



African Debt Capital Markets



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Global Bond Markets in Perspective

Record Issuance Levels from CEEMEA



1 2025 issuance conditions were constructive, with record issuance levels

- \$809bn issued from emerging markets; CEEMEA reached \$349bn.
- Sovereigns led issuance, followed by financials and select corporates.
- Risk-on sentiment was supported by stable rates, disinflation and yield-seeking diversification.

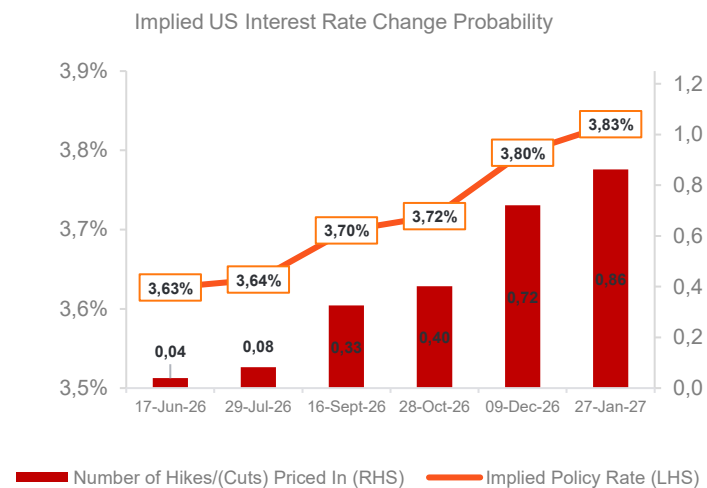
2 Stable US rates and lower inflation underpinned issuance activity

- US inflation ended 2025 at 2.7% after three consecutive Fed cuts.
- 5yr / 7yr USTs held near 3.7% / 3.9%, supporting primary supply.
- Rate-cut expectations moderated as deficit and Fed-independence concerns rose.

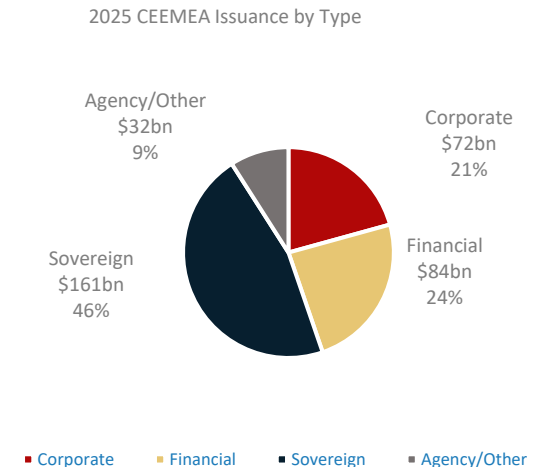
US Treasuries Yield (%)



Implied US Rate Change Probability



2025 CEEMEA issuance by issuer type



Markets were remarkably resilient, but risks remain



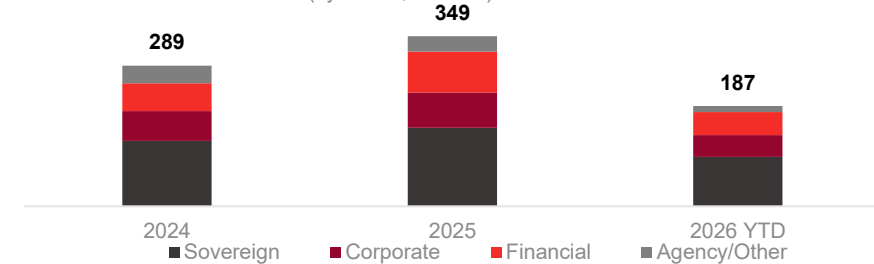
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Constructive conditions for issuance despite US–Iran War

- 2026 issuance markets remain open, with \$187bn already from CEEMEA.
- Supply remains largely sovereign-driven, with notable corporate deals.
- Conditions can stay constructive if markets form clearer views on inflation, rates and macro risk.

