

WEEKLY FIXED INCOME REPORT



Date Issued | 10th May, 2021

Primary Debt Market

- The GoG last week issued 91 day and 182-day treasury bills in its primary market auction. A total of GHS 913.25 million was raised at the end of the session after all bids tendered by participants were accepted. The 91-day bill raised GHS 789.93 million, whilst the 182-day bill raised the remaining GHS 124.12 million. The amount raised came in less than the targeted amount of GHS 1,142 million. For this week's auction, a sum of GHS 1,278 million is targeted in 91 day, 182 day and 364 day bills.

- Yields reflected mixed results. The 91-day bill saw yields decline by 5 bps from 12.84% to 12.79%, on a week-on-week basis. Conversely, the 182-day bill inched up in yields by some 4bps. Consequently, the 182-day bill stood at 13.57% from 13.53% in the preceding week.

- This has been the 6th consecutive week that government has missed its treasury bill target at its weekly auction. This reflects the continuous tightening in liquidity on the interbank market. In the government's quest to keep domestic rates low, we foresee this trend extending over the next couple of weeks, to the detriment of government ability to raise sufficient cash on the domestic market to finance its programmes.

Secondary Debt Market

- Total turnover on the secondary bourse declined slightly last week. The secondary market saw a total of GHS 2,604.36 million exchange hands. This came in GHS 269.73 million lower than was exchanged in the previous week. 3 year notes and 10 year bonds in circulation accounted for the most decline in turnover, declining by GHS 300.75 million and GHS 321.74 million respectively.

- Yields on the secondary market recorded some mixed trends. Rates were seen higher at the belly of the curve, but declining at the tail end. The March 2024, March 2026 and June 2027 maturities saw yields inch up by 2 bps, 26 bps and 7 bps respectively. For longer dated securities, the November 2027 and June 2029 maturities saw yield decline by 13 bps and 45 bps each. The August 2039 also recorded a yield drop of about 39 bps. Market participants appear to currently have higher demand for longer dated government debt, with the release of the Q2 issuance calendar providing some market direction.

- This month, the market awaits the issuance of a 5 year and 7-year bond. Government seeks to raise about GHS 1 million each for the said securities.

REVIEW: Other Treasury Markets

Nigeria: Nigeria's secondary market resumed last week on a quiet note as activities remained minimal for most trading sessions of the week. However, by Wednesday the overall sentiment in the market turned slightly bearish due to tightened liquidity which further deepened. Consequently, average yield across all maturities inched upwards. **Read more:** shorturl.at/dvwEQ

Egypt: Ratings Agency, Fitch has affirmed that Egypt's new draft budget continues the government's fiscal and economic reform agenda, which is critical to reducing its high debt burden over the medium term. The budget envisages the central government overall deficit falling to 6.7% of GDP in the fiscal year ending June 2022 (FY22), from an estimated 7.9% in FY21. The deficit of the broader general government (GG), which tends to be narrower, is likely to end up below projections of 8.5% of GDP in FY22 and 6.9% of GDP in FY21. **Read more:** shorturl.at/ovyEP

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	07/05/2021	789.93	789.93	12.84	12.79	(0.05)
182 day	07/05/2021	124.12	124.12	13.53	13.57	0.04

Source: Bank of Ghana

Secondary Market

Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.04	12.53%
182 day bill	94.13	12.94%
364 day bill	86.3	15.85%
2 year note*	100.93	16.92%
3 year note*	100.49	17.44%
5 year bond*	99.52	18.43%
6 year bond*	100.36	19.11%
7 year bond*	105.02	19.12%
10 year bond *	101.31	19.45%
15 year bond*	96.18	20.87%
20 year bond *	100.41	19.89%

Source: Central Securities Depository

*Benchmark security.

2yr - Feb'23

3yr - Mar'24

5yr - Mar'26

6yr - Jun '27

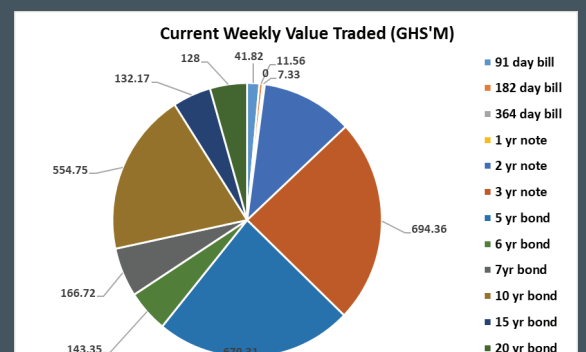
7yr - Nov'27

10yr - June '29

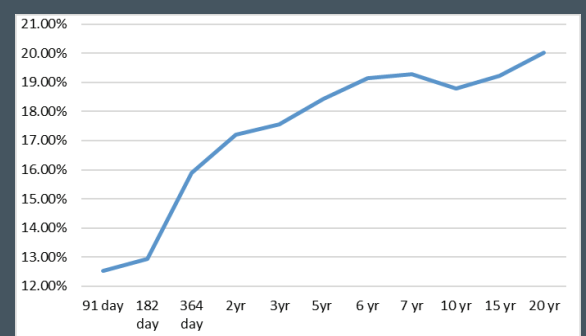
15yr - July '34.

20 yr- August '39

Secondary Market Trade



Treasury Bill & Bond Yield Curve



WEEKLY FIXED INCOME REPORT



Date Issued | 10th May, 2021

G-Money is your secure wallet solution.

Dial *422# and experience it.



@GMoneyGhana

Pay your utility bills conveniently and securely
Dial *422#



@GMoneyGhana

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

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.