DEBT MANAGEMENT REPORT

2017/18

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2030 NDP

DEBT MANAGEMENT REPORT

2017/18

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DEBT MANAGEMENT REPORT

2017/18

I have the honour of submitting the Debt Management Report of the National Treasury for the period 1 April 2017 to 31 March 2018.

Dondo Mogajane, Director-General

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FOREWORD

It is with great pleasure that I present to you the annual debt management report for 2017/18. During the year, South Africa was faced with significant challenges brought by a period of protracted economic weakness, lower than projected revenue, a high level of domestic political uncertainty as well as sovereign debt downgrade by three credit rating agencies.

Amid the challenges, government was able to meet a gross borrowing requirement of R237.8 billion with R33.4 billion raised in domestic short-term funding, R198.7 billion in domestic long-term loans and R33.9 billion in foreign loans. This was achieved through supportive domestic and international capital markets.

Government continued with the strategy to prudently manage refinancing risk by issuing debt on the long-end of the yield curve with the average maturity of government debt increasing from 14.9 years to 15.3 years during the year. The share of short-term debt increased by 4 percentage points to 13.02 and foreign debt as a percentage of total debt declined by 0.8 percentage points from 2016/17 and remained below the 15 per cent limit due to the rand strengthening against the major currencies in which South Africa's foreign debt is denominated. The government's low refinancing risk and relatively low foreign debt as a percentage of total debt has been listed by credit rating agencies as one of the positive attributes underpinning South Africa's sovereign credit rating.

The country's domestic and foreign currency debt was downgraded to sub-investment grade by Standard & Poor's and Fitch Ratings which contributed to heightened volatility in the domestic capital markets. The key drivers of the downgrade are: policy uncertainty within deteriorating economy and weakening public finances; and a combination of governance failures and weak balance sheets at state-owned companies.

The outcome of the African National Congress (ANC) elective conference in December 2017, the subsequent cabinet reshuffle and a positive 2018 Budget reinforced a positive sentiments and investors overlooked the bleak fiscal outlook tabled in October's Medium Term Budget Policy Statement. Holdings of domestic government bonds by foreign investors reached a high of 42.8 per cent. Nominal holdings increased by R150.5 billion as at 31 March 2018 from R602.4 billion at 31 March 2017.

Government remains committed to prudent debt management strategies, and efforts to broaden governments investor base.

Dondo Mogajane
Director-General

THE SOUTH AFRICAN DEBT CAPITAL MARKET

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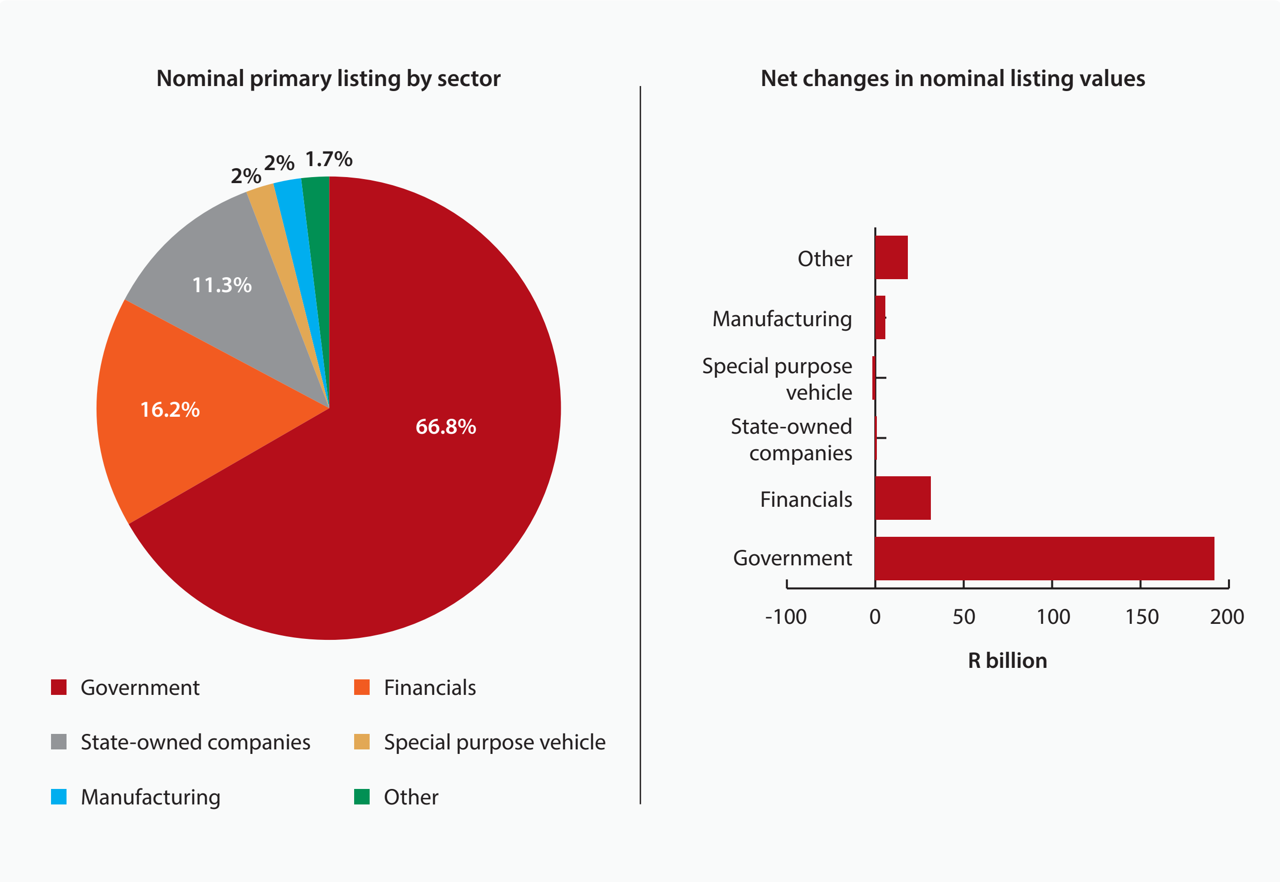
1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

LISTING ACTIVITY IN THE PRIMARY DEBT CAPITAL MARKET

The South African debt capital market was resilient in 2017 despite the domestic macroeconomic and political challenges, it remains an important source of funding for national government, state-owned companies (SOCs), and the private sector. Approximately 1 699 debt instruments were listed on the Johannesburg Stock Exchange (JSE) as at 31 March 2018, a marginal increase from 1 690 instruments listed as at 31 March 2017. The nominal amount outstanding increased to R2.6 trillion from R2.4 trillion during the same period while market capitalisation increased to R2.9 trillion from R2.4 trillion. At R1.9 trillion of the outstanding total, domestic government debt accounted for 66.8 per cent of debt listed on the JSE, marginally up from 65.7 per cent on 31 March 2017. As shown in Figure 1, financials and SOCs account for 16.2 per cent and 11.3 per cent respectively.

Figure 1: Primary listing of debt securities on the JSE, 31 March 2018

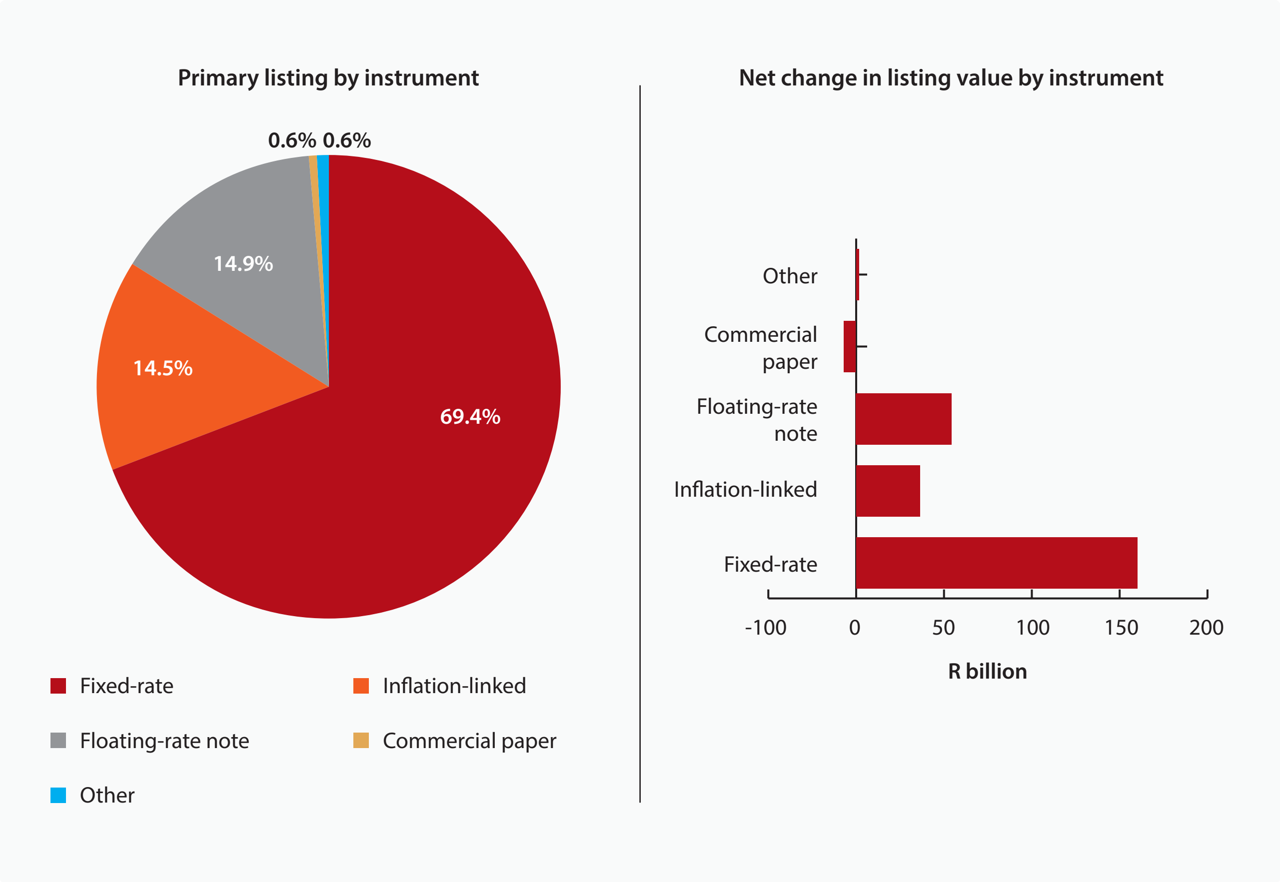


Source: Johannesburg Stock Exchange and National Treasury

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Government recorded an increase of R192 billion in outstanding debt in 2017/18, R40 billion higher than R152 billion recorded in 2016/17. SOCs added R12 billion to their listed debt stock which is 50 per cent lower than the R24 billion increase recorded in 2016/17. Driven by the banking sector, financials added R28 billion, compared to R16 billion in 2016/17. Banks continued to issue debt to meet their net stable funding ratio (NSFR) requirement as per Basel III. Banks are mandated to maintain stable funding profiles to better manage their assets and liabilities. In turn, this reduces the likelihood of their liquidity positions being eroded by disruptions to regular funding sources, thus limiting the risk of failure.

Figure 2: Composition of primary listings of debt securities on the JSE, 31 March 2018



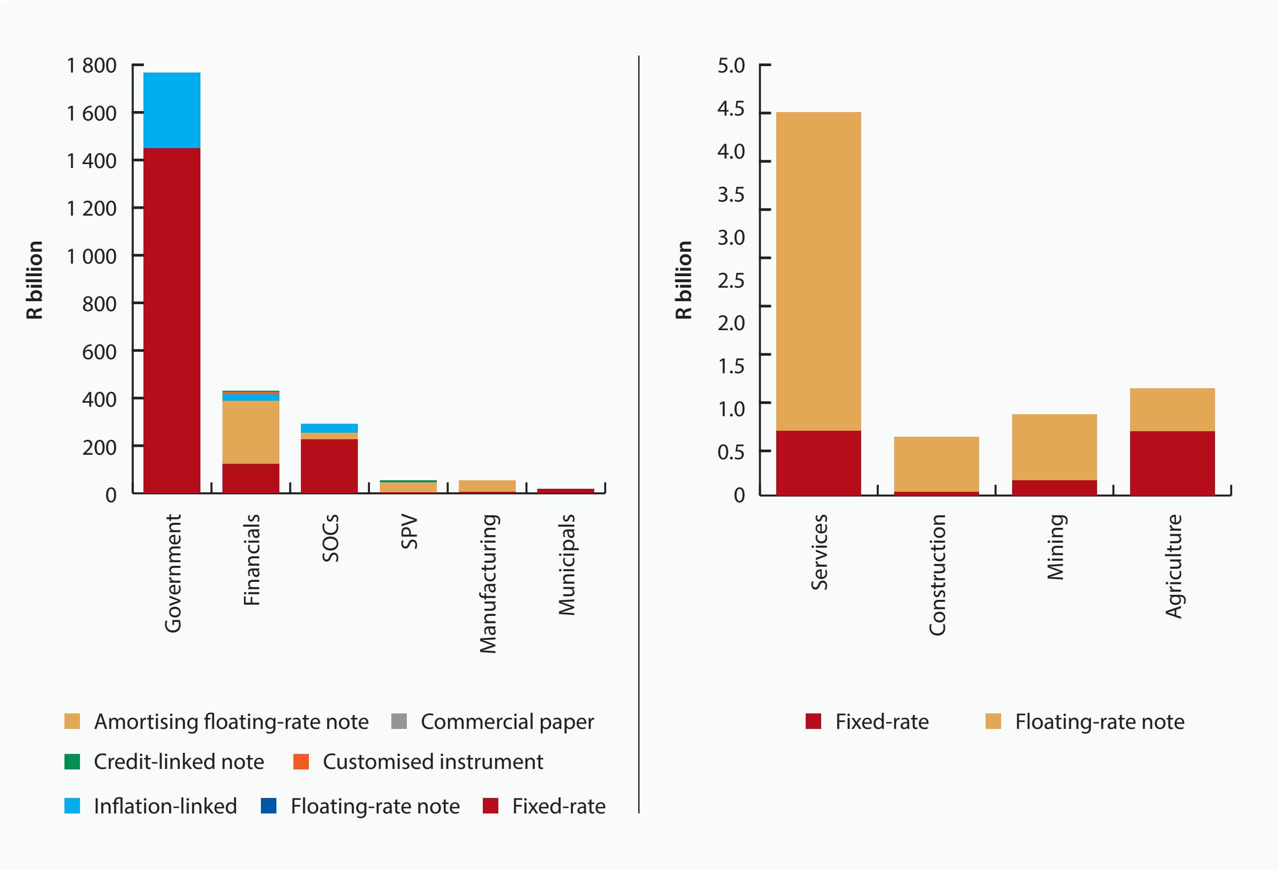
Source: Johannesburg Stock Exchange and National Treasury

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Driven by government, fixed-rate instruments remain the largest contributor of total primary listings, accounting for 69.4 per cent, which is marginally down from 69.8 per cent in 2017, as shown in Figure 2. These instruments are preferred mainly because they offer predictability, debt repayment and protection against increases in interest rates, recording a net increase of R160 billion in 2017. Inflation-linked bonds and floating-rate notes (FRNs) accounted for 14.5 per cent and 14.9 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.

Figure 3: Sectorial composition of primary listings of debt securities on the JSE, 31 March 2018



Source: Johannesburg Stock Exchange and National Treasury

Issuance by the financial sector is primarily in FRNs, due to strong investor demand for these from banks. Investors usually obtain their fixed-rate exposure by investing in government securities, which provide certainty on the expected cash flows against liabilities. FRNs are used for credit spread uplift in their portfolios in order to generate higher returns during increasing interest rate cycles.

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

SECONDARY MARKET ACTIVITY IN SOUTH AFRICAN BONDS[1]

As at 31 December 2017, the trading volumes decreased by R9 billion (0.03 per cent) to R27.09 trillion, down from R27.1 trillion recorded in 2016 as shown in Figure 4. The decrease in the trading volumes was on the back of domestic political uncertainties and risk-off sentiments. Repo and other trades declined by R562 billion and R65 billion respectively. The decline in repo trades was attributed to extended repo tenors i.e. rolling repos monthly as an alternative of weekly tenors. Standard trades increased by R618.1 billion to R8.2 trillion, an increase of 8.2 per cent from 31 December 2016.

The repo market constituted 68.7 per cent of the total trading volumes in the interest rate market, down from 70.7 per cent in 2016. 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.

Repurchase (repo) market

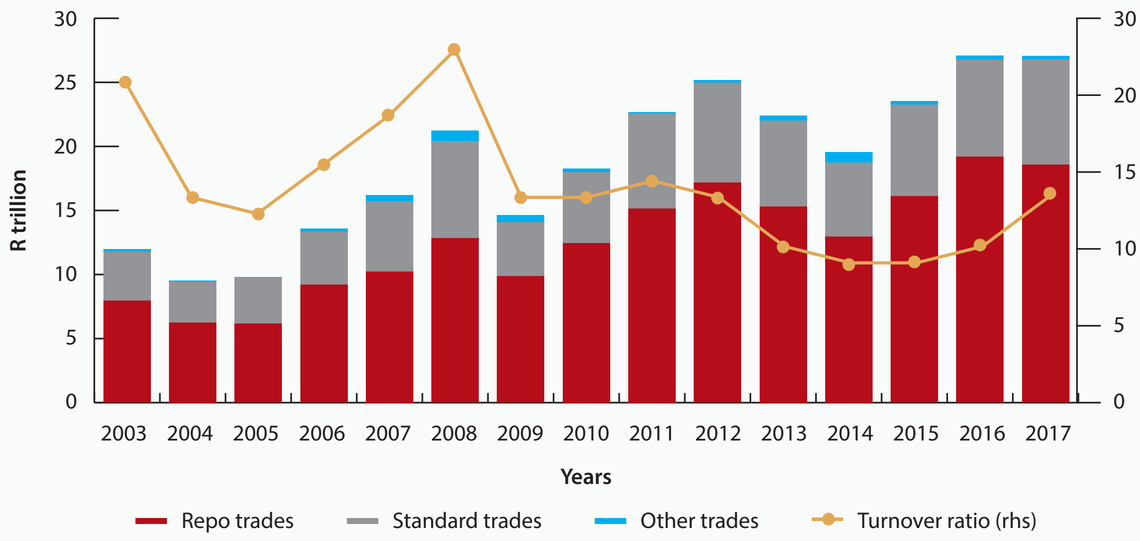
Repos are classified as money market instruments, normally used to raise short-term capital. For the party selling the asset (usually fixed-income securities), and agreeing to repurchase it in the future, it is a repo; for the party that is buying the security and agreeing to sell in the future, it is 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 the 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 secondary market activity is according to calendar year.

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Figure 4: South African bond market turnover, 2003- 2017



Source: Johannesburg Stock Exchange and National Treasury

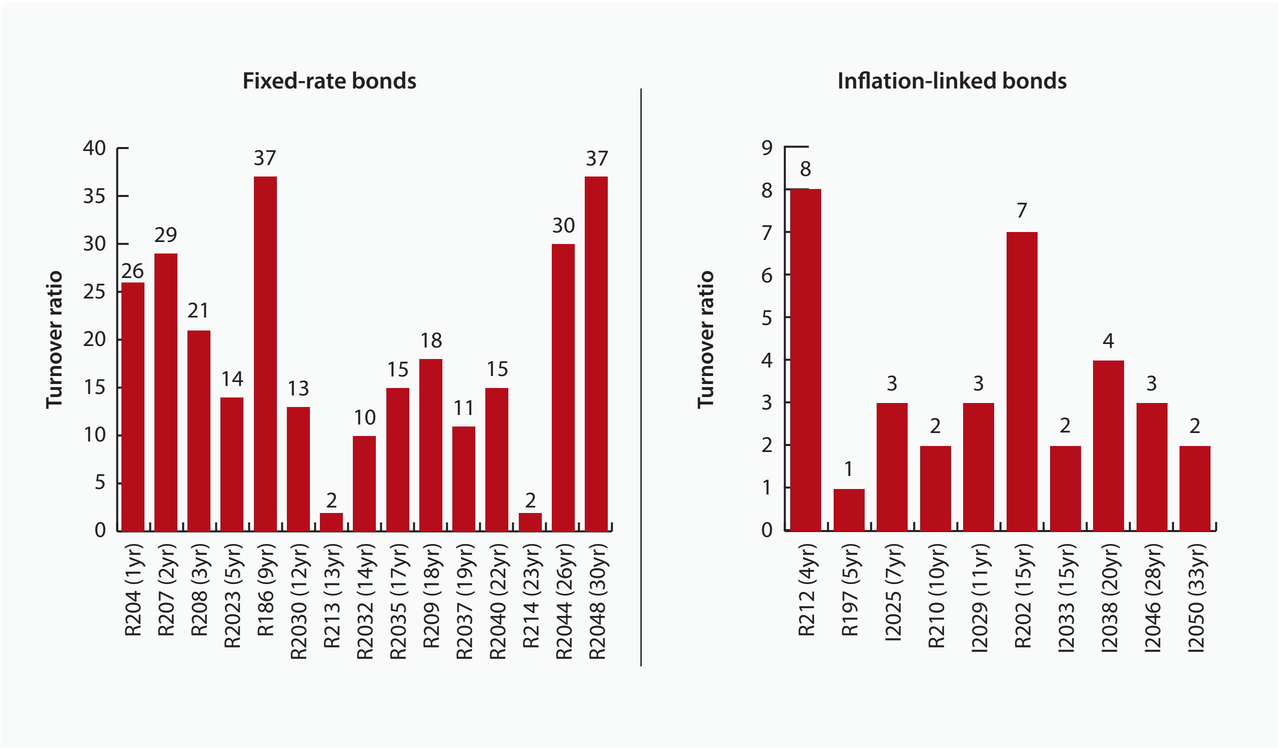
The turnover ratio is a measure of bond market liquidity and is used to assess which bonds are most liquid or most traded. The ratio shows the extent of trading in the secondary market relative to the total amount outstanding. The higher the turnover ratio, the larger the amount of trading activity.

A total of R24 trillion was traded on government bonds in 2017. The R186 (10.50%; 2025/2026/2027) and R2048 (8.75%; 2047/2048/2049) bonds had the highest turnover ratio of 37 times as shown in Figure 5. The higher turnover on the R186 bond was attributed to the fact that it is still regarded as the benchmark bond although it had fallen off the preferred tenor of 10 years. The R186 bond maturing in 2026[2] had a higher outstanding amount of R122 billion as at 31 December 2017, thus making it highly liquid. The R2048[2] bond, which has the longer maturity of 30 years, was also preferred for efficient asset portfolio as well as risk reduction on the investors' balance sheets.

[2] Maturity of a three-legged bond is informed by the middle (second) leg.

1. THE SOUTH AFRICAN DEBT CAPITAL MARKET

Figure 5: Government bonds turnover ratios, 2017



Source: Johannesburg Stock Exchange and National Treasury

The size and number of government's available maturities in inflation-linked bonds (ILBs) has enhanced liquidity in these instruments. Although relatively lower than fixed-rate bonds (FRBs), the turnover on ILBs has increased substantially over the years. The R212 (2.75%; 2022) and the R202 (3.45%; 2033) bonds demonstrated higher turnover ratio of 8 and 7 times respectively as shown in Figure 5.

NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

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2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

BORROWING REQUIREMENT

The budget deficit represents national government's net borrowing requirement. This 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 2017/18.

