

**PRESS STATEMENT FROM THE NATIONAL TREASURY**  
**SECOND AUCTION OF THE INFLATION – LINKED BONDS**

The National Treasury is delighted about the results of the second auction of the inflation-linked bond (Thursday 07 September 2000). The National Treasury is particularly pleased that the operation of the second auction also went without any problems.

Further, the competitiveness of the bids received is indicative of the fact that the market is getting familiar with the instrument.

The auction of R250 million was well oversubscribed with bids totalling R925 million. The lowest bid received was 6.00% and the highest was 7.00%. The total amount of the auction (R250 million) was allotted at 6.295%. At the cut off yield of the first auction (6.5% real yield) bids would have totalled R815 million. This convergence of bids indicate that the market has developed an understanding of the pricing mechanism of the instrument which will result to a credible benchmark. The National Treasury is still committed to the instrument and will continue to issue into demand.

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