The southwest monsoon ended at ~87% of LPA in 2026, below IMD's revised forecast of 90%, with cumulative rainfall of 759.4 mm against the LPA of 868.6 mm. The 12.6% deficit marked the driest monsoon in 11 years reversing the 7.9% surplus recorded in 2025. The deficient season coincided with El Nino conditions, characterised by the three-month running Niño index anomaly remaining above +0.5°C for five consecutive overlapping periods. Monthly rainfall deviations showed that the deficit was particularly severe in June, when rainfall was 35.4% below normal. However, conditions improved in July, with rainfall marginally above normal at 1.3%, before the deficit widened to 16.8% in August and remained at 7.6% deficiency in September indicating July recovery was insufficient to offset the shortfall accumulated during the season.
- **...with East and North-East India and South Peninsula recorded the largest deficits:** Regional rainfall patterns indicate a broad-based deterioration from the previous year, with particularly pronounced deficits in East & North-East India and South Peninsula. East & North-East India recorded the highest rainfall deficit of 25.6%, widening from 20.3% in 2025, while South Peninsula registered a 24.3% shortfall, marking a sharp reversal from a 9.9% surplus last year. Although rainfall deficits were relatively contained in North-West India (-5.9%) and Central India (-

[2] https://www.newindianexpress.com/india/2026/Sep/29/drought-declared-in-five-states-as-over-6-lakh-hectares-affected-by-rains-floods?utm
[3] https://economictimes.indiatimes.com/news/economy/agriculture/85-of-maharashtra-declared-drought-hit-farmers-to-get-rs-5000-aid-before-diwali/articleshow/134937390.cms?utm
[4] https://www.indiatoday.in/amp/science/story/karnataka-andhra-pradesh-drought-monsoon-rain-deficit-water-crisis-3016884-2026-10-14?utm

2.6%), both regions witnessed a significant deterioration from the sizeable surpluses of 27.3% and 15.1%, respectively, recorded in 2025. Thus, while the intensity of rainfall shortfalls varied across regions, the shift from surpluses to deficits points to a widespread weakening in monsoon performance.

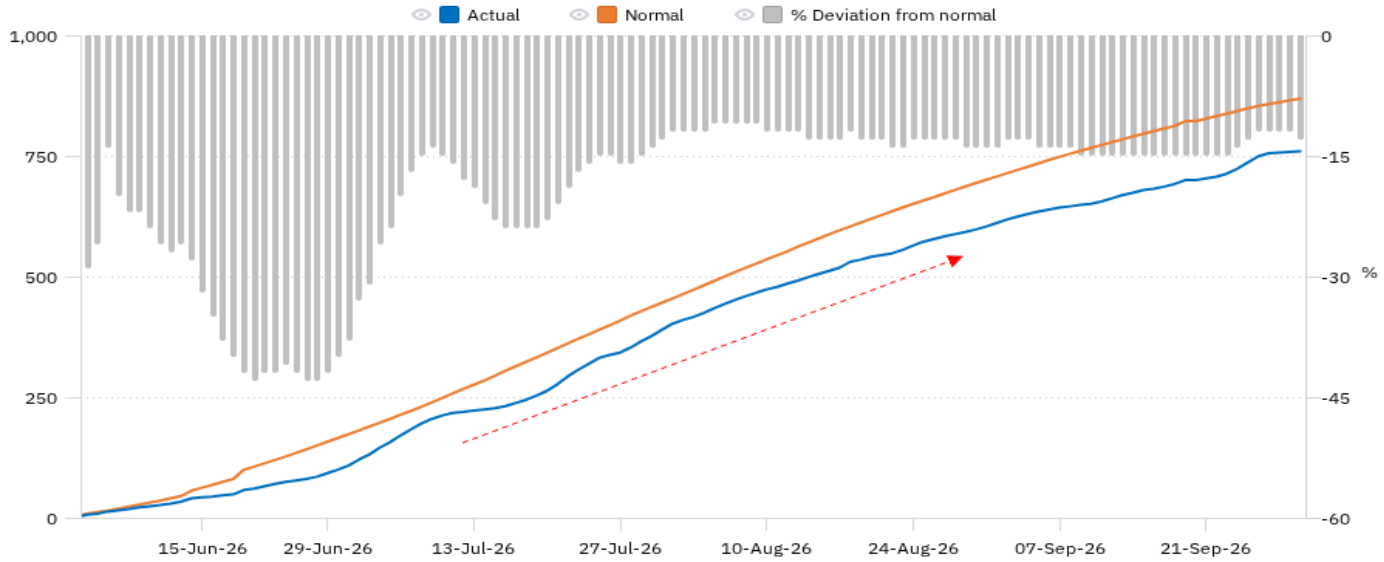
- **Rainfall deficit spans 42+% of India's area:** The southwest monsoon is unevenly distributed across the country with 17 of 36 meteorological subdivisions, covering 42% of India's area, recorded deficient rainfall, while 18 subdivisions (53% of the area) received normal rainfall. Meghalaya recorded the largest state-level rainfall deficit at 60%, followed by Manipur (45.6%), Arunachal Pradesh (44.3%), Punjab (41.2%), Puducherry (39.6%) and Goa (34.3%). The broad-based weakness in monsoon rainfall was evident across several large states, with a high share of districts within respective states receiving deficient rainfall in Karnataka (90.3%), Punjab (86.4%), Bihar (84%), Tamil Nadu (63.2%), Assam (62.9%) and Maharashtra (55.6%), indicating widespread spatial distribution of rainfall shortfalls rather than isolated regional deficiencies.
- **...with reservoir storage declining across regions, raising concerns over post-monsoon irrigation:** Live storage in major reservoirs stood at 70.8% of capacity at the end of September 2026, below the 10-year average of 78.5% and the year-earlier level of 89.5%. The decline was most pronounced in the Southern region, where storage fell to 50% from 87% a year earlier, followed by the Northern region, where it declined to 63% from 92%. Storage also moderated in the Eastern and Western regions to 74% and 86%, respectively, from 78% and 96% a year earlier. The combination of deficient seasonal rainfall and lower reservoir levels, particularly in the South, raises concerns over irrigation availability during the post-monsoon period and could constrain rabi sowing and concomitant agricultural activity where dependence on reservoir level is high.
- **...with modest contraction in aggregate kharif sowing:** At the all-India level, kharif sowing stood at 110.4 million hectares as of September 25, 2026, down 1.2% YoY. Crop-wise trends were mixed, with rice and sugarcane sowing declining by 3.7% and 0.7%, respectively, while coarse cereals, pulses and oilseeds recorded muted positive growth. However, state-level data reveal sharper contractions in several crops. Among the major rice-producing states, sowing declined by 15.8% in Telangana and 2.6% in Uttar Pradesh. Similarly, Karnataka and Tamil Nadu also recorded substantial declines across their major kharif crops. In Karnataka, maize and coarse-cereal sowing fell by 20.4% and 19.9%, respectively, while Tamil Nadu registered declines of 25.1% in rice and 28.5% in coarse cereals. Overall, 17 of 32 States and Union Territories recorded YoY declines in sowing, suggesting that the impact of deficient rainfall on sowing has been uneven across crops and regions and masking the relatively better headline sowing number.
- **Upward pressure on food prices amid deficient monsoon:** Food and beverages inflation accelerated to 7.4% YoY in September 2026 from 5.7% in August. Among food categories vegetable and pulses saw sharp price rise by 9.2% YoY in Sep'26, while fruits and nuts inflation reached 10.8%. Within vegetables, onion and garlic prices remained particularly elevated, with inflation at 108.1% and 54.6%, respectively in Sep'26, while jackfruit inflation stood at 20.2%. Rural CPI inflation was higher at 7.7% than urban inflation of 6.8%, indicating greater price pressures in rural areas.

Figure 118: Daily mean rainfall in India – SW monsoon season 2026



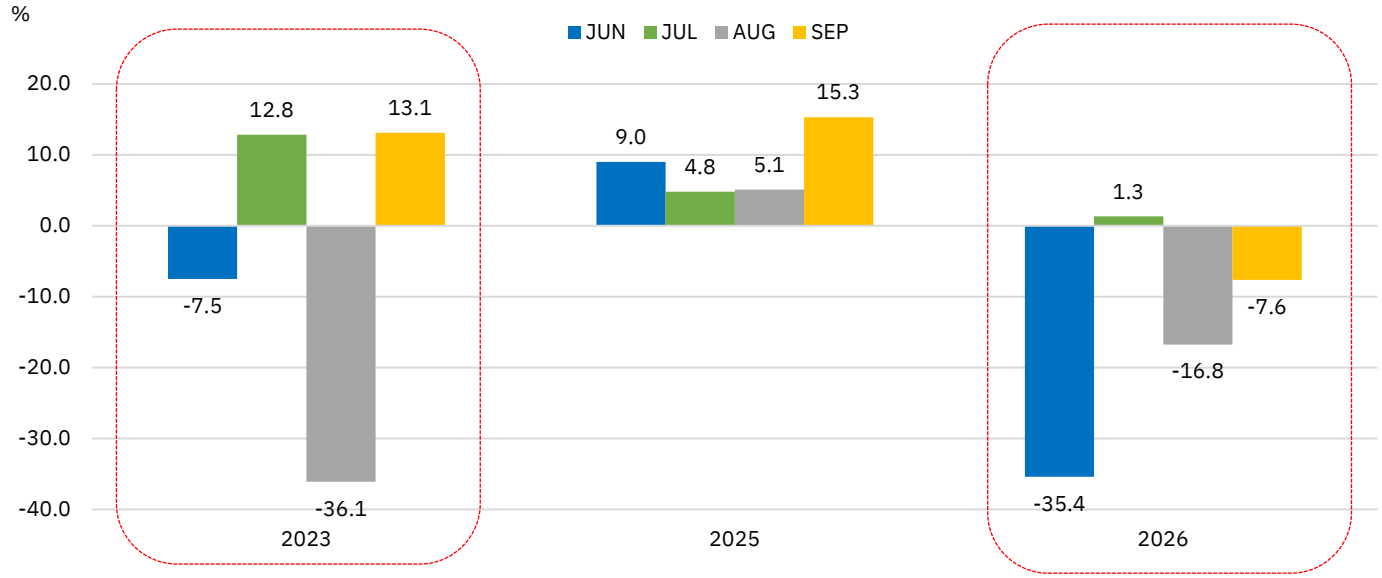
Source: CEIC, IMD, NSE EPR. Notes: 1) Data is as of September 30th, 2026.

Figure 119: Cumulative rainfall and percentage deviation during the 2026 SW monsoon season



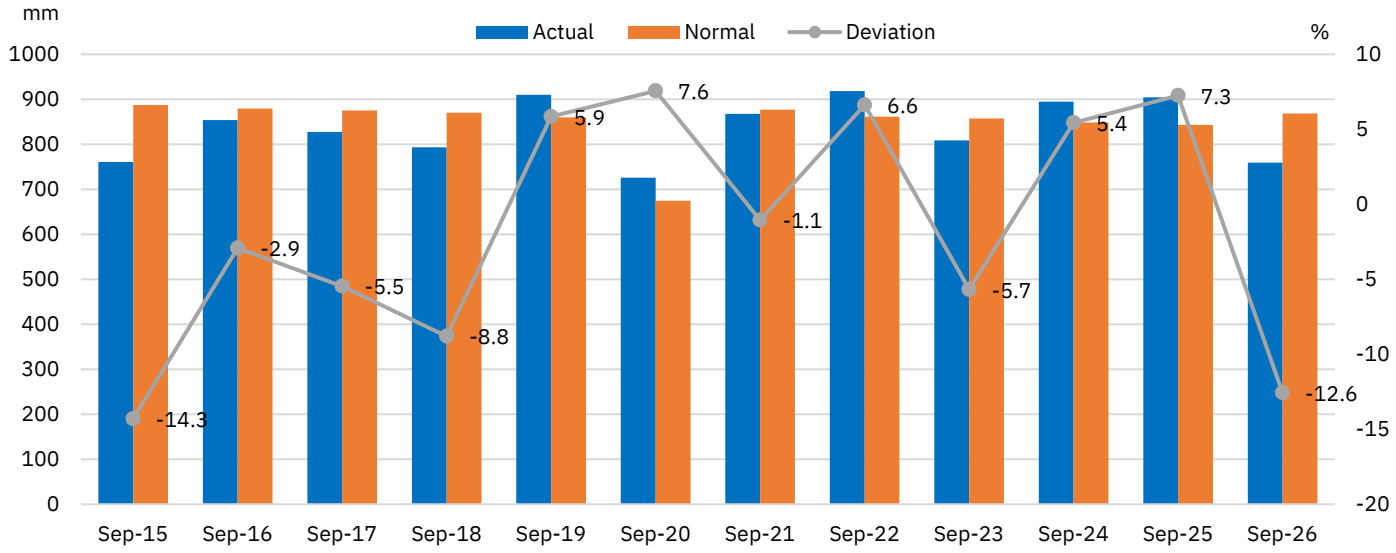
Source: CEIC, IMD, NSE EPR Note: 1) Data is captured during the period June 1st, 2026 to September 30th, 2026

Figure 120: Southwest monsoon monthly rainfall percentage deviation



Source: CEIC, IMD, NSE EPR Note: 1) 2023 and 2026 are El Nino years based on the standard criterion of the three-month moving Nino index anomaly remaining above +0.5°C for five consecutive overlapping periods during the relevant monsoon window. 2) Southwest monsoon refers to the period June to September. 3) Monthly rainfall deviation refers to the deviation in rainfall recorded during the respective month from the long-period average (LPA) rainfall for that month and is not cumulative.

Figure 121: Cumulative weekly rainfall and % deviation across years



Source: CMIE Economic Outlook, IMD, NSE EPR

Table 24: Region-wise distribution of cumulative rainfall

Subdivisions	Cumulative rainfall (Period: June 1st to September 30th)					
	Actual (mm)		Normal (mm)		% Deviation	
	2025	2026	2025	2026	2025	2026
East and N-E India	1089.9	1017.1	1367.3	1367.3	-20.3	-25.6
North-West India	747.9	553	587.6	587.6	27.3	-5.9
Central India	1125.3	952.8	978.0	978	15.1	-2.6
South Peninsula	787.4	542	716.2	716.2	9.9	-24.3
Total	**937.2**	**759.4**	868.6	**868.6**	**7.9**	**-12.6**

Source: IMD, NSE EPR

Figure 122: Daily rainfall deviation in India across regions



Source: CEIC, IMD, NSE EPR. Notes – 1) Data is captured during the period from June 1st, 2026 to September 30th, 2026. 2) Axis break Corresponds to Deviation more than 1000 mm and 360 mm respectively.

Table 25: Category-wise number of subdivisions and % area (sub-divisional) of the country

Category	Period: June 1st to September 30th, 2026	
	No. of subdivisions	% area of the country
Large excess	0	0%
Excess	1	5%
Normal	18	53%
Deficient	**17**	**42%**
Large Deficient	0	0%
No rain	0	0%

Source: IMD, NSE EPR.

Table 26: Category-wise, state-wise number of districts based on level on rainfall deficiency

States	Large excess	Excess	Normal	Deficient	Large deficient	Total districts	% share districts in deficiency	2026 deviation (%) for the state
Andaman & Nicobar Islands	0	1	1	1	0	3	33.3	8.3
Andhra Pradesh	0	0	13	13	0	26	50.0	-25.2
Arunachal Pradesh	0	0	2	**7**	**5**	16	75.0	-44.3
Assam	0	0	11	**20**	**2**	35	62.9	-28.3
Bihar	0	0	6	**32**	0	38	84.2	-31.9
Chandigarh	0	0	1	0	0	1	-	-13.8
Chhattisgarh	0	9	21	3	0	33	9.1	5.2
Dadra & Nagar Haveli, Daman & Diu	0	2	1	0	0	3	-	0
NCT of Delhi	0	0	8	1	0	10	10.0	4.2
Goa	0	0	0	2	0	2	100.0	-34.3
Gujarat	0	5	16	10	2	33	36.4	-10.3
Haryana	0	1	10	10	1	22	50.0	-23.5
Himachal Pradesh	0	2	8	1	1	12	16.7	-9.8
Jammu & Kashmir	0	5	12	3	0	20	15.0	0
Jharkhand	0	3	14	7	0	24	29.2	-3.7
Karnataka	0	0	3	**26**	**2**	31	90.3	-29.9
Kerala	0	0	6	8	0	14	57.1	-28.1
Ladakh	2	0	0	0	0	2	-	0
Lakshadweep	0	0	0	1	0	1	100.0	-28.9
Madhya Pradesh	0	8	35	12	0	55	21.8	-4.5
Maharashtra	0	1	15	20	0	36	55.6	-19.1
Manipur	0	0	2	4	3	9	77.8	-45.6
Meghalaya	0	1	0	3	7	11	90.9	-60
Mizoram	0	0	5	3	0	8	37.5	-19.2
Nagaland	0	3	6	0	0	11	-	6.4
Odisha	1	22	7	0	0	30	-	28.9
Puducherry	0	0	2	1	1	4	50.0	-39.6
Punjab	0	2	1	**13**	**6**	22	86.4	-41.2
Rajasthan	0	2	16	15	0	33	45.5	-21.9
Sikkim	0	1	5	0	0	6	-	9.5
Tamil Nadu	1	0	13	**23**	**1**	38	63.2	-20.2
Telangana	0	0	16	17	0	33	51.5	-17.7
Tripura	0	0	5	3	0	8	37.5	-16.2
Uttar Pradesh	10	16	30	15	4	75	25.3	8
Uttarakhand	2	2	8	1	0	13	7.7	8.9
West Bengal	0	4	13	6	0	23	26.1	1.1
Total	**16**	**90**	**312**	**281**	**35**	**741**	**42.6**	
% of districts	**2%**	**12%**	**42%**	**38%**	**5%**	**100%**		

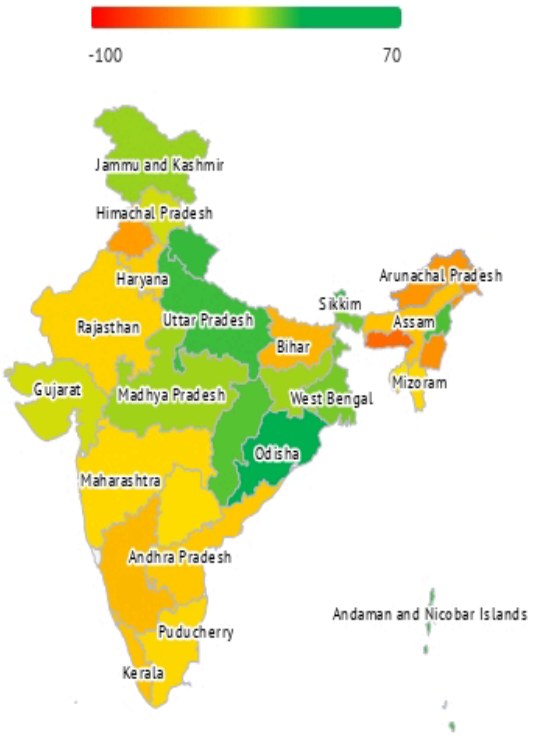
Source: IMD, NSE EPR. Notes – 1) Data is captured during the period from June 1st, 2026 to September 30th, 2026 2) Definition of rainfall categories based on rainfall deviation: Large excess: >+60%, excess: +20% to +59%, normal: +19% to -19%, deficient: -20% to -59%, large deficient: -60% to -99% 3) % deficiency is calculated as the sum of deficient and large deficient districts as a share of total districts in the that state

Table 27: Monthly and cumulative deviation of rainfall across states

States/Union territories	Monthly deviation				Cumulative deviation	
	June	July	August	September	2025	2026
Andhra Pradesh	-5.2	-56.8	-52.3	15.5	6.1	-25.2
Assam	-27.4	-27.2	-18.2	-43.6	-32.8	-28.3
Bihar	-46.6	-40.3	-34.8	-3.8	-30.8	-31.9
Chandigarh	-74.7	12.7	-12.5	0.6	13.5	-13.8
Chhattisgarh	-64.8	33.7	-2.6	31	3.1	5.2
Goa	-34.8	-37	-26.3	-42.1	1	-34.3
Gujarat	-81.5	39.8	-41.1	4.6	25.2	-10.3
Haryana	-28.7	-26.9	-7.3	-44	33.4	-23.5
Himachal Pradesh	-31.6	6.4	-16	-13	39.2	-9.8
Jammu & Kashmir	0	0	0	0	0	0
Jharkhand	-59.5	-11.1	27.4	13.9	17.3	-3.7
Karnataka	-37.8	-13.4	-21.3	-57.4	14	-29.9
Kerala	-33.9	-34.2	15.3	-70.7	-13.2	-28.1
Madhya Pradesh	-32.6	-5	-4.8	19.4	21.1	-4.5
Maharashtra	-47	40.1	-45.8	-51.8	19.6	-19.1
Manipur	-51.2	-28.7	-47.6	-58.9	-11.7	-45.6
Meghalaya	-50.7	-64	-58.3	-68.6	-42.7	-60
NCT of Delhi	-42.4	6.8	41.3	-37.4	35.3	4.2
Odisha	-47.3	83.1	15.1	39.2	0.4	28.9
Puducherry	-30.4	-75.5	-8.8	-50.2	31.7	-39.6
Punjab	-46.8	-30.1	-39.3	-63.8	41.4	-41.2
Rajasthan	-5.8	-21.3	-33.5	-9.3	63.9	-21.9
Tamil Nadu	44.6	-66.5	-23.8	-18.1	-0.9	-20.2
Telangana	-8.5	2.5	-48.6	-24.2	30.5	-17.7
Tripura	-36.5	14	-10.8	-34.5	0.5	-16.2
Uttar Pradesh	-54.1	-16.4	23.7	64.6	-6.1	8
Uttarakhand	-36.7	8.7	3.5	65.1	22.2	8.9
West Bengal	2.1	1.9	3.5	-3.6	0.7	1.1
Andaman & Nicobar Islands	40.2	-38.2	9.6	18.1	18.9	8.3
Arunachal Pradesh	-25.3	-54.2	-39.7	-58.7	-41.5	-44.3
Dadra & Nagar Haveli and Daman & Diu	0	0	0	0	0	0
Ladakh	0	0	0	0	0	0
Lakshadweep	-10	-69.9	6.1	-44.4	-16.6	-28.9
Nagaland	-37.6	27.1	24.7	7.8	18.7	6.4
Mizoram	-29.6	-17.7	-8.8	-20.8	-10.4	-19.2
Sikkim	18.1	-14.2	-16.3	62.9	-9.9	9.5
India	**-35.4**	**1.3**	**-16.3**	**-7.6**	**7.9**	**-12.6**

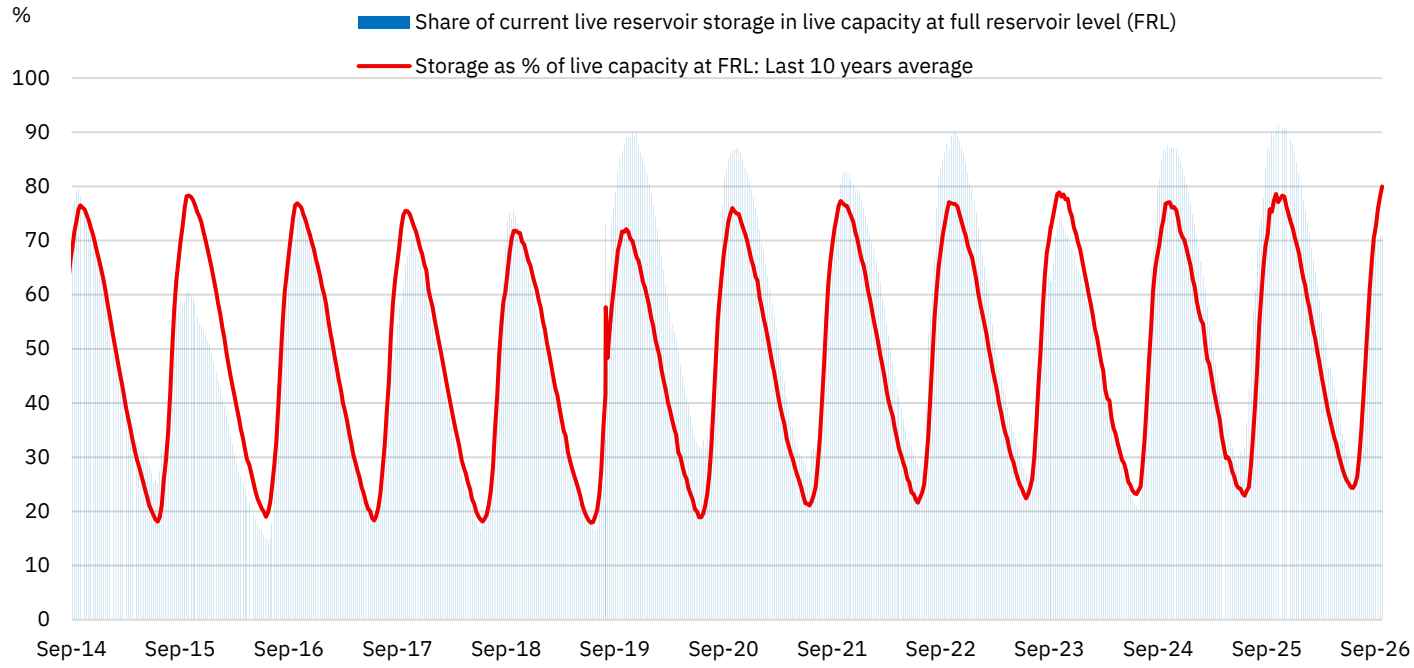
Source: IMD, NSE EPR. Notes – 1) Monthly rainfall deviation refers to the deviation in rainfall recorded during the respective month from the long-period average (LPA) rainfall for that month and is not cumulative.

Figure 123: State-wise rainfall deviation (%) (As of September 30th, 2026)



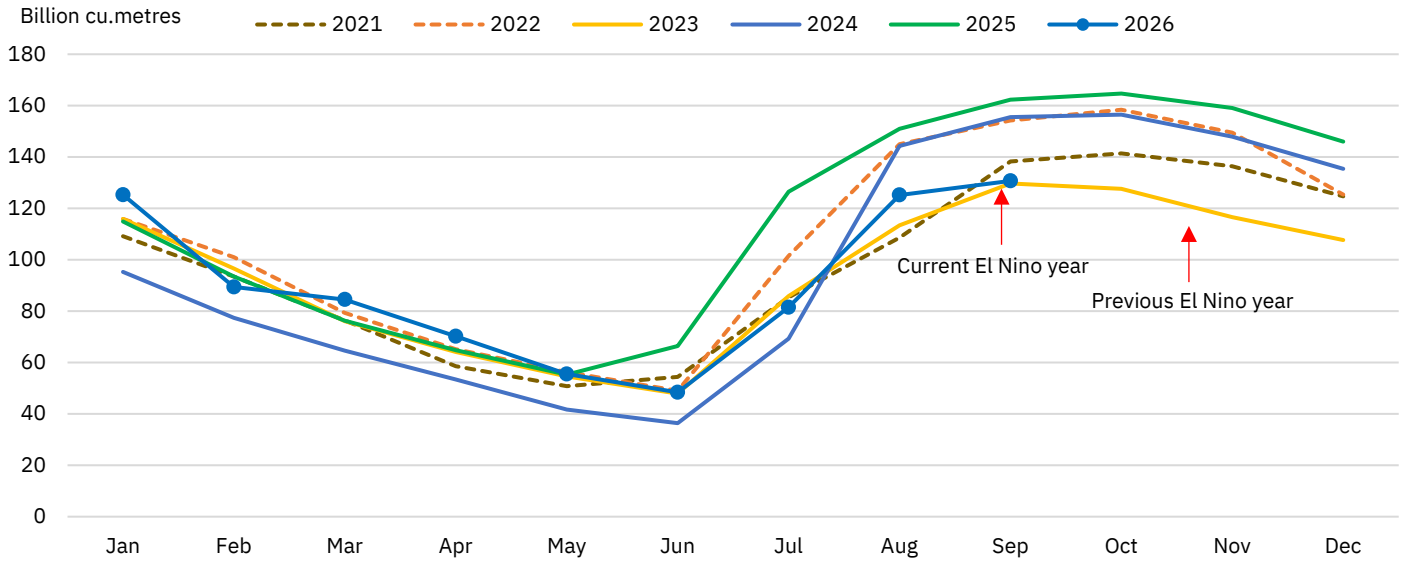
Source: CEIC, IMD, NSE EPR.

Figure 124: Trend of reservoir storage levels (as of September 30th, 2026)



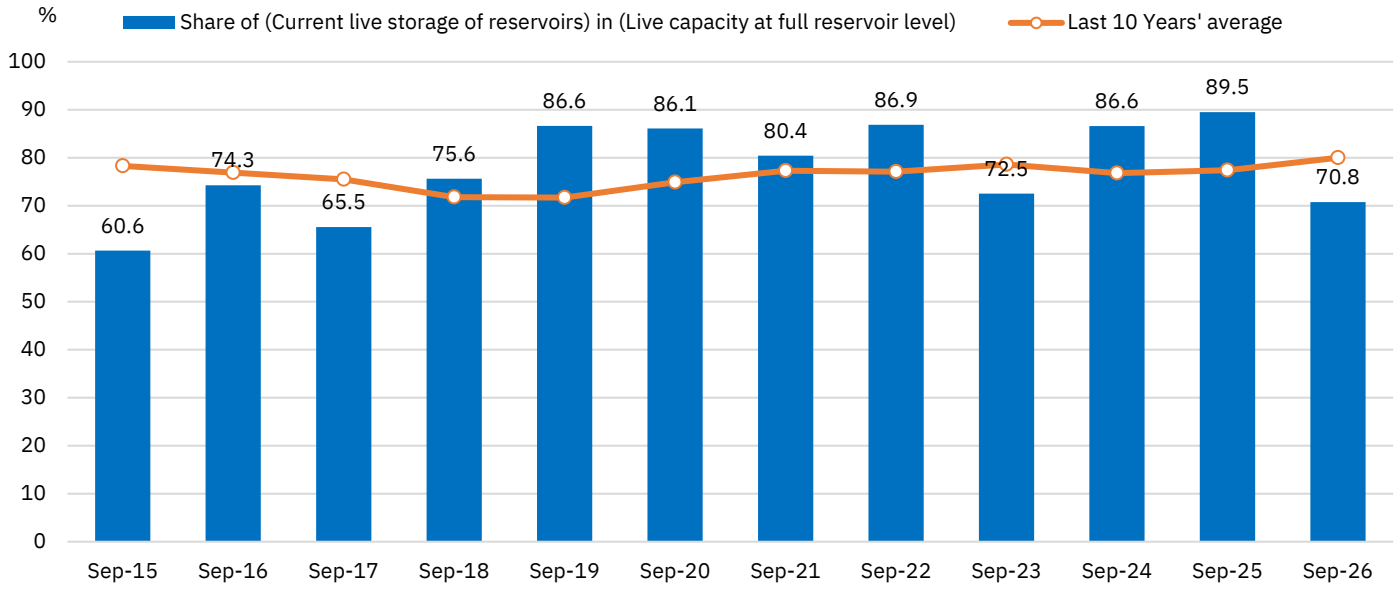
Source: CMIE Economic Outlook, NSE EPR

Figure 125: Monthly trend of reservoir storage levels over years



Source: CMIE Economic Outlook, NSE EPR.

Figure 126: Live reservoir storage levels



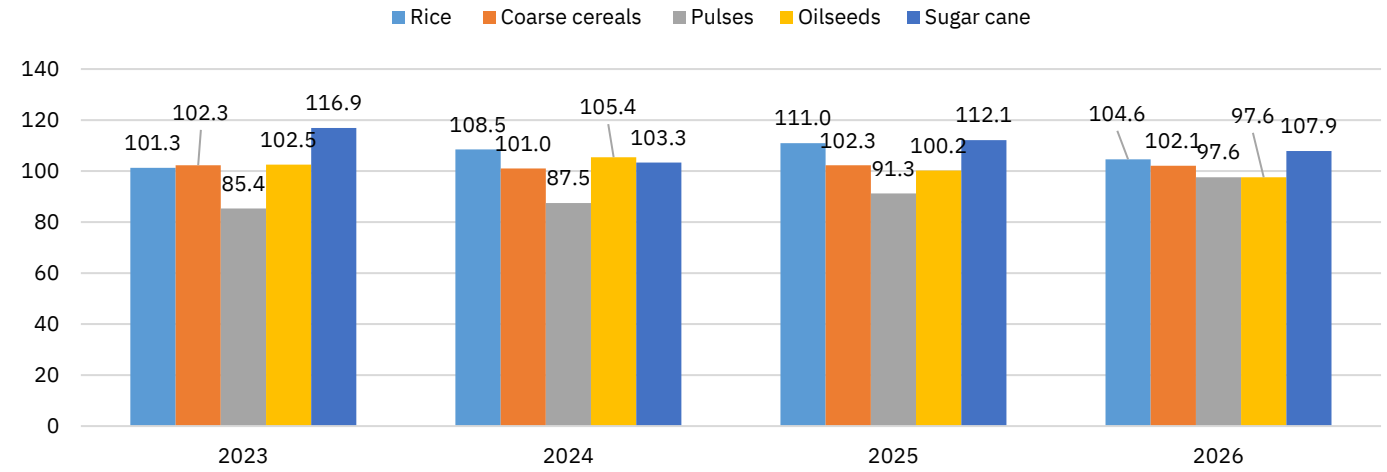
Source: CMIE Economic Outlook, NSE EPR Notes: 1) Data captured here is for the week ended September 30th 2026 and the yearly comparison is done for the similar week end period in the corresponding years.

Table 28: Division-wise reservoir storage levels

Year	Storage as % of live capacity at full reservoir level					
	Northern region	Eastern region	Western region	Central region	Southern region	India
Sep-20	76	77	93	89	85	**86**
Sep-21	65	73	81	83	86	**80**
Sep-22	90	75	87	86	91	**87**
Sep-23	85	73	87	84	48	**73**
Sep-24	68	84	95	91	85	**87**
Sep-25	92	78	96	92	86	**90**
Sep-26	**63**	**74**	**86**	**86**	**50**	**71**

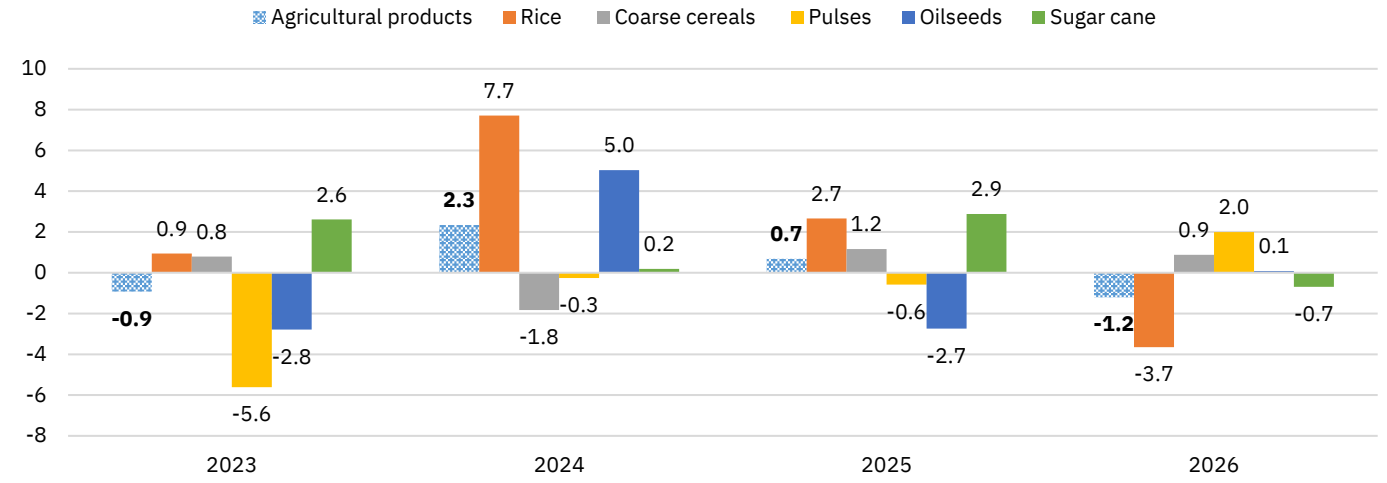
Source: CEIC IMD, NSE EPR Notes: 1) Data captured here is for the week ended September 30th, 2026 and the yearly comparison is done for the similar week-end period in the corresponding years.

Figure 127: Actual sown area as a % of normal area sown (as of September 25th, 2026)



Source: CMIE Economic Outlook, NSE EPR.

Figure 128: YoY % change in actual sown area (as of September 25th, 2026)



Source: CMIE Economic Outlook, NSE EPR

Table 29: Crop-wise sowing trends across major producing states

Crops	Sowing (YoY%) – All India		Top 3 states	Sowing (YoY%)	
	2026	2025		2026	2025
Rice	-3.7	2.7	Uttar Pradesh	-2.6	0.1
			West Bengal	-0.2	1.9
			Telangana	**-15.8**	**0.7**
Coarse cereals	0.9	1.2	Rajasthan	5.2	-9.0
			Karnataka	**-20.0**	**1.1**
			Madhya Pradesh	-3.0	24.4
Pulses	2	-0.58	Madhya Pradesh	3.8	-29.1
			Maharashtra	**-13.9**	**-1.2**
			Rajasthan	1.6	-1.8
Oilseeds	0.1	-2.75	Rajasthan	-5.4	8.1
			Madhya Pradesh	1.9	-12.9
			Gujarat	-5.6	11.9
Sugarcane	-0.7	2.88	Uttar Pradesh	1.3	3.5
			Maharashtra	-1.2	2.5
			Karnataka	-0.4	11.7

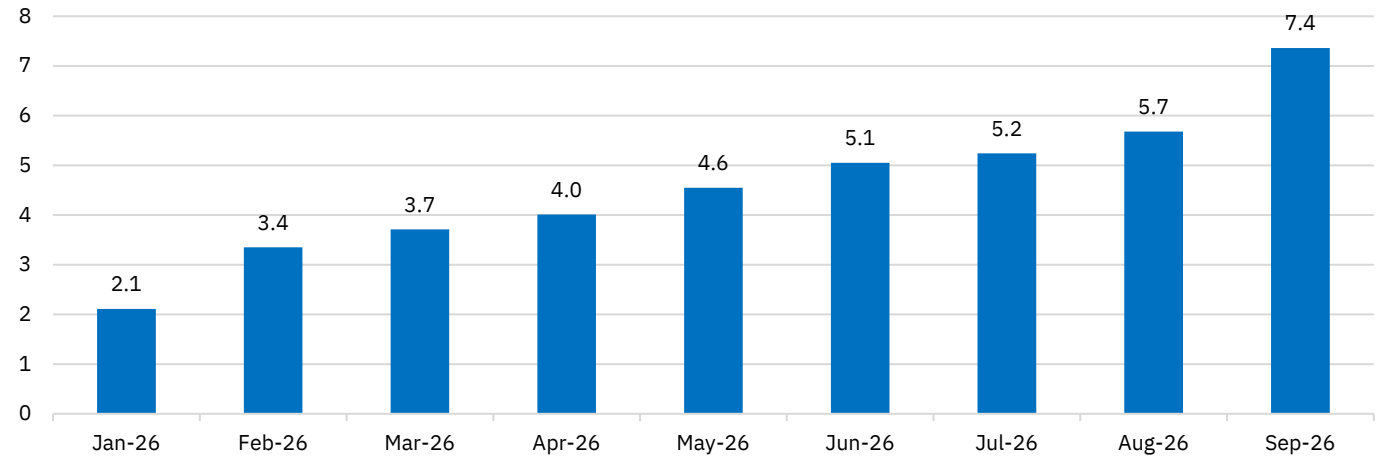
Source: Department of agriculture & farmers welfare, MoA&FW, CMIE, NSE EPR. Notes –1) Top 3 state is based on average production of last 5 years ie; FY21-25 for all seasons. 3) Data for the 2026 is as of 25th September 2026, and 2025 is as of 26th September 2025.

Table 30: State wise rainfall deficiency vs crop sowing

States	Rainfall deficiency (as of 30th Sep'26)	Top 3 crop products	Sowing (YoY%)	
			2026 (as of 2nd Oct)	2025 (as of 3rd Oct)
Bihar	-31.9	Sugarcane	-13.8	1.84
		Rice	0.7	16.94
		Jute & Mesta	16.5	-2.46
Karnataka	-29.9	Sugarcane	-0.4	11.68
		Coarse cereals	-19.9	-4.03
		Maize	-20.4	9.09
Tamil Nadu	-20.2	Sugarcane	-3.0	-10.39
		Rice	-25.1	14.96
		Coarse cereals	-28.5	-1.5
Assam	-28.3	Rice	3.2	-1.62
		Sugarcane	18.8	4.35
		Jute & Mesta	-11.9	-2.36
Maharashtra	-19.1	Sugarcane	-1.2	2.48
		Cotton	1.3	-5.7
		Oil seeds	1.5	-1.91

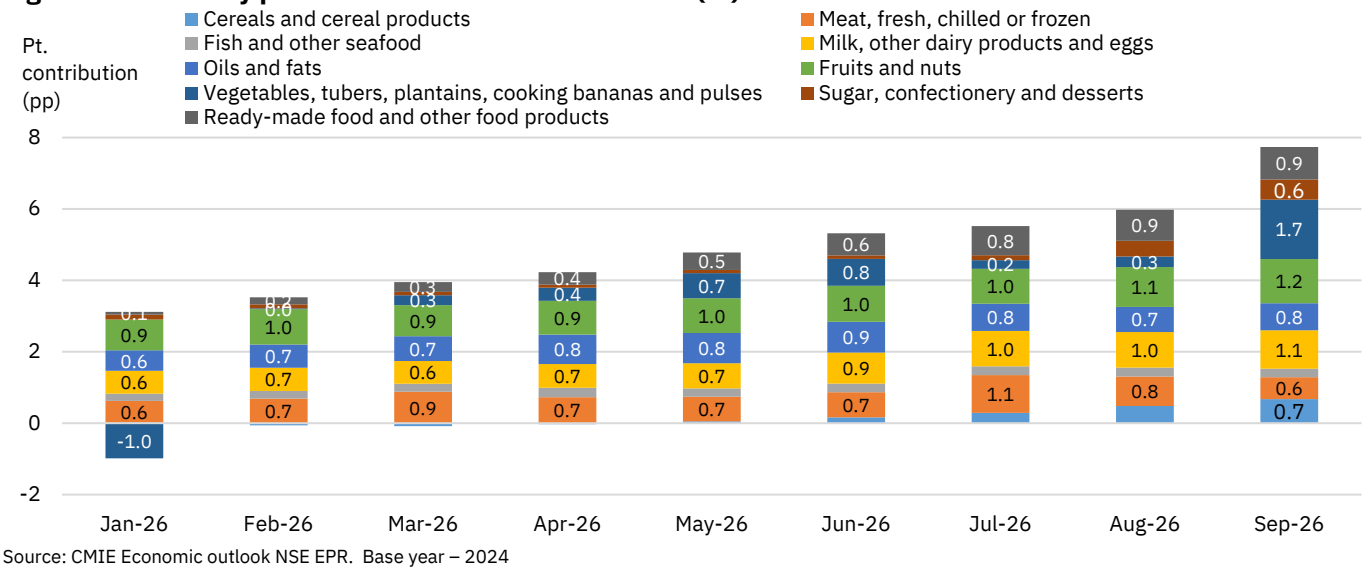
Source: Department of agriculture & farmers welfare, MoA&FW, CMIE, NSE EPR. Notes – 1) Top 5 states are identified and ranked on the basis of the highest number of districts with rainfall deficiency 2) Top 3 products of every state is based on average production of last 5 years during the kharif season. 3) Data for the 2026 is as of Oct 2nd 2026, and 2025 is as of 3rd Oct 2025.

Figure 129: Monthly trend of food & beverages inflation (YoY %)



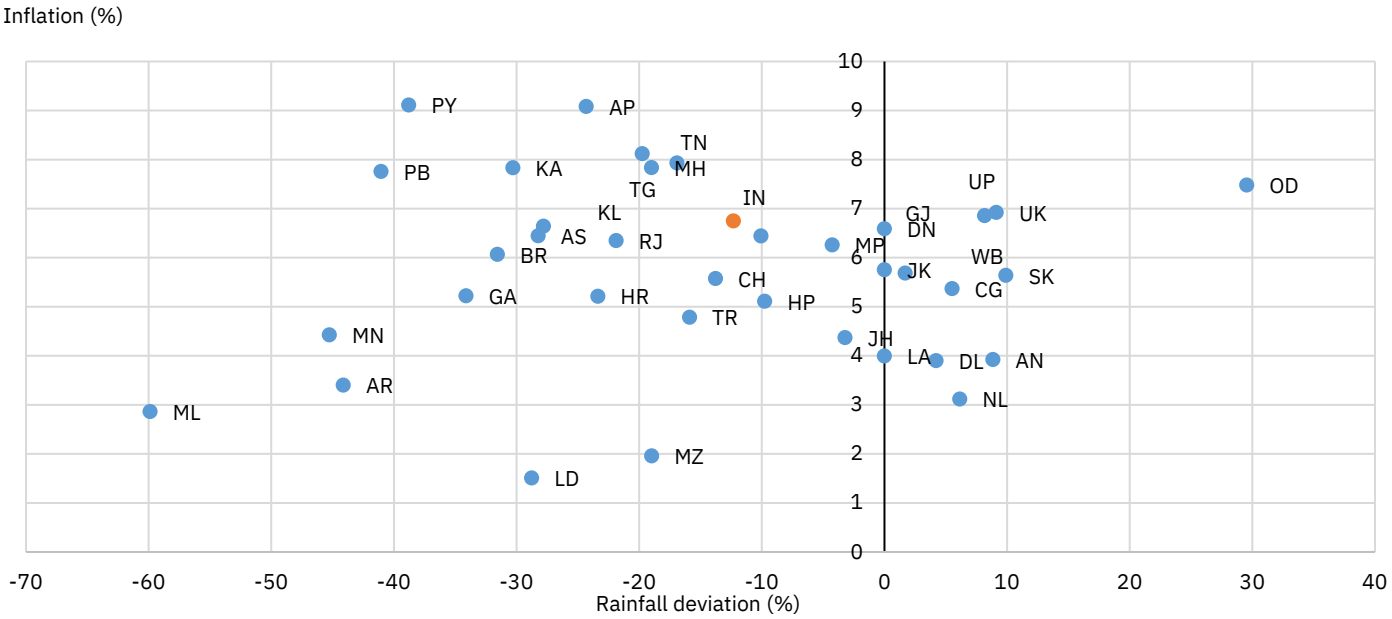
Source: CMIE Economic outlook NSE EPR. Base year – 2024.

Figure 130: Monthly point contribution of food inflation (%)



Source: CMIE Economic outlook NSE EPR. Base year – 2024

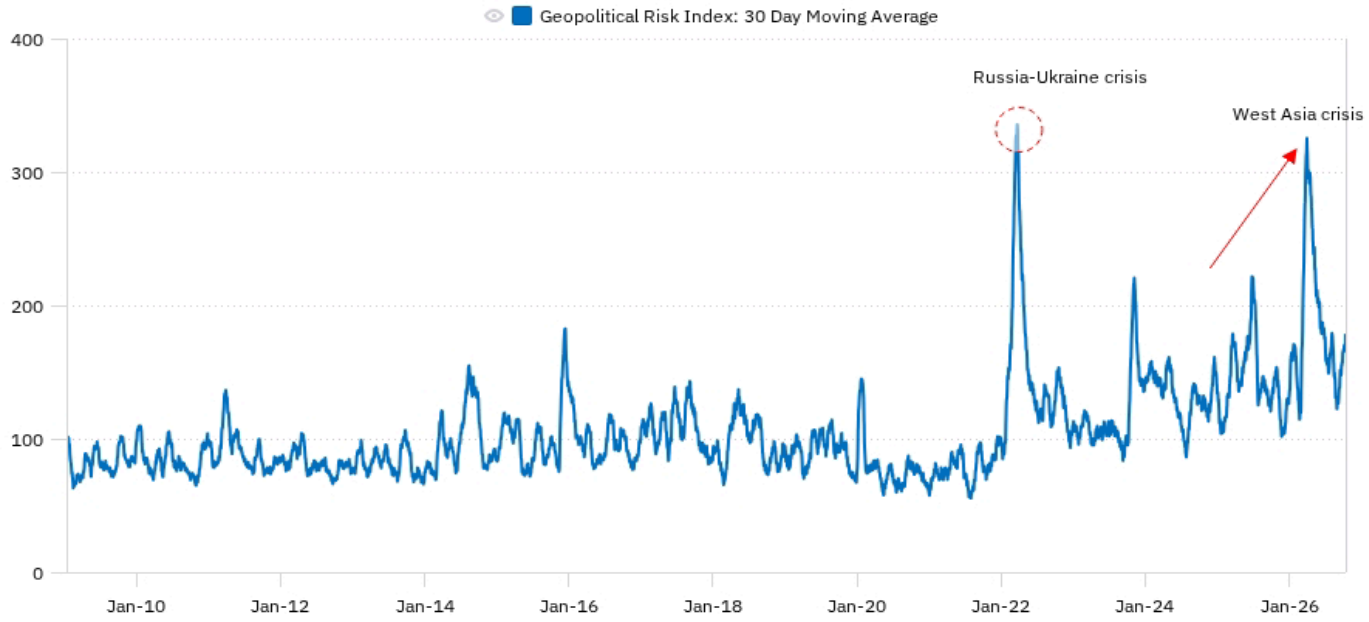
Figure 131: Scatter plot of rainfall deviation (%) and inflation across states in 2026



Source: CMIE Economic outlook NSE EPR. Notes – 1) Inflation for 2026 is calculated as the year-on-year change in the average price for June–September 2026 relative to the average price for the corresponding months in 2025. 2) Andhra Pradesh = AP, Assam = AS, Bihar = BR, Chandigarh = CH, Chhattisgarh = CG, Goa = GA, Gujarat = GJ, Haryana = HR, Himachal Pradesh = HP, Jammu & Kashmir = JK, Jharkhand = JH, Karnataka = KA, Kerala = KL, Madhya Pradesh = MP, Maharashtra = MH, Manipur = MN, Meghalaya = ML, NCT of Delhi = DL, Odisha = OD, Puducherry = PY, Punjab = PB, Rajasthan = RJ, Tamil Nadu = TN, Telangana = TG, Tripura = TR, Uttar Pradesh = UP, Uttarakhand = UK, West Bengal = WB, Andaman & Nicobar Islands = AN, Arunachal Pradesh = AR, Dadra & Nagar Haveli and Daman & Diu = DN, Ladakh = LA, Lakshadweep = LD, Nagaland = NL, Mizoram = MZ, Sikkim = SK, India = IN.

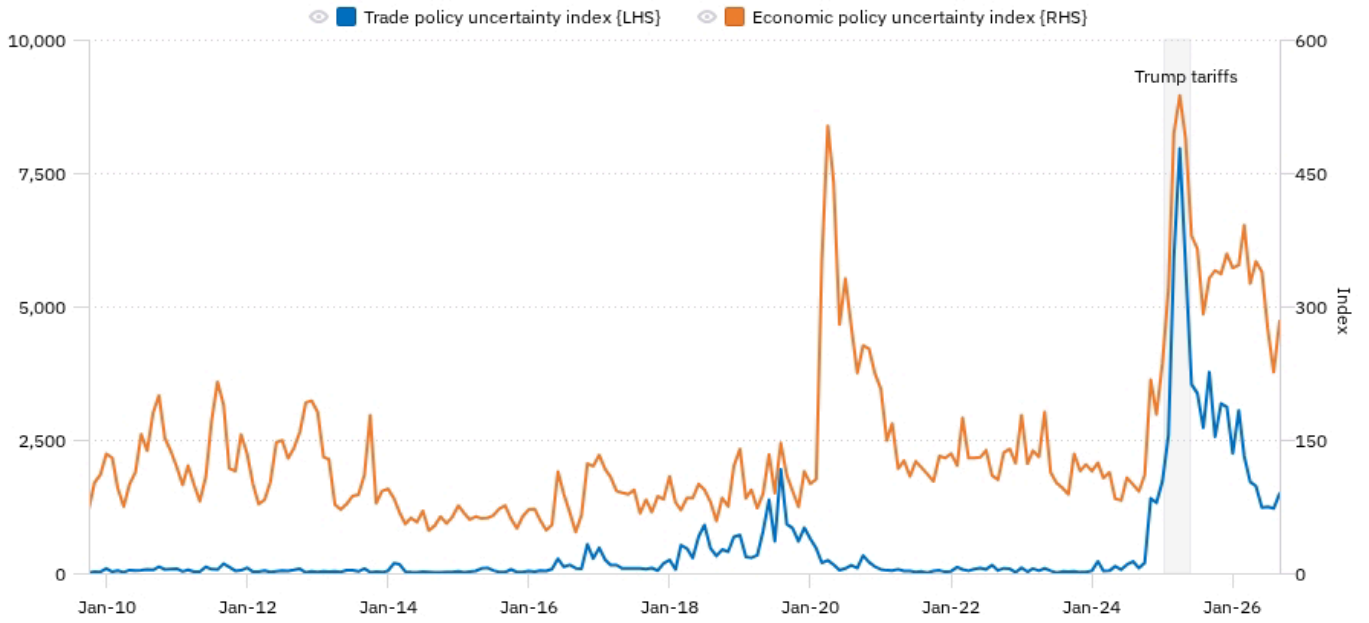
Global snippets: West Asia tensions re-escalate after a brief period of relative calm

Figure 132: Geopolitical risk index (30-day moving average)



Source: CEIC, NSE EPR Note: 1) Data is updated as of October 13th, 2026

Figure 133: US trade and economic policy uncertainty index



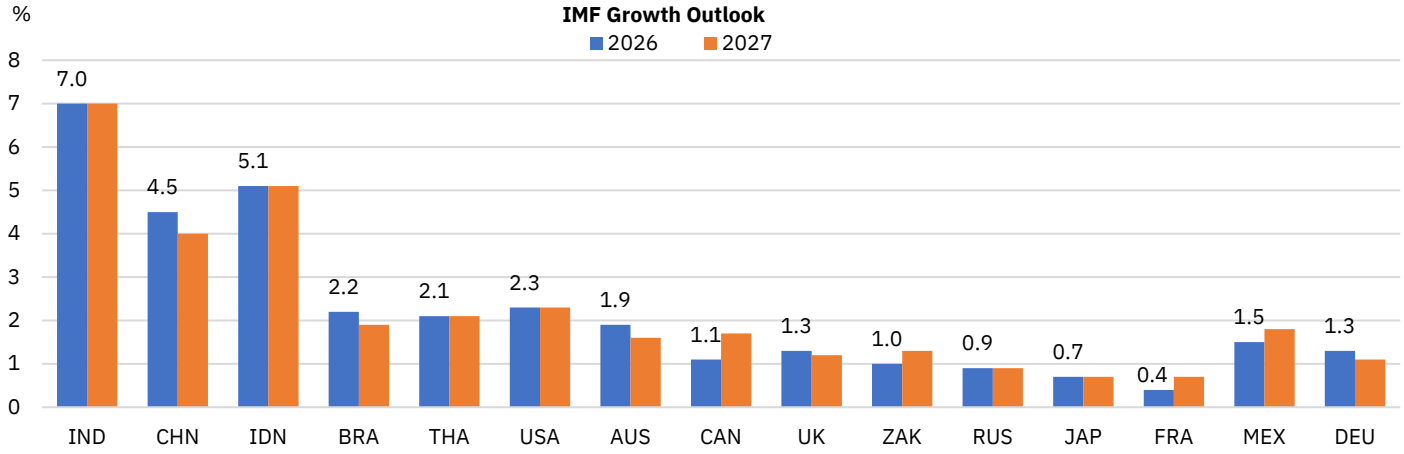
Source: CEIC, NSE EPR Note: 1) Data is updated as of September 30th, 2026

Table 31: IMF growth projections October 2026 WEO

Growth outlook			Projections (%)		Deviation from Apr 2026 (pp)	
	2024	2025	2026	2027	2026	2027
World	**3.5**	**3.5**	**3.1**	**3.4**	**0**	**0.2**
Advanced Eco	**1.9**	**1.9**	**2.1**	**1.8**	**0.3**	**0.1**
USA	2.8	2.1	2.3	2.3	0	0.2
Euro Area	1.0	1.4	1.1	1.2	0	0
Germany	-0.5	0.2	1.3	1.1	0.5	-0.1
France	1.4	0.9	0.4	0.7	-0.5	-0.2
Japan	-0.2	1.1	0.7	0.7	0	0.1
UK	1.0	1.4	1.3	1.2	0.5	-0.1
Canada	2.0	1.9	1.1	1.7	-0.4	-0.2
EMDE	**4.5**	**4.5**	**3.7**	**4.4**	**-0.2**	**0.2**
China	5.0	5.0	4.5	4.0	0.1	0
India	7.1	7.7	7.0	7.0	0.5	0.5
Russia	4.9	1.0	0.9	0.9	-0.2	-0.2
Brazil	3.4	2.3	2.2	1.9	0.3	-0.1

Source: IMF World Economic Outlook, October 2026

Figure 134: Cross-country wise growth outlook by IMF



Source: IMF World Economic Outlook, October 2026. Notes: 1) Country names: a) IND = India, CHN = China, IDN = Indonesia, BRA = Brazil, THA = Thailand, USA = United States of America, AUS = Australia, CAN = Canada, UK = United Kingdom, UK = United Kingdom, ZAF = South Africa, RUS = Russia, JAP = Japan, FRA = France, MEX = Mexico, DEU = Germany

Figure 135: Growth across major economies

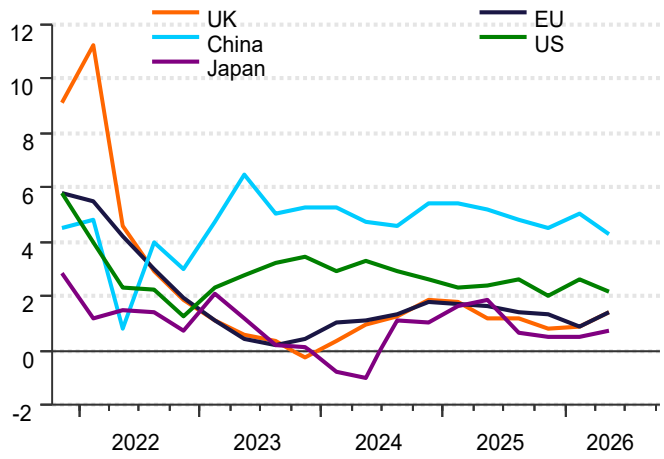
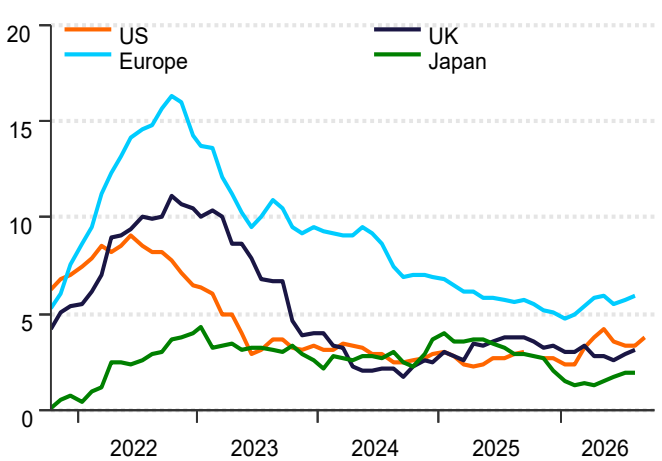


Figure 136: Inflation across major economies



Source: LSEG Workspace, NSE EPR.

Figure 137: Policy rates across advanced economies

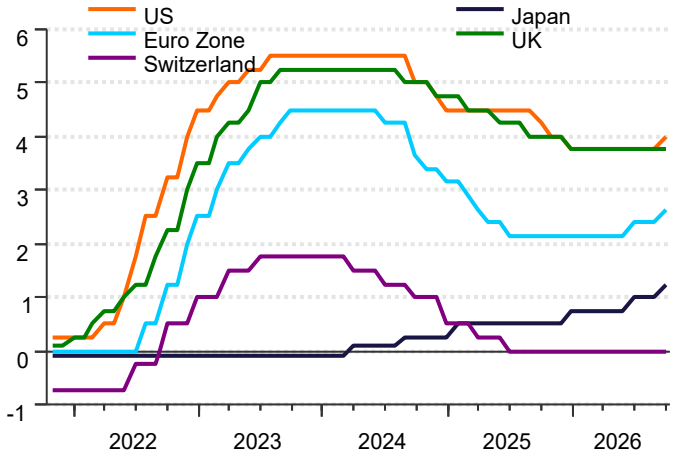
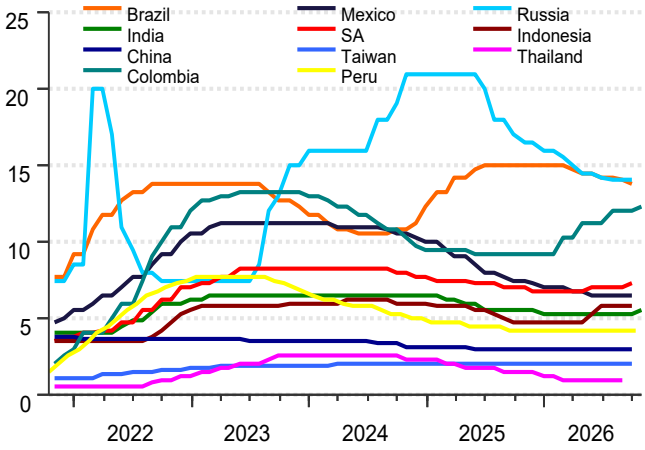


Figure 138: Policy rates across emerging economies



Source: LSEG Workspace, NSE EPR.

Figure 139: Unemployment rates across major developed economies

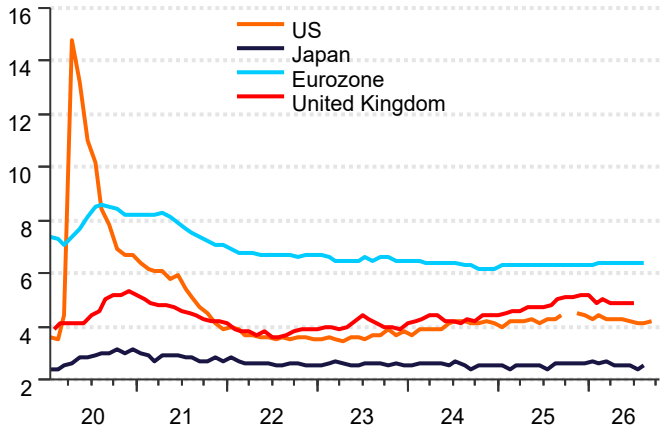
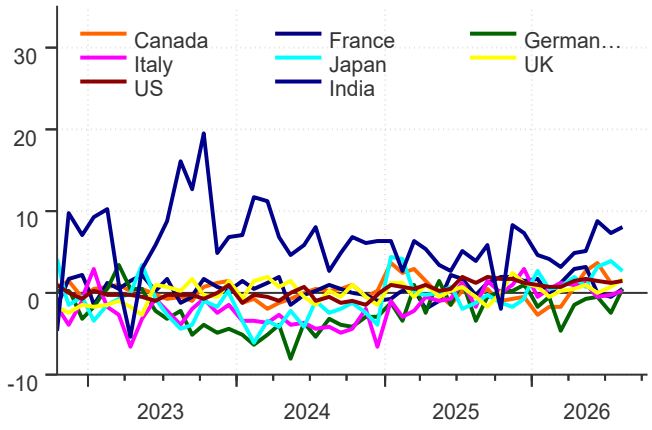
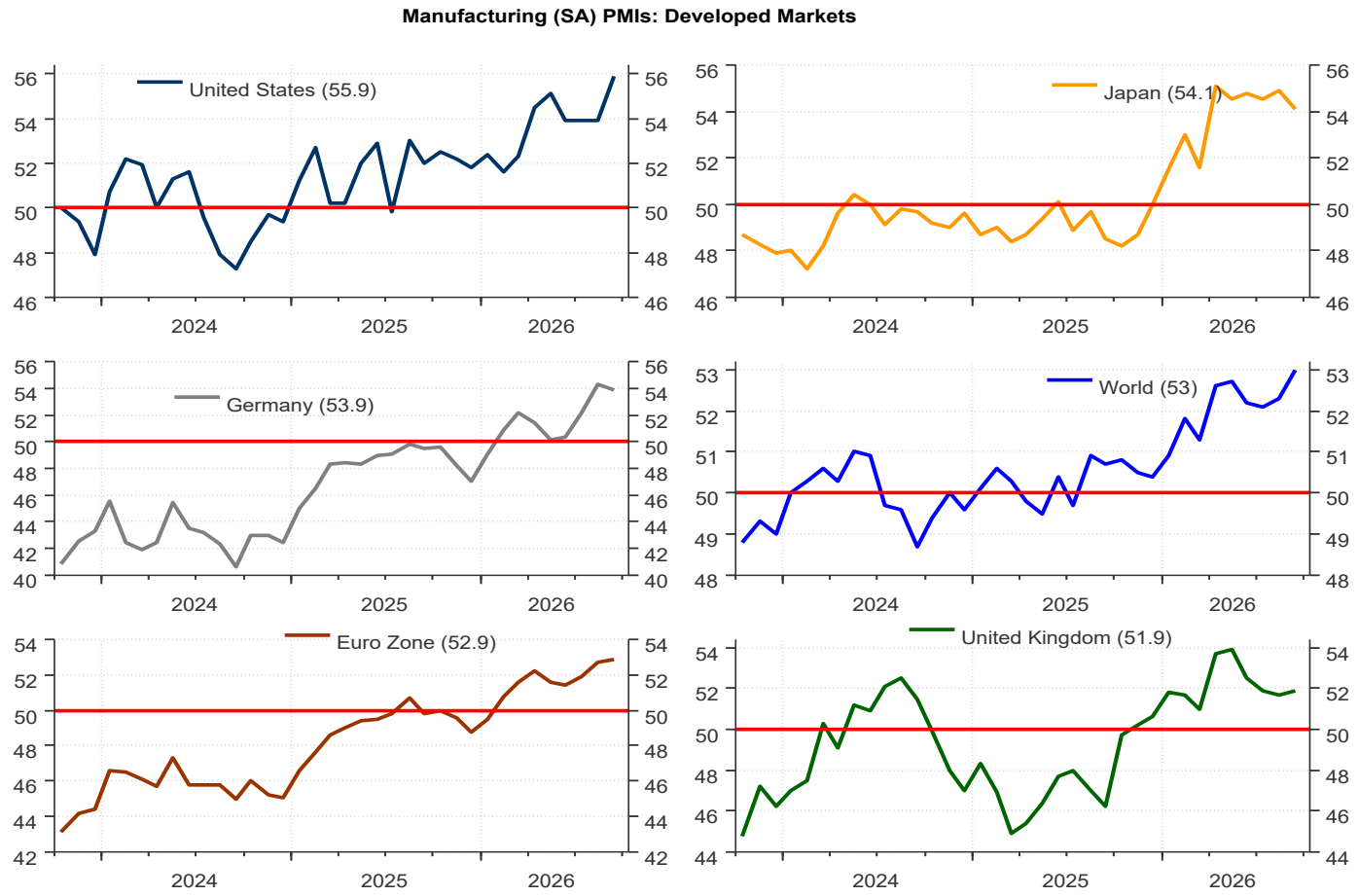


Figure 140: Trends in industrial production (YoY%) across major economies



Source: LSEG Workspace, NSE EPR.

Figure 141: Trend in PMI manufacturing across countries



Source: LSEG Workspace, NSE EPR

2.11 Insights from the Sveriges Riskbank prize in economic science 2026

Microeconomic foundations of macroeconomic stabilisation

The 2026 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel was awarded to Robert E. Hall of Stanford University and Michael Woodford of Columbia University for their contributions to the microeconomic foundations of macroeconomic stabilisation. Their research strengthened the theoretical basis of modern macroeconomic analysis by linking household consumption decisions, firms' pricing behaviour and forward-looking expectations to fluctuations in aggregate output and inflation. This framework helps explain how monetary and fiscal policy influences economic activity through the decisions of households and businesses, and why the effectiveness of policy depends partly on how economic agents respond to current measures and anticipated future conditions.

From aggregate relationships to microeconomic foundations:

Macroeconomic stabilisation has traditionally focused on moderating fluctuations in output, employment and inflation through fiscal and monetary interventions. Early Keynesian approaches emphasised aggregate demand management, whereby changes in government expenditure, taxation and monetary conditions could help support economic activity during downturns and restrain demand during periods of overheating. However, the stagflation of the 1970s exposed limitations in models that relied heavily on historically estimated relationships between aggregate variables. Subsequent research, including the Lucas critique, demonstrated that these relationships may change when policy regimes change, as households and firms adjust their expectations and decisions.

The development of micro-founded macroeconomic models sought to address this limitation by deriving aggregate outcomes from the decisions of individual economic agents. Household consumption depends on current income, wealth, access to credit and expectations of future resources, while firms determine investment, production and prices in response to anticipated demand, costs and financing conditions. The interaction of these decisions shapes aggregate demand, inflation and output, providing a framework for examining how economic shocks propagate and how stabilisation policies influence their effects.

Robert E. Hall's research on consumption dynamics demonstrated the importance of forward-looking household behaviour. Hall (1978) study, based on the life cycle and permanent-income hypothesis, showed that under the model's assumptions, consumption responds to new information about future resources rather than mechanically following predictable changes in current income. This challenged conventional interpretations of the relationship between disposable income and consumption and strengthened the role of expectations in macroeconomic analysis. Subsequent research has established that the response to income changes can differ across households, particularly where liquidity constraints limit their ability to smooth consumption.

Michael Woodford's work developed the role of expectations, nominal rigidities and systematic monetary policy in determining macroeconomic outcomes. In *Interest and Prices* (2003), he presented a framework in which interest-rate policy influences aggregate demand and inflation through its interaction with price-setting behaviour and expectations of future policy. Together with the contributions of other economists, this research helped shape modern New Keynesian macroeconomic models, including dynamic stochastic general equilibrium (DSGE) frameworks used to analyse economic fluctuations and policy transmission. The broader contribution lies in explaining aggregate outcomes through the decisions and expectations of households and firms, rather than treating historical statistical relationships as invariant to policy changes.

Expectations and policy transmission:

A central implication of this framework is that economic policy operates not only through its immediate effects on borrowing costs and income, but also through expectations about future economic conditions. Households consider anticipated income, employment and interest rates when making consumption and saving decisions, while firms incorporate expected demand, input costs and financing conditions into investment and pricing decisions.

Consequently, changes in the expected course of policy can influence current economic activity before the full effects of an intervention materialise.

The transmission of an interest-rate change depends on how households and firms respond to the resulting changes in financing costs and expectations. A reduction in policy rates can encourage borrowing, consumption and investment, but the response may be muted when households are concerned about employment prospects or firms anticipate weak demand. Similarly, tighter monetary conditions may have limited immediate effects on inflation if price pressures originate in supply disruptions, although persistent shocks can influence broader price-setting decisions and expectations.

Policy credibility and communication are therefore important to the transmission mechanism. A predictable policy framework can help anchor inflation expectations and reduce uncertainty about the future course of interest rates. However, credibility does not guarantee that economic agents will respond uniformly, nor does it eliminate the effects of supply shocks. The strength of the transmission mechanism depends on the nature of the shock, the responsiveness of spending and pricing decisions, and the extent to which expectations remain aligned with the policy objective.

Implications for India's macroeconomic and policy framework:

The insights from this research are relevant to India's flexible inflation-targeting framework, under which the Reserve Bank of India (RBI) pursues price stability while keeping growth considerations in view. The effectiveness of monetary policy depends not only on changes in the repo rate but also on their transmission to market interest rates, bank lending and deposit rates, credit conditions and asset prices. These changes influence household consumption, saving and firms' investment decisions, with implications for aggregate demand and inflation.

- **Inflation expectations and policy transmission:** In an economy where food and other supply-side shocks can contribute to price volatility, the challenge is to distinguish temporary relative-price changes from pressures that become persistent through broader price-setting decisions. An initial increase in food prices may affect household inflation perceptions and, if sustained, influence wage demands and firms' pricing behaviour. The monetary-policy challenge is therefore to assess the persistence and breadth of inflationary pressures rather than respond mechanically to movements in headline inflation. The framework highlights the importance of inflation expectations, core inflation and wage developments in evaluating whether a supply shock is translating into more generalised price pressures.
- **Monetary transmission and private investment:** The response of consumption and investment to interest-rate changes depends on expected income, credit availability and confidence in future demand. Lower borrowing costs can encourage firms to expand capacity, but investment may remain subdued when capacity utilisation is weak or demand prospects are uncertain. Similarly, households' responses depend on their income security, debt exposure and ability to access credit. Evaluating monetary-policy effectiveness therefore requires examining credit growth, lending rates, capacity utilisation, gross fixed capital formation and business expectations alongside the policy rate. These indicators help establish whether changes in monetary conditions are translating into actual expenditure and economic activity.

Implications for financial markets:

The framework provides a useful perspective for understanding how expectations about monetary policy influence financial-market valuations. Government bond yields reflect expectations of future short-term interest rates and inflation, alongside term and risk premia. Consequently, monetary-policy announcements can trigger changes in the yield curve when new information alters market expectations about the future policy path. Fully anticipated decisions may generate a limited immediate price response, whereas unexpected policy signals can lead to more substantial repricing.

Equity valuations are similarly influenced by expected corporate earnings and the discount rates applied to future cash flows. A shift towards tighter monetary conditions can raise financing costs and discount rates, potentially placing

pressure on valuations, particularly for companies whose expected earnings lie further in the future. Conversely, an improvement in the outlook for inflation and interest rates may support valuations if earnings and growth prospects remain favourable. The direction and magnitude of these effects depend on whether the policy signal changes investors' existing expectations and how it alters the outlook for corporate profitability.

More broadly, these mechanisms illustrate how changes in macroeconomic expectations can affect asset prices, investment decisions and financial conditions. The central insight is that market movements reflect not simply current economic conditions or policy decisions, but also revisions in expectations about future conditions. Understanding this forward-looking dimension is essential for interpreting the transmission of monetary policy to financial markets.

Conclusion:

The 2026 Nobel Prize in Economic Sciences highlights the importance of household and firm behaviour in understanding macroeconomic stabilisation. Hall's research on consumption and Woodford's work on monetary policy and expectations have contributed to frameworks explaining how policy influences output and inflation. For India, these insights underscore the importance of evaluating monetary transmission alongside inflation expectations, credit conditions and private investment. For financial markets, they provide a basis for examining how changes in policy expectations influence bond yields, equity valuations and trading activity.

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3 Insights

Bond Yields, cost of borrowing and implications for the economy and financial markets

An integrated review of evidence across bond markets on yield determination, borrowing costs, public debt sustainability and financial-market transmission

Bond markets play a central role in determining the cost of capital across the economy by influencing how governments, financial institutions and corporations raise funds. Bond yields reflect a combination of expected future interest rates, investor demand, liquidity conditions, credit risk and the supply of securities. These factors differ across sovereign and corporate debt markets, making bond pricing an important mechanism through which macroeconomic conditions and investor behaviour affect financing costs.

Understanding bond-market movements requires examining both the factors that determine yields and the implications of changes in borrowing costs. Government bond yields influence public debt-servicing expenses and provide benchmarks for pricing other debt instruments, while corporate bond spreads reflect additional compensation for default risk and liquidity. The relationship between interest rates, economic growth and fiscal conditions also matters for assessing debt sustainability, as the implications of higher public debt depend partly on the cost of financing relative to the growth rate of the economy.

The literature examines these relationships through three connected themes. The first explores how interest-rate expectations, demand for safe assets and liquidity preferences shape bond yields. The second considers how fiscal deficits, public debt and changes in fiscal policy affect government borrowing costs and debt sustainability. The third examines how bond supply and yield movements transmit to equity valuations, corporate credit spreads and financing conditions, with implications for capital allocation and economic activity.

Key takeaways from the papers

1. **Determinants of bond yields: Interest-rate expectations, investor demand and liquidity—** Fama and Bliss (1987) show that forward rates contain information about future bond returns, while Krishnamurthy and Jorgensen (2012) demonstrate that demand for safe and liquid Treasury securities lowers government borrowing costs. Beber et al. (2009) find that sovereign credit risk drives yield spreads, while liquidity becomes more important during periods of market uncertainty. Together, these studies highlight the role of expectations, investor demand, credit risk and liquidity in determining bond yields.

2. **Borrowing costs and public debt sustainability: Fiscal positions and economic growth—** Laubach (2009) finds that higher projected fiscal deficits and public debt are associated with higher long-term interest rates. Blanchard (2019) argues that public debt may be more sustainable when interest rates remain below economic growth, although debt can still impose economic costs. Ardagna (2009) shows that changes in fiscal policy also influence government bond yields, highlighting the importance of fiscal credibility and prevailing economic conditions.

3. **Transmission to financial markets and capital allocation: Bond supply, equity valuations and credit spreads —** Greenwood and Vayanos (2014) show that government bond supply influences yields and expected returns, while Bernanke and Kuttner (2005) demonstrate that unexpected monetary-policy changes affect equity valuations. Longstaff et al. (2005) and Chen et al. (2007) highlight the roles of default risk and liquidity in determining corporate bond spreads. These findings show how bond-market movements influence equity prices, corporate borrowing costs and investment decisions.

Overall, bond markets connect monetary and fiscal policy with financial-market conditions and economic activity. Changes in yields affect government debt-servicing costs, corporate financing and asset valuations, making bond-market dynamics important for assessing capital allocation and financial stability.

Papers in brief

- Fama and Bliss (1987) **– When interest rates reveal more than expectations:** Fama and Bliss (1987) investigate whether interest rates observed today can tell us anything reliable about interest rates in the future, and whether the gap between short- and long-term rates reflects expected interest-rate changes or the additional return investors demand for holding bonds of different maturities. Using U.S. Treasury bond data from 1964 to 1985, the authors find that this gap contains information about both expected bond returns and future interest-rate movements. They show that the expected extra return from holding longer-maturity bonds varies considerably over time, sometimes becoming positive and sometimes negative. They also find that current forward rates are relatively poor predictors of interest-rate changes over the following year but become more informative when predicting changes several years ahead. The authors link this pattern to the tendency of interest rates to adjust slowly towards their longer-run levels. Their central contribution is to show that interest rates reflect both expectations about the future and changing returns demanded by investors, making the relationship between current and future rates more complex than simple forecasting models suggest.

- Krishnamurthy and Jorgensen (2008) – **The Convenience value of treasury debt**: The authors examine how the supply of US Treasury securities influences financial markets and borrowing costs. The study argues that Treasury securities provide valuable services to investors due to their safety, liquidity and convenience. These benefits create a convenience yield, allowing Treasury securities to offer lower yields than comparable financial instruments. The authors investigate this effect using corporate–Treasury yield spreads and interest-rate swap spreads. Their findings indicate that an increase in Treasury debt supply reduces its convenience value and widens these spreads. The study estimates the convenience yield at approximately 72 basis points on average. It also finds that the relationship between Treasury supply and yield spreads remains significant after accounting for corporate default risk. These results suggest that government debt affects interest rates not only through conventional fiscal channels but also through the demand for safe and liquid assets. Overall, the paper highlights the importance of Treasury supply and investor demand in shaping borrowing costs and financial market conditions.

- Beber, Brandt and Kavajecz (2009) — **Examining the relative roles of credit risk and liquidity in euro-area sovereign bond markets:** The paper analyses sovereign bond yield spreads and investor flows across ten euro-area countries between April 2003 and December 2004 to distinguish between flight-to-quality and flight-to-liquidity. The findings indicate that credit risk is the primary determinant of yield spreads under normal market conditions, while liquidity becomes more important during periods of heightened uncertainty and unusually large investor flows.

Investor allocations across government bonds are driven predominantly by liquidity differences rather than credit quality, whereas yield spreads reflect both factors, with their relative importance varying across market conditions. The study highlights the distinction between investors' preference for lower-credit-risk securities and their preference for more liquid securities during periods of market stress.

- Laubach (2009)- **New evidence on the interest rate effects of budget deficits and debt:** Laubach (2009) examines the relationship between government budget deficits, public debt and long-term interest rates in the United States. The paper addresses the difficulty of isolating the effects of fiscal policy on interest rates from other factors, particularly business cycle fluctuations and monetary policy. Using five-year-ahead deficit and debt projections published by the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB), the author analyses their relationship with expected future Treasury yields. The findings indicate that a one percentage point increase in the projected deficit-to-GDP ratio raises expected long-term interest rates by approximately 25 basis points, while a similar increase in the projected debt-to-GDP ratio raises rates by around 4-5 basis points. These results remain statistically significant across various specifications and are consistent with the predictions of the neoclassical growth model, suggesting that persistent increases in government borrowing can raise interest rates by reducing private capital accumulation.

- Blanchard (2019)**- Public debt in a low interest rate environment: Fiscal costs, risks and welfare implications**: This paper examines the economic and welfare implications of public debt in an environment of persistently low interest rates. The paper argues that when the interest rate on government debt remains below the economy's growth rate, governments may be able to roll over debt without necessarily raising taxes, potentially reducing its fiscal cost. However, public debt can still crowd out capital accumulation and impose welfare costs, although these may be smaller than conventionally assumed. Blanchard highlights the importance of both safe interest rates and the average return on risky capital in determining these costs. He also discusses risks arising from investor confidence and sovereign risk premia, advocating a more nuanced approach to evaluating public debt and fiscal policy.

- Ardagna (2009) **— The financial market effects of fiscal adjustments:** This paper studies how major changes in government spending, taxes and borrowing affect financial markets. Using data from 16 OECD countries between 1960 and 2002, the study finds that during fiscal consolidation, 10-year government bond yields fell by 124 basis points and stock prices generally rose. In contrast, during fiscal expansion, long-term government bond yields rose by 162 basis points and stock prices generally fell. The positive market response to fiscal consolidation was stronger in countries that had high deficits, reduced government spending and achieved a lasting fall in public debt. Overall, the paper shows that the effect of fiscal policy on financial markets depends on the size of the changes, the measures used and whether the reduction in public debt lasts over time.

- Greenwood and Vayanos (2014) — **Government bond supply, duration risk and expected returns** —Greenwood and Vayanos (2014) investigate how the supply

and maturity structure of government debt affect bond yields and expected returns. Building on a preferred-habitat term-structure framework, the authors argue that risk-averse arbitrageurs require higher compensation to absorb additional duration risk arising from increased long-term government debt issuance. Using US Treasury data from 1952 to 2007, they find that a one-standard-deviation increase in maturity-weighted debt relative to GDP is associated with a 40-basis-point increase in long-term bond yields and a 259-basis-point increase in expected one-year returns for bonds with approximately 20 years to maturity. The effects are stronger for longer-maturity securities and during periods of reduced arbitrageur wealth, when financial intermediaries have less capacity to absorb risk. Instrumental-variable estimates and historical robustness tests support these findings. The paper demonstrates that government debt composition influences bond-market risk premia and provides empirical support for the portfolio-balance channel underlying Treasury debt management and quantitative easing.

- Bernanke and Kuttner (2005) – **Monetary policy surprises and equity-market valuation:** Bernanke and Kuttner (2005) investigate how US equity markets respond to Federal Reserve policy and the economic mechanisms underlying these reactions. Using federal funds futures to distinguish anticipated from unanticipated monetary policy changes over 1989–2002, the authors find that a hypothetical 25-basis-point surprise reduction in the federal funds rate increases broad equity indices by approximately 1%, while anticipated changes have little effect. The response is stronger when policy decisions alter expectations of future interest rates rather than merely changing the timing of anticipated actions. Industry-level analysis reveals greater sensitivity among technology and telecommunications stocks, with weaker responses among energy and utilities. Using a VAR-based return decomposition, the authors find that stock-price movements are driven primarily by revisions in expected future excess returns and dividends, rather than direct changes in real interest rates. The findings highlight the importance of market expectations and risk premia in monetary policy transmission, although the authors cannot conclusively distinguish changes in required risk premia from investor overreaction.

- Longstaff et al. (2005) — **Corporate yield spreads: Default risk or liquidity? New evidence from the credit default swap market:** Longstaff et al. (2005) investigate whether corporate bond yield spreads primarily compensate investors for default risk or also incorporate non-default factors such as liquidity and taxes. Using proprietary data on credit default swap (CDS) premia and corporate bond prices obtained from Citigroup, the authors develop a framework to separate the default and non-default components of corporate spreads. Their findings show that default risk accounts for most spreads across credit rating categories, explaining 51% of spreads for AAA/AA-rated bonds, 56% for A-rated bonds, 71% for BBB-rated bonds and 83% for BB-rated bonds when the Treasury curve is used as the benchmark. However, a significant non-default component, generally ranging from 20 to 100 basis points, remains even after accounting for default risk. The study establishes that this component is strongly associated with bond-specific illiquidity, including bid–ask spreads and outstanding principal amounts, as well as market-wide liquidity conditions. These findings challenge earlier research that attributed a relatively small proportion of corporate spreads to default risk and

demonstrate that, although creditworthiness remains the primary determinant of corporate debt pricing, liquidity conditions also influence borrowing costs and the time-series behaviour of corporate yield spreads.

- Chen (2007) - **Liquidity as a determinant of corporate bond yield spreads** – The authors examine the role of liquidity in explaining corporate bond yield spreads in the US market. The study uses data on more than 4,000 corporate bonds over the period 1995–2003. The authors employ three liquidity measures: bid–ask spreads, the proportion of zero-return days, and the Lesmond–Ogden–Trzcinka (LOT) model-based transaction cost estimate. The findings indicate that less liquid bonds have higher yield spreads, even after controlling for bond-specific, firm-specific, and macroeconomic factors. Liquidity explains up to 7% of the cross-sectional variation in yield spreads for investment-grade bonds and 22% for speculative-grade bonds. The relationship is stronger for speculative-grade bonds, suggesting that liquidity costs are particularly important for riskier securities. The results remain robust after accounting for issuer-specific effects and potential endogeneity. The study also finds that changes in liquidity are significantly associated with changes in yield spreads over time. Overall, the paper establishes liquidity as an important determinant of corporate bond yield spreads, alongside credit risk.

3.1 The information in long-maturity forward rates [5]

Eugene F. Fama and Robert R. Bliss (1987)

Summary

Fama and Bliss (1987) examine whether forward interest rates reveal expectations of future rates, expected bond returns, or both. Using U.S. Treasury data from 1964 to 1985 and maturities of one to five years, they study how the difference between forward rates and one-year spot rates relates to bond returns and future rate changes. They find that this spread reflects variation in expected term premiums, rather than forecasting the next year's interest-rate movement. Its short-horizon forecasting power is weak, but increases over longer horizons, explaining about 48% of the variation in four-year changes in the one-year spot rate. The authors show that interest rates are persistent but gradually move towards longer-run levels, helping explain this horizon effect. However, mean reversion does not account for all the predictive information in forward rates. The paper demonstrates that interpreting the yield curve requires distinguishing expectations of future rates from time-varying compensation for holding bonds.

Introduction

Interest rates differ depending on how long money is borrowed or invested. A one-year Treasury bond, for example, offers a different yield from a five-year Treasury bond. Understanding the term structure matters because it helps economists and investors interpret market expectations, assess the compensation investors receive for holding bonds, and examine how interest rates may change over time.

Fama and Bliss (1987) focus on a fundamental question: when longer-term interest rates are higher or lower than short-term rates, what does that difference tell us? Suppose the interest rate on a one-year Treasury bond today is 4%, while the market price of longer-term bonds implies an interest rate of 5% for a one-year period beginning four years from now. One interpretation is that investors expect interest rates to rise in the future. Another is that they require additional compensation for holding bonds whose returns are exposed to changes in interest rates. Both explanations are plausible, and the observed rates alone do not immediately reveal which one is responsible.

The authors therefore investigate two related questions. First, do the differences between forward rates and current interest rates reveal changes in the returns investors expect to earn on bonds? Second, can those differences predict future changes in interest rates, particularly when the forecast extends beyond the following year? Earlier studies had found limited evidence that forward rates were reliable predictors of future interest rates, especially over short horizons. Fama and Bliss (1987) extend this investigation to maturities of one to five years. Their approach allows them to distinguish between information about expected bond returns and information about future interest-rate movements.

Literature

The paper builds on two strands of research concerning how interest rates of different maturities are related. The first concerns the expectations hypothesis, which broadly links longer-term rates to the interest rates investors expect to encounter in the future. The interest rate implied for a future period should be closely related to the market's expectation of the rate that will prevail during that period. If this view were sufficient, forward rates could be interpreted largely as forecasts of future spot rates.

[5] Fama, E. F., & Bliss, R. R. (1987). The Information in Long-Maturity Forward Rates. *The American Economic Review*, *77*(4), 680–692.

An alternative is the term-premium explanation. Investors holding a longer-maturity bond face greater exposure to changes in interest rates and the associated risk of price fluctuations. They may therefore require additional compensation for holding such bonds. This compensation need not be constant or always positive: expected bond returns may vary over time, and the relationship between maturities can change.

Earlier work, including research by Kessel (1965), McCulloch (1975) and Fama (1984), examined expected returns across maturities but did not fully resolve the issue. Studies by Hamburger and Platt (1975) and Shiller et al. (1983) also found limited evidence that forward rates could predict future interest rates reliably.

The second strand concerns the persistence of interest rates. When an interest rate rises, it often remains elevated for some time rather than immediately returning to its earlier level. This persistence can make short-term changes difficult to forecast even when interest rates eventually move back towards their longer-run levels. Research by Merton (1973), Long (1974), Breeden (1979), and Cox et al. (1985) provides theoretical frameworks in which expected returns can vary over time.

Fama and Bliss (1987) bring these ideas together. Rather than treating forward rates only as forecasts, they examine whether the rates also reflect changing expected returns and whether the slow adjustment of interest rates helps explain why forecasts become more useful at longer horizons.

Contribution

The study advances the literature through three principal contributions.

1. **Separating expected bond returns from interest-rate expectations:** The authors show why the difference between a forward rate and today's interest rate should not automatically be interpreted as the market's forecast of a future rate. It can also reflect changes in the return investors expect from holding longer-maturity bonds.
2. **Identifying time-varying term premiums:** The analysis demonstrates that expected returns across bond maturities are not fixed. They vary substantially, including periods when the expected return on longer-maturity bonds is relatively high and periods when it is relatively low.
3. **Establishing horizon-dependent forecast power:** The authors find that forward rates have limited power to predict changes in interest rates one year ahead but are more informative about changes over several years. They connect this finding to the slow mean-reverting behaviour of interest rates.

Data & methodology

The authors use end-of-month data from the U.S. Government Bond File maintained by the Center for Research in Security Prices (CRSP). The dataset covers U.S. Treasury securities and is used to construct term structures for taxable, noncallable bonds with maturities from one to five years. The principal analysis covers 1964–1985, with 252 monthly observations.

The spot rate is the interest rate applicable to an investment made today for a specified period. For instance, today's one-year spot rate is the rate associated with a one-year Treasury discount bond. The forward rate is an interest rate for a future period that can be calculated from the prices of bonds available today. For example, the one-year forward rate beginning four years from now is implied by the prices of four- and five-year bonds. Comparing it with today's one-year spot rate provides information about how the market prices interest rates over different horizons.

The forward-spot spread is the difference between a forward rate and the current spot rate. If the forward rate is higher, the spread is positive; if it is lower, the spread is negative. The authors investigate what these spread reveals about expected returns and future interest-rate changes.

As bonds do not always mature at exactly the standard intervals required for the analysis, the authors construct comparable interest rates from available Treasury securities. They use the observed bond prices to estimate the term structure, then derive the prices, yields and returns of bonds at standardised maturities.

The empirical analysis proceeds in two stages. First, the authors examine whether the forward-spot spread helps explain the return investors expect to earn over the following year from holding bonds with longer maturities. The expected extra return relative to a one-year investment is called the term premium. A positive slope indicates that expected term premiums vary with forward-spot spreads. This approach allows the authors to test whether the spread primarily reflects compensation for holding longer-maturity bonds rather than expected changes in yields.

Second, the authors test whether the same spread predicts future changes in the one-year spot rate. They conduct this analysis over horizons extending from one to four years. They also estimate a simple model in which the current interest rate is used to forecast the next period's rate. This provides a benchmark for testing whether interest rates slowly return towards a longer-run level and whether this behaviour can explain the forecasting results.

Results

1. **Expected returns on longer-maturity bonds change over time:** The authors find a statistically meaningful relationship between forward-spot spreads and the subsequent extra returns associated with longer-maturity bonds. The estimated relationships are generally strong, with reported slopes ranging from approximately 0.91 to 1.42. The results indicate that expected term premiums vary over time rather than remaining fixed.

2. **Forward-spot spreads primarily reflect term premiums in the one-year return analysis**: When the authors examine changes in the one-year spot rate over the following year, the spread provides little explanatory power. The estimated relationship is close to zero and statistically weak. In contrast, the relationship between the spread and the subsequent extra return on longer-maturity bonds is much stronger. This supports the interpretation that the spread contains important information about expected bond returns, even when it does not accurately predict an immediate change in interest rates.

3. **Expected term premiums appear to move with the business cycle:** The authors compare the one-year spot rate with the spread between the one-year spot rate and a longer-maturity forward rate. The spread fluctuates considerably, moving between positive and negative values. Positive spreads are more evident during certain expansionary periods, including 1970-1972, 1975-1978 and 1983-1985, while negative spreads are more prominent during the recessions of 1973-1974 and 1979-1982. This pattern suggests that the compensation investors expect from holding longer-maturity bonds may be related to broader economic conditions.

4. **Forward rates become more informative when predicting changes several years ahead:** Although the forward-spot spread offers little help in forecasting the next year's change in the one-year spot rate, its usefulness increases over longer horizons. The spread explains approximately 8% of the variation in the two-year change, 24% in the three-year change, and 48% in the four-year change. The main result is therefore not that forward rates are universally good forecasts, but that they become more informative when predicting interest-rate changes further into the future.

5. **Slow mean reversion helps explain the horizon effect:** The authors then examine whether the increasing forecasting power of forward rates might arise because interest rates adjust slowly. They estimate an AR(1) model in which the next period's interest rate depends on the current rate, with a coefficient of approximately 0.968, indicating that interest rates tend to remain near their current levels over short periods. Nevertheless, the model produces forecastable changes because even a small tendency to revert towards a mean can accumulate over a longer horizon. Its forecasts explain approximately 16% of the variance in one-year changes,

increasing to 36% for four-year changes. This is consistent with the idea that mean reversion becomes more visible in longer-horizon changes.

6. **Mean reversion explains much, but not necessarily all, of forward-rate predictability**: The authors next include both forward-spot spreads and AR(1)-based forecasts in multiple regressions. The AR(1) forecasts dominate at one- and two-year horizons. At three- and four-year horizons, however, forward-spot spreads retain some additional explanatory power. The authors caution that this may partly reflect limitations of the AR(1) model; the mean towards which interest rates revert may itself change over time. They therefore conclude that slow mean reversion explains much of the longer-horizon forecast power, but the evidence does not establish that it explains all of it.

Implications

Fama and Bliss (1987) contributed to a growing literature examining the role of time-varying risk premiums in explaining movements in interest rates and bond returns. Campbell and Shiller (1991) extended this analysis to yield spreads, showing that their relationship with subsequent interest-rate movements was not fully consistent with the Expectations Hypothesis. Cochrane and Piazzesi (2005) developed this line of research further by combining forward rates across maturities into a single factor that helps predict excess bond returns across the yield curve. On the theoretical side, Dai and Singleton (2002) examined how term-structure models incorporating time-varying risk premiums could account for these empirical patterns. Piazzesi and Swanson (2008) extended the analysis to federal funds futures, finding that excess returns were predictable and related to business-cycle conditions, with implications for interpreting futures prices as forecasts of monetary policy. Collectively, these studies helped advance research on bond-return predictability and the role of changing risk premiums in explaining the term structure of interest rates.

Conclusion

Fama and Bliss (1987) demonstrate that forward rates contain information about both expected bond returns and future interest-rate movements. Expected term premiums vary over time, while the ability of forward rates to forecast changes in the one-year spot rate increases substantially at longer horizons. The authors attribute much of this predictability to slow mean reversion, while acknowledging that their simple model does not explain every feature of forward rates. Their central contribution is to show that understanding the term structure requires distinguishing time-varying risk premiums from expected changes in interest rates, rather than treating forward rates as straightforward forecasts of future spot rates.

3.2 The Aggregate Demand for Treasury Debt [6]

Arvind Krishnamurthy and Annette Vissing-Jorgensen (2008)

Summary

The paper examines how the supply of US government debt influences bond-market pricing through the convenience yield associated with Treasury securities. Unlike corporate bonds, Treasury securities provide additional benefits to investors because of their liquidity, perceived safety and suitability for institutional purposes. These benefits allow the government to borrow at lower yields than would otherwise prevail. Using historical US data, the authors establish a negative relationship between the government debt-to-GDP ratio and the spread between corporate and Treasury bond yields, even after controlling for corporate default risk. The study estimates the convenience yield at approximately 72 basis points and finds that demand for Treasury securities varies across investor groups. Official investors, including foreign central banks, exhibit relatively inelastic demand, while long-horizon institutional investors, such as pension funds and insurance companies, display more elastic demand. The findings highlight how sovereign debt supply and investor composition influence borrowing costs, financial-market liquidity and the relative pricing of government and corporate bonds.

Introduction

Government securities are generally regarded as safe and liquid assets, but their economic value extends beyond their contractual interest and principal payments. Investors may be willing to accept lower yields on government debt because it provides liquidity, serves as a reliable store of value and can be held without favouring particular private-sector borrowers. The paper begins with the observed negative relationship between the US debt-to-GDP ratio and the spread between AAA-rated corporate bond yields and Treasury yields. When the outstanding supply of Treasury securities is relatively low, investors place a higher marginal value on their convenience services, bidding up Treasury prices and lowering yields relative to corporate bonds. Conversely, an increase in Treasury supply reduces the marginal convenience value and narrows the corporate–Treasury yield spread. The central objective is to establish whether this relationship reflects a genuine convenience yield rather than changes in corporate default risk, and to estimate how different investor groups contribute to Treasury demand.

Literature

The paper builds on research identifying a significant non-default component in corporate bond spreads by Collin et al. (2001); Huang and Huang (2001) and Longstaff et al. (2005) and interest-rate swap spreads by Duffie and Singleton (1997); Grinblatt (2001); He (2001); Liu et al. (2004) and Li (2004). Earlier studies also examined the relationship between government debt supply and interest-rate spreads by Cortes (2003) and Longstaff (2004), while research on the term structure explored how the relative supply of government debt affects bond yields (Modigliani and Sutch (1966); Reinhart and Sack (2000); Greenwood and Vayanos (2007). In macroeconomics, the debate on whether government debt affects interest rates is linked to Ricardian equivalence (Barro, 1974), with empirical findings differing across studies (Evans, 1986; Barro, 1987; Plosser, 1986; Laubach, 2005). Krishnamurthy and Vissing-Jorgensen (2008) contribute to this literature by directly testing the convenience-yield hypothesis, showing how the supply of Treasury securities influences corporate–Treasury and swap spreads, even after accounting for corporate default risk.

[6] Krishnamurthy, A., & Vissing-Jorgensen, A. (2012). The aggregate demand for treasury debt. *Journal of Political Economy*, *120*(2), 233-267.

Data and methodology

The study combines historical bond-market data, macroeconomic variables and investor-level Treasury holdings. The principal analysis uses annual observations over 1925–2005, although the sample period varies across specifications according to data availability. Corporate bond yields are obtained from Moody's long-term AAA-rated corporate bond index, while Treasury yields are drawn from the Federal Reserve's FRED database and historical macroeconomic datasets. The government debt-to-GDP series is based on data compiled by Henning Bohn and updated using the Economic Report of the President and National Income and Product Accounts. Corporate default risk is assessed using measures including Moody's BAA–AAA yield spread, Moody's-KMV Expected Default Frequency, stock-market volatility and other indicators of corporate distress. The analysis of realised corporate bond excess returns uses Ibbotson data covering 1926–2004, while the Federal Reserve Flow of Funds Accounts provide information on Treasury holdings across investor groups. The authors estimate regressions relating the corporate–Treasury yield spread to the logarithm of the government debt-to-GDP ratio, controlling for default risk, risk premia and business-cycle conditions. They supplement ordinary least squares regressions with generalised least squares corrections for serial correlation, alternative spread and return specifications, robustness checks and instrumental-variable estimates of investor-group demand.

Results and empirical findings

- **Relationship between government debt supply and bond yields:** The authors find a statistically significant negative relationship between the US government debt-to-GDP ratio and the spread between AAA-rated corporate bond yields and Treasury yields. The baseline regression coefficient on the logarithm of debt-to-GDP is −0.78, and the relationship remains robust after controlling for corporate default risk, market volatility and the yield-curve slope. A one-standard-deviation increase of 0.42 in log debt-to-GDP is associated with a 33-basis-point decline in the corporate–Treasury spread. This suggests that the spread reflects not only credit risk but also the relative scarcity and convenience value of Treasury securities.
- **Estimation of the convenience yield:** An increase in the debt-to-GDP ratio from 0.37 to 0.38 is estimated to narrow the corporate–Treasury spread by approximately 1.7–3.6 basis points. The estimated convenience yield is around 72 basis points, indicating that investors accept lower Treasury yields in exchange for the liquidity and other services these securities provide. The annual economic value of these services is estimated at 0.21%–0.56% of GDP. These estimates reflect the paper's historical sample and modelling assumptions, not current market conditions.
- **Robustness across bond-market measures:** The relationship extends beyond the AAA–Treasury spread to corporate bond excess returns, commercial paper–Treasury bill spreads and alternative corporate bond spreads. Evidence from realised excess returns, which account for defaults and downgrades, helps address the possibility that the findings arise solely from inadequate controls for credit risk. Results for BAA-rated bonds further suggest that convenience effects influence the pricing of lower-rated corporate debt.
- **Differences in demand across investor groups:** Federal Reserve Flow of Funds data indicate that Treasury demand varies across investor groups. Foreign official holders, Federal Reserve Banks, and state and local governments exhibit relatively inelastic demand, whereas banks, households, mutual funds and foreign private investors show comparatively greater sensitivity to yields. Private pension funds, retirement funds and insurance companies display more elastic demand. These differences suggest that institutional objectives and investment horizons shape Treasury demand, influencing how changes in holdings affect the market.
- **Foreign official demand and Treasury yields:** A hypothetical exit by foreign official investors could raise Treasury yields relative to corporate bond yields by 23–49 basis points under the log-linear specification and 35 basis points under the exponential specification. This model-based counterfactual illustrates how changes in

the composition of Treasury holders can affect relative borrowing costs even when total government debt remains unchanged.

Implications

- **Government borrowing costs and fiscal financing:** The convenience yield provides the government with a financing advantage because investors accept lower yields for the liquidity and other services offered by Treasury securities. The findings indicate that the supply of government debt can influence financial-market prices alongside fiscal deficits and expenditure decisions. However, they do not imply that increasing government debt necessarily reduces borrowing costs or removes the fiscal costs of debt accumulation.
- **Corporate borrowing costs and financial-market pricing:** Corporate–Treasury yield spreads may reflect changes in Treasury convenience value as well as corporate credit risk. An increase in Treasury supply can narrow the spread by reducing the convenience premium, even when corporate default risk is unchanged. Analysts should therefore distinguish between credit-risk movements and changes arising from the liquidity characteristics of government securities when interpreting spreads and other relative-pricing measures.
- **Economic value of liquidity**: The estimated annual value of Treasury liquidity services, at 0.21%–0.56% of GDP, highlights the broader economic role of government debt beyond financing public expenditure. Treasury securities provide investors with liquid assets for transactions and portfolio management, creating economic value reflected in lower yields.
- **Foreign reserve management and investor composition:** The relatively inelastic demand of foreign official holders suggests that reserve-management decisions can influence Treasury-market pricing. Changes in foreign central bank holdings alter the amount of debt other investors must absorb, potentially affecting yields relative to corporate bonds. However, the estimated effects depend on the historical investor composition and demand relationships examined in the paper.
- **Implications for government debt and interest-rate theory:** The study challenges the view that government debt is financially neutral, showing that its supply affects relative asset pricing because sovereign securities provide convenience services that private debt may not replicate. This has implications for theories of government financing, the risk-free rate and aggregate liquidity. However, the findings on relative pricing do not independently resolve broader debates about government borrowing, saving or economic activity.

Limitations and scope of interpretation

The findings should be interpreted in the context of the paper's historical data and empirical design. The principal sample ends in 2005, meaning that the estimated 72-basis-point convenience yield and the associated demand elasticities should not be assumed to remain unchanged under current market conditions. Although the authors conduct extensive robustness checks and use instrumental-variable approaches to examine investor-group demand, the historical regression evidence cannot eliminate every possible source of omitted-variable bias or establish causality as conclusively as a clean natural experiment might. Furthermore, the central outcome is the corporate–Treasury yield spread, so the estimated effects should not be interpreted as a direct measure of the full impact of government debt on absolute interest-rate levels. These limitations define the scope of the findings without negating the paper's central evidence that Treasury supply is associated with the relative pricing of government and corporate bonds.

Conclusion

Krishnamurthy and Vissing-Jorgensen demonstrate that US Treasury securities provide convenience services that investors value beyond their contractual cash flows. Their analysis establishes a robust negative relationship between government debt supply and corporate–Treasury yield spreads, even after accounting for corporate default risk and other relevant factors. The estimated convenience yield of 72 basis points, together with the differences in demand elasticities across investor groups, highlights the importance of liquidity, institutional objectives and investor composition in determining sovereign bond prices. The study's broader contribution is to establish that government debt is not merely a financing instrument; it also supplies valuable liquidity to financial markets. Consequently, the quantity of sovereign debt outstanding and the composition of its investor base can influence relative borrowing costs, asset prices and the distribution of liquidity across the financial system.

3.3 Flight-to-Quality or Flight-to-Liquidity? Evidence from the Euro-Area Bond Market[7]

Beber, A., Brandt, M. W., & Kavajecz, K. A. (2009)

Summary

The paper examines the relative importance of credit risk and market liquidity in explaining sovereign bond yield spreads and investor flows in the euro-area government bond market. The authors distinguish between flight-to-quality, wherein investors shift towards securities with lower credit risk, and flight-to-liquidity, wherein investors favour securities that can be traded more easily. The study uses government bond market data from ten euro-area countries between April 2003 and December 2004 to investigate these channels and assess whether their relative importance changes during periods of heightened uncertainty.

The findings indicate that credit risk explains most sovereign bond yield spreads under normal market conditions, while liquidity becomes more important during periods of uncertainty and unusually large investor flows. In particular, the allocation of large investor flows across government bonds is driven predominantly by liquidity differences. The paper demonstrates that investor preferences for liquid securities and safer securities represent distinct channels of market behaviour, with implications for understanding sovereign bond pricing and portfolio reallocations.

Introduction

Investor behaviour during periods of financial uncertainty is often characterised by a shift towards assets perceived as safer or easier to trade. These movements are commonly described as flight-to-quality and flight-to-liquidity, respectively. Although the two concepts are closely related, they capture different considerations: credit quality reflects the perceived risk of default, whereas liquidity reflects the ease with which an asset can be bought or sold without substantially affecting its price.

Distinguishing between these channels is challenging because safer assets are often also more liquid. Consequently, observed changes in bond yields and investor allocations may reflect changes in credit risk, liquidity conditions, or both. Separating these effects is important for interpreting movements in sovereign bond spreads, particularly during periods of market uncertainty when investors may place greater emphasis on the ability to transact quickly.

The euro-area sovereign bond market provides a useful setting for examining this distinction because differences in credit quality and liquidity across national government bond markets allow their respective effects to be investigated. Beber et al. (2009) analyse both the determinants of yield spreads and the distribution of investor flows across these markets. Their central objective is to establish whether investor reallocations are primarily associated with credit quality or liquidity, and whether the relationship between these factors and bond pricing changes during periods of heightened uncertainty.

Literature

The existing literature establishes that market liquidity is an important consideration in asset pricing. Amihud and Mendelson (1986) examine the relationship between bid–ask spreads and asset returns, while Pastor and Stambaugh (2003) investigate the role of liquidity risk in expected stock returns. These studies provide a foundation for understanding how trading costs and liquidity-related risks can influence asset valuation.

[7] Beber, A., Brandt , M. W., & Kavajecz, K. A. (2009). Flight-to-quality or flight-to-liquidity? Evidence from the euro-area bond market. The Review of Financial Studies, 22(3), 925–957

Research has also examined the relationship between liquidity and credit risk in fixed-income markets. Longstaff et al. (2005) investigate whether corporate bond yield spreads reflect default risk or liquidity, while Ericsson and Renault (2006) analyse the interaction between liquidity and credit risk. Their work highlights the importance of distinguishing the contribution of credit risk from other factors affecting yield spreads.

The role of trading activity in bond pricing is further explored by Brandt and Kavajecz (2004), who examine how order flow and liquidity influence price discovery in the US Treasury market. Building on these strands of research, Beber et al. (2009) jointly investigate credit risk, market liquidity and investor flows in euro-area sovereign bonds, focusing on the distinction between flight-to-quality and flight-to-liquidity.

Data & methodology

The study uses transaction and order-book data from the MTS interdealer government bond market covering ten euro-area countries over April 2003–December 2004. The analysis combines sovereign bond yield spreads with credit default swap spreads as a measure of credit risk. Liquidity is assessed using four measures: effective bid–ask spreads, quoted depth at the best bid and ask prices, cumulative order-book depth across the three best price levels, and a liquidity index.

The authors examine the relative contribution of credit risk and liquidity to yield spreads under different market conditions. They also identify episodes of unusually large investor flows and assess whether differences in credit quality or liquidity explain the distribution of these flows across countries. This approach enables the authors to investigate whether liquidity becomes a more important determinant of bond pricing when market uncertainty or investor reallocation intensifies.

Key Findings

The study identifies distinct roles for credit risk and market liquidity in sovereign bond pricing and investor allocation. Its principal findings are as follows:

- **Credit risk remains the primary determinant of yield spreads:** Differences in sovereign credit quality explain most yield spreads under normal market conditions, indicating that perceived default risk remains central to the pricing of euro-area government bonds.
- **Liquidity becomes more important during uncertainty:** The contribution of liquidity to yield spreads increases during periods of heightened uncertainty. Its role is particularly relevant among countries with stronger credit quality, where differences in default risk alone are less sufficient to explain yield differentials.
- **Large investor flows are predominantly liquidity-driven:** The distribution of unusually large flows across euro-area government bond markets is explained primarily by differences in liquidity rather than credit quality. This supports the presence of flight-to-liquidity within the sovereign bond asset class.
- **Liquidity has a stronger association with spreads during large-flow episodes:** During periods of substantial investor reallocations, liquidity explains a greater proportion of yield spreads. This suggests that liquidity conditions become more influential in bond pricing when trading activity and portfolio adjustments intensify.
- **Flight-to-quality and flight-to-liquidity are distinct mechanisms:** The findings demonstrate that investors' preference for safer securities cannot fully explain their allocation decisions. The ease of trading also influences where capital moves, particularly during periods of market uncertainty.

Contribution

The paper contributes to the literature by demonstrating how credit risk and market liquidity influence sovereign bond pricing and investor allocation differently. By examining both yield spreads and investor flows, the study provides evidence on the factors driving bond-market movements, particularly during periods of uncertainty.

- **Distinguishing credit risk from liquidity:** The study shows that yield spreads and investor flows are influenced by different factors. While credit quality explains most yield spreads under normal conditions, liquidity plays a greater role in determining where large investor flows are directed. This distinction helps explain why investors may favour more liquid bonds even when credit quality is not the primary consideration.
- **Incorporating detailed market liquidity measures:** By using transaction and order-book data, the paper assesses liquidity through bid–ask spreads and market depth rather than relying solely on bond yields. This allows the authors to examine how differences in the ease of trading relate to investor allocation and sovereign bond pricing.
- **Examining the role of changing market conditions:** The paper demonstrates that the importance of liquidity is not constant across market conditions. Its contribution to explaining yield spreads increases during periods of heightened uncertainty and unusually large investor flows, highlighting the need to distinguish between normal market conditions and episodes of substantial portfolio reallocation.
- **Linking investor flows with bond pricing:** By analysing the distribution of investor flows alongside sovereign yield spreads, the study connects trading behaviour with bond-market valuation. It shows that liquidity can influence both where investors allocate capital and how sovereign bonds are priced, particularly during periods of significant market activity.

