

# WEEKLY FIXED INCOME REPORT



Date Issued | 10th February, 2020

## Primary Debt Market

- In this week's GoG treasury auction, a total of GHS 861.12 million was raised in 91 day and 182 day bills. This came in GHS 150.12 million higher than the targeted amount of GHS 711.00 million. All bids tendered were accepted with the 91 day bill raising GHS 786.78 million and accounting for over 91% of all trades. The 182 day bill also raised GHS 74.34 million, reflecting about 9% of trades. A much higher amount of GHS 1,037.00 million is targeted for next week's auction.

- Yields were seen moving upward in this auction. The 91 day bill inched up a minimal 1 bp to 14.70%. The 182 day bill also increased by 4 bps to 15.18% from 15.14% the week before.

- Following a three-day roadshow during which a series of fixed-income investor meetings were held in New York, Boston and in London, Ghana issued a second tri-tranche Eurobond transaction under its International Capital Markets Programme. The bond was oversubscribed by almost 350% as investors bid in excess of \$14 billion. This compares to the programme size of \$3 billion. Underpinning the bonds oversubscription were strong economic fundamentals as well the favourable ratings of the Ghanaian economy by Moody's.

## Secondary Debt Market

- Trading activity on the secondary bourse last week rebounded slightly. Trades advanced by GHS 231.78 million, from GHS 1,858.53 million to GHS 2,090.31 million. This was largely on the back of increases in value traded across the 2 year and 3 year notes. 2 year notes recorded a weekly increase of GHS 215.48 million, whilst an increment of GHS 347.19 million was seen for 3 year notes.

- Yields continued to drift downwards reflecting positive investor sentiment in GoG debt. Clips of the November 2021 and January 2023 traded 17bps and 23 bps lower at 20.30% and 20.39%. The July 2024 and January 2025 also traded around 19.90% and 20.21% respectively.

- The positive investor sentiment over the country's debt which has resulted in declining yields since the start of the year, was evident in the performance of the 2020 Eurobond. The Eurobond was about 5 times oversubscribed. Ghana issued a \$750 million tranche, which amortizes and has an average life of 40 years, at 8.875%, making it the highest-yielding sovereign dollar bond so far this year. The government also sold \$1.25 billion of debt with an average maturity of six years and a yield of 6.375%. A third segment of \$1 billion and an average life of 14 years, yielding 8% was also issued. Despite 2020 being an election year, strong investor confidence in the country has been demonstrated by the competitive rate of 8.75% at which the 2061 bond, the longest-ever tenor bond issued by an African issuer (41 years), was issued compared to a rate of 8.95% for the 31-year bond issued in 2019.

## REVIEW: Other Treasury Markets

**Nigeria:** As global concern continues to mount over the spread of the Coronavirus, this is likely to have an impact on Nigerian financial markets, with the Coronavirus outbreak directly impacting crude oil prices as well as the world's stock markets. Nigerian fixed income and equities markets could also be affected by it. The more the disease persists, the lower crude oil prices and the lower the external reserves. A lower crude oil price and external reserves might prompt higher interest rates in the economy. As a result, valuation of stocks are likely to decline. The domestic institutional investors who have been showing renewed interest in the equities market could also pull out funds in favour of increasing-yielding fixed income instruments. Read more: <https://bit.ly/38gjYOS>

**Kenya:** Individual and corporate investors in Kenya can now trade in government securities using their mobile phones. This follows the central commencement of a mobile-based service that seeks to deepen investment in government Treasury bonds and bills. The Central Bank is expected to roll out Treasury Mobile Direct services, designed to facilitate investment in government securities using the mobile telephone. Through the mobile service, investors will be able to bid for Treasury bills and bonds, receive auction results, receive notification for payments made and check on the securities on offer. With the new service, Kenyans will be able to buy government securities at the set minimum amount of \$500 dollars from the comfort of their homes, bypassing banks, stockbrokers, or Central Bank itself where investors had to visit to trade. Read more: <https://bit.ly/2tKIN7T>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	10/02/2020	786.78	786.78	14.69	14.70	0.01
182 day	10/02/2020	74.34	74.34	15.14	15.18	0.04

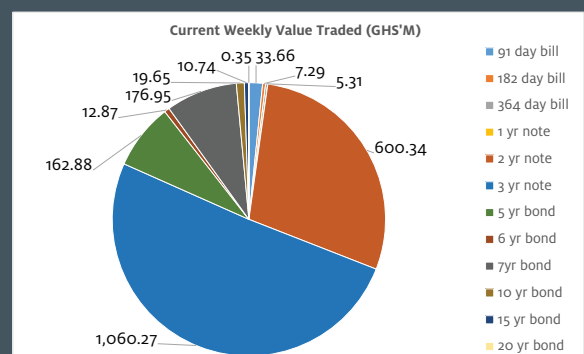
Source: Bank of Ghana

## Secondary Market

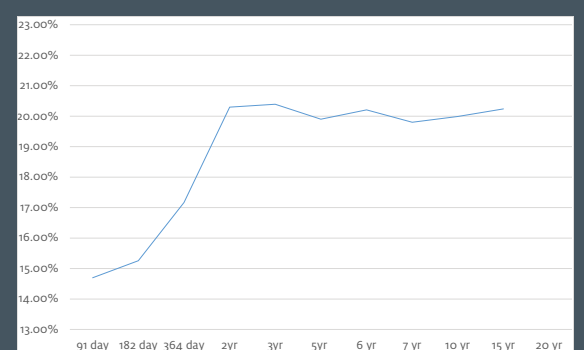
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	96.64	14.70
182 day bill	93.36	15.26
364 day bill	85.35	17.17
2 year note*	100.85	20.30
3 year note*	120.01	20.39
5 year bond*	98.80	19.90
6 year bond*	102.40	20.21
7 year bond*	87.83	19.80
10 year bond *	99.10	19.99
15 year bond*	98.84	20.24
20 year bond *	99.70	20.26

**\*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



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Web: [www.gcbbank.com.gh](http://www.gcbbank.com.gh)

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### 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: 0302 559733990 0302 945848

### Head Office:

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

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