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# IC FIXED INCOME & CURRENCY GUIDE

02 JUNE 2025

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## REPORT SUMMARY

COUNTRY	FIXED INCOME	CURRENCY
Ghana	<ul style="list-style-type: none"> <li>Demand for Ghanaian T-bills fell for the third straight month in May 2025 as investors shifted to higher-yielding assets. Banks increased holdings of BOG OMO bills attractively price at 28% yield, while institutional investors largely favoured equities and alternative assets. However, yields dropped sharply with the 364-day bill trimming 237bps to 16.0% as the Treasury continued to reject bids with yield quotes above its acceptable threshold. The bond market stayed bullish, with the IC Government Bond Index up 2.4% month-on-month and a YTD gain of 24.0% to 88.9pts, driven by strong trading in 2027 and 2028 bonds.</li> </ul>	<ul style="list-style-type: none"> <li>The Ghanaian Cedi was the best-performing African currency in May 2025, appreciating 38.0% month-on-month against the US Dollar (YTD: +43.4%), closing at 10.25/USD. The strong rally was supported by ample FX liquidity from the Bank of Ghana's USD 932.2mn FX sales in May 2025 (USD 2.7bn YTD) and subdued corporate demand. Although our fair value model suggests 14.87/USD, accumulated undervaluation from 2022 – 2024 implies an adjusted fair value at 12.2/USD. Additionally, the stronger-than-expected current account surplus and the authorities' new "GoldBod model" underpins a bullish outlook with a near-term floor around 10.0/USD.</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>Demand for Kenyan T-bills fell 15.6% in May 2025 to KES 148.4bn, driven by a 46.2% drop in bids for the 91-day tenor as investors favored longer tenors, despite slightly lower yields. The FY25/26 draft budget targets a narrower deficit of 4.5% of GDP (vs. 5.1% in FY24/25), with financing expected from external (1.5% of GDP) and domestic (3.0%) sources. However, weak revenue prospects amidst tight external conditions point to greater reliance on domestic borrowing, supported by the current decline in local yields.</li> </ul>	<ul style="list-style-type: none"> <li>The Kenyan shilling remained stable at 129.2/USD in May 2025, backed by strong export and remittance inflows. FX reserves rose 7.7% to USD 10.5bn, covering 4.7 months of imports. We expect the shilling to stay resilient in the near term, supported by strong reserves and Central Bank interventions.</li> </ul>
Nigeria	<ul style="list-style-type: none"> <li>Nigeria's T-bill market stayed subdued in May 2025 with only two auctions and a 15.3% drop in bids to NGN 2.3trn, though the Treasury accepted NGN 1.2trn, above target and prior levels. Yields held steady, and we expect the CBN's tight policy stance amidst volatile inflation to maintain yield stability as authorities aim to restore positive real returns.</li> </ul>	<ul style="list-style-type: none"> <li>The Nigerian Naira stabilized in May 2025, aided by slight recovery in oil prices and a 1.6% uptick in reserves to USD 37.8bn. The CBN introduced a Non-Resident Bank Verification Number to boost remittances, targeting USD 1.0bn monthly, though we think a jump from USD 4.7bn in 2024 to USD 12.0bn in 2025 is unlikely.</li> </ul>

## Ghana Market Commentary

### Fixed Income

Demand for Ghanaian Treasury bills fell for the third straight month in May 2025 as investors rebalanced their portfolios in favour of higher-yielding assets amidst the steady decline in yields across the T-bill curve. Commercial banks deepened their positioning in the Bank of Ghana's Open Market Operation bills at a yield of 28.0% while institutional funds (with longer investment horizon) continued to explore options across the equities and alternative assets.

Total bids submitted across the T-bills were worth GHS 22.4bn (-9.1% m/m), falling short of the gross target for May 2025 by 6.4%. Despite the shortfall, the Treasury rejected 16.6% of the total bids, allotting GHS 18.7bn (-5.5% m/m) as the authorities continued the yield compression to signal commitment to the ongoing fiscal adjustment and reducing borrowing need. The lower uptake compared to maturities of GHS 21.9bn in May 2025 translated into a net repayment of GHS 3.2bn amidst the elevated refinancing risk at the front-end.

Yields declined further across the curve by an average of 108bps (vs -52bps in April) as the yield for the 364-day tenor plunged by 237bps m/m to close May 2025 at 16.0%.