Implications

The findings have implications for investors, market participants and policymakers by demonstrating that sovereign bond pricing and investor allocation reflect both credit quality and market liquidity. The relative importance of these factors varies with market conditions, particularly during periods of heightened uncertainty and substantial investor flows.

- **For investors:** Bond allocation decisions need to account for both credit risk and liquidity. Securities with stronger credit quality may not necessarily offer the greatest ease of trading, while liquidity considerations can become more influential during periods of market uncertainty.
- **For market participants:** Differences in bid–ask spreads and market depth provide relevant information for understanding trading conditions and investor flows. Monitoring these indicators alongside credit risk can help market participants better interpret movements in sovereign bond yields and changes in trading activity.
- **For policymakers and regulators:** The findings highlight the importance of monitoring market liquidity alongside sovereign credit risk. During periods of heightened uncertainty, changes in liquidity may influence investor allocation and bond pricing beyond what can be explained by credit quality alone.
- **For bond-market analysis:** Yield spreads should not be interpreted exclusively as indicators of sovereign credit risk. Incorporating liquidity measures and investor-flow information can provide a more comprehensive understanding of bond-market movements, particularly during episodes of substantial portfolio reallocation.

These implications should be interpreted within the scope of the study, which examines investor flows across euro-area government bonds and does not directly establish how capital moves between different asset classes.

Conclusion

Beber et al. (2009) find that credit risk is the principal determinant of euro-area sovereign bond yield spreads under normal market conditions, while liquidity assumes greater importance during periods of heightened uncertainty and large investor flows. The evidence indicates that large flows across government bond markets are predominantly associated with liquidity differences, highlighting the importance of distinguishing between a preference for safer securities and a preference for more liquid securities.

The study's findings suggest that sovereign bond yield spreads and investor reallocations cannot be interpreted solely through changes in perceived credit risk. Market liquidity also influences pricing and the distribution of capital, particularly when investors make substantial portfolio adjustments. The paper therefore provides an empirical basis for analysing credit and liquidity as separate, though potentially interacting, determinants of sovereign bond market behaviour. Importantly, the analysis concerns reallocations within the euro-area government bond market. Its findings should not automatically be generalised to movements between different asset classes, such as equities and bonds.

3.4 New Evidence on the Interest Rate Effects of Budget Deficits and Debt[8]

Thomas Laubach 2009

Summary

Laubach (2009) examines whether government budget deficits and public debt influence long-term interest rates in the United States. The paper argues that estimating this relationship is difficult because interest rates are also affected by business cycle fluctuations, monetary policy and other economic factors. To address this issue, the author uses five-year-ahead fiscal projections published by the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) to examine their relationship with expected future Treasury yields. The findings provide evidence that a one percentage point increase in the projected deficit-to-GDP ratio raises expected long-term interest rates by approximately 25 basis points, while a similar increase in the projected debt-to-GDP ratio raises rates by around 4–5 basis points. The results remain robust across alternative model specifications and are consistent with the neoclassical growth model, suggesting that persistent increases in government borrowing can raise interest rates by reducing private capital accumulation.

Introduction

Government budget deficits and public debt can influence long-term interest rates, with important implications for private investment and economic growth. However, identifying this relationship empirically is challenging because fiscal balances and interest rates are simultaneously influenced by the state of the economy and monetary policy. For instance, deficits may increase during recessions while interest rates decline due to monetary easing, potentially obscuring the positive effect of government borrowing on interest rates. Laubach addresses this identification problem by focusing on long-term projections of fiscal variables and expected future interest rates, which are less directly affected by current business cycle conditions. Using five-year-ahead projections of budget deficits and government debt from the CBO and OMB, the paper examines their effects on Treasury yields while controlling for other determinants, including expected economic growth and the equity premium. The study aims to provide more precise estimates of the relationship between fiscal policy and long-term interest rates and assess whether the empirical findings are consistent with economic theory.

Literature

Laubach (2009) builds on earlier research examining the relationship between budget deficits and interest rates. First, Wachtel and Young (1987) study the impact of CBO and OMB deficit announcements, while Cohen and Garnier (1991) and Elmendorf (1993) further examine how projected deficits affect interest rates. Although these studies generally suggest that higher projected deficits can raise interest rates, some estimates are statistically insignificant, particularly for longer-term rates.

Second, the study builds on research addressing the challenges of measuring fiscal expectations. Elmendorf (1993) highlights the importance of using published fiscal projections rather than forecasts generated through vector autoregression models. Canzoneri, Cumby and Diba (2002) extend this approach by using five-year-ahead and ten-year-ahead CBO deficit projections to examine Treasury yield spreads, obtaining more precise estimates than some earlier studies.

Third, Laubach draws on economic research concerning the persistence of budget deficits and their implications for interest rates. Feldstein (1986) argues that the effect of deficits depends on whether they are expected to persist over

[8] Laubach, T. (2009). New Evidence on the Interest Rate Effects of Budget Deficits and Debt. *Journal of the European Economic Association*, 7(4), 858–885.

time. This highlights the importance of considering long-term fiscal expectations rather than relying solely on short-term deficit movements.

Finally, Laubach (2009) extends the existing literature by examining five-year-ahead projections of both budget deficits and government debt in relation to expected future long-term Treasury yields. By focusing on longer-horizon fiscal projections and incorporating additional economic variables, the study seeks to better isolate the relationship between fiscal expectations and interest rates. It also examines whether the estimated relationship is consistent with the predictions of the neoclassical growth model.

Contribution

The study advances the literature in four principal ways:

1. **New evidence on the interest rate effects of fiscal deficits:** Laubach (2009) provides empirical evidence that higher projected budget deficits are associated with higher long-term interest rates. The study estimates that a one-percentage-point increase in the projected deficit-to-GDP ratio raises long-term interest rates by approximately 20-40 basis points.
2. **A forward-looking measure of fiscal expectations:** The study uses five-year-ahead deficit and debt projections from the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB). This approach focuses on expected future fiscal conditions and helps address the difficulty of separating fiscal policy effects from business-cycle fluctuations and monetary policy.
3. **A comparative assessment of deficit and debt effects:** The paper examines both projected budget deficits and projected government debt within a common empirical framework. It finds that a one-percentage-point increase in the projected debt-to-GDP ratio is associated with a rise of approximately 4-5 basis points in long-term interest rates, providing separate estimates of the effects of deficits and debt.
4. **Linking empirical evidence with economic theory:** The study evaluates whether its findings are consistent with the neoclassical growth model, under which higher government borrowing can reduce funds available for private investment and raise real interest rates. The results broadly support the view that expected fiscal imbalances influence long-term borrowing costs.

Data & methodology

The study combines fiscal projections published by two US government agencies: the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB). The CBO provides five-year-ahead projections of the federal budget deficit and GDP from 1976 to 1984 at an annual frequency and from 1985 onwards at a semiannual frequency, while the OMB provides annual five-year-ahead projections of deficits, government debt and GDP from 1983 onwards. For the early years, when the CBO did not publish direct projections of debt held by the public, the author constructs the debt series using existing debt stocks and projected deficits. The interest rate data are obtained from Treasury yields, while additional variables include expected inflation, projected economic growth and the equity premium. The analysis uses observations corresponding to the release dates of the fiscal projections, with the final CBO projection included in the study published in January 2003.

The study examines the effects of two fiscal variables: the projected budget deficit-to-GDP ratio and the projected debt-to-GDP ratio, both measured five years ahead. The dependent variable is the expected future Treasury yield. Three interest rate measures are considered: the 10-year Treasury yield expected to prevail five years ahead, the 5-year Treasury yield expected to prevail five years ahead, and the conventional 10-year constant-maturity Treasury yield. The forward-looking yields are calculated from the zero-coupon yield curve using forward rates covering horizons

of five to fourteen years. The study primarily focuses on the 10-year Treasury yield expected five years ahead. Both real and nominal interest rates are analyzed, with expected inflation included separately in the specifications using nominal yields.

To estimate the relationship between fiscal projections and future interest rates, the author employs the following regression framework:

$$r_t = \beta_0 + \beta_1 f_t + \beta_2 g_t + \beta_3 e_t + \epsilon_t$$

Where, r_t is the real Treasury yield expected to prevail at some horizon, f_t is a fiscal variable, e.g. the projected deficit-to-GDP ratio, g_t is a measure of potential GDP growth, and e_t is a measure of the equity premium. The coefficient β_1 captures the estimated relationship between the projected fiscal variable and the expected future interest rate. The deficit and debt variables are examined in separate regressions. Expected trend growth is measured using the CBO's five-year-ahead GDP or GNP growth projections, while the equity premium serves as a proxy for risk aversion and the demand for safe assets. These control variables are included based on the theoretical relationship between economic growth, investor preferences and real interest rates.

The author estimates the regressions separately using CBO and OMB projections and compares the results across different specifications. Statistical inference is based on Newey–West standard errors to account for heteroskedasticity and serial correlation. The analysis also includes robustness checks using annual rather than semiannual CBO projections, excluding observations from the early 1980s, incorporating expected inflation separately in nominal-yield regressions, and examining the effects of omitting or modifying the control variables. These checks assess whether the estimated relationship remains stable across alternative samples and model specifications.

Results

The results indicate a positive and statistically significant relationship between projected government budget deficits, government debt and expected future long-term interest rates. Using CBO projections, the baseline regressions show that a one-percentage-point increase in the projected deficit-to-GDP ratio raises the real 10-year Treasury yield expected five years ahead by approximately 28-29 basis points. The corresponding estimate using OMB projections is around 40 basis points. For projected debt-to-GDP ratios, the estimated increase in future interest rates is approximately 5 basis points for a one-percentage-point rise in the ratio. These findings suggest that expected fiscal imbalances are associated with higher long-term borrowing costs.

The results remain broadly robust across alternative specifications and sample periods. Excluding observations from the early 1980s, when monetary policy and inflation developments significantly influenced interest rates, does not weaken the positive relationship. The estimated effects of fiscal variables also remain statistically significant when nominal Treasury yields are used and expected inflation is included separately. Furthermore, the coefficients on projected deficits and debt remain broadly similar when the trend-growth and equity-premium controls are omitted or modified. The findings are also broadly consistent when alternative Treasury yield measures are considered, although the estimates are less precise when shorter-horizon interest rates are used. These results highlight the importance of using forward-looking interest rate measures to distinguish fiscal effects from short-term economic and monetary influences.

The study also examines the relationship between the estimated effects of deficits and debt. The coefficient on projected deficits is substantially larger than that on projected debt, with the former approximately seven times the latter. Laubach argues that this difference is economically plausible because increases in projected deficits tend to be persistent but are not necessarily permanent. The findings therefore suggest that financial markets respond not only to the expected level of government debt but also to expectations about the persistence of future deficits. The author further shows that the estimated effects are broadly consistent with the neoclassical growth model, under which higher government borrowing can crowd out private investment and increase real interest rates.

Conclusion

The study shows that expectations about future government deficits and debt can play an important role in determining long-term interest rates. Using five-year-ahead fiscal projections, the study finds that higher projected deficits and debt are associated with increases in future Treasury yields, with the effect of projected deficits being considerably larger. These findings remain broadly consistent across alternative model specifications and suggest that financial markets respond to anticipated fiscal conditions rather than only current budget balances. The results also indicate that the effects of fiscal deficits depend on their expected persistence, as sustained deficits can lead to further debt accumulation and higher borrowing costs. The broader implication is that understanding movements in long-term interest rates requires looking beyond current fiscal conditions to how investors assess the future path of government borrowing and its implications for private investment.

3.5 Public Debt and Low Interest Rates [9]

Oliver Blanchard (2019)

Summary

This paper examines the fiscal and welfare implications of public debt in an environment characterised by persistently low interest rates. The paper challenges the conventional view that high public debt necessarily imposes substantial economic costs and should be reduced as a priority. It focuses on the relationship between the interest rate on government debt and the nominal growth rate of the economy, arguing that when the former remains below the latter, governments may be able to roll over outstanding debt without requiring future tax increases. However, the feasibility of debt rollover does not necessarily imply that additional borrowing improves economic welfare. The analysis combines historical evidence on interest rates and economic growth with a theoretical model of capital accumulation and intergenerational welfare. An overlapping-generations framework incorporating uncertainty is used to examine how public debt affects capital accumulation and the distribution of returns between labour and capital. The paper also evaluates corporate earnings and capital valuations to assess the marginal product of capital, which influences the welfare costs of government borrowing. Numerical simulations are used to examine how these effects vary under alternative assumptions.

The findings indicate that the fiscal and welfare costs of public debt may be lower than conventionally assumed when safe interest rates remain below economic growth rates. However, the implications depend on the marginal product of capital, the persistence of favourable interest-growth differentials and the possibility of financial market instability. The paper also considers the risks associated with rising borrowing costs and adverse investor expectations. It concludes that public debt assessments should account for interest rates, economic growth, capital accumulation and financial risks rather than rely exclusively on the outstanding debt level.

Introduction

The paper examines whether persistently low interest rates alter the conventional assessment of public debt. Blanchard observes that interest rates on US government bonds declined after 1980 and remained below nominal economic growth rates. This relationship raises questions regarding the fiscal costs of borrowing and the emphasis placed on reducing public debt. The analysis distinguishes between the fiscal cost of debt and its welfare cost. When the interest rate remains below the growth rate, the government may be able to refinance its debt without increasing future taxes. However, public borrowing can reduce capital accumulation and affect intergenerational welfare. The paper therefore investigates whether the prevailing interest-rate environment provides greater fiscal flexibility and identifies the conditions under which additional borrowing may still impose economic costs.

Literature

The paper draws on the literature on public debt, capital accumulation, dynamic efficiency and the determination of interest rates. Diamond (1965), through an overlapping-generations model, establishes the relationship between government debt, capital accumulation and intergenerational welfare. Abel et al. (1989) extend the discussion of dynamic efficiency by examining whether capital accumulation is excessive or insufficient relative to the conditions required for efficient resource allocation. These contributions provide the theoretical basis for assessing the welfare implications of public borrowing. The paper also examines explanations for persistently low interest rates. Summers (2015) discusses the secular stagnation hypothesis, under which structural weaknesses in aggregate demand can contribute to low equilibrium interest rates. Caballero, Farhi and Gourinchas (2017) examine the role of demand for

[9] Blanchard, O. (2019). Public debt and low interest rates. American Economic Review, 109(4), 1197-1229.

safe assets in influencing safe interest rates and the relationship between these rates and the marginal product of capital. This literature is relevant to Blanchard's argument that the observed decline in safe interest rates may imply lower welfare costs of public debt than conventional assessments suggest. Blanchard further considers the role of expectations in sovereign debt markets. Calvo (1988) examines how expectations can influence the cost of servicing public debt, while Giavazzi and Pagano (1990) discuss the implications of fiscal adjustments for economic activity. These contributions provide context for the possibility that changes in investor confidence, and sovereign risk premia may affect debt sustainability.

Data & methodology

The study combines historical data analysis, theoretical modelling and numerical simulations. The empirical analysis primarily examines US interest rates and nominal GDP growth between 1950 and 2018, with additional historical evidence extending back to 1871. One-year Treasury bill rates and ten-year government bond yields are compared with nominal GDP growth to assess the frequency and persistence of negative interest-growth differentials. The paper also examines corporate earnings relative to the replacement cost and market value of capital to assess the marginal product of capital. The comparison helps evaluate whether conventional measures of corporate earnings adequately capture the returns generated by productive capital.

The theoretical framework employs an overlapping-generations model in which individuals work during the first period of life and retire during the second. The model incorporates uncertainty and risk aversion to analyse the effects of public debt on capital accumulation and intergenerational welfare. Numerical simulations examine how the results vary with the marginal product of capital and the elasticity of substitution between labour and capital. The analysis is subsequently extended to debt rollover and the risks associated with changes in interest rates and investor expectations.

Results

The historical evidence indicates that interest rates on US government debt have remained below nominal GDP growth rates over extended periods. Between 1950 and 2018, the average one-year Treasury bill rate was 4.7%, while the ten-year government bond rate averaged 5.6%, compared with nominal GDP growth of 6.3%. These findings indicate that favourable interest-growth differentials have been a recurring feature of the historical data. The theoretical results suggest that when the safe interest rate remains below the economic growth rate, governments may be able to roll over debt without requiring subsequent tax increases. However, the welfare implications depend on the marginal product of capital. Lower safe interest rates can reduce the welfare costs associated with lower capital accumulation, while a relatively high marginal product of capital may offset this effect. Consequently, the net welfare impact of public debt depends on the relationship between safe interest rates, risky returns and economic growth.

The analysis of corporate earnings and capital valuations indicates that differences between earnings measured against replacement-cost capital and market-valued capital may reflect the undermeasurement of intangible capital or the presence of economic rents. These explanations could imply a lower marginal product of capital than conventional measures suggest, thereby reducing the estimated welfare costs of public debt. The paper nevertheless identifies risks to debt sustainability. An increase in interest rates relative to economic growth could worsen debt dynamics, while adverse investor expectations could raise sovereign risk premia and increase borrowing costs. The findings therefore do not establish that higher public debt is always desirable or that favourable interest-growth differentials guarantee fiscal sustainability.

Conclusion

The paper concludes that the fiscal and welfare costs of public debt may be lower than conventionally assumed when safe interest rates remain below economic growth rates. Under these conditions, debt rollover may be feasible without requiring future tax increases. However, the welfare implications depend on the marginal product of capital, the persistence of favourable interest-growth differentials and the stability of investor expectations. The paper does not advocate unrestricted public borrowing or prescribe a universally appropriate debt level. Instead, it highlights the importance of assessing public debt in relation to borrowing costs, economic growth, capital accumulation and financial market risks. The findings support a broader evaluation of fiscal policy that distinguishes between debt sustainability and the welfare implications of government borrowing.

3.6 Financial markets' behavior around episodes of large changes in the fiscal stance [10]

Silvia Ardagna (2009)

Summary

Ardagna (2009) studies how major changes in government spending, taxes and borrowing affect government bond yields, company borrowing costs and stock market performance. Using yearly data from 16 OECD countries between 1960 and 2002, the paper finds that ten-year government bond yields fall by about 124 basis points during fiscal consolidations and rise by 162 basis points during fiscal expansions. Stock markets generally show the opposite trend. Share prices tend to rise during fiscal consolidations and fall during fiscal expansions. The effect on financial markets depends on the country's financial position before the change, the steps taken by the government and what happens to public debt afterwards. Fiscal consolidations that reduce government spending and lead to a lasting fall in public debt are linked to better market outcomes. The main finding is that financial markets consider whether fiscal policies are reliable, can be maintained over time and can help control future public debt.

Introduction

Fiscal policy affects financial markets through government borrowing, expected future taxes and spending, and the risk of the government failing to repay its debt. Changes in government finances can affect long-term interest rates, borrowing costs for companies and stock prices. However, different economic theories explain these effects in different ways, depending on monetary policy, the movement of money across countries and expectations about future government policies.

Ardagna (2009) examines how financial markets respond to major fiscal consolidations, expansions, and whether these responses depend on a country's financial position before the change, the measures used by the government and the changes in public debt that follow. The main question is how financial markets judge major changes in fiscal policy, whether the government can maintain these changes over time, and how these views affect borrowing costs and stock prices.

Literature

Giavazzi and Pagano (1990), Alesina and Perotti (1997), McDermott and Wescott (1996), and Alesina and Ardagna (1998) study the effects of fiscal changes, the measures used and how long their effects last. Alesina et al. (2002) examine how changes in government spending and taxes affect company profits and investment. These studies show that the way a government changes its spending and taxes can affect businesses and the private sector. Ardagna builds on this research by studying whether these changes are also reflected in interest rates and stock prices.

The second area of research looks at the relationship between government deficits and borrowing costs. Barro (1987), Evans (1985), Feldstein (1986), Engen and Hubbard (2004), and Laubach (2009) study whether government borrowing and public debt affect interest rates. Their work considers several possible explanations, including competition between government and private borrowers for funds, changes in private savings, money moving across countries and expectations about future fiscal policy.

[10] Ardagna, S. (2009). Financial markets' behavior around episodes of large changes in the fiscal stance. European Economic Review, 53(1), 37-55.

The paper also draws on research about how expectations affect fiscal policy. Alesina et al. (1992) study the link between fiscal adjustment and the risk of government default. From this point of view, fiscal consolidation can lower borrowing costs if investors believe it will help control public debt and reduce the risk of a future debt crisis.

Contribution

The paper studies the effects of fiscal policy across several financial markets. These include government bond yields, Treasury bill rates, company borrowing rates, LIBOR, the discount rate and stock market indices. This helps explain how major changes in government finances are linked to borrowing costs and stock prices. Another contribution is that the paper identifies the types of fiscal changes linked to stronger market responses. Fiscal consolidations that reduce government spending, especially spending on transfers and government salaries, are associated with better market outcomes. The results are also stronger when public debt continues to fall after the consolidation. The paper also shows that a country's financial position before the change matters. Countries with higher deficits or public debt generally see larger improvements in financial market conditions after fiscal consolidation. This suggests that the starting position, along with the government's ability to maintain its policies, plays an important role in how markets respond.

Theoretical Framework

The author explains several ways in which fiscal policy can affect financial markets. The paper considers different economic theories rather than testing only one model. The first is the **crowding-out effect**. Under the standard IS–LM model, an increase in government spending can raise demand in the economy and increase the government's need to borrow. This can push interest rates higher. When the government and companies compete to borrow money, higher interest rates can also increase borrowing costs for businesses.

The second explanation relates to private savings and the movement of money across countries. Under Ricardian equivalence, households may save more if they expect the government to raise taxes in the future to repay its debt. Similarly, when money can move freely between countries, foreign funds may help meet domestic borrowing needs. These factors can reduce the effect of higher government borrowing on domestic real interest rates.

The third explanation is a change in the risk attached to government debt. Investors may see a credible fiscal consolidation as a sign that future borrowing and the risk of government default will fall. They may then demand a smaller risk premium on government bonds, which can lower borrowing costs across the economy. In contrast, if a fiscal expansion is expected to cause public debt to keep rising, investors may demand a higher risk premium.

A fiscal adjustment that continues over time may reduce uncertainty and increase confidence that public debt can be controlled. Lower interest rates may also support stock prices, while better expectations about company profits can improve share values. The paper examines whether the observed market movements support these explanations, while recognising that more than one factor may be responsible.

Data & methodology

The study uses yearly data from 16 OECD countries between 1960 and 2002. Fiscal and economic data come from the OECD Economic Outlook, while financial market data are taken from Global Financial Data, International Financial Statistics and Morgan Stanley. The study also uses additional measures of international financial integration and domestic financial development. The authors identify fiscal changes using the cyclically adjusted primary balance. This measure excludes interest payments on government debt and adjusts for changes caused by the business cycle. A major fiscal consolidation or expansion is defined as an improvement or decline of at least 1.5% of GDP, or a

corresponding annual change of at least 1% of GDP over two consecutive years. Using the main definition, the study identifies 92 fiscal contraction episodes and 69 years classified as fiscal expansion.

The study examines changes in financial markets from two years before to two years after each fiscal episode. It uses country-specific controls and indicators for the timing of each episode to measure changes from the levels recorded before the episode. The main measures include nominal and real ten-year government bond yields, three-month Treasury bill rates, corporate bond rates, LIBOR, the discount rate, and the level and growth rate of the MSCI stock market index. The authors also consider the country's initial fiscal position, the type of spending changes, GDP growth, inflation, monetary policy, exchange rate movements, financial liberalisation and changes in public debt after the fiscal episode.

One limitation is that the study uses yearly data rather than daily or other high-frequency data around policy announcements. This allows the authors to study changes over time and how markets respond in advance, but it makes it harder to measure the immediate effect of unexpected fiscal news. The fiscal episodes may also be linked to the economic and financial conditions that existed at the time.

Results

Ten-year government bond yields show the clearest and most consistent results. From two years before to two years after a fiscal episode, yields fall by about 124 basis points during fiscal consolidations and rise by 162 basis points during fiscal expansions. Short-term Treasury bill yields generally move in the same direction, although the results are less consistent. Corporate borrowing rates and LIBOR also tend to fall during consolidations and rise during expansions, but the strength of these relationships varies across different analyses.

The MSCI share-price index rises by about 6.02% between two years before and two years after a consolidation. Around a fiscal expansion, it falls by about 6.36% over the same period. The analysis supports the rise in stock prices during consolidations, although the results are not equally strong across all measures. These changes may be linked to interest rates, uncertainty and expectations about company profits.

The effect of fiscal consolidation is stronger in countries that start with higher deficits or public debt. Fiscal expansions generally lead to higher long-term government bond yields and lower stock prices across countries with different starting fiscal positions. Consolidations based on lower government spending, especially lower transfer payments and government salaries, are linked to lower interest rates and higher stock prices.

Markets also respond more favourably when public debt falls after a fiscal consolidation. A one-percentage-point fall in the public-debt-to-GDP ratio after consolidation is linked to an additional fall of about 16 basis points in ten-year government bond yields. This suggests that investors look not only at the government's announced plans but also at whether those plans lead to a fall in public debt.

Implications

The findings show that financial markets place importance on whether the government can manage its finances and control public debt over time. A credible fiscal consolidation can reduce the additional return investors demand for taking on government debt risk. This effect is stronger when a country starts with large fiscal problems and public debt continues to fall after the adjustment.

The type of measures used and how long they remain in place are also important when planning fiscal policy. Lower government spending, particularly on transfers and government salaries, is linked to stronger market responses. Governments should therefore consider not only the immediate improvement in the primary balance but also whether the changes can be maintained and how they affect public debt over time.

The results also suggest that changes in government finances can affect borrowing costs for the private sector. Lower government bond yields may be accompanied by lower borrowing costs for companies, which could support private investment. Higher stock prices may reflect better expectations of company profits and lower interest rates. However, these effects differ across financial measures and do not always occur in the same way.

The paper also highlights a limitation when interpreting the results. It identifies common patterns in financial markets around major fiscal changes, but other factors, including interest rates, risk premiums and investor expectations, may also explain some of these movements. Fiscal consolidation should therefore not be expected to produce the same market or economic results in every country or situation.

Conclusion

Ardagna (2009) finds that major fiscal consolidations are generally linked to lower interest rates and higher stock prices. Fiscal expansions, on the other hand, are linked to higher long-term government bond yields and weaker stock market performance. The clearest results relate to long-term government borrowing costs. Market responses also depend on a country's starting financial position; the measures used for adjustment and what happens to public debt afterwards.

The main finding is that financial markets consider whether fiscal policies can be maintained over time and whether they will help control public debt. Fiscal consolidations tend to receive a better market response when countries start with high deficits or debt, reduce government spending and achieve a lasting fall in public debt.

Overall, the study shows how changes in government finances are linked to government borrowing costs, company borrowing conditions and stock prices. It highlights the importance of credible and lasting fiscal policies, while recognising that the exact reasons for market movements may differ across situations.

3.7 Bond Supply and Excess Bond Returns[11]

Robin Greenwood and Dimitri Vayanos (2014)

Summary

Greenwood and Vayanos (2014) investigate how the supply and maturity structure of government debt affect bond yields and expected returns. The paper develops a term-structure framework in which risk-averse arbitrageurs absorb changes in government bond supply, requiring additional compensation when their exposure to interest-rate risk increases. Consequently, greater duration-weighted debt supply raises bond yields and expected excess returns, even when short-term interest rates remain unchanged. Using US Treasury data from 1952 to 2007, the authors find that a one-standard-deviation increase in maturity-weighted debt relative to GDP is associated with a 40-basis-point increase in the yield of a bond with approximately 20 years to maturity and a 259-basis-point increase in its expected one-year return. These effects are stronger for longer-maturity bonds and when arbitrageurs have experienced losses. The findings highlight the importance of supply-driven risk premia in determining the term structure of interest rates.

Theoretical hypothesis

Traditional representative-agent models suggest that the maturity composition of government debt should have little effect on interest rates, consistent with the Ricardian equivalence argument of Barro (1974). However, portfolio-balance and preferred-habitat theories suggest that government debt supply can influence bond prices when investors require compensation for holding additional interest-rate risk. Building on Vayanos and Vila (2009), Greenwood and Vayanos develop a simplified term-structure model in which risk-averse arbitrageurs absorb demand and supply imbalances across different bond maturities. When the government increases its issuance of long-term debt, arbitrageurs must bear greater duration risk, making them willing to hold the additional bonds only if expected returns rise. The model produces four principal predictions: greater duration-weighted supply raises yields and expected returns; these effects are stronger for longer-maturity bonds; the impact on expected returns exceeds that on yields; and supply effects become stronger when arbitrageurs have less risk-bearing capacity.

Literature

The paper builds on two important theories of interest-rate determination. Tobin (1958) and Tobin (1969) develop the portfolio-balance perspective, under which changes in the relative supply of assets influence risk premia. Culbertson (1957) and Modigliani and Sutch (1966) emphasize preferred-habitat effects, whereby investors favour particular maturity segments and require compensation to move away from them.

The theoretical framework is closely related to Vayanos and Vila (2009), which integrates preferred-habitat investors with risk-averse arbitrageurs. Greenwood and Vayanos simplify this framework to derive testable predictions about the relationship between duration-weighted debt supply, bond yields and expected returns.

Empirically, the paper complements studies examining the effects of monetary policy interventions and Treasury purchases, including Swanson (2011) on Operation Twist and Gagnon et al. (2011) on large-scale asset purchases. Unlike event studies, however, Greenwood and Vayanos examine the relationship between government debt supply and bond-market outcomes over a long historical time series.

[11] Greenwood, R., & Vayanos, D. (2014). Bond supply and excess bond returns. The Review of Financial Studies, 27(3), 663–713.

Contribution

The paper provides a unified theoretical and empirical explanation for how government debt supply affects the term structure through duration-risk premia. Its principal innovation is to emphasize that the maturity composition of debt matters alongside the overall amount outstanding.

By developing a theoretically motivated measure of maturity-weighted debt supply, the authors show that government issuance decisions can influence both current bond yields and future returns. The paper also connects these effects to the financial condition of arbitrageurs, demonstrating why supply shocks can have particularly large consequences when intermediaries have limited risk-bearing capacity.

The findings are therefore relevant to government debt management, quantitative easing and other policies that alter the amount of long-duration securities held by private investors.

Data and methodology

The main empirical analysis uses monthly US Treasury data from June 1952 to December 2007, with an additional prewar sample covering 1916–1940 for robustness. The authors obtain bond-level information from the CRSP historical bond database, including coupon rates, maturities, outstanding face values and scheduled principal repayments. Their central explanatory variable is the maturity-weighted-debt-to-GDP ratio, constructed by weighting future principal and coupon payments by their remaining maturity and scaling the aggregate by GDP. This measure captures both the total amount of government debt and its maturity composition, approximating the duration risk that investors must absorb.

The authors estimate time-series regressions of government bond yields and future excess returns on this supply measure, controlling for the one-year Treasury yield as a proxy for the short-term interest rate. They examine differences across bond maturities and return horizons, and test whether supply effects vary with measures of arbitrageur wealth. To address potential endogeneity in government debt issuance, the authors also employ instrumental-variable regressions, using marketable Treasury debt relative to GDP as an instrument for maturity-weighted debt supply. Additional robustness tests consider alternative supply measures, Federal Reserve holdings and the historical prewar sample. Finally, the theoretical model is calibrated using the empirical estimates to infer arbitrageur risk aversion.

Results

1. **Government bond supply affects yields:** Higher maturity-weighted debt supply is positively associated with Treasury yields, even after controlling for the short-term interest rate. This indicates that government borrowing decisions can influence the term structure through changes in the compensation investors require for duration risk.

2. **Economically significant effects:** A one-standard-deviation increase in maturity-weighted debt relative to GDP raises the yield on a bond with approximately 20 years to maturity by 40 basis points and its expected one-year return by 259 basis points, demonstrating substantial effects on bond-market valuations.

3. **Maturity amplifies supply effects:** The impact of increased debt supply on expected returns becomes stronger at longer maturities, reflecting their greater sensitivity to interest-rate risk. Yield effects are generally increasing or hump-shaped across maturities, consistent with the model's predictions.

4. **Expected returns respond more strongly than yields:** Supply shocks have larger effects on current expected excess returns than on yields because their impact diminishes over time. This reflects both the mean reversion of supply shocks and the declining duration of bonds as they approach maturity.

5. **Arbitrageur wealth matters:** Supply effects become stronger following periods when arbitrageurs experience losses, reducing their risk-bearing capacity. This supports the mechanism through which financially constrained intermediaries require larger risk premia to absorb additional government debt.
6. **Robustness to endogeneity:** Instrumental-variable estimates using marketable Treasury debt relative to GDP remain statistically significant and are close to the ordinary least squares estimates. Similar results in the 1916–1940 prewar sample further support the relationship between debt supply and bond returns.
7. **Risk aversion shapes market responses:** Calibration of the theoretical model produces estimates of arbitrageur relative risk aversion ranging from 7.6 to 91.2, depending on which financial institutions are assumed to absorb supply shocks. This highlights the importance of investor risk-bearing capacity in determining bond-market responses.
8. **Implications for quantitative easing:** By removing long-duration government securities from private portfolios, central-bank asset purchases can reduce the duration risk borne by investors and lower long-term yields. The results therefore provide support for the portfolio-balance channel of unconventional monetary policy.

Conclusion

Greenwood and Vayanos (2014) demonstrate that the supply and maturity structure of government debt play an important role in determining bond yields and expected returns. Their findings challenge the view that debt maturity composition is irrelevant for interest-rate determination, showing instead that greater duration-weighted supply increases the risk premia required by investors. The effects are particularly pronounced for longer-maturity bonds and during periods when arbitrageurs have limited risk-bearing capacity. By linking government debt issuance, duration risk and intermediary risk aversion, the paper provides an explanation for supply-driven movements in the term structure. The study also carries important policy implications: Treasury debt-management strategies and central-bank asset purchases can influence long-term interest rates by changing the amount of duration risk that private investors must absorb.

3.8 What Explains the Stock Market's Reaction to Federal Reserve Policy?[12]

Ben S. Bernanke and Kenneth N. Kuttner (2004)

Summary

Bernanke and Kuttner (2004) examine how US equity markets respond to monetary policy decisions and the economic mechanisms underlying these responses. Using federal funds futures to distinguish anticipated from unanticipated policy changes, the authors find that a hypothetical 25-basis-point surprise reduction in the federal funds rate target is associated with approximately a 1% increase in broad stock-market indices. Anticipated policy changes, by contrast, generate little market reaction.The authors further decompose unexpected equity returns into revisions in expectations of future dividends, real interest rates and excess equity returns. Their central finding is that changes in expected future excess returns account for the largest component of the stock market's response to monetary policy, with dividend expectations also playing an important role, while direct changes in expected real interest rates have a relatively small effect.

Introduction

Monetary policy influences economic activity partly through financial markets, affecting household wealth, firms' cost of capital and investment decisions. However, since financial markets are forward-looking, asset prices should primarily respond to unexpected monetary policy actions, rather than changes already incorporated into market expectations. The paper examines two principal hypotheses. First, an unexpected monetary tightening should reduce equity prices, while an unexpected easing should increase them. Second, the stock market's response can operate through three channels: revisions in expected future dividends, changes in expected real interest rates and changes in the excess returns investors require to hold equities. The authors seek to establish both the magnitude of stock-market reactions and the relative importance of these transmission channels.

Literature

Earlier studies, including Thorbecke (1997) and Jensen, Johnson and Mercer (1996), document the relationship between monetary policy and equity returns. However, distinguishing anticipated from unanticipated monetary policy actions remains important for identifying their effects.

Kuttner (2001) introduces a futures-based measure of monetary policy surprises, while Rigobon and Sack (2002) examine asset-price responses using heteroskedasticity-based identification to address simultaneity between policy decisions and financial markets. To explain the economic sources of stock-price movements, Bernanke and Kuttner extend the return-decomposition framework developed by Campbell (1991) and Campbell and Ammer (1993), linking revisions in expected dividends, real interest rates and excess equity returns directly to monetary policy surprises.

Data & methodology

The paper combines an event-study approach with a vector autoregression (VAR)-based decomposition of equity returns. The daily event-study sample covers June 1989 to December 2002, comprising 131 monetary policy events, including federal funds target changes and Federal Open Market Committee (FOMC) meetings. Stock-market

[12] Bernanke, B. S., & Kuttner, K. N. (2004). What explains the stock market's reaction to Federal Reserve policy? Working paper, Board of Governors of the Federal Reserve System and Oberlin College. (March 2004 version.)

performance is measured using the CRSP value-weighted equity index, while federal funds futures identify the unexpected component of policy decisions.

The authors first estimate the stock-market response to anticipated and unanticipated interest-rate changes. They then test the robustness of their findings by examining influential observations, employment-announcement effects, differences across policy regimes, asymmetries and the persistence of policy surprises.

Monthly data covering May 1989 to December 2002 are used to examine the responses of broad equity indices and industry portfolios. Finally, a six-variable VAR, following Campbell and Ammer (1993), decomposes unexpected equity returns into revisions in expected future dividends, real interest rates and excess returns. The VAR dynamics are estimated using data extending back to 1973, with monetary policy surprises identified from the futures-data period.

Contribution

The paper makes two principal contributions. First, it isolates unanticipated monetary policy changes using futures-market expectations, rather than treating all changes in the federal funds rate as equally informative. This provides a clearer estimate of the immediate equity-market response. Second, it goes beyond documenting stock-price reactions to examine why monetary policy affects equity valuations. By linking policy surprises to a VAR-based return decomposition, the authors identify the relative importance of future dividend expectations, real interest rates and required excess returns. The study therefore provides evidence on both the magnitude of monetary policy transmission through equity markets and the underlying economic channels driving that transmission.

Results

1. **Strong stock-market response:** A hypothetical 25-basis-point unexpected rate cut raises broad stock-market indices by approximately 1%, confirming a significant negative relationship between monetary policy surprises and equity returns.
2. **Expectations drive market reactions:** Anticipated interest-rate changes have little effect on stock prices, whereas unexpected changes generate significant responses. This highlights the forward-looking nature of equity markets and the importance of separating anticipated policy actions from genuine surprises.
3. **Results remain robust:** Excluding six influential observations reduces the estimated sensitivity of equity returns to monetary policy surprises, but the relationship remains statistically significant. The findings therefore do not depend entirely on a small number of extreme market reactions.
4. **Persistence of policy matters:** Policy surprises that alter expectations about interest rates several months ahead have larger effects on stock prices than surprises that merely change the timing of an anticipated action. Equity markets therefore respond to changes in the expected future policy path, rather than just the immediate rate decision.
5. **Industry responses differ:** High-technology and telecommunications stocks are more sensitive to monetary policy surprises than the broad market, while energy and utilities exhibit weaker, statistically insignificant responses. These differences are broadly consistent with industry market betas, although the estimates are not precise enough to establish statistically significant differences across all industries.
6. **Expected excess returns dominate:** Revisions in expected future excess equity returns explain the largest component of the stock-market response in the authors' principal decomposition. This suggests that monetary policy affects equity valuations partly through changes in the compensation investors require for holding risky assets.

7. **Dividend expectations also matter:** Monetary policy surprises are associated with revisions in forecasts of future dividends, providing an additional channel through which policy changes affect stock prices. The relative importance of dividend news is greater when the VAR is estimated using the shorter sample.
8. **Limited direct role of real interest rates:** Contrary to a simple discount-rate explanation, revisions in expected real interest rates contribute relatively little to the equity-market response. Their effects are comparatively short-lived, whereas changes in expected excess returns can have more persistent valuation implications.
9. **Interpretation remains uncertain:** Changes in expected excess returns may reflect movements in equity risk premia, but the authors cannot rule out investor overreaction. The empirical decomposition identifies the relevant expectation changes without establishing a unique structural explanation.

Conclusion

Bernanke and Kuttner (2004) establish that unexpected monetary policy decisions have a significant influence on US equity prices. The distinction between anticipated and unanticipated policy actions is essential, with stock markets responding primarily to new information about monetary policy, especially when it changes expectations of the future policy path. More importantly, the paper finds that the stock-market response is driven predominantly by revisions in expected future excess returns and dividends, rather than direct changes in expected real interest rates. Although the relative contributions depend partly on the estimation sample, the results highlight the importance of market expectations and equity risk premia in monetary policy transmission. The study therefore contributes to understanding not only how strongly equity markets respond to monetary policy, but also which economic mechanisms account for those responses.

3.9 Corporate yield spreads: Default risk or liquidity? New evidence from the credit default swap market[13]

Francis A. Longstaff, Sanjay Mithal and Eric Neis (2005)

Summary

Longstaff et al. (2005) examine the relative importance of default risk and non-default factors in explaining corporate bond yield spreads. The study addresses a longstanding problem in fixed-income research: corporate spreads are generally interpreted as compensation for the possibility of default, but observed spreads may also reflect liquidity-related pricing effects, tax differences and other market frictions. By combining credit default swap premia with corporate bond prices, the authors provide direct empirical estimates of the default component and examine the nature of the remaining non-default component. The results indicate that default risk accounts for more than half of the corporate spread across all rating categories, with its contribution increasing as credit quality deteriorates. At the same time, the non-default component is statistically significant, time-varying and strongly associated with measures of bond-specific and market-wide liquidity. The evidence for tax-related explanations is comparatively weak. Overall, the study establishes that corporate yield spreads are primarily driven by default risk but cannot be fully understood without accounting for liquidity and broader fixed-income market conditions.

Introduction

Corporate bond yield spreads—the difference between corporate bond yields and benchmark risk-free yields—are central to understanding the cost of debt and the pricing of credit risk. While these spreads are commonly interpreted as compensation for the possibility of default, they may also incorporate other factors, including liquidity, tax treatment, and market frictions. Distinguishing these components is important because attributing the entire spread to default risk can lead to inaccurate assessments of creditworthiness and borrowing costs.

A major difficulty in examining this issue is that corporate bond prices alone do not provide a direct measure of the default component. The development of the credit default swap (CDS) market offered a way to address this limitation. A CDS contract provides protection against a specified credit event in exchange for periodic premium payments, making its premium a market-based indicator of credit risk. Longstaff et al. (2005) use this information to compare CDS premia with corporate bond yield spreads and examine how much of the observed spread can be attributed to default risk rather than non-default factors. The study is particularly relevant to the pricing of investment-grade corporate debt, for which earlier research often found that default risk explained only a limited portion of observed spreads. By analysing firms across credit-rating categories and using alternative benchmark yield curves, the authors examine whether these conclusions hold when default risk is measured using information from the CDS market.

Literature

The study builds on the structural approach to credit risk developed by Merton (1974), which treats corporate debt and equity as claims on the underlying value of a firm's assets. Subsequent work, including Jones et al. (1984) and Longstaff and Schwartz (1995), extended this framework to examine the relationship between firm characteristics, default risk, and corporate bond pricing. However, empirical studies found that structural models often explained only a limited proportion of observed corporate yield spreads, particularly for investment-grade bonds. Elton et al. (2001), for instance, highlighted the role of taxes and other components in explaining corporate spreads, while Collin-Dufresne

[13] Longstaff, F. A., Mithal, S., & Neis, E. (2005). Corporate yield spreads: Default risk or liquidity? New evidence from the credit default swap market. *The journal of finance*, *60*(5), 2213-2253.

et al. (2001) documented the importance of common factors that were not readily explained by standard credit-risk determinants.

A related strand of literature developed reduced-form models in which default is represented through an intensity or hazard-rate process rather than being derived directly from the firm's asset value. Duffie and Singleton (1997, 1999) and Lando (1998) provided important foundations for modelling defaultable securities and the term structure of credit risk. Research by Jarrow and Turnbull (1995), Duffie (1998), and Hull and White (2000) also contributed to the pricing framework for credit derivatives. These developments made CDS premia useful for empirical analysis because they offered market-based information on default risk that could be compared with the spreads observed in corporate bonds.

The paper also relates to research examining whether non-default components reflect liquidity, taxes, or other market-specific factors. Amihud and Mendelson (1991) established the importance of liquidity in asset pricing, while Longstaff (2004) examined the flight-to-liquidity premium in US Treasury securities. At the same time, studies such as Huang and Huang (2003) and Delianedis and Geske (2001) revisited the extent to which default risk could explain corporate spreads under alternative model assumptions. Longstaff et al. (2005) extend this literature by jointly analysing CDS premia and corporate bond prices, allowing the authors to estimate the default and non-default components more directly and assess the role of liquidity in explaining the remaining spread.

Contributions

The paper makes three important contributions to the literature on corporate credit spreads.

1. **Separating default and non-default components:** By combining CDS premia with corporate bond prices, the study provides an empirical framework for distinguishing default-related compensation from the remaining components of corporate yield spreads. This helps address the limitations of approaches that rely exclusively on corporate bond data.
2. **Reassessing the role of default risk:** The findings challenge earlier conclusions that default risk explains only a small share of corporate spreads, particularly for investment-grade firms. The study shows that default risk accounts for most spreads across the rating categories examined, although its contribution varies with credit quality and the benchmark curve used.
3. **Identifying the role of liquidity:** The authors examine the relationship between the non-default component and measures of bond-specific and market-wide liquidity. The evidence indicates that this component is associated with bid-ask spreads, outstanding bond principal, Treasury market conditions, money market mutual fund flows, and new corporate issuance. This provides evidence that non-default factors are economically meaningful and vary with market conditions.

Data & methodology

The empirical analysis uses proprietary weekly CDS quotations obtained from Citigroup for 68 firms during 2001–2002. The study focuses on five-year CDS contracts, which were among the most actively traded contracts in the market during the sample period. For each firm, the authors select fixed-rate corporate bonds with maturities close to the five-year CDS horizon, allowing the bond yields and CDS premia to be compared on a more consistent basis.

The authors combine direct comparisons of CDS premia and corporate bond spreads with a reduced-form pricing model. Corporate bond prices are modelled using a default intensity process and a liquidity or convenience-yield

process. The analysis also uses three alternative benchmark curves—Treasury, Refcorp, and swap curves—to examine whether the estimated non-default component depends on the choice of benchmark.

1. **Measuring default risk:** CDS premia are used to obtain market-based estimates of the default component. The authors compare these estimates with corporate bond yield spreads to assess the extent to which the two measures diverge.
2. **Modelling default and liquidity:** The reduced-form framework incorporates default intensity and a separate liquidity process. Default intensity follows square-root dynamics, while the liquidity process follows Gaussian dynamics, allowing the authors to examine how default and non-default factors evolve over time.
3. **Testing alternative benchmarks:** The decomposition is estimated using Treasury, Refcorp, and swap curves. This comparison helps assess the sensitivity of the findings to differences in benchmark yields, including the specialness of Treasury securities and the credit component potentially embedded in swap rates.

Results

The empirical analysis shows that default risk is the predominant component of corporate yield spreads, but that non-default factors also make a significant contribution.

1. **Default risk explains the majority of corporate spreads:** Using the Treasury curve, the default component accounts for 51% of spreads for AAA/AA-rated bonds, 56% for A-rated bonds, 71% for BBB-rated bonds, and 83% for BB-rated bonds. The proportion explained by default risk therefore increases as credit quality deteriorates, indicating that non-default factors are relatively more important for higher-rated firms.
2. **The non-default component remains statistically significant:** The authors find a significant non-default component for all 68 firms when using the Treasury curve. The corresponding proportions are 96% of firms using the Refcorp curve and 75% using the swap curve. Under the Treasury benchmark, the non-default component generally ranges from 20 to 100 basis points, demonstrating that corporate spreads cannot be interpreted entirely as compensation for default risk.
3. **The findings depend on the benchmark curve:** Using the Refcorp curve, default risk accounts for 62% of spreads for AAA/AA-rated bonds, 63% for A-rated bonds, 77% for BBB-rated bonds, and 86% for BB-rated bonds. Using the swap curve, the corresponding estimates are 116%, 89%, 94%, and 95%. The estimates exceeding 100% under the swap benchmark reflect the fact that swap rates may themselves incorporate a credit component, highlighting the importance of benchmark selection when decomposing corporate spreads.
4. **Liquidity measures help explain the non-default component:** The estimated non-default component is positively associated with bond bid-ask spreads and negatively associated with the amount of principal outstanding. These relationships suggest that less-liquid bonds tend to contain a larger non-default component, supporting the interpretation that liquidity conditions contribute to corporate yield spreads.
5. **Market-wide conditions also influence spreads:** The non-default component is related to broader market variables, including Treasury market richness or specialness, money market mutual fund flows, and new corporate debt issuance. These findings indicate that corporate bond pricing is influenced not only by the characteristics of individual securities but also by changes in aggregate market liquidity and financing conditions.
6. **The Enron case illustrates changes in credit risk over time:** The model estimates that Enron's default intensity was approximately 150 basis points at the end of 2000, rose to around 250 basis points by the end of August 2001, and exceeded 800 basis points in October 2001, shortly before the company's bankruptcy in December. The case illustrates how the model captures the sharp deterioration in credit conditions preceding default, while

the broader analysis shows why movements in corporate bond spreads must also be considered alongside non-default factors.

Implications

The findings of Longstaff et al. (2005) have important implications for corporate debt valuation, credit risk measurement and capital structure decisions. Since default risk accounts for most corporate yield spreads, market-based measures of credit risk may capture a larger component of corporate borrowing costs than suggested by some earlier structural models. However, the significant non-default component demonstrates that corporate spreads cannot be interpreted as pure measures of default risk. For investors and risk managers, distinguishing the two components is important when assessing changes in creditworthiness, pricing corporate bonds and evaluating the risk of fixed-income portfolios. The relationship between liquidity and spreads also suggests that changes in market conditions can influence corporate borrowing costs independently of changes in a firm's fundamental credit quality.

The evidence that liquidity adds to the equilibrium cost of corporate debt also has implications for corporate financing decisions. Liquidity-related increases in borrowing costs may help explain why firms use less leverage than predicted by models that consider only the tax benefits of debt and the costs of financial distress, as discussed in Leland (1994), Leland and Toft (1996), and Goldstein, Ju, and Leland (2001). Furthermore, the time-varying nature of the non-default component suggests that market liquidity conditions may influence the timing of corporate debt and equity offerings. The study also highlights the importance of interpreting CDS premia carefully: although they provide valuable information about default risk, the model-based approach offers a more reliable decomposition of corporate spreads than a direct comparison alone.

Conclusion

Longstaff et al. (2005) provide direct empirical evidence that default risk is the primary determinant of corporate yield spreads, accounting for most spreads across credit rating categories. By combining CDS premia with corporate bond prices, the study addresses the limitations of earlier approaches that relied primarily on corporate bond data or structural-model calibrations. The findings also establish that the non-default component is statistically significant and is more closely associated with bond-specific and market-wide liquidity conditions than with tax differences.

The study's central contribution is to demonstrate that corporate yield spreads reflect both fundamental credit risk and changing liquidity conditions. While default risk provides the principal explanation for the level of spreads, liquidity introduces additional variation that affects corporate borrowing costs and fixed-income pricing. The results therefore support a more comprehensive approach to credit risk analysis in which CDS information, corporate bond characteristics and broader market liquidity conditions are considered together.

3.10 Retail trading and return predictability in China[14]

Long Chen, David A Lesmond and Jason Wei 2007

Summary

Chen et al. (2007) find that corporate bonds with higher trading costs have higher yield spreads over comparable Treasury securities. The study covers more than 4,000 US corporate bonds over 1995–2003. The relationship holds for investment grade and speculative grade bonds after accounting for credit ratings, issuer characteristics and market conditions. In regressions with the full set of controls, a one basis point increase in the proportional bid–ask spread is associated with a 0.42 basis point increase in the yield spread for investment grade bonds and a 2.30 basis point increase for speculative grade bonds. Changes in liquidity also help explain changes in yield spreads over time. These findings establish the relevance of trading costs to corporate bond valuation.

Introduction

Corporate bond yield spreads represent the difference between the yields on corporate bonds and comparable Treasury securities. These spreads are widely used to evaluate the compensation investors demand for bearing corporate credit risk. However, previous research has shown that default-risk determinants alone cannot fully explain either the level of yield spreads or their movements over time. One possible explanation is that investors also consider the ease with which a bond can be bought or sold without incurring substantial transaction costs. Bonds with limited trading activity or wider bid–ask spreads may be less attractive to investors, who consequently demand higher yields as compensation for holding them. Despite this theoretical relationship, much of the earlier empirical literature either relied on aggregate liquidity indicators or treated the unexplained portion of yield spreads as a proxy for liquidity. Chen et al. (2007) address this gap by constructing bond-specific liquidity measures for a broad sample of corporate bonds and examining their relationship with yield spreads across different credit-rating categories.

Literature

The study builds on the literature examining the relationship between transaction costs, liquidity and asset prices. Amihud and Mendelson (1986) provide a theoretical foundation by demonstrating that transaction costs influence asset valuation, with investors requiring compensation for holding less liquid securities. Lesmond et al. (1999) subsequently develop a model-based approach to estimating transaction costs using return data, providing an alternative when direct bid–ask spread information is unavailable. Earlier studies, including Collin et al. (2001), investigate the determinants of changes in corporate credit spreads, while Campbell and Taksler (2003) examine the role of equity volatility in corporate bond yields. Longstaff et al. (2004) also investigate the relationship between liquidity and corporate yield spreads, although their analysis is based on a narrower set of issuers with available credit-default-swap data. Chen et al. (2007) extend this literature by employing multiple bond-specific liquidity measures across a much larger sample of investment-grade and speculative-grade bonds. Their contribution is to establish whether liquidity consistently explains differences in yield spreads after accounting for default risk and other relevant determinants.

Data & methodology

[14] Jones, C. M., Shi, D., Zhang, X., & Zhang, X. (2025). Retail trading and return predictability in China. Journal of Financial and Quantitative Analysis, 60(1), 68-104.

The sample covers non-callable US corporate bonds. Daily clean prices and bond characteristics come from Datastream, which uses Merrill Lynch price information. Authors collect quarterly bid and ask quotes from Bloomberg, mainly for 2000–2003. Credit ratings come from the Fixed Income Securities Database and Standard & Poor's information on Datastream. Compustat supplies accounting data for active and inactive firms, and CRSP provides equity returns. The yield spread is measured against a Treasury bond of comparable maturity. The three liquidity measures are the proportional bid–ask spread, the share of days with zero returns and the LOT estimate of round-trip trading costs. The proportional spread equals the ask price less the bid price, divided by their midpoint. The LOT model estimates upper and lower trading thresholds using maximum likelihood. Its underlying bond return model includes changes in the ten-year risk-free rate and S&P 500 returns, scaled by duration. In the model, prices remain unchanged when the information available to traders has insufficient value to cover trading costs. Regressions control for rating, maturity, amount outstanding, coupon, equity volatility, issuer financial ratios and interest rate conditions. Authors add issuer fixed effects and estimate simultaneous equations to address the joint determination of liquidity, ratings and yield spreads. Separate regressions examine annual changes. Sample sizes vary across measures and controls. The LOT estimator also requires sufficient variation in daily returns, limiting its use for bonds with either no zero returns or more than 85% zero returns.

Results

The findings consistently demonstrate that illiquidity is positively associated with corporate bond yield spreads. Bonds with higher transaction costs tend to have higher yields, reflecting the additional compensation investors demand for holding securities that are more difficult to trade. The relationship is observed across both investment-grade and speculative-grade bonds and remains significant after controlling for other determinants of yield spreads. The explanatory power of liquidity varies across credit categories. Depending on the measure used, liquidity alone explains up to 7% of the cross-sectional variation in yield spreads for investment-grade bonds and 22% for speculative-grade bonds. The estimated relationship is also economically meaningful. A one-basis-point increase in the bid–ask spread is associated with a 0.42-basis-point increase in the yield spread for investment-grade bonds and a 2.30-basis-point increase for speculative-grade bonds. These estimates indicate that the yield impact associated with higher transaction costs is considerably stronger for speculative-grade securities.

The relationship remains robust after controlling for bond-specific characteristics, credit ratings, firm financial conditions and macroeconomic variables. Issuer fixed-effects regressions further show that the results are not simply driven by differences between companies. Simultaneous-equation tests also indicate that potential endogeneity between liquidity, credit ratings and yield spreads does not eliminate the observed relationship. When the authors examine changes over time, increases in illiquidity are again associated with increases in yield spreads. For investment-grade bonds, a one-basis-point increase in the LOT liquidity-cost estimate is associated with a 0.12-basis-point increase in the yield spread, while a one-basis-point increase in the bid–ask spread is associated with a 0.29-basis-point increase. For speculative-grade bonds, the corresponding estimates are 0.61 and 2.46 basis points, respectively. Overall, the LOT estimate and bid–ask spread provide more consistent evidence than the proportion of zero returns, which is a relatively noisy measure of liquidity.

Implications

The estimates show a stronger association between trading costs and yield spreads for speculative grade bonds. In the full-control regressions, a one basis point increase in LOT trading costs is associated with a 0.22 basis point increase in the investment grade yield spread and a 0.82 basis point increase in the speculative grade spread. In the annual-change regressions, a one basis point widening of the bid–ask spread is associated with yield spread increases of 0.29 and 2.46 basis points, respectively.

For investors and credit analysts, these results support assessing trading conditions when interpreting corporate bond spreads or estimating default probabilities. A widening spread can reflect changes in liquidity alongside changes in credit quality. Quoted bid–ask spreads and LOT estimates give the most consistent evidence across the paper's tests. The proportion of zero returns is a noisier measure, particularly for speculative grade bonds. Comparisons across bonds therefore benefit from using more than one liquidity indicator.

Conclusion

Authors find that liquidity is an important component of corporate bond yield spreads. Higher trading costs are associated with higher spreads, and improvements in liquidity are associated with lower spreads over time. The evidence covers investment grade and speculative grade bonds and survives controls for issuer characteristics, credit ratings and broader market conditions. The quoted bid–ask spread and the LOT estimate provide consistent support for these findings across the main specifications.

The paper brings trading costs into the assessment of bond prices and credit risk. It also shows how daily price data can help estimate liquidity when reliable quotes are scarce. For valuation and risk analysis, the central implication is to consider credit quality and liquidity together. The size of the estimated relationship varies across rating groups, samples and liquidity measures, so its application should reflect the characteristics of the bonds being assessed.

3.11 References

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4 Market performance

4.1 Market round-up

Global markets retreat as rising yields and oil prices weigh on sentiment

Global equities weakened in September, reversing August's gains, as rising bond yields, elevated energy prices and expectations of tighter monetary policy weighed on sentiment. The MSCI World Index declined 1.3% in USD terms, while the MSCI Emerging Markets (EM) Index fell 0.8%, with performance diverging across regions. US equities were mixed, with technology stocks supported by sustained AI-related investment, while European markets weakened amid higher borrowing costs and inflation concerns. Technology-heavy North Asian markets outperformed on continued AI-led optimism, while China and several other EMs declined amid tightening global financial conditions.

Indian equities corrected sharply in September, with the Nifty 50 declining 6.1% for the second consecutive monthly loss, taking its CYTD decline to 13.4%. Unlike August, the weakness was broad-based, with the Nifty Midcap 150, Smallcap 250 and Microcap 250 falling 7.1%, 3.1% and 1.1%, respectively. FPI flows reversed after two months of buying, with net outflows of US$3.8bn, while DII purchases strengthened to around Rs 76,000 crore, marking their 38th consecutive month of net buying. Strong domestic flows cushioned the impact of foreign selling, although elevated crude prices, rising global yields and relatively rich valuations weighed on sentiment.

Global fixed income markets remained under pressure in September, as renewed inflation concerns, higher sovereign borrowing requirements and expectations of monetary tightening pushed yields higher across major economies. The US 10-year Treasury yield rose sharply to 5.29% at month-end, while the 30-year yield climbed to 5.68%, reflecting concerns over fiscal sustainability and rising term premia. The sell-off extended to European and Japanese bond markets amid higher inflation expectations and tighter monetary policy. Indian government bonds also weakened, with the benchmark 10-year G-sec yield rising by around 24bps MoM to 7.19%. Higher global yields, elevated crude prices and growing expectations of an RBI rate hike outweighed support from ample domestic liquidity, while the RBI's liquidity absorption measures added to the upward pressure on yields.

Commodity markets were dominated by rising energy prices in September, with Brent crude gaining around 14% during the month amid persistent geopolitical tensions and concerns over supply disruptions. Gold, meanwhile, declined by around 6.2%, pressured by rising real yields and a stronger US dollar. The rupee depreciated around 0.7% MoM to Rs 95.83/US$, as higher crude prices, foreign portfolio outflows and tighter global financial conditions weighed on the currency. Persistent RBI intervention, however, helped contain the depreciation despite an increasingly challenging external environment.

- **Indian equities sold off sharply in September:** The weakness in Indian equities intensified in September, as elevated global risk aversion, rising bond yields and higher crude oil prices weighed on investor sentiment. Expectations of further monetary tightening in the US, a stronger dollar and persistent geopolitical tensions added to concerns over inflation, capital flows and India's external balance. Against this backdrop, the Nifty 50 fell 6.1% in September, its sharpest monthly fall since Mar'26, extending its losing streak to a second consecutive month. The correction also erased much of the recovery seen in the preceding months, taking the CYTD decline as of September 2026 to 13.4%. Markets, however, saw some recovery in the first half of October, with the Nifty 50 Index rising by 2.3% as of October 16th.

  Unlike August, when the correction was largely confined to large caps, the weakness in September was broad-based. The Nifty Midcap 150 declined around 7.1%, underperforming the benchmark, while the Nifty Smallcap 250 and Microcap 250 fell by 3.1% and 1.1%, respectively. The relatively smaller declines in the latter

Indian equity markets corrected sharply in September, with the Nifty 50 Index declining by 6.1%, taking the YTD decline to 13.4% (As of September 30th, 2026).

two segments reflected some resilience in the broader market, even as risk appetite weakened considerably. Sectoral performance was also largely negative, with IT, Consumer Durables and Auto witnessing sharp declines amid concerns over global demand, rising input costs and the outlook for corporate earnings. The broad-based sell-off reflected the combined impact of external headwinds and relatively elevated domestic valuations, notwithstanding resilient domestic economic activity.

Foreign portfolio flows reversed sharply in September, following two consecutive months of inflows. FPIs withdrew around US$3.8bn from Indian equities during the month, as higher US yields, a stronger dollar and elevated crude oil prices weighed on allocations to emerging markets. Domestic institutional investors, however, remained strong buyers for the 38th consecutive month, thereby providing an important counterweight to foreign selling, although it was insufficient to prevent a sharp correction across market segments.

Trading activity on NSE declined for the fourth month in a row in September across both equity cash and futures segment, even as equity options saw a strong rebound. Average daily turnover (ADT) in the equity cash segment fell by 4% MoM to Rs 1.14 lakh crore in September. Equity futures activity also saw sustained moderation, with ADT declining by 5.2% MoM to Rs 1.15 lakh crore. ADT (premium) in equity options, on the other hand, rose by a strong 20.9% MoM to Rs 51,174 crore, more than reversing the decline seen in the previous month.

- **Global bond markets witnessed a sharp sell-off in September:** The sell-off in global fixed income markets intensified in September, driven by a combination of elevated energy prices, resilient economic activity, increasingly hawkish monetary policy expectations and mounting fiscal pressures. Brent crude rose by nearly 16% during the month amid persistent geopolitical tensions in West Asia, reigniting inflation concerns and prompting a reassessment of the interest rate outlook. The US Fed, ECB and Bank of Japan raised policy rates by 25bps each, reinforcing the shift towards tighter global financial conditions. The US 10-year Treasury yield surged by nearly 54bps to 5.29% at September-end, its highest month-end level in over two decades, while the 30-year yield climbed to 5.63%, reflecting persistent concerns over fiscal deficits, heavy government borrowing and rising term premia. The sell-off extended across other developed markets, with 10-year yields on German Bunds, UK gilts and Japanese government bonds rising by 26bps, 28bps and 11bps to 3.6%, 5.4% and 3.1%, respectively, by September-end. Beyond monetary tightening, higher sovereign borrowing requirements, growing debt issuance linked to AI-related investment and concerns over fiscal sustainability added to upward pressure on long-term yields. The resulting tightening in global financial conditions also weighed on emerging-market debt, triggering portfolio outflows and higher borrowing costs.

- **Indian bond yields rise amid inflation concerns and monetary tightening:** Indian government bonds remained under pressure in September, with the benchmark 10-year G-sec yield rising by 24bps MoM to 7.19%, extending the increase seen in August. The sell-off reflected higher global bond yields, growing inflation concerns amid elevated crude oil prices and rupee weakness, and resilient domestic growth, prompting markets to price in a more hawkish RBI policy stance. These

expectations were subsequently validated by the MPC's 25bps repo rate hike to 5.5% in early October, accompanied by a shift in stance to 'calibrated tightening', marking the first rate increase since February 2023. The RBI's measures to absorb surplus banking system liquidity, including VRRR auctions and OMO sales, added to the upward pressure on yields. Liquidity had averaged Rs 5.9 lakh crore since the August policy, compared with Rs 1.2 lakh crore in July, supported by FCNR(B) mobilisation. The rise in yields despite ample liquidity underscored the growing influence of inflation expectations, government borrowing requirements and tighter global financial conditions on domestic bond markets.

- **FPI flows reversed sharply in September; DII buying strengthened further:** After two consecutive months of inflows, FPIs turned net sellers of Indian equities in September, withdrawing around Rs 35,861 crore (US$3.8bn), partly reversing total net investments of US$ 5.2bn in the previous two months. The renewed selling reflected rising US Treasury yields, a stronger dollar, elevated crude oil prices and persistent geopolitical uncertainty, which weighed on foreign investor appetite for Indian equities. The selling spree intensified in the first half of October, with net FPI outflows of US$5.1bn till October 16th, taking cumulative net FPI outflows in 2026 to US$ 32.9bn (Rs 3.1 lakh crore). DIIs, however, continued to provide a strong counterweight, with net purchases rising to Rs 76,030 crore in September from Rs 58,268 crore in August, marking the 38th consecutive month of net buying. Retail-linked flows also strengthened despite the market correction. Net inflows into equity-oriented mutual funds rose by 31% MoM to Rs 38,307 crore, marking the 67th consecutive month of positive inflows, while monthly SIP contributions reached a fresh record of Rs 32,490 crore. The sustained strength of domestic institutional and household flows helped absorb foreign selling, although it was insufficient to prevent a broad-based correction during the month.

- **Global equities weakened in September:** Global equity markets reversed their August gains in September, weighed down by rising sovereign bond yields, renewed inflation concerns amid elevated crude oil prices, fiscal sustainability concerns and a more hawkish monetary policy outlook. The MSCI World Index declined by 1.3% in USD terms, with weakness across US and European equities, although technology stocks demonstrated some resilience amid sustained AI-related investment and earnings expectations. Emerging markets fared relatively better, with the MSCI EM Index falling by ~0.8% in USD terms. Performance remained uneven across regions, with technology-heavy Asian markets benefiting from continued interest in semiconductor and AI-related stocks, while Indian and Chinese equities faced selling pressure. Overall, higher interest rates, geopolitical uncertainty and elevated energy prices weighed on global equity sentiment, notwithstanding continued support from corporate earnings in select markets.

  US: US equities witnessed mixed performance in September, as rising Treasury yields and inflation concerns weighed on broader markets, while technology stocks remained resilient. The S&P 500 declined 0.5% and the Dow Jones fell 4.3%, reversing August's gains, while the Nasdaq 100 rose 3.2%, supported by sustained AI-related investment and strong technology earnings expectations. The 10-year Treasury yield rose by 54bps to 5.29%, reflecting tighter monetary policy

expectations and fiscal concerns. Despite these headwinds, continued strength in technology stocks helped limit losses in the broader market.

US macroeconomic data pointed to resilient economic activity but emerging labour-market weakness and persistent inflationary pressures in September. Q2 2026 real GDP growth was revised up to an annualised 2.2% from 1.5%, compared with a revised 2.5% in Q1, supported by stronger consumer spending and investment. Business activity strengthened further, with the S&P Global US Composite PMI rising to 58.4 in September (flash estimate) from 56.0 in August, its highest level in over five years. Labour-market conditions, however, softened, with non-farm payroll additions slowing sharply to 29k from a downwardly revised 133k in August, while unemployment edged up to 4.2% from 4.1%. Inflationary pressures intensified, with headline CPI rising to 3.7% YoY in September from 3.4% in August, driven largely by higher energy prices, while core inflation accelerated to 2.6% from 2.4%. Against this backdrop, the Fed raised its policy rate by 25bps to 3.75–4.0% in September, its first increase since 2023, as persistent inflation outweighed emerging signs of labour-market weakness.

Europe: European equities reversed their five-month winning streak in September, as rising sovereign bond yields, elevated energy prices and renewed inflation concerns weighed on investor sentiment. The STOXX Europe 600 declined 2.5%, while the EURO STOXX 50 fell by 2.4%, reversing August's modest gains. The sell-off was broad-based, with financials, industrials and other cyclical sectors coming under pressure, while energy stocks outperformed amid a nearly 15.8% rise in crude oil prices. Higher inflation and increasingly hawkish monetary policy expectations added to concerns over the region's growth outlook, while fiscal uncertainty, particularly in France, weighed further on sentiment. UK equities also declined, with the FTSE 100 recording its weakest monthly performance since March amid rising gilt yields and persistent inflation pressures.

Euro-area economic activity strengthened in September, although rising inflation pressures weighed on the outlook. Q2 2026 GDP growth was revised up to 0.6% QoQ from 0.4%, following stagnation in Q1, while annual growth stood at 1.2%. The Composite PMI rose to 53.1 in September from 52.0 in August, its highest since April 2023, supported by expansion in both manufacturing and services. Headline inflation accelerated to 3.8% YoY from 3.2%, largely driven by higher energy prices, while core inflation edged up to 2.5%. Against this backdrop, the ECB raised its deposit facility rate by 25bps to 2.50% in September, as resilient economic activity and renewed inflation risks strengthened the case for tighter monetary policy.

The UK macroeconomic backdrop remained mixed in September, with resilient economic activity accompanied by persistent inflation pressures and a still-soft labour market. GDP expanded by 0.1% MoM in August, while the services PMI eased to 52.1 in September from 52.5 in August, indicating continued but moderating expansion. Headline CPI inflation rose to 3.1% YoY in August from 2.9% in July, driven largely by higher fuel prices, while core inflation remained unchanged at 2.6%. Labour-market conditions showed tentative signs of stabilisation, with unemployment easing to 4.7% in the three months to August from 4.9%, although job vacancies continued to decline. Against this backdrop, the Bank of England maintained Bank Rate at 3.75% in September in a 6–3 vote, with

three members favouring a 25bps hike, as elevated energy prices and upside inflation risks strengthened the case for a cautious policy stance.

Asia: Asian equity markets witnessed divergent performance in Sep'26, as rising global yields, elevated oil prices and renewed FPI selling weighed on sentiment, while sustained demand for AI-related technology stocks supported North Asian markets. Taiwan's TAIEX outperformed, rising 3.9%, while Japan's Nikkei 225 and South Korea's KOSPI posted modest gains of 0.7% and 0.3%, respectively. Strength in semiconductor and AI-linked stocks continued to support valuations, although gains moderated from August amid tighter global financial conditions.

In contrast, Chinese equities came under pressure, with the Shanghai Composite declining 3.6%, reflecting persistent concerns over domestic demand and the property sector. Indian equities also corrected sharply, with the Nifty 50 falling 6.1% amid sustained foreign portfolio outflows, elevated crude oil prices and relatively rich valuations. Southeast Asian markets weakened as well, led by Indonesia's IDX Composite, which fell 7.0%, reversing August's gains amid foreign portfolio outflows and heightened risk aversion. The divergence highlighted the relative resilience of technology-heavy North Asian markets even as tighter global financial conditions weighed on the broader region.

- **Oil rallies on supply disruptions as broader commodity markets retreat:** Commodity markets remained divergent in Sep'26, as Middle East supply disruptions lifted crude oil while higher U.S. yields and a stronger dollar weighed on precious and industrial metals. Brent crude rose 15.8% MoM after drone strikes temporarily halted flows through Saudi Arabia's East-West pipeline, pushing spot prices to around US$131/bbl mid-month. Precious metals fell sharply on a MoM basis, with gold down 6.2%, silver 9.2%, platinum 9.0% and palladium 15.4%, as rising yields and dollar strength offset safe-haven demand; platinum also faced a projected 2026 surplus and weaker investment demand. Industrial metals softened broadly, led by nickel (-5.8% MoM) and iron ore (-5.7% MoM), amid higher supply prospects and weak Chinese steel demand, while copper remained broadly unchanged (+0.1% MoM). Agricultural commodities also declined, particularly cotton (-13.3% MoM) and wheat (-11.5% MoM), as weak textile demand, U.S. harvest availability and easing Black Sea supply concerns weighed on prices. Corn, soyabeans and raw sugar registered more modest declines.

- **Rupee depreciates amid dollar strength and foreign outflows; volatility remains contained:** The INR depreciated by 0.7% MoM in September 2026, amid a stronger US dollar (+2.0%), net FPI outflows of US$5.9bn (equity & debt) and elevated crude oil prices. Despite these pressures, INR depreciation remained relatively contained compared with major global currencies, while annualised volatility held steady at 5.4%, supported by RBI interventions. The 40-currency REER edged up to 92.0 in August from 91.8 in July, but remained 16.1 points below its November 2024 peak, reflecting a correction in the INR's trade-weighted valuation. Meanwhile, the one-year forward premium rose to 3.12% in September from 2.72% in August, partly reflecting the RBI's dollar–rupee sell-buy swap operations aimed at absorbing surplus domestic liquidity, alongside sustained demand for dollar hedging.

Performance across asset classes

Table 32: Performance across equity, fixed income, currency, and commodity markets (As on Sep 30th, 2026)

Indicator Name	Sep-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Equity Indices									
NIFTY 50	22,620	24,080	23,866	24,611	-6.1	-5.2	1.3	-8.1	-13.4
NIFTY 500	22,072	23,450	22,996	22,734	-5.9	-4.0	7.5	-2.9	-7.5
MSCI INDIA	2,766	2,951	2,903	2,903	-6.3	-4.7	4.3	-4.7	-10.1
India Volatility Index (%)	13.5	11.2	13.6	11.1	20.6	-0.8	-51.6	21.9	42.4
MSCI WORLD	4,903	4,968	4,826	4,307	-1.3	1.6	15.1	13.8	10.7
S&P 500 COMPOSITE	7,652	7,686	7,499	6,688	-0.5	2.0	17.2	14.4	11.8
DOW JONES INDUSTRIALS	50,906	53,186	52,319	46,398	-4.3	-2.7	9.9	9.7	5.9
HANG SENG	24,613	25,567	22,881	26,856	-3.7	7.6	-0.7	-8.4	-4.0
FTSE 100	10,606	10,824	10,497	9,350	-2.0	1.0	4.2	13.4	6.8
NIKKEI 225	66,754	66,312	70,062	44,933	0.7	-4.7	30.7	48.6	32.6
Fixed Income*									
India 10YR Govt Yield (%)	7.19	6.95	6.75	6.57	24bps	44bps	15bps	61bps	60bps
India 5YR Govt Yield (%)	6.91	6.58	6.43	6.28	33bps	48bps	15bps	63bps	59bps
India 1YR Govt Yield (%)	6.18	5.80	5.70	5.60	37bps	48bps	23bps	57bps	50bps
India 3Month T-Bill Yield (%)	5.43	5.30	5.26	5.59	13bps	17bps	1bps	-16bps	6bps
US 10YR Govt Yield (%)	5.29	4.75	4.44	4.15	54bps	84bps	96bps	114bps	112bps
Germany 10YR Govt Yield (%)	3.58	3.32	2.91	2.71	26bps	67bps	57bps	87bps	72bps
China 10YR Govt Yield (%)	1.68	1.69	1.74	1.88	-1bps	-5bps	-14bps	-20bps	-18bps
Japan 10YR Govt Yield (%)	3.05	2.94	2.69	1.65	11bps	36bps	70bps	140bps	98bps
Currency									
USD/INR	95.8	95.2	94.7	88.8	0.7	1.2	1.0	7.9	6.6
EUR/USD	1.1	1.2	1.1	1.2	-2.2	-0.7	-1.4	-3.3	-3.3
GBP/USD	1.3	1.4	1.3	1.3	-2.0	0.1	0.7	-1.3	-1.2
USD/YEN	157.1	159.7	162.5	147.7	-1.6	-3.3	-1.2	6.4	0.2
USD/CHF	1.2	1.2	1.2	1.3	-3.2	-3.4	-3.8	-4.7	-5.1
USD/CNY	6.7	6.7	6.8	7.1	-0.2	-1.2	-2.9	-5.8	-4.0
Commodities									
Brent Crude Oil (US$/bbl)	103.6	89.4	72.9	67.1	15.8	42.0	-12.5	54.4	70.2
LME Aluminium (US$/MT)	3,159.3	3,234.4	3,069.9	2,678.9	-2.3	2.9	-10.3	17.9	6.4
LME Copper (US$/MT)	14,453.0	14,445.6	13,348.9	10,225.5	0.1	8.3	17.9	41.3	16.1
LME Lead (US$/MT)	1,837.0	1,873.3	1,837.4	1,946.4	-1.9	-0.0	-1.9	-5.6	-6.6
LME Nickel (US$/MT)	15,738.0	16,700.7	16,088.4	15,051.6	-5.8	-2.2	-7.0	4.6	-4.6
LME Tin (US$/MT)	53,771.5	54,864.0	51,172.0	35,455.2	-2.0	5.1	15.3	51.7	32.3
LME Zinc (US$/MT)	3,915.3	4,084.0	3,573.9	3,016.0	-4.1	9.6	21.6	29.8	27.0
SHC Iron Ore Spot (US$/MT)	96.9	102.8	102.2	105.0	-5.7	-5.2	-11.4	-7.7	-10.9
Gold Spot Price (US$/troy ounce)	4,164.0	4,436.8	4,036.1	3,833.9	-6.2	3.2	-9.9	8.6	-3.7
Silver Spot Price (US$/troy ounce)	60.4	66.5	58.6	46.7	-9.2	3.1	-19.6	29.4	-15.2
Platinum Spot Price (US$/ounce)	1,714.1	1,884.0	1,567.0	1,571.0	-9.0	9.4	-10.2	9.1	-15.4
Palladium Spot Price (US$/ounce)	1,222.0	1,443.9	1,220.0	1,235.0	-15.4	0.2	-15.6	-1.1	-22.0
Soyabeans (US$/bushel)	12.6	12.8	11.1	9.6	-1.3	13.4	10.6	31.3	24.3
Corn (c/lb)	501.3	514.8	412.5	416.0	-2.6	21.5	9.3	20.5	13.7
Wheat (US$/bushel)	6.3	7.2	5.8	4.6	-11.5	8.5	2.8	39.0	26.4
Cotton (US$/lb)	0.8	0.9	0.7	0.6	-13.3	7.5	12.2	19.6	23.1
Raw Sugar (c/lb)	18.1	18.3	15.0	16.3	-1.3	20.8	14.9	11.1	22.3

Source: LSEG Workspace, Cogencis, NSE EPR. *Returns over different periods shown in terms of absolute change in basis points.

Table 33: Performance (total returns) across global asset classes

Asset performance (Ranked by % change each year)

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Bitcoin 122.7	Bitcoin 1,394.5	**Nifty 50 4.6**	Bitcoin 94.1	Bitcoin 304.5	Bitcoin 59.4	WTI Crude 6.4	Bitcoin 153.5	Bitcoin 121.9	Gold 64.7	WTI Crude 76.9
WTI Crude 44.8	MSCI EM $ 37.8	Nasdaq 100 0.0	Nasdaq 100 39.5	Nasdaq 100 48.9	WTI Crude 55.8	**Nifty 50 5.7**	Nasdaq 100 55.1	Gold 27.1	MSCI EM $ 34.4	MSCI EM $ 24.6
FTSE100 19.1	**Nifty 500 37.7**	Gold -1.7	WTI Crude 35.4	Gold 24.8	**Nifty 500 31.6**	FTSE100 4.7	**Nifty 500 26.9**	Nasdaq 100 25.9	FTSE100 25.8	Nasdaq 100 16.8
DJIA 16.5	Nasdaq 100 33.0	**Nifty 500 -2.1**	S&P500 31.5	Russell 1000 21.0	S&P500 28.7	**Nifty 500 4.3**	Russell 1000 26.5	S&P500 25.0	MSCI World 21.6	S&P500 12.8
Russell 1000 12.1	**Nifty 50 30.3**	DJIA -3.5	Russell 1000 31.4	MSCI EM $ 18.7	Nasdaq 100 27.5	Gold -0.4	S&P500 26.3	Russell 1000 24.5	Nasdaq 100 21.0	MSCI World 12.8
S&P500 12.0	DJIA 28.1	S&P500 -4.4	MSCI World 28.4	S&P500 18.4	Russell 1000 26.5	DJIA -6.9	MSCI World 24.4	MSCI World 19.2	STOXX 600 20.6	Russell 1000 12.6
MSCI EM $ 11.6	MSCI World 23.1	Russell 1000 -4.8	STOXX 600 27.6	**Nifty 500 17.9**	**Nifty 50 25.6**	STOXX 600 -10.1	**Nifty 50 21.3**	**Nifty 500 16.2**	SSE Comp 18.4	STOXX 600 10.8
Gold 9.0	S&P500 21.8	MSCI World -8.2	DJIA 25.3	MSCI World 16.5	STOXX 600 25.5	SSE Comp -15.1	STOXX 600 16.5	DJIA 15.0	S&P500 17.9	DJIA 10.6
MSCI World 8.2	Russell 1000 21.7	FTSE100 -8.7	SSE Comp 22.3	**Nifty 50 16.1**	MSCI World 22.4	MSCI World -17.7	DJIA 16.2	SSE Comp 12.7	Russell 1000 17.4	FTSE100 10.0
Nasdaq 100 7.3	Gold 12.6	STOXX 600 -10.2	MSCI EM $ 18.9	SSE Comp 13.9	DJIA 21.0	S&P500 -18.1	Gold 13.8	**Nifty 50 10.1**	DJIA 14.9	Gold 0.9
Nifty 500 5.1	WTI Crude 12.5	MSCI EM $ -14.2	Gold 18.7	DJIA 9.7	FTSE100 18.4	Russell 1000 -19.1	MSCI EM $ 10.3	FTSE100 9.7	**Nifty 50 11.9**	SSE Comp -2.0
Nifty 50 4.4	FTSE100 12.0	SSE Comp -24.6	FTSE100 17.3	STOXX 600 -1.5	SSE Comp 4.8	MSCI EM $ -19.7	FTSE100 7.9	STOXX 600 9.5	**Nifty 500 7.8**	**Nifty 500 -3.5**
STOXX 600 2.4	STOXX 600 11.2	WTI Crude -25.3	**Nifty 50 13.5**	FTSE100 -11.6	MSCI EM $ -2.2	Nasdaq 100 -32.4	SSE Comp -3.7	MSCI EM $ 8.1	Bitcoin -6.3	**Nifty 50 -9.6**
SSE Comp -12.3	SSE Comp 6.6	Bitcoin -74.2	**Nifty 500 9.0**	WTI Crude -20.9	Gold -4.0	Bitcoin -64.1	WTI Crude -10.3	WTI Crude 0.8	WTI Crude -21.0	Bitcoin -11.8

Source: LSEG Workspace, NSE EPR. Note: Returns for equity indices are based on total return index values except for Shanghai SE Composite Index. Data is as of September 30th, 2026.

4.2 Equity market performance and valuations

Table 34: Performance across NSE equity indices (As on September 30th, 2026)

Sep-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	1M	3M	1Y	3Y	5Y	1M	3M	1Y	3Y	5Y
Broad Market Indices										
Nifty 50	-6.1	-5.2	-8.1	4.8	5.1	-6.0	-4.9	-7.1	6.1	6.4
Nifty Next 50	-5.4	-2.6	2.8	15.7	10.5	-5.4	-2.3	3.7	16.7	11.4
Nifty 100	-5.9	-4.7	-6.2	6.6	5.9	-5.9	-4.4	-5.2	7.8	7.1
Nifty 200	-6.3	-4.6	-4.1	7.8	7.2	-6.3	-4.3	-3.2	8.9	8.3
Nifty 500	-5.9	-4.0	-2.9	8.5	8.0	-5.8	-3.7	-2.0	9.5	9.0
Nifty Midcap 50	-7.9	-3.2	6.8	13.6	15.5	-7.9	-3.0	7.4	14.3	16.4
Nifty Midcap 100	-7.6	-4.0	5.0	13.5	14.3	-7.6	-3.8	5.6	14.2	15.1
Nifty Midcap 150	-7.1	-4.0	3.9	13.0	14.0	-7.1	-3.8	4.6	13.7	14.8
Nifty Midcap Select	-8.6	-4.8	9.0	14.7	13.2	-8.6	-4.6	9.6	15.4	13.9
Nifty Smallcap 50	-3.1	3.2	14.7	17.9	12.5	-3.1	3.5	15.4	18.7	13.4
Nifty Smallcap 100	-3.4	2.0	9.6	14.7	12.1	-3.4	2.3	10.2	15.5	12.9
Nifty Smallcap 250	-3.1	0.4	6.6	13.3	13.7	-3.1	0.7	7.2	14.0	14.5
Nifty LargeMidcap 250	-6.5	-4.4	-1.2	9.9	10.0	-6.5	-4.1	-0.4	10.8	11.0
Nifty MidSmallcap 400	-5.7	-2.5	4.8	13.1	13.9	-5.7	-2.2	5.4	13.8	14.7
Nifty500 Multicap 50:25:25	-5.5	-3.3	-0.4	10.0	10.0	-5.5	-3.0	0.4	11.0	11.0
Nifty Microcap 250	-1.1	4.4	14.7	17.5	21.1	-1.0	4.7	15.3	18.0	21.7
Nifty Total Market	-5.7	-3.6	-2.2	8.8	8.4	-5.6	-3.4	-1.3	9.9	9.4
Nifty Smallcap 500	-2.5	1.6	8.8	14.2	15.2	-2.5	1.9	9.4	14.8	16.0
Nifty MidSmallcap400 50:50	-5.1	-1.8	5.4	13.2	13.9	-5.1	-1.5	6.0	13.9	14.7
Thematic Indices										
Nifty India Consumption	-6.2	-3.8	-8.2	9.4	9.0	-6.2	-3.4	-7.5	10.4	10.1
Nifty MidSmall India Consumption	-5.8	-2.1	-7.5	9.9	10.0	-5.8	-1.8	-6.7	10.6	10.6
Nifty Non-Cyclical Consumer	-5.4	-4.4	-10.1	5.9	6.5	-5.4	-4.1	-9.4	6.8	7.5
Nifty India Manufacturing	-6.8	-2.7	4.6	16.4	14.4	-6.8	-2.3	5.5	17.2	15.4
Nifty Infrastructure	-4.9	-7.0	-3.0	11.8	11.7	-4.8	-6.7	-2.2	12.8	12.8
Nifty Services Sector	-5.9	-4.9	-8.9	4.9	3.3	-5.9	-4.6	-7.8	6.2	4.6
Nifty Commodities	-3.9	-4.9	3.6	12.8	10.3	-3.8	-4.6	4.7	13.9	11.6
Nifty CPSE	-2.3	-7.0	-3.6	16.8	21.4	-1.8	-6.3	-1.6	19.5	24.7
Nifty PSE	-3.5	-6.2	-4.5	16.0	18.0	-3.2	-5.5	-2.6	18.4	20.9
Nifty Energy	-3.5	-7.8	4.7	10.3	9.9	-3.2	-7.3	5.9	11.8	11.6
Nifty MNC	-8.2	-6.7	1.7	11.4	9.6	-8.2	-6.2	3.0	12.7	10.9
Nifty India Digital	-9.4	4.8	-7.8	7.6	3.1	-9.4	5.2	-6.7	8.8	4.3
Nifty India Defence	-4.5	-2.5	18.2	41.5	49.6	-4.5	-2.4	18.8	42.4	51.0
Nifty Mobility	-6.1	0.3	-1.0	18.4	17.9	-6.1	0.7	-0.2	19.2	18.8
Nifty100 Liquid 15	-6.3	-4.6	-0.4	10.0	9.4	-6.3	-4.3	0.4	10.9	10.4
Nifty Midcap Liquid 15	-7.5	0.1	10.5	19.7	18.4	-7.5	0.3	11.1	20.5	19.4
Nifty Corp. Grp Index - Aditya Birla Group	-7.3	-3.6	9.3	14.4	10.7	-7.3	-3.5	9.5	14.8	11.1
Nifty Corp. Grp Index - Mahindra Group	-8.7	0.9	-5.5	16.2	16.9	-8.7	1.6	-4.6	17.2	18.3
Nifty Corp. Grp Index - Tata Group	-9.5	-4.2	-12.1	-3.3	0.4	-9.5	-4.0	-10.3	-1.7	1.9
Nifty Corp Grp Index - Tata Group 25% Cap	-8.2	-4.4	-7.2	2.8	5.8	-8.2	-4.3	-5.7	4.0	7.0
Nifty Shariah 25	-7.7	-2.5	-7.4	3.3	2.5	-7.6	-2.2	-6.0	4.9	4.1
Nifty50 Shariah	-8.6	-4.5	-12.9	-1.9	-1.9	-8.5	-4.3	-11.6	-0.2	-0.2
Nifty500 Shariah	-6.8	-3.1	-4.9	4.8	4.3	-6.8	-2.8	-3.9	6.0	5.5
Nifty SME EMERGE	3.8	8.5	0.1	18.0	36.6	3.9	8.5	0.2	18.1	36.7
Nifty100 ESG	-6.7	-3.3	-4.1	7.9	5.5	-6.7	-2.9	-3.0	9.1	6.7

Sep-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	**1M**	**3M**	**1Y**	**3Y**	**5Y**	**1M**	**3M**	**1Y**	**3Y**	**5Y**
Nifty100 Enhanced ESG	-6.7	-3.3	-4.2	7.9	5.5	-6.7	-2.9	-3.1	9.1	6.7
Nifty100 ESG Sector Leaders	-6.1	-5.4	-8.2	5.7	4.8	-6.1	-5.0	-7.1	6.9	5.9
Nifty IPO	1.1	5.6	12.9	12.8	5.8	1.1	5.6	13.1	13.0	6.1
Nifty REITs & InvITs	-0.5	2.2	5.3	13.3	6.9	-0.5	3.3	9.9	18.2	12.8
Nifty Core Housing	-8.2	-4.8	-7.2	5.5	4.2	-8.2	-4.6	-6.8	6.0	4.8
Nifty500 Multicap India Mfg. 50:30:20	-5.9	-1.2	4.3	15.5	14.2	-5.8	-0.9	5.1	16.3	15.1
Nifty500 Multicap Infrastructure 50:30:20	-4.9	-6.1	-0.4	11.7	13.3	-4.9	-5.9	0.3	12.5	14.3
Nifty EV & New Age Automotive	-8.4	-1.6	-0.3	12.0	17.0	-8.4	-1.3	0.5	12.8	17.9
Nifty India Tourism	-2.7	-3.8	-12.6	7.8	8.5	-2.7	-3.8	-12.3	8.1	8.8
Nifty Rural	-6.6	-6.1	-7.3	7.2	9.0	-6.5	-5.7	-6.4	8.3	10.2
Nifty Capital Markets	-7.2	-6.6	22.8	44.4	25.0	-7.2	-6.3	23.7	45.7	26.3
Nifty India New Age Consumption	-7.8	-1.3	-5.1	14.7	12.3	-7.8	-1.0	-4.5	15.3	12.9
Nifty India Select 5 Corp Groups (MAATR)	-5.9	-4.7	-0.3	9.8	9.8	-5.9	-4.5	0.4	10.5	10.6
Nifty India Railways PSU	-6.1	-9.0	-24.5	1.2	14.0	-5.9	-8.7	-23.5	2.5	16.0
Nifty India Internet	-8.7	7.4	-3.3	21.4	-	-8.7	7.4	-3.0	21.7	-
Nifty Waves	-2.5	-4.9	-12.2	-8.1	-1.8	-2.5	-4.8	-11.9	-7.8	-1.4
Nifty India Infrastructure & Logistics	-4.3	-6.8	1.7	16.2	15.6	-4.3	-6.5	2.5	17.1	16.7
Nifty India FPI 150	-6.3	-4.3	-3.5	8.4	-	-6.3	-4.0	-2.6	9.5	-
Nifty Conglomerate 50	-7.3	-3.3	-0.1	8.1	7.7	-7.3	-3.1	0.8	9.0	8.6
Nifty Cement	-5.5	-6.6	-18.5	2.1	2.2	-5.5	-6.4	-18.2	2.5	2.7
Nifty REITs & Realty	-2.8	1.6	0.6	14.2	9.2	-2.8	2.7	4.4	18.6	13.4
Strategy Indices										
Nifty Alpha 50	-6.0	0.7	11.0	14.0	11.3	-6.0	0.9	11.4	14.6	12.0
Nifty100 Alpha 30	-5.6	-4.4	-5.0	11.1	6.8	-5.6	-4.2	-4.4	12.0	7.9
Nifty Alpha Low-Volatility 30	-7.2	-4.1	-2.8	8.2	7.4	-7.1	-3.6	-1.9	9.3	8.6
Nifty Alpha Quality Low-Volatility 30	-6.8	-4.3	-2.8	9.8	7.9	-6.7	-3.8	-1.6	11.2	9.4
Nifty Alpha Quality Value Low-Volatility 30	-6.0	-4.6	-7.5	10.3	11.0	-5.9	-4.1	-6.2	12.0	12.9
Nifty200 Alpha 30	-6.6	-3.3	5.5	13.1	12.6	-6.5	-3.1	6.0	13.9	13.6
Nifty Dividend Opportunities 50	-6.6	-4.0	-7.5	5.9	7.9	-6.6	-3.6	-5.7	8.2	10.2
Nifty Growth Sectors 15	-9.4	-0.2	-8.9	2.2	5.7	-9.4	0.2	-7.6	4.0	7.5
Nifty High Beta 50	-6.7	-2.5	13.1	12.9	14.5	-6.7	-2.2	14.1	13.8	15.6
Nifty Low Volatility 50	-6.3	-4.4	-6.0	7.9	7.0	-6.3	-4.0	-5.0	9.0	8.3
Nifty100 Low Volatility 30	-7.1	-4.6	-5.7	7.7	6.7	-7.1	-4.2	-4.7	9.0	8.1
Nifty100 Quality 30	-7.0	-1.3	-4.4	6.3	5.7	-6.9	-0.8	-3.2	7.8	7.2
Nifty Quality Low-Volatility 30	-6.4	-3.0	-7.7	4.0	4.3	-6.3	-2.5	-6.4	5.4	5.8
Nifty200 Quality 30	-8.0	-3.2	-6.9	4.9	4.7	-7.9	-2.8	-5.4	6.6	6.4
Nifty50 Equal Weight	-6.3	-4.5	-2.1	9.5	9.4	-6.3	-4.2	-1.1	10.6	10.7
Nifty100 Equal Weight	-6.1	-3.7	0.1	12.3	9.6	-6.1	-3.4	1.1	13.4	10.7
Nifty50 Value 20	-5.9	-6.0	-10.6	2.4	4.2	-5.8	-5.7	-9.5	4.2	6.2
Nifty500 Value 50	-4.9	-5.5	5.3	18.4	20.0	-4.7	-5.0	6.9	20.1	22.3
Nifty Midcap150 Quality 50	-7.8	-4.7	-3.5	6.5	5.3	-7.7	-4.4	-2.5	7.4	6.3
Nifty200 Momentum 30	-5.8	-4.5	-1.1	8.3	8.3	-5.8	-4.2	-0.5	9.2	9.3
Nifty Midcap150 Momentum 50	-6.9	-3.9	3.5	12.9	14.4	-6.9	-3.7	4.1	13.5	15.1
Nifty Smallcap250 Quality 50	-3.7	-1.1	-5.1	7.8	10.5	-3.7	-0.6	-4.1	8.9	11.7
Nifty Smallcap250 Momentum Quality 100	-2.1	3.1	7.6	9.7	10.9	-2.1	3.5	8.4	10.5	11.9

Sep-26	PR Index Returns (%)					TR Index Returns (%)				
Index Name	**1M**	**3M**	**1Y**	**3Y**	**5Y**	**1M**	**3M**	**1Y**	**3Y**	**5Y**
Nifty MidSmallcap400 Momentum Qlty 100	-5.6	-2.0	6.1	11.4	11.9	-5.6	-1.8	6.9	12.3	12.9
Nifty500 Equal Weight	-5.0	-2.5	1.6	11.8	12.3	-5.0	-2.2	2.2	12.5	13.1
Nifty500 Momentum 50	-5.5	-1.9	4.6	10.8	11.7	-5.5	-1.7	5.1	11.4	12.4
Nifty500 LargeMidSmall Equal-Cap Wtd.	-5.4	-2.8	1.5	11.1	11.3	-5.4	-2.5	2.3	12.0	12.2
Nifty200 Value 30	-4.7	-6.6	6.3	19.4	20.6	-4.5	-6.1	7.9	21.2	22.9
Nifty Top 10 Equal Weight	-6.1	-5.1	-12.5	0.1	3.2	-6.1	-4.8	-11.5	1.4	4.5
Nifty500 Multicap Momentum Quality 50	-5.7	-3.7	-1.3	9.2	8.7	-5.6	-3.3	-0.4	10.3	9.8
Nifty Top 15 Equal Weight	-7.1	-6.1	-12.0	3.0	5.8	-7.1	-5.8	-11.0	4.2	7.0
Nifty Top 20 Equal Weight	-6.7	-3.1	-8.5	4.3	6.5	-6.6	-2.7	-7.4	5.6	7.8
Nifty500 Quality 50	-8.0	-5.8	-2.3	10.0	8.4	-8.0	-5.4	-1.1	11.3	9.8
Nifty500 Low Volatility 50	-6.0	-3.4	-4.6	11.1	10.2	-5.9	-2.9	-3.5	12.2	11.5
Nifty500 Multifactor MQVLv 50	-5.1	-5.7	-6.2	10.1	10.4	-5.0	-5.3	-5.0	11.4	12.1
Nifty500 Flexicap Quality 30	-7.7	-1.8	-8.2	0.5	4.7	-7.7	-1.4	-7.0	1.9	6.2
Nifty Total Market Momentum Quality 50	-5.7	-2.5	2.0	10.7	9.7	-5.6	-2.1	2.8	11.5	10.6
Sectoral Indices										
Nifty Auto	-8.8	-0.7	-0.9	17.6	19.9	-8.8	-0.1	0.1	18.6	21.0
Nifty Bank	-5.8	-5.1	0.0	7.0	7.9	-5.8	-4.9	0.7	7.8	8.7
Nifty Private Bank	-4.7	-4.4	0.9	4.9	6.5	-4.7	-4.2	1.5	5.6	7.3
Nifty PSU Bank	-6.9	-5.6	6.5	15.1	26.4	-6.9	-5.6	7.3	15.9	27.7
Nifty Financial Services	-6.3	-7.2	-5.3	7.6	6.1	-6.3	-6.9	-4.4	8.6	7.1
Nifty Financial Services Ex-Bank	-9.5	-7.0	0.2	12.8	9.2	-9.5	-6.8	1.0	13.8	10.2
Nifty Financial Services 25/50	-6.8	-7.9	-5.5	8.9	7.7	-6.8	-7.6	-4.5	10.0	8.8
Nifty MidSmall Financial Services	-8.5	-4.9	17.2	22.2	19.9	-8.5	-4.7	17.7	23.0	20.9
Nifty FMCG	-3.3	-8.8	-18.6	-4.8	1.9	-3.3	-8.5	-17.9	-3.3	3.7
Nifty IT	-11.2	5.3	-17.7	-4.5	-4.6	-11.2	5.7	-15.9	-2.4	-2.6
Nifty MidSmall IT & Telecom	-8.8	2.7	2.9	4.7	6.0	-8.8	2.9	3.6	5.4	6.9
Nifty Media	1.7	7.1	2.6	-11.3	-5.8	1.7	7.2	3.2	-10.8	-5.3
Nifty Metal	-3.3	1.9	27.1	23.1	17.9	-3.2	2.2	28.5	24.1	19.3
Nifty Pharma	-2.8	4.4	23.2	19.7	12.8	-2.8	4.6	24.0	20.5	13.6
Nifty Realty	-6.3	2.1	-2.3	13.8	10.5	-6.3	2.6	-1.9	14.2	10.9
Nifty Consumer Durables	-9.4	0.5	-1.3	8.2	6.2	-9.4	0.8	-0.9	8.6	6.7
Nifty Oil & Gas	-4.4	-3.8	-5.9	10.3	6.4	-4.3	-3.6	-5.2	11.3	7.7
Nifty Healthcare Index	-4.7	0.0	14.1	18.4	12.4	-4.7	0.2	14.7	19.1	13.2
Nifty MidSmall Healthcare	-3.0	1.6	18.2	23.7	15.2	-3.0	1.8	18.6	24.2	15.8
Nifty Transportation & Logistics	-6.6	0.4	-3.0	17.0	18.6	-6.6	0.8	-2.2	17.9	19.6
Nifty Housing	-5.2	-5.9	-1.5	8.1	7.8	-5.1	-5.7	-0.7	9.0	8.8
Nifty Chemicals	-5.5	-4.2	-0.9	6.6	4.9	-5.5	-3.9	-0.3	7.1	5.4
Nifty500 Healthcare	-3.7	0.8	14.6	19.5	12.8	-3.7	1.0	15.2	20.1	13.4

Source: NSE Indices, NSE EPR

Note: Returns for the period up to one year are absolute returns. Returns for a period greater than one year are CAGR returns.

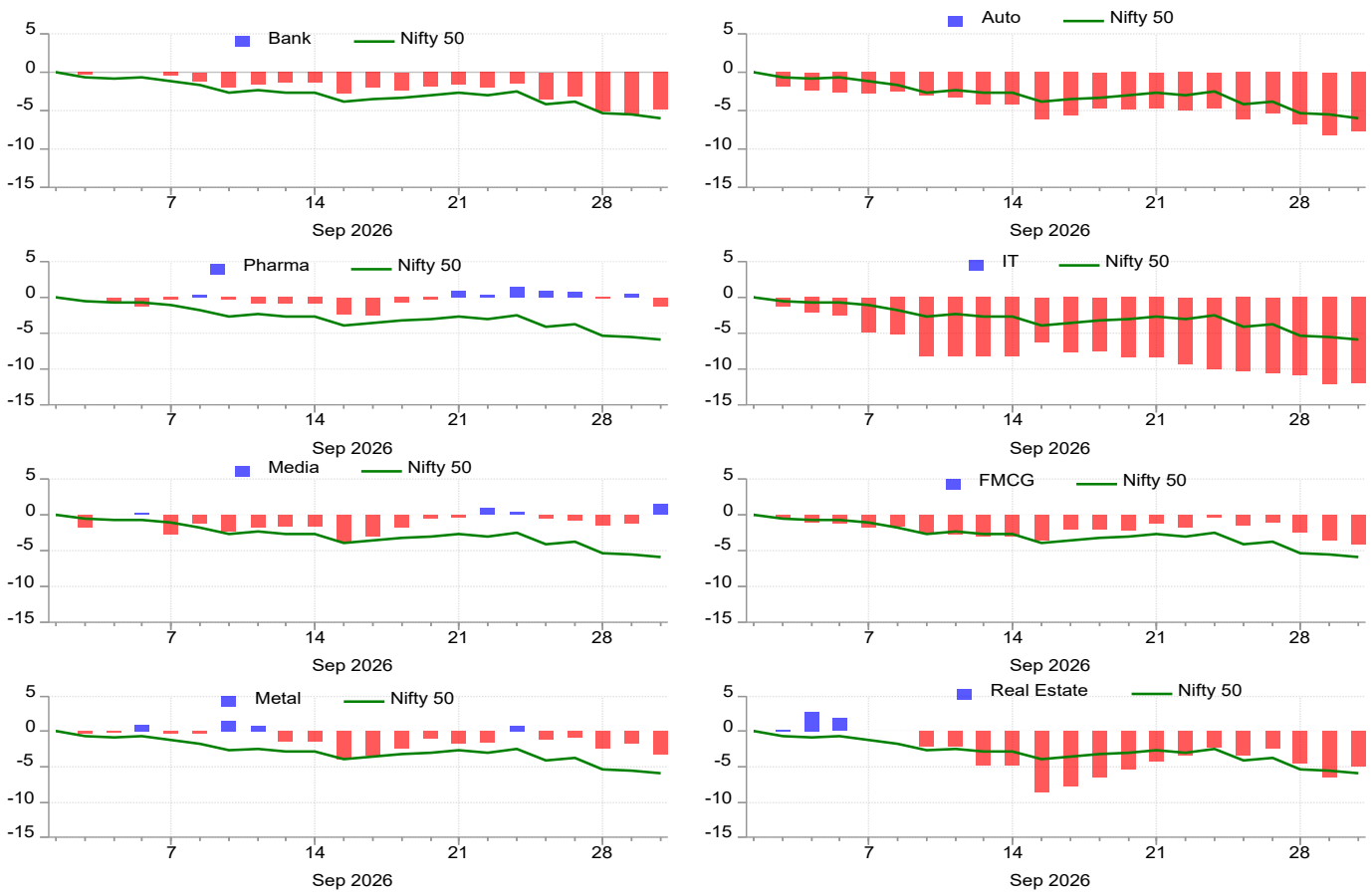
Table 35: Performance across NSE sector indices based on Price Return Index

Indicator Name	Sep-26	1M ago	3M ago	12M ago	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)
Auto	26,294	28,842	26,480	26,542	-8.8	-0.7	10.6	-0.9	-6.7
Bank	54,633	58,025	57,543	54,636	-5.9	-5.1	8.7	-0.0	-8.3
Energy	36,636	37,949	39,741	35,000	-3.5	-7.8	5.1	4.7	3.7
FMCG	44,508	46,026	48,794	54,711	-3.3	-8.8	-2.3	-18.7	-19.8
IT	27,705	31,191	26,299	33,655	-11.2	5.4	-4.7	-17.7	-26.9
Infrastructure	8,734	9,179	9,392	9,007	-4.9	-7.0	2.0	-3.0	-9.2
Media	1,583	1,557	1,478	1,543	1.7	7.1	25.5	2.6	9.6
Metals	12,761	13,194	12,519	10,038	-3.3	1.9	14.6	27.1	14.3
Pharma	26,438	27,186	25,326	21,454	-2.8	4.4	18.9	23.2	16.4
Real Estate	847	904	830	868	-6.3	2.2	30.1	-2.3	-3.5

Source: Cogencis, NSE EPR.

Figure 142: NIFTY sector performance in September 2026

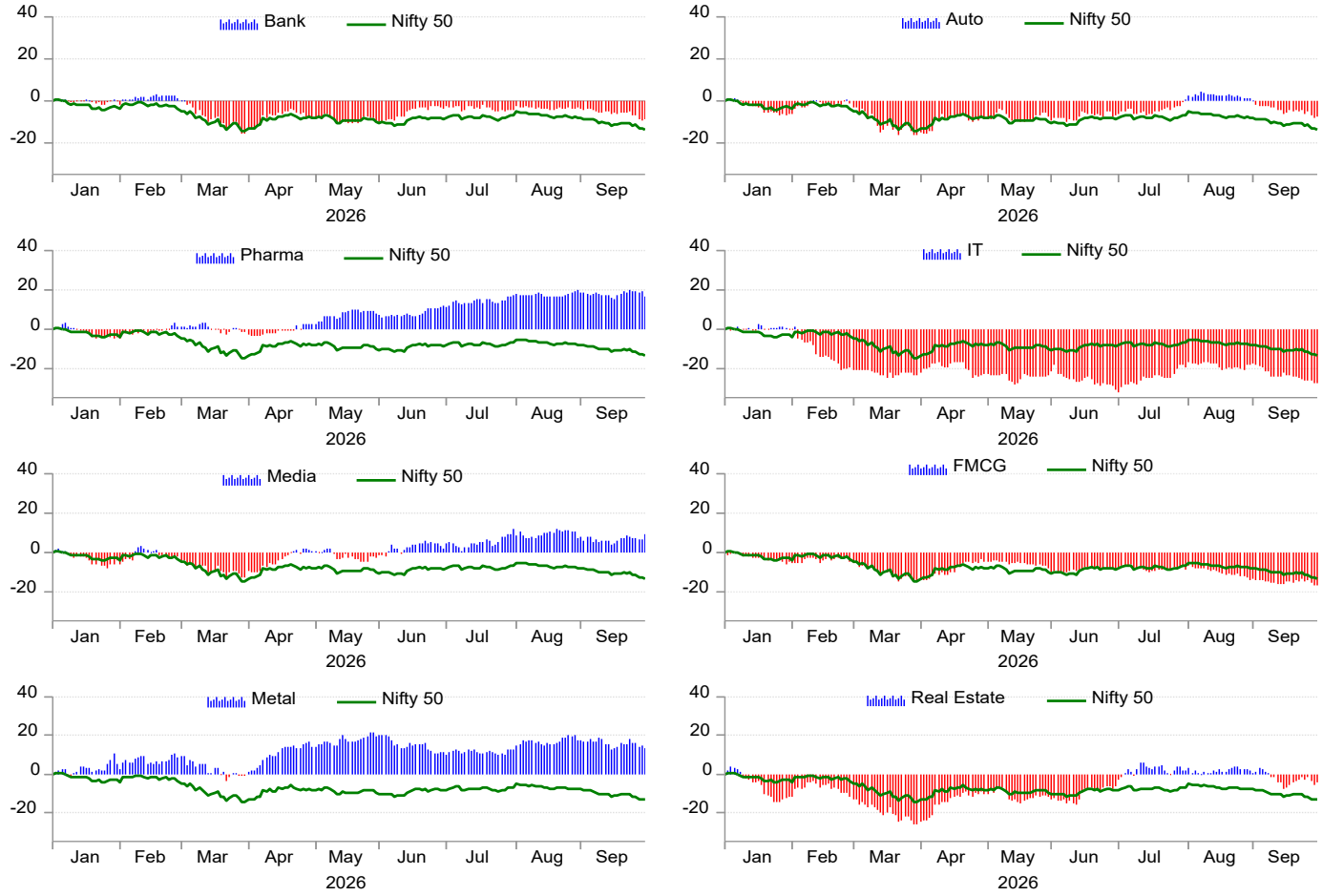
Rebased to 0 on September 1st, 2026



Source: LSEG Workspace, NSE EPR.

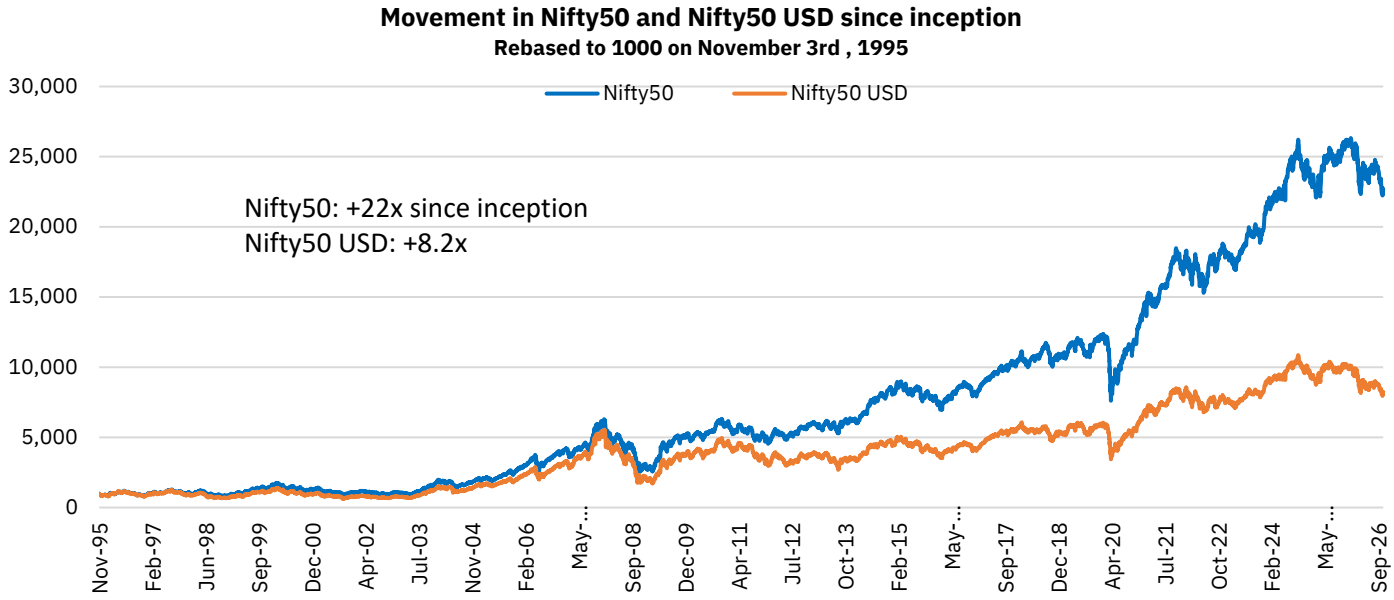
Figure 143: NIFTY sector performance in 2026 till date (Jan-Sep'26)

Rebased to 0 on January 1st, 2026



Source: LSEG Workspace, NSE EPR.

