Dutch State Treasury Agency
Ministry of Finance

Outlook
2020

Photo theme

The photo theme of this year's Outlook is Bridges, in all shapes and sizes.

A bridge is often used as a metaphor for the importance of closing gaps, of connecting with others. In 2019, the Dutch government agreed upon two far-reaching agreements with different stakeholders, each representing their own interests. First the Climate Agreement was announced, and second the Pension Agreement. Both agreements connect and bind stakeholders in their desire to build bridges, to cross divides, towards a sustainable future.

Closer to home, the DSTA acts as a bridge between the Ministry of Finance and the 'markets of finance'. A continuous dialogue with our Primary Dealers and investors is essential for bringing together the most optimal strategy for managing the State's debt and the needs and the preferences of market participants.

One can build bridges by starting at each side, but one has to make sure both sides meet in the right place, somewhere in the middle. This is exactly what we did - through dialogue - when drawing up the DSTA's new policy framework and the funding plan for 2020.

A large part of the country is below sea level, with great rivers flowing through from abroad. It is therefore of no surprise that bridges are a familiar feature in the Dutch landscape.

This Outlook also illustrates that bridges can be extremely photo genetic. That is our final reason for choosing bridges as our theme for the Outlook 2020: they make for excellent pictures!

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Preface

It has been an eventful year in many ways. The Netherlands won the Eurovision Song Contest for the fifth time (the last time was in 1975), our national women's football team reached the finals in the World Cup and in July records were broken with temperatures over 40 degrees Celsius (the highest temperatures ever recorded in the Netherlands).

On a more serious note: also in 2019 market circumstances continued to be exceptional. Interest rates became more and more negative and even the Dutch 30-year bond traded at a negative yield. In the Netherlands a number of important political agreements were concluded this year, including a pension agreement and a climate agreement, all for a sustainable future.

For the DSTA, one of the highlights in 2019 was the launch of our first Green bond, with an impressive bid-to-cover of 3.54 and more than 25% allocated to 'green investors'. In 2020 we will publish a first report on allocation and impact. It is encouraging that more and more countries are considering issuing Green bonds as well. In this way, the green capital market will be further developed, which was one of our main objectives when issuing a Green Dutch State Loan.

Also, our 2016-2019 funding policy and interest rate risk framework were evaluated this year. I am proud to present the conclusions, supported by research of SEO Amsterdam Economics, that our funding policy and risk framework have been effective and efficient and contributed to financing at the lowest possible cost at acceptable risk to the budget. Building on the findings of this evaluation and on market developments, we have updated our policy framework for debt management for the coming years. The highlights of the new framework are presented in this Outlook.

Due to the low interest rate environment, economic prosperity and solid budgetary policy, the amounts to be financed by the DSTA in 2020 are again relatively modest. The DSTA's policy remains focused on consistency and transparency, while also maintaining sufficient liquidity, at acceptable costs and risks. At the same time, we will reserve a bit more flexibility in our funding plan for 2020. This will enable us to respond more adequately to changing funding needs and market circumstances, and at the same time meet market demand as much as possible.

I am curious what next year will bring: a new year of building bridges between the Ministry and the outside world, between the DSTA and esteemed investors (and who knows, a year of winning the 2020 European Football Championship?).

I look forward to continuing the good dialogue with you!

Elvira Eurlings
Agent of the DSTA

1 The economy and the budget

1.1 Economic Outlook

The Dutch economic outlook presented in this section is largely based on the 17 September 2019 Macro Economic Outlook and the 18 November 2019 Dutch medium-term outlook, both published by the independent Netherlands Bureau for Economic Policy Analysis (CPB). The first publication is part of a regular cycle of economic forecasts during the year on which the government builds its economic and budgetary policies. The publication on the medium-term outlook contains trend estimates for the years covering a new government period, which is foreseen for 2021-2025 (general elections will be held in the Netherlands in March 2021). The numbers for the euro area are taken from the Autumn Forecast which was published in November 2019 by the European Commission (EC).

In the week following the publication of the DSTA Outlook, the CPB will update its projections for the current and next year. The DSTA provides updates of the economic outlook throughout the year in its Quarterly Outlooks.

Positive growth

The latest CPB projections estimate a GDP growth of 1.8% in 2019 and 1.5% in 2020, which is 0.3%-points above the EC estimate for the average of the euro area. Despite international uncertainties, growth of household income and consumption is expected to remain solid. For the medium term (2021-2025) the estimates for growth are a bit lower, at 1.1%. For the first time the population in the age of 15-74 will decrease as a result of ageing. Labour supply growth is therefore expected to be structurally lower, with participation rates only increasing modestly. Despite a slight increase of expected productivity growth from 0.7% (medium term forecast 2018-2021) to 0.8% (medium term forecast 2022-2025), this results in a lower potential GDP growth, which is adjusted downwards to 1.3%.

Table 1 – Key economic figures for the Netherlands (short-term)

% 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.

Table 2 – Key economic figures for the Netherlands (medium-term)

% change y-o-y	2009/2013	2014/2017	2018/2021	2022/2025
GDP	-0.4	2.1	1.8	1.1
Household consumption	-0.8	1.4	1.8	1.2
Government consumption	0.8	0.7	2.2	1.5
Investment (incl. inventories)	-3.7	5.5	2.6	1.0
Exports	2.2	5.0	2.6	2.7
Imports	1.7	5.3	3.0	3.0
Employment (in hours)	-0.6	1.5	1.4	0.2
%	**2009/2013**	**2014/2017**	**2018/2021**	**2022/2025**
Unemployment (% labour force)	7.3	4.9	3.7	4.3
Inflation (HICP)	2.0	0.5	1.7	1.5

Source: CPB, 18 November 2019.

Unemployment remains low

The unemployment rate will slightly increase from 3.4% on average in 2019 towards 3.5% of the labour force in 2020, which is exceptionally low and around the levels of early 2008 (before the financial crisis). The large availability of jobs continues to have a positive effect on labour supply. The number of vacancies approaches the number of unemployed and is at its highest this century. The large number of employed people combined with increased wages and tax cuts for households stimulates purchasing power of consumers.

In the medium term the unemployment rate is estimated to increase, but remains well below the average of the euro area. Due to an ageing population, there will likely be a strong demand for staff in the health care sector. In line with GDP, household consumption growth is estimated to decrease from 1.8% in 2018-2021 to 1.2% in the 2022-2025.

International trade and exports

International uncertainty affects export performance: US trade policy and Brexit cause uncertainty which puts pressure on economic growth. In line with this international trend, Dutch exports are expected to grow less in 2019 (2.3%) and 2020 (1.9%) compared to 2018 (3.7%). The Dutch current account surplus is projected to decrease from 11.2% of GDP in 2018 to 8.7% in 2020 and is estimated to move towards 8.3% in 2025.

Pension Agreement and Climate Agreement

Traditionally, the Netherlands is well known for its ‘Polder Model’. This is a model in which broad consensus is aspired between the government and multiple stakeholders on a topic that affects all parties involved in different ways. In 2019, two such ‘Polder Model’ processes were followed, in order to reach agreement on the future sustainability of the pension system (the ‘Pension Agreement’) and on ways to address the challenges of climate change (the ‘Climate Agreement’).

Pension Agreement

The Dutch pension system consists of three pillars:

1. A state pension following statutory retirement (AOW);
2. Compulsory participation in a pension fund (currently around € 1500 bn total savings);
3. Private savings (through life insurance policies or otherwise).

The agreement covers reforms in the first two pillars. For the first pillar, it was decided to postpone the further increase of the statutory retirement age (now at 66 years and 3 months). The retirement age will be increased to 67 in 2024 (instead of 2021) and from 2025 onwards the retirement age will increase with 8 months for each year increase in life expectancy (down from a 1-on-1 link between the two variables). In addition, the government will make a one-off investment of € 800 mn so that social partners can make arrangements to facilitate longer careers.

The government and the ‘social partners’ (labor unions and representatives of employers) reached agreement on the second pillar reform after a decade of negotiations. The goal of the new system is that pensions will be made more personal (individually-based) while maintaining the risk-sharing element of a collective system. It will also offer a higher degree of transparency to (future) retirees. The existing principle of ‘equal pension contributions, equal pension rights’ in which every employee pays the same percentage of his income for the same percentage of benefits regardless of age, will be replaced by a system in which the build-up of pension rights will be linked to the age of the employee. The contributions will remain independent of age. This ensures the building up of pension rights will become actuarially fair, which is not the case in the current system.

The aim of the new system is also to increase the likelihood of indexation of pensions in good times, but at the same time accepting the need to reduce entitlements when pension fund returns fall behind. The pension agreement more or less entails a further move from a defined benefit scheme to one of defined contribution.

