

WEEKLY FIXED INCOME REPORT



Date Issued | 16th August, 2021

Primary Debt Market

- In last week's GoG treasury auction, a sum of GHS 1,316.55 million was raised in 91 day, 182 day and 364 day bills. This followed after all bids tendered by primary dealers, were accepted. The amount raised came in GHS 155.55 million higher than was targeted. As usual, the 91 day bill accounted for majority of the bids (almost 75% of bids raised). This was followed by the 182 day bill which accounted for about 13% of bids and the 364 bill which accounted for the remaining 12% of bids. In its next auction, the GoG seeks to raise an amount of GHS 596.00 million in 91 day and 182 day bills only.

- Yields continued to decline across tenors. The 91 day and 182 day bill both saw yields fall by 5 bps to stand at 12.47% and 13.26% respectively, week-on-week. The 364 day bill also witnessed a 17 bps drop in yields from 16.29% to 16.11% on a fortnight basis. Year-to-date, the 91 day bill and the 182 day bill have seen a yield decline of 11.49% and 6.13% each. Similarly, within the same period, yields on the 364 day bill have dropped by 5.20%.

- In the news, Ghana's inflation rate rose higher than forecasted in July after food, housing and transport prices surged. Consumer inflation increased to 9.0% from 7.8% in June, a 1.6% increment. Nonetheless, inflation remains below the 10.0% upper ceiling of the central bank's target range since April. This solidifies sentiment of the Bank of Ghana extending its pause on the adjustment of its monetary policy next month after it held the benchmark interest rate at a more than nine-year low in July to support the economy's recovery.

Secondary Debt Market

- Last week, a sum of GHS 3,654.77 million exchanged hands on the secondary bourse. This was GHS 583.56 million higher than the GHS 3,071.21 million turnover of the preceding week. Much of this increase in turnover was accounted for by 5 and 6 year bonds which saw turnover increase by GHS 414.60 million and GHS 105.91 million respectively on a weekly basis. The 15 and 20 year bonds also saw weekly value traded increase by GHS 152.52 million and 68.10 million.

- The secondary market was relatively net bid. Activity was seen across the curve. At the front end, July 2023 traded at 16.99% whilst March 2024 traded around 17.07%. There was also significant activity in the May 2026 and January 2027. These concluded around 18.51% and 18.83% respectively. Additionally, some minor interest was also seen in the August 2039 maturity which closed the trading session at 19.53%.

- The market anticipates an announcement by the BMS's on the 6 year bond issue which is scheduled for this month.

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 | 13/08/2021 | 985.74 | 985.74 | 12.52 | 12.47 | (0.05) |
| 182 day | 13/08/2021 | 172.12 | 172.12 | 13.31 | 13.26 | (0.05) |
| 364 day | 13/08/2021 | 158.69 | 158.69 | 16.29 | 16.11 | (0.17) |

Source: Bank of Ghana

Secondary Market

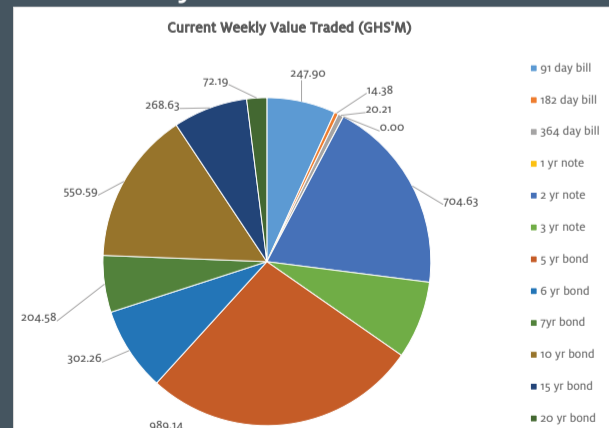
| Security | Weighted avg. price (estimated) | Weighted avg. yield (estimated) % |
|----------------|---------------------------------|-----------------------------------|
| 91 day bill | 97.05 | 12.54% |
| 182 day bill | 93.40 | 12.94% |
| 364 day bill | 86.21 | 15.90% |
| 2 year note* | 100.40 | 16.99% |
| 3 year note* | 100.50 | 17.07% |
| 5 year bond* | 100.78 | 18.51% |
| 6 year bond* | 101.35 | 18.83% |
| 7 year bond* | 98.61 | 18.45% |
| 10 year bond * | 102.20 | 19.23% |
| 15 year bond* | 101.93 | 19.58% |
| 20 year bond * | 102.31 | 19.53% |

Source: Central Securities Depository

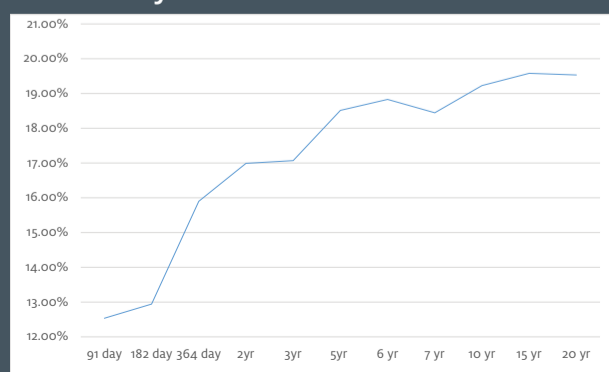
*Benchmark security.

- 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



WEEKLY FIXED INCOME REPORT



Date Issued | 16th August, 2021

G-Money is your secure wallet solution.

Dial *422# and experience it.



@GMoneyGhana

Pay your utility bills conveniently and securely
Dial *422#



@GMoneyGhana

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 Capital 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

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.