

STATE GOVERNMENT FINANCES- Weekly SGS

**Four states account for two-thirds of
lower-than-indicated SGS issuance in Q1
FY2024 so far**

MAY 16, 2023



5 states raised Rs. 85 billion in today's auction, ~26% lower than the indicated amount

Weighted average cut-off of SGS declined by 6 bps to 7.32% today

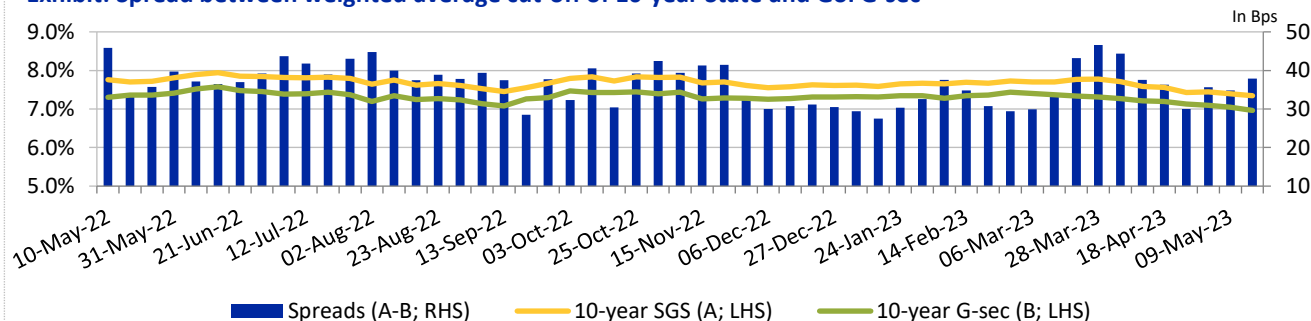
Spread between cut-off of 10-year SGS and G-sec yield rose to 38 bps today from 35 bps last week

Five state governments together raised Rs. 85 billion through state government securities (SGS) in the auction held on May 16, 2023, ~26% lower than the amount indicated for this week in the Q1 FY2024 auction calendar. The weighted average cut-off of the SGS declined by 6 bps to 7.32% today from 7.38% in the last auction, even as the weighted average tenor increased to 15 years from 12 years during the same period. The spread between the 10-year SGS and 10-year Government of India security (G-sec; 7.26 GS 2033) yield rose to 38 bps today from 35 bps last week.

Exhibit: SGS issuances during FY2024 (so far)

| Amount in Rs. Billion | Indicated | Notified | Raised | Cumulative till this week |
|-----------------------|-----------|----------|--------|---------------------------|
| Week of May 16, 2023 | 115 | 85 | 85 | 557 |
| Week of May 17, 2022 | 171 | 85 | 85 | 309 |
| Growth | -32.7% | 0.0% | 0.0% | 80.3% |

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





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