

Credit and our bond market - SA's challenge

Presented by Thamage Lesito

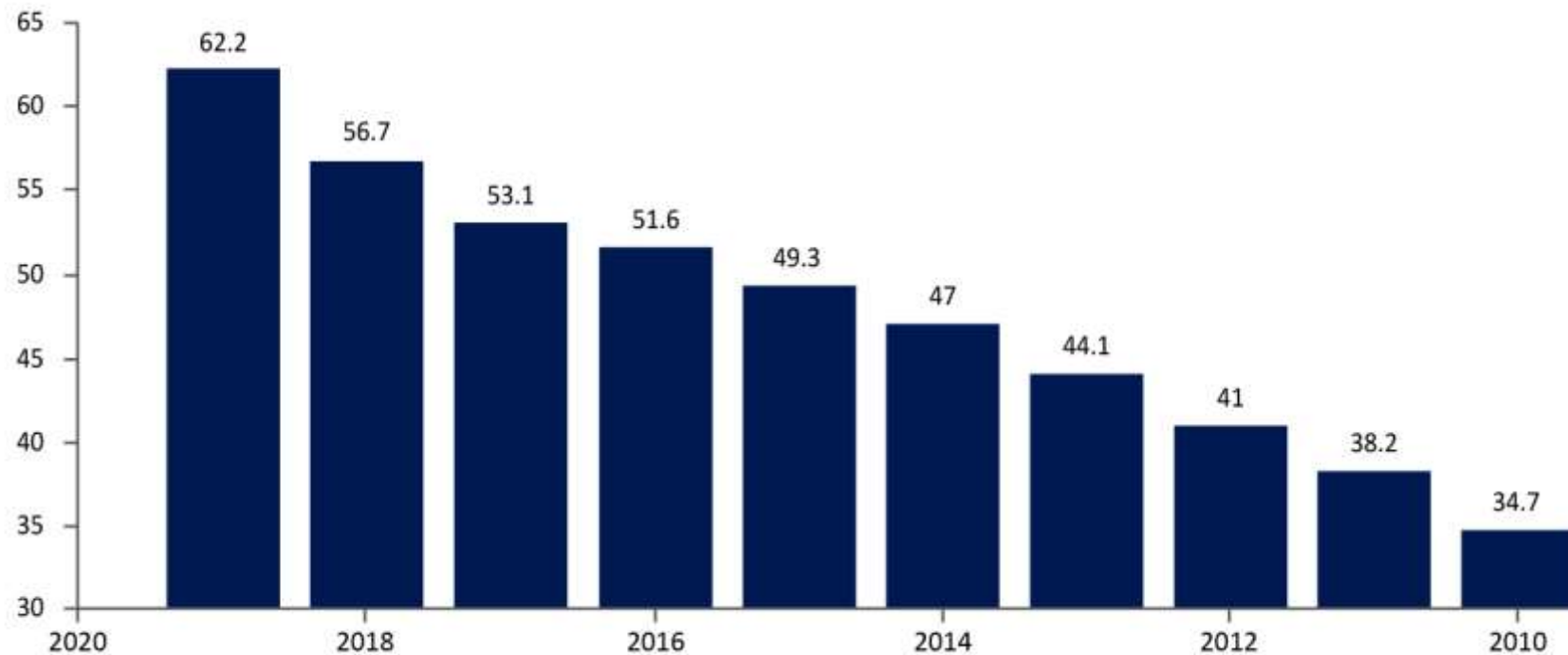
9 November 2020

The South African bond and credit markets [™]

