

STATE GOVERNMENT FINANCES- Weekly SGS

Weighted average cut-off SGS eased by 3 bps to 7.32% today despite sharply higher than indicated borrowing

JUNE 6, 2023



11 states and 1 UT raised Rs. 173 billion in today's auction, a sharp ~47% higher than the indicated amount

Weighted average cut-off of SGS eased by 3 bps to 7.32% today

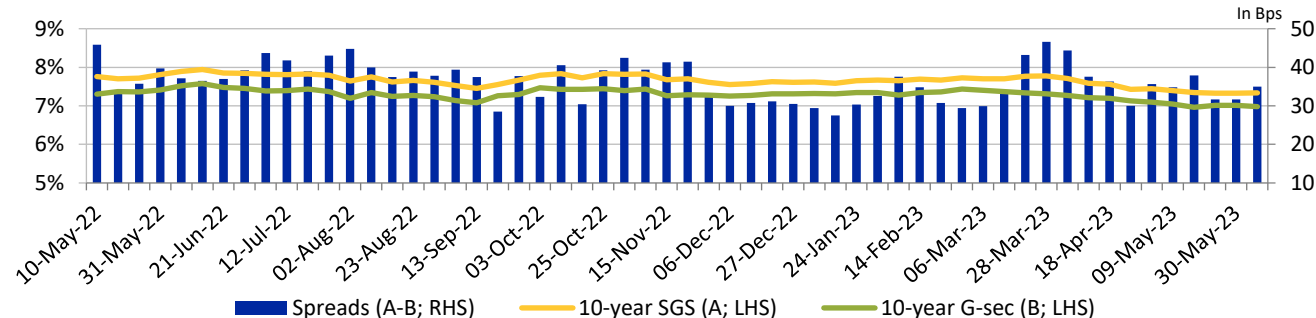
Spread between cut-off of 10-year SGS and G-sec yield remained stable at 35 bps today

Eleven state governments and one Union Territory (UT) together raised Rs. 173 billion through state government securities (SGS) in the auction held on June 6, 2023, a sharp ~47% higher than the indicated Rs. 118 billion for this week in the Q1 FY2024 auction calendar. The weighted average cut-off of the SGS eased by 3 bps to 7.32% today from 7.35% in the last auction, despite a mild rise in the weighted average tenor to 16 years from 15 years. The spread between the 10-year SGS and 10-year Government of India security (G-sec; 7.26 GS 2033) yield remained stable at 35 bps today relative to last week.

Exhibit: SGS issuances during FY2024 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of June 6, 2023	118	178	173	1,171
Week of June 7, 2022	136	120	120	792
Growth	-13.3%	48.3%	44.2%	47.8%

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





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