



## DOMESTIC MARKET BRIEF

### 3<sup>RD</sup> QUARTER 2023

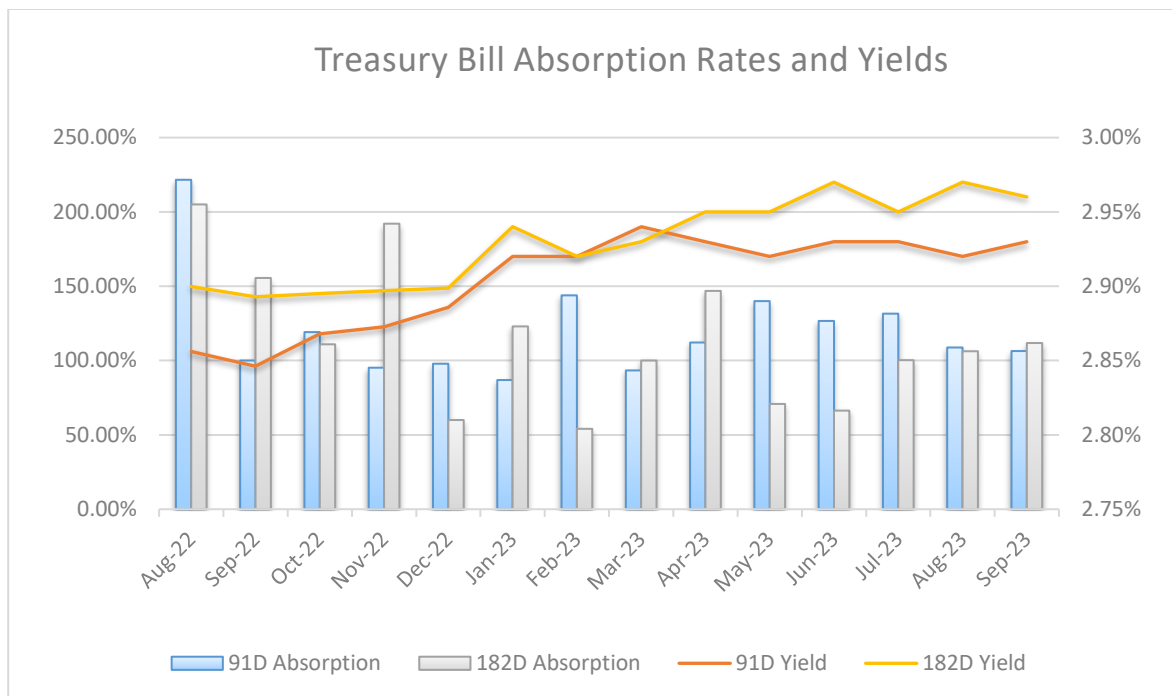
#### Market Overview

During the third quarter (Q3) 2023, approximately \$1 billion in Government paper was issued, of which 84 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





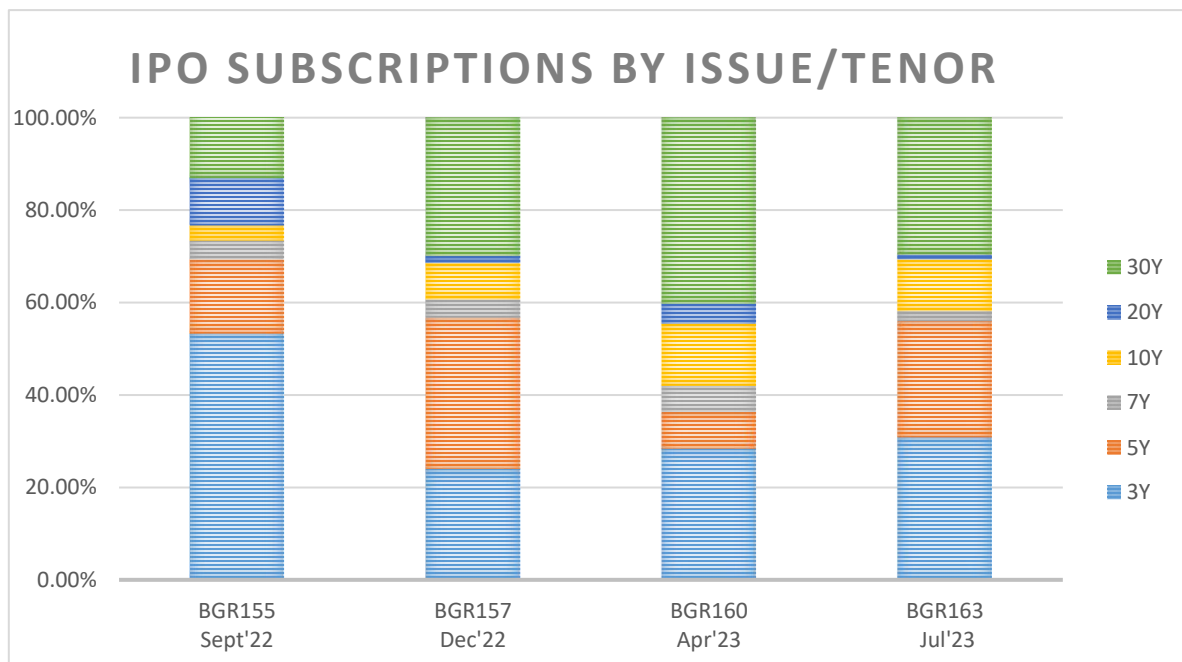
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Market outcomes from Q3 revealed that short- and long-term paper remained priorities for institutional investors. Moreover, in Q3, the 3-, 5-, and 30-year tranches accounted for nearly 86 percent of total Bahamas Registered Stock (BRS) subscriptions—a 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](mailto:domesticdebt@centralbankbahamas.com)

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