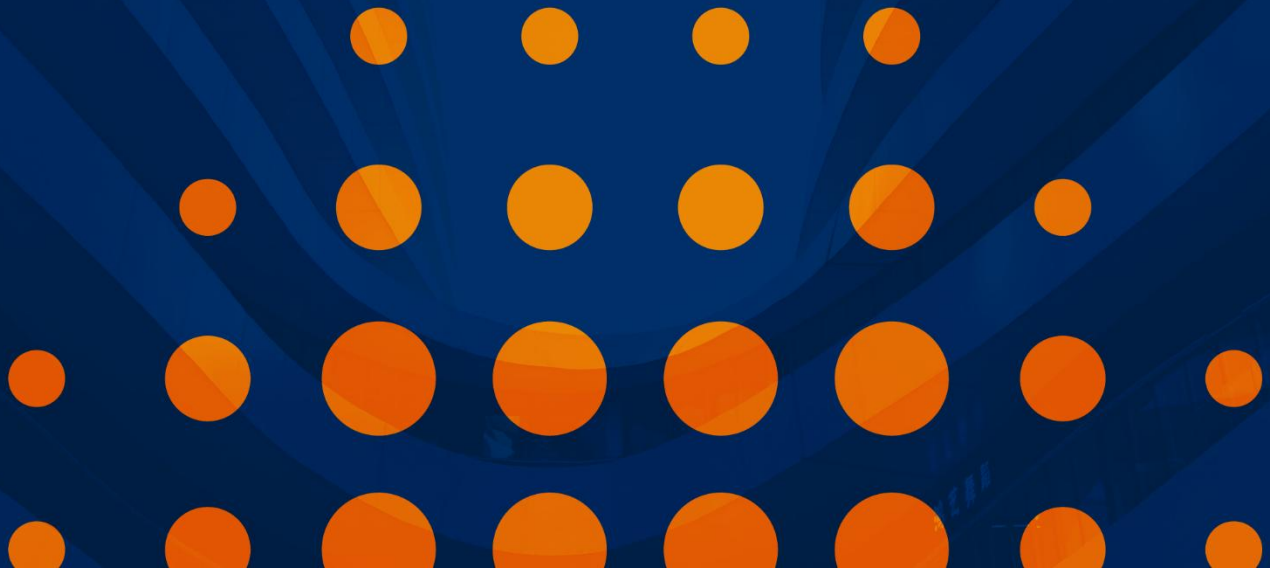




Market Insights | Pan-Africa | News & Analysis

IC FIXED INCOME & CURRENCY GUIDE

02 APRIL 2025



REPORT SUMMARY

COUNTRY	FIXED INCOME	CURRENCY
Ghana	<ul style="list-style-type: none"> Demand conditions softened markedly in March 2025 as investors reviewed their fund allocations amidst the drastic decline in nominal yields on T-bills. Specifically, we note that commercial banks have pivoted into OMO Bills with our estimate of outstanding holdings in the OMO Bills at GHS 37.0bn (+49.2% m/m +GHS 12.2bn m/m). We interpret this tilt as a strategic play to maximize return on investments as the sharp decline in nominal yields softened the ex-ante real return on T-bills whereas the OMO bills continue to earn the higher policy rate. We expect the Treasury's ongoing squeeze on spending to restrain the borrowing requirement and stabilize yields around current level, pending sufficient decline in inflation in 2H2025, which could revive yield decline to the low-to-mid teens. The BOG's decision to hike the policy rate by 100bps to 28.0% and introduce a 273-day OMO bill for longer duration mop-up of GHS liquidity will mute demand for T-bills. However, we do not expect an upward reversal in yields as ongoing fiscal tightening will cap the borrowing pressure. 	<ul style="list-style-type: none"> The Ghanaian Cedi enjoyed calm market sessions in March 2025 with the local currency being virtually static at 15.5/USD as ample FX liquidity persisted on the local market. The Bank of Ghana continued its ad hoc FX supply with a total sale of USD 264.4mn and assurances of continued FX support by the Central Bank. We expect the Cedi to sustain its stability in the month ahead as the BOG's rate hike and liquidity curbing measures will tighten grip on FX demand while the ongoing domestic gold buying programme remains a source of FX supply.
Kenya	<ul style="list-style-type: none"> Investor appetite strengthened for the 91-day but muted for the other tenors, fuelling a month-on-month upsurge in total bids for Kenya Treasury bills and sustaining the downward pressure on yields across the curve in March 2025. The Central Bank's next MPC meeting is slated for 8 April 2025 with our expectation for a hold as Kenya's annual inflation inched up for the 5th straight month in March after the CBK's 50bps rate cut. As investor demand remain robust, we expect further moderation in yields in the immediate term. However, a rate hold from the Central Bank could slow the downward pressure on yields amidst the inflation uptick. 	<ul style="list-style-type: none"> The narrative of a stable Kenyan Shilling remained intact in March 2025 as the strong forex reserve was further boosted by the partial inflow from the USD 1.5bn Eurobond issue which settled in March. Gross reserves increased by 9.9% m/m to USD 9.95bn as of 27 Mar-2025, with the authorities yet to drawdown the USD 1.5bn UAE privately placed bond. We expect the Kenya shilling to remain stable in the immediate term amidst impressive FX reserves and relatively high real interest rates.
