

The Central Government has raised Rs 26,000 crs in the scheduled GSec auction for the week ended July 9, 2021 in line with the notified amount for the week. **The anticipated new GSec auction (for the maturity year 2031) has been auctioned during the week with a cut-off yield of 6.1%. The previous 10-year benchmark paper (5.85% 2030) has been trading in the secondary market at around 6.18%.** Since 28<sup>th</sup> May'2021, the 10-year paper has either seen a devolvement of large bids or cancellation of the instrument. This is the first auction after 21 May'2021 when neither there is a devolvement of bids to primary dealers nor there is green shoe option which has been exercised for any instrument.

The amount raised so far in FY22 is Rs 3.78 lakh crs, 31.4% of the total budgeted borrowing limit of Rs 12.05 lakh crs in FY22 and little more than half of the H1-borrowings (Rs 7.24 lakh crs). The total borrowings by the Central government so far are 8.5% lower than the corresponding period last year. The highest share of issuances has been in case of the 14-year paper (23%), followed by the 40-year paper (16%) and 10-year paper (15%).

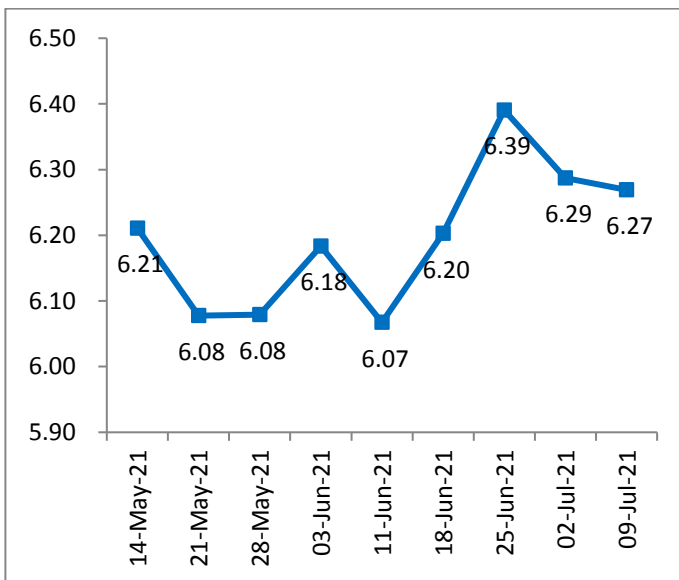
The weighted average yields in this auction fell to a 3-week low of 6.27%, 2 bps lower than the previous week. During the first 2-auctions of July'21, the weighted average yields across maturity categories have seen a spike with the highest noted in case of 40-year paper (15 bps) followed by 5-year, 30 year paper (13 bps) and 10-year paper (11 bps).

**Table 1: Results of the CG security auctions on July 7, 2021**

Instrument Name	Notified amount (Rs crs)	Accepted amount (Rs crs)	Amount devolved to PD	Cut-off yields (%)	Green Shoe option (Rs crs)
4.26% GS 2023 (2 year)	3,000	3,000	Nil	4.33	Nil
New GS 2031 (10 year)	14,000	14,000	Nil	6.1	Nil
6.76% GS 2061 (40 year)	9,000	9,000	Nil	7.18	Nil
<b>Total</b>	<b>26,000</b>	<b>26,000</b>			

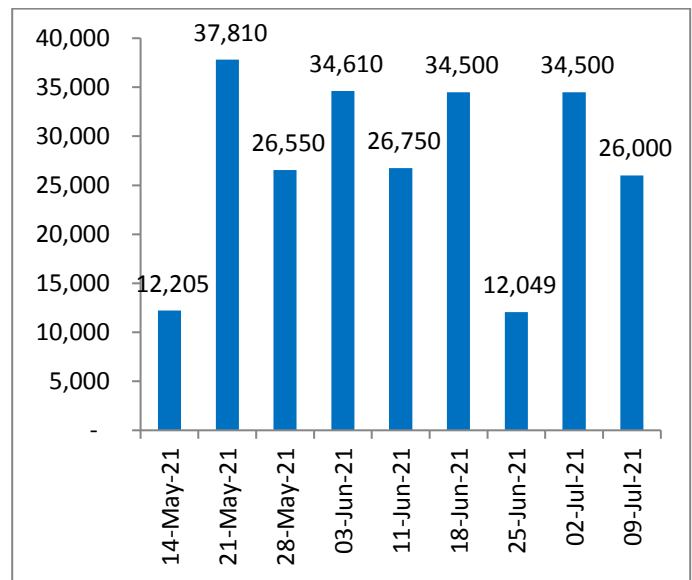
Note: Total amount of borrowings is accepted amount and amount devolved to PD

**Chart 1: Trends in weekly weighted average yields (%)**



Source: RBI

**Chart 2: Movement in CG market borrowings (Rs crs)**



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