DEBT MANAGEMENT REPORT 2016/17

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

DEBT MANAGEMENT REPORT 2016/17

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DEBT MANAGEMENT REPORT
2016/17

Mr M Gigaba, Minister of Finance.

I have the honour of submitting the Debt Management Report of the National Treasury for the period 1 April 2016 to 31 March 2017.

Dondo Mogajane
Director-General

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FOREWORD

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FOREWORD

It is with great honour that I present the sixth edition of the National Treasury's annual debt report. From 1 April 2016 to 31 March 2017 (2016/17) key economic events such as the US presidential elections and the Brexit vote internationally, combined with increasing political uncertainty and a low growth environment domestically, contributed to volatile financial markets. Notwithstanding the challenges faced during the period under review, government was able to successfully fund the borrowing requirement.

The 2016/17 financial year began as global markets were recovering from a slump brought about by continued concerns on China's waning growth prospects amid a domestic rebalance in that economy, continued downturn in commodity prices, as well as the timing and impact of the Unites States (US) Federal Reserve's (Fed) first interest rate increase since 2006. As we drew towards the end of the financial year, a stable growth outcome in China helped reduce near-term concerns on the impact that a slowdown in that economy would have on commodity prices. In addition, the market had adjusted to expectations on the Fed's upward interest rate cycle, with market consensus being that this would be done in an orderly fashion with the least disruption to global markets. Two key political events, the outcome of which came as a surprise to the market, dominated the global scene during the previous year: the United Kingdom (UK) referendum vote to withdraw from the European Union (EU) and the US presidential elections.

In June 2016, the UK held a referendum in which 52 per cent of votes were cast in favour of leaving the EU, also referred to as Brexit. Global financial markets fell sharply following the unexpected outcome: the British pound broke its 1985 low of US$1.38/£; emerging market (EM) currencies also traded weaker with the rand depreciating by 6 per cent; equity markets were down (between 2 – 8 per cent) across the globe; credit spreads widened and oil was down (–6 per cent). However, markets quickly recovered by mid-July 2016 due to market expectations that central banks around the world would continue with their accommodative monetary policies to cushion the Brexit impact on the world economy. The strong market recovery saw US$26 billion flows to EM debt markets until November 2016. South Africa was no exception with the rand and government bond yields strengthening significantly. Government bond yields strengthened by 81 basis points during 2016, while foreign investor bond holdings increased by a nominal amount of R70 billion from March to December 2016 (36 per cent holding).

The emerging market bond rally was halted by the election of Donald Trump as the president of the US in November 2016. The unexpected results initially sent shocks through international financial markets particularly emerging market currencies and bonds with an outflow of US$9 billion from EM debt markets in November 2016. South African government bond yields weakened by 45 basis points in the week following the results while the rand traded above R14.30/US$. However, US equity markets got ahead of themselves and quickly recovered due to expectations that Trump's proposed policies would spur US economic growth. The proposed pro-growth policies include fiscal infrastructure spend (US$1 trillion), tax cuts (US$5 trillion) and less regulation.

FOREWORD

The Fed increased interest rates by 25 basis points in December 2016 in line with market expectations as it responded to an improving US economy and indicated another three rate hikes of 25 basis points in 2017. The Fed rate hike trajectory is expected to carry through to higher rates globally in 2017. US equity markets have continued to strengthen even after the US presidential inauguration with the S&P 500 index increasing 6 per cent from Election Day to 17 January 2017. Surprisingly however, since the December Fed rate hike, the US Treasury yield curves have actually declined from their highs by approximately 20 basis points. This is a result of market participants beginning to perhaps question the degree to which previous expansionary rhetoric will be translated into hard policy.

Domestically, the South African economy continued to be plagued by low growth with 2016 GDP growth revised down to 0.5 per cent driven by low business and consumer confidence, low private investment, electricity constraints, and slow recovery from the drought. Domestic financial markets experienced bouts of volatility throughout 2016 due to political uncertainty. For instance, government bond yields increased by 22 basis points following the announcement of charges against the previous finance minister on 11 October 2016. The South African Reserve Bank (SARB) commenced 2016 with tighter monetary policy increasing the repo rate by 75 basis points in the first quarter of 2016. This was mainly due to the upside inflation risks posed by large depreciation of the currency following the change in finance ministers which resulted in the rand reaching lows of over R16/US$. However, monetary policy remained largely accommodative – considering that the consumer price index (CPI) growth hovered above the upper target limit of 6 per cent for most of the year – as SARB attempted to balance prudent monetary policy with weak economic growth.

Given the backdrop highlighted above, the funding environment was exceptionally challenging. Notwithstanding the challenges experienced during the year, as well as the upwardly revised gross borrowing requirement of R243.4 billion (revised from R229.5 billion at the time of the Medium Term Budget Policy Statement in October), government was able to successfully fund the borrowing requirement. Gross loans of R247.4 billion were raised, with R40.5 billion in domestic short term funding, R174 billion in domestic long term funding and an equivalent of R52 billion in foreign loans. In order to meet its daily cash liquidity obligations, government borrowed a daily average of R49.6 billion from the Corporation for Public Deposits (CPD), which was significantly higher than the daily average of R36.6 billion borrowed in the previous financial year. A significant development which occurred at the end of the financial year was that of a downgrade to South Africa's foreign currency sovereign credit rating to sub-investment grade by Fitch and Standard & Poors'. The downgrades were triggered by an extensive cabinet reshuffle which resulted in changes to the Finance Ministry. The key concerns raised by both agencies were on the possible implications the executive changes may have on policy and the financial performance of the state-owned companies (SOCs).

Malusi Gigaba
Minister of Finance

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

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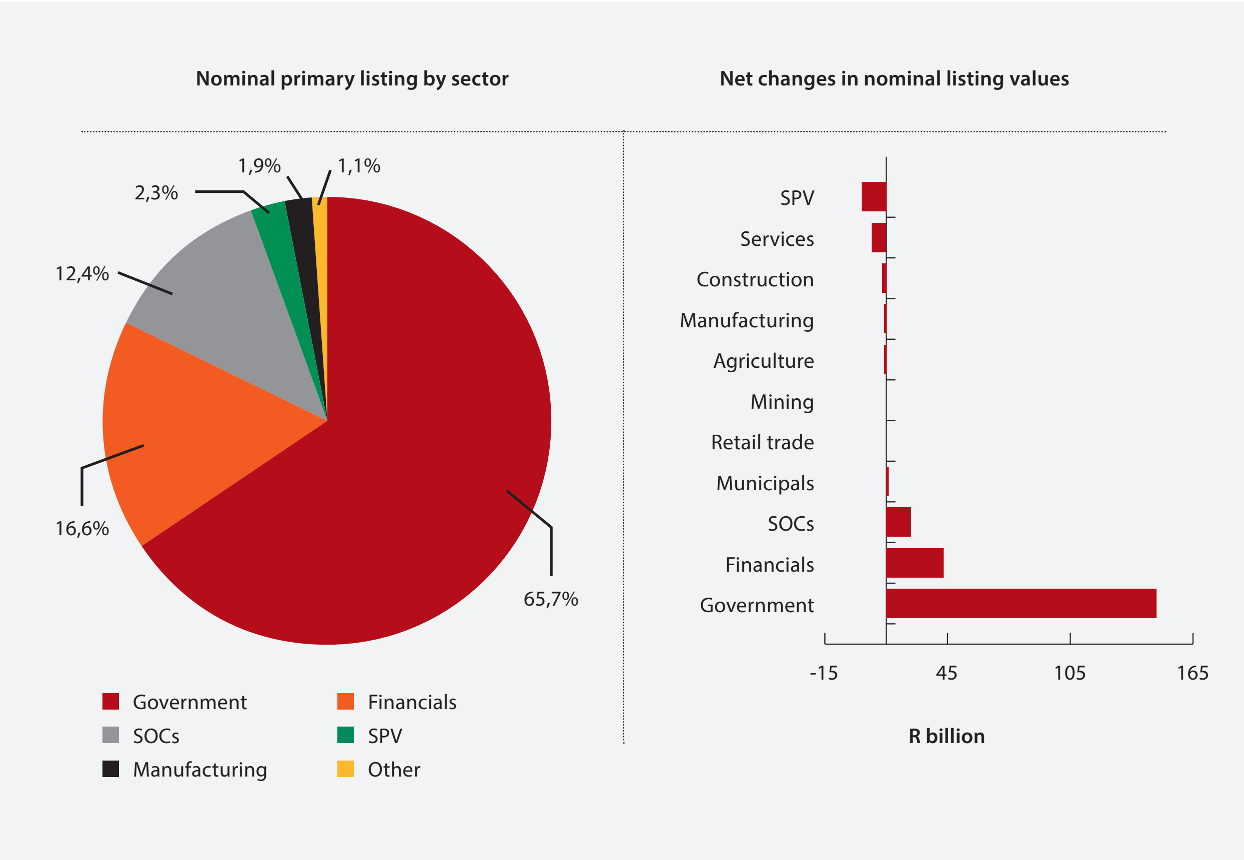
1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

LISTING ACTIVITY IN THE PRIMARY DEBT CAPITAL MARKET

South Africa has a well developed and liquid debt capital market which remains an important source of funding for national government, SOCs and corporates. About 1 690 debt instruments were listed on the Johannesburg Stock Exchange (JSE) as at 31 March 2017, a decrease from 1 750 instruments on 31 March 2016. The nominal amount outstanding increased to R2.4 trillion from R2.2 trillion during the same period, while the market value of the debt remained unchanged at R2.4 trillion in 2017 due to relatively higher market interest rates than the previous period. At R1.6 trillion of the outstanding total, government debt accounts for 65.7 per cent of debt listed on the JSE, up from 64 per cent on 31 March 2016. Total borrowing by government was R243.4 billion during 2016/17 with redemptions amounting to R72.9 billion. As shown in Figure 1, financials and SOCs account for 16.6 per cent and 12.4 per cent respectively.

Figure 1: Primary listing of debt securities on the JSE, 31 March 2017



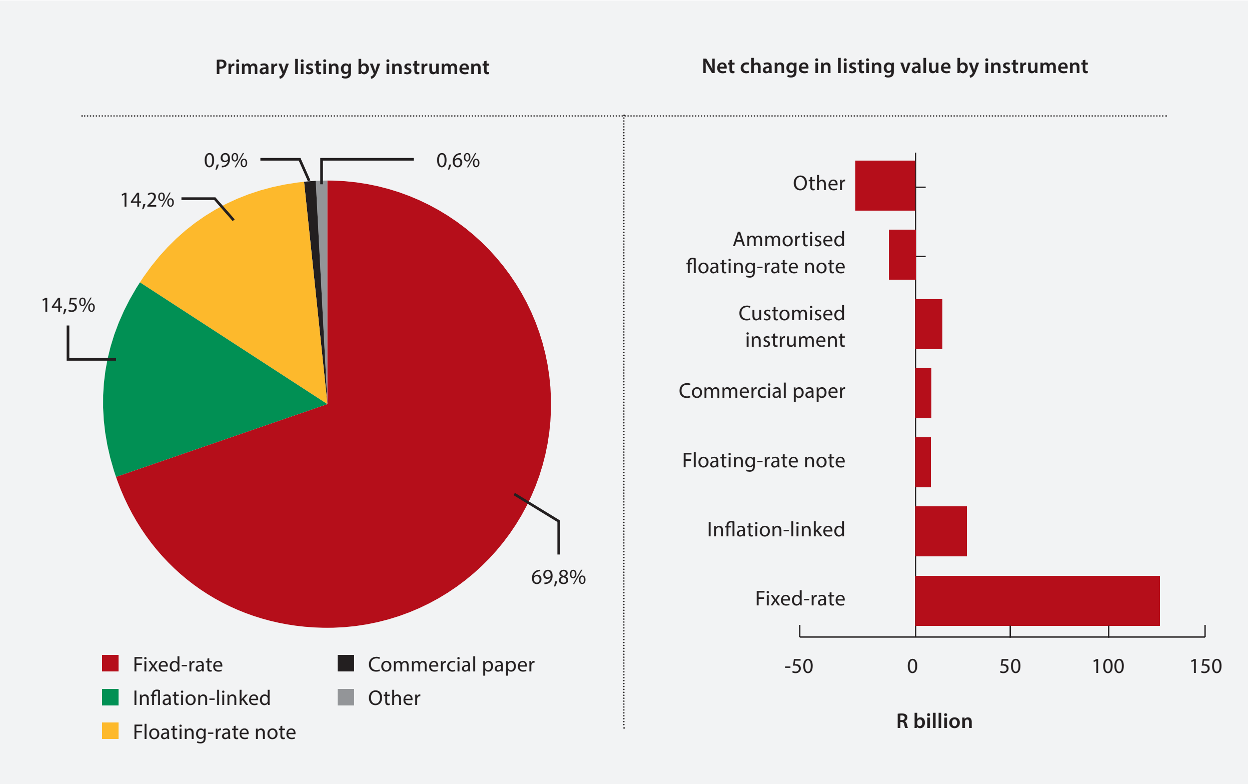
Source: Johannesburg Stock Exchange and National Treasury

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Government recorded an increase of R132 billion in outstanding debt in 2016/17, R20 billion lower than the 2015/16 increase of R152 billion. SOCs added R12 billion to their debt stock which is 50 per cent lower than the 2015/16 increase of R24 billion. This is in line with their moderated infrastructure build programmes. Financials, driven by the banking sector, added R28 billion, compared to R16 billion in 2015/16. Banks have been issuing debt aggressively in order to meet their Net Stable Funding Ratio (NSFR) requirement as per Basel III. The NSFR makes it mandatory for banks to maintain stable funding profiles so that they can better manage their assets and liabilities. This reduces the likelihood of disruption to regular funding sources spilling over to erode their liquidity positions, thus limiting the risk of failure.

Sectors, including construction, manufacturing, agriculture, retail, wholesale, mining, services and special purpose vehicles (SPVs), recorded a combined decline in issuance of R24 billion, compared to a combined decline of about R8.5 billion in 2015/16. SPVs experienced the biggest decline (R12 billion) while the retail sector listed debt stock declined to zero outstanding debt stock from R100 000 in 2015/16. This decrease may be attributed to the fact that bank funding (loans) continues to be cheaper relative to debt capital markets i.e. listed debt issuance. One of the reasons why bank loans are less expensive than listed debt is the ancillary business that banks derive from their corporate clients. This enables them to charge lower interest on loans. However, with upward pressure on costs of funding for banks, this trend may not continue, and listed debt issuance by these sectors is likely to increase in the future. The lower issuance by these sectors may also be attributed to the weak economic growth of 0.5 per cent in 2016.

Figure 2: Composition of primary listings of debt securities on the JSE, 31 March 2017

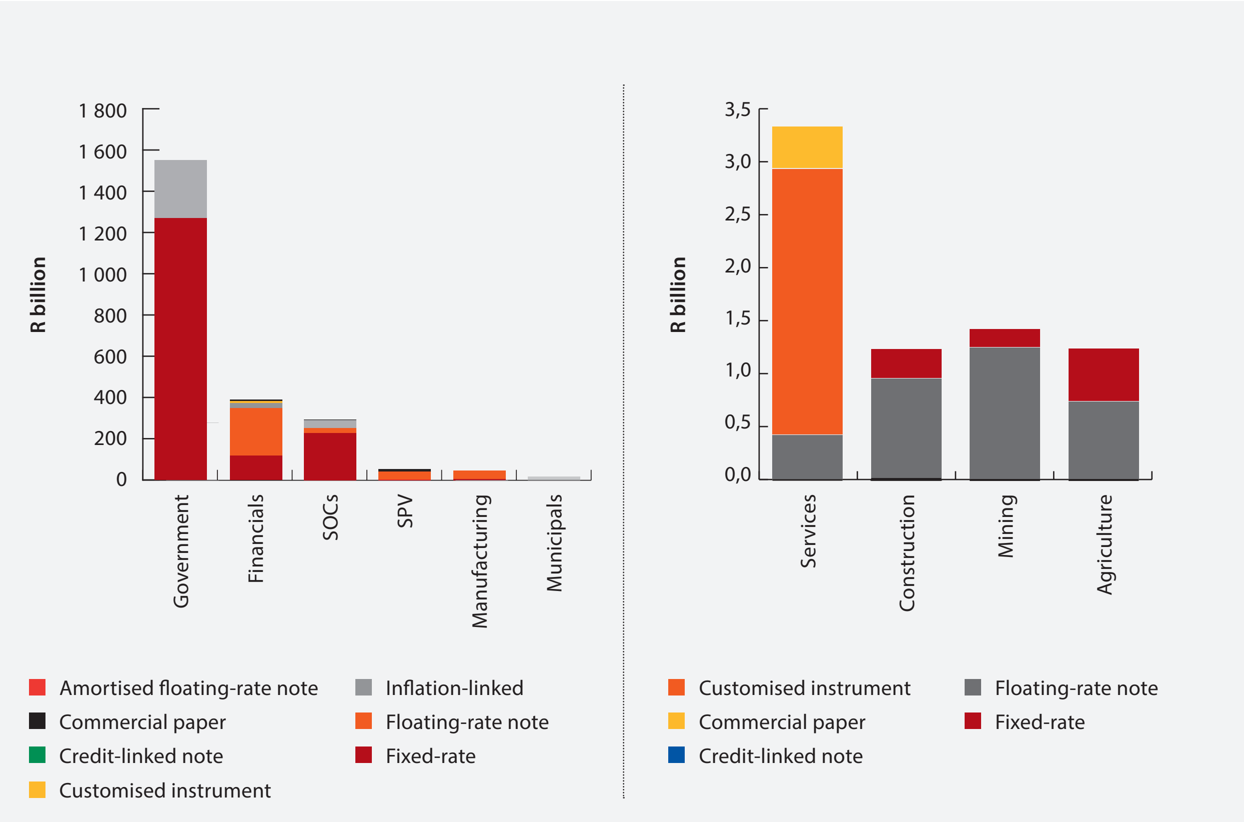


Source: Johannesburg Stock Exchange and National Treasury

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Issuers continued to prefer fixed-rate instruments which are regarded as lower risk because they offer predictable debt payments and protect against increases in interest rates. As Figure 2 shows, fixed-rate instruments accounted for 69.8 per cent of total primary listings, and remain the largest contributor to the net increase of R127.7 billion. This is because government is the largest issuer of listed debt, preferring to fund mainly in fixed-rate instruments as shown in Figure 3. Inflation-linked bonds and floating-rate notes (FRNs) accounted for 14.5 per cent and 14.2 per cent respectively of the total primary listing on the JSE. Inflation-linked debt is also issued predominantly by government, with long-term liability-driven investors being the main buyers. Issuance by banking institutions is primarily in FRNs, which is due to strong investor demand for FRNs from banks. Investors usually obtain their fixed-rate exposure by investing in government securities, which provides certainty on the expected cashflows against liabilities. FRNs are used for credit spread uplift in their portfolios in order to generate higher returns during increasing interest rate cycles.

Figure 3: Sectorial composition of primary listings of debt securities on the JSE, 31 March 2017



Source: Johannesburg Stock Exchange and National Treasury

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

SECONDARY MARKET ACTIVITY IN SOUTH AFRICAN BONDS

Trading volumes on the JSE increased to R27.1 trillion in 2016, up from R23.5 trillion in 2015 and R19.4 trillion in 2014 as shown in Figure 4. Standard trades increased by only R414 billion in 2016 while repurchase (repo) transactions increased by R3.2 trillion in this period.

The repo market makes up a significant amount of daily trading volumes at 71 per cent of the total, up from 69 per cent in 2015. Repo transactions are an efficient source of money market funding providing investors with various avenues for investing surplus cash and helping to avoid settlement failures. These transactions take place mainly between banks, asset managers and corporates. The reason for the increased activity in the repo market is due to the practice of asset managers of selling their stock of government bonds in order to buy higher-yielding corporate credit. Bond futures are then bought to cover their short positions in government bonds. Since market makers now have bonds in their books, they repo the bonds out to earn cash. Increased activity in the repo market is the result.

REPURCHASE (REPO) MARKET

Repos are classified as money-market instruments, normally used to raise short-term capital. For the party selling the asset (usually fixed-income securities), and agreeing to repurchase it in the future, it is a repo; for the party on the other end of the transaction that is buying the security and agreeing to sell in the future, it is a reverse repurchase agreement. If the seller defaults during the life of the repo, the buyer (as the new owner) can sell the asset to a third party to offset his loss. The asset therefore acts as collateral and mitigates the credit risk that the buyer has on the seller.

Source: International Capital Market Association

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Figure 4: South African bond market turnover, 2003-2016

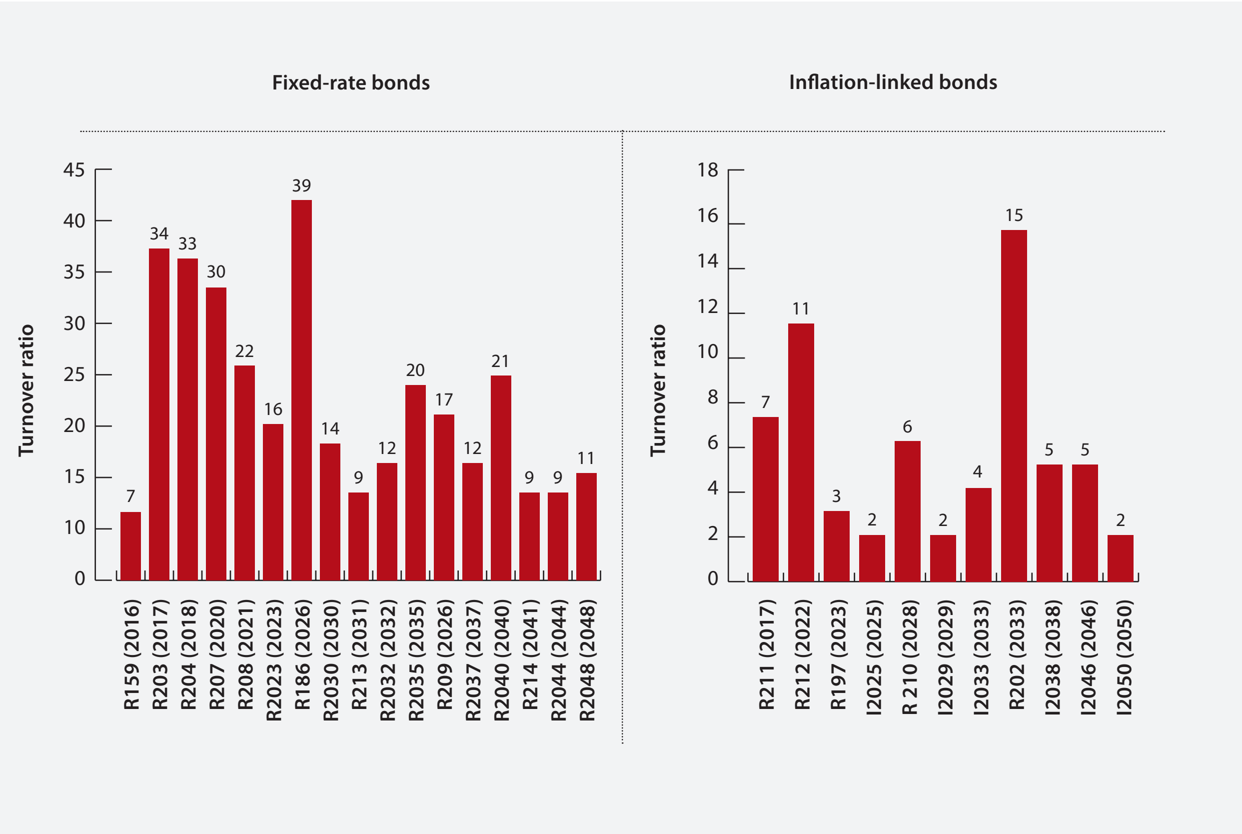
Source: Johannesburg Stock Exchange and National Treasury

The turnover ratio is a measure of bond market liquidity and is used to assess which bonds are most liquid or most traded. The ratio shows the extent of trading in the secondary market relative to the total amount outstanding. The higher the turnover ratio, the larger the amount of trading activity.

As Figure 5 shows, the R186 (10.50%; 2026) bond had the highest turnover ratio of 39 times with a total turnover of R6.8 trillion. The high outstanding amount on the R186 (10.50%; 2026) bond means that it is easy to trade in the market, making it a benchmark bond. Moreover, the tenor (10 years in 2016) and the attractive coupon contribute to its liquidity and status as a benchmark bond.

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Figure 5: Government bond turnover ratios, 2016/17



Source: Johannesburg Stock Exchange and National Treasury

The liquidity of inflation-linked bonds has improved over the years, with over R1.8 trillion traded in these instruments in 2016. This is due to their low correlation with risky assets and their ability to offer a direct hedge against inflation. The R202 (3.45%; 2033) bond demonstrated the highest turnover ratio in the inflation-linked bond portfolio, as illustrated in Figure 5. However, liquidity of inflation-linked bonds remains low relative to fixed-rate bonds as most investors employ a buy-and-hold strategy for these instruments. This reflects the depth of the long-term insurance and pension fund industries that hold the majority of inflation-linked bonds as a hedge against inflation risk. In the past, National Treasury had a repo facility available to the market. However, this was terminated due to low demand for the facility.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

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2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

BORROWING REQUIREMENT

National government's net borrowing requirement is the budget deficit, which includes National Revenue Fund (NRF) receipts and payments. Government's gross borrowing requirement consists of the net borrowing requirement and maturing loans. Table 1 shows the preliminary outcome of government's gross borrowing requirement for 2016/17.

Table 1: National government's gross borrowing requirement, 2016/17

R million	Budget	Revised budget	Preliminary outcome
Main budget balance	-156 342	-170 532	-174 403
of which:			
National Revenue Fund receipts	12 165	14 050	14 240
Premiums on loan transactions	-	3 322	3 511
Revaluation profits on foreign currency transactions	12 165	10 710	10 710
Profit on scrip lending	-	15	16
Other	-	3	3
National Revenue Fund payments	-145	-1 454	-1 778
Premiums on loan transactions	-	-1 041	-1 065
Revaluation loss on foreign currency transactions	-	-226	-526
Defrayal of GFECRA* losses	-145	-187	-187
Borrowing requirement (net)	**-156 342**	**-170 532**	**-174 403**
Loan redemptions	-73 194	-72 912	-73 040
Domestic long-term	-57 800	-57 222	-57 350
Foreign	-15 394	-15 690	-15 690
Borrowing requirement (gross)	**-229 536**	**-243 444**	**-247 443**

Source: National Treasury
**Gold and Foreign Exchange Contingency Reserve Account*

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

During 2016/17, government's net borrowing requirement amounted to R174.4 billion. NRF receipts totalled R14.2 billion and consisted mainly of R3.5 billion in premiums on loan transactions and revaluation profits of R10.7 billion on foreign currency transactions. In 2016/17, NRF payments of R1.8 billion relating to premiums on debt portfolio restructuring and payments to defray realised losses on the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) were incurred. Inclusive of loan redemptions of R73 billion, the gross borrowing requirement amounted to R247.4 billion.

