



Dutch State Treasury Agency
Ministry of Finance

Outlook 2020 Event

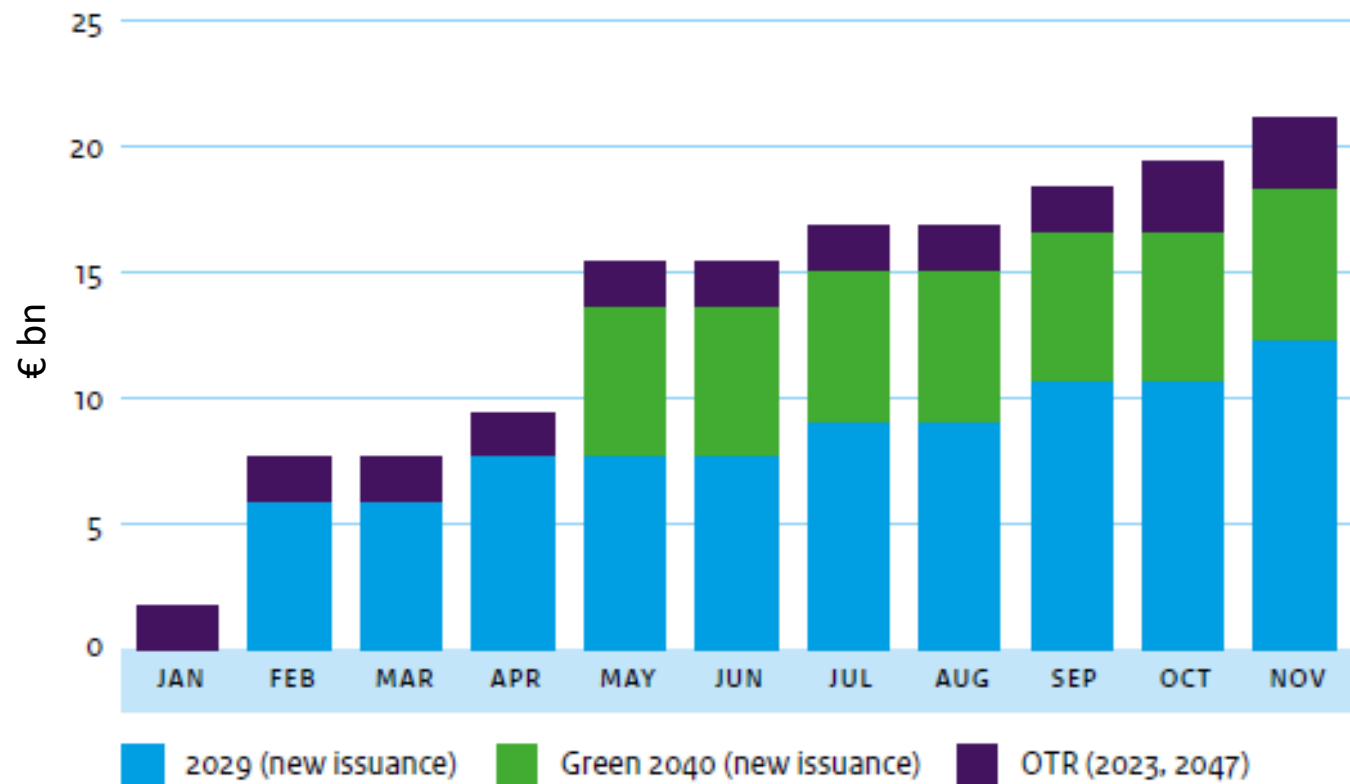
The Hague
13 December 2019

**Looking back on 2019 & PD awards
by Martin Heerma
