



UMOA-Titres
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THE WAEMU GOVERNMENT SECURITIES MARKET

THE INS & OUTS





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THE EBOOK OF THE WAEMU GOVERNMENT SECURITIES MARKET



WHO IS THIS EBOOK FOR ?

When it comes to searching for investment opportunities with attractive returns, there are several options available to you.

Among these, is the WAEMU Government Securities Market . If you are interested in learning more about this market, then this e-book is for you.

With it, you will :

- understand the function of this market through the lens of general financial markets
- learn about the issuance mechanism of government securities offered by WAEMU member states
- gain insight into the trends of this market.

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THE FINANCIAL MARKET

The term "market" implies the following elements: a product or service, a buyer, a seller and guidelines establishing rules to ensure proper market function.

In the case of a financial market, the products exchanged are essentially financial securities: representing either the equity of a company (shares) or the debt of an economic agent (bonds, treasury bills...).

The participants in the financial market are natural and legal persons, and public institutions.

Based on the type of product, we can distinguish between the stock and the bond market. Moreover, within each of these, we can find a primary and a secondary market.

THE STOCK MARKET

The stock market is the preferred market for companies. They turn their capital into securities which are then wholly or partly negotiated on the financial market.

Investors who buy shares thus hold a part of the company.

THE BOND MARKET

The bond market players turn their financing needs into debt securities called bonds. These securities are then traded between the issuers (state, institution or company) and investors who have a right of receivable on the state, institution or company that issued them.

The bond market is made up of public debt and private debt.

The Government Securities Market is a segment of the public debt.

What is a Treasury Bill (T-bill) ?

A T-bill is a short-term repayable debt obligation (less than or equal to 1 year) issued by the public treasury (the state).

What is a Treasury Bond (T-bond) ?

A T-bond is a medium-and long-term repayable debt obligation (more than 3 years) issued by the public treasury (the state).

STAKEHOLDERS

1. UMOA-TITRES

UMOA-Titres facilitates the WAEMU Government Securities Market which is the sole regional market by tender exclusively dedicated to the financing of the member states. These sovereign issuers offer, through appropriate procedures, government securities to specific players who can invest in them for themselves or for third parties.

2. ISSUERS

The issuers of the WAEMU Government Securities Market are the eight (8) member states of the West African Monetary Union (WAMU), that share a common currency: the Franc of the African Financial Community (FCFA).

3. MARKET INTERMEDIARIES

The market intermediaries are comprised of banks and brokerage firms in the West African Economic and Monetary Union (WAEMU) region.

Any bid within the WAEMU Government Securities Market must be done through them.

• PRIMARY DEALERS

Some banks and brokerage companies have the additional status of being primary dealers. In other words, these institutions are approved by the public treasuries of the member states as privileged but non-exclusive partners of one or more of the states. Primary dealers have special obligations regarding operations to the WAEMU Government Securities Market ; and in return they benefit from certain exclusive advantages.

4. INVESTORS

The WAEMU Government Securities Market is accessible to any natural or legal entity, regardless of their profile, wishing to acquire sovereign securities. These entities may include market intermediaries, insurance companies, UCITS management companies, pension funds, foreign investors, firms, SMEs/SMIs, cooperatives or individuals (general public).

5. PARTNERS

Transactions among parties are facilitated by support entities that ensure the regulation and promotion of the WAEMU Government Securities Market . These entities develop and maintain the regulatory framework and assist states and investors. Alongside UMOA-Titres, others key institutions include: the Central Bank of West African States (BCEAO), the Authority of Financial Markets of WAEMU (CREMPF), the Regional Stock Exchange (BRVM), the African Development Bank (AfDB) and the West African Development Bank (BOAD).

TYPES OF TENDERS

OPEN OR TARGETED TENDER

Auction is an acquisition technique of movable and real property assets through a bidding system.

In finance, it is an issuance technique of bills and bonds. Auction is regularly held by states to invest their treasury bonds and bills.

As part of the issuance of treasury bonds and bills on the securities market, states in the WAEMU region use two types of tender:

Open tender : all direct participants have the opportunity to bid on a part of the security put to tender by the issuer. Direct participants to date are credit institutions, brokerage firms and regional financial institutions with a settlement in the books of the central bank (article 3 of the Regulation N°06/2013/CM/UEMOA).