The domestic bond market continued its bullish run in May 2025 as the IC Government Bond Index (IC-GBI) gained 2.4% m/m to 88.9pts, pushing up the YTD gain to 24.0% with the weighted bond yield at 21.1%. The 2027 and 2028 bonds dominated the activities with deals of GHS 1.4bn and GHS 1.3bn, respectively.

### Currency Market

The Ghanaian Cedi remained the top performer within our universe of seven African currencies, intensifying its m/m appreciation against the US Dollar to 38.0% (YTD: +43.4%). Resultantly, the USDGHS closed May 2025 with a mid-rate of 10.25/USD. The GHS is firmly anchored by ample FX liquidity from the BOG and offshores amidst subdued corporate demand with the relentless Central Bank FX sale of USD 932.2mn in May 2025 (YTD FX sale: USD 2.7bn).

Although our fair value model suggests 14.87/USD, we also note that the Cedi was cumulatively under-valued by 20.7% from 2022 – 2024. We assume a correction of this value and obtained an adjusted fair value at 12.2/USD. However, we observe a stronger-than-expected progress on the external account balances, suggesting a more bullish outlook for the Cedi, with a near-term floor at the 10.0/USD area.

Local Currency "General Category" Bonds (GHS)				Ghana Restructured Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Feb-27	8.35%	82.51	20.92%	DISCO BOND		
Feb-28	8.50%	74.53	21.28%	Jul-29	5.00%	7.73%
Feb-29	8.65%	69.16	20.97%	Jul-35	5.00%	9.63%
Feb-30	8.80%	64.18	21.14%	PAR BOND		
Feb-31	8.95%	60.36	21.22%	Jan-37	1.50%	9.57%
Feb-32	9.10%	57.43	21.27%	DOWN PAYMENT BOND		
Feb-33	9.25%	55.31	21.26%	Jul-26	Zero-coupon	3.14%
Feb-34	9.40%	57.09	19.96%	PAST DUE INTEREST (PDI) BOND		
Feb-35	9.55%	51.29	21.78%	Jan-30	Zero-coupon	4.45%
Feb-36	9.70%	52.29	21.06%			
Feb-37	9.85%	51.59	21.14%			
Feb-38	10.00%	51.42	21.10%			

	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	14.93%	-39	-1,443
182-day	15.55%	-49	-1,640
364-day	16.00%	-237	-1,649

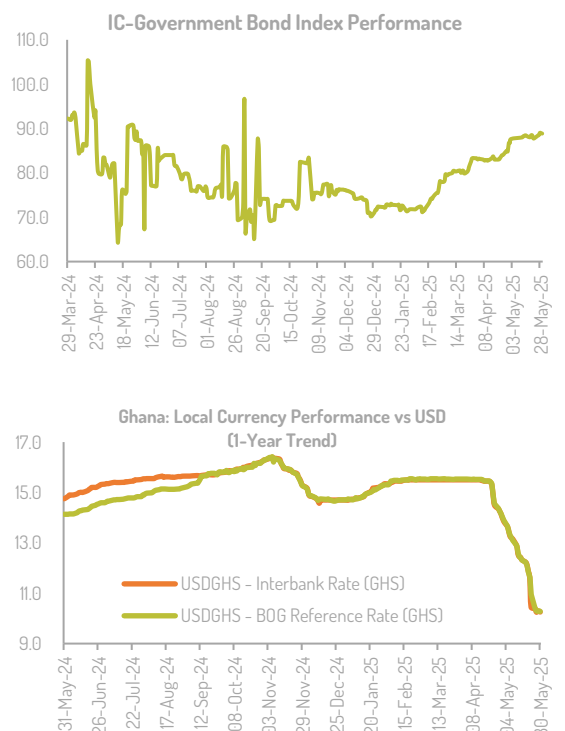
	Upcoming Maturities* (June-2025)	Upcoming Target* (This week)	M/M Change in Maturities
91-day	18,403.11	6,669.0	-0.9%
182-day	4,949.05		89.8%
364-day	757.34		2.5%

\*GHS Million

Spot Exchange Rate (GHS)			
	Current Mid-Rate	Last Month	M/M Change*
USDGHS	10.25	14.15	38.01%
GBP GHS	13.80	18.83	36.47%
EUR GHS	11.64	16.01	37.62%

\*Negative change means Depreciation while Positive change means Appreciation

Performance of the IC Government Bond Index (IC-GBI)			
Month-End	Index Level	YTD Return	Yield-to-Maturity
Feb-25	77.97	24.65%	8.77%
Mar-25	83.29	22.76%	16.20%
Apr-25	86.76	21.58%	21.04%
May-25	88.86	21.12%	23.97%



## Kenya Market Commentary

### Fixed Income

Investor appetite softened across all tenors, driving a notable month-on-month decline in demand for Kenyan Treasury bills in May 2025, albeit with a modest downshift in the yield curve.

