



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Press release: South Africa prices 30 year global bond

The Republic of South Africa has priced a US\$750 million 30 year global bond, the first time that South Africa has issued a bond of this duration on the international capital markets. This bond was priced at a yield of 6.292 percent, a coupon (interest) of 6.25 percent and a spread of 180 basis points above the 30 year US Treasury's benchmark bonds. The coupon (interest) of 6.25 percent compares favourably to the coupon of the ten year global dollar coupon issued last year at 5.50 percent, with an increase of only 75 basis points.

With current levels of uncertainty in the financial markets because of recent developments in the Middle East, the response to this bond has been exceedingly good, with bids received being more than four times the value of the deal. This is an expression of confidence in the future of South Africa, which is underpinned by stable political environment, a sound macro-economic policy framework and prudent fiscal management.

Like last year's bond issuance, this deal was not preceded by an extensive road-show but by a tele-conference with investors. The deal benefited from the initiatives by the National Treasury over the years to maintain sound investor relations.

The deal was done in one day, with the book only opened from 17h00 SA time and closing 3 hours later on Tuesday evening.

The 2041 bond lengthens the duration of the sovereign's dollar bond yield curve. This will establish a benchmark for other South African entities that may issue long dated bonds in the US Dollar capital markets.

The bond represents pre-funding for the fiscal year beginning on 1 April 2011.

The bond was issued on the back of the national budget tabled last week, which reaffirmed government's commitment to prudent fiscal and macro-economic management.

Other details

- Size of order book was USD 3 billion (more than 4 times the deal size in less than a day, without a roadshow)
- 156 investors placed orders, originating from USA (68.6%), South America (1.62), Europe (18.2%) and Asia (11.60).

Comparison of the last two bonds

	2020 issued March 2010	2041 issued March 2011
Issue Size	US\$2,0 bn	US\$750 mln
Maturity	March 2020	March 2041
Coupon	5.50 percent	6.25 percent
Spread over US Treasury:	197 basis points	180 basis points
Yield	5.593 percent	6.292 percent

At pricing, the 30 year UST was trading at 4.492 percent.

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