

Africa: Weekly Fixed Income Update

October 14, 2024

ANALYST CERTIFICATIONS AND REQUIRED DISCLOSURES BEGIN ON PAGE 4.

African Treasuries Overview

	91-Day Bills Latest Yield	Weekly % Change	YTD % Change	182-Day Bills Latest Yield	Weekly % Change	YTD % Change
Egypt	29.67%	-0.08%	4.04%	29.22%	-0.53%	3.42%
Ghana	25.62%	0.16%	0.72%	26.90%	0.10%	-5.05%
Kenya	14.99%	-0.70%	-0.89%	16.10%	-0.40%	0.13%
Malawi	16.00%	0.00%	1.30%	20.00%	0.00%	2.00%
Namibia	8.08%	-0.47%	-0.75%	8.12%	-0.53%	-0.82%
Nigeria	17.00%	0.00%	10.75%	17.50%	0.00%	6.50%
Rwanda	6.55%	-0.45%	-2.72%	6.77%	-0.73%	-2.58%
South Africa	8.01%	-0.02%	-0.35%	8.02%	0.00%	-0.63%
Tanzania	5.94%	0.00%	-3.16%	8.17%	0.87%	-1.23%
Uganda	10.33%	0.00%	-0.05%	13.43%	0.00%	1.07%
Zambia	10.75%	0.28%	-0.75%	10.88%	0.00%	1.38%

The African Economic Radar

Egypt's annual headline inflation rose to 26.4% y/y in Sept'24 from 26.2% y/y in Aug'24, driven primarily by substantial price hikes in essential goods and energy costs. The increase in food inflation was particularly notable, with vegetable prices soaring by 12.4% m/m, while dairy and meat recorded increases of 2.8% m/m and 0.7% m/m, respectively. The overall consumer price index (CPI) reached 236.5 points, reflecting the 2.3% m/m increase.

Our Views: We believe the persistent inflationary trend is attributable to tighter fiscal measures under Egypt's US\$ 8 billion IMF support program, which has led to a 10-15% increase in fuel prices, alongside rising costs for other regulated goods. We expect October's inflation print to edge slightly higher as base effects wane and food and energy costs continue to rise. Additionally, we expect the Central Bank of Egypt (CBE) to hold its monetary policy rate in its upcoming meeting on October 17, 2024, to anchor inflation expectations and rising price pressures.

Review and Outlook of Ghana's Primary Market

- T-bills oversubscribed as targets match market expectations**

Last week, the T-bill auction recorded an oversubscription of GH¢49.5 million, following a series of undersubscriptions over the past 12 weeks. The Treasury accepted all bids, totalling GH¢4.61 billion, slightly surpassing the target of GH¢4.57 billion and enabling the coverage of GH¢4.23 billion in maturities. This resulted in target and maturity coverage ratios of 1.01x and 1.09x, respectively. Additionally, yields on the 91, 182, and 364-day short-term papers increased by 16, 10, and 7 basis points (bps) to 25.62%, 26.90%, and 28.58% w/w, respectively.

We believe last week's oversubscription stemmed from the Treasury lowering its offer target, sending a positive signal to investors regarding easing financing pressures on the part of the sovereign, as the revised target aligns more closely with market expectations. Looking ahead, we expect T-bill yields to remain choppy in the coming weeks, with the government likely to meet its targets as submissions fall within market expectations.

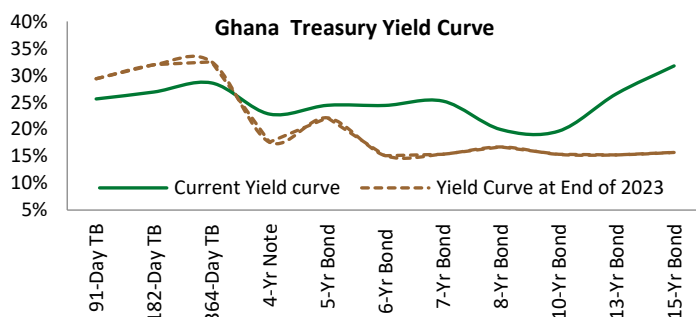
Upcoming Treasury Bill Offer on Friday, 18th October 2024.

The Treasury plans to raise GH¢4.04bn through the issuance of 91-day, 182-day, and 364-day bills to cover GH¢3.79bn in maturing bills.

Ghana's Treasury Market

	Current Week	Previous Week	Change (%)
Interbank Rate	28.77%	28.77%	0.00%
Inflation (Year-on-Year)	21.50%	21.50%	0.00%
Monetary Policy Rate	27.00%	27.00%	0.00%
91-day T-Bill Volume Accepted*	3,887.83	2,911.51	33.53%
182-day T-Bill Volume Accepted*	500.68	572.95	-12.61%
364-day T-Bill Volume Accepted*	225.96	189.95	18.96%
91-day T-Bill Rate	25.62%	25.46%	0.161%
182-day T-Bill Rate	26.90%	26.80%	0.10%
364-day T-Bill Rate	28.58%	28.52%	0.0641%
Target Upcoming Auction	4,035.00	4,565.00	-11.61%
Upcoming Maturing debt	3,791.45	4,229.66	-10.36%

