

WEEKLY FIXED INCOME REPORT



Date Issued | 19th April, 2021

Primary Debt Market

- In last week's treasury auction, a total of GHS 886.47 million was raised in 91 day and 182 day bills. Despite all tendered bids being accepted, the GoG raised GHS 63.53 million lower than the targeted amount of GHS 950.00 million for the auction, for the second consecutive week. The 91 day bill raised GHS 812.13 million and thus accounted for about 92% of accepted bids. The remaining 8% of accepted bids was accounted for by the 182 day bill which raised GHS 74.34 million. Government in its next auction seeks to raise an amount of GHS 1,135 million in 91 day, 182 day and 364 day treasury bills.

- For the ninth consecutive week this year, yields have declined on the primary market. Down by 2 bps, the 91 day bill closed the auction at 12.79% from 12.81%. Similarly, the 182-day bill stood at 13.53%, down 8bps from 13.61%, week-on-week. Year-to-date, yields on the 91day bill have dropped by 9.19%, whilst that of the 182 day bill has declined by 4.15%.

- Despite the consistent decline in interest rates on the primary market which has positive impacts for governments interest costs, the recent failure of government to achieve its targeted amount for the second successive week, signals some concerns about investor sentiment, which we reckon should unravel over the coming weeks.

Secondary Debt Market

- Last week, the secondary market was relatively buoyant, compared to the previous week. Total turnover saw a weekly increase of about GHS 1,537.56 million. Much of this increase was seen mainly across mid-tenured securities. 2 year and 3 year bonds in circulation, saw about GHS 747.29 and GHS 884.91 million changing hands respectively. This translated in a weekly increase in turnover of GHS 135.05 and GHS 451.93 million respectively. Similarly, 5 year bonds, saw GHS 988.00 million change hands in the week under review, compared to a turnover of GHS 434.79 million in the preceding week.

- Yields showed mixed results; increasing between the head and belly of the curve and declining at the tail of the curve. This reflected improved foreign investor confidence in the nation's longer term debt. Much demand was seen around the June 2027 and July 2034 maturities, which saw yields drop by 11 bps and 72 bps respectively. The November 2027 and June 2029 also garnered some interest, and recorded yields of 18.56% and 19.39% correspondingly. Very little action was seen elsewhere on the curve.

- The market, still awaits the release of the Q2 issuance calendar, until which market activity may be rather scanty. In the news, credit rating agency, Moody's in its latest assessment of the Ghanaian economy has ranked the country 'B3', with a negative outlook. The negative outlook reflects the risks that the pandemic poses to the country's funding and debt servicing due to exposure to shocks on the back of its high exposure to external funding.

REVIEW: Other Treasury Markets

Nigeria: MTN Nigeria Communications PLC issued bonds last Friday 16th April, 2021. The company issues Series I Bonds of up to N100 billion under its N200 billion Bond Issuance Programme. MTN Nigeria has a corporate rating of "Aa" and "AA" by Agosto & Co and GCR respectively, both rating agencies. MTN Nigeria is the leading telecommunications operator in the largest telecoms market in Africa. The Company is the largest mobile operator and undisputed market leader in Nigeria as measured by total mobile subscribers (76.5million), active data users (32.6million), revenue (almost 50% of industry) and profit pool. Read more: <https://cut.ly/DZuVNmQ>

Egypt: JP Morgan, has put Egypt on its watch list for its emerging –market bond index. This has followed the country's steady improvement in liquidity and access to onshore government bond market for foreign investors. The index is a benchmark for measuring the total return performance of international government and corporate bonds issued by EM countries that meet specific liquidity and structural requirements. Egypt in its bid to rejoin the index, about 18 months ago, started to extend the life of its government debt, adjusting the yield curve and increasing the percentage of foreign investor participation in government financial instruments, with an increase in the size of each issue. Read more: <https://cut.ly/vPdj52c>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	16/04/2021	812.13	812.13	12.81	12.79	(0.02)
182 day	16/04/2021	74.34	74.34	13.61	13.53	(0.08)

Source: Bank of Ghana

Secondary Market

Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.62	12.54%
182 day bill	96.08	12.94%
364 day bill	90.07	15.89%
2 year note*	100.55	17.19%
3 year note*	177.13	17.40%
5 year bond*	100.21	18.21%
6 year bond*	100.66	19.02%
7 year bond*	107.17	18.56%
10 year bond *	101.56	19.39%
15 year bond*	104.41	19.06%
20 year bond *	102.45	19.49%

Source: Central Securities Depository

*Benchmark security.

2yr - Feb'23

3yr - Mar'24

5yr - Mar'26

6yr - Jun '27

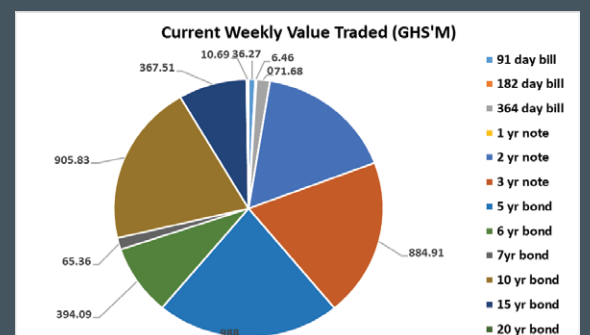
7yr - Nov'27

10yr - June '29

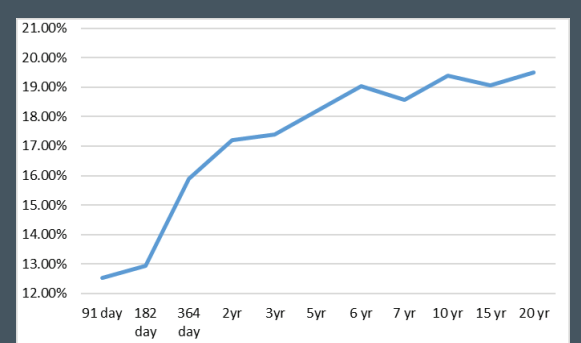
15yr - July '34.

20 yr- August '39

Secondary Market Trade



Treasury Bill & Bond Yield Curve



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**Take five,
sanitize.**



**Take five,
wash your hands.**

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