Table 1: National government's gross borrowing requirement, 2017/18

R million	Budget	Revised budget	Preliminary outcome
Main budget balance	-166 798	-217 345	-209 458
of which:			
National Revenue Fund receipts	**14 578**	**15 720**	**17 916**
Premiums on loan transactions	-	3 041	3 482
Revaluation profits on foreign currency transactions	14 578	12 676	13 115
Refund on fees paid on foreign loans			
Profit on scrip lending			
Special restructuring proceeds from ICASA	-	-	1 316
Other	-	3	3
National Revenue Fund payments	**- 387**	**- 315**	**- 587**
Premiums on loan transactions	-	- 90	- 362
Revaluation loss on foreign currency transactions			
Defrayal of GFECRA[1] losses	- 387	- 225	- 225
Borrowing requirement (net)	**-166 798**	**-217 345**	**-209 458**
Loan redemptions	**-54 078**	**-28 698**	**-28 375**
Domestic long-term	-49 514	-24 577	-24 254
Foreign	-4 564	-4 121	-4 121
Borrowing requirement (gross)	**-220 876**	**-246 043**	**-237 833**

Source: National Treasury

[1]Gold and Foreign Exchange Contingency Reserve Account

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

During 2017/18, government's net borrowing requirement was R209.5 billion. NRF receipts were R17.9 billion and consisted mainly of R3.5 billion in premiums on loan transactions and revaluations profits of R13.1 billion on foreign currency transactions. In 2017/18, NRF payments of R587 million were incurred, these were related to premiums on debt portfolio restructuring and payments to defray realised losses on the Gold and Foreign Exchange Reserve Account (GFECRA). Inclusive of loan redemptions of R28.4 billion, the gross borrowing requirement amounted to R237.8 billion.

Table 2 shows the preliminary outcome of the government's financing programme for 2017/18. The gross borrowing requirement of R237.8 billion was financed through the net issuance of domestic short-term loans of R33.4 billion, domestic long-term loans of R198.7 billion, and foreign loans of R33.9 billion. Of total financing, R28.2 billion was used to increase cash and other balances.

Table 2: Financing the national government's gross borrowing requirement, 2017/18

R million	**Budget**	**Revised budget**	**Preliminary outcome**
Domestic short-term loans (net)	**21 000**	**33 000**	**33 408**
Treasury bills	21 000	43 000	43 351
Corporation for Public Deposits	-	-10 000	-9 943
Domestic long-term loans (gross)	**191 500**	**193 800**	**198 691**
Market loans	191 500	195 274	200 249
Loans issued for switches	-	-1 474	-1 558
Foreign loans (gross)	**29 600**	**33 895**	**33 895**
Market loans	29 600	33 895	33 895
Change in cash and other balances	**-21 224**	**-14 652**	**-28 161**
Financing	**220 876**	**246 043**	**237 833**

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

DOMESTIC SHORT-TERM BORROWING

During 2017/18, government issued an additional R22.4 billion in Treasury bills relative to the 2017 Budget projections in order to meet short-term funding pressures and help finance the higher borrowing requirement. Government also reduced borrowing from the Corporation for Public Deposits (CPD) by R9.9 billion as shown in Table 3.

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 thereby managing refinancing risk by extending days to maturity while shorter-maturity Treasury bills were reserved for cash management purposes.

Table 3: Domestic short-term borrowing, 2017/18

R million	Opening balance	Net change	Closing balance	Weekly auction
Corporation for Public Deposits	27 199	-9 943	17 256	-
Treasury Bills	249 970	43 351	293 321	8 200
91-day	37 719	-10 289	27 430	1 800
182-day	54 749	2 084	56 833	2 000
273-day	70 080	18 867	88 947	2 100
364-day	87 422	32 689	120 111	2 300
Total	**277 169**	**33 408**	**310 577**	-

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

PERFORMANCE OF TREASURY BILL AUCTIONS

Gross issuance in Treasury bills increased in 2017/18 to cater for the elevated borrowing requirement as well as funding pressures. Of the R499.2 billion offered in the weekly auctions, R2.9 billion or 0.6 per cent was not allotted during periods of market volatility, as shown in Table 4.

Table 4: Treasury bill auctions under-allotments, 2017/18

R million	Gross issuance[1]	Under-allotments	Percentage of gross issuance underalloted
91-day	145 867	-	-
182-day	116 993	898	0,8
273-day	116 248	1 980	1,7
364-day	120 111	-	-
Total	499 219	2 878	0,6

Source: National Treasury

[1] Gross issuance takes into account the total amount of issuance to roll-over the total Treasury bill portfolio in 2017/18

A summary of the auction bid-to-cover ratios and effective yields is shown in Table 5. On average, Treasury bill auctions were 2.2 times oversubscribed. Annexures D and E give detailed information about the 2017/18 Treasury bill auctions.

Table 5: Treasury bill auction analysis, 2017/18

	91-day	182-day	273-day	364-day
Bid-to-cover ratios (times)				
Highest	4,0	4,8	3,8	3,5
Lowest	1,0	1,3	1,1	1,1
Average	2,2	2,2	2,2	2,2
Effective yields (%)				
Highest	7,7	8,1	8,2	8,4
Lowest	7,0	7,2	7,2	7,2
Average	7,4	7,6	7,6	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 (SARB). 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 2017/18, the average daily balance invested in the CPD was R55.3 billion. The government borrowed a daily average of R42.1 billion. This is R500 million lower than the daily average of R49.6 billion borrowed in 2016/17.

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 JSE. Retail savings bonds are made available to South African citizens through the South African Post Office and online applications.

Primary Dealers

The primary dealer panel is a panel of banks that buys 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 are the banks that are on the primary dealer panel of National Treasury:

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

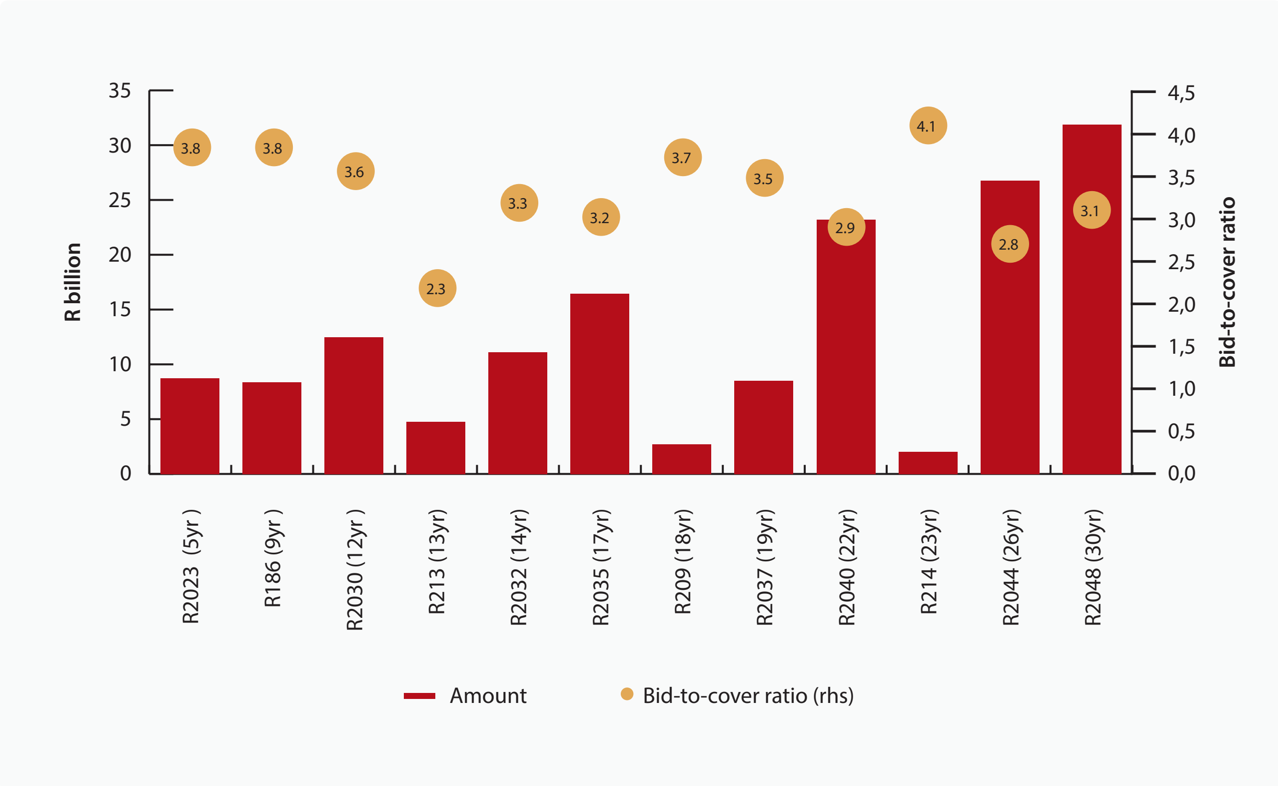
FIXED-RATE BONDS

The weekly nominal auction level was increased from R2.35 billion in 2016/17 to R2.65 billion for the first seven months of 2017/18. In November 2017, there was a further increase in auction levels to R3.3 billion due to lower than expected revenue collection tabled in the 2017 Medium Term Budget Policy Statement (MTBPS).

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

A nominal amount of R157.3 billion, including non-competitive bid auctions (non-comps) take-up, was issued through 49 auctions. Demand in fixed-rate bond auctions remained high, as demonstrated by an average bid-to-cover ratio of 3.4 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), 2017/18



Source: National Treasury

The R214 (6.50%; 2041) bond had the highest demand with a bid-to-cover ratio of 4.1 times. This may be attributed to the limited issuance of the bond during the year, due to a below par price. The R186 (10.50%;2025/2026/2027) and R2023 (7.75%; 2023) bonds had the second highest bid-to-cover ratios of 3.8 times each.

Issuance was concentrated on the R2048 (8.75%; 2047/2048/2049), R2044 (8.75%; 2043/2044/2045) and R2040 (9.00%; 2040) with the nominal amounts of R31.8 billion, R26.7 billion and R23.3 billion respectively. Issuance continues to be concentrated on the long dated bonds in line with government's strategy to manage refinancing risks. Annexure F gives a summary of the 2017/18 fixed-rate bond auctions.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

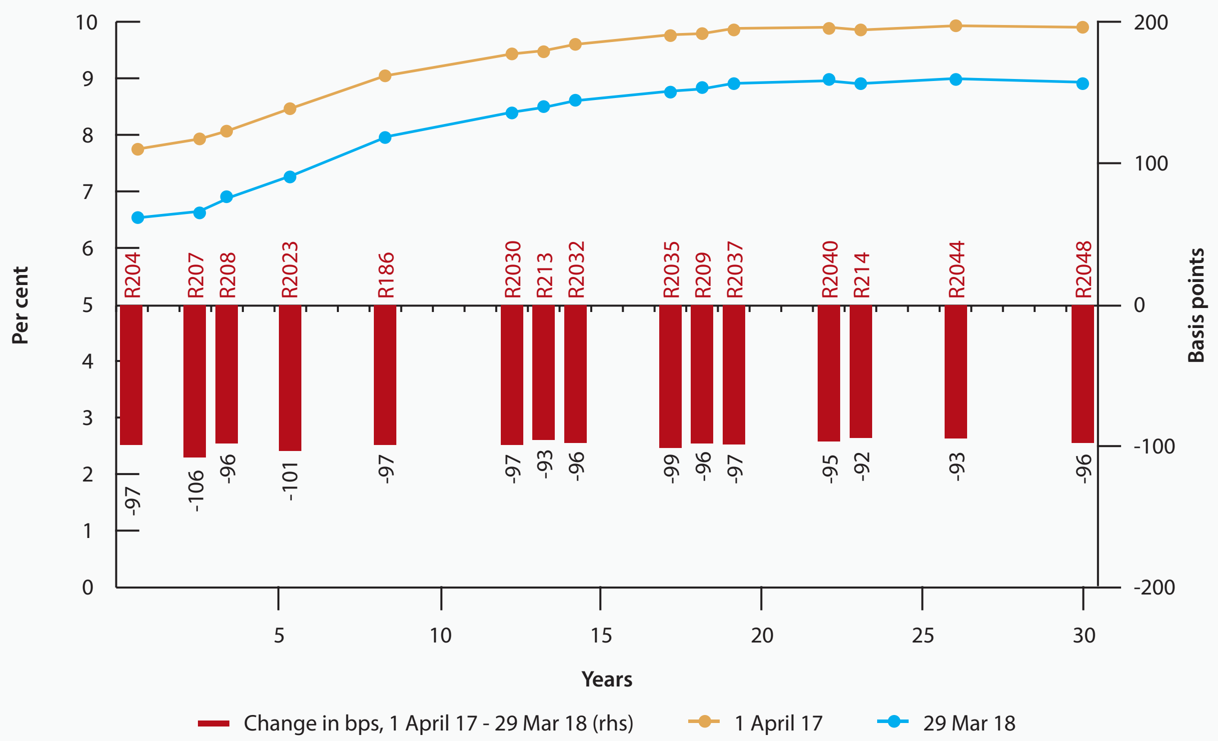
Non-competitive bid auctions

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

YIELD CURVE MOVEMENT

Government's borrowing costs decreased significantly in 2017/18. This was mainly due to strong foreign demand for emerging market debt in 2017 a strong rally in government bond yields following the outcome of the African National Congress (ANC) elective conference in December 2017 and the tabling of a positive 2018 Budget. As a result, government fixed-rate bond yields decreased by 96.5 basis points on average across the curve in 2017/18, as Figure 7 shows.

Figure 7: Yield curve movement of fixed-rate bonds, 2017/18



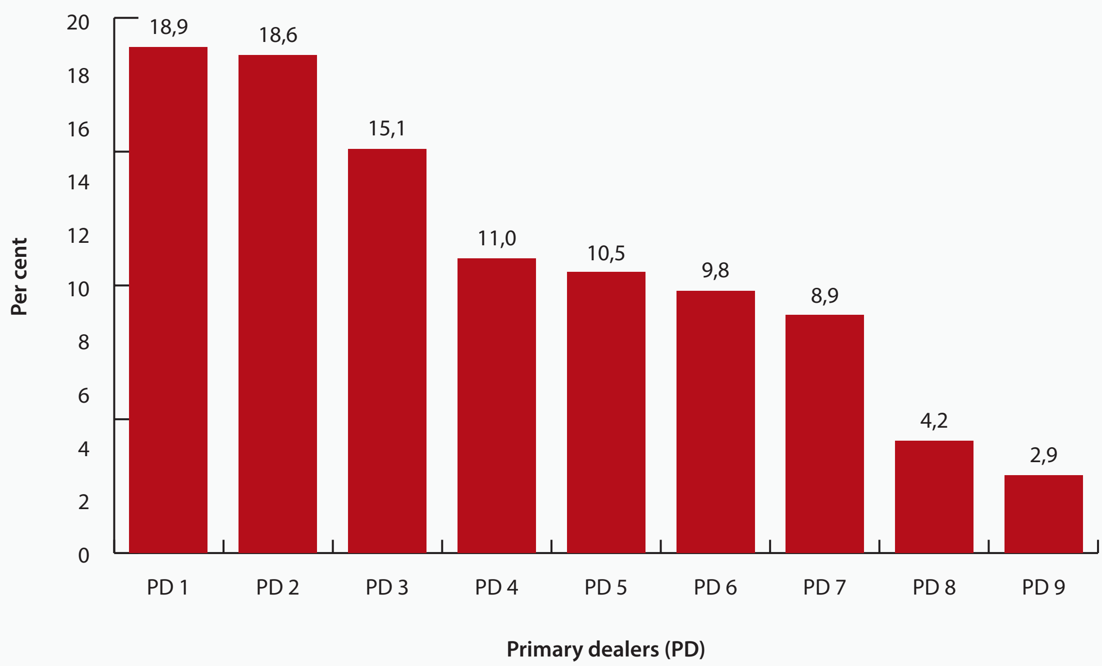
Source: Johannesburg Stock Exchange and National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

PERFORMANCE OF PRIMARY DEALERS

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. Between them, the top three primary dealers took up 52.6 per cent of the auction take-up.

Figure 8: Primary dealer participation in fixed-rate bond auctions, 2017/18



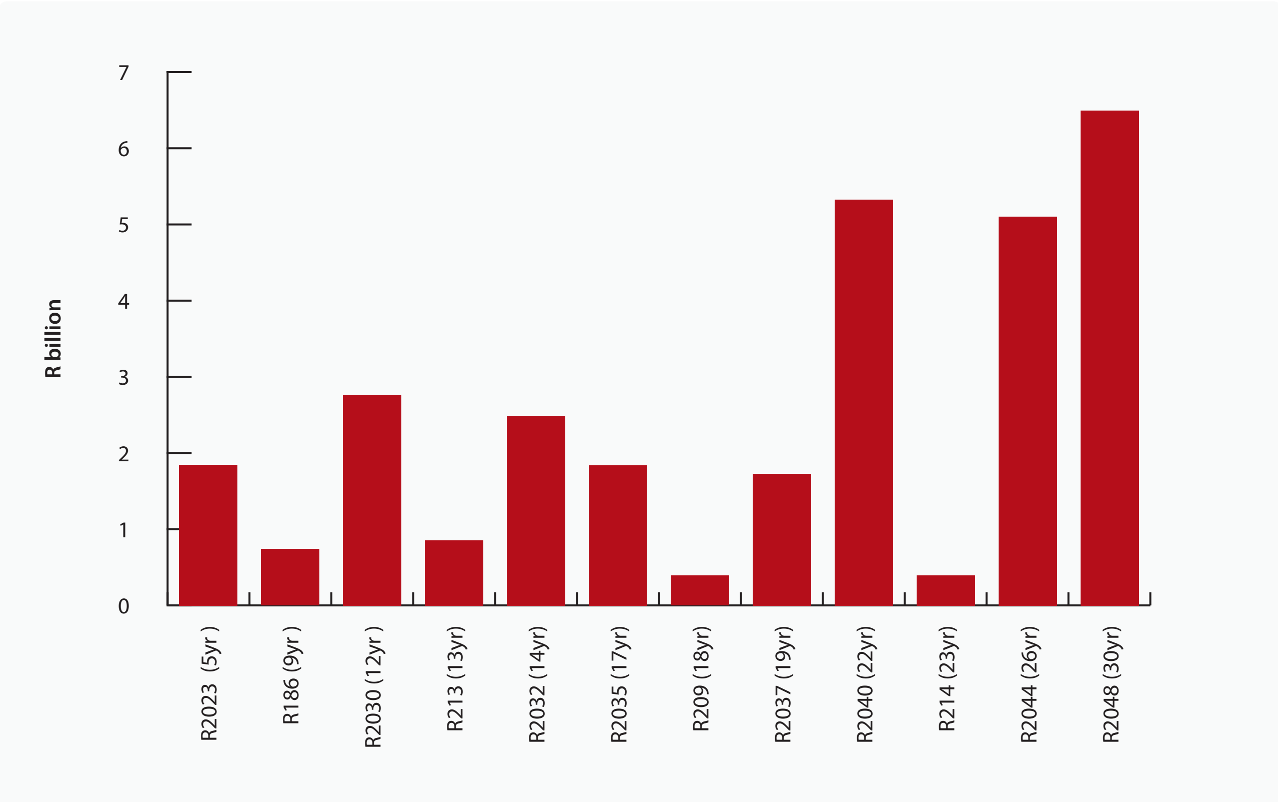
Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

NON-COMPETITIVE BID AUCTIONS PERFORMANCE

An amount of R31.3 billion was raised through non-competitive bid auctions. Figure 9 shows that the R2048 (8.75%; 2047/2048/2049) bond had the highest take-up and accounted for 21.7 per cent of the total, followed by the R2040 (9.00%; 2040), bond at 17.8 per cent.

Figure 9: Non-competitive bid auction performance per bond, 2017/18



Source: National Treasury

INFLATION-LINKED BONDS

In line with the pre-determined calendar, 48 inflation-linked bond auctions were conducted in 2017/18. Due to the higher borrowing requirement, the weekly auction amount was increased from R650 million to R800 million in September 2017 and to R900 million in November 2017. A nominal amount of R34.6 billion was issued during the year, accounting for 24 per cent of domestic long-term bond issuance.

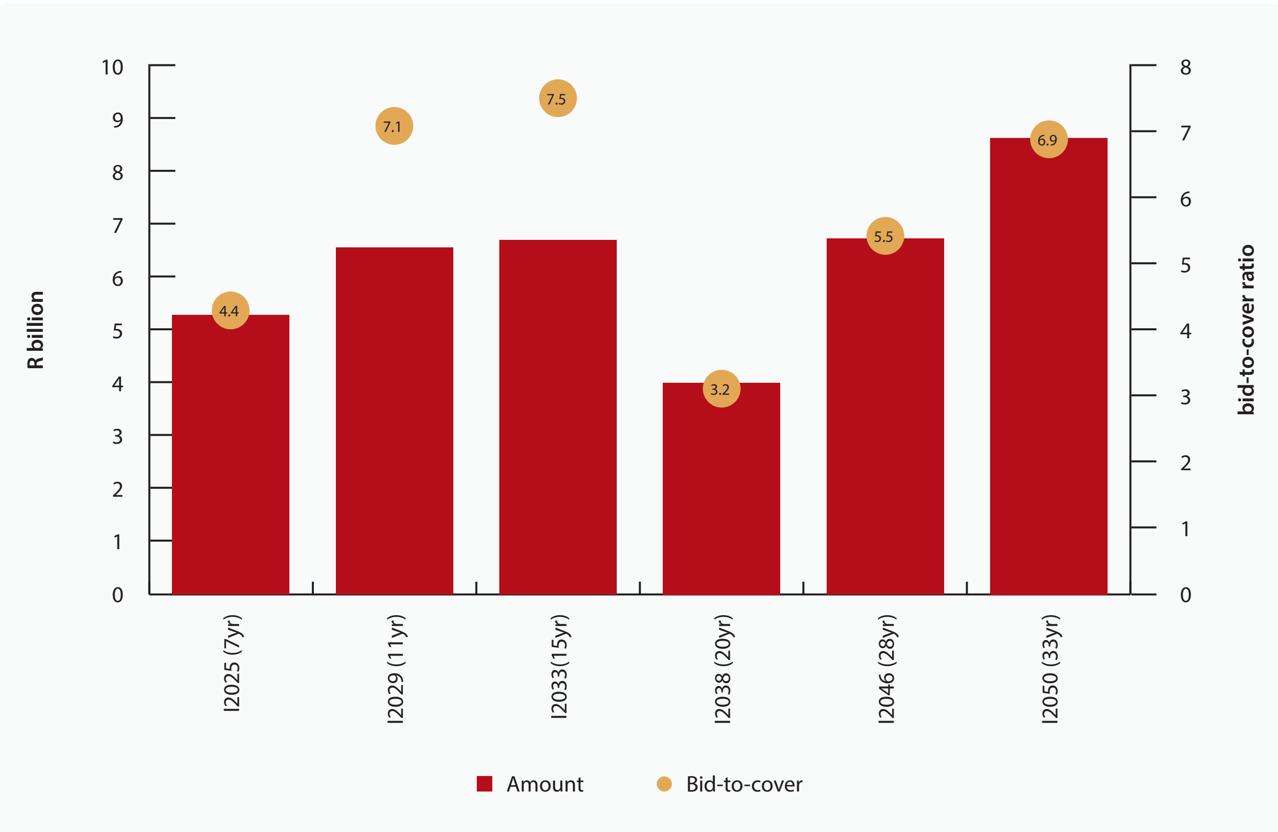
2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

National Treasury had nine under-subscribed[3] and twelve under-allotted[4] inflation-linked bond auctions in 2017/18. Auctions conducted on 8 July, 26 August, 16 September, 21 October, 25 November, 2 December, 17 February, 3 March, and 31 March were under- subscribed and under-allotted. While auctions conducted on 15 July, 2 September and 11 November were over-subscribed but under-allotted.

The under-subscription in inflation-linked bond auctions was due to volatile market conditions and benign inflation environment. Another contributory factor is that inflation-linked bond auctions are not guaranteed to be fully subscribed, since the primary dealers are not obliged to participate. Any member of the JSE may participate on a voluntary basis in the weekly auctions.

