ETHIOPIA TREASURY BILL MARKET · 2025/26

When Liquidity Set the Price

Annual review and outlook of the T-bill market, November 2025 to November 2026

November 2026



National Bank of Ethiopia, Addis Ababa

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THE YEAR IN ONE NUMBER

5.45%

All-tenor T-bill yield on 11 November 2026, down from 15.81% a year earlier, while the policy rate rose to 16%.

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ABOUT STOCKMARKET.ET

StockMarket.et is an independent source of news, insights, analysis and updates on the Ethiopian capital market. Its mission is to give individuals the knowledge and tools to take part in the Ethiopian capital market with confidence.

ABOUT THIS REVIEW

A year of Treasury bill auctions, read against four MPC meetings and the wider economy: why yields fell while policy tightened, who bought, and what 2027 may bring.

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INTRODUCTION

Executive Introduction

> Ethiopia's Treasury bill market spent the year moving in the opposite direction to its central bank. The National Bank of Ethiopia raised its policy rate to 16%. The yield the market accepted on government paper fell from 15.8% to 5.5%.

That divergence is the subject of this report. It covers the 26 auctions held between 12 November 2025 and 11 November 2026, the four Monetary Policy Committee (MPC) meetings in that window, and the economic developments around them.

What drove the market

- **Liquidity, not policy, set the price:** NBE gold purchases lifted reserve money growth to 87.2% a year by the first quarter of 2026/27. Banks placed the surplus in bills.
- **Demand doubled supply:** Investors bid Birr 2.04 trillion for Birr 979 billion offered. From late June, bids ran at about three times the offer.
- **Inflation reversed:** Headline inflation fell to 9.4% in March 2026, then rose to 15.3% in July after the Middle East fuel shock. Real T-bill yields turned negative in May.
- **The Treasury gained:** T-bills supplied Birr 206.5 billion of net deficit financing in 2025/26. The government has taken no direct NBE advances for more than 27 months.

What changed in the market itself

- **Policy tools:** The minimum deposit rate ended in December 2025. The credit cap ended in July 2026 after almost three years.
- **Investor base:** Individuals began bidding through licensed investment banks. Banks still held about 60% of outstanding bills in February 2026.
- **Infrastructure:** The Ethiopian Securities Exchange (ESX) lists 48 T-bill lines. No active secondary market had developed by late October 2026.

Looking ahead

The next test is whether the surplus is drained. On 11 November the Treasury accepted Birr 69 billion against an offer of Birr 35 billion, and 182-day and 364-day yields rose. The MPC meets again at the end of January 2027.

"Monetary conditions were shaped in two places this year: the policy statement and the gold window. In the bill market, the gold window prevailed."

STOCKMARKET.ET VIEW

INTRODUCTION

Highlights of the Year

IN THE T-BILL MARKET

−10.4 pts
Fall in the all-tenor weighted average yield, from 15.81% to 5.45%

Br 2.04 tn
Bids received at 26 auctions, against Birr 979 billion offered

Br 999 bn
Gross amount accepted, of which 9% was non-competitive

2 of 26
Auctions undersubscribed, both in March 2026

1.305%
Yield on the 28-day bill at each of the last three auctions

IN THE ECONOMY

16%
Policy rate since 13 July 2026, up from 15%

14.6%
Headline inflation in October 2026, against 10.9% in November 2025

−9.5 pts
Real all-tenor yield in October 2026, against +5.3 points a year earlier

87.2%
Annual reserve money growth in the first quarter of 2026/27

Br 206.5 bn
Net T-bill financing of the 2025/26 budget

Br = Birr. Market figures from NBE auction results No. 990 to No. 1016. Economy figures from NBE MPC statements and the Ethiopian Statistics Service. The government has also taken no direct NBE advances for more than 27 months, the longest period on record.

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PART I · MONETARY POLICY

Four MPC Meetings, One Rate Move

> The Monetary Policy Committee met four times in the review period and changed the policy rate once, raising it from 15% to 16% on 13 July 2026. Each statement was tighter in language than the one before. Each also recorded lower Treasury bill yields than the one before.

The period opened under the settings of Meeting No. 4 (25 September 2025): a 15% National Bank Rate (NBR) and a credit growth cap just raised from 18% to 24%.

