

# WEEKLY FIXED INCOME REPORT



Date Issued | 2nd March, 2020

## Primary Debt Market

- A total of GHS 609.4 million was raised for the 91 day, 182 day and 364 day bills in last week's GoG Treasury bill auction. This came in GHS 189.6 million lower than the targeted amount of GHS 800 million after all bids tendered were accepted across tenors. The 91 day, 182 day and 364 day bills raised GHS 388.93 million, GHS 91.32 million and GHS 129.15 million respectively, accounting for 64%, 15% and 21% of all trades. In this week's auction, the GoG aims to raise a total of GHS 1,037.00 million in 91 day, 182 day and 364 day bills.

- Yields remained fairly stable with the exception of the 364 day bill. The 91 day bill closed the auction at 14.73%, down a minimal 2 bps from 14.75% in the previous auction whilst the 182 day bill remained same at 15.17%. The 364 day bill, however closed the auction 10bps lower at 17.71% than when it was last auctioned two weeks ago with a yield of 17.81%.

- Joint book runners in a statement on Thursday, February 27th announced a 3 year cedi denominated bond issuance with initial price guiding expected to be out on Tuesday, March 3rd. As per the issuance calendar, expected offer is GHS 1.5 billion and book build is scheduled from March 4th to 5th.

## Secondary Debt Market

- Trading activity on the secondary market shot up by GHS 441.29 million last week from a decline in the previous week of about GHS 271 million. Total value traded on the secondary bourse amounted to GHS 1,405.76 million from GHS 964.47 million in the previous session. Much of this increase was accounted for at the medium to long end of the curve. The 3 year, 7 year and 10 year bonds increased by GHS 111.61 million, GHS 235.78 million and GHS 125.58 million respectively. At the short end of the curve, the 91 day and 182 day bills also increased by GHS 1.15 million and GHS 2.21 million respectively. The 364 day bills, however, closed the trading week with a decline of GHS 0.29 million.

- Yields continue to show mixed results. At the long section of the curve, the July 2034 and August 2039 closed the trading week with yields declining by 12 bps and 28 bps respectively whilst the April 2025 and June 2029 inched up by 58 bps and 79 bps. The shorter dated February 2022 closed the trading week with yields 17 bps lower.

- Activity on the secondary market increased as offshore investors were seen aggressively offered. This can be attributed to flurry reports of the new corona virus cases and deaths around the world, as well as increasing probability of the virus being declared a global pandemic. In the week ahead, we expect the secondary market to remain net offered especially for medium to long dated maturities against the backdrop of the corona contagion.

## REVIEW: Other Treasury Markets

**Nigeria:** Trading activities in the Nigerian Treasury Bills (NT-Bills) secondary market began on a quiet note, with pocket-sized demand skewed towards the short-dated bills as investors anticipated the Primary Market Auction (PMA) slated for Wednesday. However, by the week's end, the interest enjoyed by short-term bills shifted slightly to long-dated maturities - towards the newly issued 1-year bill from the PMA. Despite this slight demand, yields trended higher by 15bps W-o-W to settle at 4.0% from 3.9% the previous week following the debut of these new bills to the secondary market. The 15-Oct-20 and 29-Oct-20 maturities improved the most, advancing 28bps and 22bps W-o-W respectively. **Read more: [www.proshareng.com](http://www.proshareng.com)**

**Kenya:** Kenya is expected to issue a 150 billion shillings (\$1.48 billion) roads bond by June, quoting a top government official. The bond will be the first whose proceeds are dedicated to building and maintaining the East African nation's road network which were damaged by heavy rains last year. Paul Maringa, principal secretary for the state department of infrastructure, told a parliamentary committee that cash raised from the bond would be used to pay pending bills to contractors and to finance new work. A second of such bond will be issued in September, the report said, adding that the Treasury would guide the issuance of the bonds, including their structuring. **Read more: [www.cnbc.com](http://www.cnbc.com)**

## Primary Market

| Security | Recent auction (date) | Amount tendered (GHS'M) | Bids accepted (GHS'M) | Prev. yield (%) | Current yield (%) | Change (%) |
|----------|-----------------------|-------------------------|-----------------------|-----------------|-------------------|------------|
| 91 day   | 28/02/2020            | 388.93                  | 388.93                | 14.75           | 14.73             | (0.02)     |
| 182 day  | 28/02/2020            | 91.32                   | 91.32                 | 15.17           | 15.17             | 0.00       |
| 364 day  | 28/02/2020            | 129.15                  | 129.15                | 17.81           | 17.71             | (0.10)     |

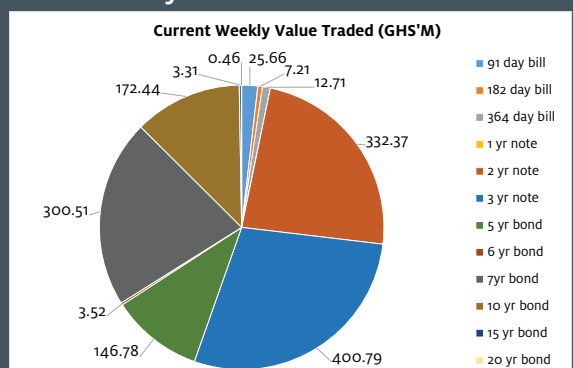
Source: Bank of Ghana

## Secondary Market

| Security       | Weighted avg. price (estimated) | Weighted avg. yield (estimated) % |
|----------------|---------------------------------|-----------------------------------|
| 91 day bill    | 96.45                           | 14.70                             |
| 182 day bill   | 97.98                           | 15.25                             |
| 364 day bill   | 85.25                           | 17.17                             |
| 2 year note*   | 100.31                          | 20.73                             |
| 3 year note*   | 136.65                          | 20.30                             |
| 5 year bond*   | 100.37                          | 19.34                             |
| 6 year bond*   | 100.61                          | 20.78                             |
| 7 year bond*   | 86.67                           | 20.56                             |
| 10 year bond * | 95.92                           | 20.78                             |
| 15 year bond*  | 99.47                           | 20.09                             |
| 20 year bond * | 99.83                           | 20.02                             |

**\*Benchmark security.**  
 364 day -- November '20  
 2yr -- November '21  
 3yr -- January '23  
 5yr -- July '24  
 6yr -- January '25  
 7yr -- April '25  
 10yr -- June '29  
 15yr -- July '34.  
 20 yr- August '39

## Secondary Market Trade



## Treasury Bill & Bond Yield Curve



# WEEKLY FIXED INCOME REPORT



Date Issued | 2nd March, 2020

## Command Your Wealth.

Customer Service: 0302 681 531  
Web: [www.gcbbank.com.gh](http://www.gcbbank.com.gh)

Toll Free: 0800 422 422  
Follow [GCB Bank Limited](#)

WhatsApp: 0202 422 422



### Research Contacts

Lawson Oppong-Asante  
Email: [loppong-asante@gcb.com.gh](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjrah  
Email: [mbedjrah@gcb.com.gh](mailto:mbedjrah@gcb.com.gh)  
Tel: 0302 66 4910 -18

### Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto:daboateng@gcb.com.gh)

### GCB Securities Ltd.

Michelle N.O Dadey  
Email: [mnodadey@gcb.com.gh](mailto:mnodadey@gcb.com.gh)  
Tel: 0559 733 990 0302 945848

### Head Office:

No 2 Thorpe Link  
P. O. Box 134, Accra  
Tel: +233 (0)302 664910

## Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.