Table 2 shows the preliminary outcome of the government's financing programme for 2016/17. The gross borrowing requirement of R247.4 billion was financed through the net issuance of domestic short-term loans of R40.5 billion, domestic long-term loans of R174.0 billion and foreign loans of R52.1 billion with R19.2 billion used to increase cash and other balances.

Table 2: Financing the national gross borrowing requirement, 2016/17

R million	Budget	Revised budget	Preliminary outcome
Domestic short-term loans (net)	25 000	41 000	40 507
Treasury bills	25 000	41 000	40 502
Corporation for Public Deposits	-	-	5
Domestic long-term loans (gross)	174 000	173 132	174 034
Market loans	174 000	174 000	175 070
Loans issued for switches	-	-868	-1 036
Foreign loans (gross)	23 205	52 069	52 070
Market loans	23 205	50 958	50 959
Loans issued for switches	-	1 111	1 111
Change in cash and other balances	7 331	-22 757	-19 168
Financing	229 536	243 444	247 443

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

DOMESTIC SHORT-TERM BORROWING

Short-term borrowing consists of Treasury bill issuance and borrowing from the CPD. In response to short-term funding pressures and to make up for the high borrowing requirement, government increased net issuance of Treasury bills by R15.5 billion to R40.5 billion during 2016/17.

Treasury bill auctions are conducted weekly. The net change in the different maturities of Treasury bills shows that issuance was concentrated in the longer-maturity Treasury bills. In this way, refinancing risk was managed by extending the days-to-maturity. Shorter-maturity Treasury bills were reserved for cash management purposes.

Table 3: Domestic short-term borrowing, 2016/17

R million	Opening balance	Net change	Closing balance	Weekly auction
Corporation for Public Deposits	27 193	5	27 198	
Treasury bills	209 469	40 502	249 971	8 275
91-day	32 885	4 853	37 720	2 555
182-day	45 955	8 794	54 749	2 110
273-day	59 210	10 870	70 080	1 860
364-day	71 419	16 003	87 422	1 750
Total	**236 662**	**40 507**	**277 169**	

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

TREASURY BILL AUCTION PERFORMANCE

Gross issuance in Treasury bills increased in 2016/17 in order to cater for the elevated borrowing requirement as well as funding pressures. Of the R433.5 billion offered in the weekly auction, R5.9 billion or 1.4 per cent was not allotted during periods of market volatility, as shown in Table 4. The under-allotments resulted in short-term borrowing being lower than forecasted.

Table 4: Treasury bill auction under-allotments, 2016/17

R million	Gross issuance[1]	Under-allotment	Percentage of gross issuance under-alloted
91-day	147 763	4 997	3,4
182-day	106 033	111	0,1
273-day	92 310	810	0,9
364-day	87 422	0	0,0
Total	**433 528**	**5 918**	**1,4**

Source: National Treasury

[1] Gross issuance takes into account the total amount of issuance to roll-over the total Treasury bill portfolio in 2016/17

A summary of the auction bid-to-cover ratios and effective yields is shown in Table 5. On average, Treasury bill auctions were 2.4 times oversubscribed. Annexures D and E give detailed information about the 2016/17 Treasury bill auctions.

Table 5: Treasury bill auction analysis, 2016/17

	91-day	182-day	273-day	364-day
Bid-to-cover-ratios (times)				
Highest	4,6	3,9	4,1	5,2
Lowest	1,0	1,0	1,2	1,0
Average	2,1	2,3	2,6	2,7
Effective yields (%)				
Highest	7,8	8,0	8,1	8,2
Lowest	7,3	7,5	7,6	7,0
Average	7,5	7,7	7,8	7,9

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

CORPORATION FOR PUBLIC DEPOSITS

The CPD is a wholly-owned subsidiary of the South African Reserve Bank. Its main function is to invest surplus cash received from provincial governments and SOCs. Provincial governments and selected SOCs are required to invest their surplus cash with the CPD. Government uses these funds to finance a portion of its borrowing requirement and for bridging finance (money used for short-term liquidity management). Provincial governments may also borrow from the CPD to finance short-term cash shortfalls.

In 2016/17, average daily balances invested in the CPD amounted to R64.9 billion, from which the government borrowed a daily average of R49.6 billion. This is significantly higher than the daily average of R36.6 billion borrowed in 2015/16 and is due to the timing of loan redemption cash flows during the year.

DOMESTIC LONG-TERM BORROWING

Long-term borrowing consists of the issuance of fixed-rate, inflation-linked and retail savings bonds. Fixed-rate and inflation-linked bond auctions are conducted weekly in line with a pre-determined auction calendar. The fixed-rate bond auctions are conducted through a panel of primary dealers, while inflation-linked bond auctions are open to all members of the Johannesburg Stock Exchange (JSE). Retail savings bonds are made available to South African citizens through the South African Post Office, telephonic and online applications.

PRIMARY DEALERS

The primary dealer panel is a panel of banks which buy government bonds at weekly fixed-rate bond auctions. Investors buy government bonds by submitting their bids at the auction through primary dealers. These dealers are obliged to adhere to certain terms and conditions which can be found on National Treasury's investor relations website ***www.investor.treasury.gov.za.*** Below is the list of banks which are on the primary dealer panel of National Treasury:

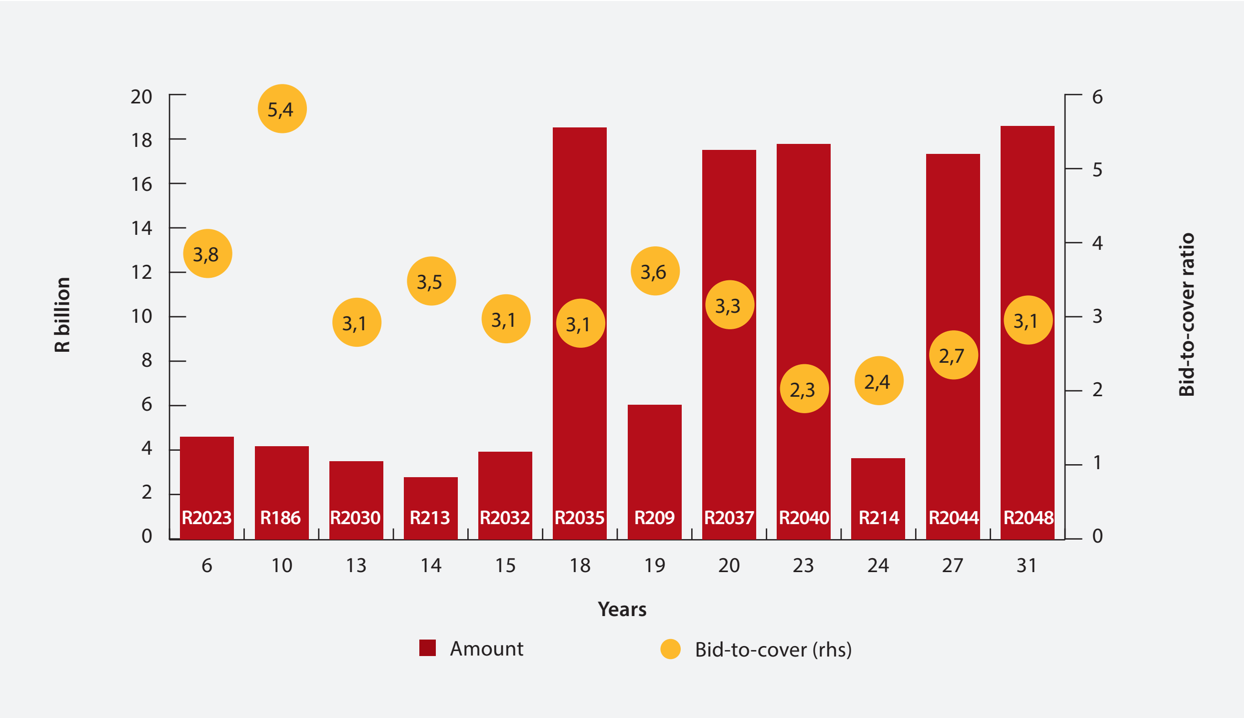
- ABSA
- Citibank
- Deutsche Bank
- FirstRand Bank Limited
- HSBC Bank
- Investec Bank Limited
- JPMorgan Chase Bank
- Nedbank Limited
- Standard Bank

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

FIXED-RATE BONDS

A weekly nominal auction level of R2 350 million was maintained during 2016/17, with a total nominal amount of R115 billion, excluding non-competitive take-up, issued over 49 auctions. Demand in fixed-rate bond auctions remained high, as demonstrated by an average bid-to-cover ratio of 3 times. Figure 6 shows the total nominal issuance by maturity area and bid-to-cover ratio.

Figure 6: Issuance of fixed-rate bonds (excluding non-competitive bid auctions), 2016/17



Source: National Treasury

The R186 (10.50%; 2026) bond had the highest demand with a bid to cover ratio of 5.4 times due to its status as a benchmark bond. The R2023 (7.75%; 2023) bond had the second highest bid-to-cover ratio of 3.8 times.

The highest issuance was in the R2048 (8.75%; 2048) and R2035 (8.875%; 2035) bonds, with a nominal amount of R18.5 billion, followed by the R2040 (8.75%; 2040) at R17.7 billion. Issuance continues to be concentrated on the long-dated bonds in line with government's strategy to manage refinancing risk.

No new fixed-rate bonds were introduced in 2016/17. Annexure F gives a summary of the 2016/17 fixed-rate bond auctions.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

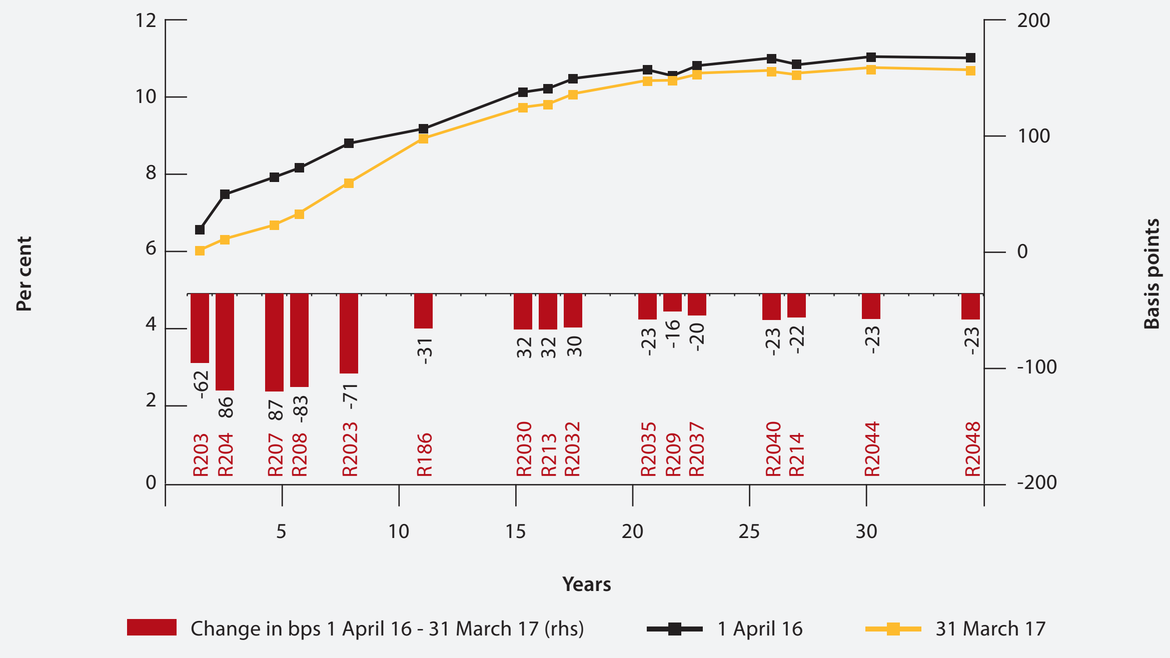
NON-COMPETITIVE AUCTIONS

Primary dealers are entitled to take up an additional 50 per cent of the successful allocation amount at the same yield at which the competitive auction settled. The non-competitive auction window is open for 48 hours immediately after the fixed-rate bond auction.

YIELD CURVE MOVEMENT

Government's borrowing costs decreased significantly in 2016/17. This is mainly due to strong foreign demand for emerging market debt in 2016 due to the continued low yield environment in developed countries. As a result, government fixed-rate bond yields decreased by 41.4 basis points on average across the curve in 2016/17, as Figure 7 shows.

Figure 7: Yield curve movement of fixed-rate bonds, 2016/17*



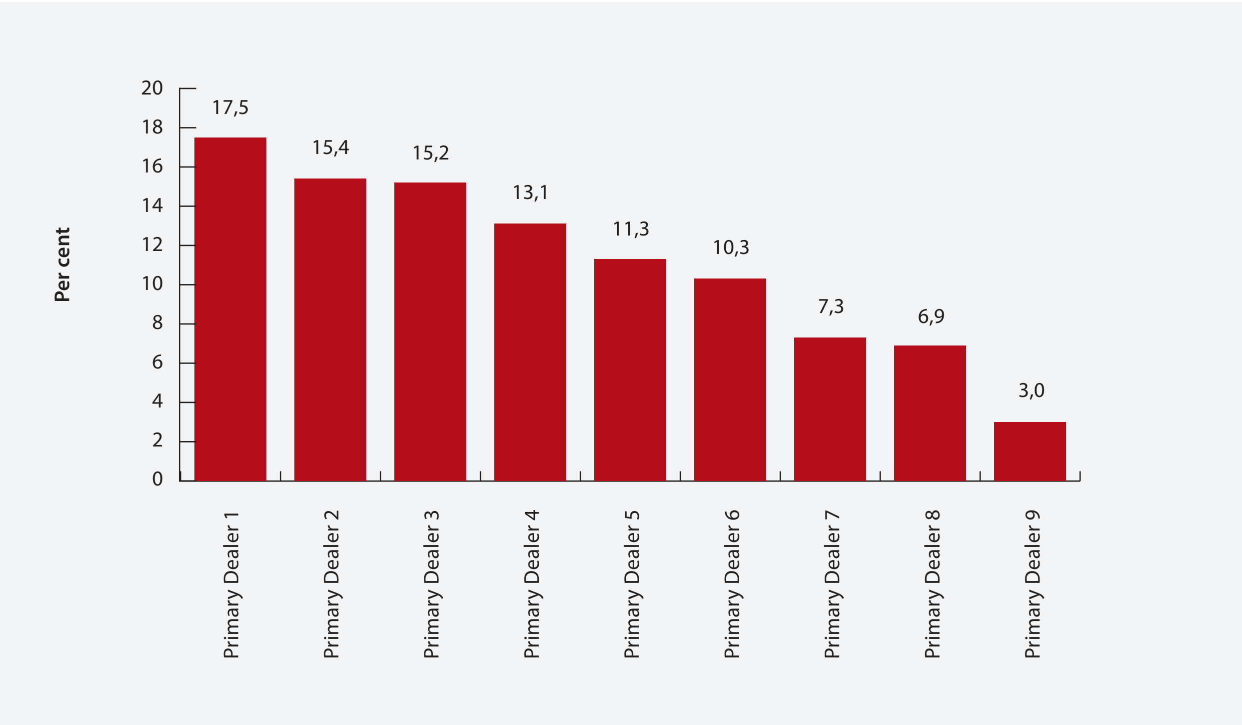
Source: Johannesburg Stock Exchange and National Treasury
**The R159 bond has not been included in this figure as this bond matured during 2016/17*

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

PRIMARY DEALER PERFORMANCE

Primary dealers are required to submit bids to the value of 13.1 per cent (1/(number of primary dealers) + 0.02) for each bond on offer in the weekly fixed-rate bond auctions. This minimum bidding requirement was met in all auctions in the year under review. The performance of the nine primary dealers is shown in Figure 8.

Figure 8: Primary dealer participation in fixed-rate bond auctions, 2016/17



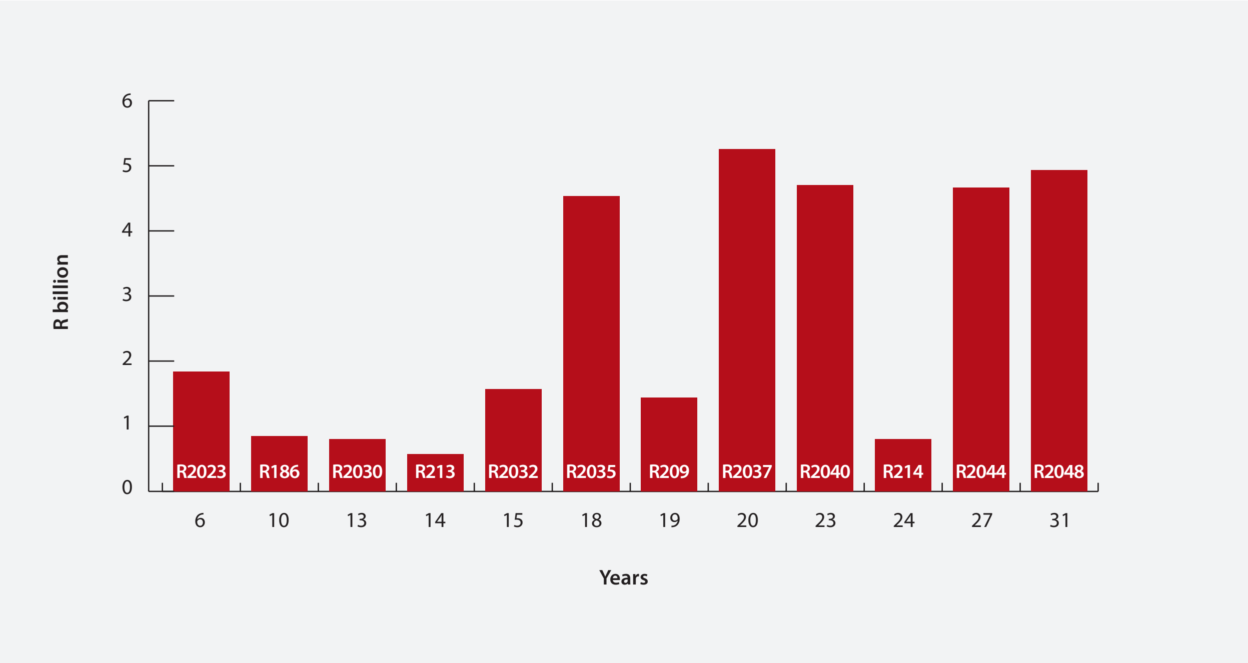
Source: National Treasury

NON-COMPETITIVE AUCTION PERFORMANCE

A total of R29 billion was raised through non-competitive auctions. Figure 9 shows that the R2037 (8.50%; 2037) bond had the highest take-up and accounted for 16.4 per cent of the total, followed by the R2048 (8.75%; 2048) bond at 15.4 per cent.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 9: Non-competitive auction performance per bond, 2016/17



Source: National Treasury

INFLATION-LINKED BONDS

A total of 50 auctions were conducted in 2016/17 in line with the pre-determined calendar. To maintain government strategic risk benchmarks, the weekly auction level remained at R650 million. A nominal amount of R31.1 billion, accounting for 21.63 per cent of domestic long-term bond issuance, was issued in 2016/17.

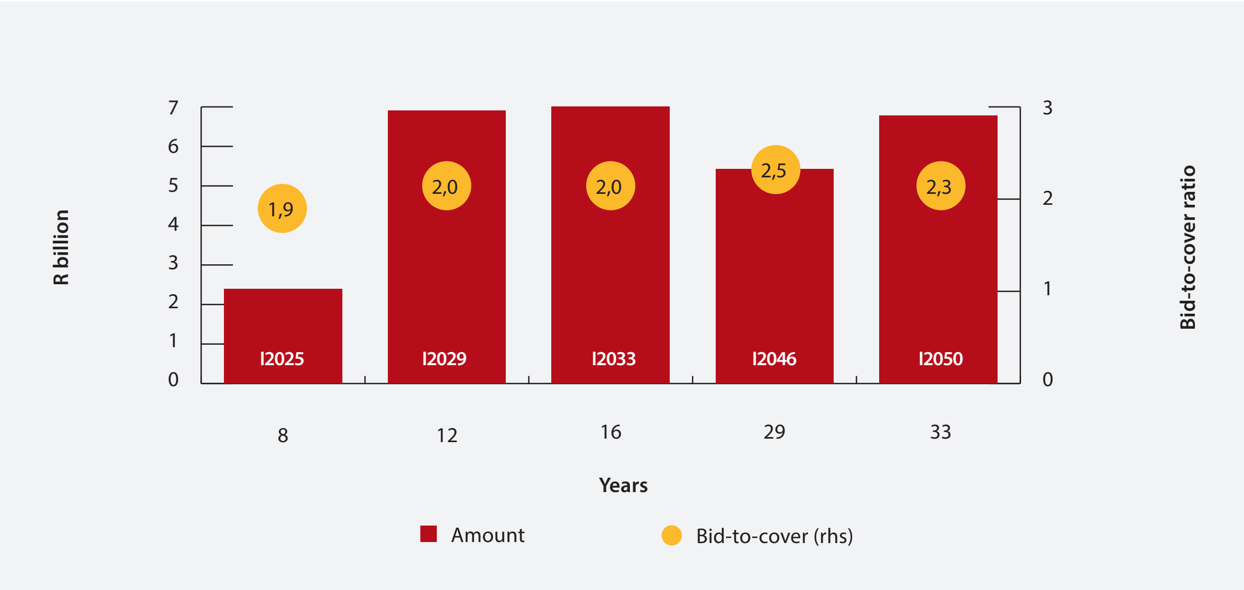
National Treasury had nine under-subscribed and twelve under-alloted inflation-linked bond auctions in 2016/17. There were under-subscribed auctions in July (8th), August (26th), September (16th), October (21st), November (25th), December (2nd), February (17th) and March (3rd and 31st). Under-alloted auctions includes the under-subscribed auctions above as well as in July (15th), September (2nd) and November (11th).

While fixed-rate bond yields declined over the 12 month period to 31 March 2017, there were periods of financial market volatility during the year resulting from events such as the Brexit vote, US elections and political uncertainty in South Africa, that resulted in significant upward movement in fixed-rate bond yields. The under-subscription was due to the fact that fixed-rate bond yields at times weakened significantly, making them more attractive and cheaper for domestic fund managers, relative to inflation-linked bonds. Another contributing factor was that inflation-linked bond auctions are not guaranteed to be fully subscribed due to primary dealers not being obligated to participate – any member of the JSE may participate on a voluntary basis in the weekly auctions.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

The instances where inflation-linked auctions were under-allotted, even though fully subscribed, were due to unfavourable bids received. The nominal issuance by maturity area and bid-to-cover ratio is shown in Figure 10.

Figure 10: Issuance of inflation-linked bonds, 2016/17



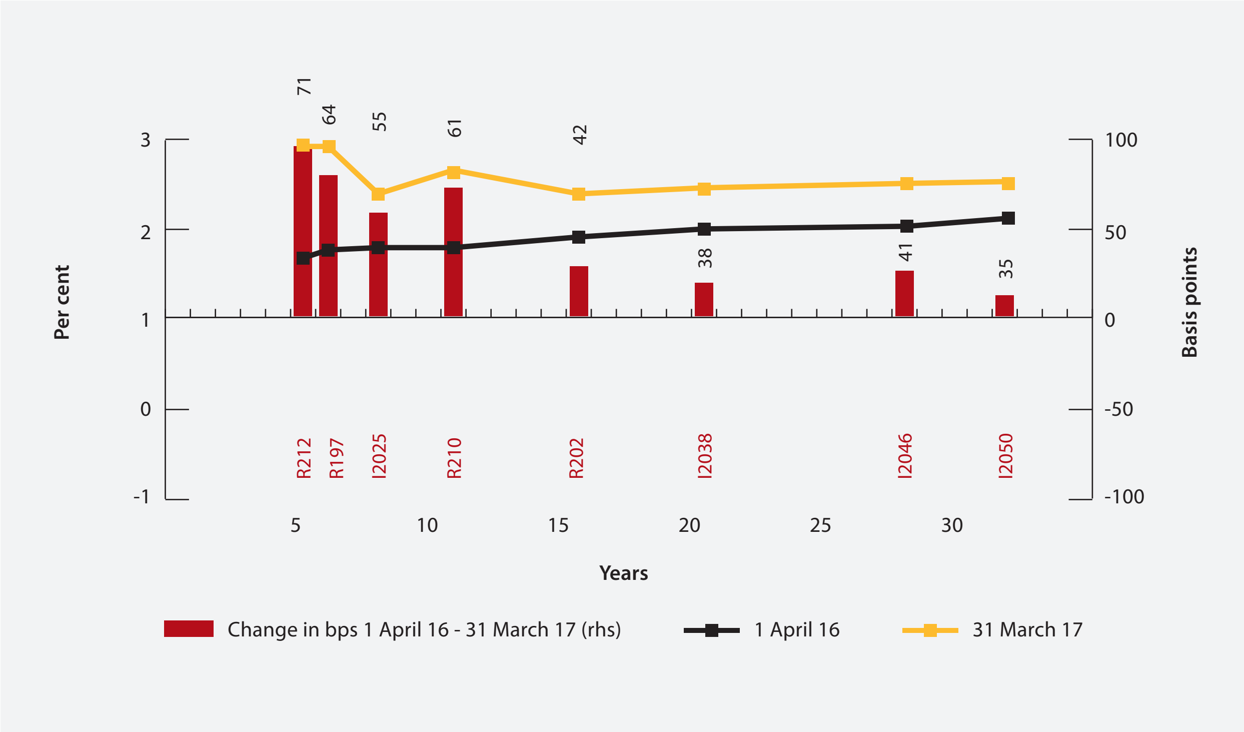
Source: National Treasury

REAL YIELD MOVEMENT

Figure 11 shows yield movements of inflation-linked bonds during 2016/17. During the year under review, inflation-linked bond yields weakened by an average of 50.9 basis points across the curve. Overall, inflation-linked bond yields, relative to fixed-rate bond yields, tend to remain stable over time, due to the instruments' lower liquidity.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 11: Yield curve movement of inflation-linked bonds, 2016/17*



Source: Johannesburg Stock Exchange and National Treasury

**The R211 bond has not been included in this figure as this bond matured during 2016/17; the I2029 bond has not been included in this figure as this bond was issued during 2016/17; and the I2033 bond has not been included in this figure as this bond matures in the same year as the R202 bond.*

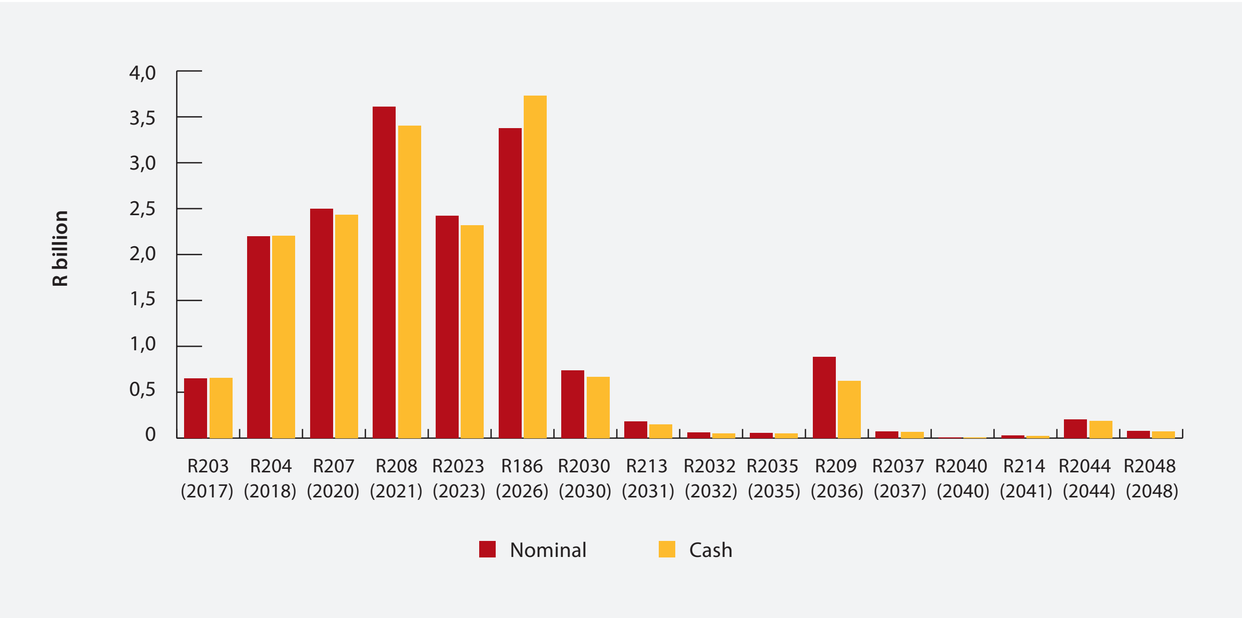
SCRIP LENDING FACILITY

In the South African government bond market, a portion of the trades takes place outside the domestic financial system. These trades are settled through global central securities depositories (CSDs) such as EuroClear. Due to differences in time zones and settlement cycles, with offshore markets settling on a T+5 basis (5 business days after the trade takes place) and the local market on a T+3 basis (3 business days after the trade takes place), a potential settlement failure could occur in the local bond market if an international counterparty fails to deliver on time.

