

09 Feb 2012 -15:38

Comments on the OLO auction of 07 June 2010

Press release from the Belgian Debt Agency

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The Belgian Debt Agency denies earlier press reports as to which yesterday's OLO auction would have faltered. It points to the fact that it was able to issue EUR 3.167 billion - close to the top of the announced range of EUR 2.2/3.2 billion - with an overall bid-to-cover rate of 1.88. At 1.40, the bid-to-cover rate was lower for the 10-year bond, but this resulted from the Treasury's preference for issuing 10-year paper rather than short-dated paper (almost 43% of issuance was in the form of OLO 3.75% 28/09/2020). Also, the lowest accepted prices were higher than the prevailing market bids at the time of the auction.

The Agency announces that it has realised 61.6% of its 2010 funding target. Moreover, the average life of the Kingdom's debt has increased to 6.32 years following the issuance of the new 30-year OLO in April.

In its 2009-2012 Stability Programme, Belgium is targeting a deficit of 4.8% of GDP in 2010. The deficit would be brought back to 3.0% of GDP by 2012. The recent budget control by the government confirmed the 2010 target.

Belgian Debt Agency
Avenue des Arts 30
1040 Brussels
Belgium
+32 257 47082
<http://www.debtagency.be>

Jean Deboutte
Manager Strategy, Risk Management &
Investor Relations
+32 470 74 72 79
info@debtagency.be