

WEEKLY FIXED INCOME REPORT



Date Issued | 19th July, 2021

Primary Debt Market

- The GoG raised a total of GHS 896.67 million in last week's treasury bill auction from the issuance of the 91 day and 182 day bills alone after all bids tendered were accepted for the said securities. The total amount raised came in GHS 384.33 million short of the targeted amount of GHS 1,281.00 million for the 91 day and 182 day bills. The 91 day and 182 day bills raised GHS 745.99 million and GHS 150.68 million respectively whereas the freshly minted 10 year bond raised a sum of GHS 820.59 million after all bids tendered for that security was accepted. In the next treasury bill auction, the GoG aims to issue the 91 day, 182 day and 364 day bills and raise a total of GHS 1,019.00 million.

-Yields for the 91 day and 182 day bills remained relatively stable. The 91 day bill stayed unchanged at 12.56% while the 182 day bill declined by a minimal 1bp to stand at 13.36%. Similarly, the newly issued 10 year bond witnessed a slight decline in yield by 5 bps from 19.80% when it was last issued in June, 2019 to 19.75%.

- The Government of Ghana, last week on Thursday (15/07/21), released its issuance calendar for July to September 2021. For the period in question, Government plans to issue a gross amount of GHS 23,230.00 million, of which GHS 22,618.06 million is to rollover maturities. The remaining GHS 611.94 million are intended to be fresh issuances to meet its financing requirements.

Secondary Debt Market

- On the secondary market last week, a total of GHS 4,037.29 million exchanged hands. The amount which came in lower by GHS 1,341.82 million from the previous week was underpinned by trades from the mid to tail end of the curve.

- For benchmark securities, the market remained net offered. The Feb'2023, January'2027 and June'2029 maturities witnessed yields increase by 283 bps, 142 bps and 131 bps respectively to close the week at 20.09%, 19.86% and 20.08%. Conversely, yields on the March'2024, July'2034 and August'2039 maturities declined by 10 bps, 11 bps and 15 bps closing at 18.03%, 19.36% and 19.32% correspondingly.

- Consumer inflation advanced to 7.8% in June from the 7.6% that was recorded in May. The slight increase was reported to have been supported by transport and food items. Food contributed 41.8 percent to overall inflation, while transport's contribution, increased from 16.5 percent last month to 18.1 percent. The Month-on-Month inflation was 1.3 percent while the Month-on-month food inflation exceeds non-food inflation by 1.0 percentage point.

REVIEW: Other Treasury Markets

South Africa: Kenya's Capital Markets Authority (CMA) is working on new measures to revive the troubled corporate bond market that will see companies with weaker balance sheets forced to acquire bank guarantees to protect investors' interest in the event of default. The market regulator is seeking ways to deal with credibility issues that hit the corporate bond market after the collapse of issuers such as Chase Bank, Imperial Bank, Nakumatt, and cement maker ARM without a clear-cut compensation mechanism for bondholders. Under the proposed measures, companies seeking to issue bonds will be required to undergo financial due diligence with those having weaker balance sheets forced to acquire guarantors from banks or other financial institutions to protect the investors' savings.

Read more: <https://allafrica.com/>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	19/07/2021	745.99	745.99	12.56	12.56	-
182 day	19/07/2021	150.68	150.68	13.37	13.36	(0.01)
10 year	19/07/2021	820.59	820.59	19.80	19.75	(0.05)

Source: Bank of Ghana

Secondary Market

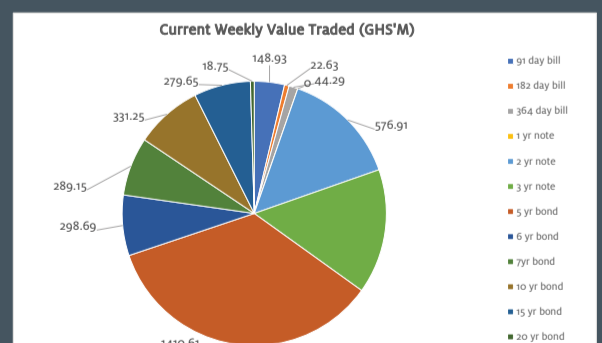
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.16	12.54%
182 day bill	87.64	12.94%
364 day bill	89.72	15.89%
2 year note*	96.77	20.09%
3 year note*	106.63	18.03%
5 year bond*	99.16	19.04%
6 year bond*	98.05	19.86%
7 year bond*	99.34	18.26%
10 year bond *	98.87	20.08%
15 year bond*	102.98	19.36%
20 year bond *	103.38	19.32%

Source: Central Securities Depository

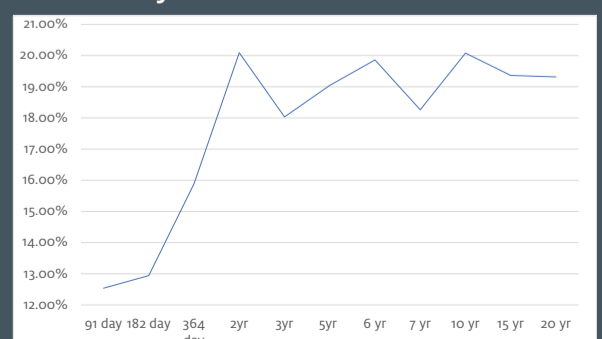
*Benchmark security.

- 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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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

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