



DOMESTIC MARKET BRIEF 3RD QUARTER 2023

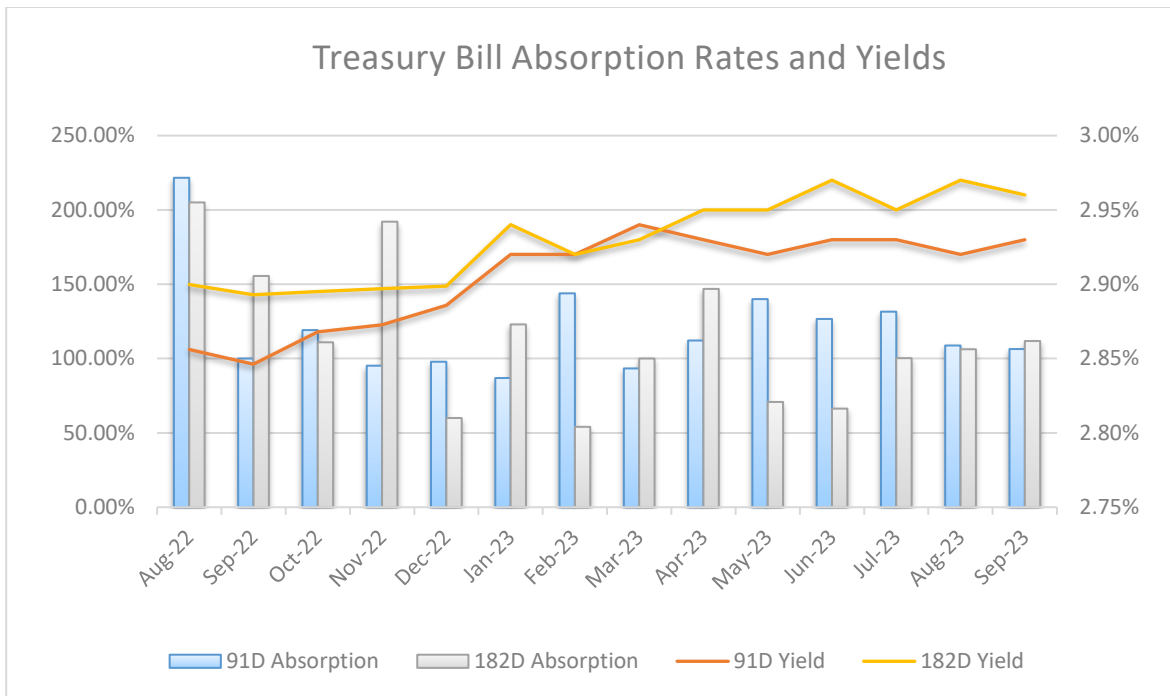
Market Overview

During the third quarter (Q3) 2023, approximately \$1 billion in Government paper was issued, of which 88.4 percent or \$884 million refinanced existing debt obligations. Treasury bills (T-bills) represented 89 percent of the securities issued.

Market Recap

Treasury bills closed the period with an average absorption rate of 139 percent. A point-to-point comparison revealed a sharper increase in demand for the 91-day T-bill, with an average absorption rate of 141 percent for Q3 versus 126 percent in Q2. Conversely, absorption for the 182-day T-bill decreased from 106 percent to 95 percent during Q3. Figure 1 below illustrates the uptick in market yields compared to demand for T-bills during Q2.

