# [***Markets & Investing; Mild Rebound Is Seen in Initial Stock Offerings Worldwide***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:47KD-PN60-01KN-20C5-00000-00&context=1516831)

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**Body**

COMPANIES like Verizon Wireless and the Guangdong Grid Company of China may help initial public offerings rise worldwide this year as faster economic growth in the United States and Asia increases demand for equity, investors and bankers say.

"People are more optimistic about economic growth in the U.S. and elsewhere" this year, "which makes them more comfortable about buying equity," said David Chapman, who helps manage $650 million in global shares at Towry Law Asia in Hong Kong. "I'm getting ready for increased new issuance over the next 12 months."

Also, rising stock prices worldwide may encourage more companies to sell shares to the public.

Even so, global stock markets and economies are not expected to rebound fast enough to lift initial share sales to the levels seen in 2000. In Europe, initial offerings are unlikely to top the $12.8 billion raised in 2002. The region's biggest initial offering of 2003, the French government's sale of shares in the gas utility Gaz de France, is expected to raise 6 billion euros ($6.26 billion).

First-time stock sales worldwide slid 30 percent, to $66 billion, in 2002, the lowest in at least four years, Bloomberg data shows. Consequently, underwriting fees for the Goldman Sachs Group, Merrill Lynch and other securities firms fell an estimated $900 million.

A rebound in initial offerings would not only enable companies to raise money and help revive stalled economies, but would also bring relief to underwriters. Wall Street firms have cut more than 54,000 jobs since March 2001 as a slump in global stock sales and corporate mergers has eroded investment-banking fees.

Initial offerings generate higher underwriting fees than secondary share sales or corporate bond offerings. Underwriting fees for first-time share sales average about 3 percent of the money raised and can go as high as 7 percent, investment bankers said.

"Business will pick up once C.E.O.'s and boardrooms gain confidence in the economic outlook," said Jim Birle, who helps lead global equity capital markets at Merrill Lynch.

The United States economy will probably expand 2.8 percent this year after growing 2.3 percent in 2002, according to the Blue Chip Economic Indicators survey for November. The economy grew at a 4 percent annual rate in the third quarter of last year, and consumer confidence rose in December to a four-month high.

Europe and Japan are not sharing in that growth. Germany's economy, the biggest in Europe, may contract in the first quarter as production falls and unemployment rises. Japan's government expects its economy, the world's second-largest, to expand 0.6 percent in the year starting April 1, slowing from a 0.9 percent pace this fiscal year.

Initial public offering volume in the United States will probably pick up along with economic growth by the second quarter and may rise about 15 to 20 percent for the year, underwriters and investors predict. That increase would put offerings as high as $34 billion for the year, well below the levels of 1999 and 2000.

In 2002, offerings in the United States slumped 38 percent from 2001, to $28 billion, making last year's total the smallest raised since the $16.8 billion raised in 1991, according to Dealogic.

The biggest initial offering of 2002 was the sale of the CIT Group by Tyco International in July. It raised $4.87 billion. Travelers Property Casualty, a Citigroup unit, completed a $4.27 billion offer in March.

The Travelers sale helped vault the Salomon Smith Barney unit of Citigroup into the top spot among global initial public offering underwriters with $10.1 billion of sales, Bloomberg data shows, up from fourth place in 2001. Goldman, the leader in 2001, fell to second. It kept its place as the biggest underwriter of overall share sales.

This year could see some bigger offerings. The Bloomberg IPO Index, which tracks the performance of American stocks in their first year of trading, has risen 17 percent since Oct. 9.

"That suggests to us a nice 2003" for offerings, said Kathleen Shelton Smith, one of the managers of Renaissance Capital's $15 million IPO Plus Fund.

Ms. Smith said she expected Verizon Wireless, the ***cellphone*** unit of Verizon Communications, with $16 billion in annual sales, to complete a planned offering in 2003.

Offerings are also expected from Meridian Automotive Systems, Noveon and Loews Cineplex Entertainment, each with $1 billion in annual sales; Converse, the sneakers maker; and Orbitz, the online travel company.

China may generate some of the year's biggest global offerings as its government accelerates sales of state companies. Guangdong Grid, southern China's biggest utility, and the China Netcom Group, the nation's No. 2 fixed-line phone company, each plan initial share sales of more than $1 billion.

Chinese companies sold $4.9 billion of shares in first-time sales in 2002 and may double that figure this year, bankers said. The biggest sales in 2002 were by the Bank of China's Hong Kong unit and the China Telecom Corporation, a unit of the country's leading fixed-line phone company.

"Global markets have suffered, but for Asia, particularly North Asia, it's been business as usual," said Stephen Metcalfe, head of Asian equity syndication for Credit Suisse First Boston, who helped sell $286 million of shares for China Oilfield Services in November. This year in Asia, he said, "is going to be all about China, China, China."

Asian companies outside Japan raised $19 billion from first-time domestic and overseas share sales last year, with $15 billion coming from China. Including Japan, the Asia-Pacific region accounted for 39 percent of initial offerings globally, Bloomberg data shows.

In Europe, companies are postponing planned offerings as the continent's biggest economies lag behind American growth.

Europe's biggest share sale this year may be by a company that is already publicly traded. France Telecom, Europe's most indebted phone company, plans to sell additional stock worth as much as 15 billion euros ($15.65 billion) in the first quarter. France's government also plans to sell remaining stakes in companies including Renault, the auto maker.

In Japan, where the stock market lost value for a fifth year in six, the largest share sales planned are secondary sales by the government.

The biggest due this year is the sale of a government stake worth about $2 billion in Japan Tobacco, the nation's cigarette-manufacturing monopoly. The sale was scrapped in July because of stock market declines.

[*http://www.nytimes.com*](http://www.nytimes.com)

**Graphic**

Photo: Verizon Wireless, the ***cellphone*** unit of Verizon, with $16 billion in annual sales, is expected to sell shares to the public this year. Rising stock prices worldwide are encouraging to companies looking to raise cash. (Bloomberg News)

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