

Primary Debt Market:

- In the recent GoG weekly primary auction, a total of GHS 1,672.2 million was raised in 91-day, 182-day and 364-day treasury bills. This followed the acceptance of all tendered bids. The amount raised, exceeds the targeted amount of GHS 1,342.00 million, reflecting sustained liquidity on the local market. Accounting for about 45% of bids accepted, the 91-day bill raised GHS 743.72 million. Following closely, the 182-day bill raised GHS 673.60 million, representing 40% of bids accepted. Lastly, the 364-day bill accounted for about 16% of total bids, raising GHS 264.79 million. In the next auction, government seeks to raise a total of GHS 666.0 million in 91-day and 182-day bills.

- Continuing the trend of previous weeks, interest rates on the primary market declined. The 91-day bill recorded a weekly decline of 3 bps from 12.90% to 12.87%. Year-to-date, the said security has witnessed a decline in yields of about 8.62%. Similarly, the 182-day bill stood at 13.65% after declining by 1bp from 13.66%. Yields on the 182-day bill has since the start of the year dropped by 3.30%. Furthermore, declining by 13 bps; the 364-day bill saw yields drop from 17.70% to 16.57%. The 364-day bill has recorded a year-to-date loss of 2.50%.

- Should interest rates on the primary market continue to decline in Q2'2021, we can expect government's cost of servicing new domestic debt to decline. This would allow government to save up for interest payments to investors and channel those savings into other projects as outlined in the budget. For 2021, the Gog is expected to spend about GHS 28.30 billion to settle interest cost on domestic debt alone.

Secondary Debt Market:

- Last week, the secondary market was rather buoyant. Total market turnover increased by GHS 1,845.86 million from GHS 3,672.45 million in the preceding week to GHS 5,518.31 million. Much of the increase in value traded was seen at the belly and tail end of the curve. 5 year and 6 year bonds in circulation saw turnover increase by GHS 269.00 million and GHS 63.57 million respectively. At the tail end of the curve, 15-year bond recorded the higher turnover for the week, increasing by GHS 1,680.16 million. The 20-year bond also saw market turnover shoot up by GHS 186.20 million.

-Reversing the trend of the preceding week and defying expectations, the secondary market last week was net bid. With the exception of the recently issued March 2024 maturity, yields declined across the curve. At the short end of the curve, the February 2023 maturity saw yields decline by 3bps. At the belly of the curve, the March 2026 maturity traded around 18.14% levels, after yields dropped by 5bps. There was also much interest in the November 2027 and July 2034 maturities, which traded around 18.51% and 19.55% levels. Yields on the November 2027 declined by 48 bps whilst that of the July 2024 fell by 55 bps.

-The country's elevated debt levels and interest expense as a result of COVID-19, has necessitated the creation of fiscal space and also increased the need to drive

domestic interest rates down by reducing local demand. Testing the appetite of credit investors to forgo income for a new kind of emerging market risk, Ghana is selling its 4-year debt to international investors as part of a \$ 3.025 Eurobond deal. Ghana plans to use the proceeds to buy back more expensive domestic and international debt and free up cash for social spending following the impact of COVID-19 on the economy.

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	26/03/21	743.81	743.81	12.90	12.87	(0.03)
182 day	26/03/21	673.60	673.60	13.66	13.65	(0.01)
364 day	26/03/21	264.79	264.79	17.70	16.57	(0.13)

Source: Bank of Ghana

Secondary Market

Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.38	12.54%
182 day bill	93.99	12.94%
364 day bill	85.66	15.86%
2 year note*	100.43	17.29%
3 year note*	101.89	17.80%
5 year bond*	100.47	18.14%
6 year bond*	101.29	18.85%
7 year bond*	107.35	18.51%
10 year bond *	103.55	18.91%
15 year bond*	101.99	19.55%
20 year bond *	102.97	19.38%

Source: Central Securities Depository

*Benchmark security.

2yr - Feb '23

3yr - Mar '24

5yr - Mar '26

6yr - Jun '27

7yr - Nov '27

10yr - June '29

15yr - July '34

20 yr- August '39

Secondary Market Trades



Treasury Bill and Bond Yield Curve



Other Treasury Market

Nigeria: The Nigerian fixed income market last week received some direction as to future interest rates. A few members of the Central Bank of Nigeria's (CBN) Monetary Policy Committee voted to raise the Monetary Policy Rate, even though a majority voted to keep it at 11.50%. Furthermore, the Debt Management Office's auction of bonds achieved slightly higher rates than what the market had priced in earlier.. Read more: <https://cut.ly/zSE89UP>

South Africa: South Africa recorded Foreign Direct Investment (FDI) inflows of 16.0 billion rand (\$1.07 billion) in the fourth quarter from outflows of 12.2 billion rand in quarter three. The South African Reserve Bank in its Quarterly Bulletin publication revealed that the inflows in the latest quarter were due to non-resident parent entities increasing their equity investment and granting loans to domestic subsidiaries. The country saw FDI inflows of 51.1 billion rand for FY'2020, down from inflows of 74.0 billion rand in 2019. Portfolio investments, reflecting a record of buying and selling of securities such as bonds and shares, recorded inflows of 24.1 billion rand in the October-December quarter compared to outflows of 39.5 billion rand in the prior quarter. Read more: <https://cut.ly/lbVSDUK>

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