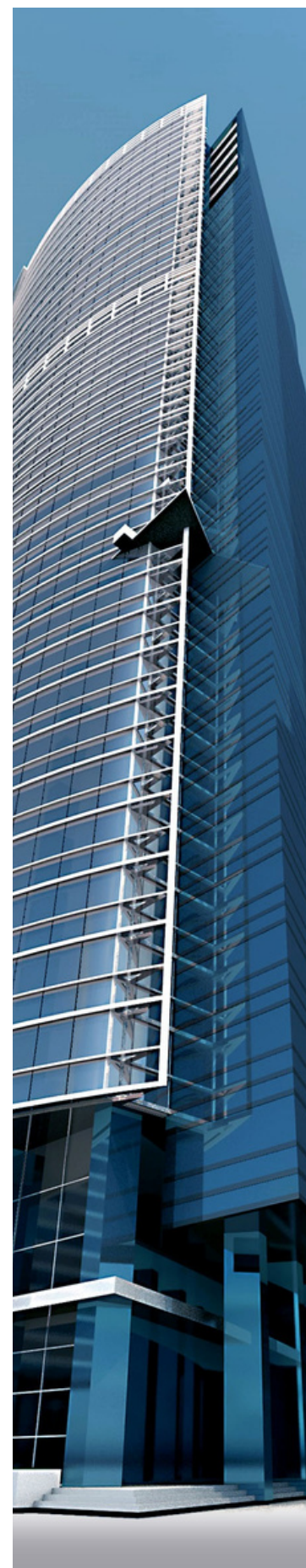
Other investors, individuals or companies can subscribe through credit institutions and brokerage firms within the WAEMU zone.

Targeted tender : primary dealers are the only intermediaries authorized to tender. Any investor who wishes to acquire the security put out to tender can subscribe through the primary dealer of the issuing state.

In general, only one issue per day on the WAEMU Government Securities Market is carried out. However, sometimes, several issues may take place by one issuer on the same day; this is called: **simultaneous issue**.

SIMULTANEOUS ISSUE

A simultaneous issue is a method of offering several securities based on an aggregated amount on the same day on behalf of a unique issuer. The bidding rules for a simultaneous issue are identical to those of a traditional issue.



ECONOMIC INDICATORS

PERFORMANCE OF THE WAEMU REGION

Indicators*	2017	2018	2019	2020	2021
Real GDP growth	6.5	6.4	5.7	1.8	6.1
Annual inflation rate (HICP) (%)	1.1	1.2	-0.7	2.1	3.2
Overall budget deficit	3.5	3.3	2.3	5.6	5.9
Global investment rate **	22.8	23.9	23.9	24.8	24.6
Overall debt	40.2	42.0	44.4	51.3	54.3

*% of GDP except inflation rate

**Ratio of investment to value added

Source: BCEAO, December 2021. Except overall debt (IMF, regional economic outlook, October 2021)

Projections 2022 - 2023

6.4%

2022 GDP GROWTH

- The real GDP growth rate accelerates from 2021, rising to 6.4% in 2022 before reaching 7.9% in 2023

-4.9%

2022 OVERALL BUDGET DEFICIT

- The overall budget deficit relative to GDP should fall to 4.9% and 3.8% in 2022 and 2023 respectively

