Monthly Domestic Debt Bulletin

#1 | August 2025

Debt Management Division

Ministry of Finance - Ethiopia

Highlights

This inaugural issue of the **Monthly Domestic Debt Bulletin** is published by the **Debt Management Division** under the **Ministry of Finance**. It presents key insights into the performance of the **Treasury bill market, the structure of domestic debt, and upcoming issuance plans.** The bulletin will be updated regularly to provide timely analysis and data on evolving trends in Ethiopia's domestic debt landscape.

A major development highlighted in this edition is the introduction of a **three-month Treasury Bill** issuance calendar, published for the first time by the Ministry. This initiative represents a key milestone in the government's **"reset, reform, and relaunch"** agenda, aimed at deepening the domestic debt market, improving transparency, and aligning practices with international standards. The issuance calendar offers market participants improved transparency into upcoming auctions, enabling better planning and fostering investor confidence. Since its introduction, there has been a notable improvement in market participation and subscription rates—particularly across varying T-bill tenors. Among the notable operational enhancements, **182-day T-bills** are now being traded on the **Ethiopian Securities Exchange (ESX)**, and the government is transitioning toward fully electronic transactions to increase **efficiency, accessibility, and reliability** in the T-bill market. As of July 2025, the government stopped issuing the mandatory 5 years bond to commercial banks and borrowing from National Bank through direct advance.

Treasury Bill Market Performance

Issuance Performance — Monthly and Year-to-Date

During the first two months of EFY 2025/26, the Government of Ethiopia raised **ETB 111.1 billion** through **four Treasury bill auctions**, against a planned issuance of **ETB 103.4 billion**. Investor demand was strong, with total bids reaching **ETB 164.7 billion**, **159 percent of the amount offered**, resulting in an average subscription rate of **107 percent**. This performance reflects both deepening market participation and the effectiveness of recent reforms to improve transparency and predictability in domestic debt issuance.

Auction outcomes during the period revealed important **shifts in market dynamics**. Initially, investor appetite was concentrated in shorter tenors, with strong demand for 28-days and 91 days bills, while demand for 182 and 364-days bills remained subdued. Subscription ratios for the 364-day tenor fell to as low as 0.2x in early August, underscoring weak demand. In addition, there was yield curve inversion, with **182-day bills** offering **higher yields** than **364-day bills** (e.g., July 9: 21.0 vs. 14.98 percent).

From a financing perspective, gross issuance of **ETB 111.1 billion** was used primarily to refinance **maturing T-bills** amounting to **ETB 78.2 billion** and **roll over ETB 9 billion**, resulting in net issuance of **ETB 23.9 billion**. Cumulative **net issuance** at end-August 2025 represents **14 percent** of the annual target of **ETB 172.9 billion**.

Overall, developments in **July–August 2025** highlight the **positive impact of the government's active management** of the T-bill market. By **addressing pricing distortions** and providing **greater transparency** through an issuance calendar, the average yields, improved subscription patterns, and begun **shifting investor demand toward longer-term maturities**—important steps in **reducing rollover risks** and supporting **domestic debt market development**.

Chart 1: Treasury Bill Issuance – As of August 20, 2025 (ETB million)

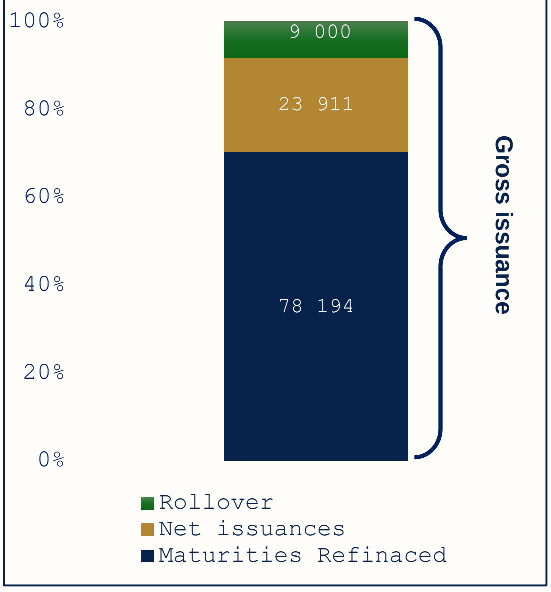
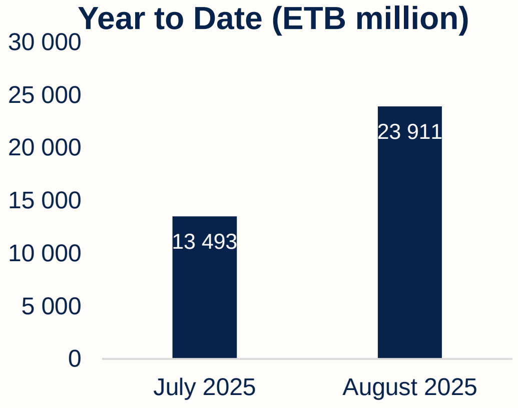


