

MACROECONOMIC

UPDATE

NIGERIA RAISES FRESH US\$4.0BN THROUGH EURO BONDS

The Debt Management Office (DMO) concluded the book-building process for its triple-tranche Eurobonds offer, after two days of virtual meetings with investors across the world. Investors' participation was quite remarkable with bids received from both local and foreign which could either suggest an appreciable level of confidence in the government or relatively attractive coupon rates on the issued instruments. The order book peaked at US\$12.2bn which enabled the DMO to raise an additional sum of US\$1.0 billion as against the initially proposed plan to raise \$3.0bn. Consequently, this would raise Nigeria's Eurobond debt from US\$10.37bn as of 31 March 2021 (based on the external debt stock data obtained from the DMO) to US\$14.37bn.

The Eurobonds were issued as follows:

- 7 years - US\$1.25 billion @ 6.125% per annum
- 12 years - US\$1.50 billion @ 7.375% per annum
- 30 years - US\$1.25 billion @ 8.25% per annum

The debt raising of US\$4.0bn (long tenors and spread across different maturities) provides a significant amount of funds to finance and implement projects listed in the 2021 Appropriation Act and are aligned with Nigeria's Debt Management Strategy, 2020 – 2023. As a result, we expect that the DMO may be less aggressive in taking up more debts from the local market, given the additional US\$1.0bn raised from the Eurobonds space.