TABLE 1

The MPC record, November 2025 to November 2026

MEETING	DATE	POLICY RATE	DECISIONS	WHAT THE STATEMENT SAID ABOUT T-BILLS AND MONEY MARKETS
No. 5	Held 22 Dec 2025, announced 30 Dec 2025	15%, held	Kept the 24% credit cap. Raised the reserve requirement to 10% on a monthly average. Ended the minimum deposit rate.	91-day yield at 16.2% in November 2025, up from 14.3% a year earlier. 7-day interbank rate at 17.3%. T-bills raised more than Birr 70 billion in five months.
No. 6	Held 21 Mar 2026, announced 31 Mar 2026	15%, held	Kept the credit cap. Flagged the Middle East conflict as an upside risk to inflation. Agreed to review more often.	91-day yield down to 12.4% in February 2026 from 15.2%. Credited private investors bidding through investment banks. 7-day interbank rate up to 17.9%.
No. 7	13 Jul 2026	16%, raised 100 basis points	Removed the credit cap in full. Introduced a targeted reserve requirement tied to each bank's loan-to-deposit ratio. Cut the FX commission from 2.5% to 1.5%. Cut the export surrender requirement from 50% to 30%.	All-tenor yield at 12.3% in May 2026, from 15.5% a year earlier. 91-day yield at 11.0%, from 16.1%. Oversubscription of about Birr 667.8 billion. 7-day interbank rate down to 14.6% in May from about 18.0% in March.
No. 8	3 Nov 2026	16%, held	Kept the ±300 basis point corridor. Kept the targeted reserve requirement on standby. Committed to absorb excess liquidity through open market operations.	T-bill yields and interbank rates still falling, and negative in real terms since May 2026. Attributed to large excess reserves held by banks at the NBE.

Three points stand out from reading the four statements together

- **The stance never eased, but the instruments changed:** The July package retired the credit cap, an administrative control in place since August 2023, and paired it with a higher policy rate. The Governor described the two as one package.
- **The Committee's view of the T-bill market reversed:** In December 2025 it cited rising yields as evidence of positive real rates. By November 2026 it was reporting negative real yields and calling conditions moderately loose.
- **The calendar slipped:** Meeting No. 6 planned a follow-up by late April; the next meeting came on 13 July. Meeting No. 7 set the next for end-September; it came on 3 November. The next is scheduled for end-January 2027.

MEETING NO. 8 AT A GLANCE

The latest decision: hold at 16% and drain the surplus

National Bank of Ethiopia, Monetary Policy Committee, 3 November 2026

THE THREE DECISIONS

1. **Rate held:** The NBR stays at 16%, with the corridor unchanged at plus or minus 300 basis points.
2. **Targeted reserves on standby:** The NBE will apply additional reserve requirements to individual banks if credit growth threatens the inflation path.
3. **Liquidity to be absorbed:** The NBE will use open market operations to drain excess liquidity from the banking system.

WHAT THE COMMITTEE SAW

Headline inflation, September 2026	14.9%
Reserve money growth, Q1 2026/27	87.2%
Broad money growth, year on year	40.2%
Net deposit growth, Q1 2026/27	85.4%
Outstanding credit growth	42.6%
Months without NBE advances	27+

PART I · THE BILL MARKET

Auction Performance

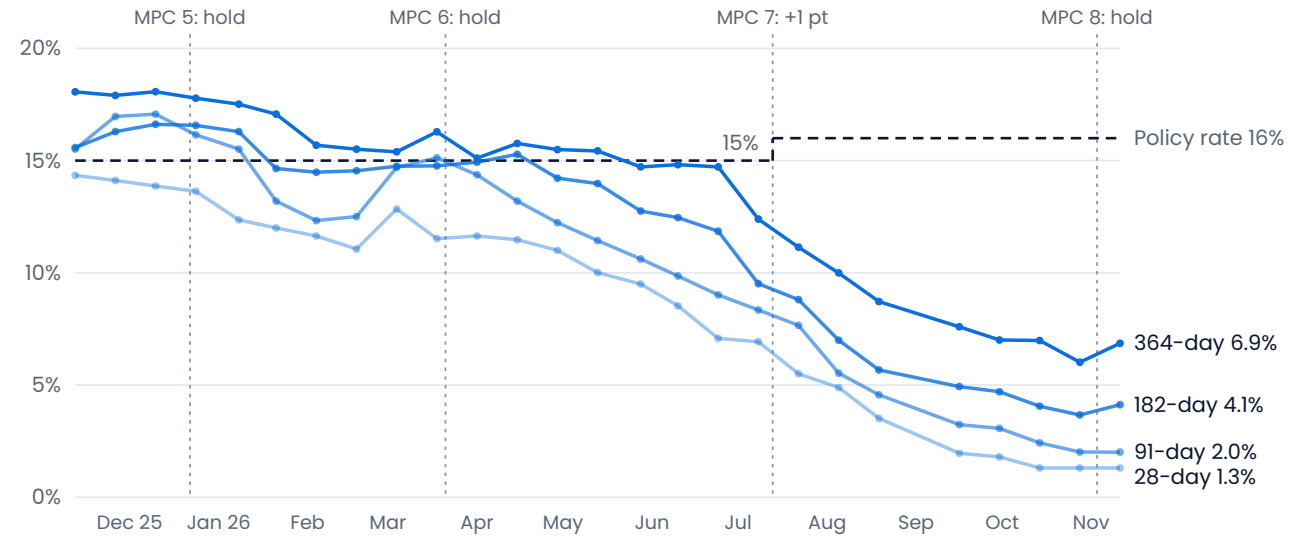
Yields fell by two-thirds as demand doubled

> The all-tenor weighted average yield fell from 15.81% on 12 November 2025 to 5.45% on 11 November 2026. Over the same 26 auctions, investors bid Birr 2.04 trillion for Birr 979 billion of bills.