At the same time, employees will have more opportunities to save paid leave days for early retirement. The current system fiscally facilitates an employee to save up to 50 weeks of paid leave; this will be doubled. Specific agreements between social partners will make it possible to make arrangements for earlier retirement in specific situations, for example in a job with irregular working hours or physically hard work.

The new pension rules are expected to be implemented from 1 January 2022. Due to the unusually low interest rates, pension funds have seen their cover ratios drop over the past years. Based on the present pension system, a number of large pension funds would have been forced to cut nominal pension benefits next year. The government decided to relax the rules for the year 2020 in order to maintain nominal pensions at their current level, in anticipation of the new system.

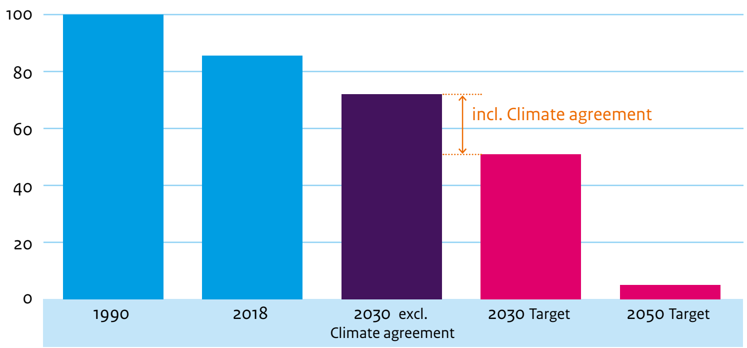
Climate Agreement

Also in June, the government concluded a 'Climate Agreement' with a large group of stakeholders. Over a hundred parties signed this agreement, with only a limited number of organizations not subscribing, claiming that the goals are not sufficiently ambitious and that it is not clear which party will be held responsible for the costs. The government remains committed to seek broad support.

The agreement aims at implementing measures to achieve a target of 49% reduction of greenhouse gas emissions by 2030 compared to 1990. For 2050 the goal is a 95% reduction. These goals are put down in the Climate Law. Next to the significant environmental impact, an ambitious climate policy also provides opportunities for the Dutch economy, prosperity and earning capacity. The government's priority is to achieve the targets in a way that is feasible and affordable for everyone, through an approach that is cost-effective and future-proof.

Additional budget has been made available to implement measures to reach the targets. These funds will be spent on a variety of measures, such as insulation of houses, innovation in agriculture, bicycle parking facilities, electric transportation and the transition from gas to alternative energy sources. These budgetary resources are added to the measures that were already included in the Coalition Agreement of the government.

Figure 1 – CO_2 emissions and targets compared to 1990 (in megaton)



Source: Budget Memorandum 2020, 17 September 2019.

1.2 Budgetary Outlook

The Dutch budgetary outlook presented in this section is largely based on the Budget Memorandum 2020 that was presented by the government on 17 September (and the update late November), as well as the Dutch medium-term outlook, published by the Netherlands Bureau for Economic Policy Analysis (CPB) on 18 November 2019. The DSTA provides updates of the budgetary outlook throughout the year in its Quarterly Outlooks.

Budgetary surpluses will decline

The budget is expected to remain in good shape in the years ahead. Next year a budget surplus is expected, though smaller than in the past few years. Nevertheless, it is noteworthy that the budget will show a surplus for the fifth year in a row. This is partly due to the good economic conditions in recent years. The government expects an EMU-surplus of 1.3% of GDP in 2019 and of 0.2% in 2020. The decline in the surplus is mainly due to expansionary fiscal policy and lower economic growth. For 2021, a deficit is expected, the first time since 2015. The main elements of the expansionary fiscal policy are a significant increase in public spending and a further reduction in the tax levels for households, in particular for employees. At the expenditure side, the Budget Memorandum 2020 includes additional funding for, among other things, the pension and climate agreement, affordable housing, defence, youth care and the earlier phasing out of gas production in Groningen. By ensuring healthy public finances the government is increasing the budget's resilience to economic setbacks and is laying the basis for lasting prosperity.

Table 3 - Key budgetary figures for the Netherlands (% 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.

The figures in table 3 show that the Netherlands complies with the European budgetary rules, laid down in the Stability and Growth Pact (SGP) (the 60% and 3% rule). The SGP also looks at a country's medium term objective (MTO) and its public spending. For the Netherlands, this implies the structural EMU-balance should not be less than -0.5% of GDP. The structural EMU-balance for 2020 is expected to be -0.4%, which is within the MTO. The structural EMU-balance is the EMU-balance corrected for the business cycle and one-offs. As the Netherlands currently finds itself in a cyclical upturn (i.e. the output gap is positive), the structural EMU-balance is smaller than the nominal EMU-balance.

Government debt will further decrease

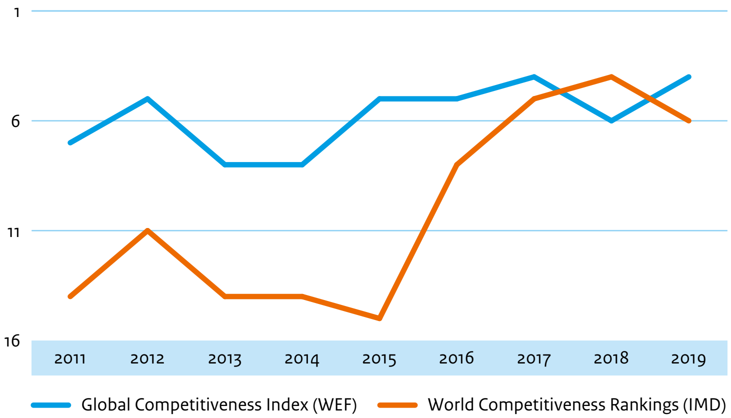
Despite the slight decline in the budget balance, the nominal increase of GDP ensures a continuous decrease in government debt in percentage of GDP. The government debt is projected to fall just below 50% of GDP by the end of this year, and to decline further to 47.7% in 2020. Although no new tranches of shares of ABN AMRO Bank have been sold recently, the government has the ambition to further privatize ABN AMRO Bank in the coming years. This would have a further diminishing effect on government debt.

Investing in the future

The short-term economic outlook for the Netherlands is positive and characterized by stable economic growth, healthy employment, a solid budgetary outlook and excellent international competitiveness (see figure 2 below). In October 2019, the Dutch economy was announced to be the most competitive economy in Europe, climbing from the 6th to the 4th place in the prestigious World Economic Forum ranking on global competitiveness. Out of 141 countries globally, only Singapore, the United States and Hong Kong are positioned higher. That said, various developments are putting the Netherlands' earning capacity under strain. Factors like demographic ageing, lower productivity growth and new technologies mean that Dutch society and the economy will look different in the future than they do today. To prepare the Netherlands for the future challenges, the government is exploring ways to step up investments in knowledge development, research & development, innovation and infrastructure. This helps safeguarding the Netherlands' prosperity – not only today, but also in the years ahead. The Netherlands' budget balance is healthy and its creditworthiness is solid. The current low interest rate environment offers opportunities for investments, although there is no 'free lunch'. The Minister of Economic Affairs and Climate Policy and the Minister of Finance are investigating the establishment of an investment fund to strengthen the Netherlands' earning capacity.

An investment fund should strengthen the Netherlands' long-term earning capacity. Knowledge development, innovation and infrastructure seem to be the areas that will contribute most to productivity growth. A strict selection of investment projects will need to be undertaken to ensure their added value. A thorough selection will require strong governance and the dedication from external experts. Moreover, it is important that public investments are complementary to private initiatives. Finally, an investment fund will need to have added value next to other public initiatives that are already in place, such as InvestNL. More information on the development of such an investment fund will be announced in the course of 2020.

Figure 2 – Position of the Netherlands in international competiveness rankings



Source: IMD and WEF.

Medium-term outlook by CPB

Although in many areas the Netherlands is in good shape, our broad-based prosperity faces a number of problems and challenges, both now and in the future. That is why the government is taking measures on different areas. It is investing in public services, limiting the tax burden, and has concluded a Pension Agreement and a National Climate Agreement (outlined before). Priority will be given to implementing these agreements in the years ahead. Also, the Coalition Agreement calls for significant investments in public services, including healthcare, education, defence and the police. Some of these investments have already been made and others will be made in the coming years. In addition, the costs of healthcare are expected to increase by more than 15% between 2017 and 2021. As a result, rising health care insurance premiums will ensure high-quality care that is accessible to everyone in the Netherlands. The demand for healthcare and the associated costs will keep increasing, partly due to demographic ageing. This puts pressure on the affordability and organisation of healthcare services.

The CPB estimated the medium-term public finance key figures for the Netherlands in November 2019, alongside their medium term economic projections. It is worth noting that these numbers are projections based on the government policies that are in place today. Table 4 shows a number of key numbers for the years up to and including 2025.

