

# WEEKLY FIXED INCOME REPORT



Date Issued | 9th August, 2021

## Primary Debt Market

- Of the GHS 1,654.96 million total bids tendered by primary dealers in the recent auction, the GoG accepted a sum of GHS 1,286.99 million bids. This comes in GHS 185.99 million more than the targeted amount of GHS 1,101.00 million for the auction. As is typical, the 91 day bill accounted for most bids, raising GHS 1,049.76 million (versus GHS 1,127.38 million tendered). This was followed by the 364 day bill (GHS 182.00 million versus the tendered amount of GHS 403.07 million). The 182 day bill raised the least amount of GHS 55.23 million (versus GHS 124.51 million tendered). In its next auction, government seeks to raise GH 1,161.00 million in 91 day, 182 day and 364 day treasury bills. The consecutive issuance of the 364 day bill (which is typically issued bi-weekly) indicates somewhat governments desire to raise more funding.

- Across the tenors issued, yields declined. The 91 day bill stood at 12.52%, after yields dropped by 3 bps from 12.55%. Similarly, the 182 day bill lost 6 bps from 13.37% to 13.31%. The 364 day bill also closed the auction 11 bps lower at 16.29% from 17.25% when it was last issued a fortnight ago.

- As investor interest picks up, treasury bill sales is seen gradually returning to pre-COVID levels. The lower interest costs also reflect governments commitment to reducing the cost of servicing debt. Furthermore, with liquidity on the interbank market showing some improvement, we foresee this trend of high subscription persisting at least for the month of August.

## Secondary Debt Market

- As expected for the beginning of the month, the secondary bourse was rather quiet last week. Total market turnover stood at GHS 3,071.21 million, down GHS 2,295.33 million from the GHS 5,366.54 million that exchanged hands in the preceding week. These declines in value traded were seen across the curve. At the mid point of the curve, 3 year bonds saw trades drop by GHS 402.18 million whilst turnover for 5 year bonds declined by GHS 682.46 million, week-on-week. Similarly, value traded across 7 year and 10 year bonds dipped by GHS 325.04 million and GHS 963.51 million respectively.

- Given the relative quiet trading week, much of the action was seen around the 2023 maturities, with the freshly minted two year note quoted around 17.20% by the close of the trading session. Some minor bidding interest was also seen in the recently issued July 2031 maturities. It closed the session quoted at 19.40%.

- Looking ahead, we expect activity to pick up as the month progresses.

## REVIEW: Other Treasury Markets

**Egypt:** Last week, the Egyptian Exchange (EGX) launched a new index for listed treasury bonds. The new index includes the most liquid bonds on the stock market, and the market value of the bond will determine the weight of each issuance within the index. The index takes into account both the return resulting from the change in bond prices, and the return resulting from the accrued coupons, which reflects the total return for the performance of the government bonds that make up the index. Read more : <https://cutt.ly/GQApWo8>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	06/08/2021	1,127.38	1,049.76	12.55	12.52	(0.03)
182 day	06/08/2021	124.51	55.23	13.37	13.31	(0.06)
2 year	06/08/2021	403.07	182.00	17.25	16.29	(0.11)

Source: Bank of Ghana

## Secondary Market

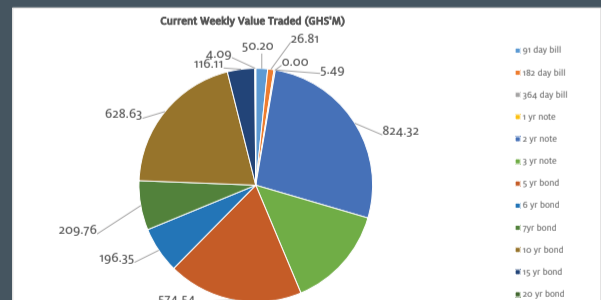
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.15	12.54%
182 day bill	93.99	12.95%
364 day bill	86.53	15.86%
2 year note*	100.08	17.20%
3 year note*	100.50	17.59%
5 year bond*	100.32	18.66%
6 year bond*	99.54	19.38%
7 year bond*	97.07	18.86%
10 year bond *	101.46	19.40%
15 year bond*	107.27	18.49%
20 year bond *	101.56	19.69%

Source: Central Securities Depository

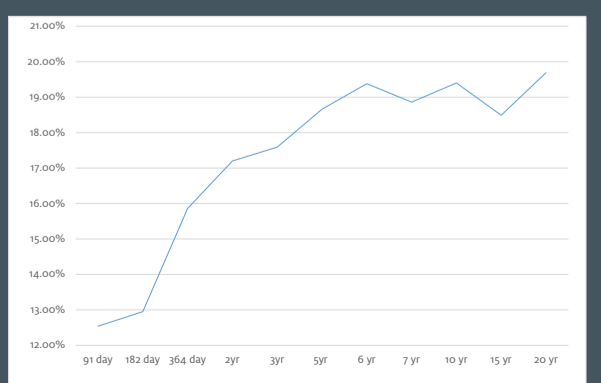
\*Benchmark security.

- 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](mailto:loppong-asante@gcb.com.gh)  
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong  
Email: [aofrimpong@gcb.com.gh](mailto:aofrimpong@gcb.com.gh)  
Tel: 0302 66 4910 -18

Michael Bedjrah  
Email: [mbedjrah@gcb.com.gh](mailto:mbedjrah@gcb.com.gh)  
Tel: 0302 66 4910 -18

### Treasury & Sales Contacts

Anthony Asare  
Email: [akasare@gcb.com.gh](mailto:akasare@gcb.com.gh)  
Tel: 0302 611 762

Daniel Boateng  
Email: [daboateng@gcb.com.gh](mailto:daboateng@gcb.com.gh)

### GCB Capital Ltd.

Michelle N.O Dadey  
Email: [mnodadey@gcb.com.gh](mailto: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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