Nigeria	<ul style="list-style-type: none"> The Treasury surprisingly executed four separate auctions across the 91-day to 364-day maturities in March 2025 compared to the two auctions in February. Investor demand softened slightly amidst liquidity constraints but remained strongly above target. Treasury yields ticked up across the curve due to reduced investor demand, particularly in the second and third auctions. We think the rise in Treasury yields reflect the authorities' decision to boost the appeal of NGN securities, to curb the recent market selloff and ease the depreciation pressure on the Naira. The 130bps decline in inflation for February 2025 is positive for real interest rates as the policy stance gets tighter while risk-adjusted returns rise to positive. 	<ul style="list-style-type: none"> The Nigerian Naira weakened against the US Dollar in March 2025 (-2.3% m/m), reversing the strong gains recorded in the first two months of the year. The decline was driven by increased FX demand from repatriating foreign portfolio Investments (FPIs) and lower FX inflows due to a drop in global oil prices and a decline in domestic oil production. We view the expiration of the Naira-for-Crude deal and Dangote Refinery's suspension of petroleum sale in Naira as immediate risks to Naira stability as the resultant rise in FX demand will exert additional pressure on the currency.

Ghana Market Commentary

Fixed Income

Demand conditions softened markedly in March 2025 as investors reviewed their fund allocations amidst the drastic decline in nominal yields on T-bills. Specifically, we note that commercial banks have pivoted into OMO Bills with our estimate of outstanding holdings in OMO Bills at GHS 37.0bn (+49.2% m/m I +GHS 12.2bn m/m). We interpret this tilt as a strategic play to maximize return on investments as the sharp decline in nominal yields softened the ex-ante real return on T-bills whereas the OMO Bills continue to earn higher policy rate.

Investors submitted total bids worth GHS 47.5bn (-18.2% m/m) across the 91-day to 364-day tenors, albeit exceeding the gross target for the month by 47.2% m/m. The Treasury recorded a first undersubscription in 13-weeks at the final two auctions but continued to reject expensive bids, accepting GHS 29.8bn, below the indicative target by 7.5% (a shortfall of GHS 2.4bn).