Table 4 – Key Figures public finances for the Netherlands 2021-2025 (% GDP)

	2021	2022	2023	2024	2025
EMU-balance	-0.4	-0.4	-0.4	-0.3	-0.3
Structural EMU-balance	-0.7	-0.5	-0.3	-0.2	-0.1
EMU-debt	46.9	46.1	45.6	44.9	43.9

Source: CPB, 18 November 2019.

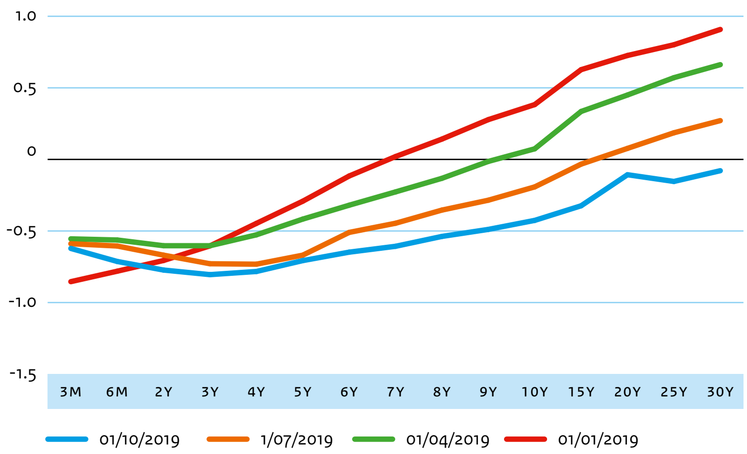
2 Funding and Issuance

2.1 Looking back on funding in 2019

In the Outlook 2019 the DSTA estimated its borrowing requirement for 2019 at € 43.3 bn. It was announced that the capital market issuance would be € 19–23 bn while expecting the money market ultimo this year to end up at € 19-23 bn as well. Following positive economic and budgetary developments, the borrowing requirement declined throughout the year; currently the borrowing requirement over 2019 is expected to amount to € 35.8 bn. Subsequently, the DSTA has reduced the call on the money market but was able to issue Dutch State Loans (DSLs) at the middle of the capital market range (€ 21.1 bn).

At the same time, the interest rate environment on both the capital and the money market was unprecedented. During the course of the year interest rates started to decline significantly and between August and October the entire curve was in negative territory. This led to record low auction yields for the DSTA. The DSTA remained committed to its funding plan for 2019 which was guided by its long term interest rate risk framework, thereby adhering to its core values: transparency, consistency and liquidity.

Figure 3 – Dutch curve at the start of every quarter in 2019 (yield in %)



Source: Bloomberg

Capital market issuance

In 2019, the DSTA issued two new DSLs. On 12 February 2019, the DSL 0.25% 15 July 2029 was launched in a Dutch Direct Auction (DDA). In this DDA an amount of € 5.9 bn was issued at a yield of 0.358%. At closing, the book had reached € 27.1 bn in bids; about € 9 bn more than last year's record setting book. Consequently, the bid-to-cover was at an elevated level of 4.6. Of the total amount allocated, 76% went to real money accounts. After the initial issuance the outstanding amount of the bond was increased through four tap auctions, bringing the total outstanding amount to € 12.2 bn.

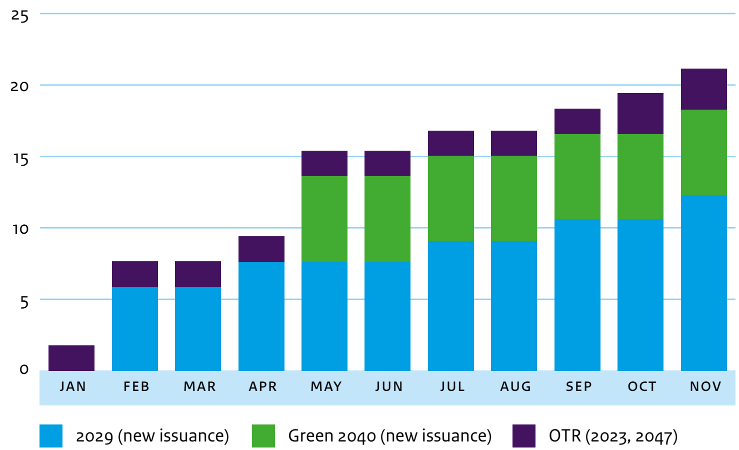
Furthermore, on 21 May 2019 the DSTA launched its inaugural Green bond: the DSL 0.50% 15 January 2040. In this DDA an amount of € 6.0 bn was issued at a yield of 0.557%. The book at closing had reached € 21.2 bn in bids, a significant number for a 20-year bond. The bid-to-cover was 3.5. Before the DDA, investors could apply to become recognized as 'green investors', which created a new investor category in this DDA. Of the total amount allocated, 28.5% went to these 'green investors' and in addition 47% went to real money accounts. The Green DSL was not reopened during 2019, but as announced before, the DSTA is committed to increasing the outstanding volume to around € 10 bn over the coming years.

Green bond

The proceeds of the inaugural Green bond are allocated to renewable energy, energy efficiency, clean transportation and climate change adaptation/ sustainable water management. The interdepartmental Green Bond Working Group is preparing the first report on the allocation of proceeds, which is due at the end of the second quarter of 2020. Likewise, the first impact report is being prepared and will be published before the end of the year. In the impact report, the DSTA intends to focus on avoided CO_2-emissions, in line with feedback received from investors and advisors. The allocation report and the impact report will be updated annually, at least until full allocation of the proceeds of the Green DSL.

Besides the two DDA's, the Outlook 2019 mentioned the possibility to reopen off-the-run bonds across the curve. The DSTA decided to consult the market shortly before the auction, with the aim of reopening those bonds for which there was the most appetite. The specific bond to be issued was announced 6 days prior to the auction. During the first tap of the year in January, the DSL 1.75% 15 July 2023 was issued for an amount of € 1.8 bn (including the non-comp). In October, the DSL 2.75% 15 January 2047 was issued for an amount of € 1.1 bn (including the non-comp). In total the amount issued in off-the-run bonds in 2019 was € 2.9 bn, at the lower end of the announced target range of approximately € 3-5 bn. The total capital market issuance in nominal terms in 2019 was € 21.1 bn and the additional cash flow from DSLs not issued at par amounted to € 1.1 bn.

Figure 4 – Capital Market issuance in 2019 (€ bn)



Money market

The money market historically serves as a buffer when it comes to accommodating changes in the funding need throughout the year. In 2019, the cash position saw large improvements in the course of the year due to higher tax revenue; favourable movements in cash collateral also reduced the funding need. Consequently, the DSTA reduced its call on the money market. The end-of-year money market volume is now expected to end up at € 13.6 bn at the end of 2019. This is below the range that was indicated in the funding plan for 2019. At the same time, the indicated money market volume had initially been set at a relatively high level to accommodate possible improvements in the cash balance. This choice reflects the buffer function of the money market.