The under-allotted but fully subscribed auctions were due to unfavourable bids received. The bid- to-cover ratio on inflation-linked bonds was about two times, on average. The nominal issuance by maturity area and bid-to-cover ratio is shown in Figure 10.

Figure 10: Issuance of inflation-linked bonds, 2017/18



Source: National Treasury

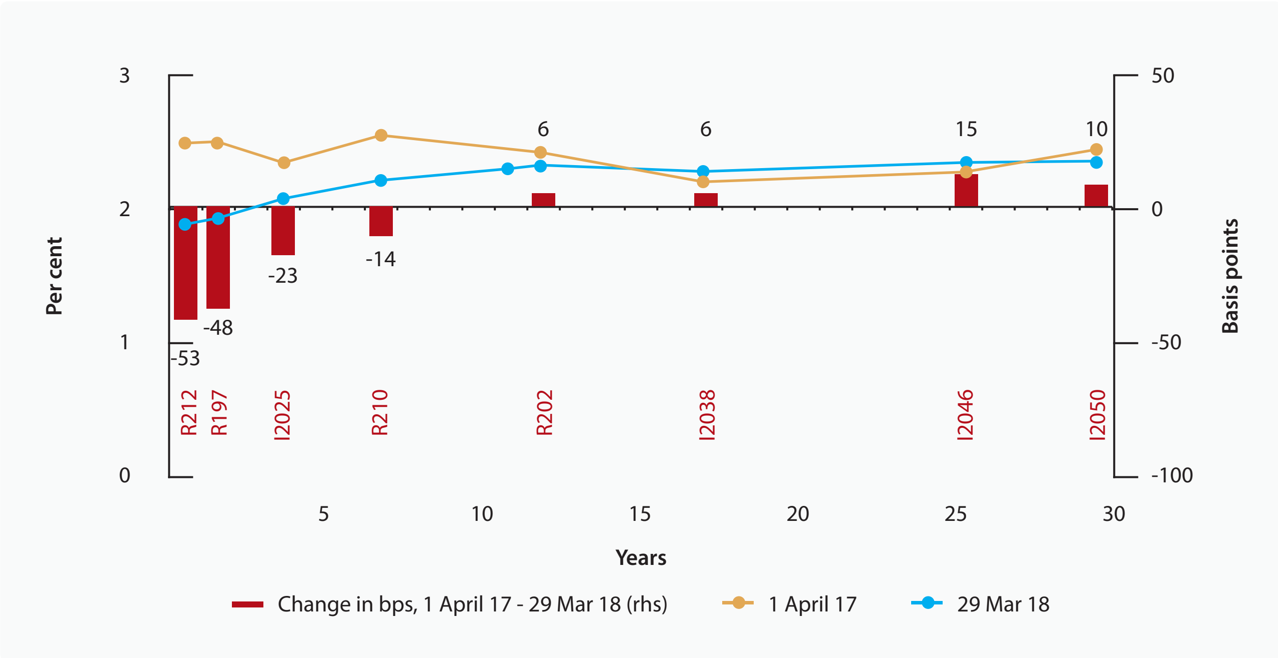
[3]An under/over-subscribed auction is an auction were the total amount received in an auction is lesser/more than the amount on offer.
[4]Under-allotted auction is an auction were the total amount allocated in a particular auction is lesser than the amount on offer due to price considerations or lesser total amount received in an auction.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

REAL YIELD MOVEMENT

Figure 11 shows yield movements of inflation-linked bonds in 2017/18. During the year, inflation-linked bond yields strengthened by an average of 13.6 basis points across the curve. The short end of the yield curve strengthened by 35.5 basis points while the longer end of the yield curve weakened by 7.3 basis points on average.

Figure 11: Yield curve movement of inflation-linked bonds, 2017/18



Source: Johannesburg Stock Exchange and National Treasury

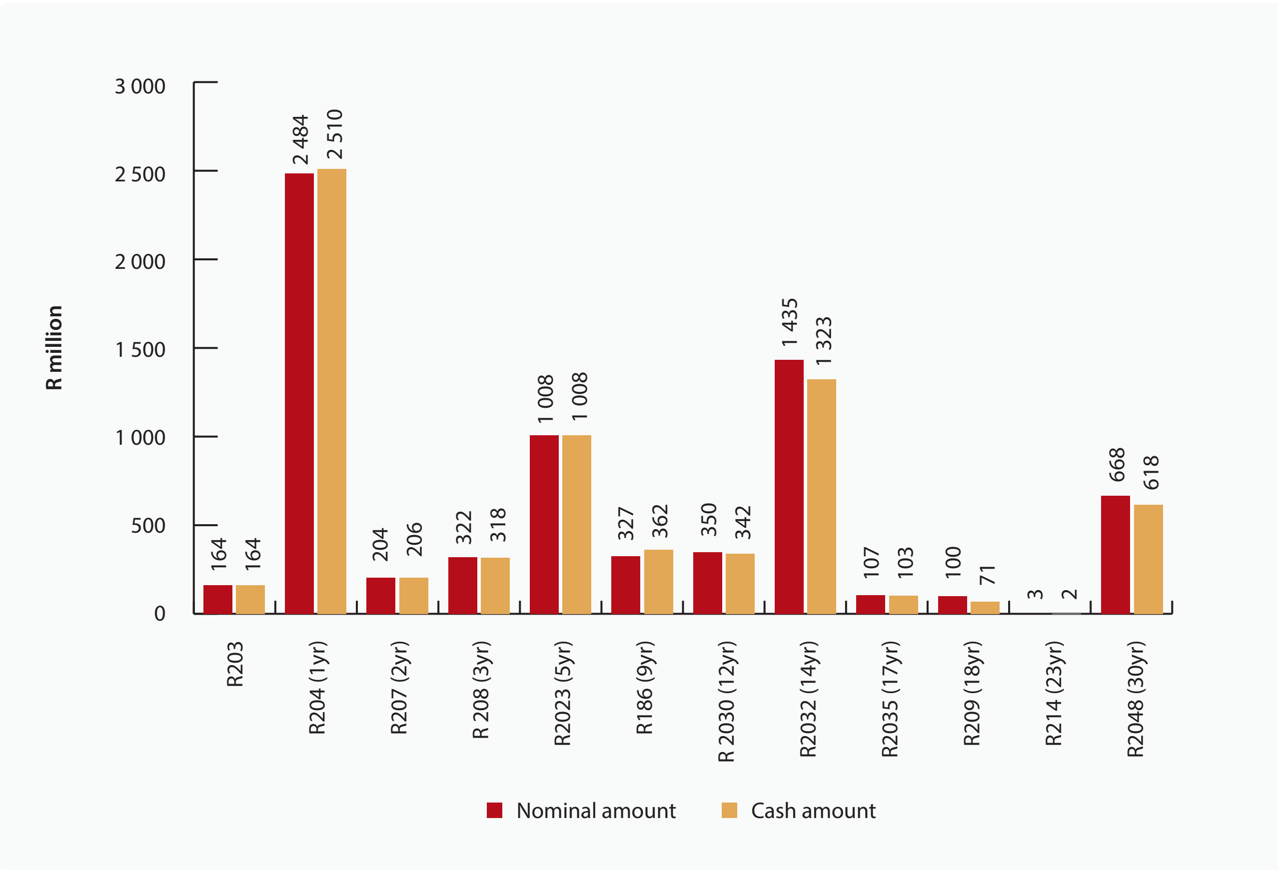
SCRIP LENDING FACILITY

The National Treasury is obliged to support the market for government bonds by acting as a lender of last resort to avoid settlement failures and subsequent systemic risk. The scrip lending facility is available strictly to primary dealers. Other market participants can only access this facility through the JSE, and it is used only if other avenues of obtaining the scrip have been exhausted.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

A nominal amount of R6.3 billion was provided through this facility during the year. Figure 12 shows the breakdown in the utilisation of the scrip lending facility per bond. About 35 per cent of the demand was on the R204 (8.00%; 2018) bond maturing 21 December 2018, followed by the R2032 (8.25%; 2032) with 20 per cent of the take-up.

Figure 12: Fixed-rate scrip lending facility utilisation, 2017/18



Source: National Treasury

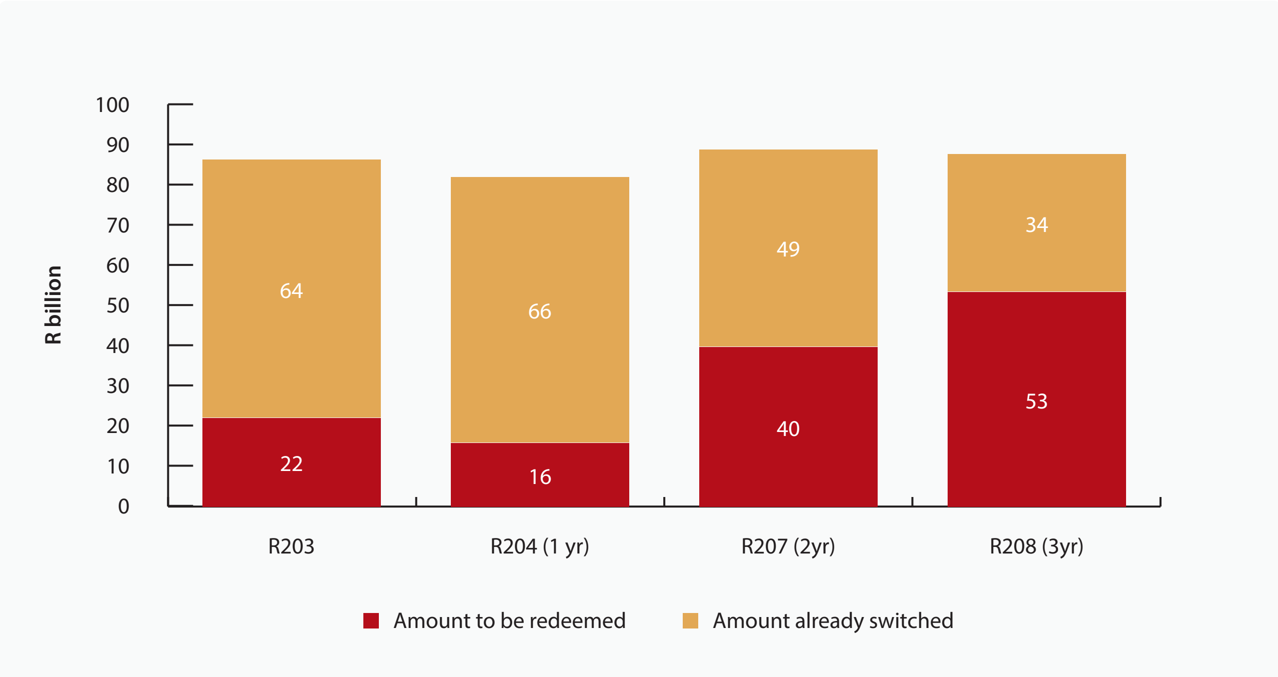
BOND SWITCH AUCTION PROGRAMME

A total of R212.6 billion[5] has been switched from the R203 (8.25%; 2017), R204 (8.00%; 2018), R207 (7.25%; 2020) and R208 (6.75%; 2021) since 2014/15. To date, a total of amount of R64 billion, R65.9 billion, R48.9 billion and R33.8 billion has been switched out of the R203, R204, R207 and R208 bonds respectively. The R203 bond was redeemed in September 2017.

[5]Excludes a nominal amount of R3.5 billion switched from the R157(13.50%; 2014) bond

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 13: Amount switched in respective bonds, 2017/18

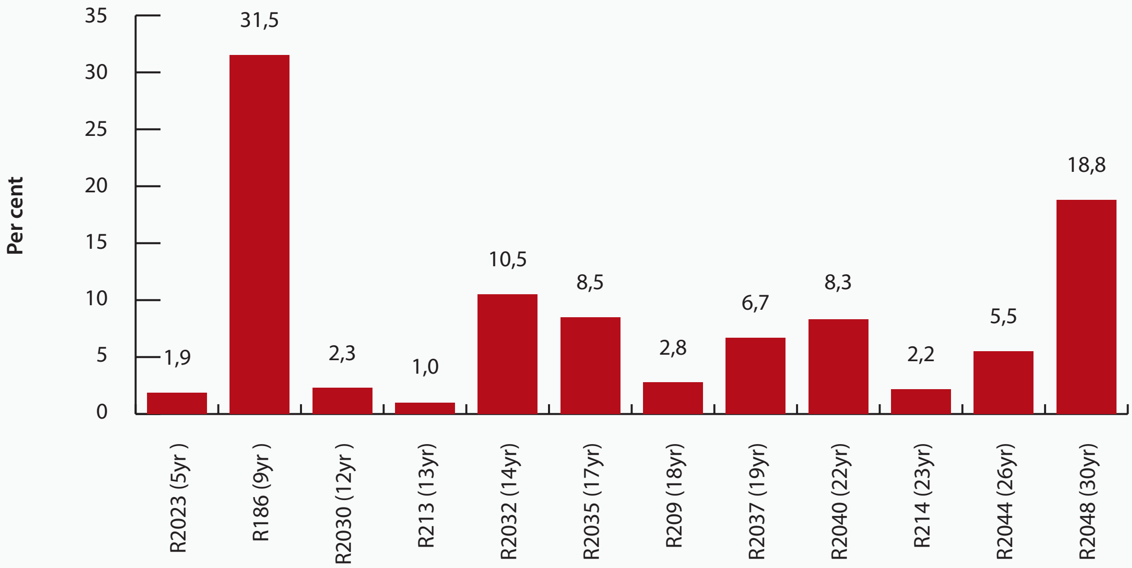


Source: National Treasury

The R186 (10.50%; 2025/2026/2027) bond was the most preferred destination bond with R23.1 billion (31.5 per cent) switched into it, followed by the R2048 (8.75%; 2047/2048/2049) with R13.8 billion (18.8 per cent) as shown in Figure 14.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 14: Percentage allocation by destination bonds, 2017/18



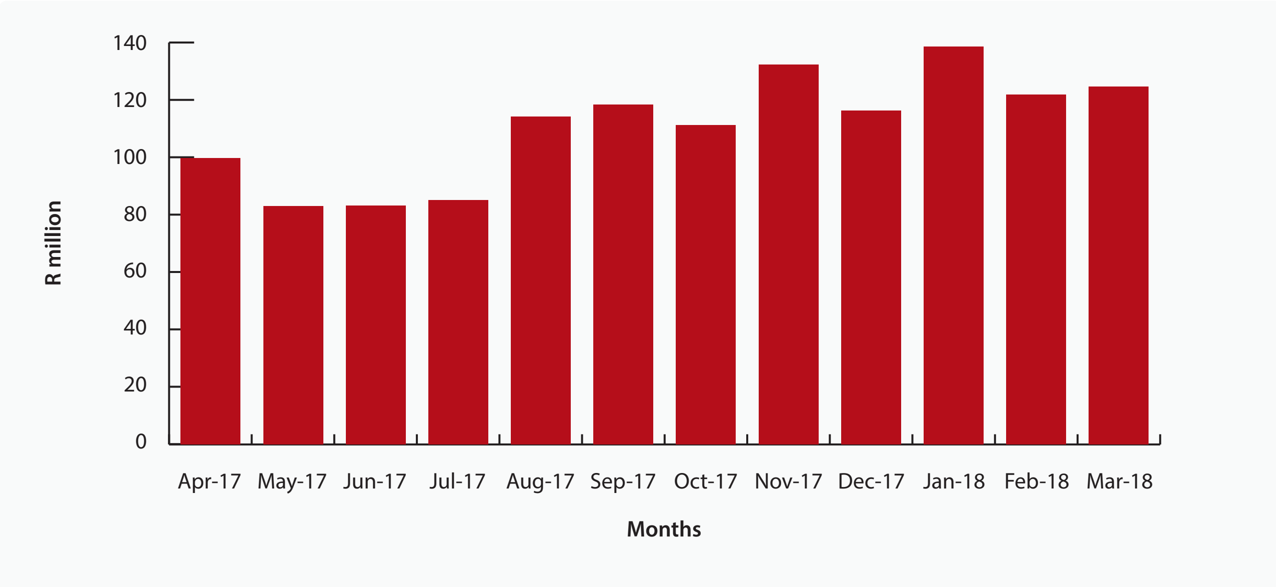
Source: National Treasury

RETAIL SAVINGS BONDS

In 2017/18, new investments amounting to R1.1 billion were made, approximately R606.9 million of which were rolled over. Rolled over or reinvested investments are those that investors have opted to reinvest at redemption date. January 2018 had the highest investment due to a combination of higher interest rates and increased awareness of retail savings bonds through marketing campaigns. The total outstanding as at 31 March 2018 was R11.7 billion.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 15: Monthly retail savings bond deposits, including roll-overs, 2017/18



Source: National Treasury

Table 6 shows the retail bond interest rates at the beginning and end of 2017/18. The rates are published on the retail savings bonds website (www.rsaretailbonds.gov.za).

Table 6: Retail bond interest rates, 2017/18

Date	2-year	3-year	5-year	10-year
Fixed-rate(%)				
30 April 2017	8,00	8,25	8,75	-
31 March 2018	7,00	7,25	8,00	-
Inflation-linked(%)				
30 April 2017	-	1,75	2,00	2,25
31 March 2018	-	3,00	3,25	3,50

Source: National Treasury

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

FINANCIAL CO-OPERATIVE RETAIL SAVINGS BONDS

The National Treasury launched the financial co-operative retail savings bonds in October 2011 to provide a secure savings instrument in which co-operative financial institutions (CFIs) and co-operative banks (CBs) can invest. The bonds offer competitive interest rates, calculated bi-annually onto investments. Additional features reflect the unique CFI model. Top-ups allow early withdrawals and preservation of capital with no fees and charges and are risk free.

Due to weak economic conditions, two CFIs withdrew their retail savings bonds investments during the year. The Co-operatives Bank Development Agency encourages more CFIs to invest in retail savings bonds as it is risk free and provides an investment risk free vehicle that gives guaranteed financial growth.

A total amount of R5.7 million was invested in the financial co-operative retail savings bond in 2017/18 as shown in Table 7.

Table 7: Financial co-operative retail savings bonds, 2017/18

Bond	Average interest rate(%)	Capital(R millon)	Number of investments
FC01-1 Year	8,30	0,42	12
FC02-2 Year	8,32	0,35	9
FC03-3 Year	8,28	4,93	21
Total		**5,70**	**42**

Source: Co-oporative Banks Development Agency and National Treasury

FOREIGN LONG-TERM BORROWING

In September 2017, government concluded a US$2.5 billion dual tranche foreign bond issuance in the international capital markets. This comprised of a US$1 billion 10-year issuance maturing in 2027 (SOAF 2027) and a US$1.5 billion 30-year issuance maturing in 2047 (SOAF 2047).

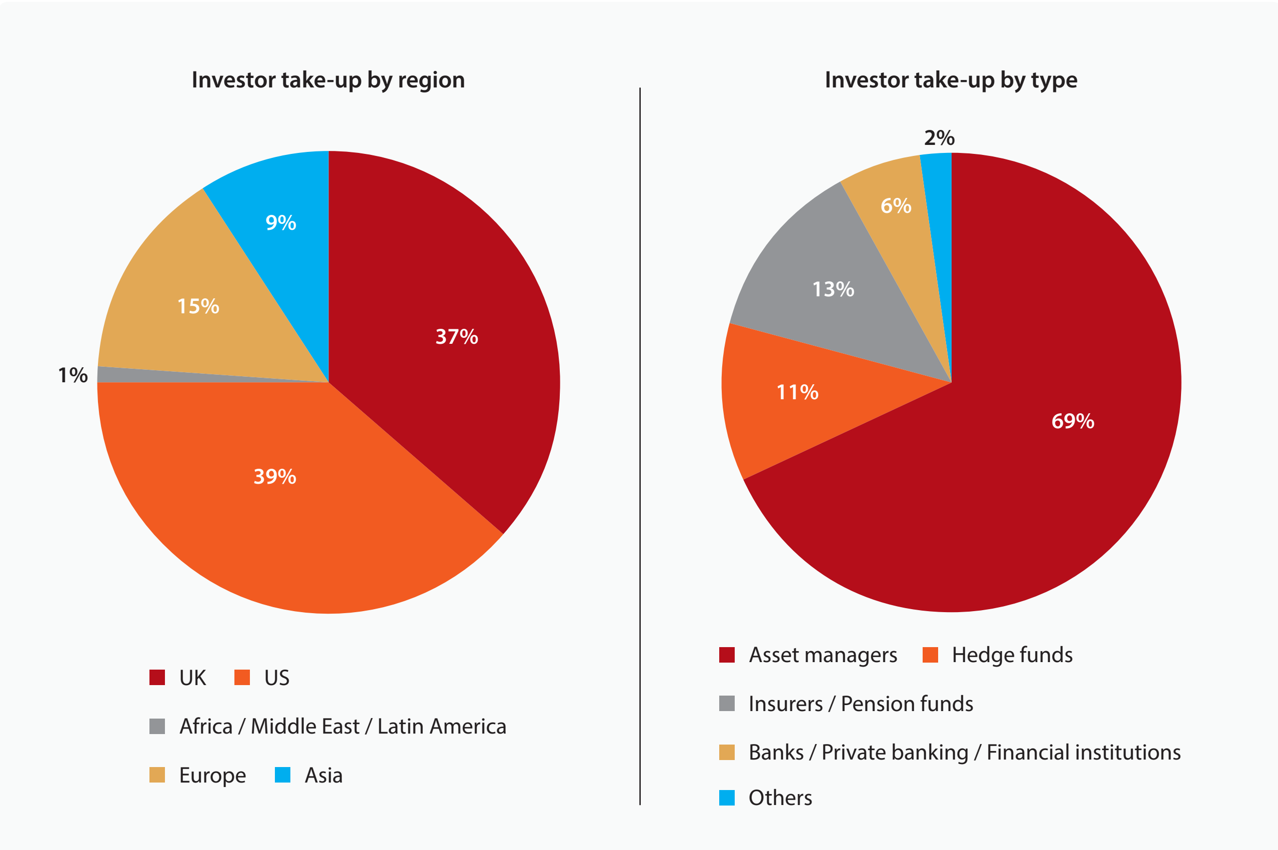
The 10-year bond was priced at a coupon rate of 4.9 per cent (at par value) which represented a spread of 260.5 basis points above the 10-year US Treasury benchmark bond.
The 30-year bond was priced at a coupon rate of 5.7 per cent (at par value) which represented a spread of 283.7 basis points above the 30-year US Treasury benchmark bond.

The transactions were more than two times oversubscribed, with investor demand from across major investor centres in Asia, Continental Europe, the United Kingdom (UK) and the United States (US) as shown in Figure 16. Overall the order book received bids of just over US$5.3 billion.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Asset managers took up 69 per cent while Insurers/ Pension funds and Hedge funds took up 13 per cent and 11 per cent respectively.

