

# WEEKLY FIXED INCOME REPORT



Date Issued | 15th February, 2021

## Primary Debt Market

- The GoG issued a total of GHS 1,327.08 million in its last treasury auction from the issuance of the 91 day, 182 day and 364 day bills. For the 91 day and 182 day bills, total amount raised was GHS 1,224.83 million, GHS 11.83 million above the targeted amount of 1,213.00 million for the said securities. All bids tendered were accepted for the 91 day and 364 day bills. Total bids accepted for the 182 day bill however came in at GHS 121.68 million although GHS 121.80 million bids were tendered. The 91 day and 364 day bills raised a sum of GHS 1,103.15 million and GHS 102.25 million accordingly. In the next auction, the GoG seeks to raise a sum of GHS 773.00 million from the issue of the 91 day and 182 day bills alone.

- Yields were seen declining for the 91 day, 182 day and 364 day bills. Yield of the 91 day bill largely declined by 59 bps to close the week at 13.23%. The 182 day and 364 day bills on the other hand, declined fairly by 5 bps and 10 bps closing the week at 13.96% and 16.86% respectively.

- The Ghana Statistical Service has announced January 2021 inflation rate at 9.9%, a 0.5% drop from the 10.4% recorded in December last year. Also indicated in the announcement was that the decline is largely attributable to food inflation which slowed to 12.8% from 14.1% the previous month, contributing to 57% of total inflation.

## Secondary Debt Market

- Trading activity on the secondary market declined, following last week's trend. A total market turnover of GHS 2,944.01 million was recorded, down GHS 18.44 million from the GHS 2,962.45 million that was recorded the previous week. The low turnover was driven by a wane in interest on the secondary market as participants remained on the sidelines awaiting clues on the next auction.

At the mid-point of the curve, the 5 year and 7 year bonds recorded some gains in value traded of GHS 140.67 million and GHS 20.24 million accordingly while value traded in the 6 year bond declined by GHS 101.44 million. The longer dated 10 year and 15 year bonds was seen declining by GHS 25.77 million and GHS 141.42 million respectively whilst the longest dated 20 year bond witnessed an increase in value traded week-on-week by GHS 20.38 million.

- Yields were seen majorly declining across the curve. At the front end of the curve, the December 2023 and September 2025 papers closed the trading week at 16.62% and 18.57%, down 119 bps and 11 bps respectively. The June 2029 and August 2039 papers were also seen declining by 23 bps at 19.15% and 46 bps at 19.48% accordingly, whilst the July 2034 closed the week higher by 132 bps at 20.94%.

- In the coming week, we expect a subdued session as market participants await the release of the initial pricing guidance for the 2 year note auction on Tuesday (16/02/2021).

## REVIEW: Other Treasury Markets

**South Africa:** South African President Cyril Ramaphosa said hard decisions will need to be made by the government this year on public spending, just days before Finance Minister Tito Mboweni is due to give his budget speech. Ramaphosa stated in his weekly letter that the grants and unemployment benefits introduced to help people and businesses withstand the economic downturn that was exacerbated by the coronavirus pandemic can't be sustained indefinitely. "We need to make sure that these relief measures provide a firm foundation for a broader recovery without driving the country deeper into debt," he said in the letter posted to the presidency's website. He went on to emphasize that, "Unless we can bring our national debt down to sustainable levels, no meaningful economic recovery will be possible." Read more: Bloomberg.com

**Egypt:** Egypt raised \$3.8 billion in its first international bond sale of the year, taking advantage of low borrowing costs as it seized on demand from investors from the U.S. to Asia. The issuance was more than four times oversubscribed, with total bids of \$16.5 billion, as 40 investors took part in Egypt's international bond sale for the first time, the Finance Ministry said Tuesday in a statement. A wave of monetary stimulus and optimism that coronavirus vaccine rollouts will sustain a global economic recovery have emboldened investors to buy riskier debt, including in emerging markets. Egypt's dollar bonds gained about 13% in the fourth quarter, more than twice the average return of emerging-market sovereign debt. 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	12/02/2021	1,103.15	1,103.15	13.82	13.23	(0.59)
182 day	12/02/2021	121.80	121.68	14.01	13.96	(0.05)
364 day	12/02/2021	102.25	102.25	16.96	16.86	(0.10)

Source: Bank of Ghana

## Secondary Market

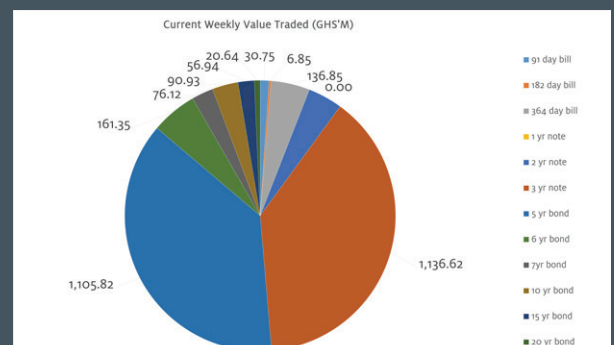
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	96.32	13.62
182 day bill	94.73	14.10
364 day bill	86.09	15.86
2 year note*	101.75	17.34
3 year note*	105.72	16.62
5 year bond*	103.78	18.57
6 year bond*	100.64	19.05
7 year bond*	108.89	18.14
10 year bond *	102.54	19.15
15 year bond*	95.73	20.94
20 year bond *	102.57	19.48

Source: Central Securities Depository

### \*Benchmark security.

- 2yr - Jan'23
- 3yr - Dec'23
- 5yr - Sept'25
- 6yr - Jun '27
- 7yr - Nov'27
- 10yr - June '29
- 15yr - July '34.
- 20 yr- August '39

## Secondary Market Trade



## Treasury Bill & Bond Yield Curve



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**Take five,  
sanitize.**



**Take five,  
wash your hands.**

## 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

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