CEEMEA region supply (by sector, USDbn)

CEEMEA Region Supply
(by sector, USD'bn)

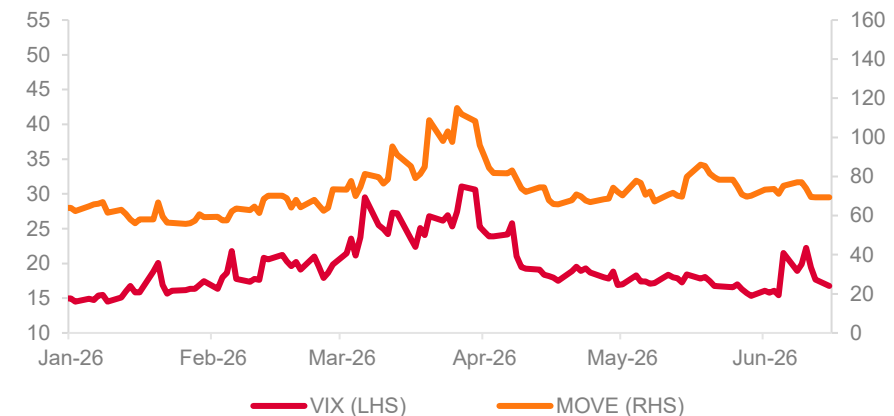


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Spiking volatility creates notable risks to growth and inflation

- Key risks include surprise policy moves, US–Iran escalation and weaker labour-market data.
- A renewed “debasement trade” could challenge confidence in the risk-free benchmark.
- Markets have reopened in windows, but sustained improvement needs concrete de-escalation.

Global Volatility Indices (bps)



Global Sustainable Bond Issuance Trends



Although ~18% decline from 2021 peak levels, labelled issuance has stabilized near a USD 900bn–1tn run-rate, with standards alignment improving and 2026 tracking above 2025.

Annual issuance run-rate
USD 900bn–1tn
stable since 2021

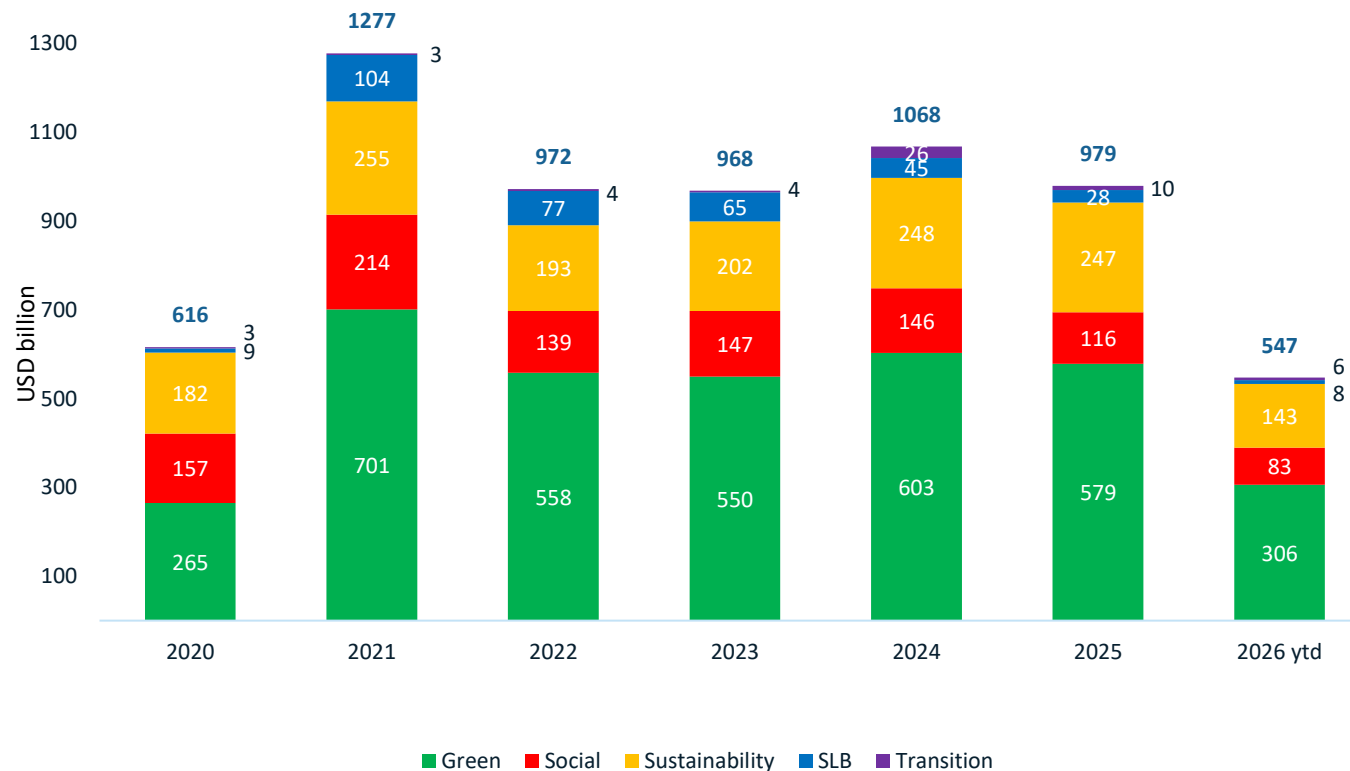
ICMA-aligned issuance
~96%
of 2025 labelled bonds

