Greece Debt Crisis

Greece aims to sell bonds for first time since 2014

Athens takes advantage of global investors' willingness to forgive in hunt for yield

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2 HOURS AGO by: Kate Allen and Dan McCrum in London

Greece is looking to sell government bonds for the first time in three years in the latest sign of investor willingness to forget the past problems of former pariah sovereign borrowers.

The southern European nation is expected to sell a five-year bond this week or next, say bankers with knowledge of the plans.

Bond market conditions have steadied since the turbulence of last month when central banks signalled what appeared to be a co-ordinated shift towards monetary tightening, although benchmark yields have continued to tick upwards.

There is a "lot of positive momentum" and "credit markets still feel very healthy", one banker said. "The market is open for Greece," said another.

With much eurozone sovereign debt generating negative yields, investors are also on the hunt for paper offering better terms.

Last week an €813m auction of Greek 13-week treasury bills was priced at 2.33 per cent and attracted strong international demand, said the first banker.

The likely sale comes just weeks after Argentina was able to issue $2.75bn of century bonds — with a 100-year maturity — at a yield of about 8 per cent, as international investors looked forward to the impact of a reformist government rather than backwards at the country's history of defaults.

Bankers also highlighted the favourable timing for an issue this month. Greece is bidding to re-enter the capital markets before the usual summer hiatus. Once investors return in September, attention will focus on the prospect of monetary tightening by the European Central Bank along with Italy's forthcoming election, both of which should ease their appetite for risk.

Since the 2010 eurozone debt crisis Greece has raised new debt only twice, in 2014, issuing €4.5bn of bonds at three- and five-year maturities.

Greek bonds trade infrequently. The April 2019 bond, issued at a 4.95 per cent yield in 2014, was trading around a 3.55 per cent yield on Monday. One person with knowledge of the plans said any new issuance was likely to price at a yield of above 4.5 per cent.

Athens has received three bailouts in the past seven years and the debate over whether debt writedowns are needed continues. IMF staff this year said Greece's debts were unsustainable and on an "explosive" path.

Greece this month repaid €6.8bn to its private sector creditors, the European Central Bank and the IMF, after receiving an €8.5bn payment from the European Stability Mechanism, the eurozone bailout fund, ensuring Athens would not default on its creditors this summer.

The payment was the latest part of an €86bn rescue package agreed in 2015, and was paid over after Greece completed a review of its finances.