

WEEKLY FIXED INCOME REPORT



Date Issued | 6th April, 2021

Primary Debt Market

- In the recent GoG auction, a total of GHS 1,095.92 million was raised, exceeding the targeted amount of GHS 666.00 million by GHS 429.92 million. The auction saw the issuance of only 91-day and 182-day bills. The 91-day bill raised a total of GH 979.18 million, whilst the 182-day bill raised GHS 116.74 million; all bids tendered for the auction were accepted. In the next auction, government seeks to raise GHS 1,540.00 million in 91-day, 182 day and 364-day bills.

- Continuing the trend of previous weeks, interest rates on the primary market declined. Week-on-week, yields on the 91-day bill dropped by 2 bps from 12.87% to 12.85%. Similarly, the 182-day bill recorded a 4bps decline in yields, from 13.65% to 13.61%. On a year-to-date basis, interest rates on the 91-day bill has dipped by 8.83%, whilst that of the 182-day bill has dropped by 3.56%.

- The continuous oversubscription of government treasuries reflects local investor interest in particular for short term securities. Interest rates on government domestic debt has since the start of February 2021 declined week-on-week. This continues to restore some confidence in government's ability to settle interest cost on domestic debt this year (summing GHS 28.3 billion). Also in the news, Ghana last week issued a Zero Coupon Senior Unsecured Eurobond, the first of its kind by an Emerging Market (EM) Sovereign. The issuance enables the Ministry of Finance, to raise funds to refinance more expensive shorter dated debt with more affordable terms.

Secondary Debt Market

- Despite, the short trading week, the secondary market was rather buoyant. Total turnover last week, almost doubled, increasing from GHS 5,518.31 million to GHS 10,485.29 million. Much of this increase was accounted for by increases in turnover for the 15-year bond, which saw trades increase by as much as GHS 4,562.60 million.

-Yields on the secondary market, showed mixed results. Yields at the short end and long end of the curve were seen declining, whilst that at the mid-point of the curve increased. The February 2023 and March 2024 declined by 17 bps and 32 bps respectively to close the trading session at 17.29% and 17.89%. The July 2034 and August 2039 also stood at 19.40% and 19.33% after losing 16 bps and 6 bps respectively. At the mid-point of the curve, yields increased by 8 bps and 26 bps respectively for the June 2027 and November 2027 maturities. This reflects foreign investor preference for shorter term and longer term government debt.

-Looking ahead, following the Presidents reassurance to foreign investors in Spain about the exceptional investment opportunities in the country, we foresee some renewed investor confidence in GoG debt and consequently the continuous decline in yields. The President in his address to the business

community in Spain, drew emphasis on the country's stable security and political environment, sound legal and regulatory environment as well as stable domestic and macroeconomic stability.

REVIEW: Other Treasury Markets

Kenya: Fitch Ratings has affirmed Kenya's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at 'B+' with a Negative Outlook. Kenya's 'B+' rating reflects a track record of strong growth and relative macroeconomic stability. Nonetheless, the Negative Outlook on Kenya's ratings reflects the underlying weaknesses of rising public debt levels, external indebtedness, amongst others. Read more: <https://cutt.ly/4cPQouv>

Egypt: The Egyptian Government intends to borrow EGP 642.5bn from the local market in the second quarter (Q2) of 2021. This would be done via the issuance of Treasury bills and bonds during Q2 of 2021, which is also Q4 of the fiscal year (FY) 2020/21. The Ministry of Finance intends to issue 52 tenders for treasury bills worth EGP 462 billion, alongside 35 bids for bonds worth EGP 180.5bn. This is expected to take place between from 1 April to the end of June 2021. Read more: <https://cutt.ly/WcPWlyf>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	01/04/2021	979.18	979.18	12.87	12.85	(0.02)
182 day	01/04/2021	116.74	116.74	13.65	13.61	(0.04)

Source: Bank of Ghana

Secondary Market

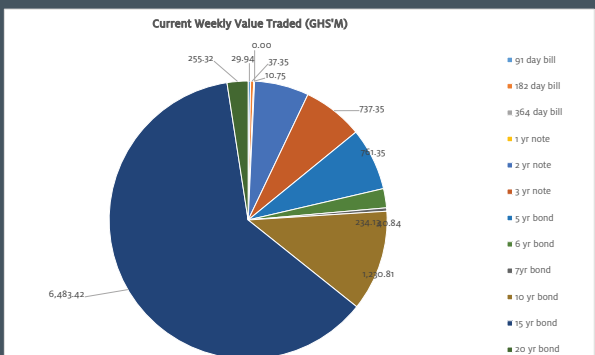
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.16	12.54%
182 day bill	94.46	12.94%
364 day bill	86.00	15.90%
2 year note*	100.68	17.13%
3 year note*	100.46	17.48%
5 year bond*	100.38	18.16%
6 year bond*	101.00	18.93%
7 year bond*	106.35	18.77%
10 year bond *	101.45	19.41%
15 year bond*	102.73	19.40%
20 year bond *	103.26	19.33%

Source: Central Securities Depository

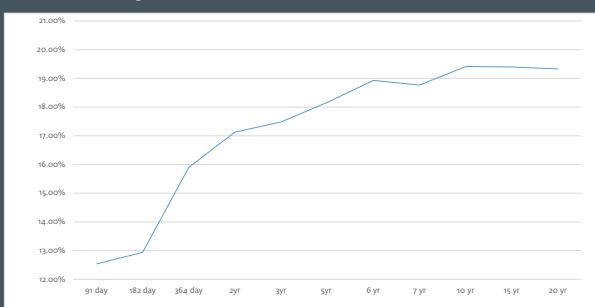
*Benchmark security.

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 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
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong
Email: aofrimpong@gcb.com.gh
Tel: 0302 66 4910 -18

Michael Bedjrah
Email: mbedjrah@gcb.com.gh
Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare
Email: akasare@gcb.com.gh
Tel: 0302 611 762

Daniel Boateng
Email: daboateng@gcb.com.gh

GCB Securities Ltd.

Michelle N.O Dadey
Email: 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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