Citigroup chief stays bullish on buy-outs

By Michiyo Nakamoto in Tokyo and David Wighton in New York
Published: July 9 2007 22:08 | Last updated: July 9 2007 22:08

Chuck Prince on Monday dismissed fears that the music was about to stop for the cheap credit-fuelled buy-out boom, saying **Citigroup** was "still dancing".

The Citigroup chief executive told the Financial Times that the party would end at some point but there was so much liquidity it would not be disrupted by the turmoil in the US subprime mortgage market.

EDITOR'S CHOICE
Citi looks to Europe retail revival - Nov-25
Analysis: Investing: Not so self assured - Nov-05
Hands counts the cost of foray into music - Nov-05
Opinion: A win for Citi but banking is still in the dock - Nov-04
Juror removed in plot twist in EMI case - Nov-02
Citi to sell $500m of private equity holdings with CVC - Nov-02

He denied that Citigroup, one of the biggest providers of finance to private equity deals, was pulling back.

"When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance. We're still dancing," he said in an interview with the FT in Japan.

His comments come amid growing fears that problems in the US subprime mortgage market, rising interest rates and concerns about loose lending standards could lead to a downturn in the leveraged finance market.

"The depth of the pools of liquidity is so much larger than it used to be that a disruptive event now needs to be much more disruptive than it used to be," he said.

"At some point, the disruptive event will be so significant that instead of liquidity filling in, the liquidity will go the other way. I don't think we're at that point."

Mr Prince said the way big Wall Street banks and hedge funds had picked up troubled subprime mortgage lenders was an example of how "liquidity rushes in" to fill the gap as others spot a buying opportunity.

Citigroup is a leading lender to private equity buy-outs and has been involved in several financings that have run into problems. Bond and loan deals arranged by banks have been pulled after investors demanded higher premiums and more protection.

This has raised fears that the banks, which aim to pass on the debt to other investors, could get caught if the market dries up.

Mr Prince also said he was very bullish about Japan.

Print article Email article Clip this article Order reprints

Twitter Digg LinkedIn Yahoo! Buzz Delicious
reddit BX Facebook stumbleupon Viadeo

MORE FROM THIS SECTOR
Gerova to probe market collusion
Minister calls deal with Actis 'shameful'
US construction activity weak in December
Poland raises rates on inflation fears

Florman unveiled as BVCA head
Sherborne urges F&C investors to oust chairman
Former DE Shaw unit chief joins Golub
Advent buys Priory for £925m
Kroll to challenge big three rating agencies
Four banks to underwrite Treasury sale of AIG shares
Vickers puts big banks on notice

RELATED SERVICES

FT Lexicon
FT Bespoke Forums
Market research
Growth companies
Corporate subscriptions
Luxury Travel brochures
Analyst Research
MBA-Direct.com
FT Newspaper subscriptions
FT Diaries
FT Conferences
FT Syndication services
The Non-Executive Director

FT Home Site map Contact us About us Help

Advertise with the FT Media centre FT Newspaper subscriptions FT Conferences FT Syndication Corporate subscriptions FT Group Careers at the FT
Partner sites: Chinese FT.com The Mergermarket Group Investors Chronicle Exec-Appointments.com Money Media The Banker fDi Intelligence MBA-Direct.com The Non-Executive Director