



NTMA Chief Executive speaks at Oireachtas Joint Committee on Finance

Friday 9th September 2011. The Chief Executive of the National Treasury Management Agency (NTMA), John Corrigan, has said that the Agency may begin a “phased re-engagement” with the international debt markets late next year (2012).

Speaking this morning to the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, Mr. Corrigan said that while the NTMA has maintained “a low level presence in the very short term debt markets throughout recent months,” he envisaged expanding that programme through the latter part of 2012 by “slowly extending the maturity of the debt we raise before beginning our efforts to raise long-term debt.”

Mr. Corrigan cautioned that the timing of decisions in this regard “will depend on many different circumstances – national and international – and our continued success in implementing the EU/IMF programme.” He said that the NTMA envisaged a “phased re-engagement with the markets before we fully resume normal debt raising operations.”

Mr. Corrigan told the Committee that since April of this year the NTMA debt management team has met over 200 investment institutions in North America, Europe, Asia and in Dublin as part of an intensified investor relations programme. He said the feedback from these meetings was positive: “Investors we have met are mostly of the view that Ireland is the best positioned of the eurozone periphery countries to deal successfully with the crisis as it has a more flexible open economy and is recognising and taking action to deal with its problems on the basis of the measures set out in the EU/IMF programme.”

In terms of the Irish banks, the stress tests carried out by the Central Bank in March 2011 had quantified the additional capital support required by the banking sector at €24 billion. Mr. Corrigan told the Committee that the NTMA Banking Unit has worked very hard to minimise the amount of this additional capital to be provided by the taxpayer: “Through initiatives like burden sharing with the junior bondholders and the sourcing of private capital for Bank of Ireland, the net amount of this capital provided by the State is now expected to be around €16.5 billion.

The savings generated can be redirected to funding the day-to-day operation of the country. This means that €68.5 billion of the total €85 billion funding under the Programme is available to the Exchequer – an amount sufficient to meet our funding needs through to late 2013.”

In relation to the EU/IMF programme, Mr. Corrigan said that investors demand that the fiscal targets agreed with the troika are at the very least achieved: “Beating these targets would, of course, be the ideal result and would further distinguish Ireland from other troubled countries.”

Mr. Corrigan said the NTMA was encouraged by the relative improvement in sentiment towards Irish bonds: “Despite the more general difficulties across the eurozone over the summer Irish bonds have rallied with yields on ten year bonds falling from about 14 per cent in mid July to about 8.5 per cent currently.” Further declines in the yield, he said, will be hugely dependent on us delivering on investor expectations. “The NTMA will continue to work with investors to make the investment case for Ireland so that we can exit the EU/IMF programme as quickly and smoothly as possible.”

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