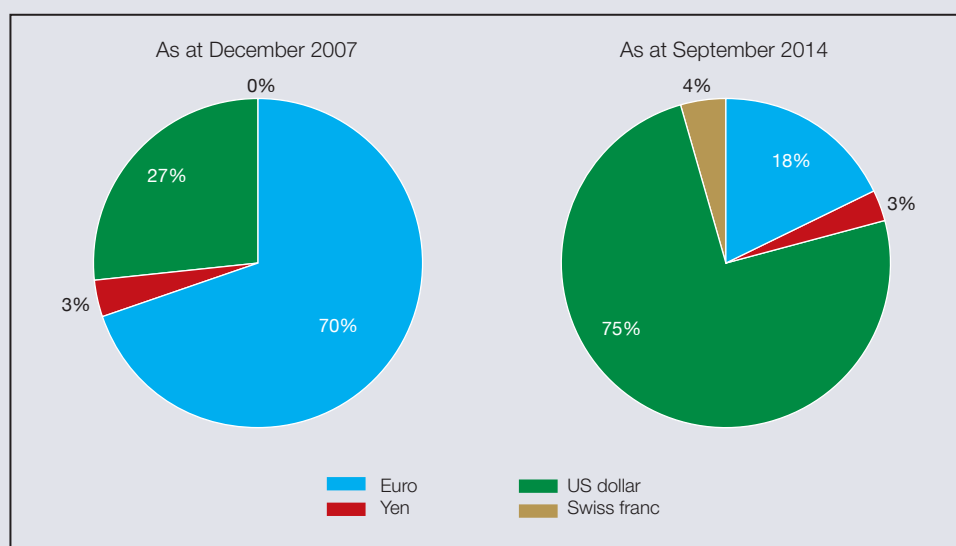


Box 4 Currency composition of South Africa's foreign currency-denominated bond liabilities

The South African government's foreign currency-denominated debt remains relatively small in magnitude at about 10 per cent of overall government debt. Within that total, however, the composition by currency has changed considerably over the past seven years. The composition of foreign currency-denominated bonds issued by South Africa changed significantly from the end of 2007 to the end of September 2014, reflecting the response of the bond issuers to the impact of the financial crisis, the resultant availability of global liquidity, and the extent of perceived financial market stability of specific economies. Over the period, the composition of the portfolio of foreign bonds issued by South Africa changed from being largely dominated by long-term eurobond issuances to strong dominance by US dollar issuances, as shown in Figure B4.1 below¹.

Figure B4.1: Currency composition of South Africa's non-rand bond debt



¹ All bonds were converted to a common currency using market exchange rates at the end of the respective period.

The line graph below depicts the evolution over time of the shares of bonds denominated in US dollar and euro. The decline in the euro-denominated bonds issued by South Africa coincided with the tighter international funding conditions in Europe.

Figure B4.2: Share of top two currencies in total non-rand bond debt