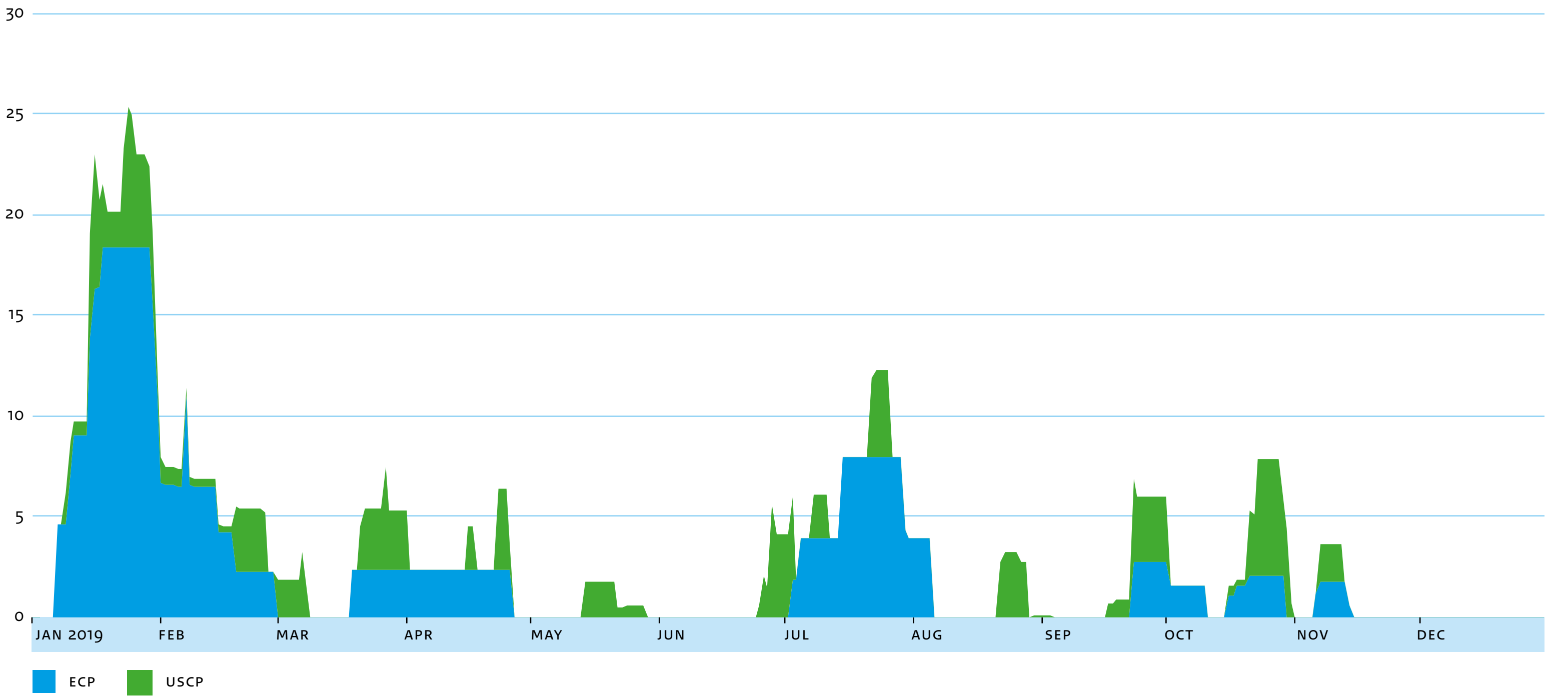
The DSTA uses various funding instruments in the money market. Cornerstone of these instruments are the Dutch Treasury Certificates (DTCs). These are issued every first and third Monday of the month. During 2019, all DTC-programmes were issued at a negative yield. The weighted average yield in the auctions was -0.60% and the average bid-to-cover ratio was 1.57 this year.

In addition to DTCs, Global Commercial Paper (GCP) continues to be an important instrument for the DSTA. GCP adds flexibility since maturity, currency of denomination and timing of the issuance can be tailored to specifically suit both the investors and the DSTA.
GCP is issued as:

- ECP, available for non-US investors and issued in euros, US dollars, British pounds, Swiss francs and Norwegian kroner;
- USCP, available for US investors and issued in US dollars.

In 2019 (up to the end of November) the DSTA issued over € 108 bn in ECP and USCP, compared to € 180 bn in 2018 and € 97 bn in 2017. The majority of this year's issuance was in US dollars (82% of the total amount), but also a significant amount was done in euros. This year the majority of the ECP-trades was done in the two to three week maturity bucket. In USCP 32% of the trades had an overnight maturity while only 8% was longer than 7 days. The combination of the two CP programmes, with different kinds of investors and appetite for different maturities, has proven to be of value to the DSTA and its investors. As can be seen from figure 5, ECP and USCP are heavily used around the time of DSL redemptions and coupon payments (15 January and 15 July).

Figure 5 – Amounts outstanding in Commercial Paper in 2019 (€ bn)



2.2 Funding plan 2020

Borrowing requirement

The borrowing requirement for the DSTA in 2020 consists of three components. Firstly, it is determined by redemptions of long-term debt instruments. In total € 29.9 bn of DSLs will mature in 2020 and need to be refinanced. Furthermore, short-term debt instruments outstanding at the end of 2019 will roll over to the next year and also need to be refinanced. This is estimated to amount to € 13.6 bn. Finally, the funding need is reduced by an expected cash surplus for 2020 of € 1.5 bn as estimated in the Budget Memorandum 2020, published in September. All combined, these developments result in a preliminary borrowing requirement for 2020 of € 42.0 bn, as illustrated in Table 5.

Table 5 – Estimated borrowing requirement for 2020 (€ bn)

	Current estimate (Dec '19)	Previous estimate (Sep '19)
Capital market redemptions 2020	29.9	30.0
Money market ultimo 2019 (excluding cash collateral)	13.6	17.0
Cash surplus 2020*	-1.5	-1.4
Total borrowing requirement 2020	**42.0**	**45.6**

* A cash surplus is shown as a negative number because it decreases the total borrowing requirement.

This estimate of the borrowing requirement for 2020 is lower than the previous estimate published by the DSTA in September. This can be explained by a lower expected net money market size at year-end, mainly as a result of an upward revision of the cash surplus for 2019.

Distribution between capital and money market issuances

The DSTA continues to ensure liquidity across the curve by creating the right balance between the call on the capital market and the money market in 2020. Therefore the DSTA commits to issuing DSLs on the capital market within a range of € 21-26 bn. The size of the money market at year-end is intended to be around € 16-18 bn. As is regular practice, if the funding need turns out significantly lower (higher) than has now been estimated, the actual size of the money market at year-end could end up below or above this range. Similar to the most recent years, also in 2020 a lower funding need than presented here is a realistic possibility considering the intention of the government to continue selling its stake in ABN AMRO Bank in the period ahead, currently at 56%, and taking into account the continued strong performance of the Dutch economy and budget. Regardless of the ultimate funding need, the DSTA intends to maintain a DTC-programme with a minimum size of around € 16 bn. The DSTA has the possibility to put excess cash reserves on a deposit with the central bank.

Table 6 – Distribution between capital and money market in 2020

	(€ bn)
Capital market issuance (DSLs)	21-26
Money market ultimo 2020	16-18
Total funding 2020	**42**

Capital market issuance in 2020

The DSTA is committed to bringing the outstanding volume of newly issued DSLs with a maturity up to and including 10 years to a benchmark volume of *approximately* € 12 bn within twelve months of their launch. For new DSLs with a maturity longer than 10 years, the DSTA commits to bringing the outstanding amount to *approximately* € 10 bn within a few years. The addition 'approximately' allows for flexibility in the DSTA's auction strategy.

The aforementioned issuing range of € 21-26 bn on the capital market will consist of the following issuances:

1. A new 10-year benchmark bond, the DSL 15 July 2030, will be launched by means of a Dutch Direct Auction (DDA) in February or March. The DSTA is committed to bringing the outstanding volume of this bond to approximately € 12 bn by the end of the year, but has the option to raise it further, for instance if the funding need or market appetite would allow to do so.
2. On 21 May 2019 the DSTA issued € 5.9 bn in the DSL 15 January 2040, its first ever Green bond. After this initial issuance, the outstanding volume will be increased within a few years to a benchmark size of approximately € 10 bn, as is regular practice for longer-dated DSLs. In 2020 the DSTA will issue a minimum of approximately € 2 bn in the Green bond by having at least two tap auctions.
3. In 2020, the DSTA will issue a new DSL in the 30-year segment by means of a DDA. This choice reflects strong market demand for longer-dated securities and the standard policy to issue a new 30-year bond every 4-5 years. It also aligns with the intention to further extend the average maturity of the debt portfolio (as explained in paragraph 2.3). The exact maturity date of the bond and the issuance date will be decided upon in

close consultation with Primary Dealers. The DSTA is committed to issuing a minimum of approximately € 4 bn in 2020. This will be done by means of the DDA and possibly one tap auction. Within a few years after the initial issuance, the outstanding volume will be increased to a benchmark size of approximately € 10 bn.

4. In order to be able to respond to market demand and in line with the DSTA's goal to ensure and promote liquidity across the curve, the DSTA opts for more flexibility in 2020 with regards to its issuances. A substantial part of the call on the capital market, € 3-8 bn, is still undetermined. The DSTA has the option to re-open off-the-run DSLs in all maturity buckets, irrespective of the already existing outstanding volumes. Moreover, the DSTA could also decide to issue more than the indicated volumes in the new 10 year DSL, the Green bond or the new 30-year DSL. It will only be during the year – in its quarterly issuance calendars – that the DSTA will decide on specific issuances. The DSTA will consult its Primary Dealers on the choices regarding these issuances.

Table 7 – DSL issuance in 2020

DSL issuance	Indicative amounts (€ bn)
New 10-year DSL	12
Reopening 20-year Green bond	2
New 30-year DSL	4
To be determined	3-8
Total DSL funding	**21-26**

Traditionally, DSL auctions will be held on the second, and if needed, on the fourth Tuesday of the month. Note that not every auction window will be used. The first quarter will start with the reopening of the DSTA's Green DSL 15 January 2040 for a target volume of € 0.75 bn to € 1.25 bn. The new 10-year DSL will be launched by means of a DDA in February or March. The exact timing, target volume and further details of the DDA will be announced in due course. Depending on the timing of the launch of the 10-year DSL, the DSTA *might* hold a tap auction with the reopening of an off-the-run DSL. More details on whether and when this off-the-run tap auction will be held, will be provided at a later stage and in consultation with Primary Dealers. Calendars for the remainder of the year will be published shortly before the start of a new quarter.

