

Brazil Raises US\$ 1.3 Billion in Bonds Overseas

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Brazil's National Treasury successfully concluded a sale of Brazilian government bonds known as Global BRL 2016s, Monday, September 19. The bond issue yielded a total of US\$ 1.3 billion. The bonds, which expire in January, 2016, pay investors an annual interest rate of 12.5%.

Placement of the bonds, which began last week, was led by the Goldman Sachs and J.P.Morgan banks, with participation by Brazil's Itaú Bank, according to the National Treasury.

The National Treasury had sold US\$ 500 million in bonds of the Global-2019 kind in May. Those papers were to expire in 14 years. Those bond were placed in the world market by the banks Goldman Sachs and Merrill Lynch.

The May sale was the fourth time Brazilian obtained external resources this year. Before that, the country at the end of February had sold bonds worth US\$ 1 billion, with expiration in 2015.

This money obtained overseas is earmarked for the foreign debt payment, which totals US\$ 11,091 billion until the end of the year. US\$ 4,974 billion refer to debt interests and US\$ 6,117 billion represent commitments to the International Monetary Fund (IMF).

The bonds were sold with nominal interest of 8.875% a year and a "spread" of 458 base points over US Treasury bonds. They had a price of 100.375% of the face value, with a rate of return for the investor of 8.83% a year.

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