Chart 2: Cumulative net Issuance vs Annual Target – 2025/26 Ethiopian Fiscal Year to Date (ETB million)



Annual net issuance target: 172,948

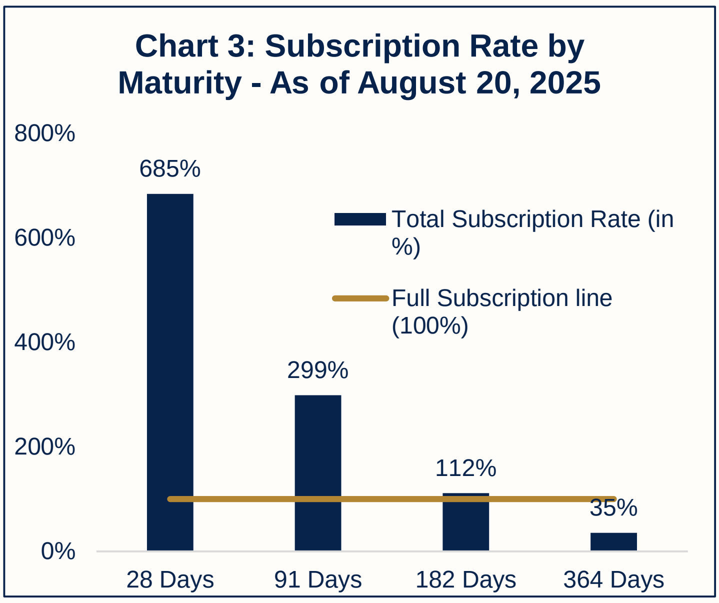


Chart 3: Subscription Rate by Maturity - As of August 20, 2025

Chart 4: Accepted vs Offered by maturity as of August 20, 2025

Issuance Composition and Auction Demand by Maturity

In the July and early August auctions, demand remained heavily concentrated in short-term instruments. The **28-day and 91-day maturities** recorded **subscription rates** of **685 percent (6.8x)** and **299 percent (2.9x)**, respectively, underscoring persistent investor preference for short-term securities. By contrast, the **182-day** bill was only marginally oversubscribed at **112 percent (1.1x)**, while the **364-day instrument** was significantly undersubscribed at **35 percent (0.4x)**, reflecting weak appetite for longer-term maturities (Chart 3&4).

However, the auction of August 20 marked an important adjustment in market dynamics. Demand broadened across all tenors, with **coverage ratios at or above 100 percent**—ranging from 0**.97x on the 364-day bill** to **3.7x on the 91-day bill**—bringing the overall bid-to-cover ratio to **2.1x**. This shift suggests that active yield management and the introduction of a transparent issuance calendar have begun to realign market demand with government supply, encouraging more balanced participation across maturities**.**

T-Bill Yield Curve

Treasury bill yields moderated between July and early August 2025.

The yield on the **28-day** maturity declined steadily **from 15.8 percent** on **July 9** to **13.8 percent** by **August 20 (–200 bps)**. The **91-day** bill also eased, falling from **17.8 percent** to **14.4 percent (–340 bps)**. The **182-day** bill dropped from **19.0 percent** to **14.9 percent (–400 bps)**, while the **364-day** bill raises rose from **15.0 percent to 17.5 percent (250 bps)**.

