

South Africa raises \$3bn in new sovereign bonds

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Government has raised \$3bn in two new sovereign bonds in international markets in a sign of continued investor confidence in the country's macroeconomic policy, the National Treasury said on Tuesday, 12 April.



Source: Reuters/Siphiwe Sibeko

The issuance comes on the heels of Moody's revising South Africa's outlook to "stable" from "negative", saying the country's improved fiscal outlook would help the government to stabilise its debt burden over the medium term.

The demand for the transaction, which was 2.4 times oversubscribed, came from across nearly all continents, from a combination of hedge funds, banks, insurance and pension funds and other financial institutions, Treasury said.

The bonds were issued in two tranches, raising \$1.4bn from 10-year notes (maturing in 2032) with a 5.875% coupon and \$1.6bn from 30-year notes with a 7.30% coupon, RMB, the corporate and investment unit of FirstRand banking group and a joint lead manager in the transaction, said in a separate statement.



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Particularly successful capital raise

"The capital raise was particularly successful against a global backdrop of heightened market volatility, falling emerging market bond prices, and rising short term interest rates," Lwandile Nene, senior transactor in RMB's International Debt Capital Markets team, said in a statement.

The dollar denominated bonds are rated at investment grade by rating agency Moody's, while S&P and Fitch place them on junk status, and are to be listed on the Luxembourg Stock Exchange.

RMB worked with a consortium of local lender Absa Bank and HSBC and another consortium of Deutsche Bank and South Africa's Nedbank as lead managers.

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