

PRESS RELEASE FROM THE MINISTRY OF FINANCE

FIRST AUCTION OF INFLATION-LINKED BONDS

The Department of Finance is pleased with the results of the first auction of the inflation-linked bond on Wednesday (15/03/2000). Noting that the inflation-linked bond is a new instrument, the Department is particularly pleased that the auction process went very smoothly.

The auction of R1 billion was well oversubscribed at R1 675 billion. After a careful analysis of the current market conditions, the Department of Finance resolved to set the cut-off yield at 6.50 which generated a tender amount of R495 000 000. A large proportion of the bids that were allocated, were submitted through the primary dealers, perhaps indication that some market players need to become more confident to directly participate in CPI-bond auctions that are open to all BESA registered market participants. The Department of Finance is looking forward to a more active direct participation of these investors in future auctions.

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