Figure 16: International bond investor take-up by region and type, 2017/18



Source: National Treasury

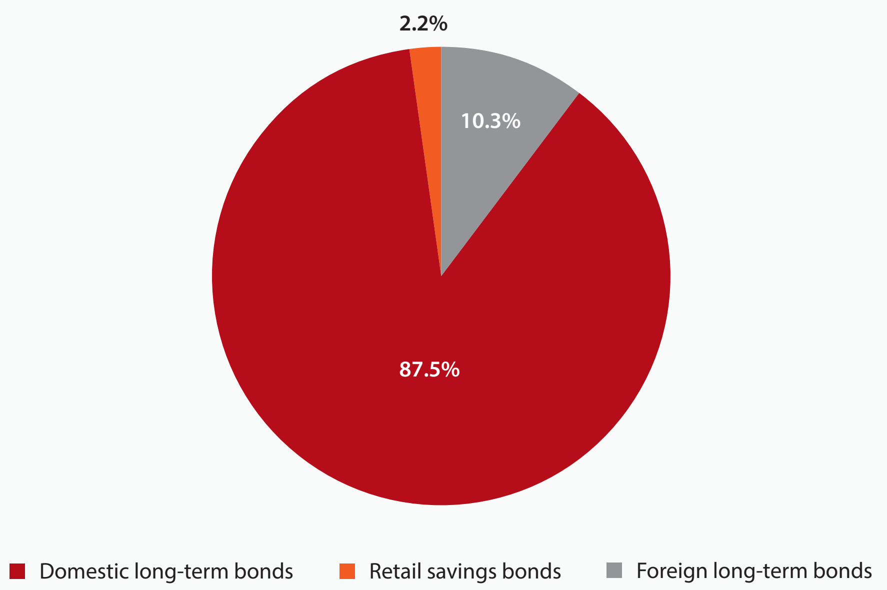
INTEREST AND REDEMPTION PAYMENTS ON LONG-TERM LOANS

Figure 17 shows government's monthly interest and redemption payments for 2017/18. The payments are split between long-term domestic, foreign and retail savings bonds. Interest and redemption payments for domestic and foreign debt amounted to R171.4 billion (87.5 per cent) and R20 billion (10.3 per cent) respectively.

In the domestic debt portfolio, the R203 (8.25%; 2017) bond was redeemed with an outstanding amount of R21 billion in September 2017.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Figure 17: Schedule of interest and redemption payments, 2017/18



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 the 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.

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. To neutralise the effects of sizeable foreign direct investment flows, the SARB also engages in foreign currency swaps. When capacity is available, the National Treasury assists in unwinding the maturing swaps.

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

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 2017 to 31 March 2018 are shown in Table 8.

In 2017/18, cash balances increased by R31.6 billion to R235.8 billion. Government continued to build up cash for a large redemption of US$3.5 billion due in 2019/20. To this end, US$1.4 billion of cash has been accumulated.

Table 8: National government's cash balances, 2017/18

R billion	Mar-17	Mar-18
Reserve bank	**161,1**	**179,7**
Sterilisation deposits	67,2	67,2
Foreign currency deposits	93,9	112,5
Commercial banks	**43,1**	**56,1**
Tax and loan accounts	43,1	56,1
Total	**204,2**	**235,8**
Of which:		
Operational cash[1]	54,0	72,2
Official reserves[2]	150,2	163,6

Source: National Treasury

1. Deposits in rands and US dollars made with commercial banks and the Reserve Bank to meet government's commitments

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

2. NATIONAL GOVERNMENT'S BORROWING REQUIREMENT AND FINANCING

Table 9 shows that total foreign currency commitments in 2017/18 amounted to US$2.2 billion. This consisted of redemptions of foreign loans amounting to US$311 million and interest on loans and other departmental commitments amounting to US$1.9 billion. These commitments were financed by borrowing in the international capital market.

Table 9: US$ flows on foreign exchange deposits, 2017/18

US$ million	Budget	Revised Budget	Preliminary outcome
Opening balance	8 615	8 615	8 615
Inflows	1 416	2 601	2 604
Foreign loan	2 000	2 500	2 500
Purchases	- 666	-	-
Interest	82	101	104
Outflows	-2 022	-2 112	-2 222
Interest on debt portfolio	- 961	- 911	- 916
Loan redemptions	- 308	- 311	- 311
Payments by departments	- 753	- 890	- 995
Closing balance	8 009	9 104	8 997

Source: National Treasury

HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

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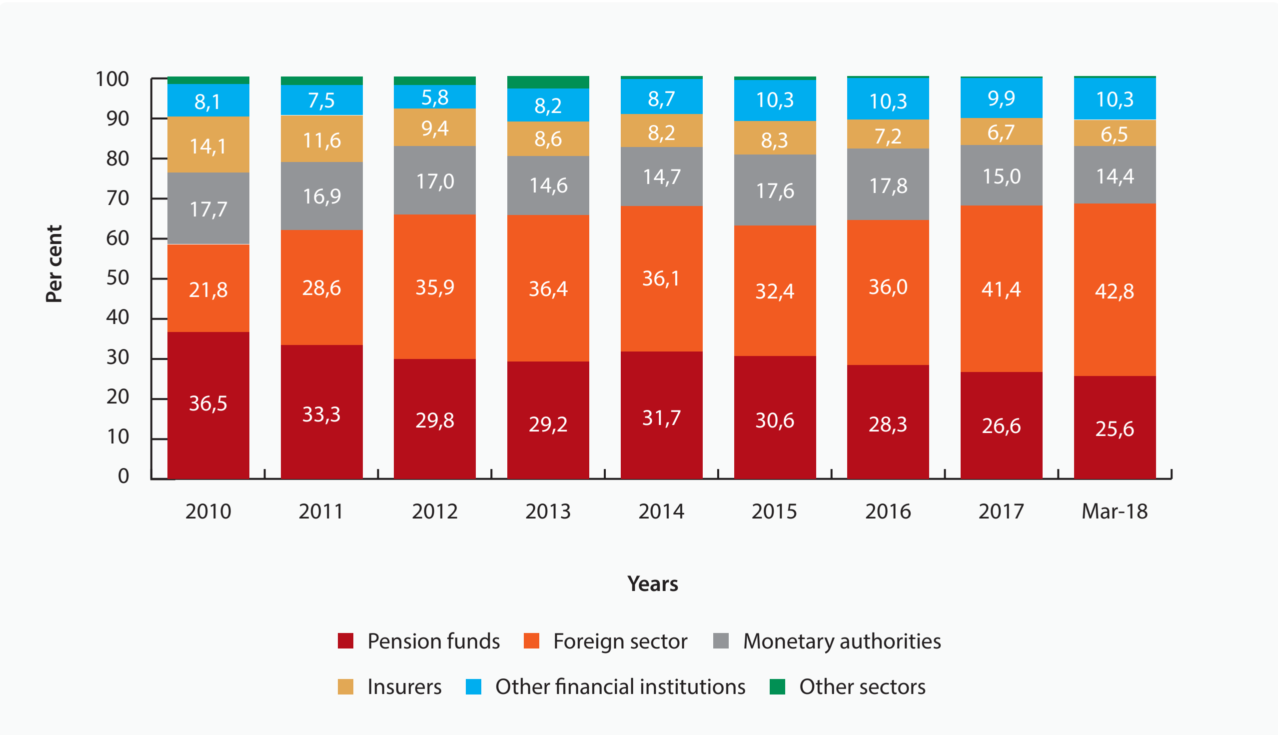
3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

HOLDERS OF DOMESTIC MARKETABLE GOVERNMENT BONDS

South Africa has deep and liquid capital markets supported by local pension funds, insurers and banking sectors and is large in comparison to other emerging markets. Despite the challenging domestic economic and political environment in 2017/18, a strong demand for emerging market debt resulted in increased foreign capital inflows in South Africa.

Due to positive investor sentiments following the outcome of the ANC elective conference, the level of foreign investor holdings rose to an all-time high of 42.8 per cent in March 2018.

Figure 18: Historical government bonds holdings, December 2010-March 2018

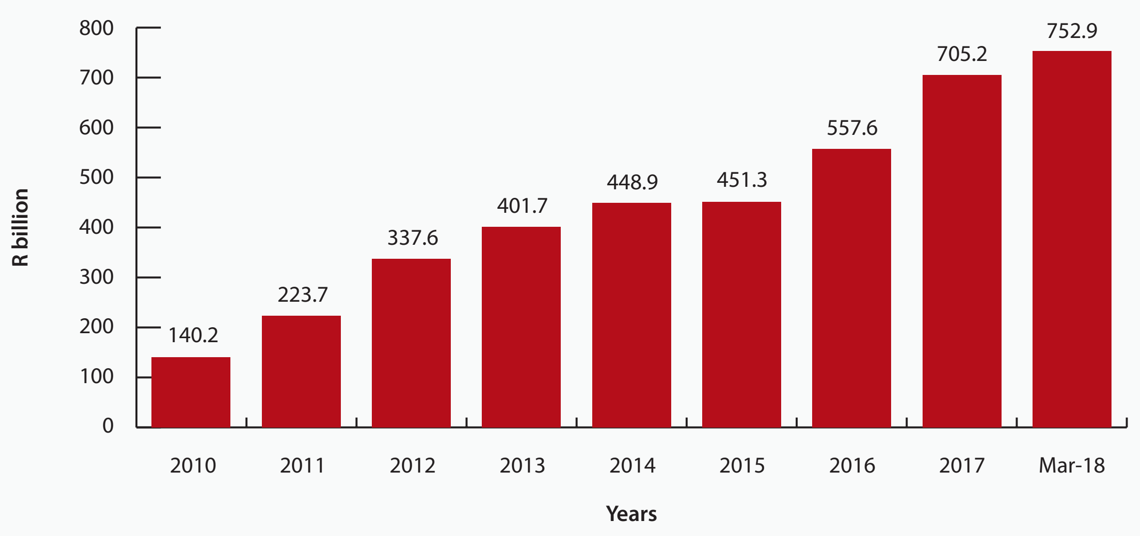


Source: Strate and National Treasury

As shown in Figure 18, foreign investor holdings of domestic government bonds increased to 41.4 per cent in 2017 compared to 36 per cent in 2016. In nominal terms, holdings by these investors increased by R147.6 billion from R557.6 billion in 2016 to R705.2 billion in 2017, as shown in Figure 19. In the first three months of 2018 there was an increase of R48 billion by foreign investors.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 19: Foreign investor holding of government bonds, 31 December 2010-31 March 2018

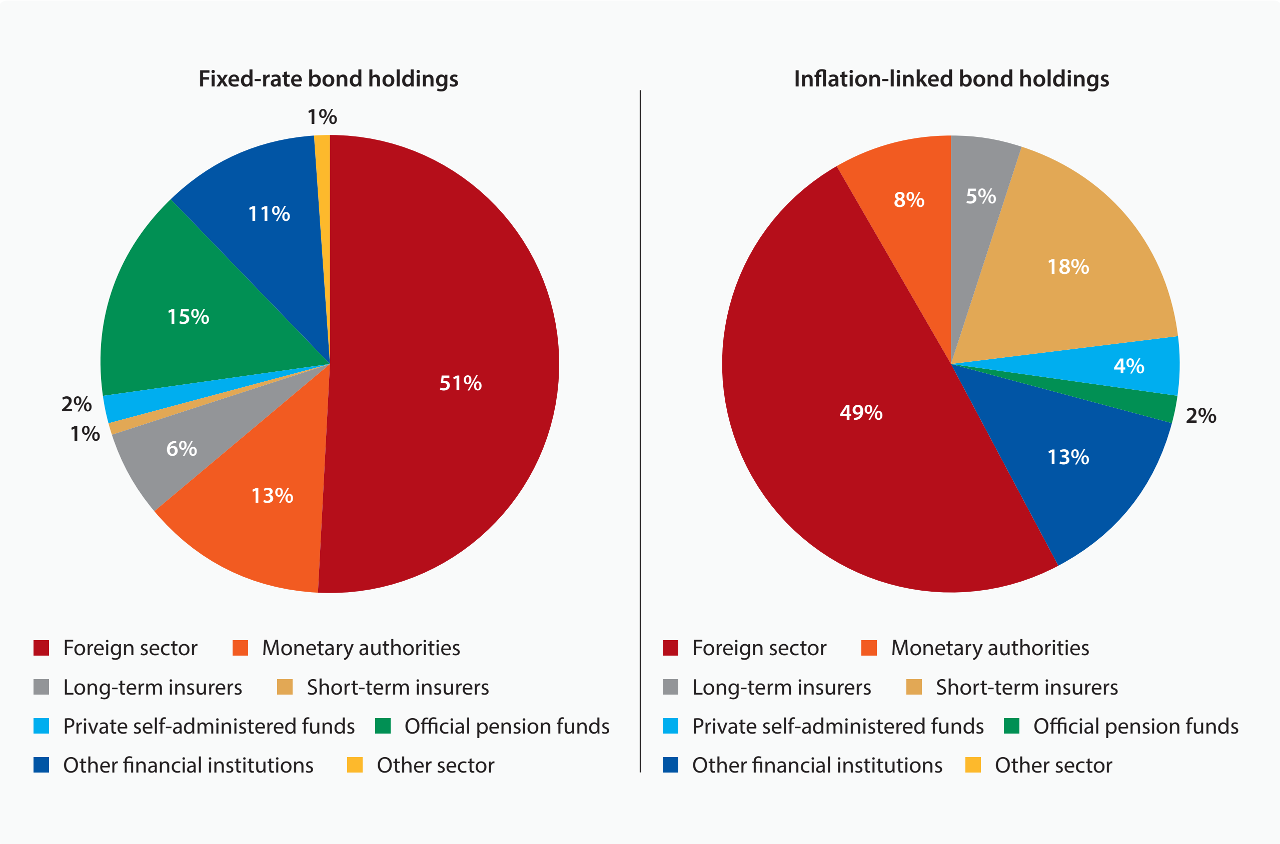


Source: Strate and National Treasury

Figure 20 is a disaggregation of the holding data showing that as at 31 March 2018, foreign investors held about 51 per cent of domestic fixed-rate bonds, followed by official pension funds with 15 per cent. Domestic pension funds remain the largest holder of inflation-linked bonds which are used to hedge against inflation and matching their long-term liabilities. Foreign investors hold 5 per cent due to the low inflation hedging need and lower yields compared to fixed-rate bonds. Nonetheless, notably there has been an increase of 2.7 per cent from 2.3 per cent in the previous year. Monetary authorities are the second largest holders of inflation-linked bonds at 18 per cent.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

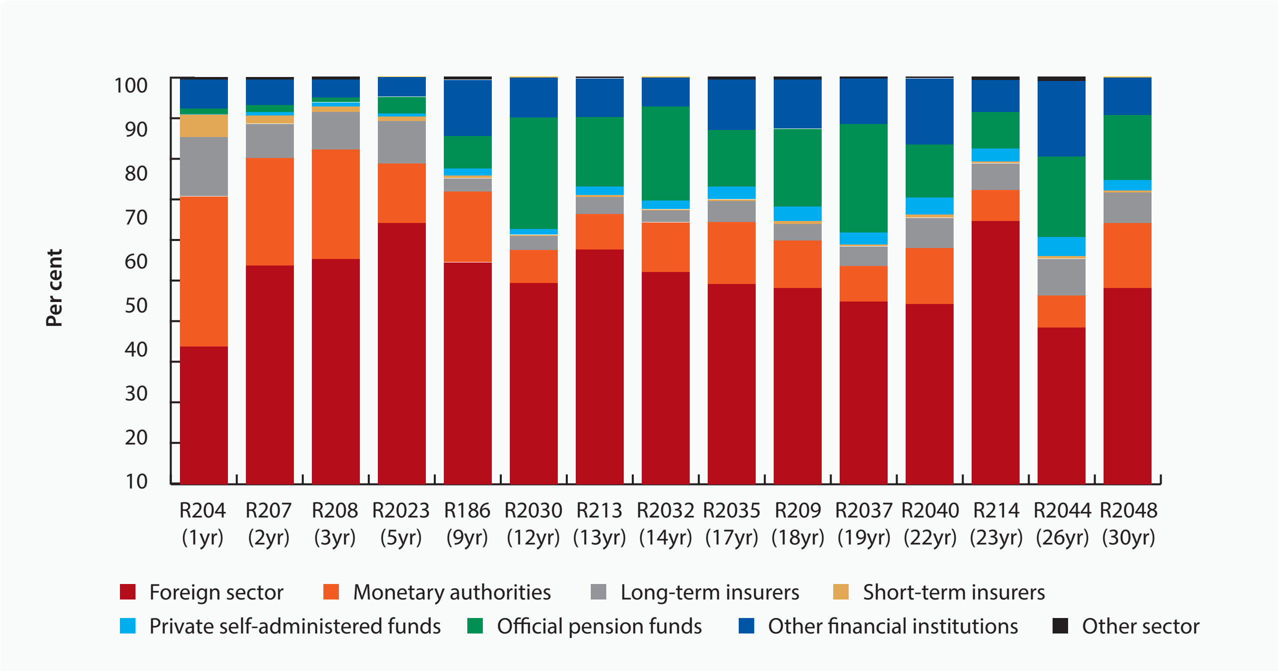
Figure 20: Holdings of domestic fixed-rate and inflation-linked bonds, 31 March 2018



Source: Strate and National Treasury

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 21: Holdings of domestic fixed-rate bonds by instruments, 31 March 2018

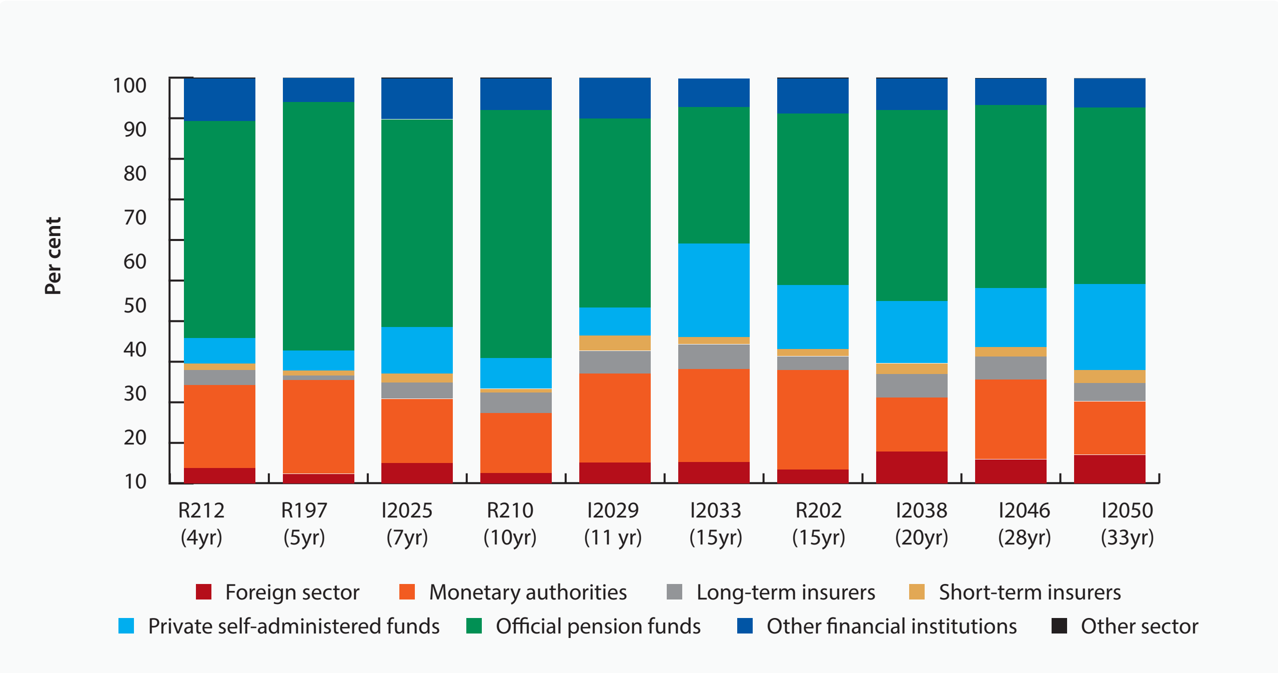


Source: Strate and National Treasury

Figure 21 shows the domestic fixed-rate bonds investor holdings by instrument type as at 31 March 2018. Foreign investors hold high percentages of bonds across all maturities. The R204 (8.00%; 2018) bond is mainly held by monetary authorities because of its short maturity (less than a year) and is kept as part of their short-term liquid assets. The monetary authorities also hold a large percentage of the R207 (7.25%; 2020) and R208 (6.75%; 2021) bonds for similar reasons.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 22: Holdings of domestic inflation-linked bonds by instruments, 31 March 2018



Source: Strate and National Treasury

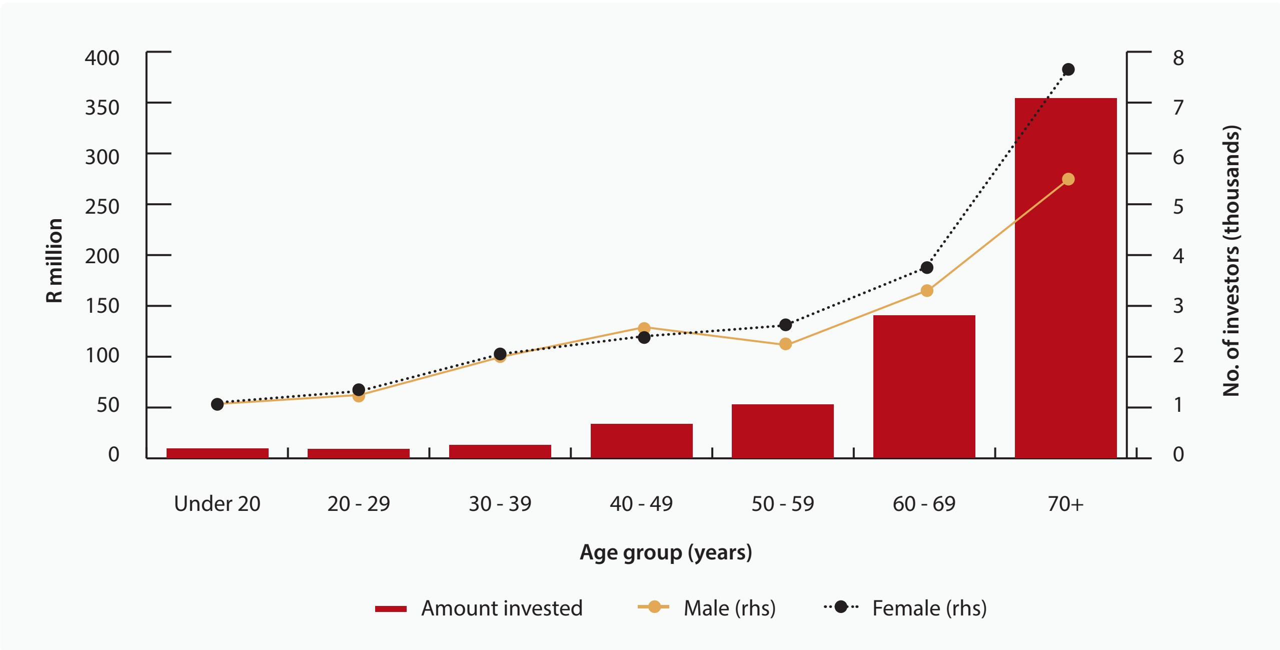
Figure 22 shows investor holdings of inflation-linked bonds by instrument. Official pension funds are the largest holders of inflation-linked bonds, with an overall holding of 49 per cent, an increase of 1 percentage point from 48 per cent in the previous year, holding more than 30 per cent across all maturities. Monetary authorities remain the second largest holder with 19 per cent which is a decrease of 1 percentage point from the previous year.

HOLDINGS OF RETAIL SAVINGS BONDS

More than 50 per cent of investors in retail bonds are above the age of 60 years and benefit from monthly interest payments. The gender composition is 55 per cent female and 45 per cent male as shown in Figure 23. Investors reside predominantly in Gauteng, KwaZulu-Natal and Western Cape. Efforts to attract younger investors continue by increasing the range of products on offer, such as the retail savings top-up bond as well as by increasing website functionality. 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.