2026 YTD run-rate
Above 2025
volumes tracking higher

Market read-through

- Green remains the anchor category while social and sustainability issuance provide diversification.
- The market is shifting from rapid growth to quality, eligibility and repeat-issuer discipline.

Global sustainable bond issuance per category (USDbn)





African Bond Issuance Landscape

Africa's \$600B+ Bond Market Anchored by South Africa and Supranationals



The market stack combines local sovereign scale, MDB hard-currency access, and a still-large financing gap.

Regional scale	South African and Nigerian names lead single-name African Eurobond issuance. South African corporate Eurobonds outstanding ~ \$15B. Rest ~ \$33B.
Sovereign anchor	South Africa local bonds are ~ZAR 4,395B; Nigeria adds NGN 159.28T domestic debt. Kenya KES 12.8T. Total of \$100B in Sovereign Eurobonds, of which South Africa is 25%.
Supranational backbone	AfDB has \$54.2B outstanding across 198 issues; Afreximbank, BOAD, TDB and AFC add hard-currency access.
Sustainable finance	African GSS+ outstanding reaches \$10.1B, led by South Africa; MDB hybrid sustainable bonds add \$2.25B.
Financing gap	Pension and insurance assets now exceed \$1T, but Africa still faces an annual development financing gap near \$400B.

South Africa Anchors Africa's \$350B+ Local-Currency Bond Liquidity



\$201B
SA local nominal
ZAR 3,395B

\$60B
Foreign holdings
~25%

\$39B
SA linkers
ZAR 1,078B

Local-currency anchor markets

Market	Debt stock
South Africa	ZAR 3,395B nominal + ZAR 1,078B linkers
Nigeria	NGN 159.28T domestic; \$51.8B external
Kenya	KES 12.8T ~ \$95B
Botswana	BWP100B ~ \$7.12B

Country deep-dive

South Africa — continental anchor

Deep local stock, large linker programme and foreign-accessible ZAR curve create the continent's main liquidity pool.

Nigeria — naira-dominant funding stack

Domestic debt is the primary financing channel; Eurobond stock and bank / energy issuers provide hard-currency complement.

Kenya & Botswana — frontier local programmes

Regular auctions and fiscal funding needs create investable local curves for institutional bids.



South African Local Bond Market

Market Backdrop

Primary market conditions in early 2026 continue to reflect an unusually strong supply–demand imbalance. Corporate auctions are clearing with record book depth, aggressive pricing, and little evidence that broader market volatility is feeding through into demand for high quality credit



Sector (Rbn)	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	y/y % change
ABCP	5.1	5.2	5.3	5.3	5.3	5.2	+14.8%
Banks	632.5	635.5	642.6	659.1	661.4	676.2	15.6%
Corporates	213.2	211.8	211.6	214.7	223.6	222.3	+12.0%
Government	4,265.60	4,283.10	4,308.10	4,324.30	4,342.4	4,366.1	+6.4\$
Municipalities (Munis)	5.3	5.2	5.2	5.2	5.1	5.1	-10.2%
State-owned Enterprises (SOEs)	262.5	262.5	263.7	262.8	224.6	223.1	-10.9%
Securitisation	53.5	53.2	51	50.8	50.7	49.8	+4.7%
Total	5,437.60	5,456.50	5,487.50	5,522.10	5,513.2	5,547.7	+6.8%
Total excl. government	1,172.10	1173.5	1179.4	1,197.80	1,170.8	1,181.6	+8.2%

