INTERNATIONAL BONDS

These are a selection of bonds announced recently. The details, updated to the middle of last month, were supplied by *Thomson Financial Securities Data* and other sources.

Issuer	Launch rating M	Launch rating S&P	Amount	Coupon (%)	Price (%)	Maturity	Launch Spread (bp)	Fees (%)	Bookrunner
Allianz – DAX MILES (a)	Aaa	NA	EUR1.979bn	(b)	(c) (d)	Feb/04		0.30	UBS Warburg
(a) Market index-linked exchange securities. (b) 1.25% outperformace premium calculated annually on te prevailing DAX index level, and paid in cash. (c) Issue price EUR6,596.72. (d) Convertible into E.ON, BASF or Munich Re; conversion price calculated on the leval of the DAX.									
Axa	A2	A-	EUR650m	6.75	99.787	Dec/20 (a)	120	0.55	BNP Paribas, Goldman Sachs, Lehman Brothers
			GBP325m	7.125	99.885	Dec/20	(b)	0.55	
			USD900m	8.60	99.712	Dec/30	(c)		
(a) Non-call 10 years. (b) Spread at reoffer 245bp over the 8.00% 2021 gilt. (c) Spread at reoffer 300bp over 6.125% 2029 US Treasury.									
Bank of Scotland	Aa3	A+	USD200m	(a)	100.02	Jan/04		0.075	Deutsche Bank, Daiwa Securities SBCM Europe.
(a) 3-month Libor plus 10bp.									
British Telecommunications	A2	A	USD1.1bn	(a)	99.879	Dec/03	(a)	22.5bp	Merrill Lynch, Morgan Stanley Dean Witter, Salomon Smith Barney
			USD3.1bn	7.625	99.839	Dec/05	225 (b)	35bp	
			USD3bn	8.125	99.837	Dec/10	265	45bp	
			USD2.8bn	8.625	99.34	Dec/30	300	87.5bp	
(a) 3-month Libor plus 100bp. (b) At reoffer.									
General Electric Capital Corporation	Aaa	AAA	GBP175m	(a)	99.965	Jul/02		0.075	UBS Warburg
			GBP180m	(a)	100.00	Jan/02		0.05	
(a) 6-month Libor flat. Spread at reoffer 95bp over the 7.50% December 2006 gilt.									
Transco	A2	A	GBP200m	6.125	99.388	Dec/06	(a)	0.30	HSBC
(a) Spread at reoffer 95bp over the 7.50% December 2006 gilt.									
Unilever plc	A1	A+	USD375m	(a)	99.963	Dec/01		0.0625 (b)	Deutsche Bank, HSBC
			GBP125m	(a)	99.973	Dec/01			
(a) 3-month Libor plus 3.125bp. (b) 0.02% management and underwriting, 0.0425% selling.									

INTERNATIONAL EQUITIES

These are a selection of issues announced recently. The details, updated to the middle of last month, were supplied by *Thomson Financial Securities Data* and other sources.

Issuer	Amount raised (m)	Type of issue	No shares	Offer price	Pricing date	Exchange listing	Fees (%)	Bookrunner
Bradford & Bingley	GBP650	(a)	262.556m	GBP2.4786 (b)	1 Dec/00	London		ABN AMRO Rothschild
(a) Auction following demutualisation. (b) Aggregated auction price. (c) Effective.								
Cybird	JPY2800	IPO	2,000 (a)	JPY1.4m	11 Dec/00	OTC	8	Nomura Securities UBS Warburg
Comment: Pioneer in providing handset-based, mobile internet content services. (a) 1,300 shares domestic tranche, 700 shares international tranche.								
Gemplus	EUR430.2	IPO	71.7	GBP0.94	7 Dec/00	London		CSFB
Comment: Software company. 13.2m share greenshoe (GBP12.4m).								
Portugal Telecom	EUR2200	P S	156.75m 69.5m	EUR9.4	2-3 Dec/00	Lisbon	1.90	Goldman Sachs, Merrill Lynch, Banco Espirito Santo, Caixa Geral de Depositos
(a) Follow-on offering of primary and secondary stock.								
Softbank Investment	JPY19500	IPO	13,000 (a)	JPY1.5m	6 Dec/00		6	Daiwa SBCM
Comment: Incubator for start-up ventures. (a) 7,800 primary, 5,200 secondary; 10,400 domestic tranche, 2,600 international tranche.								
Telenor	NKR15600	IPO	372.2m	NKR42 (a)	3 Dec/00	Oslo, Nasdaq	1.35	Goldman Sachs, DnB Markets
(a) 13.625 per ADS, 1 ADS = 3 shares.								

