

WEEKLY FIXED INCOME REPORT



Date Issued | 8th November, 2021

Primary Debt Market

- Last week, the GoG raised a total of GHS 2,493.88 million in 91day, 182 day, and 364 day bills as well as a 2 year note. Of this amount, GHS 1,132.88 million was raised by 91 day, 182 day and 364 day bills, whilst the 2 year note raised a sum of GHS 1,361.10 million. This followed after all bids tendered were accepted for all securities except the 364 day bill which saw only GHS 153.84 million bids accepted of the GHS 154.39 million bids tendered. The amount raised by the treasury bills fell short of the targeted amount of GHS 1,487.00 million, reflecting a 31% shortfall. The 91 day bill raised GHS 847.43 million, whilst the 182 day and 364 day bills raised GHS 131.61 million and GHS 153.84 million respectively. There was also a tap issuance of a July 2026 bond which did not attract much interest and closed with a total issue size of GHS 259 million. In its next auction, the GoG seeks to raise 1,191.00 million in 91 day and 182 day bills only.

- Yields remained elevated during the session. The 91 day bill advanced by 3 bps to 12.48% from 12.45%. The 182 day and 364 day bill both inched up by 4 bps to close at 13.16% and 16.29% respectively. The newly issued 2 year note closed at 20.00%, 25 bps higher than when it was last issued and 5 bps above the IPG.

- We expect yields to remain slightly elevated in the coming week as the market awaits the pending MPC meeting on 19th November, 2021.

Secondary Debt Market

- Last week, secondary market activity was seen lower than the previous week. A sum of GHS 3,322.73 million exchanged hands, versus GHS 4,276.21 million that exchanged hands in the previous week. This reflected a shortfall of GHS 953.48 million, week-on-week. These declines in turnover were observed across all tenors.

- Activity on the secondary bourse was slow with very little bidding interest seen on the market as players turned their focus to the price guidance for the week's primary issuance, particularly the 2 year bond. Little activity remained at the front end with the October 2024 and September 2023 trading around 18.79% and 16.90% respectively. Small clips of the June 2028 and July 2031 also traded 68 bps and 9 bps lower at 18.37% and 19.80% respectively. Activity continued between local participants as offshore investors remained on the sidelines.

- Looking ahead, we expect this narrative to persist this week as market players await the budget reading next Monday, November 15th. The budget should provide the market with some direction and determine the outlook on yields.

REVIEW: Other Treasury Markets

Nigeria: Determined to provide adequate and affordable housing for Nigerians, the Federal Government of Nigeria, on Monday 8th November, proposed a National Housing Bond aimed to help housing developers access financing across all geopolitical zones in the country. The Minister of Works and Housing, Babatunde Fashola, while speaking during the Housing Investment Forum in Abuja, said there was need to improve financing of the housing sector to the benefit of Nigerians both in urban and rural areas. The minister noted that the aim was to raise Capital that will be used to finance develop of housing infrastructure in Nigeria.

Read more: <https://cutt.ly/rToTZ6J>

Primary Market

| Security | Recent auction (date) | Amount tendered (GHS'M) | Bids accepted (GHS'M) | Prev. yield (%) | Current yield (%) | Change (%) |
|----------|-----------------------|-------------------------|-----------------------|-----------------|-------------------|------------|
| 91 day | 05/11/2021 | 847.43 | 847.43 | 12.45 | 12.48 | 0.03 |
| 182 day | 05/11/2021 | 131.61 | 131.61 | 13.12 | 13.16 | 0.04 |
| 364 day | 05/11/2021 | 54.39 | 153.84 | 16.24 | 16.28 | 0.04 |

Source: Bank of Ghana

Secondary Market

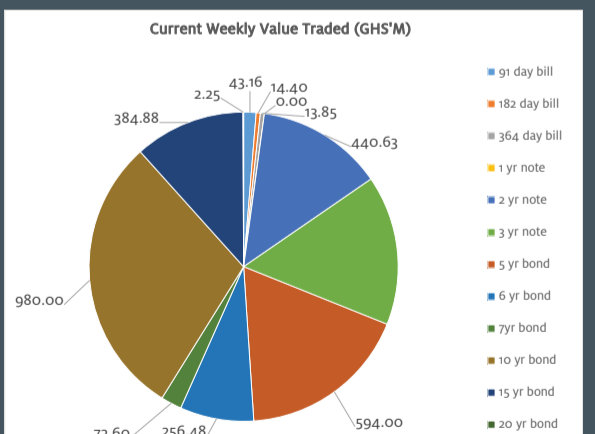
| Security | Weighted avg. price (estimated) | Weighted avg. yield (estimated) % |
|----------------|---------------------------------|-----------------------------------|
| 91 day bill | 97.06 | 12.54% |
| 182 day bill | 94.34 | 12.94% |
| 364 day bill | 86.67 | 14.63% |
| 2 year note* | 100.05 | 17.43% |
| 3 year note* | 101.5 | 18.40% |
| 5 year bond* | 95.53 | 19.95% |
| 6 year bond* | 93.88 | 20.65% |
| 7 year bond* | 98.99 | 18.37% |
| 10 year bond * | 99.69 | 19.80% |
| 15 year bond* | 96.42 | 20.78% |
| 20 year bond * | 101.83 | 19.62% |

Source: Central Securities Depository

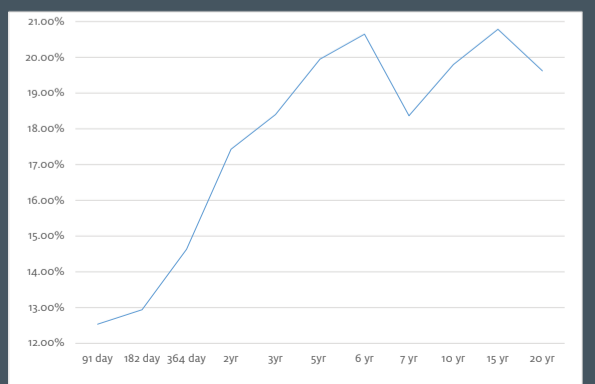
*Benchmark security.

- 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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