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Ireland's finance minister Brian Lenihan ridiculed by City investors

Ireland's finance minister was publicly ridiculed on an investor call intended to calm fear over the country's economic woes.



The call with Brian Lenihan and hundreds of investors rapidly descended into farce, forcing Citigroup, which staged the event, to pull the plug Photo: PA

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The treatment of the minister, which comes as Ireland faces a standoff with a group of hedge funds over its rescue plan for Anglo Irish Bank, will increase tensions between the country and the debt markets.

Mr Lenihan had been speaking for less than two minutes on Friday before a mistake by Citigroup meant that the bank's clients were all able to be heard on the line.

Irish debt rating downgraded by Fitch

(<http://www.telegraph.co.uk/finance/financetopics/financialcrisis/8046295/Irish-debt-rating-downgraded-by-Fitch.html>)

The 'vulture funds' are circling Ireland

(<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/8037870/The-vulture-funds-are-circling-Ireland.html>)

Hedge funds hold Ireland to ransom over debt

'haircut' (<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/8035645/Hedge-funds-hold-Ireland-to-ransom-over-Anglo-Irish-Bank-bail-out.html>)

Ireland must honour its debts, says business boss

(<http://www.telegraph.co.uk/finance/financetopics/financialcrisis/8044368/Ireland-should-honour-its-debts-says-Irish-business-federation-chief-Danny-McCoy.html>)

Ireland's woes are a blow to Salmond

(<http://www.telegraph.co.uk/comment/columnists/alancochrane/8037285/Irelands-economic-woes-poke-a-hole-in-Alex-Salmonds-arc-of-prosperity.html>)

Ireland strains to bail out its banks

(<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/8035720/Ireland-strains-to-bail-out-its-banks.html>)

Between 200 and 500 investors are understood to have been on the call, and as they realised their lines were not muted many began to heckle Mr Lenihan.

Some traders began making what one banker on the call described as "chimp sounds", while another cried out "dive, dive". A third man said "short Ireland" before adding "why not short Citi too?"

As the call descended into chaos, with one participant heard to say "this is the worst conference call ever", Citigroup officials shut down the line.

Host Philip Brown, head of public sector debt at Citigroup, restarted the call 20 minutes later, allowing Mr Lenihan to make his address, before answering investors' questions.

A spokeswoman for Citigroup said there had been some "technical problems" with the call.

The bungled call comes at a tense time for relations between the Irish government and investors, some of whom have been dismayed at what they see as the country's attempts to dodge its commitment to guarantee the debt of the country's banking system.

On Friday it emerged that a small group of hedge fund debt investors were threatening to take Ireland to court if it pushed ahead with moves to impose so-called "haircuts" – or writedowns – on the value of their holdings in Anglo debt.

The group, which is thought to number no more than six funds, say they could force a default of Anglo, which would have catastrophic consequences for Ireland's already hugely stretched public finances.

On the call, Mr Lenihan is understood to have offered some concessions to bond investors, saying the government had not "ruled out" making a market offer for their debt in Anglo, as well as other banks.

In what would be a hardening of Ireland's stance, Mr Lenihan is understood to have said the authorities would consider "market suspensions" in future, meaning the government could order the closure of bond and equity trading if it thought the market was threatening the country's financial stability.

Mr Lenihan's call with investors was intended to begin the process of calming their fears over how this will be cut, however it is unclear how many were convinced by what he had to say.

"The call was a farce and as far as I'm concerned this is just another part of the mess Ireland has got itself into," said one participant in the call.

On Thursday, Ireland announced a new series of bail-out measures for its largest banks and said it would present a four-year budget plan in November to lay out how the budget deficit will be cut.

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