

NTMA 'may consider bank bond sale'

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The National Treasury Management Agency (NTMA) may consider a sale of bonds by banks, analysts said today.

Glas Securities, which specialises in fixed-income markets, said the deal could be considered before the end of the year, depending on market conditions.

The National Treasury Management Agency (NTMA) sold €1.5 billion of bonds yesterday. Some €500 million of the 4.0 per cent bond for 2014 was issued at an average yield of 3.627 per cent, with €1 billion of the 5 per cent benchmark 10-year bond issued at 5.386 per cent, lower than the 5.537 per cent recorded last month. Demand for the 2014 note rose.

"There was also some speculation that EU central banks may have bought some short dated Irish government bonds late in the day," Glas said.

Separately, NCB Stockbrokers said Bank of Ireland may test demand for a sale of debt.

"The strong demand recorded in the sovereign's issuance yesterday augurs well for the banking sector, demonstrating that there is still appetite for Irish paper, albeit at an elevated price," Ciaran Callaghan, an analyst at NCB said in a note today.

"All going well, we believe that the group will test demand with a government guaranteed deal, before venturing into the unguaranteed arena. The first chance of this happening will more than likely be in early September."

The NTMA has raised €8.3 billion from the bond market, some 99 per cent of its borrowing programme of €20 billion for 2010.

Additional reporting: Bloomberg

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