EXHIBIT 1

Every tenor fell 11 to 13.5 points while the policy rate rose to 16%

Weighted average yield of accepted bids by tenor, % a year, at each auction; dashed line is the NBE policy rate



Source: NBE Treasury bill auction results No. 990 to No. 1016 (No. 1011 not in dataset); policy rate from MPC press releases; StockMarket.et analysis.

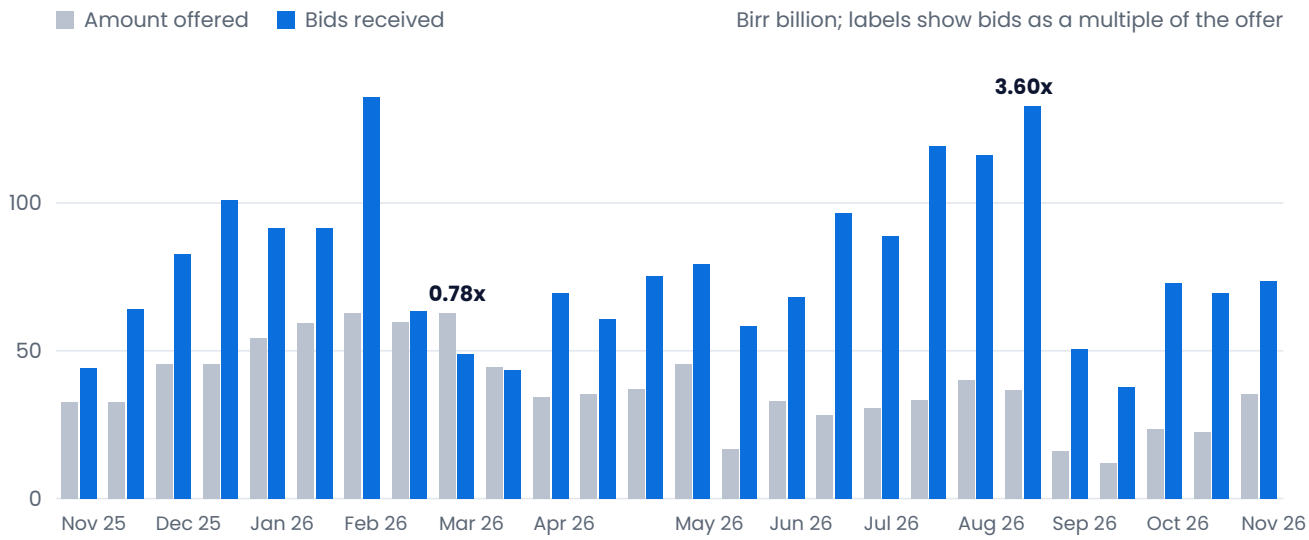
The year ran in three phases

1. **Peak and plateau, November 2025 to February 2026:** Yields peaked on 10 December 2025, at 16.72% across tenors and 18.07% for the 364-day bill. Offer sizes then rose to about Birr 60 billion an auction, yet yields still eased to 13.8% by 18 February.
2. **The March stress:** The auctions of 4 and 18 March were the only two undersubscribed in the period, at 0.78 and 0.98 times the offer. The 364-day bill drew bids for 55% of its offer on 4 March. Interbank rates were near 18% and the fuel shock had begun.
3. **The slide, April to October 2026:** The 91-day yield fell at 16 consecutive auctions from 18 March. From late June bids ran at about three times the offer, while offer sizes shrank to between Birr 12 billion and Birr 24 billion in September and October.

EXHIBIT 2

Bids were 2.1 times the offer over the year, and about 3 times from late June

Amount offered and bids received at each auction, Birr billion



Source: NBE Treasury bill auction results, 26 auctions, 12 November 2025 to 11 November 2026; StockMarket.et analysis.

