

WEEKLY FIXED INCOME REPORT



Date Issued | 31st May, 2021

Primary Debt Market

- Last week, a total of GHS 1,852.67 million bids were tendered by primary dealers in the weekly auction. Of this amount, GHS 1,837.56 million bids were accepted for 91 day, 182 day and 364 day treasury bills. The amount accepted came in GHS 660.56 million above the targeted amount of GHS 1,177.00 million for the auction. Investors showed more interest in the 91 day bill, with a subscription of GHS 1,500.59 million of which GHS 1,468.33 million was accepted. Given its high interest yield, the 364 day bill received the second highest number of bids; GHS 249.84 million, of which GHS 249.38 million was accepted. The 182 day bill raised the least amount of GHS 99.85 million after GHS 102.24 million bids were tendered. In its next auction, government seeks to raise a total amount of GHS 1,281.00 million in 91 day and 182 day bills only.

- Yields saw some mixed results. Both the 91 day and 364 day bills witnessed an increase in yields. The 91 day bill saw yields increase by 2 bps from 12.76% to 12.78%. Similarly, the 364 day bill stood at 16.49%, from 16.42% a week before, recording a yield increment of 7 bps. The 182 day bill however declined by 3bps to stand at 13.51% from 13.54% in the preceding week.

- Government exceeding its treasury bill target by 57% is a good signal for the coming months. This follows about 6 consecutive weeks of undersubscription, as a result of tightened liquidity on the interbank market. The slight increase in yields of both the 91 day and 364 day bills, can be said to have somewhat supported the oversubscription in the auction.

Secondary Debt Market

- Secondary market trading was rather lackluster last week. Market value totaled GHS 3,124.61 million, down by GHS 479.38 million, week-on-week. Much of this decline was seen across tenors; 3 year, 6 year, 7 year and 15 year bonds. On a weekly basis, trades came in GHS 436.37 million less for 3 year bonds, GHS 34.83 million less for 6 year bonds, GHS 93.53 million less for 7 year bonds and GHS 82.70 million less for 15 year bonds.

- Across benchmark maturities, the market enjoyed some moderate trades, with interest seen across the curve. At the front end of the yield curve, February 23s closed the session quoted at about 17.03%, 11 bps lower than the preceding week. At the belly of the curve, the May 26s and June 27s also saw yields fall by 7 bps and 1bp respectively. For longer dated maturities, decent volumes of the June 29s, July 34s and August 39s traded around 19.33%, 20.04% and 19.67% respectively, this reflects respective yield losses of 7 bps, 39 bps and 8bps.

- In the news, the country is planning to raise as much as USD 1 billion through the sale of a sustainable bond. The issuance is expected to be a mix of social and green bonds and proceeds would be used to help refinance domestic debt for social and environmental projects, including loans to pay for the free SHS policy. This issuance follows that of a 4 year zero coupon debt that the country issued to international investors as part of the \$3.025 billion Eurobond deal.

REVIEW: Other Treasury Markets

Nigeria: MTN Nigeria has issued a fixed rate bond worth NGN 110 billion (USD 266 million). The telecommunications company seeks to manage its debt and finance infrastructure investment. This comes as part of its wider NGN 200 billion (USD 484 million) bond issuance programme and is the first bond issuance to be made by a telecommunication company in Nigeria.

Read more: <https://cutt.ly/Onhe7z4>

Egypt: Egypt's Ministry of Finance, has plans to offer treasury bills and bonds totaling EGP 247 billion in June 2021. The Ministry intends to offer in June 20 bids for T-bills worth EGP 178 billion, and 13 T-bonds bids worth EGP 69 billion. Banks operating in the Egyptian market are investing in T-bills and T-bonds, which the government issues periodically to cover the state's general budget deficit. These vessels are offered through 15 banks that participate in the primary dealer system in the primary market, and these banks sell part of them in the secondary market to individual investors and local and foreign institutions. Read more: <https://cutt.ly/knhrC9M>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	01/06/2021	1,500.59	1,468.33	12.76	12.78	0.02
182 day	01/06/2021	102.24	99.85	13.54	13.51	(0.03)
364 day	01/06/2021	249.84	249.38	16.42	16.49	0.07

Source: Bank of Ghana

Secondary Market

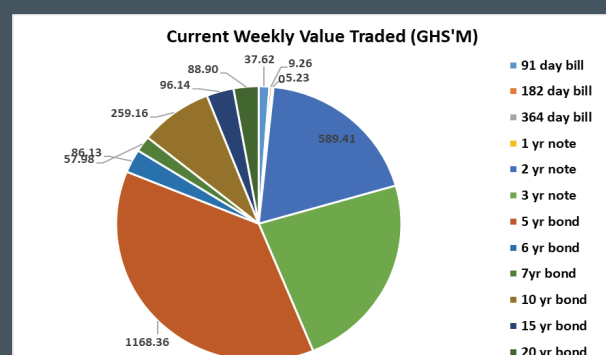
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.23	12.54%
182 day bill	94.97	12.94%
364 day bill	90.92	15.86%
2 year note*	100.74	17.03%
3 year note*	173.10	17.56%
5 year bond*	100.35	18.68%
6 year bond*	100.89	18.96%
7 year bond*	105.27	19.04%
10 year bond *	101.84	19.33%
15 year bond*	99.79	20.04%
20 year bond *	101.52	19.67%

Source: Central Securities Depository

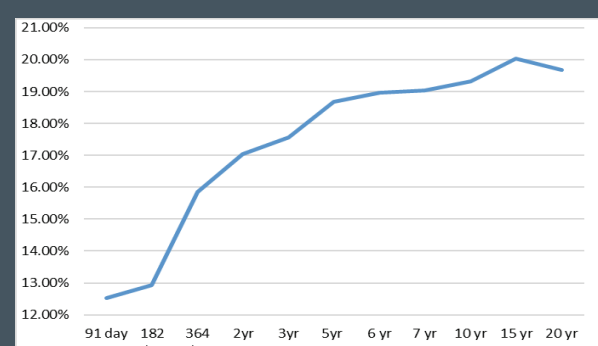
*Benchmark security.

- 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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