Figure 1: Treasury bill absorption rates and yields



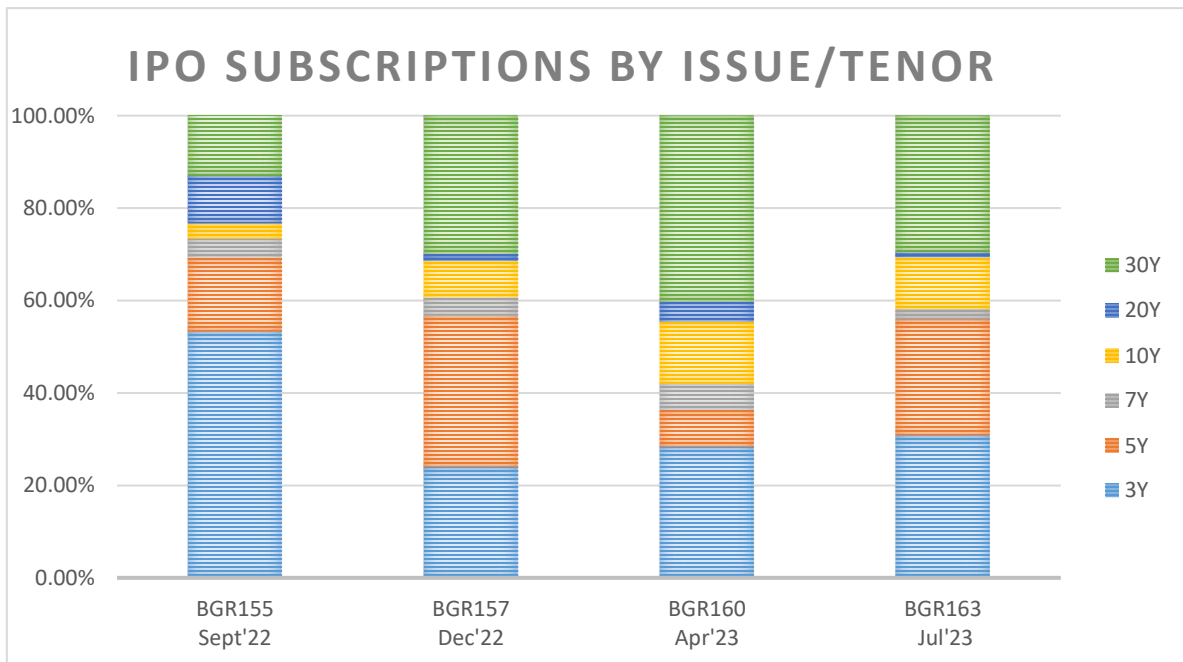


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Market outcomes from Q3 revealed that short- and long-term paper remained priorities for institutional investors. Moreover, in Q3, the 3-, 5-, and 30-year tranches accounted for nearly 86 percent of total Bahamas Registered Stock (BRS) subscriptions—a continued trend from Q2, with a positive shift for the 5-year maturity. In contrast, the 20-year tranche accounted for only 1.1 percent of BRS subscriptions—a 3.3 percent decrease from Q2.

Figure 2 below illustrates benchmark offers’ performance by tranche over the past four quarters.

Figure 2: IPO subscriptions by issue and tenor



The Government’s new fiscal year began in July 2023, with a \$60 million benchmark issue that was oversubscribed by \$11.32 million (or 18.9%). These bonds were reopened by \$40 million in September, offering 3Y, 5Y, 20Y, and 30Y tenors. However, there was a demand shortfall of \$13.40 million that was offset by oversubscriptions of Treasury bills. Table 1 below displays Government Security Issuance Outcomes for Q3.



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Table 1: Treasury Bill and Bahamas Registered Stock IPO and reopening statistics

| Month | Issue | Type | Issue Size (Mil) | Subscriptions (Mil) | Absorption Rate |
|----------|-------------------|------------------|------------------|---------------------|-----------------|
| Jul 2023 | BSTB00006592/6600 | 91D/182D T-Bills | \$294.29 | \$365.94 | 124% |
| Aug 2023 | BSTB00006618/6626 | 91D/182D T-Bills | \$250.50 | \$271.36 | 108% |
| Sep 2023 | BSTB00006634 | 91D T-Bills | \$32.41 | \$70.01 | 216% |
| Sep 2023 | BSTB00006642/6659 | 91D/182D T-Bills | \$180.42 | \$191.96 | 106% |
| Jul 2023 | BRS163 | BRS IPO | \$60.00 | \$71.32 | 119% |
| Sep 2023 | BRS 163 | BRS Reopening | \$40.00 | \$36.60 | 92% |
| Sep 2023 | BRS 162 | BRS Reopening | \$13.00 | \$13.00 | 100% |

All questions regarding the above can be routed to the Central Bank's Domestic Unit at: domesticdebt@centralbankbahamas.com

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