To avoid settlement failures and subsequent systemic risk, National Treasury has an obligation to support the market for government bonds by acting as a lender of last resort, with use of the facility currently limited to PD's. For 2016/17, a nominal amount of R17 billion was provided through this facility. Figure 12 shows the breakdown in utilisation of the scrip lending facility per bond.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 12: Fixed-rate bond scrip lending facility utilisation, 2016/17



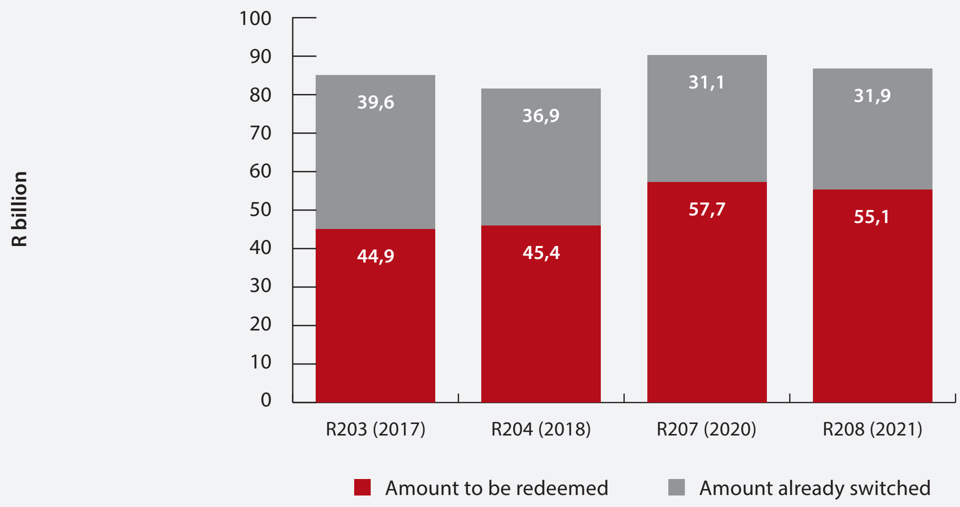
Source: National Treasury

BOND SWITCH AUCTION PROGRAMME

Government continued with its bond switch auction programme during the year, with R36.8 billion switched in 2016/17. A total of R139.5 billion has been switched since the inception of the switch auction programme in 2014/15. About R39.6 billion, R36.9 billion, R31.1 billion and R31.9 billion has been switched out of the R203 (8.25%; 2017), R204 (8.00%; 2018), R207 (7.25%; 2020) and R208 (6.75%; 2021) bonds respectively.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 13: Amount switched in respective bonds, 2016/17

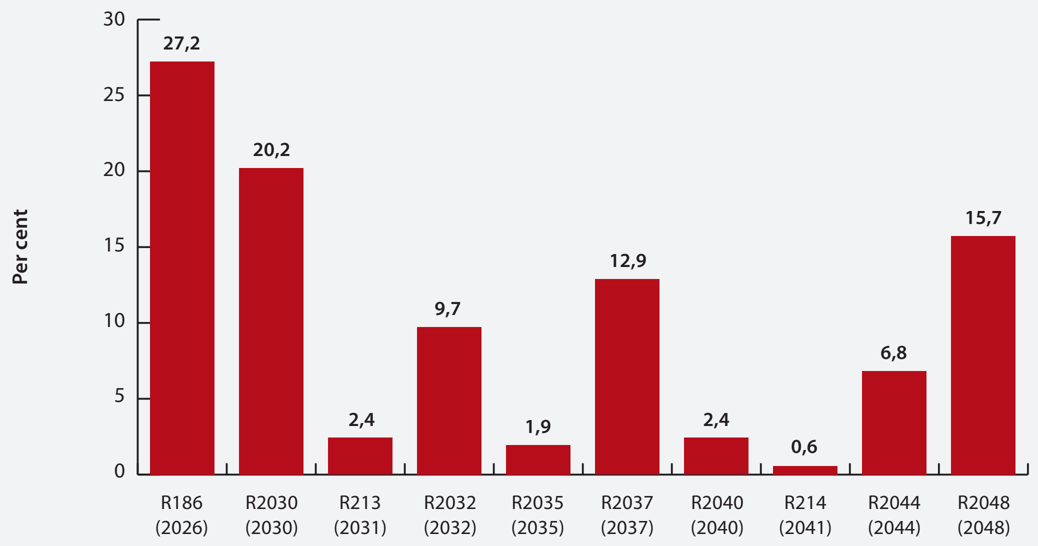


Source: National Treasury

The R186 (10.50%; 2026) bond was the most preferred destination bond with R38 billion (27.2 per cent) switched into it, followed by the R2030 (8.00%; 2030) with R28.2 billion (20.2 per cent) as shown in Figure 14.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 14: Percentage allocation by destination bond, 2016/17



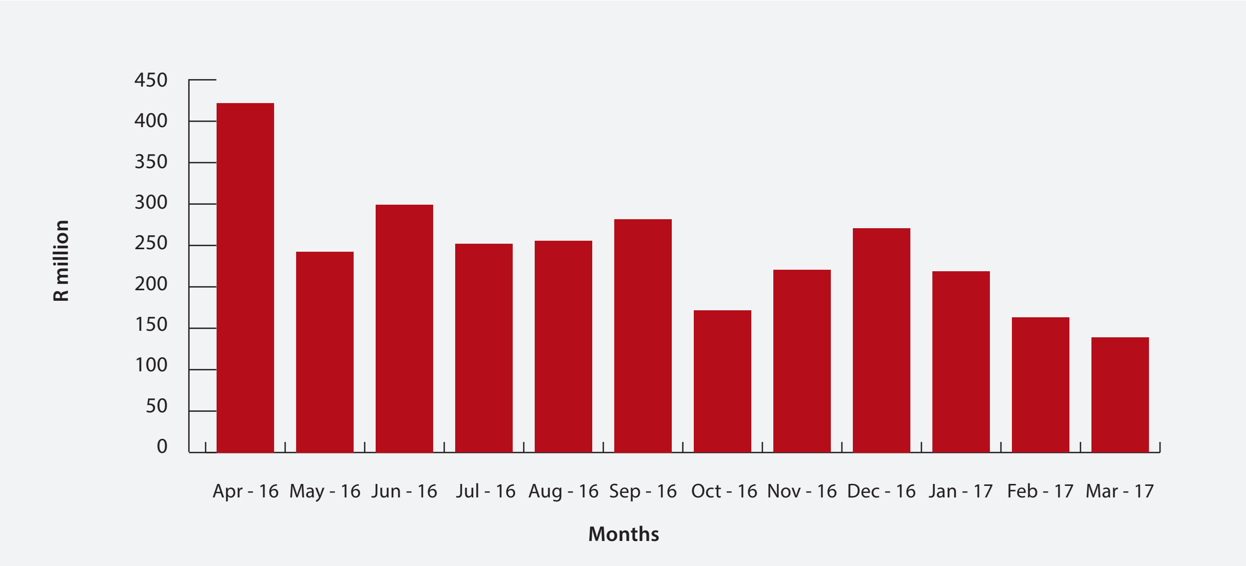
Source: National Treasury

RETAIL SAVINGS BONDS

The objective of the retail savings bonds is to ensure that the government's long term funding needs are provided for through a source of retail funding. In 2016/17, there were new investments worth R2.16 billion, approximately R943.2 million of which were rolled over investments, as shown in Figure 15. Investments that are rolled over or re-invested are those investments that investors have opted to reinvest at redemption date. April 2016 had the highest investment due to a combination of higher interest rates and increased awareness of retail savings bonds through radio advertising campaigns. The total outstanding amount as at 31 March 2017 was R11.3 billion. More than 50 per cent of investors in retail savings bonds are above the age of 60 years and benefit from receiving monthly interest. The gender composition is 56 per cent female investors versus 44 per cent male investors, with investors residing predominantly in Gauteng, Kwa-Zulu Natal and the Western Cape.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 15: Monthly retail savings bond deposits, including rollovers, 2016/17



Source: National Treasury

Table 6 shows the retail savings bond interest rates at the beginning and end of 2016/17. The rates are published on the retail savings bonds website (www.rsaretailbonds.gov.za).

Table 6: Interest rates on retail savings bonds, 2016/17

Date	2-year	3-year	5-year	10-year
Fixed-rate (%)				
30-Apr-2016	9,25	9,50	9,75	
31-Mar-2017	8,00	8,25	8,75	
Inflation-linked (%)				
30-Apr-2016		1,50	1,75	2,00
31-Mar-2017		1,75	2,00	2,25

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Interest rates on fixed-rate, inflation-linked and financial co-operatives retail savings bonds are derived from the respective government bond and Treasury bill yields. The interest rates for the fixed-rate and financial co-operatives retail savings bonds are reviewed monthly and those for the inflation-linked retail savings bonds are reviewed semi-annually. During the year, fixed-rate retail savings bonds rates declined by 125 basis points for the 2-year and 3-year terms, and 100 basis points for the 5-year term. The inflation-linked retail savings bonds increased by 25 basis points.

FINANCIAL CO-OPERATIVE RETAIL SAVINGS BONDS

There have been a total of 18 financial co-operatives that were registered since the launch of these bonds in 2011. As of 31 March 2017, there are only 14 active RSA financial co-operatives retail savings bonds investments, whose target market includes financial services co-operatives, co-operative financial institutions and co-operative banks. As shown in Table 7, R5.7 million is currently invested in these bonds, which is a decline of over R1 million since the last interest calculation three months prior. The bonds are, however, still considered by the institutions as secure instruments for savings of the deposits received from their own investors.

Table 7: Summary of financial cooperatives retail savings bonds, 2016/17

Bond term	Average interest rate (%)	Current capital (R million)
FC01 - 1 Year	8,30	0,42
FC02 - 2 Year	8,32	0,35
FC03 - 3 Year	8,36	4,93
Total		**5,70**

Source: National Treasury

FOREIGN LONG-TERM BORROWING

Government issued bonds of US$1.25 billion in April 2016 and US$3 billion in September 2016. The two issuances in 2016/17 were due to the fact that there was no foreign issuance in the previous fiscal year due to unfavourable market conditions. Consequently, the 2015/16 foreign bond was issued in April 2016.

The April 2016 foreign bond – a 10-year (US$1.25 billion) issuance maturing in 2026 (SOAF 2026) – was more than two times oversubscribed and priced at a coupon rate of 4.875 per cent which represented a spread of 335 basis points above the 10-year US Treasury benchmark bond at the time of issuance.

The September 2016 foreign bond was a dual tranche (US$3 billion) issuance of 12- and 30-year bonds maturing in 2028 (SOAF 2028) and 2046 (SOAF 2046) respectively in the international capital markets through an innovative one-day new issue and tender

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

switch transaction. The amount was made up of approximately US$700 million in a switch and tender offer, with approximately US$1.3 billion in new cash on the 12-year tranche bringing it to US$2 billion, while US$1 billion in new cash was raised in the 30-year tranche.

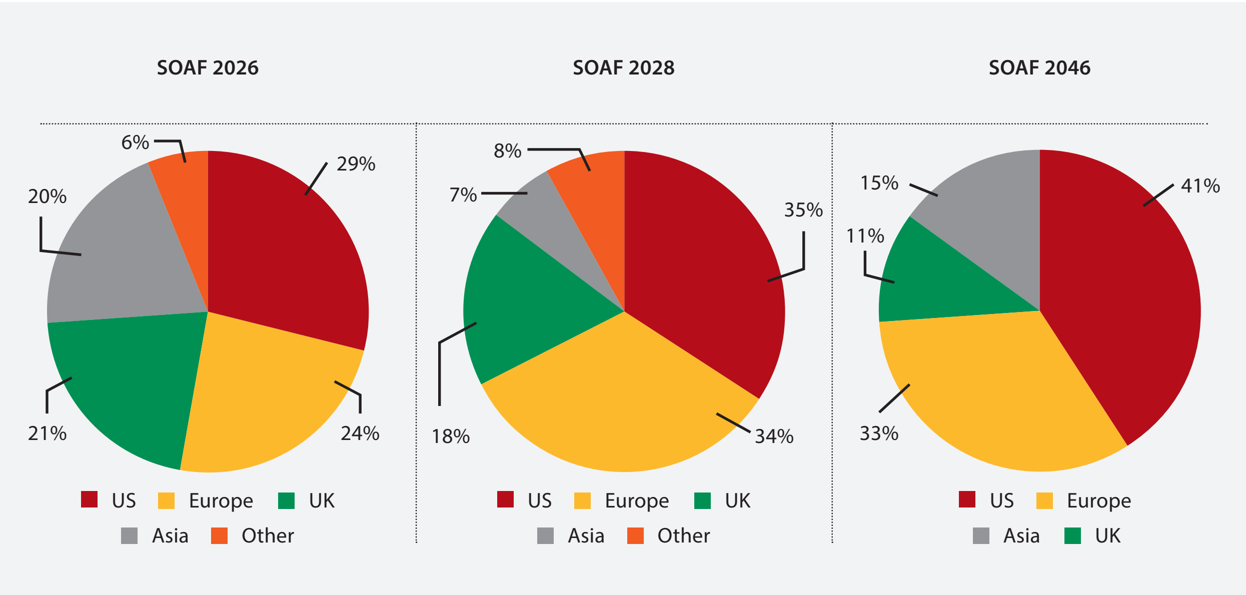
The 12-year bond was priced at a coupon rate of 4.3 per cent (at par value) which represented a spread of 273.8 basis points above the 10-year US Treasury benchmark bond at issue. The 30-year bond was priced at a coupon rate of 5 per cent (at par value) which represented a spread of 271.9 basis points above the 30-year US Treasury benchmark bond at issue.

The switch and tender offer was open to holders of the existing 2019 and 2020 maturities with an option to tender for cash or switch into the new 12-year tranche. The reason for the switch and tender offer was to allow the Republic of South Africa to pre-emptively manage refinancing risk resulting from upcoming redemptions of the bonds in 2019/20, while offering investors the opportunity to adjust their portfolio exposures by switching into new longer duration bonds.

The transactions were more than two and a half times oversubscribed in aggregate, with investor demand from all the major centres in Asia, Europe and the United States. The switch and tender offer transaction was the first of it kind in Sub-Saharan Africa.

Figure 16 shows the investor take-up of the 2016/17 foreign bond issuances by region. Participation by Asian investors for the SOAF 2026, SOAF 2028 and SOAF 2048 bonds was 20 per cent, 7 per cent, and 15 per cent respectively. This is an increase from the 2 per cent take-up in the 2014 foreign bond dual tranche issuance of US$1 billion (SOAF 2044) and €500 million (SOAF 2026).

Figure 16: International bond issuance investor take-up by region, 2016/17



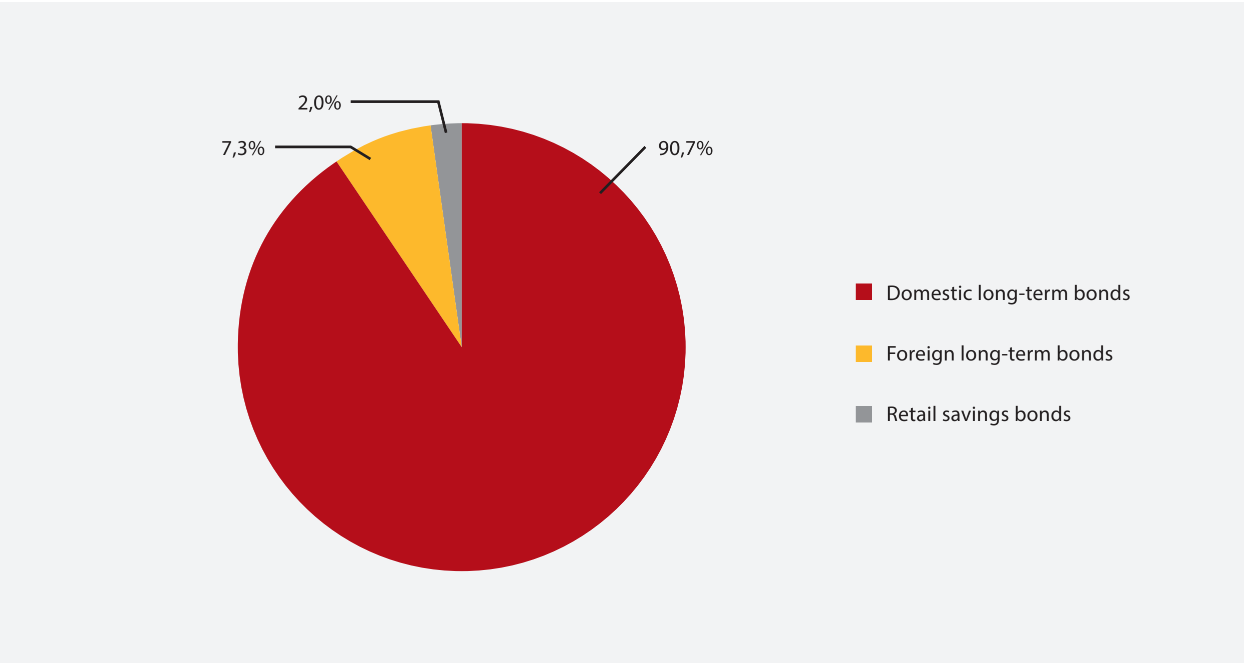
Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

INTEREST AND REDEMPTION PAYMENTS ON LONG-TERM LOANS

Figure 17 shows government interest and redemption payments for 2016/17. The payments are split between long-term domestic, foreign and retail savings bonds. R146 billion in interest and redemptions was paid during the period under review, with domestic long-term bonds accounting for 90.7 per cent of total payments.

Figure 17: Interest and redemption payments on long-term loans, 2016/17



Source: National Treasury

Table 8 shows that the total redemption paid in 2016/17 amounted to R72.7 billion, slightly lower than the planned amount of R72.9 billion. Domestic debt redemptions were higher than anticipated; the deviation was due to a higher amount of retail savings bond redemptions. In the case of foreign debt redemptions, the amount paid was slightly lower than the planned amount, due to exchange rate changes.

In the domestic debt portfolio, the R159 (13.50%; 2016) bond, the third and last leg of the three-legged R157 (13.50%; 2015) bond, matured in September 2016 with a redemption amount of R24.5 billion. The R211 (2.50%; 2017) bond, an inflation-linked bond, matured in January 2017 with a redemption amount of R29.9 billion. In the foreign debt portfolio, the €750 million bond (4.50% notes due April 2016) matured with a rand value of R12.6 billion.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

THREE-LEGGED BONDS

A three-legged bond is a bond with three maturity dates. It is priced on the middle maturity (second leg); as a result, all three maturity dates have the same price. Two years before the bond matures, investors are given the option to split the bond into three maturities, with the principal amount split equally. Following the redemption date of the first maturity, the split becomes automatic. The rationale for a three-legged bond is to build liquid benchmark bonds while managing government's refinancing risk.

Table 8: Redemption amounts 2015/16 and 2016/17

	2015/16	2016/17 budget	2016/17 preliminary outcome
Domestic debt:	**28 144**	**57 221**	**57 339**
Domestic long-term bonds	25 234	54 949	54 427
Retail savings bonds	2 910	2 272	2 912
Foreign debt:	**3 879**	**15 394**	**15 689**
Foreign long-term bonds	3 879	15 394	15 689
Total	**32 023**	**72 615**	**73 028**

Source: National Treasury

GOVERNMENT CASH BALANCES

The primary objective of managing cash is to ensure that government has enough cash available to meet its commitments. Effective management of cash also contributes to market stability by keeping government's weekly borrowing stable and predictable.

Cash management also plays an important role in supporting collaboration between National Treasury and the SARB in managing market liquidity. Government's total cash balances include deposits held by commercial banks and the SARB. Cash deposits with the SARB include rand sterilisation and foreign currency deposits.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Sterilisation deposits are excess cash deposits made with the SARB to counter the effects of increased money supply as a result of the accumulation of foreign currency reserves. These deposits are only available as bridging finance. The SARB also enters into foreign currency swaps to neutralise the effects of sizeable foreign direct investment flows. When capacity is available, National Treasury has committed to assist in unwinding these maturing swaps.

Foreign currency deposits consist of funds borrowed in the international capital markets and/or foreign currencies purchased in the domestic market. Foreign currency deposits can be used to meet government's foreign currency commitments. The government's cash balances from 31 March 2016 to 31 March 2017 are shown in Table 9.

During 2016/17 cash balances increased by R26.2 billion to R204.2 billion. Prefunding in foreign loans to cover large redemptions due in 2019/20 amounted to US$1 billion.

Table 9: National government's cash balances, 31 March 2016 - 31 March 2017

R billion	Mar-16	Mar-17
Reserve bank	**132,9**	**161,1**
Sterilisation deposits	67,2	67,2
Foreign currency deposits	65,7	93,9
Commercial banks	**45,1**	**43,1**
Tax and loan accounts	45,1	43,1
Total	**178,0**	**204,2**
Of which:		
Operational cash[1]	45,1	54,0
Official reserves[2]	132,9	150,2

Source: National Treasury

[1] Deposits in rands and US dollars made with commercial banks and the SARB respectively to meet government's commitments.

[2] Deposits in rands and US dollars made with the SARB from 2005 to 2010 to increase the level of official reserves.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Table 10 shows that total foreign currency commitments in 2016/17 amounted to US$2.7 billion. This consisted of redemptions of foreign loans amounting to US$1.1 billion and interest on loans and other departmental commitments amounting to US$1.6 billion. These commitments were primarily financed by borrowing in the international capital market, bolstered by purchases of US$ in the domestic market.

Table 10: US$ flows on foreign exchange deposits, 2016/17

US$ million	Budget	Revised Budget	Preliminary outcome
Opening balance	8 362	7 364	7 364
Inflows	1 832	3 942	3 937
Foreign loan	1 500	3 600	3 600
Purchases	256	256	256
Interest	76	86	81
Outflows	-2 561	-2 633	-2 686
Interest on debt portfolio	-872	-714	-724
Loan redemptions	-995	-1 079	-1079
Payments by departments	-694	-840	-883
Closing balance	**7 633**	**8 673**	**8 615**

Source: National Treasury

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

DEBT MANAGEMENT REPORT
2016/17

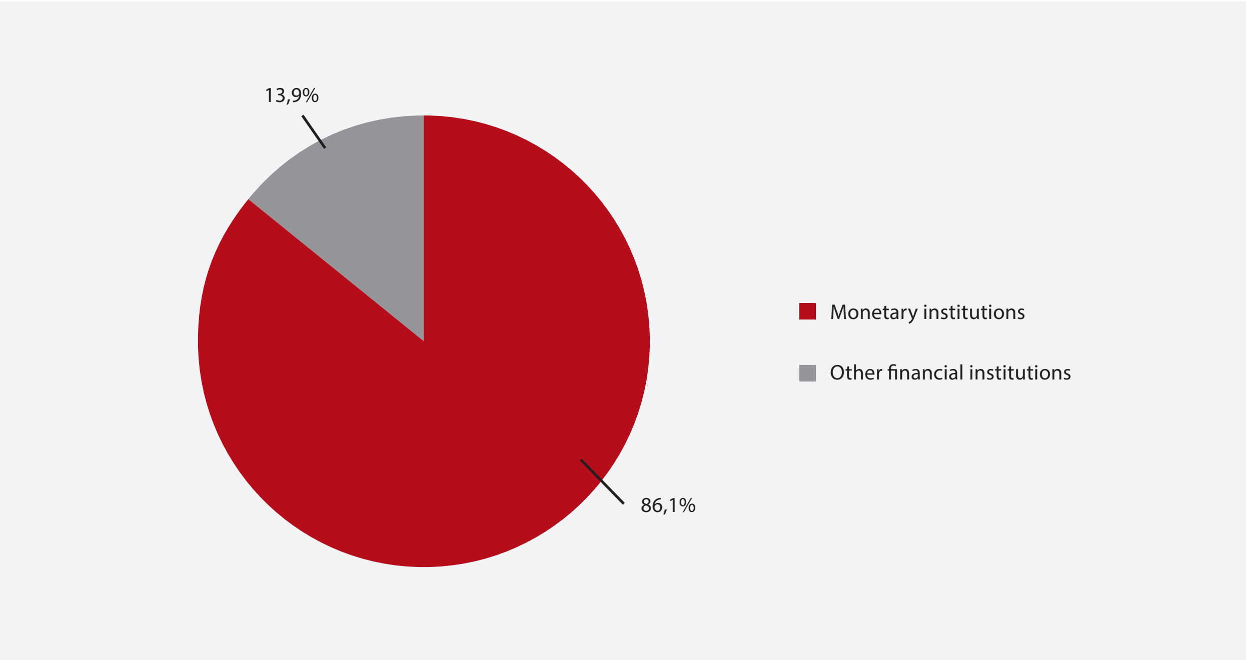
national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

HOLDINGS OF TREASURY BILLS

As at 31 March 2017, the outstanding amount on Treasury bills was R249.9 billion. Of the total amount issued, 86.1 per cent is held by monetary institutions mainly to meet their prescribed liquid asset requirements. The remaining 13.9 per cent is held by various other financial institutions, as shown in Figure 18.