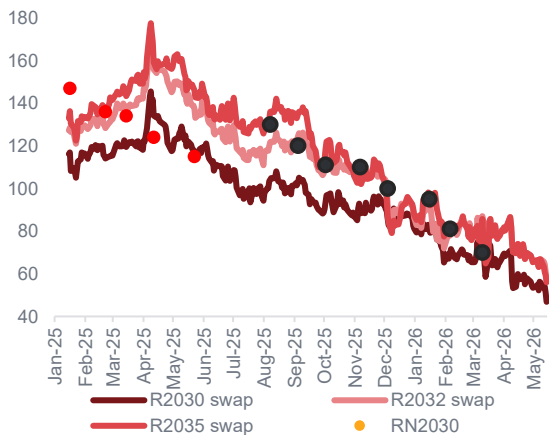
2026 YTD Corporate Auction Outcomes (excluding insurance T2)																																				
	2026 YTD																																			
	Toyota		Pepkor		Discovery		LHC		Redefine		Super GRP		Netcare		Fortress		Hyprop		Resilient		Attacq		Valterra Platinum			DSY	Growthpoint			MTN			Equites			
Credit Rating	Aaa.za		Aa1.za		AAA(za)		AAA(za)		Aa2.za		zaAAA		A1+(za)		Aa2.za		A+(za)		AA(za)		A+(za)		zaAAA			Aa3.za		Aaa.za			zaAA+			AA-(za)		
Settlem date	25-Feb		06-Mar		10-Mar		12-Mar		16-Mar		23-Mar		24-Mar		25-Mar		14-Apr		15-Apr		16-Apr		18-May			21-May		08-Jun			10-June			12-June		
Target (R'mn)	1500		1000-1200		1500		1300 - 1500		500-750		500-750		1000-1200		750-1000		500-600		500-750		750-1000		1500-2000			680		1000-1500			2000			600		
Tenor	3.5yr	5yr	3yr	5yr	1yr	3.2yr	3yr	5yr	3yr	5yr	3.5yr	5yr	3yr	5yr	3yr	5yr	3yr	5yr	3yr	5yr	3yr	5yr	1yr	3yr	5yr	1yr	3yr	5yr	7yr	3yr	5yr	7yr	3yr	5yr		
Reference rate	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	ZAR	ZAR	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	3mJ	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR	ZAR		
PG (bps)	70 – 80	83 – 93	85-95	95 -105	65 - 70	95 - 105	90 - 100	100 - 110	105- 115	125 - 135	110- 120	125 - 135	90 -100	100 - 110	100- 110	120- 130	100- 110	115- 125	95-105	110- 120	105 - 115	120 - 130	75 - 85	102 - 112	115 - 125	70 - 80	95-105	110- 120	130- 140	125 - 135	145 - 155	165 - 175	95 - 105	105 – 115		
ClearingSprd	65	81	82	94	60	90	88	94	98	118	100	118	88	93	95	113	94	111	89	107	98	112	72	100	104	68	90	100	125	118	140	155	90	103		
# Bidders	13	10	14	12	17		17	14	10	12	13		16		11	11	10	9	11	10	12	9	23			19	26			27			11			
Bids (R'mn)	2555	3942	1695	1450	3372	2081	2762	3079	1177	2064	1185	2130	1743	3259	1337	2412	1451	1686	1438	1580	1661	1951	997	2849	2018	2033	1657	2633	2292	1317	1419	3154	943	901		
Bids Allocated	426	1074	595	535	1000	500	809	691	236	514	200	550	483	750	561	495	273	307	250	500	502	508	378	1240	382	680	579	425	796	424	379	1476	326	324		
Bank Bids	18%	44%	20.6%	39%	7.70%		22.8%	23.4%	34%	30.3%	28.21%		29.99%		15.7%		13%		18%		16.6%		22%			0%		16.26%			12.8%			10%		
Bank Alloc	28%	24%	17.7%	49.5%	13.4%		31.5%	24.6%	31.8%	40.1%	41.47%		32.44%		23.7%		9%		33.7%		24.8%		17%			0%		30.89%			18.875%			15%		
VIX	19		24		24		26		24		24		24		24		19		19		19		18			18		16			19			20		
Pricing outcome through guidance		More bids in the 5yr tranche than the 3yr tranche				* Excludes insurance issuances																														