Total bids across tenors came in at KES 148.4bn (USD 1.1bn), falling short of the prior month's bids by 15.6% but 54.5% above the gross target. The Treasury accepted KES 136.4bn (USD 1.1bn), translating to 92.0% of overall demand. The May 2025 uptake was 16.4% below the prior month's uptake. We noticed a sharp contraction in demand for the 91-day tenor (-46.2% m/m), and we think investors were much focused on the longer-duration bills with relatively higher returns.

Yields were downwardly sticky in May 2025, with a slight easing across the curve. The 91-day yield dropped the highest by 12bps m/m to 8.3%, the 182-day yield dipped 4bps to 8.6%, while the 364-day yield eased 2bps m/m to 10.0%. We expect the 30bps decline in annual inflation to 3.8% in May 2025 as positive for the easing financing conditions as the latest drop partly reverses the 110bps rise in 4M2025 and dampens the risk of breaching the 7.5% upper band.

The FY25/26 draft budget signals planned reduction in the budget deficit to 4.5% of GDP (from projected 5.1% in FY24/25) with the financing mix split between external sources (1.5% of GDP) and domestic sources (3.0% of GDP). Our bearish outlook on revenue outturn in FY25/26 tilts the odds towards higher domestic financing, given the tight external financing conditions. We view the declining local yields as favourable for the authorities' domestic financing plan.

### Currency Market

The Kenyan shilling remained resilient in May 2025, staying virtually flat around 129.2/USD, underpinned by strong hard-currency inflows from exporters and remittances. We observed a 7.7% m/m improvement in FX reserves to USD 10.5bn (4.7 months of import cover) as of 22 May 2025, largely due to improved remittances inflows (+6.4% y/y as at end-April 2025).

We expect the shilling to maintain its resilience through the near term on the back of the strong reserves position and the CBK's intervention in the market to smooth out volatility.

	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	8.32%	-12	-756
182-day	8.58%	-4	-740
364-day	10.00%	-2	-590

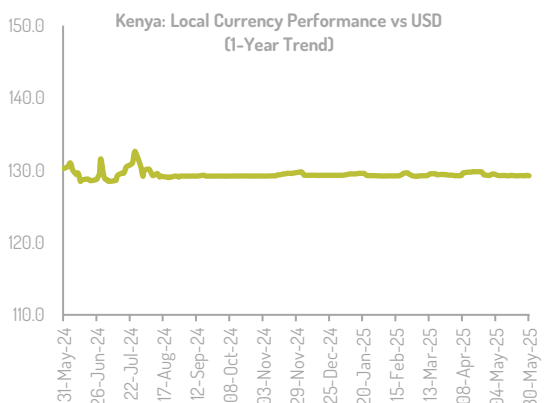
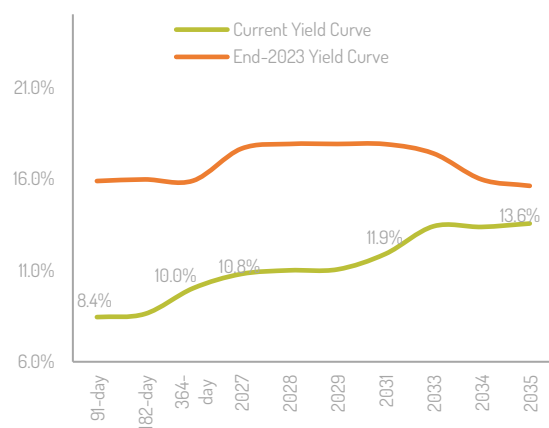
	Upcoming Maturities* (June-2025)	Upcoming Target* (This Week)	M/M Change in Maturities
91-day	51,202.52		163.8%
182-day	17,471.90	24,000.00	-68.4%
364-day	19,098.06		-57.1%

