

# Awareness pushes appetite for 20-year bond

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THE 20-year Treasury bond has been oversubscribing due to its return and improving liquidity in the economy as well as increasing awareness of the security.

The debt market analysts also said the country's longest tenure oversubscription was because of its liquidity in the secondary market.

The bond auctioned mid-last week was oversubscribed by 285 per cent. The Bank of Tanzania offered 117bn/- while the public raised 450.88bn/-.

The Bank of Tanzania accepted 113.55bn/- which was 3.0 per cent lower than the offer size.

Orbit Securities Head of Research and Analytics, Imani Muhingo told the 'Dai-

ly News' that coupon rate for 20-year bond is already really high for a risk free security, leave alone they are bought at a discount.

"...Demand for the 20 years bond is still in excess thus we expect a further drop of the bond's yield.

"Also the Bank of Tanzania is sensitive with interest rates seeking to avoid a crowding off the private sec-

tor," Mr Muhingo said.

The bond minimum successful price jumped 300basic points (bps) to 95.1534 while the highest bid price jumped 484bps to 98.8450.

Orbit also said in its Weekly Market Synopsis issued yesterday that the spread between the lowest and highest successful bid prices has been tightening over the auctions from 1,794bps during

the first 20 years T-bond in September 2018 to 1,042bps mid-last week auction, signaling an increasing demand from investors.

The weighted average yield to maturity (WAYTM) fell by 46.3bps to 16.76 per cent as the central bank pushes to "limit the cost of debt for the government while suppressing interest rates in the process.

Zan Securities CEO Raphael Masumbuko said the 20-year government bond is highly sought after by investors mainly due to its high coupon--15.49 per cent--and its annual return of around 16 per cent.

"20-year auction results validated our last week's opinion, where expected the price to move up over 300 basis points," Mr Masumbuko said.