

# WEEKLY FIXED INCOME REPORT



Date Issued | 4th May, 2021

## Primary Debt Market

- After all bids were accepted in last week's auction, a total of GHS 573.22 million was raised in 91 day and 182 day treasury bills. Despite the acceptance of all tendered bids, the total raised came short of the targeted amount of GHS 673.00 million by GHS 99.78 million. The 91 day bill raised GHS 416.67 million and accounted for about 73% of accepted bids. The 182 day bill also raised GHS 156.55 million, which reflected the remaining 27.3% of accepted bids. A total of GHS 1,142.00 million is targeted for the next auction, which should see the issuance of 91 day and 182 day bills.

- Yields on the 91 day bill inched up by 6bp to stand at 12.84%, compared to 12.78% in the preceding week. This is the first time in 11 weeks that the 91 day bill has recorded an increase in yields. The 182 day bill on the other hand saw yields decline by 5 bps to 13.53% from 13.58%, week-on-week. On a year-to-date basis, the 91 day and 182 day bill have recorded an 8.89% and 4.18% decline in yields, respectively.

- As predicted last week, the interbank market continues to experience tightened liquidity as government falls short of its target for the 4th consecutive week. As predicted by the 2021 Budget, these liquidity challenges are expected as a result of the introduction of some new taxes and levies.

## Secondary Debt Market

- Last week, the secondary market witnessed a drastic weekly decline in turnover. Market volume at the end of the week had declined by GHS 1,282.27 million. At the end of the week, a total of GHS 2,827.04 million had changed hands, compared to the GHS 4,156.36 million that changed hands the week before. Much of this decline in value traded was seen at the head and tail of the yield curve. With the exception of 6 year and 7 year bonds currently in circulation, all other tenors recorded a decline in trades.

- For benchmark securities, yields recorded some mixed results. The short to mid-point of the yield curve, saw yields inch up. However, market interest was seen shifting along the curve with yields declining for longer dated maturities. The June 2029 garnered much interest during the week, trading around 18.80% from 19.90% a week ago. The July 2034 and August 2039 maturities also saw yields decline by 25 bps and 27 bps respectively. Demand appears to have been mainly driven by local fund managers, whose sentiments appear to be that the longer dated maturities are currently being over sold.

- At the close of last week, government released its much awaited issuance calendar for Q2'2021. Government plans to raise a total of GHS 21.43 billion. About 81% of this amount will be used to rollover maturities, with the remaining 19% being fresh issuances to meet governments financing requirements for 2021. More than half of the amount will be raised via the issuance of 91-day treasury bills, with just about GHS 3.00 billion being raised via the issuance of a 5 year and 7 year bond in May and June respectively. We expect that the release of the calendar should provide some clarity to market participants and enable market players plan accordingly.

## REVIEW: Other Treasury Markets

**Kenya:** The Capital Markets Authority (CMA) has entered into fresh talks with the Kenya Deposit Insurance Corporation (KIDC) and the Central Bank of Kenya (CBK) to recommence plans to compensate bondholders should the country experience a banking crisis. Following a two year deadlock, the CMA has indicated that talks for such reimbursements are underway. These legal changes are aimed at ensuring investments by investors are separated from customer deposits and other bank liabilities in instances where a financially distressed bank has issued a corporate bond.  
**Read more:** <https://cutt.ly/ebbSbYq>

**Nigeria:** Last week trading on the Nigerian secondary market was relatively quiet as liquidity on the market remained tight. Investors stayed on the side lines, awaiting the results of the primary market auction that was held on Wednesday, 28th April, 2021. As a result, average yields closed flat at 4.74% despite the bond coupon payment inflow worth N53.0bn which was received during the week. **Read more:** <https://cutt.ly/sbbS843>

## Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	30/04/2021	416.67	416.67	12.78	12.84	0.06
182 day	30/04/2021	156.55	156.55	13.58	13.53	(0.05)

Source: Bank of Ghana

## Secondary Market

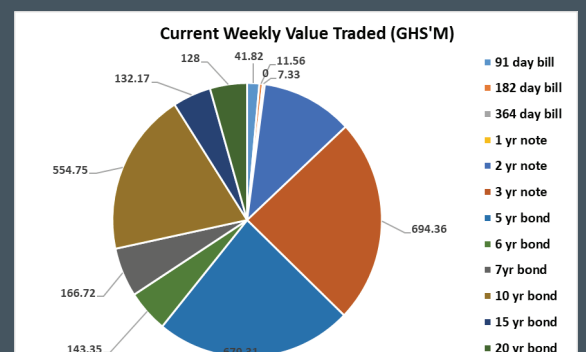
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.04	12.54%
182 day bill	94.17	12.94%
364 day bill	85.98	15.90%
2 year note*	100.51	17.20%
3 year note*	154.33	17.55%
5 year bond*	99.54	18.42%
6 year bond*	100.24	19.15%
7 year bond*	104.46	19.27%
10 year bond *	104.07	18.80%
15 year bond*	103.63	19.21%
20 year bond *	99.84	20.01%

Source: Central Securities Depository

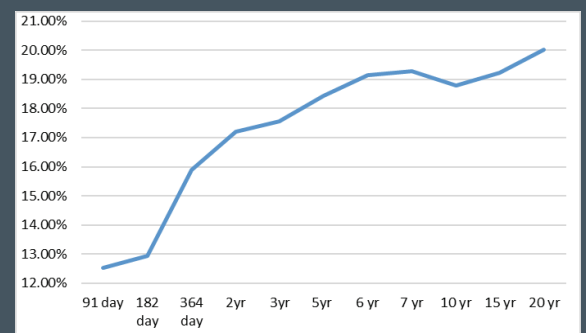
\*Benchmark security.

- 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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