\*KES Million

Spot Exchange Rate (KES)			
	Current Mid-Rate	Last Month	M/M Change*
USDKES	129.21	129.41	0.15%
GBPKES	174.03	172.04	-1.15%
EURKES	146.72	146.26	-0.32%

\*Negative change means Depreciation while Positive change means Appreciation

Kenya: Indicative Treasury Yield Curve (KES)



Local Currency Bonds (KES)				Kenya Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Mar-25	10.25%	103.99	10.80%	May-27	7.00%	6.94%
May-25	11.67%	100.70	10.93%	Feb-28	7.25%	8.56%
Nov-26	11.28%	104.34	11.03%	Feb-31	9.75%	9.79%
Jul-27	12.97%	104.16	11.04%	May-32	8.00%	9.73%
Feb-28	11.25%	104.10	11.05%	Jan-34	6.30%	9.83%
Aug-28	12.69%	92.05	11.90%	Mar-36	9.50%	10.87%
Dec-28	12.50%	93.44	13.42%	Feb-48	8.25%	10.28%
Feb-29	12.44%	96.34	13.41%			
May-31	10.00%	97.12	13.42%			
Nov-32	12.00%	113.33	13.37%			
Jan-34	12.86%	94.81	13.33%			
Jul-34	12.34%	87.34	13.60%			

Source: Central Bank of Kenya, Bloomberg, IC Insights

# Nigeria Market Commentary

## Fixed Income

The Treasury’s activity in the T-bill primary market remained subdued in May 2025, as only two auctions were executed, similar to the prior month. Investor demand weakened across all tenors with yields virtually static across the curve.

Total bids submitted across the curve were worth NGN 2.3trn (USD 1.4bn), falling below the prior month by 15.3%. Meanwhile, the Treasury accepted NGN 1.2trn (USD 759.4mn), exceeding its target by 15.6% and the previous month by 6.0%.

Similar to the prior month, yields remained unchanged at the short-end but eased modestly at the long-end of the T-bill curve amidst a decline in investor appetite and the CBN’s tight monetary policy stance. The 91-day and the 182-day yields held steady at 18.0% and 18.5%, respectively, while the 364-day yield marginally edged lower by 4bps m/m to 19.6%, as the long-tenor T-bill witnessed intense demand from investors in an attempt to lock in relatively attractive returns ahead of potential monetary easing from CBN later this year.

We believe that the CBN’s tight monetary policy stance amidst high and volatile inflation trajectory would sustain the stability in yields in the immediate term. Although demand remain robust, we do not expect a significant decline in yields in the near term as the authorities target positive real yields.

## Currency Market

The Nigerian Naira stabilised with a slight appreciation in May 2025, following two consecutive months of sharp losses occasioned by foreign portfolio outflows in response to the geopolitics-induced lower oil prices. Net International Reserves recovered slightly in May 2025 (+1.6% m/m) to USD 37.8bn.

The CBN’s rollout of the Non-resident Bank Verification Number for Nigerians in the Diaspora aims to boost remittance inflows with a target of USD 1.0bn per month, supporting Nigeria’s current account balance and Naira stability. While we expect this additional layer of reforms to enhance remittance tracking, we are less optimistic about a surge from USD 4.7bn in 2024 to USD 12.0bn in 2025.

	Nominal Yield	M/M Change (bps)	YTD Change (bps)
91-day	18.00%	NO CHNG	1,100
182-day	18.50%	NO CHNG	850
364-day	19.56%	-4	732

Selected Macroeconomic Indicators			
	Latest Available	Same Period Last Year	YoY Change (bps)
Inflation*	23.71%	33.69%	-9.98%
GDP growth**	3.84%	3.46%	0.38%
MPR	27.50%	18.75%	8.75%

