



## GOVERNMENT DEBT MANAGEMENT

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To newspapers, newsrooms,  
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**Press release**  
30 December 2011

### **Quarterly Government Debt Management Prospect First quarter 2012**

- *In Q1, benchmark Treasury bonds will be offered for sale in the amount of 10-25 b.kr.*
- *A new 2-year indexed benchmark Treasury bond series will be issued.*
- *It is planned to auction three existing Treasury bond series: RIKB 16 1013, RIKB 22 1026, and RIKB 31 0124.*
- *Sales in these series and Treasury bill sales will be subject to issuance of RIKS 30 0701, in connection with Central Bank of Iceland foreign exchange auctions. Treasury bond issuance in Q1 will amount to a minimum of 10 b.kr., however.*

#### **Introduction**

In Government Debt Management *Prospect* 2012, it was announced that Treasury bonds would be sold in the amount of 75 b.kr. during the year. The intention is to sell Treasury bonds for 10-25 b.kr. in the first quarter.

#### **Planned Treasury bond issuance**

It has been decided to begin selling a new 2-year nominal Treasury bond series. It is planned to sell bonds in the series for up to 15 b.kr. in the first quarter. The bonds will be similar in structure to other listed Treasury bonds. The coupon dates, interest rate, and terms will be announced at a later date, and it is planned to have market making with the series in the secondary market.

Build-up of the 10-year benchmark series, RIKB 22 1026, will continue in Q1. The series was first issued in October 2011 and is now 13.7 b.kr. in size. It is also possible that bonds will be issued in the 5-year benchmark series RIKB 16 1013, which is now 50.3 b.kr. in size, and in RIKB 31 0124, currently 26.4 b.kr. in size.

Total Treasury bond issuance in the first quarter of the year is estimated at **10-25 b.kr.** Estimated maximum nominal issuance in individual series is set forth in the following table.



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### Estimated Treasury bond issuance in Q1/2012

<i>Amounts in b.kr.</i>	<b>Issuance</b>
Bond series	<b>Maximum</b>
RIKB 14 – new series	<b>15</b>
RIKB 16 1013	<b>10</b>
RIKB 22 1026	<b>15</b>
RIKB 31 0124	<b>10</b>

#### **Planned Treasury bill issuance**

Six-month Treasury bills with a reissuance option three months prior to maturity will continue to be issued. The balance of Treasury bills is now 59 b.kr., a decrease of 13 b.kr. since the beginning of the year. According to the yearly *Prospect*, it is assumed that the stock of Treasury bills will total 45 b.kr. by year-end, excluding sales of Treasury bonds in connection with the capital account liberalisation strategy.

#### **Impact of capital account liberalisation measures on Treasury issuance**

Government Debt Management published an announcement on 25 March 2011, concurrent with the publication of the new capital account liberalisation strategy. The announcement states that owners of foreign currency will have the option of buying krónur in Central Bank auctions, provided that they invest them in a new Treasury bond series, RIKS 30 0701. It was also announced that issuance of Treasury bills and Treasury bonds would be reduced by an amount roughly equal to the amount sold in the new series. If RIKS 30 0701 bonds are sold during the quarter, in connection with the liberalisation strategy, this will affect the sale of Treasury bonds and bills in conventional auctions during the year.

Further information on issuance of individual series of Treasury bonds and bills will be published a few days prior to each auction.

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