



DOMESTIC MARKET BRIEF 2nd QUARTER 2024

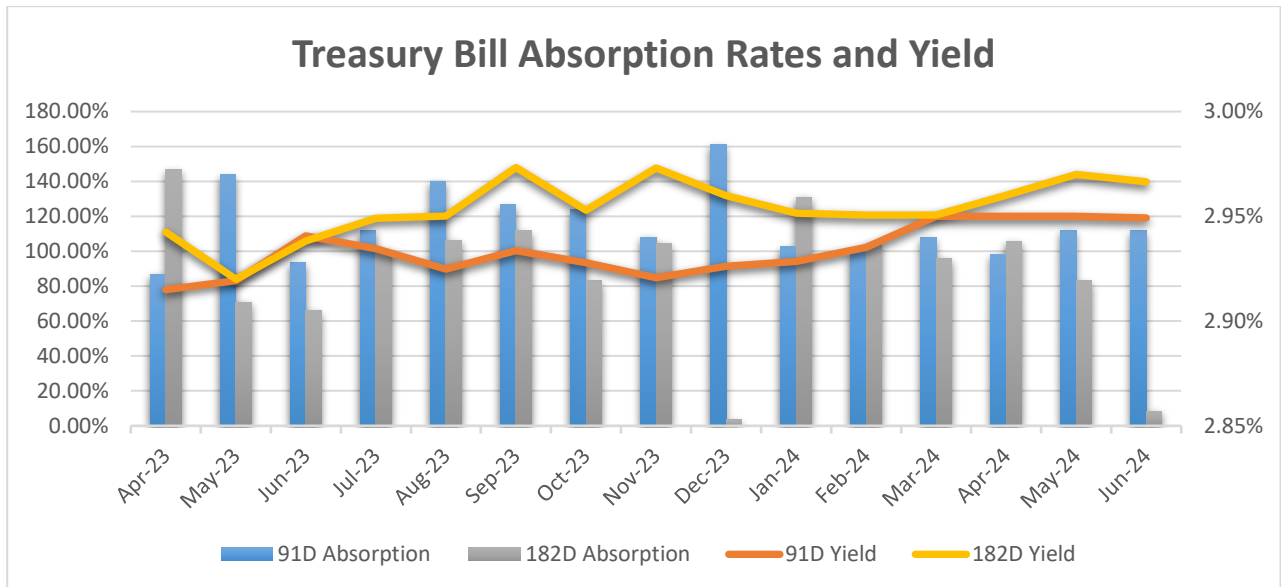
Market Overview

During the second quarter (Q2) 2024, approximately \$1.24 billion in Government paper was issued primarily to refinance existing debt obligations. Treasury bills (T-bills) and Bahamas Registered Stock (BRS) represented 76 percent and 24 percent, respectively, of the securities issued.

Market Recap

Treasury bills closed the period with an average absorption rate of 109 percent. A point-to-point comparison revealed a significant increase in demand for the 91-day T-bill, with an average absorption rate of 112 percent for Q2 2024 versus 102 percent the previous quarter. Further, absorption for the 182-day T-bill decreased from 115 percent in Q1 to 90 percent during Q2. Figure 1 below illustrates the uptick in T-bill yields against demand in Q2.

Figure 1: Treasury bill absorption rates and yields

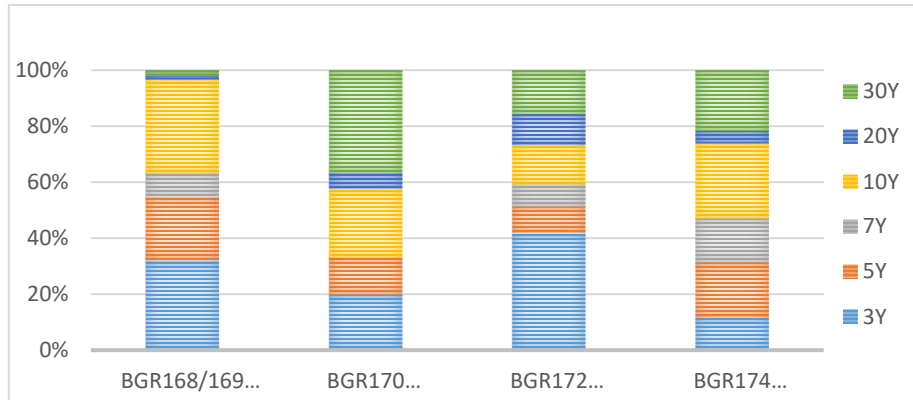


The market exhibited some variability in its preference for government paper during the quarter. A point-to-point tenor comparison revealed that the 3-, 7-, and 20-year tranches experienced demand upticks and accounted for 46 percent of total BRS subscriptions. Conversely, uptake of the 5- and 10-year tranches contracted, accounting for 35 percent of BRS subscriptions, while preference for the 30-year tenor remained flat at approximately 19 percent. It should be noted that, despite an increase in subscriptions for the 7- and 20-year tenors in Q2, both have consistently received tepid responses over the past three quarters. Figure 2 below illustrates benchmark offers’ performance by tranche for Q2 2024.



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Figure 2: IPO subscriptions by issue and tenor



Funding surpluses from earlier auctions adequately offset shortfalls in later issues. In particular, net funding outcomes from the quarter created no change in securities outstanding. Moreover, the average absorption rate firmed by five basis points to 111 percent during the quarter. Table 1 below displays Government Treasury bill and BRS benchmark issuance outcomes for Q2 2024.

Table 1: Treasury Bill and Bahamas Registered Stock IPO statistics

Month	Issue	Type	Issue Size (\$Mill)	Subscriptions (\$Mill)	Absorption Rate
Apr 2024	BSTB 00006832/6840	91D/182D	446.91	475.97	107%
May 2024	BSTB 00006857/6865	91D/182D	268.49	259.31	97%
Jun 2024	BSTB 00006881/6899	91D/182D	189.04	198.72	105%
Jun 2024	BSTB 00006873	91D	40.75	97.70	240%
Apr 2024	BRS 172	IPO	23.70	37.76	159%
May 2024	BRS 173	IPO	64.00	103.09	161%
May 2024	BRS 174	IPO	25.00	20.87	83%
June 2024	BRS 175	IPO Short-term	183.09	182.83	99%

All questions related to this document may be referred to the Central Bank’s Domestic Debt Unit at: domesticdebt@centralbankbahamas.com.

The calendar of upcoming BRS offers is available at: <https://www.centralbankbahamas.com/news/brs-initial-public-offering-calendar>.