TABLE 2

Demand was strongest at the short end, but most paper was sold at the long end

TENOR	PEAK YIELD	CHANGE, 12 NOV 2025 TO 11 NOV 2026	SHARE OF AMOUNT ACCEPTED	BIDS AS A MULTIPLE OF OFFER
28-day	14.34% on 12 Nov 2025	−13.04 points	7.8%	3.06
91-day	17.07% on 10 Dec 2025	−13.50 points	23.0%	2.69
182-day	16.62% on 10 Dec 2025	−11.46 points	36.7%	1.83
364-day	18.07% on 10 Dec 2025	−11.21 points	32.6%	1.71

Three further features of the data

- **The curve steepened:** The gap between 364-day and 28-day yields widened from 3.7 points to 5.6 points, and reached 7.6 points on 24 June.
- **The 28-day bill looks pinned:** It cleared at a price of 99.90, a yield of 1.305%, at three straight auctions. An identical price three times running suggests bids have reached a ceiling.
- **Non-competitive allotments were material:** They totalled Birr 92.9 billion, or 9.3% of the amount accepted, all in the 182-day and 364-day tenors.

The latest auction broke the pattern

On 11 November 2026 the Treasury accepted Birr 69.0 billion against Birr 35.5 billion offered. It took almost every 182-day and 364-day bid, and cut-off yields on those tenors rose to 6.20% and 8.72%, from 3.68% and 6.02% a fortnight earlier.

The auction came eight days after the MPC committed to absorb excess liquidity. One auction is not a trend. It is, however, the first sign of supply rising to meet demand.

PART I · THE BILL MARKET

The Liquidity Story

Why yields fell while policy stayed tight

> Yields fell because the banking system held far more cash than the Treasury wanted to borrow. The policy rate did not transmit because banks with surplus cash had no need to borrow at it.

Where the liquidity came from

1. **Gold:** The NBE buys domestic gold and pays for it in Birr. Each purchase adds to net foreign assets and to bank reserves. The MPC named gold operations as the main driver of reserve money growth of 67.3% in November 2025 and 87.2% in the first quarter of 2026/27.
2. **Concentration:** The IMF's fifth review found the injections concentrated at the Commercial Bank of Ethiopia (CBE), which has the largest presence in gold-producing regions. The MPC described the May surplus as concentrated in a few banks.
3. **Deposits:** Net deposits grew 85.4% year on year in the first quarter of 2026/27. Outstanding credit grew 42.6%.
4. **A capped loan book:** Until July 2026 the credit cap limited how fast banks could lend. Practitioners told The Reporter Magazine that the cap pushed surplus cash into bills.
5. **Less paper:** The Treasury offered an average of Birr 47 billion an auction from November to April, and Birr 29 billion from May to November.

Why the policy rate did not bite

The NBR sits at the centre of a corridor of plus or minus 3 points. The 28-day bill now yields 14.7 points below the policy rate and 11.7 points below the corridor's lower edge.

A floor that bound would not allow that gap. The data imply that the banks holding the surplus cannot, or do not, place it at the NBE at the floor rate. The MPC's November commitment to absorb liquidity through open market operations addresses exactly this.

What the NBE did about it

- **December 2025:** raised the reserve requirement to 10% on a monthly average.
- **Early 2026:** sold foreign exchange at auction. The MPC credited these sales with slowing base money growth to 43.2% by February.
- **July 2026:** raised the policy rate and introduced a targeted reserve requirement for banks whose lending threatens the inflation path.
- **October to December 2026:** scheduled six FX auctions of USD 140 million each. At about Birr 160 to the dollar, each drains roughly Birr 22 billion, comparable to a recent T-bill auction.

The IMF has asked for more. Its fifth review called for a strategy to exit the gold market by December 2026 and a plan to phase out the premium paid to artisanal miners.



National Bank of Ethiopia, Addis Ababa

Surplus and shortage coexist

Liquidity is unevenly spread. In March the 7-day interbank rate rose to about 18% on pressure in some private banks. On 9 September an NBE foreign exchange auction went undersubscribed for the first time, which Capital attributed to tight Birr positions at bidding banks.

OUR READING

Our reading is that the T-bill price is set by the few institutions holding the surplus, not by the system as a whole. Monetary conditions were shaped in two places this year: the policy statement and the gold window. In the bill market, the gold window prevailed.

PART I · THE BILL MARKET

Inflation and Real Returns

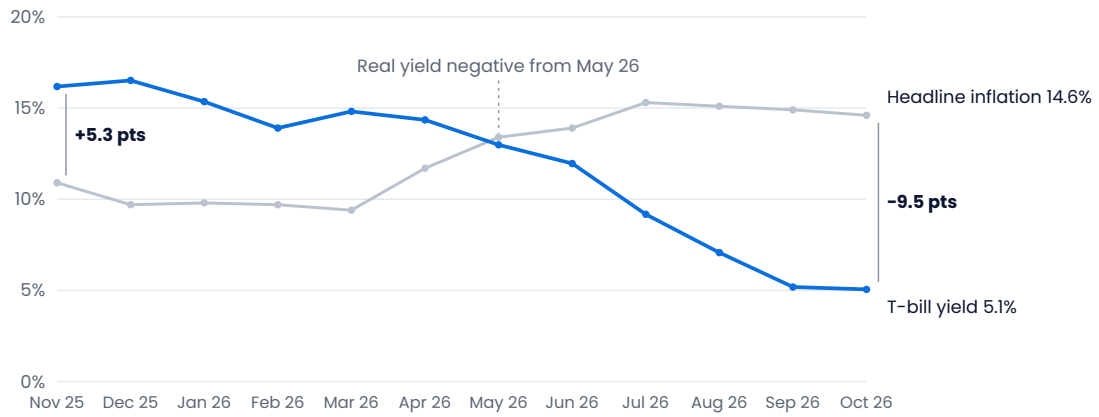
A positive-yield market for six months

> A T-bill buyer earned a positive real return until April 2026 and a negative one from May. By October the all-tenor yield stood about 9.5 points below inflation.

