

# Weekly G-Sec Market Update

19<sup>th</sup> October 2015

## Executive Summary

### Auctions during the Week: 10<sup>th</sup> – 16<sup>th</sup> October

- **16<sup>th</sup> October Auction - T-Bills**

	Unit	16-Oct	9-Oct	Change
Issue Size	MUR Mn	900	900	↔
Weighted Average Yield	%	2.25	2.26	↓
91-Day Issue Size / Total Issue	%	77	62	↑
182-Day Issue Size / Total Issue	%	8	10	↓
364-Day Issue Size / Total Issue	%	15	28	↓
Bids received as a % of Tender amount	%	167	162	↑
Bids accepted as a % of Tender amount	%	100	100	↔

- The yields increased in each segment (91-day, 182-day & 364-day) compared to the auction of 9<sup>th</sup> October. Liquidity improved slightly as reflected in higher bid received to tender ratio of the auction compared to the 9<sup>th</sup> October auction.
- Weighted average yield decreased due to the change in mix towards 91-day T-Bills.

### Auctions during the previous Week: 3<sup>rd</sup> – 9<sup>th</sup> October

- **9<sup>th</sup> October Auction - T-Bills**

	Unit	9-Oct	2-Oct	Change
Issue Size	MUR Mn	900	900	↔
Weighted Average Yield	%	2.26	2.08	↑
91-Day Issue Size / Total Issue	%	62	61	↑
182-Day Issue Size / Total Issue	%	10	21	↓
364-Day Issue Size / Total Issue	%	28	18	↑
Bids received as a % of Tender amount	%	162	171	↓
Bids accepted as a % of Tender amount	%	100	100	↔

- The yields increased in each segment (91-day, 182-day & 364-day) compared to the auction of 2<sup>nd</sup> October. Liquidity was tighter as reflected in lower bid received to tender ratio of the auction compared to the 2<sup>nd</sup> October auction.
- Weighted average yield increased also due to the change in mix towards 364-day T-Bills.

- **7<sup>th</sup> October Auction (issue starting 9<sup>th</sup> October) – 5 Year GoM Bonds**

	Unit	9-Oct	7-Aug	Change
Issue Size	MUR Mn	1,054	1,300	↓
Weighted Average Yield	%	4.95	4.53	↑
Weighted Price	%	97.94	99.65	↓
Bids received as a % of tender amount	%	111	193	↓
Bids accepted as a % of tender amount	%	81	100	↓

- In the auction of 7<sup>th</sup> October, the yields increased due to general liquidity conditions that are also reflected in lower bid received to tender ratio of 111% compared to 193% in the previous issue on 7<sup>th</sup> August.
- Despite more than 100% bid received to tender ratio, only 81% of the tendered amount was issued as price offered on some of the bids was not accepted.

### G-Sec Stock Summary

- No new monthly data was released during the week 10<sup>th</sup> - 16<sup>th</sup> October 2015. Key trends as per earlier data are mentioned.

#### G-Sec Outstanding as on August 31, 2015

	Unit	Value
G-Sec Outstanding as on 31st August	MUR Bn	175.64
G-Sec Outstanding as on 31st August	USD Bn	5.02
G-Sec (as on 31st August) / GDP (as on 31st Jan)	%	43
Gross issue of G-Sec in August 2015	MUR Bn	6.70
Net issue of G-Sec in August 2015	MUR Bn	0.73
Increase in G-Sec Outstanding in August over July	%	0.42

#### G-Sec Issued post August 31, 2015

	Sep-2015 (MUR Bn)	Oct 2015 (up to 16th Oct) (MUR Bn)
Gross issue of T-Bills	3.60	2.70
Gross issue of T-Notes	1.50	-
Gross issue of 5 Year GoM Bonds	-	1.05
Gross issue of Longer term GoM Bonds	1.60	-
<b>Total Gross issue of G-Sec</b>	<b>6.70</b>	<b>3.75</b>
Total Gross issue of G-Sec / G-Sec Outstanding on 31 August 2015 (%)	3.81	2.14