Figure 18: Holdings of Treasury bills by institution type, 31 March 2017



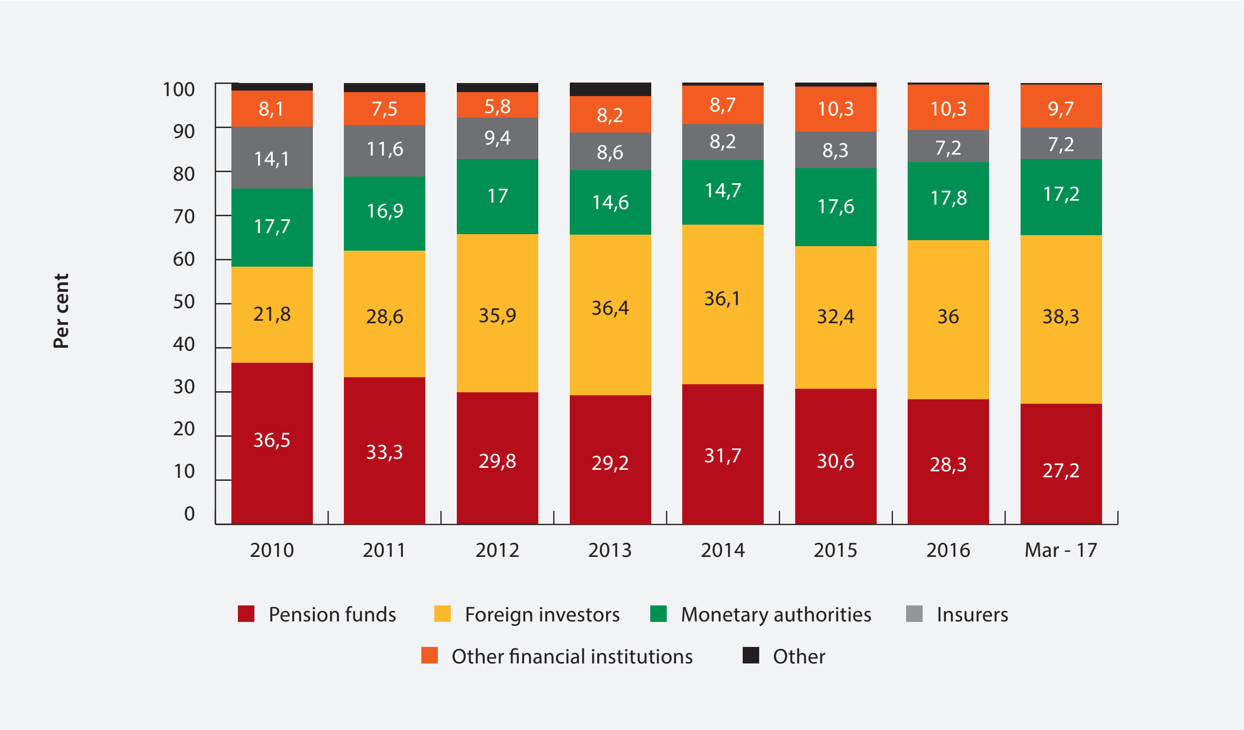
Source: Share Transactions Totally Electronic and National Treasury

HOLDINGS OF DOMESTIC MARKETABLE GOVERNMENT BONDS

Foreign investor holdings of South African government bonds increased in 2016/17 due to strong demand for emerging market debt as the low interest environment in developed countries continues. This is despite sluggish economic growth, the threat of a sovereign rating downgrade in 2016, and domestic political uncertainty.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 19: Historical government bond holdings, 2010-31 March 2017

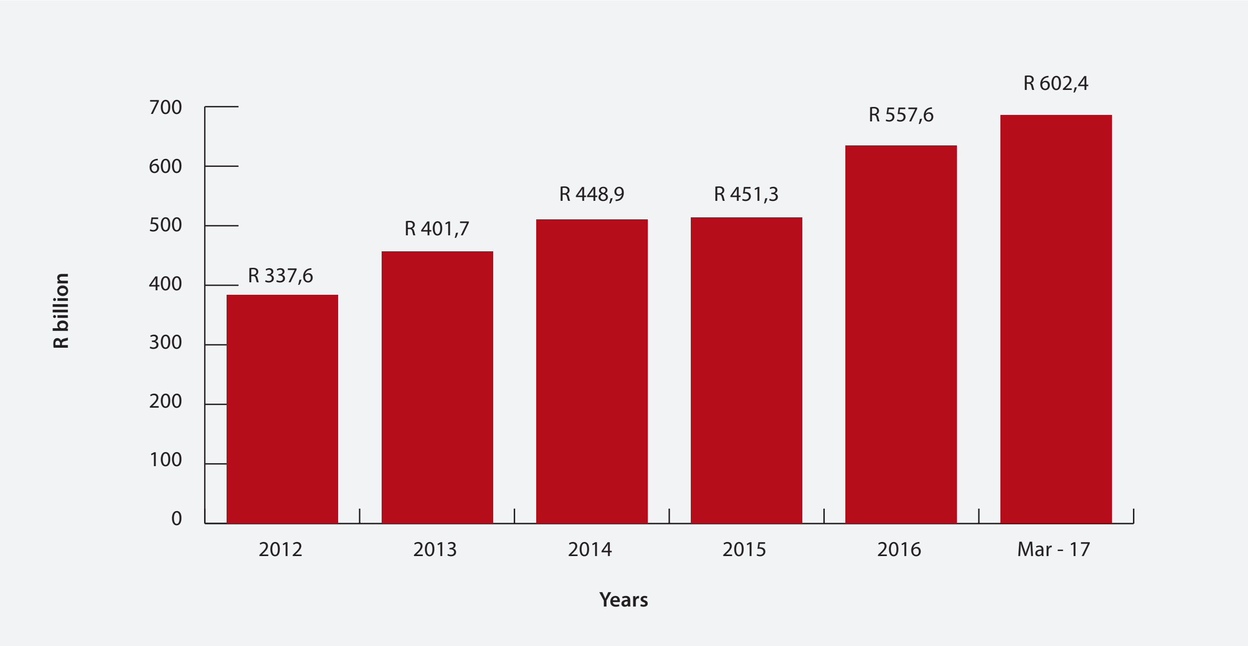


Source: Share Transactions Totally Electronic and National Treasury

As shown in Figure 19, foreign investor holdings of domestic government bonds reached 38.3 per cent in March 2017 compared to 36 per cent in 2016. In absolute terms, holdings by these investors increased to R602.4 billion in March 2017 from R557.6 billion in 2016 as shown in Figure 20.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 20: Foreign investor holding of government bonds, 2012 - 31 March 2017



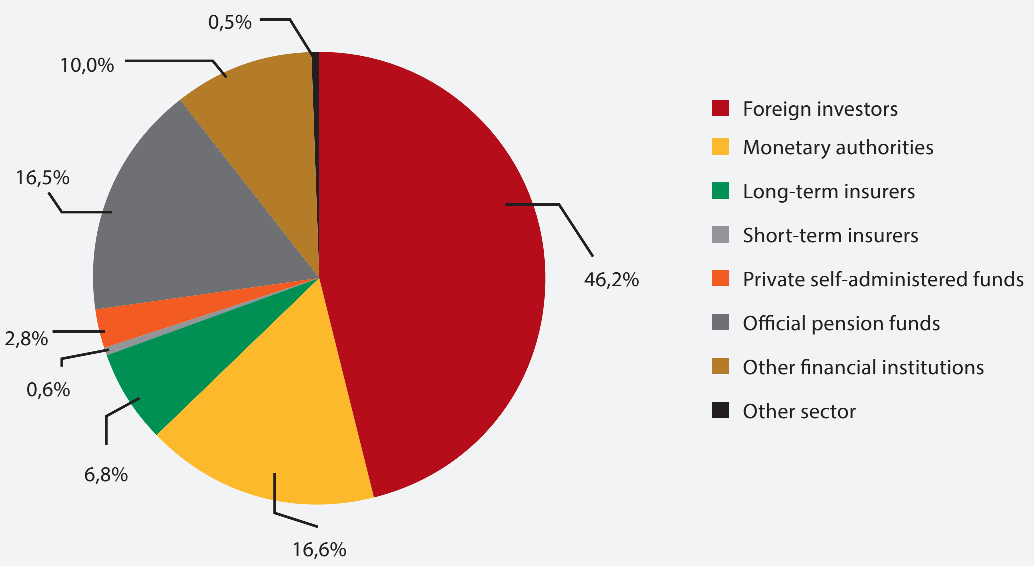
Source: Share Transactions Totally Electronic and National Treasury

Figure 21 is a disaggregation of the holdings data showing that, as at 31 March 2017, foreign investors held about 46 per cent of domestic fixed-rate bonds, followed by monetary authorities with 17 per cent. Domestic pension funds remain the largest holders of inflation-linked bonds which are used to match their long term liabilities and hedge against inflation. Foreign investors hold only 2 per cent due to the low liquidity of inflation-linked bonds and the fact that they offer lower returns than fixed-rate bonds. At 2 per cent, foreign investors decreased their inflation-linked bond holdings by 1 percentage point from 3 per cent in the previous year. Long-term insurers are the second largest holders of domestic inflation-linked bonds. Similar to pension funds, long-term insurers use these instruments as a protection against inflation.

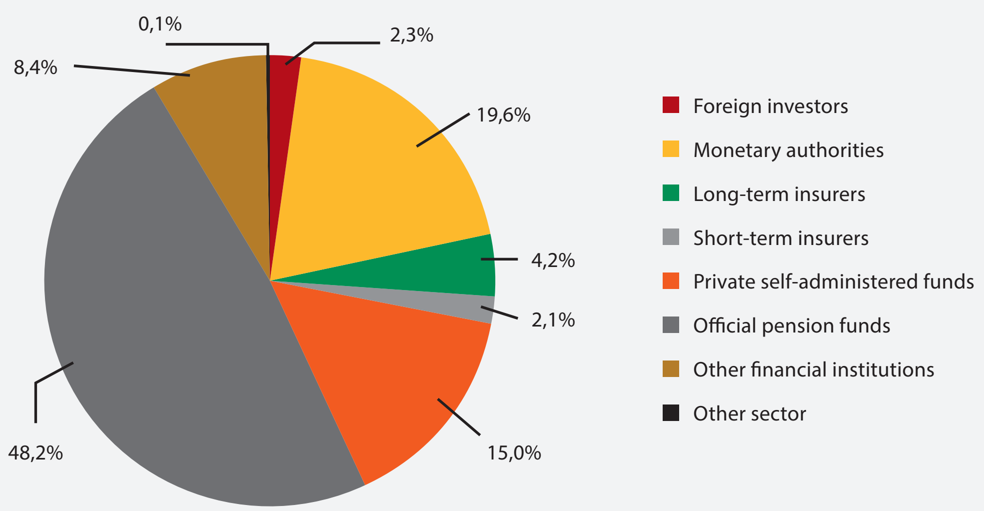
3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 21: Holdings of domestic fixed-rate and inflation-linked bonds, 31 March 2017

Fixed-rate bond holdings



Inflation-linked bond holdings

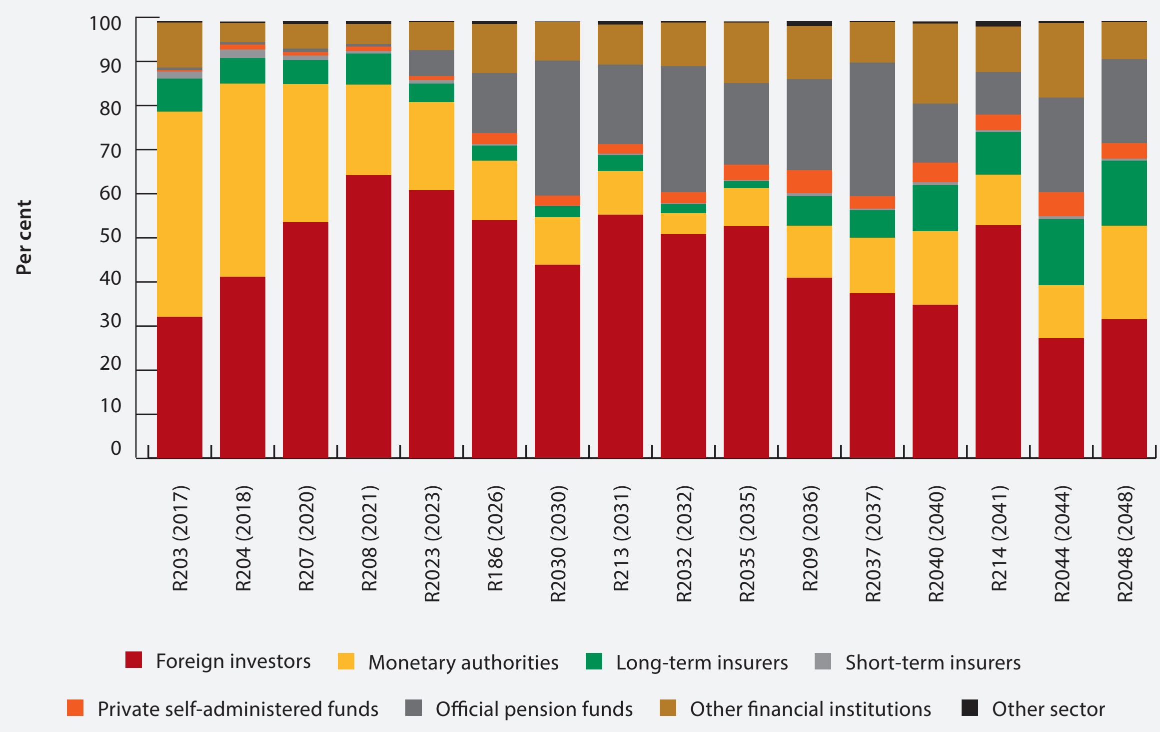


Source: Share Transactions Totally Electronic and National Treasury

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 22 shows the domestic fixed-rate bond investor holdings by instrument type as at 31 March 2017. Monetary authorities hold a large amount of shorter dated maturity bonds in order to minimise duration and liquidity risk on their books. Monetary authorities hold 47 per cent and 44 per cent of the R203 (8.25%; 2017) and R204 (8.00%; 2018) bonds respectively, with a lower proportion of their holdings at the long end of the yield curve. Foreign investors hold bonds across the curve. However, they hold the majority – 65 per cent and 61 per cent – of the R208 (6.75 %; 2021) and R2023 (7.75%; 2023) bonds respectively. These bonds were mostly issued in the years following the 2008 global financial crises when foreign investor demand was concentrated in shorter-dated maturities due to risk aversion.

Figure 22: Holdings of domestic fixed-rate bonds by instrument, 31 March 2017

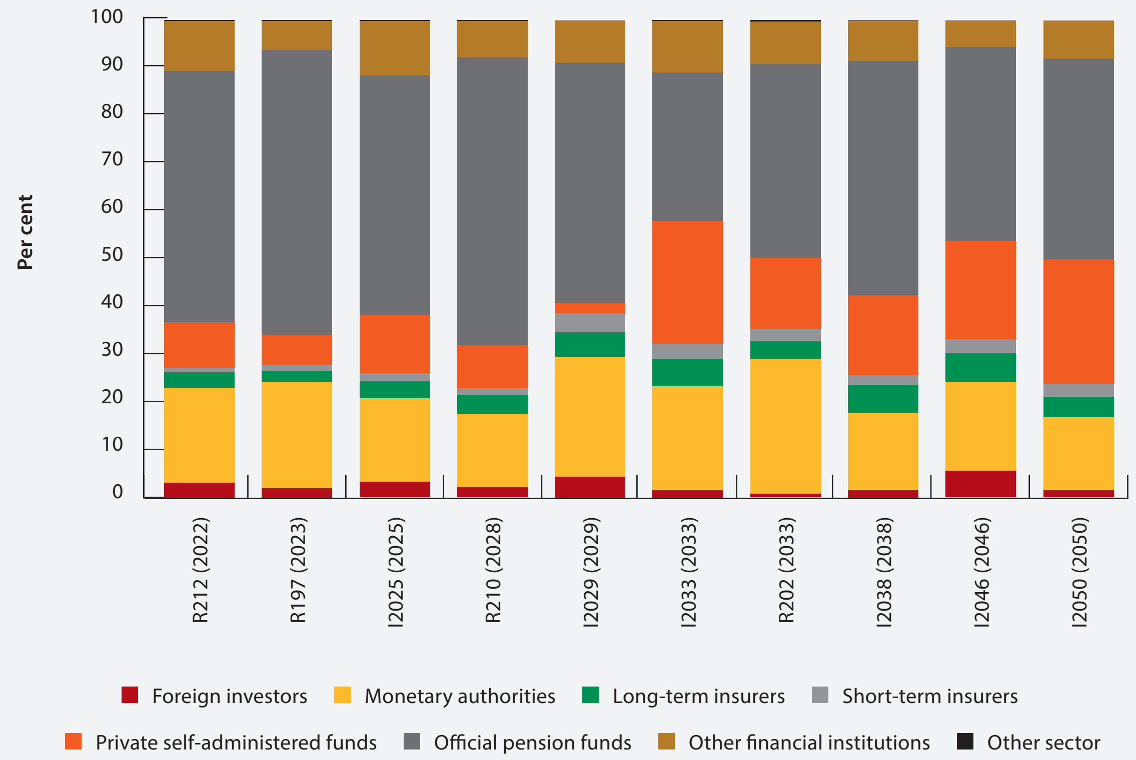


Source: Share Transactions Totally Electronic and National Treasury

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 23 shows investor holdings of domestic inflation-linked bonds by instrument type. Official pension funds are the largest single holders of inflation-linked bonds, with an overall holding of 48 per cent followed by monetary authorities with 20 per cent. Official pension funds hold 60 per cent in each of the R197 (5.50%; 2023) and R210 (2.60%; 2028) bonds.

Figure 23: Holdings of domestic inflation-linked bonds by instrument, 31 March 2017



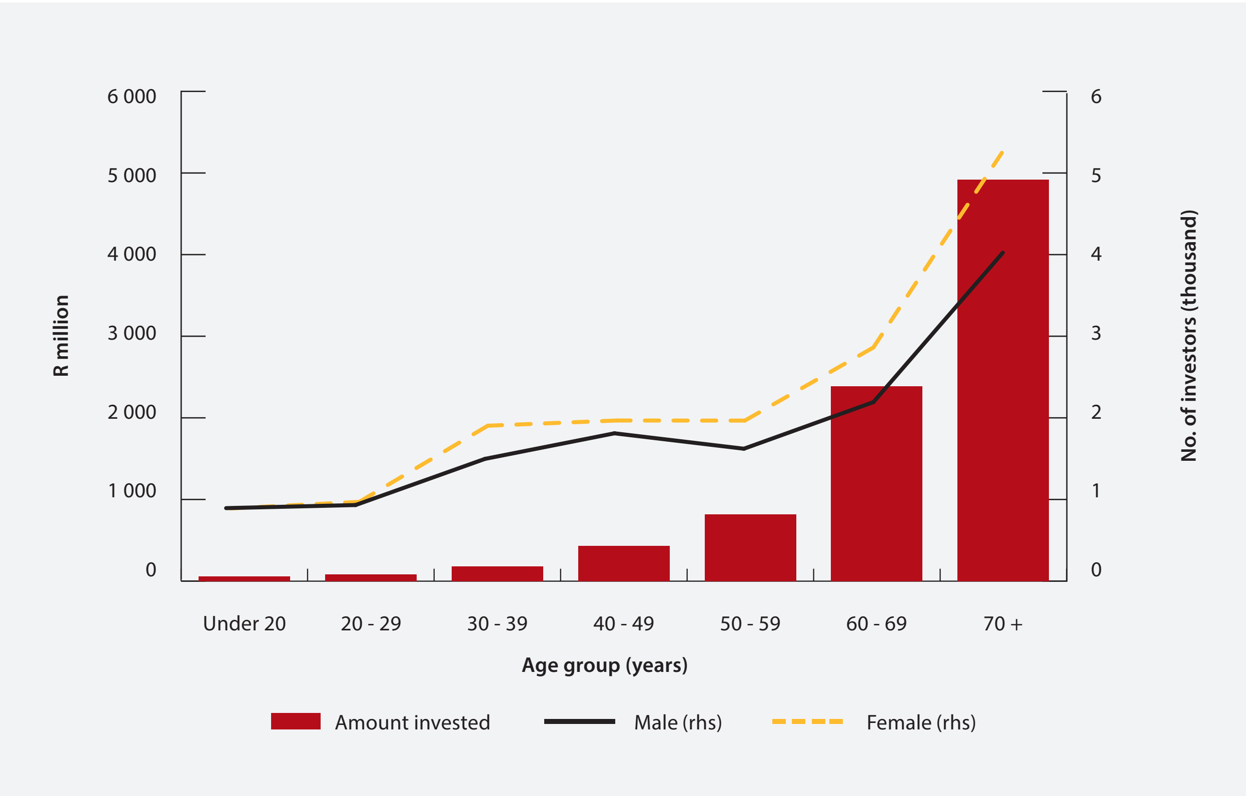
Source: Share Transactions Totally Electronic and National Treasury

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

HOLDINGS OF RETAIL SAVINGS BONDS

As in the previous year, Figure 24 shows that the majority of investors in retail savings bonds are aged 50 years and older. This may be attributed to investors saving retirement funds and therefore benefiting from the monthly payments. Efforts continue to increase the range of products on offer to attract younger investors, such as the RSA retail savings top-up bond. To improve the efficiency of the service provided to investors, a new retail savings bond information technology system has been implemented and will be used to launch new products.

Figure 24: Retail investor demographics, 31 March 2017



Source: National Treasury

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

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National Treasury
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4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

GOVERNMENT DEBT PORTFOLIO

The volume of government's debt is influenced by its net borrowing requirement and by market variables such as prevailing interest rates, the exchange rate and inflation rates. Government debt is presented on a gross and net basis. Table 11 shows that at the end of 2016/17, net loan debt (debt less cash balances) amounted to R2.0 trillion or 45.5 per cent of GDP. The ratio of net foreign debt to total net loan debt reached 4.9 per cent in 2016/17.

Table 11: Total government debt, 2016/17

R billion	Budget	Revised budget	Preliminary outcome
Domestic debt			
Gross loan debt	2 003,7	2 015,7	2 020,1
Cash balances	-112,2	-112,2	-110,3
Net loan debt	1 891,5	1 903,5	1 909,8
Foreign debt			
Gross loan debt	229,9	221,9	212,7
Cash balances	-118,1	-119,2	-114,3
Net loan debt	111,8	102,7	98,4
Total gross loan debt	**2 233,6**	**2 237,6**	**2 232,8**
Total net loan debt	**2 003,3**	**2 006,2**	**2 008,2**
As percentage of GDP:			
Total gross loan debt	50,9	50,7	50,6
Total net loan debt	45,7	45,5	45,5
Foreign debt as percentage of:			
Gross loan debt	10,3	9,9	9,5
Net loan debt	5,6	5,1	4,9

Source: National Treasury

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 12 shows the composition of domestic government debt for the period 2015/16 to 2016/17. Of the total domestic debt portfolio in 2016/17, only 13.7 per cent consists of short-term loans, which serves to limit refinancing risk.

Table 12: Composition of domestic debt by instrument, 2015/16-2016/17

R billion	2015/16 Outcome	2016/17 Preliminary outcome
Short-term loans	236,7	277,1
Shorter than 91-days	27,2	27,2
91-day	32,9	37,7
182-day	46,0	54,7
273-day	59,2	70,1
364-day	71,4	87,4
Long-term loans	1 582,7	1 742,9
Fixed-rate	1 163,4	1 288,9
Inflation-linked	409,1	442,6
Retail	10,0	11,2
Zero coupon	0,2	0,2
Total	**1 819,4**	**2 020,0**

Source: National Treasury

DEBT-SERVICE COSTS

The cost of servicing government debt is influenced by the volume of debt, new borrowing and various market variables. Table 13 shows that debt-service costs in 2016/17 amounted to R146.5 billion or 3.3 per cent of GDP. This was R1.2 billion lower than initially budgeted, mainly because of lower interest on foreign loans due to a strengthening of the rand and the timing of loan issuances.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 13: Debt-service costs, 2016/17

R billion	Budget	Revised budget	Preliminary outcome
Domestic loans	134,2	135,3	135,6
Short-term	19,7	21,3	21,7
Long-term	114,5	114,0	113,9
Foreign loans	13,5	11,0	10,9
Total	**147,7**	**146,3**	**146,5**
As a percentage of:			
GDP	3,4	3,3	3,3
Expenditure	11,2	11,2	11,1
Revenue	12,7	12,9	12,8

Source: National Treasury

PORTFOLIO RISK BENCHMARKS

Government debt portfolio benchmarks serve as guidelines for managing the potential impact of adverse movements of various risk factors to the debt portfolio. Over the period under review, all risk benchmark indicators remained below or within their respective limits and ranges.

As at 31 March 2017, the share of short-term debt maturing within 12 months (Treasury bills) as a percentage of total domestic debt increased by 0.86 percentage points to 12.64 per cent, compared to 31 March 2016. This was mainly due to a net issuance of around R40 billion in Treasury bills as part of a strategy to cover short-term funding pressures during 2016/17. Short-term refinancing risk increased as a consequence. In 2017/18, net issuance in Treasury bills is expected to decline to R21 billion, reducing short-term roll-over risk.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 14: Performance of the government debt portfolio against risk benchmarks, 2016/17

Benchmark Indicators	Range or limit		
	Benchmark	31 March 2016	31 March 2017
Share of short-term debt maturing in 12 months (Treasury bills) as a percentage of total domestic debt	15,00	11,78	12,64
Share of long-term debt maturing in 5 years as a percentage of fixed-rate bonds and inflation-linked bonds	25,00	18,60	14,26
Share of inflation-linked bonds as a percentage of total domestic debt	20-25	22,96	22,34
Share of foreign debt as a percentage of total government debt	15	10,08	9,70
Weighted term-to-maturity (fixed-rate bonds and Treasury bills in years)	10-14	12,60	12,95
Weighted term-to-maturity (inflation-linked bonds in years)	14-17	14,89	15,49
Average term-to-maturity (total government debt in years)		14,20	14,85
Average term-to-maturity (foreign debt in years)		8,37	10,11

Source: National Treasury

The share of long-term debt maturing in 5 years as a percentage of long-term debt declined by 4.34 percentage points and is more than 10 percentage points below the limit as a result of the redemption of the R211 (2.50%; 2017) and R159 (13.50%; 2016) bonds as well as the R36.8 billion switched during 2016/17.