3. HOLDINGS OF GOVERNMENT DEBT INSTRUMENTS

Figure 23: Retail savings bonds investor demographics, 31 March 2018



Source: National Treasury

GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

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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 10 shows that at the end of 2017/18, net loan debt (debt less cash balances) amounted to R2.3 trillion or 48.6 per cent of GDP. The ratio of net foreign debt to total net loan debt reached 5.1 per cent in 2017/18

Table 10: Total government debt, 2017/18

R billion	Budget	Revised budget	Preliminary outcome
Domestic debt			
Gross loan debt	2 215,1	2 286,4	2 271,9
Cash balances	- 112,2	- 112,2	- 123,2
Net loan debt	2 102,9	2 174,2	2 148,7
Foreign debt			
Gross loan debt	262,5	219,7	217,8
Cash balances	- 139,1	- 109,2	- 101,9
Net loan debt	123,4	110,5	115,9
Total gross loan debt	**2 477,6**	**2 506,1**	**2 489,7**
Total net loan debt	**2 226,3**	**2 284,7**	**2 264,6**
As percentage of GDP:			
Total gross loan debt	52,3	53,3	53,0
Total net loan debt	47,0	48,6	48,2
Foreign debt as percentage of:			
Gross loan debt	10,6	8,8	8,7
Net loan debt	5,5	4,8	5,1

Source: National Treasury

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 11 shows the composition of domestic debt for the period 2016/17 to 2017/18. Of the total domestic debt portfolio in 2017/18, 13.7 per cent consisted of short-term loans.

Table 11: Composition of domestic debt by instrument government debt, 2016/17 - 2017/18

R billion	2016/17 Outcome	2017/18 Preliminary outcome
Short-term loans	**277,1**	**310,5**
Shorter than 91-days	27,2	17,3
91-day	37,7	27,4
182-day	54,7	56,8
273-day	70,1	88,9
364-day	87,4	120,1
Long-term loans	**1 743,0**	**1 961,0**
Fixed-rate	1 289,0	1 443,0
Inflation-linked	442,6	506,2
Retail	11,2	11,7
Zero coupon	0,2	0,1
Total	**2 020,1**	**2 271,5**

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 12 shows that debt-service costs in 2017/18 amounted to R162.6 billion or 3.5 per cent of GDP. This was R291 million higher than initially budgeted, mainly because of the net between higher interest on short-term borrowing and bonds, and lower interest on foreign loans due to the strengthening of the rand.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 12: Debt-service costs, 2017/18

R billion	Budget	Revised budget	Preliminary outcome
Domestic loans	148,1	151,3	150,8
Short-term	23,0	24,8	25,0
Long-term	125,1	126,5	125,8
Foreign loans	14,3	11,9	11,8
Total	162,4	163,2	162,6
As a percentage of:			
GDP	3,4	3,5	3,5
Expenditure	11,5	11,6	11,6
Revenue	13,1	13,7	13,6

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.

The share of short-term debt maturing in 12 months (Treasury bills) as percentage of total domestic debt increased by 0.4 percentage points from 31 March 2017 to 31 March 2018. This was due to the net increase of the Treasury bill issuance during 2017/18. The share of long-term debt maturing in five years as a percentage of long-term debt declined by 2.79 percentage points as a result of the redemption of the R203 bond (8.25%; 2017) as well as R73.4 billion switched during 2017/18.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Table 13: Performance of the government debt portfolio against risk benchmarks, 2017/18

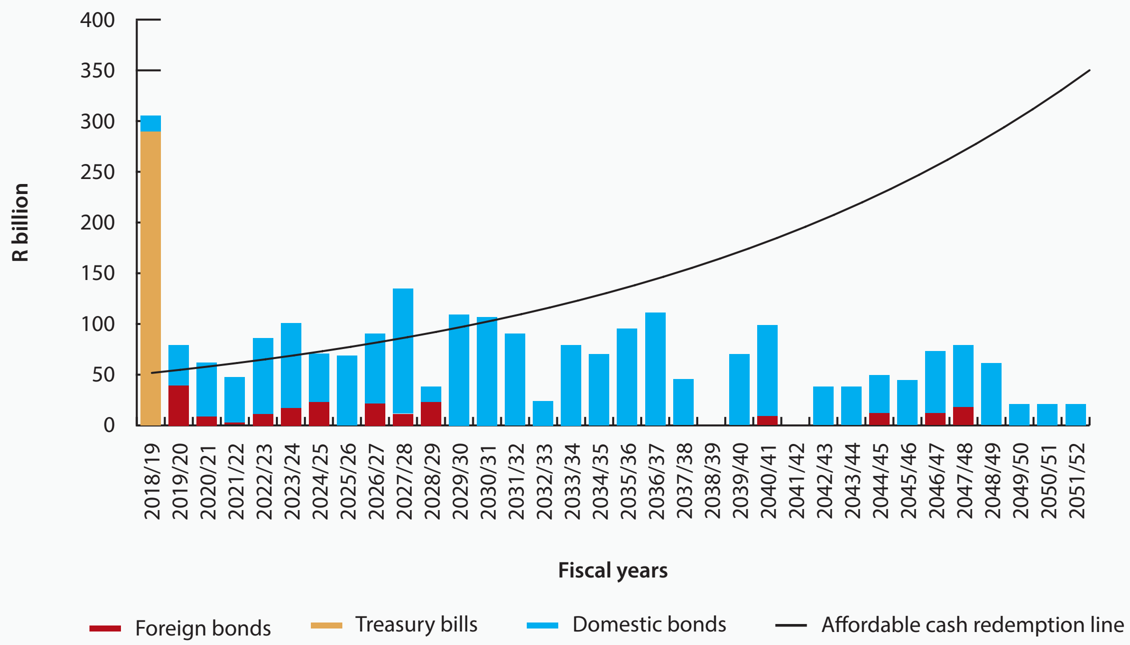
Benchmark Indicators	Range or limit		
	Benchmark	**March 2017**	**March 2018**
Share of short-term debt maturing in 12 months (Treasury bills) as a percentage of total domestic debt	15%	12,6%	13,0%
Share of long-term debt maturing in 5 years as a percentage of fixed-rate bonds and inflation-linked bonds	25%	14,3%	11,8%
Share of inflation-linked bonds as a percentage of total domestic debt	20-25%	22,3%	22,6%
Share of foreign debt as a percentage of total government debt	15%	9,7%	8,9%
Weighted term-to-maturity (fixed-rate bonds and Treasury bills in years)	10-14	13,0	13,5
Weighted term-to-maturity (inflation-linked bonds in years)	14-17	15,5	14,9
Average term-to-maturity (total government debt in years)		14,9	15,3

Source: National Treasury

The share of inflation-linked bonds as a percentage of total domestic debt remains under pressure as it is only 2.4 percentage points away from its upper limit of 25 per cent. During the latter part of 2017/18, the rand strengthened against the major currencies in which SA's foreign debt is denominated. As a result, the share of foreign debt as a percentage of total debt declined by 0.8 percentage points from the previous year and remained below the 15 per cent limit.

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

Figure 24: Maturity profile of government debt, 31 March 2018[1]



Source: National Treasury

[1]Excludes CPD and retail savings bonds

The affordable cash redemption line indicates government's affordability level for the repayment of debt as shown in Figure 24. Any amount above this line poses refinancing risk and will therefore have to be switched. The success of the switch programme targeted at local fixed-rate bonds maturing between 2017/18 and 2020/21 has been demonstrated by the transfer of government's short-term refinancing risk to the longer end of government's debt maturity profile. The bond switch auction section provides more detailed breakdown of switches conducted in 2017/18.

SOVEREIGN RISK ASSESSMENT

South Africa's sovereign credit rating is an assessment of government's ability to meet its debt obligations. South Africa solicits 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).

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

The sovereign credit rating was under pressure in 2017/18. 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+'). On 9 June 2017, Moody's also downgraded the country's sovereign credit rating to 'Baa3' from 'Baa2', albeit still within the investment grade.

Furthermore, in November 2017, three of the rating agencies announced their rating actions on the country. On 23 November 2017, Fitch affirmed both South Africa's foreign and domestic currency ratings at 'BB+' and kept the outlook stable.

On 24 November 2017, S&P downgraded both the sovereign's foreign and domestic currency ratings. The foreign currency rating was downgraded to 'BB' from 'BB+' while the domestic currency rating was downgraded to 'BB+' from 'BBB-'. Credit ratings by S&P and Fitch are therefore non-investment grade. However, the outlook was changed from negative to stable. On the same day, Moody's placed South Africa's sovereign credit ratings on review for possible downgrade. The review was concluded on 23 March 2018, when the rating agency affirmed the sovereign credit ratings of 'Baa3' and changed the outlook to stable from negative. Both the domestic and foreign currency ratings from Moody's are investment grade.

Table 14: South Africa's current ratings

Rating agency	**Fitch**		**S&P**		**R&I**		**Moody's**	
Date of review	**15 Jun 2018**		**25 May 2018**		**13 Apr 2018**		**23 Mar 2018**	
	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating
Foreign currency credit rating	BB+	BB+	BB	BB+	BBB	BBB	Baa3	Baa3
Domestic currency credit rating	BB+	BB+	BB+	BBB-	BBB+	BBB+	Baa3	Baa3
Outlook	**Stable**	**Stable**	**Stable**	**Negative**	**Stable**	**Negative**	**Stable**	**Negative**
	Both foreign and domestic debt credit ratings are one notch below non-investment grade		Foreign debt credit rating is two notches below non-investment grade while the domestic debt credit rating is one notch below non-investment grade		Foreign debt credit rating is two notches above non-investment grade while the domestic debt credit rating is three notches above non-investment grade		Both foreign and local debt credit ratings are one notch above non-investment grade	

Source: R&I, Moody's, S&P, Fitch

4. GOVERNMENT DEBT PORTFOLIO AND RISK METRICS

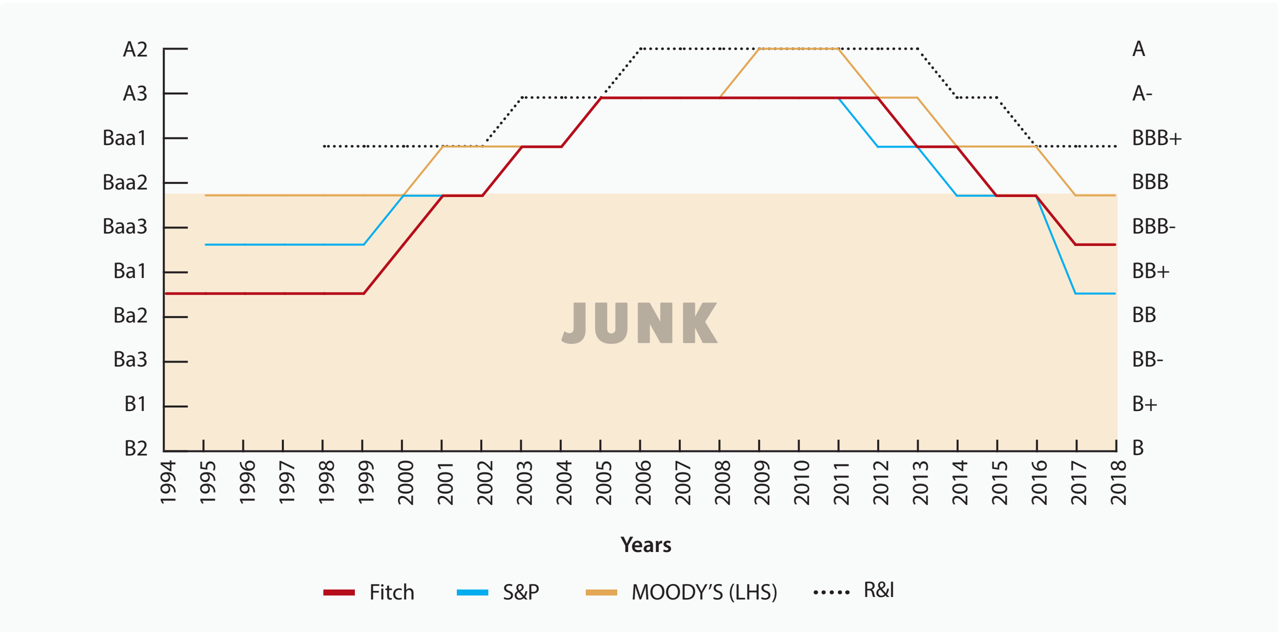
The following factors were cited by Fitch, Moody's and R&I as key drivers for affirming South Africa's sovereign credit ratings:

- The likelihood of a gradual reversal of previous deterioration of South Africa's institutions under a more transparent, predictable policy framework;
- The improved growth performance and outlook;
- Fiscal adjustment plans to stabilise and reduce the debt burden as announced in the 2018 Budget; and
- Supported by the deep and efficient capital market, the volume of capital inflows should be largely maintained.

The following factors were cited by S&P as key drivers for downgrading South Africa's sovereign credit ratings:

- A momentous political agenda has overshadowed policy making, despite the deteriorating economy and weakening public finances;
- South Africa's economic growth performance is among the weakest of emerging markets sovereigns, with less than zero per capita growth; and
- Income inequality is among the highest in the world and has worsened since the turn of the century.

Figure 25: South Africa's credit rating history 1994-2018 (foreign currency debt ratings)



Source: National Treasury

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

The National Treasury is mandated to perform financial oversight over SOCs to ensure that they comply with the applicable provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The National Treasury is also responsible for monitoring and advising SOCs on their strategic plans and financial performance. To enable the 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 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 NRF 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.

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

The issuance programmes of government and the SOCs are coordinated by the National Treasury through a published annual bond issuance calendar which consolidates the bond issuance plans of government and the SOCs.
The National Treasury monitors the status of contingent liabilities, which include guarantees extended to SOCs. Once a guarantee has been issued, the National Treasury takes appropriate action to minimise any risks that may emerge.

SPENDING OUTCOME OF STATE-OWNED COMPANIES

As at 31 March 2018, 85.9 per cent of the budgeted R83.8 billion for SOCs was spent on capital projects. Table 15 highlights the capital expenditure (capex) by SOCs. Eskom and Transnet constituted actual capex of 66.0 and 30.2 per cent respectively. While the capex of other SOCs remained below the budgeted amounts, the capex of ACSA was 11 per cent above the budgeted amount of R755 million.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Table 15: SOCs' infrastructure spending, 2017/18

R million	Budget	Revised budget	Expenditure of Budget (%)
Eskom	53 352	47 527	89
Transnet	24 375	21 714	89
SABC	2 412	951	39
Central Energy Fund	1 801	704	39
ACSA	755	838	111
Total of top 5	**82 695**	**71 734**	**87**
Other SOCs	1 111	233	21
Total	**83 806**	**71 967**	**86**

Source: National Treasury

ESKOM

Eskom reported capex of R47.5 billion, 10.9 per cent below the budgeted amount of R53.4 billion. This was mainly due to under expenditure on the Kusile power station, Majuba rail and other power delivery projects.

On the Kusile project, the under expenditure was primarily due to the damaged gas air heater which delayed other work that was planned. As a result of pre-commissioning revenue earned during unit 1 optimisation electricity output, commissioning costs were also lower than planned, thereby offsetting capital costs.

Further, the slow progress on the Majuba rail project's electrical work package and the hold-up in the placing of the yard optimisation contract contributed to more delays in the project. The portfolio of power delivery projects also experienced poor contractor performance, late delivery of equipment orders as well as labour and community unrest.

TRANSNET

In 2012/13, Transnet launched its market demand strategy (MDS), aimed at expanding South Africa's rail, port and pipeline infrastructure to significantly increase freight volumes. Through the MDS, Transnet implements a counter cyclical investment strategy to create capacity ahead of demand, thereby stimulating economic growth for the country. The MDS capex plan is committed to implementing a ratio of 60 per cent expansion through acquisition of new infrastructure and 40 per cent maintenance of existing infrastructure.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Transnet's planned capex programme was R24.4 billion in 2017/18. The actual spending was R2.7 billion lower than the budgeted capex. Spending comprised 40 per cent on new acquisitions, 31 per cent on maintenance and 29 per cent on other small projects, including new business developments.

The current economic climate has negatively impacted on the implementation of the capex programme. While the entity's sub-investment credit rating may pose some challenges in securing the required funding for capex, mitigation measures will be adopted.

CENTRAL ENERGY FUND

The CEF spent only R704 million of the budgeted R1.8 billion on planned capex in 2017/18. This represented 39 per cent of budget. Under expenditure is mainly due to all investment activities at PetroSA being put on hold. PetroSA is the group's largest subsidiary and its performance has a major impact on the entity's capex delivery.

AIRPORTS COMPANY OF SOUTH AFRICA

ACSA was 10.9 per cent over the budgeted capex. The significant portion of the expenditure was in the fourth quarter of 2017/18 due to cargo warehouse and office refurbishment programme initiated in 2018.

BORROWINGS OVERVIEW

In 2017/18, the actual borrowing for the ten SOC's (ACSA, Eskom, Transnet, Development Bank of Southern Africa (DBSA), South African National Roads Agency Limited (SANRAL), Trans-Caledon Tunnel Authority (TCTA), Industrial Development Corporation (IDC), Land Bank, South African Airways (SAA) and Denel) was 17 per cent lower than the planned R195.6 billion as shown in Table 16.

The domestic market accounted for the larger portion of the actual funding and amounted to 67 per cent of the total actual funding. While the remaining 33 per cent was from foreign capital markets. The domestic and foreign markets were not favourable to SOCs due to the ongoing concerns around their governance and financial health.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Table 16: State-owned companies consolidated borrowing progress as at 2017/18

R million	2016/17		2017/18	
	Budgeted	**Actual**	**Budgeted**	**Actual**
Domestic loans (gross)	**76 262**	**114 210**	**121 242**	**108 423**
Short-term	52 868	71 641	54 115	68 407
Long-term	23 394	42 568	67 127	40 015
Foreign loans (gross)	**56 073**	**52 969**	**74 310**	**54 436**
Long-term	56 073	52 969	74 310	54 436
Total	**132 335**	**167 179**	**195 552**	**162 858**
Total borrowings as percentage of planned borrowings		126		83
Percentage of total:				
Domestic Loans	58	68	62	67
Foreign Loans	42	32	38	33

Source: Treasury operations (ACSA, Eskom, Transnet, DBSA, SANRAL, TCTA, IDC, SAA, and Land Bank)

While the domestic portion contributed a larger part of the funding, the R31.8 billion that was planned to be raised through domestic bond auctions fell short by 44 per cent. Most of the SOC's were unable to conduct public or open bond auctions. Funding from the multilateral institutions were lower than anticipated, due to challenges mentioned above and subsequent credit downgrades.

ESKOM

Eskom continued to be the dominant player in the SOC funding space despite the challenges encountered in 2017/18, accounting for R69.5 billion or 44 per cent of the consolidated SOC funding. The utility planned to raise R71.7 billion for the year and achieved 97 per cent of the targeted amount. Improved sentiments by domestic and foreign investors following the appointment of the new board enabled the utility to raise R17.2 billion and R27.1 billion in the domestic and foreign market, respectively in the fourth quarter of 2017/18. Redemptions for the entity amounted to R28.3 billion as at the end of 2017/18 financial year, resulting in a net borrowing of R41.2 billion.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

LAND BANK

Land Bank was the second largest gross borrower, accounting for 23 per cent of the total actual funding for the financial year. During the year, the Bank exceeded its planned borrowings. About 89 per cent of the actual borrowings were raised through domestic capital markets. The Bank had a net borrowing of R4.5 billion and redeemed R33.0 billion in 2017/18

TRANSNET

Transnet fell within the top 5 SOC borrowers in 2017/18. Failed domestic auctions emanating from dampened investor appetite and unfavourable pricing in auctions compromised the entity's funding plans. Nonetheless, the entity managed to redeem a significant portion of its maturing debt, including the TN17, with a net redemption value of R7 billion. The redemption was managed through the availability of short-term facilities for liquidity purposes and healthy cash balances. Transnet's planned borrowing for 2017/18 amounted to R24.3 billion. However, R10.2 billion of the planned borrowing was achieved, of which 62 per cent of the funding was raised from the foreign market.

SOUTH AFRICAN NATIONAL ROADS AGENCY LIMITED

SANRAL's planned borrowings for 2017/18 amounted to R6.7 billion. The entity achieved to raise funding amounting to R732 million or 11 per cent of the planned borrowings for the year. Total redemptions for the financial year were R326 million, resulting in the group's net borrowing of R40 million.

DEVELOPMENT BANK OF SOUTHERN AFRICA

DBSA accounted for 8 per cent of the total actual SOC funding in 2017/18. A significant portion of DBSA's funding was sourced from the domestic capital market which was 90 per cent of the total funding.

INDUSTRIAL DEVELOPMENT CORPORATION

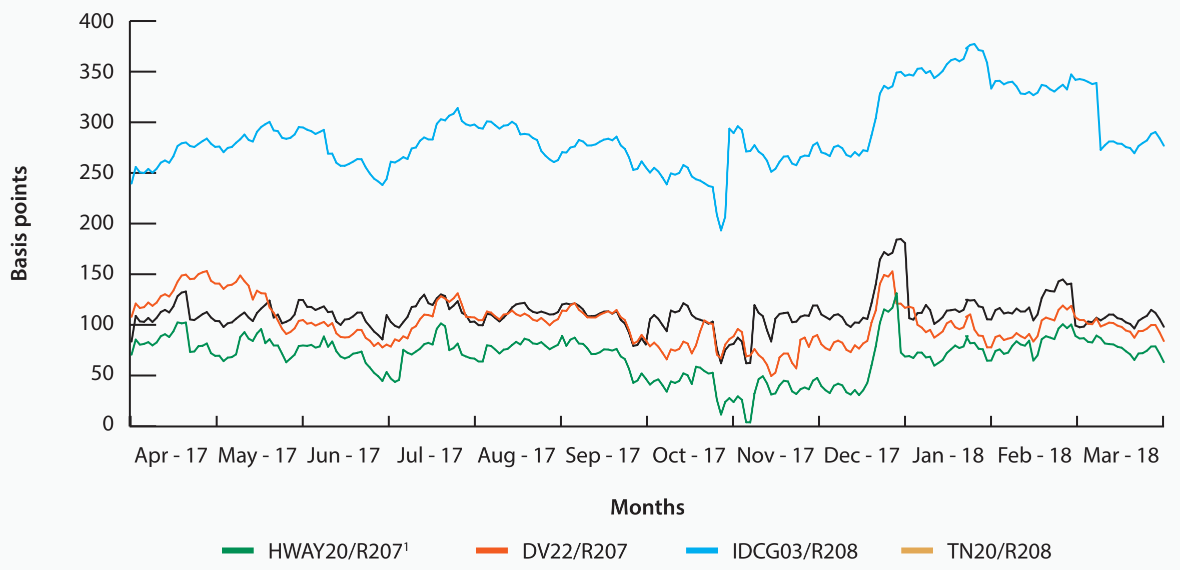
The IDC managed to raise 77 per cent of its planned annual funding. A significant portion of IDC's debt was raised from the domestic market. The net borrowing in 2017/18 amounted to R5.1 billion and R3.2 billion was redeemed in 2017/18.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

FUNDING COSTS OF STATE-OWNED COMPANIES

Funding activity was characterised by lower investor appetite for SOC listed debt in 2017/18. The sovereign credit rating downgrades and subsequent downgrade in most SOCs resulted in weaker bond yields for government and SOCs.