1992: The first corporate bond



Liquidity challenges

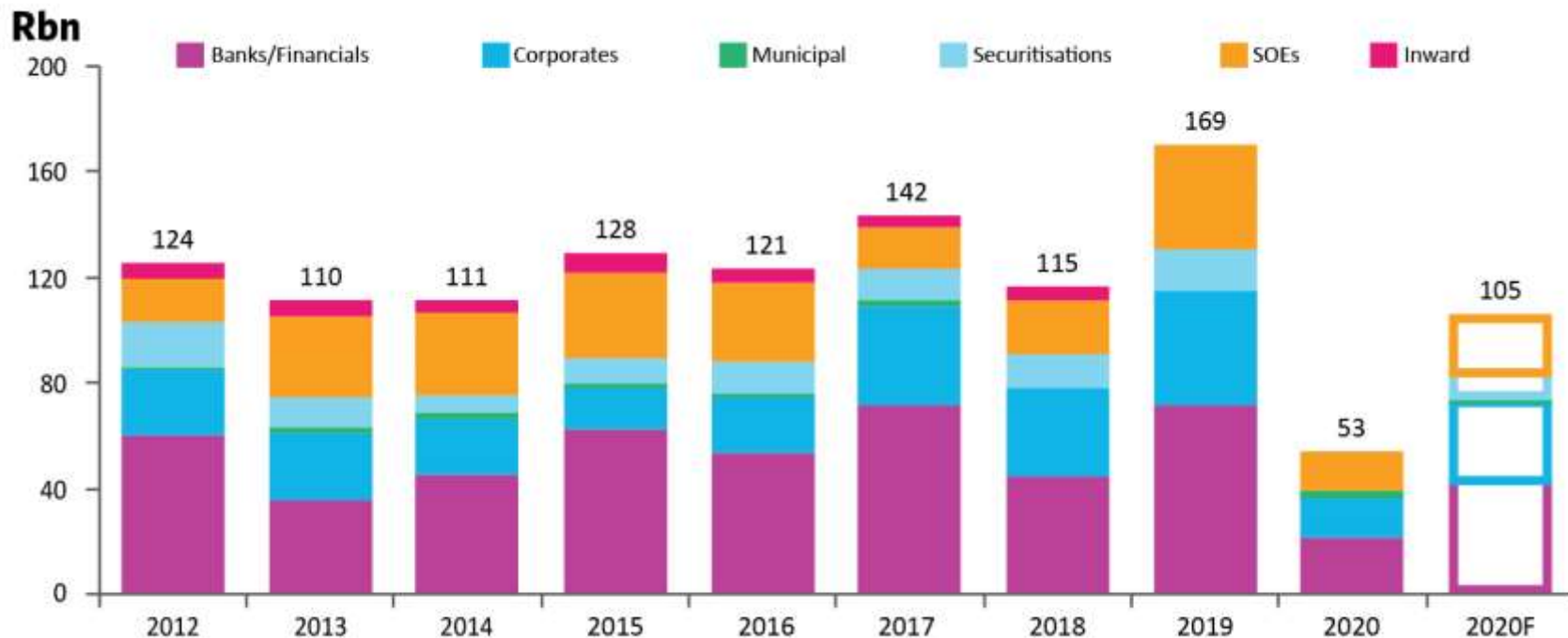


Source: South African Reserve Bank

Listed debt issuance