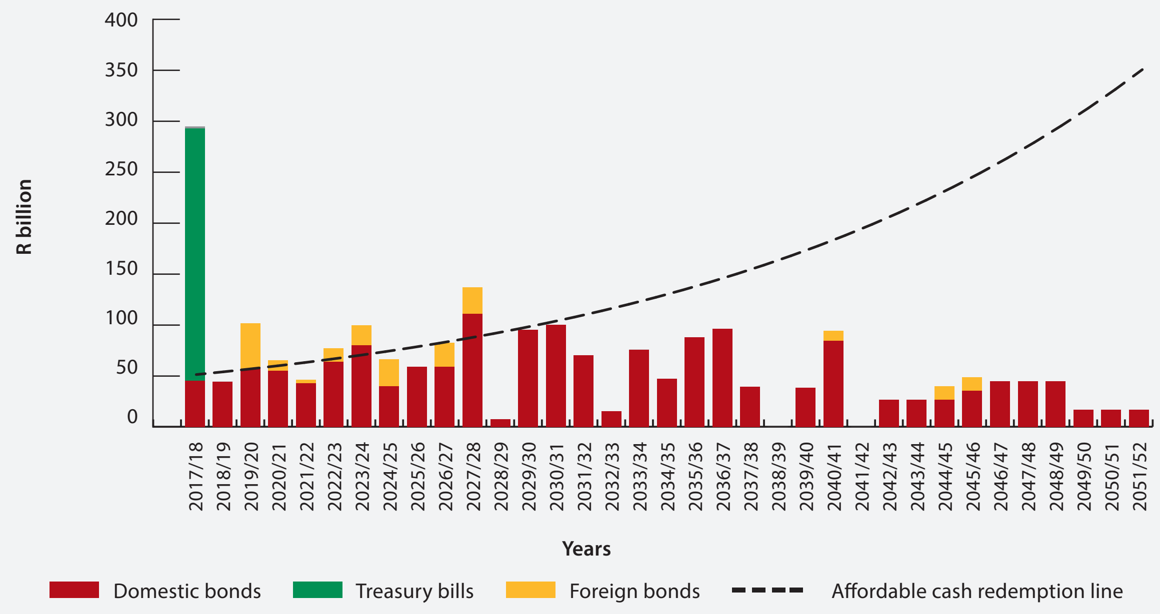
The redemption of the R211 (2.50%; 2017) bond in January 2017 eased revaluation cost pressure on the inflation-linked bond portfolio. However, the redemption cost of these bonds continues to be high. On average, the CPI month-on-month growth rate was 0.5 per cent, which was lower than the internal risk trigger of 0.8 per cent. The share of inflation-linked bonds as a percentage of total domestic debt still remains under pressure as it is only 2.67 percentage points away from its upper limit of 25 per cent.

In 2016/17, the rand strengthened by at least 10 per cent against its major trading currencies and there was a redemption of a €750 million bond. This has helped to ease pressure on the foreign currency risk indicator (share of foreign debt as a percentage of total government debt) which declined by 0.39 percentage points from the previous year.

Figure 25 shows the maturity profile of the government debt portfolio and gives the amounts outstanding per maturity. The affordable cash redemption line indicates government's affordability level for the repayment of debt. Any amount above this line is unaffordable and will therefore have to be switched. The success of the switch programme (which is targeted at local fixed-rate bonds maturing between 2017/18 and 2020/21) transferred the refinancing of risk to the longer end of government's debt maturity profile.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Figure 25: Maturity profile of government debt, 31 March 2017



Source: National Treasury

**Excludes CPD and retail savings bonds*

SOVEREIGN RISK ASSESSMENT

South Africa's sovereign credit rating is an assessment of government's willingness and ability to service its current level of debt, but also how sustainable future levels of debt are under the current economic, socio-economic and political policies. South Africa continues to solicit credit ratings from four credit rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

The sovereign credit ratings remained under pressure in 2016/17. According to table 15, in November 2016, both Moody's and Fitch re-affirmed South Africa's credit ratings at 'Baa2' and 'BBB-', respectively. Moody's also kept the outlook unchanged at negative while Fitch revised the outlook to negative from stable. In December 2016, S&P affirmed South Africa's foreign currency rating at 'BBB-' and simultaneously downgraded the local currency rating to 'BBB' from 'BBB+' while maintaining the negative outlook. Furthermore, in December 2016, R&I downgraded the country's credit rating (foreign and local currency ratings) by one notch to 'BBB' and 'BBB+' respectively, while maintaining the negative outlook.

A marked shift in South Africa's sovereign credit ratings was witnessed on 3 and 7 April 2017, when the country lost its investment grade status from S&P (foreign currency debt rating downgraded to 'BB+') and Fitch (both local and foreign currency debt ratings downgraded to 'BB+'). Moody's, on 9 June 2017, also downgraded the country's sovereign credit rating to 'Baa3' from 'Baa2', albeit still within the investment grade.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 15: South Africa's solicited credit ratings, 30 June 2017

	Moody's		S&P		Fitch		R&I	
Date of Review	09-Jun-17		02-Jun-17		01-Jun-17		15-Dec-16	
	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating
Foreign currency credit rating	Baa3	Baa2	BB+	BBB-	BB+	BBB-	BBB	BBB+
Domestic currency credit rating	Baa3	Baa2	BBB-	BBB	BB+	BBB-	BBB+	A-
Outlook	Negative	Negative	Negative	Negative	Stable	Negative	Negative	Stable
	Both foreign and domestic debt credit ratings are one notch above junk status		Foreign debt credit rating is in junk status while domestic debt credit rating is one notch above junk status		Both foreign and domestic debt credit ratings are in junk status		Foreign debt credit rating is two notches above junk status while domestic debt credit rating is three notches above junk status	

Source: National Treasury

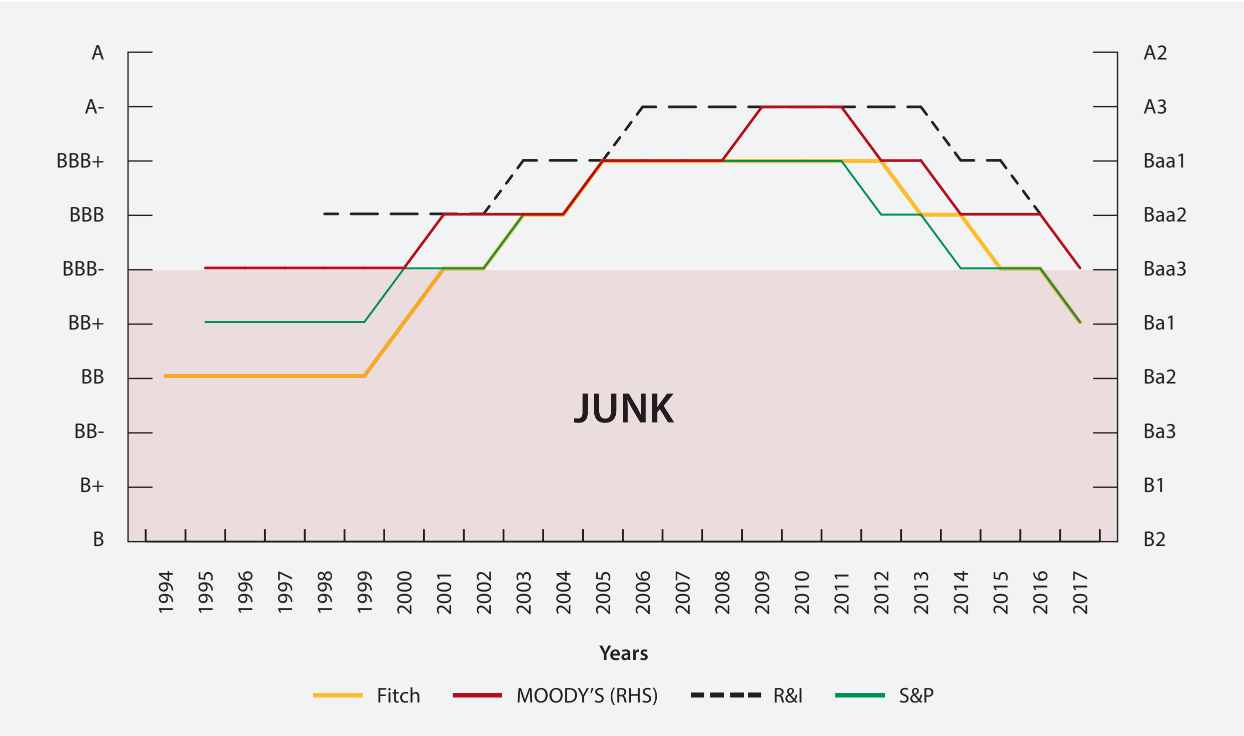
The following factors were cited by the credit rating agencies as key drivers of the credit rating downgrades:

- the changing direction of economic policy;
- political noise that is undermining and slowing the implementation of economic growth-enhancing and state-owned companies (SOC) reforms;
- the guarantee portfolio that is weakening with exposures emanating from SOCs with weak balance sheets;
- with the possible implementation of the unaffordable nuclear programme and the focus on radical economic transformation, fiscal consolidation that could become lesser of a priority; and
- populist spending that is expected in response to social pressures.

According to the credit rating agencies, the above factors will result in lower investor and business confidence, negatively impact private sector investment and ultimately reduce the level of GDP growth than projected in the 2017 Budget.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Figure 26: South Africa's credit rating history, 1994 - 2017



Source: National Treasury

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

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5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

NATIONAL TREASURY'S ROLE IN RELATION TO STATE-OWNED COMPANIES

National Treasury is mandated to perform financial oversight over SOCs. This ensures that they comply with the applicable provisions of the Public Finance Management Act (PFMA). National Treasury is also responsible for monitoring and advising SOCs on their strategic plans and financial performance. To enable National Treasury to carry out these responsibilities, SOCs are required to submit annual borrowing plans and quarterly updates of their funding progress.

SOCs are classified into three categories: Schedule 2, 3A and 3B entities. Schedule 2 entities are major public entities that are allowed, in terms of Section 66(3)(a) of the PFMA, to borrow with the approval of their Boards of Directors. Examples of such entities are Eskom, Transnet Limited (Transnet), the Airports Company of South Africa (ACSA) and the Trans-Caledon Tunnel Authority (TCTA).

Schedule 3A SOCs are national public entities that are fully or substantially funded from the National Revenue Fund or by way of a levy imposed in terms of national legislation. These entities may borrow money only in exceptional circumstances and only if fully compliant with the provisions of Section 66(3)(c) of the PFMA. The South African National Roads Agency (SANRAL) and the National Housing Finance Corporation (NHFC) are examples of such entities.

Schedule 3B entities are national government business enterprises that have been assigned the financial and operational authority to carry out certain business activities financed fully or substantially from sources other than the National Revenue Fund. These entities are allowed to borrow money only if fully compliant with the provisions of Section 66(3)(b) of the PFMA. Examples of such entities are Rand Water and Umgeni Water.

The issuance programmes of government and the SOCs are coordinated by National Treasury through a published annual bond issuance calendar which consolidates the bond issuance plans of government and the SOCs.

National Treasury monitors the status of contingent liabilities, which include guarantees extended to SOCs. Once a guarantee has been issued, National Treasury takes appropriate action to minimise any risks that may emerge.

SPENDING OUTCOME OF STATE-OWNED COMPANIES

In 2016/17, SOCs' spending on capital projects was below budget, amounting to R91.9 billion or 86.5 per cent of the budgeted amount. Table 16 gives a summary of capital expenditure (capex) for the year, and shows the outcome of the capex of the five largest entities in terms of infrastructure spending. SOCs capital spending remains concentrated towards in the energy and transport sector. The energy sector (65.8 per cent) remains the largest contributor to capital spending, followed by transport (33.2 per cent).

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Table 16: SOCs' infrastructure spending, 2016/17*

R million	Budget	Actual	Expenditure of Budget (%)
Eskom	63 121,9	58 924	93,3
Transnet	22 828,0	21 433	93,9
CEF	2 382,2	1 605	67,4
SANRAL (non-toll)	7 989,6	5 932	74,3
SANRAL (Toll)	2 531,0	2 043	80,7
TCTA	4 880,3	488	10,0
Total of Top 5	**103 733,1**	**90 424,9**	**87,2**
Other SOCs[1]	2 510,1	1 528,4	60,9
Total	**106 243,2**	**91 953,3**	**86,5**

Source: National Treasury

** Unaudited*

ESKOM SPENDING

Eskom's spending for the year to date was R58.9 billion, below the budgeted amount of R63.1 billion. Spending across the entity's various projects was varied. Key contributors to capital spending include:

- Medupi Power Station – Eskom spent R7.4 billion on Medupi, R1.4 billion below the budget of R8.8 billion. This was mainly due to delay penalties charged to the projects' boiler contractors and credited (in order to off-set the over-expenditure incurred in the previous financial years) to the project, as well as better negotiated rates on the contract of the execution partner.
- Kusile Power Station – Under-expenditure was off-set by an over-expenditure related to cabling variation works at Kusile on the Control and Instrumentation contract, re-sequencing of civil works; and equipment and civil works construction not projected for in the current financial year.
- Miscellaneous projects – The under-expenditure is further due to the delay on the Koeberg Steam Generator Replacement (SGR) schedule, as a result of quality issues on the steam generator manufacturer (delivery has therefore been rescheduled and costs moved to the future years).

[1] "Other SOCs" include the following entities: ACSA; Armscor; Air Traffic Naviation Services (ATNS); Denel; Broadband Infraco; the Nuclear Energy Corporation (NECSA); the South African Broadcasting Corporation (SABC); and the South African Post Office (SAPO).

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

TRANSNET SPENDING

Transnet spent R21.4 billion on capital projects in 2016/17. This was R1.4 billion below budget. The under-spending was primarily due to slower spending on a number of small projects as the group continued to optimise their capital spending amid tough economic conditions and pressured credit metrics. Spending on these small projects amounted to R6 billion, R3.2 billion below budget.

Over-spending in the acquisition of locomotives and capitalised maintenance of rail related infrastructure (includes locomotives and wagons) partly offset the group's under-spending. Transnet spent R6 billion, R975 million above budget, in the acquisition of 1 064 locomotives for the General Freight Rail business. This can be mainly attributed to the acquisition of 233 diesel locomotives (part of the 1 064 locomotives) being ahead of schedule.

Further, Transnet spent R6.2 billion maintaining rail related infrastructure relative to a budget of R4.6 billion. This was attributable to increased spending in maintenance to align with the accelerated progress in the acquisitions of new locomotives, delays in repairs of derailed locomotives and higher than expected increase in costs in a number of instances. Spending on the new Multi-Purpose was marginally under-budget. Transnet spent R1.5 billion, R139 million below budget, due to supply chain related delays.

CENTRAL ENERGY FUND SPENDING

In 2016/17, Central Energy Fund's (CEF's) under-spending continued. The entity's capital spending was R1.6 billion for the year to date, 33.0 per cent below budget. The under-spending was due to:

- Delayed tank refurbishment at the Strategic Fuel Fund subsidiary. Capital spending of R355 million was budgeted for and no spending has occurred on the project. The project has since been deferred to the next financial year.
- There was also slow progress on the African Exploration Mining and Finance Corporation Vlakfontein project. Initially capital investment was expected to pick up in the second quarter of the year. Due to delays in raising capital, however, the project was deferred.
- Expansion plans at PetroSA (including PetroSA Ghana and PertoSA Exploration in South Africa) were put on hold, pending the approval of the turn-around plan.

SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED SPENDING

SANRAL experienced under-spending in a number of key non-toll projects. The entity spent R5.9 billion (year-to-date) on non-toll projects in comparison to a budget of R8 billion. Key non-toll projects contributing to this include:

- The upgrade of the N7 (sections 1 and 2 between Abbotsdale) road from single to dual carriageway experienced various construction delays due to earlier and higher than expected rainfall.
- Spending in the Mount Edgecombe Interchange contract is one year behind schedule, due to disruptions by protest groups and weather-related delays.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

SANRAL's spending on toll projects accelerated in Q3 to R1.7 billion, which was in line with budget.

- The upgrade of the Mtunzini Plaza to Empangeni T-Junction contract was handed over on 29 February 2016, a month later than scheduled due to a late permit from Department of Labour. The contractor was a month behind its original programme, but progress was accelerated and is now on track.

TRANS-CALEDON TUNNEL AUTHORITY SPENDING

In 2016/17, TCTA spent R488 million compared to the budgeted amount of R4.9 billon. The entity experienced widespread under-spending on a majority of key projects. Key contributors to this under-spending include:

- Acid Mine Drainage Long-Term and Kriel Project – There has been no spending on those projects, which had a budget of R2.4 billion for the year. It was initially anticipated that activities would commence in 2016/17. However, a feasibility study from the Department of Water and Sanitation requires that the conceptual design and optimisation of the layout should first be conducted, leading to delays in implementation.
- Lesotho Highlands Water Project phase 2 – In 2016/17, spending on this project was R178 million, considerably lower than the budgeted amount of R1.4 billion. This project has been delayed for one and a half years due to inter-governmental approvals. The delay has resulted in the projects' timelines being moved forward. Currently, tenders for design, construction and environmental works have been issued and are being evaluated. It is expected that the initial road works, site set-up and housing will begin by April 2017.

BORROWINGS OVERVIEW

Table 17 provides a consolidated view of selected SOCs' borrowing progress against the planned borrowings as at 31 March 2017. The main borrowing entities are: ACSA, Eskom, Transnet, Development Bank of South Africa (DBSA), SANRAL, TCTA, Industrial Development Corporation (IDC), Land Bank, and South African Airways (SAA).

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Table 17: State-owned companies consolidated borrowing, 2015/16-2016/17

R million	2015/2016		2016/17	
	Budgeted	Actual	Budgeted	Actual
Domestic loans (gross)	**130 569**	**146 112**	**120 019**	**112 608**
Short-term	64 284	66 869	72 960	70 678
Long-term	66 285	79 243	47 059	41 930
Foreign loans (gross)	**53 693**	**39 551**	**56 175**	**52 969**
Long-term	53 693	39 551	56 175	52 969
Total	**184 262**	**185 663**	**176 194**	**165 577**
Total borrowings as percentage of planned borrowings		101,0		94,0
Percentage of total:				
Domestic loans	70,9	78,7	68,1	68,0
Foreign loans	29,1	21,3	31,9	32,0
Redemptions	87 998	83 973	94 146	70 028
Net Borrowings	**96 264**	**101 689**	**82 048**	**95 549**

Source: ACSA, Eskom, Transnet, DBSA, SANRAL, TCTA, IDC, SAA and Land Bank

Total planned borrowings for the nine SOCs amounted to R176 billion for 2016/17. Actual borrowings as at the end of the financial year reached R166 billion, or 94 per cent of total planned borrowings for the year. During the financial year, SOCs managed to source 68 per cent of funding from the domestic market and the balance of 32 per cent from the foreign capital markets. This is a positive development as domestic debt is cheaper than foreign debt due to the related hedging costs.

SOCs funded mostly from short-term funding instruments in the domestic market in order to keep sufficient liquidly and allow them to continue implementing capital projects, while waiting to drawdown on milestone linked long-term DFI funding or cheaper opportunities to refinance short-term debt with long-term debt that will match the life span of the capital assets they are financing.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

ESKOM BORROWINGS

Eskom managed to borrow R59.2 billion or 87 per cent of its planned borrowings by the end of the financial year and redeemed R15.4 billion or 103 per cent of its planned redemptions. This indicates that the entity was able to keep its borrowings below the level at which it had planned and redeemed more debt than it had estimated for the financial year.

Eskom's domestic funding mix has increasingly shifted towards more short-term instruments as it raised R3.6 billion through commercial paper. This is mainly attributable to the decreased appetite from investors in taking up long-term SOCs instruments.

TRANSNET BORROWINGS

The total borrowings amounted to R17 billion for 2016/17. During the course of 2016/17, the group was able to raise R7.6 billion from short-term instruments and call loans but the entity was only able to raise a marginal amount of R1.0 billion from domestic bond issuances. Development Finance Institutions and Export Credit Agencies financed the remaining R8.4 billion.

Foreign sources accounted for 49 per cent of total borrowings, with 35 per cent of total foreign borrowing coming from ECAs and 65 per cent secured from DFIs. The advantage of ECAs and DFI funding is that they come with a grace period for drawdowns ranging between two to five years, which minimises the cost of carry as the entity can only drawdown when the funding is required.

Transnet repaid borrowings amounting to R24.9 billion, which was largely attributable to loans, bonds and commercial paper that matured during the financial year. There was net cash outflow of R7.9 billion from financing activities during the 2016/17 financial year.

SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED BORROWINGS

SANRAL's borrowing requirement for 2016/17 was estimated to amount to R3.5 billion. Actual borrowings amounted to R10.8 billion, which is 177 per cent of total planned borrowings for 2016/17.

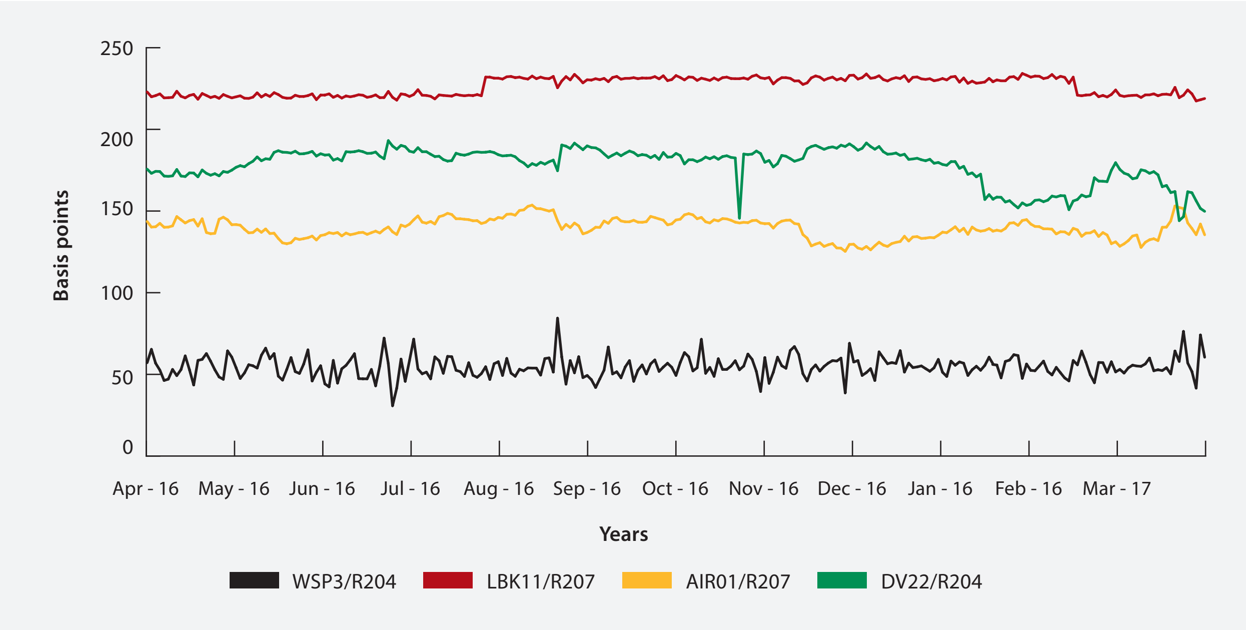
The large difference between planned and actual borrowings for the financial year was attributable to the increase in funds raised through domestic bonds. Total redemptions for the financial year amounted to R9.9 billion, which is 185 per cent of planned redemptions for 2016/17.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

FUNDING COSTS OF STATE-OWNED COMPANIES

Increased risk perception and general uncertainty within the domestic bond market resulted in higher funding costs for most SOCs in 2016/17.

Figure 27: SOC bond spreads for bonds maturing between 1 and 3 years, 2016/17



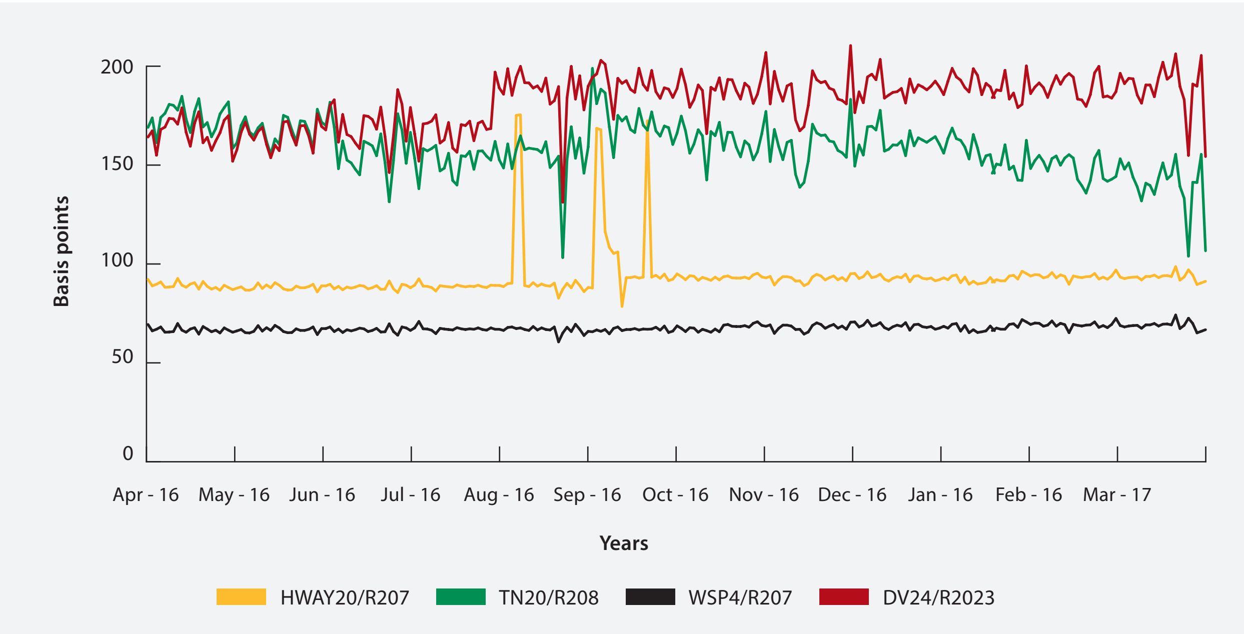
Source: Bloomberg and National Treasury
Guaranteed bond – TCTA's WSP3 Bond
Unguaranteed bonds – Land Bank's LBK11; ACSA's AIR01; DBSA's DV22

The unguaranteed bonds recorded a higher spread relative to the guaranteed bond which, on average, traded at lower spreads throughout 2016/17. The unguaranteed bond with the highest spread was the LBK11 (to the R207 (7.25%; 2020)), which traded at an average spread of 226 basis points. TCTA's WSP3 (to the R204 (8.00%; 2018)) traded at the lowest average spread of 55 basis points in 2016/17. The WSP3 traded at spread ranging between 32 and 84 basis points in 2016/17 relative to the government's R204 (8.00%; 2018) bond, suggesting a relatively high degree of movement.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

On average, the unguaranteed bonds recorded higher spreads as opposed to the guaranteed bonds. The WSP4 (to the R207 (7.25%; 2020)) traded at the lowest spread with an average spread of 63 basis points in 2016/17. The HWAY20 (to the R207 (7.25%; 2020)) traded at an average spread of 85 basis points over the same period and recorded spreads ranging between 72 and 156 basis points.