Yields tumbled at a doubled pace in March 2025, averaging 863bps decline, but with indications of stability emerging at month-end. The 91-day yield nosedived 877bps to 15.71%, the 182-day (16.73%) and the 364-day (18.84%) tumbled by 865bps and 845bps, respectively. In view of the moderation in demand due to the sharp decline in T-bill rates and given the 17.1% average yield, we believe the downside scope for yields on the basis of expected disinflation is limited. We expect the Treasury's ongoing squeeze on spending to restrain the borrowing requirement and stabilize yields around current level, pending sufficient decline in inflation in 2H2025, which could revive yield decline to the low-to-mid teens

The BOG's decision to hike the policy rate by 100bps to 28.0% and introduce a 273-day OMO bill for longer duration mop-up of GHS liquidity will mute demand for T-bills. However, we do not expect an upward reversal in yields as ongoing fiscal tightening will cap the borrowing pressure.

Currency Market

The Ghanaian Cedi enjoyed a calm market session in March 2025 with the local currency being virtually static at 15.5/USD as ample FX liquidity persisted on the local market. The Bank of Ghana continued its ad hoc FX supply with a total sale of USD 264.4mn and assurances of continued FX support by the Central Bank.

We expect the Cedi to sustain its stability in the month ahead as the BOG's rate hike and liquidity curbing measures will tighten grip on FX demand while the ongoing domestic gold buying programme remains a source of FX supply.

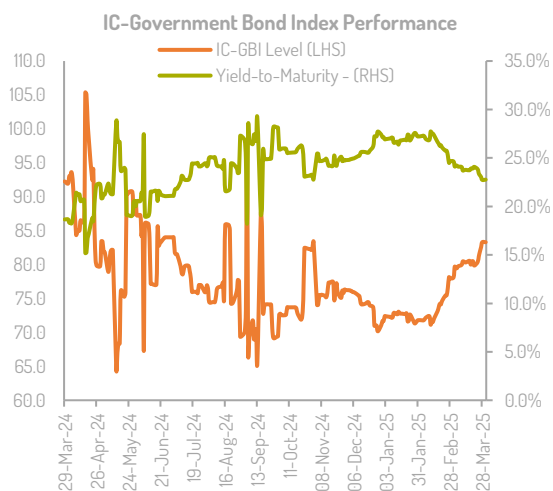
	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	15.71%	-877	-1,365
182-day	16.73%	-865	-1,521
364-day	18.84%	-845	-1,365

	Upcoming Maturities* (Apr-2025)	Upcoming Target* (This week)	M/M Change in Maturities
91-day	19,173.48	4,391.0	-6.8%
182-day	2,576.56		-35.1%
364-day	652.73		-84.0%

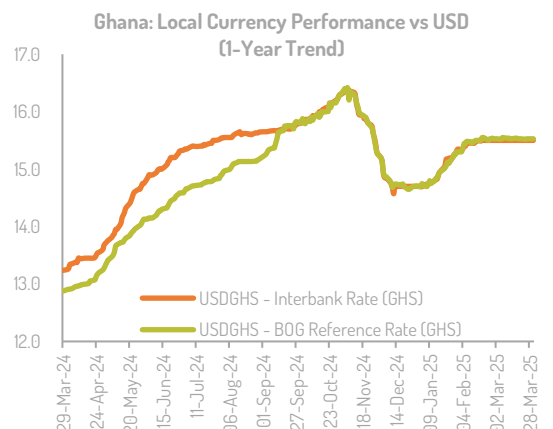
*GHS Million

Spot Exchange Rate (GHS)			
	Current Mid-Rate	Last Month	M/M Change*
USDGHS	15.50	15.50	0.00%
GBPGHS	20.02	19.50	-2.61%
EURGHS	16.77	16.08	-4.09%