Figure 144: Nifty 50 and Nifty 50 USD since inception



Source: Nifty Indices, NSE EPR.

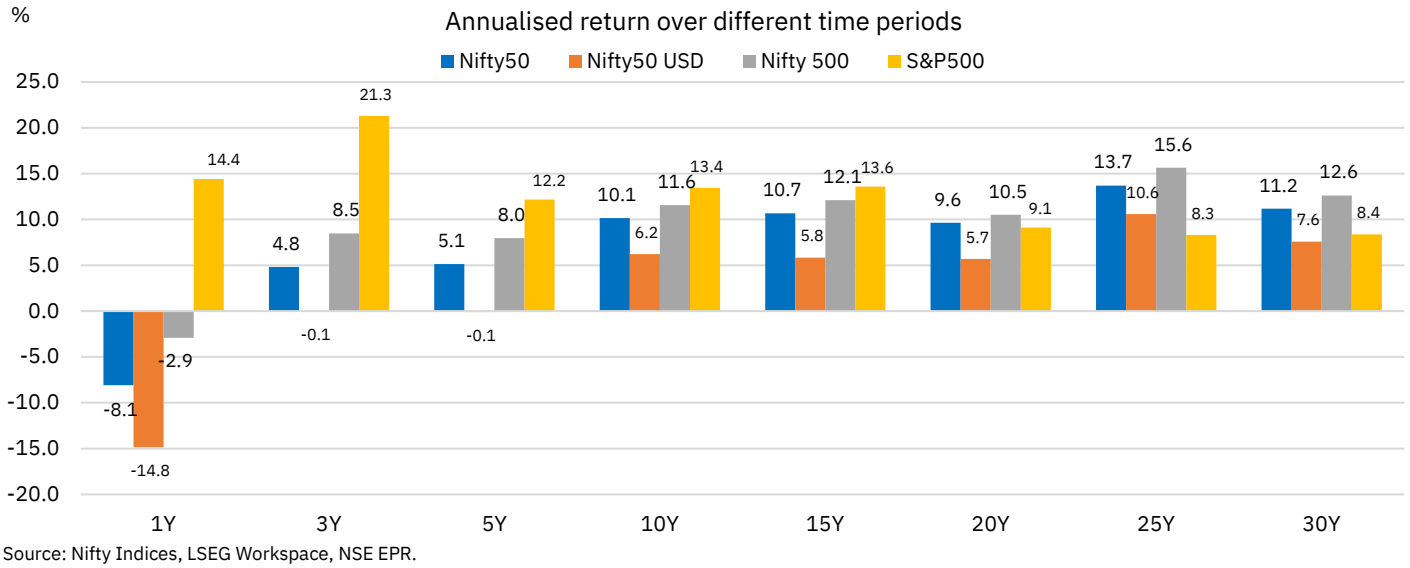
The Nifty 50 completed three decades in April 2026, having established itself as the principal benchmark of India's equity market since its launch in April 1996. From a base value of 1,000 on November 3, 1995, the index reached a record high of 26,216 in September 2024, reflecting the sustained expansion of India's corporate sector and equity markets. Despite intermittent periods of volatility, the index has delivered annualised returns of around 13.7% in rupee terms over the past 25 years, underscoring the long-term wealth creation potential of Indian equities.

The period since the September 2024 peak has been challenging. Global trade uncertainty, geopolitical tensions, elevated crude oil prices, persistent foreign portfolio outflows and currency pressures have weighed on Indian equities. Relatively rich valuations have also constrained foreign investor appetite, even as sustained domestic institutional inflows have provided support. Following four consecutive months of decline through March 2026, the Nifty 50 rebounded sharply in April, with the recovery extending into June and July, when the index gained 1.4% and 2.2%, respectively. The momentum subsequently weakened in August, with the benchmark declining 1.2% to 24,080, even as the broader market remained resilient.

The correction deepened considerably in September, with the Nifty 50 falling 6.1%—its sharpest monthly decline in the last six months—extending its losses for a second consecutive month. This brought the index nearly 14% below its Sep'24 peak. The sell-off reflected a combination of deteriorating global risk sentiment, elevated energy prices, rising global bond yields and renewed foreign portfolio outflows, against a backdrop of relatively demanding domestic valuations. FPIs withdrew around Rs 35,861 crore from Indian equities during the month, partly reversing the inflows seen over the previous two months. Domestic institutional investors continued to provide support, with net purchases of approximately Rs 76,030 crore in the secondary market. Retail participation through mutual funds also remained resilient, with equity mutual fund inflows rising to Rs 38,307 crore and monthly SIP contributions reaching a record Rs 32,490 crore.

The divergence between sustained domestic flows and persistent FPI selling highlights the growing importance of domestic investors in supporting market liquidity, even as Indian equities remain sensitive to global financial conditions and valuation pressures.

Figure 145: Annualised return of major indices across different time periods (As of September 30th, 2026)



Source: Nifty Indices, LSEG Workspace, NSE EPR.

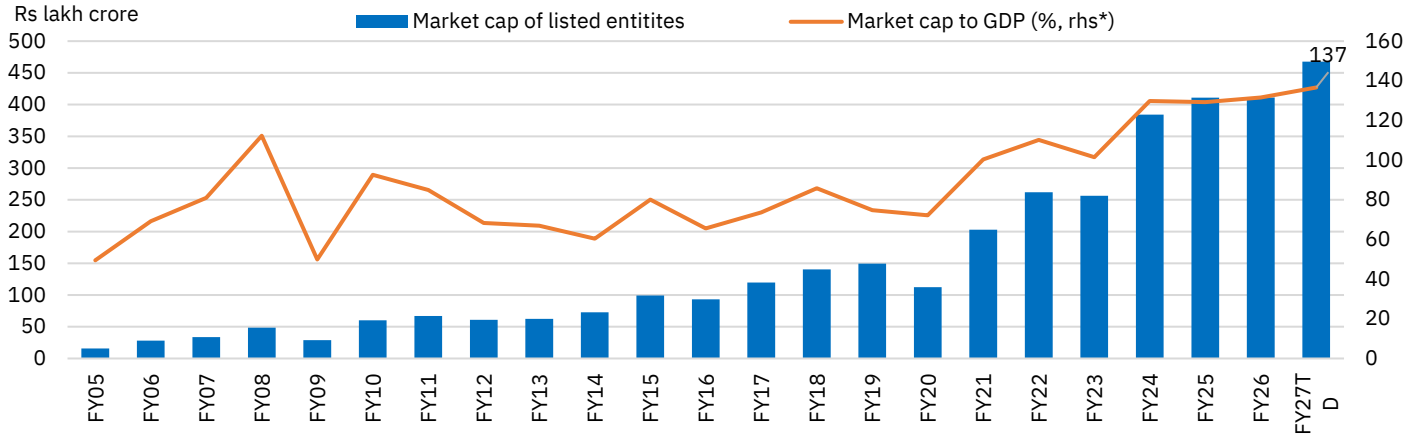
Market growth and concentration

September correction reverses gain in the market capitalisation of listed entities[15]: After rising 7.9% in 2025—its seventh consecutive annual gain—the aggregate market capitalisation of NSE-listed entities declined 13.2% in Q1 2026, before rebounding 12.6% in April. The recovery moderated over the subsequent months, with market capitalisation rising by a cumulative 5.6% between May and August, including a modest 0.8% gain in August. This trend reversed sharply in September, as the broad-based correction in Indian equities pulled aggregate market capitalisation down by approximately 4.4% MoM to Rs 467.7 lakh crore, from Rs 489.3 lakh crore at August-end. In US dollar terms, market capitalisation of listed entities at NSE fell by a slightly higher 5.1%, weighed down by 0.7% depreciation of the rupee. The decline reflected heightened global risk aversion, sustained foreign portfolio outflows and rising energy prices, although continued domestic institutional buying provided some support.

The weakness extended across market segments, reversing the divergence observed in August when smaller companies had outperformed large caps. The Nifty 50 and Nifty Next 50 fell by 6.2% and 1.2% to Rs 183 lakh crore and Rs 75.2 lakh crore respectively, while the Nifty Midcap 150 and Smallcap 250 fell by 4.1% and 3.2% to Rs 98.7 lakh crore and Rs 50.7 lakh crore respectively. The Nifty 50's share of total market capitalisation consequently fell further 73bps MoM to 39.1%, marking the second sub-40% print in a row, and the lowest in last several years. Microcap companies got impacted more, with the Nifty Microcap 250 falling by a steep 7.0% to a four-month low of Rs 20.8 lakh crore.

The longer-term expansion of India's equity market remains substantial. Over the past two decades, the aggregate market capitalisation of NSE-listed entities has grown at a CAGR of around 14.7% in rupee terms and 10.6% in US dollar terms, based on September-end figures. On a rolling three-month average, it is now equivalent to around 137% of GDP under the 2022–23 GDP series, compared with around 60% in March 2014. The sustained expansion reflects a combination of corporate earnings growth, valuation gains and an increase in the number and size of listed companies, supported by greater household participation and the growing role of equity markets in capital formation.

Figure 146: Market cap to GDP ratio trend



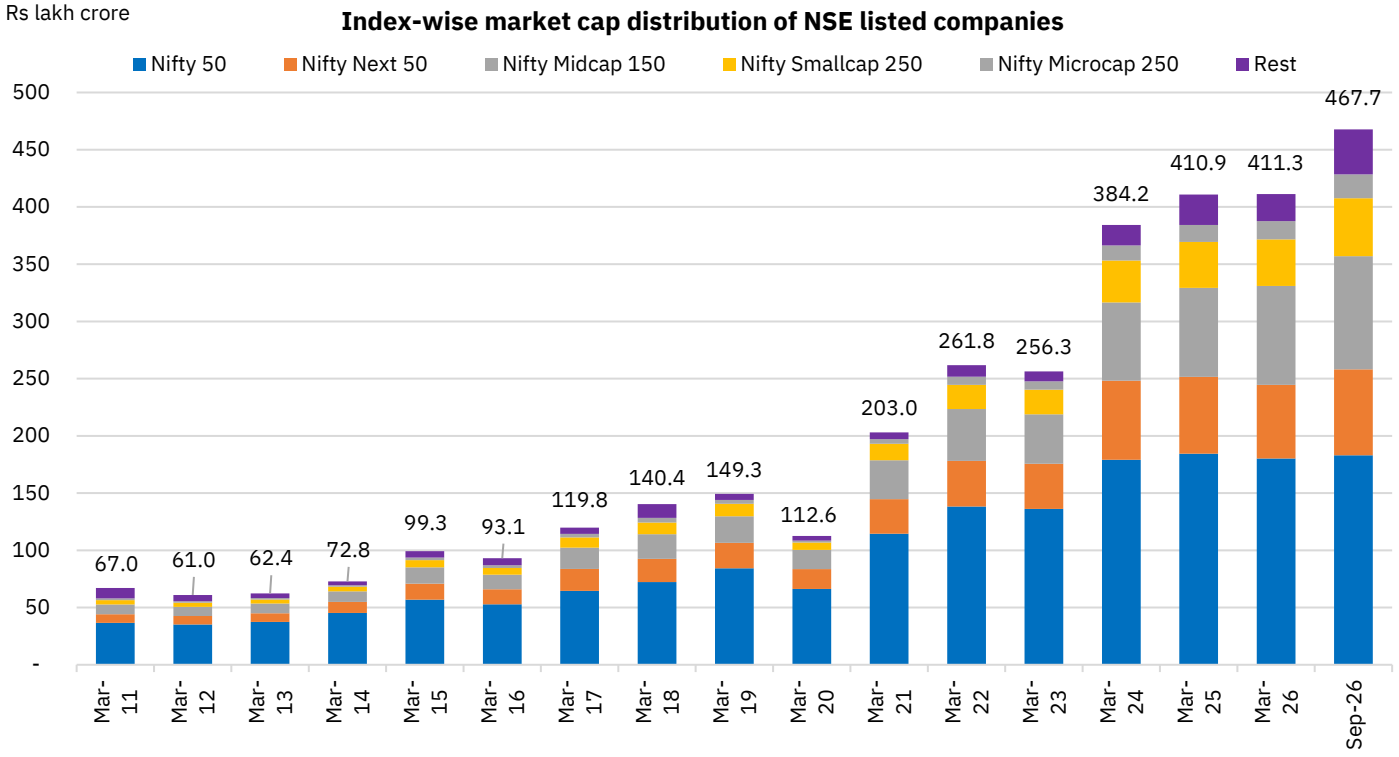
Source: CMIE Economic Outlook, NSE EPR. # As of September 30ht, 2026. * Based on average market cap over the last three months of the period and actual nominal GDP for the last four quarters. GDP data from FY23 onwards is based on the base year 2022-23.

[15] Market capitalisation of listed entities on NSE represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year.

Nifty 50's share fell to a multi-year low: The Nifty 50's share of aggregate market capitalisation of NSE-listed entities fell further by 73bps MoM to 39.1% in September 2026, remaining below 40% for the second consecutive month and reaching its lowest level in several years. This extended the decline seen in August, reflecting the relatively sharper correction in large-cap stocks. In contrast, the Nifty Next 50's share increased by around 53bps to 16.1%, while that of the Nifty Midcap 150 rose marginally to 21.1%. The Nifty Smallcap 250 also gained share, rising to 10.8%, despite the broader market correction. The Nifty Microcap 250, however, saw its share decline to around 4.4%, reflecting a relatively sharper fall in valuations during the month.

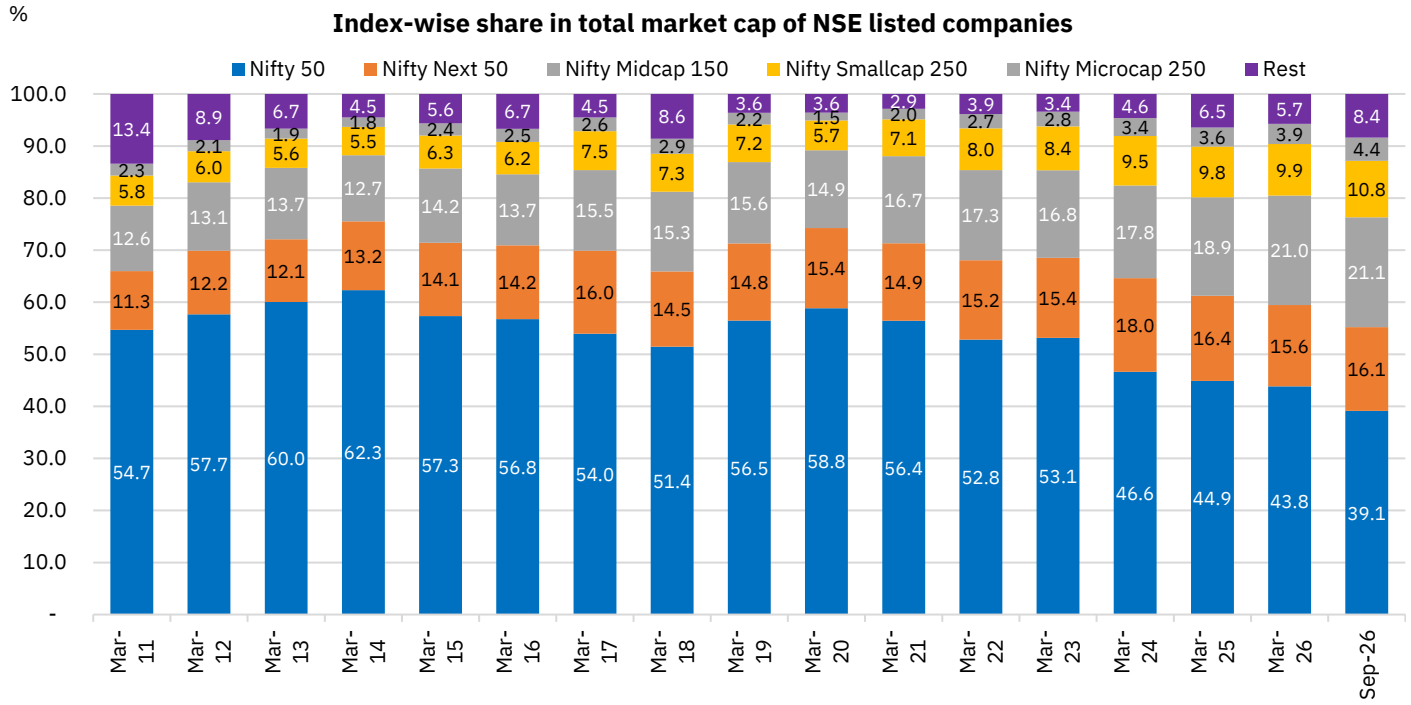
The longer-term trend points to a sustained broadening of market capitalisation beyond the largest companies. The Nifty 50's share has declined from 62.3% in FY14 to 39.1% in September 2026, a reduction of over 23 percentage points. This shift has been accompanied by a substantial expansion in the listed universe, with the number of NSE-listed entities rising from 422 in FY96 to 3,099 by September 2026. The stronger relative performance of mid- and small-cap companies has reinforced this trend. Over the five years ending September 2026, the Nifty Midcap 150 and Nifty Smallcap 250 delivered annualised returns of 14.0% and 13.7%, respectively, significantly outperforming the Nifty 50's 5.1%. While the September correction affected all market segments, the longer-term decline in large-cap concentration underscores the increasing contribution of companies outside the Nifty 50 to India's equity market capitalisation.

Figure 147: Index-wise distribution of total market capitalisation of listed entities



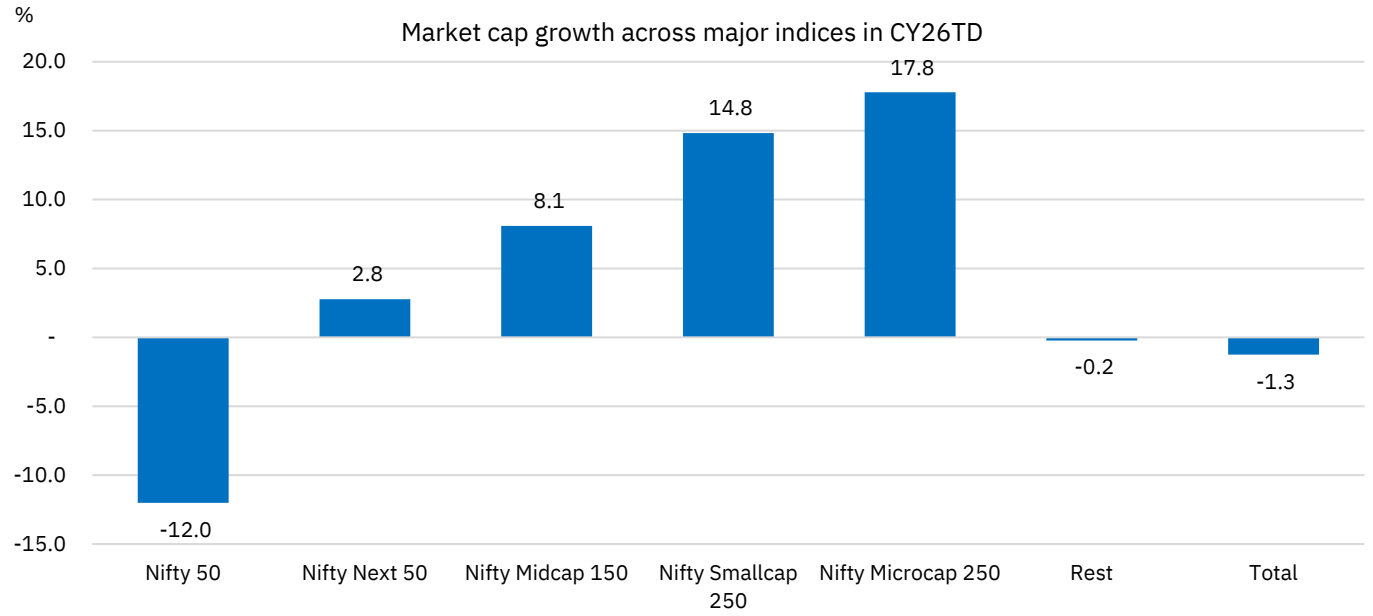
Source: Nifty Indices, NSE EPR.

Figure 148: Index-wise share in total market capitalisation of listed entities



Source: Nifty Indices, NSE EPR.

Figure 149: Index-wise change in total market capitalisation of listed entities in CY26TD (Jan-September 2026)



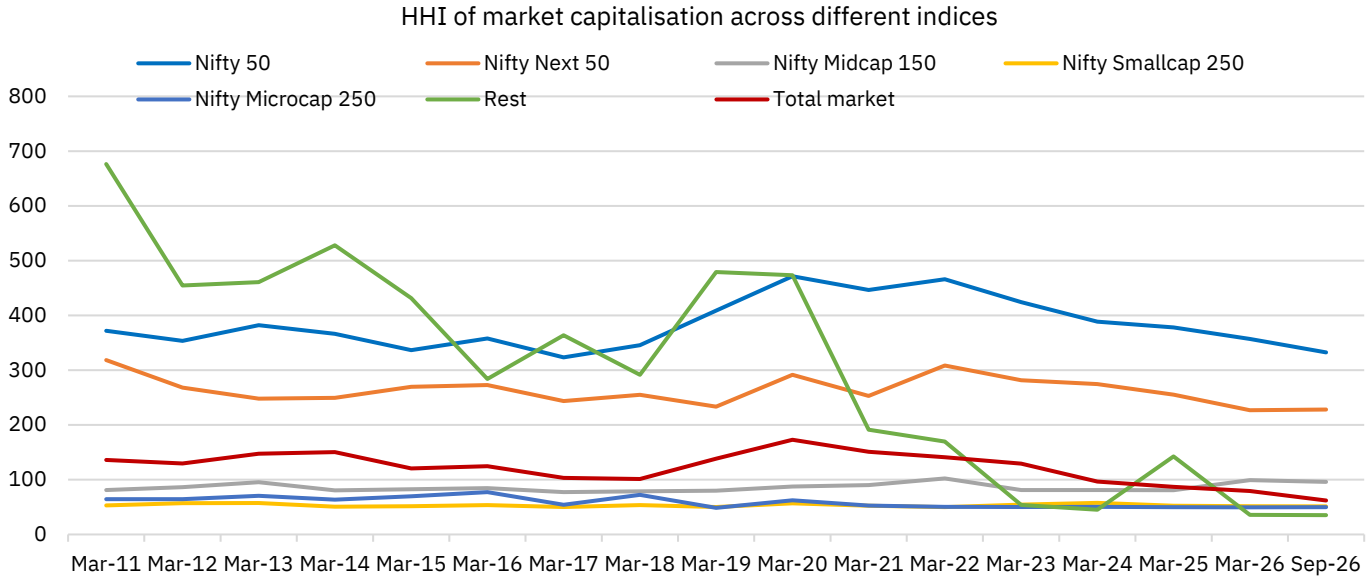
Source: Nifty Indices, NSE EPR.

Market concentration remained near multi-year lows, reflecting a sustained broadening of market capitalisation: Market concentration, measured by the Herfindahl–Hirschman Index (HHI) based on market capitalisation, has declined substantially over recent years. The aggregate HHI for the NSE-listed universe stood at 62 in September 2026, declining marginally from 64 in the previous month and well below 79 a year earlier. This compares with an 11-year high of 173 in March 2020, when the pandemic-induced correction led to a sharp increase in large-cap concentration. The

broader trend of declining concentration has been supported by the expansion of the listed universe and a more even distribution of market capitalisation across companies.

Concentration remains relatively higher among large-cap companies, although it has moderated considerably over time. Within the top 750 stocks, the Nifty 50 HHI remained steady at 333 in September from 361 a year earlier, remaining well below its March 2009 peak of 476. The Nifty Next 50 also witnessed a reduction in concentration, with its HHI falling to 228 from 261 a year earlier. In contrast, concentration remained substantially lower across the broader segments, with HHIs of 96, 51 and 50 for the Nifty Midcap 150, Smallcap 250 and Microcap 250, falling from 99, 55, and 54 in the previous month, respectively. The decline in HHI over recent years is consistent with the broader shift in market capitalisation towards companies outside the largest index constituents.

Figure 150: Index-wise share in total market capitalisation of listed entities



Source: Nifty Indices, NSE EPR.

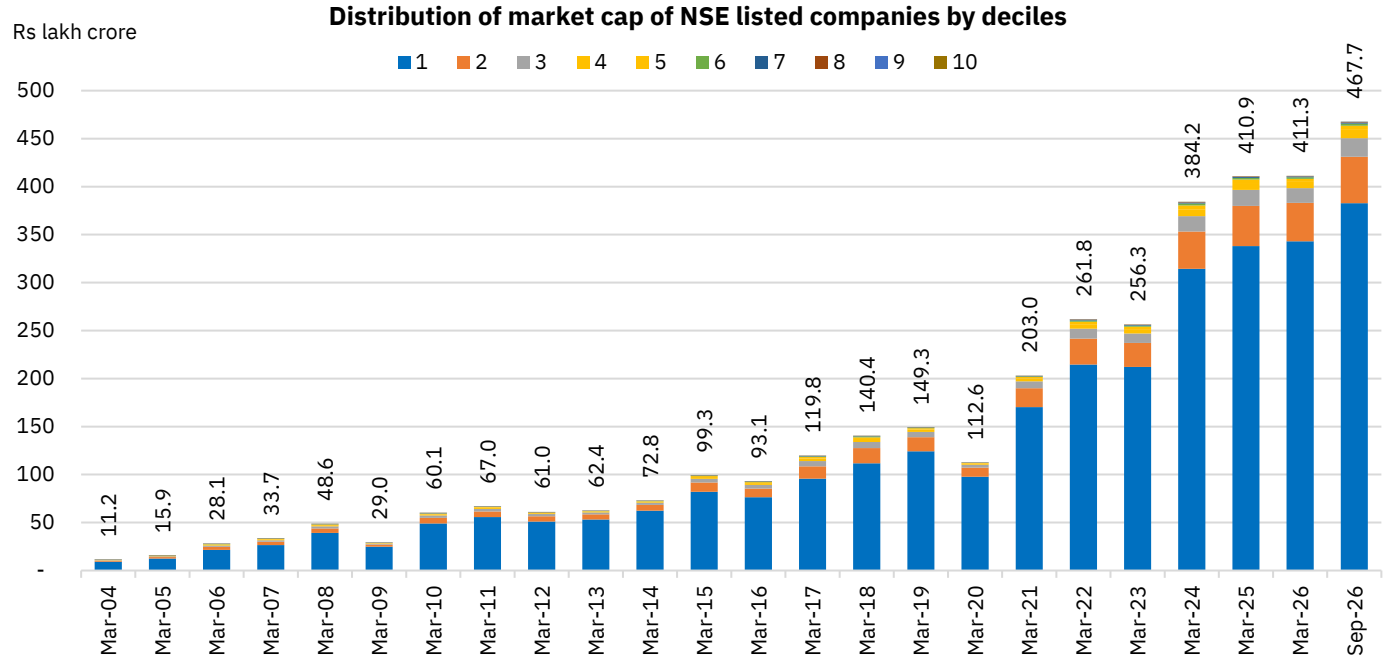
Top-decile share declined on the back of a broad-based decline: A decile-wise analysis of companies listed on NSE shows that the share of the top decile, comprising around 320 companies, declined by 56bps MoM to 81.8%, almost entirely reversing the increase seen over the previous two months. This decline is a reflection of a broad-based correction between large, mid and small-cap stocks.

Historically, the top decile's share peaked at 86.8% in FY20, with the top two deciles together accounting for over 95% of aggregate market capitalisation, reflecting a pronounced concentration in larger companies during the pandemic. Concentration subsequently moderated, with the top-decile share falling to 81.8% by March 2024 and a six-year low of 80.1% in December 2024, before recovering to 83.4% in March 2026 amid heightened global uncertainty and a preference for relatively resilient companies. The subsequent broadening of market participation, supported by strong domestic flows and the relative outperformance of smaller companies, has moderated this concentration.

At the other end of the distribution, the bottom five deciles together accounted for just 0.92% of aggregate market capitalisation in September, increasing marginally from 0.85% in the previous month, and nearly double the post-pandemic low of 0.47%. In fact,

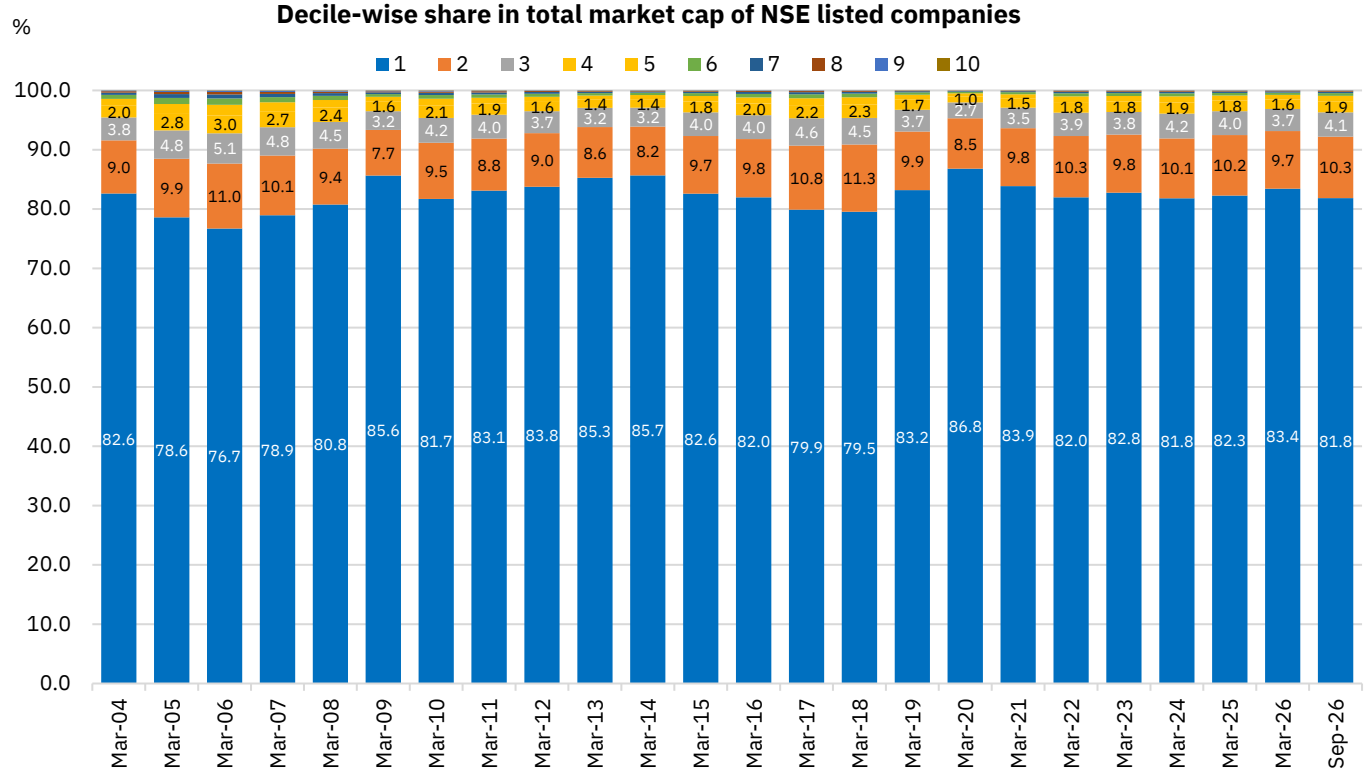
this share was the highest in the last 11 months, reflecting the impact of gradual broadening of the market and relative outperformance of companies beyond the top 1500, even as the market continues to remain highly concentrated in its largest companies

Figure 151: Decile-wise distribution of total market capitalisation of listed entities



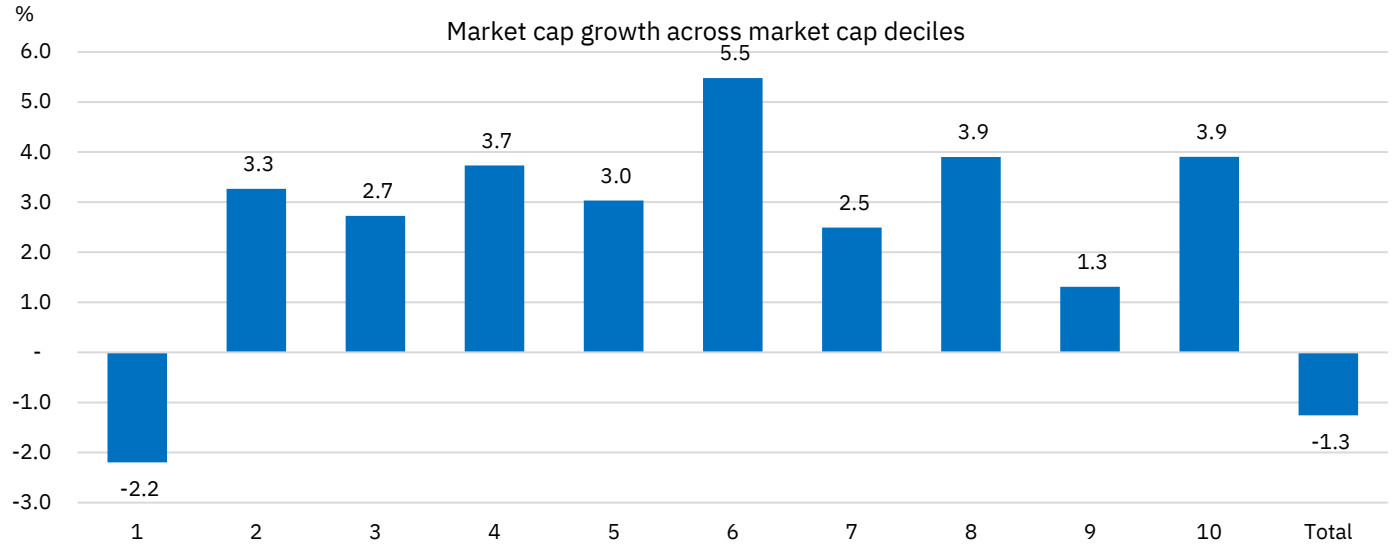
Source: NSE EPR.

Figure 152: Decile-wise share of total market capitalisation of listed entities



Source: NSE EPR.

Figure 153: Decile-wise change in total market capitalisation of listed entities in CYTD (Jan-September 2026)



Source: NSE EPR.

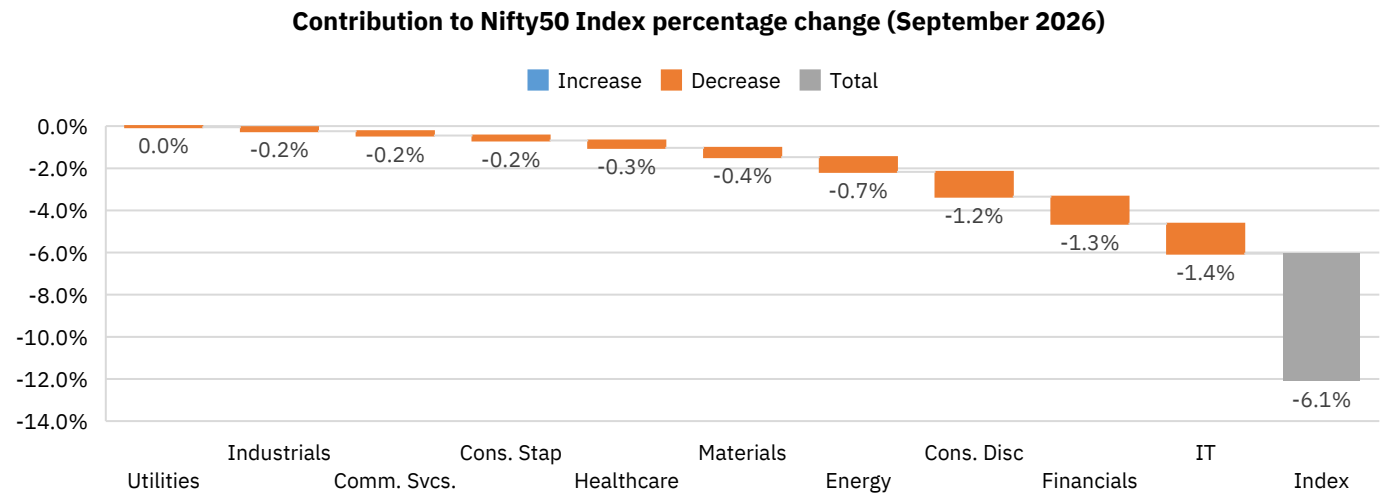
Nifty50 performance attribution analysis

Indian equities saw a broad-based correction in September: Indian equities came under significant pressure in September, with the Nifty 50 declining 6.1%, its second monthly loss in a row. Notably, unlike August, the September correction extended across market segments. The Nifty Midcap 150 fell 7.1%, underperforming the benchmark, while the Nifty Smallcap 250 and Microcap 250 proved relatively resilient, declining 3.1% and 1.1%, respectively. Sectoral performance was largely negative, with IT (-11.2%), Consumer Durables (-9.4%) and Auto (-8.8%) witnessing the sharpest declines. Metals, FMCG and Pharmaceuticals fared relatively better, while Media was among the few sectors to register gains. The sell-off reflected a deterioration in global risk sentiment amid elevated crude oil prices, rising global bond yields, renewed monetary tightening by the US Fed and persistent geopolitical uncertainty.

Following net inflows in July and August, FPIs withdrew approximately US$3.8bn from Indian equities in September, with selling intensifying in October thus far with net outflows of US$5.4bn. This was partly offset by robust DII purchases of nearly Rs 76,030 crore, up from Rs 58,268 crore in August. Domestic mutual fund flows also strengthened despite the market correction. Net inflows into equity-oriented mutual funds rose 30.6% MoM to Rs 38,307 crore in September, marking the 67th consecutive month of positive inflows, while monthly SIP contributions reached a fresh record of Rs 32,490 crore. The continued strength of domestic flows provided an important counterweight to foreign selling, although it was insufficient to prevent a broad-based decline in equity valuations.

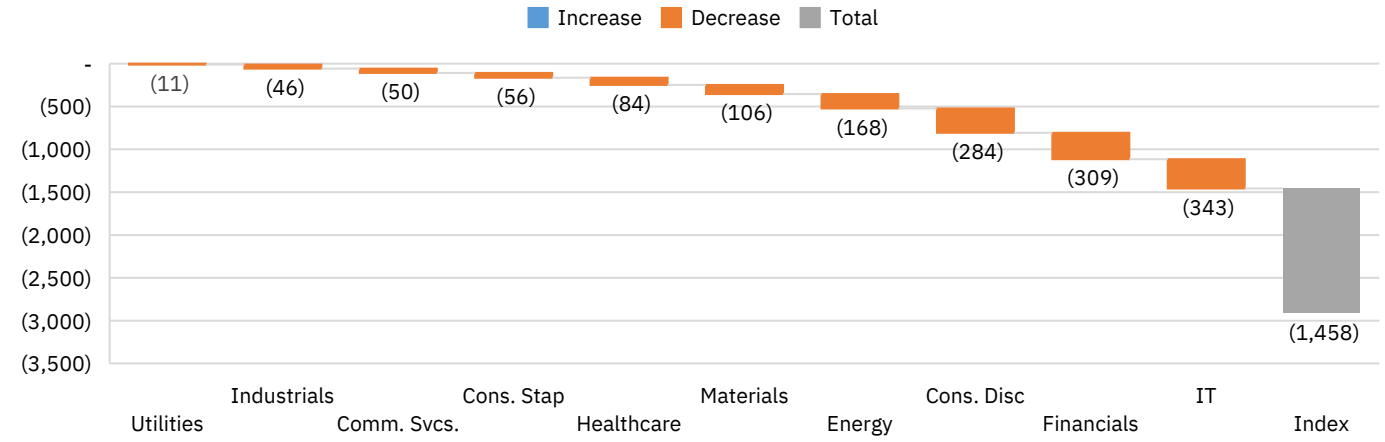
Over the 12 months to September 2026, the Nifty 50 declined 8.1%, reflecting the cumulative impact of global uncertainty, foreign portfolio outflows and pressure on domestic valuations. Performance remained uneven across sectors, with Information Technology, Financials and Consumer Staples remained the principal sectoral drags over this period, while gains in Industrials, Materials and Communication Services provided an offset. The September correction thus marked a deterioration in near-term market conditions, even as sustained domestic institutional and household investment flows continued to support market liquidity.

Figure 154: Sector-wise contribution to Nifty 50 price return in September 2026



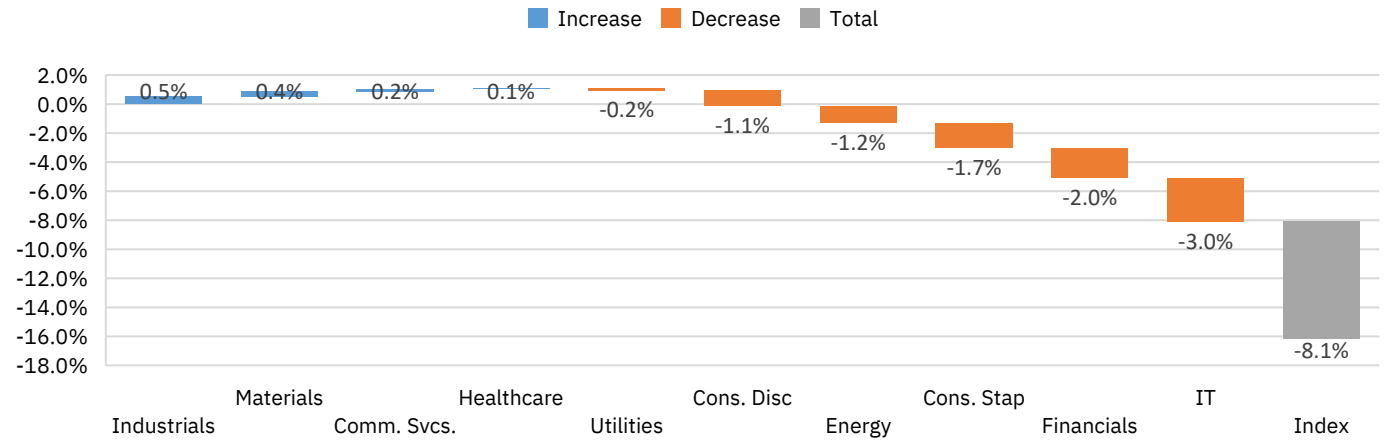
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 155: Sector-wise contribution to Nifty 50 Index change (points) in September 2026



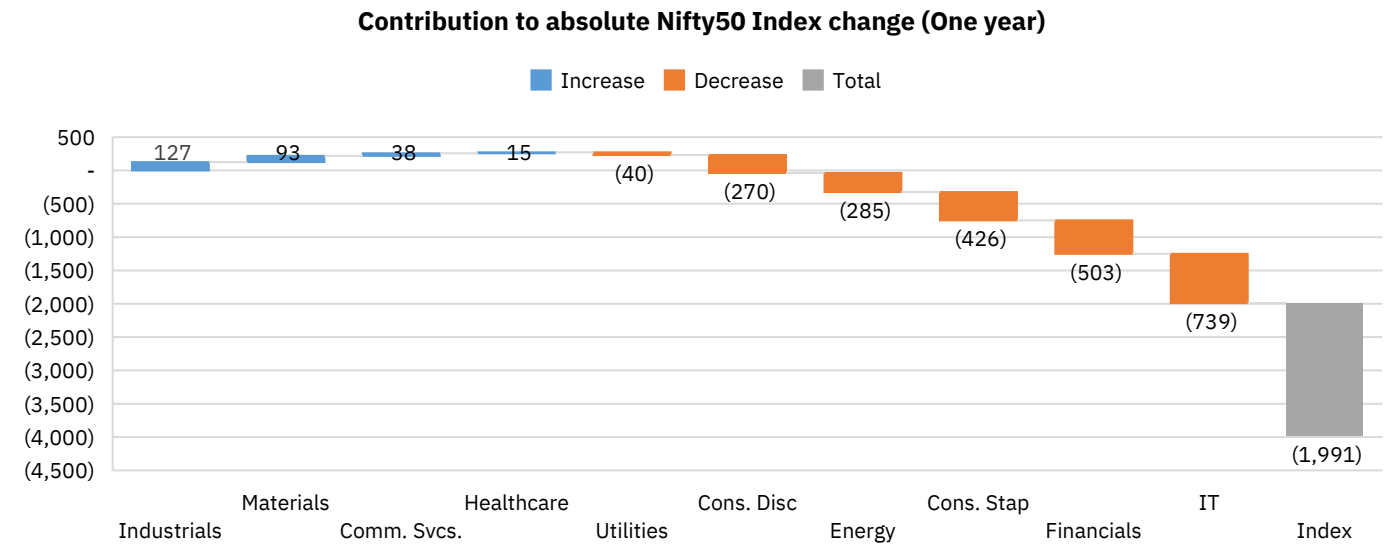
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 156: Sector-wise contribution to Nifty 50 price return in the last 12 months



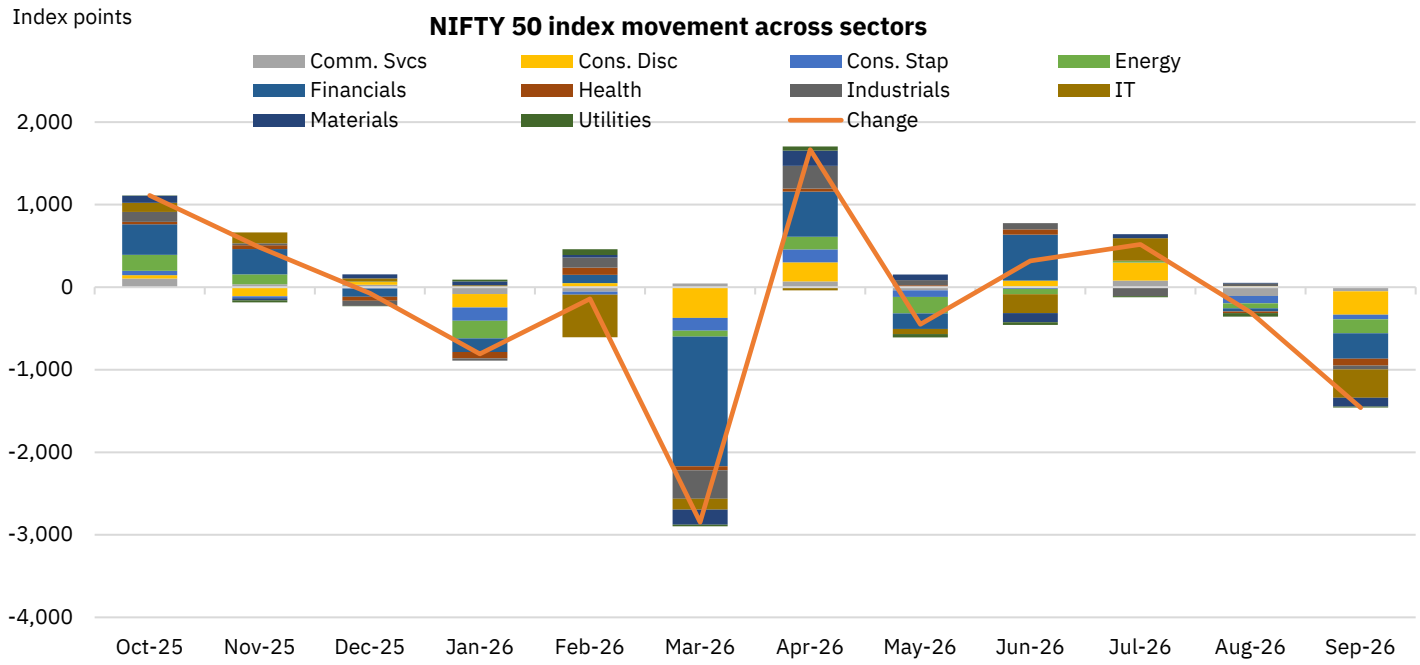
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 157: Sector-wise contribution to Nifty 50 Index change (points) in the last 12 months



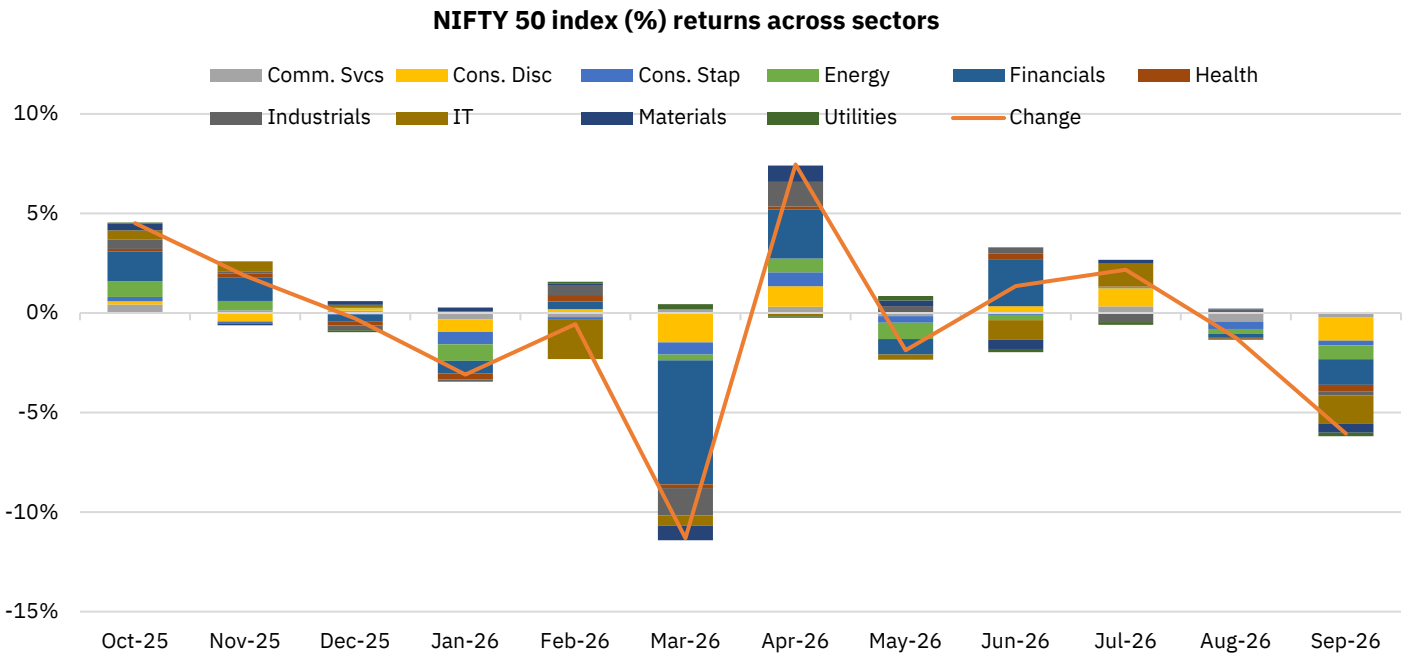
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 158: Nifty 50 Index monthly movement across sectors over the last 12 months



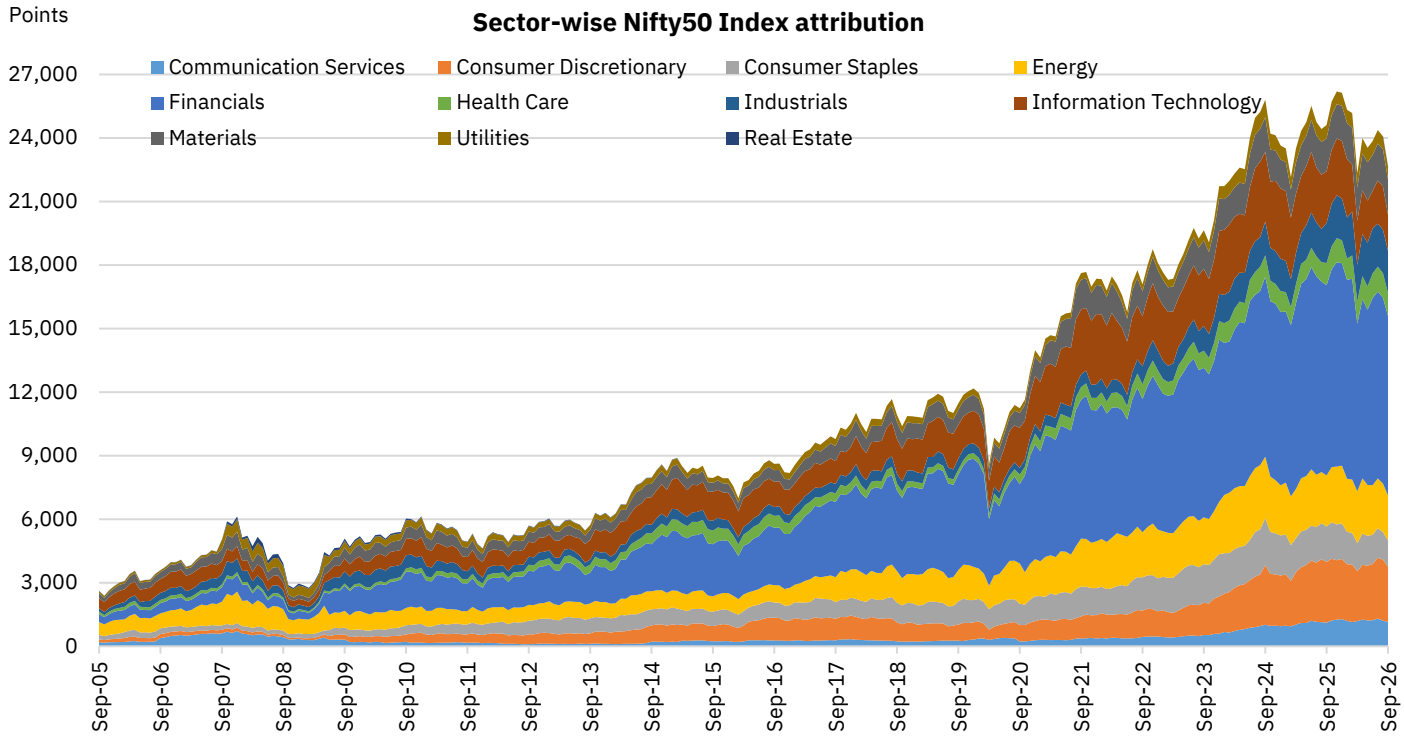
Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 159: Nifty 50 Index monthly return across sectors over the last 12 months



Source: LSEG Workspace, CMIE Prowess, NSE Indices, NSE EPR.

Figure 160: Sector-wise Nifty50 Index attribution (2005-)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

The relative outperformance of Industrials and Financials lifted their weights in the Nifty 50 by 35bps, and 99 bps MoM to 8.9%, and 37.5%, respectively. The gains came largely at the expense of Information Technology and Consumer Discretionary, whose weights declined by 97 bps, and 48 bps to 7.5% and 11.5% respectively, almost entirely reversing the gains seen in the previous two months. The weight of Consumer Staples inched up marginally on a MoM basis, but remained closer to over 17-year low levels. The weight of

Energy in the Nifty 50 Index also moderated slightly to decadal lows to 9.4%, reflecting the impact of heightened volatility in crude oil prices amid elevated geopolitical uncertainty.

The shift is more pronounced over a 12-month horizon. Industrials, Financials, Materials and Communication Services increased their weights by 123bps, 99bps, 97bps and 57bps YoY to 8.9%, 37.5%, 7.3% and 5.1% respectively. The increase was accompanied by a sharp decline in the weights of Information Technology and Consumer Staples, reflecting the relative underperformance of these sectors over the period.

Figure 161: Nifty 50 sector weightage (September 2025)

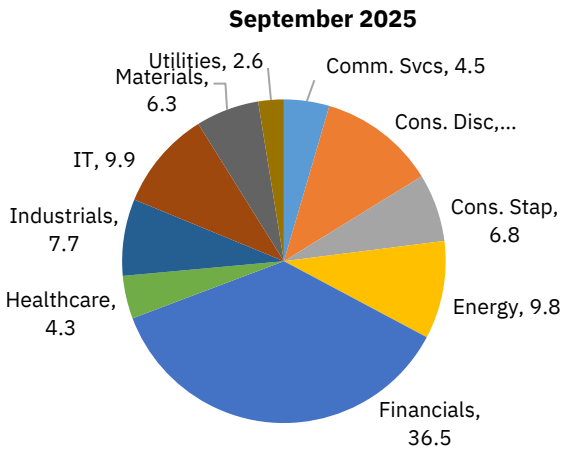
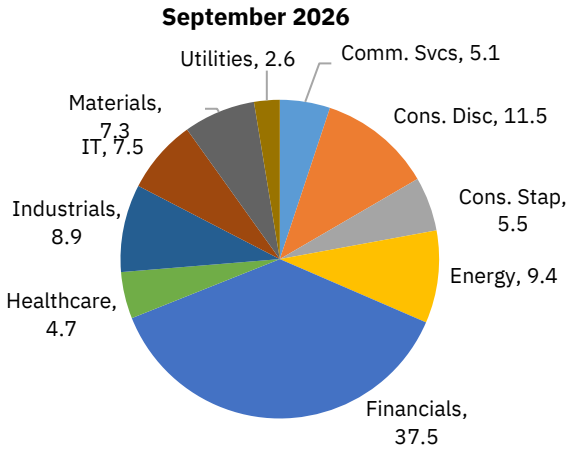
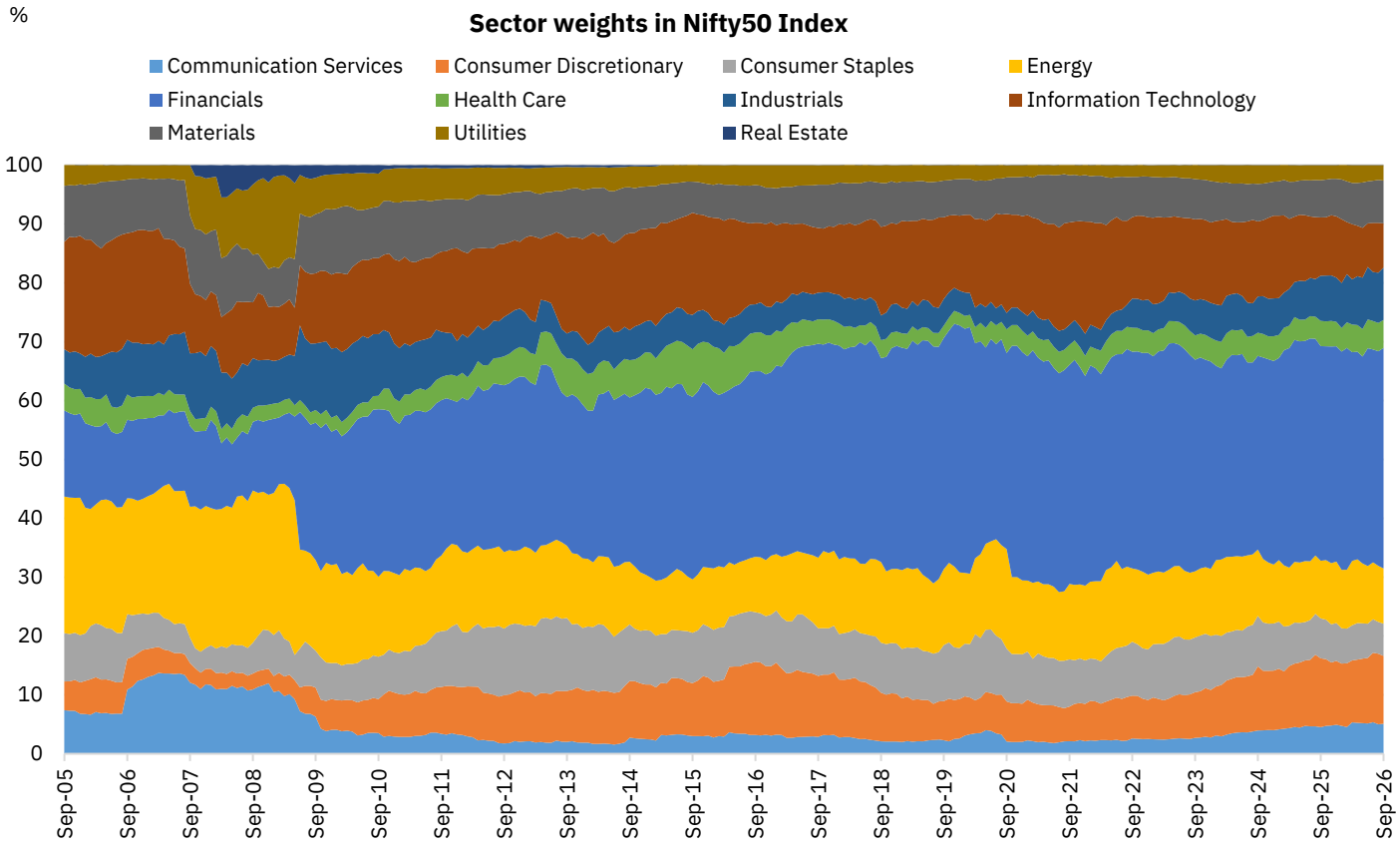


Figure 162: Nifty 50 sector weightage (September 2026)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Figure 163: Sector weights in the Nifty 50 Index (2005-)



Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 36: Top five Nifty 50 Index gainers in September 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Adani Ports & Special Economic Zone Ltd.	ADANIPORTS	12.9	0.2	48
Adani Enterprises Ltd.	ADANIENT	1.5	0.1	32
Coal India Ltd.	COALINDIA	5.8	0.0	10
Dr. Reddy's Laboratories Ltd.	DRREDDY	6.8	0.0	9
I T C Ltd.	ITC	2.8	0.0	8
Total			**0.4**	**106**
Nifty 50 Index	**NIFTY 50**	**-6.1**	**-6.1**	**-1,460**

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 37: Top five Nifty 50 Index gainers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
Shriram Finance Ltd.	SHRIRAMFIN	59.5	0.4	111
Titan Company Ltd.	TITAN	36.2	0.4	107
Adani Ports & Special Economic Zone Ltd.	ADANIPORTS	28.1	0.3	80
Adani Enterprises Ltd.	ADANIENT	19.5	0.3	70
State Bank Of India	SBIN	10.0	0.3	68
Total			**1.8**	**435**
Nifty 50 Index	**NIFTY 50**	**-8.1**	**-8.1**	**-1,991**

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 38: Top five Nifty 50 Index losers in September 2026

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
I C I C I Bank Ltd.	ICICIBANK	-9.1	-0.9	-228
Reliance Industries Ltd.	RELIANCE	-7.0	-0.7	-171
Infosys Ltd.	INFY	-12.3	-0.5	-112
State Bank Of India	SBIN	-9.5	-0.4	-101
Larsen & Toubro Ltd.	LT	-7.0	-0.4	-85
Total			**-2.9**	**-697**
Nifty 50 Index	**NIFTY 50**	**-6.1**	**-6.1**	**-1,460**

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Table 39: Top five Nifty 50 Index losers in the last 12 months

Security name	Security symbol	Return (%)	Index % return contribution (%)	Index change contribution (points)
H D F C Bank Ltd.	HDFCBANK	-25.5	-3.3	-818
Infosys Ltd.	INFY	-31.1	-1.5	-375
Reliance Industries Ltd.	RELIANCE	-13.0	-1.2	-298
I T C Ltd.	ITC	-34.6	-1.2	-296
Tata Consultancy Services Ltd.	TCS	-28.0	-0.8	-191
Total			**-8.0**	**-1,978**
Nifty 50 Index	**NIFTY 50**	**-8.1**	**-8.1**	**-1,991**

Source: LSEG Workspace, CMIE Prowess, NSE EPR.

Valuation analysis

Market valuations corrected sharply in September amid broad-based selling: After easing marginally in August, Indian equity valuations came under further pressure in September, as the Nifty 50 declined 6.1% MoM, its sharpest monthly correction since March 2026. The decline reflected heightened global risk aversion amid elevated crude oil prices, rising global bond yields and renewed foreign portfolio outflows, despite sustained domestic institutional buying. This led to market valuations correcting further, with the Nifty 50 currently trading at a 12-month forward P/E of 17.6x, only marginally higher than the last 15-year average of 17.1x. On a forward P/B basis, the index entered September at 2.8x, compared with a long-term average of 2.6x. The correction during the month, however, has brought valuations closer to historical averages. Notwithstanding the improvement in relative attractiveness of Indian equities given resilient domestic macroeconomic environment, elevated global interest rates and uncertainty around corporate earnings remain important considerations.

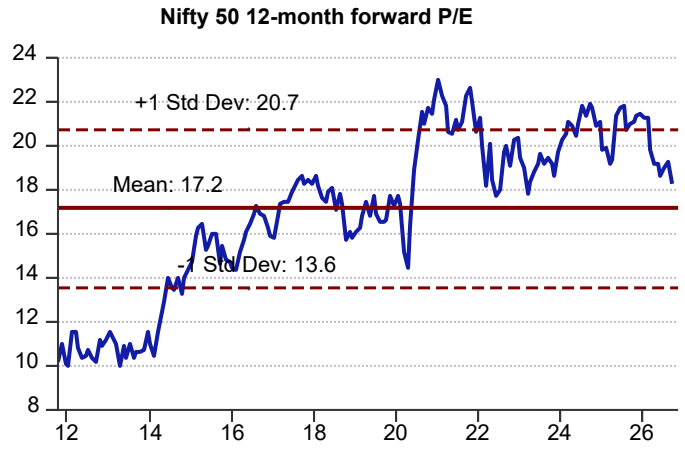
...Accompanied by further decline in India's valuation premium to emerging markets: Indian equities have historically traded at a premium to broader emerging markets, reflecting stronger growth prospects, macroeconomic resilience and a deep domestic investor base. This premium moderated through much of 2025 from the elevated levels seen in 2024. After narrowing sharply by mid-March amid India's relative underperformance, it recovered briefly in April before compressing again as Taiwan, China and Korea outperformed. By mid-October 2025, India's forward P/E premium had converged towards its long-term average of around 57%.

The premium widened again towards the end of 2025, eased in January 2026 and recovered over the following three months before correcting sharply in May. It subsequently widened significantly from June, reaching a near two-year high of 108% on August 10th, before narrowing to 92% by October 16th. Despite this correction, the premium remains around 34pp above its 15-year average and 14pp above the upper one-standard-deviation threshold, indicating that Indian equities continue to command substantially higher earnings-based valuations than the broader emerging-market universe.

In contrast, India's valuation premium on a P/B basis has declined considerably and now stands well below historical averages. After recovering from multi-year lows in early June to 52.5% by July-end, India's P/B premium to MSCI EM narrowed sharply over the subsequent two-and-a-half months to 39.7% as of October 16th. This compares with a long-term average of 87% and a lower one-standard-deviation threshold of around 60%, highlighting the extent of the compression in India's relative book-value-based valuations.

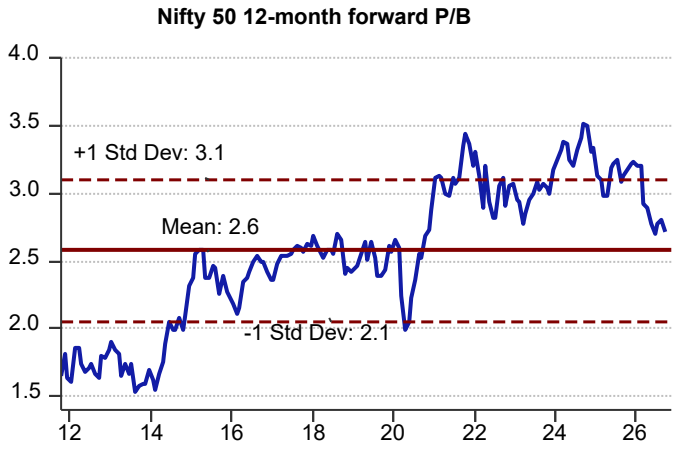
The divergence between the two valuation measures is notable. While India's forward P/E premium remains elevated and well above its historical average despite the recent correction, its P/B premium has fallen sharply significantly below its long-term average. This indicates that India's relative valuation premium is considerably more pronounced in relation to expected earnings than to book value.

Figure 164: Nifty 50 NTM P/E trend for last 15 years



Source: LSEG Workspace, NSE EPR.

Figure 165: Nifty 50 NTM P/B trend for last 15 years



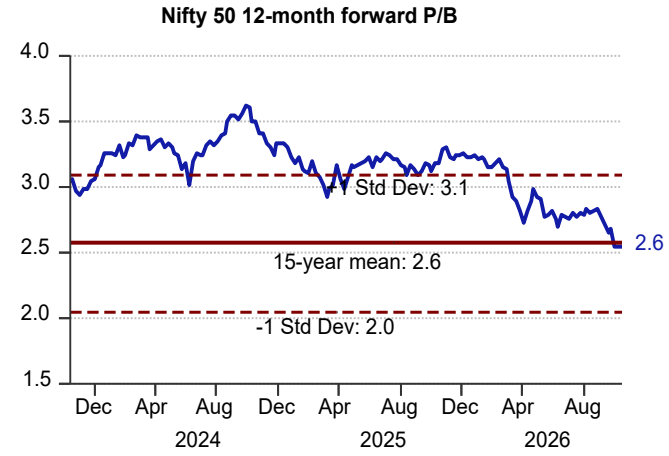
Source: LSEG Workspace, NSE EPR.

Figure 166: Nifty 50 NTM P/E (Last three-year trend)



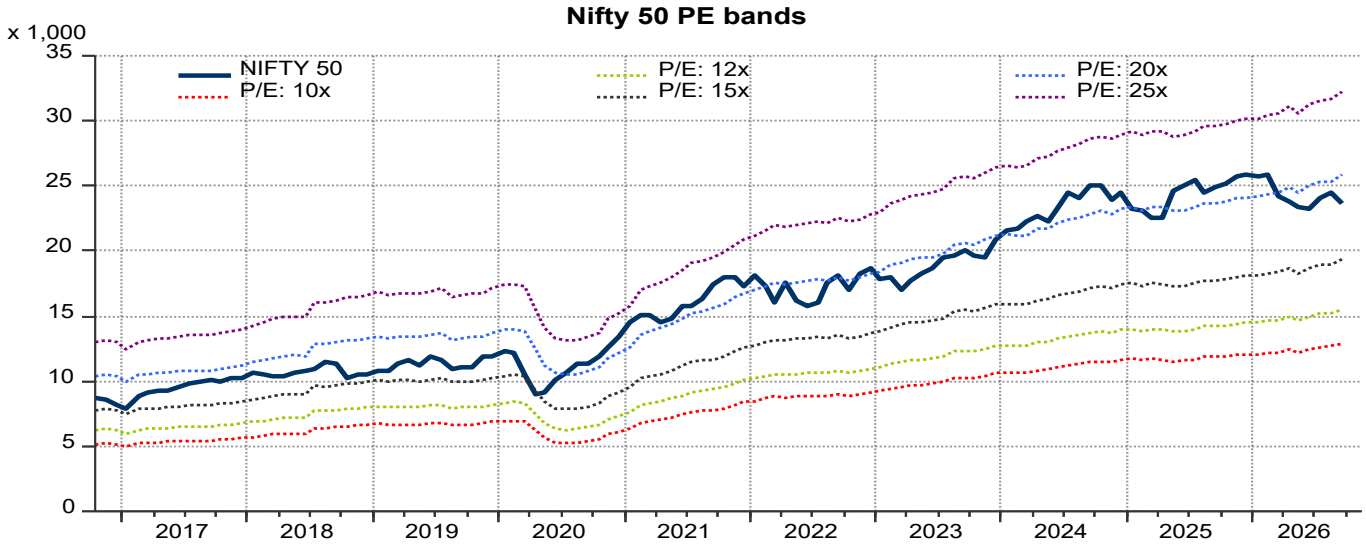
Source: LSEG Workspace, NSE EPR.

Figure 167: Nifty 50 NTM P/B (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

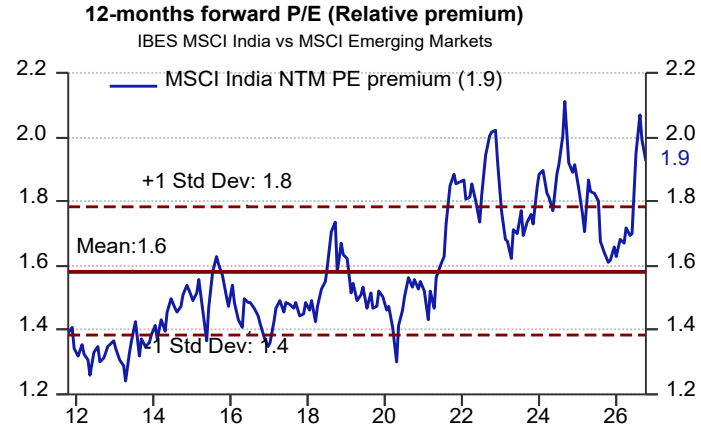
Figure 168: Five-year trend of Nifty 50 values at different 12-month forward P/E bands



Source: LSEG Workspace, NSE EPR

Figure 169: NTM P/E of MSCI India vs. MSCI EM (15-year trend)

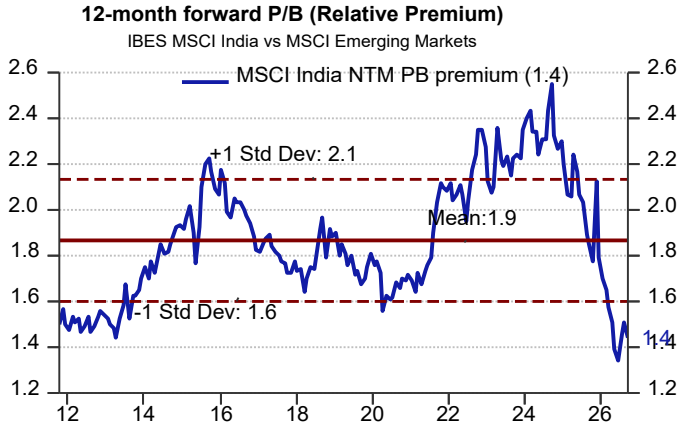
On a 12m forward P/E, India trades at a 92% premium to EM peers, down from 108% in early August. Despite the correction, it is still ~34pp above the 15Y mean, and 14pp north of one std. dev above the mean.



Source: LSEG Workspace, NSE EPR

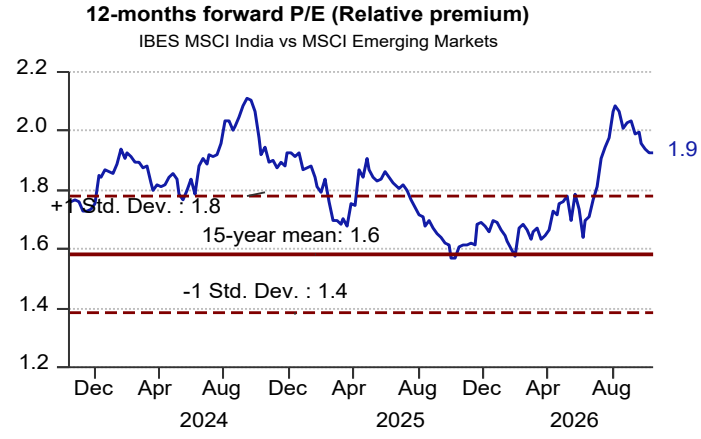
Figure 170: NTM P/B of MSCI India vs. MSCI EM (15-year trend)

On 12m forward P/B, India's valuation premium to MSCI EM has fallen sharply, from 52.5% in July-end to near-40% currently, and it continues to remain south of one-standard deviation below the long-term mean.



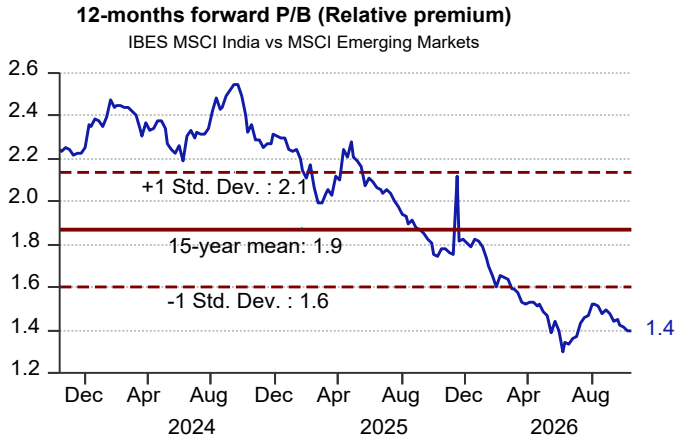
Source: LSEG Workspace, NSE EPR

Figure 171: NTM P/E of MSCI India vs. MSCI EM (Last three-year trend)



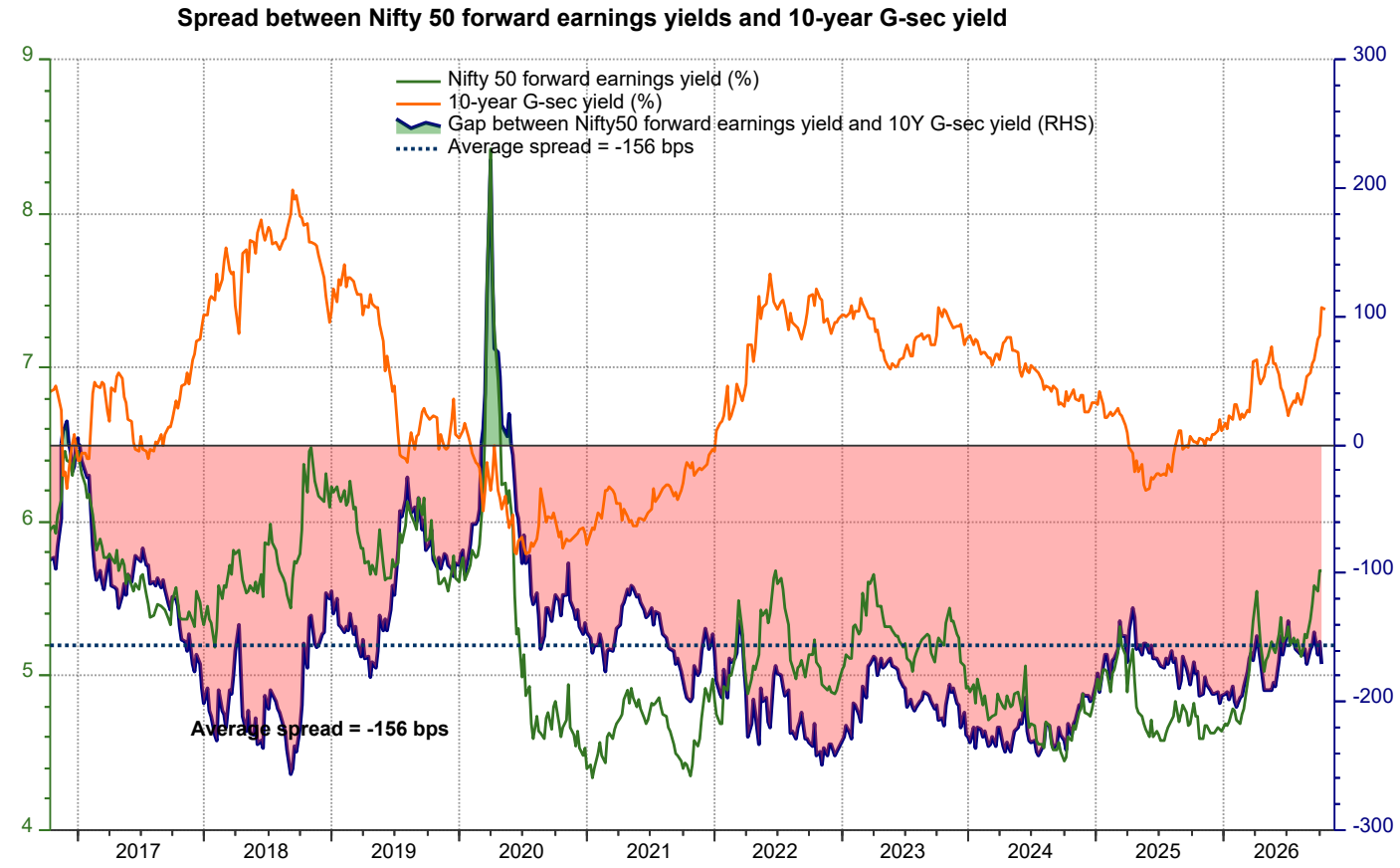
Source: LSEG Workspace, NSE EPR.

Figure 172: NTM P/B of MSCI India vs. MSCI EM (Last three-year trend)



Source: LSEG Workspace, NSE EPR.

Figure 173: Nifty 50 forward earnings yield* vs. 10-year G-sec yield



Source: LSEG Workspace, NSE EPR. * Forward earnings yield for Nifty 50 is calculated as (1/12-month forward PE).

4.3 Fixed income market performance

Table 40: Performance of key debt indices (As of September 30th, 2026)

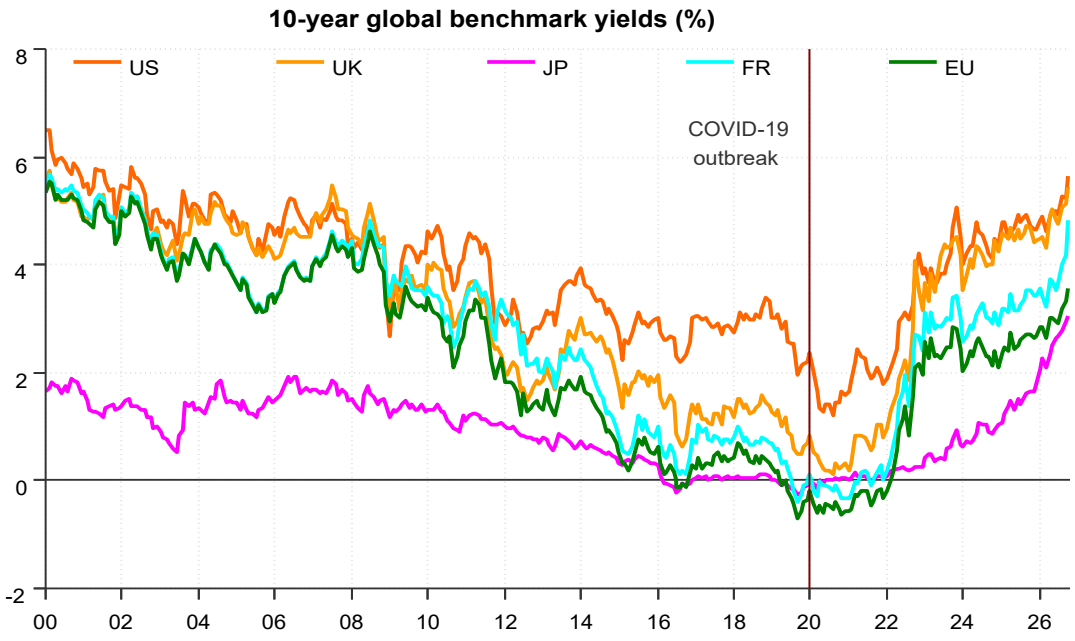
Category	Index name	Absolute returns (%)				CAGR returns (%)		
		1M	3M	6M	1Y	2Y	3Y	5Y
G-sec	Nifty 5yr Benchmark G-sec Index	(0.5)	(0.2)	3.3	4.2	6.3	7.4	6.1
	Nifty 10 yr Benchmark G-Sec	(1.0)	(1.3)	2.1	1.8	4.5	6.4	5.1
	Nifty Composite G-sec Index	(1.0)	(1.2)	3.1	2.8	4.7	6.8	5.7
SDL	NIFTY 10 Year SDL Index	(2.0)	(4.5)	(4.8)	(10.7)	(4.9)	(0.2)	1.9
AAA credit	NIFTY AAA Ultra Short Duration Bond Index	0.5	1.7	3.7	6.8	7.1	7.4	6.8
	NIFTY AAA Short Duration Bond Index	0.3	0.4	2.5	4.3	6.2	6.6	5.7
	NIFTY AAA Low Duration Bond Index	0.5	1.3	3.2	5.8	6.7	6.9	6.3
	NIFTY AAA Medium Duration Bond Index	(0.1)	(0.8)	1.8	2.5	4.9	5.9	5.0
	NIFTY AAA Medium to Long Duration Bond Index	(0.7)	(2.1)	0.4	0.3	3.3	5.0	4.4
	NIFTY AAA Long duration Bond Index	(1.4)	(3.0)	(0.8)	(2.9)	(0.1)	3.0	3.2
Composite	NIFTY Liquid Index	0.5	1.6	3.4	6.5	6.7	7.0	6.4
	NIFTY Money Market Index	0.5	1.7	3.7	6.8	7.1	7.3	6.6
	NIFTY Ultra Short Duration Debt Index	0.6	1.8	3.9	7.1	7.3	7.5	6.9
	NIFTY Short Duration Debt Index	0.3	0.6	2.7	4.7	6.3	6.8	6.0
	NIFTY Low Duration Debt Index	0.5	1.6	3.6	6.4	7.0	7.2	6.6
	NIFTY Medium Duration Debt Index	(0.2)	(0.5)	1.9	2.8	5.2	6.2	5.4
	NIFTY Medium to Long Duration Debt Index	(0.8)	(1.8)	0.6	0.1	3.1	5.1	4.8
	NIFTY Long Duration Debt Index	(1.3)	(2.6)	1.1	(1.1)	1.3	4.5	4.4
	NIFTY Composite Debt Index	(0.6)	(1.2)	1.6	1.5	3.9	5.6	5.2
	NIFTY Corporate Bond Index	0.2	0.2	2.3	4.0	5.9	6.5	5.8

Source: NSE Indices, NSE EPR.

Global sovereign bond witnessed sharp sell-off in September, followed by a partial recovery in October: Global sovereign bond yields rose sharply in September, driven by heightened inflationary concerns amid escalating geopolitical tensions, rising crude oil prices and expectations of further monetary tightening by major central banks. The US 10-year Treasury yield surged past 5.3% in September, its highest level in 24 years, while 30-year yield remained elevated amid concerns over fiscal sustainability and rising borrowing requirements. The US Federal Reserve raised its policy rate by 25 bps to 3.75%-4% in September, its first hike since 2023, reinforcing expectations of higher interest rates for longer. European sovereign bonds mirrored this weakness, with German 10-year Bund yields increasing by 26 bps to 3.59%, supported by higher energy prices, fiscal concerns and European Central Bank's 25bps rate hike. UK 10-year gilt yields rose by 28 bps to 5.43%, while the 30-year yield approached near-6%, reflecting persistent inflation and fiscal uncertainties. In Japan, the 10-year yield increased by 11 bps to 3.05% as the Bank of Japan raised its policy rate by 25 bps to 1.25%.

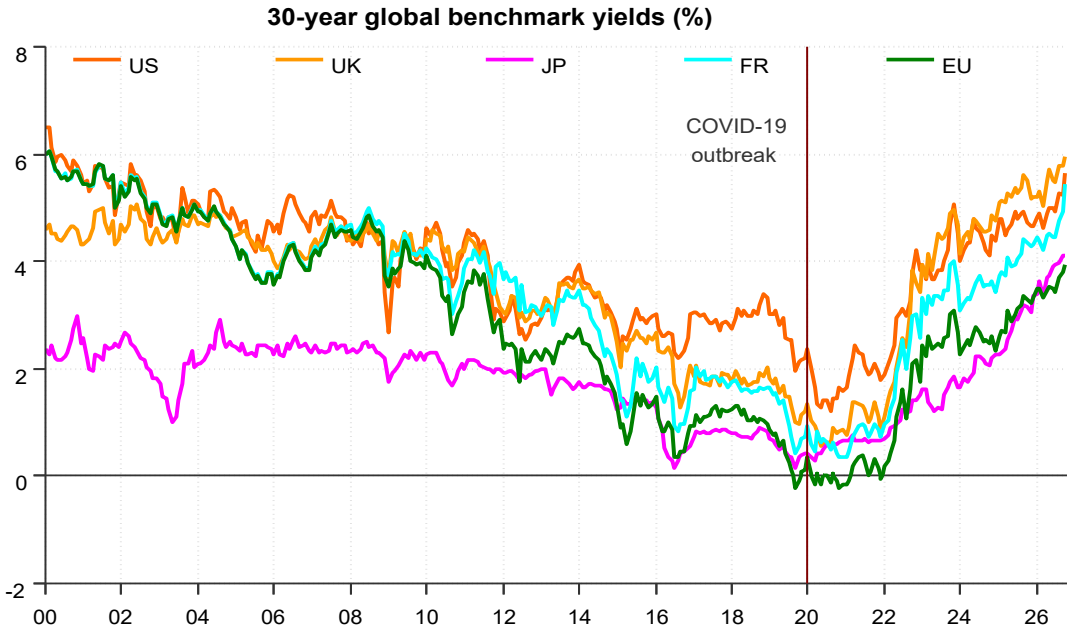
The September sell-off initially extended into October before reversing partially with the US 10-year yield easing towards 5.1% by mid-October, as investors demand for safe-haven assets increased amid rising uncertainty. Other global bond markets also witnessed a commensurate decline in sovereign yields in October. Nevertheless, elevated inflation risks and sovereign borrowing pressures continued to constrain the scope for a sustained decline in global yields.

Figure 174: Long-term trend of 10-year sovereign bond yields across major developed economies



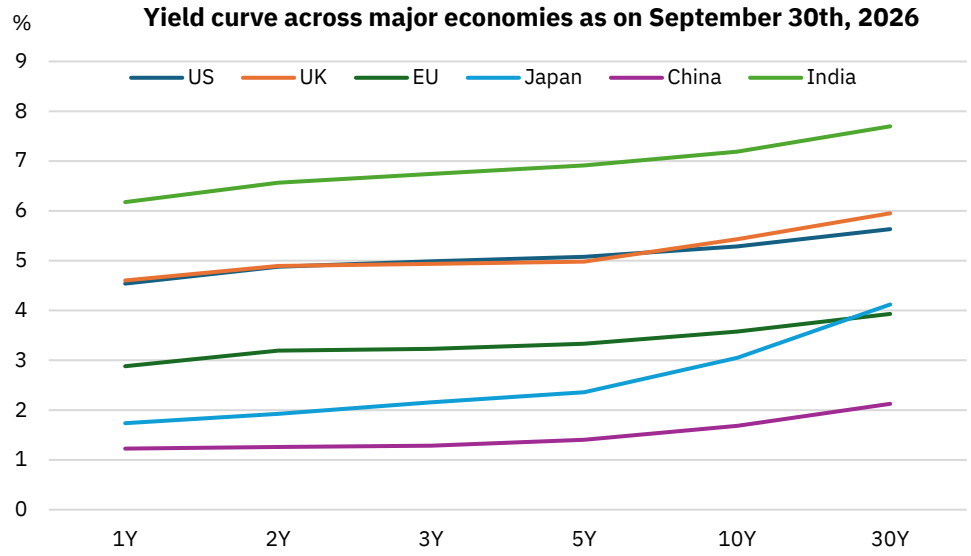
Source: LSEG Workspace, NSE EPR.

Figure 175: Long-term trend of 30-year sovereign bond yields across major developed economies



Source: LSEG Workspace, NSE EPR.

Figure 176: Sovereign yields curve across major economies



Source: NSE Cogencis, LSEG Workspace, NSE

Figure 177: Change in sovereign yields across major economies in September 2026

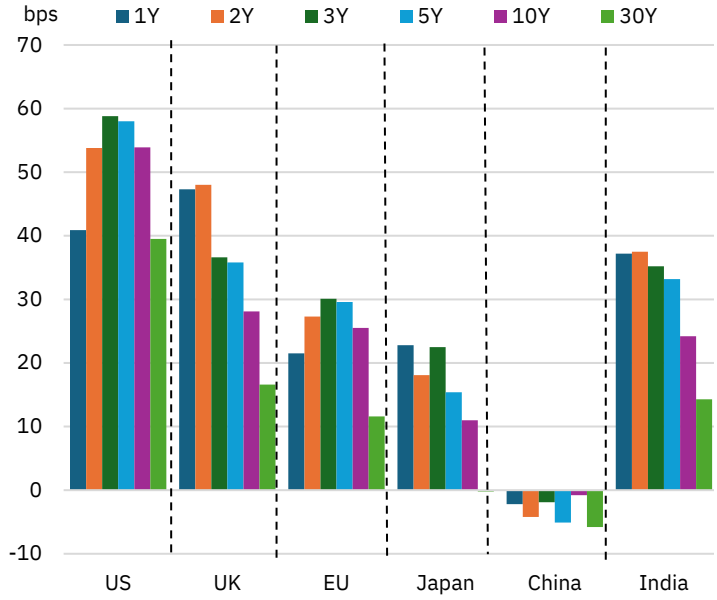
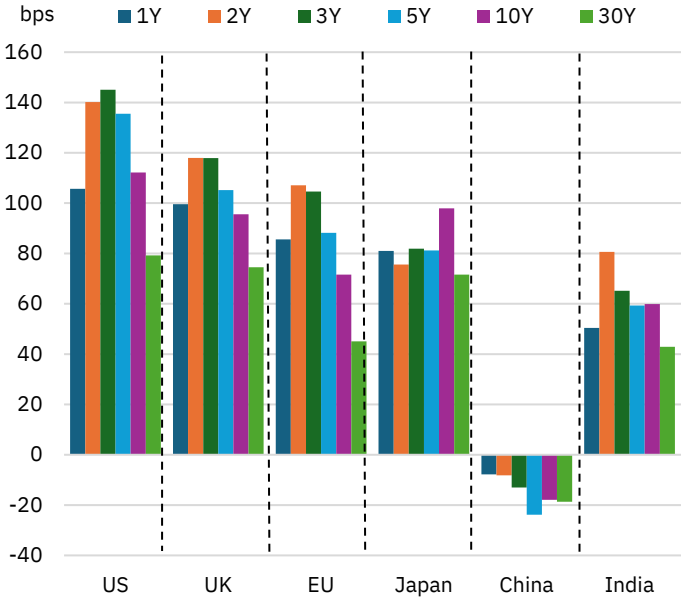


Figure 178: Change in sovereign yields across major economies in CY26 (As on September 30th, 2026)



Source: NSE Cogencis, LSEG Workspace, NSE EPR.

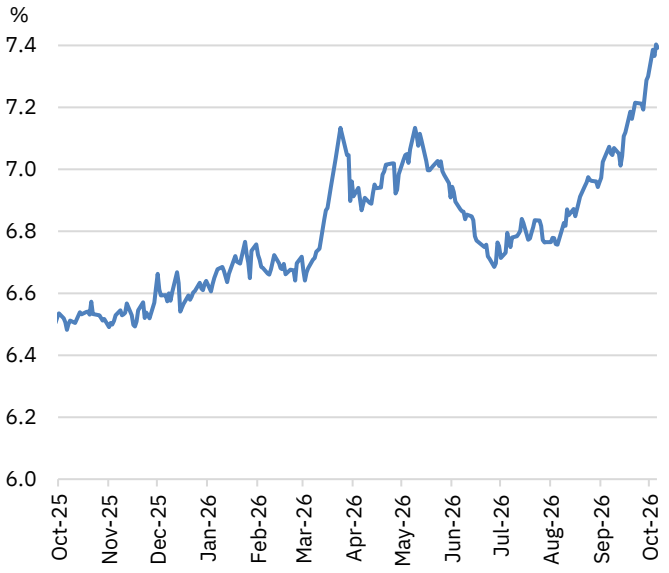
Indian G-Sec bonds surged in September and early October: India's sovereign bond yields hardened significantly in September and extended their upward trajectory into October. The Indian G-Sec market came under sustained selling pressure during this period, reflecting the combined impact of rising global sovereign yields, elevated crude prices, rupee depreciation, domestic inflation and liquidity absorption by the Reserve Bank of India (RBI). The 10-year benchmark G-Sec yield increased by 24 bps from 6.95% to 7.19% at end-September. Yields moved above 7% during September and rose further towards 7.4% by mid-October. Liquidity conditions also tightened during September as the RBI conducted open market bond sales amounting to approximately Rs 1 lakh crore, while advance tax outflows reduced banking system liquidity, partly offsetting the liquidity support provided earlier by substantial FCNR(B) deposit inflows.

The RBI's October monetary policy review marked a significant turning point, with the Monetary Policy Committee (MPC) unanimously raising the repo rate by 25bps to 5.5% and shifting the stance from neutral to calibrated tightening. The subsequent repricing was particularly pronounced at shorter maturities, with 1-year, 3-year and 5-year yields rising 57bps, 31bps and 38bps respectively in October 2026 (As on October 16th, 2026), while 10-year and 30-year yields rose 19bps and 10bps, resulting in slight flattening of the yield curve. Average 10Y-2Y spreads declined to 64 bps in October from 71 bps in September in 78 bps in August.

Figure 179: India 10Y G-sec yield—long-term trend



Figure 180: India 10Y G-sec yield—last one-year trend



Source: NSE Cogencis, NSE EPR.
Note: Data is as of September 9th, 2026.

Figure 181: India sovereign yield curve

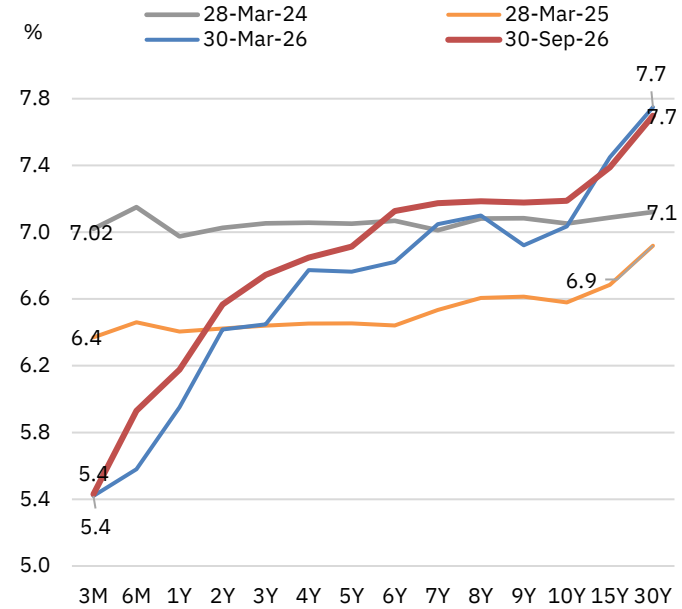
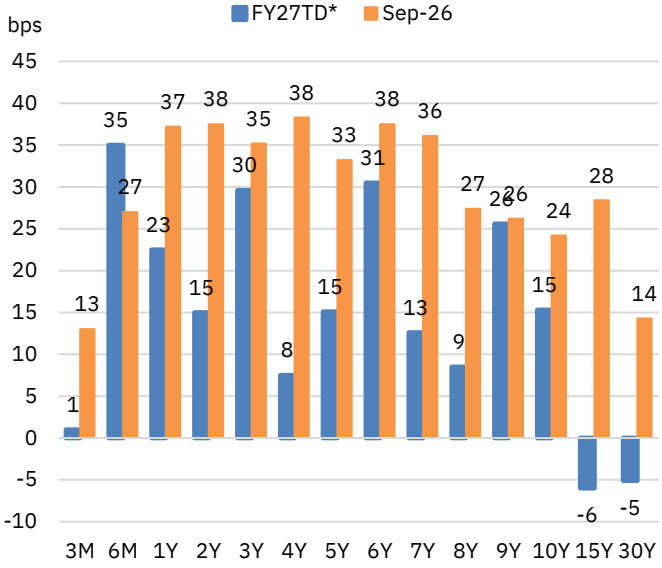
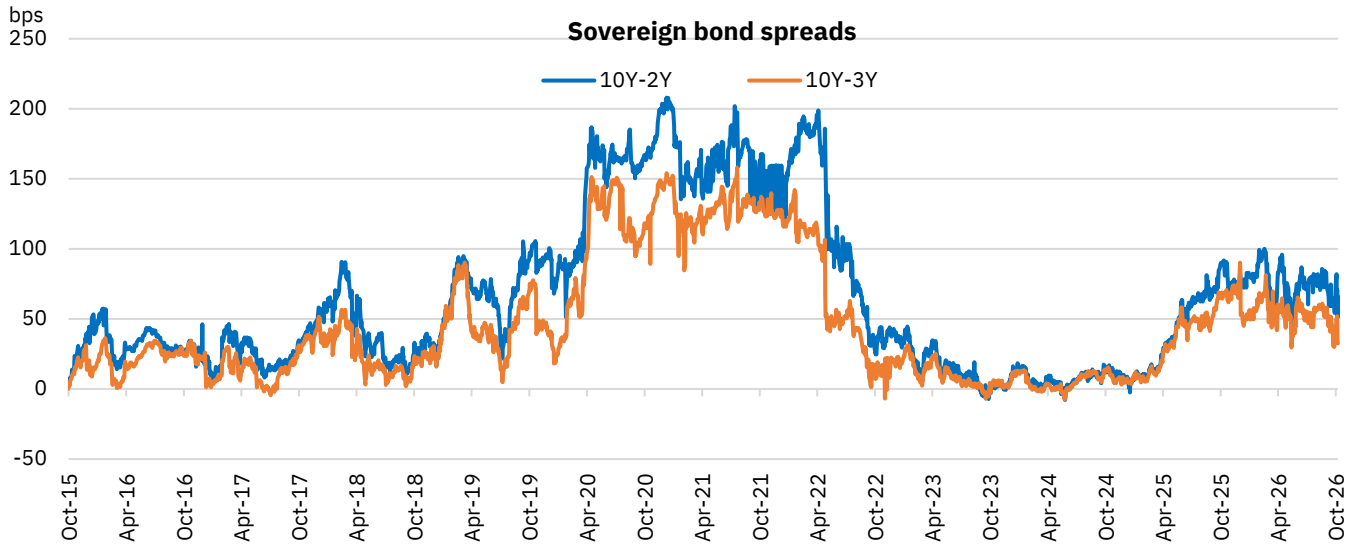


Figure 182: Change in sovereign yields across the curve so far FY27 (As on September 30th, 2026)



Source: NSE Cogencis, NSE EPR.

Figure 183: India sovereign bonds term premia



Source: NSE Cogencis, NSE EPR.
Note: Data is as of October 16th, 2026.

Figure 184: Annual trend of Centre's market borrowings

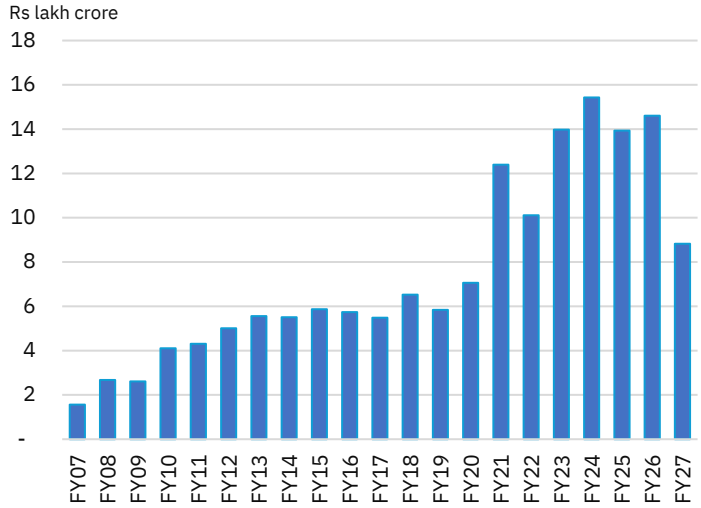
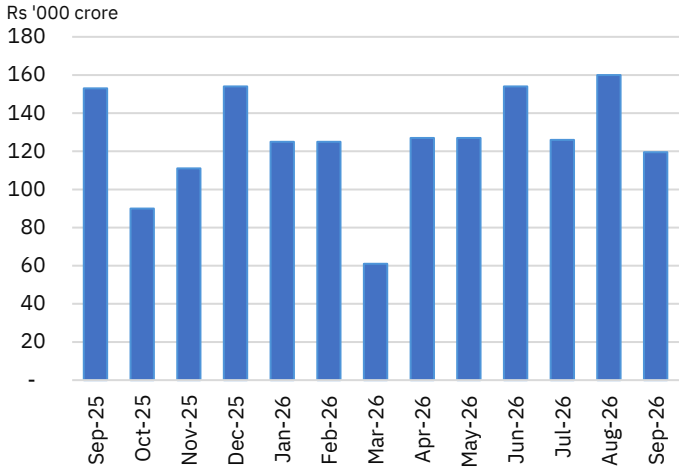
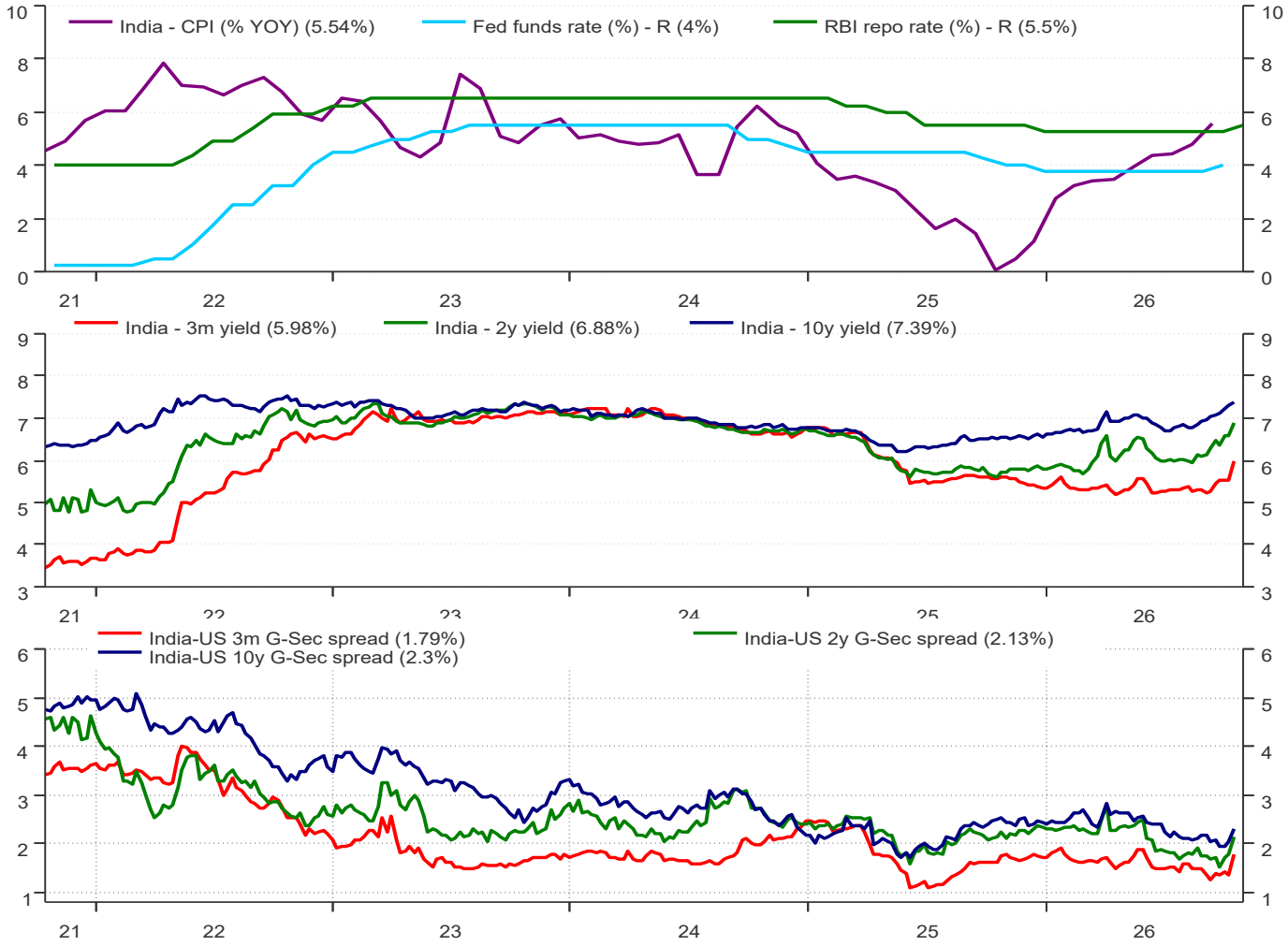


Figure 185: Centre's market borrowings in the last 12 months



Source: RBI, NSE EPR.
Note: 1. Above charts are based on date of issue.
2. FY27 data is as of October 16th, 2026.

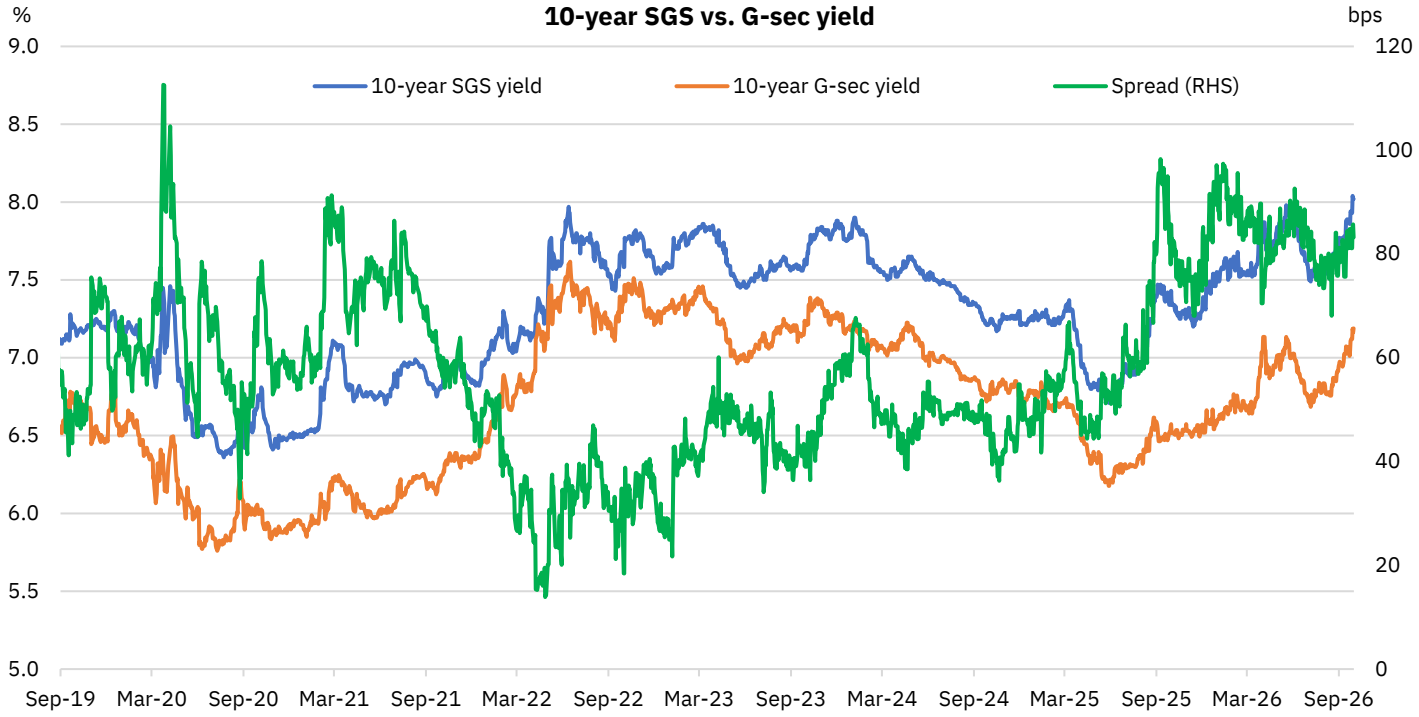
Figure 186: Inflation, yields and spreads in India vs. US



Source: LSEG Workspace, NSE EPR.

SGS yields rose in September amid higher sovereign yields and sustained borrowing pressures: Ten-year SGS yields hardened during September 2026, tracking the increase in central government bond yields, while sizeable state borrowing requirements kept spreads elevated. Average spread over 10-year G-Sec rose to 81 bps in September from 77 bps in August and 78 bps in July. State borrowings in the month of September surpassed Rs 1 lakh crore (+43% MoM), taking the average 10-year SGS yields to 8.02% - higher by 27 bps MoM. Supply-side pressures are expected to persist in the coming quarter, with the indicative state borrowing calendar for Q3FY27 pegged at Rs 3.6 lakh crore – 26% higher than the corresponding period last year.

