



Market Brief: October 2019

Market Briefs will be issued by the Central Bank on a quarterly basis to stimulate discussions on domestic Treasury securities and strengthen the market’s knowledge around primary issue outcomes. The market for 91 and 182-day Treasury Bills (T-Bills) remains dominated by institutional investors who bid yields through closed tenders, while the Treasury Note and Bond market—while also institutionally driven—is experiencing growing interest from individual investors.



Treasury Bills 91-Day Treasury Bill Yield

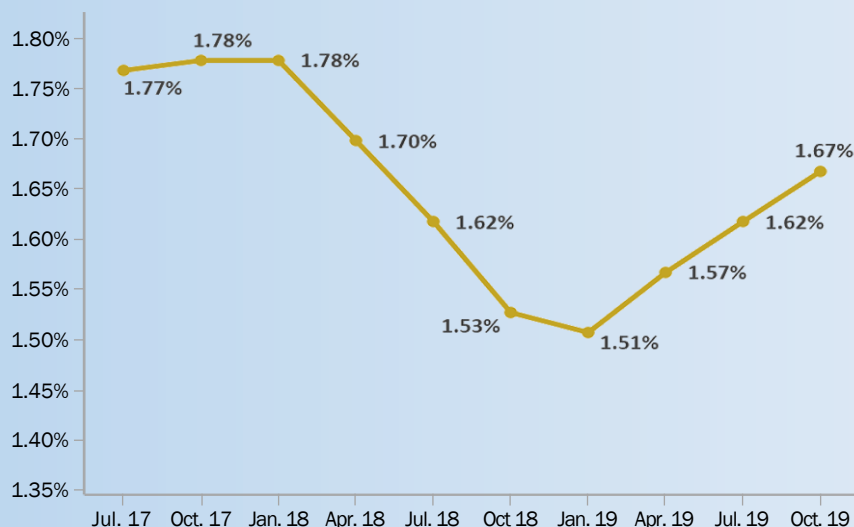


Figure 1.

Treasury Notes & Bonds



Figure 2.

Short, Intermediate, and Long-Term Markets

At the turn of the 4th quarter, shifts in short-term market perspectives pushed the 91-day T-Bill yield to 1.67%—a 4.5 basis point increase from the 1.62% July close (see Figure 1). The increase marks the highest point for the 91-day yield since the 1st quarter of 2018, supporting buoyancy in the coupons along the longer points on the benchmark curve (see Figure 2).



Offer Results

Security	Issue Size	Subscriptions	Absorption
BGR132020	\$75 Million	\$98.12 Million	130.83%
BGR132022	\$1.5 Million	\$0.07 Million	4.95%
BGR132024	\$1.5 Million	\$0.28 Million	18.37%
BGR132026	\$1 Million	\$0.00 Million	0.00%
BGR132029	\$7 Million	\$12.76 Million	182.34%
BGR132039	\$39 Million	\$14.33 Million	36.75%
BGR132049	\$25.4 Million	\$32.80 Million	129.13%

In October, the Central Bank facilitated two Bahamas Registered Stock (BRS) Initial Public Offerings (IPOs) on behalf of The Bahamas Government. The first was a benchmark offer totaling \$75.4 million, followed by a one-year BRS offer of \$75 million. In the former, institutional participation as a proportion of total subscriptions increased by 20% over the July 2019 benchmark, while individual participation decreased by 67% on a relative

basis. For the one-year BRS offer, institutional participation increased by 23.8% in comparison to subscriptions received in April 2019, while the individual participation rate increased from approximately 0.01% to 2.74%.