

State G-Secs' cut-off rises 4 bps to 7.69% despite fall in tenor: ICRA

Our Bureau

Mumbai

The weighted average cut-off of State government securities (SGS) jumped to 7.69 per cent in the weekly auction on October 23, 2023, the highest so far in FY24, from 7.65 per cent last week, according to ICRA.

This increase in cost is despite the decline in the weighted average tenor to 12 years from 14 years, said Aditi Nayar, Chief Economist; Neetika Shridhar, Assistant Vice-President; and Jaspreet Kaur, Senior Analyst; ICRA, in a report.

The credit rating agency said nine State governments and one Union Territory raised ₹18,900 crore through an SGS auction on October 23, about 72 per cent above the amount indicated for this week in Q3 (October-December) FY24 auction calendar. The spread between the cut-off of 10-year SGS and the 10-year Government Security (7.18 GS 2033) was stable at 33 basis points on October 23, 2023, from last week.

SGS issuances during FY24 (so far up to October 23, 2023) stand at ₹4,25,400 crore, up 22.7 per cent vis-a-vis ₹3,46,800 crore up to October 25, 2022.

The auction of Treasury Bills for the quarter ending December 2023 will raise ₹3.12-lakh crore by auctioning 91-day T-Bills (aggregating ₹91,000 crore), 182-day T-Bills (₹1.04 lakh crore) and 364-day T-Bills (₹1.17 lakh crore).