

Govt 15-year bond yields down, oversubscribed

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THE 15-year government bond oversubscription has spiked 82 per cent thanks to the increased investors' appetite --amid plunging average yields to maturity rate.

The debt market analysts projected early this week that the yields rate for the bond was likely to go down owing to the augmented appetite.

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central bank but the market instead offered 222.288bn/-. The government ended picking up 95.779bn/-.

Orbit Securities Head of Research and Analytics, Imani Muhingo said limited viable alternatives in the financial markets have pushed investors to increasingly opt for Treasury securities as safer and more profitable investment destination.

"[Thus] Bank of Tanzania used the opportunity to substantially lower the government's cost

of borrowing," Mr Muhingo told 'Daily News' yesterday.

The tightened spread between the highest and lowest bid prices, which was skewed to the upside, lowered the weighted average yield to maturity (WAYTM) 46.7basis points (bps) to a yield of 13.83 per cent.

Mr Muhingo said, for instance, the 15 years Treasury bond had a WAYTM of 15.67per cent in the similar period last year with a weighted average price (WAP) of

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87.5459 compared to the current 98.1254.

Analysts, early this week, projected the bond to experience a decline in yields rate. Zan Securities Chief Executive Officer (CEO), Raphael Masumbuko projected yields rate declining based to fortnight Treasury bill auction.

"We expect a decline in yields in the next week's Treasury bond auction owing to [last] week auction results," Mr Masumbuko said through Zan's Weekly Market

Wrap-Ups.

Also, Tanzania Securities' Weekly Market Blast estimated the yields to decline while the bond expected to be oversubscribed based on growing appetite for government securities.

"The government securities yield curve may continue to remain normal, and weighted average yields are expected to decline.

"...This indicates low funding cost by the government," Tanzania Securities said.