

# Analysts bet further bond yields decline

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THE debt market analysts are betting the continuation of government securities yield drop due to high investors' appetite.

The analysts based their bet on the fact that the central bank seems to hold a grip tight as demonstrated by the last week 10 years government paper.

Zan Securities Chief Executive Officer (CEO), Raphael Masumbuko said Bank of Tanzania (BoT) will continue to have the freedom of holding the grip tight given the room by investors' appetite.

"BoT will continue to have this freedom for a few quarters going forward due to investors' huge appetite for government papers," Mr Masumbuko said.

BoT, according to Zan Securities, continued to hold a tight grip on rates during this week's 10 – year bond auction.

The 10 years paper yield to maturity declined by 600 basis points from 15.1573 percent to 14.5153 per cent.

"We do not expect much deviation from this trend in today's Treasury bills auction," Mr Masumbuko made prediction Monday through the

brokerage firm Weekly Market Wrap-Ups.

Despite decline in yield rate for the 10 years government instrument, the bond was oversubscribed 25.01bn/-. However, the government retained 121.99bn/- has successful amount.

Orbit Securities, Market Analyst Imani Muhingo said looking over 20-year paper tendency weighted average price for successful bids kept on dropping since the bond was introduced some two years ago.

"The central bank [BoT] seems to reduce prices as appe-

tite increases...to reduce yield rate," Mr Muhingo told 'Daily News'.

He said the previous 20-year bond auction weighted average price climbed to 90/- compared to 84/-of two years ago when the instrument was introduced.

"We have started to see a new trend where [long-term bonds] demand from individuals is growing...this is good for the market," Mr Muhingo said.

The total debt market in the country was 11tri/-of which 10.8tri/-are government securities and 166bn/-from private sector.