



DOMESTIC MARKET BRIEF 4TH QUARTER 2023

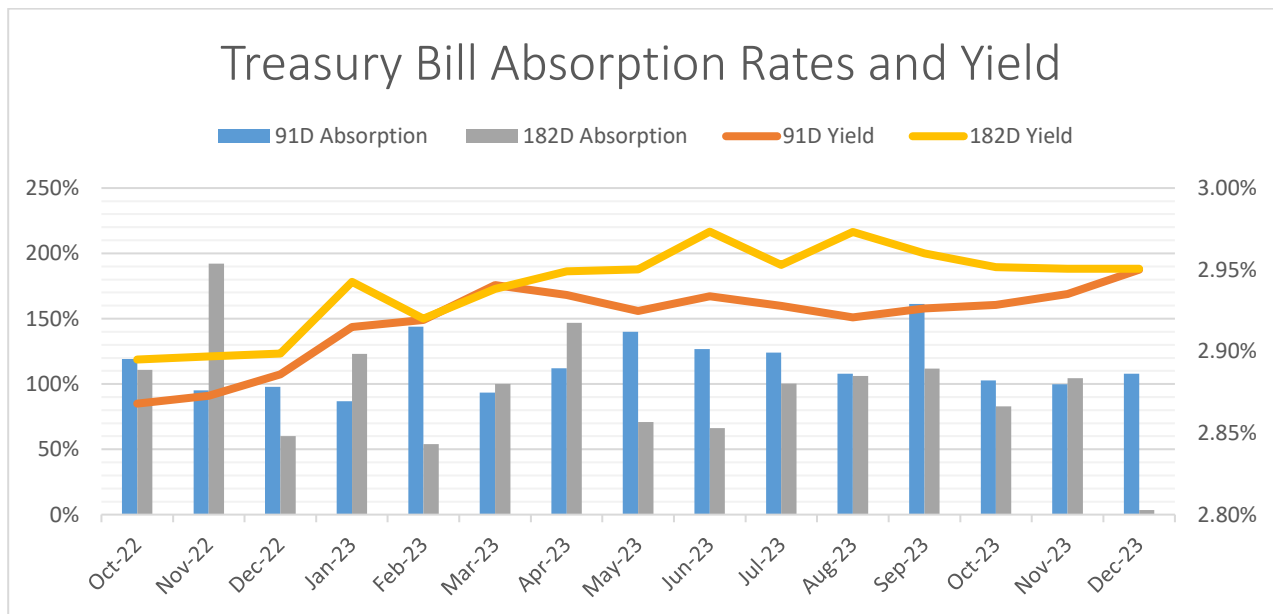
Market Overview

During the fourth quarter (Q4) 2023, approximately \$1.181 billion in Government paper was issued, of which 98.72 percent or \$1.165 billion refinanced existing debt obligations. Treasury bills (T-bills) and Bahamas Registered Stock (BRS) represented 85 percent and 15 percent, respectively, of the securities issued.

Market Recap

Treasury bills closed the period with an average absorption rate of 84 percent. A point-to-point comparison revealed a significant decrease in demand for the 91-day T-bill, with an average absorption rate of 103 percent for Q4 versus 131 percent in Q3. Further, absorption for the 182-day T-bill decreased from 106 percent to 64 percent during Q4. Figure 1 below illustrates the uptick in market yields compared to demand for T-bills during Q4.

Figure 1: Treasury bill absorption rates and yields

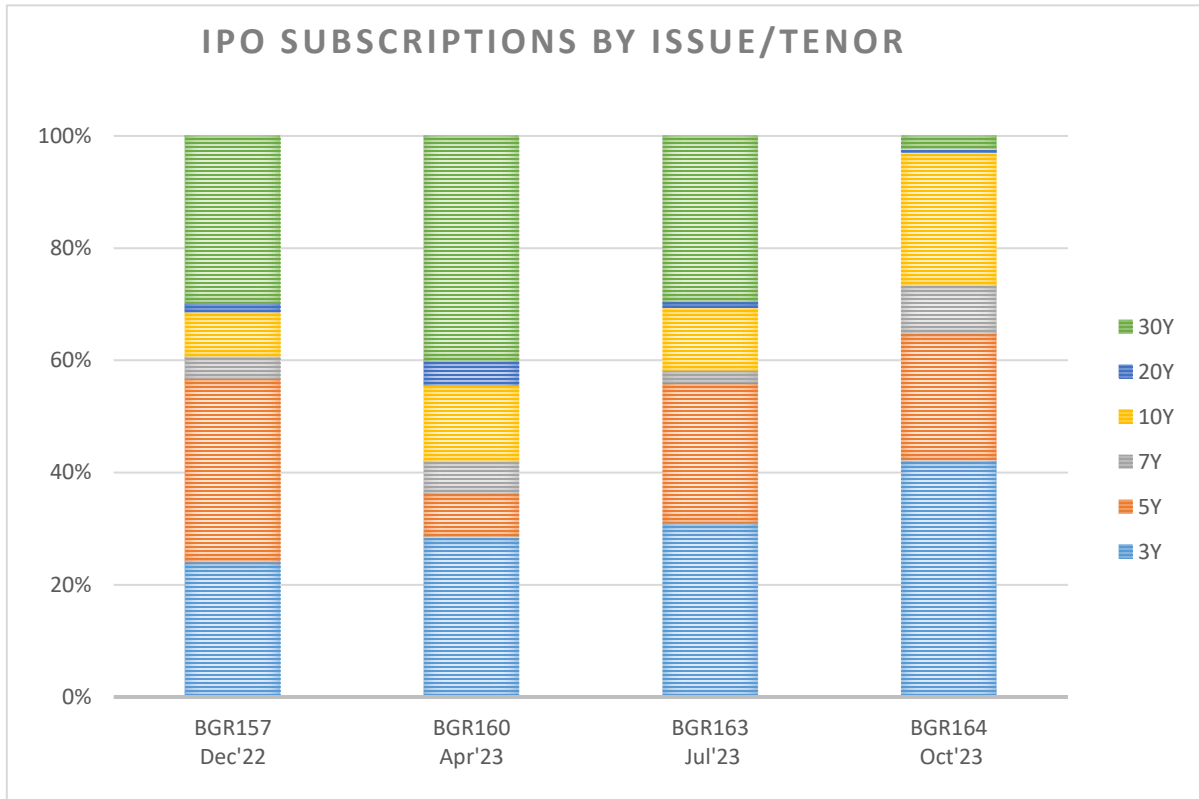


Market outcomes from Q4 revealed that short- and medium-term paper remained priorities for institutional investors. Moreover, in Q4, the 3-, 5-, and 10-year tranches accounted for nearly 88 percent of total Bahamas Registered Stock (BRS) subscriptions—a slight pivot from Q3 that previously included the 30-year tranche. Further, the 20-year tranche accounted for only 1 percent of BRS subscriptions, closing the year as the least preferred tranche. Figure 2 below illustrates benchmark offers’ performance by tranche over the past four quarters.



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Figure 2: IPO subscriptions by issue and tenor



The Government’s strategy to generate new paper included three re-openings during Q4, which were all over or fully subscribed. Conversely, three offers were undersubscribed, including one T-bill and two BRS. Despite those shortfalls, the average absorption rate for the quarter remains strong at 98%. Table 1 below displays Government Security Issuance Outcomes for Q4.



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

Month	Issue	Type	Issue Size (\$Mill)	Subscriptions (\$Mill)	Absorption Rate
Oct 2023	BSTB 0000667/665	91D/182D	452.45	452.95	100%
Nov 2023	BSTB 0000668/669	91D/182D	240.82	240.99	100%
Nov 2023	BSTB 00006709/6717	91D/182D	30.00	30.00	100%
Dec 2023	BSTB 00006725/6733	91D/182D	72.91	54.50	75%
Dec 2023	BSTB 00006741/6758	91D/182D	207.97	208.07	100%
Oct 2023	BRS 164	BRS IPO	22.00	21.23	97%
Oct 2023	BRS 164	BRS Reopening	20.00	20.00	100%
Oct 2023	BRS 165	BRS IPO	167.11	112.97	68%
Nov 2023	BRS 166	BRS IPO	20.00	20.00	100%
Dec 2023	BRS 166	BRS Reopening	67.26	88.53	132%
Dec 2023	BRS 164	BRS Reopening	105.00	105.00	100%
Dec 2023	BRS 164	BRS Reopening	30.00	30.00	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>