*Negative change means Depreciation while Positive change means Appreciation



Local Currency "General Category" Bonds (GHS)				Ghana Restructured Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Feb-27	8.35%	79.08	22.51%	DISCO BOND		
Feb-28	8.50%	71.60	22.35%	Jul-29	5.00%	8.68%
Feb-29	8.65%	65.70	22.30%	Jul-35	5.00%	10.01%
Feb-30	8.80%	57.51	24.04%	PAR BOND		
Feb-31	8.95%	57.97	22.03%	Jan-37	1.50%	9.98%
Feb-32	9.10%	52.15	23.42%	DOWN PAYMENT BOND		
Feb-33	9.25%	51.14	22.91%	Jul-26	Zero-coupon	4.89%
Feb-34	9.40%	48.13	23.59%	PAST DUE INTEREST (PDI) BOND		
Feb-35	9.55%	48.40	22.95%	Jan-30	Zero-coupon	5.46%
Feb-36	9.70%	45.56	23.94%			
Feb-37	9.85%	42.81	25.13%			
Feb-38	10.00%	47.95	22.51%			



Kenya Market Commentary

Fixed Income

Investor appetite strengthened for the 91-day but muted for the other tenors, fuelling a month-on-month upsurge in total bids for Kenya Treasury bills and sustaining the downward pressure on yields across the curve in March 2025.

Total bids tendered across the 91-day to the 364-day tenors increased by 4.2% m/m to KES 168.6bn (USD 1.3bn), supported by increased demand for the 91-day paper (+176% m/m) while demand for the 182-day and 364-day instruments fell by 37.5% and 5.1%, respectively. The Treasury successfully met its refinancing obligations for the month with total allotment surging 10.7% beyond end-March maturities.

The decline in yields continued in March, albeit slower than the prior month despite a noticeable fall in demand for the 182-day and 364-day tenors. Yields for the 91-day dipped 16bps to 8.79%, the 182-day declined 25bps to 9.06%, whereas the 364-day moderated by 11bps to 10.41%. We attribute this decline to the Central Bank's dovish move in its February MPC meeting and robust investor demand for Kenya T-bills.

The Central Bank's next MPC meeting is slated for 8 April 2025 with our expectation for a hold as Kenya's annual inflation inched up for the 5th straight month to 3.6% in March 2025 after the CBK's 50bps rate cut. As investor demand remain robust, we expect further moderation in yields in the immediate term. However, a rate hold from the Central Bank could slow the downward pressure on yields amidst the inflation uptick.

Currency Market

The narrative of a stable Kenyan Shilling remained intact in March 2025 as the strong forex reserve was further boosted by the partial inflow from the USD 1.5bn Eurobond issue which settled in March. Gross reserves increased by 9.9% m/m to USD 9.95bn as of 27 Mar-2025, with the authorities yet to drawdown the USD 1.5bn UAE privately placed bond.

We expect the Kenya shilling to remain stable in the immediate term amidst impressive FX reserves and relatively high real interest rates. We also observed additional FX inflows from horticulture exports in the final week of the month, which will provide further support for Shilling's stability in the short-term.

Local Currency Bonds (KES)				Kenya Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Mar-25	10.25%	103.72	11.07%	May-27	7.00%	6.95%
May-25	11.67%	99.55	11.43%	Feb-28	7.25%	8.60%
Nov-26	11.28%	100.84	12.36%	Feb-31	9.75%	10.11%
Jul-27	12.97%	101.08	12.12%	May-32	8.00%	9.93%
Feb-28	11.25%	101.33	11.99%	Jan-34	6.30%	10.03%
Aug-28	12.69%	88.82	12.68%	Mar-36	9.50%	10.71%
Dec-28	12.50%	96.24	12.78%	Feb-48	8.25%	10.62%
Feb-29	12.44%	99.17	12.81%			
May-31	10.00%	99.71	12.90%			
Nov-32	12.00%	113.35	13.40%			
Jan-34	12.86%	95.10	13.26%			
Jul-34	12.34%	89.59	13.12%			

