TREASURY

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Govt bond oversubscribed on high investors' appetite

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Dar es Salaam. Impressive yields continued to rally investors over to the long-term government debt instruments in January, with latest market data showing an oversubscription of the 15-year Treasury Bond (T-Bond).

The T-Bond, which the Bank of Tanzania (BoT) floated on Wednesday this week, ended up being oversubscribed by 73.94 percent.

The auction results published by the BoT revealed that a total of 140 bids worth Sh189.59 billion were tendered against Sh109 billion that was offered.

However, at the end of the auction, the BoT accepted a total of 47 bids worth Sh109 billion as per the offered amount.

This indicated that there is a strong appetite for fixed income securities which are issued by the government to raise funds for its operations.

Analysts say during the first months of the year, specifically January, there is always a tendency of investors rallying for profitable opportunity to inject their money into.

"With government securities considered as a risk-free avenue where default is simply unthinkable and with the lucrative yields, investors tend to inject their money there," said a financial market and investments analyst, Mr Mazengo Kasilati told *The Citizen* yesterday.

He said investors, who inject their money into bonds, are those that expect a steady and predictable flow of income.

Smart Stock Brokers chief trading officer Mr Festo Magiri told *The Citizen* in an interview that currently, investors have shifted interests from other investment avenues and were focusing primarily on government securities.

Currently, yields on a 15-year bond stand at 13.5 percent.

On Wednesday, the highest bid was at 92.24/100 and the lowest was at 84.9/100 and the BoT accepted a minimum price at 90.32/100.

Weighted Average Yield to Maturity was 15.1 per cent while the Weighted Average Coupon Yield was 14.9 percent.

On January 15, a two-year bond was oversubscribed when Sh279.9 billion was realised against Sh137 billion that was offered by the BoT.

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KASILATI | FINANCIAL ANALYST