



Market Brief: January 2020

Government securities experienced strong primary market participation during 2019, and despite a busy holiday season, interest in the January 2020 offerings exhibited similar levels to those of 2019. The 30-year Treasury continues to experience the strongest demand, although the 20-year security, was also, generally, well received.

The slightly serpentine nature of the Treasury yield curve displayed marginal flattening at the January 2020 point, noting some convergence. The 10-year and 20-year tenors continue to display the greatest basis point gains vis-à-vis mid-2019 and prior.



Treasury Bills 91-Day Treasury Bill Yield

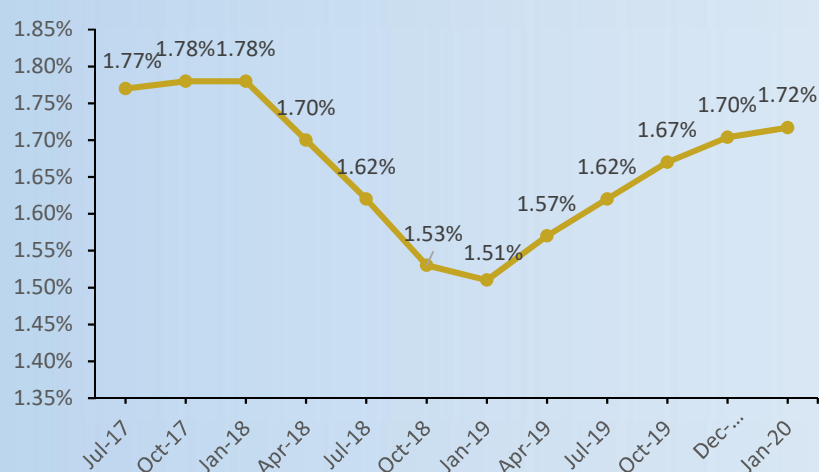


Figure 1.

Treasury Notes & Bonds BRS Coupons

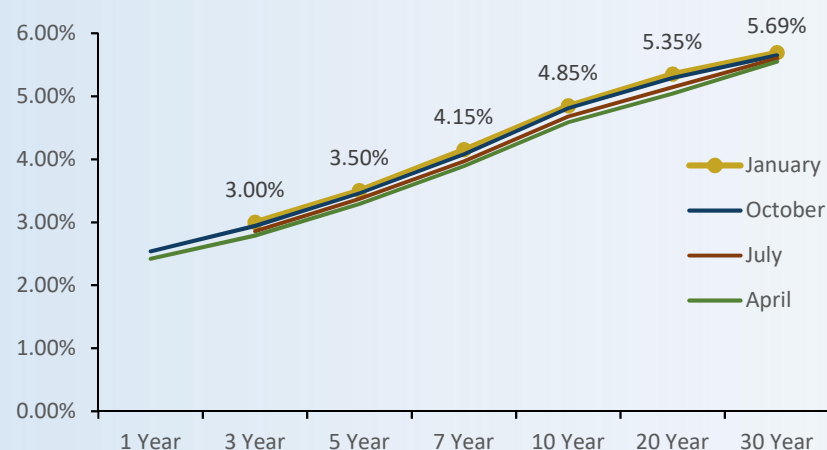


Figure 2.

Short-, Intermediate-, and Long-Term Markets



Offer Results

Security	Issue Size	Subscriptions	Absorption
January Initial Public Offering			
BGR134023	\$ 0.5 Million	\$0.53 Million	105.44%
BGR134025	\$ 0.5 Million	\$0.37 Million	73.32%
BGR134027	\$ 0.6 Million	\$0.38 Million	62.82%
BGR134030	\$ 2 Million	\$1.10 Million	55.00%
BGR134040	\$ 15 Million	\$11.54 Million	76.91%
BGR134050	\$ 12 Million	\$16.03 Million	133.57%
December Initial Public Offering			
BGR132139	\$12.5 Million	\$22.7 Million	181.60%
BGR132249	\$ 20 Million	\$23.8 Million	119.00%
November Initial Public Offering			
BGR132149	\$ 10 Million	\$23.6 Million	238.37%
November Secondary Market Offering			
BGR132039	\$16.6 Million	\$23.8 Million	119.00%

At the turn of the year, an extension of previously observed short-term market expectations pushed the 91-day Treasury Bill (T-Bill) yield to 1.7168 percent, a 6.18 basis point increase from its October 2019 close (see Figure 1). This increase in T-Bill rates supports the continued uptrend, following a year-long period of decreases experienced in 2018. As shown in Figure 1, 91-day T-Bill yields have risen 21 basis points above the levels seen at the beginning of 2019. These marginal changes contribute to the increasing Bahamas Registered Stock (BRS) coupon rates observed in the benchmark curve (see Figure 2).

During Q4 of 2019, the market continued to exhibit a strong demand for longer tenor securities, with weaker demand in the shorter segments of the curve; the three-year tranche being the exception. This tenor was driven, predominantly, by the 50+ age group. Participation rates for this tenor have experienced a 184 percent increase in applications, with a 227 percent increase in subscriptions over the October benchmark offering. It also worth noting that total participation—in terms of applications—has increased 2.19 percent from Q3 to Q4.

In Q4, the Central Bank facilitated three BRS Initial Public Offerings (IPOs) and one Secondary Offering. Results of the various offerings can be shown in the table to the left.