Head of Front Office at the DSTA**



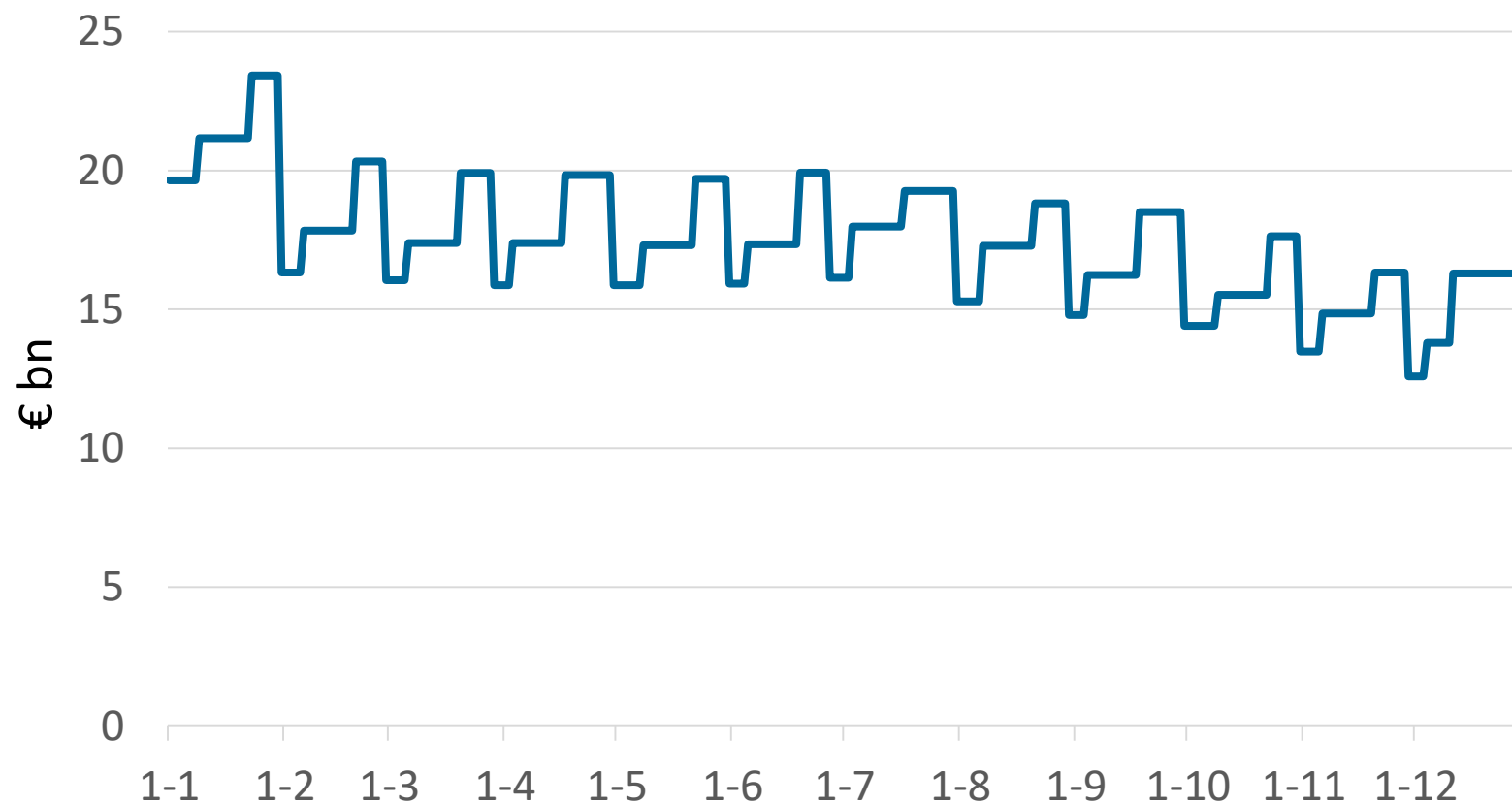


Looking back on DSL issuance in 2019



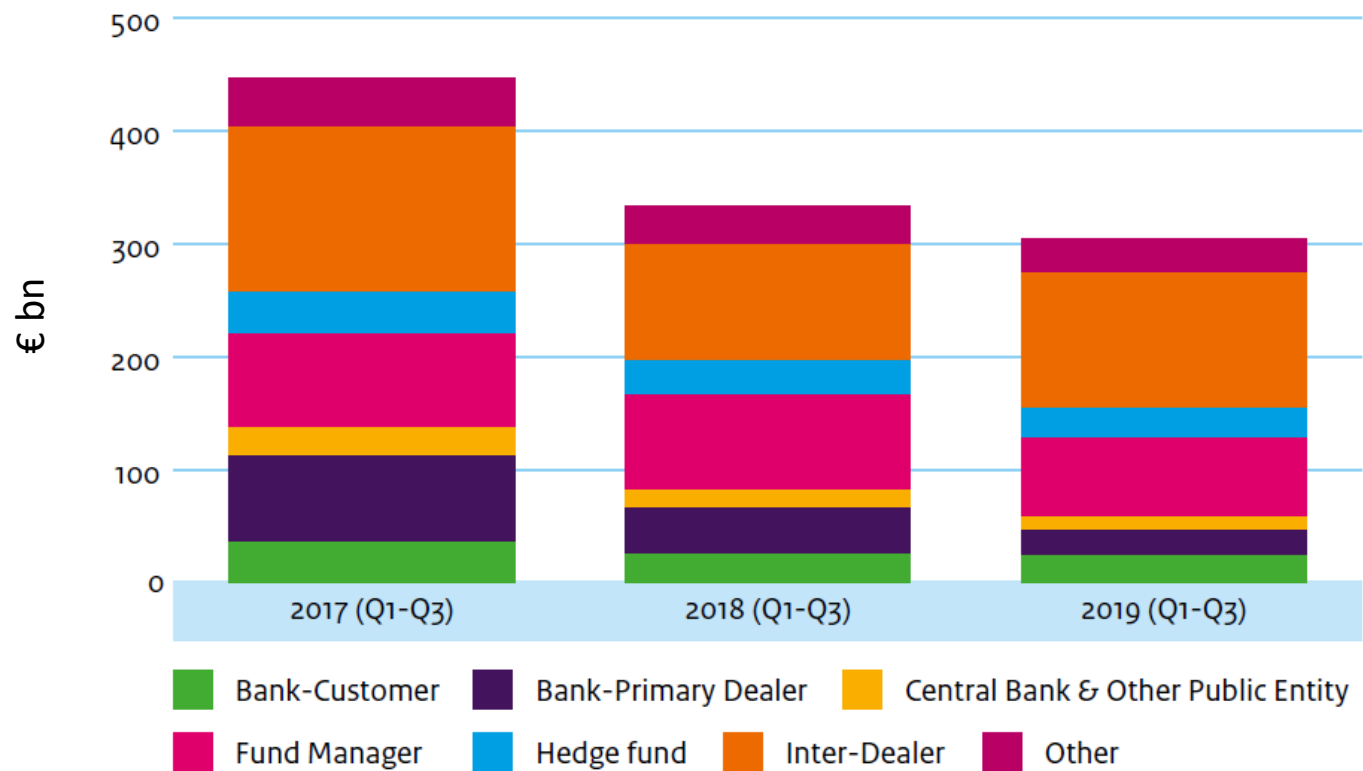