Source: Absa Analysis

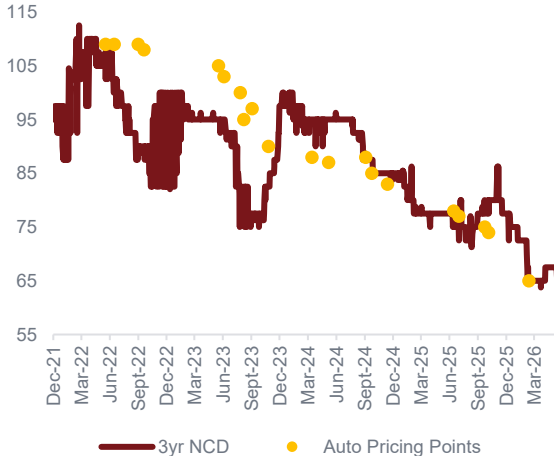
Relative Corporate Pricing Contraction



Government Swaps vs FRNs



3yr NCD mids vs Auto Pricing

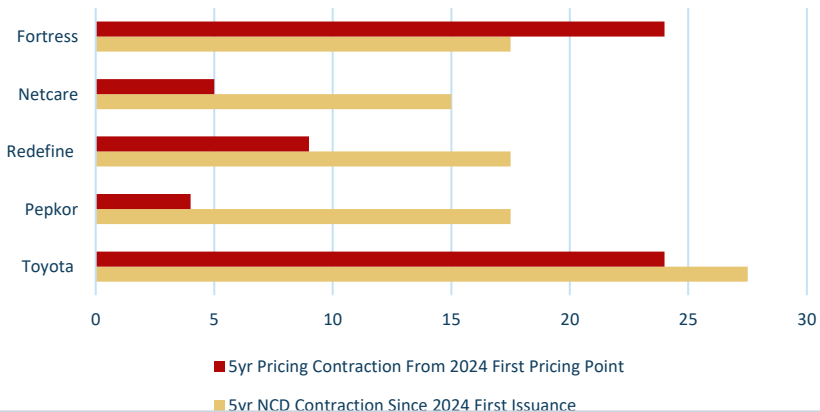


Senior Unsecured Bank Pricing

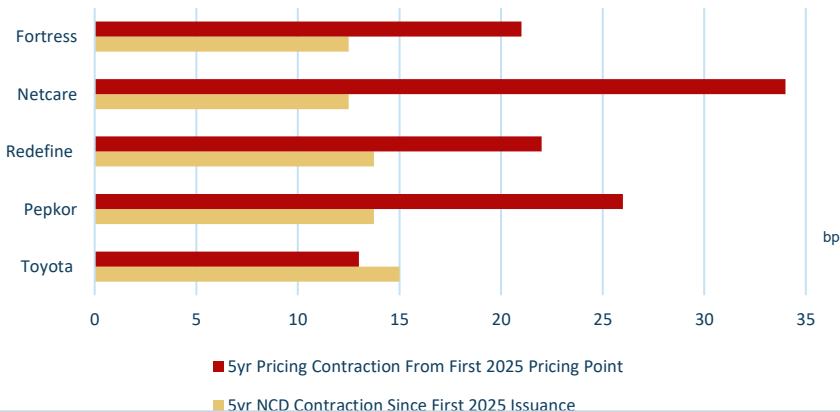
	Senior Unsecured						FLAC						
Tenor	SBSA Jul	Absa Aug	SBSA Sep	Ned Oct	FRB Nov	Absa Nov	SBG Jan	Absa Feb	SBG Feb	Ned Mar	FRB Mar	Absa May	Ned Jun
3yr	84	83	82	81	80	79	99	95	93	93	93	93	90
5yr	102	100	98	98	95	95	113	110	109	109	109	110	109
7yr	115	-	110	109	102	-	121	118	118	117	117	117	117

