



DOMESTIC MARKET BRIEF
3rd QUARTER 2024

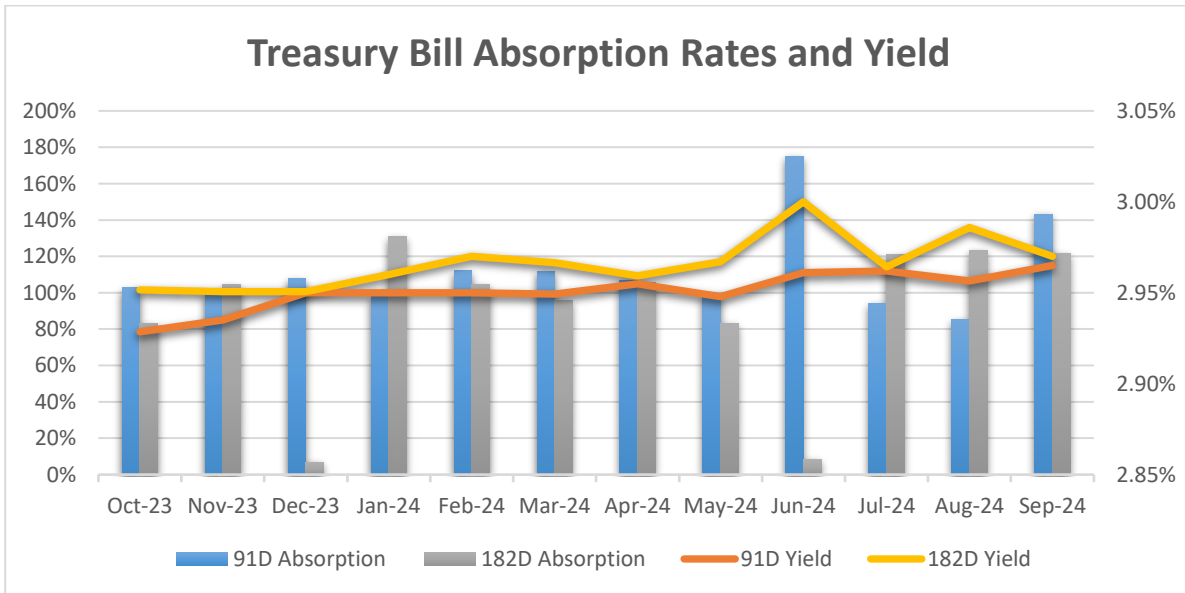
Market Overview

During the third quarter (Q3) 2024, approximately \$1.07 billion in Government paper was issued, primarily to refinance existing debt obligations. Treasury bills (T-bills) and Bahamas Registered Stock (BRS) represented 93 percent and 7 percent, respectively, of the securities issued. At the end of the quarter, the market absorption rate decreased from 111 percent in Q2 to 97 percent in Q3, given increased used of liquidity in private sector fund raising activities

Market Recap

Treasury bills closed the period with an average absorption rate of 100 percent, a nine percentage point reduction from the previous period. A point-to-point comparison revealed that this contraction was concentrated around the 91-day T-bill, which experienced an absorption rate of 96 percent in Q3 versus 112 percent the previous quarter. Conversely, absorption for the 182-day T-bill increased significantly from 90 percent in Q2 to 122 percent in Q3. Figure 1 below illustrates the volatility in T-bill yields against demand in Q3.

