

WEEKLY FIXED INCOME REPORT



Date Issued | 6th September, 2021

Primary Debt Market

- Last week, the GoG raised a total of GHS 1,522.52 million via the issuance of 91 day, 182 day and 364 day treasury bills. The amount raised exceeded the targeted amount of GHS1,328.00 million, although total bids accepted were lower than total bids tendered. The 91day bill raised GHS 1,144.98 million following the acceptance of all tendered bids. The 182 day bill however raised GHS 64.66 million of the GHS109.16 million bids tendered. Similarly the 364 day bill raised GHS312.88 million of the GHS 353.62 million bids that were tendered. In the next auction, government seeks to raise a sum of GHS 1,380.00 million in 91 day and 182 day bills only.

- Continuing the trend of the past weeks, yields on the primary market continued to decline, albeit minimally. The 91 day bill saw yields 1 bp lower at 12.45%. Similarly, the 182 day bill dropped by 2 bps to 13.20% whilst the 364 day bill declined a minimal 1 bp to close the auction at 16.10%. On a year-to-date basis, the 91 day bill has dropped by 11.64%, the 182 day bill by 6.55% and the 364 day bill by 5.28%.

- In the news, inflation has inched up to 9.7%, from 9.0% in July. This has been on the back of increments in food and transport prices. Given as inflation remains within the central bank's 6% to 10% target range, we foresee that the monetary policy committee will continue to hold the key interest rate at a more than nine-year low to support the economy's recovery. Furthermore, the market awaits the issuance of a 6 year bond next week, which the government is looking to issue around 18.60% levels.

Secondary Debt Market

- There was a slight uptick in secondary market activity last week. Market turnover peaked by some GHS 6.27 million. With the exception of 2 year and 5 year bonds, market value increased across the curve. A sum of GHS 257.79 million exchanged hands for the 2 year bonds, down GHS 349.17 million, on a weekly basis. Similarly, for 5 year bonds, turnover dropped by GHS 149.43 million after only GHS 153.83 million exchanged hands for the said security.

- For benchmark maturities, minor action was seen across a few maturities. The July 2023 maturity traded around 16.72%, down 36 bps. The May 2026 maturity also traded 5 bps lower at 18.48%, whilst the July 2034 maturity closed the session at 18.36%.

- In the news, Moody's credit rating agency last week affirmed the country's long-term issuer rating at B3 and maintained a negative outlook. This came largely on the back of Ghana's high debt burden, high gross borrowing requirements, amongst others. The rating affirmation also takes into account improving growth prospects, resilient external sector performance and Ghana's continued access to domestic and international capital markets. This is likely to impact foreign investor sentiment for the country's debt and as such market participants are likely to remain somewhat on the sidelines in the coming week.

REVIEW: Other Treasury Markets

Nigeria: The value of Nigeria's green bonds market has grown to N49.19 billion, following four issuances in the last three years since its debut issuance by the Federal Government in 2017. In 2017, the Nigerian Exchange Limited (NGX) collaborated with the Ministry of Finance and other stakeholders to launch the first Climate Bond Initiative certified sovereign bond valued at N10.69 billion. This was followed by the N15 billion Series II sovereign green bond in 2019, which recorded a 220 percent subscription rate oversubscribed by N17.93 billion. Others are the N15 billion 15.5% 5-year Fixed Rate Senior Unsecured Green Bond issued by Access Bank of Nigeria Plc; and the N8.5 billion 15.6% 15-year Guaranteed Fixed Rate Senior Green Infrastructure Bond by North South Power Company (NSP).The potential for sukuk and green bonds remains immense and is likely to expand over the years underpinned by new markets, products and issuers and healthy investors' appetite.

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

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	04/09/2021	1,144.98	1,144.98	12.46	12.45	(0.01)
182 day	04/09/2021	109.16	64.66	13.22	13.2	(0.02)
364 day	04/09/2021	312.88	353.62	16.11	16.10	(0.01)

Source: Bank of Ghana

Secondary Market

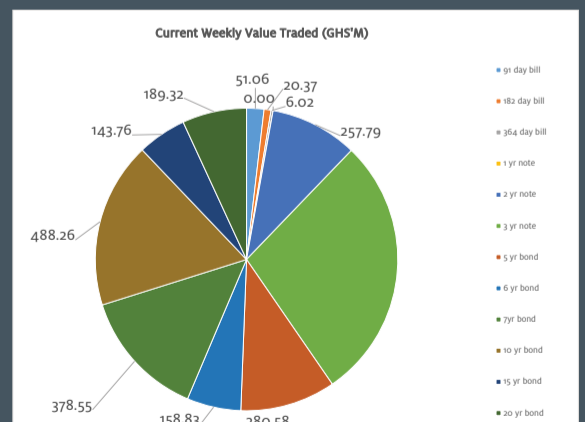
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.18	12.54%
182 day bill	93.60	12.94%
364 day bill	86.44	14.57%
2 year note*	100.79	16.72%
3 year note*	100.50	18.58%
5 year bond*	100.87	18.48%
6 year bond*	101.56	18.75%
7 year bond*	95.93	19.19%
10 year bond *	99.38	19.88%
15 year bond*	107.99	18.36%
20 year bond *	102.38	19.51%

Source: Central Securities Depository

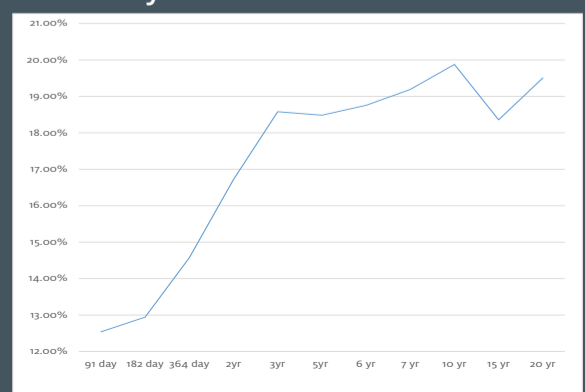
*Benchmark security.

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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