Figure 187: Spreads between 10-year SGS and G-sec yields



Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

Figure 188: Annual state government borrowings

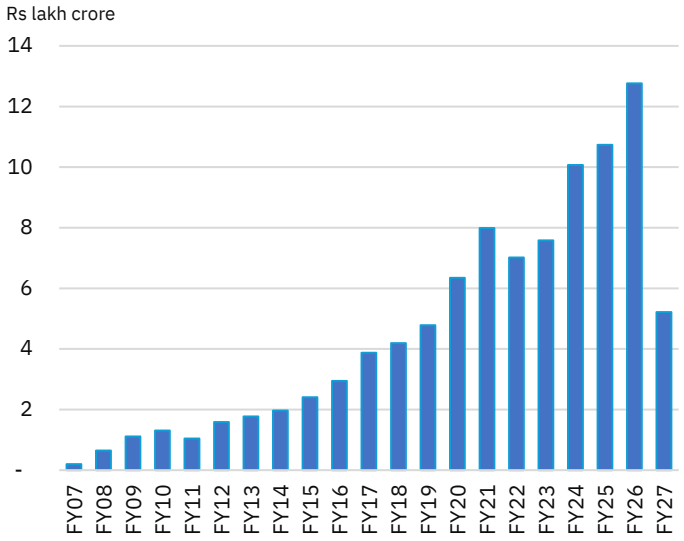
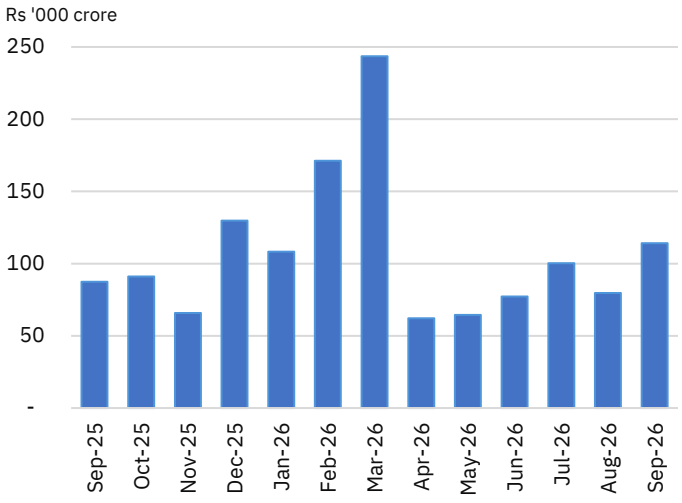


Figure 189: State government borrowings in the last 12 months



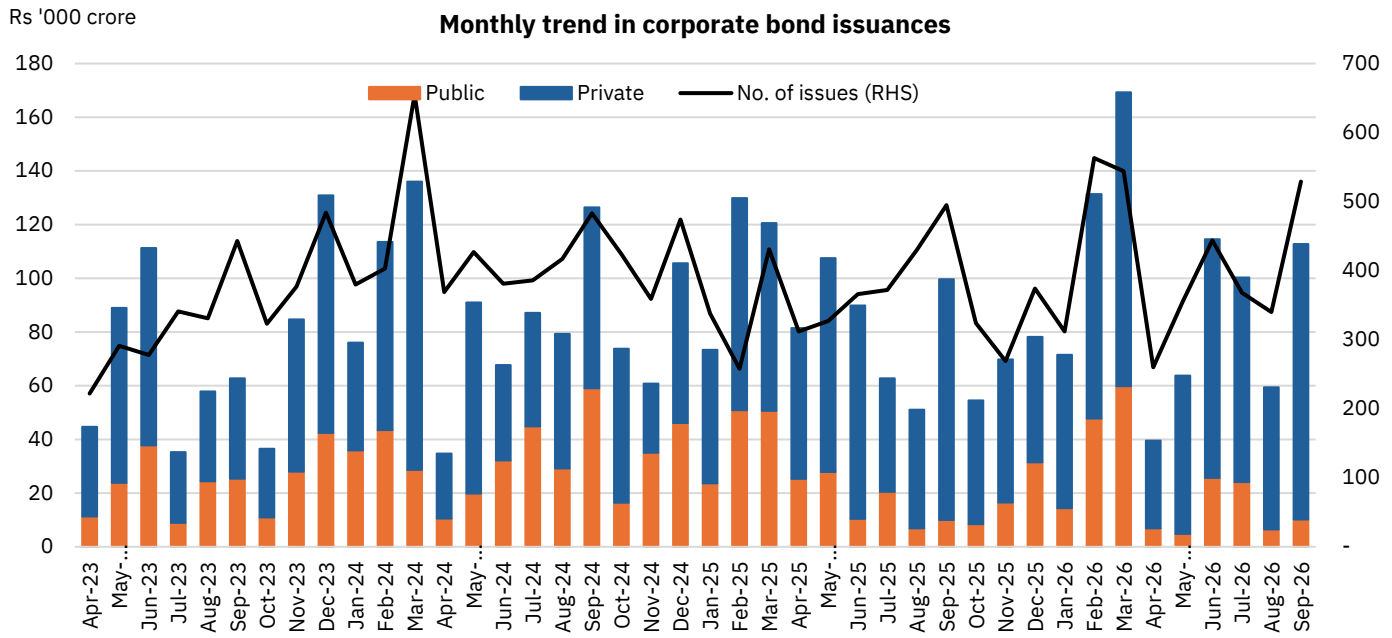
Source: RBI, NSE EPR.
Note: 1. Above charts are based on date of issue. 2. Data for FY27 is as on October 16th, 2026.

Corporate bond market performance

Corporate bond yields rose across tenors in September, while issuances rebounded sharply: Corporate bond market witnessed a broad-based increase in secondary market yields during September 2026, reflecting higher sovereign borrowing costs, expectations of monetary tightening and growing caution among investors. AAA-rated PSU bond yields rose across maturities with 1-year yield rising 19 bps MoM to 7.66%, while the 5-year and 10-year yield rising 29 bps to 7.91% to 7.94% respectively. Credit spreads over G-Sec also widened, with AAA PSU spreads expanding to 110 bps from 107 bps in August for 5-year tenors and 76 bps from 72 bps for 10-year tenors.

Despite the rising borrowing costs, primary market activity recovered in strongly as companies accelerated fundraising ahead of anticipated policy tightening. Corporate bond issuances surged to Rs 1.12 lakh crore in September, taking cumulative issuances during H1FY27 to Rs 4.90 lakh crore, broadly comparable with Rs 4.92 lakh crore raised in H1FY26. Secondary market activity also strengthened with the value of corporate bond trades settled on NSE's RFQ platform increasing to Rs 62,649 crore from Rs 61,075 crore in August.

Figure 190: Monthly trend in corporate bond issuances



Source: NSDL India Bond Info, NSE EPR.
Note: 1. Includes issuance of fully and partly convertible corporate bonds.

Table 41: Fiscal trend in corporate bond issuances

	FY24	FY25	FY26	FY27TD
Amount raised (Rs crore)	**978,633**	**1,050,361**	**1,066,984**	**4,90,424**
Public	321,039	418,393	279,349	78,168
Private	657,595	631,968	787,635	4,12,255
No. of Issues	**4,528**	**4,747**	**4,688**	**2,296**
Public	132	148	149	68
Private	4,396	4,599	4,539	2,228

Source: NSDL India Bond Info, NSE EPR.
Note: 1. Includes issuance of fully and partly convertible corporate bonds. 2. FY27TD data is as of September 30th, 2026.

Figure 191: Maturity profile of corporate bonds issued in the month of FY27 (As on September 30th, 2026)

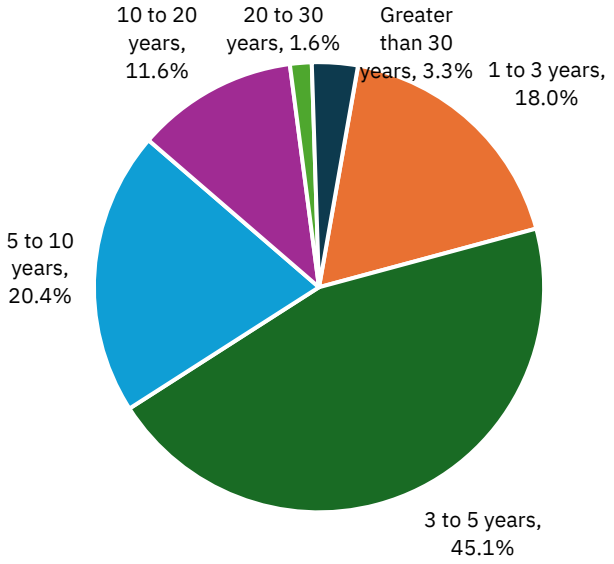
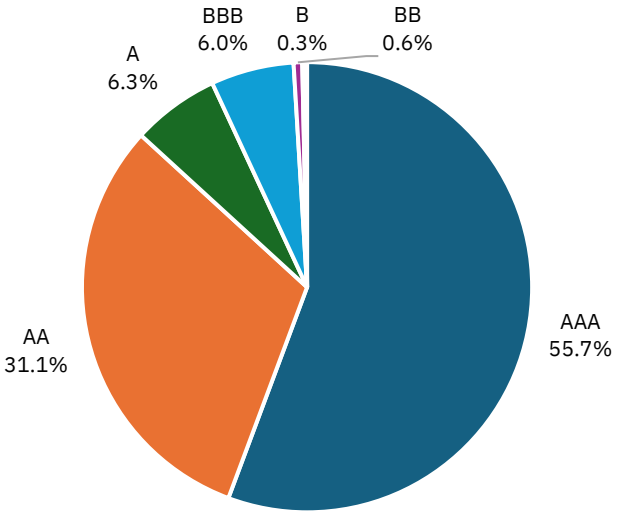


Figure 192: Credit profile of corporate bonds issued in the month of FY27 (As on September 30th, 2026)



Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.

Figure 193: Annual trend in maturity profile of corporate bond issuances

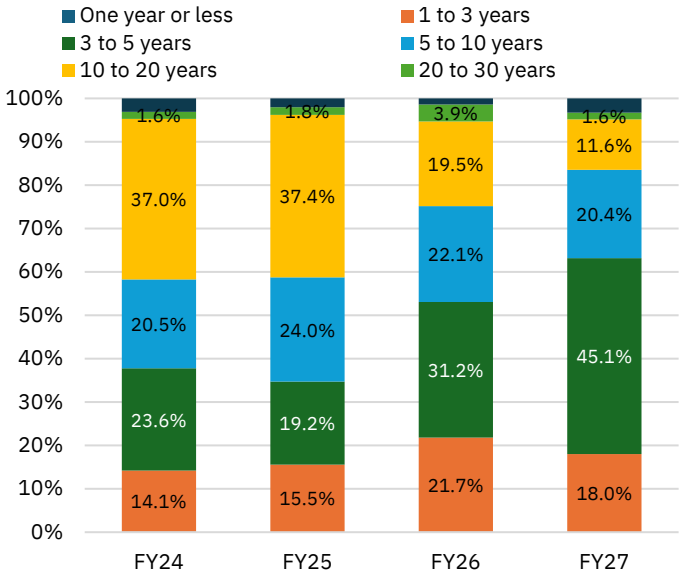
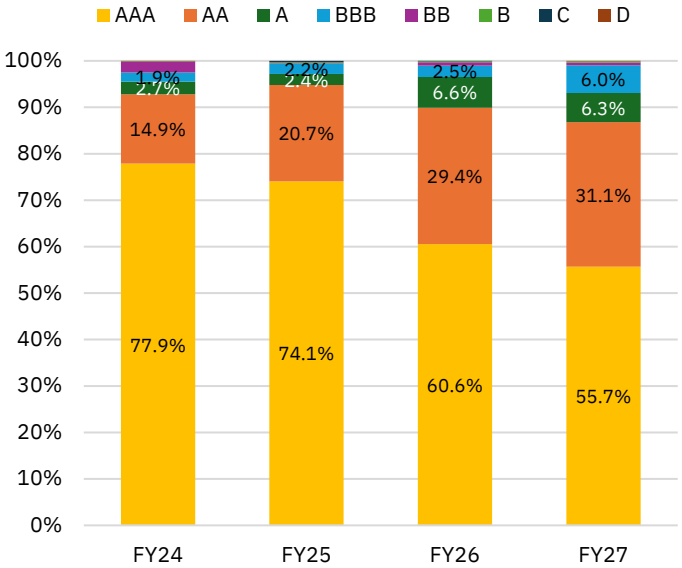
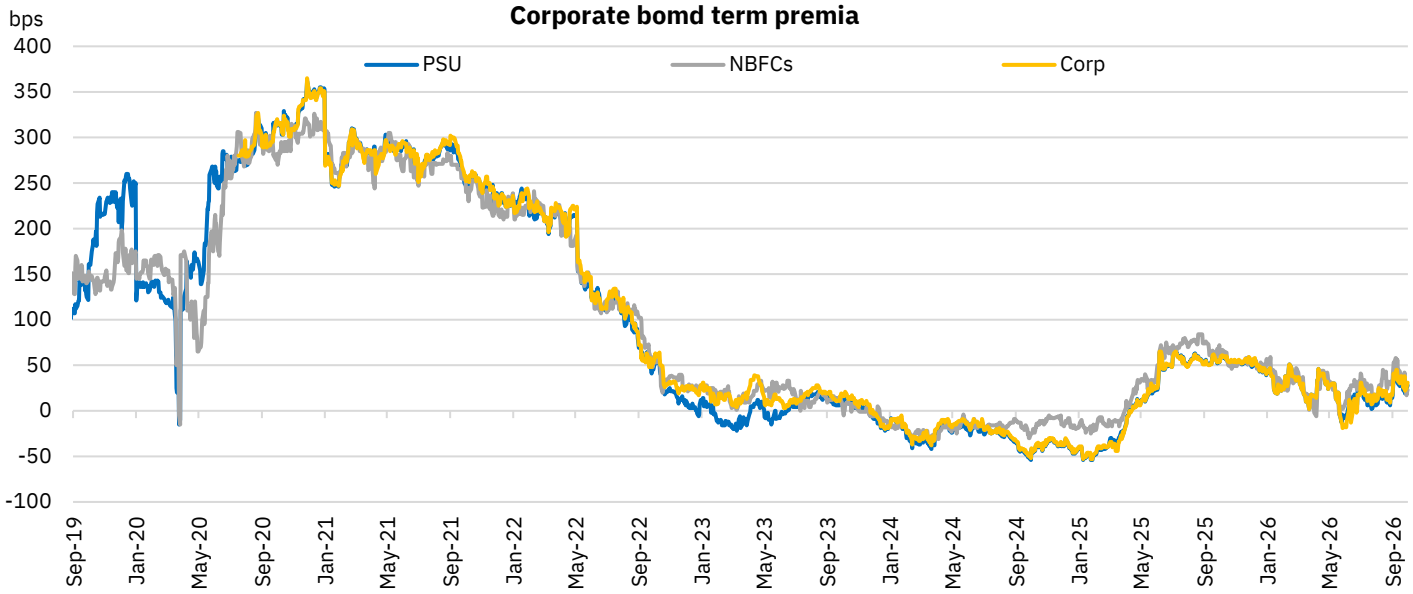


Figure 194: Annual trend in credit profile of corporate bond issuances



Source: NSDL India Bond Info, NSE EPR. Note: 1. Includes issuance of fully and partly convertible corporate bonds.
Note: FY27 data is as on September 30th, 2026.

Figure 195: Corporate bond term premia between 10-year and 1-year yields



Source: NSE Data and Analytics (NDAL), NSE EPR.

Figure 196: AAA-rated corporate bond yield curve

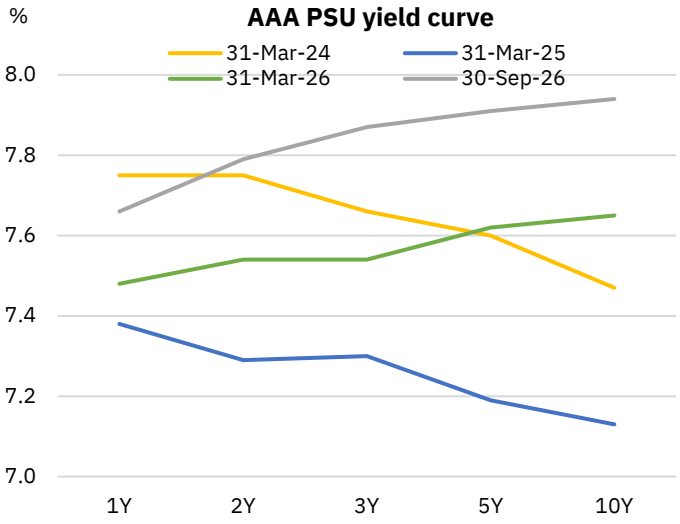
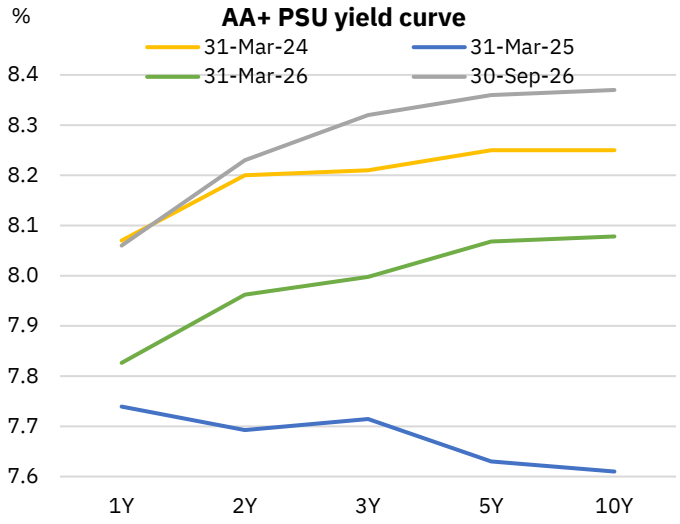
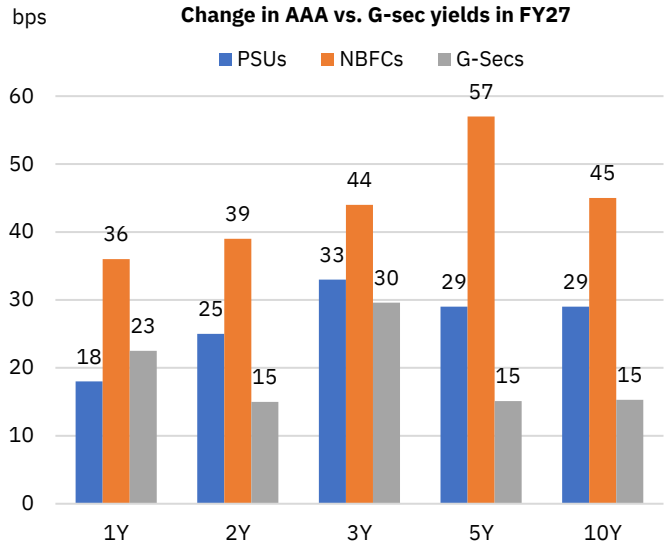


Figure 197: AA+ rated corporate bond yield curve



Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR.

Figure 198: Change in AAA corporate bond and G-sec yields in FY27



Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

Figure 199: Change in AA+ corporate bond and G-sec bond yields in FY27

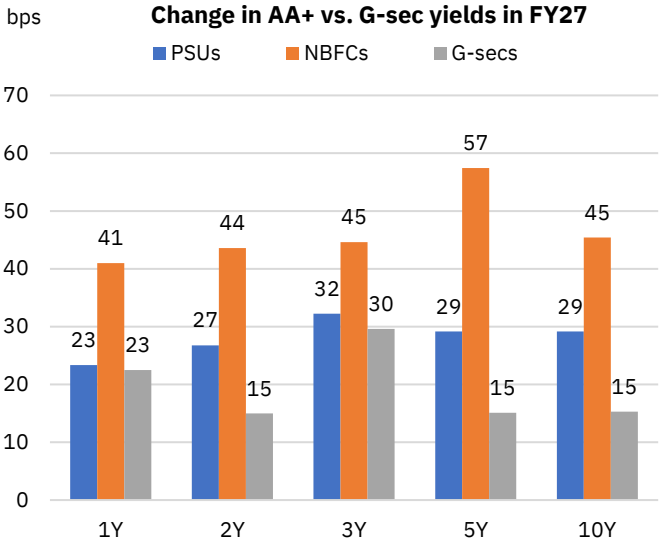


Figure 200: Spreads for one-year AAA-rated corporate bonds over G-Sec across segments

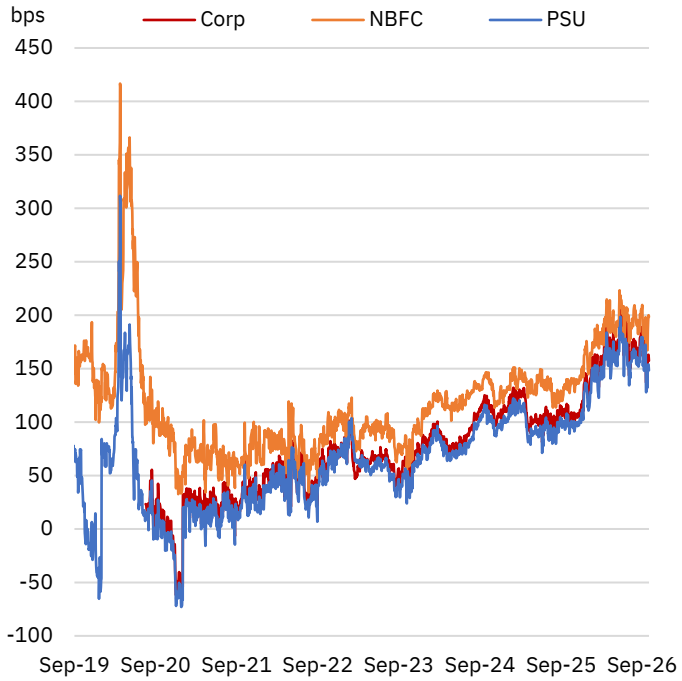
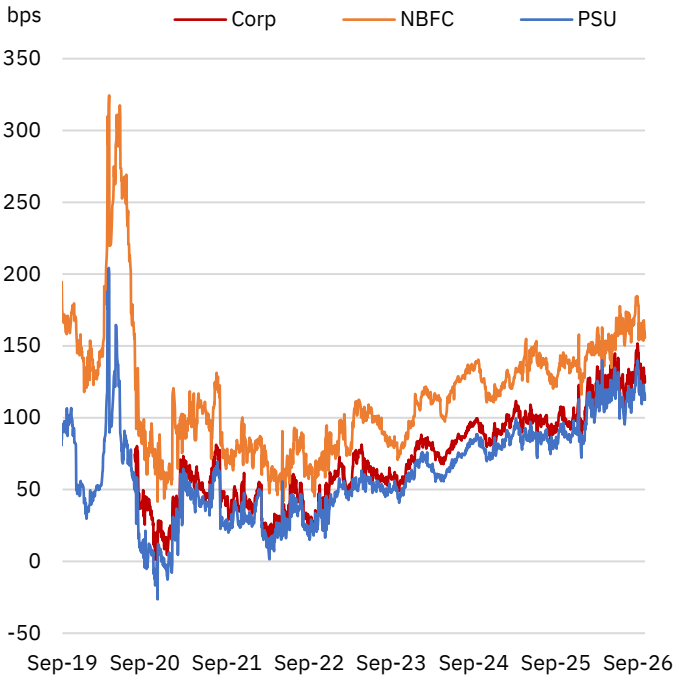


Figure 201: Spreads for three-year AAA-rated corporate bonds over G-Sec across segments



Source: NSE Data and Analytics (NDAL), Cogencis, NSE EPR.

Figure 202: Spreads for five-year AAA-rated corporate bonds over G-Sec across segments

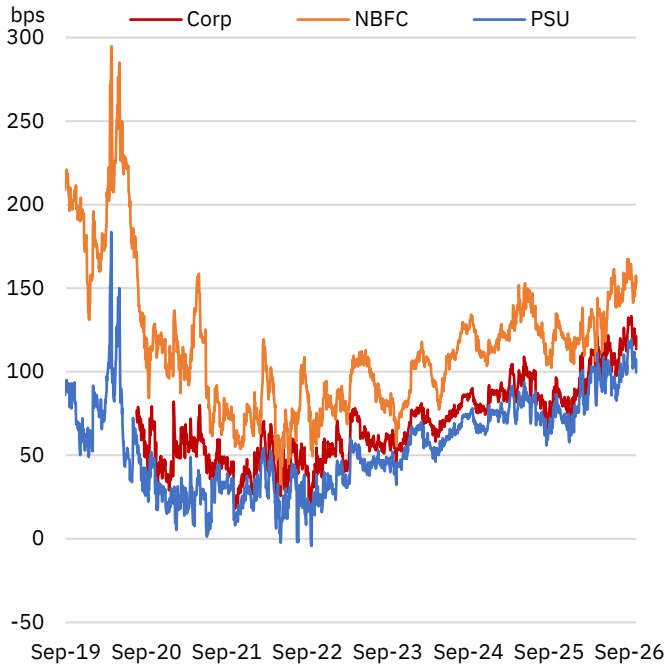
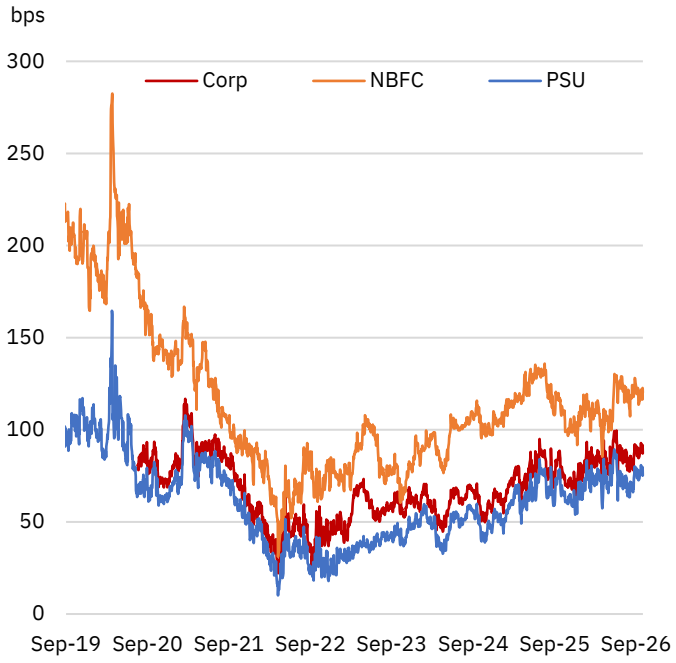


Figure 203: Spreads for 10-year AAA-rated corporate bonds over G-Sec across segments



Source: NSE Data and Analytics (NDAL), NSE Cogencis, NSE EPR.

4.4 Commodity market performance

Commodity markets diverge as energy supply shocks contrast with broad-based weakness: Sep'26 marked a sharp divergence across commodity markets, with geopolitical supply shocks lifting energy while tighter financial conditions pressured most other segments. Brent rose 15.8% MoM as damage to Saudi Arabia's East–West pipeline disrupted a key export route. In contrast, precious metals retreated as higher Treasury yields and a firmer dollar reduced investment appeal, while platinum-group metals faced additional demand and surplus concerns. Industrial metals were weighed by rising inventories and softer Chinese demand, though copper held steady on supply constraints. Agricultural prices reversed August's gains as harvest supplies, weaker export competitiveness and disappointing textile demand pressured grains and cotton.

- **Energy:** Brent crude prices rose 15.8% MoM in Sep'26, as renewed attacks on Middle Eastern energy infrastructure and commercial shipping heightened concerns over supply disruptions. Drone strikes on Saudi Arabia's East-West pipeline early in the month temporarily halted flows through a critical export route that bypasses the Strait of Hormuz, intensifying concerns over the availability of crude supplies. As a result, brent spot prices surged to around US$131/bbl mid-month. Prices eased towards month-end following the partial restoration of pipeline operations, although persistent uncertainty around regional security and shipping routes sustained the upward pressure.

- **Precious metals:** Precious metals corrected sharply in Sep'26 as rising U.S. Treasury yields, a stronger dollar and expectations of persistently higher interest rates weighed on non-yielding assets, outweighed safe-haven demand amid renewed geopolitical tensions. Gold (-6.2% MoM) declined as the U.S. 10-year Treasury yield rose by 53 bps to 5.3% and the dollar index strengthened, increasing the opportunity cost of holding non-yielding assets. Silver (–9.2% MoM) recorded a steeper decline as its dual role as a precious and industrial metal amplified the impact of a stronger U.S. dollar and expectations of persistently high interest rates. Concerns over slowing industrial demand, alongside a sell-off in technology stocks, added to the downward pressure.

  Platinum (-9.0% MoM) faced additional pressure after the World Platinum Investment Council revised its 2026 outlook from a market deficit to a surplus of 265,000 ounces, reversing expectations of three consecutive years of supply deficits. Investment outflows compounded the weakness, alongside an 18% projected annual contraction in global demand and a 9% increase in recycling supply. Palladium (-15.4% MoM) recorded the steepest decline, reflecting its exposure to weakening automotive demand and broader selling across the precious-metals complex.

- **Industrial metals:** Industrial metals weakened broadly in Sep'26, as softer Chinese end-use demand, improving supply prospects and profit-taking weighed on prices. Nickel (-5.8% MoM) recorded the steepest decline among base metals, as higher Indonesian mine supply, rising exchange inventories and subdued demand for nickel-intensive battery chemistries offset earlier supply concerns. Zinc (-4.1% MoM) reversed part of August's rally as LME inventories rose by around 24% during September, easing immediate supply concerns. Aluminium (-2.3%

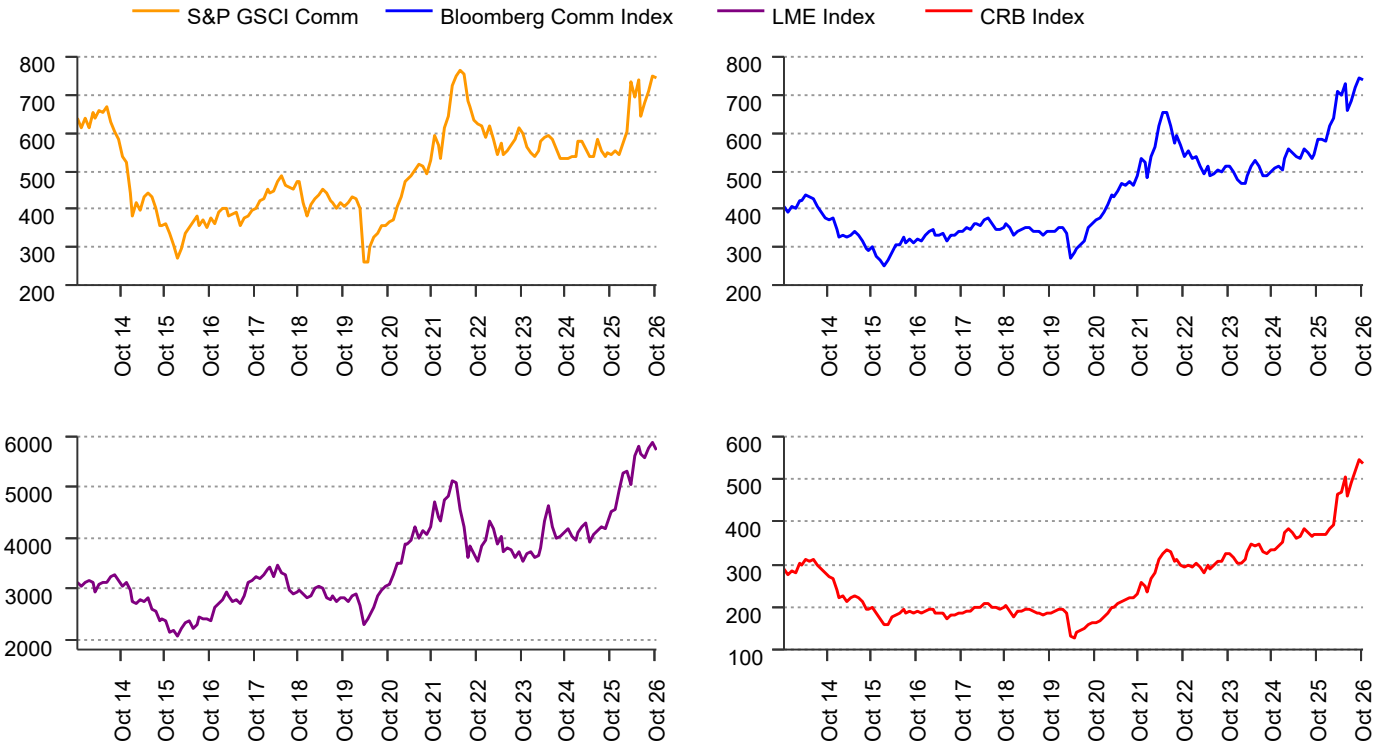
MoM) also declined as expectations of recovering Gulf production and higher Chinese and Indonesian output weighed on prices, while lead (-1.9% MoM) remained under pressure from subdued battery demand despite tight concentrate availability.

Tin (-2.0% MoM) eased on profit-taking and expectations of improved concentrate availability, although low inventories limited the decline. In contrast, copper (+0.1% MoM) remained broadly unchanged as declining inventories on the Shanghai Futures Exchange and persistent supply constraints offset a stronger U.S. dollar and concerns over industrial demand. Iron ore (-5.7% MoM) recorded a sharper decline as weak Chinese steel demand, reduced mill production and rising finished-steel inventories weighed on procurement, reinforcing concerns over the strength of the construction-led recovery.

- **Agriculture:** Agricultural prices declined broadly in Sep'26, with wheat and cotton recording the steepest corrections as earlier gains unwound amid changing supply expectations and softer demand. Wheat (-11.5% MoM) fell sharply as prospects of a Russia-Ukraine peace deal eased concerns over Black Sea export disruptions, while favourable weather and a weaker-than-expected El Niño outlook reduced production risks. Cotton (-13.3% MoM) corrected despite a 3% downward revision to projected U.S. production to 13.2 million bales, as disappointing textile demand during China's "Golden September" peak season and weak export sales triggered profit-taking following August's rally. Corn (-2.6% MoM) declined sharply towards month-end after USDA-reported U.S. corn stocks reached 2.095 billion bushels, up 35% YoY, renewing concerns over ample physical availability. Soyabeans (-1.3% MoM) edged lower as broader dollar strength and harvest-related position adjustments offset higher projected exports and lower projected ending stocks. Raw sugar (-1.3% MoM) eased late in the month on profit-taking after August's sharp rally, even as a deficient Indian monsoon and higher crude oil prices provided support.

Figure 204: Movement in key commodity indices

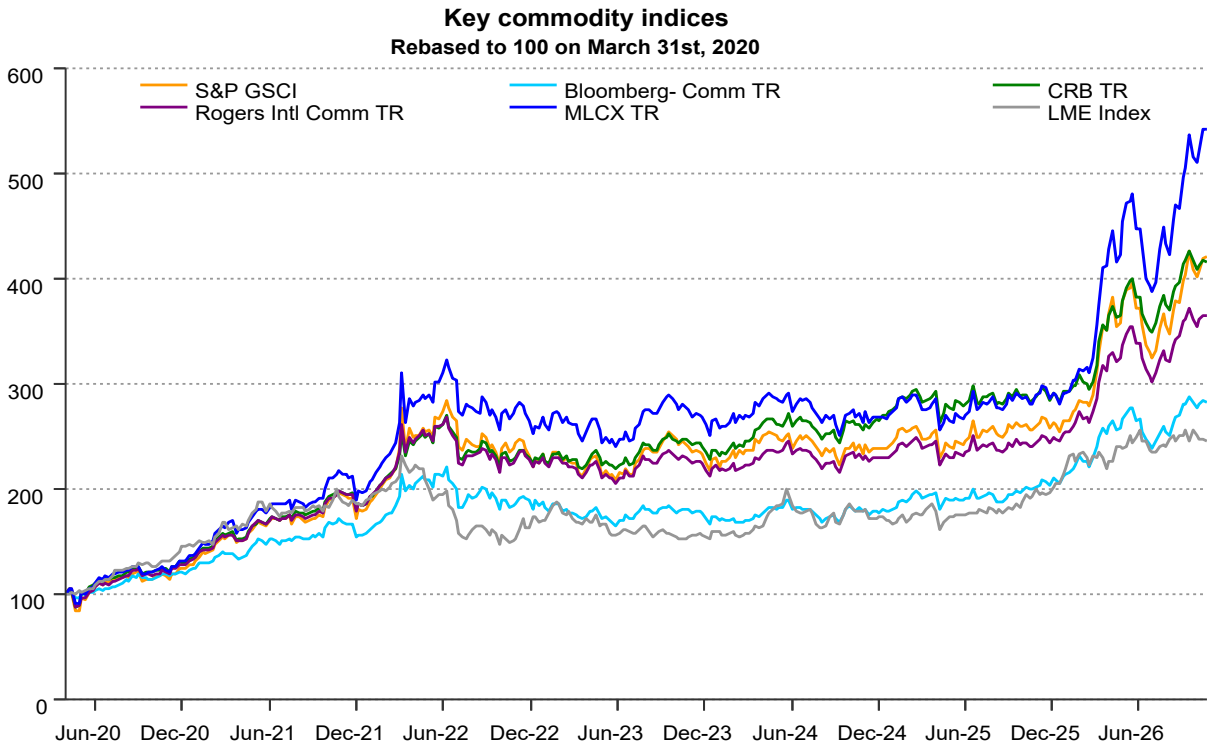
(As of October 21st, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 205: Movement in key commodity indices since 2020

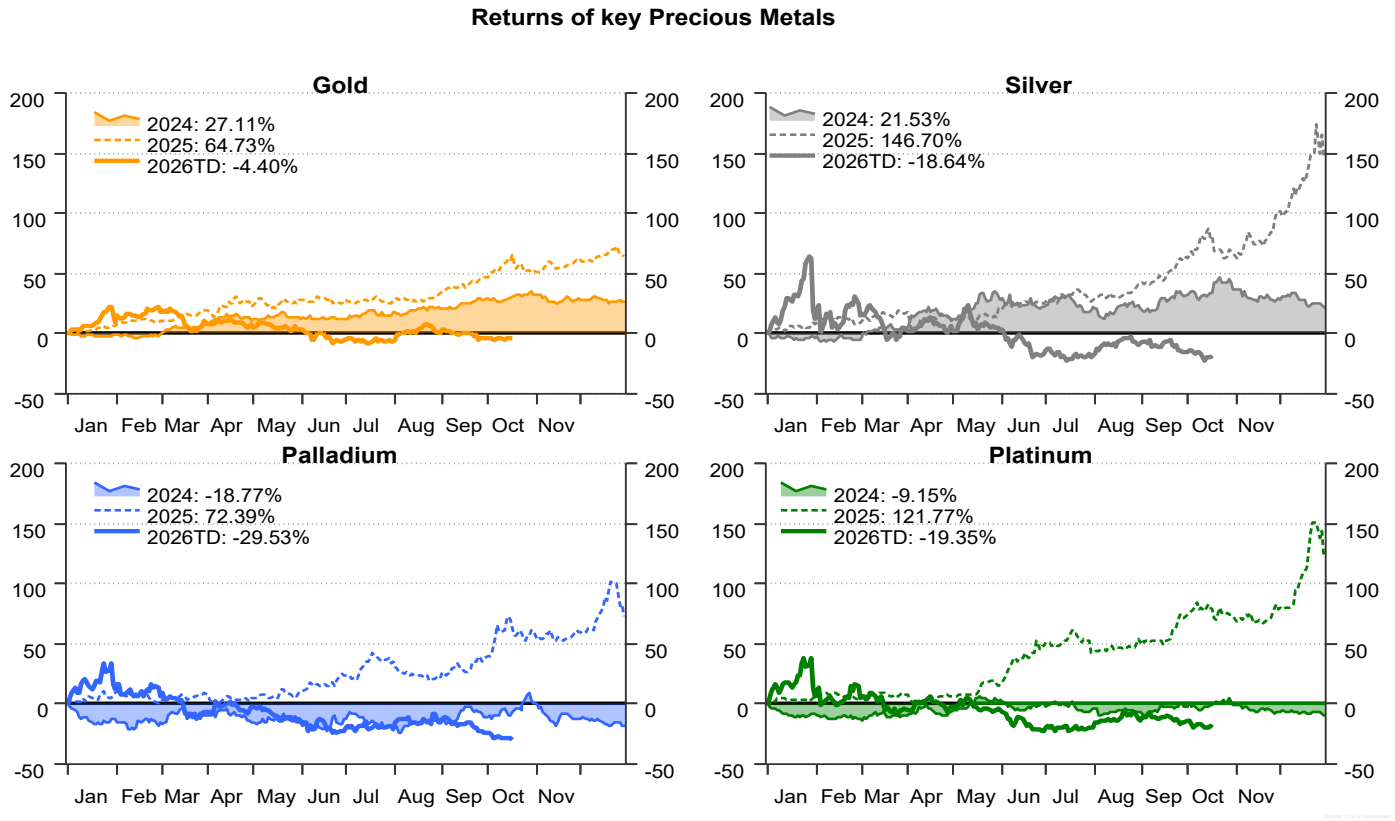
*Rebased to 100 on March 31st, 2020 (As of **October 21st**, 2026)*



Source: LSEG Workspace, NSE EPR.

Figure 206: Returns of key precious metals in 2024, 2025 and 2026 till date

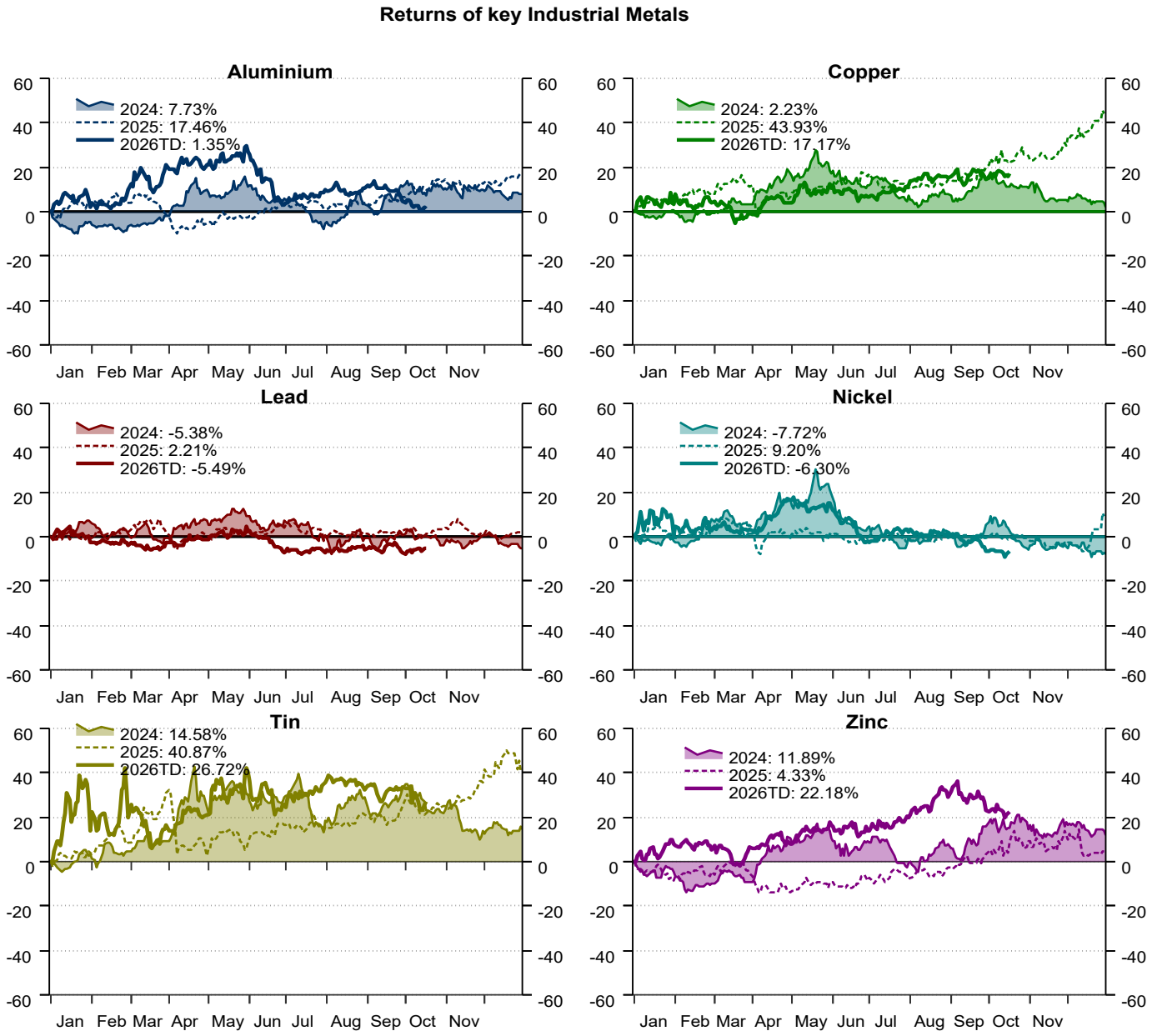
(As of October 21st, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 207: Returns of key industrial metals in 2024, 2025 and 2026 till date

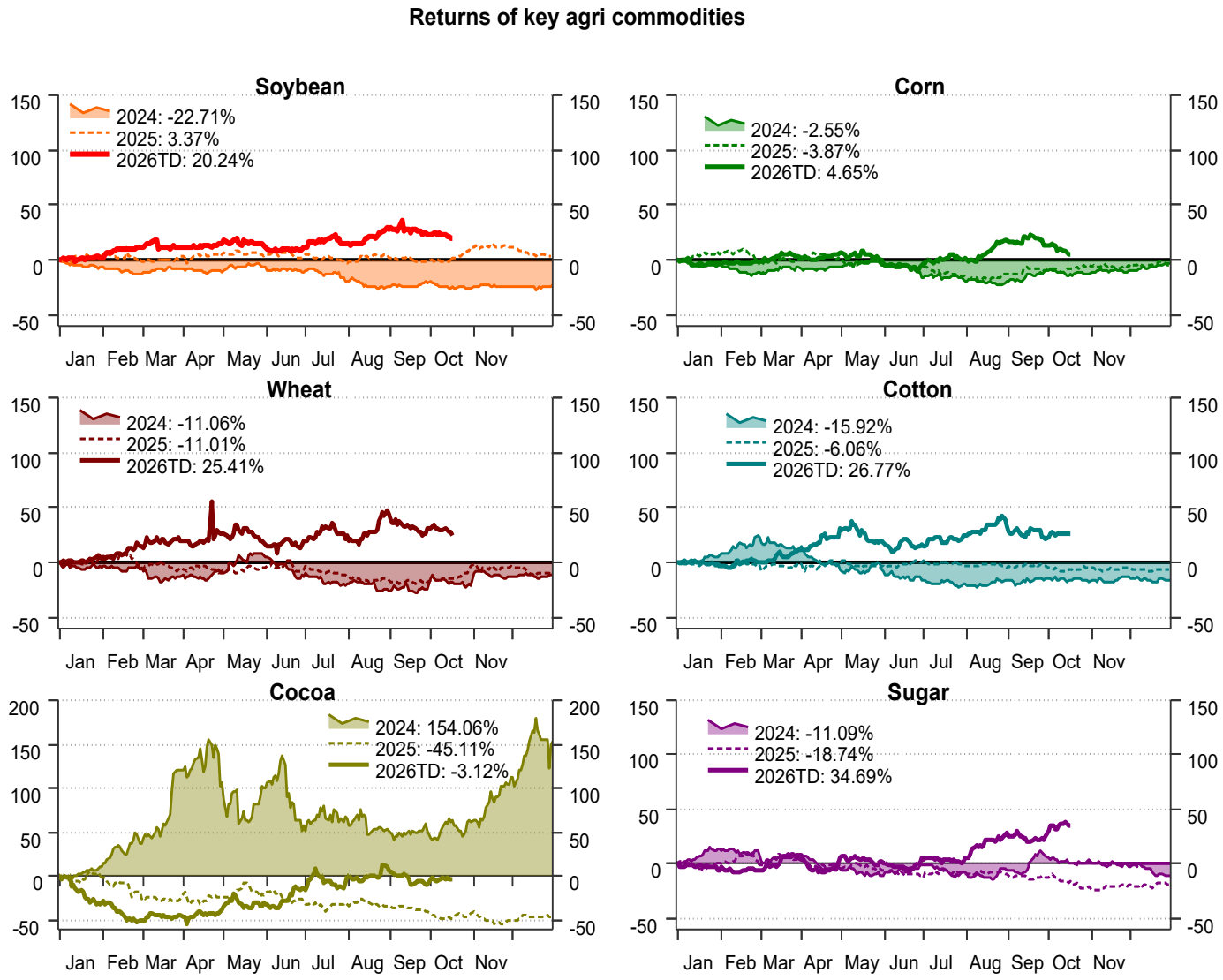
(As of October 21st, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 208: Returns of key agricultural commodities in 2024, 2025 and 2026 till date

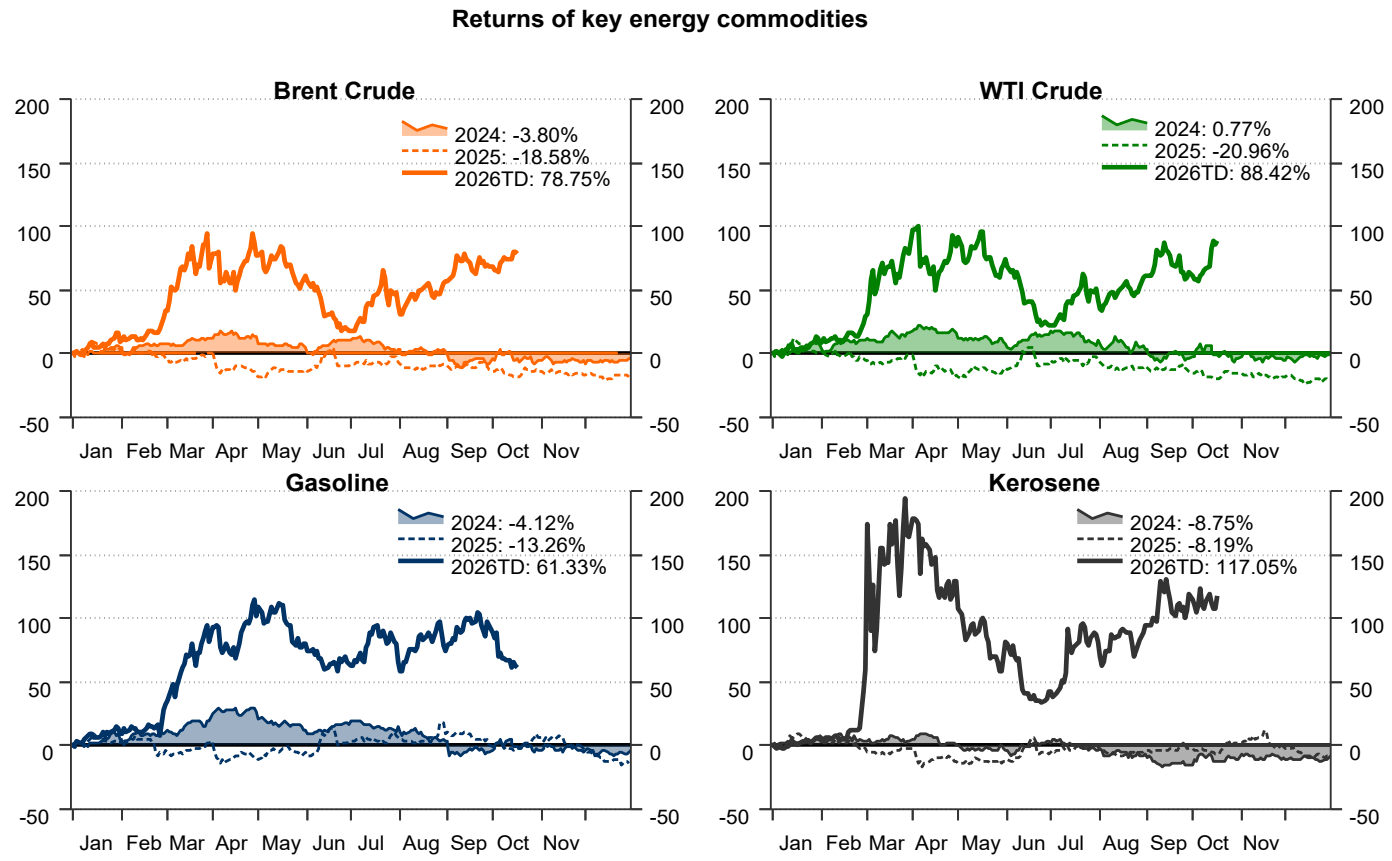
(As of October 21st, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 209: Returns of key energy commodities in 2024, 2025 and 2026 till date

(As of October 21st, 2026)



Source: LSEG Workspace, NSE EPR.

Table 42: Annual performance across commodities

(As of October 21st, 2026)

Annual performance across commodities (Ranked by % change each year)

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026TD
Lead -2.5	Zinc 60.6	Palladium 57.6	Palladium 19.6	Palladium 52.0	Silver 47.8	Tin 91.7	Nickel 43.1	Gold 13.8	Gold 27.1	Silver 146.7	WTI 88.4
Gold -10.5	Brent Crude 54.5	Aluminium 32.4	Gold -1.7	WTI 35.4	Copper 26.0	WTI 55.8	Brent Crude 8.3	Tin 1.7	Silver 21.5	Platinum 121.8	Brent Crude 78.8
Silver -11.8	Tin 45.3	Copper 30.5	Tin -2.9	Nickel 31.6	Gold 24.8	Brent Crude 51.1	Platinum 7.5	Copper 1.2	Tin 14.6	Palladium 121.8	Tin 26.7
Aluminium -17.8	WTI 44.8	Zinc 30.5	Silver -8.6	Brent Crude 24.8	Palladium 22.0	Aluminium 42.2	Palladium 7.5	Aluminium -0.2	Zinc 11.9	Gold 64.7	Zinc 22.2
Tin -24.9	Palladium 20.7	Nickel 27.5	Platinum -14.4	Platinum 22.3	Zinc 19.7	Zinc 31.5	WTI 6.4	Silver -0.8	Aluminium 7.7	Copper 43.9	Copper 17.2
Copper -26.1	Copper 17.4	Lead 24.3	Nickel -16.5	Gold 18.7	Tin 19.6	Nickel 26.1	Silver 2.9	Platinum -2.4	Copper 2.2	Tin 40.9	Aluminium 1.4
Zinc -26.5	Silver 15.1	Brent Crude 17.5	Aluminium -17.4	Silver 15.2	Nickel 18.7	Copper 25.7	Lead -0.1	Palladium -2.4	WTI 0.8	Aluminium 17.5	Gold -4.4
Platinum -28.0	Aluminium 13.6	Gold 12.6	Copper -17.5	Copper 3.4	Aluminium 10.8	Lead 18.3	Gold -0.4	Brent Crude -8.5	Brent Crude -3.8	Nickel 9.2	Lead -5.5
WTI -30.5	Nickel 13.5	WTI 12.5	Lead -19.2	Aluminium -4.4	Platinum 10.0	Gold -4.0	Copper -14.1	WTI -10.3	Lead -5.4	Zinc 4.3	Nickel -6.3
Palladium -31.6	Lead 11.3	Silver 6.4	Brent Crude -20.2	Lead -4.7	Lead 3.3	Platinum -10.2	Aluminium -16.3	Zinc -12.1	Nickel -7.7	Lead 2.2	Silver -18.6
Brent Crude -35.1	Gold 9.0	Platinum 3.2	Zinc -24.5	Zinc -9.5	WTI -20.9	Palladium -10.2	Zinc -16.3	Lead -12.9	Platinum -9.2	Brent Crude -18.6	Platinum -19.4
Nickel -41.8	Platinum 3.5	Tin -5.2	WTI -25.3	Tin -12.0	Brent Crude -21.8	Silver -11.7	Tin -37.1	Nickel -45.2	Palladium -9.2	WTI -21.0	Palladium -19.4

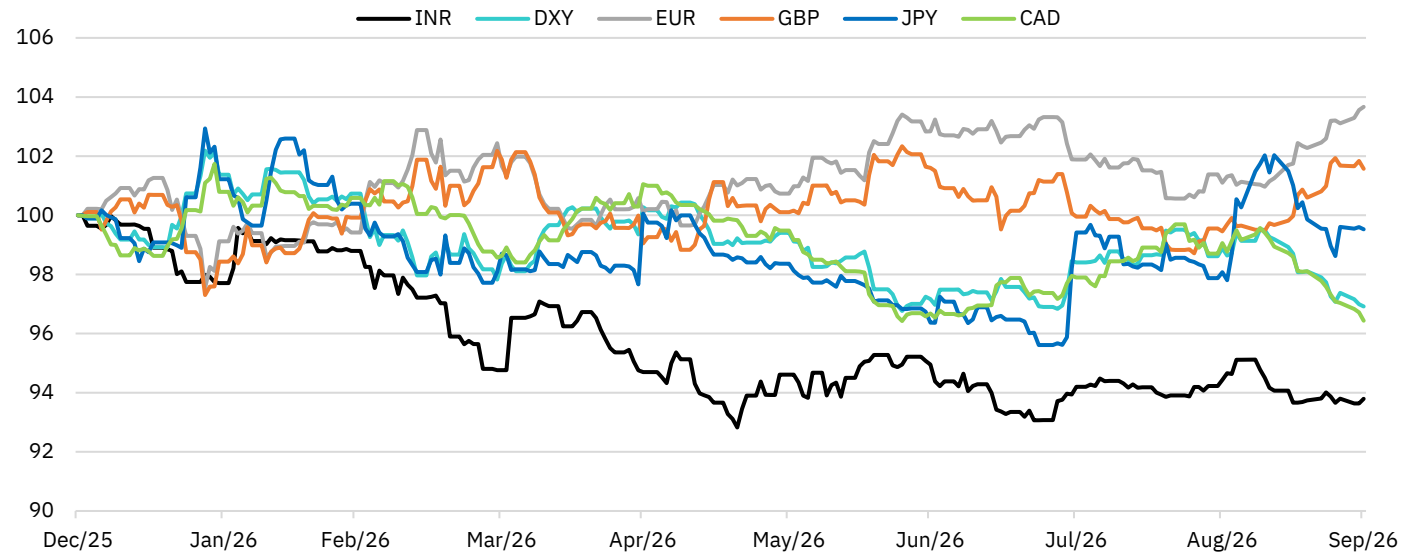
Source: LSEG Workspace, NSE EPR.

4.5 Currency market performance

INR depreciates in September amid strong equity outflows, elevated crude prices and persistent external uncertainties...: The Indian Rupee (INR) depreciated by 0.7% MoM in September 2026, reversing the 0.2% appreciation recorded in August 2026. The INR reached an intra-month low of Rs 96.0 on 28th September before closing at Rs 95.8 by month-end. The depreciation coincided with a strengthening US dollar (+2.0% MoM) during the month. Furthermore, the depreciation in INR also coincided with strong FPI equity flows, which reversed from an inflow of US$3.1 bn in August 2026 to an outflow of US$3.8 billion in September 2026. FPI debt flows also turned significantly negative at US$2.2 bn in September 2026, bringing the total net FPI outflows to US$5.9 bn in September, reversing the US$2.7 bn inflows in August, adding to pressure on the INR. Moreover, renewed geopolitical tensions in West Asia, elevated crude oil prices from US$94.7/bbl at the start of September to a peak of US$108.9/bbl on 15th September before moderating to US$103.6/bbl by month-end, which continued to pose external pressures on INR. Cumulative foreign-currency inflows under the RBI's special USD-INR forex swap facility, covering FCNR(B) deposits, external commercial borrowings and overseas foreign-currency borrowings, reached US$143.6 bn. The RBI's foreign exchange market operations helped moderate the extent of depreciation amid heightened demand for US dollars and surging geopolitical pressures.

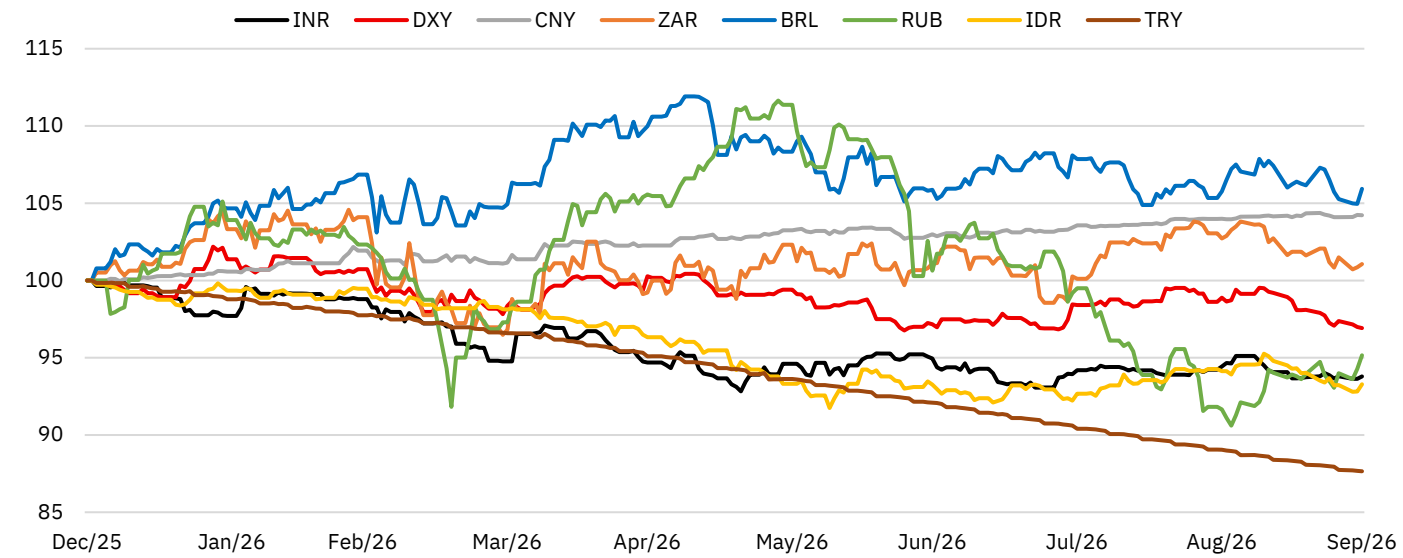
Major currencies weakened against the US dollar in September 2026: The US dollar strengthened in September 2026, with the DXY appreciating by 2.0% MoM, while most major developed and emerging market currencies depreciated against the US dollar during the month. Among developed markets, only Japanese Yen recorded appreciation (+1.8% MoM). Meanwhile, other currencies in the developed market such as the Swiss Fanc (-3.3% MoM) recorded the highest depreciation, followed by the Canadian Dollar (-2.6% MoM), the Euro (-2.5% MoM), and Pound Sterling (-2.1% MoM). Emerging market currencies also followed a similar pattern, with the Russian Rouble (+3.8% MoM) and Brazilian Real (+0.1%) recording appreciation in September 2026. Meanwhile, the Chinese Yuan remained broadly stable (+0.2% MoM) during the same period. However, other currencies from developing nations such as the South African Rand (-1.6% MoM), Turkish Lira (-1.6% MoM), Indonesian Rupiah (-0.9% MoM) recorded depreciation in September 2026. The INR's 0.7% depreciation remained largely contained when compared with peers.

Figure 210: Movement in INR and major DM currencies against dollar since end of 2025
(Rebased to 100 on December 31st, 2025)



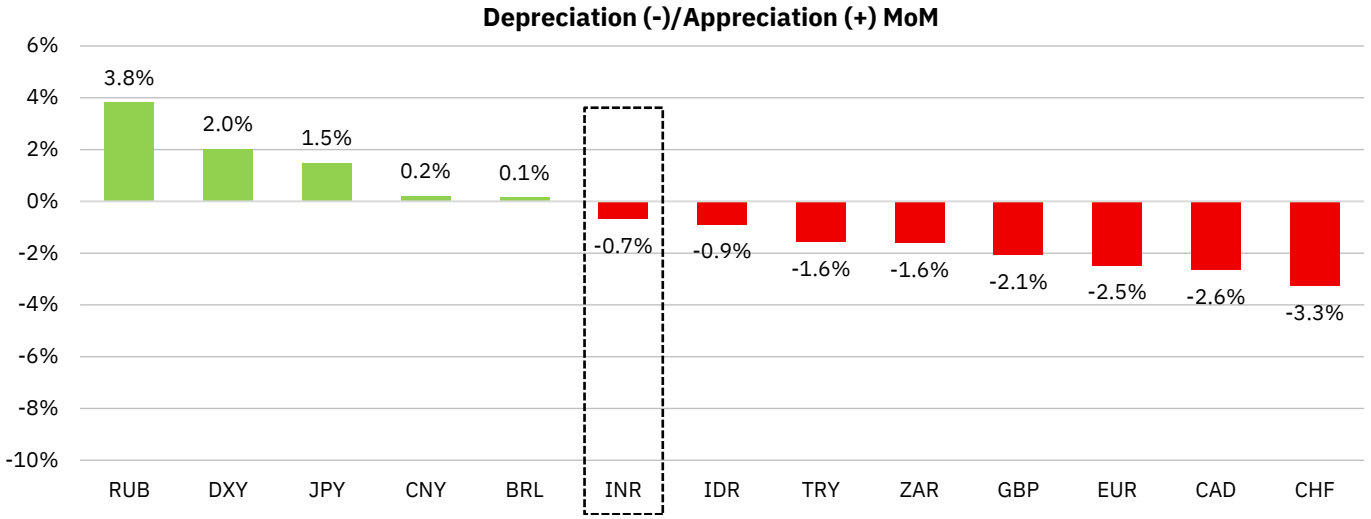
Source: LSEG Workspace, NSE EPR.

Figure 211: Movement in INR and major EM currencies against dollar since end of 2025
(Rebased to 100 on December 31st, 2025)



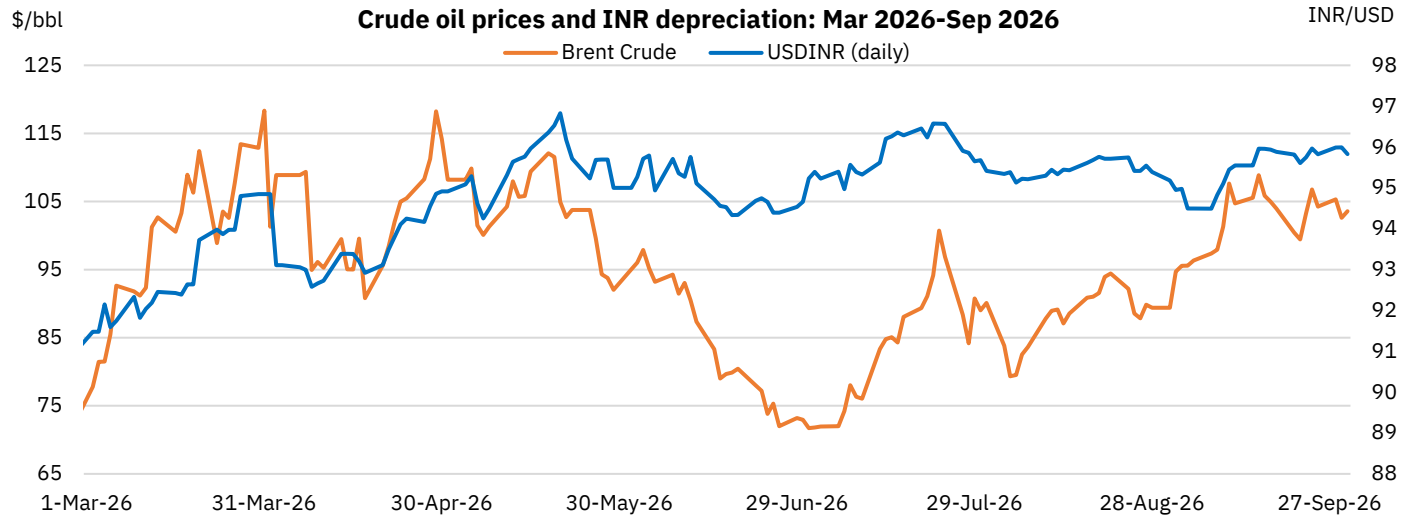
Source: LSEG Workspace, NSE EPR.

Figure 212: Global currency movements in September 2026 (% change MoM)



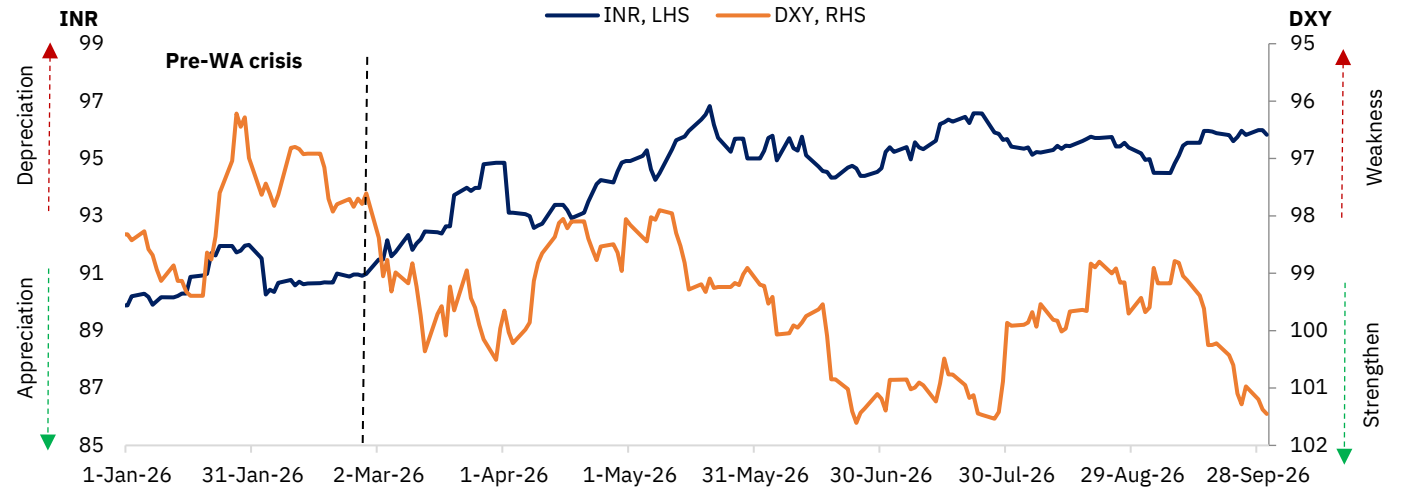
Source: LSEG Workspace, NSE EPR. Note: Red indicates depreciation and green indicates appreciation

Figure 213: Brent Crude oil prices and INR movement (March-September 2026)



Source: LSEG Workspace, NSE EPR.

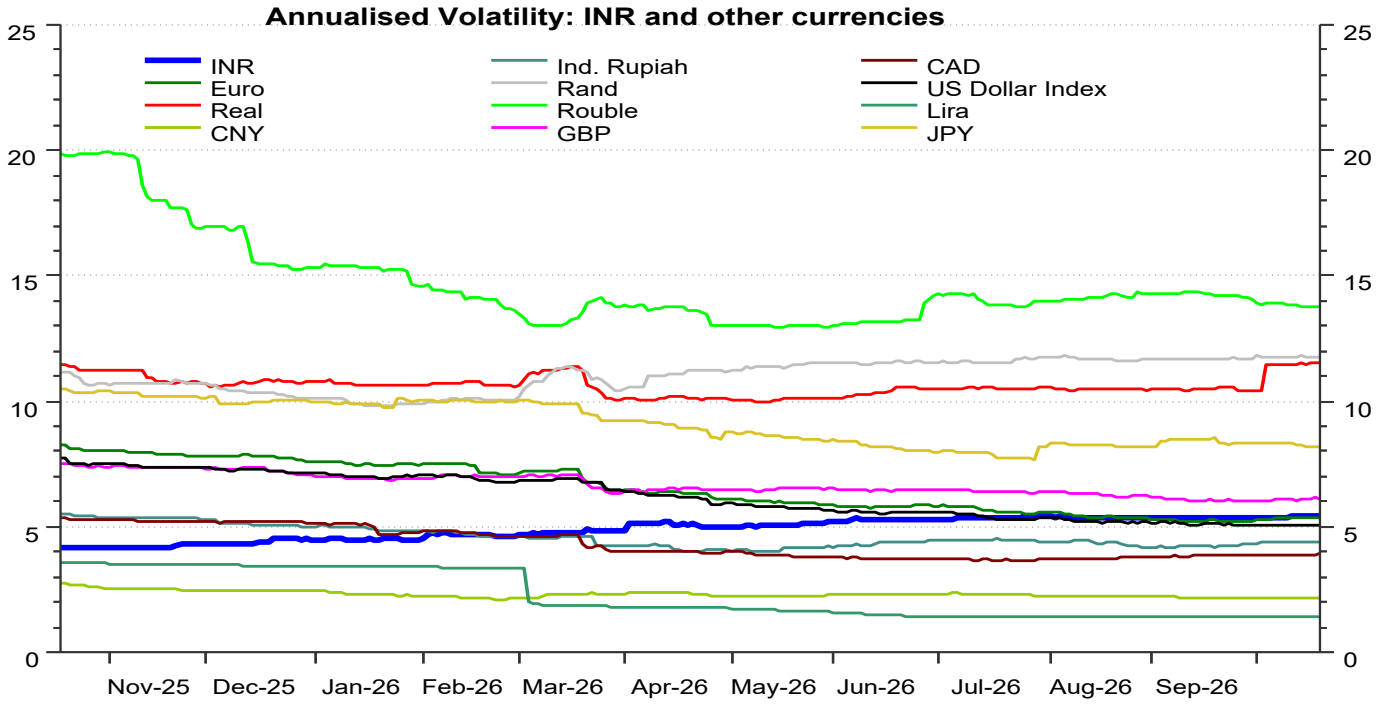
Figure 214: Movement of INR and US Dollar Index (DXY) in 2026 till September 2026



Source: LSEG Workspace, NSE EPR.

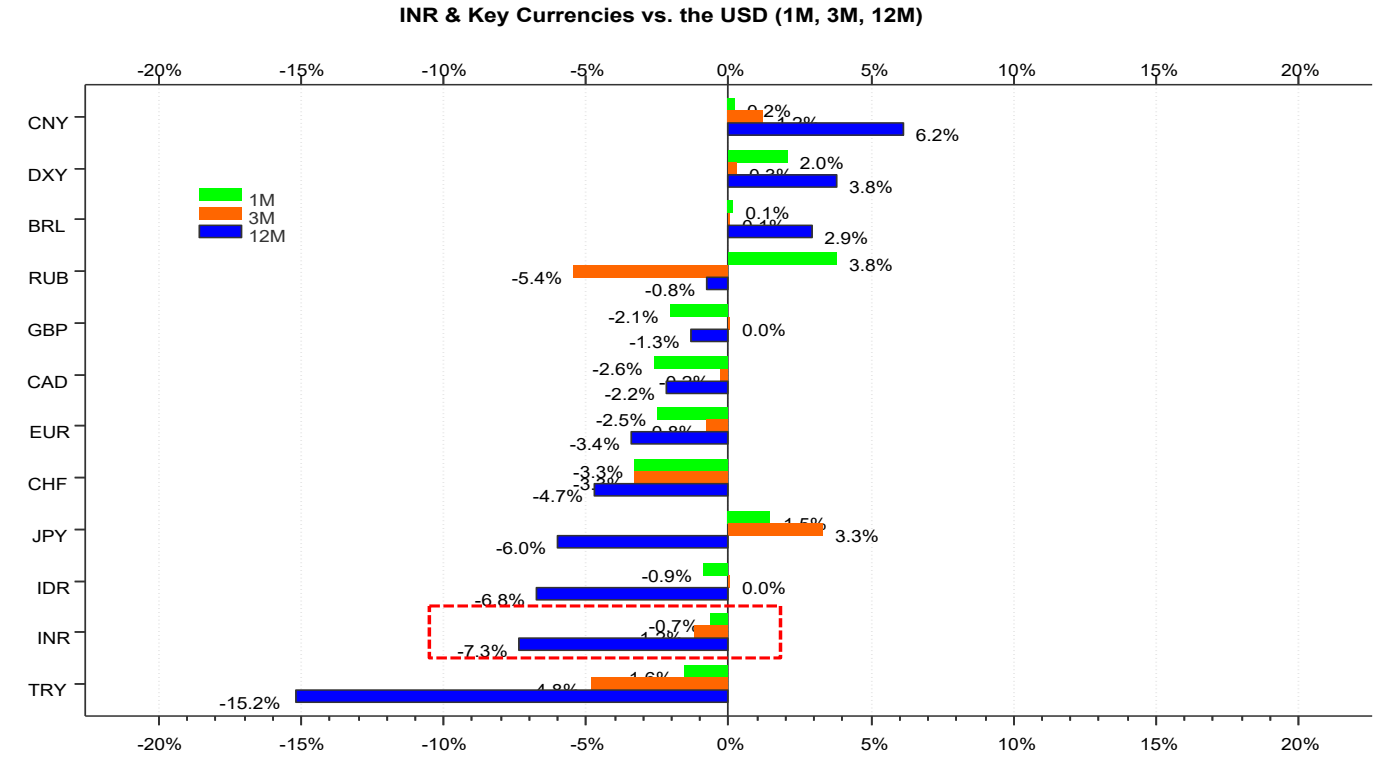
INR volatility remains broadly stable in September amid mixed movements across peers...: The INR's average annualised volatility remained broadly stable at 5.4% in September 2026, unchanged from August, even as volatility remained mixed across major peer currencies during the month. Among emerging markets, the Russian Rouble (14.3%), South African Rand (11.7%), and Brazilian Real (10.5%) continued to exhibit higher volatility relative to the INR, while the Turkish Lira remained among the least volatile at 1.4%. Among developed market currencies, volatility was mixed, with the Japanese Yen increasing to 8.4% and the Canadian Dollar increasing to 3.8%, while the Euro eased to 5.2% and the Pound Sterling easing to 6.1%. Overall, INR volatility remained contained relative to several major emerging market peers, notwithstanding sustained depreciation pressures, potentially reflecting the influence of the RBI's foreign exchange market operations.

Figure 215: Annualised volatility of INR and other DM & EM currencies



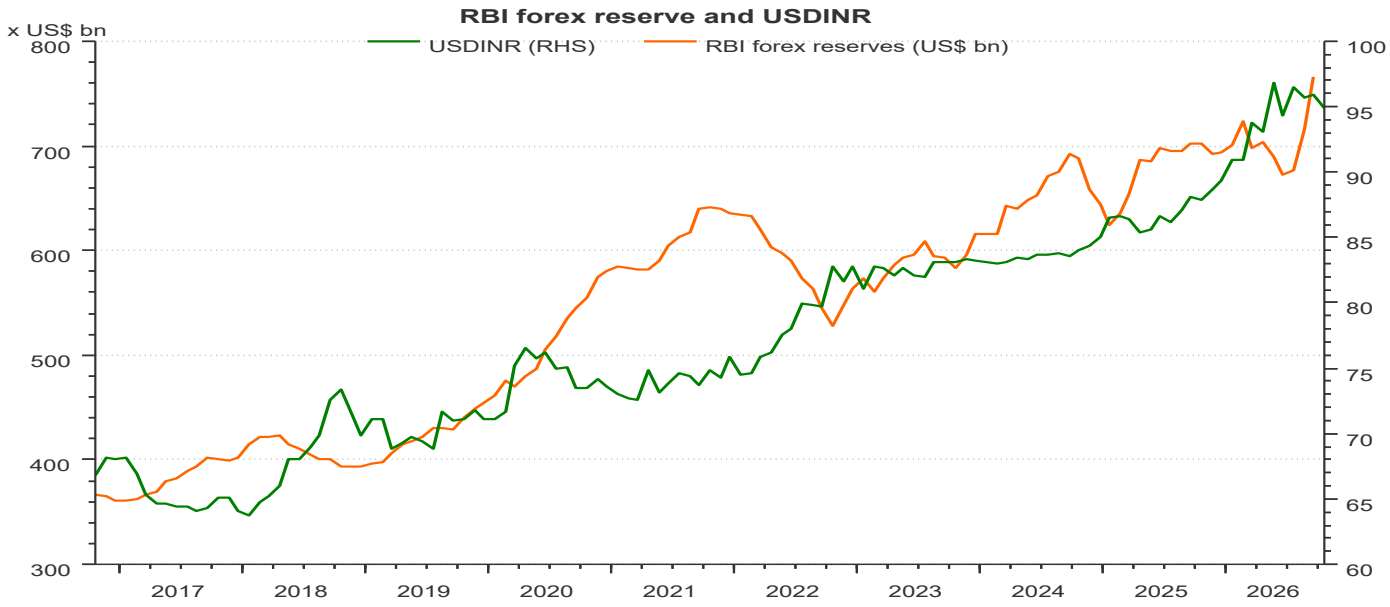
Source: LSEG Workspace, NSE EPR.

Figure 216: Change in INR and major DM & EM currencies (as on September 30th, 2026)



Source: LSEG Workspace, NSE EPR.

Figure 217: RBI forex reserves and USDINR

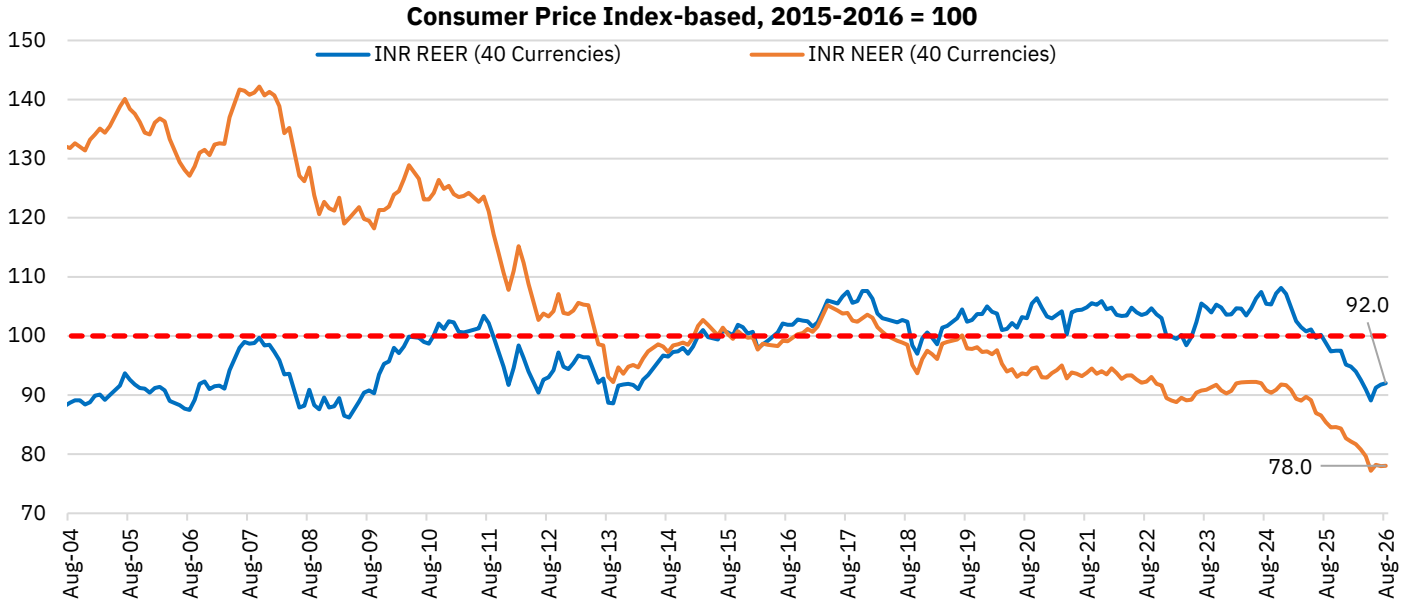


Source: LSEG Workspace, NSE EPR.

REER and NEER increased in August, moderating the extent of INR undervaluation...: The INR's real effective exchange rate increased in August'26, with the 40-currency trade-weighted REER rising to 92.0 from 91.78 in July'26 — an increase of 0.22 points MoM. Similarly, the NEER increased to 78.04 from 77.97, gaining 0.07 points MoM. The larger increase in REER relative to NEER, indicates that the relative inflation differentials

contributed to the increase in the real effective exchange rate. The latest REER reading implies a cumulative correction of approximately 16.1 points from the peak of 108.1 recorded in Nov'24, highlighting the extent of the valuation adjustment since the peak. While the rise in REER moderates the extent of the earlier undervaluation, the slight increase in NEER indicates a slight strengthening in the INR's nominal effective exchange rate against its major trading partners.

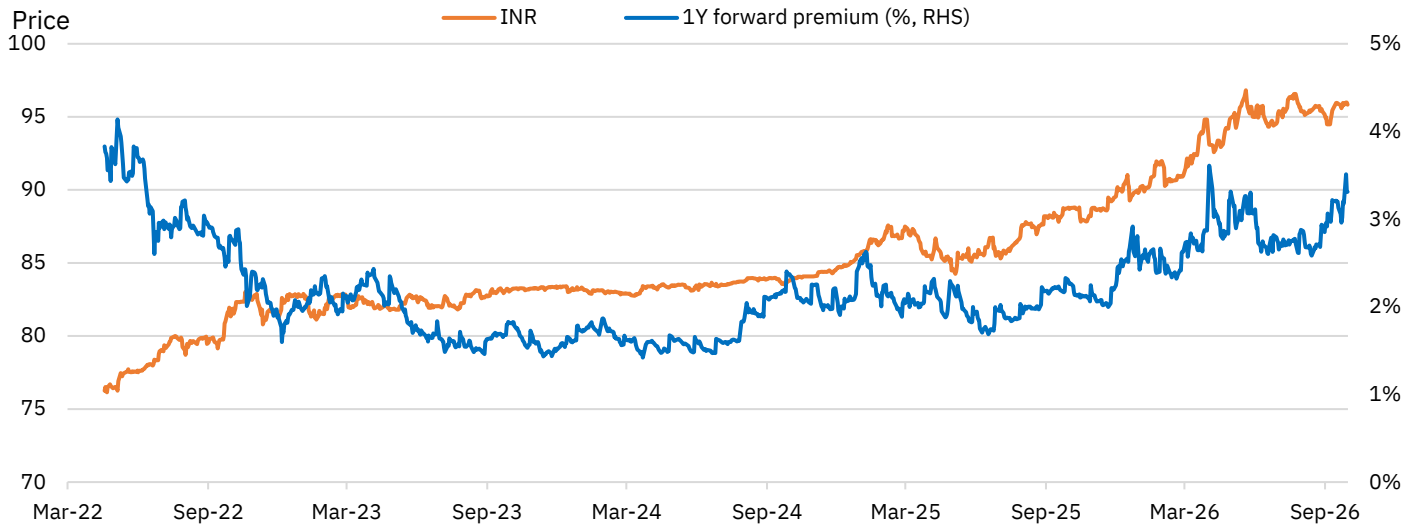
Figure 218: Real and nominal effective exchange rates of INR



Source: CMIE Economic Outlook, NSE EPR.

One-year forward premium firms in September amid RBI's forex swap operations: The one-year forward premium on the INR reversed its moderation with monthly average rising to 3.12% in September 2026, up from 2.72% in August 2026. The premium fluctuated within a range of 275.5-337.0 paise during the month before settling at 317.5 paise as of 30th September 2026, higher than the August month-end level of 271.5 paise. The increase partly reflected the RBI's dollar–rupee sell-buy swap operations aimed at absorbing surplus domestic liquidity, alongside sustained demand for dollar hedging amid elevated crude oil prices and depreciation pressures on the rupee. Furthermore, the firming of the one-year forward premium has reached near the elevated levels in May-June 2022, but well below the post pandemic peak of 5.3%. Moreover, the forward premium is slightly higher than the April-May 2026 levels.

Figure 219: USDINR and 1-year forward premium



Source: NSE Cogencis, NSE EPR.

RBI Measures to support the Rupee

On 10th October, the RBI introduced a fresh set of measures to support the Indian rupee following its monetary policy review on October 7th, to contain the INR depreciation from elevated crude oil prices and FPI outflows. The measures focussed on reducing dollar demand in spot market and tightened rules governing foreign exchange derivatives.

1. **Special dollar window for Oil Marketing Companies (OMC):** The RBI has introduced a special facility through which specific banks are allowed to supply US dollar directly to the public sector OMCs (IOC, BPCL and HPCL) to meet their daily foreign currency requirements. This measure aims to reduce additional demand for dollars on the spot market. However, its effectiveness will depend on the scale and duration of the facility, while the impact of crude oil on India's external balance persists.

2. **Restrictions on Rebooking Cancelled Forex Derivative Contracts:** The RBI restricted the rebooking of cancelled INR-linked foreign exchange derivative contracts. The measure seeks to discourage repeated cancellation and re-entry into derivative positions, while allowing rollovers at maturity under the applicable framework. This restriction may affect the frequency of derivative transactions and the flexibility available to market participants. Its impact on exchange rate volatility will depend on how participants adjust their trading and hedging strategies.

3. **Reduction in threshold for Forex Derivatives without underlying exposure:** The RBI has reduced the threshold for certain foreign exchange derivative transactions undertaken, without establishing an underlying exposure from US$100 million to US$5 million. This change tightens the framework governing such transactions and reduces permissible threshold for positions undertaken without a corresponding underlying currency exposure. The measure may influence the scale and composition of activity in the foreign exchange derivative market, particularly among participants

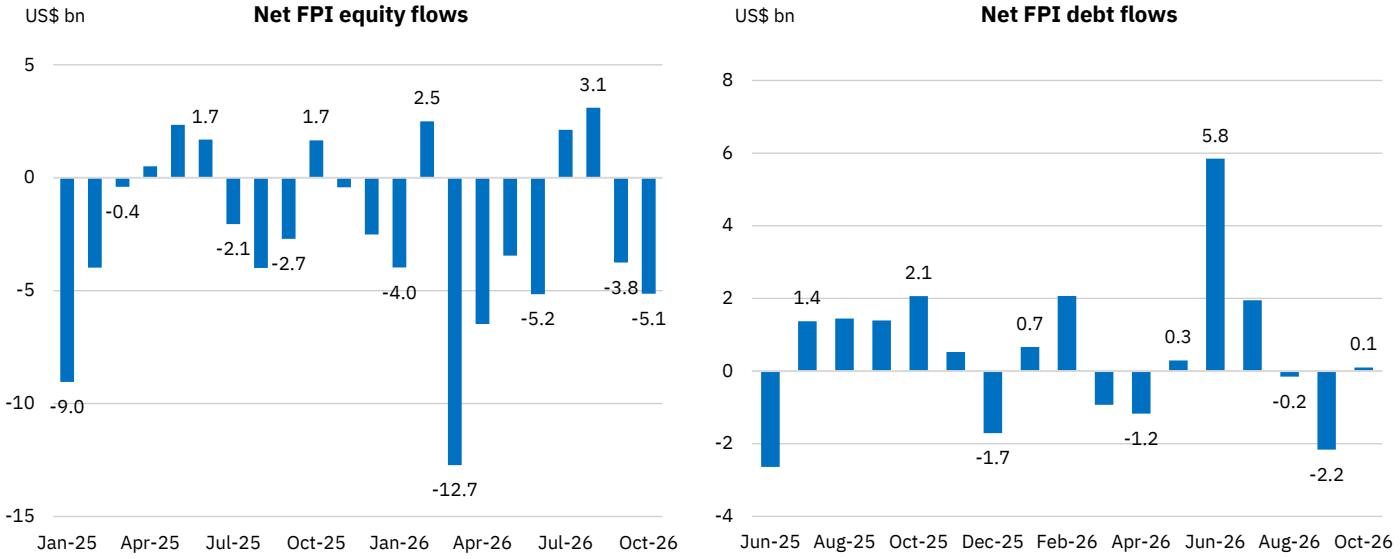
4. **Introduction of the Foreign Exchange Risk Reserve (FERR):** The RBI introduced FERR requirement of 20% of the notional amount of eligible INR-linked derivative transactions used to hedge specified current-account exposures. Under the arrangement, authorized dealers ae required to maintain a prescribed reserve with the RBI for eligible contracts, thereby increasing the cost associated with providing these hedging facilities.

4.5 Institutional flows across market segments in India

FPI equity flows turn negative in September and October till date: After recording net inflows of US$3.0 billion in August 2026, FPIs recorded a net outflow of US$3.8 billion in Indian equities in September 2026. Furthermore, the net FPI equity outflows reached US$5.1 billion, as of 19th October 2026. After two months of positive flows in July and August, the trend reversed in September and October as renewed escalation in the US-Iran war elevated crude oil prices and higher US sovereign bond yields made US assets more attractive to foreign investors. The cumulative FPI equity outflows of US$18.7 bn in FY27TD (as of October 19th, 2026) has been the largest outflow seen during the period in the past 15 years. Additionally, the rise in FPI outflows have also coincided with a firming US dollar.

FPI participation in Indian debt markets remained negative in September: FPI participation in the debt segment remained negative for the second consecutive month with net outflows of FPIs in Debt market reaching US$2.2 bn in September. However, during October, the FPI regained some confidence recording positive flows of US$100 mn (till October 19th, 2026), taking cumulative FY27TD debt inflows to US$4.7 bn. This was primarily triggered by the sharply narrowing bond yield spread between India and the US, and the resulting shift in global risk appetite from emerging market debt to safer Western bonds. The median 10-yr government bond yield spread between India and the US over the last two decades was 4.6%, but currently, it is significantly lower at 2.1%. The recent RBI's October monetary policy meeting saw the policy rate increased by 25bps to 5.5% and the stance changed to "calibrated tightening" from "neutral", leaving lesser room for hedged carry to draw fresh flows.

Figure 220: Monthly Net inflows by FPIs in Indian equity and debt markets

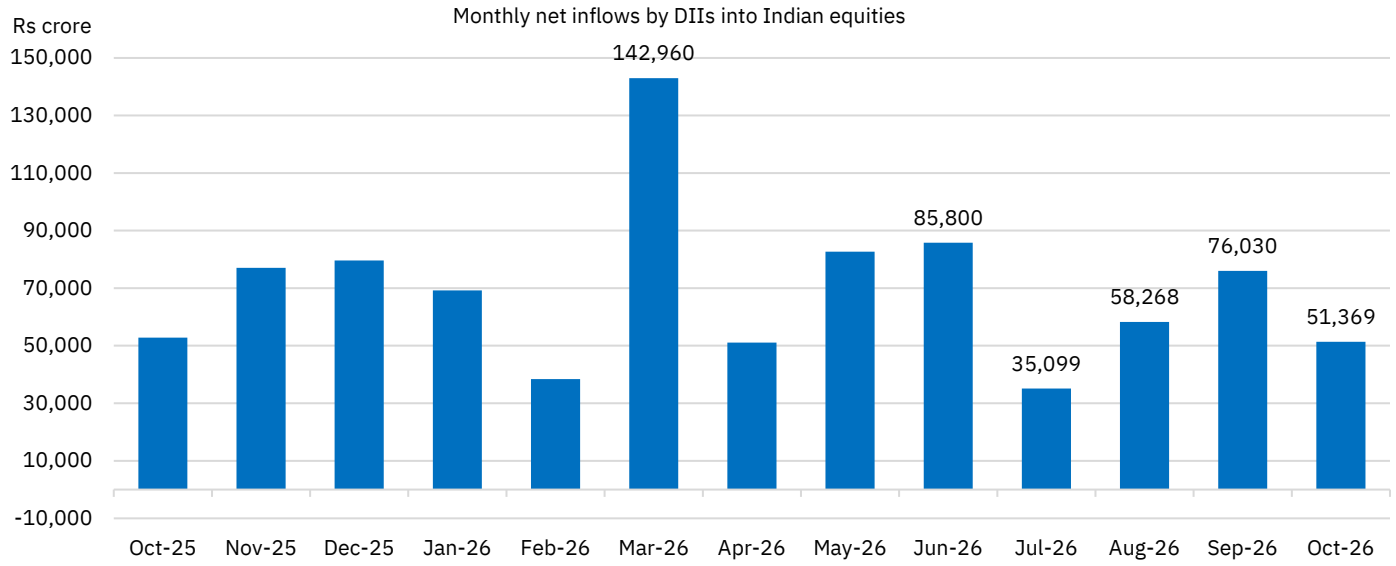


Source: NSDL, NSE EPR. Data for October is as of October 19th, 2026.

DII participation continues to increase amidst volatility in FPI flows...: DIIs invested Rs 76k crores (US$8.0 bn) in Indian equities during September 2026. As of 19th October 2026, the net DII inflows reached Rs 51.4k crores (US$ 5.4 bn). The cumulative DII equity inflows in FY27TD (as of October 19th) reached Rs 4.4 lakh crore (US$ 46.3 bn), highlighting the continued resilience of domestic institutional participation as foreign

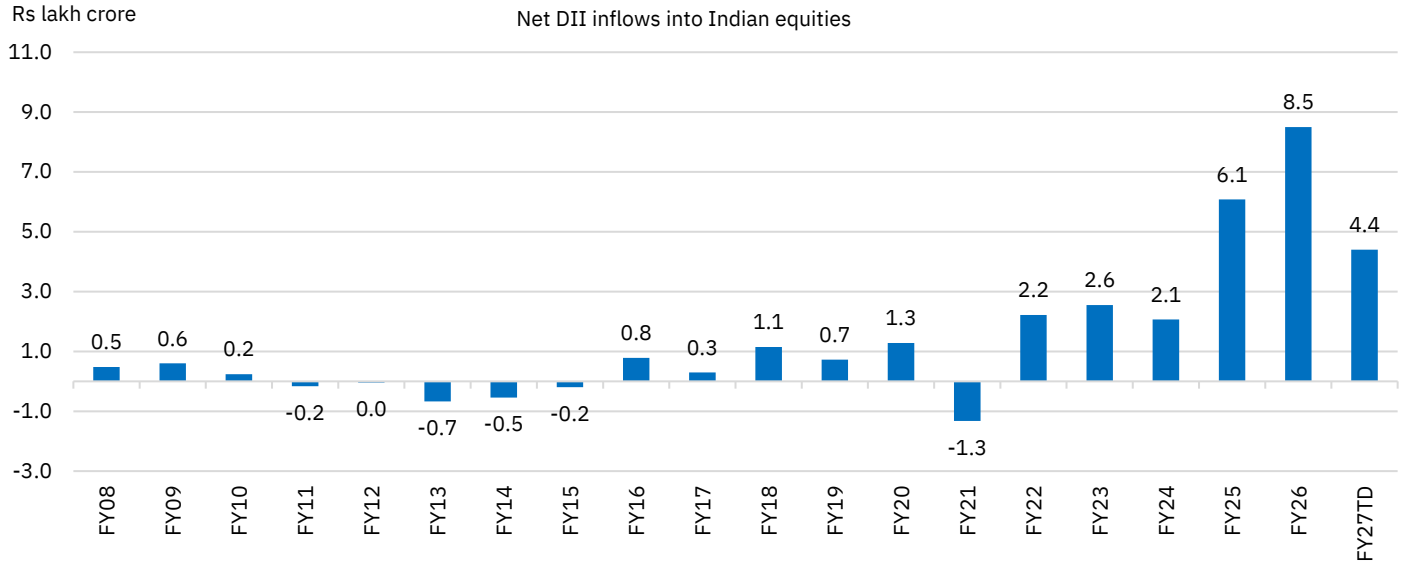
flows remain volatile. Within DIIs, domestic mutual funds continued to account for a significant share of equity inflows. DMFs invested Rs 53.2kcrore (US$5.6 bn) in equities during September 2026, with a further Rs 36.1k thousand crore (US$3.8 bn) invested as of October 13th, 2026, taking cumulative FY27TD equity inflows to Rs 3.0 lakh crore. In the debt segment, DMFs recorded net outflows of Rs 26.4 crore (US$2.8 bn) in September. However, as of 13th October 2026, the DMFs recorded a net inflow of Rs 5.7k crore (US$0.6 bn), contrasting with the sustained net selling in the debt market through much of FY27TD. Cumulative FY27TD DMF debt outflows remained substantial at Rs 2.8 lakh crore (till October 13th, 2026).

Figure 221: Monthly net inflows by DIIs in Indian equity markets



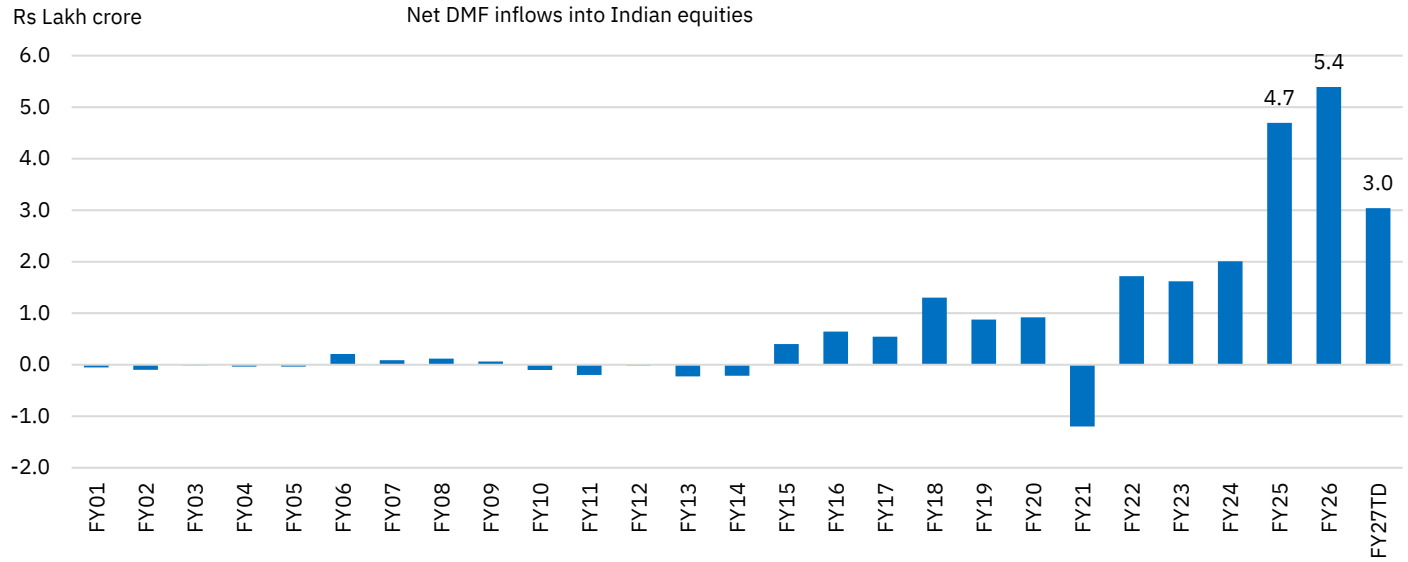
Source: CMIE Economic Outlook, NSE EPR. Data for October is as of October 19th, 2026.
Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 222: Annual net inflows by DIIs in Indian equity markets



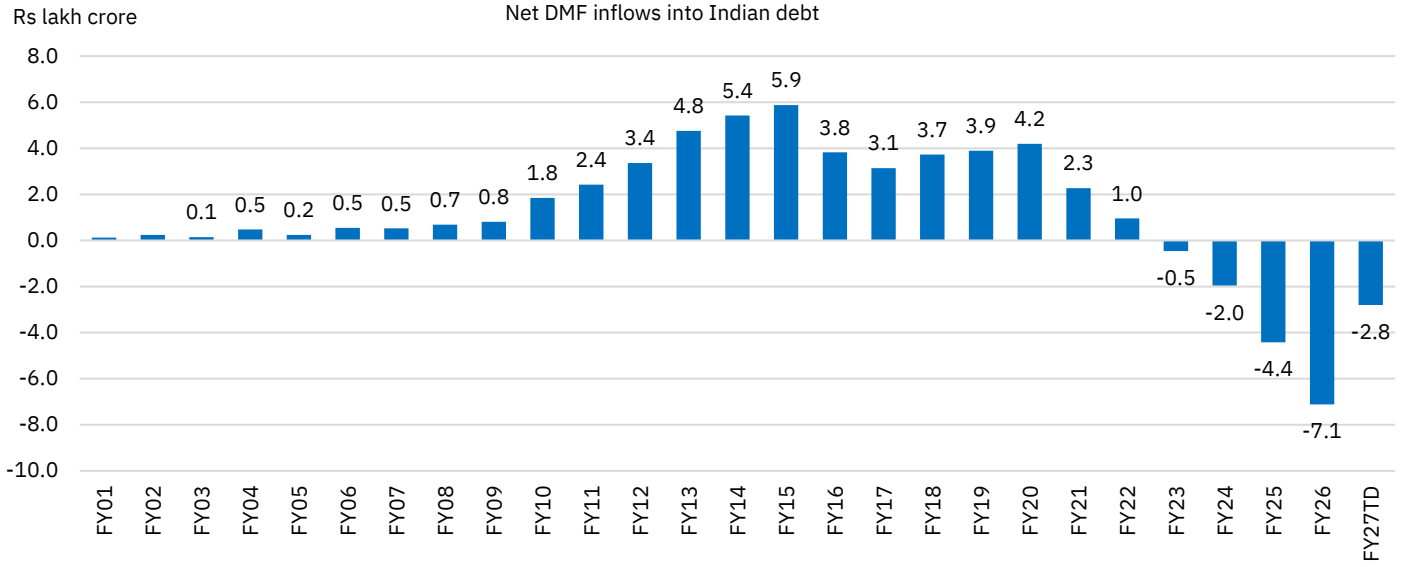
Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of October 19th, 2026.
Note: The figure above shows total traded value executed by DIIs across exchanges, compiled based on trading codes entered by Trading Members at the time of order entry and corresponding client category classification provided by trading members.

Figure 223: Annual net inflows by domestic mutual funds in Indian equity markets



Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of October 13th, 2026.

Figure 224: Annual net inflows by domestic mutual funds in Indian debt markets



Source: CMIE Economic Outlook, NSE EPR. Data for FY27TD is as of October 13th, 2026.

5 Markets in depth

Record listings and expanding investor base amid divergent turnover trends

The Indian capital market continued to demonstrate strong fundraising capacity and an expanding investor base in September 2026, alongside divergent trends in trading activity. Main Board listings reached a record monthly high, while large-ticket issuances demonstrated market depth and issuer confidence. Investor participation continued to broaden, driven by younger investors and rising female participation. However, trading activity moderated in cash markets and equity derivatives during Q2FY27, contrasting with strong growth in currency futures and commodity derivatives. Meanwhile, turnover remained concentrated among a relatively small cohort of high-value investors, highlighting the persistent gap between investor participation and traded value.

Main Board listings reach an all-time monthly high: Primary market activity remained robust in September 2026, with 32 Main Board listings across both exchanges raising over Rs 40,000 crore—the highest monthly listing count on record. In H1FY27, 70 companies listed on the NSE Main Board, raising Rs 69,795 crore, up 14% YoY, with 51% delivering listing gains exceeding 10%. Retail individual investors' participation in IPO allotments rose marginally to 27%. On NSE Emerge, 39 companies raised Rs 2,305 crore, down from 68 listings raising Rs 3,372 crore in H1FY26. Average issue size increased 19% YoY to ~Rs 59 crore. SEBI's proposed SME IPO reforms seek to strengthen issuer quality, improve investor protection and facilitate access to capital, subject to public consultation and regulatory approval.

Large-ticket issuances reflect issuer and investor confidence: Large-ticket issuances continued to demonstrate the depth of the Indian capital market, with eight issuances exceeding Rs 10,000 crore recorded during FY25–FY27 (up to September 2026). The proposed Jio Platforms IPO, expected in October 2026, could become India's largest IPO and mark the second large-ticket issuance of this scale in FY27. These developments highlight the market's capacity to absorb sizeable issuances and reflect sustained confidence among issuers and investors.

Investor base expands fourfold, driven by younger investors and rising female participation: NSE's unique registered investor base reached ~13.7 crore in September 2026, over four times the March 2020 level. The median investor age declined from 38 to 33 years between March 2020 and September 2026, reflecting increased participation by younger investors. Those below 30 accounted for 38% of registered investors, while the 30–39 age group represented 30%. Women's share of individual investors also increased to ~25.2% in September 2026, indicating a gradual broadening of market participation.

Equity activity moderates in Q2FY27, while commodity derivatives strengthen: In Q2FY27, cash market ADT declined 13% QoQ, with September turnover reaching a seven-month low. Equity futures and options ADT fell 19% and 25%, respectively, while remaining below Q4FY26 levels by 30% and 37%. Currency futures ADT rose 16%, whereas interest rate futures declined 10% QoQ. Commodity derivatives led growth, with futures and options ADT increasing 38% and 116%, respectively. Both instruments recorded their highest-ever monthly ADT in September, supported by strong activity in crude oil futures, electricity futures and crude oil options contracts.

Persistent skew between investor participation and traded value: During the month, the top 0.2% of cash market investors accounted for 79.1% of turnover, up from 78.1%

in August and 77.4% a year earlier. Investors trading below Rs 1 lakh represented 70% of active investors but contributed just 0.4% of turnover. In equity options, the top two turnover cohorts accounted for 86.2% of premium turnover, up from 84.3% in August. Equity futures remained the most concentrated segment, with the top turnover cohort contributing ~93% of turnover despite a decline in its share of active investors to 5.6%. Higher-turnover cohorts remained institutionally dominated, while individuals accounted for most activity in lower-value cohorts.

5.1 Robust primary market activity in September 2026

The Indian capital market witnessed robust primary market activity in September 2026, with 32 Main Board listings across both exchanges raising over Rs 40,000 crore, marking the highest monthly listing count on record. During H1FY27, 70 companies were listed on the NSE Main Board, raising Rs 69,795 crore, up 14% YoY, while approximately 51% of these companies recorded listing gains exceeding 10%. Retail individual investors participation in IPO allotments increased marginally to 27%.

On the SME platform, NSE Emerge recorded 39 listings that raised Rs 2,305 crore in H1FY27, as compared with 68 listing raising Rs 3,372 crore in the corresponding period in the last fiscal. The average issue size stood at Rs ~59 crore in H1FY27, up 19% from H1FY26. SEBI's proposed SME IPO reforms aim to broaden access to capital, strengthen issuer quality and enhance investor protection by introducing post-issue market-capitalisation thresholds, profitability criteria and an alternative eligibility route based on qualified institutional buyer participation. These measures aim to reduce issuance-related costs, widen investor participation and facilitate capital formation among smaller enterprises, while strengthening issuer quality and market integrity. The proposals remain subject to public consultation and final regulatory approval.

5.1.1 Fund mobilisation and new listings

The highest-ever monthly Main Board listings: In September 2026, the Indian capital market witnessed 32 Main Board listings across both exchanges, with aggregate issue proceeds exceeding Rs 40,000 crore. This marked the highest number of listings in a single month and the second-highest monthly issue size on record. The listing of NSE on the BSE Main Board marked a landmark development, representing the second-largest IPO in the history of the Indian capital market, after Hyundai Motor India Limited.

Large-ticket issuances reflect confidence among issuers and investors: Over the last three financial years (FY25–FY27), up to September 2026, the Indian capital market witnessed eight large-ticket issuances, each exceeding Rs 10,000 crore. The upcoming IPO of Jio Platforms Limited, expected in October 2026 with an estimated issue size of ~Rs 30,000 crore, is poised to set a new record as the largest IPO in the history of the Indian capital market. It would also mark the second large-ticket issuance of this scale in FY27. These developments highlight the depth and breadth of the capital market, its capacity to absorb large issuances, and the confidence reposed in it by both issuers and investors.

NSE Main Board listings rise 30% in H1FY27...: Notably, excluding NSE's listing on the BSE Main Board, 31 companies were listed on the NSE Main Board during September, raising approximately Rs 17,793 crore, a decline of 39% MoM. Of the total proceeds, 57% came from fresh issuances and 43% from offers for sale (OFS). This brought the cumulative number of listings on the NSE to 70 during H1FY27, representing a 30% increase over H1FY26. Aggregate funds raised during the period amounted to Rs 69,795 crore, marking a 14% increase over the corresponding period in FY26.

Investor participation patterns during H1FY27 also reflected a marginal shift in IPO allotments. The share of retail individual investors (RIIs) increased to ~27%, compared with 26% in H1FY26 and 23% in FY26 as a whole. In contrast, the share of qualified institutional buyers (QIBs) moderated to 57%, from 58% in H1FY26 and 62% in FY26 as a whole. Non-institutional investors (NIIs) accounted for 15% of the total, compared with 14% in the corresponding period of the previous financial year.

