

WEEKLY FIXED INCOME REPORT



Date Issued | 17th May, 2021

Primary Debt Market

- The GoG in last week's primary market auction accepted a total of GHS 1,226.26 million bids. The amount raised was GHS 51.74 million lower than the targeted amount of GHS 1,278.00 million, although GHS 1,319.14 million bids were tendered. Whilst all bids tendered for the 364 day bill were accepted, bids for both the 91 day and 182 day bills were GHS 85.05 million and GHS 7.83million lower than bids tendered, respectively. In this week's auction, the government seeks to raise GHS 791.00 million in 91 day and 182 day bills only. Separately, government published a list of Bond Market Specialists (who will assist government with bond issuances through the book build method). The BMS' announced a 5 year bond auction to roll over the 3 year bond maturing 17th May, 2021. The 5 year bond cleared at 18.80% (down by 50 bps from when it was last issued in March) with GHS 2.25 billion allocated. Total bids tendered were GHS2.62bn, with the target for the auction being GHS 1 billion (per the issuance calendar).

- The 91 day bill remained stable in this auction, with yields staying at 12.79%. The 182 day bill and 364 day bills however witnessed a decline in yields. Yields on the 91 day bill dropped by 2 bps from 13.57% to 13.55%. Similarly, the 364 day bill closed at 16.42% from 16.53% the week before; an 11bps decline.

- Government has over the past couple of weeks missed its treasury bill target. However last week's performance is expected to come as a boost to government towards its expenditure planning for the rest of the year.

Secondary Debt Market

- Last week, the secondary bourse witnessed a slight decline in market turnover. Total value that exchanged hands stood at GHS 2,400.33 million compared to GHS 2,604.36 million traded in the preceding week, reflecting a GHS 204.03 million decline. 2 year, 5 year and 15 year bonds in circulation witnessed the most decline in value traded. 2 year bonds saw turnover drop by GHS 188.76 million, 5year bonds by GHS 413.47 million and 15 year bonds fell by GH 87.16 million.

- With attention shifted to the new 5 year bond auction, demand on the secondary market was rather low. Consequently, yields were seen relatively higher. The top gainers were the February 2023 (26bps), March 2024 (15 bps), November 2027 (13 bps) and the July 2034 (23 bps). Consequently, the Feb'23 dealt at 17.18% and the March'24 at 17.59%, whilst the Nov'27 and July'34 traded at 19.25% and 21.10% respectively.

- Defying expectations, inflation for April dropped sharply to 8.5% from 10.30% recorded in March. This came on the back of favorable base effects, mainly the drop in annual food inflation. We predict that the Central Bank would subsequently keep the benchmark rate unchanged at 14.50%, with rates on the market remaining fairly stable.

REVIEW: Other Treasury Markets

Egypt: Egypt has issued a new draft budget which is continuing the government's fiscal and economic reform agenda. According to ratings agency Fitch, this 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.
Read More: <https://cutt.ly/tb1eZRg>

South Africa: South Africa's first social impact bond; Bonds4Jobs – had a single performance target: the placement of economically excluded young people into well-paying, higher-complexity jobs. Meeting the target was the responsibility of NGOs that provide training and job-matching services to young people and employers. Social impact bonds are a financing model for social welfare services. They are relatively new: the first was launched in the UK in 2010, and the first in a developing country in Colombia in 2017. Nearly 140 have been launched in the last 10 years. About 70 are being developed. In social impact bonds, investors provide working capital upfront to NGOs to deliver services. **Read More:** <https://cutt.ly/Hb1oQhw>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	14/05/2021	1,038.24	953.19	12.79	12.79	0.00
182 day	14/05/2021	176.32	168.49	13.57	13.55	(0.02)
364 day	14/05/2021	104.58	104.58	16.53	16.42	(0.11)
5 year	14/05/2021	2,620.00	2,250.00	18.30	18.80	(0.50)

Source: Bank of Ghana

Secondary Market

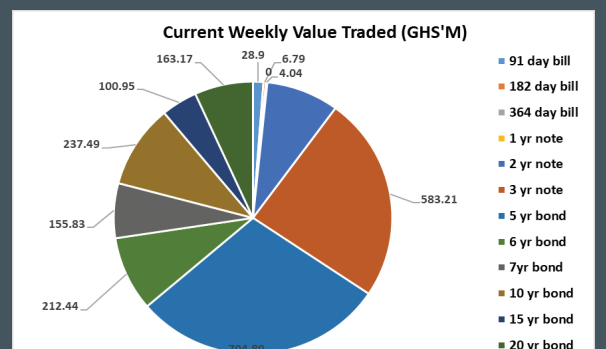
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	96.98	12.54%
182 day bill	93.92	12.94%
364 day bill	86.18	15.83%
2 year note*	100.52	17.18%
3 year note*	100.16	17.59%
5 year bond*	99.68	18.37%
6 year bond*	100.79	18.99%
7 year bond*	104.49	19.25%
10 year bond *	101.28	19.46%
15 year bond*	95.07	21.10%
20 year bond *	101.19	19.73%

Source: Central Securities Depository

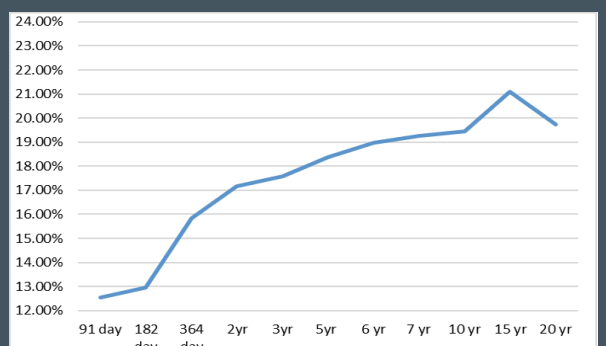
*Benchmark security.

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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