

Pakistan To Issue Govt. Bonds Quarterly -Central Bank

KARACHI (Dow Jones)--Pakistan's central bank will conduct quarterly auctions of government bonds instead of the current monthly auctions as the government's appetite for borrowing has diminished, central bank governor, Ishrat Hussain told Dow Jones Newswires Thursday.

Pakistan Investment Bonds "are issued on behalf of the federal Government. Their cash flow is pretty good, so they don't need PIBs," he said. Overseas aid and improved tax collection has bolstered government coffers.

Hussain said primary dealers were informed earlier this week that the bond auctions will be conducted quarterly.

He said the purpose of these bond auctions wasn't to increase government borrowing, rather it was aimed at providing a benchmark yield for the corporate bond market.

Pakistan launched long-term three, five- and 10-year government bonds, in December 2000.

Hussain said a longer tenor bond beyond the 10-year maturity is also possible, but he added that market participants should come up with a proposal.

Earlier this week the central bank said it won't hold a bond auction for three- and five-year government bonds this month.

An auction of three- and five-year government bonds was due, but had been delayed after the central bank Saturday announced a 1.5% cut to the discount rate, effective Monday.

The central bank is expected to cut coupon rates for the three-, five- and 10-year bonds following the discount rate cut. The 10-year bond has risen to 124.60 to yield 7.44% since Saturday when the bond traded at 113.50 to yield 8.5%.

Dealers said the delay is likely to further prop up demand for government bonds in the secondary market and boost prices, a dealer said.

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