These shifts show broad downward pressure on yields, with strong demand for short-term bills and weak appetite for longer maturities (Chart 5).

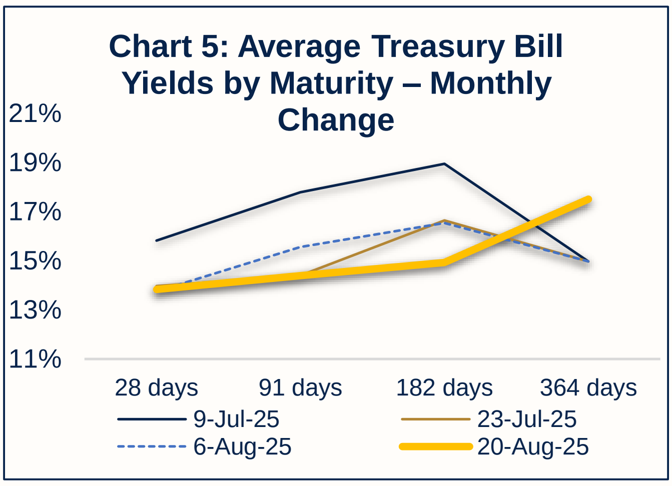


Chart 5: Average Treasury Bill Yields by Maturity – Monthly Change

Domestic Debt Stock

Total Domestic Debt Composition and Holders

As of June 30, 2025, Ethiopia's total public sector domestic debt stock stood at **ETB 2.5 trillion**. **Long term Treasury Bonds** accounted for the largest share at **80 percent**, while **Medium term Treasury bonds and Treasury Bills** each represented 8 and **10 percent** of the total (Chart 6).

At the end of **August 2025**, the **364-day** T-Bill remained the largest share of outstanding **Treasury bills, accounting for 39% of the total stock** (Chart 6).

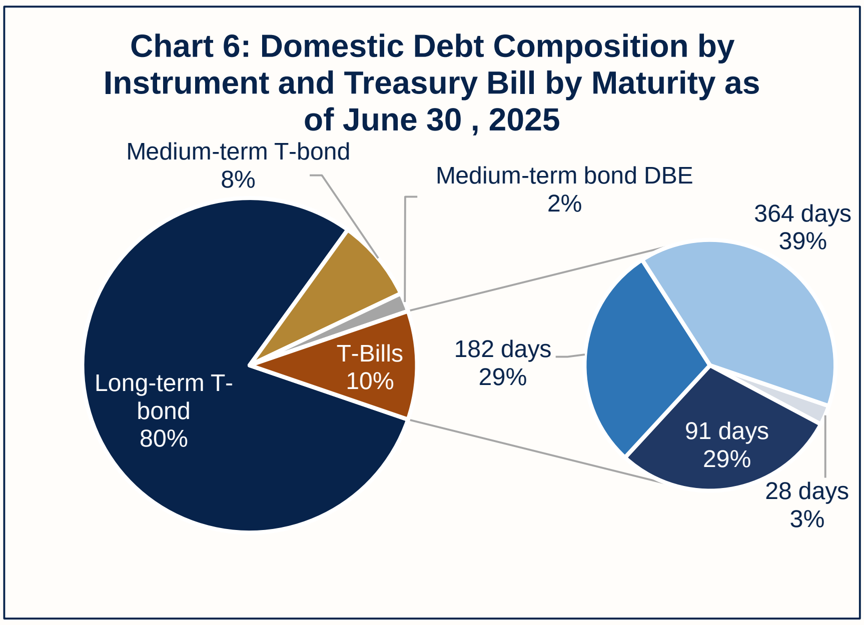


Chart 6: Domestic Debt Composition by Instrument and Treasury Bill by Maturity as of June 30 , 2025

Chart 7: Public Sector Domestic Debt Composition by Holder as of June 30, 2025 (in %)

