

# WEEKLY FIXED INCOME REPORT



Date Issued | 31st January, 2022

## Primary Debt Market

- The GoG in its recent auction of treasury bills raised a total of GHS 1,218.28 million. This came in GHS 27.28 million higher than the targeted amount of GHS 1,191.00 million. The 91 day bill accounted for majority of bids, raising GHS 721.96 million. This was followed by the 364 day bill which raised GHS 310.32 million and the 182 day bill which raised GHS 186.00 million. Whilst all tendered bids for the 364 day bill were accepted, bids accepted for the 91 day and 182 day bill fell short of tendered bids by some GHS 1.18 million and GHS 2.13 million respectively.

- Yields across tendered securities were relatively high. That of the 91 day bill increased by 9 bps from 12.54% to 12.63%. Similarly, the 364 day bill saw yields inch up by 4 bps to 16.74% from 16.70%. The 182 day bill however witnessed a marginal 1 bp increase in yields from 13.22% to 13.23%. In its next auction, the GoG seeks to raise GHS 932.00 million from the issuance of 91 day and 182 day bills only.

- In the news, the MPC on Monday kept the policy rate unchanged at 14.50%. This decision was made to allow the central bank assess the impact of a previous rate hike as inflation rate continues to rise above its target band.

## Secondary Debt Market

- Total turnover on the secondary bourse increased slightly last week. Total value traded increased by GHS 589.38 million, week-on-week. Much of the increase in trades was observed across mid-to-long tenured securities with 5 year bonds accounting for majority of the increase in value traded.

- For the most part of last week, the bonds secondary market was mostly offered, with yields seen inching upwards across the curve. By mid-week many participants sat on the sidelines as the market was dominated by sellers. Selling interest was observed at the front to belly of the yield curve. The December 2024 maturity traded around 20.45% whilst the December 2026 exchanged hands at 20.72%. The freshly issued 6 year Jan'2028 maturity was quoted around 21.66% by close of the week.

- There currently appears to be little hope for LCY's as emerging markets continue to suffer the effects of the hawkish tone of central banks in developed nations. As such, we project that the market will remain mostly offered in the weeks ahead, with the persistence of risk-off sentiment.

## REVIEW: Other Treasury Markets

**Nigeria:** The \$4 billion Eurobond issued to offshore investors last year by Nigeria has been taken to the Nigerian Exchange (NGX) for trading on the secondary market. The bond was issued in 2021 by the Debt Management Office (DMO) to raise funds to support the fiscal year's budget deficit. Last week, the debt office took the debt instrument to the FMDQ Securities Exchange for listing, giving investors, especially those in the domestic end, the opportunity to buy the paper through the secondary market.

Source: <https://cutt.ly/iOWhwdQ>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	28/01/2022	723.14	721.96	12.54	12.63	0.09
182 day	28/01/2022	188.13	186.6	13.22	13.23	0.01
364 day	28/01/2022	310.32	310.32	16.7	16.74	0.04

Source: Bank of Ghana

## Secondary Market

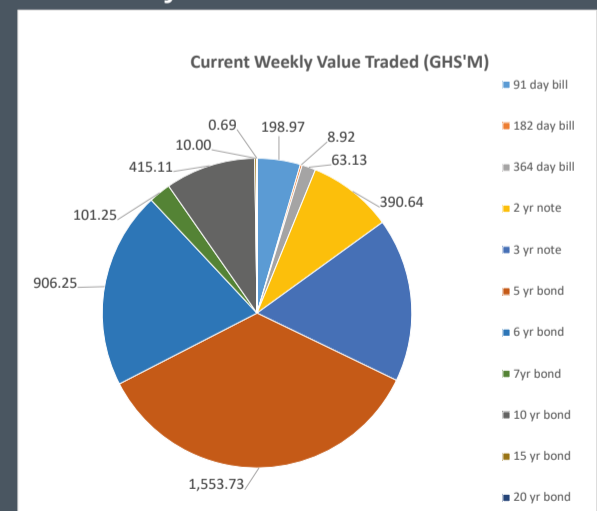
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.10	12.55%
182 day bill	95.32	12.95%
364 day bill	86.28	15.90%
2 year note*	100.51	19.35%
3 year note*	113.51	20.45%
5 year bond*	100.74	20.72%
6 year bond*	100.26	21.66%
7 year bond*	95.69	19.30%
10 year bond *	99.43	19.88%
15 year bond*	93.77	21.45%
20 year bond *	99.59	20.09%

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.

## Secondary Market Trade



## Treasury Bill & Bond Yield Curve



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