Source: Central Bank of Kenya, Bloomberg, IC Insights

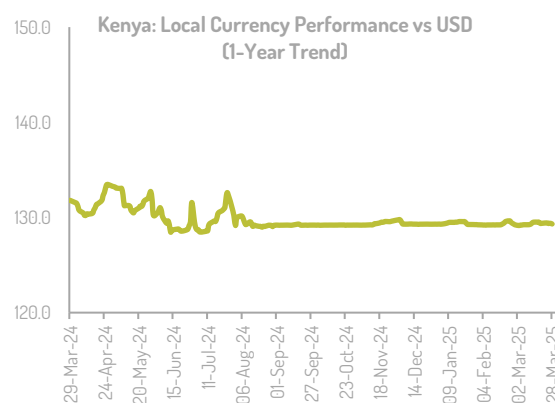
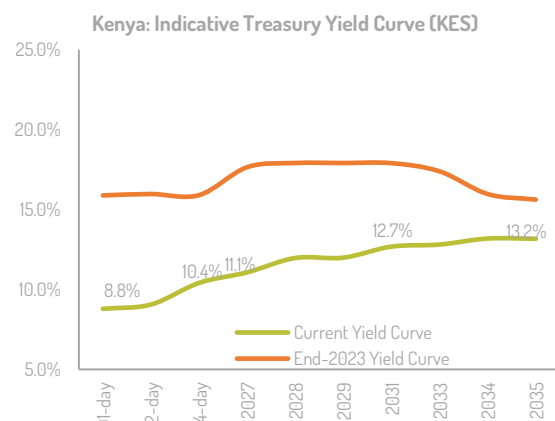
	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	8.79%	-16	-709
182-day	9.06%	-25	-691
364-day	10.41%	-11	-549

	Upcoming Maturities* (Apr-2025)	Upcoming Target* (This Week)	M/M Change in Maturities
91-day	36,882.83	24,000.00	-25.0%
182-day	40,508.82		43.3%
364-day	55,125.30		46.0%

*KES Million

Spot Exchange Rate (KES)			
	Current Mid-Rate	Last Month	M/M Change*
USDKES	129.38	129.28	-0.08%
GBPKES	167.12	162.53	-2.74%
EURKES	139.98	134.06	-4.23%

*Negative change means Depreciation while Positive change means Appreciation



Nigeria Market Commentary

Fixed Income

The Treasury surprisingly executed four separate auctions across the 91-day to 364-day maturities in March 2025 compared to the two auctions in February. Investor demand softened slightly amidst liquidity constraints but remained strongly above target. Treasury yields ticked up across the curve due to reduced investor demand, particularly in the second and third auctions.

Investors submitted total bids worth NGN 5.5trn (USD 3.6bn) across the T-bill curve, representing 2.0% below the prior month's bids as demand for the 364-day tenor tumbled by 5.0%. The Treasury accepted NGN 2.8trn (USD 1.8bn), exceeding the prior month's amount and its target by 95.6% and 25.5%, respectively, with the 364-day tenor receiving 88.8% of the total allotment.

Despite relatively lower inflation reading under the new CPI data series for January 2025 and subsequent 130bps decline to 23.2% in February, yields went up across the T-bill curve for the first time in 3-months. Our analysis showed a m/m increase of 100bps for the 91-day yield (18.0%), a 50bps uptick for the 182-day (18.5%), and 151bps upsurge for the 364-day (19.6%). We think the rise in Treasury yields reflect the authorities' decision to boost the appeal of NGN securities to curb the recent market selloff and ease the depreciation pressure on the Naira.

The 130bps decline in inflation for February 2025 is positive for real interest rates as the policy stance gets tighter while risk-adjusted returns rise to positive.

Currency Market

The Nigerian Naira weakened against the US Dollar in March 2025 (-2.3% m/m), reversing the strong gains recorded in the first two months of the year. The decline was driven by increased FX demand from repatriating Foreign Portfolio Investments (FPIs) and lower FX inflows due to a drop in global oil prices and a decline in domestic oil production.

We view the expiration of the Naira-for-Crude deal and Dangote Refinery's suspension of petroleum sale in Naira as immediate risks to Naira stability as the resultant rise in FX demand will exert additional pressure on the currency. This could be further compounded by domestic petrol price hikes and inflation pressures.

