

CAPITAL MARKETS

The World Bank comparison-shops

For the next couple of months the World Bank will shift the emphasis of its borrowing to Japanese yen. And after that it may borrow British pounds, Dutch guilders, Canadian dollars, or French francs — currencies it has hitherto largely neglected.

The point of this exercise should be obvious to any multinational treasurer. High interest rates for dollars, Deutschemarks, and the other staple currencies of international borrowers have impelled the World Bank to shop around.

The bank's treasurer, Eugene Rotberg, said it plans two yen borrowings, one for \$234 million (Y50 billion) this month and another for an unspecified amount in January. A precondition for both loans would be a drop in long-term interest rates on yen, which Rotberg is confident will happen soon.

The bank also plans a foray into the Swiss capital market before year-end but intends to shun short-term DM loans because of steep interest rates. Only if the differential between dollar and other currency interest rates narrows will the bank borrow dollars, Rotberg indicated. The bank last borrowed dollars this past summer, when it raised a \$500 million Eurobond.

So far the bank's skill as a comparison shopper has paid off handsomely. Although interest rates have risen worldwide, the bank has paid an average interest cost this year of 8.45%, only marginally higher than the 8.24% it paid last year. Nor has the bank achieved this by systematically delaying loans until interest rates were more favorable. Rotberg indicated that the bank has wrapped up about \$3.5 billion of its \$6.6 billion borrowing program for the fiscal year ending next June. □

World Bank treasurer Rotberg has been adept at borrowing cheaply



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