Figure 26: SOC bond spreads for bonds maturing between 1 and 3 years, 2017/18



Source: Bloomberg and National Treasury

[1] Guaranteed bonds: SANRAL's HWAY20

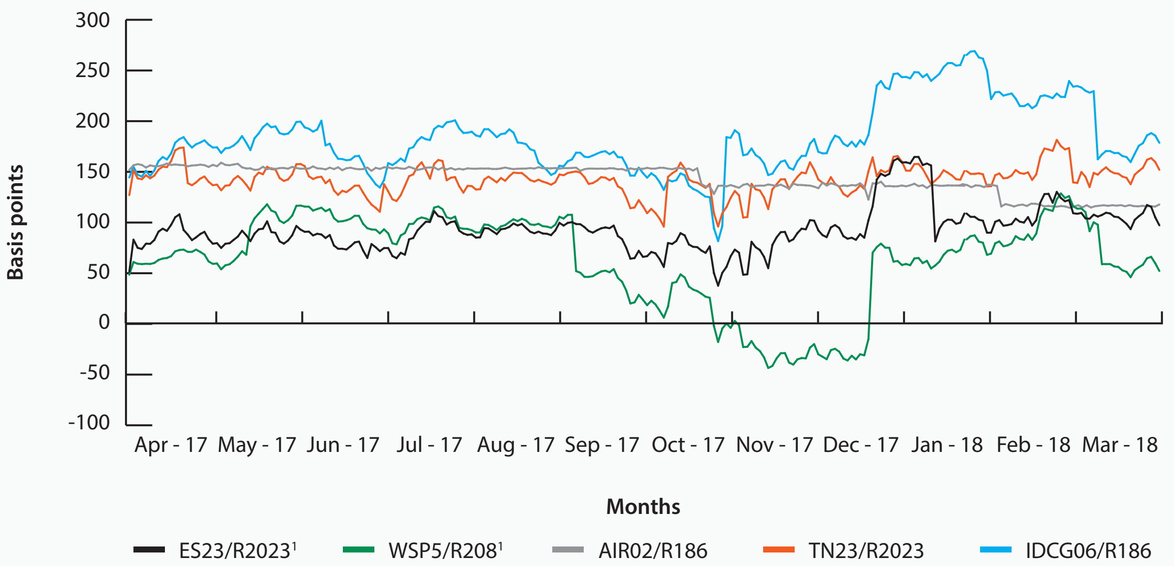
Unguaranteed bonds: DBSA's DV22; IDC's IDG03 and Transnet's TN20

In 2017/18, some of the guaranteed bonds traded at lower spreads on average compared to the unguaranteed bonds. The bond yield spread on the guaranteed SANRAL HWAY20 to the R207(7.25%; 2020) bond traded at an average of 68 basis points during the year and reached a low of 4 basis points in November following the tabling of the MTBPS which showed weaker growth prospects and a higher revenue shortfall, government bond yields weakened significantly.

The IDC's G03 bond yield spread to the R208 (6.75%; 2021) bond- which is an unguaranteed bond recorded the highest average spread of 288 basis points and peaking at a high of 378 basis points in January 2018. The bond yield spread on the Transnet's TN20 to the R208(6.75%; 2021) bond traded tighter at an average of 111 basis points.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Figure 27: SOC bond spreads for bonds maturing between 3 and 7 years, 2017/18



Source: Bloomberg and National Treasury

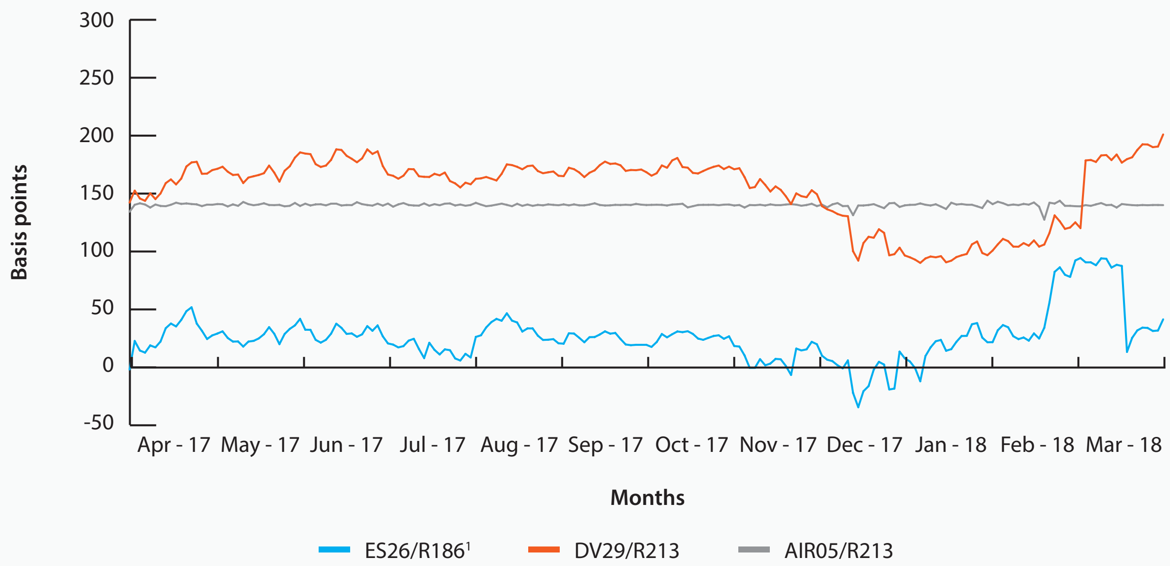
[1.]Guaranteed bonds: Eskom's ES23; TCTA's WSP5

Unguaranteed bonds: ACSA's AIR02; IDC's IDCG06; Transnet's TN23

The bond yield spreads on ES23 to the R2023(7.75%; 2023) bond and TCTA's WSP5 spreads to the R208(6.75%; 2021) bond traded at average of 95 basis points and 64 basis points, respectively. During the months of October and December 2017 the WSP5 bond yields traded lower than the R208(6.75%; 2021) bond. ACSA's AIR02 spread to the R186(10.50%; 2026) bond was less volatile bond in the maturity bracket of 3-7 years and traded at an average of 144 basis points on average.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

Figure 28: SOC bond spreads for bonds maturing between 7 and 12 years, 2017/18



Source: Bloomberg and National Treasury

[1.]Guaranteed bonds: Eskom's ES26

Unguaranteed bonds: DBSA's DV29 and ACSA's AIR05

The bond yield spread on the guaranteed Eskom bond, the ES26 to the R186(10.50%; 2026) bond traded at lowest average of 29 basis points, this was despite the higher volatility it demonstrated relative to other bonds during the year. During September and October, the yields on the ES26 were trading lower than the government's R186 (10.50%; 25/26/27) bond however, the negative sentiments around the entity posed limitations to raise funds in the domestic capital markets. DBSA's DV29 bond yield spread to the R213(7.00%; 2031) bond) traded at 163 basis points.

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

GOVERNMENT'S CONTINGENT LIABILITIES

Table 17: Government guarantee exposure, 2015/16 – 2017/18

R billion	2015/16		2016/17		2017/18	
	Guarantee[1]	Exposure[2]	Guarantee[1]	Exposure	Guarantee[1]	Exposure
State-owned companies	**469,9**	**255,8**	**475,7**	**290,4**	**466,0**	**300,4**
of which:						
Eskom	350,0	175	350,0	202,8	350,0	220,8
South African National Roads Agency Limited	38,9	27,2	38,9	29,4	38,9	30,1
Trans-Caledon Tunnel Authority	25,8	21,2	25,6	20,9	25,7	18,7
South African Airways	14,4	14,4	19,1	17,8	19,1	11,8
Land and Agricultural Bank of Southern Africa	6,6	5,3	11,1	3,8	9,6	6,6
Development Bank of Southern Africa	13,9	4,4	12,5	4,1	12,3	4,2
Transnet	3,5	3,8	3,5	3,8	3,5	3,8
Denel	1,9	1,9	1,9	1,9	2,4	2,3
South African Post Office	4,4	1,3	4,4	4,0	0,4	0,4
South African Express	1,1	0,5	1,1	0,8	0,8	0,8
Industrial Development Corporation	2,0	0,2	0,4	0,2	0,5	0,1
Passenger Rail Agency of South Africa	1,4	-	1,2	-	-	-
Telkom South Africa		-	0,2	0,1	0,3	0,1
Other	4,3	1,2	5,7	0,9	2,6	0,8
Independent power producers	**200,2**	**114,0**	**200,2**	**125,8**	**200,2**	**122,2**
Public private partnerships[3]	**10,3**	**10,3**	**10,0**	**10,0**	**9,6**	**9,6**
South African Reserve Bank	**3,0**	**-**	**3,0**	**-**	**-**	**-**

Source: National Treasury

1. Represents the full guarantee issued

2. Represents the total amount of borrowing and accrued interest for the periods made against the guarantee

3. This amount only includes the national and provincial PPP agreements

5. FUNDING PROGRAMMES OF STATE-OWNED COMPANIES

GUARANTEES TO STATE-OWNED COMPANIES

Government guarantees decreased to R466 billion from R475.7 billion, and exposure amount increased respectively to R300 billion from R290 billion in 2017/18 and 2016/17. The main reasons for these changes are listed below:

Guarantee amount:

- A guarantee of R1.5 billion previously issued to the Land Bank expired in 2017/18;
- A guarantee of R3.7 billion issued to the South African Post Office was converted into equity during the period under review and this reduced its total issued guarantee to R400 million; and
- The R3 billion guarantee granted to the SARB, which formed part of the African Bank bailout in 2014/15, expired in March 2017 without being called on.

Exposure amount:

Eskom drew down an additional R18 billion of its guarantee during 2017/18;

An additional guarantee of R580 million was granted to Denel in December 2017 to meet short-term cash requirements. This additional guarantee has been fully drawn down by Denel; and

Land Bank drew down an additional R2.8 billion of its guarantee during 2017/18.

GUARANTEES TO RENEWABLE ENERGY INDEPENDENT POWER PRODUCERS

Power purchase agreements (PPAs) between Eskom and renewable energy independent power producers (REIPPs) create a contractual obligation for Eskom to purchase power from these REIPPs over a 20-year period at a price agreed to by the National Energy Regulator (NERSA) of South Africa. Government provides guarantees to Eskom in respect of its obligation under these contracts. Should Eskom fail to buy some or all the power as agreed in the PPAs, government will be obliged to purchase power on Eskom's behalf. Government also provides guarantees to REIPPs in the case of termination of the contracts through expropriation or nationalisation of the facilities or default. The likelihood of both these scenarios occurring is, however, very low.

In line with global standards, these obligations have been classified as contingent liabilities. To date, government has committed to procuring up to R200 billion in renewable energy from REIPPs. As at 31 March 2018, the value of the signed projects was R122 billion which represents part of government's exposure.

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 should the project fail to generate the minimum revenue as set out in a contract with the private party. During 2017/18, contingent liabilities from PPPs decreased by about R469 million to R9.6 billion. The decrease was mainly due to some PPP contracts ending during the year. Total exposure in PPPs is expected to decrease to R7.4 billion in 2020/21.

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6. INVESTOR RELATIONS

INVESTOR ROADSHOWS

The 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 MTBPS 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 2017/18: New York, Boston, Los Angeles, Tokyo, Beijing, Hong Kong and Singapore.

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 calendars, auctions historical results, sovereign credit ratings and reports, holdings of domestic government bonds, 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

The National Treasury conducts retail savings bond promotions throughout the country. During 2017/18, promotions took place in cities and towns across all nine provinces at various exhibitions including the Decorex expo, Baba Indaba, Stokvel expo and the 2018 Rand Show, and in SA post offices. Industrial theatre plays were conducted in three provinces, namely Gauteng, Limpopo, North West, Mpumalanga and KwaZulu-Natal 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, taxi rank advertising as well as a television advertising campaign.

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7. ANNEXURES

ANNEXURE A: REDEMPTION SCHEDULE OF TREASURY BILLS, 31 MARCH 2018

R million	91-day	182-day	273-day	365-day	Total
2017/04/05	3 555	2 460	2 100	2 000	10 115
2017/04/12	3 555	2 460	2 100	2 000	10 115
2017/04/19	1 800	2 460	2 100	2 000	8 360
2017/04/26	1 800	2 460	2 100	2 000	8 360
2017/05/03	1 800	1 561	2 300	2 000	7 661
2017/05/10	1 800	2 460	2 300	2 000	8 560
2017/05/17	1 800	2 460	2 300	2 000	8 560
2017/05/24	1 800	2 460	2 300	2 000	8 560
2017/05/31	1 800	2 492	2 500	2 000	8 792
2017/06/07	1 800	2 460	2 500	2 000	8 760
2017/06/14	1 800	2 460	2 500	2 000	8 760
2017/06/21	2 320	2 460	2 500	2 000	9 280
2017/06/28	1 800	2 460	2 500	2 000	8 760
2017/07/05		1 260	2 500	2 000	5 760
2017/07/12		2 460	2 500	2 000	6 960
2017/07/19		2 000	520	2 000	4 520
2017/07/26		2 000	2 500	2 000	6 500
2017/08/02		2 000	2 500	2 300	6 800
2017/08/09		2 000	2 500	2 300	6 800
2017/08/16		2 000	2 500	2 300	6 800
2017/08/23		2 000	2 500	2 300	6 800
2017/08/30		2 000	2 965	2 500	7 465
2017/09/06		2 000	2 500	2 500	7 000
2017/09/13		2 000	1 563	2 500	6 063
2017/09/20		2 000	2 500	2 500	7 000
2017/09/27		2 000	2 000	2 500	6 500
2017/10/04			2 500	2 500	5 000
2017/10/11			3 700	2 500	6 200

7. ANNEXURES

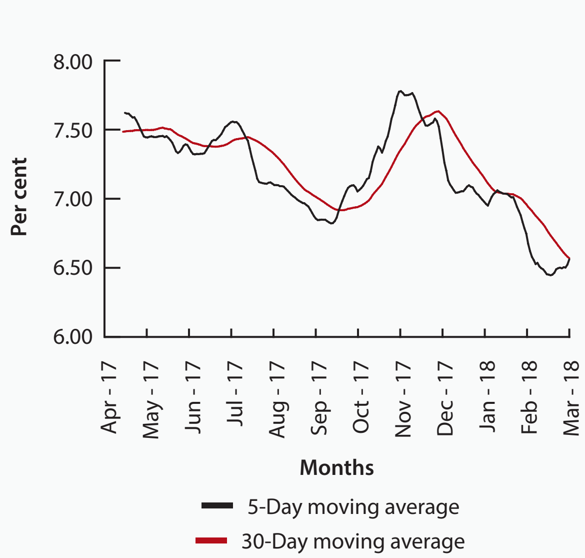
ANNEXURE A: REDEMPTION SCHEDULE OF TREASURY BILLS, 31 MARCH 2018

R million	91-day	182-day	273-day	365-day	Total
2017/10/18			2 100	2 500	4 600
2017/10/25			2 100	2 500	4 600
2017/11/01			2 100	2 500	4 600
2017/11/08			2 100	2 500	4 600
2017/11/15			2 100	2 500	4 600
2017/11/22			2 100	2 500	4 600
2017/11/29			2 100	3 281	5 381
2017/12/06			2 100	2 500	4 600
2017/12/13			2 100	3 350	5 450
2017/12/20			2 100	2 500	4 600
2017/12/27			2 100	3 000	5 100
2018/01/03				2 500	2 500
2018/01/10				2 500	2 500
2018/01/17				2 300	2 300
2018/01/24				2 300	2 300
2018/01/31				2 300	2 300
2018/02/07				2 300	2 300
2018/02/14				2 300	2 300
2018/02/21				2 300	2 300
2018/02/28				2 300	2 300
2018/03/07				2 300	2 300
2018/03/14				2 300	2 300
2018/03/22				2 300	2 300
2018/03/28				1 780	1 780
Total	27 430	56 833	88 948	120 111	293 322

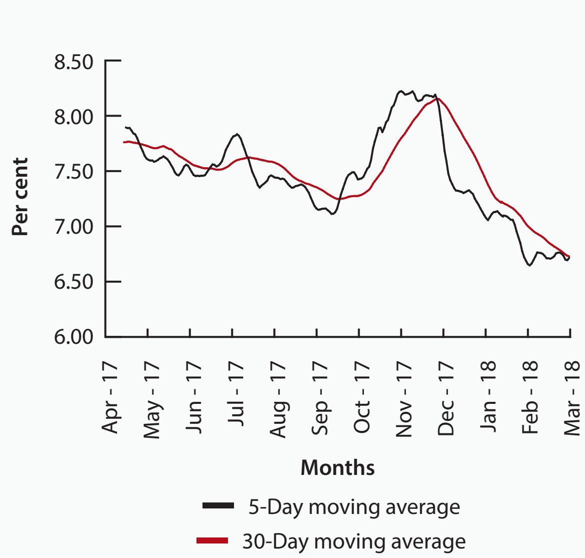
7. ANNEXURES

ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2017/18

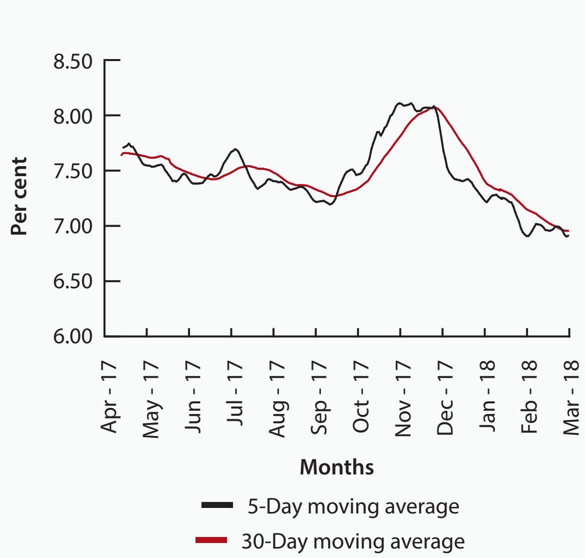
R204 bond - 8.00% 21 December 2018



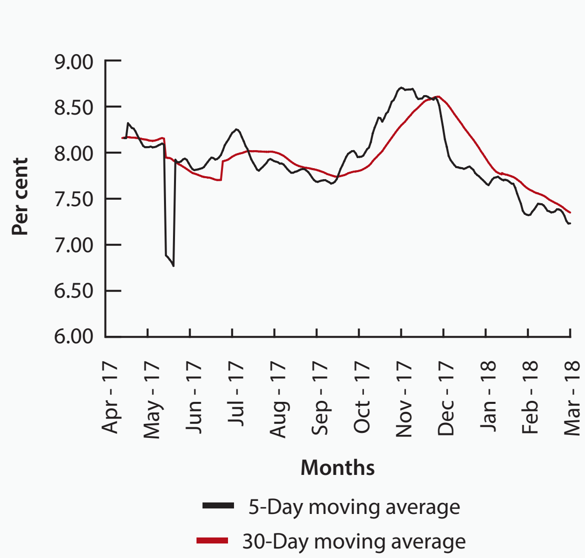
R207 bond - 7.25% 25 January 2020



R208 bond - 6.75% 25 March 2021



R2023 bond - 7.75% 28 February 2023



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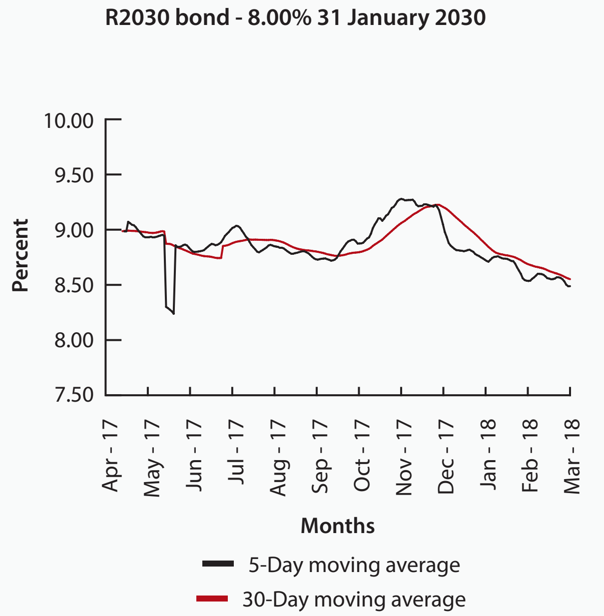
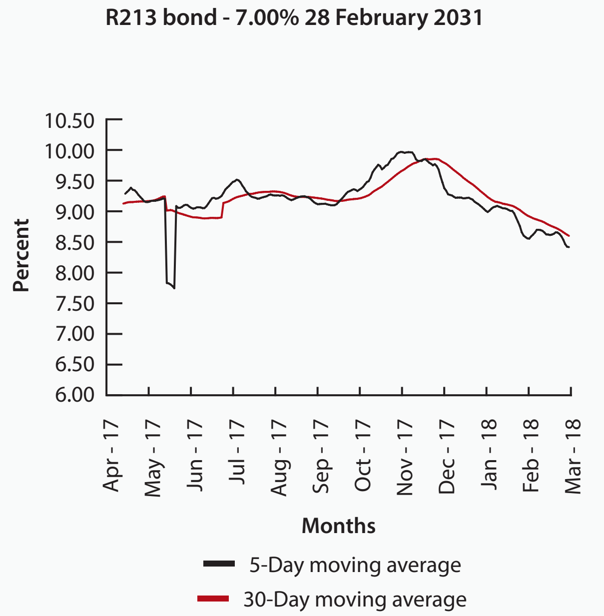
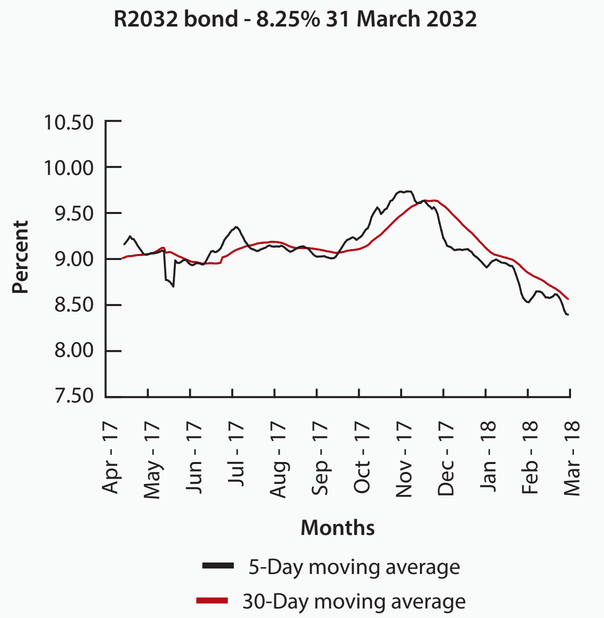
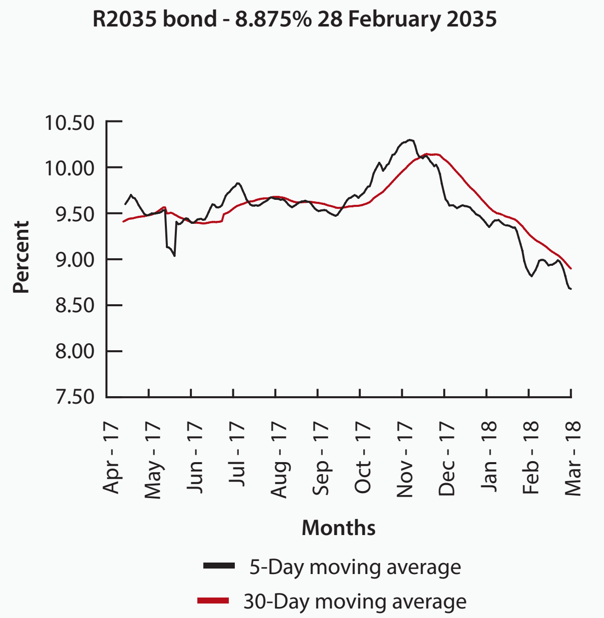
ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2017/18