Looking back on DTC issuance in 2019





Turnover by investor type 2017-19



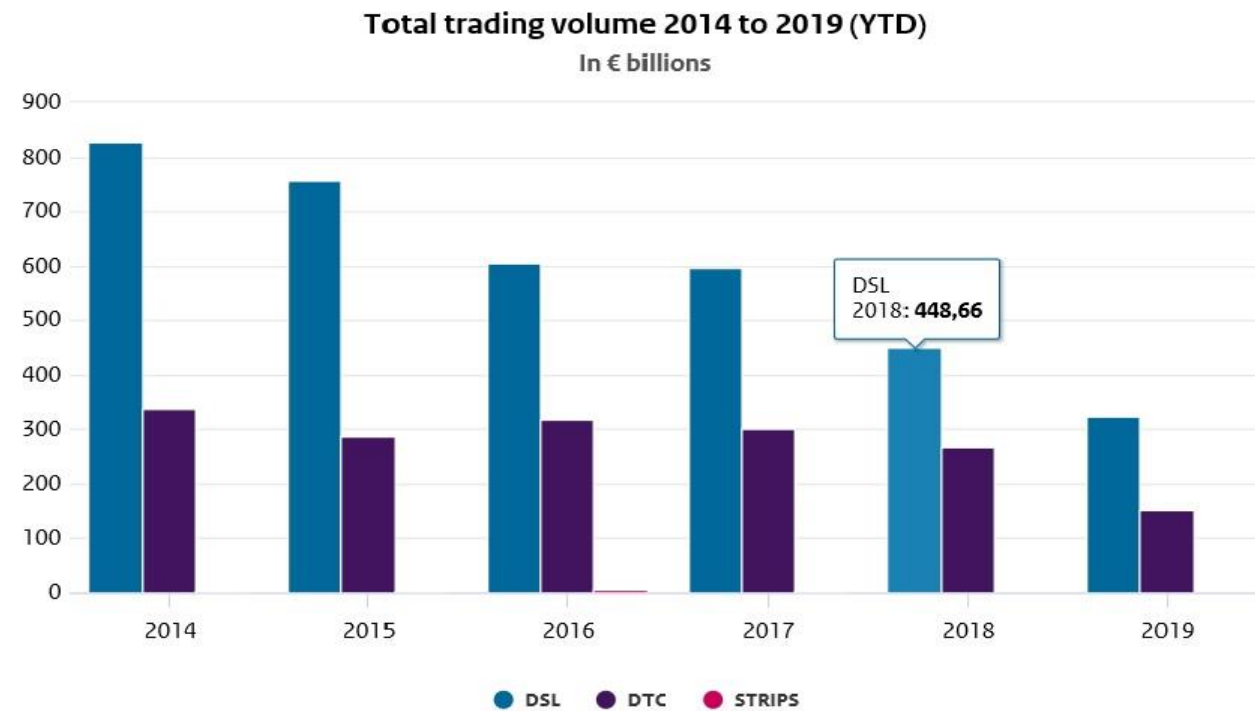
Source: DSTA Secondary Market Trade Reports, 1 November 2019.





