

## NTMA may ask banks to underwrite future bond auctions

By [Laura Noonan](#)

Thursday August 19 2010

THE success of this week's auction may prompt the National Treasury Management Agency (NTMA) to launch a syndicated bond deal with banks before the end of the year, Glas Securities said yesterday.

Fixed income analysts Glas raised the possibility of a syndicated deal -- where a group of primary dealer banks under-write an issue.

Describing Tuesday's bond auction as "very well-received", Glas said "if market conditions allowed, a syndicated deal may also be considered before year end".

A syndicated deal would allow the NTMA to raise greater sums than a traditional market placement like the €1.5bn issue ran on Tuesday.

### **Raised**

Since most of this year's funding has already been raised, the placing would be used to "pre-fund" 2011's requirements, Glas' Fergal O'Leary said.

"Whether they'd do it would depend on two things -- whether there was decent demand and whether the pricing was attractive," he added.

Meanwhile, stockbroker NCB yesterday said the success of the bond auction would help both Bank of Ireland and AIB as they prepare to go to the debt markets over the coming months.

### **Demand**

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

NCB expects Bank of Ireland to "test demand" with a guaranteed deal "in early September" before launching an unguaranteed deal at a later stage.

Davy's analyst Stephen Lyons, however, stressed that industry news would have a big impact on the banks' fundraisings.

"This won't be a quick iterative process as we'll have plenty more bank headlines to contend with on NAMA, Anglo, AIB.

"Sector headlines will continue to weigh on bank funding ability in the near term."

- *Laura Noonan*