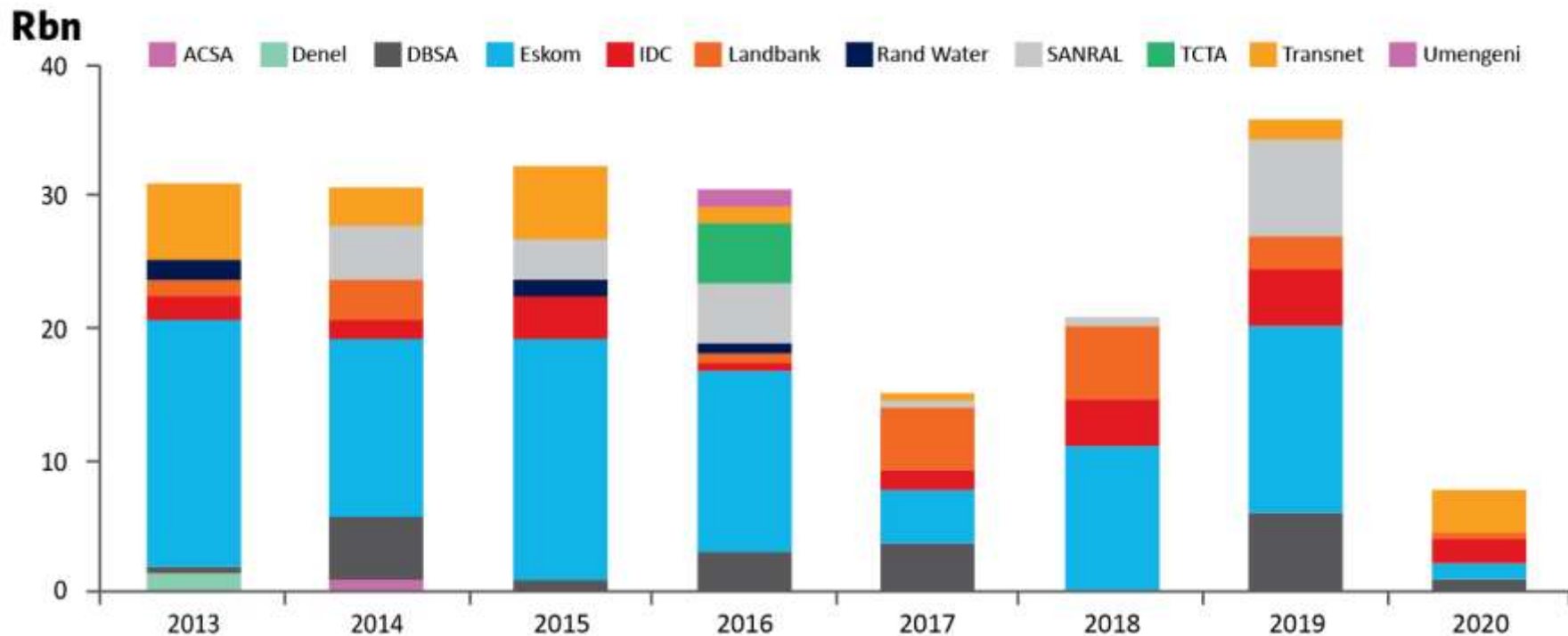


Historical and 2020 forecast



Source: JSE, RMB

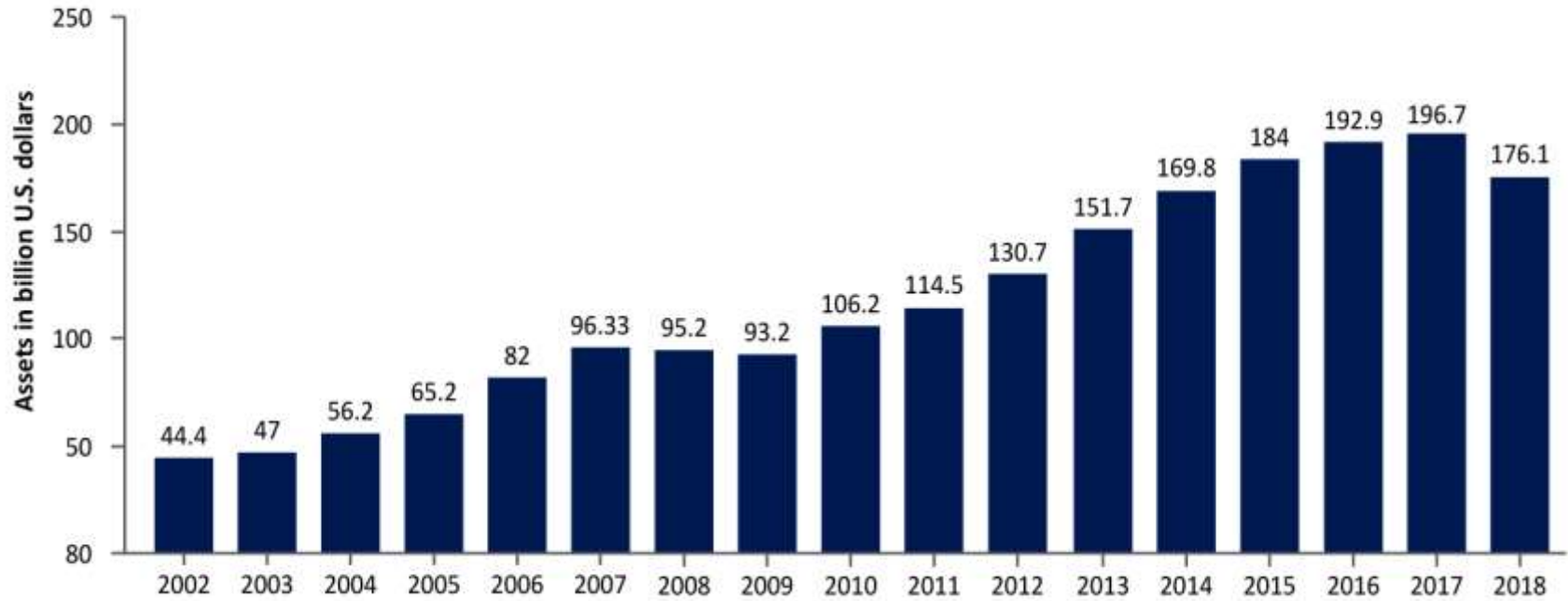
Limited credit issuers



Source: JSE, RMB