EXHIBIT 3

Real T-bill yields went from +5 points to almost -10 points in twelve months

All-tenor weighted average yield (monthly mean of auctions) against headline inflation, % a year



Source: NBE auction results; Ethiopian Statistics Service headline inflation, via MPC statements and press reports; StockMarket.et analysis.

Inflation moved in three steps

1. **Disinflation to March:** Headline inflation fell from 10.9% in November 2025 to 9.7% in December, the first single-digit reading in years, and to 9.4% in March 2026.
2. **The fuel shock:** Inflation rose to 11.7% in April and 13.4% in May, and peaked at 15.3% in July. The MPC attributes the rebound to fuel supply disruptions from the Middle East conflict.
3. **Slow easing:** Three monthly declines brought the rate to 14.6% in October. Food inflation eased to 14.1% while non-food inflation rose to 15.4%.

The MPC expects inflation to decline but stay in double digits over its six-month horizon.

What this meant for holders of bills

- **The year rewarded duration:** An investor who bought 364-day bills in late 2025 locked in 17% to 18%, above every inflation reading since. An investor rolling 28-day bills earned less at each rollover.
- **New bills now yield less than inflation at every tenor:** The range on 11 November was 1.3% to 6.9%.
- **Bills now pay less than the old savings floor:** The 364-day yield of 6.86% is below the 7% minimum deposit rate that applied until December 2025.
- **The buyers are managing liquidity, not seeking return:** Banks treat short bills as a place to hold surplus cash safely, which is why demand rose as yields fell.

The NBE reached the same conclusion on 3 November. It described short-term rates as negative in real terms since May and financial conditions as moderately loose.

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PART II · PUBLIC FINANCE

The Fiscal Side

T-bills became the deficit's main financier

> The government financed its deficit through the bill market and not through the central bank. T-bills supplied Birr 206.5 billion of net financing in 2025/26.

What the year showed

- **No monetary financing:** The government has taken no direct NBE advances since the July 2024 reform, a run of more than 27 months.
- **Net financing built steadily:** The MPC statements record more than Birr 70 billion in the first five months of 2025/26, Birr 136.6 billion after seven months, and Birr 206.5 billion for the year.
- **The deficit stayed small:** It was 0.9% of GDP in the first ten months of 2025/26, against 2.1% in 2023/24. Revenue rose 65% year on year in the first seven months.
- **Most issuance is rollover:** The 26 auctions accepted Birr 999 billion gross, roughly five times the year's net financing. Addis Fortune describes the Treasury as repaying bills with bills.
- **Borrowing became cheap:** As an illustration, Birr 100 billion of 364-day bills cost about Birr 18 billion a year at November 2025 yields and about Birr 7 billion at the latest auction.



Ministry of Finance, Addis Ababa

TABLE 3

The 2026/27 federal budget

ITEM	AMOUNT	SOURCE
Federal budget	Birr 2.34 trillion, up about 21%	The Reporter
Planned domestic borrowing	Birr 329 billion	The Reporter
Debt service	Birr 542 billion, 23% of spending	Addis Fortune
Domestic interest payments	Birr 222 billion	Capital
Fiscal deficit target	1.2% to 1.4% of GDP, depending on definition	Addis Fortune, Capital
Growth forecast	9.8%	Capital

Where the Treasury wants to go

The Ministry of Finance told Addis Fortune that it wants to keep bill yields below the 16% policy rate and to encourage longer maturities. Under the IMF programme it committed to publish a revised bill and bond issuance directive by October 2026 and to adopt a

master repurchase agreement by December 2026. We could not confirm whether the revised issuance directive has been published.

Fiscal risks to the bill market

- **Fuel:** Addis Fortune reported fuel subsidy pressure rising from a budgeted Birr 120 billion to about Birr 270 billion. The 2026/27 budget includes Birr 116 billion to recapitalise the Ethiopian Petroleum Supply Enterprise.
- **Rollover:** With maturities of 28 to 364 days, the whole stock returns to market within a year. Low yields make this cheap today, and they are the reason to lengthen maturities now.

