

Moscow Bond Issue Gets Only 35% Take-up

By [The Moscow Times](#)

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In its first municipal bond issue in recent years, Moscow managed to sell only 35 percent of the securities on offer, raising 6.85 billion rubles (\$212 million).

The city floated three-year bonds worth 20 billion rubles Wednesday with a yield of 7.12 percent, said Alexander Kovalenko, deputy head of the city's finance department.

Experts attributed lukewarm investor interest to their low profitability and an unfortunate choice of date, Kommersant reported. The Finance Ministry floated federal bonds on the same day, which may have diverted attention from the city's issue.

Municipal bonds are considered to be one of the safest on the securities market, and Moscow has borrowed extensively in the past. In 2009, the city staged four emissions. But from 2009 to June 2013, when the first tranche of the city's 67th bond issue was floated, there was no borrowing activity.

The biggest buyers are usually banks, which tend to use them in repurchase agreements.

In June, investors bought 19 billion of the 20 billion rubles worth of municipal bonds on offer, making it far more successful than Wednesday's effort.

Yet the city was positive about the sale. It was by no means the worst performing floatation in Moscow's history, said Denis Mikhailov, head of the city's financial agency. The city does not have a yawning deficit, he added, and the remaining bonds will continue to be sold on the market at the auction price.

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