TAJIKISTAN RAISES $500M IN INTERNATIONAL BOND MARKET DEBUT

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Tajikistan has raised $500m in its inaugural international bond, which has priced at 7.125 per cent for a 10-year term in the latest evidence of keen investor appetite for relatively high-yielding sovereign debt from infrequent and new issuers.

The central Asian country, which has a population of 8.3m people, opened books on the deal this morning, offering 8 per cent. Keen demand, however, saw the order book top $4bn, allowing it to hone the yield downwards. Yields move inversely to prices.

The cash will be used to fund an ambitious $3.9bn power project. The Rogun hydropower dam would have an installed capacity of 3,600 MW and be the tallest in the world, producing as much power as three nuclear plants, according to research by the Economist Intelligence Unit.

The bond issue increases Tajikistans external public debt from 35 per cent of GDP to 50 per cent, the EIU estimates.

Tajikistan has a GDP per capita of just $804, according to the World Bank, and 43 per cent of its population work in agriculture. The small, mountainous country, which borders Afghanistan and China, is heavily dependent on remittances from oil workers who have found jobs in Russia; 45 per cent of its GDP comes from the payments they send back, according to the International Monetary Fund.

Late last year the Tajik government launched a $490m bail-out of some of the countrys largest banks as its economy suffered fallout from a recession in Russia and declining oil prices. The banking sector is still troubled, according to Maximilien Lambertson, central Asia analyst at the Economist Intelligence Unit.

Tajikistans banking sector has been in crisis since the collapse in remittances from migrant workers in Russia in 2015-16, he said.

Kaynak/Source: