

The National Bank of Rwanda (BNR) has issued a 20-year Treasury bond worth Rwf 20 billion francs estimated at \$18,670,288 of which proceeds will be used to refinance infrastructure, Capital and Stock Market.

According to the central bank, the long term bond on which interest will be subject to withholding tax at the rate of 5% for all investors, is on sale from January 16th until January 18th 2023.

In addition the bank T-bond prospectus noted that the bond's tenor will be the longer while, "Eligable buyers will be notified via email from January 18, 2023 5:00PM".

While the Government of Rwanda aims to become a Business and financial center of excellence, the country is deepening the capital market and lengthening the yield curve, with the most extended maturity today, being twenty years.

Today, there are at least 10 trading companies listed on the RSE. These firms include Bank of Kigali (BK), Kenya Commercial Bank (KCB), National Media Group (NMG), Bralirwa, Uchumi Supermarket, Equity Bank, I&M Bank Rwanda, Crystal Telecom, RH Bophelo, and Cimerwa which in 2020 became the fifth Rwanda firm to list on the capital and stock market after ten years.

The issuing of the 20-year bond comes amid higher interest rates and rising inflation which experts say is weakening the Rwanda francs mainly due to ongoing global challenges as well as domestic agriculture production.

BNR raised its key interest rate by 50 bps to 6.5% during its November 2022 meeting. It was the third interest rate hike so far last year, bringing borrowing costs to the highest since November of 2016.

Inflation is expected to remain high until the first half of 2023, before decelerating towards the benchmark band, below 8% at the end of the year 2023.

Meanwhile, the economic growth forecasts were revised to 6.8% from a previous estimate of 6%. The Central bank has also re-instated the reserve requirement ratio to the pre-Covid level of 5% effective January 1st, 2023.

The cost of living measure is rising, in the quarter ending September 2022, the francs, on the other hand, depreciated year-on-year by 4.45 per cent compared to the US dollar.

The Franc is expected to trade at 1080.77 by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, they estimate it to trade at 1129.44 in 12 month's time.

As at end June 2022, NBR successfully issued 5 new bonds and 9 were re[1]opened with average subscription level of 114.0 percent. The bond yield curve remained stable during the FY 2021/22.