OUR READING

Our reading is that low yields are a windfall for the Treasury. The 11 November auction, where it took twice its offer in the two longest tenors, suggests it has started to use it.

PART II · CAPITAL MARKETS

Capital Market Development

The primary market matured, the secondary market did not

> Bills are now dematerialised, listed and bought by a wider set of investors. They are still not traded after issue.

TABLE 4

Capital market milestones that matter for T-bills

DATE	DEVELOPMENT	RELEVANCE TO THE BILL MARKET
10 Nov 2026	Awash Insurance lists on the ESX main market	Eighth equity listing; widens the alternatives to bills
28 Oct 2026	ESX reports 48 listed T-bill lines and no active secondary market	Holders cannot yet sell before maturity
28 Sep 2026	Sidama Bank lists	Sixth bank on the exchange
Sep 2026	Programme date for an ESX over-the-counter facility for bill trading	Not yet active by late October
13 Jul 2026	Credit cap removed	Banks free to lend surplus cash instead of buying bills
Jul 2026	IMF fifth review sets dates for an issuance directive, a repo agreement and direct retail access	The reform calendar for 2026/27
26 May 2026	Ethio Telecom lists after an offer taken up by more than 47,000 investors	First large pool of retail securities accounts
23 Apr 2026	Awash Bank lists	First large private bank on the exchange
Jan 2026	Foreign exchange market launched on the ESX platform	Third market on the same infrastructure
30 Dec 2025	Minimum deposit rate abolished	Deposit and bill rates now compete freely

Progress in the bill market

- **Retail entry:** The March and July MPC statements both credit individuals bidding through investment banks. By September 2026 the market had 22 licensed intermediaries, seven of them investment banks.
- **Infrastructure:** Bills are registered in the central securities depository and listed on the ESX. The interbank market on the same platform has handled more than Birr 3 trillion since October 2024.
- **Voluntary demand:** Mandatory bank purchases of Treasury bonds ended in June 2025. Every Birr bid in this period was bid by choice.

What is still missing

- **Secondary trading:** A buyer of a 364-day bill is locked in until maturity. This is the main barrier for individuals and companies.
- **A repo market:** Bills cannot yet be used widely as collateral. The master repurchase agreement is due by December 2026.
- **Direct retail access:** Access through the depository is planned by the end of December 2026.

- **Pooled funds:** Collective investment scheme rules are in their final legal stage, according to advisers quoted by The Reporter Magazine.
- **A longer curve:** The market stops at 364 days. Advisers have proposed two-year to five-year government securities.

OUR READING

Our reading is that the next stage is about tradability and tenor, not participation. Participation arrived this year. A market where bills can be sold, pledged and priced beyond one year has not.

PART II · INVESTORS

Banks and the Investor Base

A market priced by a few balance sheets

> Banks hold most of the bills, and one bank holds most of the surplus. That concentration explains both the depth of demand and how quickly it could change.

TABLE 5

Who holds the bills

HOLDER	SHARE OF OUTSTANDING BILLS	AS OF	SOURCE
All banks	About 60%	End-February 2026	IMF fifth review, via The Reporter Magazine
Commercial Bank of Ethiopia	44%	End-June 2025	IMF debt data, via The Reporter Magazine
Other banks	14%	End-June 2025	IMF debt data, via The Reporter Magazine
Pension funds and insurers	About 41%	End-June 2025	IMF debt data, via The Reporter Magazine

The state of the banks

- **Sound, by the NBE's assessment:** The November statement reports low non-performing loans and adequate capital.
- **Flush with deposits:** Net deposits rose 85.4% year on year in the first quarter of 2026/27.
- **More liquid:** Private banks' loan-to-deposit ratio fell to 72.7%, from 90.3% in 2022/23.
- **Exposed to the sovereign:** Bills and government bonds were 23% of bank assets at end-March 2026, according to IMF figures cited by Birr Metrics.

What the end of the credit cap changed

So far, little. The MPC noted in November that fresh lending, as a share of resources mobilised, was broadly unchanged from a year earlier. The cap had already lost force: IMF figures cited by Birr Metrics show 20 of 28 banks above their ceilings by March 2026.

The usual worry about government borrowing is that it crowds out private credit. This year both grew. Credit expanded 42.6% while the Treasury borrowed at falling yields.

Other investors

- **Pension funds:** The private-sector pension administration holds about 98% of its portfolio in bills and government bonds. Falling yields cut its income directly, and strengthen the case for diversification.
- **Ethiopian Investment Holdings:** The sovereign fund entered the market in May 2025 with Birr 7 billion.
- **Individuals and companies:** Their share is still small. Advisers cite the lack of secondary trading, low awareness and, now, low yields.

The concentration risk

A price set by a few large holders can reprice quickly. If the NBE drains CBE's surplus, or slows the gold purchases that create it, the marginal bid for short bills changes. The March auctions showed how fast cover can fall: from 2.16 times the offer to 0.78 in four weeks.

