

WEEKLY FIXED INCOME REPORT



Date Issued | 28th February, 2022

Primary Debt Market

- The GoG issued 91 day, 182 day, and 364 day bills in its recent treasury auction. The sale of these bills raised a sum of GHS 1,212.80 million, following the acceptance of all bids tendered. The 91 day bill raised the highest amount of GHS 863.93 million, followed by the 364 day bill which accounted for GHS 203.29 million, and the 182 day bill which raised GHS 145.58 million. The amount raised came in GHS 111.20 million less than was targeted by the GoG for the auction. In its next auction of 91 day, 182 day, and 364 day bills, the government seeks to raise a sum of GHS 1,175.00 million.

- Yields showed some mixed results; whilst that of the 91 day and 182 day bill inched up, yields for the 364 day bill declined. The 91 day bill inched up by 12 bps to 13.03% from 12.91%. Similarly, the 182 day bill advanced by 2 bps from 13.29% to 13.31%. On the contrary, the 364 day bill saw yields dip by 3 bps to 16.96% versus 16.99% when it was last issued a fortnight ago. Furthermore, on a year-to-date basis, the 91 day and 182 day bills have witnessed yields advancing by 4.11% and 0.93% respectively. Similarly, yields on the 364 day bill have also advanced by 2.36%.

Secondary Debt Market

- The bond secondary market was rather active last week with a sum of GHS 4,557.52 million exchanging hands, up GHS 122.65 million from the preceding week.

- Strong GHS liquidity was observed at the start of the week and resulted in paying interest being observed across the curve. Consequently, yields were seen largely lower as bidding interest characterized the week's trading activity. Demand for GHGBs was seen by both local and offshore players, with offshore players mainly around the front of the curve. Local players, particularly fund managers who sought to balance their portfolios ahead of month-end, were seen at the tail of the curve. At the front end of the curve, the February 2024 and December 2024, traded 4bps and 25 bps lower at 19.38% and 19.46% respectively. Additionally, yields on the December 2026 and January 2028 fell by 9bps and 76 bps, trading around 20.07% and 20.45% each. The back end of the curve also enjoyed some paying action with the July 2034 maturity dealing around 20.79%.

- As the week drew to an end, activity on the local bond market began to cool off, on the back of news of Russia's attack on Ukraine. This created uncertainty amongst offshore players thereby reducing some of the gains chalked in earlier sessions. The international capital market was also quick to react to the news, with yields on Ghana Eurobonds spiking by weekend on the back of risk-off sentiment that characterized the market. Looking ahead, we expect to see selling interest amongst offshore participants should the crisis continue to escalate.

REVIEW: Other Treasury Markets

Egypt: Egypt has named six international lenders, including Citigroup Inc. and HSBC Holdings Plc, to manage its first sale of sovereign Islamic bonds as one of the Middle East's most indebted nations looks to diversify funding sources and ease the burden on its economy. Abu Dhabi Islamic Bank PJSC, Credit Agricole SA, Emirates NBD Bank PJSC, and First Abu Dhabi Bank PJSC were also selected to help the government sell a Sukuk of around \$2 billion, according to people familiar with the decision. The issuance is expected to take place in the second quarter of the year. Egypt first announced plans to sell sovereign Islamic bonds four years ago but opted to move ahead instead with other international issuances to help cover financing needs. Last year, it raised \$6.8 billion through Eurobond issuances and is planning its first Japanese yen-denominated Samurai bond in the current fiscal year that ends in June. **Read more:** <https://cutt.ly/sAe62Ti>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	25/02/2022	863.93	863.93	12.91	13.03	0.12
182 day	25/02/2022	145.58	145.58	13.29	13.31	0.02
364 day	25/02/2022	203.29	203.29	16.99	16.96	(0.03)

Source: Bank of Ghana

Secondary Market

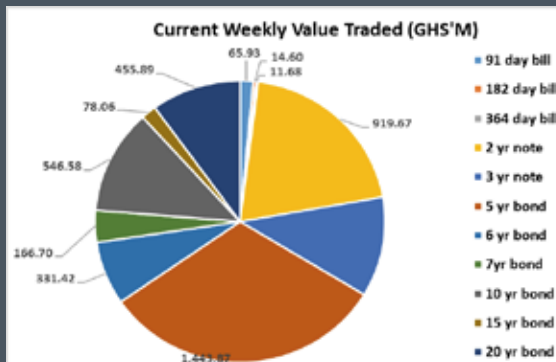
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	79.80	12.54%
182 day bill	95.23	12.94%
364 day bill	86.44	15.85%
2 year note*	100.66	19.38%
3 year note*	136.84	19.46%
5 year bond*	102.66	20.07%
6 year bond*	104.27	20.45%
7 year bond*	94.29	19.69%
10 year bond *	95.72	20.78%
15 year bond*	96.46	20.79%
20 year bond *	99.30	20.17%

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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