5yr Corporate Spread Contraction Relative to NCDs

2024 → 2025 corporate pricing contraction - 5yr tenor



2025 → 2026 corporate pricing contraction - 5yr tenor





The Case for Deeper African Bond Markets

Five Pillars Show Why Deeper DCMs Drive Resilient Growth



Capital allocation	Deep DCMs price risk, impose disclosure discipline and channel savings into productive investment.
Macro resilience	Local-currency markets reduce FX mismatch; frontier spreads rise 4× faster than established EM for the same debt shock.
Long-term funding	DCMs supply patient capital for infrastructure, power and housing — far beyond Eurobond capacity.
Governance discipline	Mozambique and Senegal show how hidden-debt opacity raises spreads, lowers growth and crowds out investment.
Mobilization opportunity	Pension and insurance pools exceed \$1T, with a broader ~\$4T domestic capital base still trapped in short-dated paper.

Five Channels Link Deep DCMs to Sustained Country Growth



Transmission channels

1. Efficient capital allocation	2. Benchmark yield curve	3. FX-risk mitigation	4. Patient infrastructure capital	5. Governance & transparency
Prices risk and directs savings	Seeds corporate bond pricing	Reduces hard-currency shocks	Funds long-duration assets	Enforces disclosure and enforceability
Outcome: sustained, resilient GDP growth and a lower cost of capital — when transparency is credible.				

Why it matters for growth

- Frontier spreads rise 24 bps per 1pp debt/GDP, four times the EM sensitivity.
- Africa's pension and insurance assets surpassed \$1T, building a stable investor base.
- South Africa's bond market is 75% domestic-owned, limiting global shock transmission.

Africa proof points

- AFC record syndicated lending, UEMOA sustainable bonds and TCX hedging demonstrate channels 2–4.
- Mission 300 leverages DFI assets to electrify 300M people by 2030.
- AfCRA aims to deliver more nuanced sovereign ratings and improve price discovery.

Four Structural Constraints Hold African DCMs Back



Structural constraint		Evidence & magnitude	
1	Liquidity & depth: Trading is concentrated in South Africa, Egypt, Nigeria and Morocco, leaving thin secondary markets and high transaction costs.	1	Activity in four markets; banks hold ~28% of assets in sovereign bonds, crowding out private lending.
2	Currency volatility: Limited FX availability traps cash inside local systems and global shocks repeatedly trigger devaluations.	2	Airtel flags limited FX supply; the 2026 Iran shock triggered outflows and depreciation pressure across frontier currencies.
3	Narrow investor base: Domestic banks and a handful of institutions backbone most markets; foreign participation is thin and risk-off sensitive.	3	South Africa saw a ZAR34.1B foreign outflow in Apr-2026; domestic investors still hold 75% of SA bonds.
4	Ratings & transparency: Most issuers sit in the B to CCC band, while opaque resource-backed loans complicate restructurings and raise costs.	4	Angola's \$20B+ oil-backed loans and restructuring delays in Ghana, Malawi and Zambia create an opacity premium.

Six Actions to Unlock \$4T in Trapped African Capital



1	Liberalize pension caps	Use under-deployed alternatives caps and new PE rules to release long-dated domestic savings.	2	Scale LCY thematic bonds	Build on rated LCY debt growth, \$10.1B GSS+ stock and TCX hedging capacity.
3	Triple MDB guarantees	Scale MIGA / MDB guarantees and synthetic securitization to mobilize private capital.	4	Capitalize AfCRA	Fund African ratings capacity to counter opacity premiums and support local price discovery.
5	Integrate AfCFTA payments	Cut settlement frictions through regional payment rails and local-currency clearing.	6	Mandate debt transparency	Require comprehensive disclosure of resource-backed and hidden liabilities to lower risk premia.

Bottom line: closing Africa's ~\$400B annual financing gap requires mobilizing domestic pension and insurance pools through reform, LCY depth, MDB guarantees, credible ratings, AfCFTA integration and transparency.



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