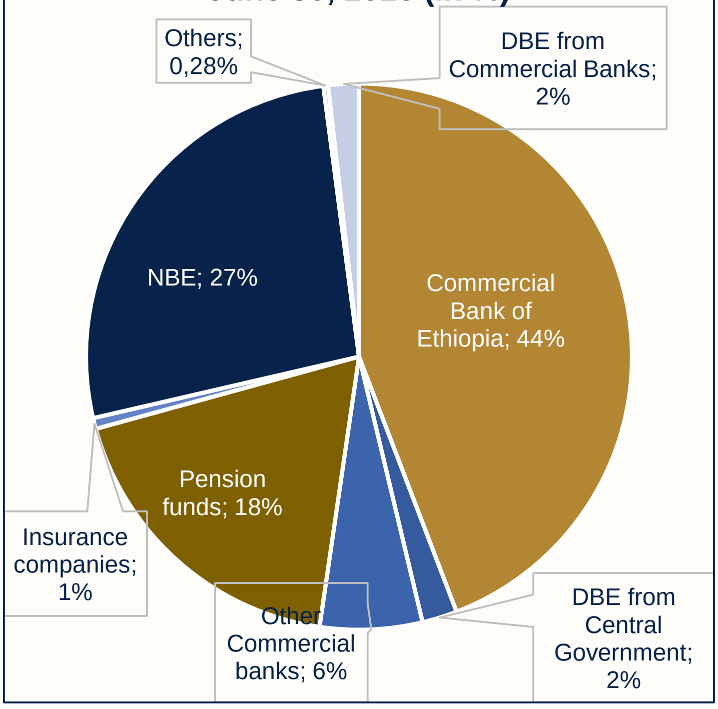
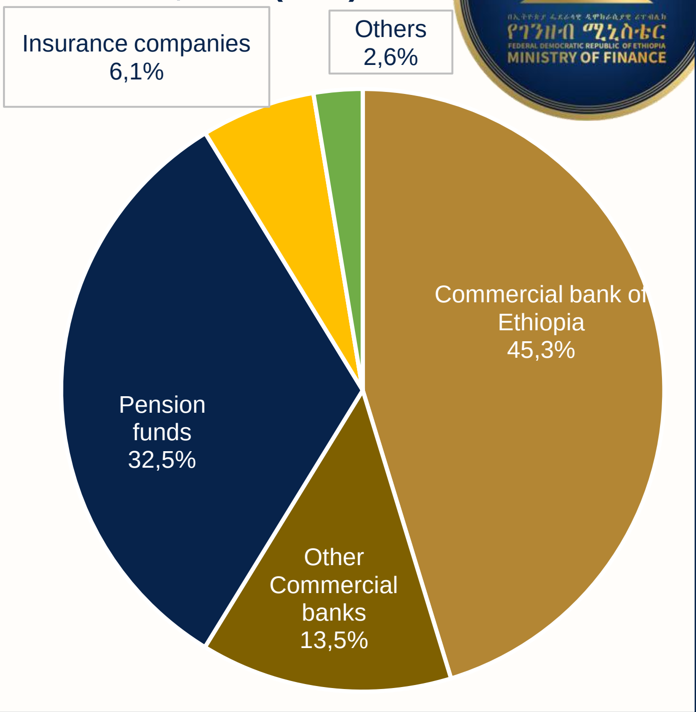


Chart 8: Treasury bills composition by holder as of June 30, 2025 (in %)



Outstanding T-Bills by Maturity and Holder

In terms of holders, **the Commercial Bank of Ethiopia (CBE)** remained the dominant creditor, holding 44 percent of outstanding domestic debt. The National Bank of Ethiopia accounted for 27 percent, while pension funds held 18 percent (Chart 7).

Similarly, **Commercial Banks** were the main holders of Treasury bills, with **45.3% of the total outstanding T-Bills**, followed by **pension funds at 32.5%**, and **other commercial banks at 13.5%**. **Insurance companies held 6.1%**, while other institutions (Ethiopian Investment Holdings) accounted for 2.6%. (Chart 8).

Issuance Plan

Issuance Plan — Quarter 1 2025/26 EFY

In July and August 2025, the Government planned to issue **ETB 103.4 billion** in Treasury bills to refinance maturing securities and meet domestic financing needs. Although the published auction calendar did not include the first auction of the fiscal year (held on July 9, 2025), subsequent auctions have been conducted strictly in line with the calendar, enhancing predictability for market participants.

