

WEEKLY FIXED INCOME REPORT



Date Issued | 17th September, 2021

Primary Debt Market

- The GoG in last week's treasury auction, issued 91 day, 182 day and 364 day treasury bills. A sum of GHS 1,207.86 million was tendered by primary dealers, of which GHS 1,207.26 million was accepted. Whilst all bids tendered for the 91 day and 182 day bills were accepted, GHS 191.60 million of the GHS 192.20 million bids tendered for the 364 day bill were accepted. The 91 day bill raised a sum of GHS 878.41 million whilst the 182 day bill raised GHS 137.25 million. The amount raised in the session came below the targeted amount of GHS 1,474.00 million. In the next session, a total of GHS 1,290.00 million is set for 91 day and 182 day bills only.

- Yields showed some mixed results. Whilst yields on the 91 day and 364 day bill inched up by 4 bps each, that of the 182 day bill declined by 5 bps. Consequently, the 91 day bill closed the session at 12.49%, whilst the 182 day bill and 364 day bill stood at 13.17% and 16.14% respectively. On a year-to-date basis, the 91 day bill has seen yields drop by 11.32%. Yields on the 182 day bill have also declined by 6.71% whilst yields on the 364 day bill have fallen by 5.07%.

- Up ahead, market players are looking forward to the possible announcement of a 2 year bond, which been scheduled for this month.

Secondary Debt Market

- Declines in secondary market trades continued throughout last week, with very little interaction between market participants. Total market turnover at the end of the week stood at GHS 2,273.03 million, down GHS 187.25 million from the GHS 2,460.28 million traded in the preceding week. Major declines in value traded were seen across 3 year, 5 year, 7 year and 10 year bonds. The mid-tenured, 3 year bonds saw trading values decline by GHS 189.93 million, whilst 5 year bonds declined by 81.26 million. The longer dated 7 year and 10 year bond also saw values drop by GHS 146.52 million and GHS 240.73 million respectively.

- Despite the general sluggish nature on the secondary bourse last week, benchmark securities received some attention. Some interest was seen in the July 2023, March 2024, July 2031, and July 2034 maturities. The 2023's and 2024's dealt around 16.80% and 17.30% each. Similarly, the 2031 and 2034 maturities declined to 19.31% and 19.81% respectively. On the other hand, very little interest was seen in the freshly issued September 2027 paper which was quoted around 18.69% by close of the trading session.

- Looking ahead, we expect liquidity among Banks to be impacted given Bank of Ghana's increase in the Cash Reserve Ratio (CRR) for dividend paying banks. This is likely to dampen activity on the secondary market as GHS liquidity remains scanty.

REVIEW: Other Treasury Markets

Nigeria, Egypt, Ghana: Nigeria, Egypt, and Ghana have been said to have the highest weight on the emerging bond market index. This was according to a new report titled 'Investment Funds and Financial Stability: Policy Considerations' by the International Monetary Fund published on Friday. "In terms of the relative importance, Egypt, Nigeria and Ghana have the highest weights at 2.6, 1.5, and 1.5 per cent of EMBIG Global Diversified respectively," the report stated. The IMF report stated that benchmark investors' strategies drive more correlation in portfolio flows for emerging market recipients and across emerging market bond yields, adding that such flows are, however, more sensitive to common global risk factors.

Read More: <https://cutt.ly/hEsRuix>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	17/09/2021	878.41	878.41	12.45	12.49	0.04
182 day	17/09/2021	137.25	137.25	13.22	13.17	(0.05)
364 day	17/09/2021	192.20	191.60	16.10	16.14	0.04

Source: Bank of Ghana

Secondary Market

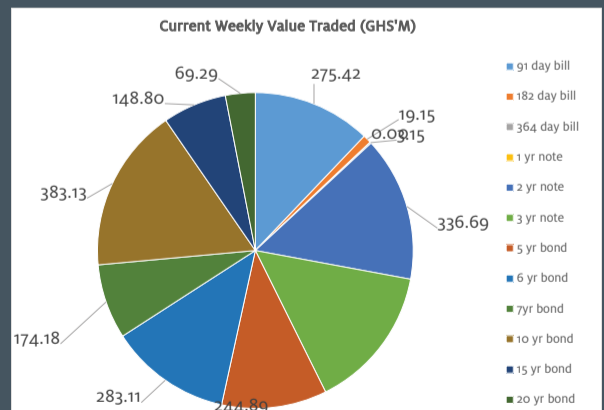
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.25	12.54%
182 day bill	94.25	12.94%
364 day bill	86.56	14.60%
2 year note*	100.63	16.80%
3 year note*	100.50	17.30%
5 year bond*	100.72	18.53%
6 year bond*	100.38	18.69%
7 year bond*	95.67	19.25%
10 year bond *	101.78	19.31%
15 year bond*	100.78	19.81%
20 year bond *	102.58	19.46%

Source: Central Securities Depository

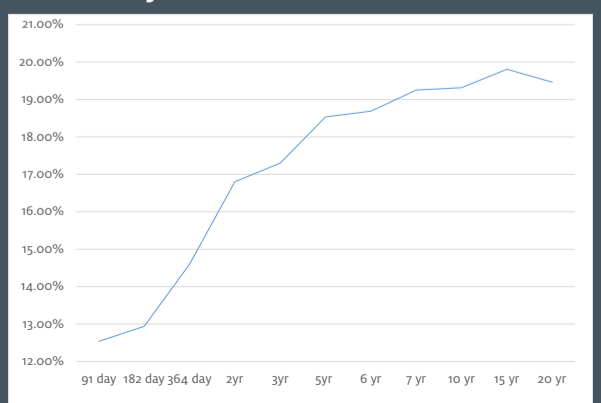
*Benchmark security.

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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