...while 51% of IPOs deliver listing gains exceeding 10%: Of the 70 companies listed in H1FY27, approximately 51% recorded listing gains of over 10%. Around 7% delivered

gains exceeding 50%, while 21% recorded gains of 25%–50% and 23% registered gains of 10%–25%. This represented an improvement over H1FY26, when 43% of companies recorded listing gains of over 10%, and H2FY26, when the corresponding share stood at 28%.

Overall equity and debt fundraising rises 32% MoM in September: During September, overall equity fundraising declined 46% MoM to Rs 41,046 crore, as proceeds from IPOs, further issuances and OFS through secondary markets fell by 38%, 15% and 63%, respectively. Fundraising through infrastructure investment trusts (InvITs) and real estate investment trusts (REITs) also declined by 8% MoM to Rs 2,476 crore. In contrast, debt fundraising increased by 75% MoM to ~Rs 2.5 lakh crore. Commercial paper (CP) issuances rose by 73% MoM to Rs 1.9 lakh crore, while privately placed non-convertible debentures (NCDs) increased by 83% to Rs 61,007 crore. Consequently, overall fundraising through equity and debt increased by 32% MoM to Rs 2.9 lakh crore.

Corporate debt-to-GDP ratio highlights scope for deeper market financing: Notably, India's corporate debt-to-GDP ratio stood at 17% in 2025, below the corresponding ratios for China (38%), South Korea (76%) and the United States (38%). This highlights the potential for further deepening of India's corporate financing ecosystem. As India advances towards its ambition of Viksit Bharat 2047, capital markets are poised to play an increasingly important role in mobilising savings and channelising them into productive investment. By broadening access to equity capital, corporate bonds, InvITs, REITs and other financing instruments, capital markets can complement traditional bank lending, diversify funding sources and support investment in infrastructure, manufacturing, technology and emerging sectors.

Table 43: Monthly trends for fund mobilisation (Rs crore) through equity and debt in the last 11 months

Segments	Modes	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Equity (Main Board) - Primary markets	Fresh listing	11,754	7,365	1,816	1,824	2,784	1,558	850	661	3,181	20,510	10,147
	OFS	21,260	14,493	2,949	2,185	5,271	541	76	991	15,168	8,466	7,646
	IPO (Fresh + OFS)	**33,014**	**21,858**	**4,765**	**4,009**	**8,056**	**2,099**	**926**	**1,652**	**18,349**	**28,976**	**17,793**
	FPO	-	-	-	-	-	-	-	-		-	-
	Rights	1,073	26,488	381	74	780	1,260	174	153	480	225	634
	Preferential	19,180	7,861	27,134	3,118	5,423	46,317	9,225	22,434	63,243	1,885	2,048
	QIPs	1,200	11,085	4,150	-	182	2,500	4,000	7,580	29,469	9,649	7,200
Equity (SME) - Primary markets`	Fresh listing	213	622	253	282	234	179	532	230	225	485	525
	OFS	-	24	5	24	7	26	9	-	-	80	14
	IPO (Fresh + OFS)	**213**	**646**	**258**	**306**	**242**	**205**	**542**	**230**	**225**	**565**	**539**
	FPO	-	-	-	-	-	-	-	-	-	-	-
	Rights	91	-	-	-	122	-	-	-	-	-	116
	Preferential	206	546	34	263	145	350	235	85	241	142	144
	QIPs	-	-	-	-	-	-	-	-	-	-	-
Secondary markets	OFS	**51**	**4,061**	**3,313**	**8,265**	**538**	**-**	**7,322**	**11,088**	**1,856**	**34,392**	**12,571**
Total equity raised		**55,027**	**72,545**	**40,035**	**16,037**	**15,488**	**52,731**	**22,424**	**43,222**	**1,13,865**	**75,835**	**41,046**
InvITS	Fresh listing	-	-	-	-	6,000	1,105	-	-	-	-	-
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	1,789	-	-	-	1,314	-	1,004	300	-	2,000	476
	QIPs	-	1,250	1,500	-	2,469	-	-	1,700	-	700	2,000
REITs	Fresh listing	-	-	-	-	-	-	3,405	-	-	-	-
	Rights	-	-	-	-	-	-	-	-	-	-	-
	Preferential	-	-	1,819	-	-	-	662	-	-	-	-
	QIPs	-	3,500	-	-	-	2,600	-	-	-	-	-
Total business trusts raised		**1,789**	**4,750**	**3,319**	**-**	**9,782**	**3,705**	**5,071**	**2,000**	**-**	**2,700**	**2,476**
Debt	CPs	77,160	86,964	39,261	1,26,645	1,27,157	1,01,294	80,410	1,90,172	69,719	1,08,134	1,86,586
	NCDs (Private)	38,054	51,585	25,462	40,363	77,473	21,170	27,137	69,672	48,589	33,425	61,007
	NCDs (Public)	-	-	1,000	601	1,222	-	-	-	-	-	-
Total debt raised		**1,15,214**	**1,38,549**	**65,723**	**1,67,608**	**2,05,851**	**1,22,463**	**1,07,548**	**2,59,844**	**1,18,308**	**1,41,559**	**2,47,593**
Total fund mobilisation		**1,72,030**	**2,15,844**	**1,09,077**	**1,83,645**	**2,31,121**	**1,78,899**	**1,35,043**	**3,05,066**	**2,32,172**	**2,20,094**	**2,91,115**

Source: NSE EPR.
Note: 1) Debt issuances include reissuances.
2) Data for OFS Secondary market is computed as no of shares offered*floor price (Base issue+ Greenshoe)

Table 44: Annual trends for fund mobilisation (Rs crore) through equity and debt in the last fiscal year

Modes	FY24	FY25	FY26	FY27TD
IPO	65,991	1,69,628	1,78,372	72,100
FPO	27	18,150	-	-
Rights	13,557	16,096	43,005	3,043
Preferential allotment	34,920	63,798	1,31,078	1,46,350
QIPs	68,972	1,28,703	67,824	60,399
OFS (Secondary)	21,769	29,077	26,847	67,231
REITs and InvITs (Further)	24,162	22,893	18,030	11,442
REITs and InvITs (New listing)	14,068	1,578	12,500	4,510
Total Equity raised	**2,43,466**	**4,49,922**	**4,77,755**	**3,65,075**
CP	5,90,582	7,70,812	10,01,397	7,36,315
NCD Private	5,40,350	6,44,372	5,48,859	2,61,000
NCD Public	11,145	3,259	4,896	-
Total Debt raised	**11,42,077**	**14,18,443**	**15,55,152**	**9,97,315**
Total fund raised	**13,85,543**	**18,68,364**	**20,32,907**	**13,62,390**

Source: NSE EPR.
Notes:
1) IPO data including fresh issuance and offered for sale
2) Above data combines Mainboard and Emerge platform
3) Data for OFS Secondary market is computed as No of shares offered*floor price (Base issue+ Greenshoe)
4) Data for FY27TD is till 30th September 2026.

Table 45: New listing on Main Board platform during Sep 2026

Company Name	Issue Price	Listing gain / loss (%)	Amount raised (Rs crore)	M-Cap ^ (Rs crore)
Elevate Campuses Limited	362	-1.9%	2,100	5,443
Symbiotec Pharmalab Limited	988	0.0%	1,757	7,561
Rentomojo Limited	404	19.4%	1,256	5,314
Kanohar Electricals Limited	632	8.5%	1,056	6,784
Hero Motors Limited	84	-2.4%	1,000	6,929
Karamtara Engineering Limited	254	26.0%	875	12,723
Manipal Payment & Identity Solutions Ltd	339	-2.7%	805	9,484
Asset Reconstruction Company Limited	139	0.0%	733	4,698
ESDS Software Solution Limited	429	76.5%	720	17,693
Varmora Granito Limited	148	4.7%	708	3,156
Lumino Industries Limited	82	34.1%	700	3,120
Purple Style Labs Limited	575	-7.0%	680	4,387
Skyways Air Services Limited	138	-10.1%	583	1,646
SS Retail Limited	424	47.2%	500	5,574
Prasol Chemicals Limited	676	-9.8%	500	4,966
Deepa Jewellers Limited	177	24.9%	460	1,879
Glass Wall Systems (India) Limited	182	6.6%	428	2,480
LCC Projects Limited	146	29.5%	427	4,471
Steamhouse India Limited	81	16.7%	414	3,066
Pranav Constructions Limited	124	33.1%	351	1,127
ArMee Infotech Limited	375	0.0%	300	952
Veegaland Developers Limited	140	10.0%	210	694
Annu Projects Limited	99	-27.3%	175	316
Swastika Infra Limited	185	8.1%	161	717
Adroit Industries (India) Limited	134	75.4%	151	1,113
Sonaselection India Limited	99	3.3%	142	546
Hy-Tech Engineers Limited	53	41.5%	136	686
Manika Plastech Limited	43	0.0%	126	493
Rays of Belief Limited	239	0.0%	125	490
Jindal Supreme (India) Limited	93	29.0%	125	820
Priority Jewels Limited	200	15.0%	92	543

Source: NSE
Note: 1) Listing gain/ loss has been calculated based on opening price. 2) Data for Market Cap is as of Sep 30th, 2026.

Table 46: Monthly wise analysis of listing gains for new listed companies on the Main Board

Month	[>-50%]	[-50% to -25%]	[-25% to -10%]	[-10% to 0%]	[0% to 10%]	[10% to 25%]	[25% to 50%]	[>50%]	No. of companies
Jan-25	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%	6
Feb-25	0.0%	0.0%	0.0%	25.0%	75.0%	0.0%	0.0%	0.0%	4
May-25	0.0%	0.0%	0.0%	0.0%	33.3%	66.7%	0.0%	0.0%	3
Jun-25	0.0%	0.0%	0.0%	50.0%	33.3%	16.7%	0.0%	0.0%	6
Jul-25	0.0%	0.0%	0.0%	15.4%	30.8%	23.1%	30.8%	0.0%	13
Aug-25	0.0%	0.0%	6.7%	13.3%	33.3%	26.7%	6.7%	13.3%	15
Sep-25	0.0%	0.0%	0.0%	11.8%	52.9%	29.4%	0.0%	5.9%	17
Oct-25	0.0%	11.8%	5.9%	5.9%	52.9%	11.8%	5.9%	5.9%	17
Nov-25	0.0%	0.0%	0.0%	33.3%	25.0%	25.0%	16.7%	0.0%	12
Dec-25	0.0%	0.0%	0.0%	20.0%	40.0%	20.0%	20.0%	0.0%	10
Jan-26	0.0%	0.0%	33.3%	33.3%	0.0%	0.0%	0.0%	33.3%	3
Feb-26	0.0%	0.0%	0.0%	33.3%	66.7%	0.0%	0.0%	0.0%	3
Mar-26	0.0%	11.1%	11.1%	44.4%	22.2%	11.1%	0.0%	0.0%	9
Apr-26	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	4
May-26	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	1
Jun-26	0.0%	0.0%	33.3%	0.0%	33.3%	0.0%	33.3%	0.0%	3
Jul-26	0.0%	0.0%	7.7%	7.7%	38.5%	23.1%	23.1%	0.0%	13
Aug-26	0.0%	0.0%	0.0%	0.0%	22.2%	38.9%	22.2%	16.7%	18
Sep-26	0.0%	3.2%	3.2%	16.1%	32.3%	16.1%	22.6%	6.5%	31

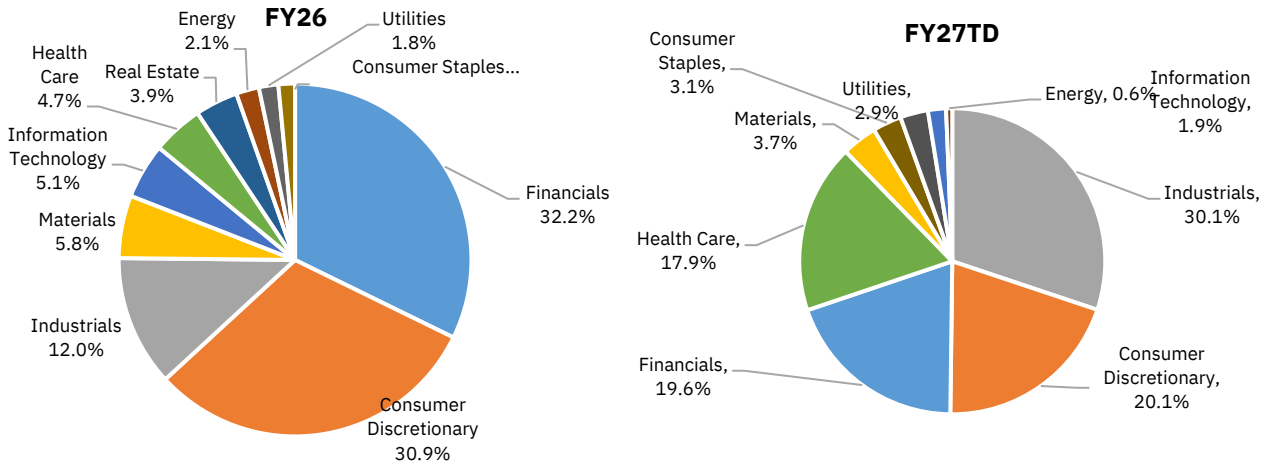
Source: NSE EPR. Note: Listing gain/ loss has been calculated based on opening price.

Table 47: Quarterly wise analysis of listing gains for new listed companies on the Main Board

Quarter	[>-50%]	[-50% to -25%]	[-25% to -10%]	[-10% to 0%]	[0% to 10%]	[10% to 25%]	[25% to 50%]	[>50%]	No. of companies
Q1FY26	0%	0%	0%	33%	33%	33%	0%	0%	9
Q2FY26	0%	0%	2%	13%	40%	27%	11%	7%	45
Q3FY26	0%	5%	3%	18%	41%	18%	13%	3%	39
Q4FY26	0%	7%	13%	40%	27%	7%	0%	7%	15
Q1FY27	0%	0%	13%	25%	38%	13%	13%	0%	8
Q2FY27	0%	2%	3%	10%	31%	24%	23%	8%	62

Source: NSE EPR. Note: 1) Listing gain/ loss has been calculated based on opening price.

Figure 225: Sector-wise fund-raising share for Main Board IPO issuances for FY26 and FY27TD



Source: NSE EPR. Note.1. Data for FY27TD is as of Sep 30th, 2026.

5.1.2 SME Corner: SEBI proposes SME IPO reforms to strengthen issuer quality and broaden investor participation

NSE Emerge recorded 39 listings that raised Rs 2,305 crore in H1FY27, as compared with 68 listing raising Rs 3,372 crore in the corresponding period in the last fiscal. The average issue size stood at Rs. ~59 crore in H1FY27, up from Rs 50 crore in H1FY26. Since its inception, the Emerge platform has enabled 760 companies to raise a cumulative Rs 24,532 crore, with their aggregate market capitalisation standing at Rs 2.8 lakh crore as of September 2026. Maharashtra led in cumulative listings with 209 companies, followed by Gujarat (191), the NCT of Delhi (106), West Bengal (43) and Rajasthan (35).

SEBI's proposed overhaul of the SME IPO framework, outlined in October 2026, seeks to broaden access to capital while strengthening issuer quality and investor protection. Key proposals include replacing paid-up-capital-based eligibility criteria with post-issue market-capitalisation thresholds, requiring companies valued at up to Rs 1,000 crore to list on the SME platform while allowing those valued above Rs 1,000 crore and up to Rs 4,000 crore to choose between the SME platform and the Main Board, subject to applicable eligibility requirements.

Migration to Mainboard: Key conditions: Paid-up capital ≥ ₹10 crore; average market capitalisation ≥ ₹100 crore; revenue > ₹100 crore; positive operating profit in 2 of 3 years; SME-listed ≥3 years; ≥500 public shareholders; and promoter/promoter group holding ≥20%.

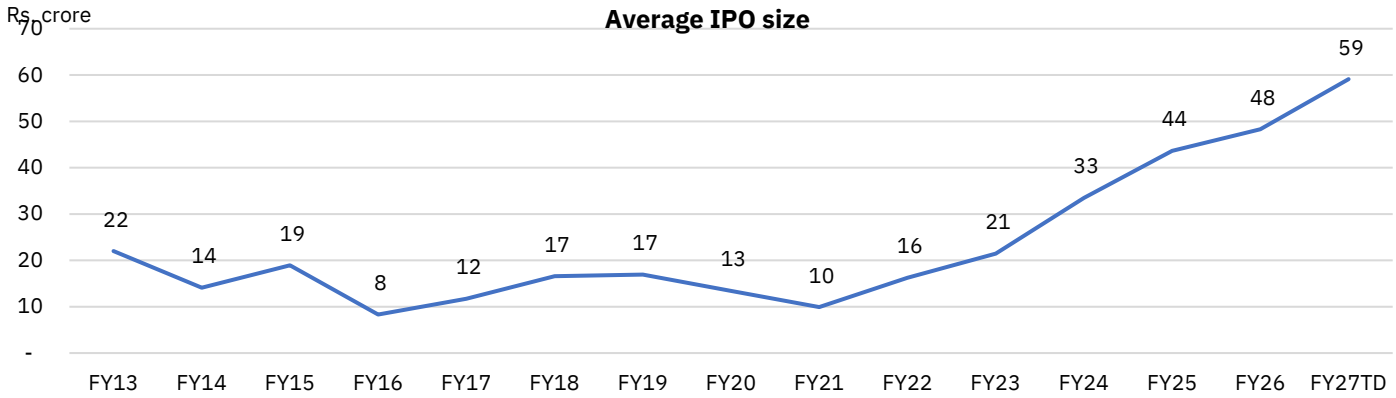
The proposals also seek to raise the operating-profit requirement to an average of at least Rs 3 crore annually over the preceding three financial years and introduce an alternative eligibility route requiring at least 75% allocation to qualified institutional buyers (QIBs). Other proposed changes include reducing the minimum IPO application amount from Rs 2 lakh to Rs 1 lakh and removing the Rs 10 crore cap on general corporate purpose (GCP) while retaining the 15% limit and eliminating compulsory market making for three years and the associated minimum inventory requirement of 5% of listed securities. These measures aim to reduce issuance-related costs, widen investor participation and facilitate capital formation among growing enterprises, while strengthening issuer quality and market integrity. The proposals remain subject to public consultation and final regulatory approval.

Table 48: Annual trends for SME IPOs on Emerge platform

Year	No of listings	Issue Size (Rs. in crores)
FY13	2	44
FY14	3	42
FY15	2	38
FY16	8	67
FY17	31	363
FY18	87	1,442
FY19	62	1,049
FY20	13	174
FY21	8	79
FY22	31	503
FY23	62	1,330
FY24	138	4,621
FY25	163	7,111
FY26	111	5,363
FY27TD	39	2,305

Source: NSE EPR. Note: Data for FY27TD is as of Sep 2026.

Figure 226: Annual trends in average IPO size on Emerge Platform



Source: NSE EPR. Note: Data for FY27TD is as of Sep 2026.

Table 49: Monthly wise analysis of listing gains for new listed companies on Emerge platform

Month	[>-50%]	[-50% to -25%]	[-25% to -10%]	[-10% to 0%]	[0% to 10%]	[10% to 25%]	[25% to 50%]	[>50%]	No. of companies
Jan-25	0.0%	0.0%	14.3%	0.0%	14.3%	14.3%	28.6%	28.6%	7
Feb-25	0.0%	0.0%	0.0%	18.2%	72.7%	0.0%	9.1%	0.0%	11
Mar-25	0.0%	0.0%	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%	5
Apr-25	0.0%	0.0%	0.0%	33.3%	0.0%	33.3%	33.3%	0.0%	3
May-25	0.0%	16.7%	33.3%	0.0%	33.3%	0.0%	16.7%	0.0%	6
Jun-25	0.0%	6.7%	6.7%	0.0%	40.0%	13.3%	13.3%	20.0%	15
Jul-25	0.0%	0.0%	15.4%	7.7%	46.2%	7.7%	15.4%	7.7%	13
Aug-25	0.0%	0.0%	18.8%	18.8%	25.0%	25.0%	0.0%	12.5%	16
Sep-25	0.0%	0.0%	6.7%	20.0%	26.7%	20.0%	6.7%	20.0%	15
Oct-25	0.0%	0.0%	12.5%	12.5%	25.0%	12.5%	25.0%	12.5%	8
Nov-25	0.0%	0.0%	25.0%	25.0%	0.0%	50.0%	0.0%	0.0%	4
Dec-25	0.0%	0.0%	14.3%	14.3%	21.4%	28.6%	7.1%	14.3%	14
Jan-26	0.0%	0.0%	40.0%	0.0%	0.0%	0.0%	40.0%	20.0%	5
Feb-26	0.0%	0.0%	16.7%	0.0%	83.3%	0.0%	0.0%	0.0%	6
Mar-26	0.0%	0.0%	33.3%	16.7%	33.3%	0.0%	16.7%	0.0%	6
Apr-26	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	0.0%	0.0%	2
May-26	0.0%	0.0%	37.5%	25.0%	12.5%	12.5%	12.5%	0.0%	8
Jun-26	0.0%	0.0%	25.0%	0.0%	50.0%	0.0%	0.0%	25.0%	4
Jul-26	0.0%	0.0%	0.0%	16.7%	33.3%	16.7%	0.0%	33.3%	6
Aug-26	0.0%	0.0%	28.6%	14.3%	28.6%	14.3%	0.0%	14.3%	7
Sep-26	0.0%	0.0%	0.0%	8.3%	58.3%	0.0%	0.0%	33.3%	12

Source: NSE EPR. Note: 1) Listing gain/ loss has been calculated based on opening price.

Table 50: Quarterly wise analysis of listing gains for new listed companies on the Emerge platform

Quarter	[>-50%]	[-50% to -25%]	[-25% to -10%]	[-10% to 0%]	[0% to 10%]	[10% to 25%]	[25% to 50%]	[>50%]	No. of companies
Q1FY26	0%	8%	13%	4%	33%	13%	17%	13%	24
Q2FY26	0%	0%	14%	16%	32%	18%	7%	14%	44
Q3FY26	0%	0%	15%	15%	19%	27%	12%	12%	26
Q4FY26	0%	0%	29%	6%	41%	0%	18%	6%	17
Q1FY27	0%	0%	29%	14%	29%	14%	7%	7%	14
Q2FY27	0%	0%	8%	12%	44%	8%	0%	28%	25

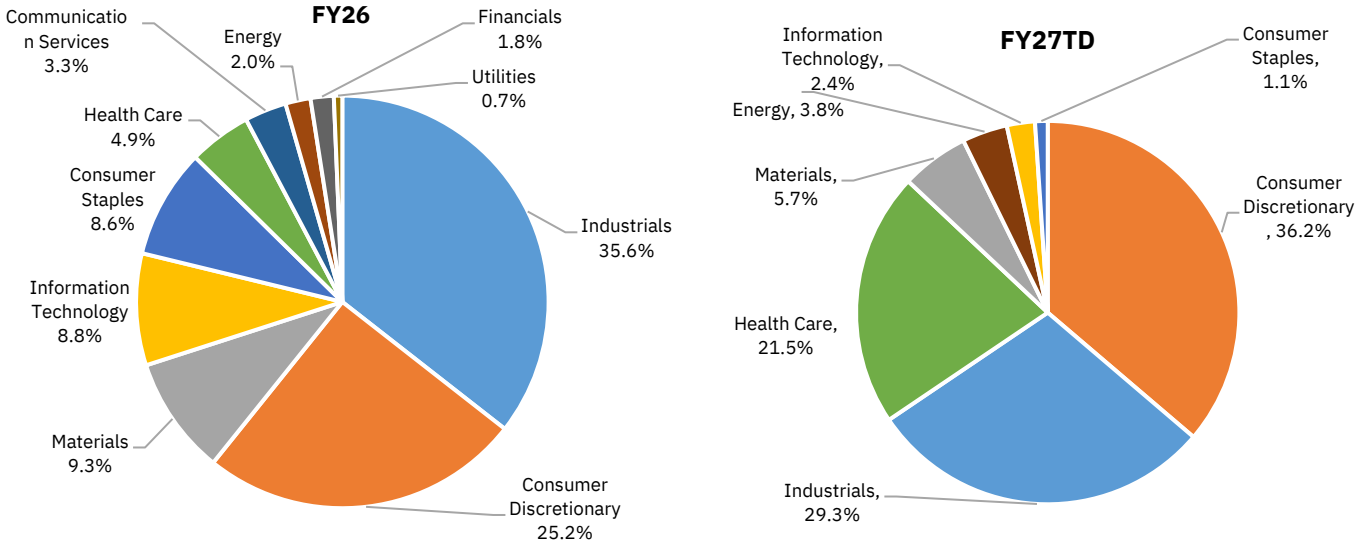
Source: NSE EPR. Note: 1) Listing gain/ loss has been calculated based on opening price.

Table 51: New listing on Emerge platform during September 2026

Company Name	Issue Price	Listing gain / loss (%)	Amount raised (Rs crore)	M-Cap ^ (Rs crore)
Ashutosh Fibre Limited	92	52.2%	56	336
Sumax Engineering Limited	101	9.9%	53	197
Madhur Knit Crafts Limited	100	0.0%	53	102
Axiom Gas Engineering Limited	54	1.4%	51	164
Shanti Inorganics Limited	83	90.0%	47	304
Kheria Autocomp Limited	101	3.9%	46	161
Qualiance International Limited	127	77.1%	45	253
Pooja Logistics Limited	115	2.6%	44	177
Vinod Texworld Limited	94	0.0%	43	91
SpectraA Technology Solutions Limited	118	90.0%	43	335
ABH Healthcare Limited	102	-2.9%	35	47
Coreintegra Consulting Services Limited	78	0.1%	22	83

Source: NSE
Note: 1) Listing gain/ loss has been calculated based on opening price. 2) Data for Market Cap is as of Sep 30th, 2026.

Figure 227: Sector-wise fund-raising share for SME IPO issuances for FY26 and FY27TD



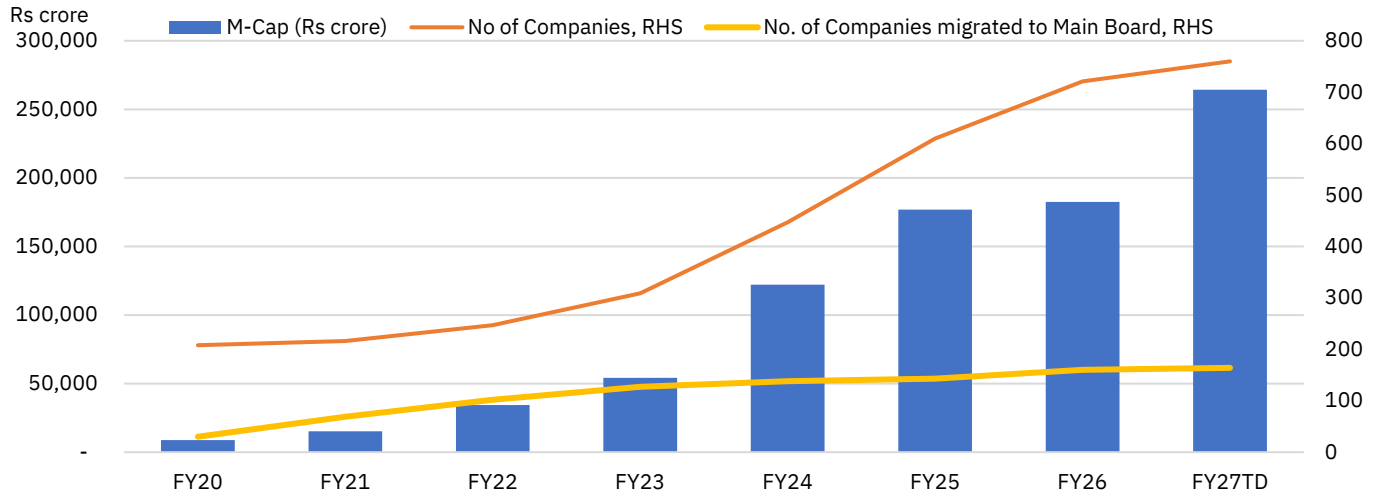
Source: NSE EPR. Note.1. Data for FY27TD is as of 30th Sep 2026

Table 52: Top 10 state wise SME IPOs since inception

State	No of listing	Amount Raised (Rs crore)	M-Cap (Rs crore)
Maharashtra	209	6,491	63,851
Gujarat	191	5,389	61,514
NCT of Delhi	106	3,961	53,494
West Bengal	43	1,451	12,335
Rajasthan	35	1,106	22,470
Tamil Nadu	23	1,102	9,725
Karnataka	24	1,006	11,355
Madhya Pradesh	34	913	13,079
Telangana	22	626	4,880
Uttar Pradesh	12	605	4,910
Others	61	1,883	19,197
Grand Total	**760**	**24,532**	**2,76,810**

Source: NSE EPR
Note: M-Cap data is as of last day of Sep 2026.

Figure 228: Annual trend of listing and market capitalisation on Emerge platform



Source: NSE EPR.
Notes: 1. Market cap data for FY27TD is as of Sep 2026.
2. Data includes companies that are migrated to Mainboard of the exchange.

BOX 1: Company-wise details of SME EMERGE listings in September 2026

Ashutosh Fibre Limited is engaged in the manufacturing of fibre and textile products. The IPO comprised an issue of up to 70,00,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the objects specified by the Company, including its stated business requirements and general corporate purposes.

Sumax Engineering Limited is engaged in engineering and manufacturing activities. The IPO comprised a fresh issue of up to 43,00,000 equity shares and an Offer for Sale of up to 10,00,000 equity shares, aggregating to 53,00,000 equity shares. The issue was a book-built issue, with the equity shares having a face value of Rs. 10 each. Net proceeds from the fresh issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Madhur Knit Crafts Limited is engaged in the manufacturing of hosiery, ready-made garments and knitted cloth. The IPO comprised an issue of 56,00,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Axiom Gas Engineering Limited is engaged in engineering activities relating to gas processing plants, petroleum refineries and gas dispensing stations. The IPO comprised an issue of 94,92,000 equity shares of face value Rs. 5 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Shanti Inorganics Limited is engaged in the manufacturing of inorganic chemicals. The IPO comprised an issue of up to 50,00,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Kheria Autocomp Limited is engaged in the manufacturing of plastic injection-moulded components and assemblies, primarily for the automotive industry. The IPO comprised an issue of up to 46,00,000 equity shares of face value Rs. 10 each, including a fresh issue and a market-maker reservation portion. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the fresh issue are proposed to be utilised primarily towards capital expenditure for setting up a new manufacturing facility, along with other stated objects.

Qualiance International Limited is engaged in the textile business. The IPO comprised a fresh issue of up to 35,52,000 equity shares, with no Offer for Sale. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the fresh issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Pooja Logistics Limited is engaged in providing logistics services. The IPO comprised an issue of up to 38,46,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the fresh issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

Vinod Texworld Limited is engaged in the textile business. The IPO comprised an issue of up to 45,56,800 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

SpectraA Technology Solutions Limited is engaged in providing engineering-led turnkey project solutions across industries including breweries, distilleries, food and beverages, extraction plants, FMCG and pharmaceuticals. The IPO comprised an issue of up to 34,76,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

ABH Healthcare Limited is engaged in healthcare services, including hospital operations and associated medical services. The IPO comprised a fresh issue of up to 34,29,000 equity shares of face value Rs. 10 each, with no Offer for Sale. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the fresh issue are proposed to be utilised towards the Company's stated objects, including repayment or prepayment of borrowings, as applicable, along with general corporate purposes.

Coreintegra Consulting Services Limited is engaged in human resource services, staffing solutions and compliance management services. The IPO comprised an issue of up to 35,00,000 equity shares of face value Rs. 10 each. The issue was a book-built issue, with the issue price to be determined through the book-building process. Net proceeds from the issue are proposed to be utilised towards the Company's stated objects, along with general corporate purposes.

5.2 Investor participation: Investor base expands, with rising youth and female participation amid regional concentration

The number of unique registered investors at NSE stood at ~13.7 crore as of September 2026, representing an over fourfold increase since March 2020. The influx of new investors during this period was predominantly concentrated in the below-30 age group, contributing to a decline in the median age of investors from 38 years in March 2020 to 33 years as of September 2026. Of the total registered investors, approximately 38% were below 30 years of age, while around 30% belonged to the 30–39 age group. Another notable development has been the consistent rise in female participation, with women accounting for ~ 25.2% of individual investors as of September 2026.

Maharashtra accounted for 2.1 crore registered investors as of September 2026, representing 15.4% of the national total. Uttar Pradesh followed with 1.6 crore investors (12.0%), ahead of Gujarat with 1.2 crore (8.6%), West Bengal with 81.2 lakh (5.9%) and Rajasthan with 79 lakh (5.8%). Collectively, these five states accounted for 47.7% of all registered investors, highlighting the concentration of investor participation across a relatively small group of states.

Among the top five states by registered investors, Maharashtra and Gujarat recorded female participation rates of 29.1% and 28.5%, respectively, both above the national average. In contrast, the corresponding shares for West Bengal, Rajasthan and Uttar Pradesh stood at 24.1%, 21.2% and 19.3%, respectively, below the national average. Across states and Union Territories, five recorded female participation above 30%, led by Goa at 33.3%, followed by Mizoram (33.2%), Sikkim (32.0%), Delhi (30.8%) and Nagaland (30.0%).

5.2.1 Region wise distribution of total registered investors

Registered investor base reaches 13.7 crore, with North India retaining the largest share: The number of unique registered investors on NSE increased to 13.7 crore in September 2026, rising 1.0% month on month and 13.5% year on year. The investor base expanded by 74.8 lakh during FY27TD, from 12.9 crore at end-FY26. North India continued to account for the largest share, with 5.0 crore registered investors (36.9%), followed by West India at 4.0 crore (29.1%), South India at 2.9 crore (21.1%) and East India at 1.7 crore (12.1%). The regional distribution highlights the continued prominence of North India, which accounted for more than one-third of registered investors.

Between FY19 and FY27TD, the number of registered investors increased approximately 6.6 times in North India and 6.1 times in East India, compared with 4.3 times in South India and 4.1 times in West India. Consequently, North India's share rose from 27.9% in FY19 to 36.9% in FY27TD, while East India's increased from 9.8% to 12.1%. In contrast, West India's share declined from 35.2% to 29.1%, and South India's from 24.2% to 21.1%. The shift indicates a gradual rebalancing of investor participation towards North and East India, even as West and South India together continued to account for just over half of the registered investor base.

Figure 229: Trend of region wise total unique registered investors

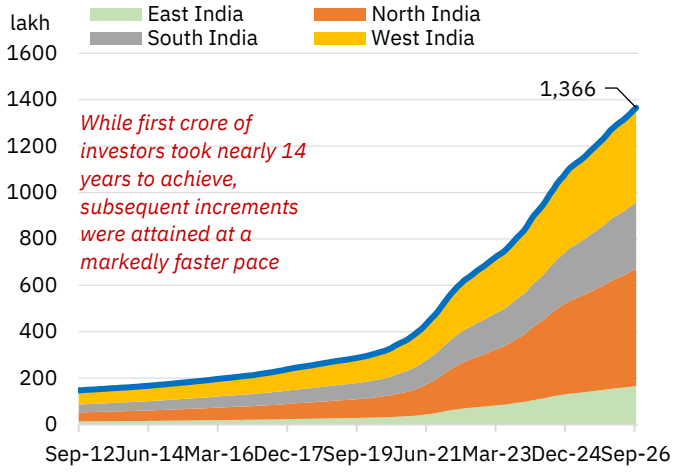
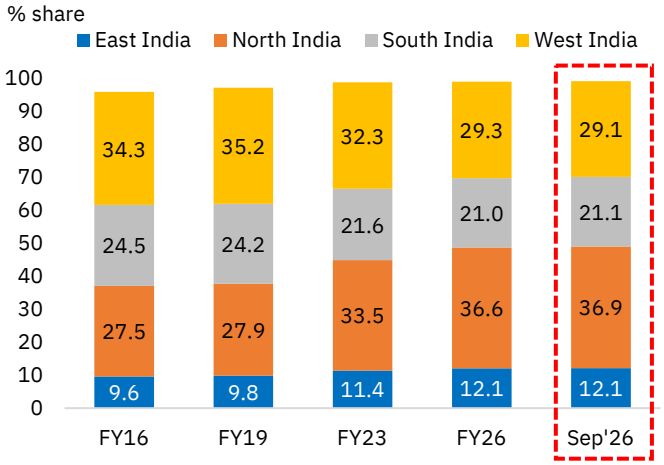


Figure 230: Trend of region wise total unique registered investors (% share)



Source: NSE EPR. Note: East India includes Mizoram, Odisha, West Bengal, Assam, Manipur, Arunachal Pradesh, Tripura, Nagaland, Meghalaya, Sikkim, Chhattisgarh; West India includes Maharashtra, Gujarat, Madhya Pradesh, Goa, Dadra & Nagar Haveli and Daman & Diu; North India includes Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Punjab, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Ladakh and Rajasthan; South India includes Telangana, Keralam, Andhra Pradesh, Tamil Nadu, Karnataka, Pondicherry, Lakshadweep and Andaman & Nicobar.

Table 53: Region-wise distribution of total unique registered investors (in lakh) at end of each fiscal year

Region	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
East India	30.4	39.3	65.7	82.8	107.7	135.8	156.3	165.5
North India	88.4	117.6	189.4	243.5	324.0	409.7	472.9	504.2
South India	75.1	97.0	132.5	157.3	189.2	232.9	271.4	288.2
West India	108.4	139.1	198.2	234.8	286.0	341.0	378.1	396.8
Others#	7.7	7.5	8.0	8.4	9.0	8.5	12.2	11.0
Total	**310.1**	**400.3**	**593.7**	**726.9**	**915.9**	**1127.9**	**1290.9**	**1365.7**

Source: NSE EPR. Note: Data for FY27TD is as of September 2026 #Others include Army Personnel Officers and investors for whom state mapping is unavailable

Demographics of registered investors

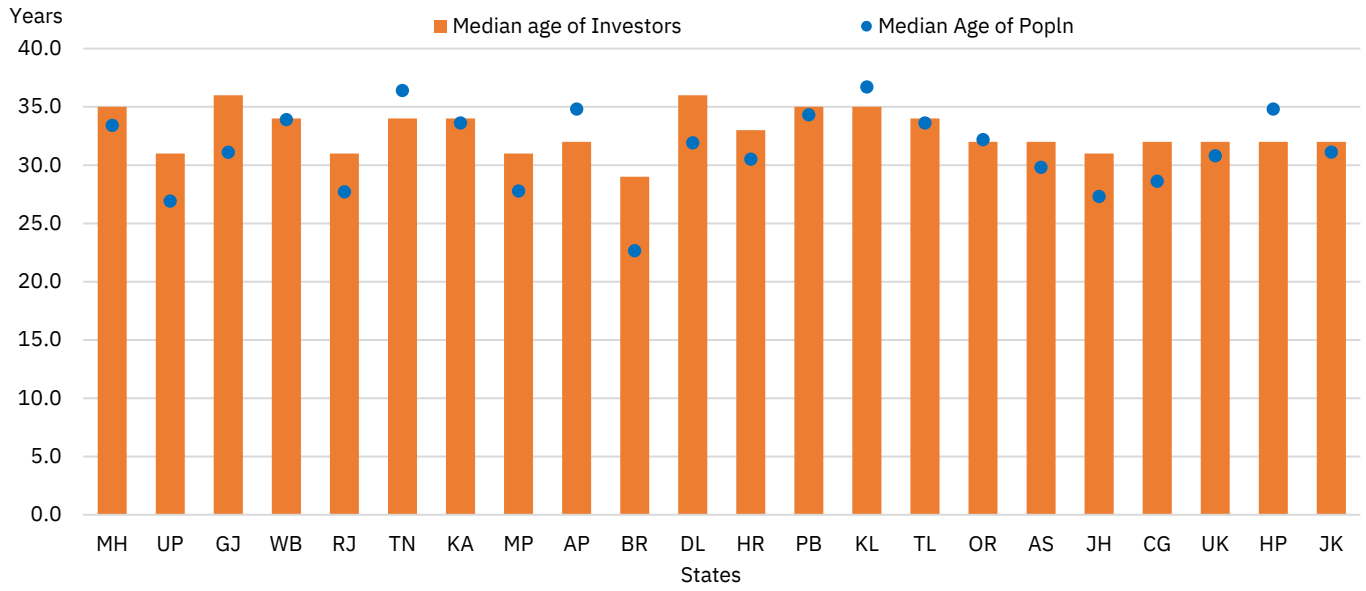
Demographic advantage does not necessarily translate into deeper equity-market participation. States with younger population profiles tend to have a larger share of investors below 30, but this may partly reflect the demographic composition of their populations rather than a higher propensity to invest. Bihar, for instance, has the lowest median population age among the states considered, at 22.7 years. Investors below 30 account for 50.3% of its registered investor base, while the median investor age is 29 years. Uttar Pradesh exhibits a similar pattern, with a median population age of 26.9 years, and 44.3% of investors below 30. Madhya Pradesh, Jharkhand and Rajasthan also combine relatively young populations with high shares of younger investors, at 43.8%, 43.3% and 42.0%, respectively. These patterns suggest that younger states contribute disproportionately to the young investor base, although they do not establish whether young residents in these states are more likely to invest.

The contrast with states having older population profiles reinforces this distinction. In Keralam, where the median population age is 36.7 years, investors below 30 account for 32.2% of the registered base, while those aged 60 and above constitute 12.1%. Tamil Nadu and Punjab similarly record lower shares of investors below 30, at 32.8% and 32.1%, respectively. Such differences indicate that population age structure alone cannot

explain the age composition of investors; economic conditions, financial awareness, access to investment platforms and familiarity with securities markets may also matter.

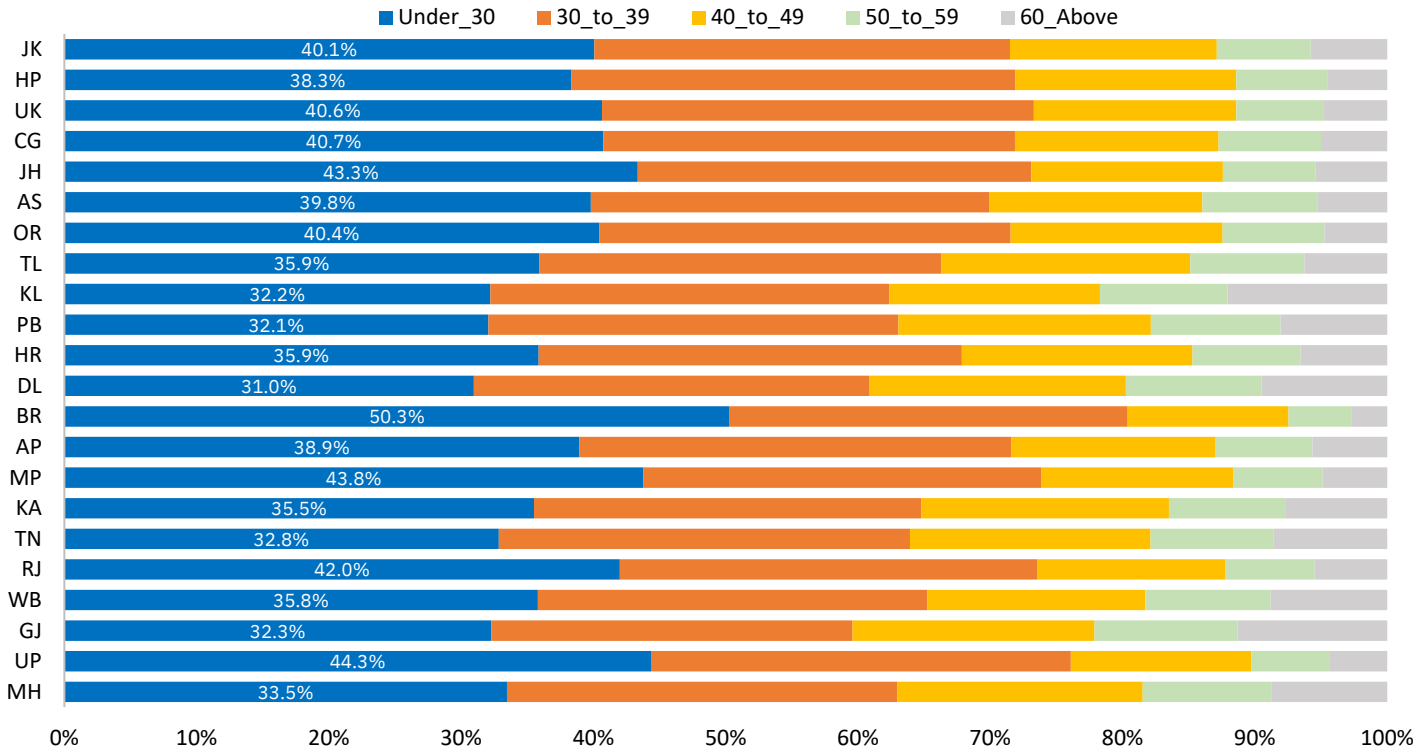
The policy implication is to convert demographic potential into effective market participation. A high share of young investors should not, by itself, be interpreted as evidence of high penetration among young people. The findings therefore highlight the importance of strengthening financial awareness and investor education, particularly in states where younger populations offer considerable potential for future participation. Such initiatives should complement efforts to improve understanding of investment products, risk and long-term financial planning.

Figure 231: State-wise comparison of median population age and registered investor age



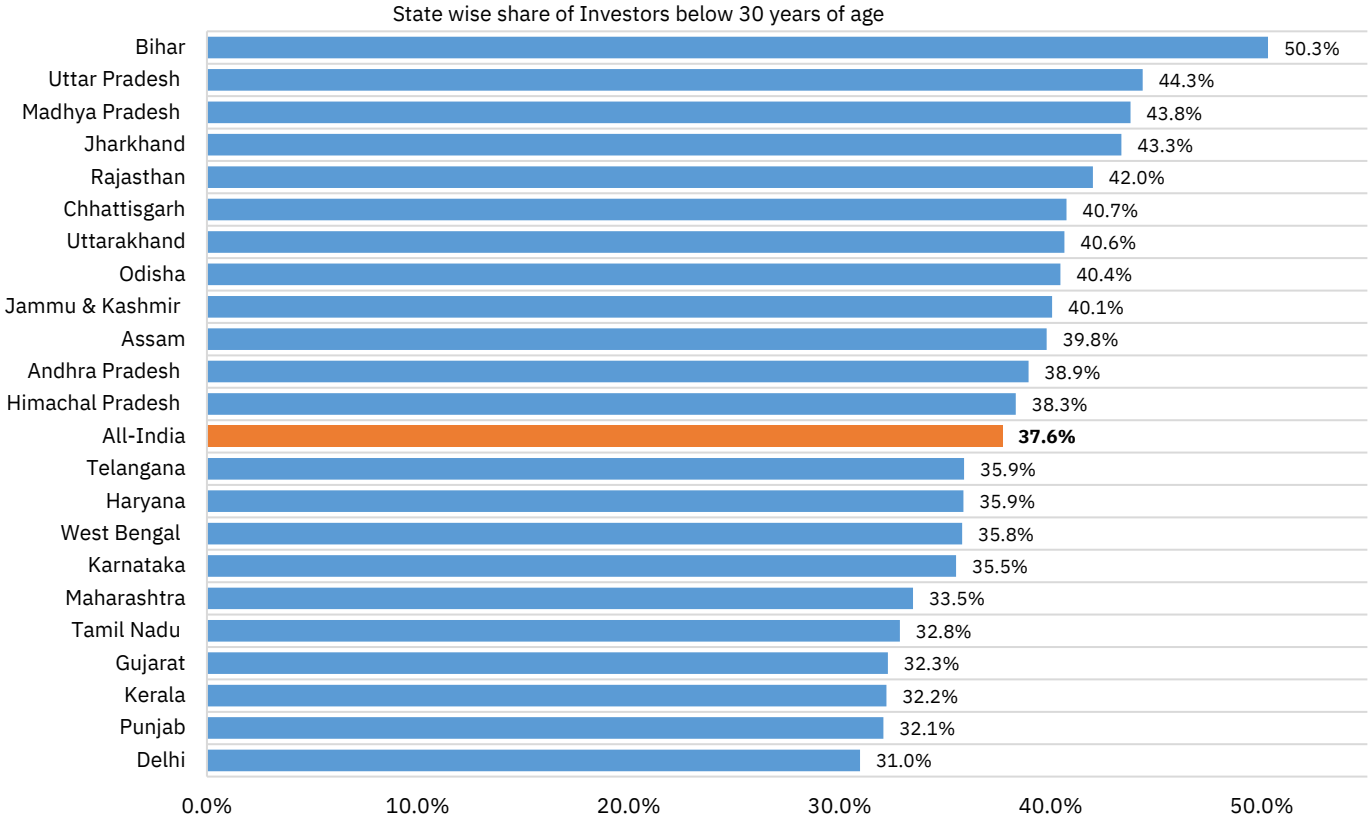
Source: NSE EPR, Projected Median Age of Population for India and Major States as on 1st March: 2011 – 2036, National Health profile 2023 (NHP 2023), NFHS reports, MoH&FW. Notes: 1) State codes: AP = Andhra Pradesh; BR = Bihar; CG= Chhattisgarh; GJ = Gujarat; HR = Haryana; HP = Himachal Pradesh; JH = Jharkhand; JK= Jammu & Kashmir; KA = Karnataka; KL = Keralam; MP = Madhya Pradesh; MH = Maharashtra; OR = Orissa; PB = Punjab; RJ = Rajasthan; TN = Tamil Nadu; TG = Telangana; UP = Uttar Pradesh; UK = Uttarakhand; WB = West Bengal; DL = Delhi; AS = Assam. 2) States are arranged in the descending order of the registered investor base. 3) Median age data were available for only 22 states and UTs. However, these states account for 98% of the total registered investor base.

Figure 232: Age-wise distribution of registered investor base



Source: NSE EPR. Notes: 1) State codes: AP = Andhra Pradesh; BR = Bihar; CG= Chhattisgarh; GJ = Gujarat; HR = Haryana; HP = Himachal Pradesh; JH = Jharkhand; JK= Jammu & Kashmir; KA = Karnataka; KL = Keralam; MP = Madhya Pradesh; MH = Maharashtra; OR = Orissa; PB = Punjab; RJ = Rajasthan; TN = Tamil Nadu; TG = Telangana; UP = Uttar Pradesh; UK = Uttarakhand; WB = West Bengal; DL = Delhi; AS = Assam.

Figure 233: State-wise share of investors below 30 years of age



Source: NSE EPR.

State-level distribution of registered investors

Maharashtra retains the largest investor base, while Uttar Pradesh has strengthened its relative contribution: Maharashtra accounted for 2.1 crore registered investors in September 2026, representing 15.4% of the national total. Uttar Pradesh followed with 1.6 crore investors (12.0%), ahead of Gujarat at 1.2 crore (8.6%), West Bengal at 81.2 lakh (5.9%) and Rajasthan at 79 lakh (5.8%). Together, these five states accounted for 47.7% of registered investors, indicating that participation remains concentrated in a relatively small group of states.

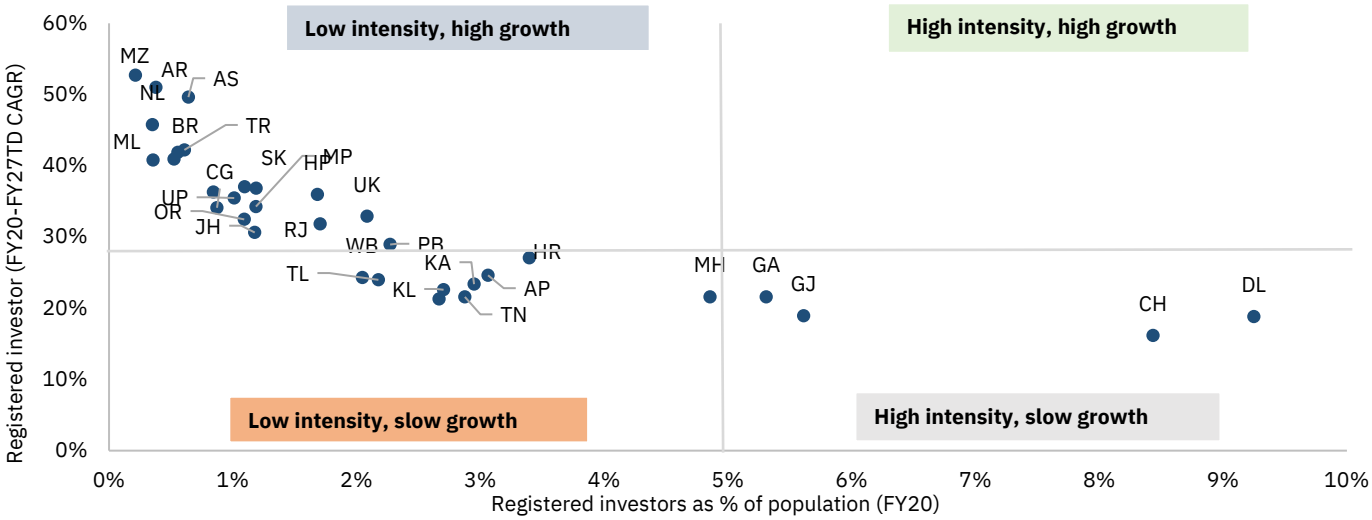
The longer-term distribution points to a shift in the relative contribution of individual states. Between FY15 and September 2026, Maharashtra's share declined from 19.9% to 15.4%, while Gujarat's fell from 11.4% to 8.6%. In contrast, Uttar Pradesh's share increased from 6.9% to 12 %, Bihar's from 1.6% to 4.7%, and Rajasthan's from 3.7% to 5.8%. In absolute terms, Uttar Pradesh's investor base increased from 12.5 lakh in FY15 to 1.7 crore in September 2026. Bihar's rose from 3.0 lakh to 64 lakh, while Rajasthan's increased from 6.7 lakh to 79 lakh. These changes point to a broader geographic distribution of registered investors, although the largest states continue to account for a substantial share of the national base.

Investor penetration continues to exhibit a positive relationship with per-capita income, with relatively affluent states and UTs generally reporting a higher proportion of registered investors in their population. The trends suggest that newer markets are growing rapidly from a relatively low base, even as the more affluent states continue to exhibit deeper equity-market participation.

Several North-eastern states, including Mizoram, Arunachal Pradesh, Nagaland and Assam, along with Bihar and some other relatively underpenetrated states, recorded CAGRs of around 40–55%, compared with much slower growth in states/UTs that already had a relatively high investor intensity in FY20.

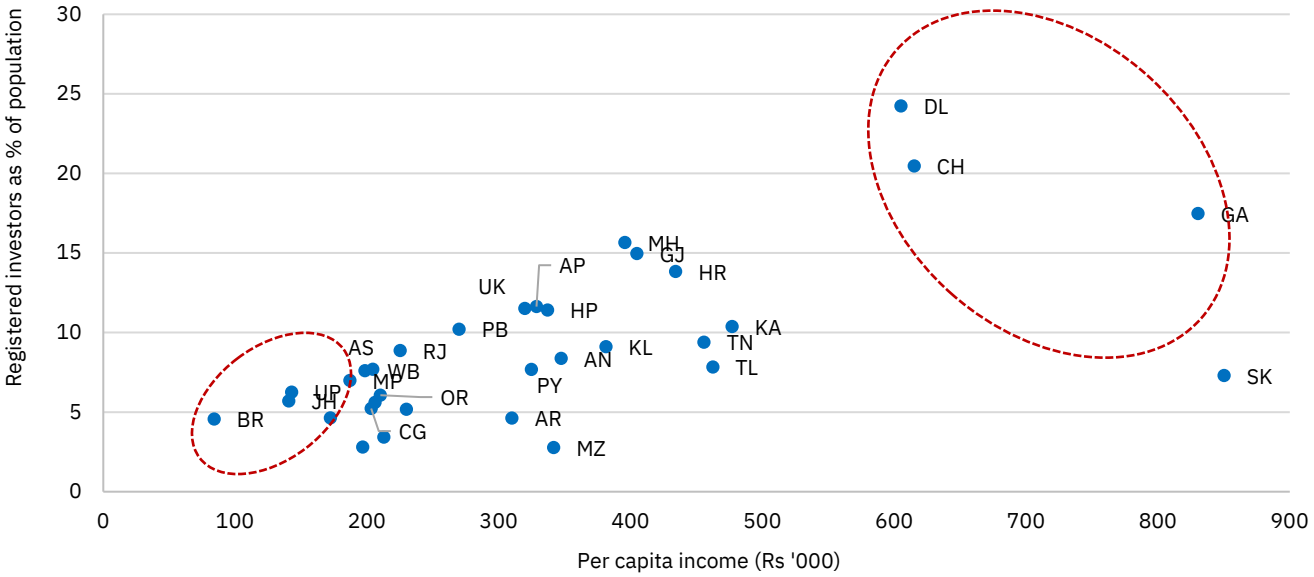
That said, substantial differences in the depth of participation persist. Even with faster growth, these states remain largely under-penetrated. Investor penetration continues to exhibit a positive relationship with per-capita income, with relatively affluent states and UTs generally reporting a higher proportion of registered investors in their population. The trends suggest that newer markets are growing rapidly from a relatively low base, even as the more affluent states continue to exhibit deeper equity-market participation.

Figure 234: India's State-wise investor story - growth and penetration



Source: NSE EPR. Notes: 1) State codes: AP = Andhra Pradesh; GA = Goa; GJ = Gujarat; HR = Haryana; HP = Himachal Pradesh; JH = Jharkhand; KA = Karnataka; KL = Kerala; MP = Madhya Pradesh; MH = Maharashtra; MN = Manipur; ML = Meghalaya; MZ = Mizoram; NL = Nagaland; OD = Odisha; PB = Punjab; RJ = Rajasthan; SK = Sikkim; TN = Tamil Nadu; TG = Telangana; TR = Tripura; UP = Uttar Pradesh; UK = Uttarakhand; WB = West Bengal; AN = Andaman and Nicobar Islands; CH = Chandigarh; DL = Delhi; PY = Puducherry; AS = Assam.

Figure 235: Relationship between per-capita income (PCI) and registered investors as a % of state population



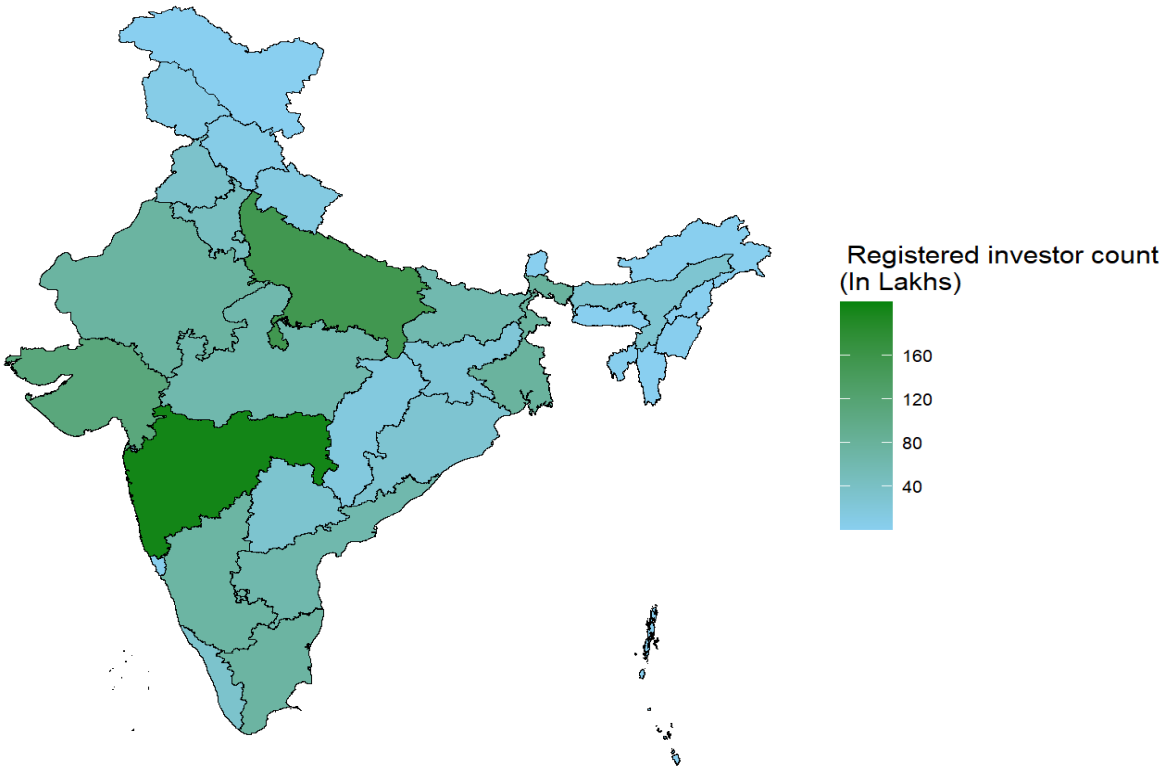
Source: NSE EPR, CMIE, MoSPI. Notes: 1) State codes: AP = Andhra Pradesh; GA = Goa; GJ = Gujarat; HR = Haryana; HP = Himachal Pradesh; JH = Jharkhand; KA = Karnataka; KL = Kerala; MP = Madhya Pradesh; MH = Maharashtra; MN = Manipur; ML = Meghalaya; MZ = Mizoram; NL = Nagaland; OD = Odisha; PB = Punjab; RJ = Rajasthan; SK = Sikkim; TN = Tamil Nadu; TG = Telangana; TR = Tripura; UP = Uttar Pradesh; UK = Uttarakhand; WB = West Bengal; AN = Andaman and Nicobar Islands; CH = Chandigarh; DL = Delhi; PY = Puducherry; AS = Assam. 2) Data for state's registered investor base corresponds to FY27 and PCI corresponds to FY26. For states/UTs where PCI for FY26 is not available, it has been estimated using the 5-year rolling average growth of GDP and population.

Table 54: State-wise distribution of total unique registered investors at end of each fiscal year

	FY10		FY15		FY20		FY25		FY27TD	
	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)	Count ('000)	Share (%)
Maharashtra	2277	19.7	3575	19.9	11168	16.3	18376	16.3	21032	15.4
Uttar Pradesh	701	6.1	1248	6.9	5304	11.4	12827	11.4	16340	12.0
Gujarat	1498	13.0	2055	11.4	5906	8.8	9939	8.8	11687	8.6
West Bengal	711	6.2	1175	6.5	3266	5.9	6614	5.9	8119	5.9
Rajasthan	426	3.7	667	3.7	3177	5.7	6454	5.7	7902	5.8
Tamil Nadu	747	6.5	1287	7.2	3409	5.6	6261	5.6	7723	5.7
Karnataka	708	6.1	1165	6.5	3509	5.5	6239	5.5	7573	5.5
Madhya Pradesh	289	2.5	518	2.9	2563	4.8	5460	4.8	6581	4.8
Andhra Pradesh	583	5.0	1002	5.6	3020	4.6	5137	4.6	6565	4.8
Bihar	145	1.3	294	1.6	1974	4.5	5085	4.5	6402	4.7
Delhi	780	6.8	1197	6.7	2906	4.4	4922	4.4	5641	4.1
Haryana	327	2.8	531	3.0	1960	3.4	3845	3.4	4557	3.3
Punjab	229	2.0	389	2.2	1363	2.7	2991	2.7	3634	2.7
Keralam	345	3.0	583	3.2	1597	2.5	2817	2.5	3521	2.6
Telangana	156	1.3	279	1.6	1631	2.4	2694	2.4	3253	2.4
Orissa	121	1.1	250	1.4	1241	2.2	2446	2.2	3027	2.2
Assam	55	0.5	109	0.6	1257	2.2	2527	2.2	2962	2.2
Jharkhand	140	1.2	258	1.4	950	1.8	1989	1.8	2494	1.8
Chhattisgarh	67	0.6	129	0.7	584	1.3	1422	1.3	1675	1.2
Uttarakhand	66	0.6	123	0.7	543	1.1	1194	1.1	1466	1.1
Himachal Pradesh	31	0.3	60	0.3	316	0.7	759	0.7	894	0.7
Jammu & Kashmir	40	0.3	65	0.4	297	0.6	651	0.6	822	0.6
Goa	30	0.3	48	0.3	143	0.2	250	0.2	289	0.2
Chandigarh	38	0.3	63	0.3	152	0.2	245	0.2	260	0.2
Tripura	7	0.1	13	0.1	67	0.2	184	0.2	236	0.2
Others	1035	9.0	878	4.9	1073	1.3	1465	1.3	1912	1.4
Total	11549	100.0	17961	100.0	59375	100.0	112794	100.0	136569	100.0

Source: NSE EPR. Note: Data for FY27 is as of September 30th, 2026; Others include Others includes Manipur. Puducherry, Meghalaya, Dadra & Nagar Haveli, Daman & Diu, Nagaland, Arunachal Pradesh, Sikkim, Mizoram, A&N Islands, Ladakh, Lakshadweep.

Figure 236: State-wise distribution of registered investors as of September 2026



Source: NSE EPR. Note: The maps above are created using the state-level shapefile from (Link)

5.2.2 Region wise distribution of new investor registrations

New investor registrations decline in September, while year-on-year trends diverge across regions: NSE added 13.2 lakh new registered investors in September 2026, down 14.9% MoM and 1.2% YoY. The sequential decline was broad-based, with registrations falling across all four regions. West India recorded the steepest contraction at 25.8% month on month, followed by South India at 11.1%, North India at 10.4% and East India at 8.5%.

North India remained the largest contributor to September registrations, accounting for 40.4% of the total, followed by West India at 25.9%, South India at 21.5% and East India at 12.0%. Cumulative registrations during FY27TD reached 74.8 lakh. North India contributed 30.2 lakh, followed by West India at 18.5 lakh, South India at 16.5 lakh and East India at 9.5 lakh. The cumulative distribution similarly placed North India first, accounting for 40.4% of additions, followed by West India at 25.9%, South India at 21.5% and East India at 12.0%. North India's contribution therefore remained the largest both during September and over FY27TD.

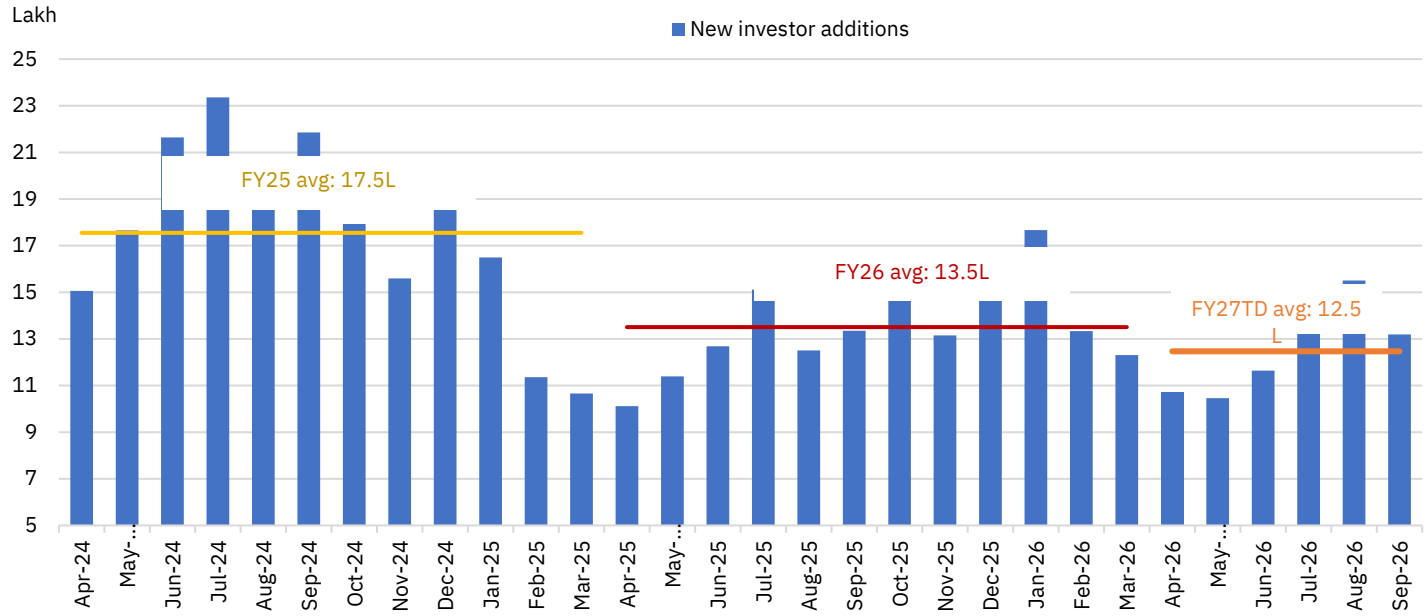
State-wise trends in new investor registrations

Uttar Pradesh leads new registrations, while Gujarat records a sharp year-on-year increase: Uttar Pradesh accounted for the largest number of new registrations in September at 1.9 lakh, representing 14.4% of the national total. Gujarat followed with 1.5 lakh registrations (11.1%), ahead of Maharashtra at 1.3 lakh (9.9%), Rajasthan at approximately 85 thousand (6.4%) and Bihar at approximately 82.6 thousand (6.3%). Together, these five states accounted for approximately 48% of registrations during the month. Uttar Pradesh retained the leading position, while Gujarat's contribution was particularly notable given its strong annual growth.

State-level growth trends were uneven. Gujarat recorded year-on-year growth of 74.1%, despite a 35.3% month-on-month decline. Rajasthan also recorded positive annual growth of 12.9%, while Bihar's registrations increased marginally by 0.2%. In contrast, registrations declined 14.1% year on year in Maharashtra and 3.5% in Uttar Pradesh. The national year-on-year contraction therefore concealed substantial variation across states.

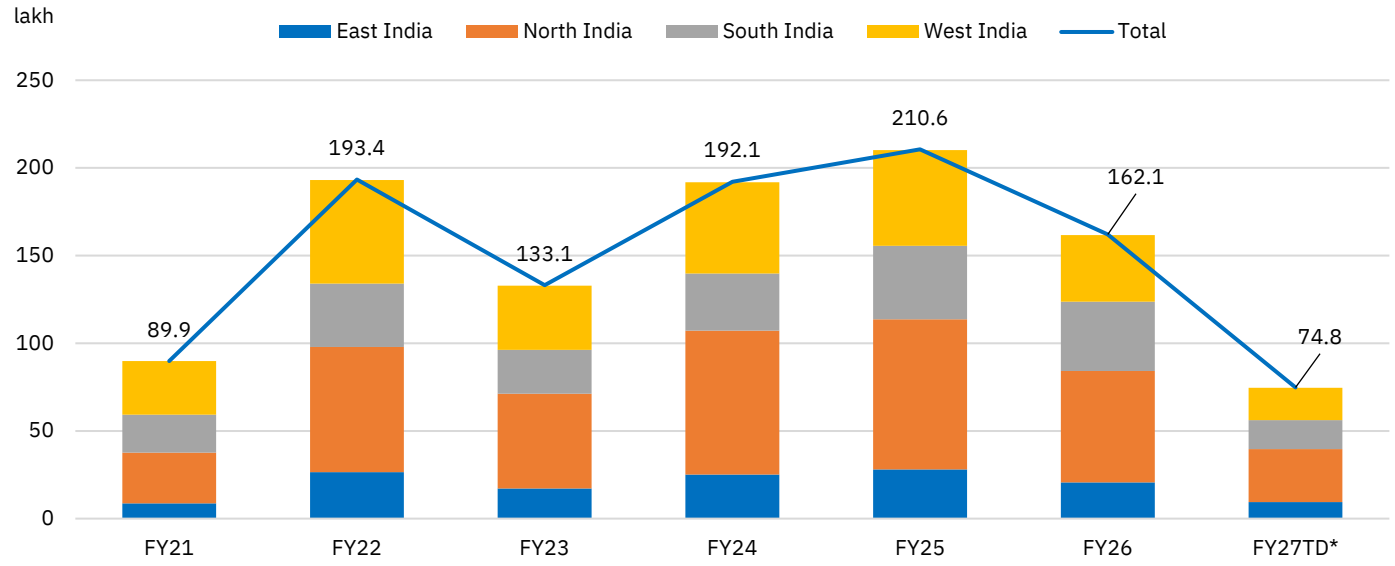
The cumulative distribution provides a broader view of state contributions during FY27TD. Uttar Pradesh recorded 10.9 lakh new registrations, followed by Maharashtra at 7.9 lakh and Gujarat at 6.7 lakh. Tamil Nadu, West Bengal and Bihar each contributed approximately 4.7 lakh, while Rajasthan accounted for 4.6 lakh. The cumulative figures show that additions were spread across several major states, even as Uttar Pradesh remained the leading contributor.

Figure 237: Monthly trends in new investor additions



Source: NSE EPR.

Figure 238: Region-wise distribution of new investors registered each financial year



Source: NSE EPR. Data for FY27TD is as of September 2026.

Table 55: Monthly trends for new investors registration in top 25 states (in '000)

State	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Uttar Pradesh	253.9	197.8	172.1	170.1	168.4	174.6	186.3	199.6	189.4
Gujarat	149.6	74.1	60.6	52.7	51.7	73.8	115.9	225.9	146.1
Maharashtra	184.9	141.8	133.9	119.4	114.8	129.4	142.3	158.3	130.2
Rajasthan	107.1	73.3	64.6	58.8	60.5	68.5	80.8	110.5	85.0
Bihar	109.4	84.9	80.9	72.5	69.5	74.4	81.1	85.7	82.6
West Bengal	100.4	91.9	87.1	75.7	69.8	73.4	81.9	86.8	79.6
Tamil Nadu	117.2	93.3	82.7	67.7	62.5	77.9	92.7	88.5	79.2
Karnataka	98.6	75.4	66.9	57.1	57.8	66.0	74.4	76.3	66.8
Madhya Pradesh	88.9	67.8	61.4	52.9	53.8	61.0	66.4	74.2	63.4
Andhra Pradesh	88.9	67.2	62.3	45.8	43.8	47.5	55.3	64.7	53.8
Telangana	73.3	56.7	51.4	39.4	36.8	40.1	46.8	51.3	44.8
Haryana	53.4	36.4	22.0	30.2	30.2	33.1	39.8	49.1	40.6
Delhi	56.0	41.3	64.2	33.5	33.9	36.5	40.8	44.5	40.3
Keralam	47.9	39.9	35.0	29.0	31.6	34.4	37.1	36.3	37.3
Punjab	41.8	33.9	32.8	30.5	28.3	30.2	36.2	40.3	35.3
Jharkhand	36.1	26.7	24.6	22.1	22.3	28.6	29.9	28.3	28.0
Orissa	39.1	31.2	32.0	28.0	25.9	25.7	27.4	31.7	27.4
Assam	26.4	24.6	25.7	24.9	25.6	25.0	23.6	24.3	24.0
Chhattisgarh	23.7	18.2	17.1	14.9	14.8	16.4	17.3	18.5	16.6
Uttarakhand	19.5	15.2	14.6	12.8	12.6	13.6	14.8	15.9	14.2
Himachal Pradesh	11.9	9.0	8.5	8.0	6.8	7.2	8.4	9.9	8.4
Jammu & Kashmir	13.4	9.9	8.8	8.9	7.3	7.8	9.3	9.2	8.0
Tripura	3.8	3.6	3.6	3.2	2.9	3.2	3.2	3.0	2.8
Manipur	2.8	2.6	2.3	1.9	2.2	2.0	2.1	2.4	2.1
Goa	2.8	2.2	2.1	1.7	1.7	2.0	2.2	2.2	1.8
Others	16.1	14.2	13.2	11.8	11.0	11.2	12.0	12.8	11.6
Total	**1767**	**1333**	**1231**	**1074**	**1046**	**1164**	**1328**	**1550**	**1319**

Source: NSE EPR.
Note: Data for the top 25 states are chosen based on last month's data.

District-level trends in investor registrations

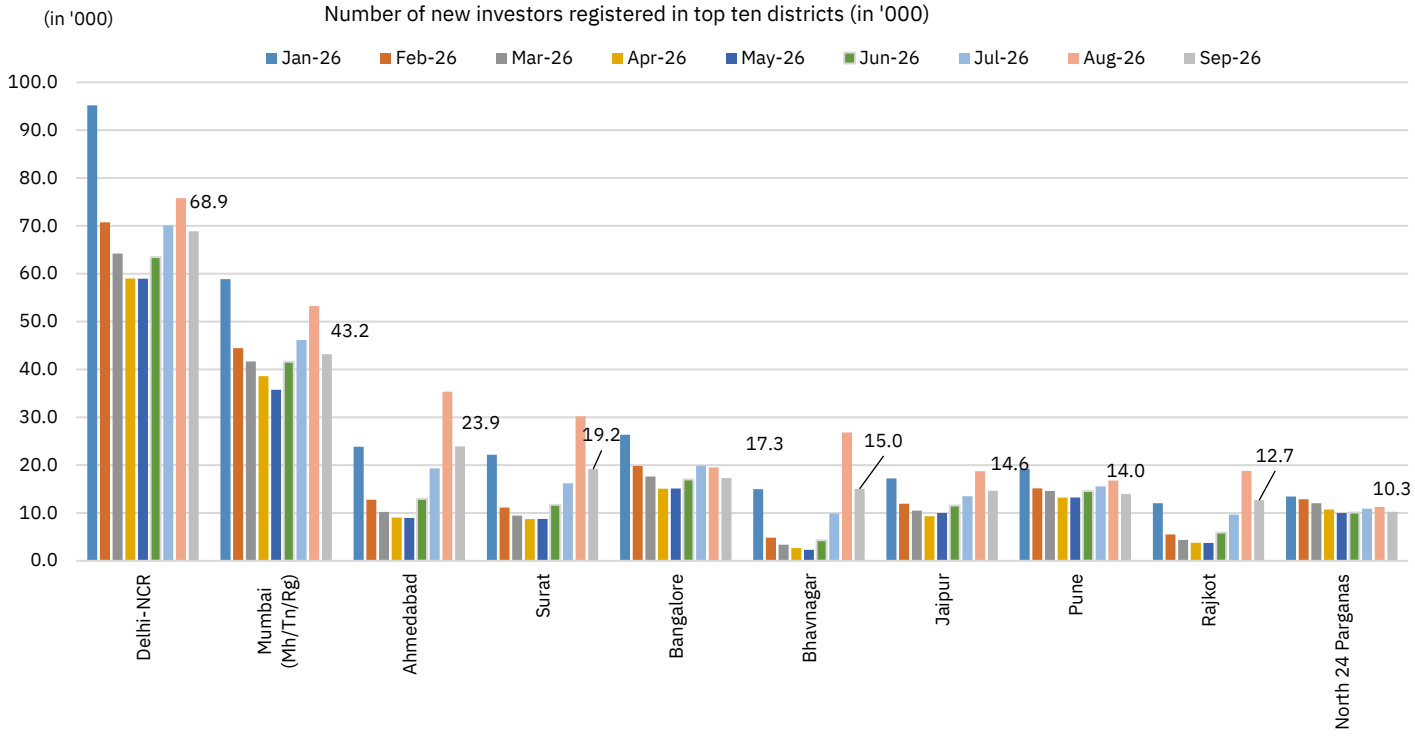
New registrations remain dispersed beyond the largest districts, while growth varies substantially across locations: The top 50 districts accounted for 37.8% of new registrations in September 2026, while the remaining districts and locations contributed 62.2%. Delhi-NCR recorded the highest number of registrations at 68.9 thousand, followed by Mumbai at 43.2 thousand, Ahmedabad at 23.9 thousand, Surat at 19.2 thousand and Bengaluru at 17.3 thousand. Bhavnagar, Jaipur, Pune, Rajkot and North 24 Parganas also featured among the ten largest contributors. Together, these ten districts accounted for approximately 18.1% of registrations. The distribution indicates that new investor additions extended well beyond the largest metropolitan centres, notwithstanding their continued prominence.

Year-on-year growth varied sharply among the leading districts. Registrations increased by 156.8% in Bhavnagar, 85.7% in Rajkot, 66.4% in Ahmedabad and 53.4% in Surat. In contrast, Delhi-NCR recorded a decline of 7.8%, Mumbai 13.3% and Bengaluru 15.9%. The strong annual increases in several Gujarat districts indicate that the state's

performance extended beyond Ahmedabad alone. However, percentage growth should be considered alongside the underlying number of registrations, since high rates can partly reflect a smaller comparison base and do not necessarily imply the largest absolute additions.

The month-on-month comparison points to a broad moderation across the leading districts. Registrations declined by 9.1% in Delhi-NCR, 18.9% in Mumbai, 32.4% in Ahmedabad, 36.5% in Surat and 43.9% in Bhavnagar. Thus, strong year-on-year growth in several Gujarat districts coexisted with substantial sequential declines in September.

Figure 239: Number of new investors registered in the top ten districts (in '000)



Source: NSE EPR, Note: Top 10 districts are chosen based on last month's data.

5.2.3 Investor profile

Investors below the age of 40 years comprised two-thirds of the registered base: The share of registered investors below 30 years rose from 23.5% in Mar'20 to 40% in Mar'24, before easing to 37.6% in Sep'26. Meanwhile, the 30–39 age group remained stable at 29–31%, lifting the share of investors below 40 from 55% to 69%. Reflecting this shift, the median and mean ages of registered investors fell from 38 and 41 years in Mar'20 to 33 and 36 years in Sep'26, respectively. The trend has been primarily driven by the age profile of incremental investor additions, where investors below 30 years consistently accounted for more than half of the new registrations, ranging between 53–59% between Mar'20 and Sep'26. Correspondingly, the median age of new investors remained significantly lower, falling from 29 years to 27 years. However, the share of younger investors among total registered investors has moderated somewhat, with the MoM growth of new investor additions in the above-40 age group outpacing the growth in investors below 40 for nine consecutive months.

Table 56: Distribution of registered individual investor base across age groups

Age category	Share of registered investor base (%)							
	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	Sep'26
Less than 30 years	23.5	29.4	37.5	38.5	40.0	39.5	38.4	37.6
30-39 years	31.2	30.4	28.9	29.2	29.1	29.6	30.1	30.3
40-49 years	19.7	17.9	15.8	15.6	15.4	15.8	16.3	16.6
50- 59 years	12.6	11	9.1	8.6	8.1	8.0	8.2	8.3
60 years and above	13	11.2	8.7	8.1	7.4	7.1	7.1	7.1

Source: NSE EPR.
Note: Only individuals and sole proprietorship firms have been considered in the above table

Table 57: Mean and median age of registered individual investors

Age (years)	Mar'20	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25	Mar'26	Sep'26
Median	38	36	33	33	32	32	33	33
Mean	41.1	39.2	36.8	36.4	36.8	35.8	36.1	36.2

Source: NSE EPR.
Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of respective period.

Table 58: Age distribution of new investors added every year (%)

Age category	Share of new investor additions (%)							
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Less than 30 years	52.1	57.8	59.1	58.3	58.8	53.2	56.4	58.4
30-39 years	26.5	25.4	23.9	24.4	23.6	25.7	23.1	21.6
40-49 years	10.7	9.5	10.0	10.4	10.7	12.5	12.1	11.5
50- 59 years	6.0	4.6	4.7	4.5	4.5	5.6	5.5	5.5
60 years and above	4.7	2.7	2.4	2.4	2.4	2.9	2.9	2.9

Source: NSE EPR
Note: Only individuals and sole proprietorship firms have been considered in the above table.

Table 59: Mean and median age of new investors added each year

Age (years)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27TD
Median	29	28	27	27	27	29	28	27
Mean	32.6	30.7	30.4	30.4	30.3	31.5	30.9	30.4

Source: NSE EPR.
Note: 1. Only individuals and sole proprietorship firms have been considered in the above table. 2. Age calculated at the end of respective periods.

Female investors comprise over a quarter of all individual investors as of Sep'26: Female investor participation at NSE has continued to rise consistently in the past three fiscal years and presently stands at 25.2% of individual investors as of Sep'26.Within the set of top states in terms of registered investors, Maharashtra continues to lead with female investors accounting for 29.1% of the state's investor base as of Sep'26 (vs 26.4% share in FY24), followed by Tamil Nadu (with 28.6% share). However, UP, despite being the second largest state in terms of investor count, falls in the bottom five, 19.3% of its investors being female, considerably below the pan-India average of 25.2%. Notably, smaller states including Arunachal Pradesh (28.6% female investor share, +5 pp since FY24) and Sikkim (32% female investor share, +4.8pp since FY24) have recorded notable gains in terms of their female investor shares since FY24, underscoring the rapidly increasing penetration of capital markets across the nation.

Table 60: State-wise gender share (%) of unique registered investors

States	FY24		FY25		FY26		FY27TD*	
	Female	Male	Female	Male	Female	Male	Female	Male
Andaman and Nicobar	21.0%	79.0%	23.1%	76.9%	24.5%	75.5%	24.6%	75.4%
Andhra Pradesh	21.5%	78.5%	23.2%	76.8%	24.3%	75.7%	24.7%	75.3%
Arunachal Pradesh	23.6%	76.4%	26.3%	73.7%	28.2%	71.8%	28.6%	71.4%
Assam	30.0%	70.0%	29.7%	70.3%	29.5%	70.5%	29.4%	70.6%
Bihar	14.6%	85.4%	15.7%	84.3%	16.5%	83.5%	16.8%	83.2%
Chandigarh	31.0%	69.0%	31.9%	68.1%	32.4%	67.6%	29.1%	70.9%
Chhattisgarh	20.3%	79.7%	22.4%	77.6%	23.2%	76.8%	23.4%	76.6%
Delhi	28.6%	71.4%	30.3%	69.7%	31.1%	68.9%	30.8%	69.2%
Goa	31.0%	69.0%	32.5%	67.5%	33.3%	66.7%	33.3%	66.7%
Gujarat	26.5%	73.5%	27.8%	72.2%	28.4%	71.6%	28.5%	71.5%
Haryana	22.8%	77.2%	24.6%	75.4%	25.3%	74.7%	25.6%	74.4%
Himachal Pradesh	18.2%	81.8%	20.7%	79.3%	21.9%	78.1%	22.5%	77.5%
Jammu and Kashmir	14.3%	85.7%	15.9%	84.1%	16.8%	83.2%	17.0%	83.0%
Jharkhand	18.9%	81.1%	20.6%	79.4%	21.6%	78.4%	21.9%	78.1%
Karnataka	25.8%	74.2%	27.4%	72.6%	28.3%	71.7%	28.3%	71.7%
Keralam	26.2%	73.8%	27.5%	72.5%	28.3%	71.7%	28.4%	71.6%
Lakshadweep	13.3%	86.7%	15.3%	84.7%	16.2%	83.8%	16.3%	83.7%
Madhya Pradesh	20.2%	79.8%	21.8%	78.2%	22.3%	77.7%	22.6%	77.4%
Maharashtra	26.4%	73.6%	28.2%	71.8%	29.0%	71.0%	29.1%	70.9%
Manipur	23.0%	77.0%	24.8%	75.2%	26.1%	73.9%	26.6%	73.4%
Meghalaya	25.1%	74.9%	26.3%	73.7%	27.0%	73.0%	27.5%	72.5%
Mizoram	30.0%	70.0%	31.6%	68.4%	32.6%	67.4%	33.2%	66.8%
Nagaland	26.5%	73.5%	28.5%	71.5%	29.8%	70.2%	30.0%	70.0%
Odisha	18.2%	81.8%	20.0%	80.0%	21.3%	78.7%	21.6%	78.4%
Pondicherry	27.1%	72.9%	28.2%	71.8%	29.1%	70.9%	29.3%	70.7%
Punjab	24.7%	75.3%	26.5%	73.5%	27.4%	72.6%	27.7%	72.3%
Rajasthan	18.9%	81.1%	20.3%	79.7%	20.7%	79.3%	21.2%	78.8%
Sikkim	27.2%	72.8%	29.9%	70.1%	31.6%	68.4%	32.0%	68.0%
Tamil Nadu	26.8%	73.2%	27.8%	72.2%	28.7%	71.3%	28.6%	71.4%
Telangana	23.2%	76.8%	24.8%	75.2%	25.7%	74.3%	25.8%	74.2%
Tripura	16.2%	83.8%	18.1%	81.9%	19.0%	81.0%	18.6%	81.4%
Uttar Pradesh	17.3%	82.7%	18.5%	81.5%	19.1%	80.9%	19.3%	80.7%
Uttarakhand	20.3%	79.7%	22.1%	77.9%	23.0%	77.0%	23.3%	76.7%
West Bengal	22.2%	77.8%	23.2%	76.8%	23.7%	76.3%	24.1%	75.9%
India	**23.0%**	**77.0%**	**24.3%**	**75.7%**	**24.9%**	**75.1%**	**25.2%**	**74.8%**

Source: NSE EPR. Note: The gender classification is based on investor data where the gender was disclosed. The mapping is based on India Post's pin code level mapping (GoI). * Data for FY27 is as of September 30th, 2026

5.3 Market activity across segments and investor categories

5.3.1 Turnover across segments: Equity moderates in Q2FY27; commodities strengthen

Trading activity across segments showed mixed trends in Q2FY27, with moderation in cash markets and equity derivatives, while currency futures and commodity derivatives recorded growth. In the NSE CM segment, ADT declined 13% QoQ, with September turnover falling to a seven-month low amid a decline in average trade size, despite an increase in the number of trades. Main Board equities continued to account for ~97% of overall ADT. Equity futures and options ADT declined 19% and 25% QoQ, respectively, reflecting moderation in derivatives activity. Compared with Q4FY26, equity futures and options ADT declined 30% and 37%, respectively. Investor participation also shifted, with proprietary traders' share declining in both segments. In contrast, currency futures ADT rose 16% QoQ, while interest rate futures ADT declined 10% QoQ but remained substantially higher in H1FY27 than the FY26 average. Commodity derivatives emerged as the strongest-performing segment, with futures and options ADT increasing 38% and 116% QoQ, respectively. In September, both segments recorded monthly ADT highs, supported by strong activity in crude oil futures, electricity futures and crude oil options contracts.

Cash market ADT moderates in Q2FY27, while monthly ADT falls to a seven-month low: The average daily turnover (ADT) in the NSE CM segment declined 13% QoQ to Rs 1.2 lakh crore in Q2FY27, while monthly ADT fell 4% MoM to Rs 1.14 lakh crore in September, marking a seven-month low and the fourth consecutive monthly decline. The moderation during the month was accompanied by a 13% MoM decline in average trade size, which fell to a 17-month low, while the total number of trades increased 10% MoM.

The moderation was also reflected in Main Board equities, where ADT declined 4% MoM to Rs 1.1 lakh crore in September. Despite this decline, Main Board equities continued to account for the bulk of trading activity, contributing around 97% of overall ADT. In contrast, ADT for companies listed on Emerge (Series SM and ST) increased 17% MoM, while ETF ADT declined 4% MoM.

Nevertheless, ADT in H1FY27 remained 20% higher than the average for FY26, even as the composition of investor participation shifted. In H1FY27, the share of proprietary traders increased to 33.3%, up from 30.9% in FY26, while the shares of individuals, foreign investors and domestic institutional investors (DIIs) declined. These trends are discussed in detail in the "Category-wise Investor Participation" section.

Equity derivatives activity moderates in Q2FY27, with index products recording a sharper contraction: Trading activity in the equity derivatives segment moderated during Q2FY27, with equity futures ADT declining 19% QoQ to Rs 1.2 lakh crore. The contraction was more pronounced in index futures, whose ADT declined 35% QoQ, compared with a 16% decline in stock futures. Compared with Q4FY26, the quarter preceding the STT revision, equity futures ADT declined 30%, with index futures recording a 53% fall and stock futures a 25% decline. The segment also witnessed a shift in investor participation, with the share of proprietary traders in equity futures declining to 27.1% in H1FY27 from 31.9% in FY26, while the shares of individuals, foreign investors and domestic institutional investors (DIIs) increased. This trend was contrary to that observed in the CM segment.

A similar trend was observed in equity options, where ADT declined 25% QoQ to Rs 47,977 crore in premium turnover during Q2FY27. Within the segment, index options ADT fell 28% QoQ, while stock options ADT declined 9% QoQ. Compared with Q4FY26, equity options ADT declined 37%, with index options recording a 40% drop and stock options a

17% decline in premium turnover. In H1FY27, the share of proprietary traders in equity options premium turnover declined to 48% from 50.7% in FY26. These trends are analysed in detail in the "Category-wise Investor Participation" section.

Despite the QoQ moderation, equity options ADT increased 21% MoM to Rs 51,174 crore in September, following three consecutive monthly declines. This recovery was driven by a 27% MoM increase in index options ADT, while stock options ADT declined 11% MoM. In contrast, equity futures ADT declined 5% MoM to a 34-month low, with stock futures ADT falling 8% MoM, while index futures ADT increased 14% MoM.

Currency futures strengthen, while interest rate futures moderate: Currency futures ADT increased 16% QoQ to Rs 6,417 crore in Q2FY27, up from Rs 5,517 crore in Q1FY27. In H1FY27, currency futures ADT was 64% higher than the average for FY26. In contrast, interest rate futures ADT declined 10% QoQ in Q2FY27, following an increase in the previous quarter. Nevertheless, it remained 95% higher in H1FY27 than the average for FY26, indicating increased trading activity amid heightened interest rate risk arising from geopolitical escalations.

Commodity derivatives extend strong momentum, with monthly ADT reaching record highs: Commodity derivatives remained the strongest-performing segment in Q2FY27. Commodity futures ADT increased 38% QoQ to Rs 138 crore, while commodity options ADT surged 116% QoQ to Rs 297 crore in premium turnover. On a monthly basis, ADT for commodity futures and options rose 63% and 53% MoM, respectively, reaching record highs. Crude oil and electricity futures contracts together accounted for 94% of futures turnover, while crude oil options contracts accounted for 97% of premium turnover during September.

Table 61: Quarterly trend of turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Q1FY26	66,21,073	80,92,383	21,81,825	1,02,74,208	4,68,313	29,18,018	33,86,330	2,04,025	6.9	3,127	162	2,237
Q2FY26	61,25,131	74,73,191	15,53,514	90,26,705	3,88,719	25,83,554	29,72,274	1,61,497	5.4	3,962	5,382	2,409
Q3FY26	61,39,414	77,71,495	16,36,621	94,08,116	3,99,356	29,01,999	33,01,356	2,40,652	4.5	5,979	3,355	1,996
Q4FY26	71,76,999	86,99,173	19,74,272	1,06,73,445	5,20,703	40,61,791	45,82,494	2,75,728	5.4	6,311	4,388	3,477
Q1FY27	81,56,924	77,47,285	14,37,449	91,84,734	4,75,110	33,85,997	38,61,107	3,25,523	5.0	9,776	6,395	8,807
Q2FY27	76,94,481	70,86,454	10,10,850	80,97,304	4,66,788	26,51,704	31,18,492	4,10,684	3.5	9,532	9,080	19,588

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 62: Monthly trend of turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Sep-25	21,62,875	25,20,339	5,03,362	30,23,701	1,37,236	9,33,318	10,70,553	68,372	1.6	1,661	2,335.40	863.2
Oct-25	20,73,539	27,11,781	5,87,061	32,98,842	1,42,690	10,41,799	11,84,489	83,625	1.2	1,836	1,083.80	835.6
Nov-25	19,86,953	24,95,117	5,23,609	30,18,726	1,23,624	9,13,277	10,36,901	74,036	1.2	2,207	1,202.50	524.8
Dec-25	20,78,923	25,64,597	5,25,951	30,90,548	1,33,042	9,46,923	10,79,965	82,991	2.2	1,936	1,068.40	635.4
Jan-26	23,91,197	30,30,657	5,82,392	36,13,049	1,76,100	11,53,154	13,29,254	78,015	1	2,004	1,191.50	884.5
Feb-26	24,07,596	29,59,273	6,04,938	35,64,211	1,87,214	12,83,969	14,71,183	71,636	1.9	2,287	1,144.50	1,028.70
Mar-26	23,78,206	27,09,243	7,86,942	34,96,185	1,57,389	16,24,668	17,82,056	1,26,077	2.5	2,020	2,051.50	1,563.80
Apr-26	26,94,182	26,24,086	5,21,343	31,45,429	1,65,360	11,24,391	12,89,752	95,170	1.8	2,878	2,332.40	1,573.20
May-26	26,91,106	25,56,313	4,40,752	29,97,064	1,64,850	11,12,872	12,77,722	1,24,889	1.6	4,401	1,836.40	3,230.30
Jun-26	27,71,636	25,66,887	4,75,354	30,42,240	1,44,900	11,48,734	12,93,633	1,05,464	1.6	2,497	2,226.10	4,003.30
Jul-26	27,69,562	27,15,449	3,96,179	31,11,628	1,84,352	9,70,508	11,54,859	1,27,306	1.4	4,444	2,568.50	6,029.20
Aug-26	25,13,308	22,71,525	2,87,527	25,59,052	1,49,798	7,39,183	8,88,981	1,42,883	0.72	3,215	2,407.70	5,210.70
Sep-26	24,11,611	20,99,480	3,27,144	24,26,624	1,32,639	9,42,013	10,74,652	1,40,495	1.39	1,873	4,103.90	8,348.30

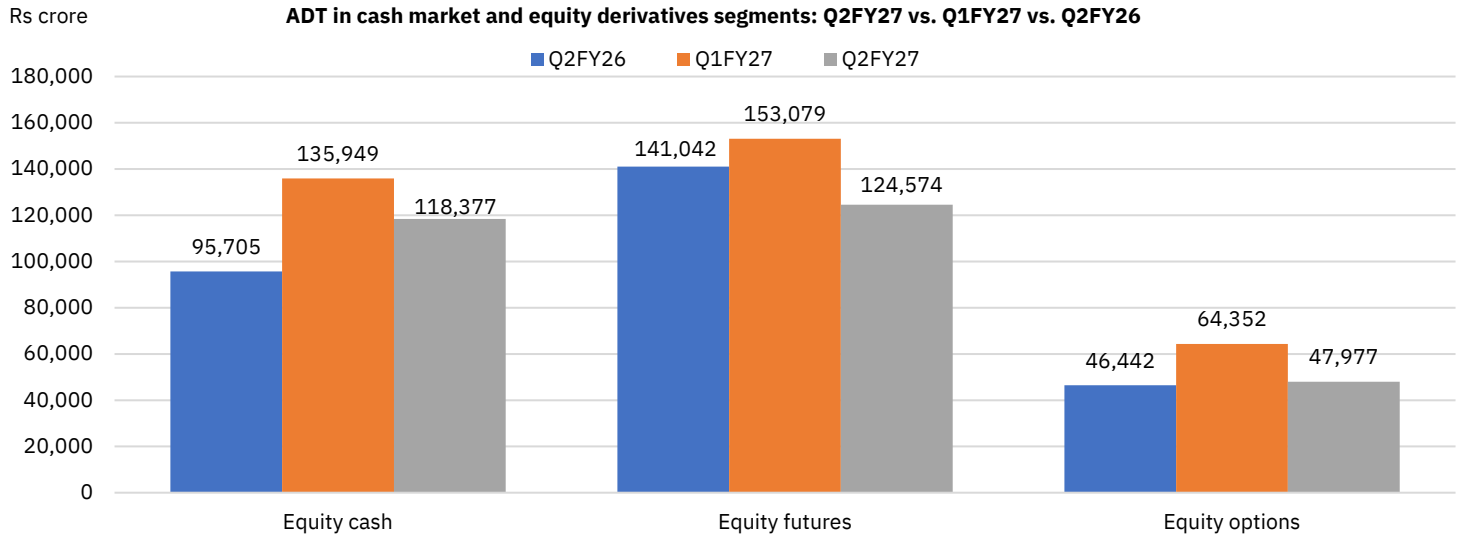
Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 63: Quarterly trend of average daily turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Q1FY26	1,08,542	1,32,662	35,768	1,68,430	7,677	47,836	55,514	3,458	0.12	53	2.5	34.9
Q2FY26	95,705	1,16,769	24,274	1,41,042	6,074	40,368	46,442	2,563	0.09	63	82.8	37.1
Q3FY26	99,023	1,25,347	26,397	1,51,744	6,441	46,806	53,248	3,881	0.07	96	52.4	31.2
Q4FY26	1,19,617	1,44,986	32,905	1,77,891	8,678	67,697	76,375	4,837	0.09	111	68.6	54.3
Q1FY27	1,35,949	1,29,121	23,957	1,53,079	7,919	56,433	64,352	5,517	0.08	166	99.9	137.6
Q2FY27	1,18,377	1,09,022	15,552	1,24,574	7,181	40,795	47,977	6,417	0.05	149	137.6	296.8

Source: NSE EPR. Note: Premium has been considered for options contracts.

Figure 240: Quarter wise trends for ADT across cash market and equity derivatives segments



Source: NSE EPR.

Table 64: Monthly trend of average daily turnover (Rs crore) across segments

Month	Equity cash	Equity Futures			Equity Options			Currency derivatives		Interest rate futures	Commodity derivatives	
		Stock Futures	Index Futures	Total	Stock options	Index Options	Total	Futures	Options		Futures	Options
Sep-25	98,312	1,14,561	22,880	1,37,441	6,238	42,424	48,662	3,256	0.07	79	106.2	39.2
Oct-25	98,740	1,29,132	27,955	1,57,088	6,795	49,609	56,404	3,982	0.06	87	49.3	38
Nov-25	1,04,576	1,31,322	27,558	1,58,880	6,507	48,067	54,574	3,897	0.06	116	60.1	26.2
Dec-25	94,496	1,16,573	23,907	1,40,479	6,047	43,042	49,089	3,772	0.1	88	48.6	28.9
Jan-26	1,19,560	1,51,533	29,120	1,80,652	8,805	57,658	66,463	3,901	0.05	100	56.7	42.1
Feb-26	1,14,647	1,40,918	28,807	1,69,724	8,915	61,141	70,056	3,770	0.1	120	54.5	49
Mar-26	1,25,169	1,42,592	41,418	1,84,010	8,284	85,509	93,792	7,004	0.14	112	93.3	71.1
Apr-26	1,34,709	1,31,204	26,067	1,57,271	8,268	56,220	64,488	5,009	0.09	151	111.1	74.9
May-26	1,41,637	1,34,543	23,197	1,57,740	8,676	58,572	67,249	6,573	0.08	232	87.4	153.8
Jun-26	1,31,983	1,22,233	22,636	1,44,869	6,900	54,702	61,602	5,022	0.08	119	101.2	182
Jul-26	1,20,416	1,18,063	17,225	1,35,288	8,015	42,196	50,211	5,535	0.06	193	111.7	262.1
Aug-26	1,19,681	1,08,168	13,692	1,21,860	7,133	35,199	42,332	7,144	0.04	161	114.7	248.1
Sep-26	1,14,839	99,975	15,578	1,15,554	6,316	44,858	51,174	6,690	0.07	89	186.5	379.5

Source: NSE EPR. Note: Premium has been considered for options contracts.

Table 65: Monthly trend of average daily activities in equity derivatives for exchanges (NSE+BSE)

Month	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
Sep-25	25.1	436.1	2.0
Oct-25	28.7	506.3	2.3
Nov-25	26.8	480.7	2.3
Dec-25	26.2	472.1	2.1
Jan-26	36.0	592.3	2.8
Feb-26	31.4	514.4	2.7
Mar-26	34.1	516.4	3.1
Apr-26	32.0	485.8	2.6
May-26	32.1	485.9	2.6
Jun-26	32.6	492	2.3
Jul-26	29.1	446.5	2.1
Aug-26	22.4	346.9	1.8
Sep-26	26.1	389.8	1.9

Source: NSE EPR. *Premium has been considered for options contracts.

Table 66: Monthly trend of average daily activities in equity derivatives for NSE & BSE

Month	NSE			BSE		
	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore)*	No of contracts traded (in crore)	Notional turnover (Rs lakh crore)	Turnover (Rs lakh crore) *
Sep-25	14.9	270.1	1.9	10.2	166	0.16
Oct-25	15.4	285.3	2.1	13.3	221	0.21
Nov-25	14.5	272.0	2.1	12.3	208.6	0.19
Dec-25	14.5	271.4	1.9	11.8	200.7	0.19
Jan-26	18.9	305.8	2.5	17.2	286.6	0.29
Feb-26	18.0	290.9	2.4	13.4	223.5	0.26
Mar-26	19.5	291.4	2.8	14.6	225	0.34
Apr-26	14.4	216.9	2.2	17.6	268.9	0.34
May-26	17.0	256.4	2.2	15.0	229.5	0.3
Jun-26	18.4	277.8	2.1	14.1	214.2	0.27
Jul-26	14.0	214.3	1.9	15.0	232.2	0.26
Aug-26	12.6	193.3	1.6	9.9	153.6	0.19
Sep-26	15.2	226.1	1.7	10.9	163.7	0.24

Source: NSE EPR. *Premium has been considered for options contracts.

Table 67: Monthly trends for Notional to premium ratio in index options across exchanges

Month	NSE			BSE		
	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio	Notional turnover (Rs lakh crore)	Premium turnover (Rs lakh crore)	Ratio
Sep-25	5,807	9.3	622	3,652	3.5	1,055
Oct-25	5,860	10.4	562	4,641	4.3	1,078
Nov-25	5,041	9.1	552	3,964	3.6	1,092
Dec-25	5,834	9.5	616	4,414	4.1	1,069
Jan-26	5,960	11.5	517	5,732	5.8	996
Feb-26	5,950	12.8	463	4,693	5.3	882
Mar-26	5,410	16.2	333	4,275	6.3	681
Apr-26	4,213	11.2	375	5,378	6.6	811
May-26	4,737	11.1	426	4,360	5.6	774
Jun-26	5,704	11.5	497	4,497	5.5	817
Jul-26	4,783	9.7	493	5,341	5.8	914
Aug-26	3,926	7.4	531	3,225	3.9	822
Sep-26	4,620	9.4	490	3,438	4.9	704

Source: NSE EPR.

Table 68: Monthly trends for Notional to premium ratio in stock options across exchanges

Month	NSE			BSE		
	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio	Notional turnover (Rs crore)	Premium turnover (Rs crore)	Ratio
Sep-25	1,04,59,428	1,37,236	76	37.19	0.52	72
Oct-25	98,86,986	1,42,690	69	10.46	0.12	87
Nov-25	97,63,209	1,23,624	79	13.73	0.22	62
Dec-25	1,05,98,952	1,33,042	80	35.70	0.42	85
Jan-26	1,19,20,408	1,76,100	68	3.68	0.07	53
Feb-26	1,23,13,230	1,87,214	66	13.63	0.29	47
Mar-26	91,53,739	1,57,389	58	6.27	0.08	78
Apr-26	93,86,439	1,65,360	57	3.07	0.03	102
May-26	1,04,22,887	1,64,850	63	10.18	0.16	64
Jun-26	1,00,78,665	1,44,900	70	67.65	1.72	39
Jul-26	1,14,54,273	1,84,352	62	16.59	0.43	39
Aug-26	1,08,96,248	1,49,798	73	18.06	0.35	52
Sep-26	1,02,96,634	1,32,639	78	22.08	0.40	55

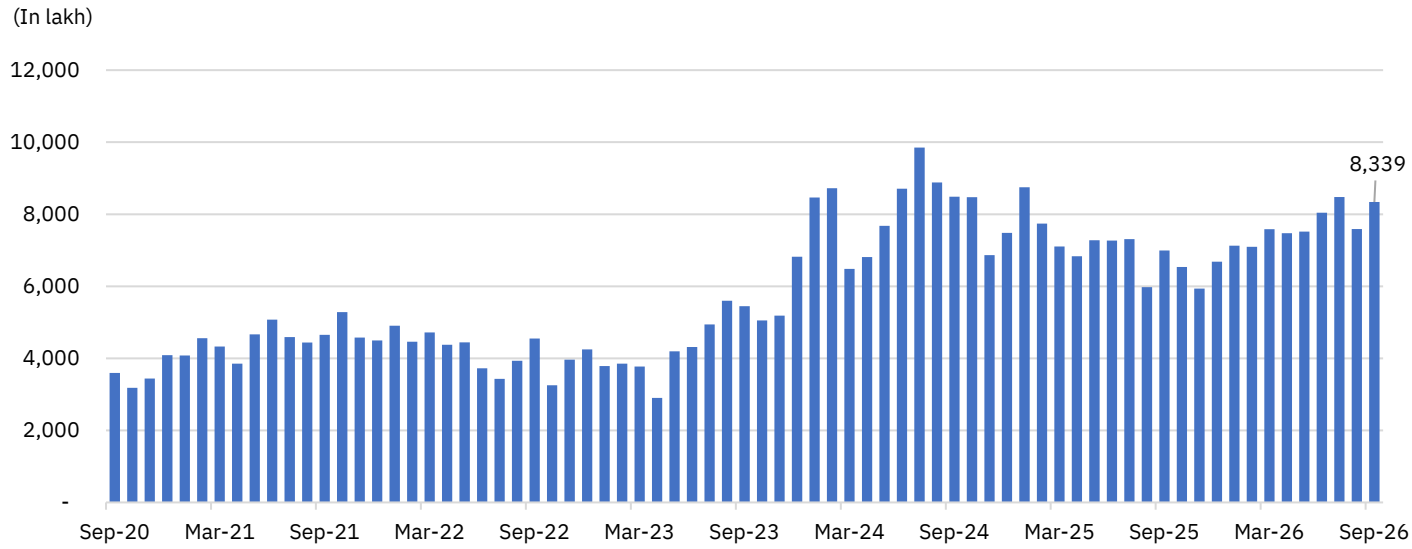
Source: NSE EPR.

Table 69: Monthly trends for trades (in lakh) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index	Stock	Index	Stock
Sep-25	6,993	18	293	10,314	1,099
Oct-25	6,535	20	308	10,538	1,027
Nov-25	5,938	18	289	9,048	1,010
Dec-25	6,683	19	297	10,179	1,101
Jan-26	7,125	23	357	12,236	1,247
Feb-26	7,095	23	353	12,537	1,308
Mar-26	7,585	33	345	13,144	1,043
Apr-26	7,472	22	314	9,645	1,040
May-26	7,516	18	303	10,427	1,097
Jun-26	8,040	19	312	11,823	1,058
Jul-26	8,477	16	308	9,855	1,192
Aug-26	7,590	12	249	7,924	1,068
Sep-26	8,339	14	242	9,644	1,040

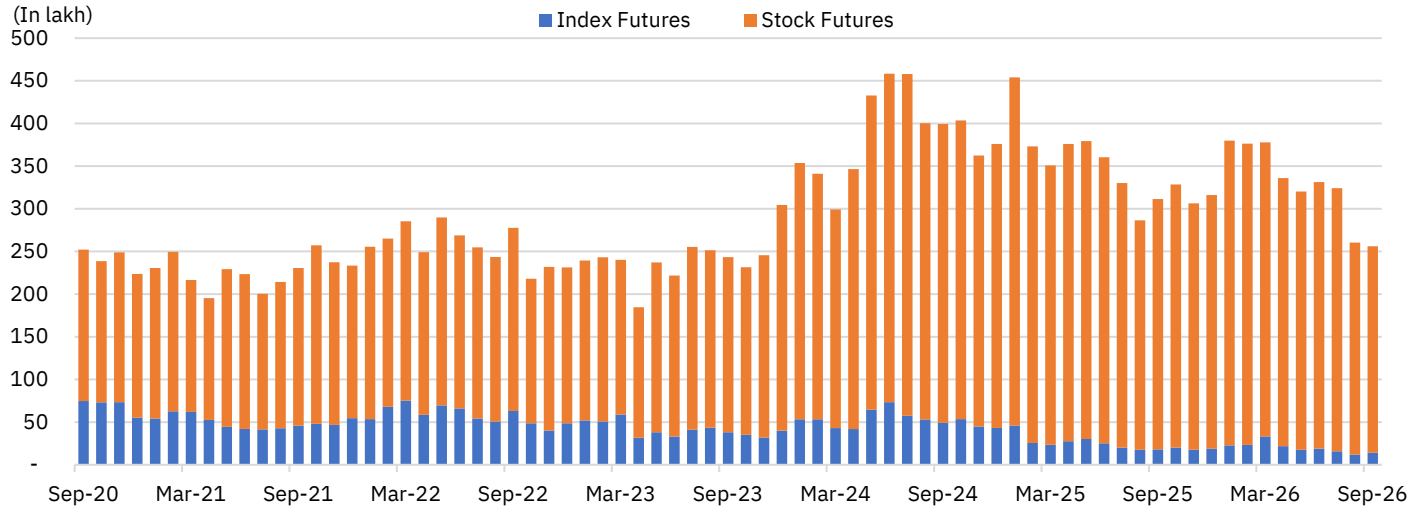
Source: NSE EPR. Note: Data is presented for trades i.e., (no. of buy trades + no. of sale trades)/2.

