

STATE GOVERNMENT FINANCES- Weekly SGS

Weighted average cut-off of SGS rose by further 4 bps to 7.68% today, in large sized auction amidst inverted yield curve

JANUARY 31, 2023



13 states raised Rs. 258 billion in today's auction, ~9% higher than the year-ago level while being ~19% below the indicated amount

Weighted average cut-off of SGS rose by 4 bps to 7.68% today

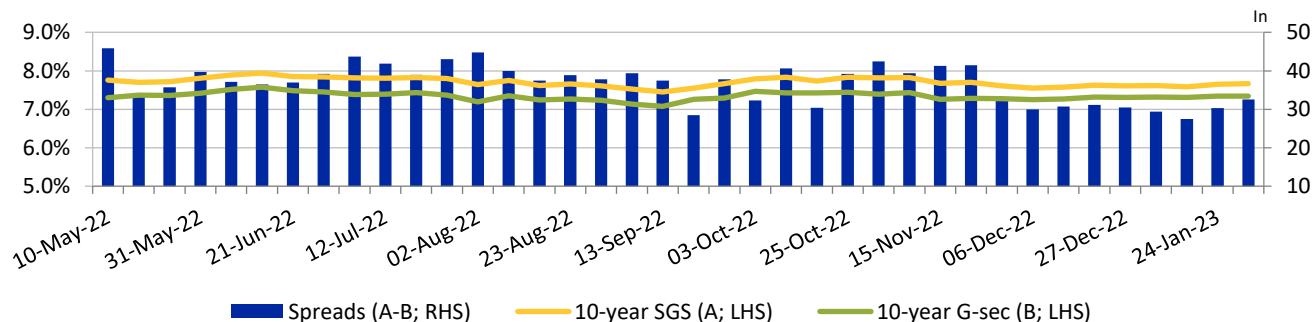
Spread between cut-off of 10-year SGS and G-sec yield rose to 33 bps today from 30 bps last week

In the second-highest auction so far in FY2023, 13 states raised Rs. 258 billion through state government securities (SGS) on January 31, 2023, ~9% higher on a year-on-year (YoY) basis. However, this was ~19% lower than indicated for this week in the Q4 FY2023 auction calendar. The weighted average cut-off of the SGS rose by a further 4 bps to 7.68% today from 7.64% in the last auction; while the weighted average tenor rose to 15 years from 13 years during the same period, the yield curve was inverted at the longer end. The spread between the 10-year SGS and G-sec yield rose to 33 bps today from 30 bps last week.

Exhibit: SGS issuances during FY2023 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of January 31, 2023	319	263	258	5,351
Week of January 24, 2022	303	247	237	5,458
Growth	5.0%	6.3%	8.9%	-2.0%

Exhibit: Spread between weighted average cut-off of 10-year State and Gol G-sec





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