PART II · THE WIDER ECONOMY

External Sector and Global Environment

Gold cuts both ways

> Gold exports strengthened the external accounts and, through NBE purchases, flooded the bill market with Birr. The Middle East conflict then tested both.

External accounts

- **Balance of payments:** The NBE reports an overall surplus in 2025/26, with the current account deficit narrowing to USD 1.8 billion from USD 6.2 billion in 2023/24. The surplus shrank in the first quarter of 2026/27 as imports grew.
- **Reserves:** The NBE describes reserves as 20 times their pre-reform level. Addis Fortune puts them at USD 5.9 billion, or 2.1 months of imports, after higher fuel and fertiliser bills.
- **Exchange rate:** The weighted average rate at NBE auctions moved from about 154.5 Birr per dollar in late December 2025 to 159.7 on 10 November 2026, with a high near 161.8 in August, per Birr Metrics and Capital.
- **FX rules:** In July the NBE cut the export surrender requirement to 30% and the FX commission to 1.5%.

TABLE 6

The IMF programme

REVIEW	COMPLETED	DISBURSEMENT
Fourth	16 January 2026	About USD 261 million
Fifth	1 July 2026	About USD 464 million
Sixth	Talks moved to November 2026; Board decision expected early 2027	About USD 208 million

Cumulative disbursements stand at about USD 2.65 billion of the USD 3.4 billion arrangement, according to The Rio Times. The fifth review is the source of the bill-market commitments listed in the capital market section.

The global backdrop

- **The oil shock:** The Middle East conflict disrupted fuel supply from March 2026. Capital reported more than 180,000 tonnes of fuel failing to arrive.
- **Partial relief:** The July MPC statement noted a memorandum of understanding between the United States and Iran, and judged that downside risks had eased somewhat.
- **Growth and inflation:** The IMF's October 2026 outlook, as cited by the MPC, projects global growth of 3.1% in 2026 and 3.4% in 2027, with global inflation at 4.7% and 4.1%.

Why this matters for bills

For an energy importer, a longer conflict means higher inflation, a larger subsidy bill and more Treasury borrowing. For the bill market, the more direct channel is gold. As long as the NBE buys gold with new Birr, the surplus that suppresses yields is renewed.

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PART III · OUTLOOK

Looking Ahead

Three paths for 2027

> The direction of yields in 2027 depends on one variable: whether excess Birr liquidity is drained. Inflation and the fiscal position matter less in the near term.

PATH 1 · MOST LIKELY

Drain

WHAT HAPPENS
The NBE absorbs liquidity through open market operations. The Treasury keeps upsizing auctions. Gold purchases slow.

EFFECT ON YIELDS
Short-tenor yields rise first and the curve flattens. Real yields move back towards zero over time.

WHAT WOULD CONFIRM IT
Larger offers, accepted amounts above the offer, and a 28-day price below 99.90

PATH 2

Drift

WHAT HAPPENS
Gold purchases continue and absorption stays limited.

EFFECT ON YIELDS
Short yields stay in low single digits. Real yields stay deeply negative.

WHAT WOULD CONFIRM IT
Reserve money still growing faster than broad money, and cover near three times

PATH 3

Shock

WHAT HAPPENS
A renewed fuel shock, pressure on the Birr, or a setback in the IMF review.

EFFECT ON YIELDS
Cover falls and yields jump, as in March 2026.

WHAT WOULD CONFIRM IT
The interbank rate back above the policy rate, and undersubscribed auctions

We judge the first path the most likely. The MPC has now named liquidity absorption as a policy action, and the 11 November auction is consistent with it. The pace is uncertain, because the IMF itself expects the exit from gold purchases to be slow.

TABLE 7

Dates to watch

WHEN	EVENT	WHY IT MATTERS
24 Nov, 8 Dec and 22 Dec 2026	NBE foreign exchange auctions of USD 140 million each	Each drains about Birr 22 billion
25 Nov 2026, expected	Next fortnightly T-bill auction	Shows whether the 11 November upsizing repeats
By end-December 2026	Programme dates for a gold exit strategy, a master repurchase agreement and direct retail access	Structural changes to liquidity and access
End-January 2027	MPC Meeting No. 9	First read on whether conditions have tightened
Early 2027	IMF Board decision on the sixth review	Signals programme status and external financing

What this means for market participants

- **The Treasury** has a window to lengthen maturities at low cost, and a case for issuing two-year to five-year paper while demand is deep.
- **Banks** now earn less on bills than they pay on many deposits. Lending and foreign exchange are the alternatives, within the limits of the targeted reserve requirement.

