Sovereign Debt News Update No. 154: Nigeria’s Latest Eurobond Issuance: Balancing Investor Confidence with Fiscal Vulnerabilities

By:

The African Sovereign Debt Justice Network

November 20, 2025

According to the Nigerian Debt Management Office, Nigeria raised $2.25 billion in a bond sale on Wednesday, 5 November 2025. The sale reflected what Reuters referred to as a ‘sharp improvement in global borrowing conditions’ which has lured so-called highly indebted sovereigns back to international capital markets. Notably, Congo Republic, Angola and Kenya have also sold their high-yield debt to eager investors. Others such as Senegal and Cote d’Ivoire, which in a bid to assume a more conservative stance have resorted to the regional markets instead, such as the West African Monetary Union (WAMU). Nigeria's dual-tranche listing for ten-year and twenty-year bonds was oversubscribed by as much as 12 times. The long 10-year (maturing 2036) and long 20-year (maturing 2046) notes were priced at 8.625% and 9.125% respectively. According to the DMO, the notes will be admitted to the official list of the UK Listing Authority and available to trade on the London Stock Exchange's regulated market, the FMDQ Securities Exchange Limited and the Nigerian Exchange Limited. Patience Oniha, the Director-General of the DMO noted that the proceeds from this Eurobond issuance will be used to finance the 2025 fiscal deficit and support the government's other financing needs. This Update will examine the country's recent bond issuance and general approach to financing.

Background

2025 has witnessed a continuation of bond issuances by African countries. In the first half of 2025, Kenya and Benin Republic raised a combined US$2.5 billion through bond issuances during the first half of 2025 with proceeds used to repay maturing bonds. This was documented in the One Hundred and Thirty Second Sovereign Debt Update which analysed Kenya's attempts at regaining a semblance of fiscal momentum. The Kenyan government had announced in 2024 that it intended to use $900 million of a $1.5 billion bond issued to buy back a 2027-maturing Eurobond, and will use the balance to retire syndicated loans that are falling due in 2025. Nigeria has also caught the Eurobond "bug", with one issuance being a US$1.7 billion Eurobond on 3 December 2024 which was oversubscribed 5.4 times.

Overall, Nigeria's performance in the Eurobond market has also been regarded as 'mixed'. As of October 2025, the One Hundred and Forty Ninth Sovereign Debt Update, attributed this to broader market conditions as well as a cautious posture by investors. This performance continued in November 2025 with the average yield on Nigerian Eurobonds rising by 32 basis points to 7.97%, reflecting a re-pricing of risk amid a stronger U.S. dollar. In addition there have been escalating tensions between the United States and Nigerian government following President Donald Trump's Trump's threat of military action in the country if it did not crack down on the killing of Christians. According to a report by The Guardian, investors appeared to price in this heightened uncertainty despite Nigeria's recent success in the international debt market.

Maturing Obligations

Currently, Nigeria is preparing to meet two major debt obligations before the end of 2025, comprising the USD $1.12 billion Eurobond and a N100 billion Sukuk bond, both of which represent crucial markers in the country's debt management trajectory. The 7.625% Eurobond, issued in November 2018 and maturing on 21 November 2025, is a core component of Nigeria's external borrowing programme, designed to fund infrastructure and bolster foreign reserves, and enjoyed strong investor participation at issuance despite global uncertainty at the time.

Analysis

This underscores the vulnerability of Nigeria's debt position, especially as it faces significant upcoming repayments, including a $1.12 billion Eurobond due in November 2025 and a ₦100 billion Sukuk bond. Heavy dependence on Eurobonds to bridge fiscal shortfalls leaves the country exposed to swings in global market sentiment, especially in contrast to its Francophone counterparts that have opted for more sheltered financing through local or regional markets. The central task for Nigeria will be to strike a careful balance between external borrowing, domestic resource mobilisation, and fiscal reforms to safeguard long-term sustainability. While oversubscriptions reflect strong near-term investor interest, a point often emphasized by stakeholders such as the DMO, the underlying risks remain pronounced. While oversubscriptions suggest short-term confidence, yields seem to trend upward in the interim, an indication that increased sums will be spent on debt servicing. The opportunity cost of this is apparent: funds which may be invested into other areas of the economy or crucial social safety nets required for Nigerian citizens are spent on debt servicing instead.

Furthermore, the situation presents an ample opportunity to examine the inverse relationship between Eurobond yields in Africa and the rates at which they are oversubscribed. For instance, the Nigerian Eurobonds in question had a peak orderbook of over $13 billion, making it the largest orderbook ever recorded by the country. Furthermore, the trend in yields is also misaligned with current macroeconomic fundamentals in Nigeria. Technically, the country has seen its credit outlook improve, with rating agencies reportedly citing higher oil revenues and fiscal consolidation efforts. The formalisation of Ways and Means (W&M) financing of Federal Government debt in the DMO numbers has provided greater transparency. Hence, the expectation would be that the country would be able to negotiate with investors towards lower bond yields in consideration of the high rate of oversubscription. However, this was not the case, and the notes which were priced at 8.625% and 9.125%, which is very high.

Conclusion

In conclusion, Nigeria's forays into the Eurobond market illustrate the vulnerabilities inherent in its current financing strategy. While the record oversubscription on its Eurobond signals strong investor appetite and confidence in the short term, the persistently high yields attached to these bonds, despite oversubscription, underscore the premium investors continue to demand for Nigerian 'risk'. This dynamic highlight the delicate balance Nigeria must strike between leveraging international capital markets to meet fiscal needs and managing the long-term sustainability of its debt profile. With significant maturities looming and debt servicing costs rising, Nigeria's challenge will be to complement external borrowing with efficient utilisation of resources and implementation of structural reforms. These reforms may help reduce vulnerability to global market volatility. Ultimately, while Eurobonds provide immediate fiscal relief, their cost and exposure to external shocks reinforce the need for a more diversified and resilient debt management approach.

View online: Sovereign Debt News Update No. 154: Nigeria's Latest Eurobond Issuance: Balancing Investor Confidence with Fiscal Vulnerabilities

Provided by Afronomicslaw