Table 8 – DSL 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).

Money market issuance in 2020

As usual, the DSTA will have regular money market issuances through its DTCs. The schedule for 2020 follows the same basic pattern as in previous years. On the first Monday of the month a new longer dated DTC-programme will be issued. This will typically be tapped again on the third Monday of the month, together with a shorter-dated existing line. Similar to previous years, there will be no DTC-line maturing in December 2020 as this appears to be a less attractive programme for many market participants. Moreover, to better meet investor demand at month end, the DSTA has decided to let new programmes mature not on the last business day of the month, but on the second to last business day. This means for example that the June 2019 DTC programme will mature on 29 instead of 30 June.

Table 9 – DTC 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).

2.3 Policy framework debt management 2020-2025

The current policy framework for financing the State debt runs from 2016 until the end of 2019. Consequently, the DSTA spent the past year evaluating its framework and working on a new framework as per 2020. This paragraph gives an overview of the evaluation results and the main points of the new framework.

Evaluation policy framework 2016-2019

As part of the periodic review of the budget article related to public debt management, the DSTA has evaluated its entire policy framework, which includes both the funding policy and the interest rate risk framework. For this evaluation, external research was conducted by SEO Amsterdam Economics. SEO concluded that during the period 2016-2019, the funding policy pursued and the interest rate risk framework applied contributed to the aim of debt financing at the lowest possible cost at acceptable risk to the budget.

The DSTA's funding policy – based on the core principles of consistency, transparency and liquidity – is in line with international guidelines of the IMF and World Bank for efficient debt management. This keeps the uncertainty premium on debt issuances to a minimum, thereby contributing to low funding costs. Nevertheless SEO mentioned that the DSTA could consider introducing a little more flexibility to deal with changing conditions and new developments in investor demand, whilst still adhering to the current principles of consistency, transparency and liquidity. Primary Dealers have also advised the DSTA along these lines. The evaluation of the policy framework, including the SEO report, is available on the DSTA's website.

With respect to the interest rate risk framework, SEO concluded – based on its own analysis – that the risk indicators chosen by the DSTA for the period 2016-2019 have led to a portfolio with low funding costs at a risk no higher than the risk at the end of 2015, as per DSTA's intention. Moreover the DSTA met its targets for its interest rate risk indicators. In particular, in order to increase budgetary certainty, the average maturity of the entire portfolio (average time to next refixing of debt and swaps) has been gradually increased to 6.4 years – within an uncertainty range of +/- 0.25 years – at the end of 2019. At the same time the short-term refixing amount, which is the percentage of the portfolio on which the interest rate has to be refixed within the next twelve months, has been kept on a yearly average below a set ceiling of 18%.

Table 10 – Targets and realisations of the DSTA's risk indicators in the 2016-2019 policy framework

		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

Although the DSTA's goals for 2016-2019 have been met, the policy review presented several recommendations for the DSTA to consider in order to further improve its policy. One of the findings was that the methodology used by the DSTA to analyse various cost and risk scenarios at the end of 2015 for the purpose of defining the interest rate risk indicators could be improved upon. Furthermore, it became apparent that DSTA's risk appetite for the period 2016-2019 was in fact still equal to or lower than its risk appetite in 2002, when it was last made explicit. Since then, the starting

point has always been that the risk for a new policy period should not be higher than the risk in the preceding period. An important recommendation resulting from the policy review was therefore for the DSTA to make its risk appetite explicit. Furthermore, to further reduce the dependency on interest rate swaps, which was one of the recommendations of the previous (2015) evaluation of the policy framework, the DSTA was advised to explicitly consider the link between the interest rate risk framework and its funding policy.

New policy framework 2020-2025

On 22 November 2019 the Minister of Finance sent both the evaluation and the new policy framework for the period starting on 1 January 2020 to parliament. The policy framework builds on the results of the review of the policy framework 2016-2019. As mentioned the review concluded that during the period 2016-2019, the policy pursued – i.e. the funding policy and the interest rate risk framework – contributed to the aim of debt financing at the lowest possible cost at acceptable risk to the budget.

The DSTA therefore foresees no significant changes to its funding policy. In line with recommendations of the policy review, the DSTA does intend to apply more flexibility, whilst adhering to its current principles of consistency, transparency and liquidity. This is already noticeable in the funding plan for 2020, as explained in the previous paragraph.

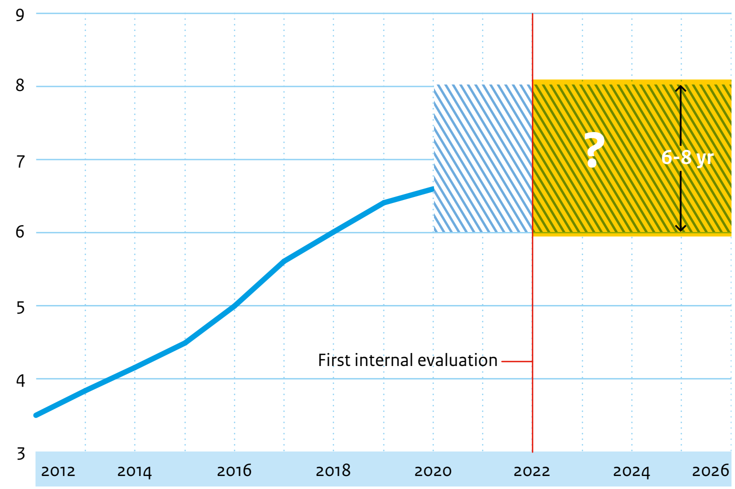
New targets have been set for the interest rate risk framework as of 2020. In line with the recommendation to make its risk appetite more explicit, rather than relying on previous frameworks, the DSTA developed a more sophisticated interest rate model to assess costs as well as risks associated with possible strategies for issuing debt securities. Based on the outcomes of quantitative analysis using this model, as well as more qualitative considerations, the Minister decided to further extend the average maturity of the debt portfolio over the coming years from the current target of 6.4 years towards 8 years.

By further extending the average maturity of the debt and swap portfolio, the current low interest rates will be locked in for a longer period, thereby creating greater budgetary certainty for the medium term. It is also a response to the current low (historically speaking) term premium: the difference between the cost of issuing long term debt and short term debt is relatively small. Moreover, the extension follows logically from the policy pursued in previous frameworks: since 2012 the average maturity of 3.5 years has been gradually extended.

Whilst taking into account the principles of the funding policy, market demand and the development of the funding need, the issuance of bonds with a longer maturity will have priority in the coming years, so as to extend the average maturity of the portfolio. This better integrates the funding policy with the interest rate risk framework and means interest rate swaps will only play a limited role in the new framework. The extension towards 8 years will take place gradually, and the maturity can fluctuate within a range of 6 to 8 years. The DSTA therefore has the flexibility to decide on debt issuances which meet market preferences and contribute to efficient debt financing, without having to use interest rate swaps on a large scale. With respect to the use of interest rate swaps, the DSTA is preparing to join EUREX as a direct clearing member. Unfortunately, implementation has been somewhat delayed. Acceptance testing and go live have therefore been planned to take place in the first half of 2020.

The refixing amount will be allowed to increase to a maximum of 30% of the State debt. The increase is the result of the composition of the interest rate swap portfolio of the DSTA in which payer swaps will gradually be outnumbered by receiver swaps, thereby increasing short-term interest rate risk. A higher tolerance for short-term risk is consistent with the current, lower debt level. Compared to four years ago, debt has declined (both in absolute terms and as a percentage of GDP), allowing for a greater capacity to absorb possible interest rate increases in the short term.

Figure 6 – Average maturity debt portfolio 2020+



The new policy framework will in principle apply for the next six years (2020 to 2025). In 2026, the framework will be evaluated in its entirety. Furthermore, the DSTA will carry out an internal evaluation at least once every two years, allowing for adjustments to the policy framework if necessary. More information on the policy framework can be found on the DSTA's website.

3 Primary Dealers and secondary markets

3.1 Primary Dealers and Commercial Paper Dealers in 2019 and 2020

Also in 2019, we were very pleased to work with a network of Primary Dealers (PDs). These banks are appointed by the DSTA for trading, promotion and distribution of Dutch State Loans (DSLs) and treasury paper (DTCs). A one-year contract is concluded between each PD and the DSTA. Being a PD of the DSTA entails both rights and obligations. PDs have the exclusive right to participate in DDA's, buy DSLs in tap auctions, participate in DTC-auctions and have access to DSTA's repo and strip facility for DSLs and DTCs. (An overview of the amount of stripped and restructured DSLs is available in the monthly report on DSTA's website.) At the same time, PDs are obliged to provide continuous bid and offer prices for Dutch government securities, the so-called quotation obligation. Another requirement is that PDs have to provide monthly reports on their activities on the secondary market.