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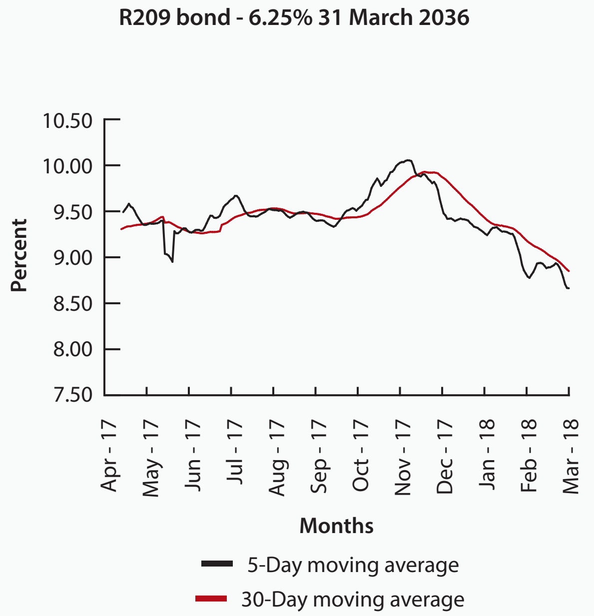
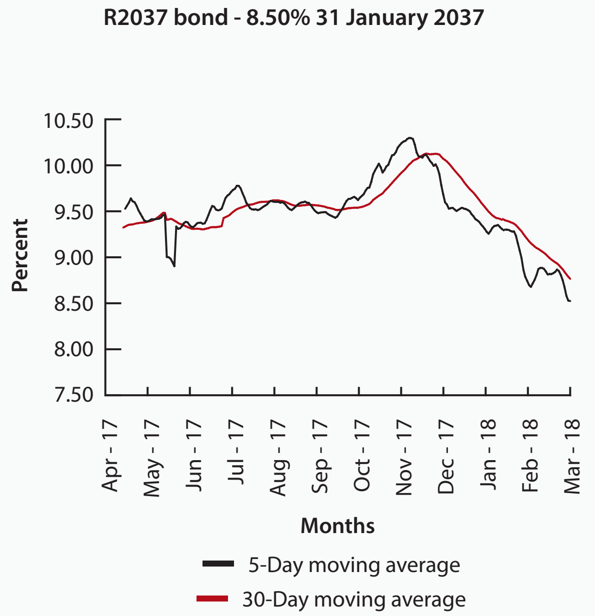
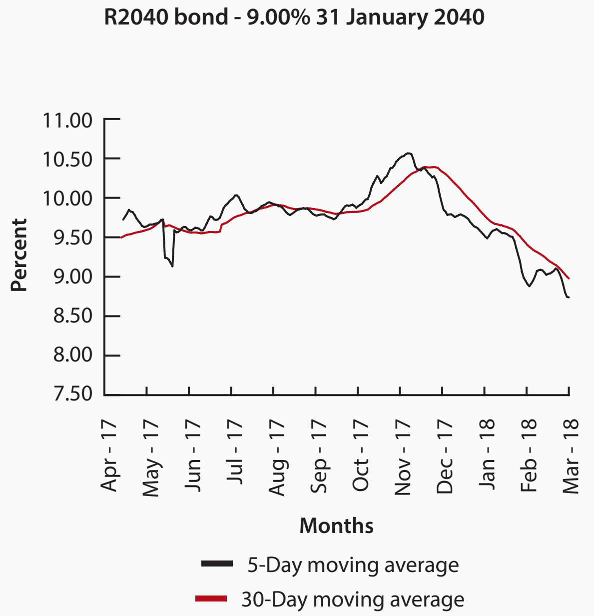
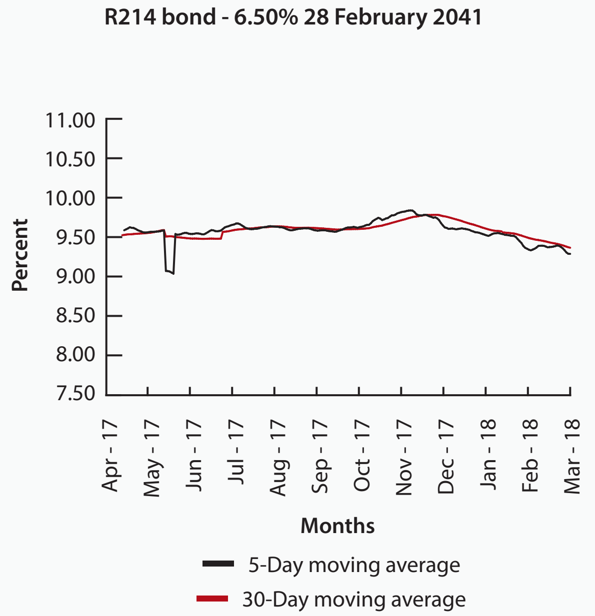
ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2017/18









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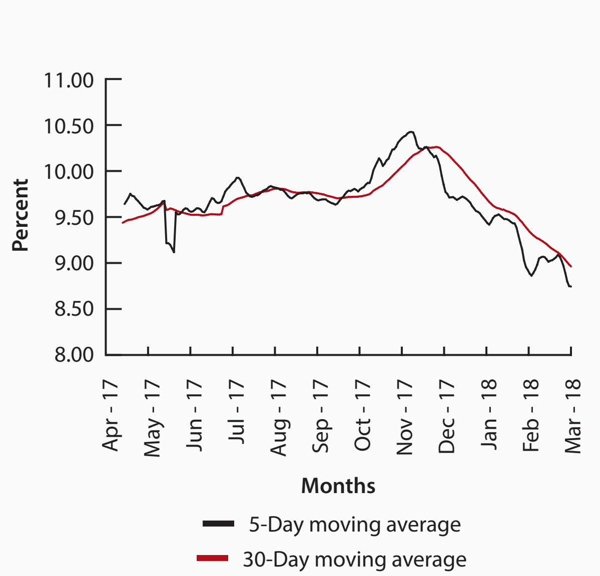
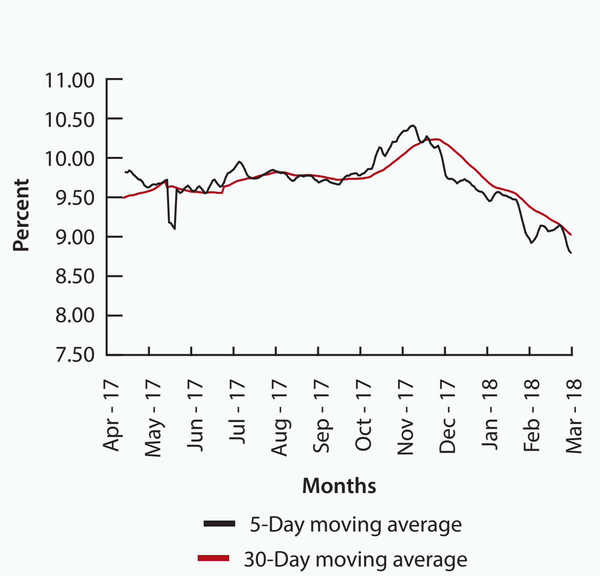
ANNEXURE B: YIELD TRENDS OF GOVERNMENT FIXED-RATE BONDS, 2017/18





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ANNEXURE C: FIXED-RATE BONDS YIELD SPREADS, 2017/18

FIXED-RATE BOND YIELD SPREADS, 01 APRIL 2017

	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)
R204 (2018)	19	32,5	72,5	131	170	174,5	187	204	204	211,5	215,5	211	218	217
R207 (2020)		13,5	53,5	112	151	155,5	168	185	185	192,5	196,5	192	199	198
R208 (2021)			76	98,5	137,5	142	154,5	171,5	171,5	179	183	178,5	185,5	184,5
R2023 (2023)				58,5	97,5	102	114,5	131,5	131,5	139	143	138,5	145,5	144,5
R186 (2026)					39	43,5	56	73	73	80,5	84,5	80	87	86
R2030 (2030)						4,5	17	34	34	41,5	45,5	41	48	47
R213 (2031)							12,5	29,5	29,5	37	41	36,5	43,5	42,5
R2032 (2032)								17	17	24,5	28,5	24	31	30
R2035 (2035)									0	7,5	11,5	7	14	13
R209 (2036)										7,5	11,5	7	14	13
R2037 (2037)											4	-0,5	6,5	5,5
R2040 (2040)												-4,5	2,5	1,5
R214 (2041)													7	6
R2044 (2044)														-1

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ANNEXURE C: FIXED-RATE BONDS YIELD SPREADS, 2017/18

FIXED-RATE BOND YIELD SPREADS, 31 MARCH 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)
R204 (2018)	10,5	33,5	68,5	131	170	178	188,5	202	205	212	218	216	222,5	218,5
R207 (2020)		23	58	120,5	148	159,5	178	191,5	194,5	201,5	207,5	205,5	212	208
R208 (2021)			35	97,5	136,5	144,5	155	168,5	171,5	178,5	184,5	182,5	189	185
R2023 (2023)				62,5	101,5	109,5	120	133,5	136,5	143,5	149,5	147,5	154	150
R186 (2026)					39	47	57,5	71	74	81	87	85	91,5	87,5
R2030 (2030)						8	18,5	32	35	42	48	46	52,5	48,5
R213 (2031)							10,5	24	27	34	40	38	44,5	40,5
R2032 (2032)								13,5	16,5	23,5	29,5	27,5	34	30
R2035 (2035)									3	10	16	14	20,5	16,5
R209 (2036)										7	13	11	17,5	13,5
R2037 (2037)											6	4	10,5	6,5
R2040 (2040)												-2	4,5	0,5
R214 (2041)													6,5	2,5
R2044 (2044)														-4

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ANNEXURE C: FIXED-RATE BONDS YIELD SPREADS, 2017/18

CHANGES IN BASIS POINTS, 2017/18

	R207 (2020)	R208 (2021)	R2023 (2023)	R186 (2026)	R2030 (2030)	R213 (2031)	R2032 (2032)		R209 (2036)	R2037 (2037)		R214 (2041)	R2044 (2044)	R2048 (2048)
R204 (2018)	-8,5	1	-4	0	0	3,5	1,5	-2	1	0,5	2,5	5	4,5	1,5
R207 (2020)		9,5	4,5	8,5	-3	4	10	6,5	9,5	9	11	13,5	13	10
R208 (2021)			-41	-1	-1	2,5	0,5	-3	0	-0,5	1,5	4	3,5	0,5
R2023 (2023)				4	4	7,5	5,5	2	5	4,5	6,5	9	8,5	5,5
R186 (2026)					0	3,5	1,5	-2	1	0,5	2,5	5	4,5	1,5
R2030 (2030)						3,5	1,5	-2	1	0,5	2,5	5	4,5	1,5
R213 (2031)							-2	-5,5	-2,5	-3	-1	1,5	1	-2
R2032 (2032)								-3,5	-0,5	-1	1	3,5	3	0
R2035 (2035)									3	2,5	4,5	7	6,5	3,5
R209 (2036)										-0,5	1,5	4	3,5	0,5
R2037 (2037)											2	4,5	4	1
R2040 (2040)												4,5	4	1
R214 (2041)													-0,5	-3,5
R2044 (2044)														-3

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ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
2017/04/07	5 592	2 555	2,19	7,56	5 742	2 260	2,54	7,85
2017/04/13	4 259	2 555	1,67	7,63	5 520	2 260	2,44	7,77
2017/04/21	8 299	2 555	3,25	7,58	5 995	2 260	2,65	7,67
2017/04/28	6 443	2 555	2,52	7,57	3 894	2 260	1,72	7,74
2017/05/05	4 039	2 555	1,58	7,58	4 180	2 260	1,85	7,74
2017/05/12	5 045	2 555	1,97	7,60	7 073	2 260	2,55	7,71
2017/05/19	8 333	2 555	3,26	7,24	5 761	2 260	2,55	7,71
2017/05/26	6 975	2 555	2,73	7,47	5 538	2 260	2,45	7,67
2017/06/02	4 928	2 555	1,93	7,50	6 758	2 260	2,99	7,58
2017/06/09	4 163	2 555	1,63	7,46	7 249	2 260	3,21	7,49
2017/06/15	5 341	2 555	2,09	7,46	4 675	2 260	2,07	7,51
2017/06/23	4 042	2 555	1,58	7,46	6 017	2 260	2,66	7,47
2017/06/30	2 639	2 555	1,03	7,58	6 606	2 260	2,92	7,47
2017/07/07	7 786	2 555	3,05	7,57	4 203	2 260	7,56	7,74
2017/07/14	4 500	2 555	1,76	7,56	3 233	2 260	1,43	7,55
2017/07/21	6 664	2 555	2,61	7,21	5 778	2 260	2,56	7,27
2017/07/28	6 724	3 555	1,89	7,28	4 610	2 360	1,95	7,34
2017/08/04	6 196	3 555	1,74	7,31	4 350	2 360	1,84	7,36
2017/08/11	7 393	3 555	2,08	7,32	3 150	2 360	1,33	7,39
2017/08/18	5 717	3 555	7,31	7,42	8 024	2 360	3,40	7,34
2017/08/25	6 703	3 555	1,89	7,29	6 495	2 460	2,64	7,01
2017/09/01	7 850	3 555	2,21	7,26	7 338	2 460	2,98	7,24
2017/09/08	7 386	3 555	2,08	7,24	5 435	2 460	2,21	7,21
2017/09/15	9 295	3 555	2,61	7,20	4 680	2 460	1,90	7,20

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ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
2017/09/22	10 682	3 555	3,00	7,20	4 037	2 460	1,64	7,29
2017/09/29	6 577	3 555	1,85	7,24	3 390	2 460	1,38	7,44
2017/10/06	2 581	1 981	1,30	7,39	3 960	2 460	1,61	7,49
2017/10/13	8 931	3 555	2,51	7,40	5 300	2 460	2,15	7,49
2017/10/20	9 030	3 555	2,54	7,41	3 369	2 460	1,37	7,56
2017/10/27	8 490	3 555	2,39	7,54	3 212	1 561	2,06	7,75
2017/11/03	7 240	3 555	2,04	7,53	3 644	2 460	1,48	7,76
2017/11/10	5 758	3 555	1,62	7,56	4 142	2 460	1,68	7,84
2017/11/17	3 462	3 111	1,11	7,59	4 282	2 460	1,74	7,86
2017/11/24	3 748	2 278	1,65	7,70	3 892	2 491	1,56	7,95
2017/12/01	9 301	3 555	2,62	7,66	5 437	2 460	2,21	7,92
2017/12/08	5 643	3 643	1,55	7,65	3 643	2 460	1,48	7,95
2017/12/15	4 505	3 555	1,27	7,75	4 190	2 460	1,70	8,12
2017/12/22	7 522	3 555	2,12	7,67	6 550	2 460	2,66	7,96
2017/12/29	8 574	3 555	2,41	7,63	11 880	2 460	4,83	7,71
2018/01/05	6 211	3 555	1,75	7,58	2 402	1 260	1,91	7,62
2018/01/12	7 175	1 800	3,99	7,37	3 838	2 000	1,92	7,56
2018/01/19	6 711	1 800	3,73	7,37	3 083	2 000	1,54	7,59
2018/01/26	6 112	1 800	3,40	7,34	6 493	2 000	3,25	7,55
2018/02/02	4 897	1 800	2,72	7,31	5 658	2 000	2,83	7,49
2018/02/09	4 552	1 800	2,53	7,27	4 467	2 000	2,23	7,49
2018/02/16	5 289	1 800	2,94	7,21	4 350	2 000	2,18	7,39
2018/02/23	6 107	1 800	3,39	7,17	4 928	2 000	2,46	7,30
2018/03/02	2 561	1 800	1,42	7,20	5 401	2 000	2,70	7,27

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ANNEXURE D: SUMMARY OF 91-DAY AND 182-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
2018/03/09	3 835	1 800	2,13	7,20	2 995	2 000	1,50	7,29
2018/03/16	5 092	2 320	2,19	7,24	3 625	2 000	1,81	7,37
2018/03/23	4 892	1 800	2,72	7,17	3 675	2 000	1,84	7,35
2018/03/29	3 703	1 800	2,06	6,99	3 665	2 200	1,67	7,21

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ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
07/04/2017	5 650	2 100	2,69	7,90	5 800	2 000	2,90	7,89
13/04/2017	4 300	2 100	2,05	7,79	6 090	2 000	3,05	7,79
21/04/2017	4 230	2 100	2,01	7,71	3 350	2 000	1,68	7,76
28/04/2017	3 415	2 100	1,63	7,74	3 550	2 000	1,78	7,77
05/05/2017	4 185	2 100	1,99	7,78	4 228	2 000	2,11	7,81
12/05/2017	4 850	2 100	2,31	7,77	5 500	2 000	2,75	7,76
19/05/2017	4 600	2 100	2,19	7,76	6 600	2 000	3,30	7,74
26/05/2017	5 550	2 100	2,64	7,63	6 250	2 000	3,13	8,45
02/06/2017	4 000	2 100	1,90	7,63	5 350	2 000	2,68	8,16
09/06/2017	6 550	2 100	3,12	7,58	5 428	2 000	2,71	7,57
15/06/2017	7 050	2 100	3,36	7,52	6 898	2 000	3,45	7,51
23/06/2017	4 976	2 100	2,37	7,10	4 487	2 000	2,24	7,49
30/06/2017	6 570	2 100	3,13	7,50	5 500	2 000	2,75	7,51
07/07/2017	4 450	2 100	2,12	7,60	3 750	2 000	1,88	7,56
14/07/2017	3 750	2 100	1,79	7,56	2 750	2 000	1,38	7,55
21/07/2017	5 210	2 100	2,48	7,31	4 890	2 000	2,45	7,33
28/07/2017	4 300	2 300	1,87	7,36	6 250	2 300	2,72	7,35
04/08/2017	4 640	2 300	7,37	7,78	5 450	2 300	2,37	7,35
11/08/2017	5 650	2 300	2,46	7,38	5 300	2 300	2,30	6,99
18/08/2017	5 810	2 300	2,53	7,34	6 125	2 300	2,66	7,31
25/08/2017	4 560	2 500	1,82	7,28	5 200	2 500	2,08	7,24
01/09/2017	4 975	2 500	1,99	7,28	4 614	2 500	1,85	7,24
08/09/2017	5 043	2 500	2,02	7,24	4 890	2 500	1,96	7,20
15/09/2017	3 800	2 500	1,52	7,22	3 960	2 500	1,58	7,18

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ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
22/09/2017	4 535	2 500	1,81	7,37	4 584	2 500	1,83	7,32
29/09/2017	4 105	2 500	1,64	7,40	4 990	2 500	2,00	7,36
06/10/2017	3 430	2 500	1,37	7,44	4 091	2 500	1,64	7,40
13/10/2017	1 320	520	2,54	7,56	3 678	2 500	1,47	7,49
20/10/2017	3 271	2 500	1,31	7,67	3 251	2 500	1,30	7,74
27/10/2017	3 750	2 500	1,50	7,99	4 384	2 500	1,75	8,09
03/11/2017	2 633	2 500	1,05	8,03	2 620	2 500	1,05	8,13
10/11/2017	4 723	2 500	1,89	8,11	5 761	2 500	2,30	8,19
17/11/2017	5 057	2 500	2,02	8,07	5 131	2 500	2,05	8,13
24/11/2017	5 765	2 965	1,94	8,06	5 374	3 281	1,64	8,13
01/12/2017	4 708	2 500	1,88	8,05	3 436	2 500	1,37	8,14
08/12/2017	2 523	1 563	1,61	8,13	3 950	3 350	1,18	8,19
15/12/2017	5 355	2 500	2,14	8,18	5 355	2 500	2,14	8,25
22/12/2017	6 040	2 000	3,02	7,71	6 935	3 000	2,31	7,91
29/12/2017	2 925	2 500	1,17	7,92	4 825	2 500	1,93	7,78
05/01/2018	11 698	3 700	3,16	7,74	5 750	2 500	2,30	7,71
12/01/2018	7 553	2 100	3,60	7,70	7 042	2 300	3,06	7,65
19/01/2018	6 580	2 100	3,13	7,66	6 012	2 300	2,61	7,65
26/01/2018	7 923	2 100	3,77	7,59	3 525	2 300	1,53	7,63
02/01/2018	6 568	2 100	3,13	7,17	5 970	2 300	2,60	7,61
09/02/2018	3 980	2 100	1,90	7,16	6 980	2 300	3,03	7,58
16/02/2018	5 042	2 100	2,40	7,46	5 685	2 300	2,47	7,43
23/02/2018	7 983	2 100	3,80	7,30	5 875	2 300	2,55	7,27
02/03/2018	3 931	2 100	1,87	7,33	4 251	2 300	1,85	7,31

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ANNEXURE E: SUMMARY OF 273-DAY AND 364-DAY TREASURY BILL AUCTIONS, 2017/18

	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 (%)
09/03/2018	3 263	2 100	1,55	7,34	4 175	2 300	1,82	7,30
16/03/2018	3 390	2 100	1,61	7,40	1 930	1 780	1,08	7,36
23/03/2018	6 033	2 100	2,87	7,32	5 785	2 300	2,52	7,31
29/03/2018	4 337	2 270	1,91	7,23	3 825	2 410	1,59	7,26

7. ANNEXURES

ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/04/04	R186	2026/12/21	10,500	900	900	5 720	9,040
2017/04/04	R209	2036/03/31	6,250	850	850	3 440	9,795
2017/04/04	R2048	2048/02/28	8,750	900	900	3 490	9,930
2017/04/11	R2030	2030/01/31	8,000	850	850	1 795	9,345
2017/04/11	R2037	2037/01/31	8,500	850	850	1 775	9,765
2017/04/11	R2048	2048/02/28	8,750	950	950	1 985	9,840
2017/04/18	R2032	2032/03/31	8,250	850	850	2 175	9,370
2017/04/18	R2040	2040/01/31	9,000	900	900	1 560	9,710
2017/04/18	R2044	2044/01/31	8,750	900	900	1 715	9,735
2017/04/25	R2023	2023/02/28	7,750	900	900	3 480	8,040
2017/04/25	R2035	2035/02/28	8,870	900	900	4 130	9,390
2017/04/25	R2044	2044/01/31	8,750	850	850	2 730	9,560
2017/05/02	R2032	2032/03/31	8,250	950	950	2 290	9,245
2017/05/02	R2044	2044/01/31	8,750	900	900	1 625	9,710
2017/05/02	R2048	2048/02/28	8,750	800	800	1 475	9,690
2017/05/09	R213	2031/02/28	7,000	850	850	1 440	9,270
2017/05/09	R2035	2035/02/28	8,875	900	900	2 475	9,510
2017/05/09	R2040	2040/01/31	9,000	900	900	2 270	9,700
2017/05/16	R186	2026/12/21	10,500	950	950	3 605	8,620
2017/05/16	R209	2036/03/31	6,250	800	800	3 810	9,395
2017/05/16	R2048	2048/02/28	8,750	900	900	3 365	9,680
2017/05/23	R2023	2023/02/28	7,750	900	900	5 530	7,980
2017/05/23	R2030	2030/01/31	8,000	850	850	2 655	9,080
2017/05/23	R2040	2040/01/31	9,000	900	900	2 845	9,585
2017/05/30	R2040	2040/01/31	9,000	900	900	2 355	9,620
2017/05/30	R2044	2044/01/31	8,750	850	850	1 950	9,710
2017/05/30	R2048	2048/02/28	8,750	900	900	2 420	9,650

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/06/06	R2035	2035/02/28	8,875	900	900	1 790	9,390
2017/06/06	R2044	2044/01/31	8,750	850	850	2 045	9,680
2017/06/06	R2048	2048/02/28	8,750	900	900	2 120	9,600
2017/06/13	R2023	2023/02/28	7,750	850	850	4 710	7,840
2017/06/13	R2035	2035/02/28	8,875	850	850	3 070	9,340
2017/06/13	R2044	2044/01/31	8,750	950	950	2 456	9,570
2017/06/20	R2037	2037/01/31	8,500	850	850	3 675	9,640
2017/06/20	R2044	2044/01/31	8,750	900	900	2 855	9,760
2017/06/20	R2048	2048/02/28	8,750	900	900	2 105	9,725
2017/06/27	R2040	2040/01/31	9,000	850	850	1 730	9,650
2017/06/27	R2044	2044/01/31	8,750	900	900	1 930	9,665
2017/06/27	R2048	2048/02/28	8,750	900	900	2 440	9,540
2017/07/04	R186	2026/12/21	10,500	900	900	4 195	8,770
2017/07/04	R2037	2037/01/31	8,500	850	850	3 530	9,760
2017/07/04	R2048	2048/02/28	8,750	900	900	2 700	9,830
2017/07/11	R2035	2035/02/28	8,875	900	900	2 400	9,840
2017/07/11	R209	2036/03/31	6,250	850	850	2 180	9,805
2017/07/11	R2044	2044/01/31	8,750	900	900	2 565	10,025
2017/07/18	R213	2031/02/28	7,000	900	900	2 030	9,235
2017/07/18	R2035	2035/02/28	8,870	850	850	2 110	9,560
2017/07/18	R2044	2044/01/31	8,750	900	900	1 540	9,800
2017/07/25	R2023	2023/02/28	7,750	900	900	3 390	7,800
2017/07/25	R2030	2030/01/31	8,000	850	850	3 185	9,070
2017/07/25	R2040	2040/01/31	9,000	900	900	1 400	9,855
2017/08/01	R2023	2023/02/28	7,750	900	900	1 810	7,940
2017/08/01	R2032	2032/03/31	8,250	900	900	2 760	9,345
2017/08/01	R2035	2035/02/28	8,875	850	850	3 590	9,585