Local Currency Bonds (NGN)				Nigeria Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Apr-29	14.55%	87.05	19.26%	Nov-25	7.63%	6.91%
Feb-31	18.50%	95.85	19.70%	Nov-27	6.50%	8.08%
Apr-32	12.50%	75.19	19.01%	Sep-28	6.13%	9.02%
Feb-34	19.00%	101.91	18.54%	Mar-29	8.38%	9.27%
Jul-34	12.15%	72.20	18.51%	Feb-30	7.14%	9.57%
Mar-35	12.50%	71.25	19.03%	Jan-31	8.75%	9.79%
Mar-36	12.40%	70.66	18.81%	Feb-32	7.88%	10.10%
Apr-37	16.25%	88.83	18.59%	Sep-33	7.38%	10.10%
Jun-38	15.45%	85.61	18.36%	Feb-38	7.70%	10.36%
Jan-42	13.00%	75.12	17.65%	Nov-47	7.63%	10.47%
Apr-49	14.80%	86.08	17.24%	Jan-49	9.25%	10.40%
Mar-50	12.98%	75.93	17.18%	Mar-51	8.25%	10.66%
Jun-53	15.70%	92.35	17.00%			

	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	18.00%	100	1,100
182-day	18.50%	50	850
364-day	19.94%	151	770

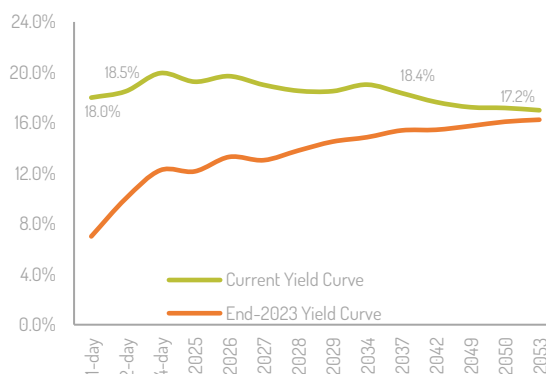
Selected Macroeconomic Indicators			
	Latest Available	Same Period Last Year	YoY Change (bps)
Inflation*	Inflation	23.18%	31.70%
GDP growth**	GDP growth	3.84%	3.46%
MPR	MPR	27.50%	18.75%

*February 2025 | **4Q2024

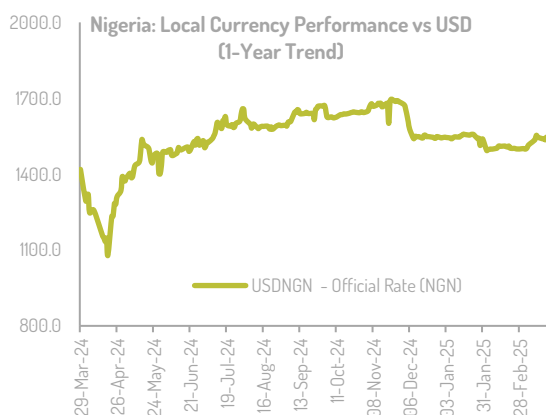
Official Spot Exchange Rate (NGN)			
	Current Mid-Rate	Last Month	M/M Change
USDNGN	1534.14	1499.30	-2.27%
GBPNGN	1982.03	1885.90	-4.85%
EURNGN	1659.78	1555.67	-6.27%

*Negative change means Depreciation while Positive change means Appreciation

Nigeria: Indicative Treasury Yield Curve (NGN)