Ranking 2019

The PDs are selected based on their performance on the relevant market for Dutch state securities in the previous year. In addition, the DSTA analyses the business plans and ambitions submitted by the (prospective) dealers.

The DSTA ranks its PD's based on a duration weighted system for primary issuance. The weighting factors are assigned in relation to the DSL maturities. The DSTA believes that a weighted issuance ranking provides the right incentives for PDs to achieve a balanced demand for DSLs across different maturities. Furthermore, the weighted issuance method optimally reflects the performance and commitment of a PD vis-à-vis the DSTA, given that bonds with a higher duration entail more risk for a bank and face more challenging market circumstances than shorter-dated bonds.

In contrast, DTC and CP rankings are based on unweighted purchase amounts in euro equivalent. Table 11 shows the DSL and DTC top performers. In the ECP and USCP markets ING Bank and Rabobank respectively performed best in 2019.

Table 11 – Top Performers in the DSL and DTC market in 2019

	Top 5 PDs for DSLs in 2019	Top 5 PDs for DTCs in 2019
1	Nomura	Nordea
2	ABN AMRO Bank	ING Bank
3	Jefferies	ABN AMRO Bank
4	Rabobank	HSBC France
5	Nordea	Goldman Sachs

Dealer selection 2020

The DSTA is proud to present the following Primary Dealers and Commercial Paper Dealers for 2020:

Table 12 – List of the DSTA's dealers in 2020 (in alphabetical order)

Name bank	PD	ECP	USCP
ABN AMRO Bank	x	x	
Barclays	x	x	x
Citigroup	x	x	x
Goldman Sachs	x		
HSBC France	x		
ING Bank	x	x	
Jefferies	x		
NATIXIS	x		
NatWest Markets	x	x	
Nomura	x		
Nordea	x		
Rabobank	x	x	x
Société Générale	x		

In 2020, the DSTA continues to rank its PDs based on a duration weighted system for primary issuance. The weighting factors for 2020 for a given remaining maturity are shown below.

Table 13 – DSL weighting factors for 2020 (per maturity bucket)

DSL maturing in ...	Weighting factor
2020 - 2021	1
2022 – 2025	4
2026 – 2028	7
2029 – 2030	10
2031 – 2039	15
2040 - 2043	18
2044 and beyond	30

3.2 Liquidity and secondary markets

Liquidity

Liquidity is crucial to the funding strategy of the DSTA. The past couple of years have been dictated by quantitative easing, reduced funding needs and increased regulation, putting a strain on market liquidity in general. Liquidity for Dutch paper remains strong. It remains one of the core elements of DSTA's funding policy and therefore it is closely monitored.

As mentioned before, for new bonds with a maturity of up to 10 years, the DSTA aims to bring the total outstanding volume to a minimum of approximately € 12 bn within the first 12 months. The aspired minimum outstanding volume of longer dated bonds is approximately € 10 bn, which is to be reached within a few years of first issuance. Moreover, new bonds are issued in sufficient size and distributed amongst a broad range of investors in order to promote liquidity on secondary markets. To support PDs in their market making activities of DSLs and DTCs, the DSTA acts as a lender of last resort through its repo facility. By providing Dutch securities via repo, PDs are better able to cover short positions in these products. In 2019 (up to the end of November), the DSTA provided a total of € 7.0 bn through its repo facility, primarily in DTCs.

Additionally, PDs are obligated to quote DSLs and DTCs within a specified bid-ask spread for at least 6 hours per day on one of three designated trading platforms (MTS, Brokertec and BGC). As a result, securities are generally both readily available and tightly priced in secondary markets. The maximum bid-ask spread of a specific security is set as either a fixed amount in basis points (DTC) or cents (DSL), or a standard deviation of the average bid-ask spread across all PDs combined (the best platform selected per PD), whichever is highest. More detailed information on the quotation obligation is given in table 14.

Table 14 – Quotation obligations for Primary Dealers

	Standard max b/o spread	Aggregated max b/o spread*	Minimum quantity
DTCs	4 basis points	Max (4bp; π6h + σ6h)***	€ 10 million
DSLs 1¼ years to 3½ years**	4 cents	Max (4c; π6h + σ6h)***	€ 10 million
DSLs 3½ years to 6½ years**	5 cents	Max (5c; π6h + σ6h)***	€ 10 million
DSLs 6½ years to 11½ years**	7 cents	Max (7c; π6h + σ6h)***	€ 10 million
DSLs 11½ years to 17½ years**	12 cents	Max (12c; π6h + σ6h)***	€ 5 million
DSLs over 17½ years**	20 cents	Max (20c; π6h + σ6h)***	€ 5 million

* If the average of the Primary Dealers quotes is wider than the standard max b/o spread, the maximum b/o spread will be one standard deviation of the average spread of the 6 best hours quotation of all Primary Dealers that have quoted that DSL.

** remaining maturity

*** π6h = average of the PDs 6 best hours quotes, σ6h = standard deviation of the PDs 6 best hours quotes

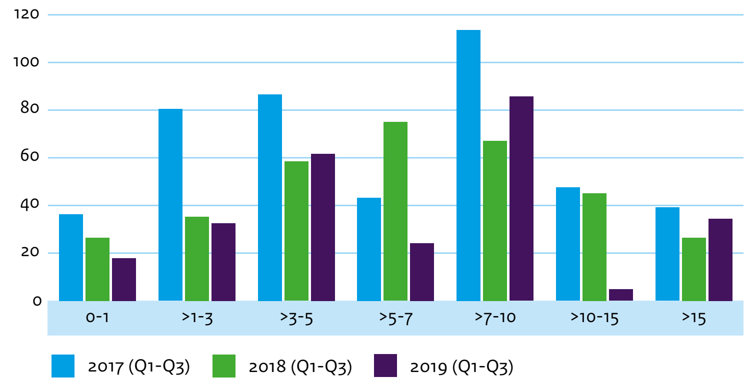
Secondary market transactions

The DSTA requires PDs to provide monthly data on their secondary market activity in Dutch securities. These transaction data contain information on turnover, maturity, type of counterparty, region and trading platform. Trading activity on behalf of the ECB's Public Sector Purchase Programme (PSPP) is excluded. Although the data only cover trades by the DSTA's 13 PDs, the acquired data gives a general overview of trends in the secondary market. Secondary market trade data will also be made available on the DSTA's website.

Figure 7 shows data on DSL turnover in the secondary market by residual maturity. To be able to compare the activity in the consecutive years, the turnover total for each year is based on quarters one to three. In line with a modest funding need, the data indicate that volumes have decreased over time. More specifically, turnover in the first three quarters of 2019 currently stands at € 304 bn and is down by € 30 bn compared to last year. This drop coincides with a decrease in DSL issuance, from € 23.6 bn in 2018 to € 21.1 bn in 2019. At the same time, strong turnover numbers in the 7- to 10-year segment and in the 15-year and longer segment, mirror the primary market activity by the DSTA including the taps in the 2029 DSL and the new issuance of the Green 2040 DSL. Turnover volumes in shorter-dated bonds have decreased slightly compared to last year and may reflect the smaller issuance volume of the DSTA in that segment.

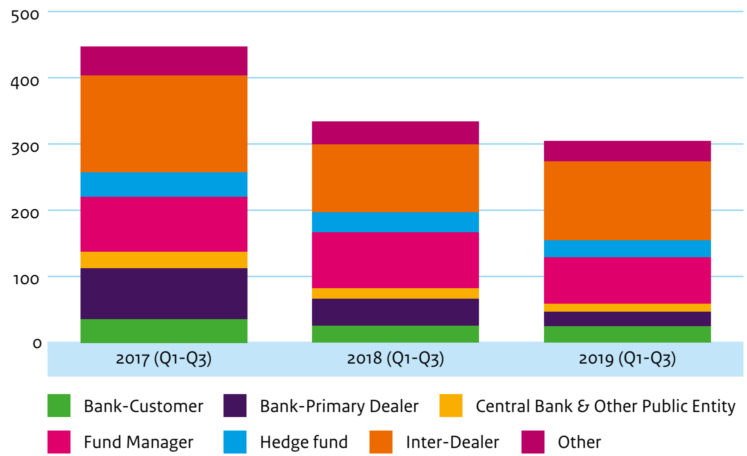
Figure 8 presents the reported DSL turnover by investor type. It shows that secondary market trading between banks and PDs has decreased slightly over the past year, both in relative and nominal terms. Contrary to last year, inter-dealer trading activity has increased somewhat. These trades make up almost 40% of all trading activity on the secondary market. Meanwhile fund managers have stabilised their market share at around 25% of total trading volume. Overall, the composition remained rather stable.