### Upcoming Auctions

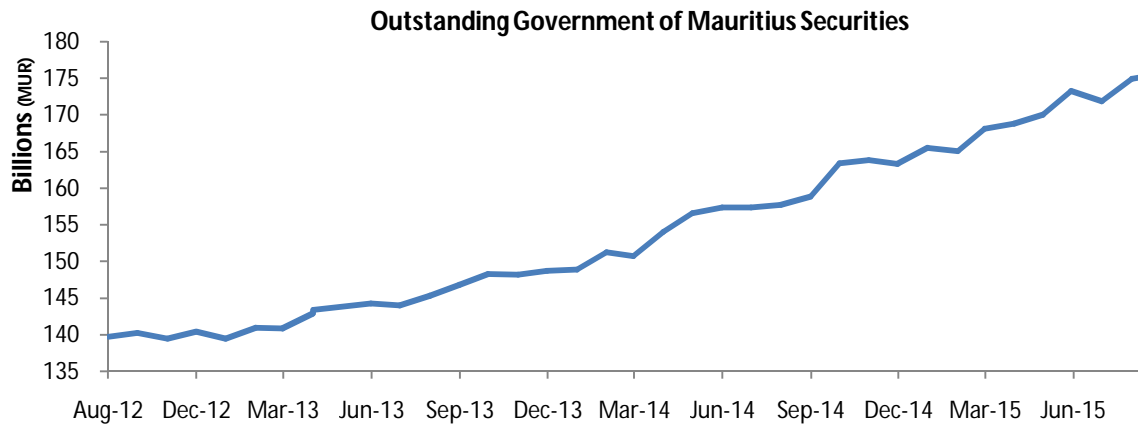
- Treasury Bills: Friday 23<sup>rd</sup> October 2015 for MUR 1,100 Mn.
- Treasury Notes: Friday 23<sup>rd</sup> October 2015 for MUR 1,500 Mn.

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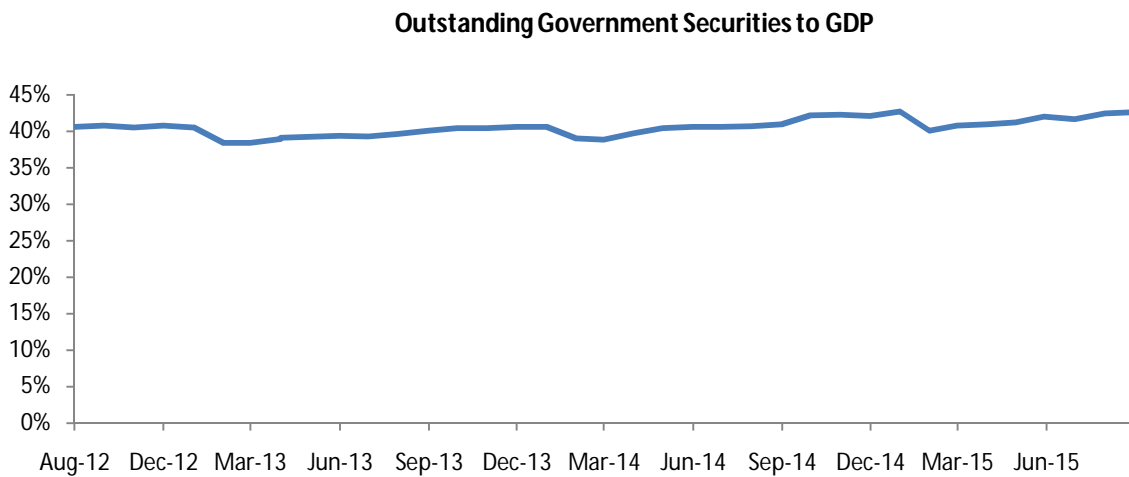
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## G-Sec Volumes