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/08/08	R2030	2030/01/31	8,000	800	800	3 410	9,040
2017/08/08	R2037	2037/01/31	8,500	900	900	2 765	9,645
2017/08/08	R2048	2048/02/28	8,750	950	950	4 305	9,750
2017/08/15	R186	2026/12/21	10,500	850	850	2 720	8,550
2017/08/15	R2032	2032/03/31	8,250	900	900	2 890	9,340
2017/08/15	R2048	2048/02/28	8,750	900	900	3 335	9,775
2017/08/22	R2035	2035/02/28	8,875	900	900	1 720	9,650
2017/08/22	R214	2041/02/28	6,500	850	850	3 605	9,520
2017/08/22	R2044	2044/01/31	8,750	900	900	2 525	9,800
2017/08/29	R213	2031/02/28	7,000	900	900	2 190	9,220
2017/08/29	R2035	2035/02/28	8,870	850	850	2 210	9,580
2017/08/29	R2048	2048/02/28	8,750	900	900	2 350	9,750
2017/09/05	R2023	2023/02/28	7,750	900	900	2 675	7,750
2017/09/05	R2032	2032/03/31	8,250	900	900	2 365	9,310
2017/09/05	R2048	2048/02/28	8,750	850	850	2 795	9,800
2017/09/12	R2030	2030/01/31	8,000	950	950	2 600	9,020
2017/09/12	R2040	2040/01/31	9,000	800	800	2 975	9,760
2017/09/12	R2044	2044/01/31	8,750	900	900	3 100	9,760
2017/09/19	R186	2026/12/21	10,500	850	850	3 020	8,370
2017/09/19	R2035	2035/02/28	8,875	900	900	3 175	9,410
2017/09/19	R2048	2048/02/28	8,750	900	900	2 825	9,640
2017/09/26	R2030	2030/01/31	8,000	900	900	2 610	9,040
2017/09/26	R2035	2035/02/28	8,875	850	850	2 395	9,450
2017/09/26	R2044	2044/01/31	8,750	900	900	2 715	9,710
2017/10/03	R2023	2023/02/28	7,750	900	900	2 240	7,990
2017/10/03	R209	2036/03/31	6,250	850	850	3 085	9,530
2017/10/03	R2048	2048/02/28	8,750	900	900	3 575	9,760

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/10/10	R2035	2035/02/28	8,875	900	900	3 820	9,630
2017/10/10	R2044	2044/01/31	8,750	850	850	2 135	9,850
2017/10/10	R2048	2048/02/28	8,750	900	900	3 100	9,785
2017/10/17	R2035	2035/02/28	8,875	850	850	2 105	9,720
2017/10/17	R2040	2040/01/31	9,000	900	900	2 565	9,870
2017/10/17	R2044	2044/01/31	8,750	900	900	2 910	9,890
2017/10/24	R2037	2037/01/31	8,500	900	900	3 265	9,850
2017/10/24	R214	2041/02/28	6,500	850	850	2 745	9,810
2017/10/24	R2048	2048/02/28	8,750	900	900	2 745	9,860
2017/10/24	R2032	2032/03/31	8,250	900	900	3 545	9,770
2017/10/24	R2040	2040/01/31	9,000	850	850	3 750	10,090
2017/10/24	R2048	2048/02/28	8,750	900	900	3 165	10,050
2017/11/07	R2032	2032/03/31	8,250	900	900	2 500	9,930
2017/11/07	R2035	2035/02/28	8,875	850	850	1 915	10,080
2017/11/07	R2040	2040/01/31	9,000	900	900	2 810	10,225
2017/11/14	R213	2031/02/28	7,000	700	700	1 950	9,985
2017/11/14	R2037	2037/01/31	8,500	850	850	3 205	10,310
2017/11/14	R2044	2044/01/31	8,750	850	850	3 410	10,045
2017/11/14	R2048	2048/02/28	8,750	900	900	2 360	10,370
2017/11/21	R2030	2030/01/31	8,000	700	700	2 060	9,945
2017/11/21	R2040	2040/01/31	9,000	900	900	4 345	10,510
2017/11/21	R2044	2044/01/31	8,750	850	850	2 925	10,545
2017/11/21	R2048	2048/02/28	8,750	850	850	3 190	10,500
2017/11/28	R186	2026/12/21	10,500	800	800	2 955	9,170
2017/11/28	R2030	2030/01/31	8,000	800	800	2 140	9,630
2017/11/28	R2040	2040/01/31	9,000	850	850	2 800	10,120
2017/11/28	R2044	2044/01/31	8,750	850	850	2 115	10,200

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/12/05	R2035	2035/02/28	8,875	800	800	2 105	9,920
2017/12/05	R2040	2040/01/31	9,000	800	800	2 195	10,100
2017/12/05	R2044	2044/01/31	8,750	850	850	2 150	10,150
2017/12/05	R2048	2048/02/28	8,750	850	850	1 765	10,140
2017/12/12	R2032	2032/03/31	8,250	850	850	2 230	9,810
2017/12/12	R2040	2040/01/31	9,000	850	850	2 140	10,115
2017/12/12	R2044	2044/01/31	8,750	800	800	2 205	10,180
2017/12/12	R2048	2048/02/28	8,750	800	800	2 990	10,120
2018/01/09	R2032	2032/03/31	8,250	850	850	3 505	9,320
2018/01/09	R2040	2040/01/31	9,000	850	850	4 015	9,720
2018/01/09	R2044	2044/01/31	8,750	800	800	4 345	9,760
2018/01/09	R2048	2048/02/28	8,750	800	800	4 475	9,720
2018/01/16	R2030	2030/01/31	8,000	800	800	4 160	8,990
2018/01/16	R2040	2040/01/31	9,000	800	800	2 170	9,560
2018/01/16	R2044	2044/01/31	8,750	850	850	3 310	9,590
2018/01/16	R2023	2023/02/28	7,750	850	850	2 115	9,560
2018/01/23	R2032	2032/03/31	8,250	800	800	5 220	9,060
2018/01/23	R2040	2040/01/31	9,000	800	800	1 750	9,450
2018/01/23	R2044	2044/01/31	8,750	850	850	2 150	9,460
2018/01/23	R2048	2048/02/28	8,750	850	850	2 280	9,430
2018/01/30	R2035	2035/02/28	8,875	850	850	2 980	9,415
2018/01/30	R2040	2040/01/31	9,000	800	800	2 275	9,585
2018/01/30	R2044	2044/01/31	8,750	800	800	2 305	9,620
2018/01/30	R2048	2048/02/28	8,750	850	850	2 520	9,580
2018/02/06	R2035	2035/02/28	8,750	850	850	2 805	9,360
2018/02/06	R2040	2040/01/31	9,000	800	800	2 120	9,555
2018/02/06	R2044	2044/01/31	8,750	800	800	2 640	9,570

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2018/02/06	R2048	2048/02/28	8,750	850	850	2 860	9,535
2018/02/13	R2037	2037/01/31	8,500	850	850	3 380	9,360
2018/02/13	R2040	2040/01/31	9,000	750	750	2 730	9,430
2018/02/13	R2044	2044/01/31	8,750	800	800	1 720	9,490
2018/02/13	R2048	2048/02/28	8,750	900	900	2 155	9,435
2018/02/20	R2030	2030/01/31	8,000	850	850	3 285	8,560
2018/02/20	R2037	2037/01/31	8,500	800	800	5 030	9,050
2018/02/20	R214	2041/02/28	6,500	800	800	1 640	9,135
2018/02/20	R2048	2048/02/28	8,750	850	850	2 295	9,135
2018/02/27	R186	2026/12/21	10,500	850	850	2 570	8,010
2018/02/27	R2030	2030/01/31	8,000	800	800	2 840	8,430
2018/02/27	R2040	2040/01/31	9,000	850	850	2 015	8,910
2018/02/27	R2044	2044/01/31	8,750	800	800	1 790	8,910
2018/03/06	R186	2026/12/21	10,500	900	900	1 870	8,130
2018/03/06	R2030	2030/01/31	8,000	750	750	1 835	8,590
2018/03/06	R2032	2032/03/31	8,250	850	850	2 370	8,790
2018/03/06	R2044	2044/01/31	8,750	800	800	1 935	9,170
2018/03/13	R213	2031/02/28	7,000	750	750	1 685	8,605
2018/03/13	R2040	2040/01/31	9,000	850	850	2 005	9,110
2018/03/13	R2044	2044/01/31	8,750	800	800	2 065	9,150
2018/03/13	R2048	2048/02/28	8,750	900	900	2 145	9,110
2018/03/20	R2023	2023/02/28	7,750	850	850	4 350	7,425
2018/03/20	R213	2031/02/28	7,000	750	750	2 505	8,640
2018/03/20	R2037	1900/01/00	8,500	850	850	3 045	9,040
2018/03/20	R2048	2048/02/28	8,750	850	850	3 210	9,130
2018/03/27	R2030	2030/01/31	8,000	800	800	5 640	8,235
2018/03/27	R2035	2035/02/28	8,875	800	800	5 155	8,540

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ANNEXURE F: SUMMARY OF FIXED-RATE BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2018/03/27	R2048	2048/02/28	8,750	800	800	3 040	8,700

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/04/07	I2025	2025/01/31	2,000	650	175	635	2,350
2017/04/07	I2033	2033/03/28	1,875		270	395	2,350
2017/04/07	I2050	2050/12/31	2,500		205	520	2,380
2017/04/21	I2029	2029/03/31	1,875	650	50	150	2,300
2017/04/21	I2033	2033/03/28	1,875		20	120	2,270
2017/04/21	I2046	2046/03/31	2,500		580	830	2,300
2017/04/28	I2029	2029/03/31	1,875	650	110	110	2,350
2017/04/28	I2033	2033/03/28	1,875		-	50	-
2017/04/28	I2046	2046/03/31	2,500		355	430	2,400
2017/05/05	I2029	2029/03/31	1,875	650	210	395	2,350
2017/05/05	I2033	2033/03/28	1,875		40	290	2,250
2017/05/05	I2046	2046/03/31	2,500		400	645	2,400
2017/05/12	I2029	2029/03/31	1,875	650	200	300	2,360
2017/05/12	I2033	2033/03/28	1,875		215	650	2,360
2017/05/12	I2046	2046/03/31	2,500		235	535	2,410
2017/05/19	I2029	2029/03/31	1,875	650	170	345	2,360
2017/05/19	I2033	2033/03/28	1,875		195	360	2,360
2017/05/19	I2046	2046/03/31	2,500		285	550	2,420
2017/05/26	I2025	2025/01/31	2,000	650	150	270	2,360
2017/05/26	I2029	2029/03/31	1,875		260	280	2,410
2017/05/26	I2033	2033/03/28	1,875		240	350	2,430
2017/06/02	I2025	2025/01/31	2,000	650	110	395	2,465
2017/06/02	I2029	2029/03/31	1,875		-	420	-
2017/06/02	I2033	2033/03/28	1,875		540	1 005	2,460
2017/06/09	I2025	2025/01/31	2,000	650	240	490	2,480
2017/06/09	I2029	2029/03/31	1,875		115	165	2,450
2017/06/09	I2033	2033/03/28	1,875		295	525	2,480

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/06/23	I2025	2025/01/31	2,000	650	390	565	2,510
2017/06/23	I2029	2029/03/31	1,875		50	50	2,480
2017/06/23	I2033	2033/03/28	1,875		210	210	2,520
2017/06/30	I2025	2025/01/31	2,000	650	105	135	2,550
2017/06/30	I2029	2029/03/31	1,875		25	25	2,550
2017/06/30	I2050	2050/12/31	2,500		475	475	2,550
2017/07/07	I2025	2025/01/31	2,000	650	100	100	2,600
2017/07/07	I2046	2046/03/31	2,500		-	20	-
2017/07/07	I2050	2050/12/31	2,500		105	105	2,600
2017/07/14	I2025	2025/01/31	2,000	650	130	540	2,600
2017/07/14	I2029	2029/03/31	1,875		220	370	2,600
2017/07/14	I2033	2033/03/28	1,875		300	570	2,600
2017/07/21	I2025	2025/01/31	2,000	650	300	875	2,540
2017/07/21	I2029	2029/03/31	1,875		200	755	2,540
2017/07/21	I2033	2033/03/28	1,875		150	810	2,540
2017/07/28	I2029	2029/03/31	1,875	650	120	290	2,520
2017/07/28	I2033	2033/03/28	1,875		165	275	2,530
2017/07/28	I2046	2046/03/31	2,500		365	585	2,520
2017/08/04	I2029	2029/03/31	1,875	650	130	140	2,520
2017/08/04	I2033	2033/03/28	1,875		225	225	2,530
2017/08/04	I2046	2046/03/31	2,500		295	540	2,520
2017/08/11	I2029	2029/03/31	1,875	650	45	45	2,520
2017/08/11	I2033	2033/03/28	1,875		225	225	2,560
2017/08/11	I2050	2050/12/31	2,500		380	410	2,540
2017/08/18	I2025	2025/01/31	1,875	650	220	220	2,520
2017/08/18	I2029	2029/03/31	1,875		10	10	2,520
2017/08/18	I2046	2046/03/31	2,500		420	920	2,590

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/08/25	I2025	2025/01/31	1,875	650	200	630	2,520
2017/08/25	I2029	2029/03/31	1,875		265	475	2,520
2017/08/25	I2046	2046/03/31	2,500		185	1 030	2,590
2017/09/01	I2029	2029/03/31	1,875	800	180	835	2,540
2017/09/01	I2038	2038/01/31	2,250		400	1 825	2,530
2017/09/01	I2050	2050/12/31	2,500		220	910	2,590
2017/09/08	I2029	2029/03/31	1,875	800	235	1 000	2,515
2017/09/08	I2033	2033/03/28	1,875		315	1 140	2,560
2017/09/08	I2046	2046/03/31	2,500		250	1 060	2,580
2017/09/15	I2029	2029/03/31	1,875	800	70	350	2,500
2017/09/15	I2038	2038/01/31	2,250		470	1 155	2,510
2017/09/15	I2050	2050/12/31	2,500		260	510	2,570
2017/09/22	I2029	2029/03/31	1,875	800	330	935	2,505
2017/09/22	I2038	2038/01/31	2,250		210	880	2,480
2017/09/22	I2050	2050/12/31	2,500		260	645	2,550
2017/09/29	I2029	2029/03/31	1,875	800	275	440	2,520
2017/09/29	I2038	2038/01/31	2,250		260	440	2,500
2017/09/29	I2050	2050/12/31	2,500		265	465	2,560
2017/10/06	I2029	2029/03/31	1,875	800	20	100	2,520
2017/10/06	I2038	2038/01/31	2,250		430	840	2,500
2017/10/06	I2050	2050/12/31	2,500		350	460	2,580
2017/10/13	I2025	2025/01/31	1,875	800	210	500	2,370
2017/10/13	I2033	2033/03/28	1,875		340	665	2,500
2017/10/13	I2046	2046/03/31	2,500		250	680	2,575
2017/10/20	I2025	2025/01/31	1,875	650	290	290	2,380
2017/10/20	I2029	2029/03/31	1,875		255	255	2,540
2017/10/20	I2046	2046/03/31	2,500		160	160	2,620

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2017/10/27	I2025	2025/01/31	1,875	650	470	580	2,590
2017/10/27	I2029	2029/03/31	1,875		215	325	2,630
2017/10/27	I2046	2046/03/31	2,500		110	130	2,670
2017/11/03	I2029	2029/03/31	1,875	650	40	390	2,630
2017/11/03	I2033	2033/03/28	1,875		330	575	2,650
2017/11/03	I2046	2046/03/31	2,500		430	920	2,680
2017/11/10	I2029	2029/03/31	1,875	650	250	550	2,700
2017/11/10	I2033	2033/03/28	1,875		320	340	2,750
2017/11/10	I2046	2046/03/31	2,500		230	385	2,750
2017/11/17	I2029	2029/03/31	1,875	650	100	400	2,780
2017/11/17	I2033	2033/03/28	1,875		365	415	2,840
2017/11/17	I2050	2050/12/31	2,500		390	515	2,950
2017/11/24	I2025	2025/01/31	1,875	650	310	1 425	2,840
2017/11/24	I2029	2029/03/31	1,875		220	655	2,940
2017/11/24	I2050	2050/12/31	2,500		370	990	3,100
2017/12/01	I2029	2029/03/31	1,875	650	100	140	2,830
2017/12/01	I2033	2033/03/28	1,875		215	445	2,890
2017/12/01	I2050	2050/12/31	2,500		585	1 075	3,050
2017/12/08	I2029	2029/03/31	1,875	650	270	420	2,710
2017/12/08	I2033	2033/03/28	1,875		190	340	2,780
2017/12/08	I2050	2050/12/31	2,500		440	820	2,950
2017/12/15	I2029	2029/03/31	1,875	650	120	240	2,690
2017/12/15	I2033	2033/03/28	1,875		210	600	2,780
2017/12/15	I2050	2050/12/31	2,500		570	1 105	2,890
2018/01/05	I2029	2029/03/31	1,875	650	390	590	2,560
2018/01/05	I2033	2033/03/28	1,875		185	365	2,580
2018/01/05	I2046	2046/03/31	2,500		325	390	2,580

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2018/01/12	I2029	2029/03/31	1,875	650	105	105	2,590
2018/01/12	I2033	2033/03/28	1,875		70	70	2,610
2018/01/12	I2046	2046/03/31	2,500		135	135	2,680
2018/01/19	I2025	2025/01/31	1,875	650	355	455	2,460
2018/01/19	I2038	2038/01/31	2,250		355	705	2,650
2018/01/19	I2050	2050/12/31	2,500		90	360	2,780
2018/01/26	I2025	2025/01/31	1,875	650	415	510	2,500
2018/01/26	I2038	2038/01/31	2,250		165	310	2,740
2018/01/26	I2050	2050/12/31	2,500		95	170	2,850
2018/02/02	I2029	2029/03/31	1,875	650	80	140	2,720
2018/02/02	I2033	2033/03/28	1,875		425	505	2,810
2018/02/02	I2050	2050/12/31	2,500		370	370	2,940
2018/02/09	I2029	2029/03/31	1,875	650	290	380	2,730
2018/02/09	I2033	2033/03/28	1,875		295	600	2,820
2018/02/09	I2050	2050/12/31	2,500		315	715	2,980
2018/02/16	I2029	2029/03/31	1,875	650	365	705	2,650
2018/02/16	I2033	2033/03/28	1,875		300	620	2,740
2018/02/16	I2050	2050/12/31	2,500		235	1 130	2,900
2018/02/23	I2029	2029/03/31	1,875	650	160	490	2,590
2018/02/23	I2033	2033/03/28	1,875		420	560	2,690
2018/02/23	I2046	2046/03/31	2,500		320	460	2,810
2018/03/02	I2029	2029/03/31	1,875	650	200	400	2,700
2018/03/02	I2033	2033/03/28	1,875		60	80	2,760
2018/03/02	I2046	2046/03/31	2,500		170	355	2,910
2018/03/09	I2033	2033/03/28	1,875	650	200	750	2,790
2018/03/09	I2038	2038/01/31	2,250		570	1 140	2,800
2018/03/09	I2050	2050/12/31	2,500		130	740	2,930

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ANNEXURE G: SUMMARY OF INFLATION-LINKED BOND AUCTIONS, 2017/18

Issue date	Bond code	Maturity	Coupon (%)	Offer amount (R'm)	Allocated amount (R'm)	Bids received (R'm)	Clearing yield (%)
2018/03/16	I2025	2025/01/31	1,875	650	230	320	2,350
2018/03/16	I2029	2029/03/31	1,875		230	530	2,700
2018/03/16	I2050	2050/12/31	2,500		440	850	2,940
2018/03/23	I2029	2029/03/31	1,875	650	400	1 170	2,350
2018/03/23	I2038	2038/01/31	2,250		300	725	2,400
2018/03/23	I2050	2050/12/31	2,500		200	625	2,560

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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.
DMTN	A Domestic Medium Term Note (DMTN) programme is a debt issuance note programme, registered with a securities exchange, and continuously offered to investors through a dealer. Notes and bonds can range between 1 and 30 years in maturity. The DMTN programme allows an issuer to tailor its debt issuance to meet its financing needs over time.
GMTN	A Global Medium-Term Note (GMTN) programme is a debt issuance note programme, registered with international securities exchanges, and continuously offered to investors through a trust. Notes and bonds can range between 1 and 30 years in maturity. A GMTN programme allows a company to tailor its debt issuance to meet its financing needs over time.
Liquidity	Ease of converting an asset into cash.
Perpetual bond	A bond with no maturity date.
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

7. ANNEXURES

ANNEXURE H: GLOSSARY

	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.
Three-legged bond	A three legged bond is a bond with three maturities and priced on the middle maturity (second leg)- all maturities have the same price. Investors are given the option to split the bond into three maturities two years before the maturity of the first leg.
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.

7. ANNEXURES

ANNEXURE I: ACRONYMS

ACSA	Airports Company of South Africa
ATM	Average term to maturity
ATNS	Air Traffic Navigation Services
B-BBEE	Broad-Based Black Economic Empowerment
BP	Basis point
Capex	Capital expenditure
CEF	Central Energy Fund
CFI	Cooperative financial institution
CP	Commercial paper
CPD	Corporation for Public Deposits
CPI	Consumer Price Index
CSD	Central securities depository
DBSA	Development Bank of Southern Africa
DFI	Development finance institution
DMTN	Domestic Medium-Term Note
ECA	Export credit agency
ECB	European Central Bank
ECN	Eskom Corporate Note
EDIH	Electricity Distribution Industry Holdings
EM	Emerging market
Fed	Federal Reserve Bank
Fitch	Fitch Ratings Inc.
FRN	Floating-rate note
FY	Financial year
GDP	Gross Domestic Product
GFIP	Gauteng Freeway Improvement Project
GMTN	Global Medium-Term Note
GFECRA	Gold and Foreign Exchange Contingency Reserve Account
ICASA	Independent Communications Authority of South Africa
IDC	Industrial Development Corporation
ILB	Inflation-linked bond
IMF	International Monetary Fund
IPP	Independent power producer
JSE	Johannesburg Stock Exchange
Moody’s	Moody’s Investors Service
MTBPS	Medium-Term Budget Policy Statement

7. ANNEXURES

NDP	National Development Plan
NEC	Nuclear Energy Corporation
NHFC	National Housing Finance Corporation
Non-comp	Non-competitive bid auction
NSFR	Net Stable Funding Ratio
NRF	National Revenue Fund
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
PPA	Power-purchasing agreement
PPP	Public-private partnership
PRASA	Passenger Rail Agency of South Africa
QE	Quantitative easing
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
SA	South Africa
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
SASRIA	South African Special Risks Insurance Association
SOC	State-owned company
SPV	Special purpose vehicle
Stats SA	Statistics South Africa
STRATE	Share Transactions Totally Electronic
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
US	United States
WGBI	World Government Bond Index

NOTES

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