Figure 7 – DSL turnover in the secondary market by residual maturity (€ bn)



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

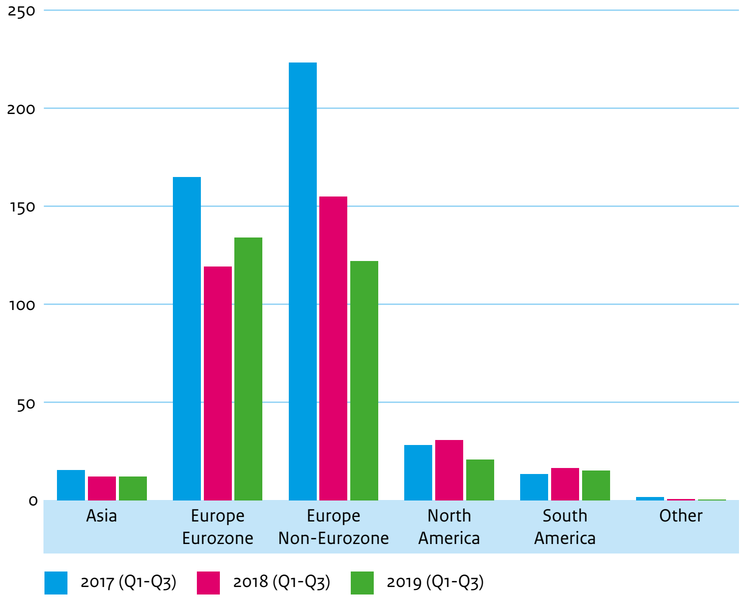
Figure 8 – DSL turnover by investor type (€ bn)



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

A geographical breakdown of secondary market turnover volumes, including inter-dealer transactions, is shown below in Figure 9. In 2019, the Eurozone made up most of the secondary market activity, followed by the non-Eurozone European countries. The latter category mainly consists of PDs based in London in 2019. Even though turnover for the Eurozone increased compared to last year, the relative size has been stable over the last couple of years at around 40-45%. Areas outside of Europe remain stable in nominal size, but are increasing in relative size due to the decreasing total volumes.

Figure 9 – Geographical breakdown of secondary market turnover (€ bn)



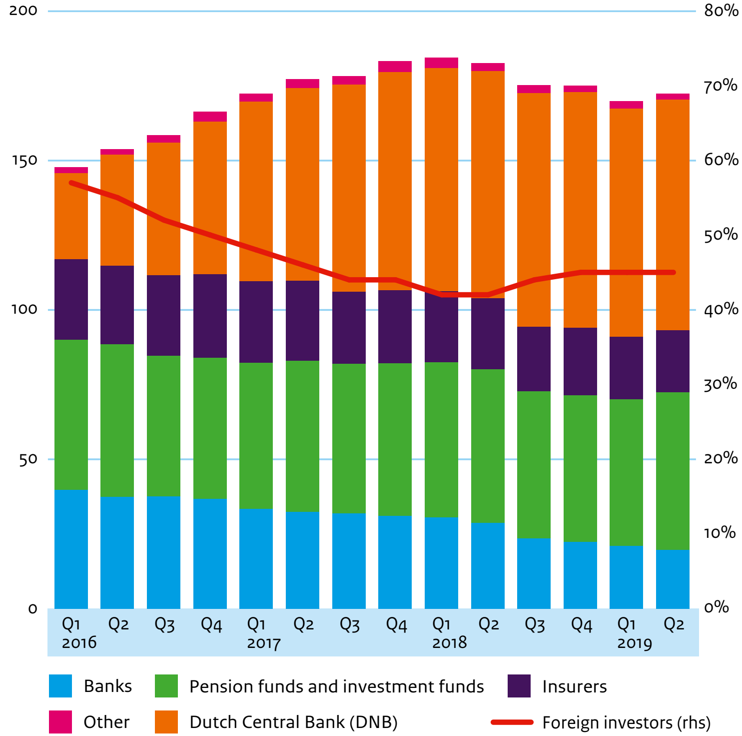
Source: DSTA Secondary Market Trade Reports, 1 November 2019.

The Dutch Central Bank (DNB) publishes quarterly data on Dutch government securities holdings. The data contain information on total investor holdings and holdings per residual maturity.

Figure 10 shows holdings of Dutch government securities split between domestic investors (stacked bars) and foreign investors (red line). Domestic investors are further divided into various categories. Eligible securities include DSLs, DTCs and ECP. The figure clearly shows stabilisation of the DNB holdings under the ECB's Public Sector Purchase Programme (PSPP) around 25%. The ECB did not buy additional bonds from January to October 2019 and only reinvested maturing debt during that time. Since 1 November 2019, the ECB restarted its bond buying programme for a total of € 20 bn per month. The DSTA therefore expects to see another rise in the holdings of DNB from the fourth quarter of 2019 onwards.

Since the second quarter of 2018, a small rise in the holdings of foreign investors is visible. The level, at 45% of total debt outstanding, is still below levels observed in 2016 but remains robust. The most stable portion of the outstanding debt is held by pension and investment funds. Since DNB started recording the data (fourth quarter of 2014) the share held by pension and investment funds has been stable at around 15%.

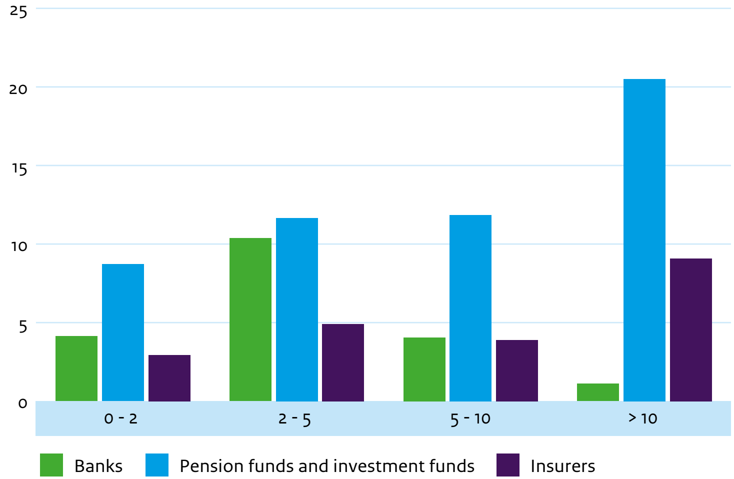
Figure 10 – Holdings by domestic investors of Dutch government securities (lhs, € bn)



Source: DNB, Dutch government securities holdings data, September 2019.

Breaking down holdings of Dutch government securities by residual maturity shows that longer-dated bonds are especially popular among Dutch buy-and-hold investors, like pension funds, investment funds and insurers. These parties are generally interested in longer-dated assets to match the relatively long duration of their liabilities. In the second quarter of 2019, pension and investment funds held approximately 30% of DSLs with a residual maturity longer than 10 years, while insurers accounted for 13% in this bucket. In contrast, Dutch securities holdings at domestic banks are more concentrated in shorter-dated DSLs, especially the 2- to 5-year segment.

Figure 11 – Holdings by domestic investors of Dutch government securities by residual maturity in Q2 2019 (€ bn)



Source: DNB, Dutch government securities holdings data, September 2019.

Statistical appendix

The information presented below reflects the situation at the end of November 2019. Please see out website for the latest statistics.

1 Changes in long-term debt in 2019

In thousands of euros

Positions as at 31-12-2018		298,512,447
New issues in 2019		
Public bonds	21,057,591	
Private placements	96	
Redemptions in 2019		
Regular redemptions		
Of which Public bonds	28,527,622	
Of which Private placements	638,461	
Early redemptions		
Of which Public bonds	873,123	
Of which Private placements	0	
Positions as at 30-11-2019		**289,530,928**

2 Interest rate swaps

Position as at 30-11-2019, in millions of euros

Bucket	Nominal position as at 30-11-2019	Pay or receive[1]
(year of maturity)	amount	(net)
2019	1,372	Pay
2020	15,273	Pay
2021	34,064	Pay
2022	6,621	Pay
2023	16,166	Receive
2024	10,714	Receive
2026	141	Receive
2027	1,350	Receive
2028	2,372	Receive
2032	0	Receive
2033	2,708	Receive
2035	1,548	Receive
2036	400	Receive
2037	1,260	Receive
2042	3,979	Receive
2055	33	Receive
Net total	**16,659**	**Pay**

1 Receiver swaps are swap contracts in which the Dutch State receives a fixed interest rate and pays a floating interest rate. Payer swaps are swap contracts in which the Dutch State pays a fixed interest rate and receives a floating interest rate