2.6%

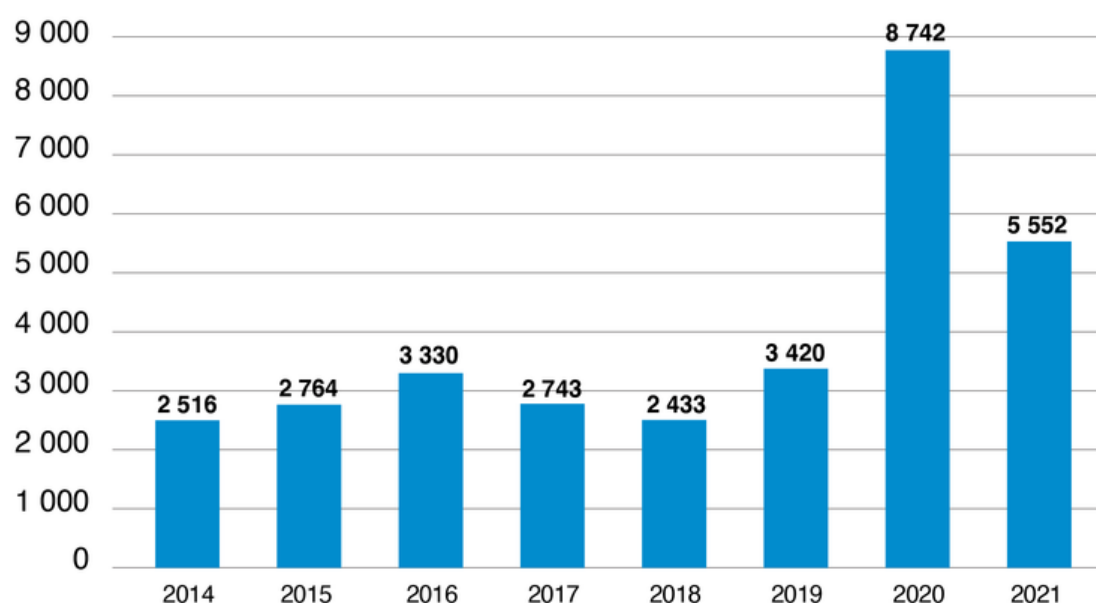
2022 INFLATION RATE

- The inflation rate should fall to 2.6% in 2022 and 2.4% in 2024

Source : BCEAO, December 2021

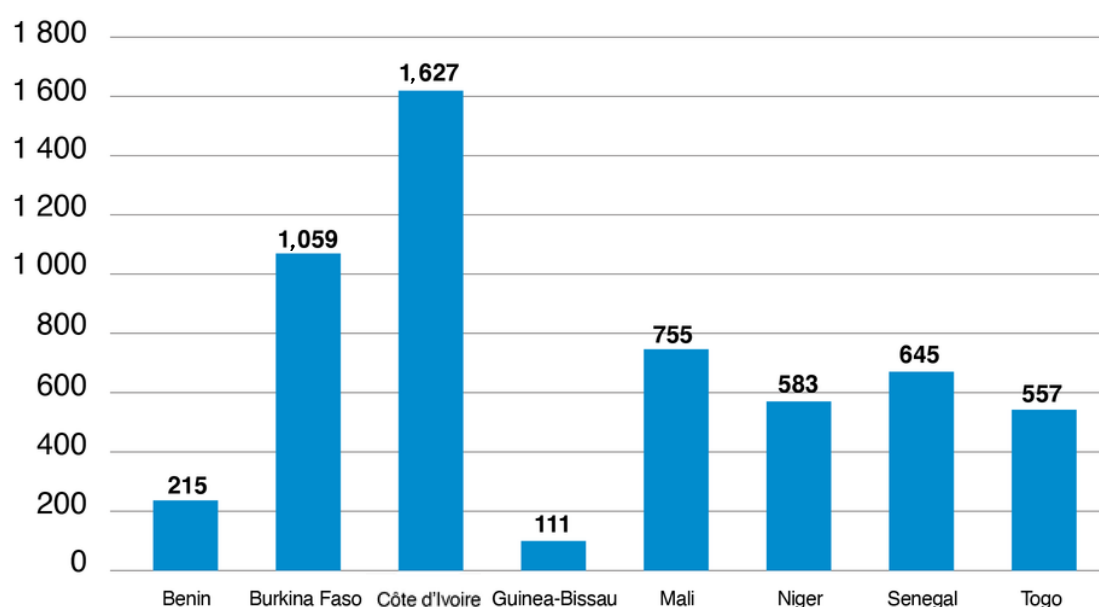
TRENDS OF THE WAEMU GOVERNMENT SECURITIES MARKET

Annual volume of government securities issued in billions of XOF



Source : UMOA-Titres

2021 Volume of government securities issued by country in billions of XOF



Source : UMOA-Titres

HOW TO SUBSCRIBE TO GOVERNMENT SECURITIES



YOU ARE A COMPANY OR AN INDIVIDUAL

Contact a bank or a brokerage firm

Contact a bank

Contact a
brokerage firm

YOU ARE A BANK OR A BROKERAGE FIRM

Contact us

ABOUT US ?



UMOA-Titres is the regional agency supporting the issuance and management of government securities in the WAEMU region. Established in March 2013 by the Governor of the Central Bank of West African States (BCEAO) under the authorization of the WAMU Council of Ministers, its mission is to work actively for the establishment of a standard market of government securities within the union.

In collaboration with all the stakeholders, we will build a WAEMU Government Securities Market that ensures the efficient financing of the development of member states.

- Together and from today, let's build the WAEMU of tomorrow !



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