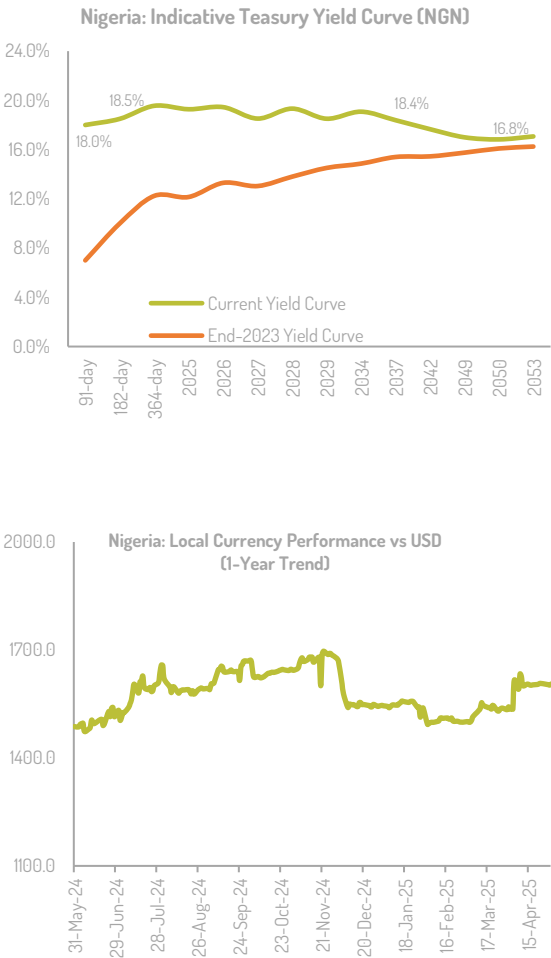
\*April 2025 | \*\*4Q2024

Official Spot Exchange Rate (NGN)			
	Current Mid-Rate	Last Month	M/M Change
USDNGN	1588.00	1604.69	1.05%
GBPNGN	2136.31	2134.28	-0.10%
EURNGN	1801.82	1814.02	0.68%

\*Negative change means Depreciation while Positive change means Appreciation

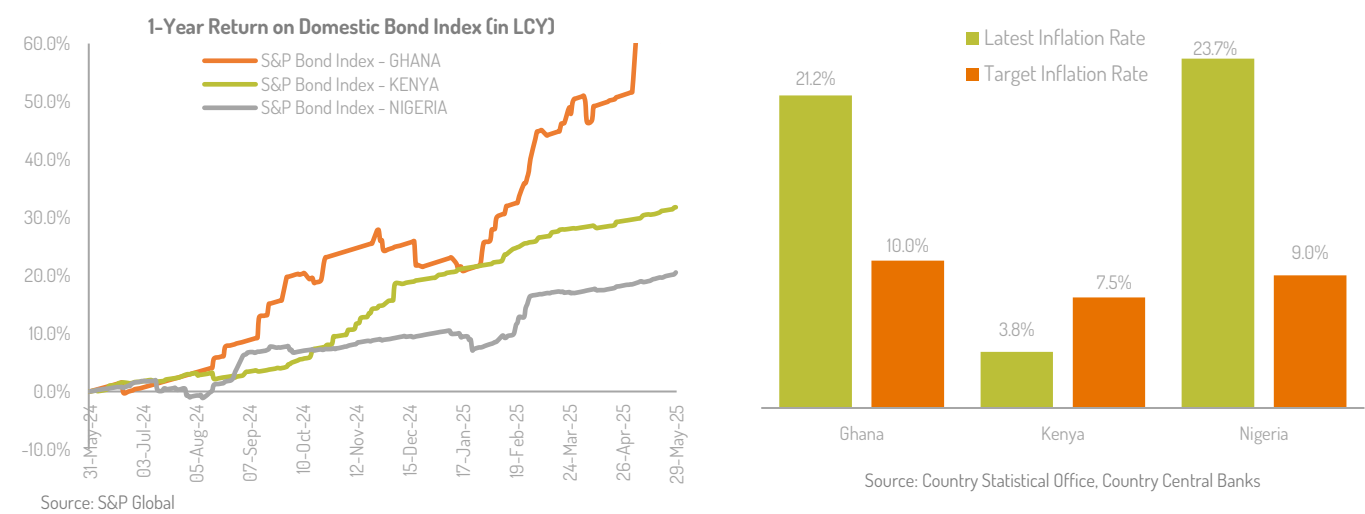
Local Currency Bonds (NGN)				Nigeria Eurobonds (USD)		
Maturity	Coupon	Price	Yield	Maturity	Coupon	Yield
Apr-29	14.55%	87.38	19.28%	Nov-25	7.63%	6.52%
Feb-31	18.50%	96.70	19.45%	Nov-27	6.50%	7.85%
Apr-32	12.50%	77.02	18.52%	Sep-28	6.13%	8.56%
Feb-34	19.00%	98.52	19.33%	Mar-29	8.38%	8.88%
Jul-34	12.15%	72.39	18.51%	Feb-30	7.14%	9.30%
Mar-35	12.50%	71.22	19.08%	Jan-31	8.75%	9.61%
Mar-36	12.40%	70.63	18.84%	Feb-32	7.88%	9.86%
Apr-37	16.25%	88.92	18.58%	Sep-33	7.38%	10.05%
Jun-38	15.45%	85.60	18.39%	Feb-38	7.70%	10.29%
Jan-42	13.00%	75.12	17.66%	Nov-47	7.63%	10.55%
Apr-49	14.80%	87.28	17.00%	Jan-49	9.25%	10.63%
Mar-50	12.98%	77.49	16.83%	Mar-51	8.25%	10.73%
Jun-53	15.70%	92.02	17.07%			

