

STATE GOVERNMENT FINANCES- Weekly SGS

SGS cut-off declined by 4 bps to 46-week low of 7.36% tracking a dip in G-sec yields; auction size stood at FY2025-high

MAY 28, 2024





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Eight states and one UT raised Rs. 212 billion on May 28, 2024, ~36% below the indicated amount for this week, albeit the largest auction in FY2025 so far.

Weighted average cut-off of SGS eased by 4 bps to 7.36% on May 28, 2024, from last week.

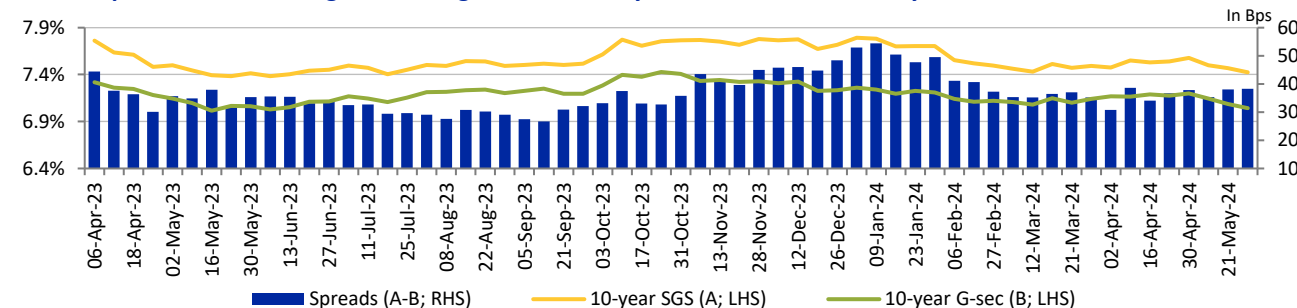
Spread between cut-off of 10-year SGS and the 10-year G-sec yield was stable at 38 bps on May 28, 2024, relative to last week.

Eight states and one Union Territory (UT) raised Rs. 212 billion through state government securities (SGS) on May 28, 2024, the highest amount raised so far in any weekly auction in FY2025. While this is the eighth consecutive week of lower-than-indicated issuance, the extent of the gap between the actual and indicated borrowing narrowed to 36% on May 28, 2024, from 42-65% in the last four weeks. Following a softening in G-sec yields, the weighted average cut-off of the SGS eased to a 46-week low of 7.36% on May 28, 2024, from 7.40% last week, despite a mild increase in weighted average tenor to 16 years from 15 during the same period. The spread between the cut-off of the 10-year SGS and the 10-year G-sec (7.10 GS 2034) yield was unchanged at 38 bps on May 28, 2024, from last week.

Exhibit: SGS issuances during FY2025 (so far)

Amount in Rs. Billion	Indicated	Notified	Raised	Cumulative till this week
Week of May 28, 2024	331	212	212	940
Week of May 30, 2023	216	256	256	998
Growth	53.2%	-17.0%	-17.0%	-5.8%

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





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