### Outstanding G-Sec

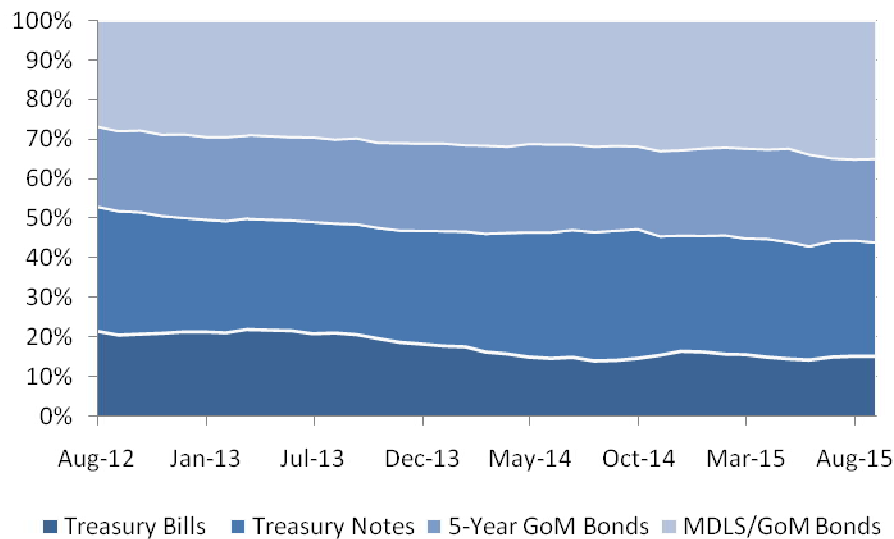


- The month on month increase in total outstanding government securities was 0.42% over the month of August 2015.
- Total outstanding government securities increased by 10.58% year on year as compared to August 2014.



- The ratio of total outstanding government securities to GDP stood at 43% in August 2015.

## Distribution of G-Sec



- As on August 2015, the outstanding G-Sec consisted of 15% of T-Bills, 29% of Treasury Notes, 21% of 5-year GoM Bonds and 35% of longer term GoM Bonds (as compared to 14% of T-Bills, 33% of Treasury Notes, 22% of 5-year GoM Bonds and 32% of longer term GoM Bonds in August 2014).
- Long term trend indicates shift away from shorter term maturities.

## G-Sec Issuance during August 2015

Monthly Changes in Outstanding G-Sec					
	Treasury Bills	Treasury Notes	5-Year GoM Bonds	MDLS/GOM Bonds	TOTAL
<b>As on 31-Jul-15</b>	26,514	51,094	36,160	61,142	174,910
<b>Issue in August 2015</b>	2,400	1,500	1,300	1,500	6,700
<b>Maturing in August 2015</b>	2,400	2,070	-	1,500	5,970
<b>As on 31-Aug-15</b>	26,514	50,524	37,460	61,142	<b>175,640</b>

- The month of August saw a net increase in outstanding debt of MUR 730mn, representing an increase of 0.42%, taking the total debt outstanding to MUR 175.64bn.

## G-Sec Issuance Post August 2015 till 16<sup>th</sup> October 2015

Weekly Update of Auctions					
	Treasury Bills	Treasury Notes	5-Year GoM Bonds	MDLS/GOM Bonds	Total
4-Sep-15	900.0				900.0
11-Sep-15	900.0			1,600.0	2,500.0
21-Sep-15	900.0				900.0
25-Sep-15	900.0	1,500.0			2,400.0
2-Oct-15	900.0				900.0
9-Oct-15	900.0		1,054.0		1,954.0
16-Oct-15	900.0				900.0
<b>Total</b>	<b>6,300.0</b>	<b>1,500.0</b>	<b>1,054.0</b>	<b>1,600.0</b>	<b>10,454.0</b>
<b>Weekly Auctions as a % of outstanding debt as at 31 August 2015</b>	<b>3.59%</b>	<b>0.85%</b>	<b>0.60%</b>	<b>0.91%</b>	<b>5.95%</b>

- MUR 10.45 Bn worth of debt was issued since end of August 2015 which represented 5.95% of the total outstanding debt as at 31<sup>st</sup> August 2015 (out of which 3.81% was in September and 2.14% was in October).
- Medium to long term bonds accounted for 40% of the total issuance during the period.