Figure 28: SOC bond spreads for bonds maturing between 3 and 7 years, 2016/17



Source: Bloomberg and National Treasury
Guaranteed bonds – TCTA's WSP4 Bond; SANRAL's HWAY20
Unguaranteed bonds – Transnet's TN20; DBSA's DV22

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

GOVERNMENT'S CONTINGENT LIABILITIES

Table 18: Government guarantee exposure, 2014/15-2016/17

	2014/15		2015/16		2016/17	
R billion	**Guarantee**	**Exposure[1]**	**Guarantee**	**Exposure[1]**	**Guarantee**	**Exposure[1]**
State-owned companies	469,6	220,9	469,9	255,8	477,7	308,3
of which:						
Eskom	350,0	149,9	350,0	174,6	350,0	218,2
SANRAL	38,9	27,4	38,9	27,2	38,9	30,1
Trans-Caledon Tunnel Authority	25,6	20,8	25,8	21,2	25,7	20,7
South African Airways	14,4	8,4	14,4	14,4	19,1	17,9
Land Bank	6,6	2,1	6,6	5,3	11,1	5,4
Development Bank of Southern Africa	12,9	4,1	13,9	4,3	12,7	4,2
Transnet	3,5	3,8	3,5	3,8	3,5	3,8
Denel	1,9	1,9	1,9	1,9	1,9	1,9
South African Post Office	1,9	0,3	4,4	1,3	4,4	3,9
South African Express	1,1	0,5	1,1	0,5	1,1	1,0
Industrial Development Corporation	1,6	0,3	2,0	0,2	1,9	0,2
Independent power producers	200,2	96,2	200,2	114,0	200,2	125,8
Public-private partnerships[2]	10,1	10,1	10,3	10,3	10,9	10,9
South African Reserve Bank	7,0	0,0	3,0	0,0	3,0	0,0

Source: National Treasury

[1] Total amount of borrowing for the period made against the guarantee.

[2] This amount only includes the national and provincial public-private partnership agreements

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

GUARANTEES TO STATED OWNED COMPANIES

Government guarantees increased from R469.9 billion to R477.7 billion in 2016/17. The exposure amount increased from R264.1 billion to R308.3 billion in 2016/17. The increase in guarantees is attributable to a new "going concern guarantee" of R4.7 billion being given to SAA and additional guarantees being granted to the Land Bank for lengthening the maturity profile of its debt. The increase in exposure amounts is mainly due to additional drawdowns by Eskom (R43.6 billion), Land Bank (R100 million), SAA (R3.5 billion), SAPO (R2.6 billion) and South African Express (R500 million). Eskom has the largest exposure amount and represents 70.9 per cent of the total exposure.

GUARANTEES TO RENEWABLE ENERGY INDEPENDENT POWER PRODUCERS

Renewable energy independent power producers (REIPP) are included in the definition of government's contingent liabilities, and R200 billion in guarantees have been issued to them. As at 31 December 2016, the exposure amount to the independent power producers (IPPs) is R125.7 billion. The power-purchasing agreements (PPAs) that Eskom and IPPs enter into create a contractual obligation for Eskom to purchase power from these IPPs over a 20-year period at a price agreed to by the National Energy Regulator of South Africa.

Government provides guarantees to Eskom in respect of its obligation under these contracts. If Eskom is unable to buy some or all of the power as agreed in the PPAs, government will have to purchase the power on Eskom's behalf. Chances of this happening are low, however, if Eskom's financial position deteriorates further and/or if there is excess electricity supply because energy-intensive sectors increasingly generate their own electricity. This may increase government's exposure to financial risk. Government also provides guarantees to the REIPPs in the case of termination of contract through expropriation or nationalisation of the facilities or default by government.

GUARANTEES TO PUBLIC-PRIVATE PARTNERSHIPS

Contingent liability exposure from public-private partnerships (PPPs) arises mainly from government's obligation to a private party in the case of a contract termination (referred to as the maximum likelihood exposure). It also occurs if government has agreed to top up a shortfall if the project does not generate the minimum revenue set out in a contract with the private party. During 2016/17, contingent liabilities from PPPs increased by about R600 million, mainly due to the R1.5 billion project to construct a new building for Statistics South Africa. Total exposure is expected to decline from R10.9 billion in 2016/17 to R7.5 billion in 2019/20 as the contract comes to a close.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

PROVISIONS FOR MULTILATERAL INSTITUTIONS

South Africa subscribes to shares in multilateral institutions such as the International Monetary Fund and the World Bank. In the unlikely event that they run into financial difficulty, government has an obligation to recapitalise these institutions by paying for shares that are subscribed but not paid for. Given that the rand has depreciated less than forecast in the 2016 Budget, provisions for multilateral institutions have declined from a projected R240 billion to R218 billion for 2016/17. Provisions are expected to increase to R300 billion in 2019/20 as South Africa increases its stake in the New Development Bank.

6. INVESTOR RELATIONS

DEBT MANAGEMENT REPORT
2016/17

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

6. INVESTOR RELATIONS

INVESTOR ROADSHOWS

National Treasury runs an active investor relations programme and conducts domestic and international roadshows with the SARB following the release of the Budget Review in February and the Medium-Term Budget Policy Statement in October each year. Their purpose is to strengthen relationships with investors and keep them informed about economic, fiscal, political and social developments in South Africa.

The following cities were visited in 2016/17: New York, Boston, Los Angeles, San Francisco, London, Zurich, Amsterdam, Singapore, Kuala Lumpur, Abu Dhabi and Dubai.

INVESTOR RELATIONS WEBSITE

The investor relations website (http://investor.treasury.gov.za) was introduced in June 2011 to provide institutional investors with relevant information. This includes the bond auction calendar, policy documents, economic indicators, details of pending events, investor presentations and links to other websites such as those of the SARB and Statistics South Africa (Stats SA).

MARKETING AND PROMOTION OF RETAIL SAVINGS BONDS

National Treasury conducts retail savings bond promotions throughout the country. During 2016/17, promotions took place in cities and towns across all nine provinces at various exhibitions including the Retirement Expo, Baba Indaba, the 2017 Rand Show, and Pick n Pay stores. Industrial theatre plays were conducted in three provinces, namely KwaZulu Natal, Eastern Cape and Northern Cape, to promote retail savings bonds and educate communities about the importance of saving.

An extensive marketing campaign was implemented during the year to promote retail savings bonds in particular, and household savings in general. This included print, digital, billboard and radio campaigns as well as a television advertising campaign.

ANNEXURES

DEBT MANAGEMENT REPORT
2016/17

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNEXURE A: REDEMPTION SCHEDULE OF TREASURY BILLS, 31 MARCH 2017

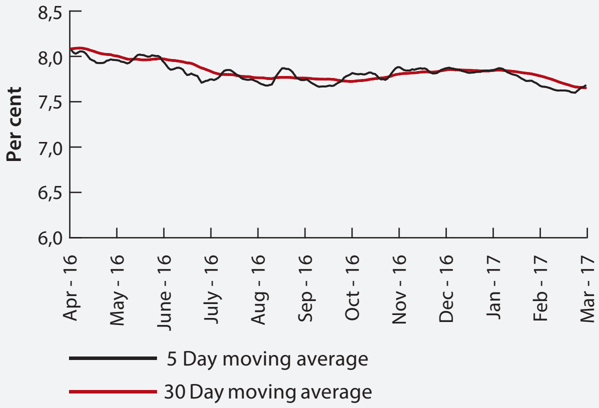
R million	91-day	182-day	273-day	365-day	Total
2017/04/05	3 550	2 110	1 710	1 603	8 973
2017/04/12	3 550	2 110	1 710	1 603	8 973
2017/04/19	3 550	2 110	1 710	1 603	8 973
2017/04/26	3 550	2 110	1 710	1 603	8 973
2017/05/03	3 550	2 110	1 710	1 603	8 973
2017/05/10	2 555	2 110	1 710	1 603	7 978
2017/05/17	2 555	2 110	1 710	1 603	7 978
2017/05/24	2 555	2 110	1 710	1 603	7 978
2017/05/31	2 555	2 110	1 710	1 603	7 978
2017/06/07	2 555	2 084	1 710	1 603	7 952
2017/06/14	2 555	2 110	1 710	1 603	7 978
2017/06/21	2 555	2 025	1 860	1 603	8 043
2017/06/28	2 084	2 110	1 860	1 603	7 657
2017/07/05	-	2 110	1 860	1 603	5 573
2017/07/12	-	2 110	1 860	1 603	5 573
2017/07/19	-	2 110	1 860	1 603	5 573
2017/07/26	-	2 110	1 860	1 603	5 573
2017/08/02	-	2 110	1 860	1 603	5 573
2017/08/09	-	2 110	1 860	1 603	5 573
2017/08/16	-	2 110	1 860	1 603	5 573
2017/08/23	-	2 110	1 860	1 603	5 573
2017/08/30	-	2 110	1 860	1 603	5 573
2017/09/06	-	2 110	1 050	1 603	4 763
2017/09/13	-	2 110	1 860	1 603	5 573
2017/09/20	-	2 110	1 860	1 750	5 720
2017/09/27	-	2 110	1 860	1 750	5 720

ANNEXURE A: REDEMPTION SCHEDULE OF TREASURY BILLS, 31 MARCH 2017

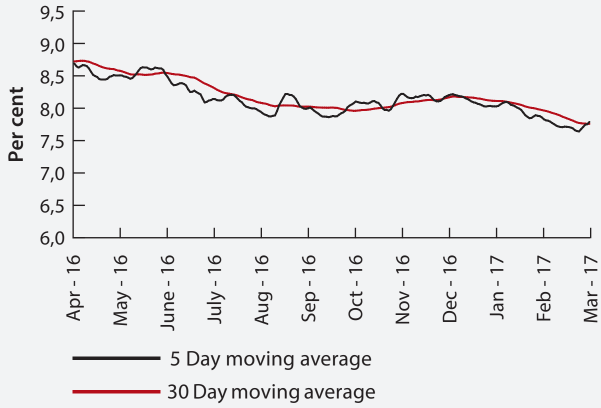
R million	91-day	182-day	273-day	365-day	Total
2017/10/04	-	-	1 860	1 750	3 610
2017/10/11	-	-	1 860	1 750	3 610
2017/10/18	-	-	1 860	1 750	3 610
2017/10/25	-	-	1 860	1 750	3 610
2017/11/01	-	-	1 860	1 750	3 610
2017/11/08	-	-	1 860	1 750	3 610
2017/11/15	-	-	1 860	1 750	3 610
2017/11/22	-	-	1 860	1 750	3 610
2017/11/29	-	-	1 860	1 750	3 610
2017/12/06	-	-	1 860	1 750	3 610
2017/12/13	-	-	1 860	1 700	3 560
2017/12/20	-	-	1 860	1 750	3 610
2017/12/27	-	-	1 860	1 750	3 610
2018/01/03	-	-	-	1 750	1 750
2018/01/10	-	-	-	1 750	1 750
2018/01/17	-	-	-	1 750	1 750
2018/01/24	-	-	-	1 750	1 750
2018/01/31	-	-	-	1 750	1 750
2018/02/07	-	-	-	1 750	1 750
2018/02/14	-	-	-	1 750	1 750
2018/02/21	-	-	-	1 750	1 750
2018/02/28	-	-	-	1 750	1 750
2018/03/07	-	-	-	1 750	1 750
2018/03/14	-	-	-	1 750	1 750
2018/03/22	-	-	-	1 750	1 750
2018/03/28	-	-	-	1 750	1 750
Total	37 719	54 749	70 080	87 422	249 970

ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2016/17

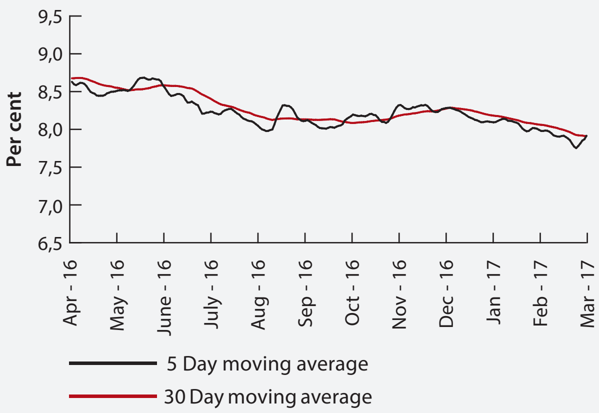
R203 bond - 8.25% 15 September 2017



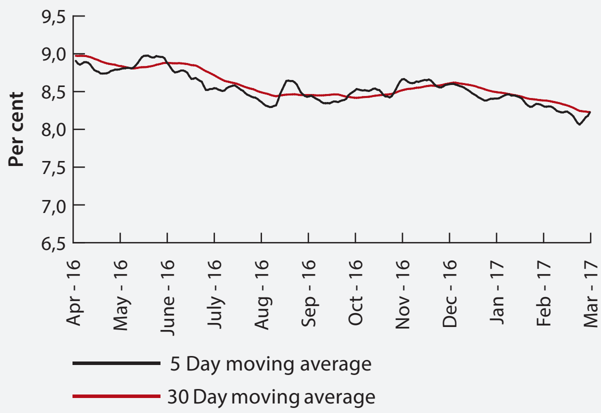
R204 bond - 8.00% 21 December 2018



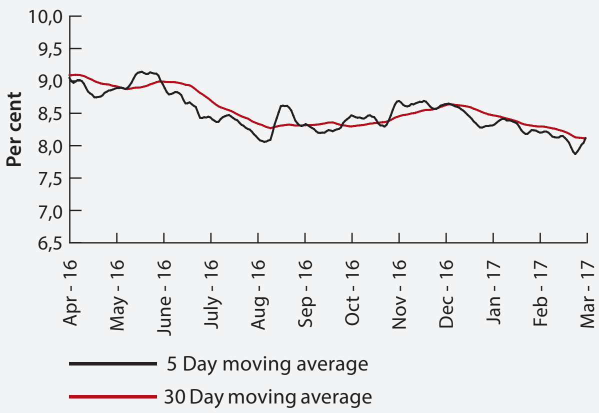
R207 bond - 7.25% 25 January 2020



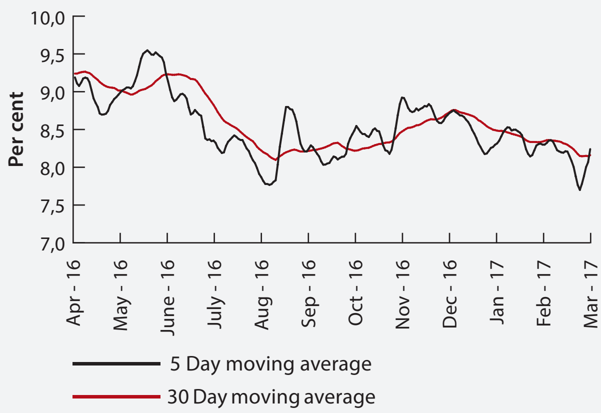
R208 bond - 6.75% 31 March 2021



R2023 bond - 7.75% 28 February 2023

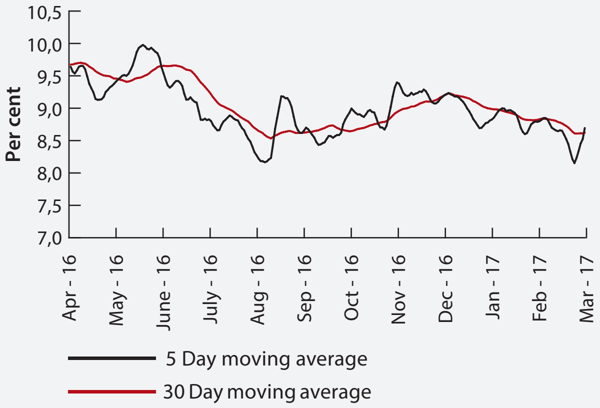


R186 bond - 10.50% 21 December 2026

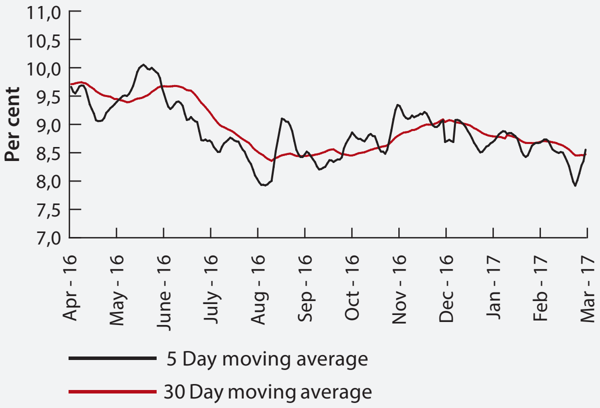


ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2016/17

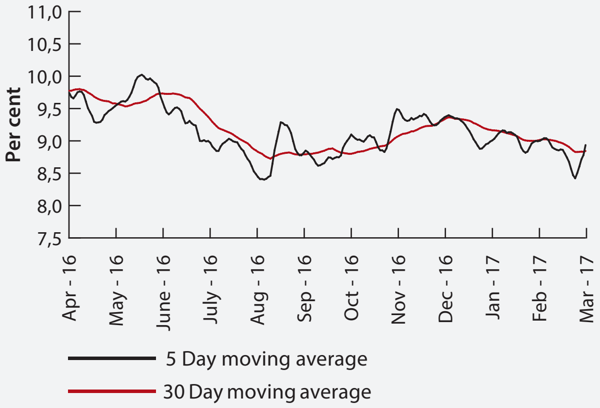
R2030 bond - 8.25% 31 January 2030



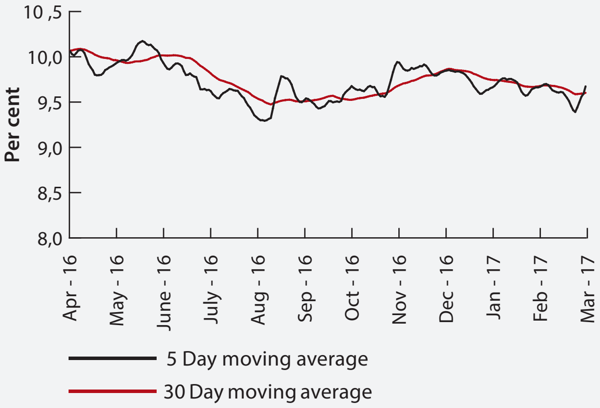
R213 bond - 7.00% 28 February 2031



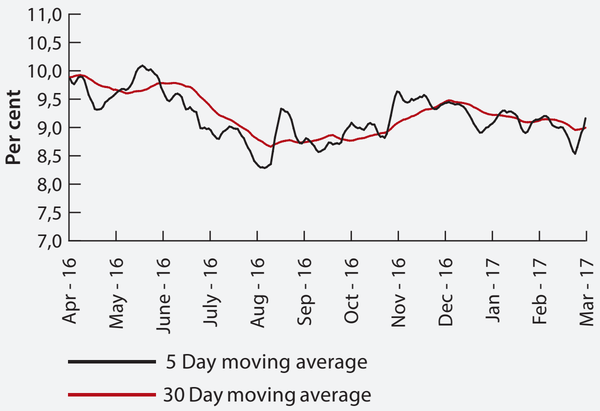
R2032 bond - 8.25% 31 March 2032



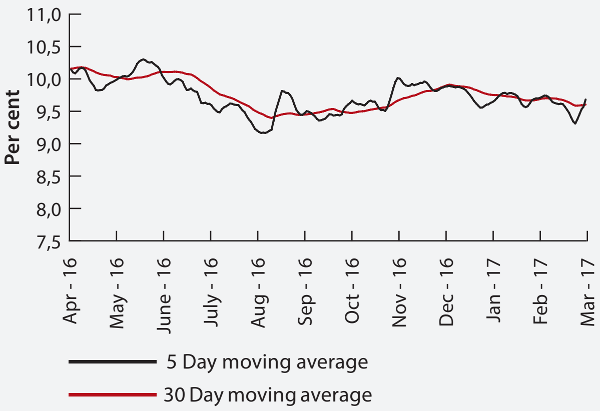
R2035 bond - 8.875% 28 February 2035



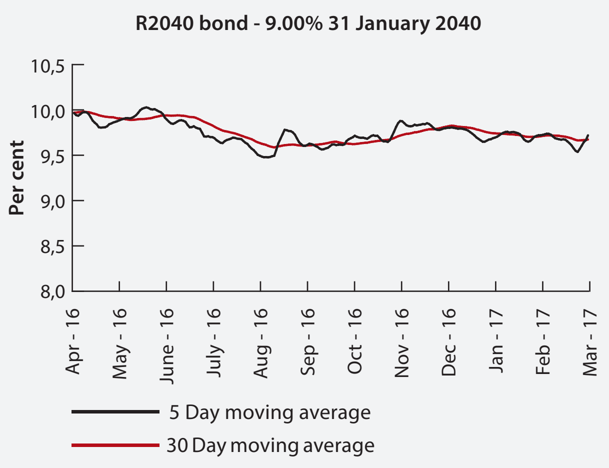
R209 bond - 6.25% 31 March 2036

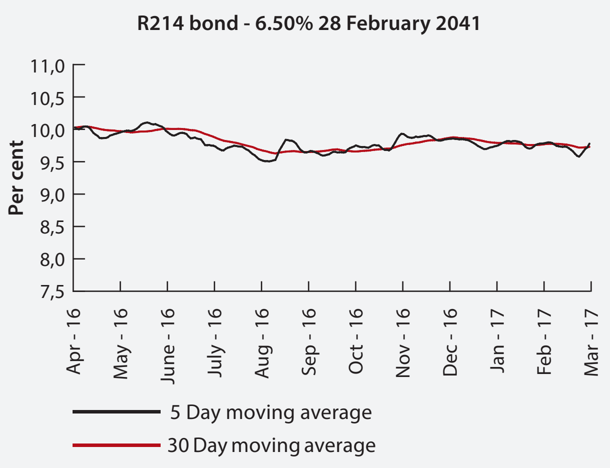


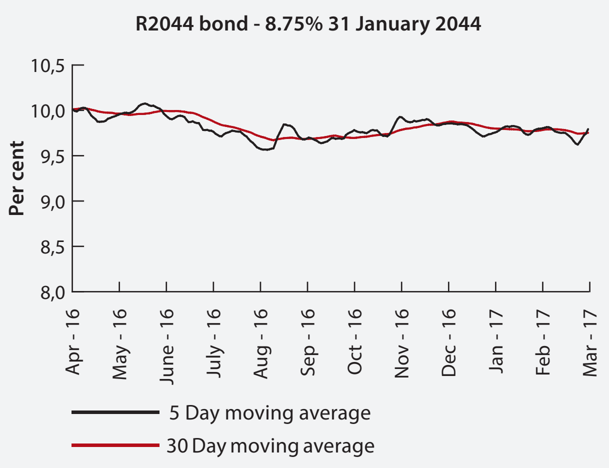
R2037 bond - 8.50% 31 January 2037

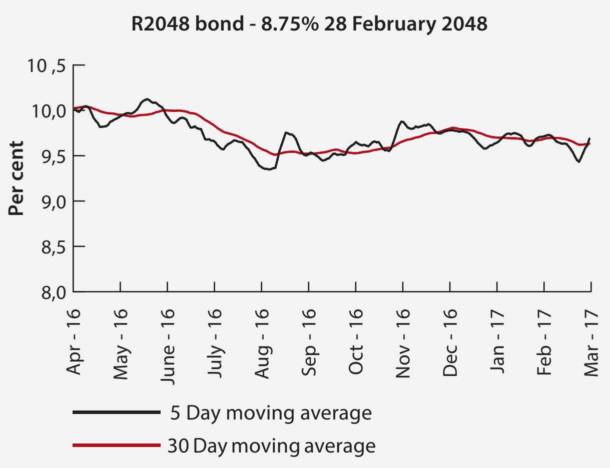


ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2016/17









ANNEXURE C: FIXED-RATE BOND YIELD SPREADS, 2016/17

Fixed-rate bond yield spreads, 01 April 2016

	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R2032 (2032)	R2035 (2035)	R209 (2036)	R2037 (2037)	R2040 (2040)	R214 (2041)	R2044 (2044)	R2048 (2048)
R203 (2017)	38,5	57,5	67,5	94,5	110,5	150,5	154,5	165	175	168,5	179,5	187	181	189	188
R204 (2018)		19	29	56	72	112	116	126,5	136,5	130	141	148,5	142,5	150,5	149,5
R207 (2020)			10	37	53	93	97	107,5	117,5	111	122	129,5	123,5	131,5	130,5
R208 (2021)				27	43	83	87	97,5	107,5	101	112	119,5	113,5	121,5	120,5
R2023 (2023)					16	56	60	70,5	80,5	74	85	92,5	86,5	94,5	93,5
R186 (2026)						40	44	54,5	64,5	58	69	76,5	70,5	78,5	77,5
R2030 (2030)							4	14,5	24,5	18	29	36,5	30,5	38,5	37,5
R213 (2031)								10,5	20,5	14	25	32,5	26,5	34,5	33,5
R2032 (2032)									10	3,5	14,5	22	16	24	23
R2035 (2035)										-6,5	4,5	12	6	14	13
R209 (2036)											11	18,5	12,5	20,5	19,5
R2037 (2037)												7,5	1,5	9,5	8,5
R2040 (2040)													-6	2	1
R214 (2041)														8	7
R2044 (2044)															-1

ANNEXURE C: FIXED-RATE BOND YIELD SPREADS, 2016/17

Fixed-rate bond yield spreads, 31 March 2017

	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R2032 (2032)	R2035 (2035)	R209 (2036)	R2037 (2037)	R2040 (2040)	R214 (2041)	R2044 (2044)	R2048 (2048)
R203 (2017)	14	32	46	85	141	180	184	196,5	213,5	214	221,5	225	221	228	226,5
R204 (2018)		18	32	71	127	166	170	182,5	199,5	200	207,5	211	207	214	212,5
R207 (2020)			14	53	109	148	152	164,5	181,5	182	189,5	193	189	196	194,5
R208 (2021)				39	95	134	138	150,5	167,5	168	175,5	179	175	182	180,5
R2023 (2023)					56	95	99	111,5	128,5	129	136,5	140	136	143	141,5
R186 (2026)						39	43	55,5	72,5	73	80,5	84	80	87	85,5
R2030 (2030)							4	16,5	33,5	34	41,5	45	41	48	46,5
R213 (2031)								12,5	29,5	30	37,5	41	37	44	42,5
R2032 (2032)									17	17,5	25	28,5	24,5	31,5	30
R2035 (2035)										0,5	8	11,5	7,5	14,5	13
R209 (2036)											7,5	11	7	14	12,5
R2037 (2037)												3,5	-0,5	6,5	5
R2040 (2040)													-4	3	1,5
R214 (2041)														7	5,5
R2044 (2044)															-1,5

