

INVESTMENT

15-year bond attracts 82 percent oversubscription even as yields fall

Dar es Salaam. Demand for government securities remains high resulting in an 82 percent oversubscription for the 15-year Treasury Bond (T-Bond) despite a significant drop in yields.

With rising demand, yields have gone down to a two-year low - at 13.8 percent.

Auction summary reports by the Bank of Tanzania (BoT) show that maturity yields for the 15-year bonds were at 14.7 percent in July 2018.

The maturity yields refer to the amount that investors will make on the bond. Falling yields means that investors are paying more money to purchase bonds with lower payoffs.

On Wednesday's auction, the government wanted to raise Sh122 billion but the investors responded with 133 bids worth Sh222.28 billion.

The BoT accepted only 35 bids worth Sh95.77 billion.

The highest bid was at 99.05/ 100 while the lowest was 80/100 but the minimum successful price was 96.5/ 100. The weighted average price for successful bids was 98.12/ 100.

The rate for coupon yield also dropped to 13.7 percent from 14.2 percent during the previous 15-year bond auction in June. **(Josephine Christopher)**