Figure 241: Monthly trend of total trades in NSE cash market segment



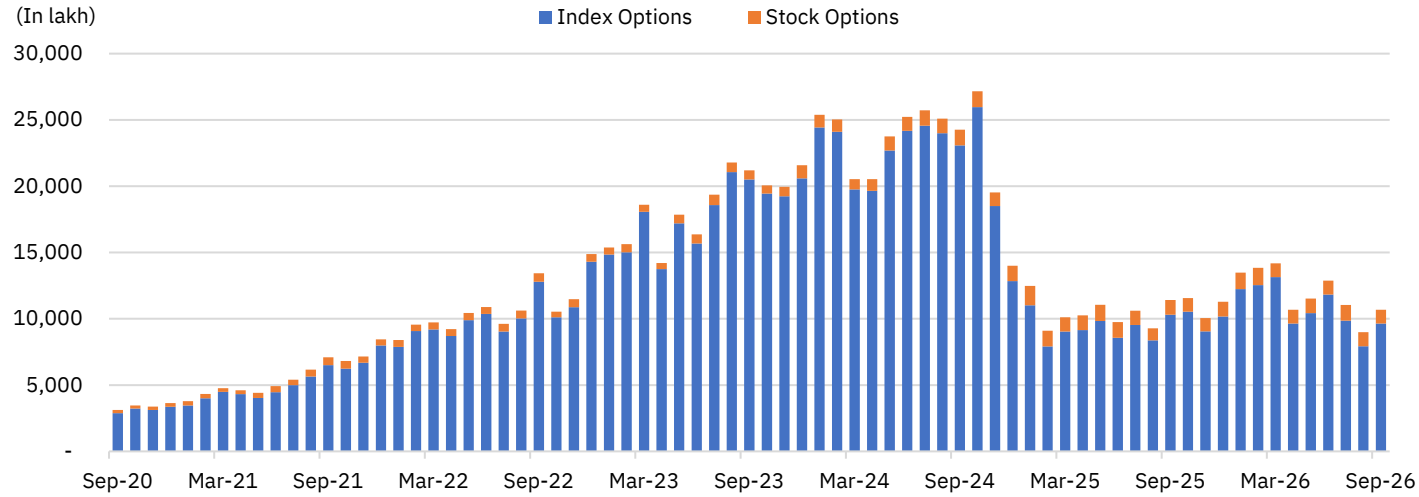
Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

Figure 242: Monthly trend of trades in equity futures



Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

Figure 243: Monthly trend of total trades in equity options



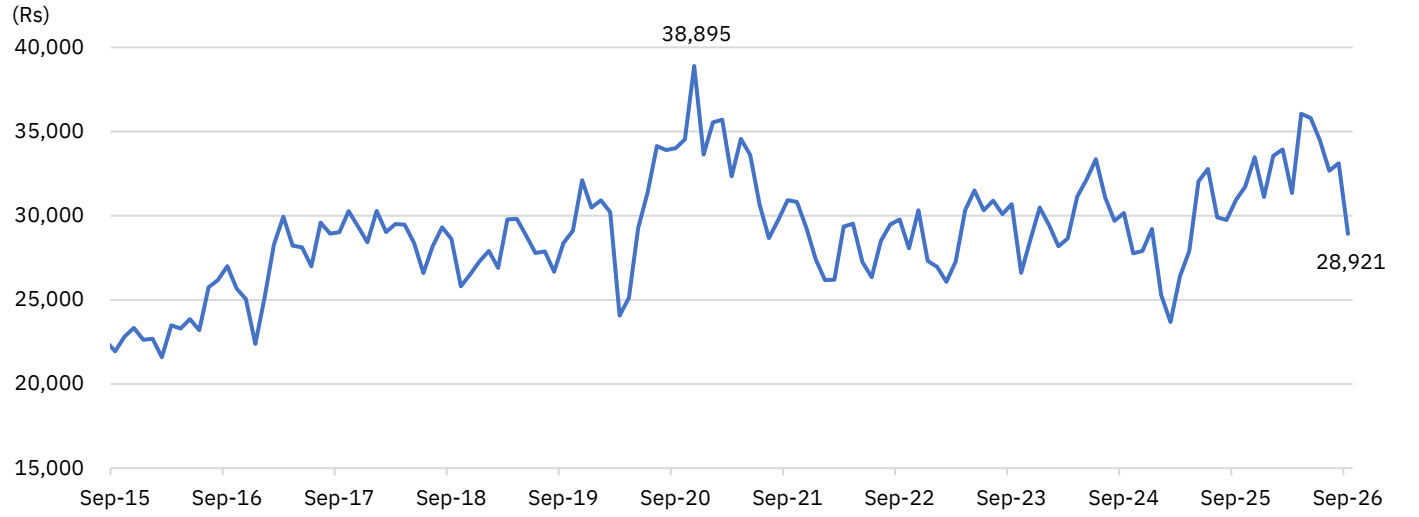
Source: NSE EPR. Note: Data has been provided for trades {(Buy trades + Sell trades)/2}.

Table 70: Monthly trends for average trade size (Rs) in equity cash and derivatives segment for NSE

Month	Equity Cash	Equity Futures		Equity Options	
		Index Futures	Stock Futures	Index Options	Stock Options
Sep-25	30,927	27,94,897	8,59,112	9,049	12,488
Oct-25	31,731	29,18,513	8,79,499	9,886	13,898
Nov-25	33,464	29,50,964	8,64,446	10,094	12,244
Dec-25	31,110	27,63,372	8,63,358	9,303	12,087
Jan-26	33,559	25,52,905	8,48,916	9,425	14,122
Feb-26	33,933	25,96,224	8,38,030	10,241	14,308
Mar-26	31,352	23,71,584	7,85,896	12,360	15,089
Apr-26	36,057	23,90,225	8,35,055	11,658	15,900
May-26	35,803	24,86,308	8,44,791	10,673	15,021
Jun-26	34,472	24,99,288	8,22,114	9,716	13,700
Jul-26	32,670	25,19,943	8,80,359	9,848	15,471
Aug-26	33,114	24,44,039	9,13,392	9,328	14,030
Sep-26	28,921	23,09,241	8,67,653	9,768	12,754

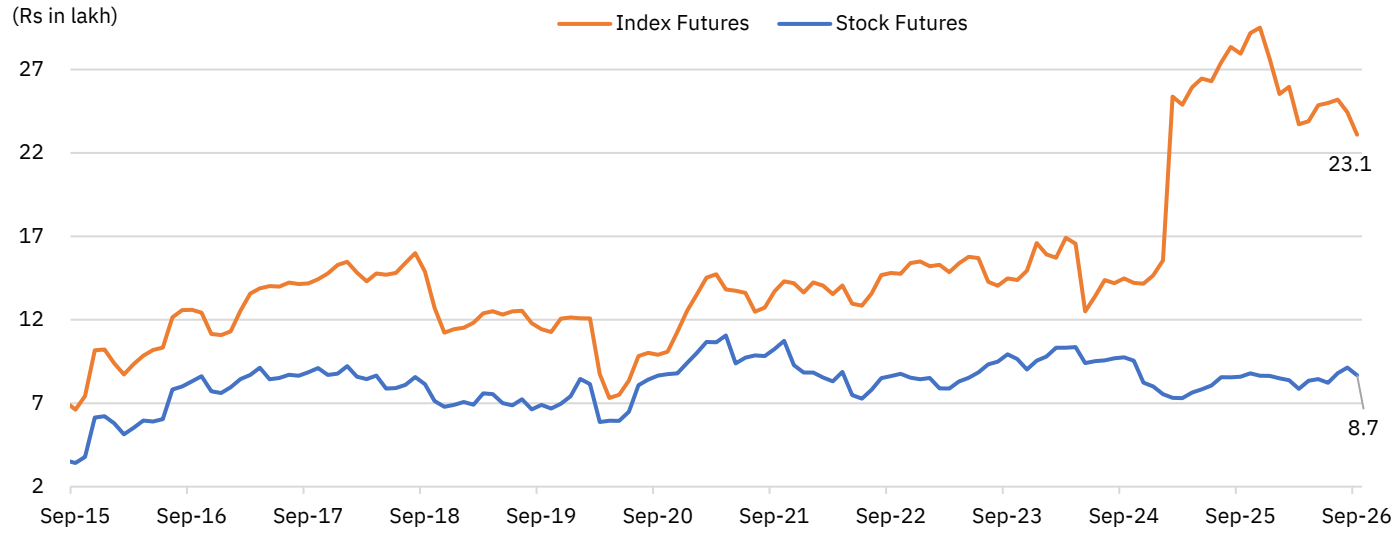
Source: NSE EPR. Note: Premium has been considered for options contract.

Figure 244: Monthly trend of average trade size in NSE cash market segment



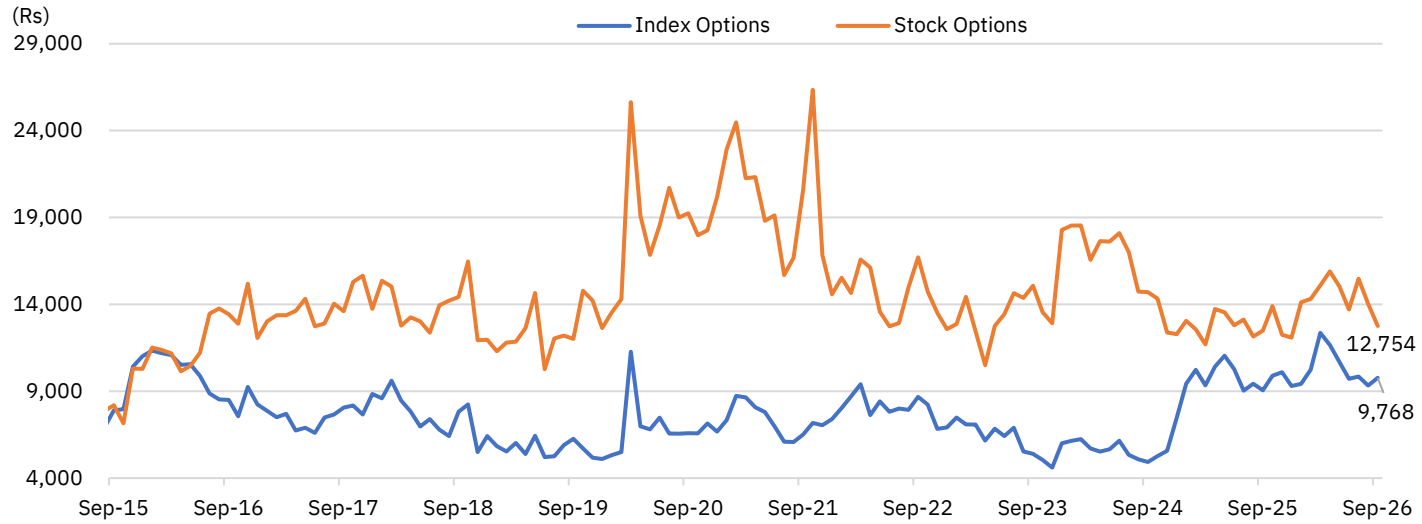
Source: NSE EPR.

Figure 245: Monthly trend in average trade size in equity futures



Source: NSE EPR.

Figure 246: Monthly trend in average trade size in equity options premium



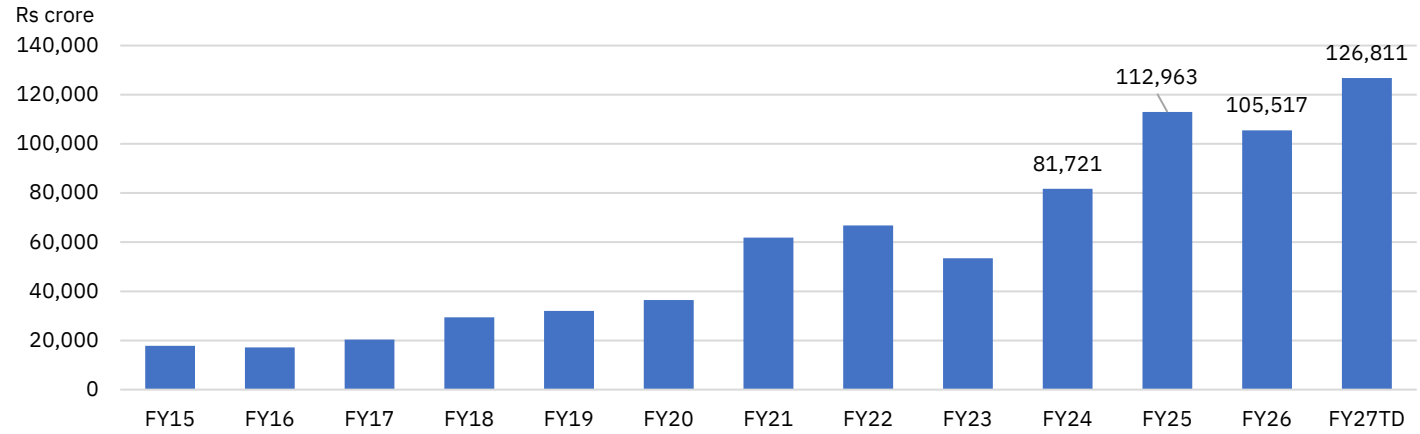
Source: NSE EPR. Note: Premium has been considered for calculating average trade size.

Table 71: Average daily turnover (Rs crore) in NSE CM Segment

Products	Sep-26	Aug-26	Sep-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Capital Market	**114,839**	**119,681**	**98,312**	**(4.0)**	**16.8**	**126,811**	**105,517**	**124,478**
Equities (Main Board)	110,863	115,536	95,256	(4.0)	16.4	122,471	100,467	118,130
Exchange Traded Funds	3,344	3,498	2,473	(4.4)	35.2	3,832	4,535	5,841
SME Emerge	334	286	319	16.9	4.9	264	254	241
Sovereign Gold Bonds	15	22	24	(33.0)	(38.8)	19	26	26
InvITs	69.3	95	87.8	(26.7)	(21.1)	74	63	72
REITs	184.3	213	77.6	(13.3)	137.5	121	87	124
Others	29	32	75	(11.1)	(61.5)	31	85	43

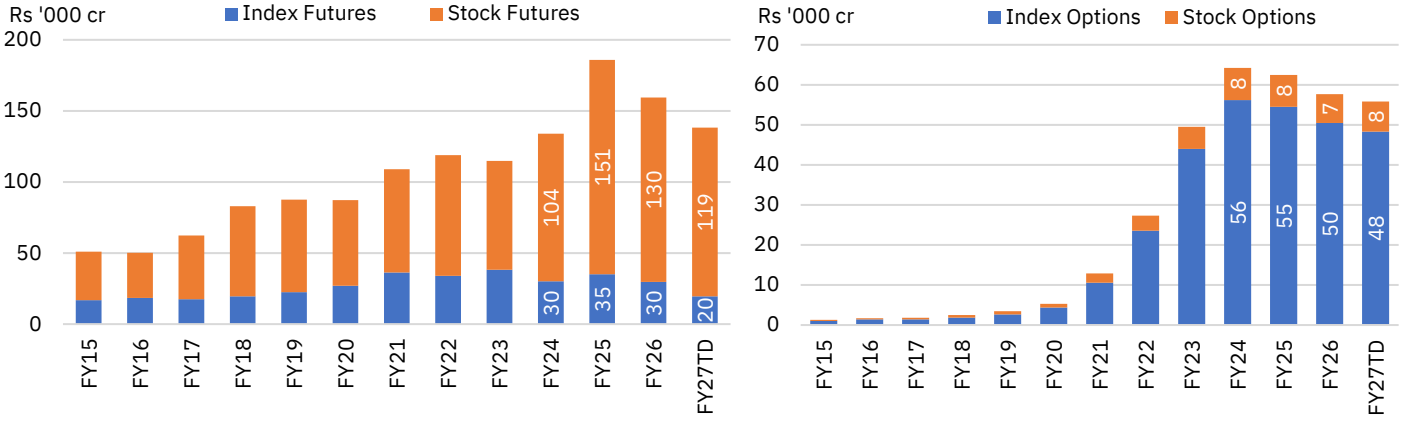
Source: NSE EPR. Notes: 1. Average daily turnover (ADT) excludes auction market turnover. Equities (Main Board) include stocks in EQ, BE, BL and BZ series.
2. Others include corporate and government debt instruments (excl. SGBs), preferential shares, partly paid-up shares, warrants etc., among others.
3. Figures in brackets indicate negative numbers. 4. FY27TD & 2026TD is as of Sep'26.

Figure 247: Annual trends in average daily turnover in NSE CM segment



Source: NSE EPR. Note: 1. Average daily turnover (ADT) excludes auction market turnover. 2. FY27TD is as of Sep'26.

Figure 248: Annual trends in average daily turnover in NSE's equity derivatives segment



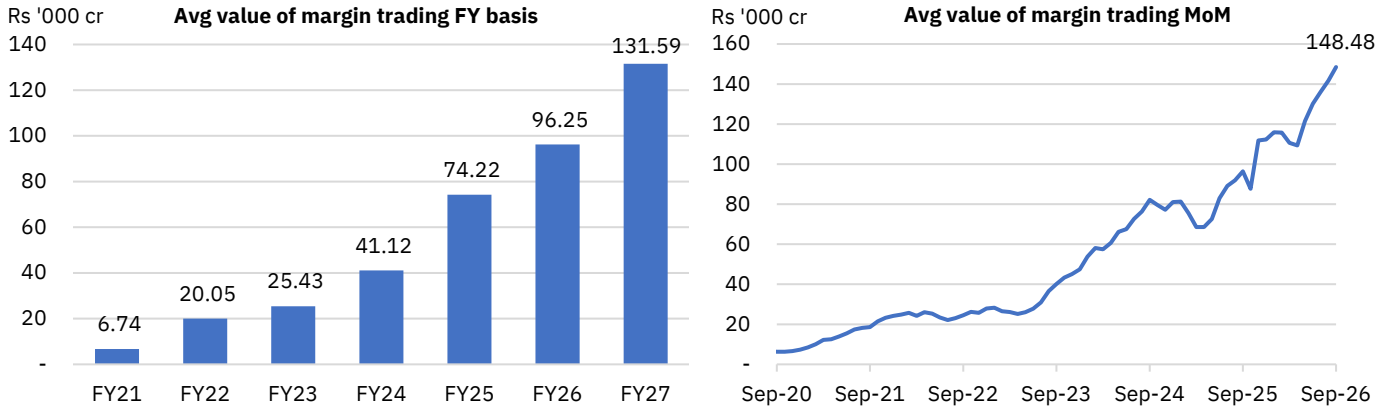
Source: NSE EPR. Notes: 1. The above figure reports premium turnover for options contracts. 2. FY27TD is as of Sep'26.

Table 72: Average daily turnover (Rs crore) in NSE's equity derivatives segment

Product	Sep-26	Aug-26	Sep-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	**1,15,554**	**1,21,860**	**1,37,441**	**(5.2)**	**(15.9)**	**1,38,256**	**1,59,443**	**1,51,111**
Stock futures	**99,975**	**108,168**	**114,561**	**(7.6)**	**(12.7)**	**118,670**	**129,701**	**127,205**
Index futures	**15,578**	**13,692**	**22,880**	**13.8**	**(31.9)**	**19,586**	**29,742**	**23,906**
BANKNIFTY	4,050	3,968	6,155	2.1	(34.2)	5,596	7,836	6,324
NIFTY50	10,453	9,073	15,439	15.2	(32.3)	13,007	20,326	16,327
FINNIFTY	32	34	63	(5.4)	(49.8)	37	94	53
MIDCPNIFTY	1,008	585	1,161	72.3	(13.2)	900	1,410	1,143
NIFTYFPI	1.3	0.8	0	62.1	-	0	0	0
NIFTYNXT50	35	31	62	10.5	(43.9)	46	77	59
Equity Options	**51,174**	**42,332**	**48,662**	**20.9**	**5.2**	**55,837**	**57,662**	**62,498**
Stock options	**6,316**	**7,133**	**6,238**	**(11.5)**	**1.3**	**7,535**	**7,195**	**7,906**
Index options	**44,858**	**35,199**	**42,424**	**27.4**	**5.7**	**48,302**	**50,467**	**54,592**
BANKNIFTY	3,755	3,272	4,314	14.8	(13.0)	4,346	5,296	4,621
NIFTY50	40,635	31,653	37,393	28.4	8.7	43,563	44,417	49,454
FINNIFTY	66	48	120	37.6	(45.1)	53	140	74
MIDCPNIFTY	401	226	595	77.1	(32.6)	339	613	441
NIFTYFPI	0.017	0	0	129.7	-	0	0	0
NIFTYNXT50	0.72	0	0.94	310.0	(23.1)	1	1	1

Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2026TD is as of Sep'26 3. Figures in brackets indicate negative numbers.

Figure 249: Annual and monthly trends in average value of margin trading



Source: NSE EPR. Notes: 1. FY27 refers to the period Apr'26-Sep'26.

Table 73: Average daily open interest (Rs crore) in NSE's equity derivatives segment

Product	Sep-26	Aug-26	Sep-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
Equity Futures	**6,01,355**	**5,95,585**	**5,46,302**	**1.0**	**10.1**	**5,99,358**	**5,43,237**	**5,91,073**
Stock Futures	**5,34,074**	**5,42,631**	**4,81,355**	**(1.6)**	**11.0**	**5,36,249**	**4,81,515**	**5,28,148**
Index Futures	**67,281**	**52,954**	**64,947**	**27.1**	**3.6**	**63,109**	**61,723**	**62,925**
NIFTY	49,728	36,777	46,031	35.2	8.0	45,568	45,124	46,065
BANKNIFTY	13,722	13,132	14,919	4.5	(8.0)	14,062	12,893	13,301
FINNIFTY	96	100	188	(4.0)	(49.1)	84	176	103
MIDCPNIFTY	3,598	2,804	3,667	28.3	(1.9)	3,258	3,374	3,318
NIFTYNXT50	132	140	142	(5.6)	(6.8)	136	155	138
NIFTY FPI	6	2	-	265.4	-	-	-	-
Equity Options	**18,81,319**	**17,64,179**	**16,87,327**	**6.6**	**11.5**	**16,83,319**	**16,88,432**	**16,81,933**
Stock Options	**3,81,258**	**3,67,752**	**2,97,958**	**3.7**	**28.0**	**3,47,514**	**3,18,037**	**3,46,445**
Index Options	**15,00,061**	**13,96,427**	**13,89,369**	**7.4**	**8.0**	**13,35,806**	**13,70,395**	**13,35,488**
NIFTY	12,76,182	11,93,085	11,52,001	7.0	10.8	11,27,119	11,31,140	11,28,638
BANKNIFTY	2,00,698	1,83,344	2,12,751	9.5	(5.7)	1,89,239	2,14,816	1,85,971
FINNIFTY	2,877	3,129	4,658	(8.1)	(38.2)	2,267	5,186	2,866
MIDCPNIFTY	20,226	16,798	19,852	20.4	1.9	17,098	19,147	17,919
NIFTYNXT50	67	54	107	24.7	(37.1)	78	107	91
NIFTY FPI	11	16	-	(33.3)	-	-	-	-

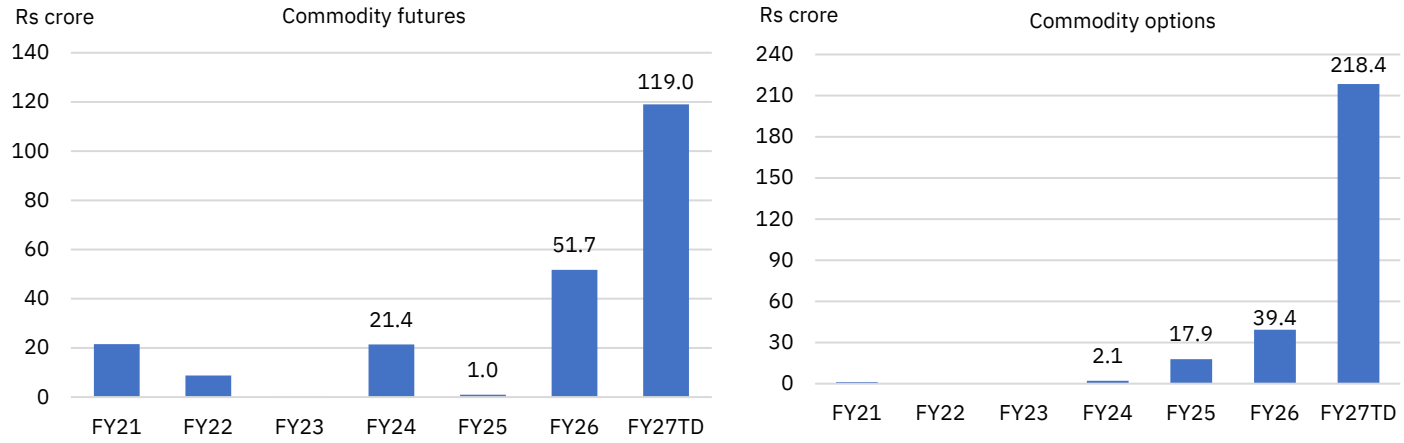
Source: NSE EPR. Notes: 1. The above table reports notional turnover. 2. FY27TD & 2026TD is as of Sep'26. 3. Figures in brackets indicate negative numbers.

Table 74: Average daily turnover in commodity derivatives

Product (Rs crore)	Sep-26	Aug-26	Sep-25	% MoM change	% YoY Change	FY27TD	FY26	2026TD
FUTURES	**186.5**	**114.7**	**106.1**	**62.7**	**75.7**	**119.0**	**51.7**	**102.4**
SILVER	1.0	1.2	0.6	(20.9)	68.2	1.3	0.6	1.1
CRUDE OIL	103.1	55.2	4.1	86.8	2407.0	64.4	6.1	48.5
BRENT CRUDE	5.2	0.1	-	4450.4	-	1.4	-	0.9
ELECTRICITY	71.5	48.3	101.4	47.9	(29.5)	45.1	44.1	46.0
GOLD10G	3.5	5.8	-	(40.0)	-	5.7	0.9	5.1
OPTIONS	**379.5**	**248.1**	**39.2**	**52.9**	**867.1**	**218.4**	**39.4**	**164.3**
SILVER	0.1	0.4	0.4	(83.3)	(82.9)	0.7	0.7	0.7
NATURALGAS	10.8	5.1	0.0	112.7	5171650.0	3.2	0.0	2.1
CRUDEOIL	368.6	242.7	38.9	51.9	848.1	214.6	38.7	161.4

Source: NSE EPR. Notes: 1. The above table reports premium turnover for Options contracts. 2. FY27TD & 2026TD is as of Sep'26. 3. Figures in brackets indicate negative numbers.

Figure 250: Annual trends in average daily turnover in commodity derivatives segment

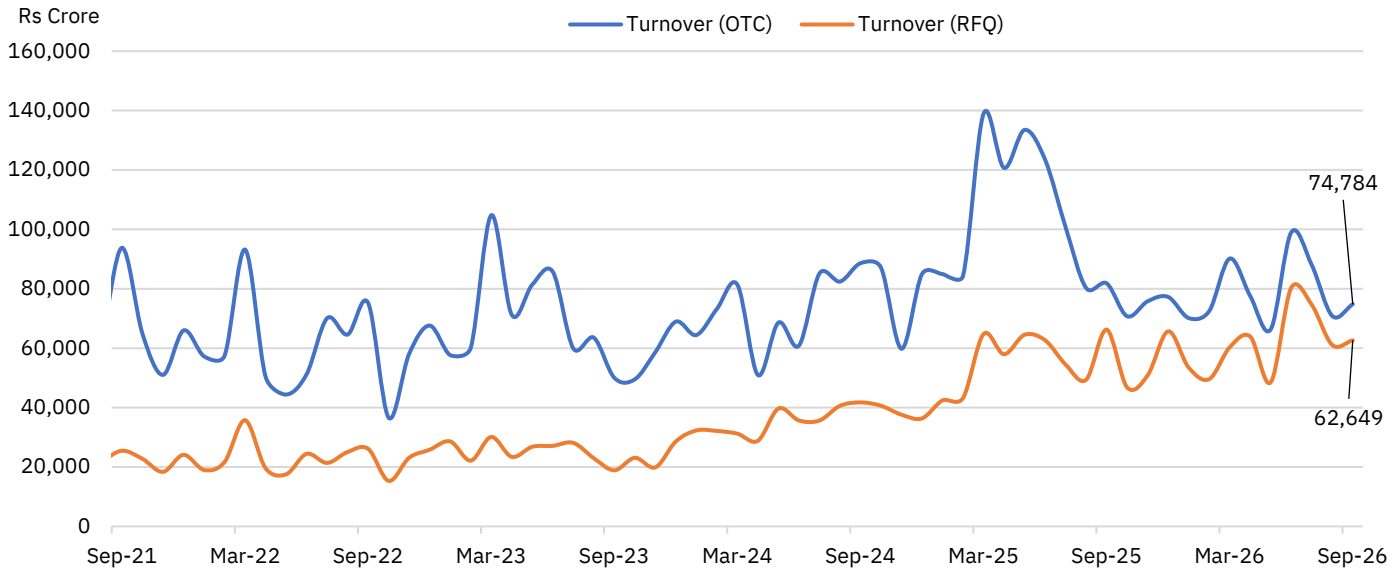


Source: NSE EPR. Notes: 1. Above figure reports premium turnover for options contracts. 2. FY27TD is as of Sep'26.

Secondary market activity in corporate bonds rebounded across both trading venues in September 2026: OTC turnover increased from Rs 70,844.3 crore in August 2026 to Rs 74,783.9 crore in September (+5.6% MoM), while RFQ turnover increased from Rs 61,075 crore to Rs 62,648.9 crore (+2.6% MoM) during the same period, taking aggregate turnover across both platforms to Rs 1.37 lakh crore. The rebound in secondary market trading activity reversed the declining trend seen since June 2026. RFQ's share in total turnover moderated to 45.6% in September 2026 from 46.3% in August 2026 and remained well above the average of 36.1% recorded during the corresponding period of FY26 (Apr–Sept 2025), taking the cumulative FY27TD RFQ share in total turnover to 45.0%. Meanwhile, OTC's share in total turnover increased from 53.7% in August 2026 to 54.4% in September 2026. However, the total turnover in September 2026 was lower than September 2025 (-7.2% YoY), OTC turnover declined 8.6% year-on-year while RFQ turnover declined by 5.4% YoY over the same period. The expansion in secondary market turnover over the month was concentrated towards the OTC platform, while RFQ's turnover growth was modest. However, over the fiscal years, activity exhibited divergence across halves. Turnover growth was weak in H1 FY27 recording a year-on-year decline of 12.9%, driven by a fall in OTC turnover (-25.6% YoY) during the same period. Meanwhile, the RFQ turnover recorded a year-on-year growth of 10.1% during the same period, which moderated the overall fall in turnover growth.

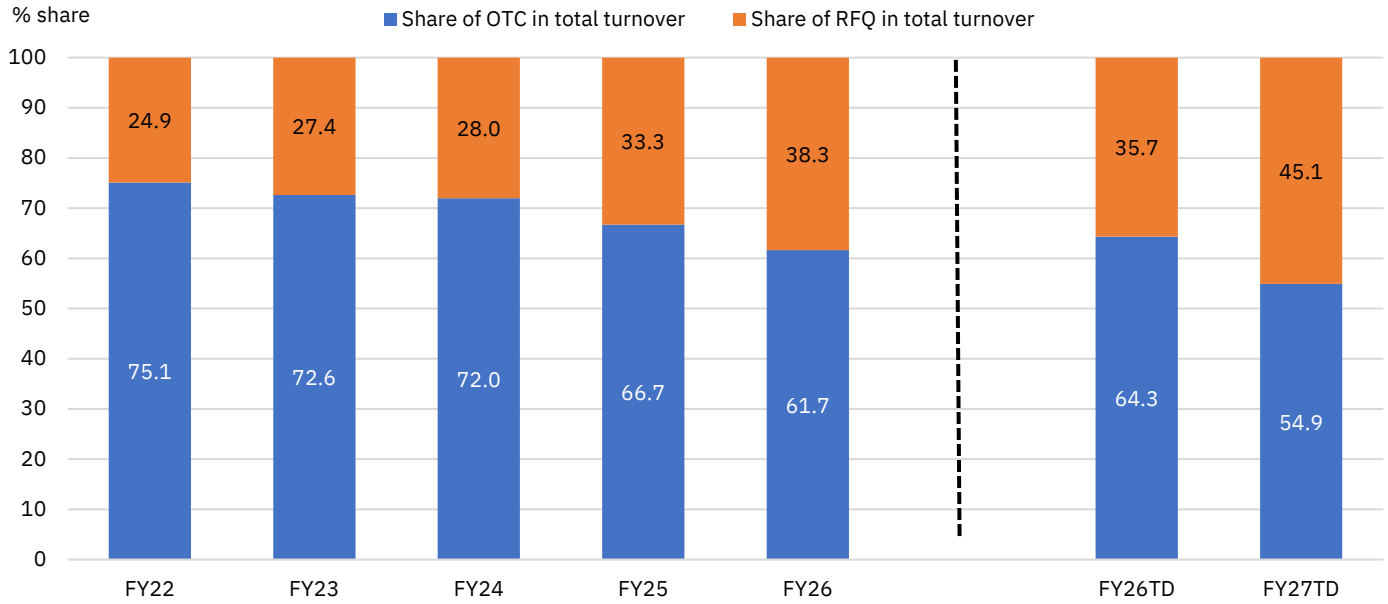
The recovery in turnover was also reflected in average daily turnover (ADT). OTC ADT increased to Rs 3,561.1 crore in September 2026 from Rs 3,373.5 crore in August (+5.6% MoM), while RFQ ADT increased to Rs 2,983.3 crore from Rs 2,908.3 crore (2.6% MoM). Combined ADT increased to Rs 6,544.4 crore in September 2026 from Rs 6,281.9 crore in August 2026, with the increase depicting a gradual shift in platform composition — OTC ADT increased faster than the RQF ADT on a year-on-year basis.

Figure 251: Monthly trends of turnover in debt segment



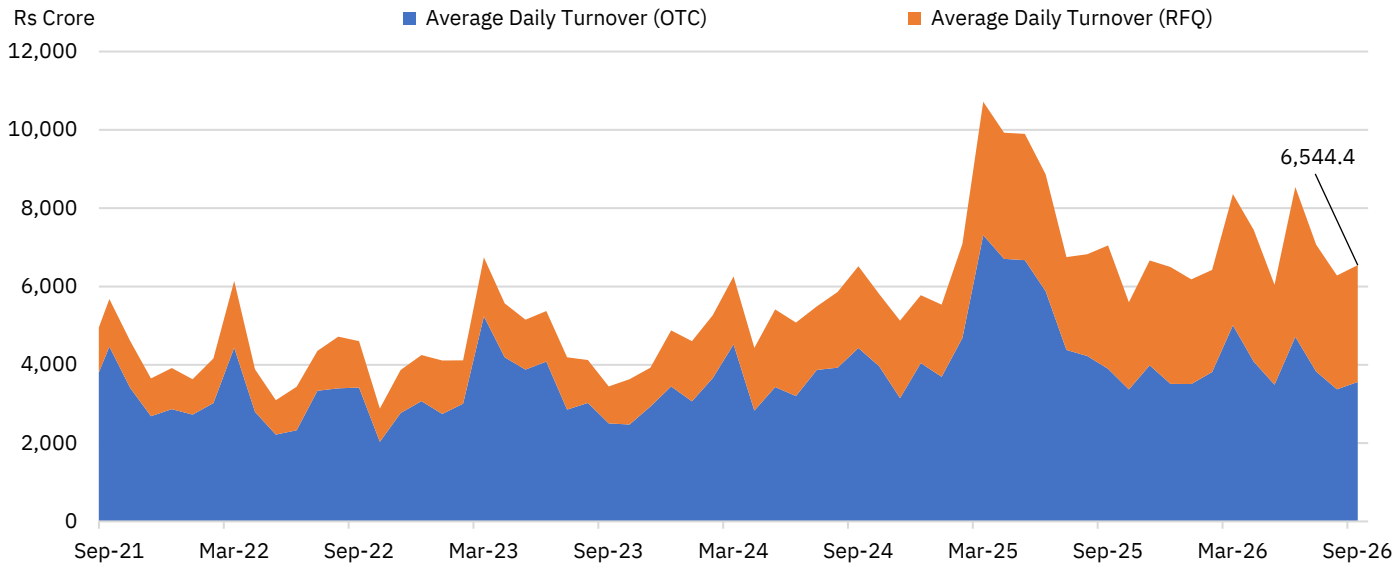
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 252: Annual share in total turnover across segments



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

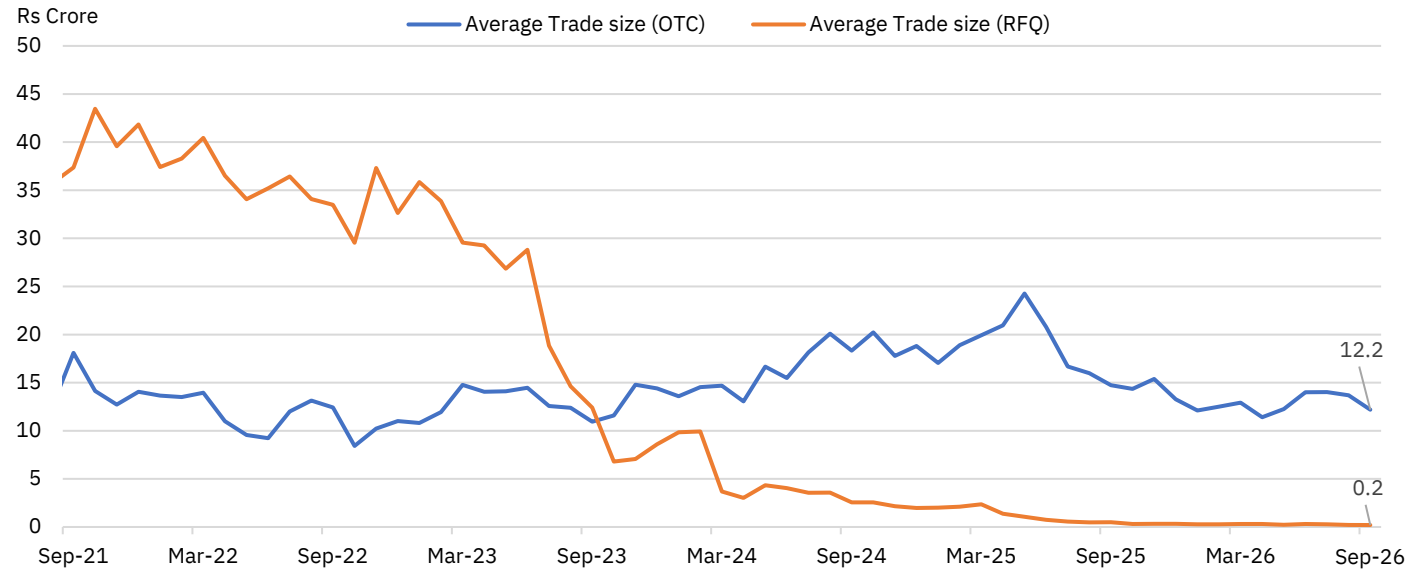
Figure 253: Monthly trends of average daily turnover in debt segment



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Average trade size declined on the OTC platform while declining further on RFQ in August 2026: OTC average trade size declined to Rs 12.2 crore (-10.9% MoM), after declining to Rs 13.7 crore in August 2026 while RFQ average trade size remained around Rs 0.20 crore (-2.4% MoM) in September 2026, reflecting the sustained compression observed over recent months.

Figure 254: Monthly trends of average trade size in debt segment

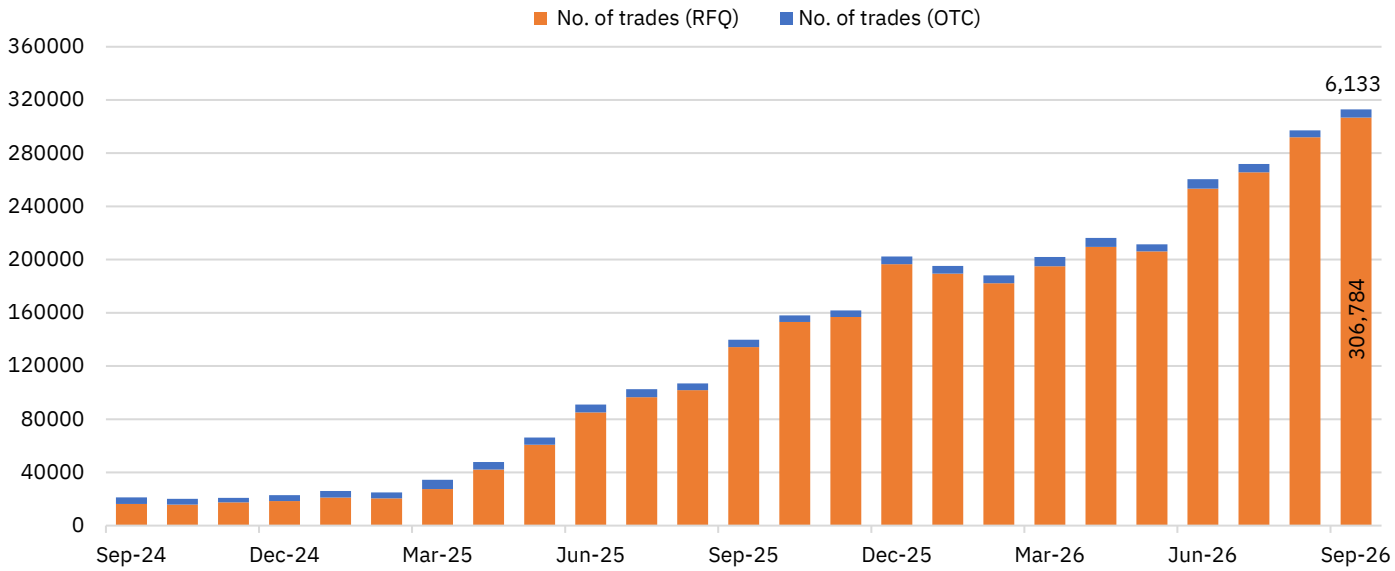


Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

RFQ trade activity continued its upward trajectory in September 2026, with trade counts reaching a new series high, highlighting the platform's granular execution dynamics: RFQ trade counts rose to 3,06,784 trades (+5.1% MoM) from 2,91,961 in August, the highest monthly figure recorded in the series, while OTC trades rebounded to 6,133 (+18.5% MoM). Overall, the number of trades across both platforms increased by 5.3% MoM to reach 3,12,917 trades in September 2026. On a cumulative FY27TD basis, RFQ accounted for 97.7% of total trades and 45.1% of total turnover, underscoring the

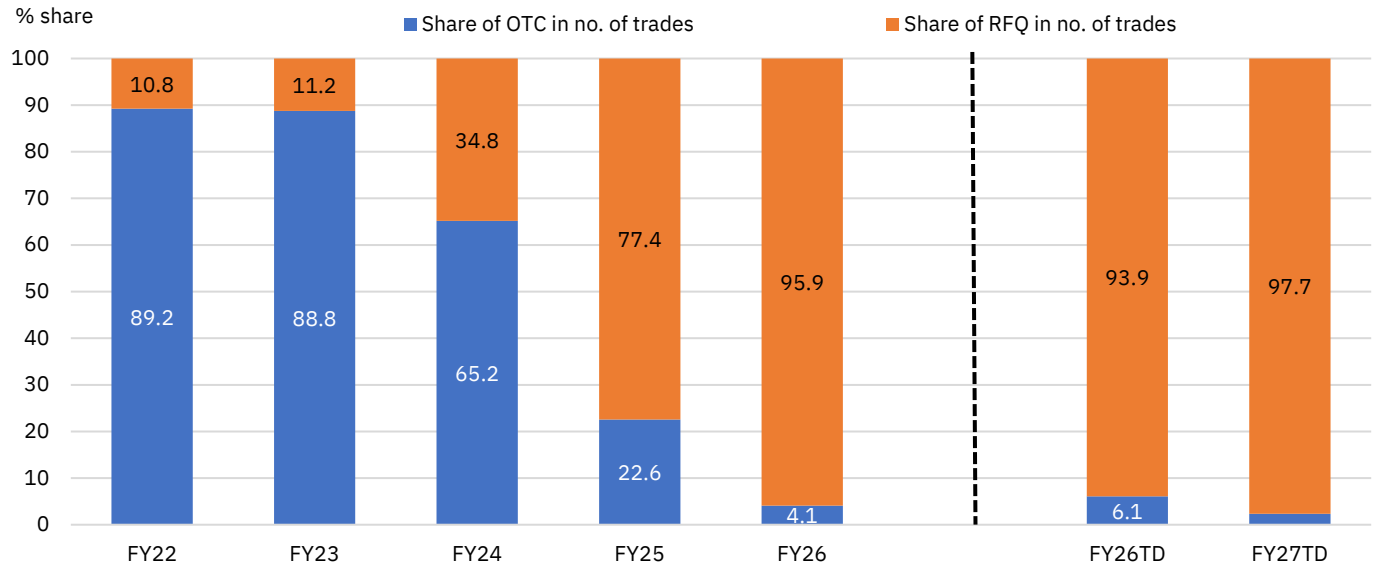
persistence of the bifurcated market structure despite the continued narrowing of the turnover gap between the two execution platforms.

Figure 255: Monthly trend in number of trades reported across platforms



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform.

Figure 256: Annual share in number of trades reported across platforms



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

Institutional investors continued to account for the majority of secondary market turnover in September 2026, led by Mutual Funds, which accounted for 31.9% of total turnover in FY26, compared with 34.9% in FY21, while their share decreased to 33.5% during April-September 2026. Other Domestic Financial Institutions accounted for 21.2% of total turnover and Banks for 17.4%, with these categories collectively accounting for around 72.1% of aggregate secondary market activity during April-September 2026. Insurance and FII/FPI participation moderated on a year-on-year basis, while Individual participant share remained modest at 2.0% of total turnover.

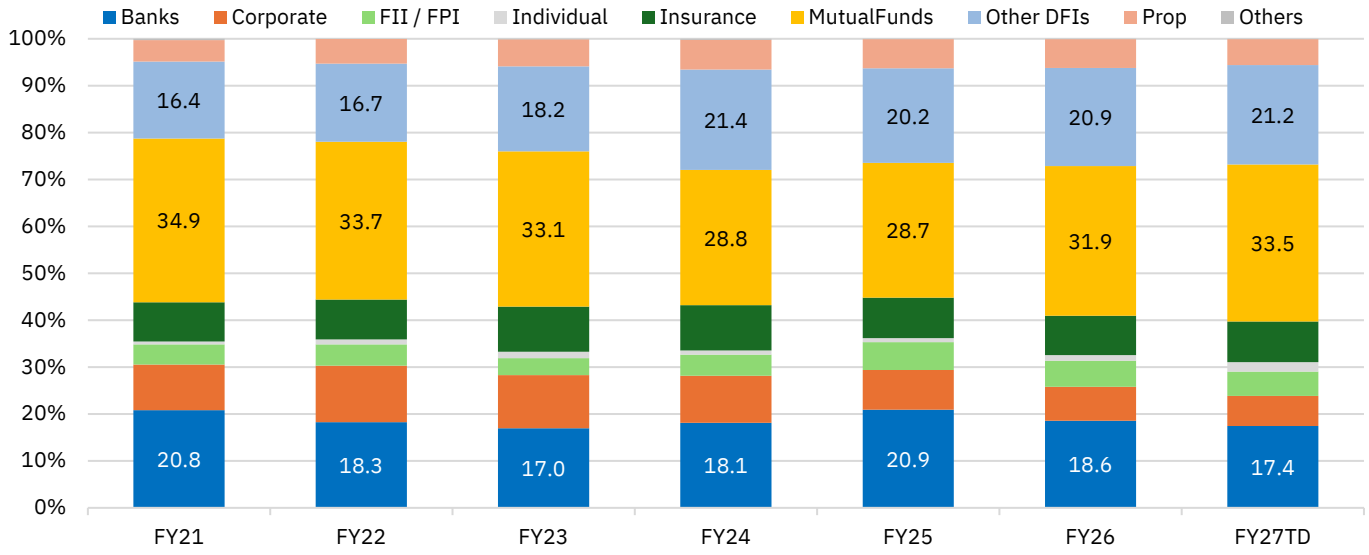
Participation profiles continued to differ across execution venues. Within the OTC segment, Other Domestic Financial Institutions (Other DFIs) accounted for 26.6% of turnover in FY26, with their share increasing to 28.3% during April-September 2026, followed by Mutual Funds at 21.2% and Banks at 18.3%. This remained consistent with the institutional nature of large-ticket negotiated transactions. On the RFQ platform, Mutual Funds remained the dominant category at 48.5% of turnover during April-September 2026, while Banks accounted for 16.4%. The higher shares of Banks and Other DFIs in RFQ turnover during April-September 2026 indicate broader participation by these institutional categories alongside the continued dominance of Mutual Funds on the platform.

The picture was materially different when examined through the lens of trade counts. Following SEBI measures introduced in 2023 to increase corporate bond trading through the RFQ platform, including permitting stockbrokers to participate in corporate bond transactions on behalf of clients, and requiring at least 10% of their proprietary corporate bond trades to be executed through RFQ from July 2023, the share of Individual participants in RFQ trade counts increased from 0.2% in FY23 to 80.1% in FY26, while their share in RFQ turnover remained at only 1.4%. During April-September 2026, Individual and Proprietary participants together accounted for approximately 90.8% of RFQ trade counts, with Individual participants at 75.0% and Proprietary participants at 15.8%, while their combined share in RFQ turnover remained just above 7%.

Although Individual participants accounted for three-fourths of RFQ trade counts, institutional participants (Banks, Mutual Funds, Insurance, FII/FPI and Other DFIs) collectively accounted for approximately 86.0% of RFQ turnover, highlighting the continued distinction between execution frequency and value concentration on the platform. During April-September 2026, Mutual funds accounted for approximately 48.5% of RFQ turnover while contributing only 0.4% of RFQ trade counts. The share of Proprietary participants in RFQ trade counts rose from 2.2% in FY21 to 10.9% in FY26 and further to 15.8% during April-September 2026, while Other DFIs accounted for 3.4% of RFQ trade counts during the same period, compared with 1.5% in FY26.

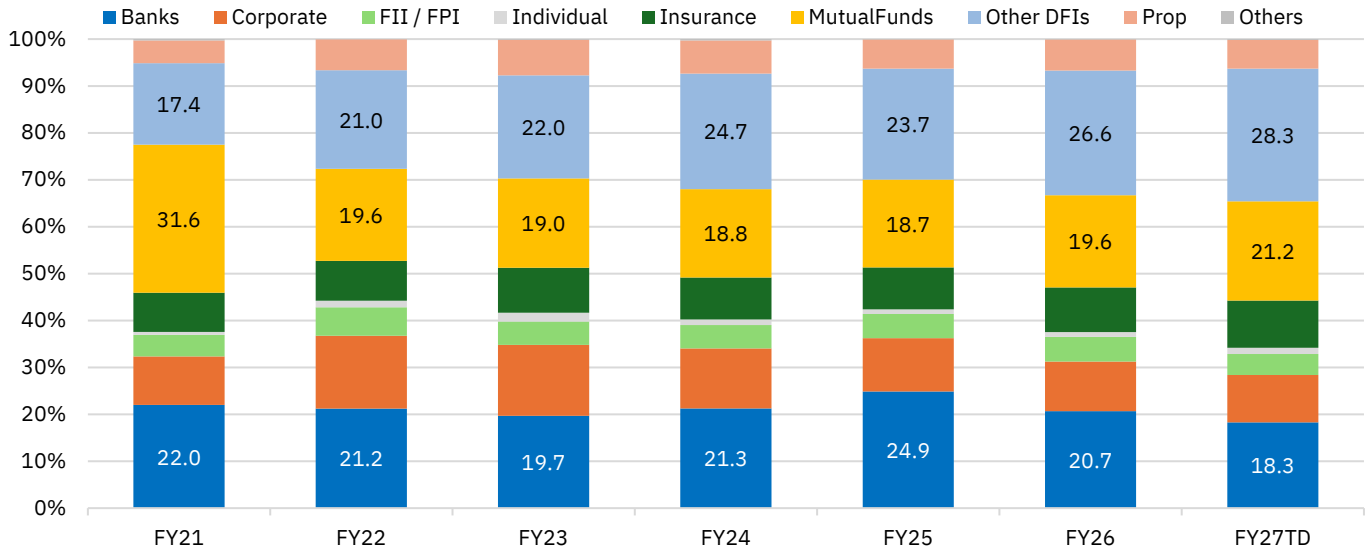
OTC activity displayed a more diversified trade-count profile. Other DFIs remained the largest category, accounting for 33.5% of OTC trade counts in FY27, up from 31.4% in FY26, followed by corporate participants at 20.3%. The share of Individual participants in OTC trade counts increased from 5.5% in FY21 to 14.3% in FY27, although it remained substantially below their share of RFQ trade counts. Proprietary participants accounted for 13.8% of OTC trade counts in FY27, while Banks accounted for 5.1%. These participation patterns highlight the distinct roles of institutional and retail participants in the RFQ market, with institutions accounting for most transaction value, while individuals account for most of the execution frequency.

Figure 257: Annual trends for share in total turnover across participant categories



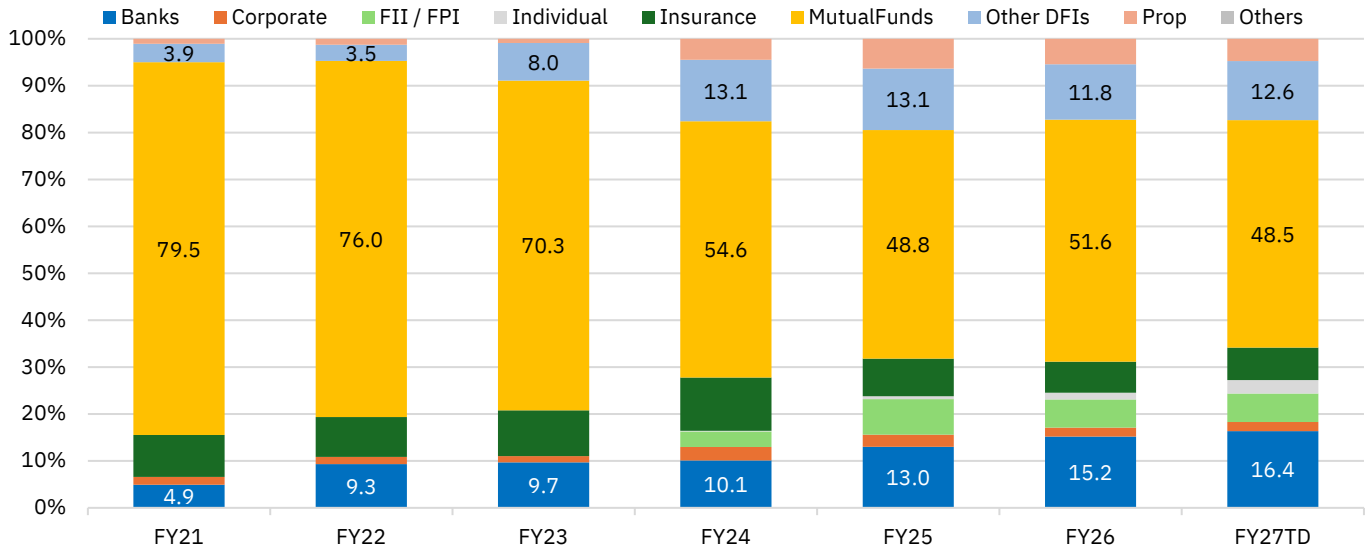
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27 is as of September 2026.

Figure 258: Annual trends for share in OTC turnover across participant categories



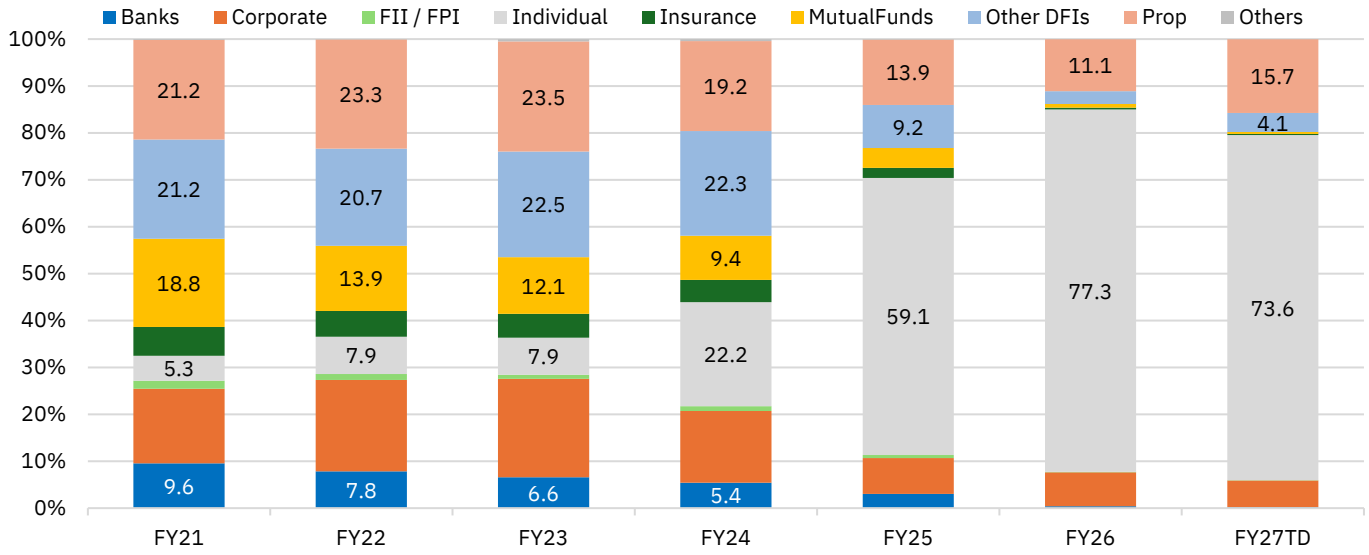
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27 is as of September 2026.

Figure 259: Share in RFQ turnover across participant categories



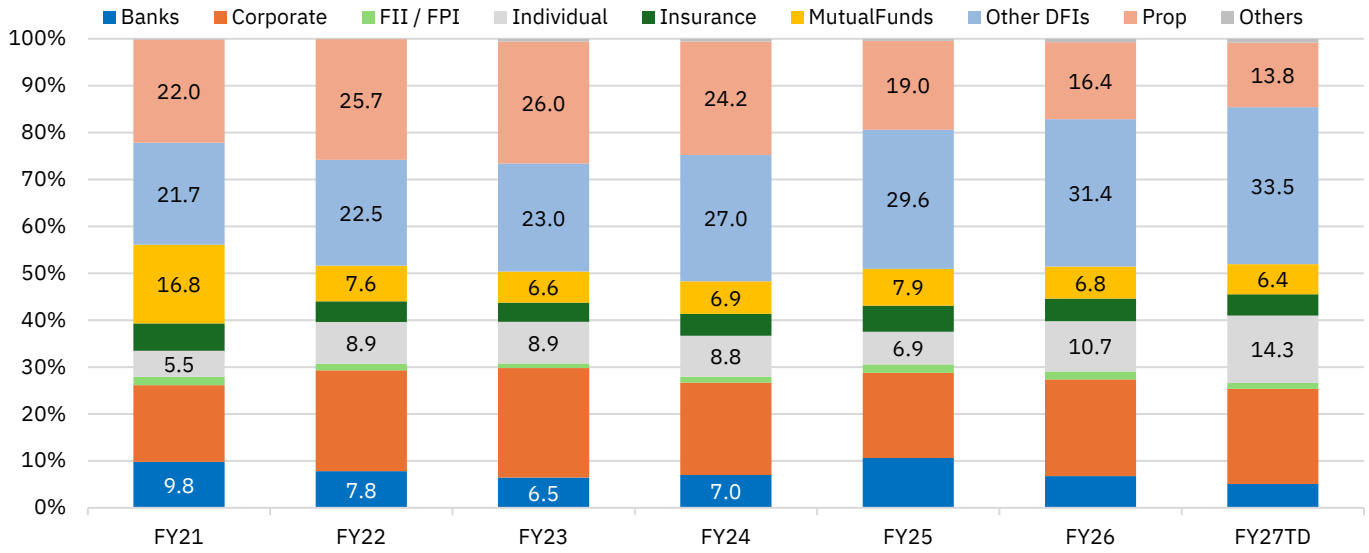
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

Figure 260: Share in total number of trades across participant categories



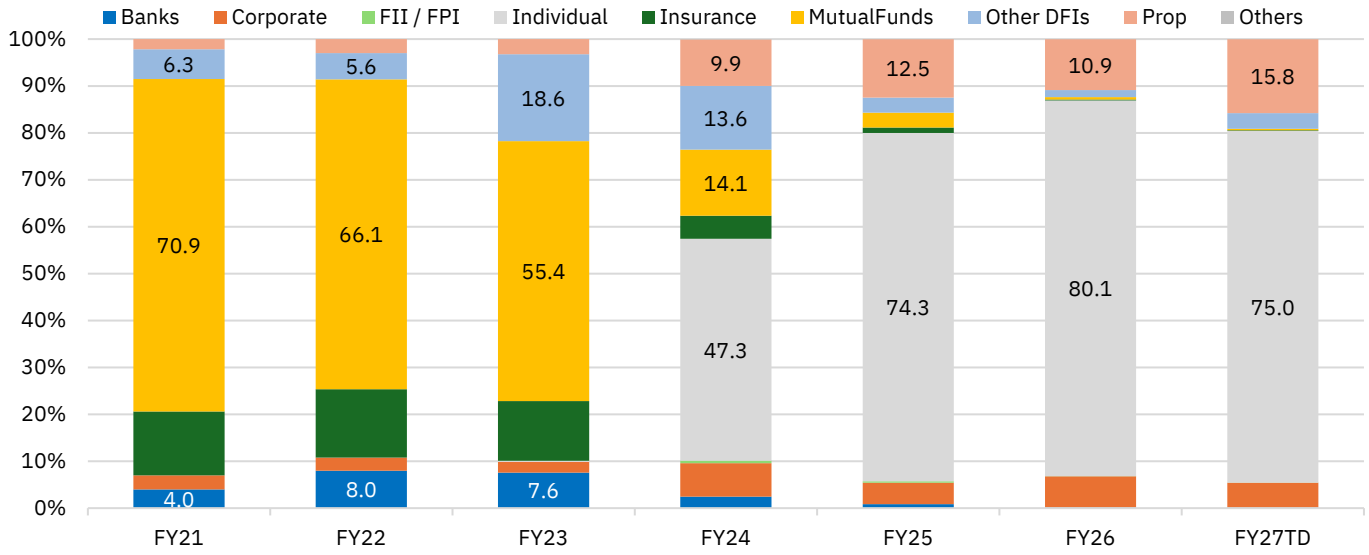
Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

Figure 261: Share in OTC trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

Figure 262: Share in RFQ trade counts across participant categories



Source: NSE EPR. The data corresponds to corporate bonds (corporate credit and structured debt instruments) reported on NSE platform. The data for FY27TD is as of September 2026.

5.3.2 Category-wise participation across segments: Broad based shift across segments

Investor participation underwent notable shifts across segments in September 2026. Cash-market participation remained broadly balanced, with individual investors and proprietary traders together accounting for 64.5% of turnover. During H1FY27, proprietary traders and individual investors maintained broadly similar shares in cash-market participation at 33.3% and 33.0%, respectively. Equity derivatives saw a notable shift in participation, particularly in equity futures. Foreign investors and DIIs reached all-time highs in equity futures, together accounting for 48.8% of participation with proprietary traders' share declining to a 6.3-year low along with moderation in individual participation. Equity options remained dominated by proprietary traders, although their share declined to a 3.75-year low and individual investors remaining the second-largest participant category in equity options. Commodity derivatives also recorded divergent trends across segments. Foreign investors' share in commodity futures reached an all-time high, while individual participation moderated during September. In commodity options, individual participation remained broadly stable, while proprietary traders continued to dominate. Overall, in H1FY27, individual investors' share in commodity derivatives increased substantially, accompanied by a corresponding decline in proprietary participation.

The IRF segment remained concentrated among proprietary traders and corporates, which together accounted for over 94% of participation. Overall, the participation mix points to increasing diversification across segments, with stronger institutional participation in equity futures and a growing role for individual investors in commodity derivatives, while proprietary traders continued to dominate broader derivatives activity. The participation trends indicate greater diversification across segments, with stronger institutional participation in equity futures and a growing role of individual investors in commodity derivatives.

Cash market participation remains broadly balanced in September 2026: Cash-market turnover moderated by 4% MoM in September 2026, while the participation mix remained broadly balanced across investor categories. Individual investors' share declined to 32.2% (-134 bps MoM; -234 bps YoY) from 33.5% in August with 7.9% MoM decline in their turnover, while proprietary traders' share increased to 32.3% (+62 bps MoM; +247 bps YoY) with a comparatively lower 2.2% MoM decline in the turnover. DII participation also increased to 13.4% (+79 bps MoM), although it remained below the year-ago level of 14.2%. Foreign investors' share moderated to 13.7% (-42 bps MoM; -123 bps YoY), while corporate participation remained broadly stable at 4.3%. Overall, the participation mix remained broadly balanced in September, with individual investors and proprietary traders accounting for nearly equal shares of cash-market turnover, together contributing 64.5%, alongside strengthening DII participation.

During H1FY27 (April–September 2026), proprietary traders' share increased to 33.3% from 29% in H1FY26 (+423 bps), while individual investors' share moderated to 33% from 34.2% (-120 bps). Foreign investor and DII participation also moderated by 210 bps and 60 bps to 13.3% and 13.4% respectively during H1FY27.

Proprietary share moderates in futures and options: Participation in equity derivatives (notional turnover) remained dominated by proprietary traders in September 2026, with their share rising to 55.3% (+59 bps MoM), but below 59.2% a year ago while individual investors share moderated to 32% In equity futures, foreign investors' share rose to an all-time high of 32.6% (+131 bps MoM; +493 bps YoY), while DII participation also reached an all-time high of 16.2% (+89 bps MoM; +308 bps YoY), together accounting for 48.8% of participation. In contrast, proprietary trader share declined to 24.6% (-91 bps MoM; -618 bps YoY), a 6.3-year low, similarly individual investors' share also moderated

to 14.8% (-169 bps MoM; -268 bps YoY). In equity options (premium turnover), proprietary traders' and individuals share declined to 46.8% and 39.3% respectively.

Looking at the first half of FY27, proprietary traders accounted for 56.7% of equity derivatives participation, down 334 bps from 60%, while individual investors' share increased to 31.5% (+330 bps). Overall, proprietary traders remained dominant, although their share moderated alongside higher individual participation.

Individual participation rises in commodity options but moderates in futures: Participation in commodity futures shifted notably in September 2026, with foreign investors' share rising to an all-time high of 23.1% (+686 bps MoM; +2,283 bps YoY), while individual investors' share moderated to 15.1% (-858 bps MoM) but remained above 7.7% a year ago. Proprietary traders' share increased to 44.5% (+233 bps MoM), although it remained well below 78.8% a year ago. In commodity options (premium turnover), proprietary traders' share increased to 51.3% (+197 bps MoM) but remained below 57.4% a year ago. Foreign investors' share moderated to 13.9% (-234 bps MoM), while individual investors' share remained broadly stable at 32.7% (-19 bps MoM).

The cumulative H1FY27 participation mix shows that commodity derivatives (notional turnover) continued to show a shift towards individual investors, whose share increased to 34.4% from 15.3% in H1FY26, while proprietary traders' share declined to 54.1% from 80.5%.

Proprietary participation remains dominant in IRF: Participation in the interest rate futures (IRF) segment remained concentrated among proprietary traders in September 2026, accounting for 63.6% of participation, however moderated by 578 bps MoM from 69.4% in August. Their share remained significantly higher than the 22.7% recorded a year ago, with their H1FY27 participation standing at 66.9%, compared with 18.7% in H1FY26. While corporate participation increased to 30.8% (+380 bps MoM), although it remained well below the 69.4% recorded in September 2025; their H1FY27 participation stood at 28.8%, compared with 73.3% in the corresponding period of H1FY26. Similarly foreign investors' participation also increased to 3.5% (+118 bps MoM; +308 bps YoY), marking a 8-year high, while individual participation remained limited at 2%.

Figure 263: Quarterly trend in share of client participation in NSE cash market segment (%)

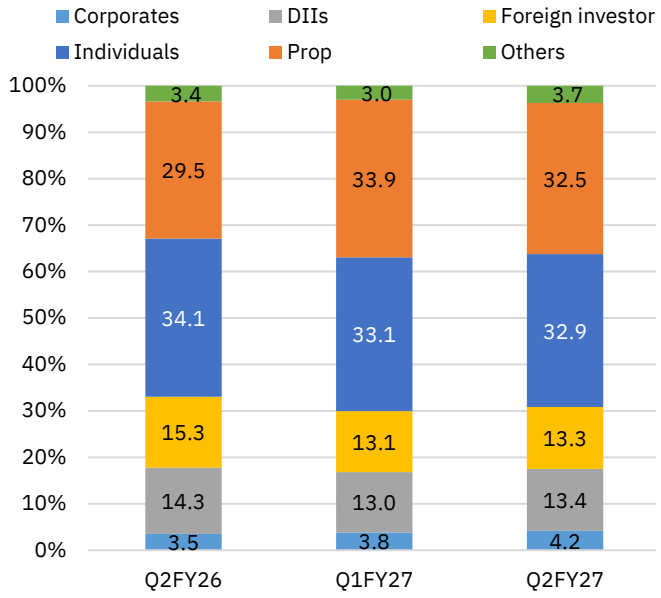
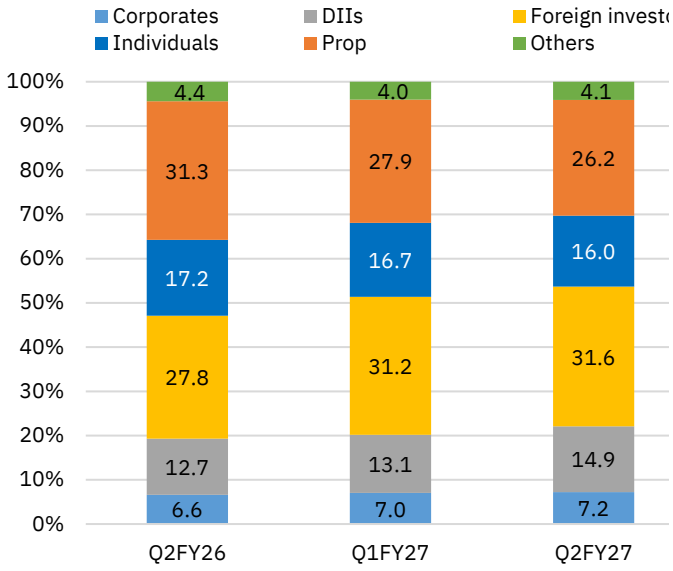


Figure 264: Quarterly trend in share of client participation in Equity futures (Notional Turnover) at NSE (%)



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

Figure 265: Quarterly trend in share of client participation in Equity options (Premium Turnover) at NSE (%)

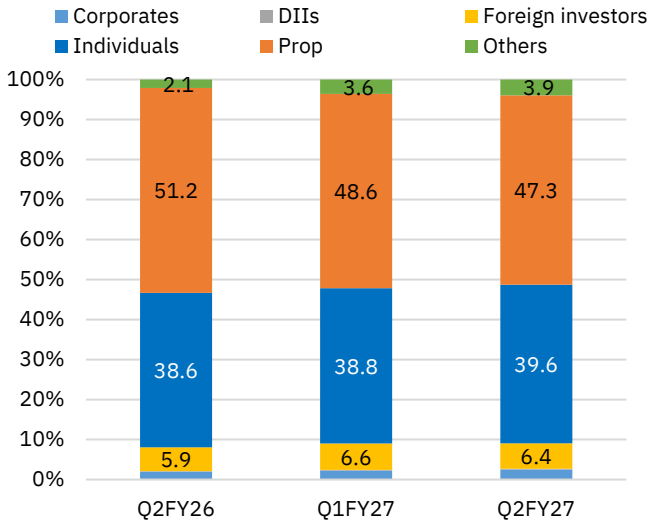
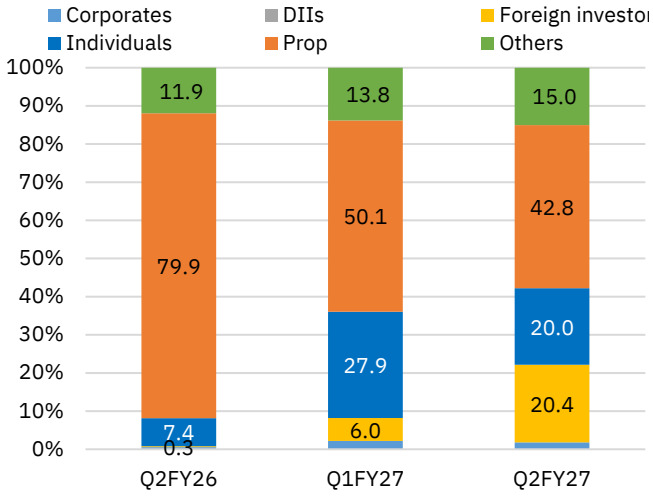
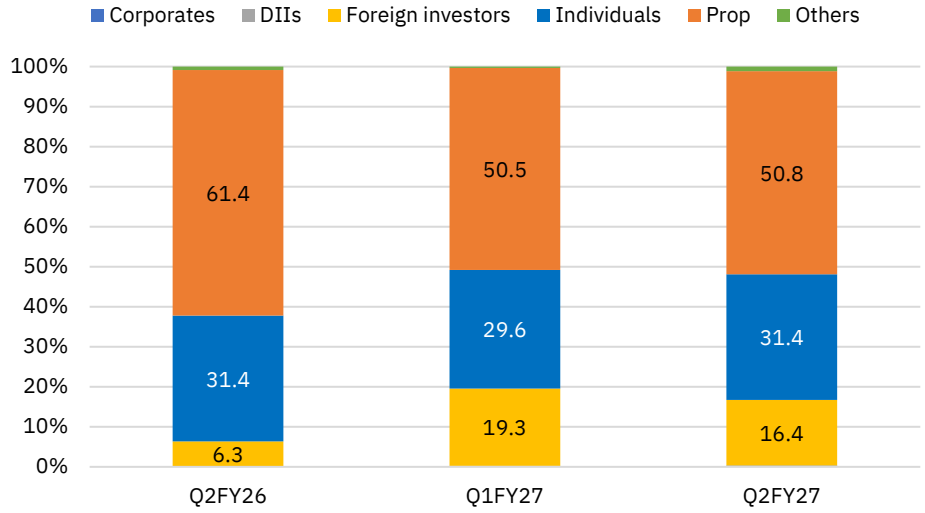


Figure 266: Quarterly trend in share of client participation in Commodity futures (Notional Turnover) at NSE (%)



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

Figure 267: Quarterly trend of client participation share in Commodity options (Premium Turnover) at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.

Table 75: Share of client participation in NSE cash market segment (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	4.3	4.4	3.7	(8)	63	4.0	3.7	3.9
DIIs	13.4	12.7	14.2	79	(78)	13.2	14.2	13.4
Foreign Investors	13.7	14.1	14.9	(42)	(123)	13.2	14.6	13.4
Individuals	32.2	33.5	34.5	(134)	(234)	33.0	33.4	32.6
Prop	32.3	31.7	29.9	62	247	33.3	30.9	33.6
Others	4.1	3.6	2.8	43	125	3.3	3.2	3.1

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD and CY26TD are as of Sep'26.

Figure 268: Annual trends in share of client participation in NSE cash market segment (%)

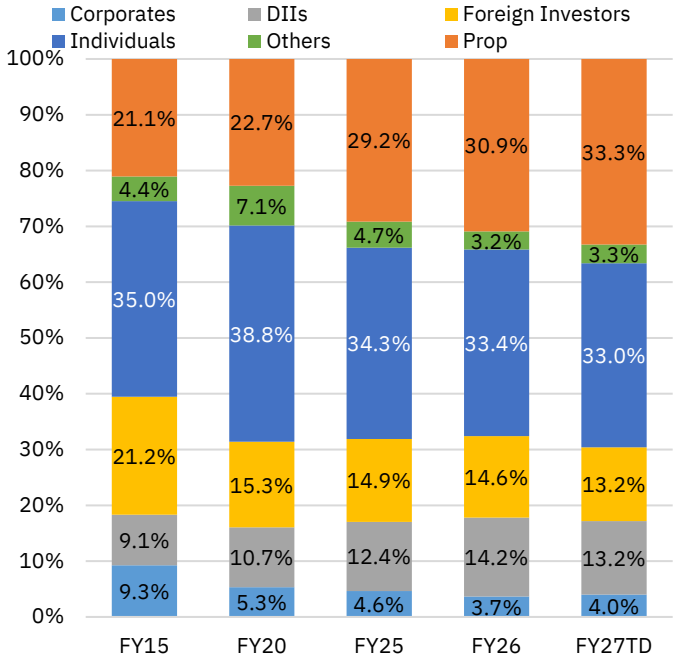
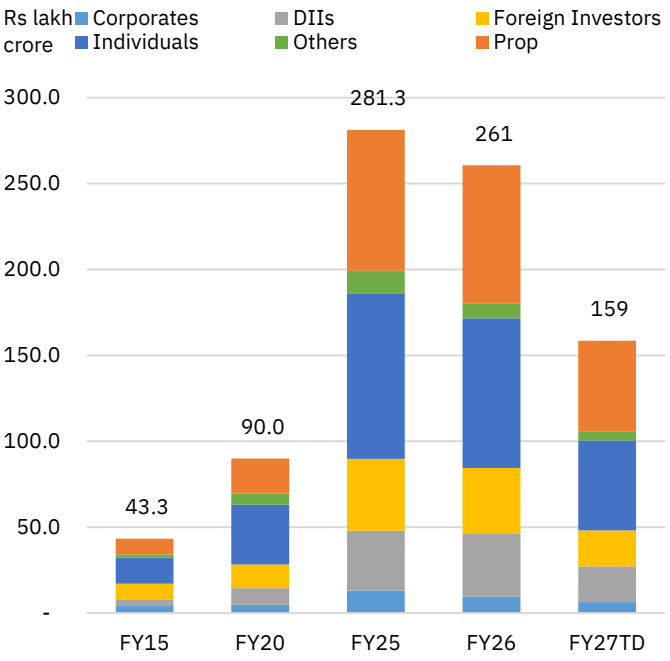


Figure 269: Annual trends in share of client participation in NSE cash market segment



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 76: Share of client participation in Equity Derivatives segment (Notional turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.6	2.4	2.2	14	39	2.3	2.2	2.2
DIIs	0.3	0.3	0.2	0	13	0.3	0.2	0.3
Foreign Investors	5.8	5.9	6.2	(4)	(41)	5.9	6.9	6.3
Individuals	32.0	32.9	30.0	(83)	204	31.5	29.2	30.8
Prop	55.3	54.7	59.2	59	(392)	56.7	59.3	57.5
Others	3.9	3.8	2.2	14	177	3.4	2.2	2.9

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4 Data for FY27TD and CY26TD are as of Sep'26.

Figure 270: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE (%)

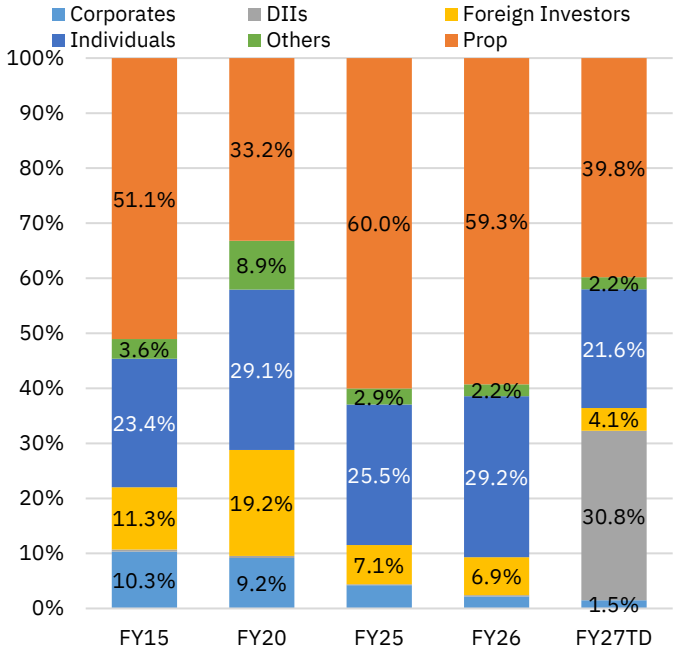
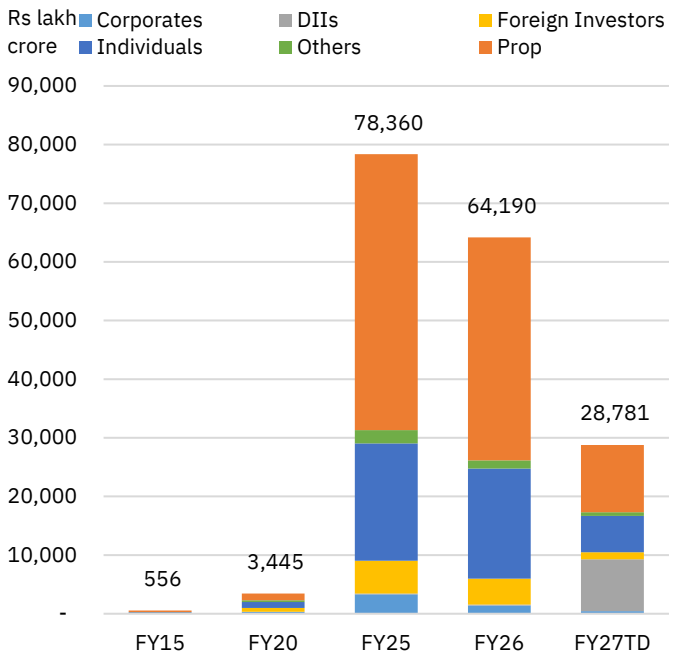


Figure 271: Annual trends in share of client participation in Equity Derivatives segment (Notional turnover) at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.
4. Data for FY27TD is as of Sep'26.

Table 77: Share of client participation in Equity futures (Notional Turnover) segment of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	7.7	7.2	6.7	53	102	7.1	6.8	7.1
DIIs	16.2	15.3	13.1	89	308	14.0	12.3	13.2
Foreign Investors	32.6	31.3	27.7	131	493	31.4	27.5	30.2
Individuals	14.8	16.5	17.5	(169)	(268)	16.4	17.0	16.2
Prop	24.6	25.5	30.7	(91)	(618)	27.1	31.9	29.3
Others	4.2	4.3	4.4	(12)	(18)	4.1	4.4	4.1

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD and CY26TD are as of Sep'26.

Figure 272: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE (%)

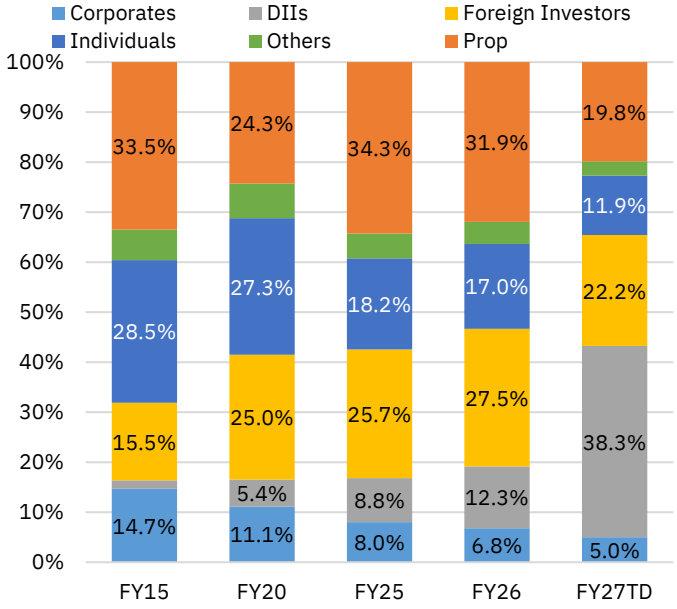
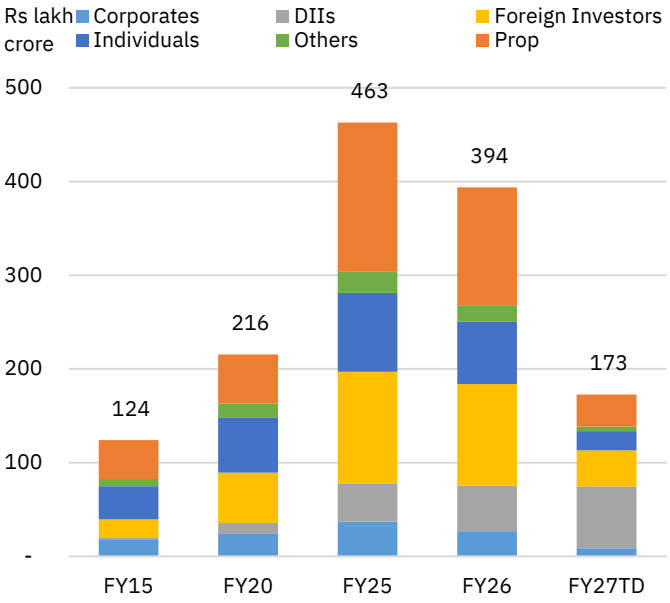


Figure 273: Annual trends in share of client participation in Equity futures (Notional Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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3. Above data represents share in gross notional turnover i.e., buy-side notional turnover + sell-side notional turnover.
4. Data for FY27TD is as of Sep'26.

Table 78: Share of client participation in Equity options segment (Premium Turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.7	2.4	2.0	31	72	2.3	2.2	2.3
DIIs	0.2	0.2	0.1	5	13	0.2	0.1	0.2
Foreign Investors	6.8	6.1	6.2	69	59	6.5	7.3	6.8
Individuals	39.3	40.3	39.1	(99)	17	39.2	37.5	38.4
Prop	46.8	47.3	50.5	(55)	(379)	48.0	50.7	49.0
Others	4.2	3.7	2.0	49	219	3.7	2.2	3.2

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
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4. Data for FY27TD and CY26TD are as of Sep'26.

Figure 274: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE (%)

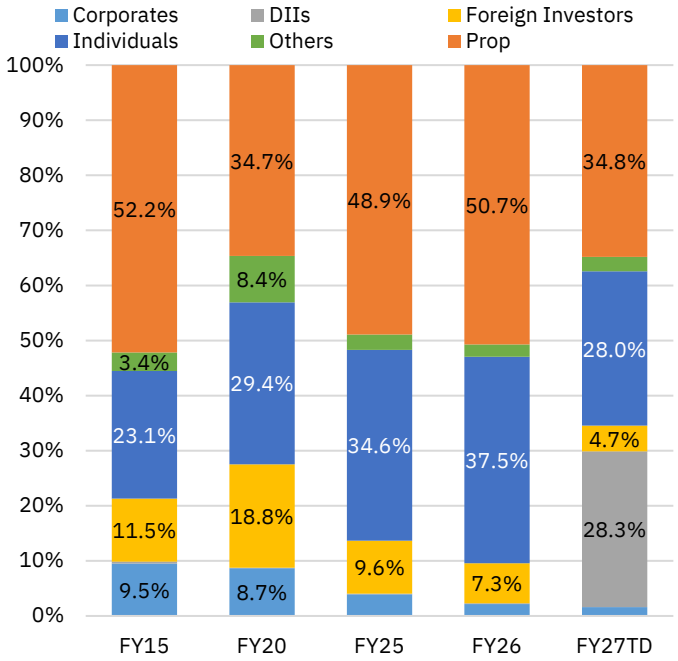
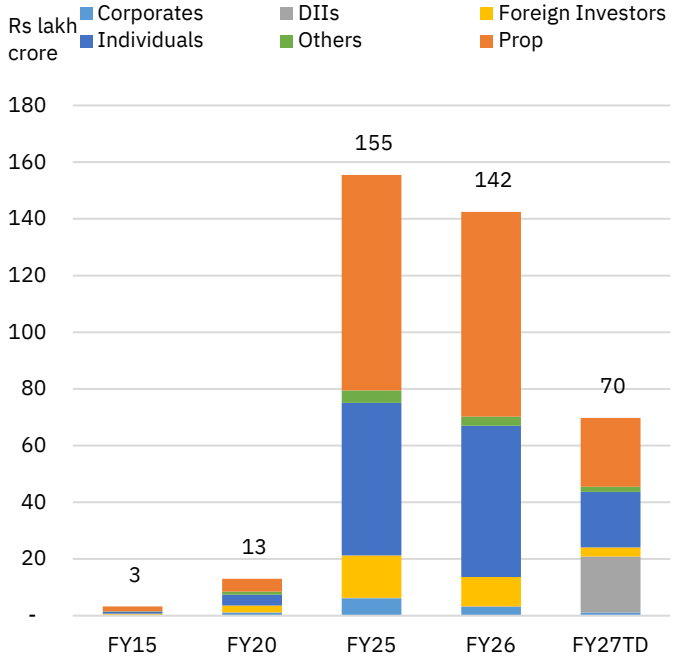


Figure 275: Annual trends in share of client participation in Equity options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 79: Share of client participation in Index Futures of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	10.1	9.7	8.9	44	121	9.6	9.3	9.3
DIIs	6.4	6.3	7.0	13	(50)	6.5	5.9	6.0
Foreign Investors	26.7	22.6	16.6	405	1,007	20.7	16.5	19.6
Individuals	29.4	33.1	32.5	(372)	(307)	33.6	31.4	31.9
Prop	22.8	22.4	30.3	38	(752)	24.1	31.4	27.7
Others	4.5	5.8	4.7	(128)	(19)	5.5	5.5	5.4

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 276: Annual trends in share of client participation in Index Futures at NSE (%)

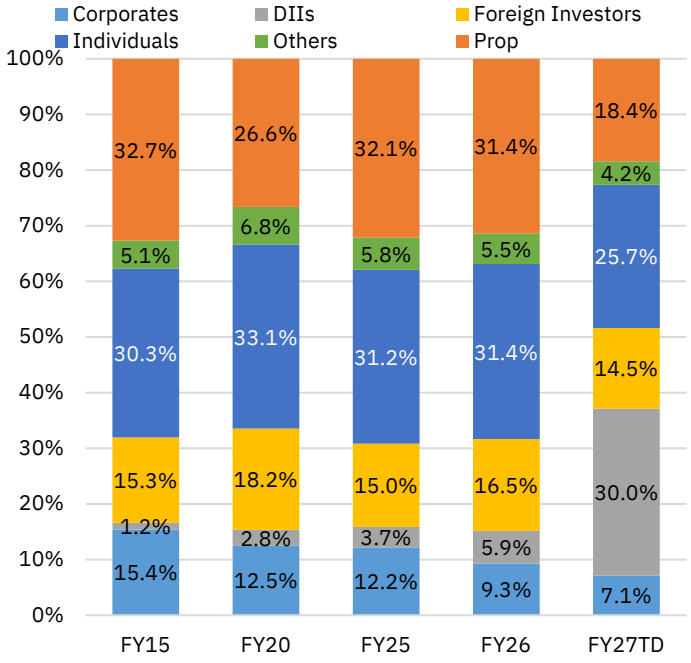
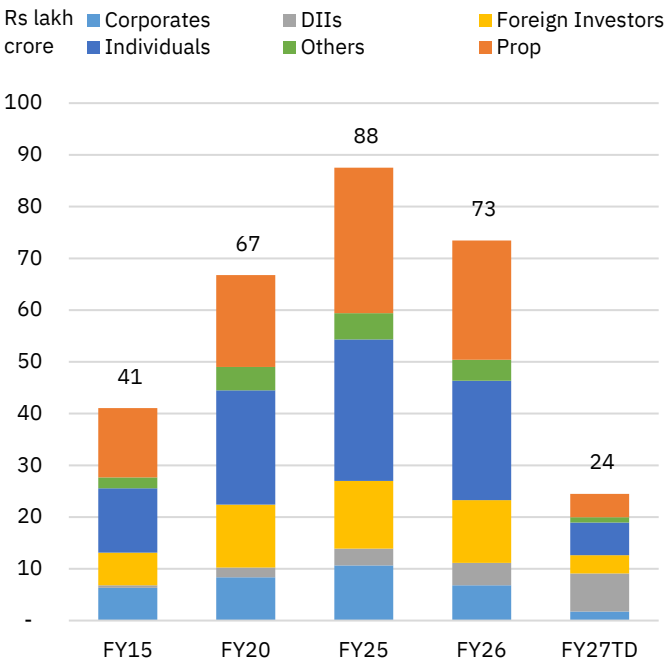


Figure 277: Annual trends in share of client participation in Index Futures at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 80: Share of client participation in Stock Futures of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	7.3	6.9	6.2	47	109	6.7	6.2	6.7
DIIs	17.7	16.4	14.3	127	337	15.2	13.8	14.6
Foreign Investors	33.5	32.4	29.9	114	364	33.1	30.1	32.2
Individuals	12.5	14.4	14.5	(186)	(195)	13.6	13.7	13.2
Prop	24.8	25.9	30.8	(102)	(599)	27.6	32.1	29.6
Others	4.1	4.1	4.3	2	(17)	3.8	4.2	3.8

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 278: Annual trends in share of client participation in Stock Futures at NSE (%)

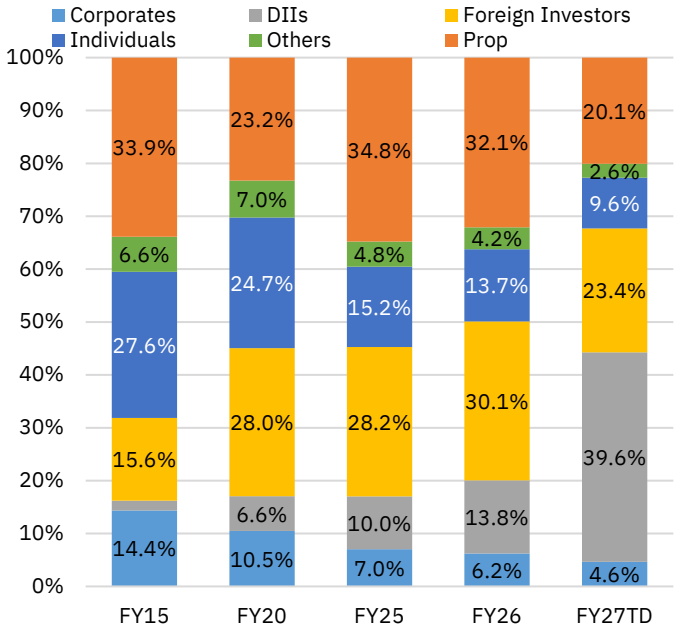
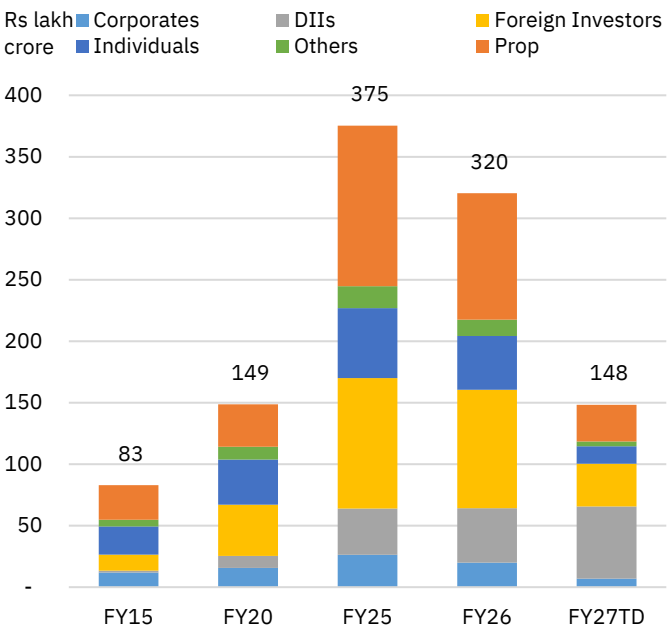


Figure 279: Annual trends in share of client participation in Stock Futures at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 81: Share of client participation in Index Options (Premium Turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.7	2.4	1.9	37	79	2.3	2.1	2.3
DIIs	0.2	0.1	0.1	5	9	0.2	0.1	0.2
Foreign Investors	6.8	6.4	6.4	31	37	6.7	7.3	7.1
Individuals	41.0	42.4	40.4	(142)	58	41.1	39.0	40.1
Prop	44.8	44.5	49.1	29	(436)	45.8	49.3	47.0
Others	4.6	4.1	2.0	41	253	4.1	2.3	3.4

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 280: Annual trends in share of client participation in Index Options (premium turnover) at NSE (%)

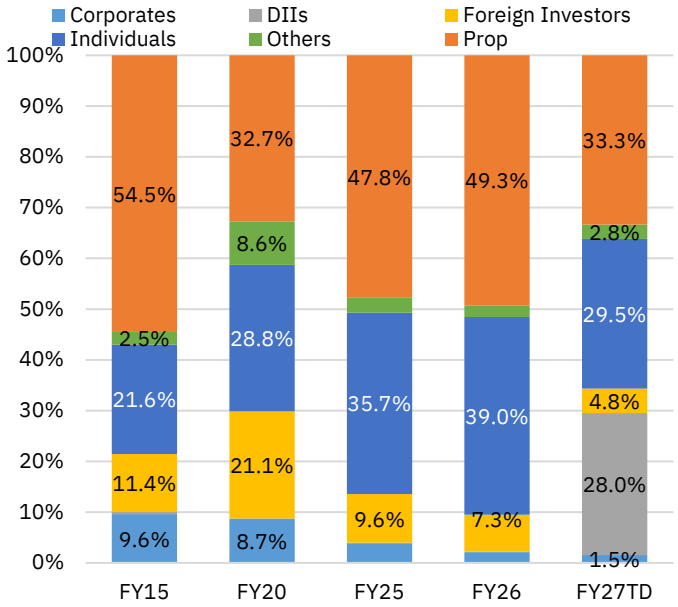
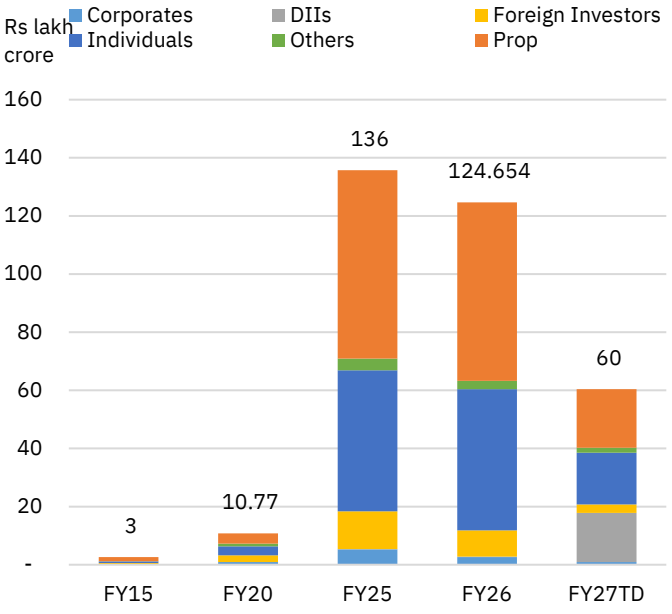


Figure 281: Annual trends in share of client participation in Index Options (premium turnover) at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 82: Share of client participation in Stock Options (Premium Turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	2.8	2.7	2.5	6	24	2.7	2.5	2.7
DIIs	0.6	0.4	0.2	15	37	0.5	0.3	0.5
Foreign Investors	7.0	4.3	4.9	264	205	5.2	7.4	5.1
Individuals	26.9	29.5	30.0	(266)	(312)	27.3	27.2	27.0
Prop	61.0	61.3	60.3	(37)	69	62.6	60.8	63.0
Others	1.8	1.7	2.1	17	(23)	1.7	1.9	1.7

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 282: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE (%)

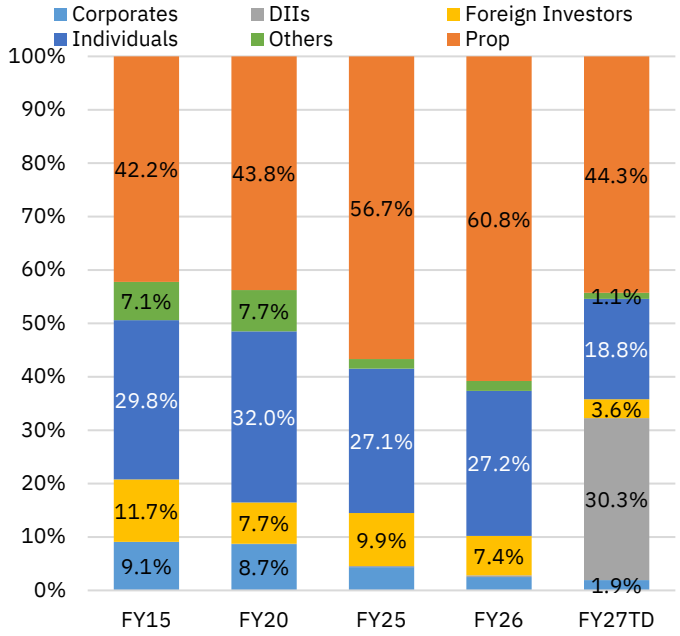
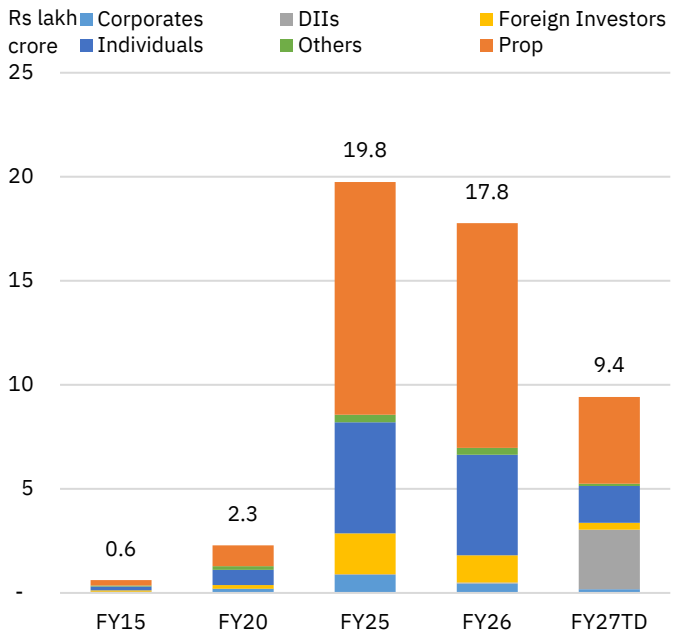


Figure 283: Annual trends in share of client participation in Stock Options (Premium Turnover) at NSE



Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 83: Share of client participation in Currency Derivatives segment (Notional Turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	9.1	9.9	14.5	(78)	(538)	11.9	15.4	12.5
DIIs	1.1	1.8	2.6	(76)	(147)	2.2	2.9	2.1
Foreign Investors	11.0	10.5	11.6	45	(65)	15.2	15.9	15.4
Individuals	6.8	5.8	8.9	94	(215)	8.9	8.3	8.4
Prop	71.4	71.4	60.9	6	1,056	60.9	56.0	60.5
Others	0.6	0.5	1.5	10	(90)	0.9	1.6	1.0

Source: NSE EPR.
Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 284: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE (%)

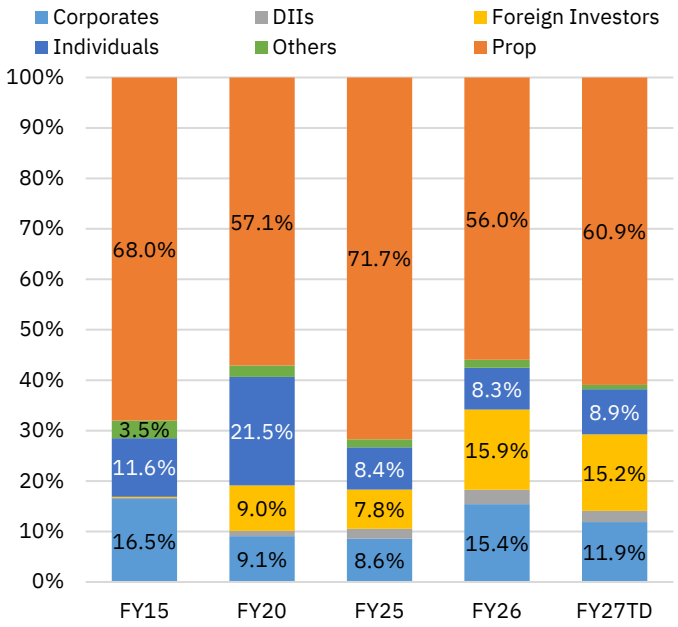
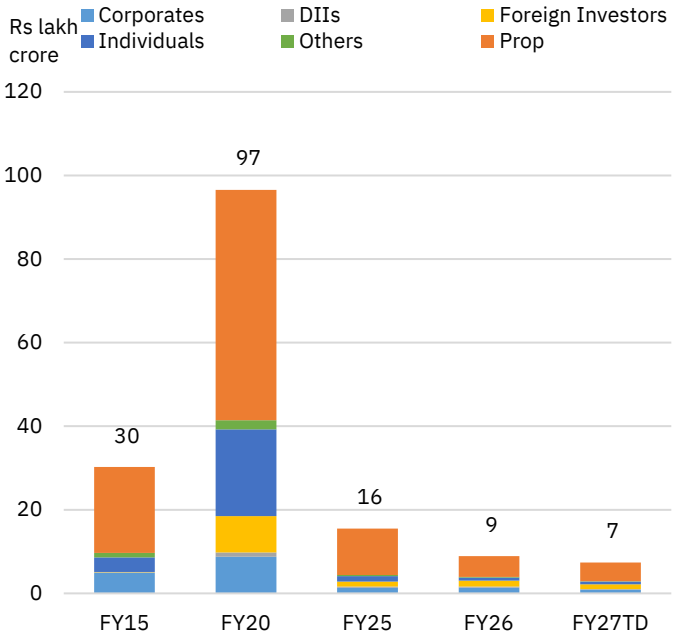


Figure 285: Annual trends in share of client participation in Currency Derivatives (Notional Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 84: Share of client participation in Currency Futures of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	8.9	9.7	14.0	(76)	(505)	11.7	15.1	12.3
DIIs	1.1	1.9	2.6	(77)	(150)	2.2	2.9	2.2
Foreign Investors	11.0	10.5	11.8	46	(75)	15.2	16.1	15.5
Individuals	6.6	5.8	8.6	83	(203)	8.7	7.9	8.2
Prop	71.7	71.6	61.5	14	1,026	61.3	56.5	60.9
Others	0.6	0.5	1.6	10	(92)	0.9	1.6	1.0

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5 Data for FY27TD and CY26TD are as of Sep'26.

Figure 286: Annual trends in share of client participation in Currency Futures at NSE (%)

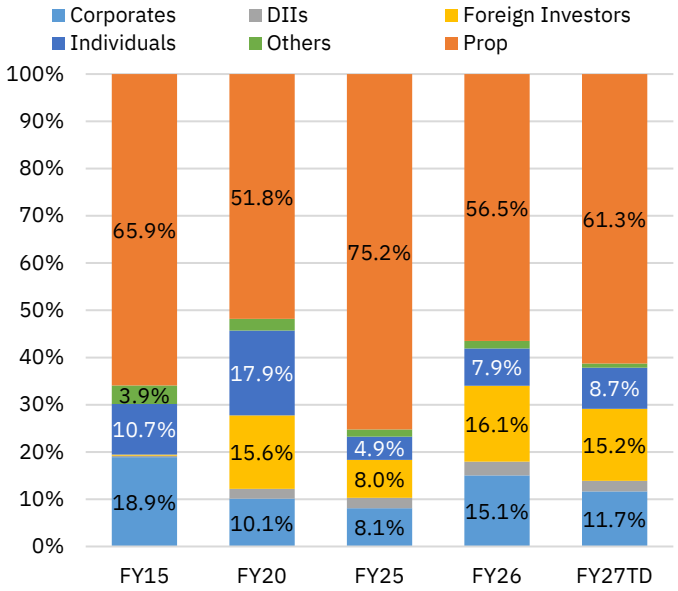
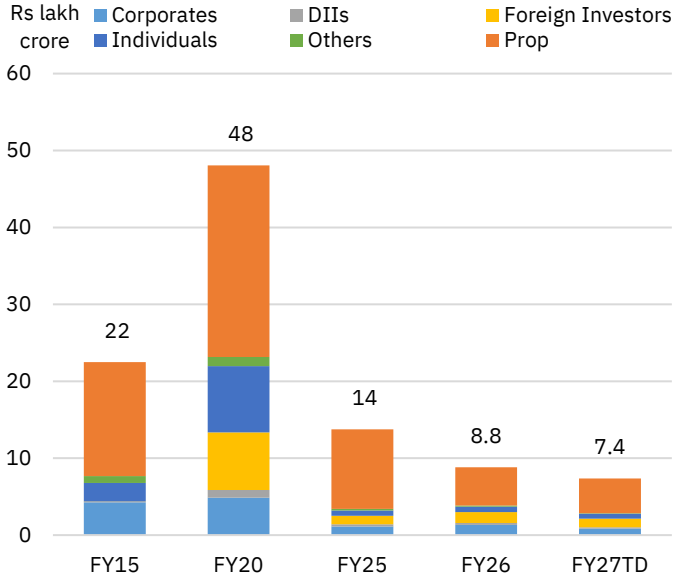


Figure 287: Annual trends in share of client participation in Currency Futures at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 85: Share of client participation in Currency Options (Premium Turnover) of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	40.1	64.0	57.5	(2,391)	(1,732)	44.5	48.6	47.8
DIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign Investors	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Individuals	59.9	35.8	26.9	2,403	3,297	55.2	37.8	48.0
Prop	0.0	0.0	15.6	-	(1,565)	0.0	13.4	4.0
Others	0.0	0.1	0.0	(13)	(0)	0.3	0.2	0.2

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5 Data for FY27TD and CY26TD are as of Sep'26.

Figure 288: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE (%)

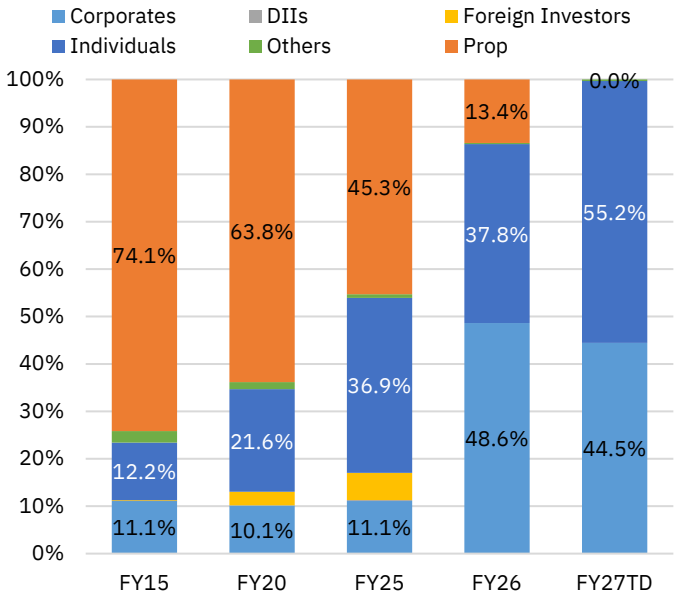
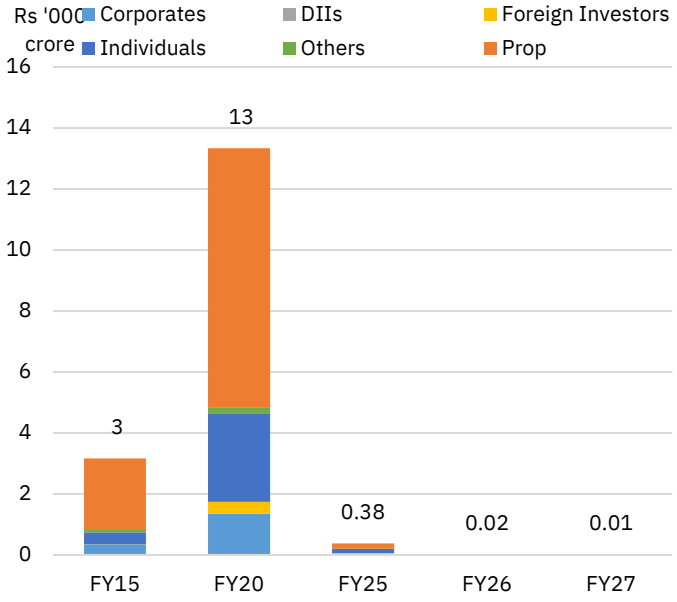


Figure 289: Annual trends in share of client participation in Currency Options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 86: Share of client participation in Interest Rate Futures of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Corporates	30.8	27.0	69.4	380	(3,863)	28.8	56.3	33.2
DIIs	0.0	0.0	0.0	-	-	0.0	0.1	0.0
Foreign Investors	3.5	2.3	0.4	118	308	1.9	0.5	1.5
Individuals	2.0	1.2	7.4	80	(539)	1.9	6.9	2.9
Prop	63.6	69.4	22.7	(578)	4,093	66.9	36.2	61.9
Others	0.0	0.0	0.0	0	1	0.5	0.0	0.4

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5. Data for FY27TD and CY26TD are as of Sep'26.

