

STATE GOVERNMENT FINANCES- Weekly SGS

**Weighted average cut-off of SGS rises by
7 bps to 7.74% in largest-ever auction**

MARCH 21, 2023



11 states and 1 UT raised Rs. 358 billion in today's auction, ~15% above the indicated amount and 66% higher than the year-ago level

Weighted average cut-off of SGS rose by 6 bps to 7.74% today

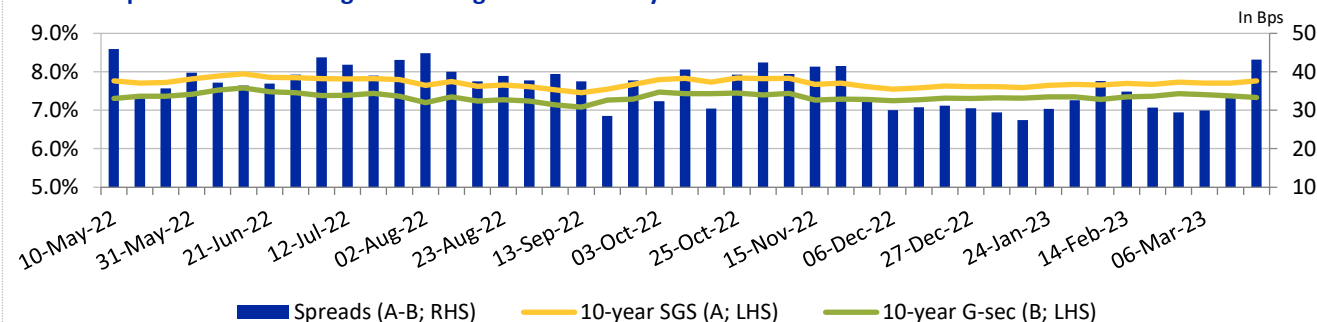
Spread between cut-off of 10-year SGS and G-sec yield widened to 43 bps today from 34 bps last week

In the largest ever state government securities (SGS) auction so far, 11 states and one Union Territory (UT) raised Rs. 358 billion through SGS on March 21, 2023, ~15% higher than the amount indicated for this week in the Q4 FY2023 auction calendar. Additionally, today's borrowing was 1.7x the year-ago level. The weighted average cut-off of the SGS rose by 6 bps to 7.74% today from 7.68% in the last auction, despite the weighted average tenor declining mildly to 14 years from 15 years during this period. Moreover, the spread between the 10-year SGS and (7.26 GS 2033) yield widened to 43 bps today from 34 bps last week.

Exhibit: SGS issuances during FY2023 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of March 21, 2023	312	401	358	7,172
Week of March 22, 2022	228	241	216	6,708
Growth	36.8%	66.6%	66.0%	6.9%

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





ICRA

Analytical Contact Details



Aditi Nayar

*Chief Economist
Head – Research & Outreach*

Neetika Shridhar

Assistant Vice President

Jaspreet Kaur

Analyst



aditin@icraindia.com

neetika.shridhar@icraindia.com

jaspreet.kaur@icraindia.com



0124- 4545 385

0124 – 4545 305

0124 – 4545 853





ICRA

Business Development/Media Contact Details



L. Shivakumar

Executive Vice-President

Jayanta Chatterjee

Executive Vice-President

Naznin Prodhani

Head Media & Communications



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





© Copyright, 2023 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!