During the first two months of the fiscal year, **four auctions were conducted** on a **bi-weekly basis**, offering **28-day**, **91-day**, **182-day**, and **364-day** maturities (Table 1).

Consistent with established practice, final offer amounts are confirmed at least one day prior to each auction on the National Bank of Ethiopia website, with results announced on the same day of the auction.

Table 1: Treasury Bill Issuance Plan for the 1st Quarter 2025/26

Auction date	28 days	91 days	182 days	364 days
23-Jul-25	221 690 000,00	3 225 395 000,00	4 533 865 000,00	3 103 700 000,00
6-Aug-25	772 115 000,00	11 581 790 000,00	15 442 385 000,00	10 809 680 000,00
20-Aug-25	294 705 000,00	4 420 630 000,00	5 894 185 000,00	4 125 920 000,00
3-Sep-25	503 060 000,00	7 545 950 000,00	10 061 260 000,00	7 042 880 000,00
17-Sep-25	563 895 000,00	8 458 470 000,00	11 277 975 000,00	7 894 570 000,00

Note: The auction calendar does not include rollover T-bills (non-competitive rollovers), which are automatic renewals of maturing securities by existing holders and are not part of the competitive auction process.

Summary of Treasury Bill Auction Results

Table 2: Summary of Auction Results

No:982th/25, Held on July 23, 2025

	28 days	91 days	182 days	364 days
Maturity Date (DD/MM/YYYY)	20-août-25	22-oct-25	21-janv-26	22-juil-26
Amount Offered (ETB Millions)	221.690	3,225.395	4,533.865	3,103.700
Bids Received (ETB Millions)	10,448.300	15,900.000	3,200.000	1,800.000
Total Amount Accepted (ETB Millions)	221.690	3,225.395	3,200.000	1,800.000
Competitive Bids	221.690	3,225.395	3,200.000	1,800.000
Non Competitive Bids				
Cut Off Price (Per Birr 100)	98.940	96.500	90.520	87.000
Cut Off Yield (Annual in %)	13.966	14.548	21.003	14.984
Weighted Average Price (Per Birr 100)	98.940	96.533	92.340	87.000
Weighted Average Yield (Annual in %)	13.966	14.407	16.641	14.984

No:983th/25, Held on August 6, 2025

	28 days	91 days	182 days	364 days
Maturity Date (DD/MM/YYYY)	03-sept-25	05-nov-25	04-févr-26	05-août-26
Amount Offered (ETB Millions)	772.115	11,581.790	19,442.385	10,809.680
Bids Received (ETB Millions)	3,131.340	17,650.000	15,521.660	2,200.000
Total Amount Accepted (ETB Millions)	772.115	11,581.790	15,521.660	2,200.000
Competitive Bids	772.115	11,581.790	11,521.660	2,200.000
Non Competitive Bids	–	–	4,000.00	–
Cut Off Price (Per Birr 100)	98.950	95.364	90.500	87.000
Cut Off Yield (Annual in %)	13.833	19.500	21.052	14.984
Weighted Average Price (Per Birr 100)	98.957	96.265	92.380	87.000
Weighted Average Yield (Annual in %)	13.745	15.563	16.539	14.984

No:984th/25, Held on August 20, 2025

	28 days	91 days	182 days	364 days
Maturity Date (DD/MM/YYYY)	17-sept-25	19-nov-25	18-févr-26	19-août-26
Amount Offered (ETB Millions)	294.705	4,420.630	10,894.185	4,125.920
Bids Received (ETB Millions)	1,039.410	16,388.260	20,494.685	4,000.000
Total Amount Accepted (ETB Millions)	294.705	4,420.630	10,894.185	4,000.000
Competitive Bids	294.705	4,420.630	5,894.185	4,000.000
Non Competitive Bids	–	–	5,000.00	–
Cut Off Price (Per Birr 100)	98.950	96.500	93.000	83.350
Cut Off Yield (Annual in %)	13.833	14.548	15.095	20.031
Weighted Average Price (Per Birr 100)	98.950	96.535	93.071	85.180
Weighted Average Yield (Annual in %)	13.833	14.398	14.930	17.453

Source: National Bank of Ethiopia, https://nbe.gov.et/treasury-bills/

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