DSL turnover data will be available on our website

Under construction



- [Data in a table](#) ▼
- [Download this graph](#) ▼





DSTA Commercial Paper Awards

- › The best dealer in the ECP market is.....



- › The best dealer in the USCP market is.....





DSTA Dutch Treasury Certificate Award

- > The best dealer in the DTC market is.....

Nordea





DSTA Dutch State Loan Award

- > The best dealer in the DSL market is.....

NOMURA





Primary Dealers for 2020



Outlook 2020 by Elvira Eurlings Agent of the DSTA





Outline of the Outlook

- › Economic & Budgetary Outlook
- › New Policy Framework
- › Funding Plan 2020



Economic and Budgetary Outlook





Economic Outlook: key figures Netherlands

% change y-o-y	2018	2019	2020
GDP	2.6	1.8	1.5
Household consumption	2.3	1.5	1.9
Government consumption	1.6	2.2	2.9
Investment (incl. inventories)	2.2	4.8	2.3
Exports	3.7	2.3	1.9
Imports	3.3	3.1	2.9
Employment (in hours)	2.2	2.1	0.8
%	2018	2019	2020
Unemployment (% labour force)	3.8	3.4	3.5
Inflation (HICP)	1.6	2.6	1.3

Source: CPB, 17 September 2019.



Budgetary Projections (% GDP)

	2018	2019	2020
EMU-balance	1.5	1.3	0.2
EMU-debt	52.4	49.1	47.7
Structural EMU-balance	1.0	0.5	-0.4

Source: Ministry of Finance.



Strong fundamentals to address challenges

- › Strong public finances leave ample scope to deal with setbacks
- › Low unemployment
- › Strong competitive position
 - *Position 4 on the World Economic Forum ranking; highest ranking Eurozone country*
- › Households have a strong net asset position
 - *Pension assets are the highest in the world. The Pension Agreement should increase the future sustainability of the pension system*





New Policy Framework



Evaluation Policy Framework 2016-2019

- › Periodic review
 - *In-house analyses, feedback from market participants*
 - *External assessment by SEO Amsterdam Economics*
- › Conclusions
 - *DSTA's policies contributed to funding public debt at lowest possible cost at acceptable risk to the budget*
 - *Policy has therefore been effective and efficient*





Evaluation Policy Framework 2016-2019

- > Funding policy
 - *Funding was in line with international guidelines of IMF and World Bank*
 - *Focus on consistency, transparency, liquidity has kept uncertainty premium low*
- > Interest rate risk framework
 - *Annual targets – for average maturity and refixing amount – were met*

		2016	2017	2018	2019
Average maturity (in years)	Target	5.5	6.0	6.3	6.4
	Realisation	5.6	6.0	6.3	6.6*
12-month refixing (% of debt)	Ceiling	18%	18%	18%	18%
	Realisation	15.3%	15.4%	13.7%	13.3%*

* Forecast



Recommendations for new Policy Framework

- › *KEEP* funding principles: liquidity, consistency, transparency
- › *ADD* flexibility: deal with changes in investor demand and funding
- › *NEW* internal evaluation: every 2 years, allowing for adjustments