ANNEXURE C: FIXED-RATE BOND YIELD SPREADS, 2016/17

Change in basis points, 2016/17

	R204 (2018)	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R2032 (2032)	R2035 (2035)	R209 (2036)	R2037 (2037)	R2040 (2040)	R214 (2041)	R2044 (2044)	R2048 (2048)
R203 (2017)	-24,5	-25,5	-21,5	-9,5	30,5	29,5	29,5	31,5	38,5	45,5	42	38	40	39	38,5
R204 (2018)		-1	3	15	55	54	54	56	63	70	66,5	62,5	64,5	63,5	63
R207 (2020)			4	16	56	55	55	57	64	71	67,5	63,5	65,5	64,5	64
R208 (2021)				12	52	51	51	53	60	67	63,5	59,5	61,5	60,5	60
R2023 (2023)					40	39	39	41	48	55	51,5	47,5	49,5	48,5	48
R186 (2026)						-1	-1	1	8	15	11,5	7,5	9,5	8,5	8
R2030 (2030)							0	2	9	16	12,5	8,5	10,5	9,5	9
R213 (2031)								2	9	16	12,5	8,5	10,5	9,5	9
R2032 (2032)									7	14	10,5	6,5	8,5	7,5	7
R2035 (2035)										7	3,5	-0,5	1,5	0,5	0
R209 (2036)											-3,5	-7,5	-5,5	-6,5	-7
R2037 (2037)												-4	-2	-3	-3,5
R2040 (2040)													2	1	0,5
R214 (2041)														-1	-1,5
R2044 (2044)															-0,5

ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2016/17

	91-day				182-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2016/04/01	2 453	2 453	1,00	7,31	1 990	1 961	1,01	7,66
2016/04/08	6 268	2 555	2,45	7,35	4 680	1 961	2,39	7,66
2016/04/15	7 103	2 555	2,78	7,29	5 436	1 961	2,77	7,60
2016/04/22	4 690	2 555	1,84	7,29	5 096	1 961	2,60	7,60
2016/04/29	5 414	2 555	2,12	7,28	4 458	1 961	2,27	7,63
2016/05/06	6 192	2 555	2,42	7,28	5 170	1 961	2,64	7,64
2016/05/13	3 461	2 555	1,35	7,30	5 736	1 961	2,93	7,61
2016/05/20	5 738	2 555	2,25	7,28	3 655	1 961	1,86	7,62
2016/05/27	5 073	2 555	1,99	7,30	4 147	1 961	2,11	7,68
2016/06/03	3 667	2 555	1,44	7,32	3 868	1 961	1,97	7,66
2016/06/10	3 745	2 555	1,47	7,32	6 011	1 961	3,07	7,65
2016/06/17	5 600	2 555	2,19	7,32	5 555	1 961	2,83	7,65
2016/06/24	2 041	1 441	1,42	7,35	4 483	1 961	2,29	7,72
2016/07/01	1 693	1 693	1,00	7,40	2 400	1 961	1,22	7,74
2016/07/08	2 390	2 140	1,12	7,53	4 018	1 961	2,05	7,78
2016/07/15	6 596	2 555	2,58	7,53	5 743	1 961	2,93	7,72
2016/07/22	5 926	2 555	2,32	7,50	4 666	1 961	2,38	7,66
2016/07/29	5 793	2 555	2,27	7,47	2 663	1 961	1,36	7,66
2016/08/05	7 407	2 555	2,90	7,45	4 028	1 961	2,05	7,64
2016-08-12	5 254	2 555	2,06	7,42	3 757	1 961	1,92	7,60
2016/08/19	6 752	2 555	2,64	7,37	4 177	1 961	2,13	7,60
2016/08/26	4 789	2 555	1,87	7,49	5 042	1 961	2,57	7,71
2016/09/02	6 663	2 555	2,61	7,50	3 825	1 961	1,95	7,74
2016/09/09	8 188	2 555	3,20	7,45	4 900	1 961	2,50	7,71
2016/09/16	7 057	2 555	2,76	7,40	4 267	2 110	2,02	7,71

ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2016/17

	91-day				182-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2016/09/23	7 022	3 550	1,98	7,36	5 435	2 110	2,58	7,64
2016/09/30	5 847	3 550	1,65	7,36	5 980	2 110	2,83	7,64
2016/10/07	3 204	2 704	1,18	7,45	6 735	2 110	3,19	7,62
2016/10/14	4 509	3 550	1,27	7,53	6 053	2 110	2,87	7,62
2016/10/21	4 403	3 550	1,24	7,70	3 790	2 110	1,80	7,66
2016/10/28	7 385	3 550	2,08	7,54	3 929	2 110	1,86	7,68
2016/11/04	5 691	3 550	1,60	7,53	3 303	2 110	1,57	7,73
2016/11/11	5 073	3 550	1,43	7,61	3 501	2 110	1,66	7,77
2016/11/18	4 940	3 550	1,39	7,65	4 485	2 110	2,13	7,81
2016/11/25	3 183	3 183	1,00	7,75	4 890	2 110	2,32	7,80
2016/12/02	5 661	3 550	1,59	7,77	3 424	2 084	1,64	7,84
2016/12/09	7 655	3 550	2,16	7,72	2 795	2 110	1,32	7,88
2016/12/15	2 731	2 731	1,00	7,76	2 025	2 025	1,00	7,98
2016/12/23	6 601	3 550	1,86	7,78	2 318	2 110	1,10	8,00
2016/12/30	9 515	3 550	2,68	7,79	7 155	2 110	3,39	8,01
2017/01/06	9 628	3 550	2,71	7,67	8 214	2 110	3,89	7,86
2017/01/13	10 643	3 550	3,00	7,59	6 678	2 110	3,16	7,73
2017/01/20	10 765	3 550	3,03	7,53	7 835	2 110	3,71	7,68
2017/01/27	11 162	3 550	3,14	7,50	6 730	2 110	3,19	7,66
2017/02/03	11 783	2 555	4,61	7,45	5 617	2 110	2,66	7,64
3010/10/43	6 052	2 555	2,37	7,40	5 085	2 110	2,41	7,64
2017/02/17	7 300	2 555	2,86	7,36	5 060	2 110	2,40	7,59
2017/02/24	6 473	2 555	2,53	7,32	5 201	2 110	2,46	7,53
2017/03/03	5 000	2 555	1,96	7,30	4 050	2 110	1,92	7,59
2017/03/10	2 658	2 555	1,04	7,39	3 680	2 110	1,74	7,61

ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2016/17

	91-day				182-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2017/03/17	6 165	2 555	2,41	7,27	2 620	2 110	1,24	7,63
2017/03/24	3 084	2 084	1,48	7,39	4 670	2 110	2,21	7,60
2017/03/31	7 509	2 555	2,94	7,43	6 600	2 260	2,92	7,87

ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2016/17

	273-day				364-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2016/04/01	4 900	1 710	2,87	7,71	3 300	1 603	2,06	7,86
2016/04/08	5 166	1 710	3,02	7,71	5 033	1 603	3,14	7,90
2016/04/15	4 428	1 710	2,59	7,73	4 177	1 603	2,61	7,83
2016/04/22	2 650	1 710	1,55	7,82	4 400	1 603	2,74	7,80
2016/04/29	5 019	1 710	2,94	7,80	3 038	1 603	1,90	7,80
2016/05/06	4 855	1 710	2,84	7,86	3 230	1 603	2,01	7,86
2016/05/13	4 550	1 710	2,66	7,86	4 238	1 603	2,64	7,99
2016/05/20	3 784	1 710	2,21	7,85	2 607	1 603	1,63	7,97
2016/05/27	3 700	1 710	2,16	7,86	3 000	1 603	1,87	8,04
2016/06/03	2 800	1 710	1,64	7,91	3 830	1 603	2,39	8,03
2016/10/06	5 370	1 710	3,14	7,86	3 400	1 603	2,12	7,96
2016/06/17	4 500	1 710	2,63	7,86	4 086	1 603	2,55	7,97
2016/06/24	4 000	1 710	2,34	7,95	3 750	1 603	2,34	8,07
2016/07/01	4 050	1 710	2,37	7,82	3 227	1 603	2,01	7,97
2016/07/08	4 100	1 710	2,40	7,83	5 299	1 603	3,31	7,94
2016/07/15	2 650	1 710	1,55	7,87	2 970	1 603	1,85	7,97
2016/07/22	4 003	1 710	2,34	7,78	5 243	1 603	3,27	7,84
2016/07/29	3 473	1 710	2,03	7,78	2 941	1 603	1,83	7,85
2016/08/05	5 535	1 710	3,24	7,76	4 450	1 603	2,78	7,79
2016/08/12	4 750	1 710	2,78	7,74	5 144	1 603	3,21	7,76
2016/08/19	4 005	1 710	2,34	7,70	3 490	1 603	2,18	7,75
2016/08/26	6 430	1 710	3,76	7,92	6 520	1 603	4,07	7,90
2016/09/02	5 669	1 710	3,32	7,90	6 050	1 603	3,77	7,94
2016/09/09	4 986	1 710	2,92	7,81	5 392	1 603	3,36	7,92

ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2016/17

	273-day				364-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2016/09/16	5 728	1 860	3,08	7,79	6 246	1 750	3,57	7,01
2016/09/23	5 850	1 860	3,15	7,68	6 910	1 750	3,95	7,73
2016/09/30	3 807	1 860	2,05	7,73	4 091	1 750	2,34	7,76
2016/10/07	4 200	1 860	2,26	7,71	4 877	1 750	2,79	7,75
2016/10/14	3 408	1 860	1,83	7,85	4 294	1 750	2,45	7,77
2016/10/21	5 660	1 860	3,04	7,80	5 378	1 750	3,07	7,76
2016/10/28	2 654	1 860	1,43	7,86	2 305	1 750	1,32	7,96
2016/11/04	5 005	1 860	2,69	7,79	5 150	1 750	2,94	7,82
2016/11/11	4 064	1 860	2,18	7,89	4 750	1 750	2,71	7,96
2016/11/18	3 979	1 860	2,14	7,91	2 732	1 750	1,56	8,00
2016/11/25	4 110	1 860	2,21	7,89	3 610	1 750	2,06	8,01
2016/12/02	2 050	1 050	1,95	7,99	4 250	1 750	2,43	7,99
2016/12/09	3 680	1 860	1,98	8,00	1 990	1 750	1,14	8,04
2016/12/15	2 245	1 860	1,21	8,11	1 761	1 750	1,01	8,15
2016/12/23	3 200	1 860	1,72	8,15	3 210	1 750	1,83	8,20
2016/12/30	7 600	1 860	4,09	8,11	8 150	1 750	4,66	8,18
2017/01/06	6 660	1 860	3,58	7,93	7 085	1 750	4,05	8,03
2017/01/13	6 555	1 860	3,52	7,82	9 140	1 750	5,22	7,87
2017/01/20	6 950	1 860	3,74	7,77	8 790	1 750	5,02	7,82
2017/01/27	5 390	1 860	2,90	7,77	6 850	1 750	3,91	7,80
2017/02/03	4 115	1 860	2,21	7,76	4 430	1 750	2,53	7,78
2017/10/02	7 390	1 860	3,97	7,74	4 900	1 750	2,80	7,78
2017/02/17	6 285	1 860	3,38	7,66	4 810	1 750	2,75	7,70
2017/02/24	4 460	1 860	2,40	7,64	4 440	1 750	2,54	7,66

ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2016/17

	273-day				364-day			
Issue date	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)	Bids received (R'm)	Allocated amount (R'm)	Bid-to-cover ratio (times)	Effective rate (%)
2017/03/03	5 350	1 860	2,88	7,62	3 600	1 750	2,06	7,64
2017/03/10	3 400	1 860	1,83	7,67	3 090	1 750	1,77	7,69
2017/03/17	5 530	1 860	2,97	7,57	2 940	1 750	1,68	7,58
2017/03/24	3 450	1 860	1,85	7,55	2 730	1 750	1,56	7,56
2017/03/31	7 300	2 100	3,48	7,85	6 485	2 000	3,24	7,86

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/03/29	R2023	2023/02/28	7,750	600	600	1 758	9,215
2016/03/29	R2030	2030/01/31	8,000	650	650	1 593	9,750
2016/03/29	R2032	2032/03/31	8,250	600	600	1 242	9,890
2016/03/29	R2035	2035/02/28	8,875	500	500	1 135	10,015
2016/04/05	R2030	2030/01/31	8,000	700	700	2 310	9,635
2016/04/05	R2035	2035/02/28	8,875	850	850	1 870	9,895
2016/04/05	R2048	2048/02/28	8,750	800	800	1 760	10,035
2016/04/12	R2030	2030/01/31	8,000	750	750	2 445	9,500
2016/04/12	R2032	2032/03/31	8,250	750	750	1 680	9,650
2016/04/12	R2037	2037/01/31	8,500	850	850	1 845	9,795
2016/04/19	R2030	2030/01/31	8,000	650	650	2 353	9,210
2016/04/19	R2037	2037/01/31	8,500	850	850	3 953	9,515
2016/04/19	R2048	2048/02/28	8,750	850	850	3 349	9,595
2016/04/26	R2035	2035/02/28	8,875	800	800	2 896	9,660
2016/04/26	R2037	2037/01/31	8,500	800	800	4 024	9,720
2016/04/26	R2044	2044/01/31	8,750	750	750	2 633	9,830
2016/05/03	R2035	2035/02/28	8,875	800	800	1 624	9,580
2016/05/03	R2037	2037/01/31	8,500	750	750	1 853	9,620
2016/05/03	R2040	2040/01/31	9,000	800	800	1 648	9,710
2016/05/10	R2032	2032/03/31	8,250	650	650	2 587	9,710
2016/05/10	R2037	2037/01/31	8,500	850	850	1 811	9,880
2016/05/10	R2048	2048/02/28	8,750	850	850	2 168	9,980
2016/05/17	R2035	2035/02/28	8,875	800	800	2 888	9,870
2016/05/17	R214	2041/02/28	6,500	700	700	2 576	9,930
2016/05/17	R2048	2048/02/28	8,750	850	850	3 392	10,020

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/05/24	R186	2026/12/21	10,500	650	650	2 932	9,430
2016/05/24	R2040	2040/01/31	9,000	850	850	2 049	10,115
2016/05/24	R2044	2044/01/31	8,750	850	850	3 434	10,085
2016/05/31	R2035	2035/02/28	8,875	850	850	2 338	9,925
2016/05/31	R2044	2044/01/31	8,750	750	750	2 768	10,050
2016/05/31	R2048	2048/02/28	8,750	750	750	3 173	10,040
2016/06/07	R2040	2040/01/31	9,000	850	850	1 420	9,760
2016/06/07	R2044	2044/01/31	8,750	750	750	1 530	9,740
2016/06/07	R2048	2048/02/28	8,750	750	750	2 108	9,715
2016/06/14	R2035	2035/02/28	8,875	650	650	2 236	9,775
2016/06/14	R2044	2044/01/31	8,750	900	900	1 998	9,920
2016/06/14	R2048	2048/02/28	8,750	800	800	2 264	9,900
2016/06/21	R186	2026/12/21	10,500	800	800	3 728	8,900
2016/06/21	R2040	2040/01/31	9,000	700	700	2 023	9,705
2016/06/21	R2044	2044/01/31	8,750	850	850	2 593	9,690
2016/06/28	R2030	2030/01/31	8,000	750	750	2 775	9,350
2016/06/28	R2037	2037/01/31	8,500	800	800	3 128	9,640
2016/06/28	R2048	2048/02/28	8,750	800	800	1 504	9,755
2016/07/05	R2035	2035/02/28	8,875	750	750	1 388	9,390
2016/07/05	R2037	2037/01/31	8,500	800	800	1 544	9,450
2016/07/05	R2040	2040/01/31	9,000	800	800	1 568	9,510
2016/07/12	R2035	2035/02/28	8,875	750	750	2 408	9,190
2016/07/12	R2044	2044/01/31	8,750	800	800	1 848	9,325
2016/07/12	R2048	2048/02/28	8,750	800	800	2 048	9,305
2016/07/19	R2035	2035/02/28	8,875	800	800	2 464	9,370

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/07/19	R2040	2040/01/31	9,000	850	850	1 913	9,460
2016/07/19	R2048	2048/02/28	8,750	700	700	2 485	9,480
2016/07/26	R2035	2035/02/28	8,875	700	700	2 233	9,325
2016/07/26	R2040	2040/01/31	9,000	850	850	1 641	9,435
2016/07/26	R2044	2044/01/31	8,750	800	800	1 560	9,480
2016/08/02	R2023	2023/02/28	7,750	850	850	3 536	8,340
2016/08/02	R213	2031/02/28	7,000	700	700	3 276	9,050
2016/08/02	R2040	2040/01/31	9,000	800	800	2 264	9,310
2016/08/10	R2037	2037/01/31	8,500	800	800	2 768	8,980
2016/08/10	R2040	2040/01/31	9,000	800	800	1 584	9,035
2016/08/10	R2044	2044/01/31	8,750	750	750	2 063	9,050
2016/08/16	R2037	2037/01/31	8,500	800	800	1 984	9,060
2016/08/16	R214	2041/02/28	6,500	800	800	1 328	9,075
2016/08/16	R2048	2048/02/28	8,750	750	750	2 003	9,120
2016/08/23	R209	2036/03/31	6,250	650	650	1 989	8,990
2016/08/23	R2044	2044/01/31	8,750	850	850	1 522	9,160
2016/08/23	R2048	2048/02/28	8,750	850	850	1 802	9,130
2016/08/30	R2023	2023/02/28	7,750	900	900	2 763	8,630
2016/08/30	R2032	2032/03/31	8,250	700	700	2 905	9,410
2016/08/30	R2044	2044/01/31	8,750	750	750	2 625	9,610
2016/09/06	R213	2031/02/28	7,000	650	650	2 152	9,170
2016/09/06	R2037	2037/01/31	8,500	850	850	1 904	9,415
2016/09/06	R2048	2048/02/28	8,750	850	850	2 669	9,450
2016/09/13	R209	2036/03/31	6,250	700	700	2 163	9,120
2016/09/13	R2040	2040/01/31	9,000	800	800	1 616	9,260

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/09/13	R2044	2044/01/31	8,750	850	850	1 989	9,260
2016/09/20	R2035	2035/02/28	8,875	850	850	3 094	9,115
2016/09/20	R2037	2037/01/31	8,500	750	750	4 553	9,190
2016/09/20	R2044	2044/01/31	8,750	750	750	2 558	9,220
2016/09/27	R186	2026/12/21	10,500	750	750	2 783	8,570
2016/09/27	R2035	2035/02/28	8,875	800	800	1 336	9,205
2016/09/27	R2040	2040/01/31	9,000	800	800	1 640	9,290
2016/10/04	R213	2031/02/28	7,000	700	700	1 967	8,940
2016/10/04	R2037	2037/01/31	8,500	850	850	3 417	9,190
2016/10/04	R2048	2048/02/28	8,750	800	800	2 600	9,230
2016/10/11	R2037	2037/01/31	8,500	800	800	1 736	9,575
2016/10/11	R2040	2040/01/31	9,000	750	750	1 763	9,630
2016/10/11	R2044	2044/01/31	8,750	800	800	2 544	9,640
2016/10/18	R2040	2040/01/31	9,000	800	800	1 560	9,480
2016/10/18	R2044	2044/01/31	8,750	750	750	1 838	9,470
2016/10/18	R2048	2048/02/28	8,750	800	800	1 984	9,420
2016/10/25	R2035	2035/02/28	8,875	800	800	2 904	9,310
2016/10/25	R2044	2044/01/31	8,750	800	800	2 200	9,420
2016/10/25	R2048	2048/02/28	8,750	750	750	2 408	9,380
2016/11/01	R2040	2040/01/31	9,000	800	800	1 472	9,445
2016/11/01	R2044	2044/01/31	8,750	750	750	1 320	9,450
2016/11/01	R2048	2048/02/28	8,750	800	800	1 568	9,405
2016/11/08	R2035	2035/02/28	8,875	850	850	2 780	9,260
2016/11/08	R2037	2037/01/31	8,500	800	800	2 384	9,320
2016/11/08	R214	2041/02/28	6,500	700	700	2 065	9,290

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/11/15	R2035	2035/02/28	8,875	800	800	2 280	9,685
2016/11/15	R2040	2040/01/31	9,000	850	850	2 117	9,780
2016/11/15	R2048	2048/02/28	8,750	700	700	2 660	9,740
2016/11/22	R2035	2035/02/28	8,875	800	800	2 008	9,530
2016/11/22	R2040	2040/01/31	9,000	800	800	1 992	9,630
2016/11/22	R2044	2044/01/31	8,750	750	750	1 748	9,630
2016/11/29	R213	2031/02/28	7,000	700	700	1 582	9,365
2016/11/29	R2035	2035/02/28	8,875	850	850	1 607	9,630
2016/11/29	R214	2041/02/28	6,500	800	800	1 544	9,640
2016/12/06	R2032	2032/03/31	8,250	800	800	1 696	9,460
2016/12/06	R209	2036/03/31	6,250	800	800	5 536	9,520
2016/12/06	R2037	2037/01/31	8,500	750	750	2 513	9,620
2016/12/13	R2035	2035/02/28	8,875	700	700	2 051	9,510
2016/12/13	R2037	2037/01/31	8,500	800	800	1 488	9,595
2016/12/13	R2040	2040/01/31	9,000	850	850	1 598	9,595
2017/01/10	R2037	2037/01/31	8,500	800	800	2 792	9,500
2017/01/10	R214	2041/02/28	6,500	700	700	959	9,500
2017/01/10	R2048	2048/02/28	8,750	850	850	1 989	9,500
2017/01/17	R2035	2035/02/28	8,875	750	750	2 085	9,280
2017/01/17	R2040	2040/01/31	9,000	850	850	1 624	9,375
2017/01/17	R2044	2044/01/31	8,750	750	750	1 500	9,370
2017/01/24	R2035	2035/02/28	8,875	750	750	3 120	9,370
2017/01/24	R2040	2040/01/31	9,000	850	850	1 828	9,460
2017/01/24	R2044	2044/01/31	8,750	750	750	2 183	9,446
2017/01/31	R2023	2023/02/28	7,750	700	700	2 660	8,495

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/01/31	R2037	2037/01/31	8,500	850	850	2 848	9,605
2017/01/31	R2048	2048/02/28	8,750	800	800	2 136	9,630
2017/02/07	R213	2031/02/28	7,000	750	750	2 985	9,255
2017/02/07	R209	2036/03/31	6,250	800	800	2 256	9,480
2017/02/07	R2048	2048/02/28	8,750	800	800	2 544	9,630
2017/02/14	R186	2026/12/21	10,500	800	800	4 632	8,630
2017/02/14	R2035	2035/02/28	8,875	800	800	3 392	9,280
2017/02/14	R2040	2040/01/31	9,000	750	750	2 198	9,385
2017/02/21	R2035	2035/02/28	8,875	750	750	2 213	9,430
2017/02/21	R2037	2037/01/31	8,500	800	800	2 584	9,520
2017/02/21	R2044	2044/01/31	8,750	800	800	1 864	9,590
2017/02/28	R2023	2023/02/28	7,750	800	800	3 968	8,285
2017/02/28	R2035	2035/02/28	8,875	750	750	2 483	9,480
2017/02/28	R2040	2040/01/31	9,000	800	800	1 952	9,615
2017/03/07	R2023	2023/02/28	7,750	750	750	2 468	8,155
2017/03/07	R2037	2037/01/31	8,500	850	850	3 307	9,410
2017/03/07	R2044	2044/01/31	8,750	750	750	3 045	9,455
2017/03/14	R2032	2032/03/31	8,250	800	800	2 544	9,160
2017/03/14	R209	2036/03/31	6,250	850	850	1 777	9,330
2017/03/14	R2048	2048/02/28	8,750	700	700	3 633	9,430
2017/03/22	R2037	2037/01/31	8,500	850	850	2 839	9,115
2017/03/22	R214	2041/02/28	6,500	750	750	1 763	9,110
2017/03/22	R2044	2044/01/31	8,750	750	750	1 395	9,200
2017/03/28	R186	2026/12/21	10,500	850	850	7 064	8,735
2017/03/28	R209	2036/03/31	6,250	750	750	4 598	9,460

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/03/28	R2040	2040/01/31	9,000	750	750	3 405	9,570
2016/08/02	R2023	2023/02/28	7,750	850	850	3 536	8,340
2016/08/02	R213	2031/02/28	7,000	700	700	3 276	9,050
2016/08/02	R2040	2040/01/31	9,000	800	800	2 264	9,310
2016/08/10	R2037	2037/01/31	8,500	800	800	2 768	8,980
2016/08/10	R2040	2040/01/31	9,000	800	800	1 584	9,035
2016/08/10	R2044	2044/01/31	8,750	750	750	2 063	9,050
2016/08/16	R2037	2037/01/31	8,500	800	800	1 984	9,060
2016/08/16	R214	2041/02/28	6,500	800	800	1 328	9,075
2016/08/16	R2048	2048/02/28	8,750	750	750	2 003	9,120
2016/08/23	R209	2036/03/31	6,250	650	650	1 989	8,990
2016/08/23	R2044	2044/01/31	8,750	850	850	1 522	9,160
2016/08/23	R2048	2048/02/28	8,750	850	850	1 802	9,130
2016/08/30	R2023	2023/02/28	7,750	900	900	2 763	8,630
2016/08/30	R2032	2032/03/31	8,250	700	700	2 905	9,410
2016/08/30	R2044	2044/01/31	8,750	750	750	2 625	9,610
2016/09/06	R213	2031/02/28	7,000	650	650	2 152	9,170
2016/09/06	R2037	2037/01/31	8,500	850	850	1 904	9,415
2016/09/06	R2048	2048/02/28	8,750	850	850	2 669	9,450
2016/09/13	R209	2036/03/31	6,250	700	700	2 163	9,120
2016/09/13	R2040	2040/01/31	9,000	800	800	1 616	9,260
2016/09/13	R2044	2044/01/31	8,750	850	850	1 989	9,260
2016/09/20	R2035	2035/02/28	8,875	850	850	3 094	9,115
2016/09/20	R2037	2037/01/31	8,500	750	750	4 553	9,190
2016/09/20	R2044	2044/01/31	8,750	750	750	2 558	9,220

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/09/27	R186	2026/12/21	10,500	750	750	2 783	8,570
2016/09/27	R2035	2035/02/28	8,875	800	800	1 336	9,205
2016/09/27	R2040	2040/01/31	9,000	800	800	1 640	9,290
2016/10/04	R213	2031/02/28	7,000	700	700	1 967	8,940
2016/10/04	R2037	2037/01/31	8,500	850	850	3 417	9,190
2016/10/04	R2048	2048/02/28	8,750	800	800	2 600	9,230
2016/10/11	R2037	2037/01/31	8,500	800	800	1 736	9,575
2016/10/11	R2040	2040/01/31	9,000	750	750	1 763	9,630
2016/10/11	R2044	2044/01/31	8,750	800	800	2 544	9,640
2016/10/18	R2040	2040/01/31	9,000	800	800	1 560	9,480
2016/10/18	R2044	2044/01/31	8,750	750	750	1 838	9,470
2016/10/18	R2048	2048/02/28	8,750	800	800	1 984	9,420
2016/10/25	R2035	2035/02/28	8,875	800	800	2 904	9,310
2016/10/25	R2044	2044/01/31	8,750	800	800	2 200	9,420
2016/10/25	R2048	2048/02/28	8,750	750	750	2 408	9,380
2016/11/01	R2040	2040/01/31	9,000	800	800	1 472	9,445
2016/11/01	R2044	2044/01/31	8,750	750	750	1 320	9,450
2016/11/01	R2048	2048/02/28	8,750	800	800	1 568	9,405
2016/11/08	R2035	2035/02/28	8,875	850	850	2 780	9,260
2016/11/08	R2037	2037/01/31	8,500	800	800	2 384	9,320
2016/11/08	R214	2041/02/28	6,500	700	700	2 065	9,290
2016/11/15	R2035	2035/02/28	8,875	800	800	2 280	9,685
2016/11/15	R2040	2040/01/31	9,000	850	850	2 117	9,780
2016/11/15	R2048	2048/02/28	8,750	700	700	2 660	9,740
2016/11/22	R2035	2035/02/28	8,875	800	800	2 008	9,530