P = primary; S = secondary; IPO = initial public offering; D = demerger

Debt markets dislocation

This year has begun like no other I can remember recently. At the time of writing this article, the debt markets are experiencing a rare phenomenon – an acute pricing dislocation between the loan and the bond markets. While this lasts there are some amazing anomalies in pricing between the two instruments. But at the same time, this poses a dilemma for many treasurers who are implementing their funding strategies for 2001. From an investor's view, there has never been a better arbitrage opportunity between the two markets.

The widening of credit spreads in the corporate bond market late last year has continued and there is now a situation where certain single A-rated bonds are trading at about 100bp wider than similar credits in the loan market.

Credit derivatives

The same pricing dislocation applies in the credit derivative market. So, does this mean the bond and credit derivative markets are cheap from an investor's point of view, or that the loan market is expensive? The answer is probably 'yes' on both counts. I expect some equalisation will occur in both directions, with syndicated loan pricing increasing. It is unlikely that credit spreads in the bond and credit derivative markets will narrow significantly, as most corporate bond investors were severely underwater at the end of 2000 compared with when they bought the bonds earlier in the year. New issues being prepared are indeed being priced generously – DaimlerChrysler in five years at sterling Libor+165 and BT at Libor+130bp. Demand should remain for fully priced corporate bonds.

High demand

This year loan arrangers and securitisation teams are likely to be in demand and volumes are expected to be high. While the pricing differential exists, the non-relationship investors that supply an important percentage of syndicated lending are likely to prefer the bond or derivative alternative. This is the main reason why loan pricing is expected to increase and the market in asset-swaps is likely to flourish.

For treasurers, it is not all bad news, though, as bond buy-backs should be seriously considered to sweep up the supply while prices remain attractive and funding via the loan market could save money, at least in the near term. ■

DAVID ROBERTS
Head of Debt Markets, Danske Bank

Selected credit spreads over Euribor

Issues due	*Bond/credit derivative spread*
Invensys (04/05)	+155 bp
KPN (11/05)	+150 bp
Ford (09/05)	+80 bp

INTERNATIONAL LOANS

These are a selection of loans announced recently. The details, updated to the middle of last month, were supplied by *Thomson Financial Securities Data* and other sources.

Borrower	Type	Amount (m)	Term (yrs)	Margin Libor+ (bp pa)	Fees Commit. (bp pa)	Front-end (type)	Front-end (bp)	Arranger(s)
Baxi Group Ltd.	TL	GBP215	6 yrs 6m	225		Co-Arr	120 (b)	Deutsche Bank, Royal Bank of Scotland, SG
	TL	GBP60	7 yrs 6m	275				
	TL	GBP60	8 yrs 6m	325				
	BL	GBP26.625	9 yrs	450				
	RC	*GBP80*	6 yrs 6m	225	75			
	M	GBP40	9 yrs 6m	750 (a)				
Comment: Pan-European boiler manufacturer. Sub-underwriting phase. (a) 400bp paid in cash and 350bp is rolled up. Tranche also includes warrants (b) Split 45bp to underwrite GBP30m, further 75bp upfront on final GBP20m take.								
Bernard Matthews	TL	GBP115	7	200 (a)		Co-Arr	70 (b)	HSBC
	RC	GBP35						
Comment: Senior syndication. (a) ratcheting down to 100bp in line with senior debt/EBITDA. (b) For GBP15m.								
Cattles	RC	GBP125	1 (a)	75	40%	Commit	70 (b)	Bank One
						Lead	15 (c)	
						Manager	12.5 (d)	
						Participant	10bp (e)	
Comment: Specialist financial services provider. Closed. (a) With two-year term-out option. (b) Of margin. (c) For GBP15m. (d) For GBP10m. (e) For GBP5m.								
RMB International (Dublin)	TL	USD100	1 (a)	30		Co-Arr	12.5 (b)	Mizuho Financial Services, Bayerische Landesbank, Credit Agricole Indosuez, HypoVereinsbank, KBC, Standard Chartered
						Lead	10 (c)	
						Manager	7.5 (d)	
						Participant	5 (e)	
Comment: General syndication. (a) Bullet repayment; (b) For USD10m; (c) For USD7.5m; (d) For USD5m; (e) For USD2.5m								

RC = revolving credit, TL = term loan, M = mezzanine, LC = letter of credit, BL = bridge loan.