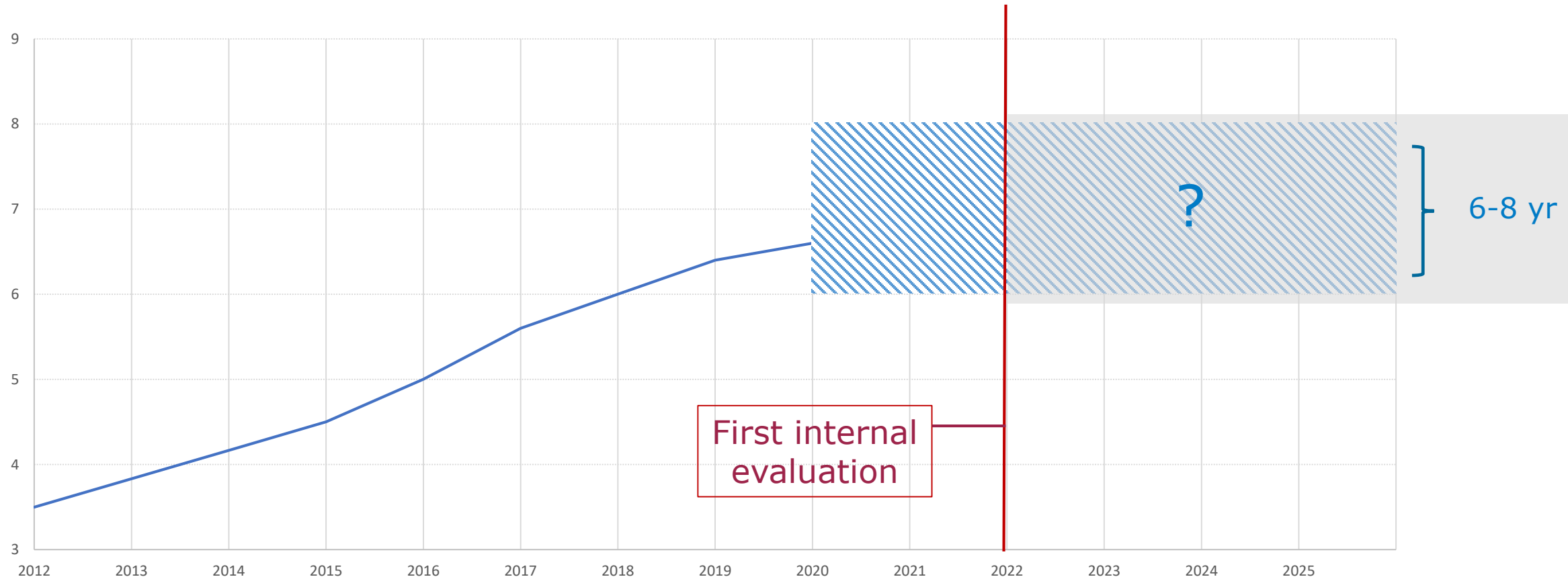
Policy Framework 2020-2025

The two risk indicators will be maintained

- › The **average maturity** will be increased further, towards 8 years
 - *Lock in low rates*
 - *Contribute to budget stabilization*
 - *Follow market appetite*
- › The 12-month **refixing amount** will be capped at 30% of debt
 - *Healthy budget and lower debt levels -> higher capacity to bear risk*
 - *The rise in the refixing amount follows from the composition of the swap portfolio: mainly payer swaps are set to expire in the years ahead*



