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Malaysia plans global bond

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THE Government yesterday announced that it is proposing to launch a global bond and has appointed JP Morgan and Solomon Smith Barney as the joint lead managers for the exercise.

No details were given, but a Reuters report from Hong Kong quoted JP Morgan managing director and head of Asia-Pacific debt capital markets Marc Jones as saying it was for US\$750 million (RM2.85 billion) 10-year bond at an expected spread to US Treasuries of 235 basis points.

The BBB-rated deal was expected to be priced on Friday morning in New York, Jones said.

In Kuala Lumpur yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said: "It (the bond issue) is not specifically for any project, just that we need to top up some of our requirements. It is a very usual practice anyway."

Dr Mahathir, who is also the Finance Minister, said at present the country's reserves (US\$94 billion as at June 15) were quite strong and could accommodate more than three months of retained imports.

In a statement yesterday, the Finance Ministry announced the Government's proposal to launch a global bond offering in the international capital market.

The statement among others stated that the proceeds from the offering would be used for general funding purposes of the Government.

Approached by reporters after attending the Venture 2001 Business Plan awards presentation, the Prime Minister also refuted claims that the bond issue was a move to defend the ringgit in the currency market.

"There's nothing to defend, why should we defend the ringgit? Nobody is going to attack the ringgit now," he said, adding that prior to the implementation of capital controls in late 1998, the Government was constantly forced to take out funds to defend the ringgit.

"Now it is not possible for anybody to attack the ringgit," he said.

Dr Mahathir said it was normal for the Government to go into the capital market to raise some funds via bond issues every year.

Malaysia in 1999 launched a US\$1 billion global bond, the country's first in nearly a decade.

On the need to market the latest bond issue, he said: "We have our advisers helping out in this (bond issue), maybe it would be necessary for someone to go (for marketing)."