3 Key figures on individual bonds in 2019

in thousands of euros

	Total	Issues	Redemptions	Total	Isin code
	31-12-2018			**30-11-2019**	
1.25 pct DSL 2013 due 15 January 2019	14,926,224		14,926,224	0	NL0010514246
4.00 pct DSL 2009 due 15 July 2019	13,974,398		13,974,398	0	NL0009086115
0.25 pct DSL 2014 due 15 January 2020	15,232,184		180,000	15,052,184	NL0010881827
3.50 pct DSL 2010 due 15 July 2020	15,069,615		320,000	14,749,615	NL0009348242
3.25 pct DSL 2011 due 15 July 2021	16,493,985			16,493,985	NL0009712470
0.00 pct DSL 2016 due 15 January 2022	15,380,112			15,380,112	NL0011896857
2.25 pct DSL 2012 due 15 July 2022	15,252,147			15,252,147	NL0010060257
3.75 pct DSL 2006 due 15 January 2023	4,263,000			4,263,000	NL0000102275
7.50 pct DSL 1993 due 15 January 2023	8,241,489			8,241,489	NL0000102077
Principal 15 January 2023	1,565,000			1,565,000	NL0000103000
1.75 pct DSL 2013 due 15 July 2023	15,825,963	1,782,000		17,607,963	NL0010418810
0.00 pct DSL 2017 due 15 January 2024	15,378,277			15,378,277	NL0012650469
2.00 pct DSL 2014 due 15 July 2024	15,315,132			15,315,132	NL0010733424
0.25 pct DSL 2015 due 15 July 2025	15,220,159			15,220,159	NL0011220108
0.50 pct DSL 2016 due 15 July 2026	15,113,051			15,113,051	NL0011819040
0.75 pct DSL 2017 due 15 July 2027	15,380,926			15,380,926	NL0012171458
5.50 pct DSL 1998 due 15 January 2028	13,028,814			13,028,814	NL0000102317
0.75 pct DSL 2018 due 15 July 2028	12,376,941			12,376,941	NL0012818504
0.25 pct DSL 2019 due 15 July 2029	0	12,215,587		12,215,587	NL0013332430
2.50 pct DSL 2012 due 15 January 2033	13,555,900			13,555,900	NL0010071189
4.00 pct DSL 2005 due 15 January 2037	15,723,427			15,723,427	NL0000102234
0.50 pct DSL 2019 due 15 January 2040	0	5,985,004		5,985,004	NL0013552060
3.75 pct DSL 2010 due 15 January 2042	16,063,910			16,063,910	NL0009446418
2.75 pct DSL 2014 due 15 January 2047	14,095,187	1,075,000		15,170,187	NL0010721999

	Total	Issues	Redemptions	Total	Isin code
	31-12-2018			**30-11-2019**	
2 ½ pct Grootboek	9,378		48	9,330	NL0000006286
3 pct Grootboek	2,717		25	2,692	NL0000004802
3 ½ pct Grootboek	150		50	100	NL0000002707
	297,488,086	**21,057,591**	**29,400,745**	**289,144,932**	

4 Short-term debt and Eonia swaps in 2019

In millions of euros

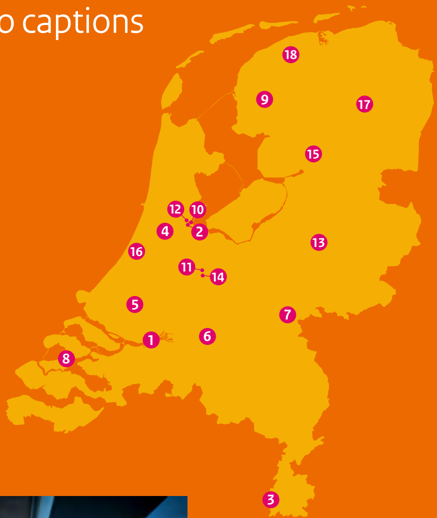
Key figures of T-bills	Total	Issues	Expirations	Total	Isin code
	31-12-18			**30-11-19**	
DTC 2019-01-31	7,090		7,090		NL0013025778
DTC 2019-02-28	4,280		4,280		NL0013050511
DTC 2019-03-29	2,900	1,120	4,020		NL0013089105
DTC 2019-04-30	2,730	1,240	3,970		NL0013170368
DTC 2019-05-31	2,650	1,130	3,780		NL0013217805
DTC 2019-06-27		3,800	3,800		NL0013303159
DTC 2019-07-31		3,970	3,970		NL0013325384
DTC 2019-08-30		4,030	4,030		NL0013400419
DTC 2019-09-30		4,100	4,100		NL0013474323
DTC 2019-10-31		4,150	4,150		NL0013517766
DTC 2019-11-29		3,750	3,750		NL0013649494
DTC 2020-01-31		4,880		4,880	NL0013688955
DTC 2020-02-28		2,660		2,660	NL0013908767
DTC 2020-03-31		2,190		2,190	NL0013995335
DTC 2020-04-30		2,850		2,850	NL0014040347
	19,650	**39,870**	**46,940**	**12,580**	

Commercial Paper	Total	Issues	Expirations	Total
	31-12-2018			30-11-2019
CP EUR	0	17,596	17,596	0
CP USD	2,242	89,769	92,011	0
CP GBP	0	735	735	0
CP CHF	0	0	0	0
CP NOK	0	99	99	0
	2,242	**108,199**	**110,440**	**0**

Other short-term debt	Total	Issues	Expirations	Total
	31-12-2018			30-11-2019
Deposit borrow	950	42,900	43,525	325
Deposit lend	-450	-119,750	-118,750	-1,450
Deposit borrow USD	419	26,292	26,437	273
Eurex repo	-400	-67,504	-66,704	-1,200
Buy Sell Back	0	-306	-306	0
Sell Buy Back	0	7,114	7,114	0

Eonia swaps (position as of 30 November 2019)		
Bucket (year of maturity)	**Net nominal amount**	**Pay or receive (net)**
2019	0	Receive
2020	12,580	Receive

Photo captions



1 High-speed railway and railway bridge crossing the Hollandsch Diep, with the Hoeksche Waard and the Island of Dordrecht on the opposite side. (p 1)

2 The Nescio bridge over the Amsterdam-Rijnkanaal, one of the longest bicycle and pedestrian bridges of the Netherlands. (p 5)

3 The Sint Servaas bridge, a 13th century arch bridge over the Maas in Maastricht. (p 9)

4 KLM airplane over the highway A5, near Schiphol airport. (p 11)

5 The Erasmus bridge over the Nieuwe Maas in Rotterdam, also called ‘the Swan’. (p 2)

6 The city port of Heusden. (p 7)

7 The Waal bridge in Nijmegen. (p 22)

8 The Zeeland bridge. (p 14)

9 The Sneeker Waterpoort over the Hoogendsterpijp, from 1492. (p 17)

10 The Enneus Heerma bridge connecting Zeeburger island with Steiger island, gateway to IJburg. (p 20)

11 Bicycle path and footpath on the Hogeweidebrug or Yellow Bridge over the Amsterdam-Rijnkanaal in Utrecht. (p 24)

12 The Hoge bridge, also known as the Python bridge in Amsterdam, connecting the Stuurmankade and the Panamakade. (p 26)

13 The Wilhelmina bridge over the IJssel, at Deventer. (p 28)

14 The Prince Claus bridge over the Amsterdam-Rijnkanaal in Utrecht. (p 31)

15 Pedestrian bridge in Giethoorn. Giethoorn is a popular destination among tourists, also referred to as ‘Dutch Venice’. (p 33)

16 Koudenhoorn bridge in Warmond. (p 37)

17 The wooden Enkeerd bridge over the Havenkanaal in Assen. (p 34)

18 The Kanterlandse bridge over the Murk river near Bartlehiem, the last bridge before the finish of the Eleven cities tour for iceskating, decorated with earthenware tiles from Koninklijke Tichelaar in Makkum. (p 42)

Highlights of the DSTA Outlook 2020

- Estimated funding need of € 42 bn in 2020.
- Capital market funding in 2020: target range between € 21–26 bn:
  - Launch of new 10-year DSL (maturity 2030) via DDA in February/March; issuance volume of approximately € 12 bn in 2020;
  - Launch of new DSL in 30-year segment via DDA; minimum issuance volume of approximately € 4 bn in 2020;
  - Two taps of the Green DSL (maturity 2040): minimum issuance volume of approximately € 2 bn in 2020;
  - DSL issuances 'to be determined' of approximately € 3-8 bn.
- DSL auction date options on the second and fourth Tuesday of the month.
- Estimated money market volume end 2020 (excl. cash collateral) of € 16-18 bn.
- DTC auctions every first Monday of the month (a longer-dated programme) and every third Monday of the month (a shorter- and a longer-dated programme).
- Regular updates of borrowing requirements, funding plan and Dutch economy and budget through Quarterly outlooks.

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