

WEEKLY FIXED INCOME REPORT



Date Issued | 5th July, 2021

Primary Debt Market

- Last week's GoG primary auction raised a sum of GHS 735.58 million in 91 day and 182 day bills only. After accepting all bids tendered, government was unable to meet its target of GHS 1,178.00 million for the auction, despite the recent turnaround in the auctioning of treasury bills. The 91 day bill accounted for about 82% of bids raised, whilst the 182 day bill accounted for the remaining 18%. In its next auction, the government seeks to raise a total of GHS 1,305.00 million in 91 day, 182 day and 364 day treasury bills.

- Yields on the 91 day bill declined by 3 bps from 12.62% to 12.59%. The 182 day bill however remained unchanged with yields at 13.38%. On a year-to-date basis, the 91 day bill has lost 10.66% in yields whilst the 182 day bill has lost 5.26%.

- The auction results came a few days after credit ratings agency, Fitch, reviewed the country's economic outlook from stable to negative, albeit maintaining its rating at "B". This could be a contributing factor to the slump in treasury sales.

Secondary Debt Market

- Last week, the secondary bourse was rather quiet. A total of GHS 4,992.65 million exchanged hands, down GHS 897.91 million from the GHS 5,890.56 million turnover of the previous week. Much of this decline in value traded was seen at the long end of the curve, with activity seen at the front to belly of the curve. 10 year bonds in circulation witnessed a decline in turnover of about GHS 707.47 million. 15 year bonds also saw turnover drop by GHS 370.10 million and 20 year bonds declined by GHS 496.89 million.

- For benchmark securities, the market saw offers still outweigh bids. February 2023 and May 2026 maturities changed hands 15 bps and 11 bps higher at 16.76% and 18.09% respectively. The July 2034 and August 2039 maturities also dealt at 20.38% and 19.46%, reflecting yield increments of 2.02% and 0.30% respectively. Decent volumes of the March 2024 however traded in the session at 16.46%.

- In the news, this month, the GoG is scheduled to hold 2 bond auctions. The government is looking to raise GHS 3.6 billion in 3 year and 6 year tenors. The market thus awaits an announcement from the Bond Market Specialists (BMS) later this week.

REVIEW: Other Treasury Markets

Egypt: Egypt is currently targeting Swiss investment, especially in the areas of healthcare, education, transportation and renewable energy. This Swiss investment is intended to localize international expertise in Egypt to achieve the country's sustainable development goals set in its Vision 2030. Switzerland is an important investor, ranking 15th among the countries investing in Egypt, with the total value of the capital 433 Swiss companies have invested in the Egyptian market standing at \$2.179 billion across a wide range of sectors, in addition to the establishment of many Swiss companies in Egypt, including Novartis, Nestlé, Holcim and ABB.

Read more: <https://cutt.ly/omn5ahA>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	02/07/2021	603.40	603.40	12.62	12.59	(0.03)
182 day	02/07/2021	132.18	132.18	13.38	13.38	0.00

Source: Bank of Ghana

Secondary Market

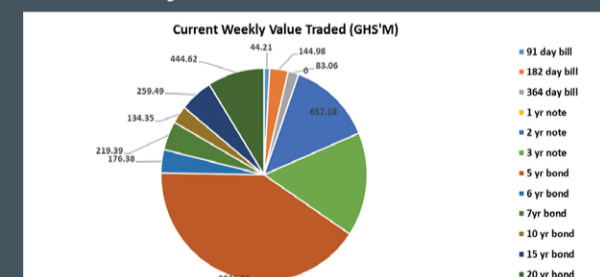
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	97.10	12.54%
182 day bill	93.87	12.95%
364 day bill	86.98	15.90%
2 year note*	101.12	16.76%
3 year note*	102.56	16.46%
5 year bond*	101.79	18.20%
6 year bond*	102.99	18.36%
7 year bond*	100.51	17.96%
10 year bond *	104.83	18.60%
15 year bond*	98.38	20.38%
20 year bond *	102.64	19.46%

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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Research Contacts

Lawson Oppong-Asante
Email: loppong-asante@gcb.com.gh
Tel: 0302 66 4910 -18

Adomako Osei-Frimpong
Email: aofrimpong@gcb.com.gh
Tel: 0302 66 4910 -18

Michael Bedjrah
Email: mbedjrah@gcb.com.gh
Tel: 0302 66 4910 -18

Treasury & Sales Contacts

Anthony Asare
Email: akasare@gcb.com.gh
Tel: 0302 611 762

Daniel Boateng
Email: daboateng@gcb.com.gh

GCB Securities Ltd.

Michelle N.O Dadey
Email: mnodadey@gcb.com.gh
Tel: 0559 733 990 0302 945848

Head Office:

No 2 Thorpe Link
P. O. Box 134, Accra
Tel: +233 (0)302 664910

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