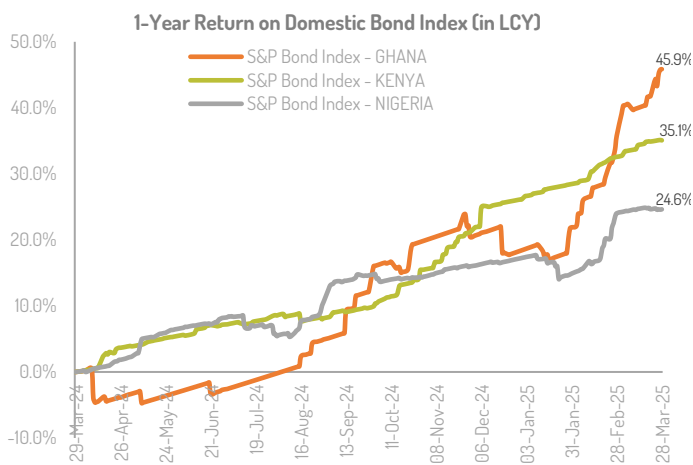


Nigeria: Local Currency Performance vs USD (1-Year Trend)

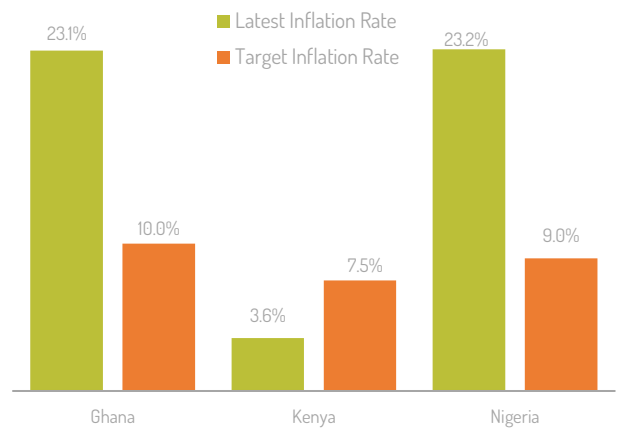


Comparative Yields for Domestic Treasury Bonds in LCY and USD-adjusted Rates						
	Ghana		Kenya		Nigeria	
	GHS Yield	USD-adjusted Yield	KES Yield	USD-adjusted Yield	NGN Yield	USD-adjusted Yield
2027	22.51%	11.15%	11.07%	3.76%	19.01%	4.13%
2028	22.35%	11.01%	11.97%	4.60%	18.54%	3.71%
2029	22.30%	10.95%	11.99%	4.62%	18.51%	3.69%
2030	24.04%	12.53%	12.34%	4.95%	19.37%	4.44%
2031	22.03%	10.71%	12.68%	5.27%	18.79%	3.93%
2032	23.42%	11.97%	12.78%	5.36%	18.66%	3.82%
2033	22.91%	11.51%	12.81%	5.39%	18.44%	3.62%