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/11/22	R2040	2040/01/31	9,000	800	800	1 992	9,630
2016/11/22	R2044	2044/01/31	8,750	750	750	1 748	9,630
2016/11/29	R213	2031/02/28	7,000	700	700	1 582	9,365
2016/11/29	R2035	2035/02/28	8,875	850	850	1 607	9,630
2016/11/29	R214	2041/02/28	6,500	800	800	1 544	9,640
2016/12/06	R2032	2032/03/31	8,250	800	800	1 696	9,460
2016/12/06	R209	2036/03/31	6,250	800	800	5 536	9,520
2016/12/06	R2037	2037/01/31	8,500	750	750	2 513	9,620
2016/12/13	R2035	2035/02/28	8,875	700	700	2 051	9,510
2016/12/13	R2037	2037/01/31	8,500	800	800	1 488	9,595
2016/12/13	R2040	2040/01/31	9,000	850	850	1 598	9,595
2017/01/10	R2037	2037/01/31	8,500	800	800	2 792	9,500
2017/01/10	R214	2041/02/28	6,500	700	700	959	9,500
2017/01/10	R2048	2048/02/28	8,750	850	850	1 989	9,500
2017/01/17	R2035	2035/02/28	8,875	750	750	2 085	9,280
2017/01/17	R2040	2040/01/31	9,000	850	850	1 624	9,375
2017/01/17	R2044	2044/01/31	8,750	750	750	1 500	9,370
2017/01/24	R2035	2035/02/28	8,875	750	750	3 120	9,370
2017/01/24	R2040	2040/01/31	9,000	850	850	1 828	9,460
2017/01/24	R2044	2044/01/31	8,750	750	750	2 183	9,446
2017/01/31	R2023	2023/02/28	7,750	700	700	2 660	8,495
2017/01/31	R2037	2037/01/31	8,500	850	850	2 848	9,605
2017/01/31	R2048	2048/02/28	8,750	800	800	2 136	9,630
2017/02/07	R213	2031/02/28	7,000	750	750	2 985	9,255
2017/02/07	R209	2036/03/31	6,250	800	800	2 256	9,480

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/02/07	R2048	2048/02/28	8,750	800	800	2 544	9,630
2017/02/14	R186	2026/12/21	10,500	800	800	4 632	8,630
2017/02/14	R2035	2035/02/28	8,875	800	800	3 392	9,280
2017/02/14	R2040	2040/01/31	9,000	750	750	2 198	9,385
2017/02/21	R2035	2035/02/28	8,875	750	750	2 213	9,430
2017/02/21	R2037	2037/01/31	8,500	800	800	2 584	9,520
2017/02/21	R2044	2044/01/31	8,750	800	800	1 864	9,590
2017/02/28	R2023	2023/02/28	7,750	800	800	3 968	8,285
2017/02/28	R2035	2035/02/28	8,875	750	750	2 483	9,480
2017/02/28	R2040	2040/01/31	9,000	800	800	1 952	9,615
2017/03/07	R2023	2023/02/28	7,750	750	750	2 468	8,155
2017/03/07	R2037	2037/01/31	8,500	850	850	3 307	9,410
2017/03/07	R2044	2044/01/31	8,750	750	750	3 045	9,455
2017/03/14	R2032	2032/03/31	8,250	800	800	2 544	9,160
2017/03/14	R209	2036/03/31	6,250	850	850	1 777	9,330
2017/03/14	R2048	2048/02/28	8,750	700	700	3 633	9,430
2017/03/22	R2037	2037/01/31	8,500	850	850	2 839	9,115
2017/03/22	R214	2041/02/28	6,500	750	750	1 763	9,110
2017/03/22	R2044	2044/01/31	8,750	750	750	1 395	9,200
2017/03/28	R186	2026/12/21	10,500	850	850	7 064	8,735
2017/03/28	R209	2036/03/31	6,250	750	750	4 598	9,460
2017/03/28	R2040	2040/01/31	9,000	750	750	3 405	9,570

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/04/01	I2033	2033/03/28	1,875	650	185	481	1,900
2016/04/01	I2046	2046/03/31	2,500		115	230	1,950
2016/04/01	I2050	2050/12/31	2,500		350	420	2,000
2016/04/08	I2033	2033/03/28	1,875	650	150	945	1,790
2016/04/08	I2046	2046/03/31	2,500		200	520	1,815
2016/04/08	I2050	2050/12/31	2,500		300	990	1,900
2016/04/15	I2025	2025/01/31	2,000	650	215	785	1,685
2016/04/15	I2046	2046/03/31	2,500		145	265	1,800
2016/04/15	I2050	2050/12/31	2,500		290	421	1,820
2016/04/22	I2025	2025/01/31	2,000	650	340	479	1,630
2016/04/22	I2033	2033/03/28	1,875		210	460	1,720
2016/04/22	I2050	2050/12/31	2,500		100	150	1,750
2016/04/29	I2025	2025/01/31	2,000	650	110	470	1,635
2016/04/29	I2033	2033/03/28	1,875		285	544	1,715
2016/04/29	I2046	2046/03/31	2,500		255	579	1,775
2016/05/06	I2025	2025/01/31	2,000	650	100	120	1,650
2016/05/06	I2033	2033/03/28	1,875		205	205	1,760
2016/05/06	I2050	2050/12/31	2,500		345	411	1,850
2016/05/13	I2025	2025/01/31	2,000	650	100	100	1,690
2016/05/13	I2033	2033/03/28	1,875		125	200	1,780
2016/05/13	I2050	2050/12/31	2,500		425	446	1,920
2016/05/20	I2025	2025/01/31	2,000	650	110	110	1,740
2016/05/20	I2033	2033/03/28	1,875		150	200	1,840
2016/05/20	I2046	2046/03/31	2,500		390	495	1,970
2016/05/27	I2033	2033/03/28	1,875	650	215	344	1,880

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/05/27	I2046	2046/03/31	2,500		285	624	1,990
2016/05/27	I2050	2050/12/31	2,500		150	290	1,980
2016/06/03	I2033	2033/03/28	1,875	650	100	435	1,900
2016/06/03	I2046	2046/03/31	2,500		250	475	1,970
2016/06/03	I2050	2050/12/31	2,500		300	765	1,935
2016/06/10	I2033	2033/03/28	1,875	650	165	290	1,790
2016/06/10	I2046	2046/03/31	2,500		235	341	1,895
2016/06/10	I2050	2050/12/31	2,500		250	630	1,890
2016/06/17	I2033	2033/03/28	1,875	650	110	260	1,785
2016/06/17	I2046	2046/03/31	2,500		235	355	1,865
2016/06/17	I2050	2050/12/31	2,500		305	345	1,890
2016/06/24	I2033	2033/03/28	1,875	650	310	471	1,780
2016/06/24	I2046	2046/03/31	2,500		175	474	1,895
2016/06/24	I2050	2050/12/31	2,500		165	465	1,895
2016/07/01	I2033	2033/03/28	1,875	650	-	-	N/A
2016/07/01	I2046	2046/03/31	2,500		400	632	1,880
2016/07/01	I2050	2050/12/31	2,500		250	395	1,875
2016/07/08	I2033	2033/03/28	1,875	650	250	275	1,810
2016/07/08	I2046	2046/03/31	2,500		80	80	1,910
2016/07/08	I2050	2050/12/31	2,500		95	95	1,920
2016/07/15	I2033	2033/03/28	1,875	650	370	403	1,850
2016/07/15	I2046	2046/03/31	2,500		45	90	1,920
2016/07/15	I2050	2050/12/31	2,500		120	160	1,940
2016/07/22	I2029	2029/03/31	1,875	650	395	731	1,870
2016/07/22	I2033	2033/03/28	1,875		100	400	1,880

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/07/22	I2050	2050/12/31	2,500		155	436	1,970
2016/07/29	I2029	2029/03/31	1,875	650	370	644	1,870
2016/07/29	I2033	2033/03/28	1,875		120	256	1,890
2016/07/29	I2050	2050/12/31	2,500		160	315	1,960
2016/08/05	I2029	2029/03/31	1,875	650	460	837	1,870
2016/08/05	I2033	2033/03/28	1,875		110	160	1,860
2016/08/05	I2050	2050/12/31	2,500		80	540	1,940
2016/08/12	I2029	2029/03/31	1,875	650	380	775	1,865
2016/08/12	I2033	2033/03/28	1,875		120	406	1,860
2016/08/12	I2050	2050/12/31	2,500		150	575	1,930
2016/08/19	I2029	2029/03/31	1,875	650	495	624	1,870
2016/08/19	I2033	2033/03/28	1,875		45	65	1,870
2016/08/19	I2046	2046/03/31	2,500		110	140	1,910
2016/08/19	I2029	2029/03/31	1,875	650	-	-	N/A
2016/08/26	I2033	2033/03/28	1,875		180	191	1,920
2016/08/26	I2046	2046/03/31	2,500		270	281	1,990
2016/09/02	I2029	2029/03/31	1,875	650	-	-	N/A
2016/09/02	I2033	2033/03/28	1,875		300	330	1,930
2016/09/02	I2046	2046/03/31	2,500		300	330	1,990
2016/09/09	I2029	2029/03/31	1,875	650	220	220	1,890
2016/09/09	I2033	2033/03/28	1,875		125	360	1,890
2016/09/09	I2050	2050/12/31	2,500		305	464	1,970
2016/09/16	I2029	2029/03/31	1,875	650	75	75	1,940
2016/09/16	I2033	2033/03/28	1,875		240	240	1,900
2016/09/16	I2046	2046/03/31	2,500		230	230	2,000

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/09/23	I2029	2029/03/31	1,875	650	370	707	1,960
2016/09/23	I2033	2033/03/28	1,875		15	50	1,900
2016/09/23	I2050	2050/12/31	2,500		265	670	1,990
2016/09/30	I2029	2029/03/31	1,875	650	275	336	1,970
2016/09/30	I2033	2033/03/28	1,875		115	140	1,900
2016/09/30	I2050	2050/12/31	2,500		260	395	1,990
2016/10/07	I2029	2029/03/31	1,875	650	380	479	1,960
2016/10/07	I2033	2033/03/28	1,875		-	-	N/A
2016/10/07	I2050	2050/12/31	2,500		270	629	1,990
2016/10/14	I2029	2029/03/31	1,875	650	300	1 029	1,940
2016/10/14	I2033	2033/03/28	1,875		145	355	1,950
2016/10/14	I2050	2050/12/31	2,500		205	556	1,990
2016/10/21	I2029	2029/03/31	1,875	650	100	100	1,950
2016/10/21	I2033	2033/03/28	1,875		120	120	1,960
2016/10/21	I2050	2050/12/31	2,500		280	280	2,020
2016/10/28	I2029	2029/03/31	1,875	650	220	220	1,980
2016/10/28	I2033	2033/03/28	1,875		170	230	1,980
2016/10/28	I2050	2050/12/31	2,500		260	286	2,040
2016/11/04	I2029	2029/03/31	1,875	650	200	300	2,000
2016/11/04	I2033	2033/03/28	1,875		255	405	2,000
2016/11/04	I2046	2046/03/31	2,500		195	400	2,010
2016/11/11	I2029	2029/03/31	1,875	650	100	100	2,050
2016/11/11	I2033	2033/03/28	1,875		125	125	2,050
2016/11/11	I2046	2046/03/31	2,500		50	725	2,050
2016/11/18	I2029	2029/03/31	1,875	650	310	357	2,060

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/11/18	I2033	2033/03/28	1,875		200	236	2,050
2016/11/18	I2050	2050/12/31	2,500		140	309	2,050
2016/11/25	I2029	2029/03/31	1,875	650	75	75	2,080
2016/11/25	I2033	2033/03/28	1,875		75	75	2,080
2016/11/25	I2046	2046/03/31	2,500		105	105	2,100
2016/12/02	I2025	2025/01/31	2,000	650	70	95	2,040
2016/12/02	I2029	2029/03/31	1,875		190	215	2,100
2016/12/02	I2046	2046/03/31	2,500		155	180	2,100
2016/12/09	I2025	2025/01/31	2,000	650	110	160	2,220
2016/12/09	I2029	2029/03/31	1,875		180	540	2,180
2016/12/09	I2046	2046/03/31	2,500		360	-	2,210
2017/01/06	I2029	2029/03/31	1,875	650	30	30	2,160
2017/01/06	I2033	2033/03/28	1,875		40	90	2,170
2017/01/06	I2050	2050/12/31	2,500		580	626	2,180
2017/01/13	I2029	2029/03/31	1,875	650	225	500	2,165
2017/01/13	I2033	2033/03/28	1,875		295	799	2,160
2017/01/13	I2046	2046/03/31	2,500		130	1 056	2,120
2017/01/20	I2029	2029/03/31	1,875	650	240	1 140	2,090
2017/01/20	I2033	2033/03/28	1,875		210	1 210	2,100
2017/01/20	I2046	2046/03/31	2,500		200	1 320	2,040
2017/01/27	I2029	2029/03/31	1,875	650	205	305	2,070
2017/01/27	I2033	2033/03/28	1,875		55	55	2,030
2017/01/27	I2046	2046/03/31	2,500		555	705	2,050
2017/02/03	I2025	2025/01/31	2,000	650	515	999	2,060
2017/02/03	I2033	2033/03/28	1,875		120	145	2,050

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/02/03	I2046	2046/03/31	2,500		265	289	2,050
2017/02/10	I2025	2025/01/31	2,000	650	755	1 110	2,070
2017/02/10	I2029	2029/03/31	1,875		110	180	2,070
2017/02/10	I2046	2046/03/31	2,500		140	169	2,070
2017/02/17	I2025	2025/01/31	2,000	650	70	145	2,090
2017/02/17	I2029	2029/03/31	1,875		10	130	2,060
2017/02/17	I2033	2033/03/28	1,875		-	-	0,000
2017/02/24	I2025	2025/01/31	2,000	650	500	780	2,110
2017/02/24	I2029	2029/03/31	1,875		300	324	2,110
2017/02/24	I2033	2033/03/28	1,875		300	309	2,110
2017/03/03	I2029	2029/03/31	1,875	650	35	35	2,150
2017/03/03	I2033	2033/03/28	1,875		75	85	2,160
2017/03/03	I2046	2046/03/31	2,500		125	155	2,170
2017/03/10	I2029	2029/03/31	1,875	650	435	544	2,150
2017/03/10	I2033	2033/03/28	1,875		435	479	2,170
2017/03/10	I2046	2046/03/31	2,500		420	550	2,160
2017/03/17	I2029	2029/03/31	1,875	650	315	513	2,160
2017/03/17	I2033	2033/03/28	1,875		265	530	2,170
2017/03/17	I2050	2050/12/31	2,500		70	715	2,120
2017/03/24	I2029	2029/03/31	1,875	650	220	420	2,160
2017/03/24	I2033	2033/03/28	1,875		200	460	2,160
2017/03/24	I2050	2050/12/31	2,500		230	345	2,150
2016/07/08	I2033	2033/03/28	1,875	650	250	275	1,810
2016/07/08	I2046	2046/03/31	2,500		80	80	1,910
2016/07/08	I2050	2050/12/31	2,500		95	95	1,920

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/07/15	I2033	2033/03/28	1,875	650	370	403	1,850
2016/07/15	I2046	2046/03/31	2,500		45	90	1,920
2016/07/15	I2050	2050/12/31	2,500		120	160	1,940
2016/07/22	I2029	2029/03/31	1,875	650	395	731	1,870
2016/07/22	I2033	2033/03/28	1,875		100	400	1,880
2016/07/22	I2050	2050/12/31	2,500		155	436	1,970
2016/07/29	I2029	2029/03/31	1,875	650	370	644	1,870
2016/07/29	I2033	2033/03/28	1,875		120	256	1,890
2016/07/29	I2050	2050/12/31	2,500		160	315	1,960
2016/08/05	I2029	2029/03/31	1,875	650	460	837	1,870
2016/08/05	I2033	2033/03/28	1,875		110	160	1,860
2016/08/05	I2050	2050/12/31	2,500		80	540	1,940
2016/08/12	I2029	2029/03/31	1,875	650	380	775	1,865
2016/08/12	I2033	2033/03/28	1,875		120	406	1,860
2016/08/12	I2050	2050/12/31	2,500		150	575	1,930
2016/08/19	I2029	2029/03/31	1,875	650	495	624	1,870
2016/08/19	I2033	2033/03/28	1,875		45	65	1,870
2016/08/19	I2046	2046/03/31	2,500		110	140	1,910
2016/08/19	I2029	2029/03/31	1,875	650	-	-	N/A
2016/08/26	I2033	2033/03/28	1,875		180	191	1,920
2016/08/26	I2046	2046/03/31	2,500		270	281	1,990
2016/09/02	I2029	2029/03/31	1,875	650	-	-	N/A
2016/09/02	I2033	2033/03/28	1,875		300	330	1,930
2016/09/02	I2046	2046/03/31	2,500		300	330	1,990
2016/09/09	I2029	2029/03/31	1,875	650	220	220	1,890

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/09/09	I2033	2033/03/28	1,875		125	360	1,890
2016/09/09	I2050	2050/12/31	2,500		305	464	1,970
2016/09/16	I2029	2029/03/31	1,875	650	75	75	1,940
2016/09/16	I2033	2033/03/28	1,875		240	240	1,900
2016/09/16	I2046	2046/03/31	2,500		230	230	2,000
2016/09/23	I2029	2029/03/31	1,875	650	370	707	1,960
2016/09/23	I2033	2033/03/28	1,875		15	50	1,900
2016/09/23	I2050	2050/12/31	2,500		265	670	1,990
2016/09/30	I2029	2029/03/31	1,875	650	275	336	1,970
2016/09/30	I2033	2033/03/28	1,875		115	140	1,900
2016/09/30	I2050	2050/12/31	2,500		260	395	1,990
2016/10/07	I2029	2029/03/31	1,875	650	380	479	1,960
2016/10/07	I2033	2033/03/28	1,875		-	-	N/A
2016/10/07	I2050	2050/12/31	2,500		270	629	1,990
2016/10/14	I2029	2029/03/31	1,875	650	300	1 029	1,940
2016/10/14	I2033	2033/03/28	1,875		145	355	1,950
2016/10/14	I2050	2050/12/31	2,500		205	556	1,990
2016/10/21	I2029	2029/03/31	1,875	650	100	100	1,950
2016/10/21	I2033	2033/03/28	1,875		120	120	1,960
2016/10/21	I2050	2050/12/31	2,500		280	280	2,020
2016/10/28	I2029	2029/03/31	1,875	650	220	220	1,980
2016/10/28	I2033	2033/03/28	1,875		170	230	1,980
2016/10/28	I2050	2050/12/31	2,500		260	286	2,040
2016/11/04	I2029	2029/03/31	1,875	650	200	300	2,000
2016/11/04	I2033	2033/03/28	1,875		255	405	2,000

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2016/11/04	I2046	2046/03/31	2,500		195	400	2,010
2016/11/11	I2029	2029/03/31	1,875	650	100	100	2,050
2016/11/11	I2033	2033/03/28	1,875		125	125	2,050
2016/11/11	I2046	2046/03/31	2,500		50	725	2,050
2016/11/18	I2029	2029/03/31	1,875	650	310	357	2,060
2016/11/18	I2033	2033/03/28	1,875		200	236	2,050
2016/11/18	I2050	2050/12/31	2,500		140	309	2,050
2016/11/25	I2029	2029/03/31	1,875	650	75	75	2,080
2016/11/25	I2033	2033/03/28	1,875		75	75	2,080
2016/11/25	I2046	2046/03/31	2,500		105	105	2,100
2016/12/02	I2025	2025/01/31	2,000	650	70	95	2,040
2016/12/02	I2029	2029/03/31	1,875		190	215	2,100
2016/12/02	I2046	2046/03/31	2,500		155	180	2,100
2016/12/09	I2025	2025/01/31	2,000	650	110	160	2,220
2016/12/09	I2029	2029/03/31	1,875		180	540	2,180
2016/12/09	I2046	2046/03/31	2,500		360	-	2,210
2017/01/06	I2029	2029/03/31	1,875	650	30	30	2,160
2017/01/06	I2033	2033/03/28	1,875		40	90	2,170
2017/01/06	I2050	2050/12/31	2,500		580	626	2,180
2017/01/13	I2029	2029/03/31	1,875	650	225	500	2,165
2017/01/13	I2033	2033/03/28	1,875		295	799	2,160
2017/01/13	I2046	2046/03/31	2,500		130	1 056	2,120
2017/01/20	I2029	2029/03/31	1,875	650	240	1 140	2,090
2017/01/20	I2033	2033/03/28	1,875		210	1 210	2,100
2017/01/20	I2046	2046/03/31	2,500		200	1 320	2,040

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/01/27	I2029	2029/03/31	1,875	650	205	305	2,070
2017/01/27	I2033	2033/03/28	1,875		55	55	2,030
2017/01/27	I2046	2046/03/31	2,500		555	705	2,050
2017/02/03	I2025	2025/01/31	2,000	650	515	999	2,060
2017/02/03	I2033	2033/03/28	1,875		120	145	2,050
2017/02/03	I2046	2046/03/31	2,500		265	289	2,050
2017/02/10	I2025	2025/01/31	2,000	650	755	1 110	2,070
2017/02/10	I2029	2029/03/31	1,875		110	180	2,070
2017/02/10	I2046	2046/03/31	2,500		140	169	2,070
2017/02/17	I2025	2025/01/31	2,000	650	70	145	2,090
2017/02/17	I2029	2029/03/31	1,875		10	130	2,060
2017/02/17	I2033	2033/03/28	1,875		-	-	0,000
2017/02/24	I2025	2025/01/31	2,000	650	500	780	2,110
2017/02/24	I2029	2029/03/31	1,875		300	324	2,110
2017/02/24	I2033	2033/03/28	1,875		300	309	2,110
2017/03/03	I2029	2029/03/31	1,875	650	35	35	2,150
2017/03/03	I2033	2033/03/28	1,875		75	85	2,160
2017/03/03	I2046	2046/03/31	2,500		125	155	2,170
2017/03/10	I2029	2029/03/31	1,875	650	435	544	2,150
2017/03/10	I2033	2033/03/28	1,875		435	479	2,170
2017/03/10	I2046	2046/03/31	2,500		420	550	2,160
2017/03/17	I2029	2029/03/31	1,875	650	315	513	2,160
2017/03/17	I2033	2033/03/28	1,875		265	530	2,170
2017/03/17	I2050	2050/12/31	2,500		70	715	2,120
2017/03/24	I2029	2029/03/31	1,875	650	220	420	2,160

ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2016/17

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/03/24	I2033	2033/03/28	1,875		200	460	2,160
2017/03/24	I2050	2050/12/31	2,500		230	345	2,150

ANNEXURE H: GLOSSARY

Auction	A process in which participants can submit bids to purchase a given amount of a good or service at a specific price.
Bid-to-cover ratio	Bid-to-cover is a ratio used to express the demand for a particular security during auctions. It is computed by the total amount of bids received divided by the total amount of bids accepted.
Bond	A certificate of debt issued by a government or corporation guaranteeing payment of the original investment plus interest on a specified future date.
Benchmark bond	A bond that provides a standard against which the performance of other bonds can be measured. Government bonds are almost always used as benchmark bonds.
Contingent liabilities	A government obligation that will only result in expenditure on the occurrence of a specific event such a default by a state-owned company which results in government being called on to meet the obligation.
Coupon (bond)	The periodic interest payment made to bondholders during the life of a bond. Interest is usually paid twice a year.
Liquidity	Ease of converting an asset into cash.
Primary dealer	A firm that buys government securities directly from a government with the intention of reselling them to others, thus acting as a market maker for the securities.
Primary listing	The main exchange on which a stock is listed.
Provisions	Liabilities for which the payment date or amount is uncertain. The provisions for multilateral institutions are the unpaid portion of government's subscription to these institutions, payable on request.
Public debt	All money owed at any given time by any branch of government. Also referred to as government debt.
Refinancing risk	The possibility that a borrower will not be able to refinance by borrowing to repay existing debt.
Secondary market	A market in which an investor purchases a security from another investor rather than from the issuer, subsequent to the original issuance in the primary market. It is also called the aftermarket.
STRATE	Share Transactions Totally Electronic (STRATE) is the authorised central securities depository for electronic settlement of financial instruments in South Africa.
Sterilisation deposit	Operations by central banks to mitigate potentially undesired effects (currency appreciation or inflation) of inbound capital. The South African Reserve Bank "sterilises" excess cash created in the money market when purchasing foreign currency.
Switch programme	A liability management exercise where short-term debt is exchanged for long-term debt. The purpose is to reduce near-term exposure to refinancing risk by exchanging short-term debt for long-term debt.
Tenor	Tenor refers to the amount of time left for the redemption of a bond.
Yield	A financial return or interest paid to buyers of government bonds. The yield takes into account the total of annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.
Yield curve	A graph showing the relationship between the yield on bonds of the same credit quality but different maturity at a given point in time.

ANNEXURE I: ACRONYMS

ACSA	Airports Company of South Africa
ATM	Average term to maturity
Capex	Capital expenditure
CEF	Central Energy Fund
CPD	Corporation for Public Deposits
CPI	Consumer Price Index
CSD	Central securities depository
DBSA	Development Bank of Southern Africa
DFI	Development finance institution
EM	Emerging market
Fed	Federal Reserve Bank
Fitch	Fitch Ratings Inc.
FRN	Floating-rate note
GDP	Gross Domestic Product
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
IDC	Industrial Development Corporation
IPP	Independent power producer
JSE	Johannesburg Stock Exchange
Moody's	Moody's Investors Service
MTBPS	Medium-Term Budget Policy Statement
NECSA	Nuclear Energy Corporation South Africa
NHFC	National Housing Finance Corporation
NSFR	Net Stable Funding Ratio
NRF	National Revenue Fund
PFMA	Public Finance Management Act
PPA	Power-purchasing agreement
PPP	Public-private partnership

ANNEXURE I: ACRONYMS

R&I	Rating and Investment Information Inc.
REIPP	Renewable energy independent power producer
Repo	Repurchase
RSA	Republic of South Africa
S&P	Standard and Poor's
SAA	South African Airways
SABC	South African Broadcasting Corporation
SANRAL	South African National Roads Agency Limited
SAPO	South African Post Office
SARB	South African Reserve Bank
SOC	State-owned company
SPV	Special purpose vehicle
Stats SA	Statistics South Africa
TCTA	Trans-Caledon Tunnel Authority
US	United States

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DEBT MANAGEMENT REPORT 2016/17

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