

# WEEKLY FIXED INCOME REPORT



Date Issued | 27th September, 2021

## Primary Debt Market

- The GoG in its recent auction raised a sum of GHS 2,067.99 million via the issuance of 91 day and 182 day bills as well as a new 2 year treasury note. The GoG failed to meet its treasury auction as treasury bill sales fell short of its target marginally. The 91 day and 182 day bills, raised GHS 1,151.21 million of the GHS 1,290.00 million targeted for the said securities. Given the relative increase in its interest yields in previous sessions, the 182 day bill gathered the most bids, raising a total of GHS 696.68 million, whilst the 91 day bill raised GHS 454.83 million. In its next treasury auction, the Central Bank seeks to raise an amount of GHS 972.00 million in 91 day, 182 day and 364 day bills.

- Yields were seen inching upward in this session. Whilst the 91 day bill saw yields remain flat, that of the 182 day bill and 2 year note advanced. The 91 day bill stayed at 12.49%. The 182 day bill however gained 4 bps to close the auction at 13.21% from 13.17% in the previous session. The newly issued 2 year note also advanced by 25 bps from when it was last issued at 17.25%. Consequently, the 2 year note closed at 17.50%, 50 bps higher than indicated in the Initial Pricing Guidance (IPG)

- In the news, the Bank of Ghana has this week kept the policy rate at 13.50% on the back of heightened inflationary pressure which has pushed inflation towards its upper band of 10%. Inflation for August stood at 9.7%. As such we expect yields to increase in the coming sessions.

## Secondary Debt Market

- Last week, total turnover on the secondary bourse dwindled slightly. Trade on the secondary bourse was subdued as a result of the public holiday on Tuesday resulting in a 4 day trading week. A sum of GHS 2,113.97 million was raised, versus GHS 2,273.03 million of the preceding week. Declines in value traded were seen across 2 year notes as well as 6 year and 15 year bonds. Turnover for 2 year bonds declined by GHS 184.56 Million whilst that of 6 year bonds fell by GHS 160.99 million. Value traded for 15 year bonds came in GHS 115.70 million less than in the preceding week.

- The yield curve was fairly offered particularly around the front to belly as many market players sought GHS liquidity (which remained thin) and awaited the announcement and issuance of the 2 year note. The July 2023 touched 16.94% from 16.80% whilst the May 2026 closed the session 13 bps higher at 18.67%. Decent sizes of the September 2027, July 2031 and July 2034 were also offered, closing the session around 18.70%, 19.41% and 19.82% levels respectively. There were very little bids to match and bids remained scarce during the trading week.

- Looking ahead, we expect GHS liquidity to improve at least slightly in the coming days, on the back of large bond maturities which are expected this week and as fund managers seek to close their books for the quarter. This should allow the market see more bids to match offers.

## REVIEW: Other Treasury Markets

**Egypt:** Last week, Egypt sold \$3 billion in its second Eurobond issuance of the year, joining a rush of emerging-market governments taking advantage of low borrowing costs before the U.S. Federal Reserve starts tapering its pandemic stimulus. The issuance was three times oversubscribed, with total bids of \$9 billion by more than 300 investors from U.S., Europe, Asia, Middle East and Africa. The sale included \$1.125 billion of six-year notes at a yield of 5.8%, \$1.125 billion in 12-year notes at a yield of 7.3%, and \$750 million in 30-year bonds at 8.75%. Demand from investors helped cut final yields on the 6 year and 12 year notes by 32.5 bps and by 12.5 bps for the 30-year bonds. **Read more:** <https://cutt.ly/WETXt1A>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	24/09/2021	454.83	454.83	12.49	12.49	0.00
182 day	24/09/2021	696.68	696.68	13.17	13.21	0.04
2 year	24/09/2021	926.78	916.78	17.25	17.50	0.25

Source: Bank of Ghana

## Secondary Market

Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.08	12.53%
182 day bill	93.62	12.94%
364 day bill	86.10	14.63%
2 year note*	100.40	16.94%
3 year note*	100.50	17.24%
5 year bond*	100.32	18.67%
6 year bond*	100.32	18.70%
7 year bond*	99.20	18.29%
10 year bond *	101.34	19.41%
15 year bond*	100.73	19.82%
20 year bond *	102.74	19.43%

Source: Central Securities Depository

\*Benchmark security.

2yr - Feb'23

3yr - Mar'24

5yr - Mar'26

6yr - Jun '27

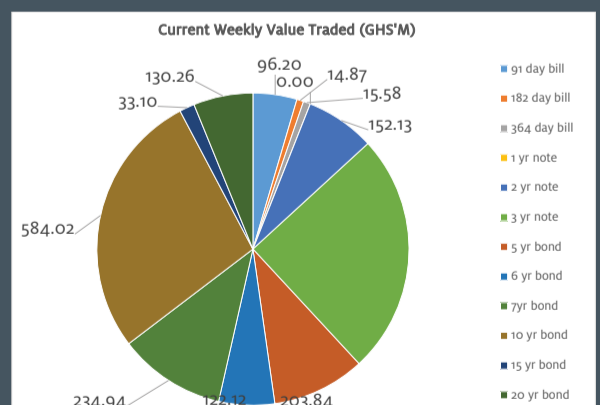
7yr - Nov'27

10yr - June '29

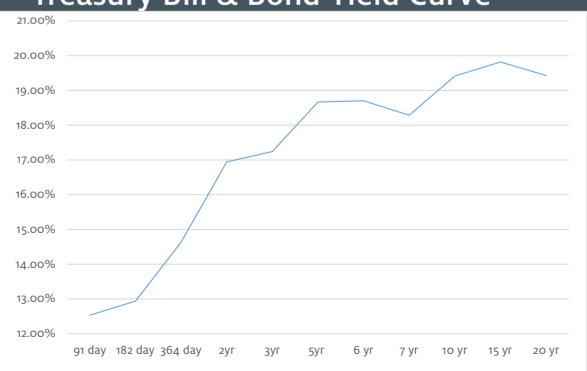
15yr - July '34.

20 yr- August '39

## Secondary Market Trade



## Treasury Bill & Bond Yield Curve



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