Source: Bloomberg, IC Insights

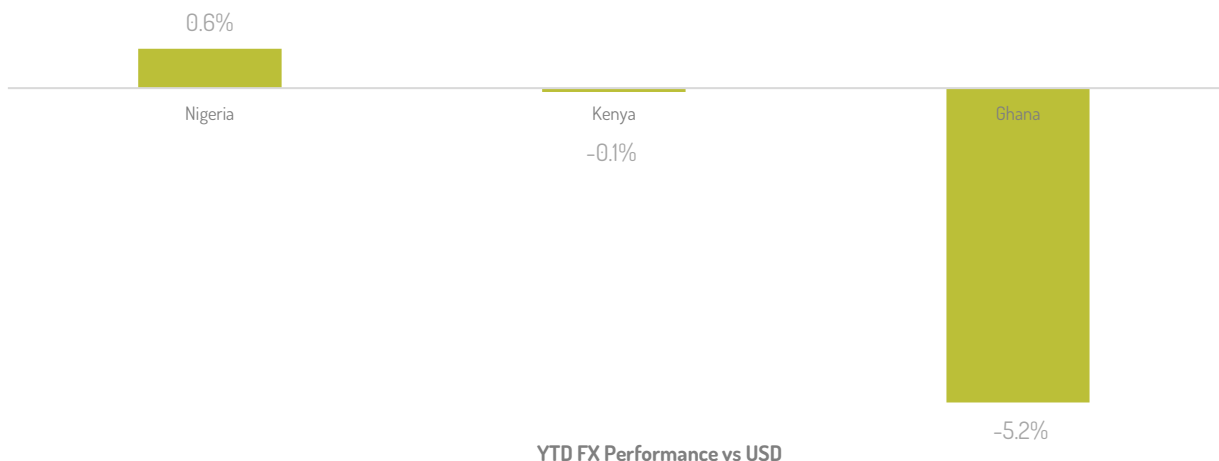


Source: S&P Global



Source: Country Statistical Office, Country Central Banks

Comparative Currency Performance Dashboard									
	USD	m/m Change	YTD Change	GBP	m/m Change	YTD Change	EUR	m/m Change	YTD Change
Ghana	15.50	0.0%	-5.2%	20.02	-2.6%	-8.1%	16.77	-4.1%	-9.2%
Kenya	129.38	-0.1%	-0.1%	167.12	-2.7%	-3.2%	139.98	-4.2%	-4.4%
Nigeria	1534.14	-2.3%	0.6%	1982.03	-4.9%	-2.5%	1659.78	-6.3%	-3.7%



Source: Bloomberg, IC Insights

DEFINITION OF KEY CONCEPTS

Amortized cost (book value)	Valuation of bonds using the face value (par value) plus the interest spread over the bond's life
Appreciation	A gain in the value of a currency against another currency
Basis Points (bps)	Used to describe percentage change in the value of financial instruments. 0.01% equals 1bps
Bid	The demand or buy-side in a transaction
Bid-to-Cover Ratio	The amount of demand for a security against the amount accepted. It indicates demand condition
BOG	Bank of Ghana
CBK	Central Bank of Kenya
CBN	Central Bank of Nigeria
Coupon Rate	Interest rate paid on the face value of the bond purchased
Depreciation	A loss in the value of a currency against another currency
Exit bonds	New Treasury bonds created or restructured from the old bonds under the DDEP
Face Value (Par Value)	The amount repaid by the issuer of a bond when the bond matures
Fixed income security	A debt instrument that pays a fixed amount (interest) on a fixed (pre-determined) schedule until maturity
Liquidity	Volume of money supply or volume of trade executed in a particular bond. Use within a context
Mark-to-Market	Valuation of bonds using the current or prevailing market prices for the bonds
Maturity	When a security (bills/bonds) is due for repayment by the issuer to investors
Month-on-Month (m/m)	A change measured over a one-month period
Net-bid position	When the volume of securities demanded (bid) is greater than the volume offered for sale. Excess demand
Net-offered position	When the volume of securities offered for sale is greater than the volume demanded. Excess supply
Offer	The sell-side in a transaction
Old bonds	All pre-existing Treasury bonds not restructured under the domestic debt exchange programme (DDEP)
Subscription/Subscribe	The size of investor bids or demand at an auction
Tenor	The period from issuing a security (bills/bonds) to the repayment date (maturity)
Term-to-Maturity	The remaining life of a bond security until it matures. Can be measured in Days, Months, or Years
Treasury bills (T-bills)	Debt securities issued by the Government ("the Treasury") with maturity of 1-year or less
Treasury bonds & Notes	Debt securities issued by the Government with maturity of 2-year or longer
Uptake/Allotment	The amount of bid accepted in a bond or T-bills auction
Week-on-Week (w/w)	A change measured over a one-week period
Year-on-Year (y/y)	A change measured over a one-year (or 12-months) period
Year-to-Date (YTD)	The period from the last trading day of the previous year to the date of the report
Yield Curve	A graph which shows the interest rates for T-bills and bonds plotted against their respective maturities
Yield-to-Maturity (YTM)	The total return earned on a fixed income security (bills/bonds) if the security is held to maturity



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