

WEEKLY FIXED INCOME REPORT



Date Issued | 14th June, 2021

Primary Debt Market

- A total of GHS 1,340.40 million was raised in the latest weekly auction of GoG bills. The government exceeded its target for the week by as much as GHS 169.40 million. All bids tendered for the 91 day and 364 day bills were accepted. Subsequently, the 91 day bill raised GHS 664.10 million whilst the 364 day bill raised GHS 539.67 million. The 182 day bill on the other hand raised GHS 136.63 million although GHS 141.63 million worth of bids were tendered. A sum of GHS 1,175.00 million is targeted in 92 day and 182 day bills only for the next auction.

- The downhill trend in inflation as well as the recent policy rate cut by the Bank of Ghana has impacted the direction of yields. Yields declined across the bills issued. The 364 day bill recorded the highest drop of 25 bps from 16.49% to 16.34%. The 91 day bill followed, with yields 7 bps lower at 12.64% from 12.71% a week ago. Lastly the 182 day bill recorded a minimal 1 bp decline to close the session at 13.42%.

- In the news, a fresh issuance calendar for the period of June to August 2021 has been released. The government seeks to raise a total of GHS 29.96 billion over the period through the issuance of bills and bonds. Currently, the market awaits the issuance of a 7 year bond aimed at raising GHS 1.80 billion. As announced by the Bond Market Specialists (BMS), book build will commence on Wednesday 16th June and close on Thursday 17th June. Given recent trends, we expect heightened demand from both local and offshore investors.

Secondary Debt Market

- The secondary market was rather active in the week under review, with a turnover of GHS 3,990.88 million. This is GHS 938.14 million higher than was traded in the preceding week. Trades were seen higher mainly from the front to the belly of the curve.

- The past week saw some fairly good rally on bonds across the yield curve. Subsequently, yields were seen declining across maturities mainly from the belly to tail end of the curve. This appears to have been mainly driven by the recent drop in the policy rate as well as the downward trend in inflation.

- Strong offshore activity was seen mainly on the February 2023 and May 2026. The May 2026 closed the session 20 bps lower at 18.36%. Additionally, the March 2024 was paid at 17.32%, down 25 bps. The July 2034 also rallied during the week trading down to touch 19.12% after a 80 bps drop in yields.

- Looking ahead, we expect this trend to continue at least for the short term as demand for GoG bonds persist. We also anticipate that the policy rate cut, improved inflation figures as well as an improved cedi vs USD performance will sustain offshore demand and cause rates to drop further.

REVIEW: Other Treasury Markets

Kenya: This week Kenya will return to the international bond market after a 2 year hiatus. The East African economy is pushing to secure funds from abroad to fill a gaping budget deficit before its financial year closes at the end of this month. It also plans to issue the euro-denominated sovereign bond in its 2021/22 fiscal year (July-June), to manage liquidity, due to previously issued bonds starting to mature. **Read more:** <https://cutt.ly/QnJF9Pm>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	11/06/2021	664.10	664.10	12.71	12.64	(0.07)
182 day	11/06/2021	141.63	136.63	13.43	13.42	(0.01)
364 day	11/06/2021	539.67	539.67	16.49	16.34	(0.15)

Secondary Market

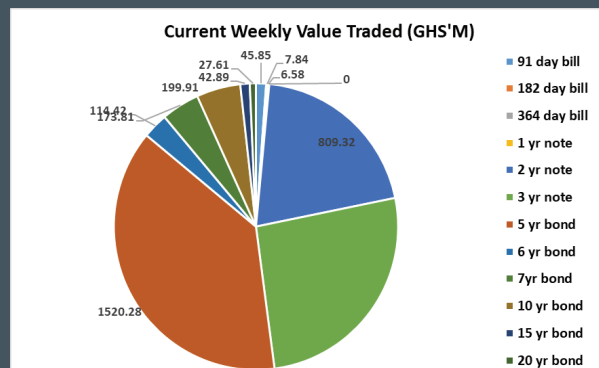
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.48	12.53%
182 day bill	93.64	12.94%
364 day bill	86.60	15.85%
2 year note*	97.76	17.09%
3 year note*	117.84	17.32%
5 year bond*	101.33	18.36%
6 year bond*	101.86	18.68%
7 year bond*	107.13	18.54%
10 year bond *	103.89	18.84%
15 year bond*	104.12	19.12%
20 year bond *	103.62	19.26%

Source: Central Securities Depository

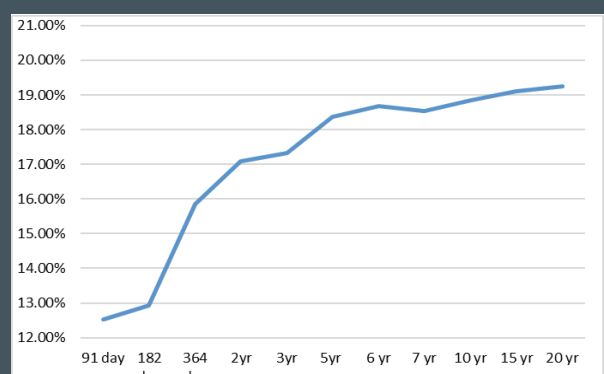
*Benchmark security.

- 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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