

Ireland's National Treasury Management Agency announces its programme for bond issuance in 2003

Bond issuance in 2003 is expected to be of the order of €5.5 billion, as compared with €6.6 billion in 2002. The reduced issuance reflects the small amount of debt maturing in 2003 and the continued healthy state of the public finances where the general government balance is expected to show a small deficit of 0.7% of GDP. The ratio of general government debt to GDP, the second lowest in the euro area, is expected to remain at about its current level of 34% for 2003 and the following years.

Subject to normal market conditions prevailing, the NTMA plans to continue its practice of holding an auction on the third Thursday of each month from February to November inclusive. The size of each auction will be determined by market conditions, but in the normal course each auction will be for at least €500 million.

The NTMA plans to auction the 4.6% Treasury Bond 2016 so as to bring it up to the €5 billion level early in the new year and have it listed on the EuroMTS electronic trading platform. This bond is currently listed on the MTS Ireland platform. The NTMA also plans to launch by auction in the first quarter of 2003 a new benchmark bond maturing in 2009. This bond will be listed on the MTS Ireland platform and the intention is that its size will be increased by auctions to make it eligible for listing on the EuroMTS system in due course. In addition the existing benchmark bonds - viz. the 4¼% Treasury Bond 2007, the 5% Treasury Bond 2013 and the 4.6% Treasury Bond 2016 - will continue to have benchmark status.

In 2002 the NTMA purchased back from the market some €500million of non-benchmark illiquid bonds so as to boost the liquidity of the benchmark bonds. In 2003 the NTMA will continue to bid competitively for these illiquid bonds as opportunities arise in the markets. This has the potential to boost the size of the normal auctions and to concentrate liquidity in the benchmark bonds.

The funding position will be kept under review and, should there be any significant change in circumstances, a further announcement will be made.

National Treasury Management Agency

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