*GHS millions of Sources: Databank, Bank of Ghana



Ghana Primary Market: Treasury Bills & Notes

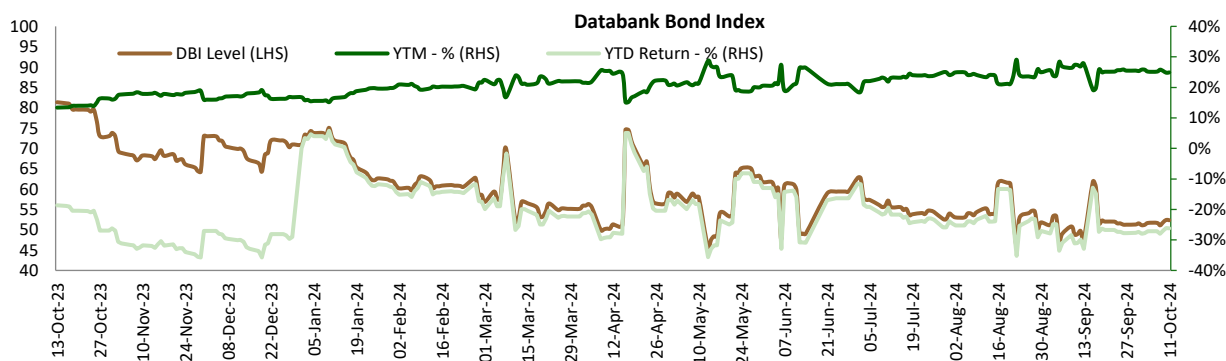
Upcoming Auction For Treasury Securities

Tenor	Upcoming Target Amount	Upcoming Maturities (Next Week)
91-Day Bill	GH¢4,035.00million	GH¢2,904.14million
182-Day Bill		GH¢818.32million
364-Day Bill		GH¢68.99million

Indicative Adjusted-Yields for Treasury Bills and Notes

Tenor	*Year-on-Year USD-Adjusted	*Year-on-Year Inflation-Adjusted
91-Day T-Bill	0.11%	3.39%
182-Day T-Bill	1.14%	4.45%
364-Day T-Bill	2.47%	5.83%
4-Year Note	-2.13%	1.08%

*USD-Adjusted based on 12-monthly USDGHS depreciation → adjusted yields are indicative.



Sources: Databank, CSD

Secondary bond trade volumes plummet 62.45% pts to GH¢229m.

Activities in the secondary bond market continued at a subdued pace, with total trade volume declining by 62.45% points to GH¢229 million. Trading was primarily focused on the Feb'27 maturity, which represented 51.8% of the total trade and attracted an average yield to maturity (YTM) of 23.37%, a slight decrease from 23.72% in the previous week. Overall, the shorter end of the yield curve accounted for nearly 100% of trading activities, with an average yield to maturity (YTM) of 24.28%.

We expect trading in the bond market to remain subdued, with Treasury bills continuing to dominate secondary market activity.

Ghana's Secondary Market Overview

Databank Bond Index			
Week 41 (07.10.24 – 11.10.24)			
Date	Index	YTD Return	YTM
Week Start	51.67	-27.19%	25.17%
7-Oct-24	51.68	-27.17%	25.17%
8-Oct-24	51.08	-28.02%	25.81%
9-Oct-24	51.83	-26.96%	25.39%
10-Oct-24	52.42	-26.13%	24.80%
11-Oct-24	52.33	-26.25%	24.91%

Secondary Market Trade Volume			
Week 41 (07.10.24 – 11.10.24)			
Tenor Range	Average Price (GHS)	Estimated Avg Yield	Weekly Volume Traded (GHS)
Old GoG Bonds			
2023 - 2026	-	-	-
2027-2030	-	-	-
2031-2039	-	-	-
New GoG Bonds			
2027 - 2030	69.85	24.28%	228,622,263
2031 - 2034	61.37	19.95%	436,581
2035 - 2038	-	-	-

Ghana's Outstanding Eurobond Prices			
Maturity	Mid-Price (USD)	Mid-Yield	Coupon Rate
Jan-2026			8.125%
Feb-2027			7.875%
Mar-2027			6.375%
Apr-2029			7.750%
May-2029			7.625%
Oct-2030			10.750%
Mar-2032			8.125%
Apr-2034			8.625%
Feb-2035			7.875%
May-2042			8.875%
Jun-2049			8.627%
Mar-2051			8.950%
Mar-2061			8.750%

Treasury Debt Issuance Calendar for Jul - Sep. 2024 (GHS Million)	
Description	TOTAL TARGET
Gross issuance Target	-
o/w Rollover maturities	-
Fresh issuance	-
Target tenors for 3Q24	
Tenor	Frequency
91-day and 182-day bills	Weekly
364-day Bills	Weekly
2-year to 7-year notes	Subject to market conditions
Issuance of Inflation-Linked Bonds (ILBs)	Subject to market conditions

Indicative Yields and Days-to-Maturity (DTM) for Government of Ghana Bonds							
Maturity	(Coupon)	DTM	Yield	Maturity	(Coupon)	DTM	Yield
Aug-27	10.00%	1135	23.87%	Feb-31	8.95%	2409	19.94%
Aug-27	15.00%	1135	28.04%	Feb-32	9.10%	2773	25.27%
Feb-27	8.35%	953	22.81%	Feb-33	9.25%	3137	19.64%
Aug-28	10.00%	1499	23.54%	Feb-34	9.40%	3501	26.02%
Aug-28	15.00%	1499	28.24%	Feb-35	9.55%	3865	27.35%
Feb-28	8.50%	1317	24.43%	Feb-36	9.70%	4229	26.56%
Feb-29	8.65%	1681	24.41%	Feb-37	9.85%	4593	27.94%
Feb-30	8.80%	2045	25.21%	Feb-38	10.00%	4957	31.75%

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