Figure 290: Annual trends in share of client participation in Interest Rate Futures at NSE (%)

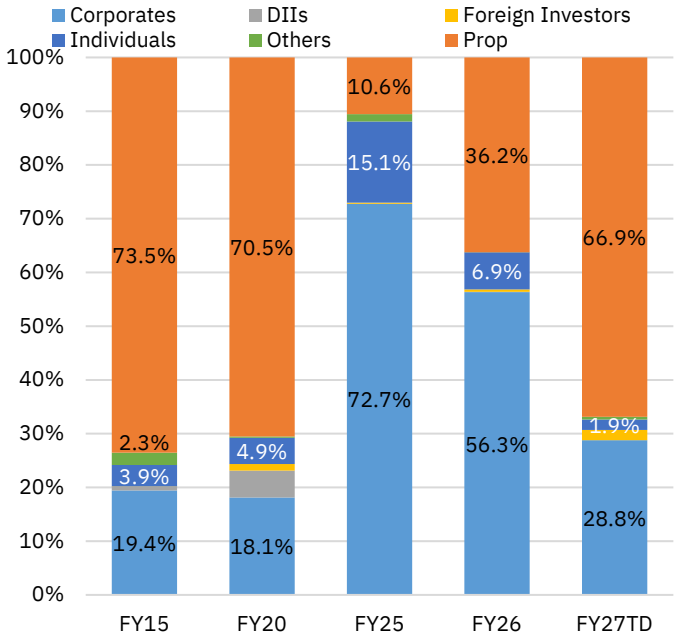
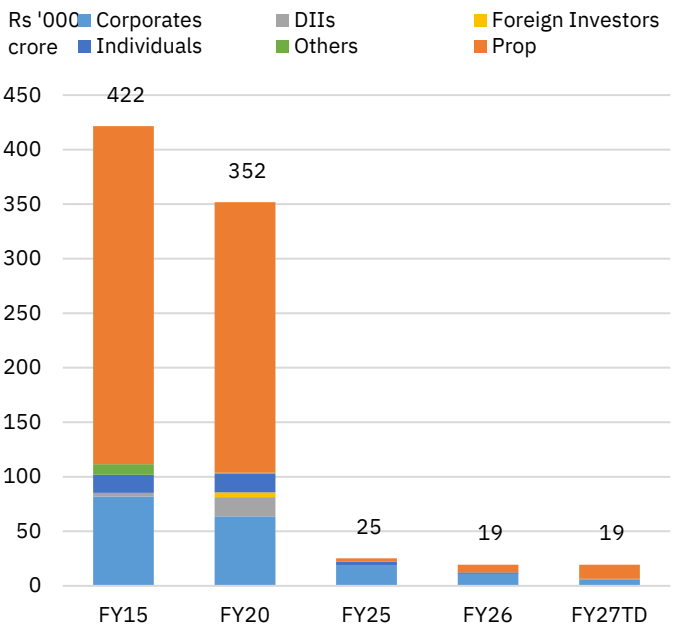


Figure 291: Annual trends in share of client participation in Interest Rate Futures at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

Table 87: Share of client participation in Commodity derivatives segment of NSE (%)

Client category	Sep-26	Aug-26	Sep-25	MoM Change (bps)	YoY Change (bps)	FY27TD	FY26	CY26TD
Commodity Futures								
Corporates	1.9	1.6	1.9	28	5	2.0	1.9	1.9
DIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	23.1	16.2	0.2	686	2,283	14.4	1.2	11.8
Individuals	15.1	23.7	7.7	(858)	747	23.3	9.5	21.5
Prop	44.5	42.2	78.8	233	(3,432)	45.8	72.4	48.2
Others	15.4	16.3	11.4	(90)	397	14.5	15.1	16.5
Commodity Options (Premium Turnover)								
Corporates	0.5	0.2	0.1	32	42	0.3	0.3	0.3
DIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	13.9	16.2	8.1	(234)	581	17.3	13.3	18.2
Individuals	32.7	32.9	33.2	(19)	(53)	30.9	28.0	30.2
Prop	51.3	49.3	57.4	197	(618)	50.7	57.4	50.5
Others	1.6	1.4	1.2	24	48	0.9	0.9	0.8
Commodity Derivatives (Notional Turnover)								
Corporates	0.7	0.4	0.6	32	9	0.5	0.7	0.5
DIIs	0.0	0.0	0.0	-	-	0.0	0.0	0.0
Foreign investors	8.2	8.8	3.1	(58)	513	9.2	5.0	9.4
Individuals	35.9	34.7	19.2	123	1,675	34.4	17.1	33.4
Prop	53.0	53.8	75.5	(75)	(2,252)	54.1	74.9	54.7
Others	2.2	2.4	1.6	(23)	55	1.8	2.3	2.0

Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
3. Figures in brackets indicate negative numbers.
4. Above data represents share in single-side turnover i.e., (buy-side turnover + sell-side turnover)/2.
5 Data for FY27TD and CY26TD are as of Sep'26.

Figure 292: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover) (%)

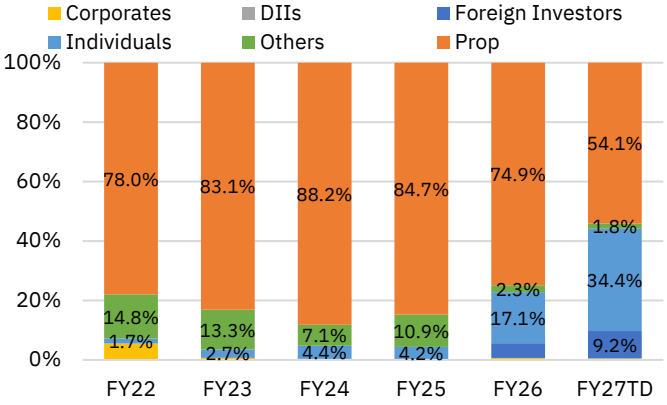


Figure 293: Annual trends in share of client participation in Commodity Derivatives (Notional Turnover)

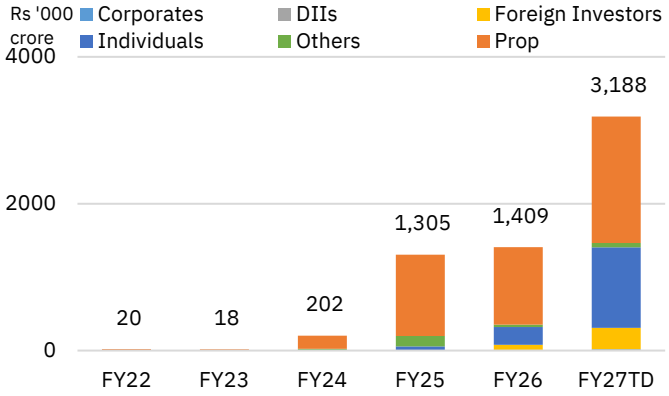


Figure 294: Annual trends in share of client participation in Commodity Futures at NSE (%)

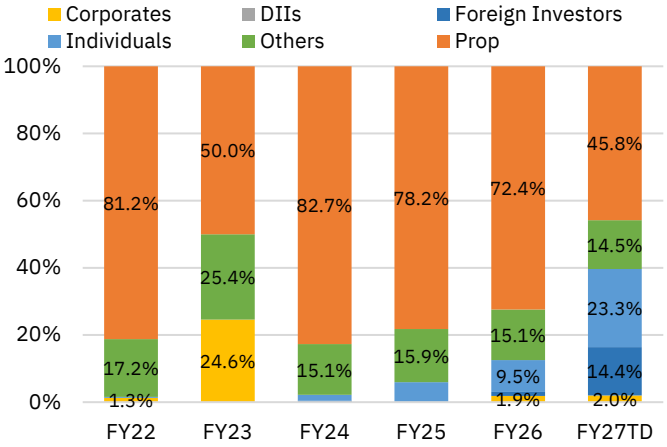


Figure 295: Annual trends in share of client participation in Commodity Futures at NSE

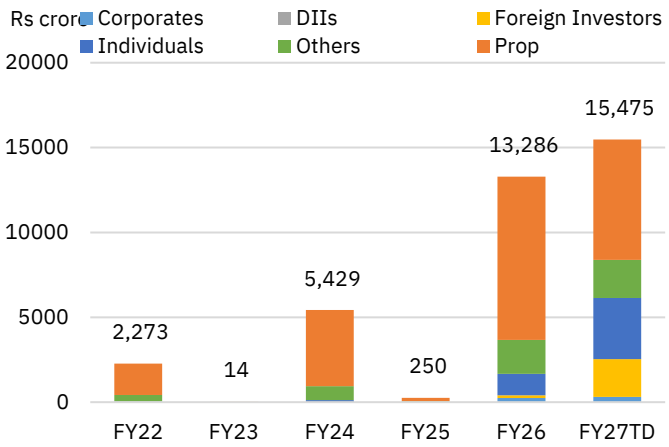


Figure 296: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE (%)

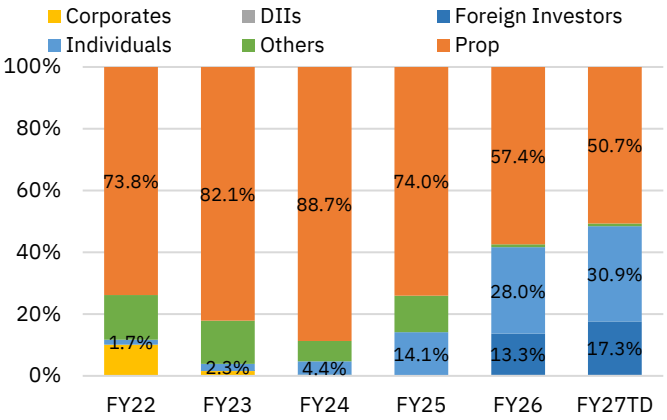
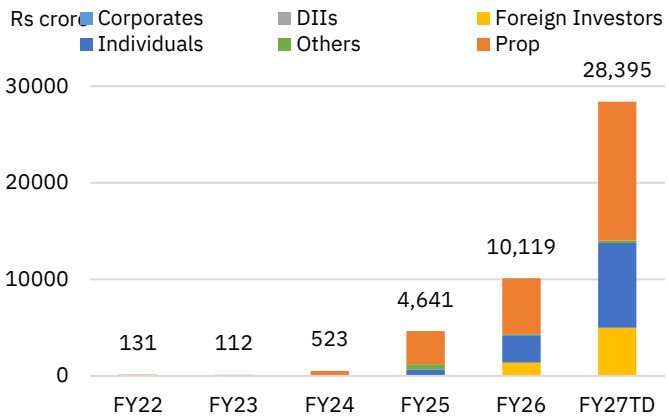


Figure 297: Annual trends in share of client participation in Commodity Options (Premium Turnover) at NSE



Source: NSE EPR.

Notes: 1. Client categories are based on classifications uploaded by trading members in the UCC (Unique Client Code) system. Turnover figures reflect client codes entered at order entry and corresponding UCC classifications. The data is provisional and may change due to custodial trade confirmations, client code modifications etc.
2. DII: Banks, insurance companies, mutual funds, DFIs (other than banks and insurers), domestic VC funds, AIFs, PMS clients, NPS, and NBFCs. Foreign Investors (FIs): FIIs, FPIs (all categories), FDI, FVCIs, depository receipts, foreign nationals, QFIs, EFEs, and OCBs. Corporate: Public and private companies or bodies corporate. Individual: Individuals, proprietorships, HUFs, and NRIs. Others: Partnership/LLP, trusts, societies, statutory bodies, NGOs, etc. Prop: Proprietary trades.
i.e., (buy-side turnover + sell-side turnover)/2.
4. Data for FY27TD is as of Sep'26.

5.3.3 Channel-wise turnover distribution: Mobile share moderates in equity derivatives, while reaching a record high in commodity options

Trading-channel preferences across market segments showed divergent trends in September, with Colocation strengthening its share in the Cash Market and equity futures, while Mobile remained an important channel across cash markets, equity options and commodity derivatives. In the Cash Market, Colocation accounted for 43.0% of turnover, rising 125 bps MoM, while its share in equity derivatives increased to 57.2% (Notional value) during the month. Within equity futures, Colocation remained the dominant channel, accounting for 43.2% of turnover in index futures and 53.6% in stock futures during the month. In equity options, Mobile accounted for 31.2% of index options premium turnover, moderating from August, while its share in stock options also declined to 20.2%. In commodity derivatives, CTCL/NEAT remained the largest channel, accounting for 54.3% of notional turnover, while Mobile continued to gain ground in commodity options, with its share rising to 29.7%. Overall, September witnessed a strengthening of Colocation in equity derivatives, alongside sustained participation through mobile-based trading, particularly in commodity options.

Colocation strengthens its share in the cash markets: The share of Colocation in Cash Market turnover increased 125 bps MoM to 43.0% in September, rising 544 bps YoY. The share of Mobile declined 77 bps MoM to 21.6%, although it remained broadly stable compared with September 2025. Meanwhile, the share of DMA increased 40 bps MoM to 5.3% (highest in 15-month), while IBT moderated 11 bps to 6.5%. Smart Order Routing (SOR) accounted for 2.9% of turnover, rising 34 bps MoM and 106 bps YoY. In contrast, the share of CTCL/NEAT terminals declined 111 bps MoM to 20.7% and was 609 bps lower than a year ago.

On annual comparison, the share of Colocation stood at record high of 42.8% in H1FY27, up from 39.4% in FY26 and 36.5% in FY25. The share of Mobile stood at 6-year high at 22.4%, while SOR accounted for record 2.8% of turnover during H1FY27

Colocation gains share in equity futures, while Mobile moderates across equity derivatives: Within equity futures, Colocation remained the dominant trading channel, with its share increasing 303 bps MoM to 43.2% in index futures and 201 bps to 53.6% in stock futures, both at 6-month high during the month. On a YoY basis, Colocation's share rose 77 bps in index futures and 142 bps in stock futures. DMA also gained share, increasing to 12.1% in index futures, highest in 75-month, and 18.0% in stock futures. In contrast, Mobile's share declined 193 bps MoM to 17.9% in index futures and 125 bps to 6.4% in stock futures.

Within equity options, Colocation accounted for 48.9% of index options premium turnover, up 75 bps MoM, while its share in stock options remained broadly stable at 62.7%. Mobile's share in index options declined 104 bps MoM to 31.2%, although it remained 202 bps higher than a year ago. In stock options, Mobile's share fell 267 bps MoM to 20.2%, declining 145 bps YoY. DMA gained share in both segments, rising to 7.5% in index options (at 21-month high) and 7.0% in stock options (at 15-month high) in September.

Mobile share in commodity options at record high, while CTCL/NEAT dominates commodity derivatives: CTCL/NEAT terminals remained the largest trading channel in commodity derivatives, accounting for 54.3% of notional turnover in September, although their share declined 77 bps MoM and 2,564 bps YoY. Within commodity futures, CTCL/NEAT accounted for 57.4% of turnover, rising 540 bps MoM, while its share in commodity options increased 208 bps to 51.8% during the month.

Mobile accounted for 31.5% of notional turnover in commodity derivatives, up 90 bps MoM and 2,119 bps YoY. In commodity futures, however, its share declined 625 bps MoM to 12.0%, while in commodity options it increased 29 bps to 29.7% at record high. DMA's share declined 55 bps MoM to 8.2% in commodity derivatives overall, while IBT increased 43 bps to 6.0% in September. The channel mix continued to be dominated by CTCL/NEAT, while Mobile's share in commodity options recorded a sustained increase, in line with the segment's growing turnover.

Figure 298: Quarterly trend in turnover share for different channels in the NSE CM Segment

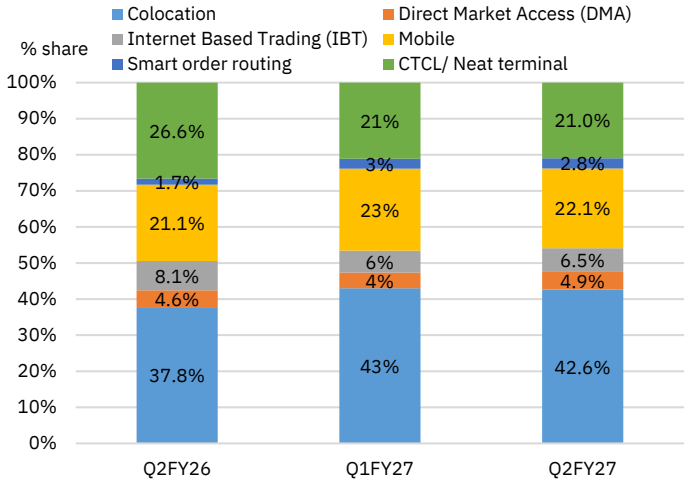
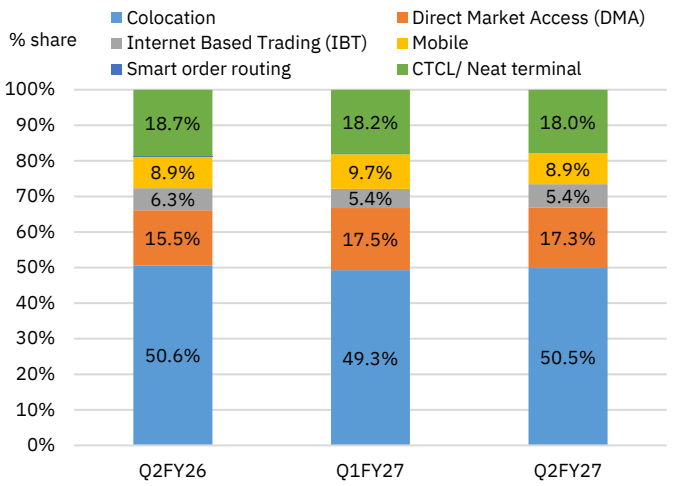


Figure 299: Quarterly trend in turnover share for different channels in the Equity futures



Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of Sep 2026.

Figure 300: Quarterly trend in turnover share for different channels in the Equity options

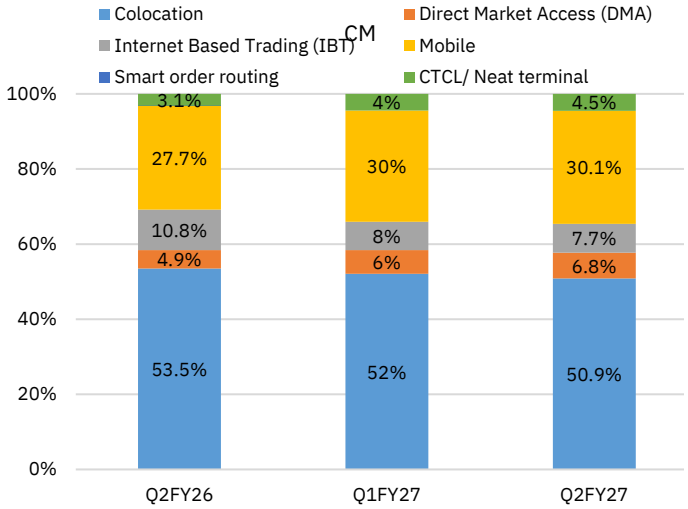
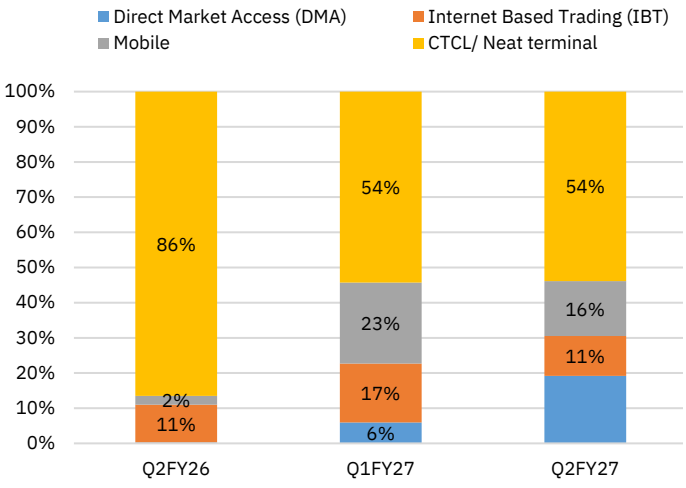
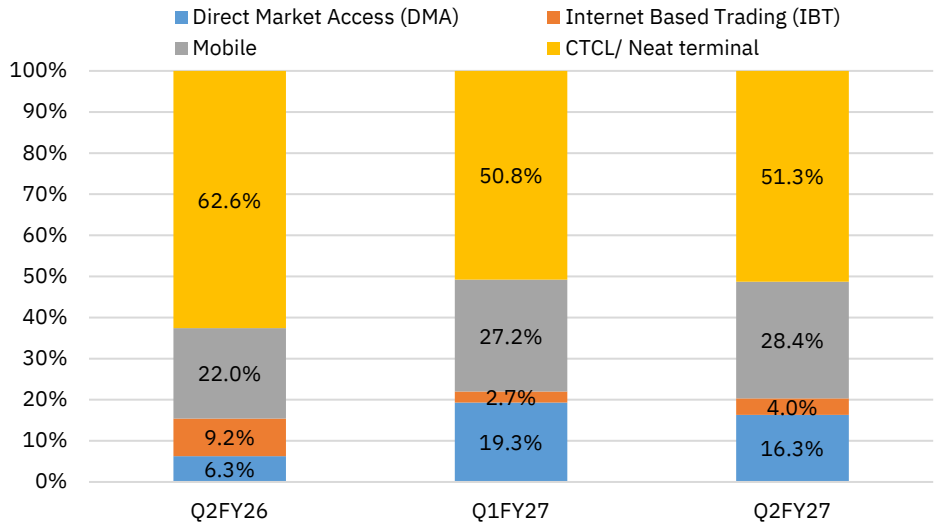


Figure 301: Quarterly trend in turnover share for different channels in the Commodity futures



Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of Sep 2026.

Figure 302: Quarterly trend in turnover share for different channels in the Commodity options



Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of Sep 2026.

Table 88: Monthly trend in share (%) of different channels of trading in NSE CM segment

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	43.0	41.7	37.5	125	544	42.8	39.4	42.9
Direct Market Access (DMA)	5.3	4.9	4.1	40	126	4.6	4.8	4.4
Internet Based Trading (IBT)	6.5	6.6	8.2	-11	-170	6.3	7.6	6.4
Mobile	21.6	22.4	21.5	-77	4	22.4	21.4	22.1
Smart order routing	2.9	2.6	1.8	34	105	2.8	2.0	2.8
CTCL/ Neat terminal	20.7	21.8	26.8	-111	-609	21.0	24.8	21.4

Source: NSE EPR. Notes: 1. The above figures have been computed based on traded value. 2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 303: Annual turnover trend for different channels in the NSE CM segment

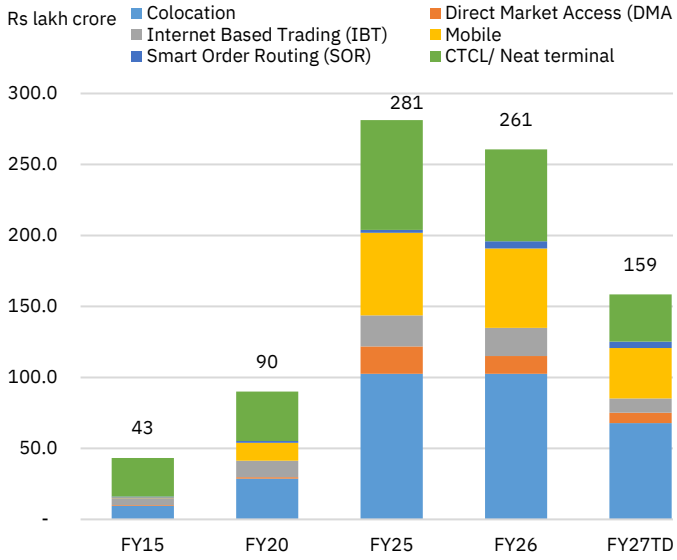
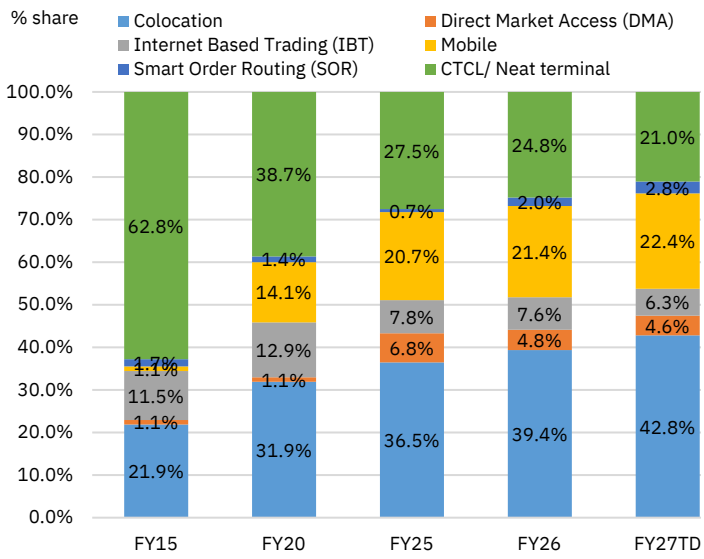
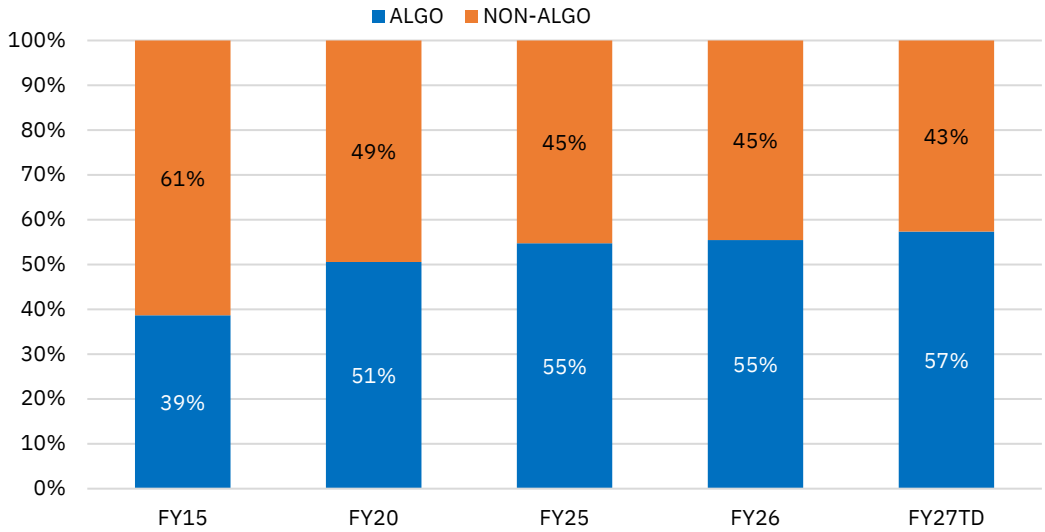


Figure 304: Annual trend in turnover share for different channels in the NSE CM segment



Source: NSE EPR. Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. 2. FY27TD is as of Sep 2026.

Figure 305: Annual trends in share (%) for modes of trading in NSE CM segment



Source: NSE EPR. Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover. 2. FY27TD is as of Sep 2026.

Table 89: Share (%) of different channels of trading in equity derivatives segment (notional turnover)

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	57.2	56.3	59.8	82	-266	57.9	59.6	58.6
Direct Market Access (DMA)	6.9	6.6	5.5	32	140	6.3	6.4	6.3
Internet Based Trading (IBT)	5.7	6.0	8.2	-34	-253	5.7	7.8	6.2
Mobile	24.3	24.8	21.8	-54	247	24.0	21.4	23.6
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	5.9	6.2	4.6	-27	131	6.1	4.8	5.3

Source: NSE EPR Notes: 1. The above figures have been computed based on traded value.
2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 306: Annual turnover trend for different channels in the equity derivatives segment

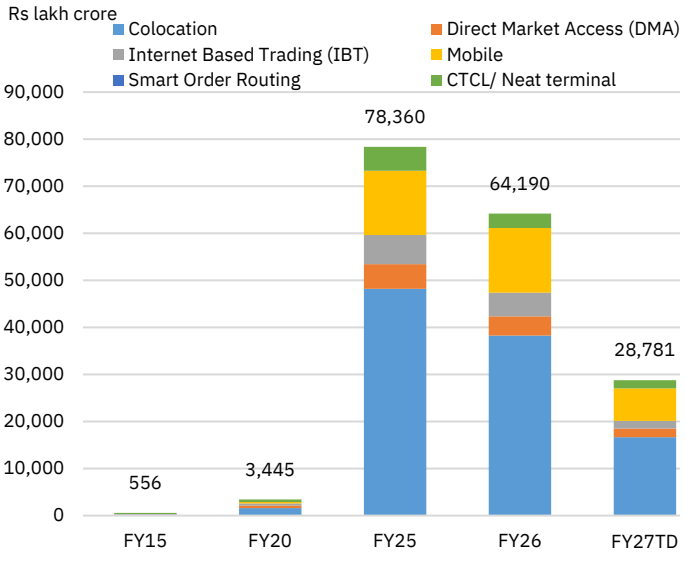
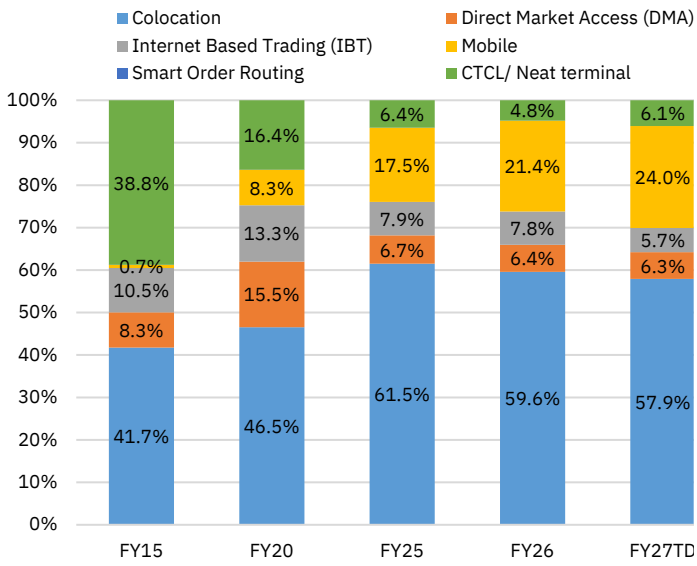
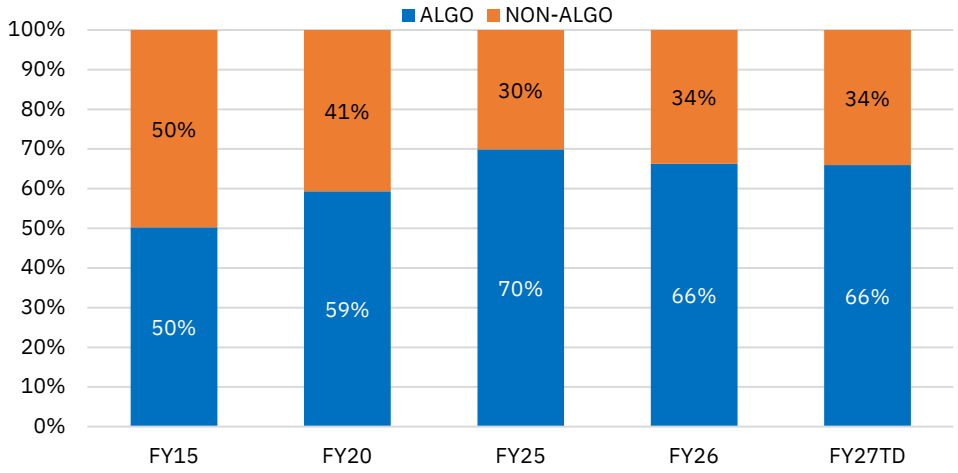


Figure 307: Annual trend in turnover share for different channels in the equity derivatives segment



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed on the basis of traded turnover. 3. FY27TD is as of Sep 2026.

Figure 308: Annual trends in share (%) for modes of trading in equity derivatives



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on notional turnover.
2. FY27TD is as of Sep 2026.

Table 90: Monthly trend in share (%) of different channels of trading in Equity futures (based on turnover)

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	52.2	50.3	50.5	189	164	49.8	50.7	50.6
Direct Market Access (DMA)	17.2	17.1	14.9	8	227	17.4	16.1	17.2
Internet Based Trading (IBT)	5.1	5.5	6.2	-39	-110	5.4	6.2	5.5
Mobile	8.0	9.1	9.2	-107	-123	9.3	9.1	9.1
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	17.6	18.1	19.2	-52	-158	18.1	18.0	17.6

Source: NSE EPR
Note: 1. The above figures have been computed based on traded value.
2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 309: Annual turnover trend for different channels in the equity futures segment

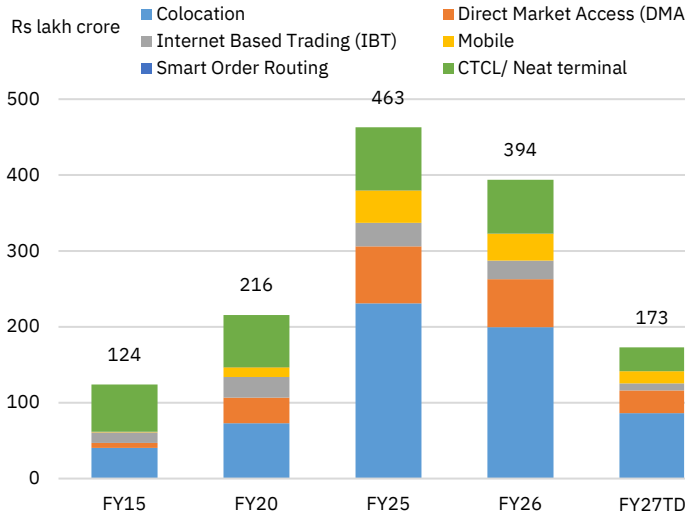
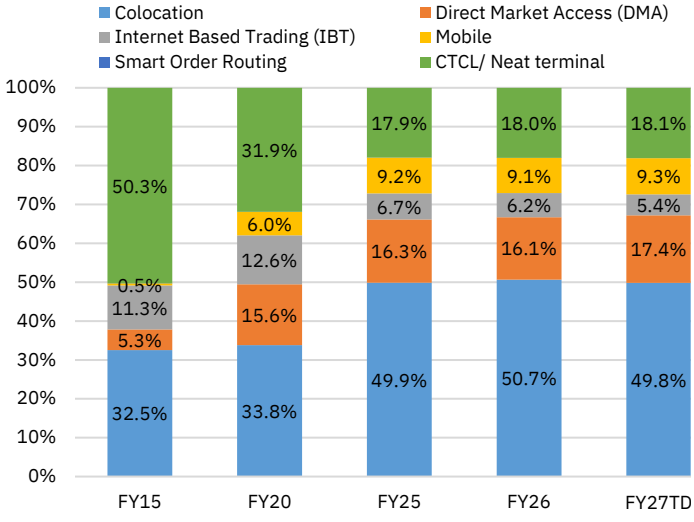
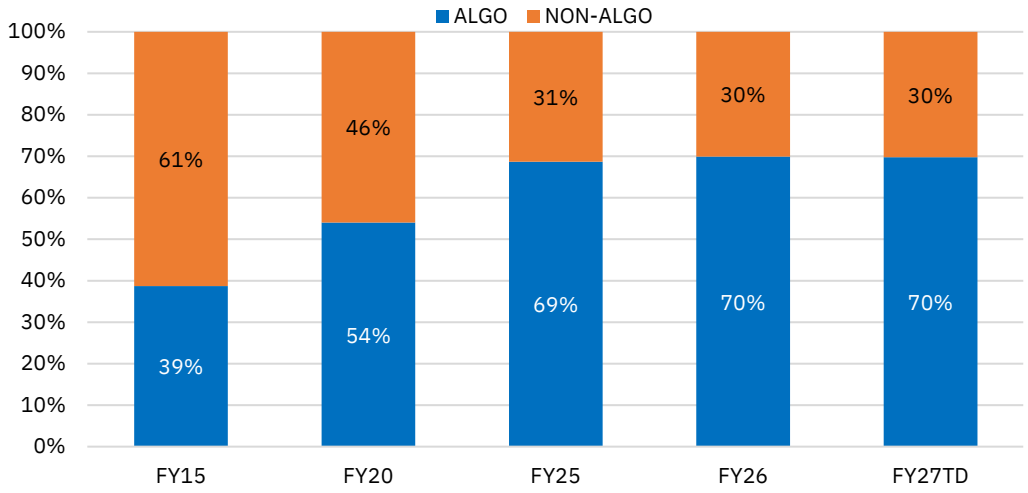


Figure 310: Annual trend in turnover share for different channels in the equity futures segment



Source: NSE EPR.
Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed on the basis of traded turnover.
3. FY27TD is as of Sep 2026.

Figure 311: Annual trends in share for modes of trading in equity futures turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on turnover.
3. FY27TD is as of Sep 2026.

Table 91: Monthly trend in share (%) of different channels of trading in Equity options (Premium value)

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	50.6	50.6	53.1	-1	-252	51.5	53.4	52.5
Direct Market Access (DMA)	7.4	6.5	4.9	89	248	6.5	6.2	6.4
Internet Based Trading (IBT)	7.5	7.8	10.7	-31	-322	7.6	10.0	8.1
Mobile	29.8	30.6	28.2	-83	163	29.8	27.3	29.2
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	4.7	4.4	3.0	25	163	4.5	3.0	3.8

Source: NSE EPR.
Notes: 1. The above figures have been computed based on premium traded value.
2. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access. The above figures are based on net turnover. 3 Data for FY27TD and CY26TD is as of Sep 2026.

Figure 312: Annual turnover trend for different channels in the equity options segment

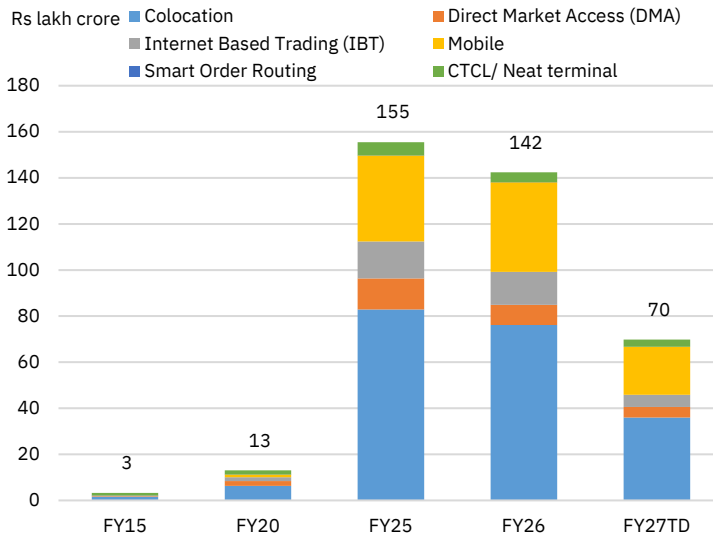
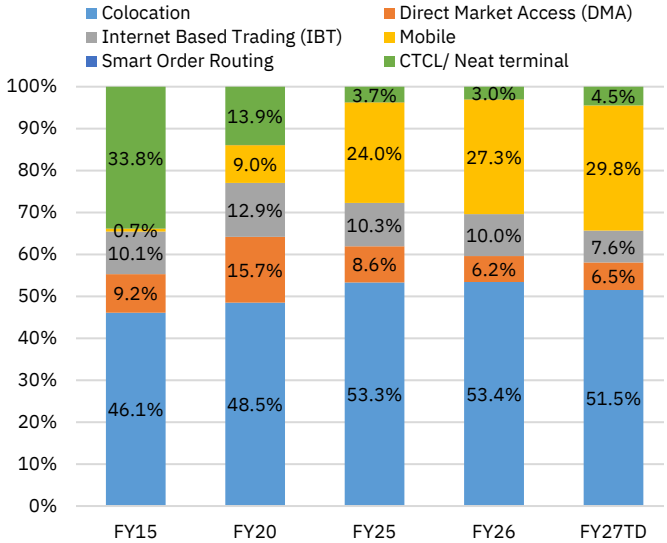
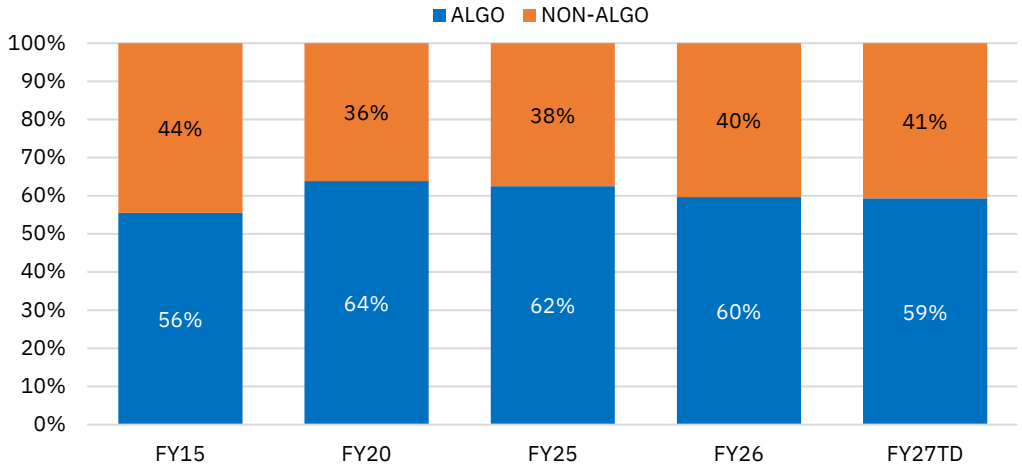


Figure 313: Annual trend in turnover share for different channels in the equity options segment



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on premium turnover.
3. FY27TD is as of Sep 2026.

Figure 314: Annual trends in share for modes of trading in equity options premium turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on turnover.
2. Data for FY27TD is as of Sep 2026.

Table 92: Monthly Share (%) of different channels in index futures turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	43.2	40.2	42.4	303	77	39.9	42.7	41.7
Direct Market Access (DMA)	12.1	11.0	9.2	116	295	10.5	10.3	10.6
Internet Based Trading (IBT)	9.6	10.1	12.1	-45	-244	10.0	12.1	10.6
Mobile	17.9	19.8	17.7	-193	12	20.9	17.6	19.6
Smart order routing	-	-	-	-	-	-	0.0	0.0
CTCL/ Neat terminal	17.2	19.0	18.6	-181	-140	18.7	17.3	17.5

Source: NSE EPR.
Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % based on turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 315: Annual turnover trend for different channels in Index futures

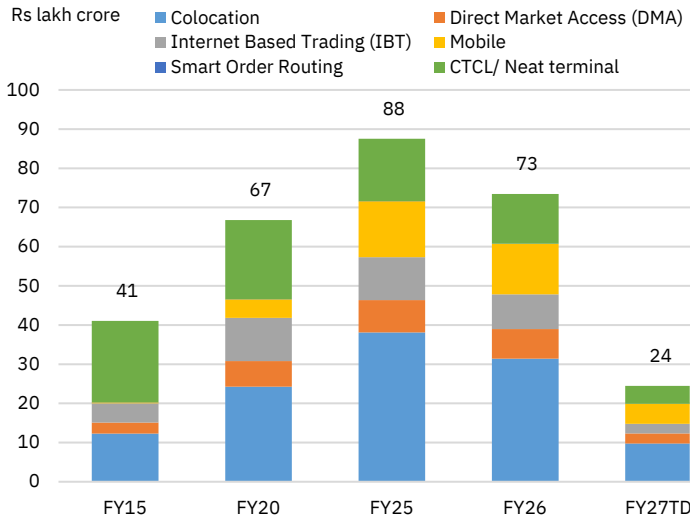
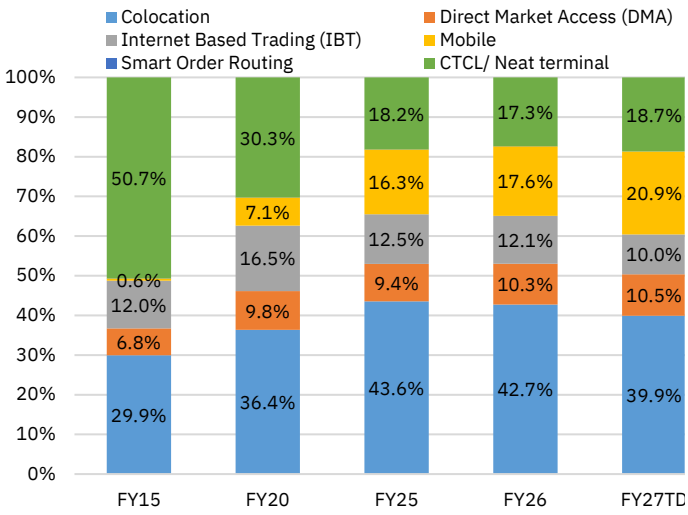
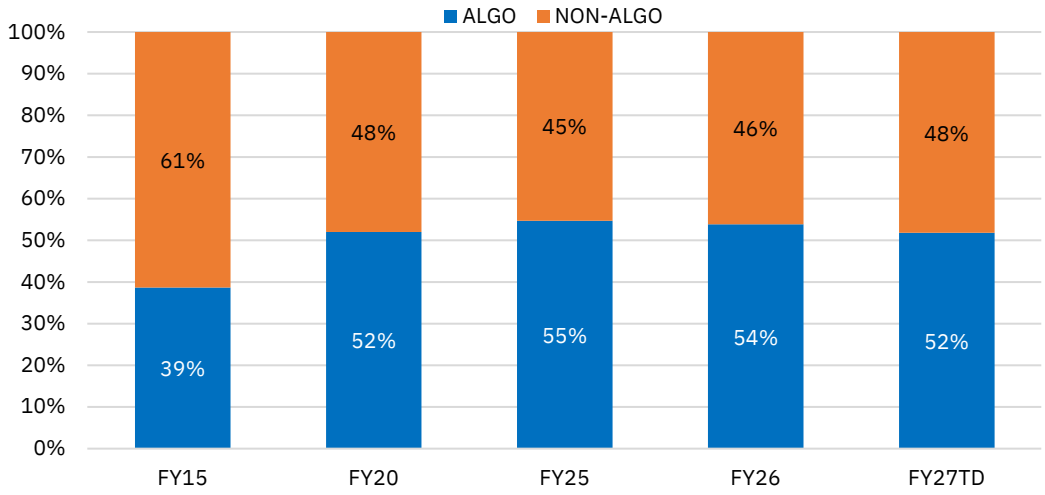


Figure 316: Annual trend in turnover share for different channels in Index futures



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on turnover
3. Data for FY27TD is as of Sep 2026.

Figure 317: Annual trends in share for different modes in index futures turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on turnover
2. Data for FY27TD is as of Sep 2026.

Table 93: Monthly share (%) of different channels in stock futures turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	53.6	51.6	52.1	201	142	51.5	52.5	52.2
Direct Market Access (DMA)	18.0	17.9	16.1	9	191	18.5	17.4	18.4
Internet Based Trading (IBT)	4.4	4.9	5.0	-51	-63	4.6	4.9	4.6
Mobile	6.4	7.7	7.5	-125	-107	7.4	7.1	7.1
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	17.6	18.0	19.3	-35	-163	18.0	18.1	17.6

Source: NSE EPR.
Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed based on turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 318: Annual turnover trend for different channels in stock futures

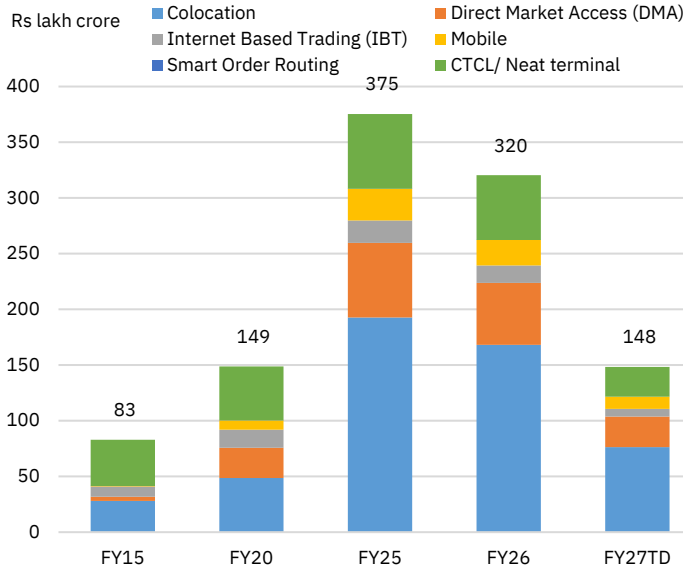
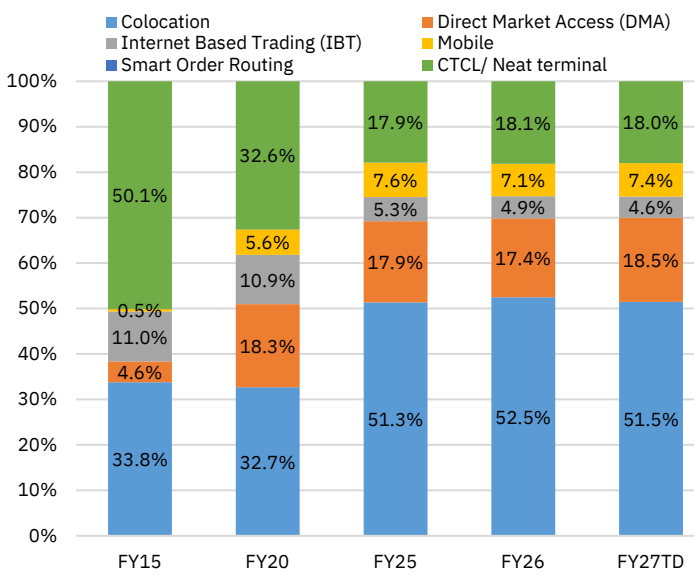
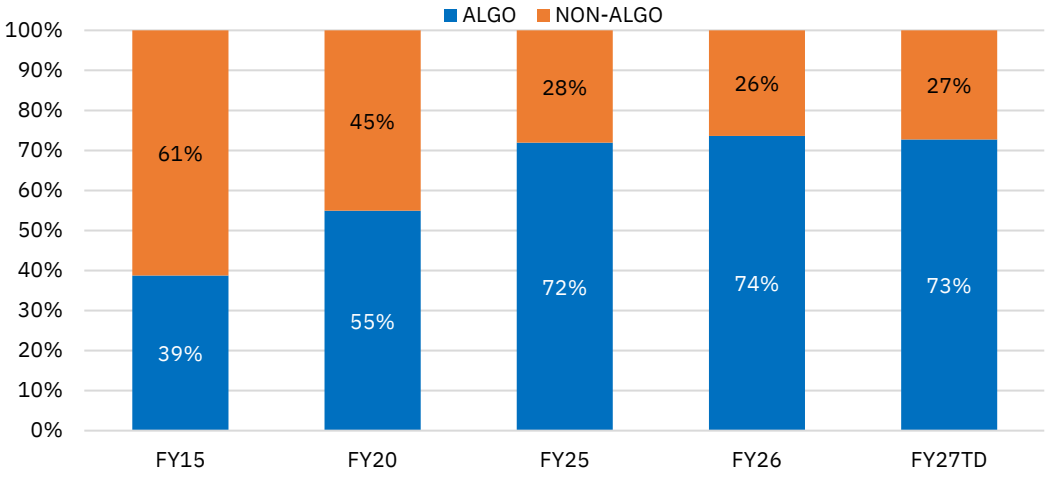


Figure 319: Annual trend in turnover share for different channels in stock futures



Source: NSE EPR.
Notes: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on turnover
3. Data for FY27TD is as of Sep 2026.

Figure 320: Annual trends in share for different modes in stock futures turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on turnover.
2. Data for FY27TD is as of Sep 2026.

Table 94: Monthly share (%) of different channels in index options premium turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	48.9	48.2	52.0	75	-308	49.6	52.3	50.8
Direct Market Access (DMA)	7.5	7.0	4.9	50	254	6.8	6.0	6.6
Internet Based Trading (IBT)	7.8	8.2	11.2	-44	-343	8.0	10.5	8.5
Mobile	31.2	32.2	29.1	-104	202	31.2	28.4	30.5
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	4.6	4.4	2.7	23	195	4.4	2.7	3.6

Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been presented in % based on premium turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 321: Annual turnover trend for different channels in Index options premium

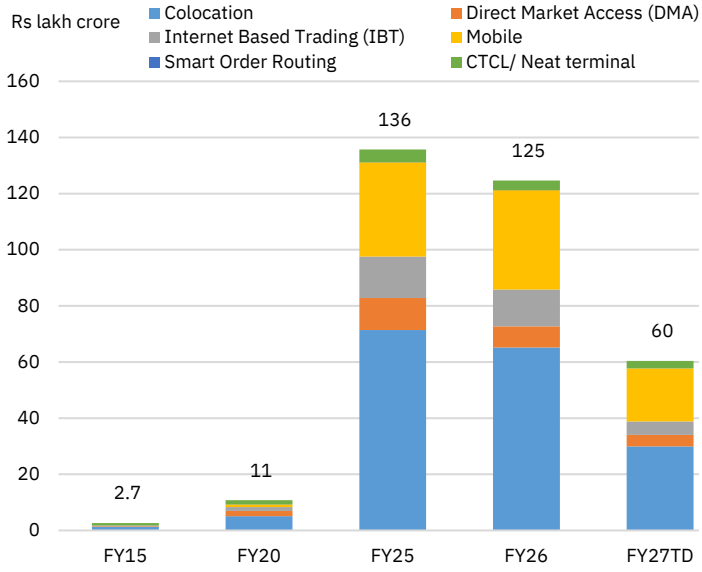
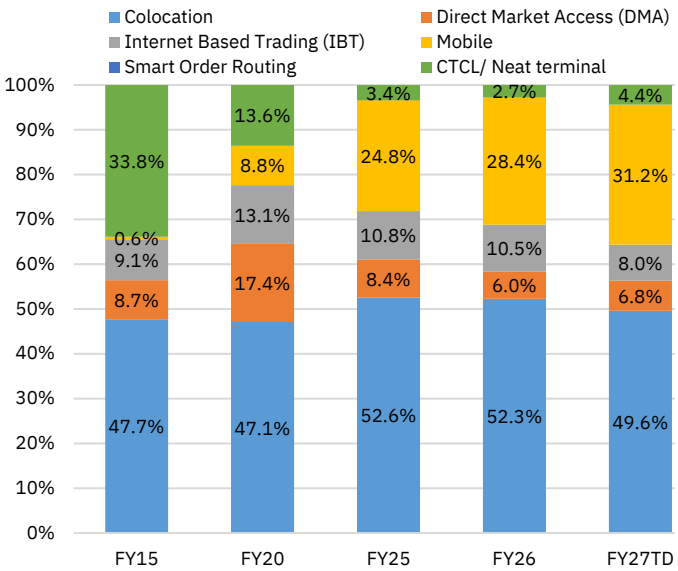
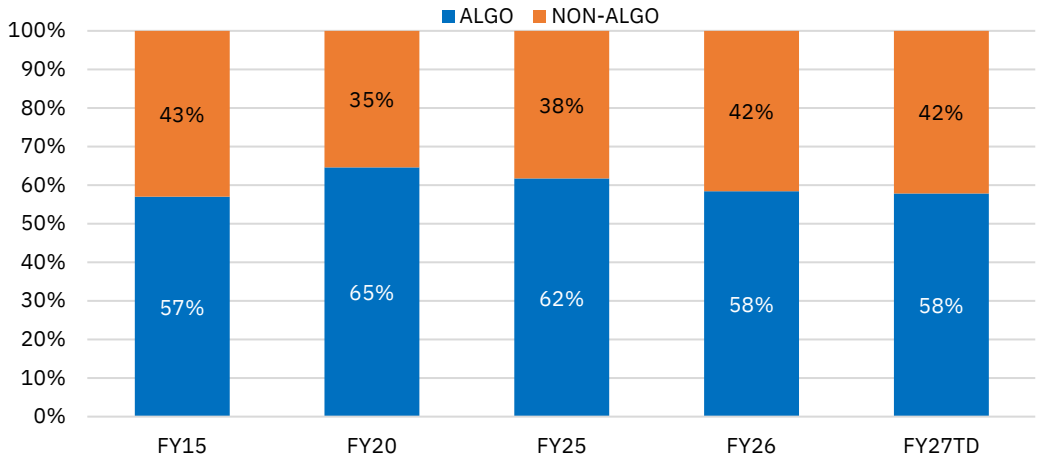


Figure 322: Annual trend in turnover share for different channels in Index options premium



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on premium turnover
3. Data for FY27TD is as of Sep 2026.

Figure 323: Annual trends in share for different modes in index options premium turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share based on premium turnover
2. Data for FY27TD is as of Sep 2026.

Table 95: Monthly share (%) of different channels in stock options premium turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Colocation	62.7	62.8	60.9	-3	180	63.8	61.4	64.1
Direct Market Access (DMA)	7.0	4.3	4.9	267	205	5.1	7.4	5.0
Internet Based Trading (IBT)	5.3	5.7	7.2	-34	-189	5.3	6.5	5.4
Mobile	20.2	22.9	21.7	-267	-145	20.9	19.7	20.5
Smart order routing	-	-	-	-	-	0.0	0.0	0.0
CTCL/ Neat terminal	4.8	4.4	5.3	37	-50	4.9	5.0	4.9

Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed on the basis of net turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 324: Annual turnover trend for different channels in stock options premium

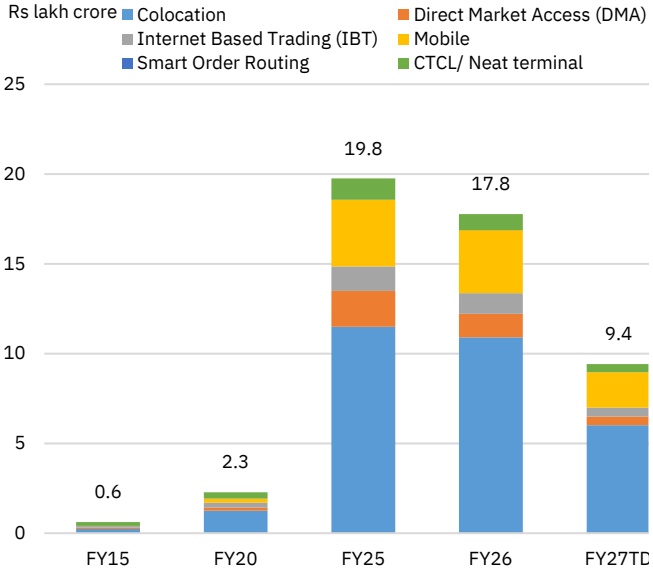
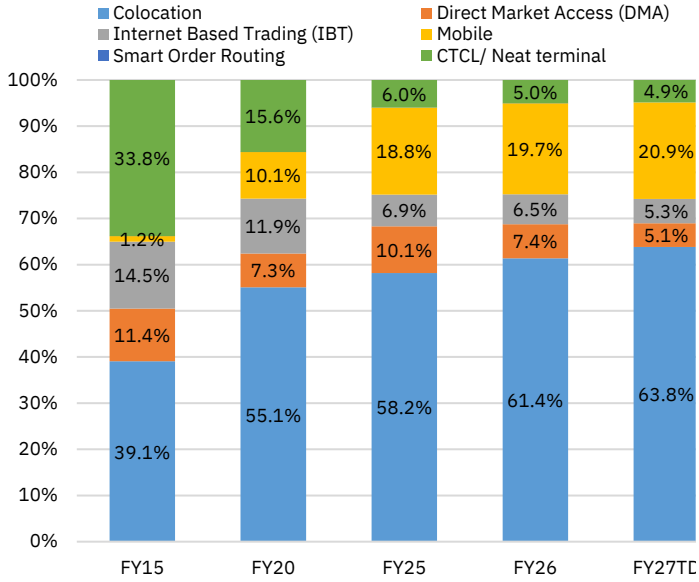
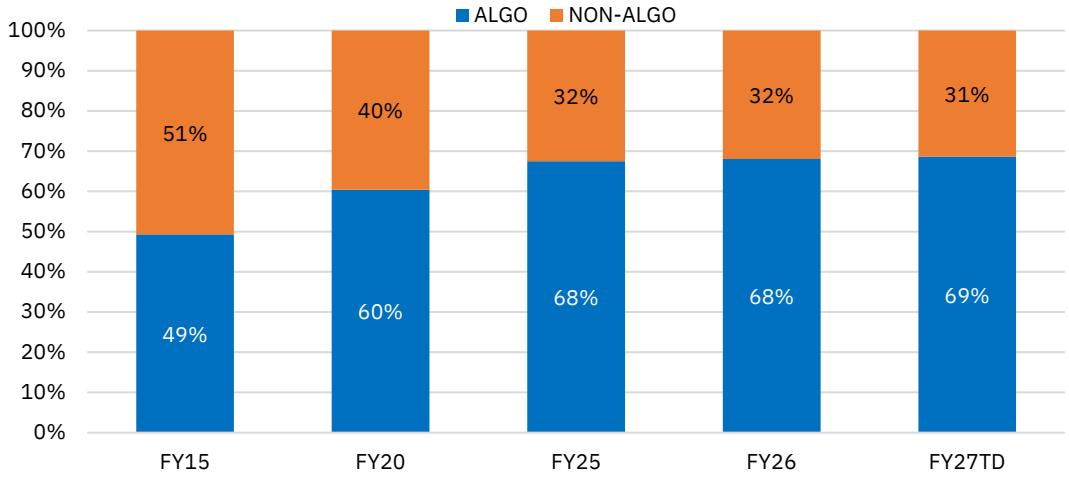


Figure 325: Annual trend in turnover share for different channels in stock options premium



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been presented in % share based on the premium turnover
3. Data for FY27TD is as of Sep 2026.

Figure 326: Annual trends in share for different modes in stock options premium turnover



Source: NSE EPR.
Notes: 1. The above figures have been computed in terms of % share on the basis of net turnover.
2. Data for FY27TD is as of Sep 2026.

Table 96: Share (%) for different channels of trading in commodity derivatives

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	8.2	8.7	3.1	-55	514	9.1	4.9	9.3
Internet Based Trading (IBT)	6.0	5.6	6.7	43	-70	5.1	5.8	5.1
Mobile	31.5	30.6	10.3	90	2,119	30.3	10.3	29.0
CTCL/ Neat terminal	54.3	55.1	79.9	-77	-2,564	55.6	79.1	56.6

Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed based on notional turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 327: Annual turnover trend for different channels in the commodity derivatives segment

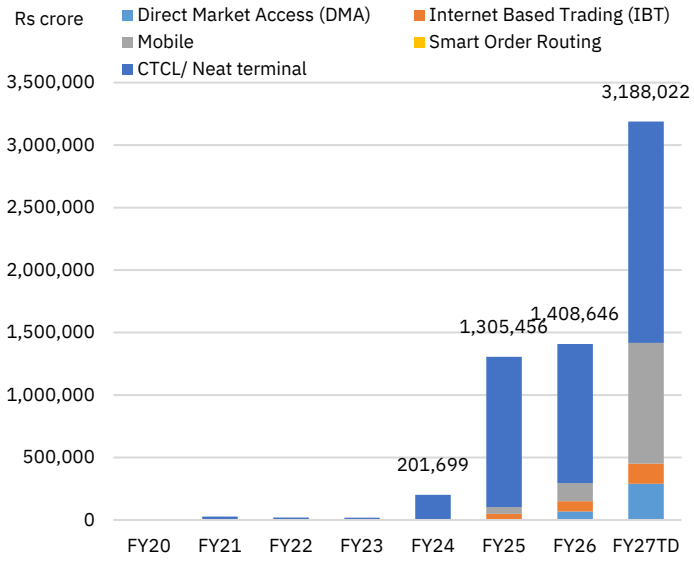
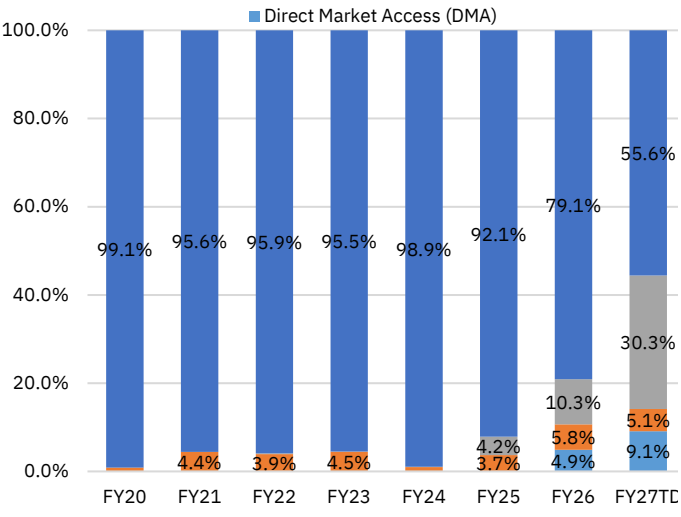
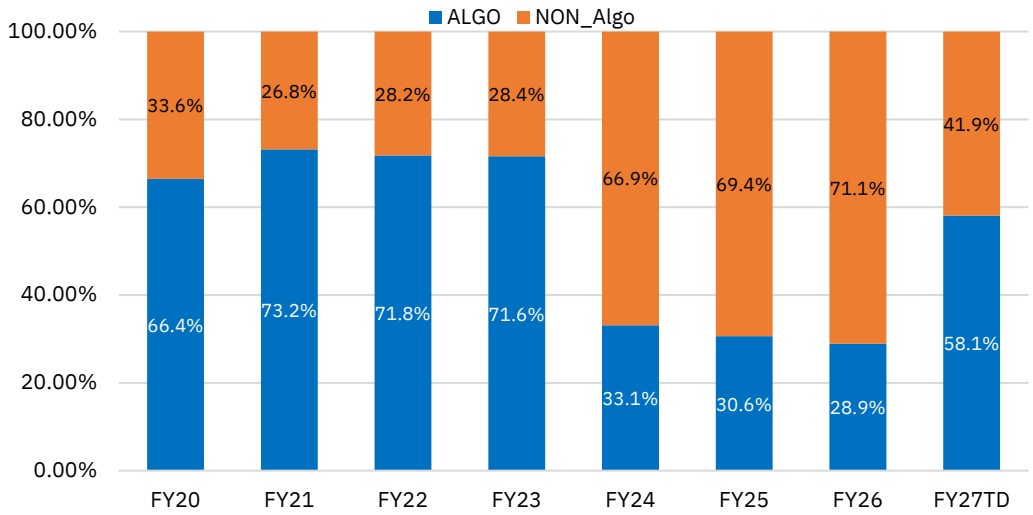


Figure 328: Annual trend in turnover share for different channels in the commodity derivatives segment



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on notional turnover
3. Data for FY27TD is as of Sep 2026.

Figure 329: Annual trends in share for different modes in commodity derivatives



Source: NSE EPR.
Notes: 1. The above figures have been computed in % share based on notional turnover.
2. Data for FY27TD is as of Sep 2026.

Table 97: Share (%) of different channels of trading in commodity futures turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	20.6	16.2	0.2	435	2,032	13.7	1.1	11.3
Internet Based Trading (IBT)	10.0	13.5	10.3	-351	-30	13.6	15.3	16.1
Mobile	12.0	18.3	2.2	-625	980	18.7	6.0	17.3
CTCL/ Neat terminal	57.4	52.0	87.2	540	-2,982	54.0	77.6	55.3

Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed based on turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 330: Annual turnover trend for different channels in commodity futures

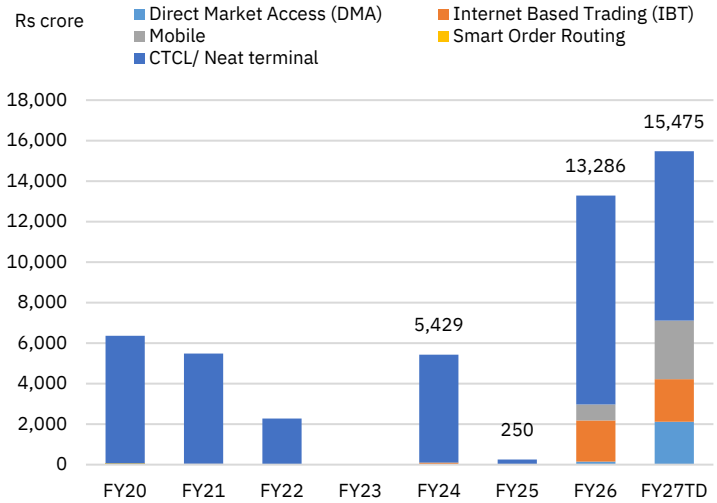
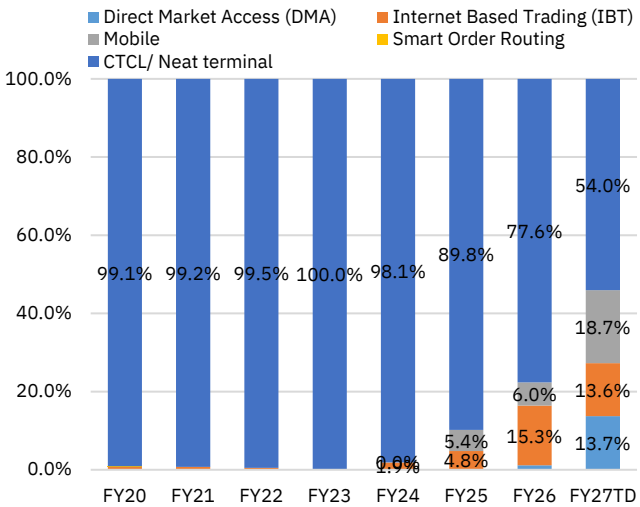
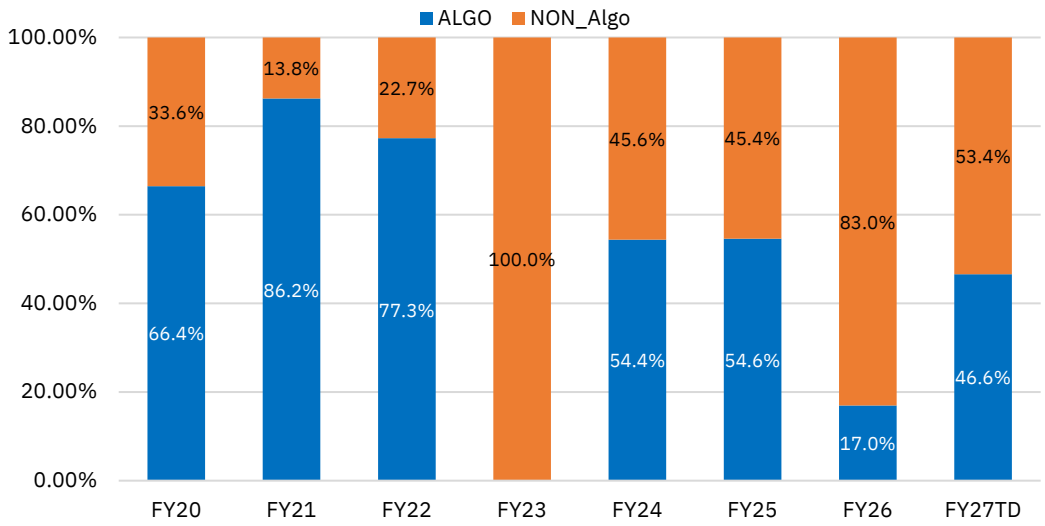


Figure 331: Annual trend in turnover share for different channels in commodity futures



Source: NSE EPR.
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on turnover.
3. Data for FY27TD is as of Sep 2026.

Figure 332: Annual trends in share for different modes in commodity futures



Source: NSE EPR.
Notes: 1. The above figures have been computed in % share based on turnover.
2. Data for FY27TD is as of Sep 2026.

Table 98: Monthly share (%) of different channels in commodity options premium turnover

Mode	Sep-26	Aug-26	Sep-25	MoM change (bps)	YoY change (bps)	FY27TD	FY26	CY26TD
Direct Market Access (DMA)	13.9	16.2	8.1	-228	584	17.2	13.0	18.1
Internet Based Trading (IBT)	4.6	4.7	11.4	-9	-682	3.6	7.1	3.7
Mobile	29.7	29.4	21.5	29	814	28.0	20.8	27.2
CTCL/ Neat terminal	51.8	49.7	59.0	208	-716	51.1	59.1	51.1

Source: NSE EPR
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed based on premium turnover. 3. Data for FY27TD and CY26TD is as of Sep 2026.

Figure 333: Annual turnover trend for different channels in commodity options

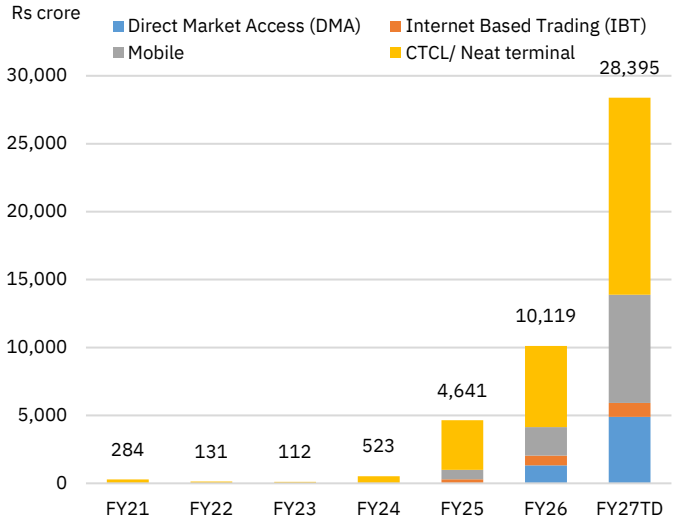
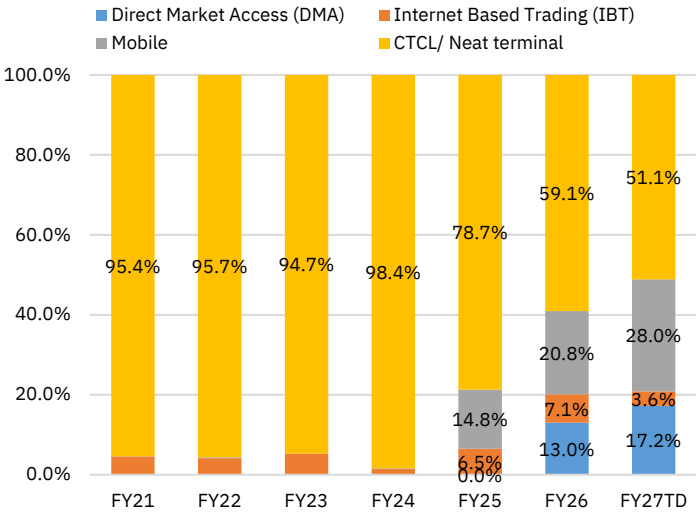
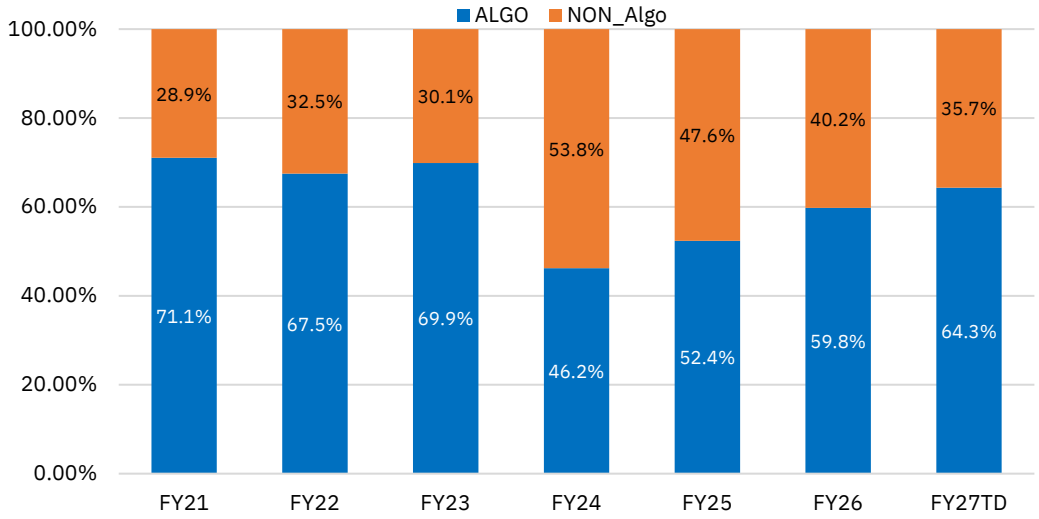


Figure 334: Annual trend in turnover share for different channels in commodity options



Source: NSE EPR
Note: 1. IBT- Internet-based Trades, SOR – Smart Order Routing, Colo – Colocation, DMA – Direct Market Access.
2. The above figures have been computed in % share based on premium turnover.
3. Data for FY27TD is as of Sep 2026.

Figure 335: Annual trends for different modes in commodity options premium turnover



Source: NSE EPR.
Notes. 1. The above figures have been computed based on premium turnover.
2. Data for FY27TD is as of Sep 2026.

5.3.4 Distribution of trading activity by turnover: Concentration rises sequentially across all equity segments

Trading activity across the cash market and equity derivatives segments in Sep'26 continued to exhibit a pronounced skew between investor participation and traded value, with a narrow set of high-value investors accounting for the bulk of turnover. In the CM segment, the top 0.2% of investors accounted for 79.1% of turnover, up from 78.1% in Aug'26 and 77.4% in Sep'25, while investors trading below Rs 1 lakh represented 70.4% of active investors but contributed only 0.4% of turnover. Equity options also saw concentration rise MoM, with the top two turnover cohorts accounting for 86.2% of premium turnover (up from 84.3% in last month), although concentration remained marginally lower than a year ago. Meanwhile, equity futures continued to be the most concentrated segment, with the top cohort of investors continuing to generate 93% of turnover even as share of active investors in the top cohort declined to 5.6% in Sep'26 from 6.7% in Aug'26. Across segments, the top turnover cohorts remained institutionally dominated, while individuals continued to account for the bulk of turnover across lower-value cohorts.

79% of NSE CM turnover in Sep'26 generated by the top 0.2% of investors: In the CM segment, active investors declined to 123.8 lakh in Sep'26 from 125.6 lakh in Aug'26. Despite the contraction in participation, the top 0.2% of investors accounted for 79.1% of monthly turnover, up from 78.1% in Aug'26 and 77.4% in Sep'25. Including the Rs 1-10 crore cohort, the top two cohorts generated ~92% of Sep'26 turnover despite representing only 2% of the active investor base. At the other end, investors trading below Rs 1 lakh accounted for 70.4% of active investors but contributed only 0.4% of turnover, highlighting the persistent divergence between participation and traded value. The top cohort remained institutionally dominated, with proprietary traders, DIIs and foreign investors together accounting for 75% of its turnover, while individuals contributed over 95% across the lower turnover cohorts.

Concentration in premium turnover rises MoM in Sep'26, while participation broadens: The top cohort accounted for 68% of premium turnover despite representing only 0.3% of active investors, up from 65.9% in Aug'26 and marginally lower than 68.5% in Sep'25. Notably, the overall investor participation increased 4% MoM to 34.4 lakh in equity options during the month. Including the investor in Rs 1-10 crore cohort, the top two cohorts accounted for 86.2% of premium turnover, up from 84.3% in Aug'26 but marginally below 86.6% a year ago. At the lower end, investors trading below Rs 1 lakh represented 38% of active investors but contributed only 0.2% of premium turnover. Proprietary traders remained dominant within the top cohort, accounting for 68.7% of its premium turnover, while individuals contributed over 97% across the lower turnover cohorts.

Top 5.6% of investors generate 93% of equity futures turnover in Sep'26: Equity futures retained the most concentrated profile across the three equity segments. Investors trading above Rs 10 crore accounted for 93% of turnover during the month, marginally higher than 92.7% in Aug'26 and lower than 93.1% in Sep'25. Notably, the top cohort's share of active investors declined to 5.6% from 6.7% in Aug'26, indicating that an even smaller proportion of participants accounted for nearly the same share of turnover. At the other end, investors trading below Rs 1 crore represented over 60% of active investors but contributed only around 1.2% of total turnover, highlighting the segment's pronounced participation-turnover skew. The top cohort remained distinctly institutional in composition, with foreign investors, proprietary traders and DIIs together accounting for ~79% of its turnover. Individuals continued to dominate the lower turnover cohorts, contributing over 95% of turnover in each.

Figure 336: Distribution of trading activity by turnover in NSE CM segment in September 2026

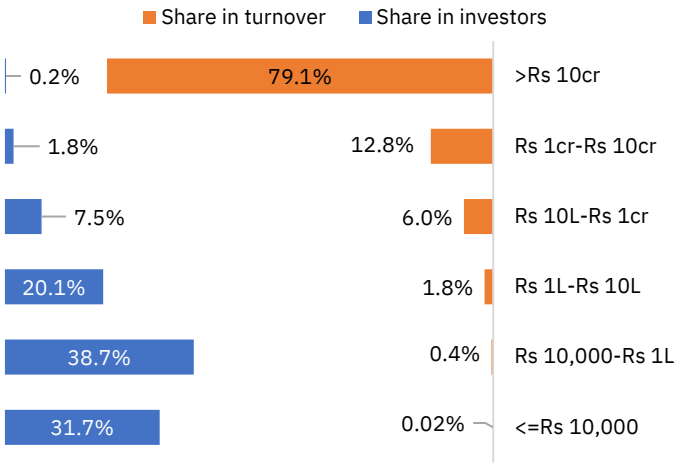
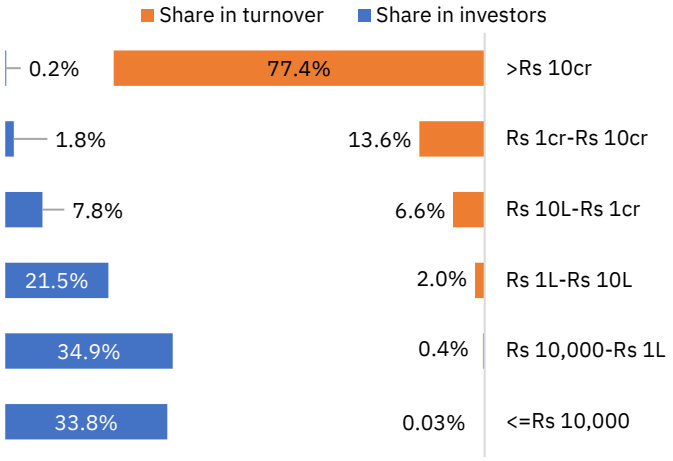


Figure 337: Distribution of trading activity by turnover in NSE CM segment in September 2025



Source: NSE EPR.

Table 99: Distribution of turnover by range in NSE CM segment for all investors

Turnover range	Sep-25		Aug-26		Sep-26			
	Turnover (Rs crore)	Investors (In lakh)	Turnover (Rs crore)	Investors (in Lakh)	Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<= Rs 10,000	576	40.2	535	38.0	558	0.02%	39.2	31.7%
Rs 10,000 - Rs 1 lakh	7,713	41.6	8,661	48.5	8,482	0.4%	47.9	38.7%
Rs 1 lakh - Rs 10 lakh	43,295	25.6	45,096	26.2	42,319	1.8%	24.9	20.1%
Rs 10 lakh - Rs 1 crore	1,42,880	9.3	1,57,897	10.1	1,44,480	6.0%	9.3	7.5%
Rs 1 crore - Rs 10 crore	2,94,515	2.1	3,38,214	2.4	3,08,230	12.8%	2.2	1.8%
> Rs 10 crore	16,73,895	0.3	19,62,905	0.3	19,07,542	79.1%	0.3	0.2%
Total	**21,62,875**	**119.0**	**25,13,308**	**125.6**	**24,11,611**	**100%**	**123.8**	**100%**

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross traded value i.e. buy traded value + sell traded value. 2. Categorisation is based on gross traded value. 3. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 100: Category-wise share in turnover across turnover ranges in NSE CM segment in September 2026

Turnover range	Turnover (Rs crore)	Share in turnover	Client category-wise turnover share					
			Corporates	DIIs	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	558	0.02%	0.0%	0.0%	0.0%	99.7%	0.0%	0.3%
Rs 10,000 - Rs 1 lakh	8,482	0.4%	0.0%	0.0%	0.0%	99.5%	0.0%	0.4%
Rs 1 lakh - Rs 10 lakh	42,319	1.8%	0.2%	0.2%	0.0%	98.7%	0.0%	0.8%
Rs 10 lakh - Rs 1 crore	1,44,480	6.0%	0.8%	0.3%	0.0%	97.8%	0.0%	1.1%
Rs 1 crore - Rs 10 crore	3,08,230	12.8%	2.0%	0.4%	0.3%	95.7%	0.1%	1.5%
> Rs 10cr	19,07,542	79.1%	5.0%	16.9%	17.2%	15.2%	40.9%	4.8%
Total	**24,11,611**	**100%**	**4.3%**	**13.4%**	**13.7%**	**32.2%**	**32.3%**	**4.1%**

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2
3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc.
4. DIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Figure 338: Distribution of trading activity by turnover in equity options premium turnover in September 2026

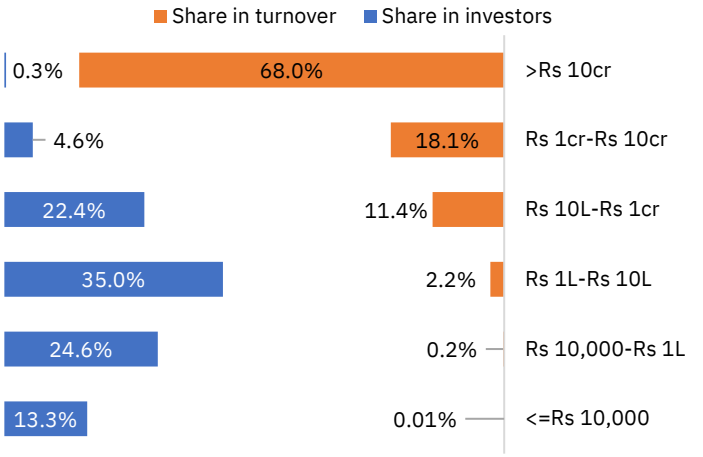
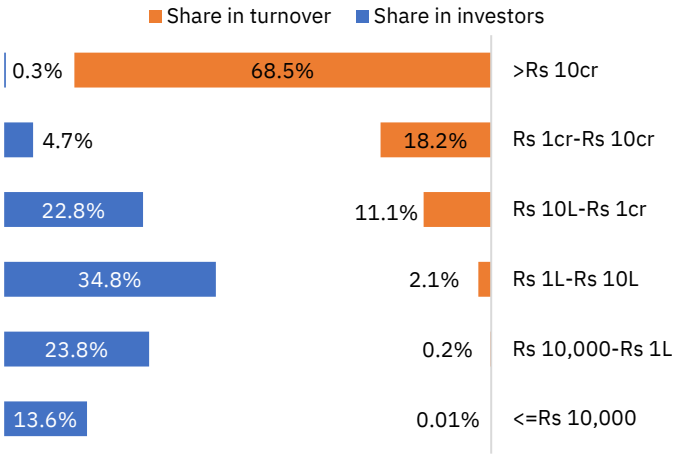


Figure 339: Distribution of trading activity by turnover in equity options premium turnover in September 2025



Source: NSE EPR.

Table 101: Distribution of turnover by range in NSE equity options premium turnover for all investors

Turnover range	Sep-25		Aug-26		Sep-26			
	Premium Turnover (Rs crore)	Investors (In lakh)	Premium Turnover (Rs crore)	Investors (In lakh)	Premium Turnover (Rs crore)	Share in turnover	Investors (In lakh)	Share in investors
<Rs 10,000	79	4.5	80	4.4	83	0.01%	4.6	13.3%
Rs 10,000-Rs 1 lakh	1,680	7.8	1,771	8.2	1,821	0.2%	8.5	24.6%
Rs 1 lakh - Rs 10 lakh	22,543	11.4	23,269	11.8	23,741	2.2%	12.0	35.0%
Rs 10 lakh - Rs 1 crore	1,18,875	7.5	1,14,304	7.3	1,23,016	11.4%	7.7	22.4%
Rs 1 crore – Rs 10 crore	1,94,531	1.6	1,63,980	1.3	1,95,041	18.1%	1.6	4.6%
>Rs 10 crore	7,32,846	0.09	5,85,578	0.07	7,30,951	68.0%	0.09	0.3%
Total	**10,70,553**	**32.7**	**8,88,981**	**33.1**	**10,74,652**	**100%**	**34.4**	**100%**

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover i.e. buy premium turnover + sell premium turnover. 2. Categorisation is based on gross premium turnover. 3. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 102: Distribution of turnover and the share of investors categories in equity options in September 2026

Turnover range	Premium Turnover (Rs crore)	Share in turnover	Client category-wise share in premium turnover					
			Corporates	DIIs	Foreign investors	Individuals	Prop	Others
<= Rs 10,000	83	0.01%	0.0%	0.0%	0.0%	99.9%	0.0%	0.1%
Rs 10,000 - Rs 1 lakh	1,821	0.2%	0.1%	0.0%	0.0%	99.8%	0.0%	0.1%
Rs 1 lakh - Rs 10 lakh	23,741	2.2%	0.1%	0.0%	0.0%	99.7%	0.0%	0.2%
Rs 10 lakh - Rs 1 crore	1,23,016	11.4%	0.3%	0.0%	0.0%	99.4%	0.0%	0.3%
Rs 1 crore- Rs 10 crore	1,95,041	18.1%	1.1%	0.0%	0.1%	97.7%	0.1%	1.0%
> Rs 10cr	7,30,951	68.0%	3.7%	0.3%	10.0%	11.5%	68.7%	5.9%
Total	**10,74,652**	**100%**	**2.7%**	**0.2%**	**6.8%**	**39.3%**	**46.8%**	**4.2%**

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross premium turnover 2. Data has been provided for single side i.e. (Buy premium turnover + sell premium turnover)/2. 3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc 4. DIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

Table 103: Distribution of turnover by range in equity futures market for all investors

Turnover range	Sep-25		Aug-26		Sep-26			
	Turnover (Rs cr)	Investors (In lakh)	Turnover (Rs cr)	Investors (in lakh)	Turnover (Rs cr)	Share in turnover	Investors (In lakh)	Share in investors
Rs 1 lakh - Rs 10 lakh	463	0.1	664	0.2	826	0.03%	0.2	8.7%
Rs 10 lakh - Rs 1 crore	27,268	1.3	27,817	1.3	28,777	1.2%	1.4	51.5%
Rs 1 crore – Rs 10 crore	1,80,295	1.1	1,59,020	1.0	1,39,062	5.7%	0.9	34.1%
>Rs 10 crore	28,15,676	0.2	23,71,552	0.2	22,57,959	93.0%	0.2	5.6%
Total	**30,23,701**	**2.8**	**25,59,052**	**2.7**	**24,26,624**	**100%**	**2.7**	**100%**

Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover i.e., buy turnover + sell turnover. 2. Categorisation is based on gross turnover. 3. Data has been provided for single side i.e. (Buy turnover + sell turnover)/2. 4. Investor count is based on unique PANs that have traded during the period.

Table 104: Distribution of turnover and the share of investors categories in equity futures in September 2026

Turnover range	Turnover (Rs crore)	Share in turnover	Client category-wise share in premium turnover					
			Corporates	DIIs	Foreign investors	Individual	Prop	Others
Rs 1 lakh - Rs 10 lakh	826	0.03%	0.5%	0.0%	0.0%	98.7%	0.0%	0.7%
Rs 10 lakh - Rs 1 crore	28,777	1.2%	0.8%	0.0%	0.0%	98.3%	0.0%	0.9%
Rs 1 crore - Rs 10 crore	1,39,062	5.7%	2.3%	0.0%	0.0%	95.8%	0.1%	1.8%
> Rs 10 crore	22,57,959	93.0%	8.1%	17.4%	35.1%	8.7%	26.4%	4.4%
Total	**24,26,624**	**100%**	**7.7%**	**16.2%**	**32.6%**	**14.8%**	**24.6%**	**4.2%**

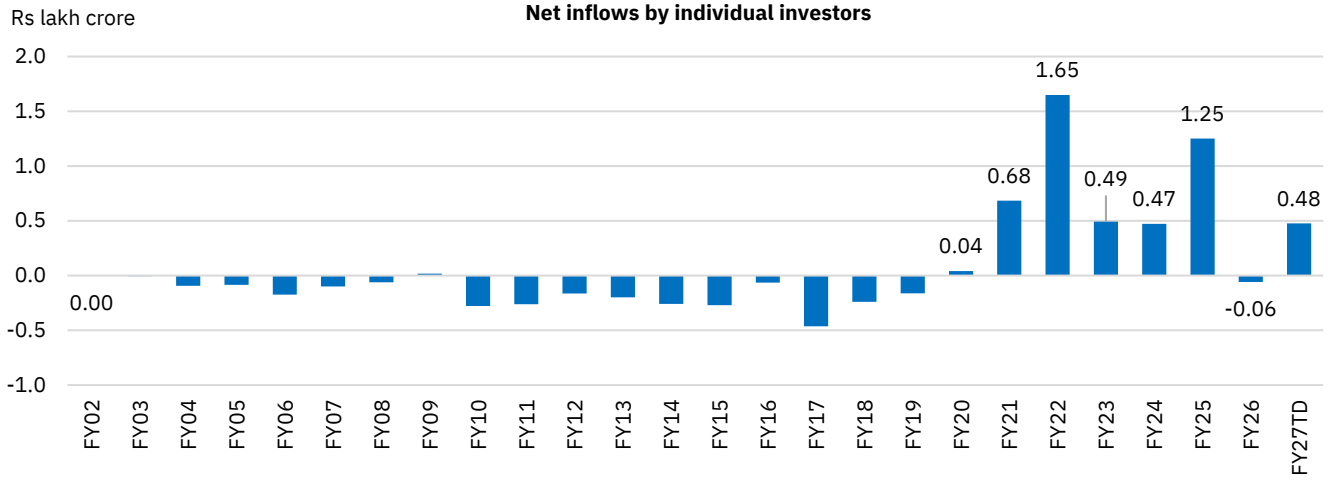
Source: NSE EPR. Notes: 1. Turnover ranges are based on gross turnover. 2. Data has been provided for single side i.e. (Buy traded value + sell traded value)/2
3. Client categories provided here are based on client category classification uploaded by the trading members in the UCC (Unique Client Code) system. The turnover data is based on client codes entered by trading members at the time of order entry and the corresponding client category classification provided by trading members in the UCC system. This is provisional data and subject to change, inter-alia, on account of custodial trade confirmation process, client code modifications etc. 4. DIIs include Banks, Insurance companies, Mutual Funds, Domestic Financial Institution (Other than banks & insurance), Domestic Venture Capital Funds, AIFs, PMS clients, New Pension Systems and NBFC; Foreign investors include Foreign Institutional Investors, Foreign Portfolio Investors all categories, Foreign Direct Investors, Foreign Venture Capital Investors, Depository receipts, Foreign Nationals (FN), Qualified foreign investor, Eligible Foreign Entity and OCBs; Corporate includes Public & Private Companies / Bodies Corporate; Individuals include Individual / Proprietorship firms, HUF and NRI; Others include Partnership Firm/ Limited Liability Partnership; Trust / Society, Statutory Bodies, Non Govt Organization etc.; Prop include PRO Trades.

5.3.5 Individual investors' activity: Participation moderates amid positive investment flows

Individual investors turned net buyer in September 2026: Individual investors turned net buyers in the NSE cash market in September after two consecutive months of net selling, recording net purchases of Rs 10,572 crore, more than offsetting the combined net sales of Rs 5,674 crore in July and August. Consequently, cumulative net investment by individual investors in the secondary market stood at Rs 47,642 crore in H1FY27 (as of September 30th), marking a notable turnaround from the net outflow of Rs 5,803 crore recorded in FY26. Meanwhile, individual investors accounted for 33% of cash market turnover in H1FY27, indicating resilient participation of the individual investors in first six months of FY27.

Individual investor participation in the primary market strengthened further in H1FY27, with cumulative investments reaching Rs 19,575 crore as of September 30, 2026, supported by a sharp IPO activity in the first half of the fiscal year. Consequently, cumulative investments by individual investors across the primary and secondary markets stood at Rs 67,217 crore in H1FY27, highlighting sustained individual investors participation and continued engagement with equity markets.

Figure 340: Annual net inflows by individual investors in NSE's CM segment (secondary market)



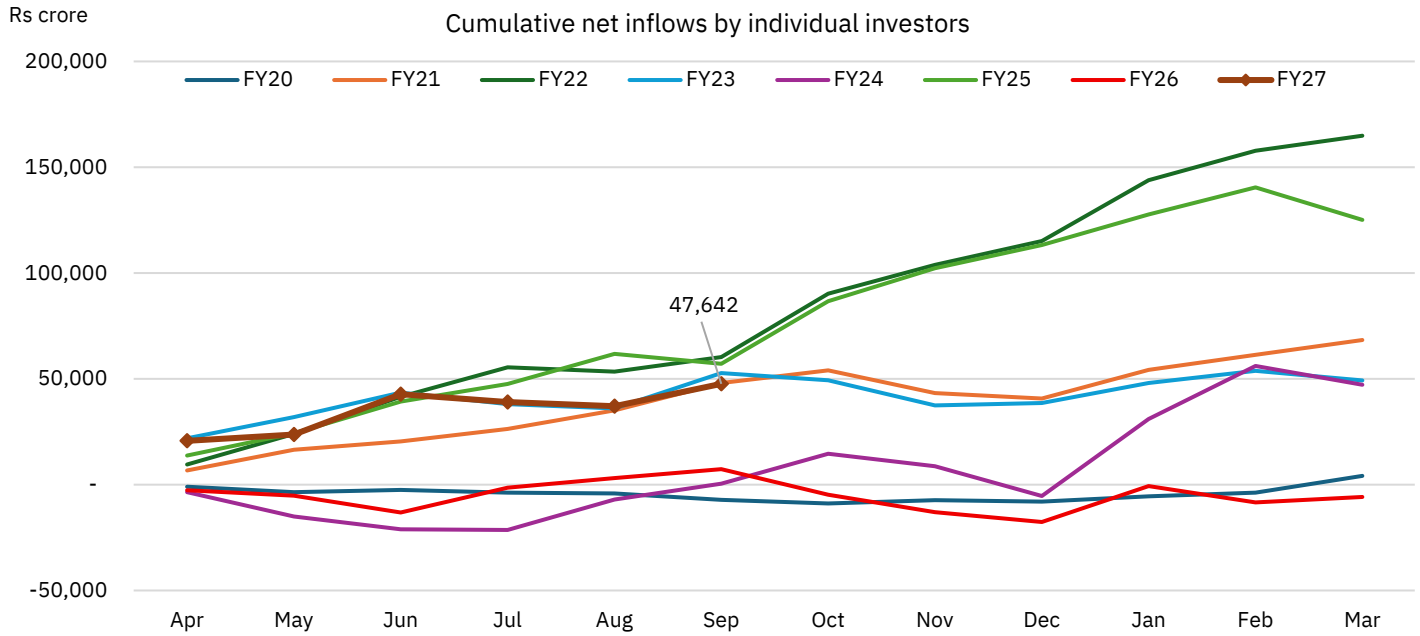
Source: NSE EPR.
Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. FY27TD data is as of 30th September 2026.

Table 105: Annual net inflows by individual investors in primary and secondary market

FY	NSE CM Segment (Rs crore)	Primary Market (Rs crore)	Net flows (Rs crore)
FY21	68,357	7465	75,822
FY22	1,64,892	19,539	1,84,431
FY23	49,225	13,448	62,673
FY24	47,241	18,057	65,298
FY25	1,25,127	34,336	1,59,463
FY26	-5,803	42,608	36,805
FY27TD	47,642	19,575	67,217

Source: NSE EPR.
Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. Primary market investments by Individual Investors (investors applying up to Rs 2 lakh) only considered in the table above.
3. FY27TD data is as of September 30th, 2026.

Figure 341: Overall cumulative net inflows of individual investors in NSE's CM segment (secondary market) in last seven years



Source: NSE EPR.
Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. FY27 data is as of September 30th, 2026.

September saw lower individual investor participation in CM but higher participation in equity derivatives: The number of individual investors participating in the cash market (CM) moderated to 1.23 crore in September 2026 from 1.25 crore in August, reversing the previous month's recovery. Their share of cash market turnover also eased to 32.2%. In contrast, participation in the equity derivatives segment increased to 35.3 lakh from 33.9 lakh over the same period. In FY27 (as of September 30th, 2026), the number of individual investors participating in the cash market and equity derivatives stood at 2.58 crore and 64.3 lakh, respectively.

Within the cash market, the share of investors trading on only one day during the month remained broadly stable at 42.4% in September, although their number declined slightly to 52.1 lakh from 52.9 lakh in August. These investors accounted for just 0.65% of total cash market turnover. Meanwhile, the proportion of investors trading on all trading days declined to 1.25% from 1.33%, with their contribution to turnover easing to 8.8% from 9.2%. This highlights the continued concentration of trading activity, with a relatively small cohort of highly active investors accounting for a disproportionately large share of market turnover. In the equity derivatives segment, the share of investors trading on only one day increased to 14.9% (5.3 lakh investors) from 14.2% (4.8 lakh investors). Conversely, the proportion of investors active on all trading days edged down to 3.7% from 3.8%, while their number remained broadly unchanged at 1.3 lakh, indicating relative stability in participation among the most active derivatives traders.

On a trailing 12-month basis through Oct'25- Sep'26, the number of individual investors who traded at least once in the cash segment increased to 3.59 crore from 3.52 crore in the corresponding period a year earlier. This growth was supported by a 4.6% increase in investors trading exclusively in the cash market, whose number rose to 2.96 crore from 2.83 crore. In contrast, investors participating in both the cash and equity derivatives

segments declined by 9% YoY to 63.2 lakh from 69.2 lakh. Consequently, the overall number of individual investors participating in the equity derivatives segment fell by 5% YoY to 85.3 lakh from 89.9 lakh. Meanwhile, investors participating exclusively in equity derivatives increased by 7% YoY to 22.1 lakh, although they continued to account for a relatively small share i.e., 1.6% of the registered investor base.

Figure 342: Monthly trend of individual investors' participation in the NSE CM and equity derivative segments

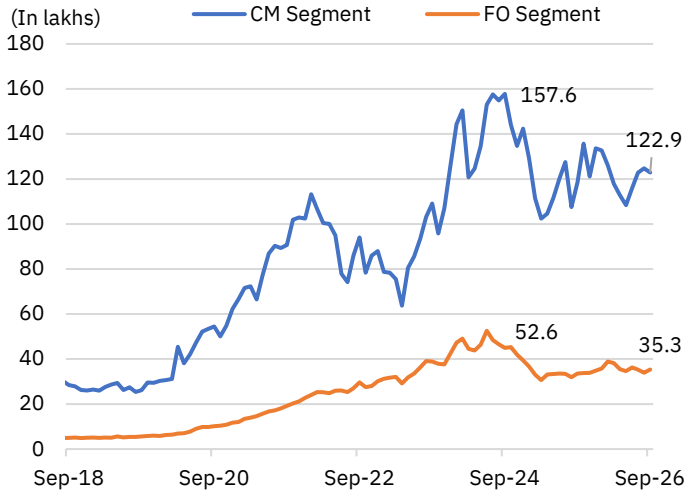
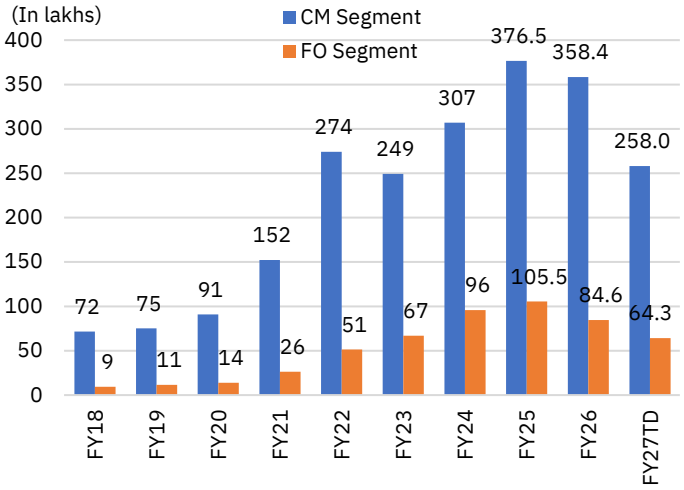


Figure 343: Yearly trend of individual investors' participation in the NSE CM and equity derivative segments



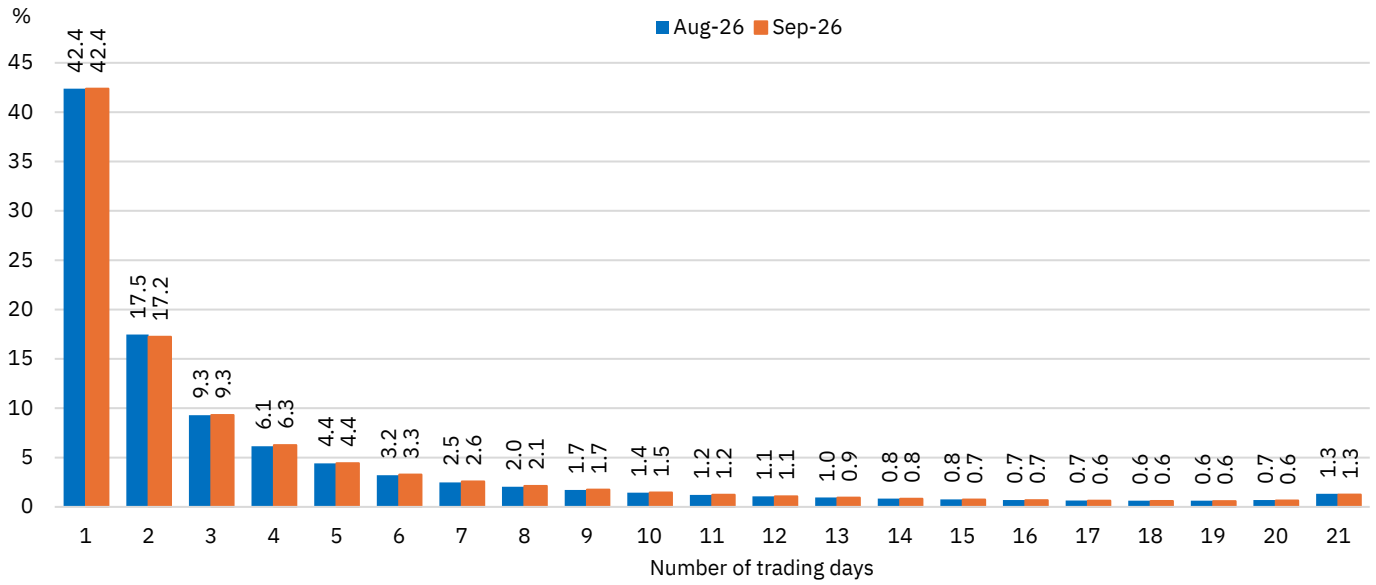
Source: NSE EPR.
Notes: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.
2. The chart above gives the count of individual investors who traded at least once in the month/fiscal year.
3. FY27TD data is as of September 30th, 2026.

Table 106: Trend of individual investors participation (in lakhs) in NSE cash and equity derivatives
(For the last 12-month period ending September of each year)

Period	CM Total	FO Total	CM Alone	FO Alone	CM & FO Both
Oct'15-Sep'16	47.7	7.1	41.7	1.1	6.0
Oct'16-Sep'17	59.6	8.0	52.7	1.1	6.9
Oct'17-Sep'18	76.4	10.6	67.0	1.2	9.4
Oct'18-Sep'19	76.2	12.3	65.6	1.7	10.6
Oct'19-Sep'20	116.9	19.4	99.3	1.8	17.6
Oct'20-Sep'21	207.7	37.0	174.6	3.8	33.1
Oct'21-Sep'22	281.5	61.0	228.6	8.0	52.9
Oct'22-Sep'23	254.2	77.6	193.3	16.7	60.9
Oct'23-Sep'24	361.7	109.7	271.7	19.7	90.0
Oct'24-Sep'25	351.7	89.9	282.5	20.7	69.2
Oct'25-Sep'26	359.6	85.3	296.4	22.1	63.2

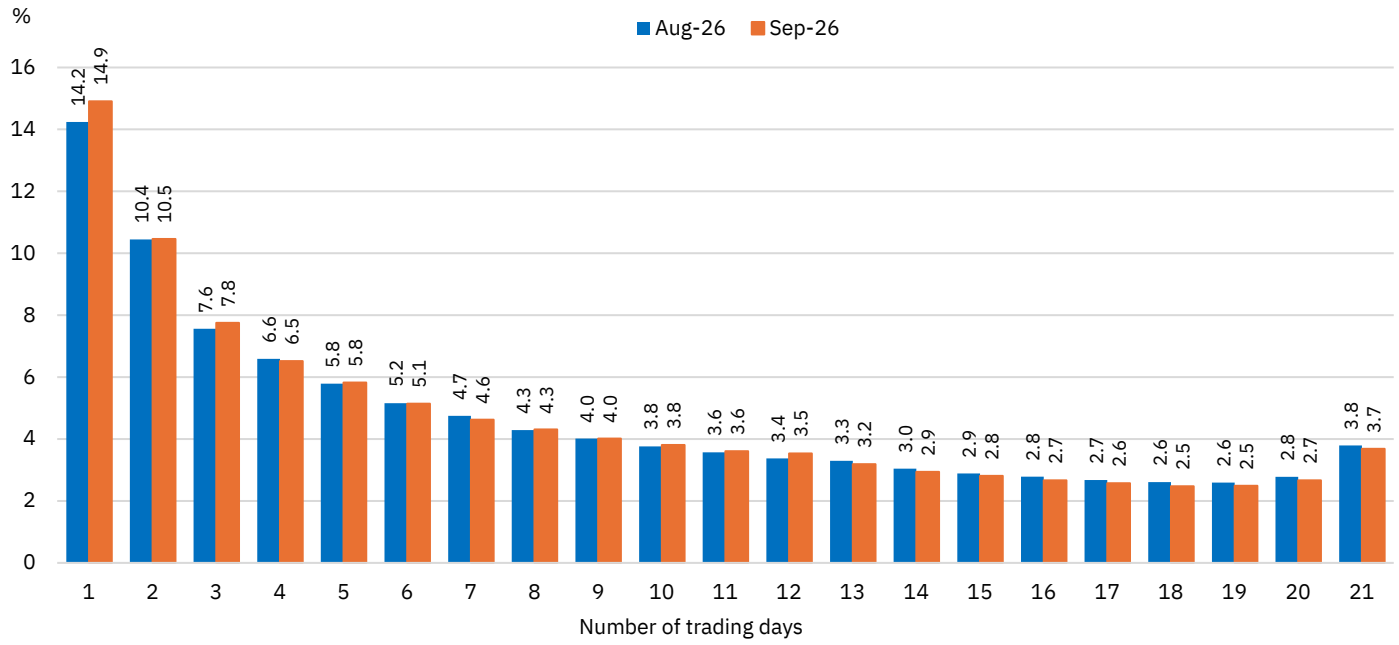
Source: NSE EPR.
Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Figure 344: Trading frequency of individual investors participation (% share) in the CM segment



Source: NSE EPR.
Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Figure 345: Trading frequency of individual investors participation (% share) in equity derivatives

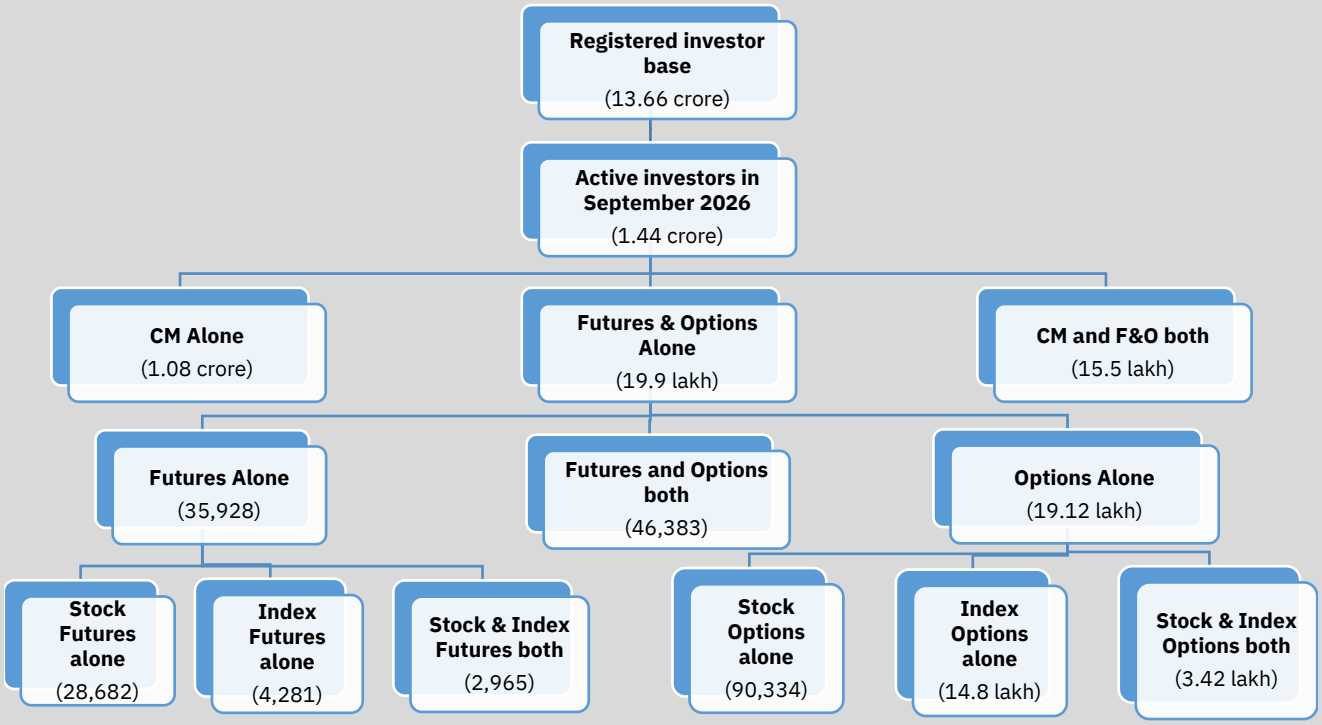


Source: NSE EPR.
Note: 1. Individual investors include individual domestic investors, NRIs, sole proprietorship firms and HUFs.

