



Quarterly outlook

March 2019

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Funding and issuance

Borrowing requirement

The DSTA last updated its borrowing requirement on 2 January, 2019. The € 42.6 bn then presented was € 0.7 bn lower than the borrowing requirement as presented in the annual Outlook in December 2018 due to improvements in the cash position at the end of the year.

Borrowing requirement 2019	(€ bn)
Capital market redemptions 2019	29.6
Money market ultimo 2018 (excl. cash collateral)	20.2
Cash surplus 2019	-7.2
Total	42.6

Call on capital market and money market 2019	(€ bn)
Capital market issuance (DSLs)	19-23
Money market ultimo 2019 (excl. cash collateral)	19-23
Total	42.6

As will be elaborated upon in subsequent sections of this outlook, the positive outcomes regarding public finances, as seen in 2018, are set to continue in 2019. These can be attributed to continued strong economic growth and related steady tax revenues relative to government spending. Whether these developments lead to a further change of the borrowing requirement as presented on 2 January, 2019 will become clear around the beginning of June 2019 when an official update of the government budget will be published. The DSTA will therefore use its next Quarterly outlook, published at the end of June, for a new update of the borrowing requirement.

The DSTA intends to roughly balance the call on the capital and money market in 2019 to ensure liquidity in both markets. The DSTA is committed to issue DSLs on the capital market within a range of € 19 bn to € 23 bn. The indicated range for the money market at year-end is also € 19 bn to € 23 bn. If the funding need turns out significantly lower (higher) than the current estimate the actual size of the money market at year-end could end up below (above) this range.

Through the reopening of the DSL 15 July 2023 in January and the launch of the new DSL 15 July 2029 in February the DSTA has so far raised a nominal amount of € 7.4 bn on the capital market, covering 32-39% of the total targeted amount for 2019.

Issuance calendar Q2

On the capital market, in the second quarter one tap auction will be held and as presented during the annual outlook in December 2018, the first Dutch sovereign Green bond will be launched. The quarter will start with the reopening of the DSL 15 July 2029 on 16 April. This date deviates from our regular DSL auction dates due to planned upgrades of the DSTA's ICT-systems.

The Green Bond will be issued in May. On *Green Bond Announcement Day* (8 April) the exact auction date and the maturity of the Green Bond will be announced. Relevant documents such as the Green Bond Framework and the Second Party Opinion will also be published on this day.

DSL calendar Q2 2019

Auction date	DSL to be issued	Target volume (€ bn)
16 April	DSL 15 July 2029	1 - 2
May	Green bond (maturity ≥ 15 years)	4 - 6

Note: announcement of the exact auction date of the Green bond and further details will be done on *Green Bond Announcement Day* on 8 April.

The second quarter has six auction dates for Dutch Treasury Certificates (DTCs). The DSTA uses the first auction date of the month to tap a longer-dated programme and the second auction date of the month to tap both a shorter- and longer-dated programme.

DTC calendar Q2 2019

Auction date	Settlement date	Shorter-dated programme	Longer-dated programme
01-04-2019	03-04-2019		30-09-2019
15-04-2019	17-04-2019	27-06-2019	30-09-2019
06-05-2019	08-05-2019		31-10-2019
20-05-2019	22-05-2019	31-07-2019	31-10-2019
03-06-2019	05-06-2019		29-11-2019
17-06-2019	19-06-2019	30-08-2019	29-11-2019

Note: shaded fields indicate new programmes; announcement of all auction details is on the Wednesday prior to the auction date.



Economic Outlook

Healthy growth

The Dutch economy is returning to potential growth, after several years of above average growth. In 2019 and 2020, GDP is expected to grow by 1.5% according to the latest forecasts of the independent Bureau for Economic Policy Analysis in the Netherlands (CPB), published on 21 March. Various uncertainties are slowing down growth of the global economy and international trade, which tempers Dutch export growth. Corporate investment and consumption are expected to moderate in 2019 due to the increased uncertainties, lower production and a tight labour market. Government spending will increase, strongly counterbalancing the effect on total domestic consumption. Unemployment will slightly increase in 2020, but remains at its lowest rate since 2008.

Key economic figures for the Netherlands (% change y-o-y)

	2018	2019	2020
GDP	2.5	1.5	1.5
Household consumption	2.5	1.3	1.5
Government consumption	1.1	2.4	2.3
Investment (including inventories)	4.2	2.6	2.5
Exports	2.7	1.1	2.3
Imports	2.7	1.5	3.0
Employment (in hours)	2.3	1.0	0.5
Unemployment (% labour force)	3.8	3.8	4.0
Inflation (HICP)	1.6	2.3	1.4

Source: CPB Central Economic Plan, March 2019

International uncertainty affects export performance

Import tariffs, US trade policy, Brexit, and ambiguity about the development of the Chinese economy cause uncertainty and pose downward risks to global economic growth. International trade already grew less rapidly in 2018 than in 2017. In line with this international trend, Dutch exports are expected to grow less in 2019 (1.1%) and 2020 (2.3%) than in 2018 (2.7%). Reduced import demand in western-Europe is another factor that slows down growth of external demand for Dutch goods and services. The Dutch current account surplus is projected to slightly decrease from 10.1% of GDP in 2018 to 9.0% in 2020, but still remains high in comparison to peers.

