



Central Bank of Barbados

Selected Market Statistics

Table 1 – Auction Results

Issue: 910									
Date	Amount Allotted (BDS Mil.)	Issue Date	Maturity Date	Average Discount Rate	Offer Rate (per 100) Min.	Offer Rate (per 100) Max.	Liquidity Ratio ¹	Amount Tendered (BDS Mil.)	Total Bids Received (BDS Mil.)
3-Month	\$270.762	5-Sep-14	5-Dec-14	3.42%	\$99.14	\$99.20	4.4%	\$306.361	\$304.093
6-Month	\$33.331	5-Sep-14	6-Mar-15	3.51%	\$98.27	\$98.29			

Source: Treasury Department

This bulletin provides selected market statistics on the most recent Treasury Bill (T-bill) auction and liquidity in the banking system². In addition, an updated notional yield curve as at the last issue date and the relative indicative yields at the end of the previous quarter, are included to provide market guidance on the general direction of domestic interest rates. Given the under-developed secondary market in Barbados, market prices and yields for securities issues across the full maturity spectrum are not readily available. Therefore, to estimate a notional yield curve the coupon rates for the respective issues are employed as proxies for yields. An interpolation technique was used to derive interest rates for tenures where no Government securities were outstanding. This process also generates a smooth notional yield curve.

Figure 1 - Barbados Government Securities Notional Yield Curve

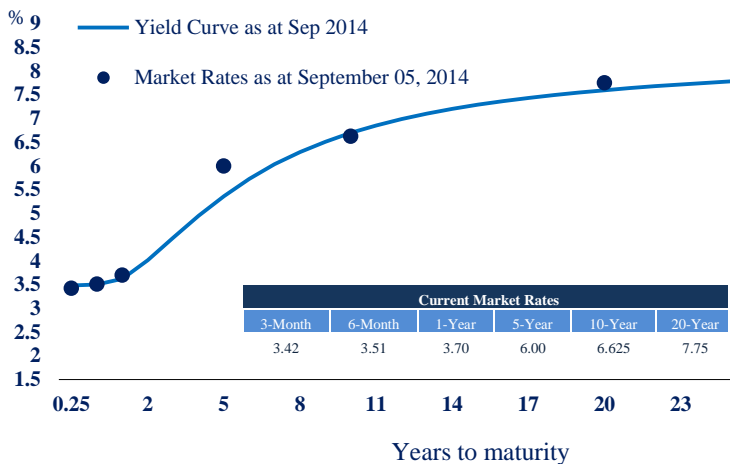


Figure 2 - BDS 3-Month T-Bill Rate

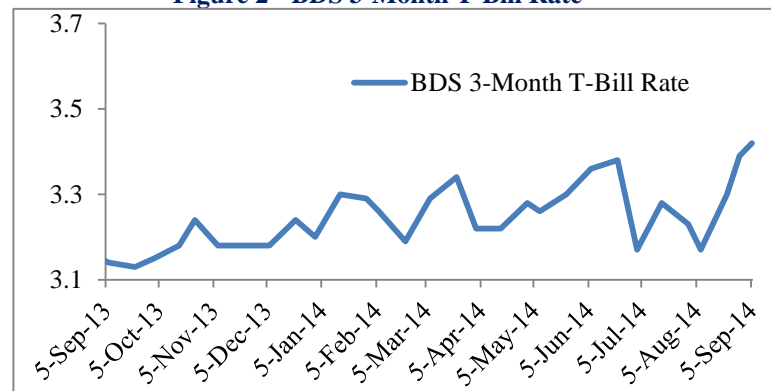
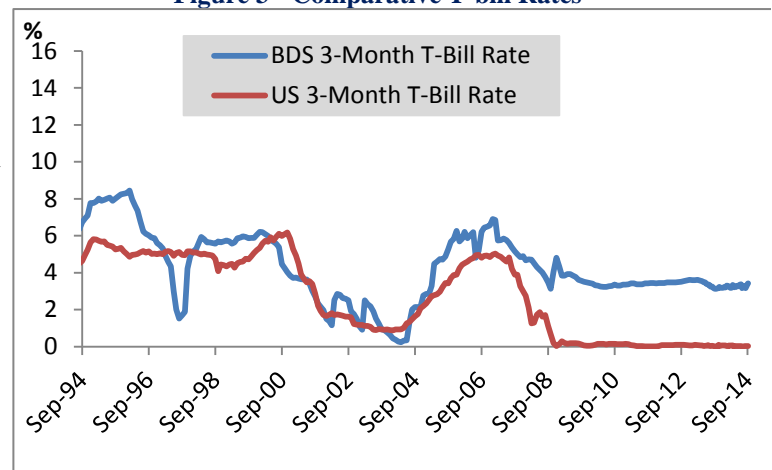


Figure 3 - Comparative T-bill Rates



¹ The liquidity ratio is the excess cash to deposit ratio of commercial banks, based on the three week average deposit holdings on institutions at the auction date.

² Effective April 18, 2013 the Central Bank of Barbados launched its new *Intervention and Interest Rate Policy*, which involves providing interest rate signals through intervention in the T-bill market (see Worrell et al. 2013)