## Auction Yield Summary

### Weighted average yields

Weighted Average Yields (%)						
	T-Bills	T-Notes	5-yr Bonds	10-yr Bonds	15-yr Bonds	15-yr Inflation-indexed Bonds
Aug-14	1.17	3.06	4.68			
Sep-14	1.71	3.09		6.24		
Oct-14	1.47	2.98	4.30		6.97	
Nov-14	1.44	2.74	4.01			
Dec-14	2.44	3.11	4.68			
Jan-15	2.82	3.11				
Feb-15	2.36	2.93	4.11	6.09		
Mar-15	1.88	2.66			6.49	
Apr-15	1.47	2.50	3.91			
May-15	1.44	3.55		5.95		2.00
Jun-15	1.78	3.91	4.73		6.72	
Jul-15	1.79	3.94				
Aug-15	1.67	4.09	4.53		6.85	

- The weighted average yield of the T-Bills issued in August 2015 was the lowest in the last 3 months ending August 2015 while the issuance of T-Notes occurred at a yield of 4.09% which is the highest yield on T-Notes in the last one year.
- Yields in each segment are being driven by the demand and supply in those buckets. In some instances, longer term yields have fallen while short term yields rose, indicating a possible flattening of yield curve.

## Auction Demand Supply summary

### Auction Demand & Supply Summary

	T-Bills		T-Notes		5-yr Bonds		10-yr Bonds		15-yr Bonds		15-yr Inflation-indexed Bonds	
	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount	Bids Received as a % of Tender amount	Bids Accepted as a % of Tender amount
<b>Aug-14</b>	386	100	409	100	488	100						
<b>Sep-14</b>	260	101	295	166			478	218				
<b>Oct-14</b>	348	110	258	100	455	112			392	143		
<b>Nov-14</b>	360	112	357	114	357	123						
<b>Dec-14</b>	216	100	212	125	204	100						
<b>Jan-15</b>	358	87	279	100								
<b>Feb-15</b>	328	100	244	100	290	100	326	100				
<b>Mar-15</b>	396	100	354	100					360	100		
<b>Apr-15</b>	368	100	248	100	258	100						
<b>May-15</b>	316	100	201	100			195	100			239	100
<b>Jun-15</b>	321	100	193	100	252	100			238	100		
<b>Jul-15</b>	366	100	249	100								
<b>Aug-15</b>	266	100	123	100	193	100			182	100		

- The trend over past one year in bids received to tender ratio has been falling especially for the non T-Bill securities. This may partially explain the rise in yields in some of the segments.
- However, overall the bid amounts have been more than the tender amount for all auctions during last one year.

## Market Segments

### Primary Dealers

Primary Dealers' Volumes as a % of Total Bond Issues	
Aug-14	20.55
Sep-14	2.70
Oct-14	10.17
Nov-14	18.43
Dec-14	9.56
Jan-15	5.87
Feb-15	21.82
Mar-15	17.88
Apr-15	32.63
May-15	4.72
Jun-15	16.14
Jul-15	50.46
Aug-15	8.53

- Primary Dealers' volumes as a % of total bond issues in August 2015 stood at 8.53% as compared to 50.46% in July 2015.

### Secondary Market

Secondary Market Transactions as a % of Outstanding Debt	
Aug-14	0.65
Sep-14	0.19
Oct-14	0.47
Nov-14	0.65
Dec-14	0.50
Jan-15	0.13
Feb-15	0.79
Mar-15	0.56
Apr-15	1.03
May-15	0.35
Jun-15	0.84
Jul-15	1.30
Aug-15	0.33



- Secondary market transactions as a % of outstanding debt remained on the lower side, amounting to 0.33% of the total outstanding debt.
- As at the end of August 2015, total outstanding G-Sec amounted to MUR 175.64 Bn, out of which 99.97% was Gross Domestic Debt and 0.03% was non-domestic debt.

*The base data for all analysis have been taken from the Bank of Mauritius website.*

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