Figure 1: Treasury bill absorption rates and yields

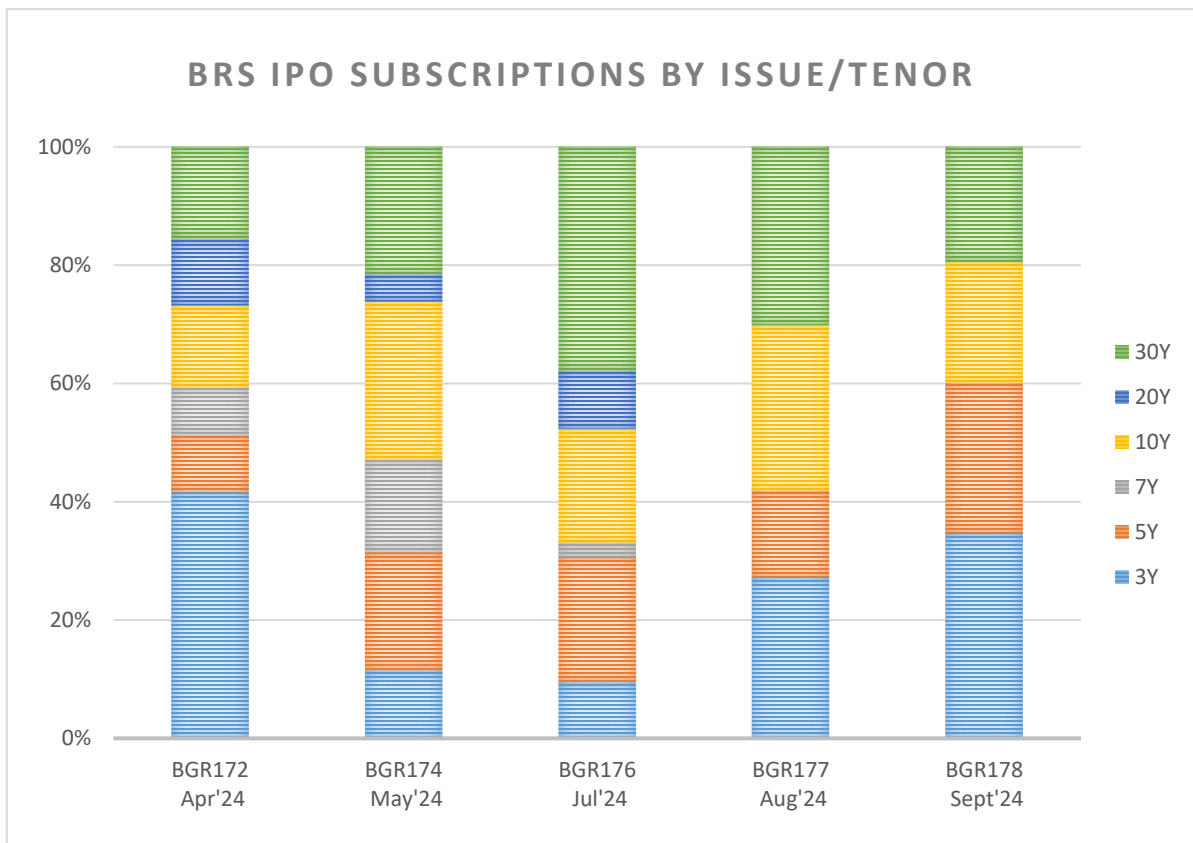




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The market exhibited some variability in its preference for government paper during the quarter, given the timing of private sector fundraising efforts, which attracted both institutional investors and some commercial bank lending. A point-to-point tenor comparison revealed that the 5-, 10- and 30-year tranches experienced increased subscription demand by 5.0 percent, 3.0 percent and 10.0 percent, respectively. These absorbed 72 percent of total BRS subscriptions. Conversely, uptake of the 3-year contracted, accounting for 24 percent of BRS subscriptions compared to 27 percent in Q2. Further, the 7- and 20-year tenors, combined, amounted to only four percent of the uptake. Figure 2 below illustrates benchmark offers' performance by tranche for Q2 and Q3 2024.

Figure 2: BRS IPO Subscriptions by Issue and Tenor



The average absorption rate for BRS declined by over 60 percentage points, concluding the period at 50 percent, which was primarily due to redirected institutional funds. Table 1 below presents the issuance outcomes for Government Treasury bills and BRS benchmarks for Q3 2024.



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Table 1: Treasury Bill and Bahamas Registered Stock IPO Statistics

Month	Issue	Type	Issue Size (\$Mill)	Subscriptions (\$Mill)	Absorption Rate
July 2024	BSTB 00006907/6915	91D/182D	459.50	456.56	99%
Aug 2024	BSTB 00006923/6931	91D/182D	277.00	255.52	92%
Sept 2024	BSTB 00006956/6964	91D/182D	218.20	209.02	96%
Sept 2024	BSTB 00006949	91D	40.10	78.08	195%
July 2024	BRS 176	IPO	38.82	7.04	18%
Aug 2024	BRS 177	IPO	25.00	21.93	88%
Sept 2024	BRS 178	IPO	15.00	10.49	70%

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>.