Average maturity debt portfolio 2020+



Funding Plan 2020





Borrowing Requirement 2020

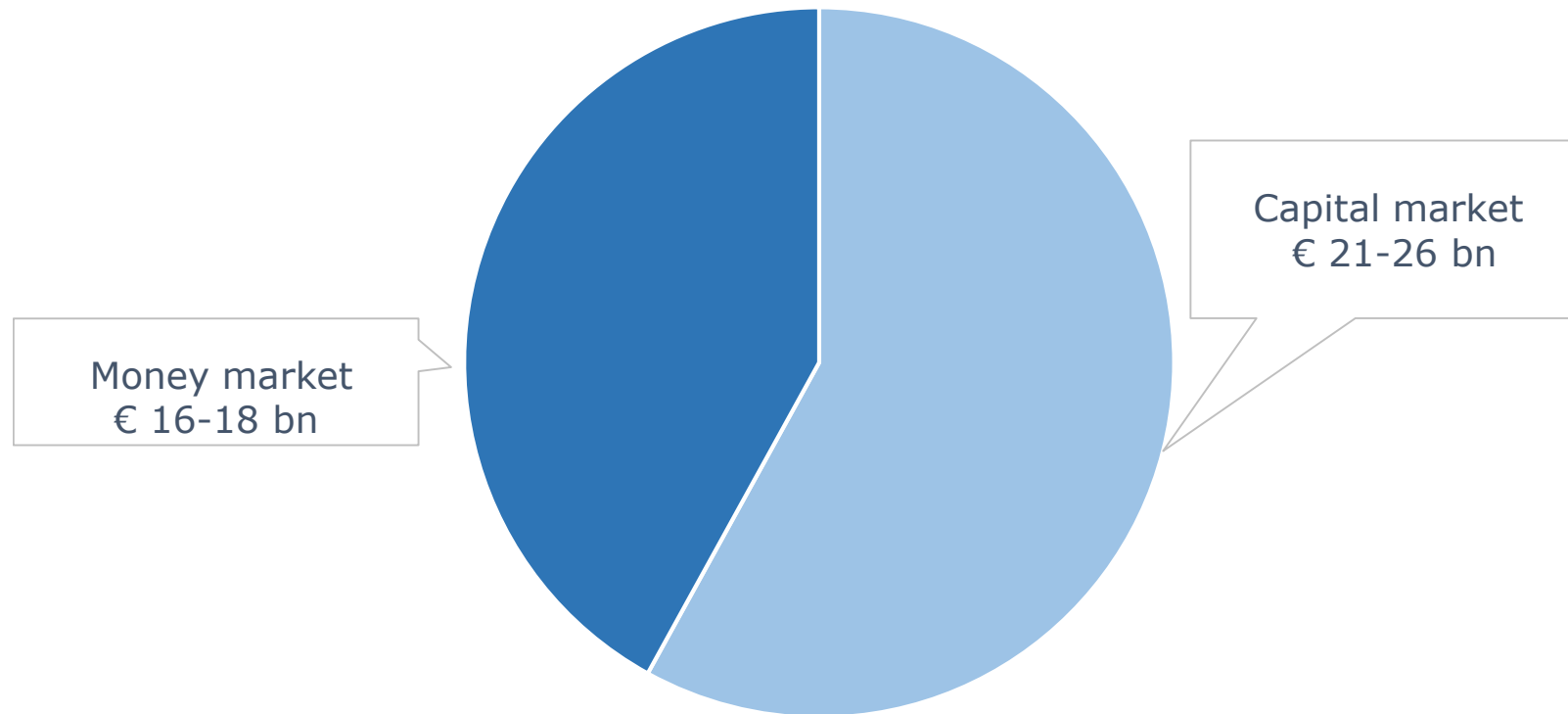
Borrowing Requirement	(€ bn)
Capital market redemptions 2020	29.9
Money market ultimo 2019	13.6
Cash surplus	-1.5
Total funding need 2020	42.0

