

Ireland Sells 1.5 Billion Euros of Bonds at Auction (Update1) 2010-04-20
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By Dara Doyle and Louisa Fahy

April 20 (Bloomberg) -- Ireland sold 1.5 billion euros (\$2 billion) of bonds in an auction, the first since the government detailed its plans to bail out the country's banks.

Investors bid for three times the 2016 and 2020 securities offered, the National Treasury Management Agency in Dublin said today. It sold 750 million euros of 4.6 percent debt maturing in 2016 to yield an average 3.663 percent and 750 million euros of 5 percent debt maturing in 2020 to yield 4.688 percent.

Ireland's banks need \$43 billion in new capital, some of which will have to come from the state, Finance Minister Brian Lenihan said on March 31. Still, the premium investors charge to hold Irish debt has fallen in the last year as the government cuts spending to rein in its budget deficit. That's set it apart from Greece, where the debt premium has soared on concern it won't be able to meet its debt payments.

"The NTMA should be happy with this result," said Fergal O'Leary of Dublin-based Glas Securities Ltd., which specializes in fixed-income markets. "This is a good outcome given the nervousness in peripheral bond markets in recent days."

The difference in yield, or spread, between 10-year Irish securities and 10-year German bunds, the euro-region's benchmark government securities, narrowed to 146 basis points today from 153 yesterday. The spread between Greek 10-year bonds and bunds rose to as much as 472 basis points, the most since Bloomberg records began in 1998.

Ireland's budget gap widened to 11.7 percent of gross domestic product in 2009, almost four times the European Union limit. Greece's deficit was 12.9 percent of GDP.

The treasury agency has now raised 59 percent of its planned 20 billion-euro 2010 bond issuance program, it said in an e-mailed statement. Its next auction is scheduled for May 18.

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