

## BRAZIL REOPENS ITS 10-YEAR BENCHMARK BOND IN THE EXTERNAL MARKET

The National Treasury carried out, on May 9th, the reopening of its ten-year benchmark bond denominated in US Dollars, the Global 2023, reaching US\$ 800 million (US\$ 750 million in European and North-American markets plus US\$ 50 million in the Asian market)<sup>1</sup>

The bond was priced of 98.946% of its face value, which yielded 2.75% p.y.. Investors will receive semi-annual coupon payments of 2.625% p.y., every Jan-5<sup>th</sup> and Jul-5<sup>th</sup>, up to maturity in January 5<sup>th</sup> of 2023.

The issuance, jointly managed by Barclays and Citigroup, was performed with a 98 basis points spread above the 10-year U.S. Treasury bond. It is the smallest differential ever obtained by Brazilian sovereign issuances since 1995, when the Republic returned to access foreign markets.

**10-Year Rate Bonds evolution: Sovereign Issuances and the US Treasury**



<sup>1</sup> The so called green shoe mechanism was used. According to this strategy, the Brazilian National Treasury launches the operation on a schedule compatible with the North American and European markets and reserves the right to extend the issuance in the Asian market at volume and predetermined conditions.

The first Global 2023 issuance occurred in September 2012, when US\$ 1.35 billion was launched at a 2.686% p.y. rate, the lowest ever recorded in external operations led by the National Treasury. With the reopening the volume of the Global 2023 reached a total of US\$ 2.15 billion, an amount considered adequate to ensure liquidity for benchmark bonds in the international market

This issuance follows the directions taken by the National Treasury in the external market, which means improvement of the external debt profile, aiming at consolidating the external yield curve in US Dollars by maintaining reference points (benchmarks). Besides improving the sovereign bonds curve, the creation and maintenance of well priced liquid reference bonds serve as references for external operations for Brazilian companies, increasing the possibilities of obtaining long-term funds at lower costs.

### Characteristics of the Global 2023 Issuances

<b>Issuance date</b>	<b>09/05/2012</b>	<b>05/09/2013</b>
Term	10 years	10 years
Maturity	5/1/2023	5/1/2013
Interest coupon	2.625% p.y.	2.625% p.y.
Issuance price	99.456% of face value	98.946% of face value
Yield	2.686% p.y.	2.750% p.y.
Spread	110 bps over the US Treasury 2022	98 bps over the US Treasury 2023
Principal payment	single payment, at maturity	single payment, at maturity
Interest payment	semi-annual payments	semi-annual payments
Issued at Global Market	US\$ 1.25 bn	US\$ 0.75 billion
Issued at Asian Market	US\$ 100 mn	US\$ 50 mn
<b>Total Issued</b>	<b>US\$ 1.35 bn</b>	<b>US\$ 0.8 bn</b>

Source: National Treasury

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