Solid domestic consumption

Growth in government spending is expected to rise significantly in 2019 and 2020 by 2.4% and 2.3%, compensating the reduced growth of private spending and investment. Because of the tight labour market, there may be capacity constraints for realising government spending in areas like infrastructure, health care and defence. Household consumption growth will decline to 1.3% in 2019 and 1.5% in 2020. Indirect taxes and rising labour costs cause a relatively high rate of inflation in 2019 (2.3%) compared to 2018 (1.6%) and 2020 (1.4%).

Strong labour market persists

Unemployment continues to be low. The labour market will remain tight in 2019 and 2020 with a slight increase in the unemployment rate (as a percentage of the labour force) from 3.8 in 2018 and 2019 to 4.0 in 2020. Labour supply in the Netherlands will continue to increase this year, but will moderate over time due to lowered growth prospects. Despite the overall trend towards flexible contracts on the Dutch labour market, there is an increase in permanent contracts for workers across all education levels. This increase is most explicit for higher educated workers. Most households are projected to enjoy a rise in their purchasing power in 2019 and 2020 because of real wage increases, tax credits for low income households, the transition from a four to a two-bracket tax system and a rise in pensioners credits.

Budgetary Outlook

Budget surplus will remain

The accommodative economic environment stimulates tax revenues and curbs expenditure on social security. The Netherlands is projected to run EMU budgetary surpluses in 2019 (1.2%) and 2020 (0.8%), still standing out favourably to its peers. Early June new official budgetary data will be published by the government.

Further decline in government debt levels

The government debt is projected to fall to 49.1% of GDP by the end of 2019 from 52.4% at the end of 2018. In 2020, the debt to GDP ratio will decline to 47.1%. These rates are well below the EMU-threshold of 60%, agreed upon in the Stability and Growth Pact. The decline in debt levels is driven by both budget surpluses and consistently strong GDP growth. The recent purchase by the Dutch State of shares in Air France-KLM had an upward effect of 0.1% on gross government debt.

Key budgetary figures for the Netherlands (% of GDP)

	2018	2019	2020
Nominal EMU-balance	1.4	1.2	0.8
EMU-debt (ultimo year)	52.4	49.1	47.1

Source: CPB Central Economic Plan, March 2019

Outstanding debt

DSL position per ultimo February 2019

Isin code	DSL	Amount in euros
NL0009086115	4.00 pct DSL 2009 due 15 July 2019	13,801,398,000
NL0010881827	0.25 pct DSL 2014 due 15 January 2020	15,157,184,000
NL0009348242	3.50 pct DSL 2010 due 15 July 2020	14,979,615,000
NL0009712470	3.25 pct DSL 2011 due 15 July 2021	16,493,985,000
NL0011896857	0.00 pct DSL 2016 due 15 January 2022	15,380,112,000
NL0010060257	2.25 pct DSL 2012 due 15 July 2022	15,252,147,000
NL0000102275	3.75 pct DSL 2006 due 15 January 2023	4,263,000,000
NL0000102077	7.50 pct DSL 1993 due 15 January 2023	8,241,488,737
NL0000103000	Principal 15 January 2023	1,565,000,000
NL0010418810	1.75 pct DSL 2013 due 15 July 2023	17,607,963,000
NL0012650469	0.00 pct DSL 2017 due 15 January 2024	15,378,277,000
NL0010733424	2.00 pct DSL 2014 due 15 July 2024	15,315,132,000
NL0011220108	0.25 pct DSL 2015 due 15 July 2025	15,220,159,000
NL0011819040	0.50 pct DSL 2016 due 15 July 2026	15,113,051,000
NL0012171458	0.75 pct DSL 2017 due 15 July 2027	15,380,926,000
NL0000102317	5.50 pct DSL 1998 due 15 January 2028	13,028,814,230
NL0012818504	0.75 pct DSL 2018 due 15 July 2028	12,376,941,000
NL0013332430	0.25 pct DSL 2019 due 15 July 2029	5,885,587,000
NL0010071189	2.50 pct DSL 2012 due 15 January 2033	13,555,900,000
NL0000102234	4.00 pct DSL 2005 due 15 January 2037	15,723,427,000
NL0009446418	3.75 pct DSL 2010 due 15 January 2042	16,063,910,000
NL0010721999	2.75 pct DSL 2014 due 15 January 2047	14,095,187,000

Isin code	DSL	Amount in euros
	Inscription registers	12,197,089
	Private placements	403,003,186
	Total	290,294,404,242

DTC position per ultimo February 2019

Isin code	Maturity date	Amount in euros
NL0013089105	DTC 2019-03-29	4,020,000,000
NL0013170368	DTC 2019-04-30	3,970,000,000
NL0013217805	DTC 2019-05-31	2,650,000,000
NL0013303159	DTC 2019-06-27	2,650,000,000
NL0013325384	DTC 2019-07-31	2,760,000,000
	Total	16,050,000,000,00

Outstanding public debt	Amount in euros
CP outstanding	-
Total outstanding DSLs, DTCs and CP in bln	305,941,401,056
Cash collateral	8,999,967,962

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Additional online information
on DSLs, DTCs and CP can be
obtained from:
Bloomberg - dsta

The cut-off date is 21 March 2019
(unless mentioned otherwise)