

TRADING The shift of appetite resulted in under-subscription of T-Bills

Investors ogle fixed income investments

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Dar es Salaam. Investor appetite for government securities went down this week as they shifted their focus to fixed income investment avenues, resulting in under-subscription of Treasury Bills (T-Bills).

The 36.8 percent under-subscription of T-Bills on Wednesday came against the backdrop of declining yields offered for government securities.

Auction results released by the Bank of Tanzania (BoT) on Wednesday indicated that, for the one-year T-Bill, the government wanted to raise Sh84.5 billion. But, investors responded with 20 bids val-

ued at only Sh53.4 billion.

The total weighted average yield (WAY)-to-maturity dropped to 3.93 percent - down from the 3.97 percent that was recorded in the past three auctions.

The director of Operations at the Orbit Securities Company Limited, Mr Juventus Simon, said most investors opted for other forms of investment - such as fixed deposits at banks - which currently offer higher interest rates.

"As the yields continue to drop, investors exit and inject funds to other investment avenues including bonds while others create fixed accounts at commercial banks," he said.

On Wednesday, the BoT accepted all the 20 bids totalling Sh53.4 billion - despite being lower than

the offered amount.

The highest bid price stood at 97.5 percent, while the lowest bid price was at 95.9 percent. The minimum successful bid price was 95.9 percent.

For the 35-Day Bills, investors showed appetite - and the government raised Sh1 billion from that.

Highest bid price for the 35-Day Bills stood at 99.81 percent, while the lowest was 99.8 percent. The minimum successful price was 99.81 percent.

At the secondary market, the Dar es Salaam Stock Exchange (DSE) traded Treasury Bonds valued at Sh12.13 billion in four deals.

The 7-Year Bond - with a coupon rate of 10.08 percent and a face value of Sh2.6 billion - was traded in a single deal, while the 15-Year Bond with a coupon rate of 13.5 percent and a face value of Sh9 billion was traded in three deals.