

\$7Bln Eurobond Revenue Awaited

By [The Moscow Times](#)

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The Finance Ministry opened order books Monday on dollar- and euro-denominated eurobonds after postponing the placement several times this year, having cited unfavorable market conditions.

Market sources said the sale could yield \$7 billion.

The Finance Ministry plans to issue a three-tranche dollar-denominated eurobond and a two-tranche euro-denominated eurobond, one of the issue organizers and another source close to the placement said.

No size was specified, but the government has said it wanted to raise a total of \$7 billion on international markets this year.

Fears of spillover effects from the withdrawal of unprecedented U.S. monetary stimulus have made borrowing more expensive in recent months, suggesting that Russia may in the end pay a price for waiting.

The government has often said it did not need the funds because it expected a fiscal deficit of only 0.8 percent of gross domestic product this year, but it has no other ready sources of revenue and the economy is slowing.

The five-year dollar Eurobond is guided towards U.S. Treasuries plus 212.5 basis points, and the seven-year and 30-year tranches both toward Treasuries plus 237.5 basis points.

The U.S. 10-year Treasury benchmark now trades at 2.9 percent, while in May, before Chairman Ben Bernanke warned that the U.S. Federal Reserve may start to taper its bond-buying program, it was trading as low as 1.7 percent.

The yield on Russia's 2030 eurobond, one of the more liquid sovereign issues, has risen to 4.52 percent from a low of 2.74 percent in May.

The ministry's guidance on the seven-year euro tranche is around mid-swaps plus 185 basis points and the 12-year euro paper toward mid-swaps plus 195 basis points.

Barclays, Deutsche Bank, Gazprombank, The Royal Bank of Scotland, Renaissance Capital and VTB Capital have been mandated as joint lead managers, the source said.

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