

WEEKLY FIXED INCOME REPORT



Date Issued | 2nd August, 2021

Primary Debt Market

- A sum of GHS 2,008.91 million was raised by the GoG in last week's treasury auction. Apart from the weekly issued 91 day and 182 day bills, a 2 year note was also issued and this accounted for GHS 1,530.21 million (against an auction target of GHS 1.80 billion) of the amount raised. The new 2 year note aside, government failed to meet its target for 91 day and 182 day bills. A total of GHS 478.70 million was raised for both securities, GHS 151.30 million lower than the targeted amount for the said securities. This is attributable to the fact that of the GHS 465.08 million tendered for the 91 day bill, only GHS 267.32 million was accepted. In the next auction, an amount of GHS 1,101.00 million is targeted for 91 day, 182 day and 364 day bills.

- Yields showed some mixed results. The 91 day bill declined by a minimal 1 bp whilst the 182 day bill inched up by 1 bp. Additionally, the 2 year note saw yields fall by 35bps compared to when it was last issued on the primary market. Consequently, the 91 day bill stood at 12.55%, the 182 day bill at 13.37% and the 2 year note at 17.25%.

- In the news, Ghana's Finance Minister presented the mid year budget review to parliament. In his address, the minister noted the stability in the exchange rate, inflation and Foreign Direct Investment (FDI) even in the face of the ongoing Covid-19 pandemic. There was reassurance that the nations transformative agenda was still on track.

Secondary Debt Market

- Activity on the secondary market picked up last week, compared to the week before. A total of GHS 5,366.54 million exchanged hands in the week under review, up GHS2,676.60 million from the turnover of the preceding week. Activity was seen throughout the mid to tail end of the curve, with 10 year bonds in circulation garnering the highest turnover of GHS 1,592.54 million.

- The bond market was fairly active during the week even as market players anticipated the new 2 year bond issuance. Activity remained strong throughout the week as fund managers sought to balance their portfolios ahead of month-end. Yields on benchmark securities showed some mixed results, with interest seen mainly around the front to mid-section of the curve. The May 2024 and May 2026 saw yields decline by 14 bps to stand at 17.42% and 18.53% each. Similarly, the June 2028 was down (46bps) to 18.66%. The on-the-run 10 year July maturity 2031 also enjoyed some decent activity trading averagely around 19.55% and closed the session with barely any offers to match.

- Looking ahead, we foresee fair activity on the secondary market. The IMF has recently indicated that it does not expect the country to default in repaying its debt because of its strong track record of servicing its debt to the Fund.

REVIEW: Other Treasury Markets

Kenya: Egypt's Ministry of Finance has revealed its intention to issue Treasury bills and Treasury bonds worth EGP 222bn in August. The move comes as part of a larger plan that includes offering local debt instruments worth EGP 587bn to bridge the budget deficit, during the first quarter (Q1) of fiscal year (FY) 2021/22. According to the financial plan, the ministry intends to issue 20 T-bill tenders worth EGP 158bn, alongside 19 T-bond tenders worth EGP 64bn. **Read more:** <https://cutt.ly/nQkCCYS>

Primary Market

Security	Recent auction (date)	Amount tendered (GHS'M)	Bids accepted (GHS'M)	Prev. yield (%)	Current yield (%)	Change (%)
91 day	30/07/2021	475.08	267.32	12.56	12.55	(0.01)
182 day	30/07/2021	211.38	211.38	13.36	13.37	0.01
2 year	30/07/2021	1,530.21	1,530.21	17.60	17.25	(0.35)

Source: Bank of Ghana

Secondary Market

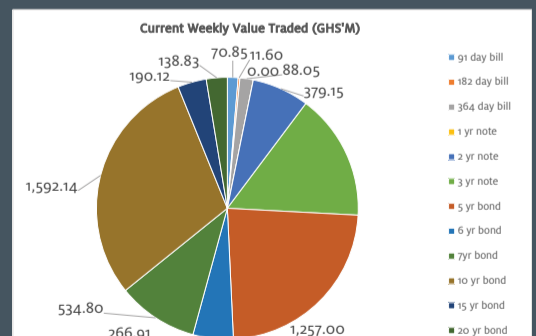
Security	Weighted avg. price (estimated)	Weighted avg. yield (estimated) %
91 day bill	99.21	12.54%
182 day bill	94.13	12.94%
364 day bill	85.99	15.90%
2 year note*	98.99	18.37%
3 year note*	100.50	17.42%
5 year bond*	100.74	18.53%
6 year bond*	100.90	18.97%
7 year bond*	97.80	18.66%
10 year bond *	100.81	19.55%
15 year bond*	103.99	19.16%
20 year bond *	101.61	19.67%

Source: Central Securities Depository

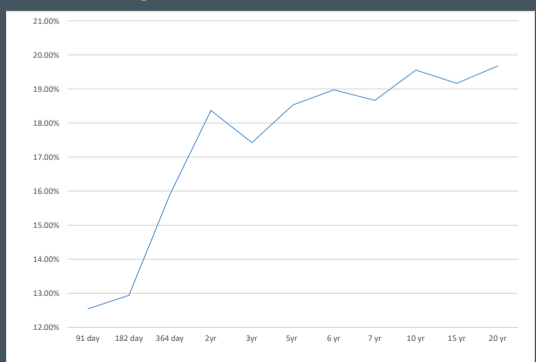
*Benchmark security.

- 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



WEEKLY FIXED INCOME REPORT



Date Issued | 2nd August, 2021

G-Money is your secure wallet solution.

Dial *422# and experience it.



@GMoneyGhana

Pay your utility bills conveniently and securely
Dial *422#



@GMoneyGhana

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 Capital 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

Disclaimer

This document has been prepared by the Research Department of GCB Bank Limited solely for information purposes and does not constitute any legally binding obligations on GCB. Any views expressed are those of the Research Department. Any views and commentary in this communication (the views) are short term views of the GCB Research Department from which it originates (the authors) and are not a personal recommendation and do not take into account whether any product or transaction is suitable for any particular investor.

Whilst the information provided in this document has been prepared by GCB Research Department based upon or by reference to sources, materials that GCB believes to be reliably accurate, GCB does not guarantee its completeness or accuracy. The message is for information purposes only as of the date hereof and are subject to change. It is not a recommendation, advice, offer or solicitation to buy or sell a product or service. We do not accept any liability for losses (direct or consequential) which may arise from making use of this document or its contents or reliance on the information contained herein.

All opinions and estimates are given as of the date hereof and are subject to change. GCB is not obliged to inform readers of any such change to such opinions or estimates. This document do not purport to contain all the information that you may desire. In all cases, interested parties should conduct their own investigations and analysis of the transaction described in the document and of the data set forth in the document. In particular it is recommended for interested parties to check that the information provided is in line with their own circumstances with regard to any legal, regulatory, tax or other specialist or technical advice or services, if necessary with the help of a professional advisor.

This document is confidential and may not be reproduced or distributed in whole or in part without the prior written permission of GCB.