

# WEEKLY FIXED INCOME REPORT



Date Issued | 14th February, 2022

## Primary Debt Market

- Last week a sum of GHS 1,508.45 million was raised in GoG's issuance of 91 day, 182 day and 364 day bills. This compares to the targeted amount of GHS 1,407.00 million. Bids accepted came in GHS 2.85 million less than total bids tendered by primary dealers. As is typical, the 91 day bill raised the highest amount of GHS 955.97 million, followed by the 364 day bill which raised 422.54 million. The 182 day bill raised a sum of GHS 129.94 million. Alongside the issuance of treasury bills, a 2 year fixed note was also issued, raising GHS 1,082.42 million. Government in its next auction seeks to raise GHS 664.00 million via the issuance of 91 day and 182 day bills only.

- Yields were seen shifting upwards across maturities. The 91 day and 182 day bill recorded yields 3 bps higher to close at 12.69% and 13.26% respectively. Additionally, yields on the 364 day bill also edged up by 24 bps to 16.99%. The 2 year note however closed flat at 19.75%, same as when it was last issued on the primary market.

- In the news, Ghana's inflation rate was recorded to have climbed to its highest level in 6 years in January. Inflation moved to 13.90% from 12.60% in December, breaching the upper band of the central bank's target of 6%-10% for the 5th consecutive month. This is expected to put renewed pressure on the central bank to increase its benchmark rate.

## Secondary Debt Market

- Trading activity on the secondary bourse was rather low last week, particularly following Moody's credit rating downgrade over the weekend. The decline in trading volumes was also affected by market players shifting focus to the 2 year note issuance. Subsequently, a sum of GHS 4,386.86 million exchanged hands during the period, GHS 581.33 million lower than was traded in the preceding week.

- GHGB's were mostly seen net offered during the week, with bids scarce. Liquidity was also seen drying up during the session causing a slowdown in activity. Offers in the Dec'2023 and Dec'2026 maturities touched 18.51% and 20.95% levels. Additionally, the July 2031 and July 2034 maturities were quoted around 20.47% and 21.73%, from prior trading levels of 20.05% and 20.27% respectively.

- Following the settlement of the 2 year note that was issued last week, we expect market activity to pick up this week. Nonetheless, we still foresee offers outweighing bids on the market as many market players seek to profit following the rally in yields that have characterized the market over the past few weeks.

## REVIEW: Other Treasury Markets

**Nigeria:** The Nigerian Treasury Bills market was quiet for most of the session this week, with average benchmark yields remaining unchanged, except for Tuesday's trading where we saw massive interest on the August 22 maturity. At the close of trading on Thursday, the market was bullish with buying interest seen both at the NT Bills and OMO Bills. Average benchmark yields for t- bills fell by -2.21% while yields on OMO bills also edged up by -0.18%. Performance of the local bond market was mixed, with the market having a seesaw trend this week. Overall, average benchmark yields closed at 11.51%, dropping by -0.26%. Read more: <https://cutt.ly/3Psj8xu>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	11/02/2022	956.57	955.97	12.66	12.69	0.03
182 day	11/02/2022	130.19	129.94	13.23	13.26	0.03
364 day	11/02/2022	422.54	422.54	16.74	16.99	0.24
2 year	11/02/2022	1,082.42	1,082.42	19.75	19.75	0.00

Source: Bank of Ghana

## Secondary Market

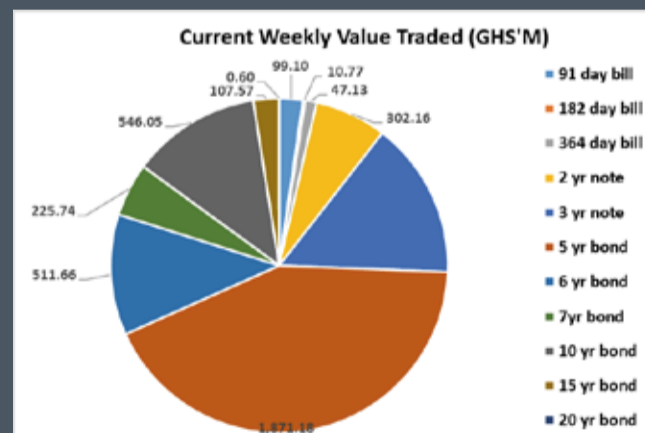
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.18	12.54%
182 day bill	93.98	12.94%
364 day bill	86.20	15.86%
2 year note*	101.76	18.51%
3 year note*	107.95	19.88%
5 year bond*	100.05	20.95%
6 year bond*	102.68	20.93%
7 year bond*	95.05	19.47%
10 year bond *	96.99	20.47%
15 year bond*	92.58	21.73%
20 year bond *	107.06	18.62%

Source: Central Securities Depository

### \*Benchmark security.

91 day - June '20  
 182 day - September '20  
 364 day - March '21  
 2yr - February '22  
 3yr - January '23  
 5yr - July '24  
 6yr - January '25  
 7yr - April '25  
 10yr - June '29  
 15yr - July '34.  
 20 yr- August '39

## Secondary Market Trade



## Treasury Bill & Bond Yield Curve



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