

07/10/2019 11:35:07 [BN] Bloomberg News

### Tunisia Tempts Investors With Highest Euro Yield This Year

- North African country markets benchmark-sized seven-year deal
- Adds to record streak of EM euro-denominated sales this year

By Lyubov Pronina

(Bloomberg) -- Tunisia is tapping the euro-debt market for the second time in nine months, tempting investors with 2019's highest yield for a sovereign bond in the single currency.

The north African nation is offering a benchmark-sized seven-year note at about 6.875% following investor meetings in Europe and the U.S., according to a person familiar with the matter, who isn't authorized to speak publicly and asked not to be identified. It raised 500 million euros (\$561 million) in five-year notes at a yield of 7% in October.

The deal follows a record streak of euro-denominated sovereign-bond sales this year from developing nations rushing to raise capital from funds chasing returns in a close-to-\$12 trillion negative-yield market. This week, Romania and Slovenia tapped the market for a second time this year, bringing the tally to a record of 31.2 billion euros. That also surpassed the totals for the last two full years, according to data compiled by Bloomberg.

#### 'Good Appetite'

"There would be good appetite especially for a euro-denominated issue at this level," said Hakim Azaiez, chief investment officer at Gulf Central Agency, which plans to bid for the notes and also invested in Ukraine's recent sale. "They might tighten" to as low as 6.25%, he said.

Tunisia has come a long way since the 2011 Arab Spring uprising, achieving political stability and implementing deep reforms to make it more attractive to international investors, yet it's still working to regain market confidence amid a slower-than-anticipated economic recovery, Azaiez said.

The only country to emerge from the 2011 upheaval with a strengthened democracy, Tunisia is struggling to cut costs and meet its economic growth targets. Installments of a \$2.9 billion International Monetary Fund loan were delayed as the government battled powerful labor unions over pay increases for public-sector workers.

Tunisia's initial offer exceeds what Ukraine paid last month for its seven-year note, making it the highest among euro sovereign deals this year. Last month Ukraine began marketing its first euro deal in 14 years at about 7.125%, pricing 1 billion euros at 6.75%. The only other nation to offer a yield above 6% this year was Egypt, which raised 1.25 billion euros in April.

To contact the reporter on this story:

Lyubov Pronina in Brussels at lpronina@bloomberg.net

To contact the editors responsible for this story:

Hannah Benjamin at hbenjamin1@bloomberg.net

Robert Brand, Alex Nicholson