Source: FMDQ, Bloomberg, Central Bank of Nigeria, National Bureau of Statistics, IC Insights

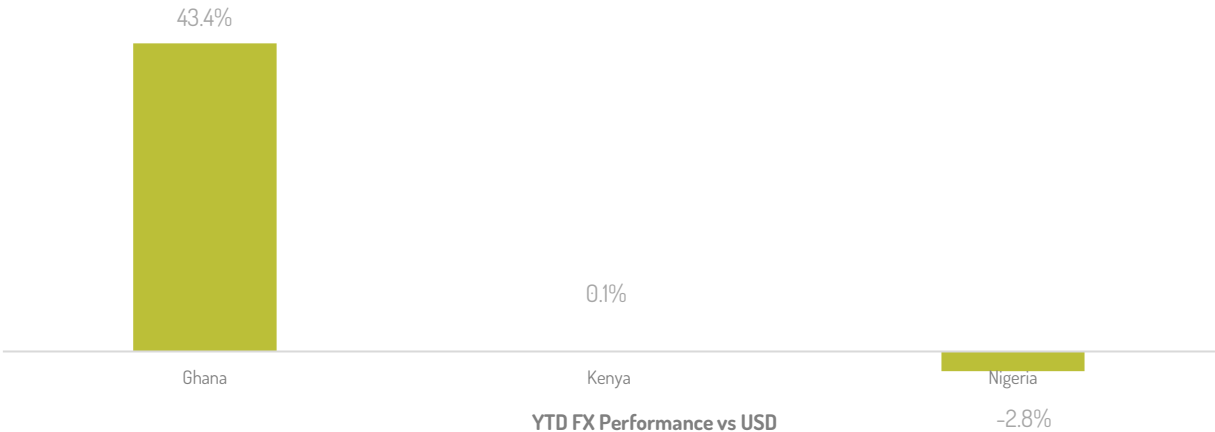


Comparative Yields for Domestic Treasury Bonds in LCY and USD-adjusted Rates						
Ghana		Kenya		Nigeria		
	GHS Yield	USD-adjusted Yield	KES Yield	USD-adjusted Yield	NGN Yield	USD-adjusted Yield
2027	20.92%	-0.12%	10.80%	4.78%	18.52%	0.71%
2028	21.28%	0.18%	11.00%	4.97%	19.33%	1.40%
2029	20.97%	-0.08%	11.05%	5.02%	18.51%	0.70%
2030	21.14%	0.06%	11.48%	5.42%	19.27%	1.35%
2031	21.22%	0.13%	11.90%	5.82%	19.21%	1.30%
2032	21.27%	0.17%	13.42%	7.26%	18.68%	0.85%
2033	21.26%	0.16%	13.41%	7.25%	18.45%	0.65%

Source: Bloomberg, IC Insights



	Comparative Currency Performance Dashboard								
	USD	m/m Change	YTD Change	GBP	m/m Change	YTD Change	EUR	m/m Change	YTD Change
Ghana	10.25	38.0%	43.4%	13.80	36.5%	33.3%	11.64	37.6%	30.8%
Kenya	129.21	0.2%	0.1%	174.03	-1.1%	-7.0%	146.72	-0.3%	-8.8%
Nigeria	1588.00	1.1%	-2.8%	2136.31	-0.1%	-9.6%	1801.82	0.7%	-11.3%



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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