- **Pension funds and insurers** face reinvestment risk. The 364-day bills sold at 17% to 18% in late 2025 mature between November 2026 and February 2027, into a market paying about 7%.
- **Individuals** no longer earn a positive real return on new bills, and cannot yet sell before maturity.
- **The NBE** has a credibility interest. An interest-rate framework is judged by whether market rates follow the policy rate.

Risks to this outlook

- A longer Middle East conflict would raise inflation and the subsidy bill.
- A slower exit from gold purchases would keep yields low for longer.
- Fuel-related spending could raise Treasury borrowing above plan.
- Delays to the repo market, secondary trading and retail access would keep the investor base narrow.

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About This Report

> This review covers Treasury bill auctions No. 990 to No. 1016, held between 12 November 2025 and 11 November 2026, and MPC meetings No. 5 to No. 8.

Data in this report

- **Auction data** come from NBE auction result sheets compiled by StockMarket.et. All yields are weighted average yields of accepted competitive bids, as the NBE publishes them.
- **One auction is missing:** No. 1011, which fell in early September 2026, is not in the dataset. Totals and averages exclude it.
- **Bids as a multiple of offer** is bids received divided by amount offered.
- **Monthly yields** are simple means of the auctions held in each month.
- **Real yield** is the all-tenor yield minus headline year-on-year inflation for the same month. It is a simple backward-looking measure.
- **Inflation** is the Ethiopian Statistics Service headline rate, as reported in MPC statements and the press.
- **Fiscal years** run from 8 July to 7 July. “2025/26” ended on 7 July 2026.

Limits

Figures attributed to the IMF fifth review are taken from press reports of that review, not from the staff report itself. Statements marked as our reading are analytical judgements. Forward-looking statements rest on information available on the date of publication and may not hold.

DISCLAIMER

This report is published for information and education. Nothing in it is investment advice or a recommendation to buy or sell any security.

APPENDIX

Auction Data

Every auction in the review period

esults, 12 November 2025 to 11 November 2026

OFFERED BR BN	BIDS BR BN	ACCEPTED BR BN	BIDS ÷ OFFER	28-DAY %	91-DAY %	182-DAY %	364-DAY %	ALL %
32.5	44.1	37.0	1.36	14.34	15.51	15.58	18.07	**15.80**
32.5	64.0	32.5	1.97	14.12	16.96	16.29	17.91	**16.55**
45.5	82.7	45.5	1.82	13.87	17.07	16.62	18.07	**16.72**
45.5	101.0	45.5	2.22	13.63	16.15	16.57	17.78	**16.31**
54.2	91.4	54.2	1.69	12.36	15.51	16.29	17.52	**16.08**
59.3	91.4	59.3	1.54	12.00	13.19	14.65	17.07	**14.63**
62.9	135.8	62.9	2.16	11.64	12.33	14.48	15.69	**14.03**
59.7	63.4	59.7	1.06	11.06	12.51	14.55	15.51	**13.77**
62.8	49.0	43.4	0.78	12.84	14.70	14.75	15.39	**14.59**
44.3	43.4	41.9	0.98	11.53	15.12	14.77	16.28	**15.04**
34.4	69.6	34.4	2.02	11.64	14.37	14.93	15.11	**14.54**
35.2	60.7	35.2	1.72	11.47	13.20	15.28	15.77	**14.63**
37.1	75.4	37.1	2.03	11.00	12.23	14.22	15.49	**13.88**
45.4	79.2	44.8	1.75	10.01	11.44	13.98	15.43	**13.48**
16.7	58.4	16.7	3.49	9.50	10.62	12.75	14.72	**12.48**
32.9	68.2	32.9	2.07	8.53	9.86	12.46	14.82	**12.24**
28.1	96.8	28.1	3.44	7.08	9.02	11.85	14.72	**11.67**
30.7	88.8	30.7	2.89	6.93	8.34	9.52	12.39	**9.17**
33.3	119.4	33.3	3.59	5.50	7.66	8.81	11.14	**9.18**
40.0	116.3	44.0	2.91	4.89	5.53	7.00	10.00	**7.69**
36.9	132.8	36.9	3.60	3.52	4.56	5.67	8.72	**6.45**
16.0	50.7	16.0	3.17	1.96	3.23	4.93	7.60	**5.36**
11.9	37.8	11.9	3.17	1.80	3.07	4.70	7.00	**5.01**
23.4	72.9	23.4	3.12	1.30	2.42	4.06	6.98	**5.40**
22.5	69.5	22.5	3.08	1.30	2.02	3.67	6.02	**4.71**
35.5	73.6	69.0	2.08	1.30	2.01	4.12	6.86	**5.45**
979.1	2,036.4	998.7	2.08					

pted competitive bids. Accepted can exceed offered where the Treasury took non-competitive bids or upsized. Auction No. 1011 is not in the dataset. Source:

APPENDIX

Sources

StockMarket.et

- StockMarket.et Data Hub: Ethiopian market data, Treasury bills and money market
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