

STATE GOVERNMENT FINANCES - Weekly SGS

SGS cut-off jumps by 11 bps to a 19-week high 7.23%, despite lower-than-indicated borrowing

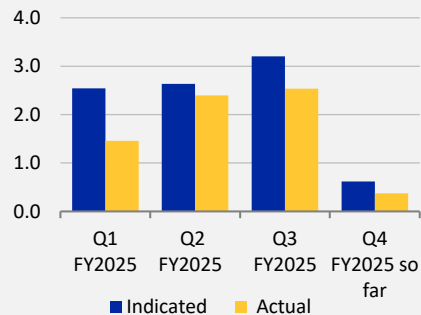
JANUARY 14, 2025





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Exhibit: Actual and indicated SGS issuances (Rs. trillion)



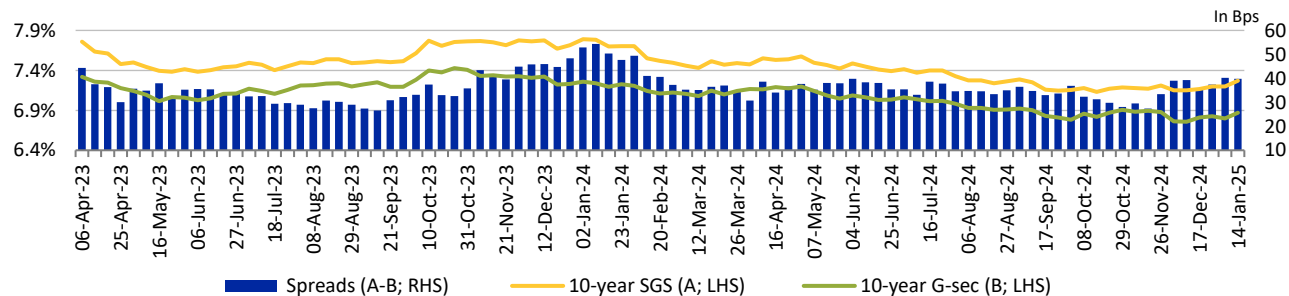
Source: Reserve Bank of India (RBI); ICRA Research

Nine states and one Union Territory (UT) raised Rs. 179 billion through state government securities (SGS) on January 14, 2025, ~28% below the amount indicated for this week in the Q4 FY2025 auction calendar. Increase in the US treasury yields and crude oil prices amid weakening INR, pushed domestic bond yields higher. The weighted average cut-off of the SGS rose to a 19-week high of 7.23% on January 14, 2025, from 7.12% last week. This was despite the decline in the weighted average tenor to 14 years from 16 years. However, the spread between the cut-off yield of the 10-year SGS and the 10-year G-sec (6.79 GS 2034) was unchanged at 40 bps on January 14, 2025, from last week.

Exhibit: SGS issuances during FY2025 (so far)

Amount in Rs. billion	Indicated	Notified	Raised	Cumulative till this week
Week of January 14, 2025	247	179	179	6,763
Week of January 16, 2024	282	192	192	6,585
Growth	-12.2%	-6.7%	-6.7%	2.7%

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





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