Update on 8 January 2020



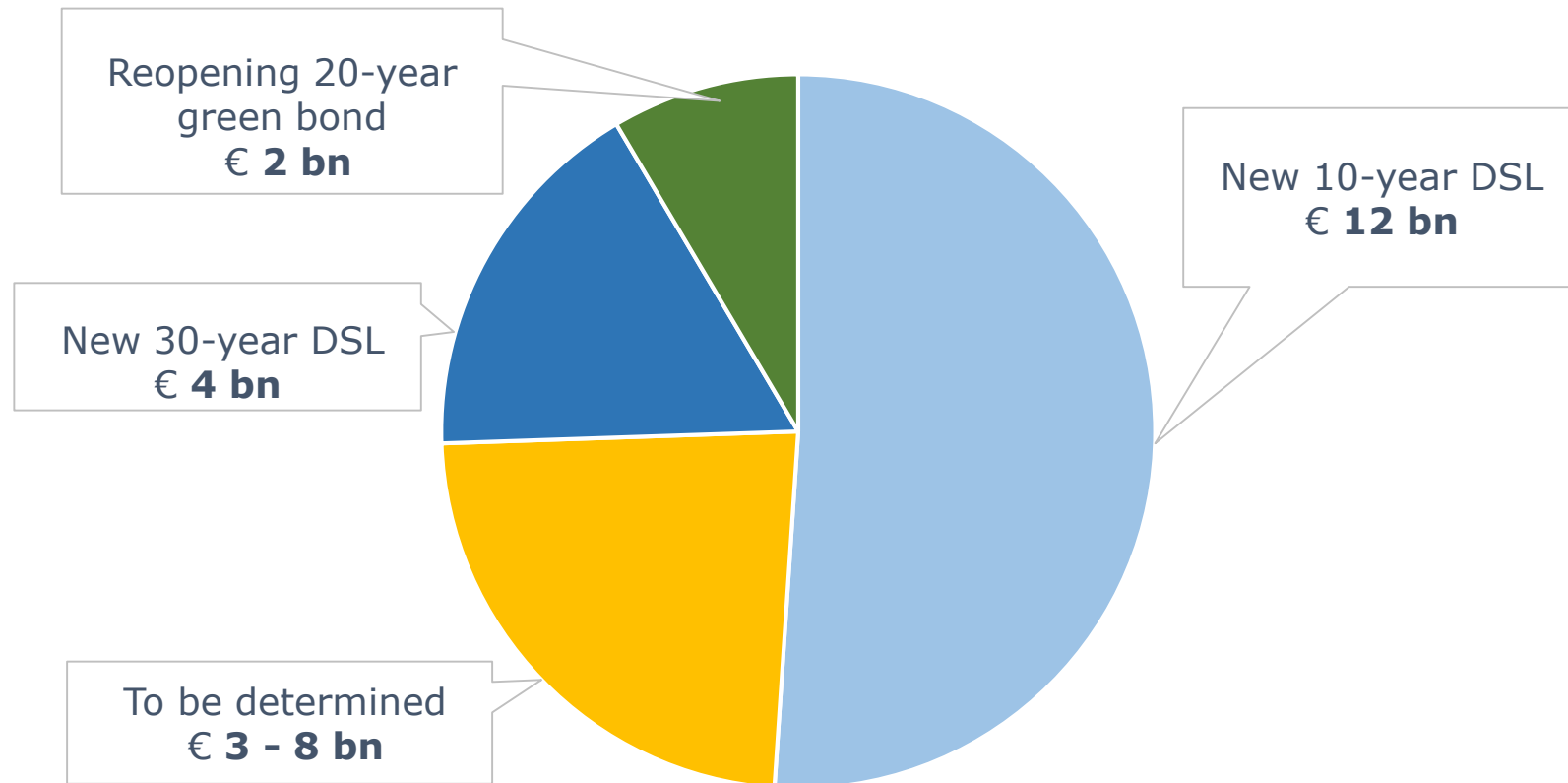


Funding Need 2020: € 42 bn





Capital Market Issuance in 2020: € 21 – 26 bn





Capital Market Issuance in 2020: € 21 – 26 bn

Several options for the € 3 – 8 bn 'to be determined'

1. Reopening off-the run DSLs

and/or

2. Issue more than the indicated volume in:

- The new 10-year DSL
- The 20-year green DSL
- The new 30-year DSL





DSL Issuance Calendar Q1 2020

Auction date	Details	Target volume (€ bn)
14 January	Reopening Green bond: DSL 15 January 2040	0.75-1.25
February/March*	New 10-year bond: DSL 15 July 2030	To be announced
February/March**	Possibly: Reopening an off-the-run DSL	

* Auction date, target volume and other details will be announced at a later stage.

** Depending on the timing of the launch of the 10-year DSL. Such a possible tap auction will be announced on the Wednesday prior to the auction date (t-6).

Advisors for the 10-year DDA: Jefferies, Nordea and Rabobank

Advisors for the 30-year DDA: ABN AMRO, Citigroup and Nomura





DTC Issuance Calendar Q1 2020

Auction date	Settlement date	Shorter-dated programme	Longer-dated programme
6 January	8 January		29 June 2020
20 January	22 January	31 March 2020	29 June 2020
3 February	5 February		30 July 2020
17 February	19 February	30 April 2020	30 July 2020
2 March	4 March		28 August 2020
16 March	18 March	29 May 2020	28 August 2020

Note: shaded fields indicate new programmes; announcement of all auction details is on the Wednesday prior to the auction date (t-5).

New programmes have expiration dates one day earlier than before