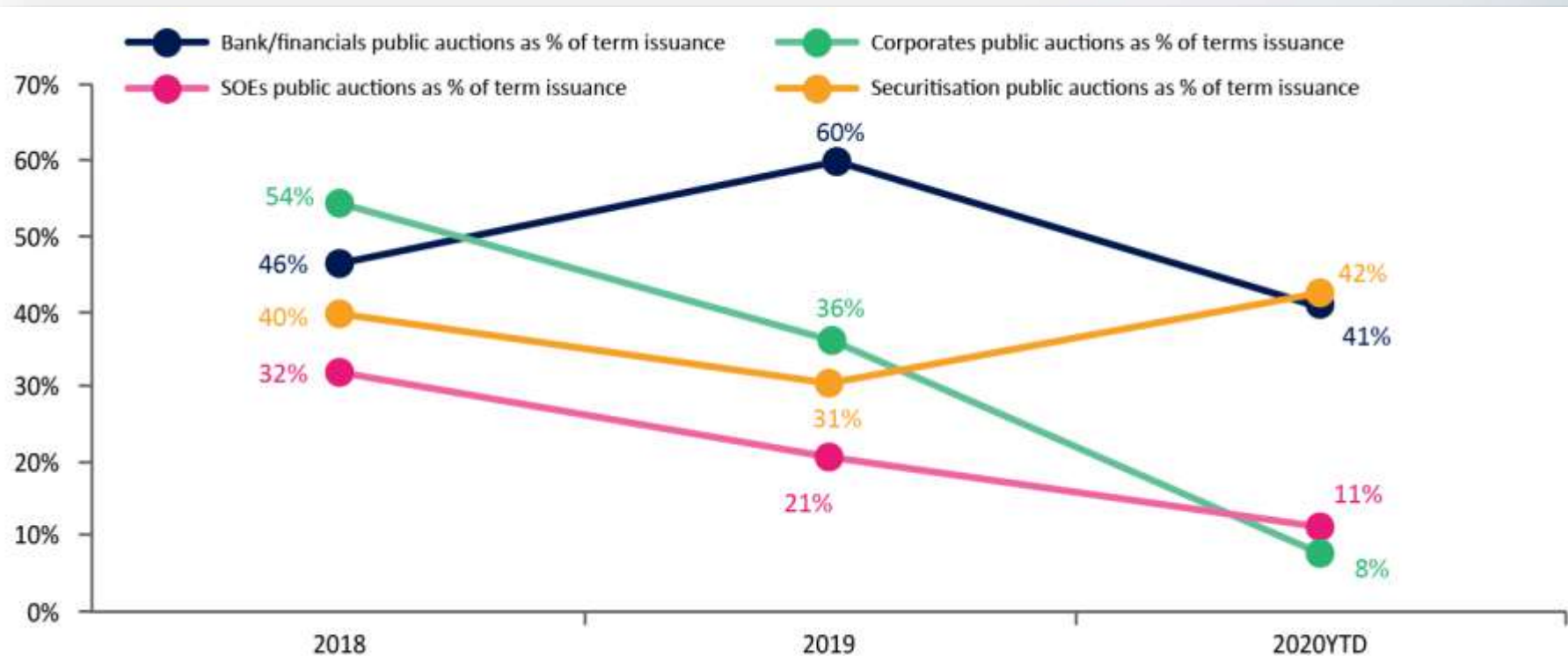
The SA reality: A shrinking savings pool

Total assets of retirement funds in South Africa from 2002 to 2018 (in billion US dollars)



