

BoT rejects Sh73.46 billion Treasury bill bids

By Josephine Christopher

@JocfineQ

jchristopher@tz.nationmedia.com

Dares Salaam. The Bank of Tanzania rejected a whopping Sh73.46 billion in Treasury bids following an auction held on Wednesday.

The central bank only accepted about Sh69 billion against bids totalling Sh142.56 billion.

Rejected bids will need to be plugged in somewhere as investors will have to invest their cash in other money market funds available.

The BoT auction summary issued on Wednesday indicated increased investor appetite for short-term debt instruments despite a decline in the weighted average yields.

The floated T-bills were over-subscribed by Sh35.36 billion after the bank received 114 bids worth Sh142.56 billion against the offered

amount of Sh107.2 billion.

Only 51 bids were successful at the auction, and the central bank accepted just Sh69 billion.

BoT's rejection of the rest of

investors' money may be attributed to a combination of factors including higher yields being sought by investors and a comfortable cash balance in the govern-

ment's account.

At the auction, about Sh500 million in total subscriptions was submitted for 91-day bills against an offer amount of Sh1.7 billion. The 182-day bills recorded Sh2.8 billion bids against Sh3 billion in offers.

The 364-day bills got the most bids at Sh139.26 billion in bids compared to Sh101.5 billion in offers.

Yields for each bill were low compared to the last auction conducted on February 5.

The yield for 91-day bills went down to 3.48 percent from 3.5 percent, the 182-day bills were at 4.33 percent and the one-year bills went from 5.84 percent to 5.7 percent on Wednesday.

The central bank accepted bids that reached 99.14/100, 100, and 94.43/100 price levels for the 91-day, six-month and one-year bills, respectively.

T-BILLS TOTAL WEIGHTED AVERAGE YIELD (WAY) PER ANNUM FROM SEPT 2019, TO FEB 2020 (PERCENTAGE)

