

WEEKLY FIXED INCOME REPORT



Date Issued | 29th November, 2021

Primary Debt Market

- A total of GHS 1,190.37 million was raised in GoG's recent treasury bill auction. Securities auctioned included the weekly issued 91 day and 182 day bill as well as the bi-weekly issued 364 day bill. All bids tendered by primary dealers during the auction were accepted. Nonetheless, government failed to meet its auction target of GHS 1,390.00 million. As is typical, the 91 day bill accounted for majority of bids tendered, raising GHS 890.57 million. The 364 day bill followed with GHS 190.12 million, whilst the 182 day bill raised GHS 109.68 million. In its next auction, government seeks to raise GHS1,284.00 million in 91 day and 182 day bills only.

- Yields recorded mixed results during the session under review. The 91 day bill saw yields close flat at 12.50%, same as in the previous session. The 182 day bill however witnessed a 2 bps decline in yields from 13.19% to 13.17%, on a weekly basis. Conversely, the 364 day bill saw yields close at 16.31%, 2bps higher than the 16.29% of the previous week. On a year-to-date basis, yields on the 91 day bill have dropped by 11.27%, whilst that of the 182 day bill has fallen by 6.74%. The 364 day bill has also seen yields decline by 4.09%.

- In the news, the Bond Market Specialists (BMS) announced a 2 year GoG note issuance for this week. The IPG is to be released on Tuesday with book build on Wednesday.

Secondary Debt Market

- Total volume traded on the secondary market last week stood at GHS 3,389.22 million. The front end to middle of the LCY curve accounted for most activity whilst the back end remained mostly quiet. 5 year bonds saw GHS 1,085.40 million exchange hands, whilst 2 year and 3 year notes saw GHS 258.19 million and GHS 566.20 million exchange hands during the week.

- The secondary bourse began the week on a rather quiet note as market players awaited the release of the MPC's policy rate decision. Following the announcement of a 100 bps hike in the policy rate, activity on the secondary market rebounded, with most action around the 2026, 2027 and 2028 maturities. Liquidity continued to improve as the week progressed. Consequently, the September 2027 dealt around 20.65%, whilst the June 2028 closed around 21.00%.

- On the international market, yields on Ghana's Eurobonds were seen higher at the start of last week. However, as the week progressed, the country's Eurobonds waxed stronger with yield slightly plummeting. Looking ahead, we foresee a slight and gradual increase in yields on the secondary market, on the back of the recent hike in the policy rate.

REVIEW: Other Treasury Markets

Nigeria: Last week, activity on the Federal Government of Nigeria (FGN) bond secondary market was bearish. Investor focus was on the T-bill Primary Market Auction (PMA) and the market witnessed dominant selling pressure at the mid-segment of the curve. As a result, the average benchmark yield for bonds rose by 5bps to 11.41%. On benchmark notes, the yields of the 7-year (+22bps to 11.98%) and 10-year (+13bps to 12.29%) bonds expanded, while the yield on the 3-year bond (-9bps to 9.35%) declined. However, it is still seen that a future rise in bond yields is unlikely to be sharp as the monetary authorities appear content with recent economic and monetary outcomes, having left the Monetary Policy Rate (MPR) unchanged at 11.50% last week.

Read more: <https://cutt.ly/7YeHSap>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	26/11/2021	890.57	890.57	12.50	12.50	0.00
182 day	26/11/2021	109.68	109.68	13.19	13.17	(0.02)
364 day	26/11/2021	190.12	190.12	16.29	16.31	0.02

Source: Bank of Ghana

Secondary Market

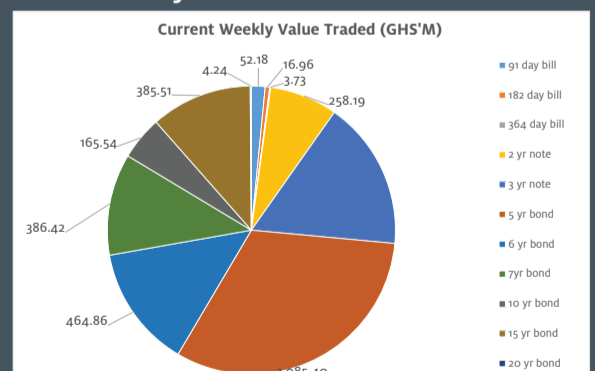
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.23	12.54%
182 day bill	94.11	12.95%
364 day bill	86.67	15.82%
2 year note*	97.02	19.78%
3 year note*	115.81	20.03%
5 year bond*	93.18	20.79%
6 year bond*	99.95	20.65%
7 year bond*	98.99	18.38%
10 year bond *	101.17	19.46%
15 year bond*	108.42	21.00%
20 year bond *	106.02	20.10%

Source: Central Securities Depository

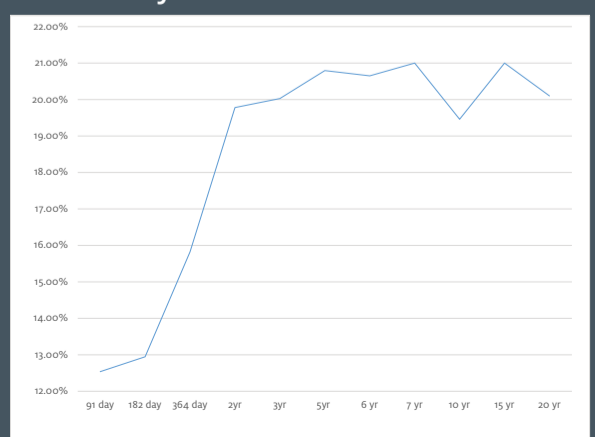
*Benchmark security.

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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