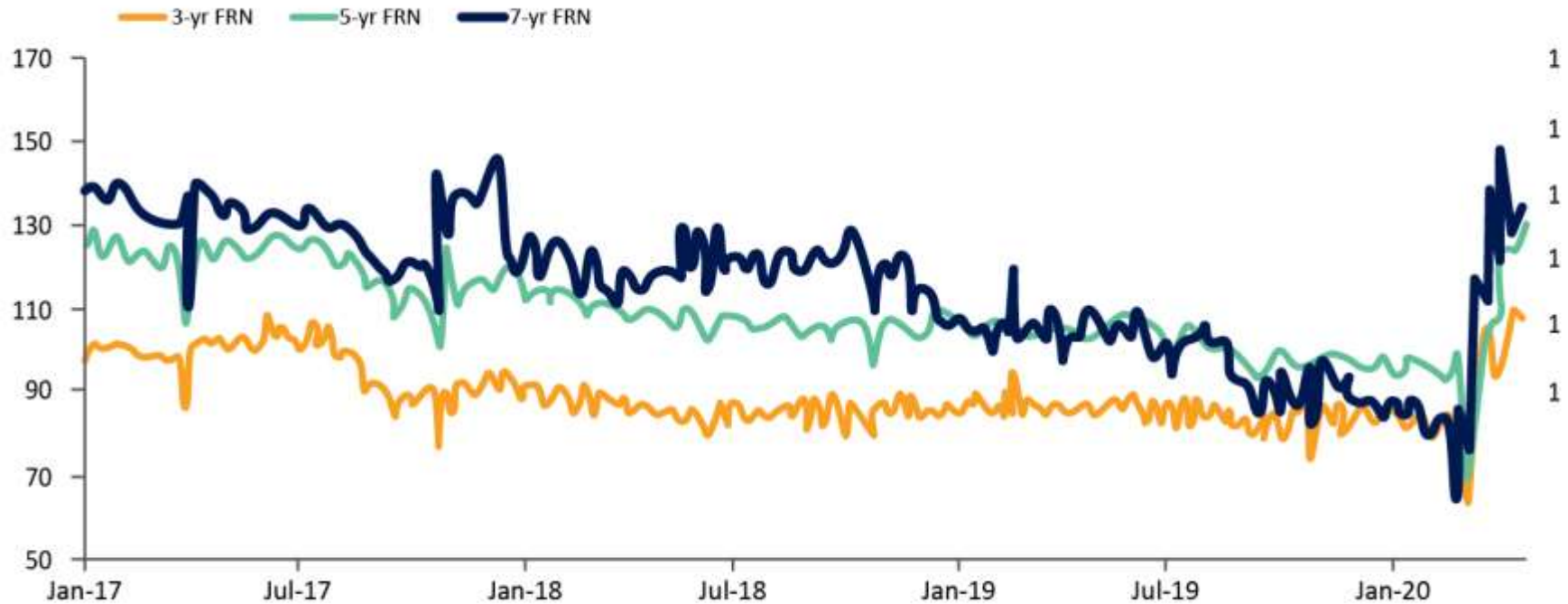
Source: World Bank

Unavoidable systemic risks



Source: JSE, RMB

South African credit market during COVID-19^m



Source: JSE

The New Dawn – Post-COVID-19 urgency



Treasury signs Infrastructure Fund Memorandum of Agreement (National Treasury, August 2020)

Financing infrastructure projects through partnerships – Kate Rushton (RMB Credit Analyst, October 2020)

Modes		Infrastructure Finance Instruments		Market Vehicles
Asset Category	Instrument	Infrastructure Project	Corporate Balance sheet / Other Entities	Capital Pool
Fixed Income	Bonds	Project Bonds	Corporate Bonds, Green Bonds	Bond Indices, Bond Funds, ETFs
		Municipal, Sub-sovereign bonds		
		Green Bonds, Sukuk	Subordinated Bonds	
Mixed	Loans	Direct/Co-Investment lending to Infrastructure Project, Syndicated Project Loans	Direct/Co-Investment lending to Infrastructure Corporate	Debt Funds (GPs)
			Syndicated Loans, Securitised Loans (ABS), CLOs	Loans Indices, Loan Funds
Equity	Hybrid	Subordinated Loans/Bonds, Mezzanine Finance	Subordinated Bonds, Convertible Bonds, Preferred Stock	Mezzanine Debt Funds (GPs), Hybrid Debt Funds
Equity	Listed	YieldCos	Listed Infrastructure and Utilities Stocks, Closed-End Funds, REITs, IITs, MLPs	Listed Infrastructure Equity Funds, Indices, Trusts, ETFs
	Unlisted	Direct/Co-investments in infrastructure Project Equity, PPP	Direct/Co-investments in infrastructure Corporate Equity	Unlisted infrastructure funds

Source: OECD, 2015

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