Investor participation in September 2026 (Number of investors who traded at least once)

As of September 30th, 2026, out of a total 13.66 crore unique registered investors, about 1.44 crore traded at least once during the month across equity cash and derivatives. Participation remained heavily skewed toward the cash market, with 1.08 crore investors—around 7.92% of the total base – trading exclusively in the cash segment. Derivatives participation was relatively limited: 19.9 lakh investors (1.46% of the total base) traded only in F&O. Within the derivatives-only category, trading was dominated by options, with 19.12 lakh investors dealing exclusively in options. Index options accounted for the largest share, attracting 14.8 lakh investors, compared with 90,334 trading only in stock options and 3.42 lakh participating in both. Futures-only participation was modest at 35,928 investors, largely concentrated in stock futures (28,682). Overall, trading patterns continue to reflect a clear dominance of the cash segment in terms of number of investors, while participation in equity derivatives remains comparatively modest.

Figure 346: Investor participation across segments in September 2026

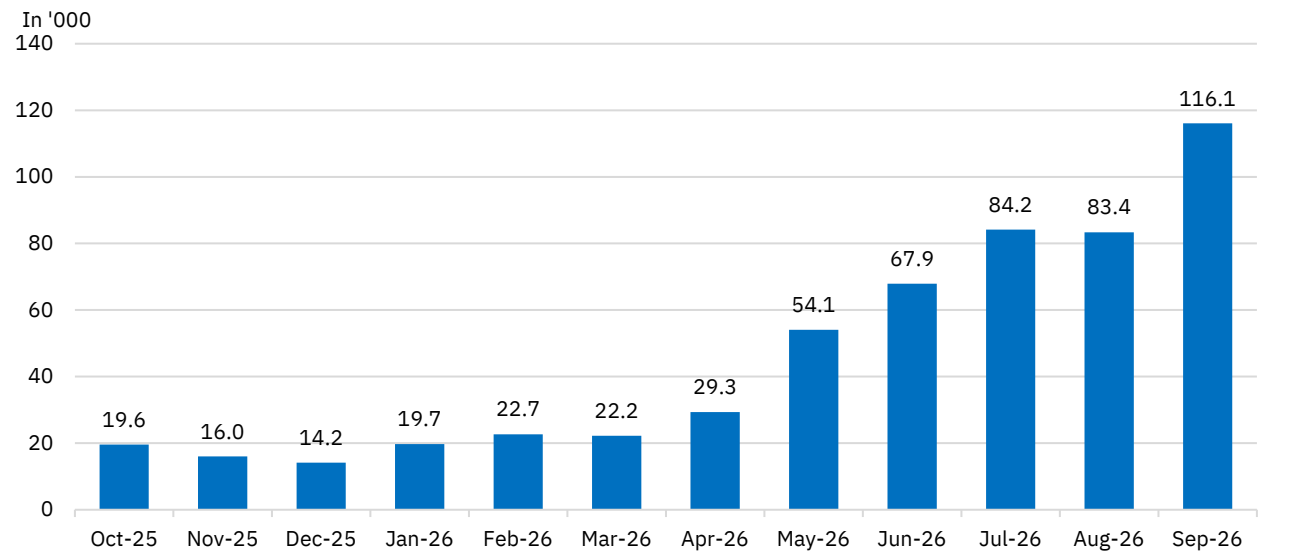


Source: NSE EPR

Investor participation in commodities in September 2026

The number of investors that traded at least once in the commodity market during the month increased from ~19,600 in October 2025 to ~1.16 lakh in September 2026, driven predominantly by commodity options participation. Commodity futures participation also increased during the period.

Figure 347: Monthly trend of investors' participation in the NSE commodity derivatives (in thousands)



Source: NSE EPR
Note: All investor categories considered in the above table.

5.3.6 Spatial distribution of individual investor activity in the cash market

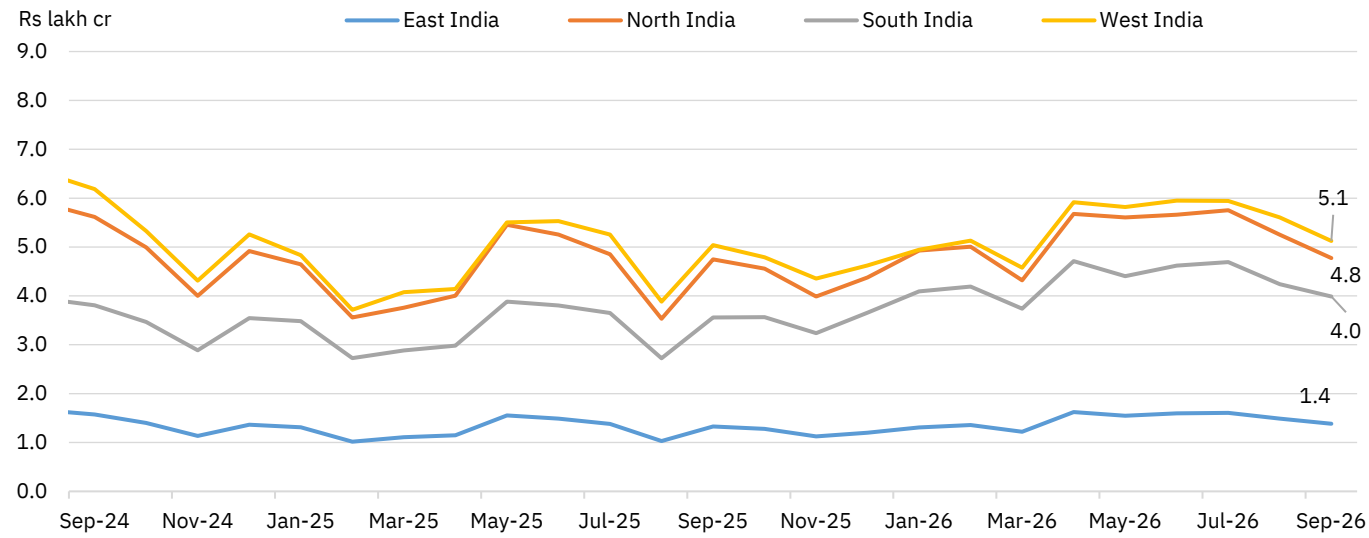
Region-wise individual investor activity

Individual investors' turnover declines in Sep'26; has remained above Rs 15 lakh crore for all but one month in CY26 so far: The total turnover of individual investors in the equity cash segment declined to its lowest level since Mar'26, declining by 7.9% MoM in September 2026, to Rs 15.5 lakh crore. This marked the first instance of consecutive MoM declines in cash market turnover in CY26. Despite this, cash market turnover has dipped below Rs 15 lakh crore exactly once since Jan'26, having surpassed that mark exactly three times in CY25. Average cash market turnover in the first nine months of CY26 stood at Rs 16.7 lakh crore (+20.1% YoY vs 9MCY25, Rs 13.9 lakh crore).

Furthermore, between Sep'22 and Sep'26, CM turnover has risen at a CAGR of 12%, rising from Rs 9.8 lakh crore to Rs 15.5 lakh crore. The turnover decline during the month was broad-based across regions, with Northern India recording the most significant decline (-9.1% MoM), with turnover declining to Rs 4.7 lakh crore (30.7% share of turnover), followed by the Western India, which recorded a 8.5% MoM decline in turnover (Rs 5.1 lakh crore, 33% share of turnover). The Eastern region ranked third in terms of decline in turnover in Sep'26 (-7% MoM), recording Rs 1.4 lakh crore (8.9% share) in turnover, followed by the Southern region, with ~Rs 4 lakh crore in turnover (-5.9% MoM, 25.7% share in turnover.

The distribution of investors trading at least once during the month has also shifted considerably since Sep'22. The Southern region recorded the most notable gain in terms of investor share, with its share rising by 2pp since Sep'22, with the region now accounting for a 20.8% share of active investors. During the same period, the Western region's investor share declined by 2.6pp, with the region continuing to account for a 35.2% share of active investors in the CM segment. The Northern region also continued to account for over 30% of active investors (32.9% share vs 32.6% in Sep'22) in the CM segment, with the Northern and Western regions accounting for over two-thirds of active investors as of Sep'22, while the Eastern region's investor share continued to remain below 10% for the fourth consecutive month.

Figure 348: Region-wise distribution of individual investors' turnover in equity cash



Source: NSE EPR. Note: Individual investors include Individual / Proprietorship firms and HUF.

Figure 349: Region-wise share of individual investors' turnover in cash market (%)

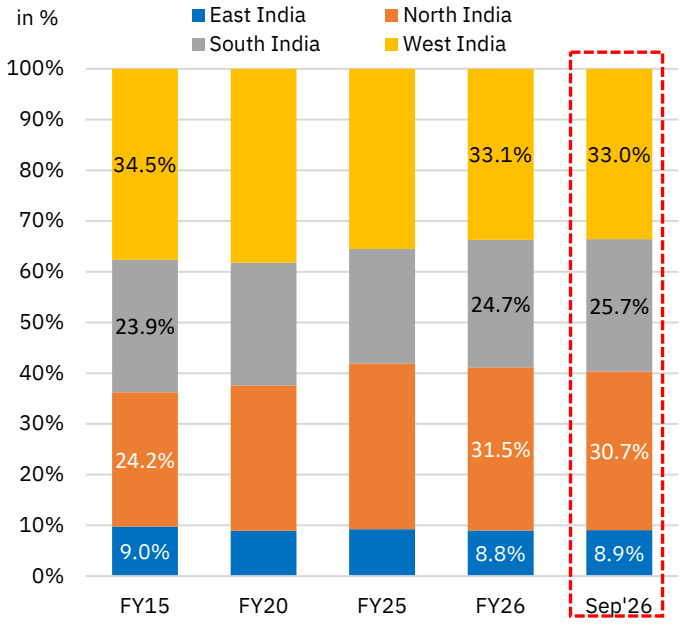
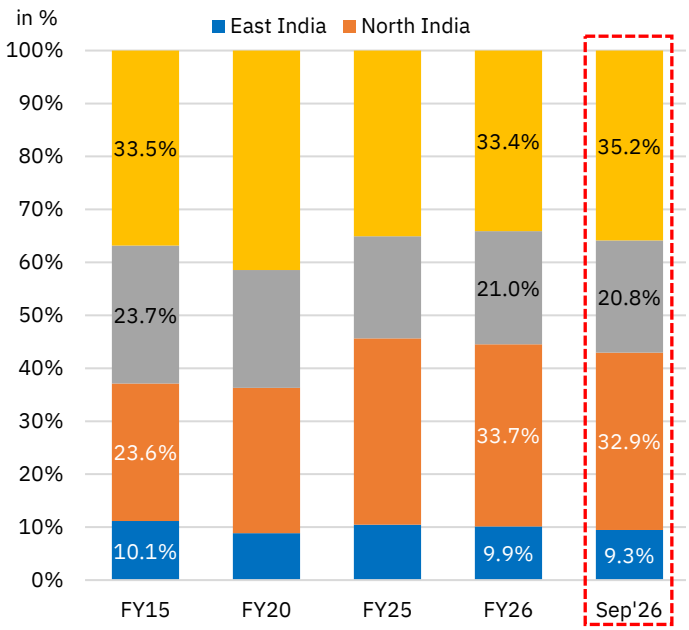


Figure 350: Region-wise share of individual investors in cash market (%)



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF who trade once a month. 2. "Others"— not provided in the charts above--include pin codes for which region mapping was not available. The shares of the respective regions are calculated considering turnover/number of individual investors in "Others".

Maharashtra and Gujarat continue to lead in individual investor turnover; top five states account for over half of individual investor participation in Sep'26: Maharashtra and Gujarat continued to remain the top ranked states in terms of cash market turnover in September 2026, recording cash market turnover of Rs 2.9 lakh crore and Rs 1.7 lakh crore during the month, with turnover declining by 9.3% MoM and 7.5% MoM respectively in these states. Notably, turnover in these states is at its lowest since Mar'26. Additionally, average cash market turnover in the first three quarters of CY26 stood at Rs 12.8 lakh crore (vs Rs 10.5 lakh crore in 9MCY25, +21.1% YoY). The set of top five states remained unchanged from the previous month, other than Tamil Nadu replacing Delhi in the top five for the first time since Mar'26. The top five states accounted for a 50.1% share of cash market turnover during the month. Significantly, all of the top ten states recorded MoM declines in their cash market turnover in Sep'26, with Andhra Pradesh (-12.4% MoM) and Rajasthan (-9.5% MoM) recording the steepest sequential declines.

In line with the rankings observed in terms of turnover, Maharashtra continued to remain the top ranked state in terms of the number of active investors, accounting for 20.7 lakh active investors (16.1% investor share) in Sep'26, having recorded a 1.9% MoM decline in its active investor count during the month. Gujarat continued to occupy the second spot, accounting for a 15.1% share of active investors (19.3 lakh) and recording a 3% MoM decline in its active investor count from the previous month, followed by Uttar Pradesh (11.5 lakh active investors. Additionally, within the top 10 states, Gujarat, Karnataka and Haryana (-2.2% MoM each) recorded the steepest MoM declines in their active investor counts in Sep'26. The top five states accounted for ~53% of active investors in Sep'26. Furthermore, the monthly run rate of active individual investors in the first three quarters of CY26 stood at 93.9 lakh (vs 90 lakh active investors on average in 9MCY25, +4.3% YoY).

Figure 351: Top 10 states based on turnover of individual investors in the equity cash segment

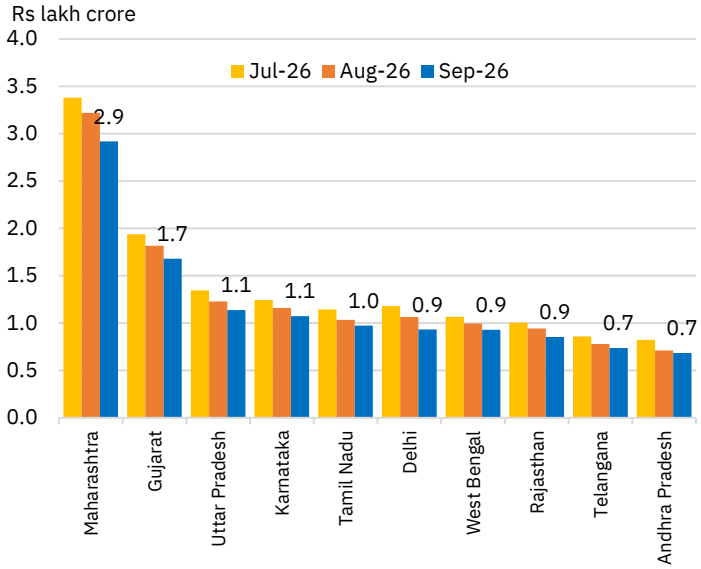
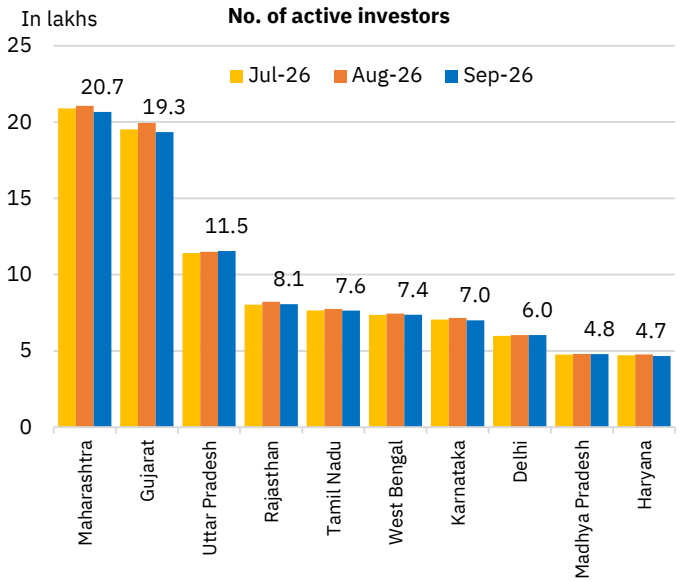


Figure 352: Top 10 states based on individual investors' participation in the equity cash segment



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

Figure 353: Share of the top 10 states based on turnover of individual investors in the equity cash segment

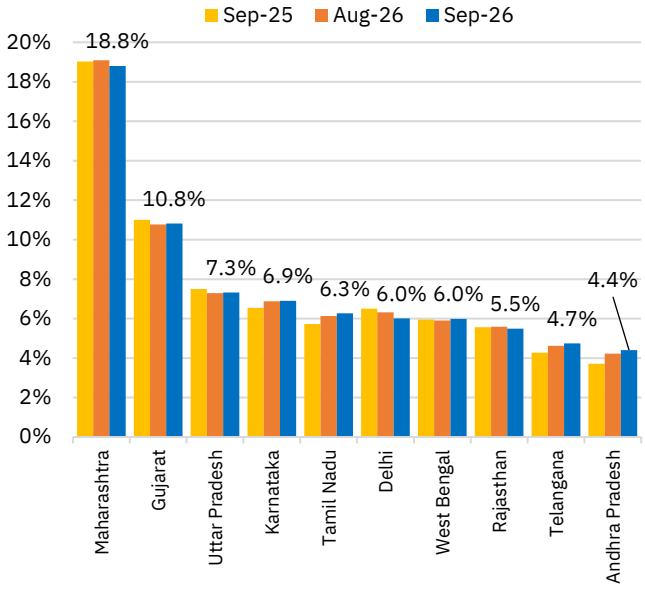
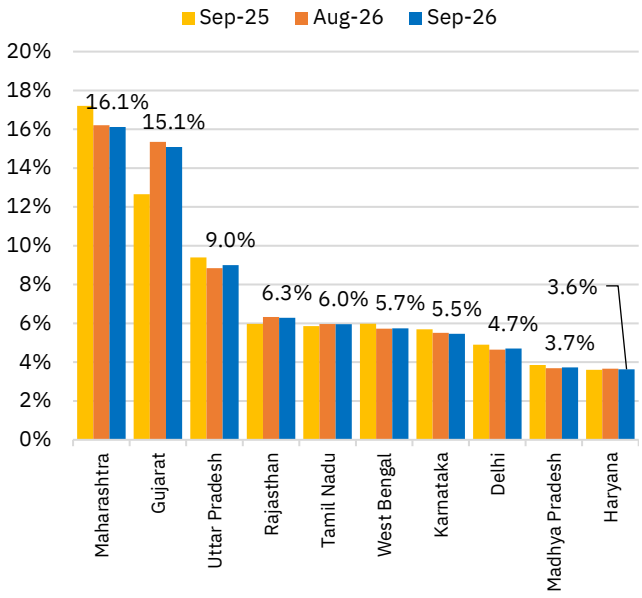


Figure 354: Share of the top 10 states based on individual investors' participation in the equity cash segment



Source: NSE EPR. Note: 1. Individual investors include Individual / Proprietorship firms and HUF; 2. The top ten states are chosen based on latest month's data.

District-wise individual investor activity:

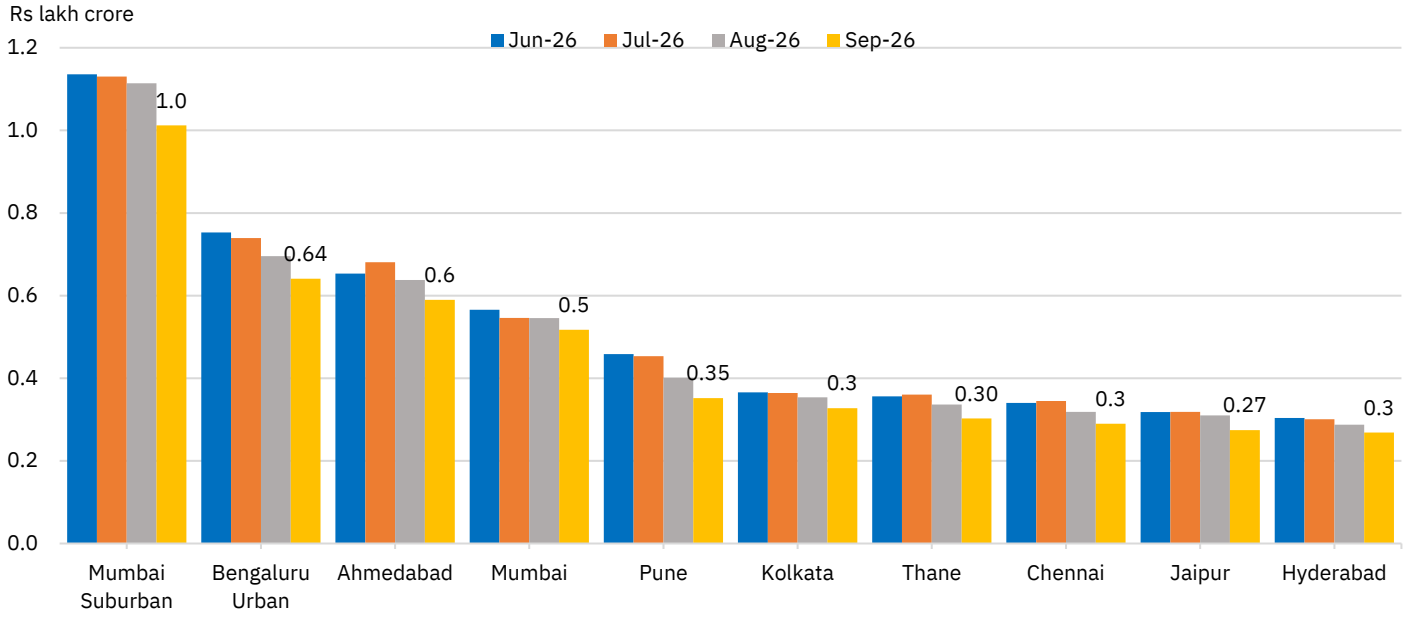
Individuals' turnover in the top 10 districts declines in Sep'26: Cash market turnover of individual investors in the top districts declined by 8.5% MoM to Rs 4.6 lakh crore in Sep'26. Furthermore, cash market turnover in the first three quarters of CY26 stood at Rs 4.8 lakh crore, reflecting a 19.4% YoY rise vs the average turnover recorded in the first nine months of CY25 (Rs 4 lakh crore). During the month, the top 10 districts accounted for a 29.5% share of turnover, with Mumbai Suburban, which recorded Rs 1 lakh crore in

turnover (-9.2% MoM, 6.5% share in turnover) and Bengaluru Urban, which recorded Rs 64k crore in turnover (-7.8% MoM, 4.1% share in turnover) maintaining their positions as the top two districts. Additionally, all the top 10 districts recorded MoM declines in cash market turnover with Pune (-12.3% MoM, Rs 35k crore in turnover), Jaipur (-11.5% MoM, Rs 27k in turnover) and Thane (-10% MoM, Rs 30k crore in turnover) recording the steepest sequential declines. The top 50 districts accounted for a 55.5% share in turnover, with the share of these districts declining by 1.8pp since Sep'24.

...With the count of active investors continuing to remain above 25 lakh for the fourth consecutive month: The number of individual investors trading at least once during the month in the cash market in the top 10 districts declined by 2% MoM to Rs 28.3 lakh in Sep'26, while continuing to remain above the 25-lakh mark for the fourth consecutive month. Additionally, the average number of investors participating at least once in the cash market turnover stood at 26.8 lakh in the first nine months of CY26 (+4.8% YoY vs 25.5 lakh active investors in the first three quarters of CY25).

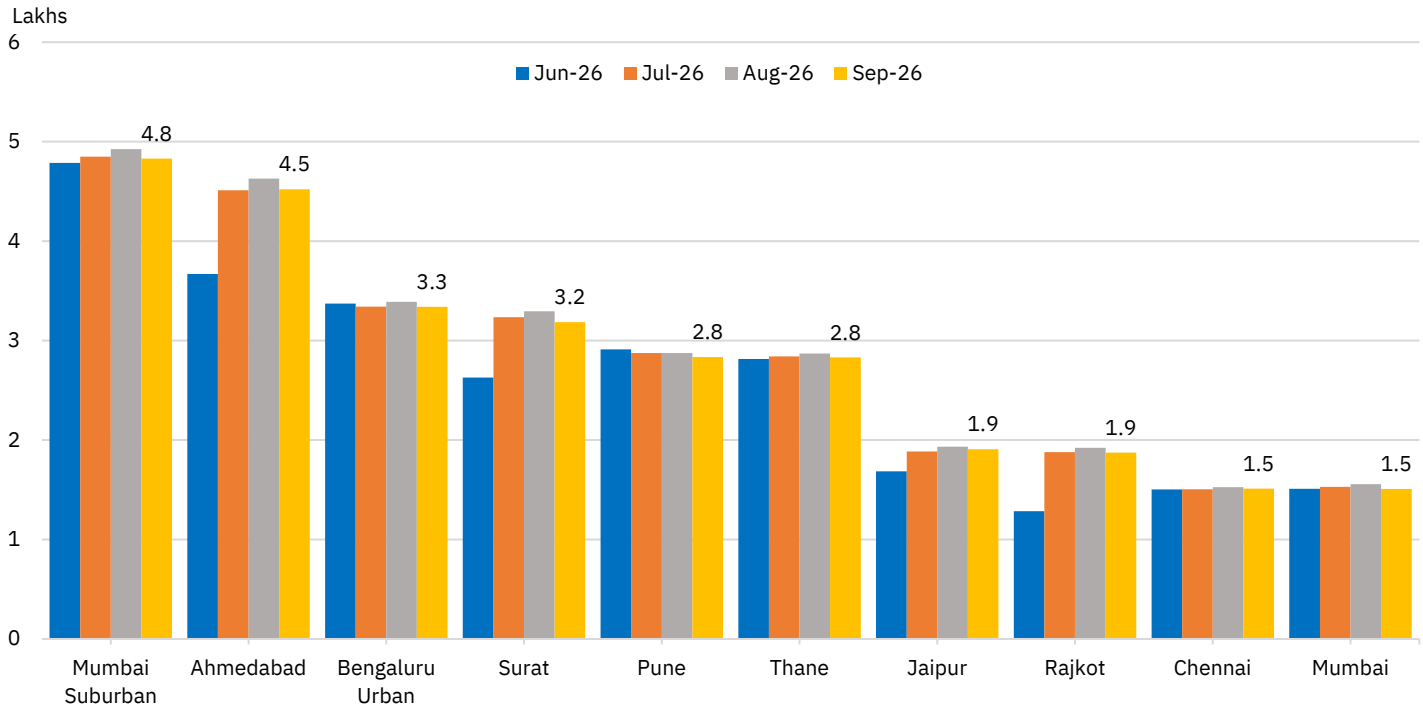
The set of top 10 districts in terms of active investors remained unchanged between August and September 2026. Mumbai Suburban continued to remain the top ranked district in terms of active investors since Dec'25, accounting for 4.8 lakh active investors (-1.9% MoM, 3.8% share), followed by Ahmedabad with 4.5 lakh active investors (-2.3% MoM, 3.5% share of active investors). Moreover, all the top 10 districts recorded sequential declines in their active investor count in Sep'26, with Surat (-3.3% MoM, 3.2 lakh active investors), Mumbai (-3% MoM, 1.5 lakh active investors) and Rajkot (-2.5% MoM, 1.9 lakh active investors). Notably, districts outside the top 50 accounted for over 52% of active investors in Sep'26.

Figure 355: Top 10 districts based on equity cash turnover of individual investors



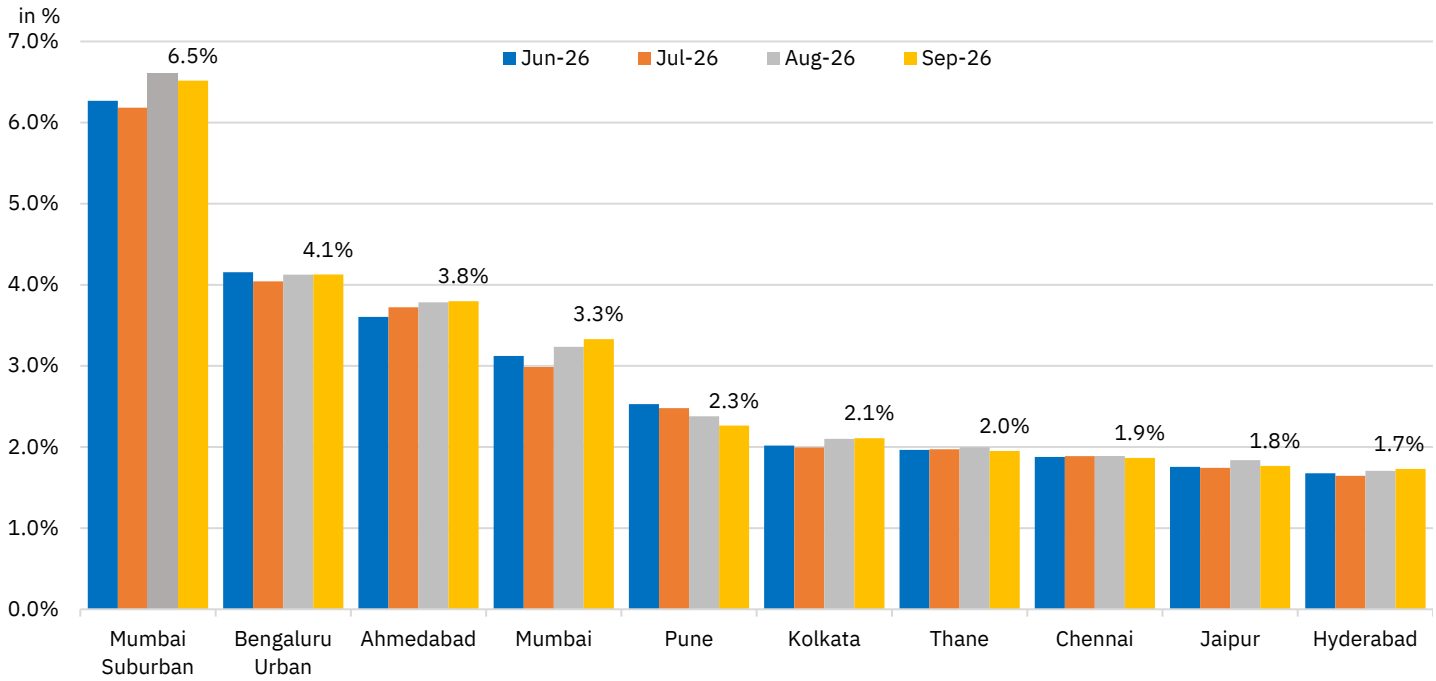
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest month's data.

Figure 356: Top 10 districts based on individual investors participation in the equity cash market



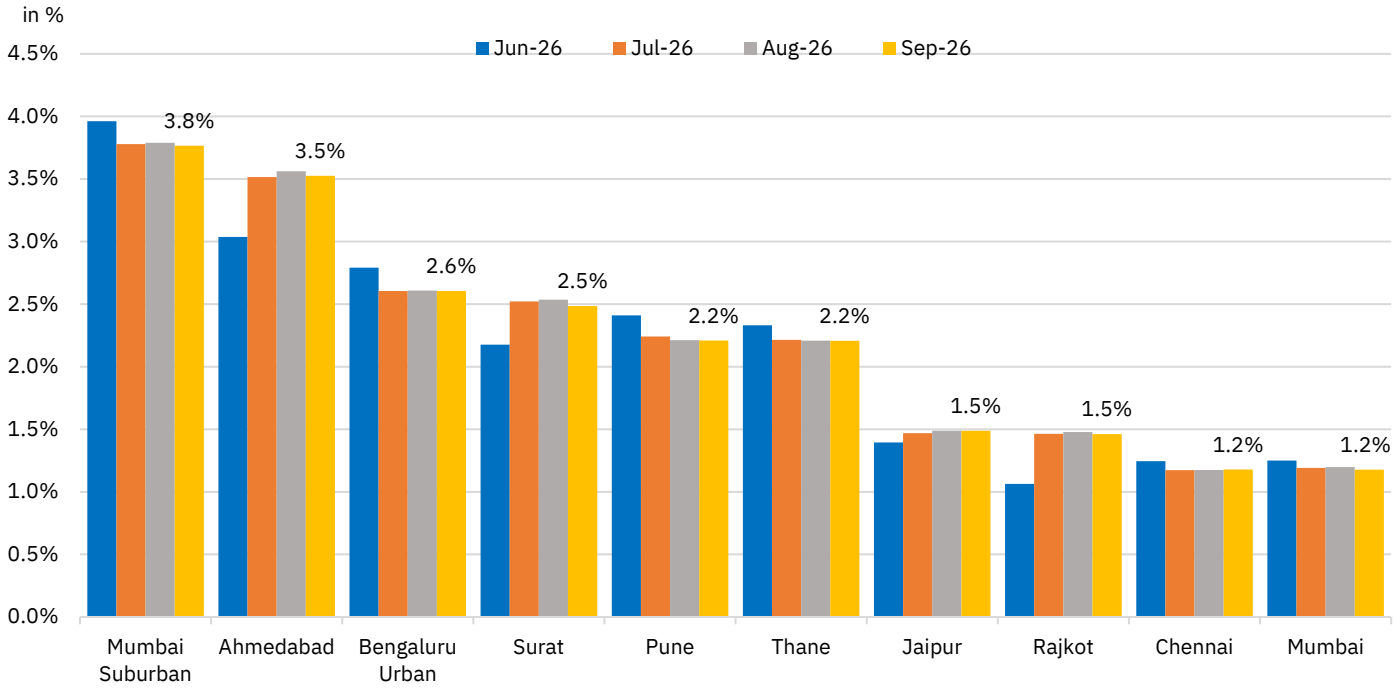
Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on the latest data.

Figure 357: Share of the top 10 districts based on individual investors' turnover in equity cash



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

Figure 358: Share of the top 10 districts based on individual investors traded in the cash market



Source: NSE EPR. Note: 1. Mumbai includes Mumbai (MH/TN/RG); 2. Individual investors include Individual / Proprietorship firms and HUF. The top ten districts are chosen based on previous month's data.

5.3.7 Turnover of top 10 traded securities during September 2026

Turnover of the top 10 securities in the CM segment increased in Sep'26: The combined turnover of the top 10 traded securities increased by 18.3% MoM to Rs 2.6 lakh crore in September 2026 from Rs 2.2 lakh crore in August 2026, while the overall turnover of the CM segment declined by 4.0% MoM from Rs 25.1 lakh crore to Rs 24.1 lakh crore. Consequently, the share of the top 10 securities in overall CM turnover increased to 10.9% from 8.9%, an expansion of 206 bps, indicating a higher concentration of trading activity among the most actively traded securities.

The increase in aggregate turnover of the top 10 securities was primarily driven by sharp increases in turnover across IFCI Ltd, PB Fintech Ltd and Pine Labs Ltd, which recorded growth of 310.8% MoM, 255.4% MoM and 150.0% MoM, respectively. BSE Ltd (+12.2% MoM), HDFC Bank Ltd (+8.1% MoM), Infosys Ltd (+7.2% MoM) and Reliance Industries Ltd (+5.0% MoM) also recorded increases. These gains were partly offset by declines in turnover of Bharti Airtel Ltd (-22.2% MoM), State Bank of India (-16.1% MoM) and ICICI Bank Ltd (-6.2% MoM). HDFC Bank Ltd remained the most actively traded security, with turnover of Rs 45,824 crore, followed by BSE Ltd at Rs 37,666 crore and Reliance Industries Ltd at Rs 32,057 crore.

Table 107: Top 10 traded securities in CM segment (Rs crore) in September 2026

Securities Name	Sep-26	Aug-26	%Change
HDFC Bank Limited	45,824	42,373	8.1
BSE Limited	37,666	33,558	12.2
Reliance Industries Limited	32,057	30,542	5.0
ICICI Bank Limited	26,699	28,476	(6.2)
IFCI Limited	23,915	5,822	310.8
Bharti Airtel Limited	22,102	28,415	(22.2)
Infosys Limited	20,837	19,441	7.2
Pine Labs Limited	19,305	7,722	150.0
State Bank of India	18,099	21,566	(16.1)
PB Fintech Limited	16,886	4,751	255.4
Top 10 scrips turnover	**263,388**	**222,667**	**18.3**
Total turnover	**2,411,611**	**2,513,308**	**(4.0)**
share of Top 10 scrips	**10.9%**	**8.9%**	**2.06%**

Source: NSE EPR.
Note: 1. Figures in brackets indicate negative numbers.
2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

The share of top 10 traded securities rose for stock futures and stock options in September: In stock futures, turnover of the top 10 scrips increased marginally by 0.4% MoM to Rs. 4.32 lakh crore in September 2026. Notably, overall stock futures notional turnover declined by 7.6% MoM, while the share of the top 10 securities increased to 20.6% from 18.9%. HDFC Bank Ltd. recorded the highest increase in turnover (+14.3% MoM), followed by ICICI Bank Ltd. (+10.8% MoM) and Reliance Industries Ltd. (+8.6% MoM). On the other hand, State Bank of India recorded the sharpest decline (-20.7% MoM), followed by Bharti Airtel Ltd. (-18.9% MoM) and Infosys Ltd. (-11.6% MoM).

Within stock options, premium turnover of the top 10 securities increased by 18.8% MoM to Rs. 35,817 crore. Meanwhile, overall stock options premium turnover declined by 11.5% MoM, resulting in the share of the top 10 securities rising to 27.0% from 20.1%. PB Fintech Ltd. recorded the highest increase in premium turnover (+631.6% MoM), driven by heightened derivatives activity following recent regulatory development. This was followed by Solar Industries India Ltd. (+85.3% MoM) and HDFC Bank Ltd. (+39.6% MoM). In contrast, State Bank of India recorded the sharpest decline (-42.9% MoM), followed by MCX Ltd. (-17.0% MoM). Overall, the share of the top 10 securities increased by 163 bps MoM in stock futures and 687 bps MoM in stock options during September.

Table 108: Top 10 traded scrips in stock futures segment in September 2026

Securities (Rs lakh cr)	Sep-26	Aug-26	%Change
HDFC Bank Ltd.	91,337	79,909	14.3
Reliance Industries Ltd.	62,464	57,507	8.6
ICICI Bank Ltd.	51,880	46,806	10.8
Axis Bank Ltd.	35,474	34,015	4.3
BSE Ltd.	33,680	34,094	(1.2)
State Bank of India	33,204	41,849	(20.7)
Infosys Ltd.	32,857	37,149	(11.6)
Vodafone Idea Ltd.	32,600	31,769	2.6
Bharti Airtel Ltd.	31,296	38,601	(18.9)
TCS Ltd.	26,776	28,224	(5.1)
Top 10 scrips turnover	**4,31,570**	**4,29,923**	**0.4**
Total stock futures notional turnover	**20,99,480**	**22,71,525**	**(7.6)**
share of Top 10 scrips	**20.6%**	**18.9%**	**1.63pp**

Table 109: Top 10 traded scrips (premium turnover) in stock options in September 2026

Securities Name (Rs cr)	Sep-26	Aug-26	%Change
HDFC Bank Ltd.	5,305	3,800	39.6
BSE Ltd.	4,845	4,804	0.9
Reliance Industries Ltd.	4,479	3,612	24.0
PB Fintech Ltd.	3,827	523	631.6
One 97 Comm. Ltd.	3,752	3,851	(2.6)
Solar Industries India Ltd.	3,104	1,675	85.3
MCX Ltd.	2,961	3,566	(17.0)
TCS Ltd.	2,632	2,215	18.8
Infosys Ltd.	2,496	1,881	32.7
State Bank of India	2,415	4,232	(42.9)
Top 10 scrips turnover	**35,817**	**30,159**	**18.8**
Total stock futures notional turnover	**1,32,639**	**1,49,798**	**(11.5)**
share of Top 10 scrips	**27.0%**	**20.1%**	**6.87pp**

Source: NSE EPR.
Notes: 1. Figures in brackets indicate negative numbers.
2. The scrip-wise turnover data for the previous month is based on the current month's top 10 scrips.

5.3.8 Trading Activity in Electricity Futures

Across August 2025 contract to September 2026 contracts, NSE Electricity Futures recorded cumulative trading volume of **8,71,988 Lots,** equivalent to 43,599 MUs* against spot market volumes of 85,338 MUs, resulting in a futures-to-spot volume ratio of **0.51**. The strong participation reflects increasing alignment between spot and futures markets and growing adoption of electricity futures for price discovery and risk management.

During the period, the cumulative turnover reached **Rs 16,864 crore**, highlighting sustained market interest and improving liquidity. NSE maintained a dominant ~**64% market share**, reinforcing its position as a leading platform for electricity derivatives trading in India.

Overall, consistent trading activity across successive contracts signals rising market confidence and broader adoption of electricity futures for managing price volatility in India's power market.

Trading Activity in NSE Electricity Futures - Sep 2026 Contract

The Sep 2026 Electricity Futures contract generated aggregate turnover of **Rs 1,573 crore** and cumulative trading volume of **71,458 Lots**. This points to strengthening participation in the futures segment and a gradual progression in India's electricity market. The Sep 2026 Contract settled at Final Settlement Price (FSP) of **Rs 4,949/MWh**. The average of daily LTP during the contract was **Rs 4,172/MWh**, demonstrating stable price behaviour despite intermittent volatility in the underlying spot market.

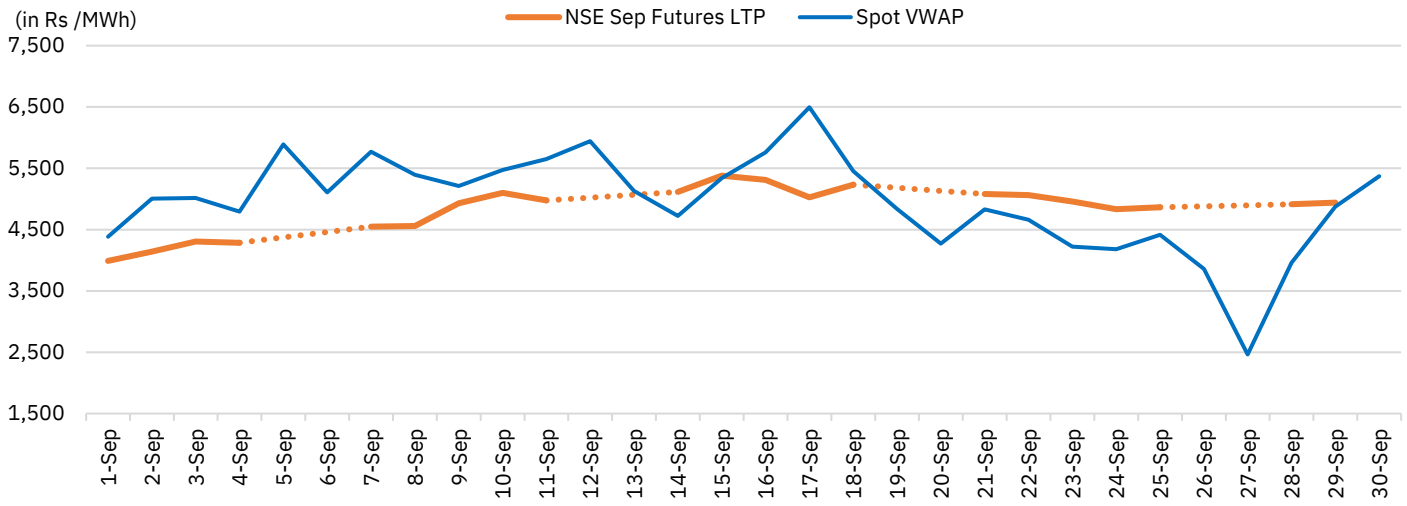
Trading activity remained robust throughout the contract, with the highest single-day trading volume of **5,221 Lots**. Open interest remained stable over the contract, with an average of **208 lots** and reaching a peak of **517 lots** on 8th Sep 2026.

Overall, the Sep 226 contract exhibited stable pricing and closer alignment with movements in the underlying spot market. The combined growth in trading volumes and open interest underscores strengthening market depth and operational robustness of NSE's electricity futures. With ~**48% market share**, the contract's performance further reinforces NSE's role as a transparent and efficient platform for electricity price discovery and risk management in India's evolving electricity derivatives market.

*(1Lot=50MWh)

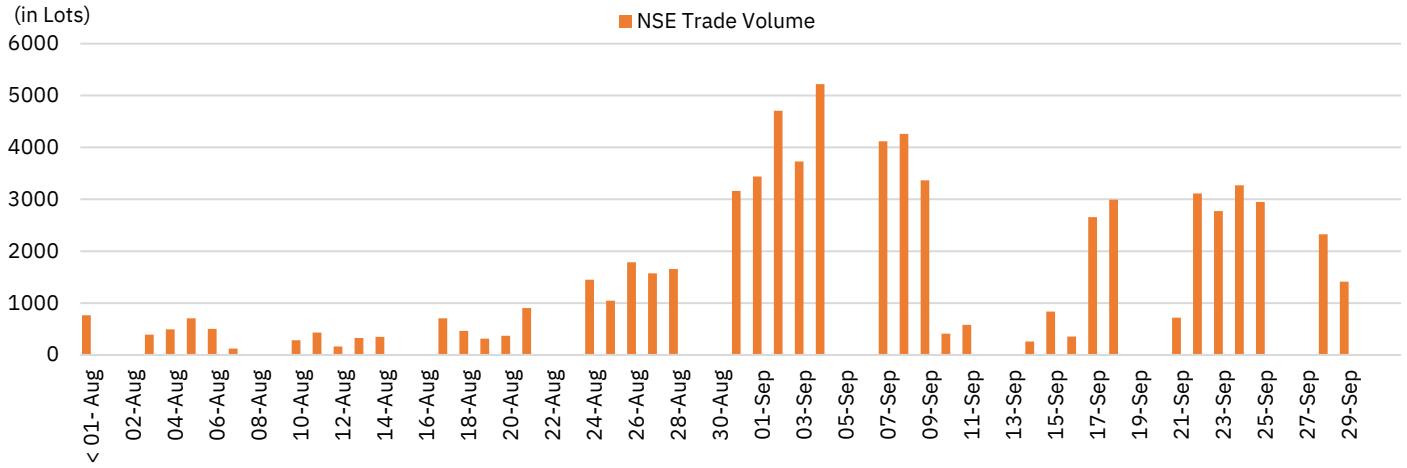
A detailed primer on this newly launched electricity futures product is provided below.

Figure 359: Comparison of Spot VWAP and NSE Electricity Futures LTP – Sep 2026 Contract



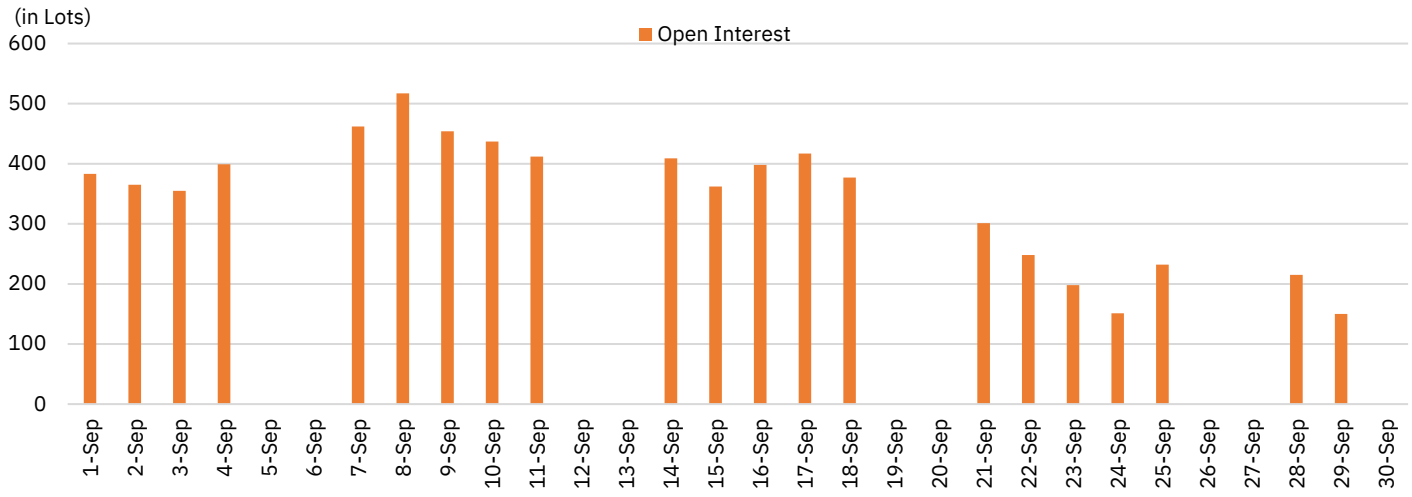
Source: NSE.

Figure 360: NSE Electricity Futures Trade Volume– Sep 2026 Contract



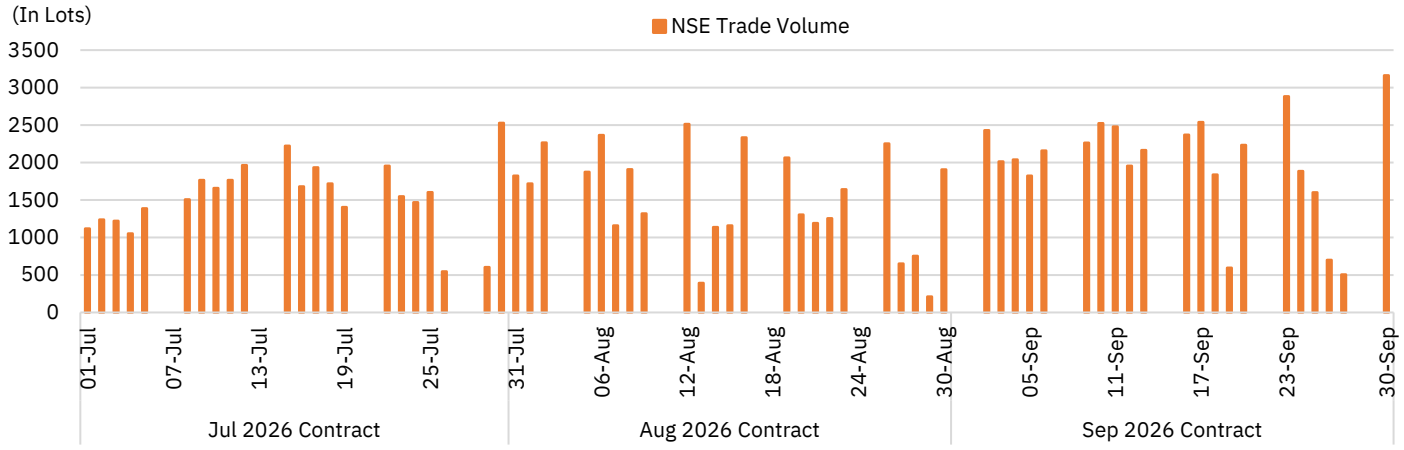
Source: NSE.

Figure 361: Daily Open Interest in NSE Electricity Futures – Sep 2026 Contract



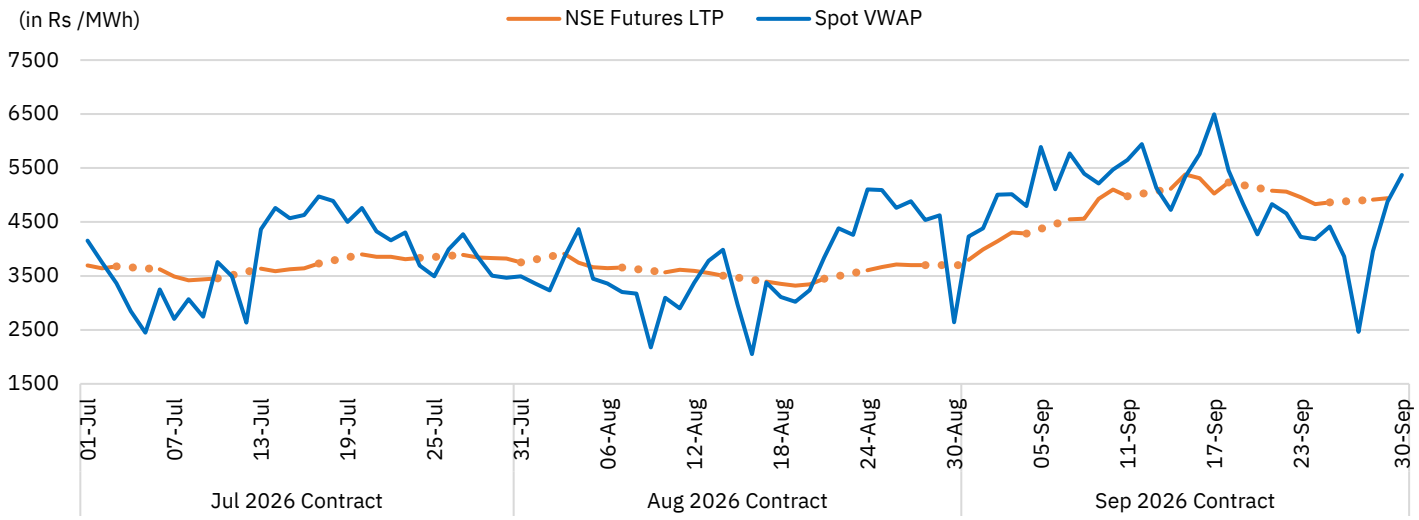
Source: NSE

Figure 362: NSE Electricity Futures Trade Volume (July'26 to September'26 contracts)



Source: NSE.

Figure 363: Comparison of Spot VWAP and NSE Electricity Futures LTP (July'26 to September'26 contracts)



Source: NSE.

Market Trade Metrics: Aug 2025 to Sep 2026

NSE



NSE ELECTRICITY FUTURES (ELECMBL)

MARKET SNAPSHOT

AUG 2025 TO SEP 2026

VOLUME (Lots Traded)

8,71,988

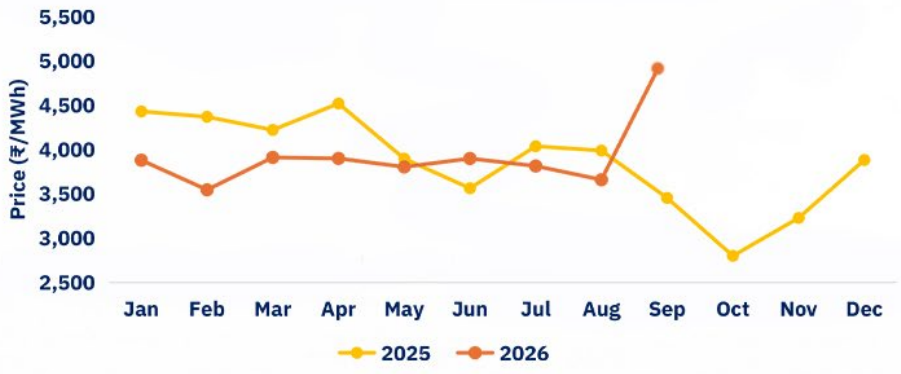
Equivalent to
43,599 MUs

TURNOVER (₹ Crore)

16,864

MARKET SHARE (By Volume) **~64%**

FINAL SETTLEMENT PRICE TREND | 2025 VS 2026



CASH SETTLED | **ROBUST RISK MANAGEMENT** | **HEDGE PRICE VOLATILITY** | **RELIABLE BENCHMARK**

Primer: Electricity Futures Market

Why India needs Electricity Futures?

Electricity is a secondary energy carrier which is produced from primary sources including coal, natural gas, nuclear fuel, hydropower, solar radiation, and wind. What fundamentally distinguishes electricity from conventional commodities is a critical operational constraint: it cannot be economically stored at scale and must be consumed immediately upon generation. This real time equilibrium requirement, combined with transmission through interconnected power grids, demands continuous balancing of supply and demand. Electricity is classified as per voltage levels, frequency stability, generation source and delivery schedules. Given electricity's role as a vital input to economic activity and energy security, specialized trading instruments have been developed including electricity futures, that enable generators, distribution companies, industrial consumers, traders, and investors to manage price risk.

India is the world's 3rd largest producer and consumer of electricity. As of FY26, the nation has a total installed generation capacity of 5,23,740 MW. The Gross Energy Generation in the country for the year 2026-27 has been assessed as 2,040 BU.

Current short term market mechanisms including the Day Ahead Market (DAM), Term Ahead Market (TAM), and Real Time Market (RTM) facilitated trading of only 166 BU during FY26. Spot exchanges like IEX, PXIL, and HPX bear the brunt of price volatility and operational risk. This segment lacks hedging instruments, exposing generators to earnings volatility, DISCOMs to cost uncertainty, and financiers to increased credit risk.

Globally, Electricity Derivatives play an integral role in risk management across mature markets. The European Union's EEX supports annual trading volumes exceeding 12,000 BU, representing more than 4 times the region's physical generation. Similarly, United States electricity derivatives markets exceed 3,000 BU in annual volume, allowing participants to hedge generation fluctuations and transmission constraints.

As India progresses toward achieving a net-zero energy future, renewable energy sources are expected to exceed 50% of the installed capacity by 2030. This structural shift will render power generation increasingly dependent on weather patterns and subject to intermittency constraints. Consequently, financial uncertainty will intensify, particularly for capital intensive projects with long investment horizons.

Given the substantial capital requirements, the absence of financial instruments such as electricity derivatives exposes these investments to significant market risks, encompassing sudden fluctuations in electricity prices, fuel costs, and demand patterns. In this context, electricity futures serve as a critical financial tool that enables market participants to hedge price risk, stabilize cash flows, and formulate informed long term investment decisions amid rising volatility.

What are Electricity Futures?

Electricity futures are standardised, cash-settled financial contracts that allow market participants to lock in electricity prices today for financial settlement at a future date. These instruments are non-deliverable and operate independently of physical transmission logistics.

They function as a financial overlay to the physical market, offering forward price visibility without requiring asset ownership or operational coordination. Their primary value lies in enabling price certainty, improving budgeting accuracy, strengthening risk management, and supporting strategic procurement decisions in an inherently volatile market environment.

Regulatory Clarity: An enabler for Electricity Derivatives in India

A landmark regulatory milestone was achieved in October 2021 when the Supreme Court of India clarified jurisdiction over electricity market instruments. The ruling established that:

- The **Central Electricity Regulatory Commission (CERC)** will oversee contracts involving physical delivery of electricity, and
- The **Securities and Exchange Board of India (SEBI)** will regulate financial derivatives, including electricity futures and options.

This legal clarification resolved longstanding regulatory ambiguity and paved the way for the introduction of structured financial instruments in India's power sector.

Benefits of Electricity Futures

Electricity futures function as a core risk-management tool, enabling generators, DISCOMs, traders, and large Commercial and Industrial consumers to hedge exposure to short-term price volatility. Market participants face uncertainty arising from real-time price fluctuations, demand variability, and grid constraints—risks that cannot be effectively managed without financial hedging instruments. Electricity futures facilitate risk management, enhance market resilience, and contribute to more stable and predictable cash flows.

Stakeholders	Strategic advantages
Generators	• Hedge merchant exposure by locking in forward prices. • Enhance revenue predictability for credit assessments. • Mitigate downside risk from spot price volatility. • Strengthen financial viability for capital raising and refinancing. • Optimize maintenance scheduling and dispatch planning.
Distribution Companies (DISCOMs)	• Fix procurement costs ahead of demand surges. • Reduce reliance on reactive tariff adjustments and fuel cost pass-throughs. • Improve cash flow management and reduce regulatory lag.
Industrial Consumers	• Secure electricity costs ahead of production cycles. • Embed energy cost certainty into pricing and budgeting models. • Shift from reactive to strategic procurement behaviour.
Traders & Market Intermediaries	• Exploit arbitrage opportunities across geographies and time horizons. • Enhance market liquidity and tighten bid-ask spreads. • Contribute to efficient price discovery.
Financial Institutions	• Develop structured products linked to energy markets. • Introduce electricity as a tradable asset class. • Facilitate renewable energy investments via hedging instruments.

Launch of Fundamentals of Electricity Derivatives Certificate Course

Recognizing the rising interest in Electricity Derivatives, NSE has developed a **free, self-paced online course** offering structured and comprehensive insights into this emerging market.

This course is accessible to anyone interested to develop in-depth understanding of the strategic applications of Electricity Derivatives.

Enrol Now for Free

Click the link or scan the QR code provided below to register and access the learning platform: https://nsefutures.wesence.com/

"Electrify your skills, energize your FUTURES"



5.3.9 NSE Dated Brent Futures: Connecting global benchmarks with Indian market needs

Crude oil is one of the most important globally traded commodities, with price movements having a significant bearing on the Indian economy. As a major crude oil importer, India has refiners, oil marketing companies and other physical market participants whose businesses are directly exposed to fluctuations in international crude oil prices. Access to relevant benchmarks and effective risk-management instruments is therefore essential for participants across the Indian oil value chain.

Recognising these needs, the National Stock Exchange of India (NSE) has been expanding its energy derivatives offering beyond WTI Crude Oil and Natural Gas to develop products more closely aligned with the physical market requirements of Indian participants. In this endeavour, NSE has partnered with S&P Global Energy to become the first Indian exchange to launch a derivative contract based on Platts benchmarks.

Launched against Platts Dated Brent, a globally recognised benchmark widely followed in the physical crude oil market, **NSE Dated Brent Crude Oil (Platts) Futures** brings an internationally established price reference to India's exchange-traded derivatives market. Dated Brent plays an important role in physical crude oil pricing, making it particularly relevant for participants whose commercial exposures are linked to Brent-based benchmarks. The contract provides these participants with an exchange-traded instrument to manage price risk while benefiting from a transparent and regulated market framework.

NSE launched Dated Brent Crude Oil (Platts) Futures on April 13, 2026 and the product is already showing encouraging signs of traction. In the latest expiry on 30 October 2026, the contract recorded 56,400 barrels traded and a turnover of ₹57.16 crore, its highest levels since inception. This milestone reflects the growing engagement with the contract and marks an important step in its market development.

As NSE continues to expand its commodity derivatives offerings, the focus remains on building relevant products, deepening market participation and strengthening the connection between India's physical commodity markets and exchange-traded risk-management solutions.

5.3.10 NSE Energy Options: Building depth and driving participation

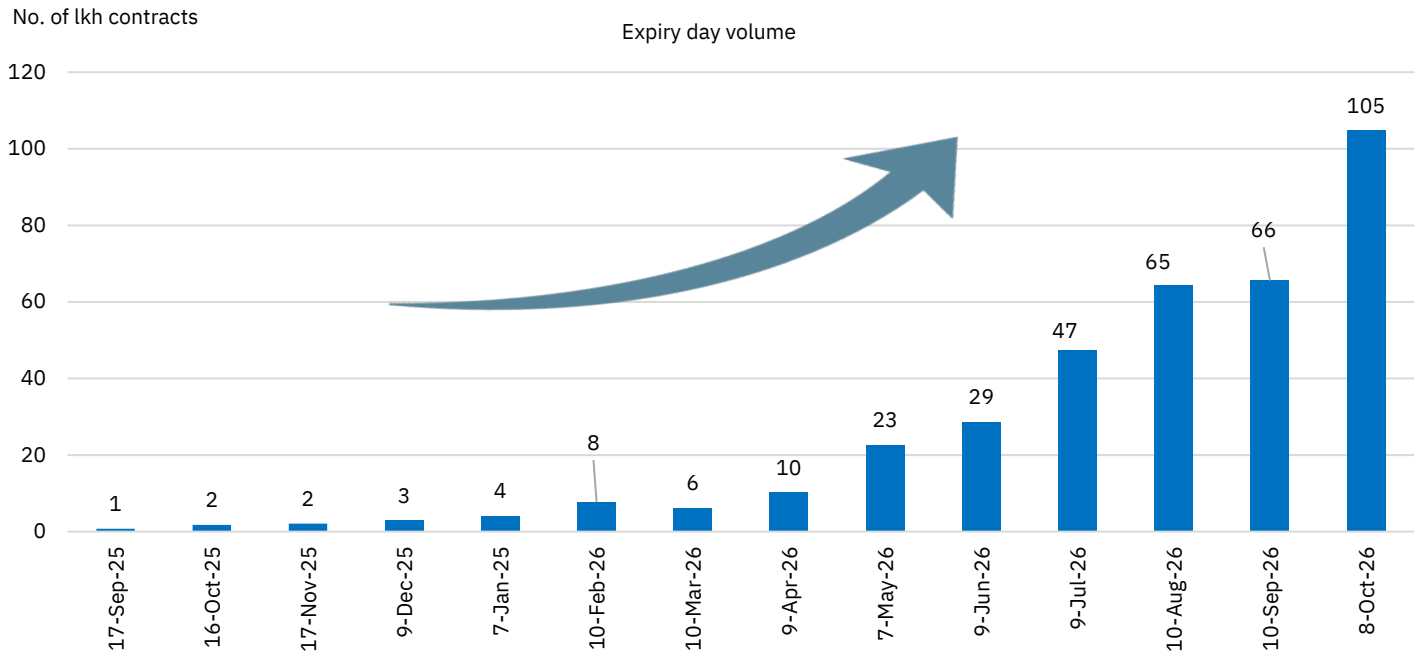
The National Stock Exchange of India (NSE) has steadily expanded its presence across bullion, energy and base metals as part of its broader commodity derivatives strategy. With a focus on understanding the evolving requirements of Indian businesses, NSE continues to develop and refine products that address the risk-management needs of participants across the domestic value chain.

Within this framework, energy has emerged as a key pillar, with NSE Crude Oil Options and NSE Natural Gas Options gaining significant traction.

In December 2025, NSE revised the expiry of WTI Crude Oil Options from two business days to seven business days prior to the expiry of the underlying futures contract. The revised structure was aimed at providing participants with a more efficient trading and hedging opportunities.

During the period from December 2025 to September 2026, NSE Crude Oil Options recorded an average daily traded quantity of approximately **19.86 million barrels**.

Figure 364: Trends in volume on expiry day in NSE crude oil options



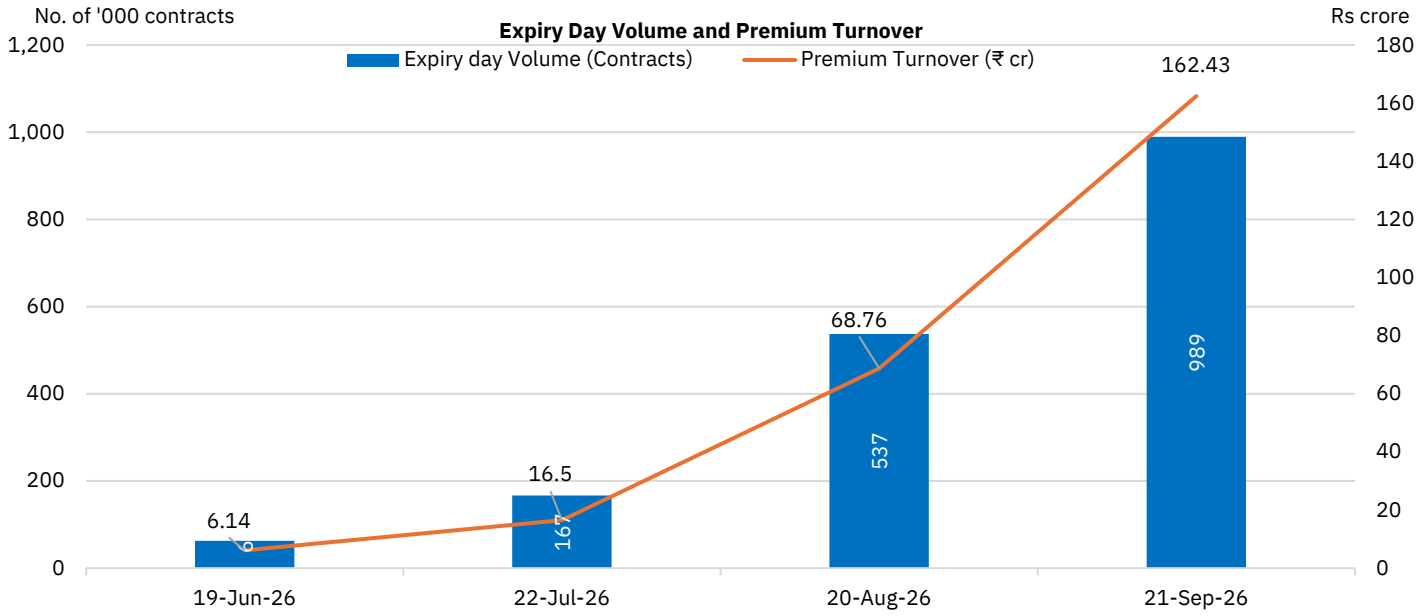
Source: NSE.

In the latest expiry, on 8 October, 2026, the contract recorded **1,04,77,922 contracts** traded, the highest volume since inception. Intraday open interest crossed 1,77,00,000 barrels, while daily premium turnover reached an all-time high of ₹4,003.8 crore. These milestones underscore the growing depth of participation and the increasing engagement of market participants with the contract.

Building on the encouraging response to Crude Oil Options, NSE revised the expiry of Natural Gas Options, effective May 2026, from two business days to four business days prior to the expiry of the underlying futures contract. This change was intended to provide a more suitable expiry window for participants while addressing their evolving trading and risk-management requirements.

NSE Natural Gas Options have also recorded encouraging growth, achieving their highest-ever trading volume and premium turnover on expiry of 21 September 2026. The contract recorded **9,89,351 contracts traded**, with premium turnover of **Rs 162.43 crore**. These milestones highlight the growing interest in the product and the expanding participation in NSE's energy options segment.

Figure 365: Trends in volume and premium turnover on expiry day in NSE natural gas options



Source: NSE.

The progress across both contracts reflects the importance of aligning market infrastructure and product specifications with participant requirements.

Going forward, NSE will continue to focus on strengthening its energy derivatives offerings through product refinement and sustained engagement with market participants. The growing participation in Crude Oil Options and Natural Gas Options marks an important step in this journey, reinforcing NSE's commitment to developing deeper, more accessible and robust commodity derivatives markets in India.

5.3.11 Electronic Gold Receipts: Strengthening India's Exchange-Traded Gold Ecosystem

Introduced under the regulatory framework of the Securities and Exchange Board of India (SEBI), Electronic Gold Receipts (EGRs) are securities representing ownership of physical gold stored in SEBI-accredited vaults. Held in dematerialised form and traded on recognised stock exchanges, EGRs provide a regulated mechanism for participating in the gold market. Each EGR is backed by physical gold, with provisions for conversion between physical gold and electronic receipts.

The National Stock Exchange of India (NSE) commenced trading in the EGR segment in May 2026, marking a significant step towards developing an organised exchange - traded gold market. NSE offers EGR products in 999 and 995 gold purity across six denominations: 10 milligrams, 100 milligrams, 1 gram, 10 grams, 100 grams and 1 kilogram. These offerings cater to retail investors, jewellers, bullion traders and institutional participants, providing flexibility across different investment requirements.

Since its launch, the segment has recorded a gradual increase in trading activity. As per NSE Business Growth data for FY2026-27, up to October 16, 2026, the EGR segment recorded a cumulative traded quantity of over 5,900 EGR units, with a total traded value of approximately Rs 93.30 crore. The segment continues to evolve as NSE undertakes initiatives to broaden participation and strengthen the supporting market infrastructure.

Strengthening the EGR Ecosystem

The development of an efficient EGR market requires an integrated infrastructure covering refining, assaying, vaulting, depository services, trading and physical delivery. To support this ecosystem, NSE has onboarded three refineries - Parker Precious Metals, Augmont Enterprises and Gujrat Gold Centre - under the NSE Refiners Standards (NRS) framework.

Additionally, gold collection centres are progressively being activated across India in coordination with SEBI - approved vault managers, including Sequel Logistics, Brinks India and Malca - Amit JK Logistics. These initiatives aim to improve accessibility for gold deposits, facilitate EGR creation and redemption, and strengthen the link between physical gold and exchange-traded securities.

As part of its efforts to strengthen the EGR ecosystem, NSE empanelled Augmont Gold Tech Private Limited, a subsidiary of Augmont Enterprises Limited, in September 2026. The collaboration aims to facilitate EGR creation and extinguishment, strengthen operational support and encourage participation across the gold value chain.

Enhancing Accessibility and Market Participation

EGRs provide an alternative to physical gold investment by enabling electronic ownership while retaining the option of conversion into physical gold, subject to the applicable regulatory framework. This reduces the need for investors to directly manage physical storage, security and purity verification.

The availability of smaller trading denominations allows investors to participate according to their investment preferences and financial capacity. Exchange-based trading also supports transparent price discovery and provides an organised platform for gold transactions. Wider adoption of EGRs could contribute to improved liquidity, broader participation and greater integration of gold with India's formal financial markets.

Unlocking the Potential of India's Gold Holdings

India's substantial privately held gold reserves present a long-term opportunity for the development of the EGR market. With an estimated 30,000 - 35,000 tonnes of gold held privately in India, EGRs offer a mechanism to bring a portion of these holdings into the regulated financial ecosystem.

By enabling the conversion of eligible physical gold into tradable electronic securities, EGRs provide gold holders with an additional investment avenue while retaining ownership of the underlying gold. Over time, increased adoption could support market liquidity, improve price discovery and facilitate more efficient utilisation of existing gold holdings.

The EGR segment remains at an early stage of development, with significant scope for expansion in trading activity, market participation and supporting infrastructure. NSE continues to focus on wider member participation, expansion of gold collection facilities and initiatives to encourage EGR creation and trading.

Supported by regulatory oversight, market infrastructure and industry participation, EGRs have the potential to become an important component of India's organised gold market, bridging traditional physical gold ownership with the opportunities offered by exchange-traded financial instruments.

6 Contract size matters: Evidence from global exchanges

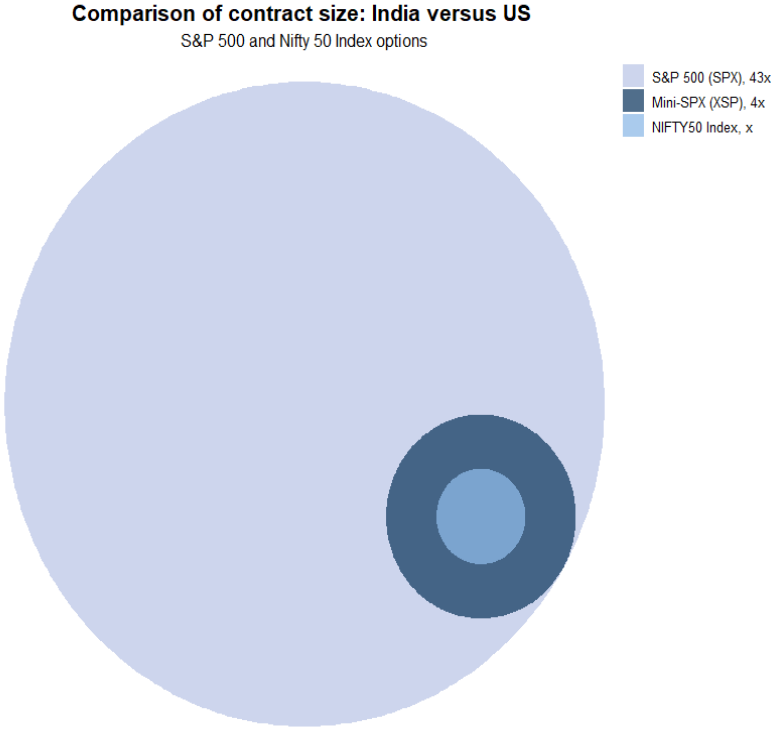
The NSE has remained the top derivatives exchange in the world since 2019 in terms of the number of contracts traded. Despite SEBI's regulation in 2025, 3,696 crore contracts traded across equity and index futures and options in FY26, implying 51.3% of the global total. However, this dominance in contract count also reflects the average contract size compared to markets like the U.S., underscoring the need to distinguish between number of contracts and premium value traded when comparing market scale. In these days of technology-driven trading, a smaller contract size allows more trading activity (in terms of number of contracts) for the same quantum of capital at hand. Large contracts translate into relatively fewer trades, on the other hand. Indian markets trade nearly 4.2 x the US in terms of contracts traded between January-September 2026, but only 19.4% of the value.

Table 110: Comparison of contract size of S&P 500 and Nifty 50 Index options

	S&P 500 (SPX)	Mini-SPX (XSP)	Nifty 50 Index
Contract size	100	10	75
Index closing (As of September 30th, 2026)	7,652	7,652	22,620
Notional value*	$765,154	$76,515	$17,849

Source: CBOE, NSE. * Calculated as Index level * contract size.

Figure 366: Comparison of contract size of S&P 500 and Nifty 50 Index options



Source: CBOE, NSE.

Figure 367: Total options turnover: India vs. US

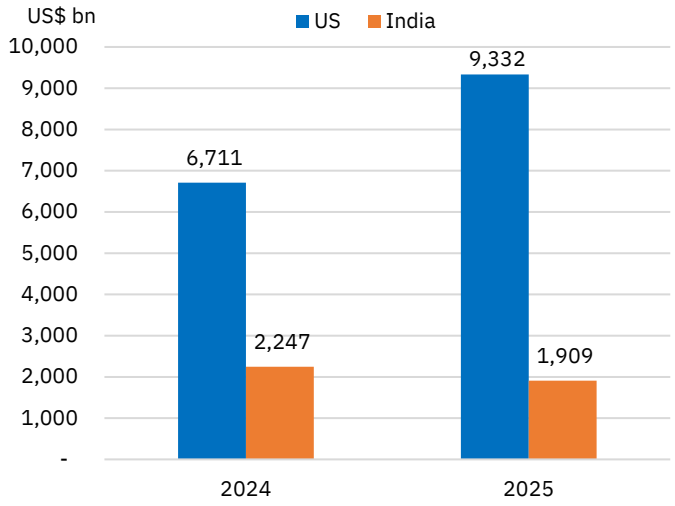
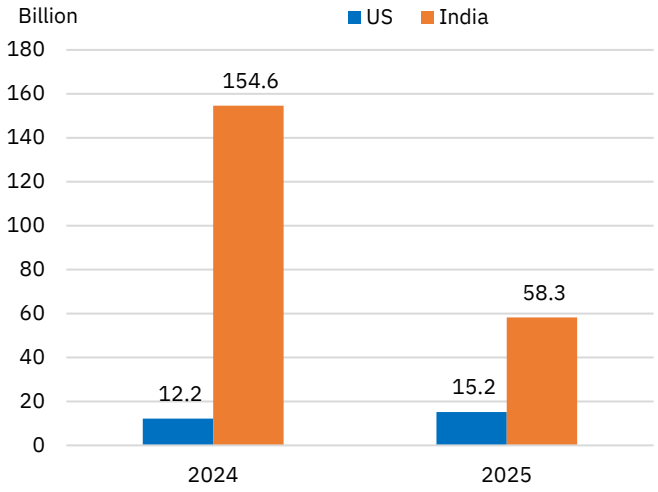


Figure 368: Total options contracts traded: India vs. US



Source: OCC, NSE, BSE.

Figure 369: Monthly trends in total options turnover: India vs. US

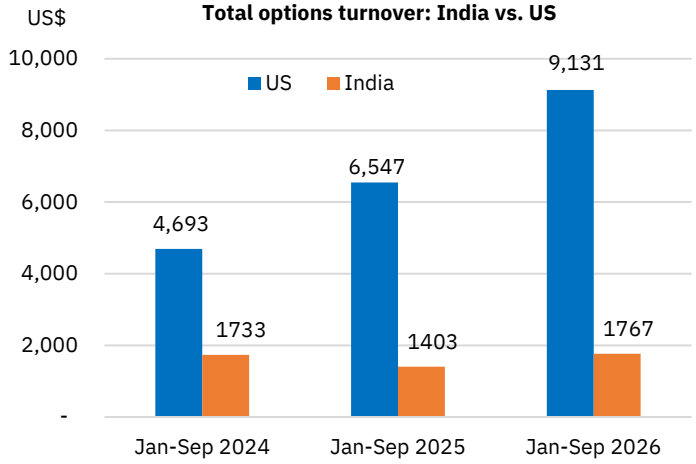
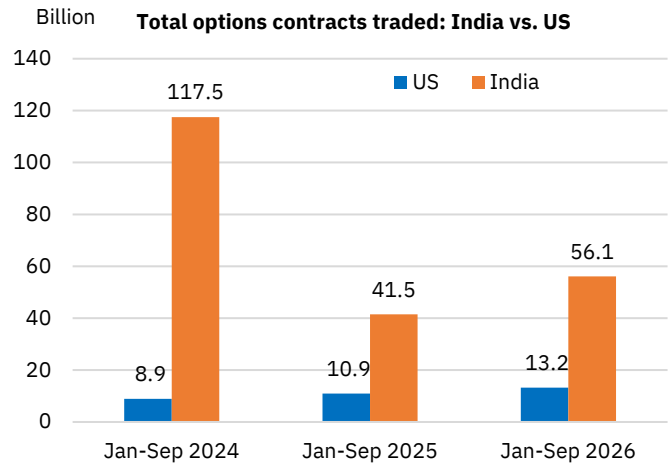


Figure 370: Monthly trends in total options contracts traded: India vs. US



Source: OCC, NSE, BSE.

US vs. India

The trading activity of an equity derivatives contract is influenced by its value. The extent to which this matter becomes clear when comparing the Indian markets with those in the US, the world's largest equity derivatives market by far. Unlike India's exchange-traded derivatives (futures and options on stocks and indexes), the US markets are far more complex, spanning 18 exchanges, off-exchange venues, and a broader range of derivatives, i.e., futures and options, not just on stocks and indexes, but also on index futures.

Notwithstanding the increase in 2025, the Nifty 50's option contract value remains puny compared to the contract value of S&P index option contracts. As of September 30th, 2026, a single lot of the S&P 500 (SPX) index option had a notional value of around ~US$765,154. Even the mini-SPX contracts—sized at one-tenth—carry a notional value of US$76,515. That makes one US SPX contract over 43 times larger than a Nifty contract in value terms, and even a mini-SPX contract close to four times larger. So, while India leads in the count of contracts, it lags significantly behind the US in terms of total value traded.

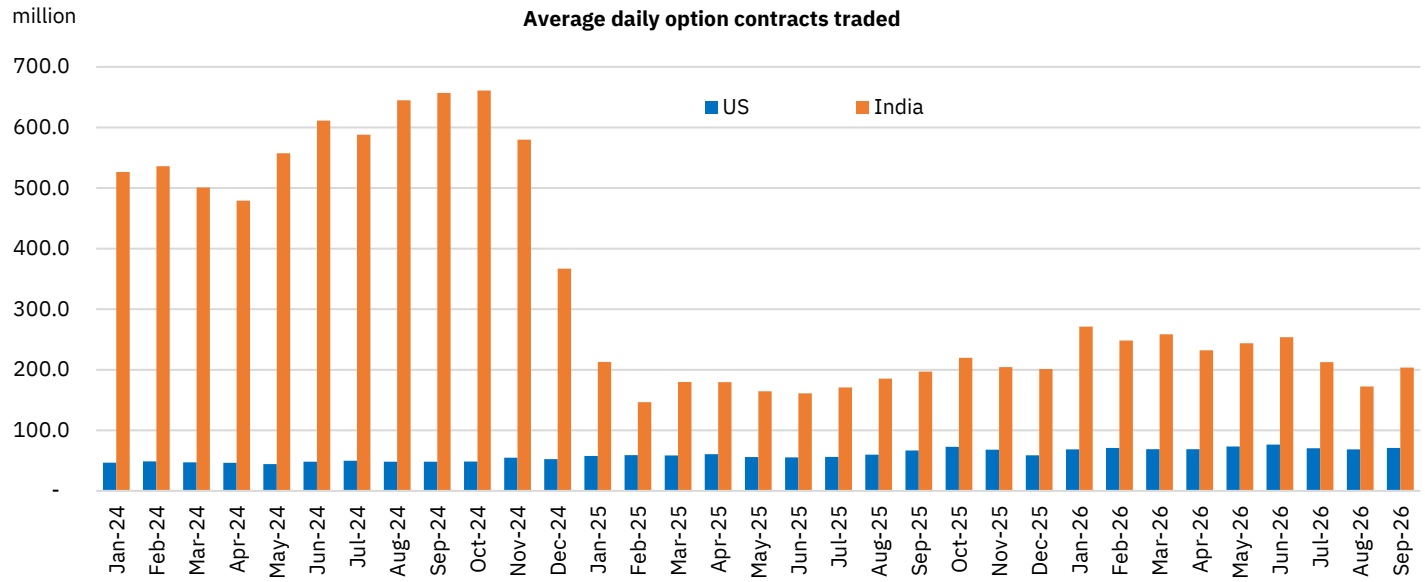
India's options market is a fraction of the US market in terms of premium turnover: Between Jan-September 2026, Indian exchanges (NSE, BSE) trade over 4.2x that of the exchange-traded options in the US, i.e., options with underlying as stocks, indexes and ETFs (cleared on Options Clearing Corporation). In terms of premium turnover, however, Indian options market was close to 19.4% of the US options premium turnover. It is to be noted that this comparison relates only to exchange-traded, centrally settled (On OCC) futures and options on stocks, indexes and ETFs alone, and does not include said derivatives on index futures (at CME), that represent an additional ~25% of trading activity.

Table 111: Exchange-wise options volume and premium traded in the US during Jan-Sep 2026

Exchanges	Total Premium turnover during Jan-Sep 2026 (USbn)				Total contracts traded during Jan-Sep 2026 (m)			
	Equity	Index	ETF	Total	Equity	Index	ETF	Total
AMEX	381	0	180	561	592	0	691	1,283
ARCA	484	0	143	628	791	0	443	1,234
BATS	164	2	47	214	296	1	178	475
BOX	454	-	99	553	422	-	279	701
C2	77	6	34	118	168	3	148	319
CBOE	550	3,136	447	4,133	759	1,143	624	2,525
EDGX	126	-	66	192	306	-	329	635
EMLD	108	-	41	149	216	-	161	377
GEM	58	4	50	112	157	0	248	405
ISE	283	60	95	439	425	10	349	784
MCRY	80	-	49	129	196	-	276	472
MEMX	116	-	39	154	257	-	202	460
MIAX	268	-	113	380	495	-	498	993
MPRL	54	-	26	80	139	-	135	274
NOBO	21	-	11	32	64	-	91	155
NSDQ	77	-	30	107	180	-	151	331
PHLX	734	79	164	976	900	10	468	1,378
SPHR	122	-	52	173	221	-	201	422
MXTO	1	-	0	1	1	-	0	2
US total	**4,157**	**3,289**	**1,686**	**9,131**	**6,586**	**1,166**	**5,474**	**13,226**
India	156	1,611	-	1,767	1,388	54,723	-	56,110
India vs.US	4%	49%		19%	21%	4691%		424%

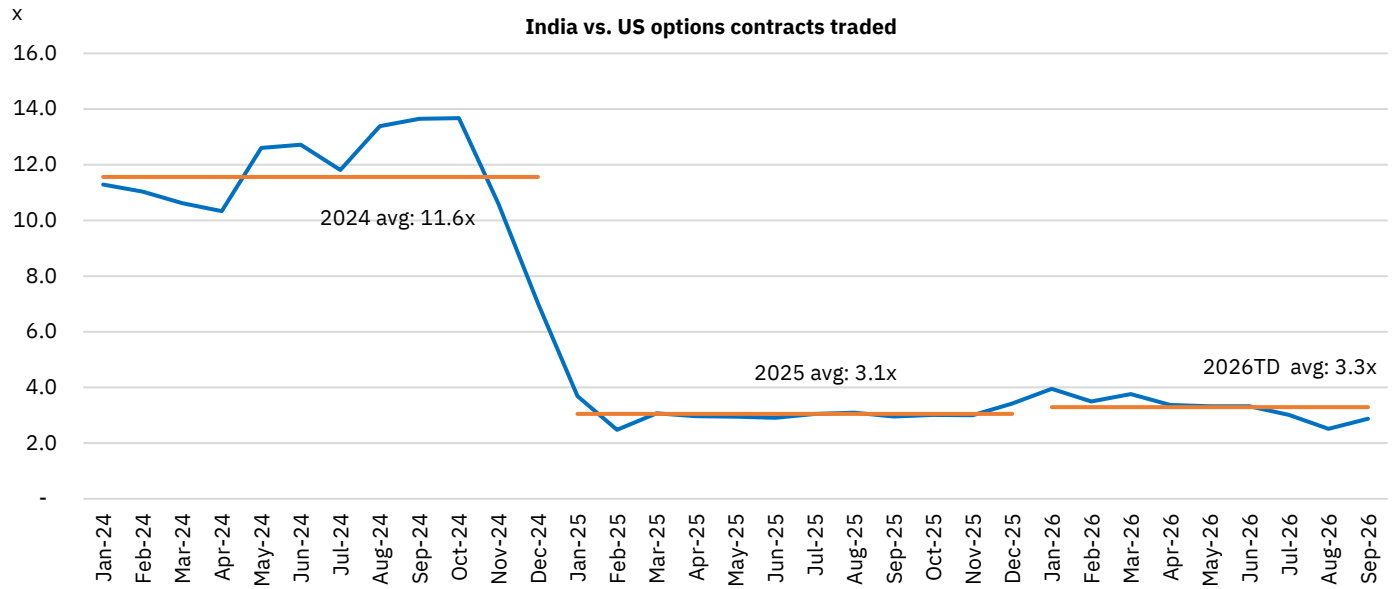
Source: OCC, NSE, BSE.

Figure 371: Monthly trend of average daily options contracts traded in the US and India



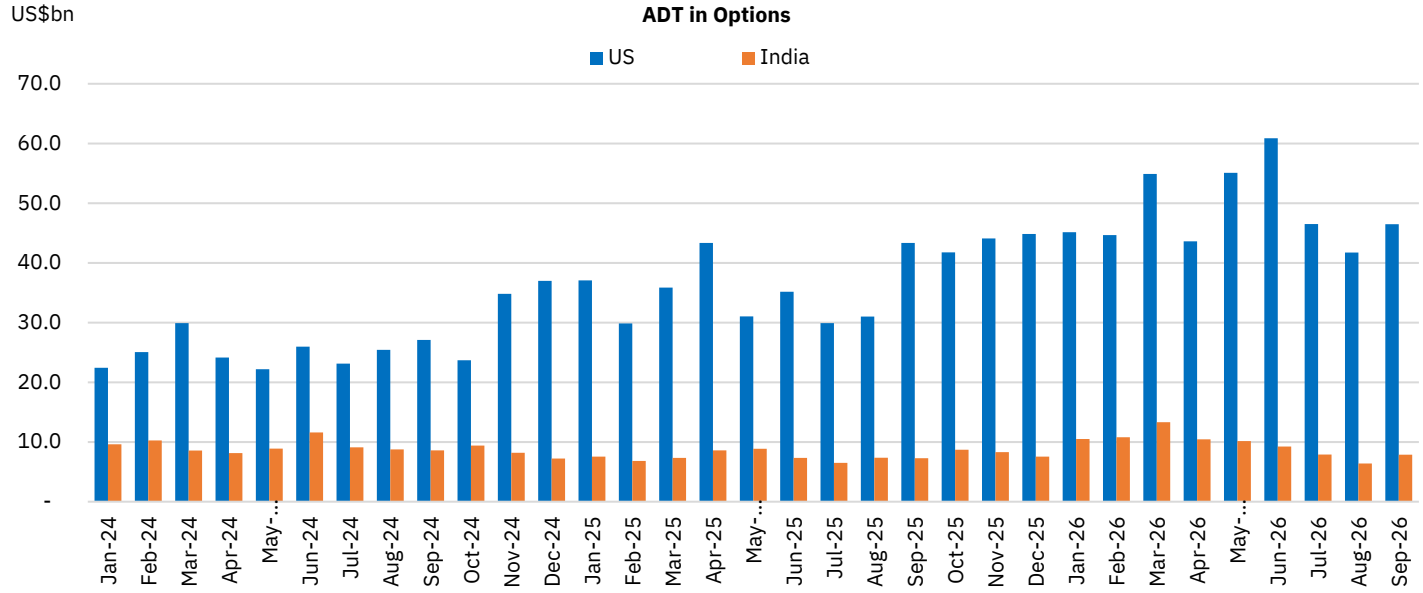
Source: OCC, NSE, BSE.

Figure 372: Monthly trend of the ratio of India and US options contracts traded



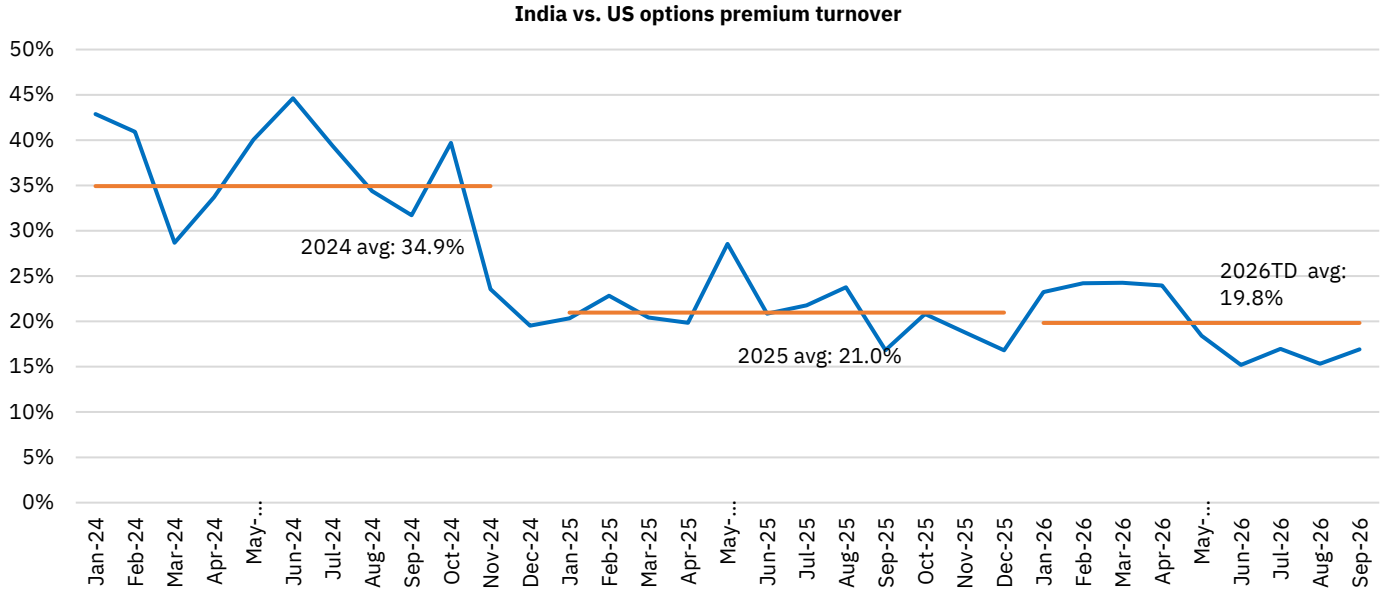
Source: OCC, NSE, BSE.

Figure 373: Monthly trend of average daily options premium turnover in the US and India



Source: OCC, NSE, BSE. Turnover is across exchanges (as available) in the two countries.

Figure 374: Monthly trend of the ratio of India and US options premium turnover



Source: OCC, NSE, BSE. Turnover is across exchanges (as available) in the two countries

7 Annual macro snapshot

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
National income								
GDP (Current) (Rs lakh crore)	189	201	198.5	236	261.2	289.8	318.1	346.4
GDP (Current) Growth (%)	10.6	6.4	-1.2	18.9	14	11.0	9.7	8.9
GDP (Constant) Growth (%)	6.5	3.9	-5.8	9.7	7.6	7.2	7.1	7.7
GVA (Constant) Growth (%)	5.8	3.9	-4.2	9.4	7.2	7.2	7.3	7.9
Agriculture growth (%)	2.1	6.2	4	4.6	6.3	2.6	4.2	3.0
Industry growth (%)	5.3	-1.4	-0.4	12.2	2.5	10.9	8.3	8.5
Services growth (%)	7.2	6.4	-8.4	9.2	10.3	7.0	7.9	9.3
Per Capita GDP (Curr) (Rs)	1,44,620	1,52,504	1,48,586	1,72,422	1,88,862	2,07,699	2,25,896	2,43,180
Prices								
CPI Inflation (%)	3.4	4.8	6.2	5.5	6.6	5.4	4.6	2.1
WPI inflation (%)	-	-	-	-	-	-	1.7	0.4
Money, banking & interest rates								
Money supply (M3) growth (%)	10.5	8.9	12.2	8.8	9	11.1	9.7	15.3
Aggregate deposit growth (%)	10	7.9	11.4	8.9	9.6	13.5	10.3	16.2
Bank credit growth (%)	13.3	6.1	5.6	8.6	15	20.2	11	17.1
Non-food credit growth (%)	13.4	6.1	5.5	8.7	15.4	20.2	11	16.9
Cash Reserve Ratio (%, eop)	4	4	3	4	4.5	4.5	4	3
Bank Rate (%, eop)	6.5	4.65	4.25	4.25	6.75	6.75	6.5	5.5
Public Finance								
GOI rev. receipts growth (%)	8.2	8.5	-3	32.8	9.8	14.5	11.3	8.7
Gross tax receipts growth (%)	8.4	-3.4	0.9	33.7	12.7	13.5	9.5	6.0
GOI Expenditure growth (%)	8.1	16	30.7	8.1	10.5	6	4.7	5.4
Subsidies growth (%)	-0.7	17.7	189	-33.5	14.7	-24.7	-2.8	7.4
Interest expense growth (%)	10.2	5.1	11.1	18.5	15.3	14.6	4.9	11.4
External transactions								
Exports growth (%)	8.8	-5.2	-7.1	45.1	6.7	-3	0.1	0.9
POL exports growth (%)	24.5	-11.6	-37.6	162.8	43.9	-13.5	-24.8	-15.1
Non-POL exports (%)	6.6	-4.1	-2.5	33.7	-0.4	-0.1	6.1	3.6
Imports growth (%)	10.5	-7.8	-17.1	56.2	16.3	-5.7	6.2	7.5
Non-POL imports growth (%)	4.6	-7.9	-9.6	45.4	12.1	-1.3	7	12.2
POL imports growth (%)	29.9	-7.5	-36.9	96.7	29.1	-14.6	3.9	-6.4
Net FDI (US$bn)	30.7	43	44	38.6	28	10.2	0.1	-6.9
Net FPI (US$bn)	-2.4	1.4	36.1	-16.8	-5.2	44.1	3.6	-16.4
Trade Balance: RBI – (US$bn)	-180.3	-157.5	-102.2	-189.5	-265.3	-244.9	-287.0	-337.3
Current Acc. Balance (US$bn)	-57.2	-24.6	24	-38.8	-67.1	-26.1	-23.1	-25.4
Forex Reserves (US$bn)	411.9	475.6	579.3	617.6	578.4	645.6	665.4	688
Exchange rate (USDINR)	69.9	70.9	74.2	74.5	80.4	82.8	84.5	88.3

Source: CMIE Economic Outlook, NSE; Notes: 1) The data in case of national income has been based on the revised/new methodology for the period FY23-FY26. 2) CPI and WPI inflation as per new base year. 3) Money supply (M3) growth (%) for FY26 is M3 (Broad money) including HDFC merger.

8 Glossary

Indicators	Definition
General	
Compounded Annual Growth Rate (CAGR)	*Average annual rate of return on an investment over a specified time period, assuming the profits are reinvested each year.*
Fiscal Year (FY)	The 12-month period from April 1 to March 31 of the following year, used by Indian government and businesses for financial reporting and budgeting.
Month to Date (MTD)	The period from the beginning of the current month up to the current date, used to measure performance or track data over the partial month so far.
Month-over-Month (MoM)	A comparison of data from one month to the previous month.
Year to Date (YTD)	The period from the beginning of the current calendar or fiscal year up to the present date, used to assess performance or analyse data for the year in progress.
Year-over-Year (YoY)	A comparison of data from one year to the previous year.
Macro	
Balance of Payments (BOP)	A comprehensive record of a country's economic transactions with the rest of the world, including trade, investment, and financial transfers.
Capital Expenditure (Capex)	The amount of money used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, or equipment over a specific period. It is essential for business operations and growth.
Capital Account	A component of the balance of payments that records all transactions involving the purchase and sale of assets, including foreign investments and loans.
Consumer Price Index (CPI)	A measure of average change in prices paid by consumers for a basket of goods and services over time.
Crowding Out	A situation where increased government spending leads to a reduction in private sector investment, often due to higher interest rates resulting from increased borrowing.
Current Account Deficit	A situation where a country's total imports of goods, services, and transfers exceed its total exports, indicating a net outflow of domestic currency to foreign markets.
Deflation	A decrease in the general price level of goods and services, often associated with a reduction in the supply of money or credit.
Economic Cycle	Natural fluctuation of the economy between periods of expansion (growth) and contraction (recession), typically measured by changes in GDP growth.
Exchange Rate	The value of one currency for the purpose of conversion to another, which affects international trade and investment flows.
Fiscal Deficit	The financial situation when a government's total expenditure exceeds its total revenues, excluding money from borrowings.
Fiscal Policy	The use of government spending and taxation to influence the economy with an aim to manage economic fluctuations and promote economic growth.
Foreign Direct Investment (FDI)	Investment made by a company or individual in business interests in another country, typically through establishing business operations or acquiring assets. It indicates a long-term interest in the foreign economy.
Gross Domestic Product (GDP)	The total monetary value of all finished goods and services produced within a country's borders in a specific time-period. It is a comprehensive measure of a nation's overall economic activity and health.
Gross Value Added (GVA)	The monetary value of goods and services produced by an economy after subtracting the cost of intermediate goods and services used.
Index of Industrial Production (IIP)	A measure of change in the production of a basket of industrial products during a given period with respect to that in a chosen base period.
Monetary Policy	The process by which a central bank manages the money supply and interest rates to achieve macroeconomic objectives such as controlling inflation, consumption, growth, and liquidity.
Monetary Stance	The central bank's position on monetary policy, typically classified as hawkish (favouring higher rates to control inflation), dovish (preferring lower rates), neutral (balanced approach), or accommodative (expanding money supply to boost growth).
Nominal Effective Exchange Rate (NEER)	An unadjusted weighted average rate at which a country's currency is exchanged for a basket of multiple foreign currencies.
Policy Rates	Interest rates set by central banks to influence monetary policy, affecting costs, inflation, and overall economic activity.
Public Debt	The total amount of money that a government owes to creditors, resulting from borrowing to finance budget deficits and other expenditure.

Real Effective Exchange Rate (REER)	A measure of the value of a country's currency against a basket of other currencies, adjusted for inflation, reflecting its competitiveness in international trade.
Trade Balance	Difference between a country's total value of exports and total value of imports over a specific period.
Wholesale Price Index (WPI)	A measure of average change in prices of goods at the wholesale level before retail sale over time.
Markets	
Algorithmic (Algo) Trading	A trading strategy based on computer programming, where orders are placed automatically based on pre-defined sets of conditions and algorithms, often used for high-frequency trading.
Average Daily Turnover (ADT)	Average value of securities traded on the exchange each day, indicating the liquidity and activity level of the market over a specific period.
Average Trade Size	Average monetary value of individual trades executed on an exchange, calculated by dividing the total traded value by the number of trades over a specific period.
Bonds	Debt securities where investors lend money to an entity (typically a corporation or government) for a defined period at a variable or fixed interest rate.
Cash Market (CM)	A marketplace where financial instruments, such as stocks and bonds, are bought and sold for immediate delivery and payment.
Colocation (Colo) Trading	The practice of positioning trading servers near exchange servers to minimize data transmission delays and optimize trade execution speed.
Credit Rating	An assessment of the creditworthiness of an individual, corporation, or government, evaluating their ability to repay borrowed funds.
Derivatives	Financial instruments whose value is derived from an underlying asset, such as stocks, bonds, and commodities, among others.
Direct Market Access (DMA)	A facility allowing investors to directly access exchange trading systems through their broker's infrastructure without manual intervention.
Domestic Institutional Investors (DII)	Financial institutions based within a country that invest in that country's financial markets, including mutual funds, insurance companies, and pension funds.
Equity Derivatives	Financial instruments whose value is derived from the value of an underlying equity securities, such as stock.
Equity Futures	Financial contracts obligating parties to buy or sell the underlying asset at a predetermined price on a specified future date.
Equity Options	Financial contracts give the holder the right, but not obligation, to buy (call) or sell (put) a specific quantity of stocks at a predetermined price within a set timeframe.
Follow-on Public Offering (FPO)	A process through which a company that is already publicly traded issues additional shares to raise more capital, allowing existing shareholders to sell their shares as well.
Foreign Portfolio Investment (FPI)	Investments made by foreign investors in financial assets in another country, primarily in stocks and bonds, without acquiring significant control or influence over the companies.
Index Options	Contracts that give the buyer the right but not the obligation to buy or sell a specified quantity of a stock market index at a predetermined price on a specified expiration date.
Initial Public Offering (IPO)	Process through which a private company offers its shares to the public for the first time, allowing it to raise capital, and/or provide an exit opportunity for existing investors.
Institutional Investors	Organisations that pool and invest large sums of money on behalf of others, such as pension funds, mutual funds, and insurance companies.
Internet Based Trading (IBT)	A process of buying and selling financial securities through online platforms, enabling direct trading of various financial instruments via the internet without traditional brokers.
Liquidity	The ease with which an asset can be quickly bought or sold in the market without affecting its price, indicating how quickly an asset can be converted into cash.
Market Capitalisation	Total market value of a company's outstanding shares, calculated by multiplying the current share price by the total number of outstanding shares.
Market Capitalisation of Listed Entitites	Market Capitalisation of Listed Entities on NSE represents the aggregate market value of all equity shares traded on NSE and units of Listed REITs and InvITs traded on NSE as on the last trading day of the relevant period/year.
Market Maker	A financial intermediary that provides liquidity by continuously quoting buy and sell prices for specific securities, facilitating smooth trading in financial markets.
Market Volatility	The degree of variation in the price of a financial asset or market over time.
Mutual Funds	An investment vehicle that pools money from multiple investors to buy a diversified portfolio of stocks, bonds, or other securities.
Nifty50 Index	A benchmark Indian stock market index representing the weighted average of 50 of the largest Indian companies listed on the National Stock Exchange.
Offer for Sale (OFS)	A method through which existing shareholders, typically promoters or large stakeholders, sell their shares to the public or institutional investors.

Option Premium	Price paid by an investor to purchase an option contract, comprising both its intrinsic value and time value.
Preferential Allotments	The issuance of shares or securities to specific investors, usually at a predetermined price, to raise funds for a company while bypassing public offerings.
Price-to-Book Value (P/B)	A ratio comparing a company's market capitalisation to its book value, indicating how much investors are willing to pay for each unit of net assets.
Price-to-Earnings (P/E)	A ratio comparing a company's current share price to its Earnings per Share (EPS), indicating how much investors are willing to pay for each unit of earnings.
Qualified Institutional Buyers (QIB)	Institutional investors that meet certain criteria set by regulators, allowing them to invest in unregistered securities and participate in private placements.
Retail Individual Investors	Non-professional, individual investors who buy and sell securities, such as stocks and bonds, primarily for personal investment purposes rather than for institutional or commercial reasons.
Rights Issue	An offer to existing shareholders to purchase additional shares at a discounted price, typically to raise capital for the company.
Smart Order Routing (SOR)	A technology that automatically directs trade orders to the most favorable venues, optimizing execution by considering factors such as price, speed, and liquidity.
Turnover	The total value of all transactions (buying and selling) that occur within a specific period, reflecting the volume of trading activity on the exchange.
Unique Client Code (UCC)	Unique identification code is allocated to each client by a stockbroker for the purpose of trading in the securities market.
Unique Registered Investors	The total number of distinct investors registered with an exchange based on their Permanent Account Number (PAN).
Valuation	The process of determining the current worth or fair market value of an asset, company, or investment.
World Federation of Exchanges (WFE)	A global trade association representing publicly regulated stock, futures, and options exchanges, as well as central counterparties, fostering collaboration and standardization in the financial markets industry.
Electricity Futures	
Electricity Futures Lot size	50 Megawatt Hours (MWh)
Day Ahead Market (DAM)	A segment of the Electricity Spot Market where participants trade electricity for delivery on the following day.
Green Day Ahead Market (GDAM)	A segment within Electricity Spot Market for trading renewable electricity (Solar, Non-Solar, Hydro) for next-day delivery.
High Price Day Ahead Market (HPDAM)	The High Price Day Ahead Market is designed for high-cost generation sources to trade electricity for next-day delivery.
Electricity Spot Market	Short-term physical trading platform where electricity is bought and sold for next-day delivery. It includes market segments such as DAM, GDAM and HPDAM.
Spot VWAP	Benchmark price for electricity futures contracts.
Electricity Futures	Electricity futures are standardized, cash-settled derivative contracts that enable market participants to lock in a price today for electricity to be financially settled at a future date.

Note: This glossary provides concise definitions for key Economic and Financial terms. While these definitions aim to capture the essence of each concept, many of these terms have nuanced meanings that may vary slightly depending on context or specific applications in Economics, or Financial market analysis. For more comprehensive understanding, readers are encouraged to consult specialized literature or seek advice from domain experts. It's important to note that this glossary may not be exhaustive or holistic in its current form. We aim to expand and refine these definitions in future editions to provide a more comprehensive resource.

Our reports on the economy and markets since January 2023

Sr. No.	Date	Report
1	05-Oct-26	RBI Monetary Policy: Beginning of a shallow tightening cycle
2	11-Sep-26	Market Pulse September 2026: Taking the long view: Markets, ownership and trade
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