
Investors Interested In Armenian Debt Securities, Country May Attract \$2-3bln: Expert

ARKA - 25/10/2013

YEREVAN - The first issue of Armenia's Eurobonds showed investors are interested in the country's debt securities and Armenia may attract another \$2-3 billion from this market, head of investment and banking operations at Ameriabank Arno Mosikyan said.

On September 19 Armenia issued its first Eurobonds worth \$700 million with redemption period of 7 years and yield of 6%. The main underwriters of the issue were Deutsche Bank AG, London Branch, HSBC Bank plc and J.P.Morgan Securities plc. According to the country's ministry of finance, the demand for the first dollar bonds exceeded \$3 billion threshold the first days after the placement.

The decision to step on the Eurobond market was right and may help increase efficiency of state finance management, Mosikyan said in his interview to ARKA.

Yet, the yield may be affected by some factors, such as geopolitical developments that were not properly planned in informational terms, he said.

Mosikyan said quite many basic points could be saved in case of a better media planning and more transparent selection of underwriters and leadmanagers for the issue.

Anyway, the fact that Armenia appeared on the international loan capital market may increase global financial community's awareness of the country and increase the chances of investors considering the country for other investments as well, he said.

Yet, the bonds will have a tangible effect on the financial sector, Mosikyan said. Having placed the Eurobonds, the government set a lower limit for corporate issuers, including banks and credit organizations that attract securities from global loan capital market, he said adding the lower will be the yield of Armenia's sovereign bonds, the lower will be interest rates the banks attract funds and lend at.

Mosikyan stressed the funds attracted by the government should be used efficiently, i.e. in the projects with its return higher than the interest rate of the loan.

"But if we trap this money in projects like asphalt works on the city streets, then we will drive ourselves into such a debtor's prison where there will be only one way out - default and loss of sovereignty", the expert said.

http://arka.am/en/news/business/investors_interested_in_armenian_debt_securities_country_may_attract_2_3bln_expert/#sthash.iY5juRCN.dpuf
