

WEEKLY FIXED INCOME REPORT



Date Issued | 8th June, 2020

Primary Debt Market

- The GoG raised a total of GHS 921.23 million in last week's auction from the issuance of the weekly issued 91 day and 182 day bills. The total amount raised for the 91 and 182 day bills exceeded the target of GHS 875.00 million by GHS 46.23 million. The 91 day bill raised GHS 844.46 million out of the GHS 848.46 million tendered, accounting for about 92% of bids raised. The remaining 8% of bids was accounted for by the 182 day bill which raised a total of GHS 76.77 million, with all bids tendered accepted for the tenor.

- Yield of the 91 day bill declined, following the trend of the previous week's auction, by 7 bps from 14.02% to 13.95%. The 182 day bill also witnessed a decline of 1bp from 14.07% to 14.06% in yield, reversing the uptick in yield from the previous week.

- In the next primary auction, GoG is expected to raise GHS 1,182.00 million from issuances of the 91 day, 182 day and 364 day bills. The market also anticipates the issuances of a 3 year and 5 year bond set to be auctioned this month as per the issuance calendar for Q2.

Secondary Debt Market

- A total value of GHS 2,223.07 million was traded on the secondary market last week, up GHS 659.3 million from the GHS 1,563.77 million traded on the market in the previous week. Much of this increase was seen at the mid-point of the curve. Trades in the 3 year and 5 year bonds increased by some GHS 296.94 million and GHS 331.14 million respectively. At the long end of the curve, trades in the 10 year and 15 year bonds increased by GHS 47.65 million and GHS 5.66 million accordingly while the 7 year bond decreased by GHS 67.29 million.

- As market turnover increased, yields on benchmark securities also declined. The May 2022 and March 2025 dealt 72 bps and 76 bps lower at 17.56% and 19.25% respectively. Similarly, the June 2029 and the July 2034 also dealt 92 bps and 14 bps lower at 20.52% and 20.26%. Yield of the longer dated August 2039 was also seen 10 bps lower at 20.29% from when it was last traded, having been illiquid for a consecutive 4 weeks.

- Trading activity on the secondary bourse last week started on a quiet note but picked up strongly during the course of the week. Activity was dominated by local players, with offshore investor presence observed as they bid for papers with 1-year residual maturities. We expect the secondary market to remain buoyant in the coming week, largely influenced by local asset managers.

REVIEW: Other Treasury Markets

Nigeria: The bullish trend in the Nigerian Treasury Bills (NT-Bills) market was halted following weeks of sustained buying interest from investors seeking to lock in funds from matured investments amid the economic uncertainty posed by COVID-19 as well as limited alternative money market options. In the first two trading sessions last week, activities were quiet. However, a bearish trend surfaced on Wednesday (03/06/2020) due to sharp selloffs on short and mid tenor instruments. Although, system liquidity improved on Thursday (04/06/2020) bolstered by Open Market Operations (OMO) inflows worth N149.7 billion, investor sentiment remained weak for the last two trading sessions as the Central Bank of Nigeria (CBN) floated an OMO auction to manage the excess liquidity. The auction witnessed a total oversubscription of N298.7 billion across the 82 day, 173 day and 341 day bills. Nevertheless, the CBN allotted only the offered amount of N70.0 billion across the three tenors with stop rates trending lower to 5.0%, 7.8% and 9.0% respectively. Following the release of its Q3:2020 issuance calendar, in which a total of N821.7 billion will be rolled over in the third quarter, the CBN is scheduled to conduct a NT-Bills Primary Market Auction this week. [Read more: Proshareng.com](#)

Egypt: Egypt and the International Monetary Fund have reached a staff-level agreement on a \$5.2 billion stand-by arrangement that aims to alleviate the economic impact of Covid-19, the Washington-based lender said Friday (05/06/2020) in a statement. The one-year stand-by arrangement, which is subject to approval by the IMF's executive board, follows the \$2.8 billion in emergency financing that the North African nation secured last month under the fund's Rapid Financing Instrument, as part of the country's plan to cover its funding gap. The IMF's mission chief for Egypt said in the statement that the stand-by arrangement "will safeguard the gains achieved by Egypt over the past three years and put the country on strong footing for sustained recovery as well as higher and more inclusive growth and job creation over the medium term." The Egypt finance minister on Friday (05/05/2020) also highlighted in a separate statement the importance of the agreement to continue to support the confidence of markets and investors in the ability of the Egyptian economy to deal with the effects of the Coronavirus and the recovery from these effects. [Read more: Bloomberg.com](#)

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	05/06/2020	848.46	844.46	14.02	13.95	(0.07)
182 day	05/06/2020	76.77	76.77	14.07	14.06	(0.01)

Source: Bank of Ghana

Secondary Market

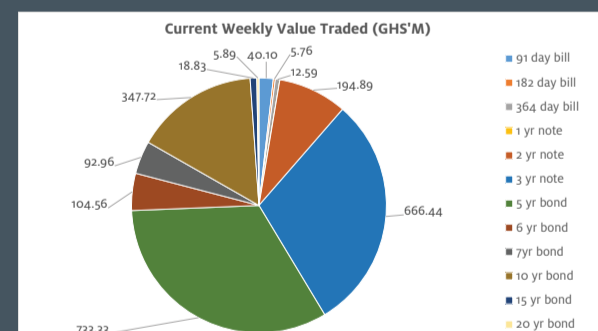
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	96.95	13.62
182 day bill	93.66	14.09
364 day bill	86.00	15.90
2 year note*	101.84	17.56
3 year note*	123.09	18.69
5 year bond*	107.34	19.25
6 year bond*	104.17	19.56
7 year bond*	88.18	20.17
10 year bond *	97.11	20.52
15 year bond*	98.73	20.26
20 year bond *	98.48	20.29

Source: Central Securities Depository

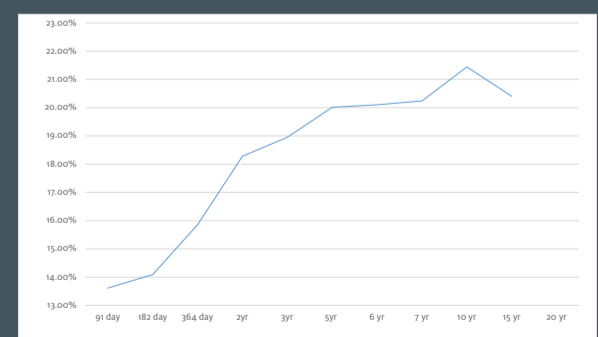
*Benchmark security.

91 day - June '20
 182 day - September '20
 364 day - March '21
 2yr - February '22
 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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