



# Quarterly Outlook

April 2021

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## Funding and issuance

### Funding need

On Wednesday 31 March the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB) published its annual Central Economic Plan (CEP) economic projections. Based on these recent projections, the funding need for the Dutch State in 2021 is now estimated at € 110.6 bn.

This estimate implies an increase of € 15.5 bn compared to the previous estimate of the funding need published by DSTA on 6 January 2021 (€ 95.1 bn). The main reason for this development is the increased cash deficit due to the budgetary impact of the new and prolonged support programs that help to mitigate the persisting COVID-19 crisis.

### Estimated funding need 2021 (in € bn)

Capital market redemptions 2021	16.5
Money market ultimo 2020 (excl. cash collateral)	40.7
Decrease in cash collateral (until end of March)	0.6
Cash deficit	52.7
<b>Total</b>	<b>110.6</b>

Rounding differences explain the residual €0.1 bn.

### Call on the capital and money market

Due to the higher funding need, the DSTA has decided to raise its expected call on the capital market in 2021 to at least € 55 bn from € 50 bn. Up until March, the total amount raised on the capital markets this year is €17.2 bn (approximately 31% of the expected call on the capital markets).

The ultimate funding need for 2021 is still surrounded by uncertainties, most importantly as a result of the COVID-19 crisis. Consequently, the expected call on the capital and money markets may also change. The following scheduled update will be provided in the Quarterly Outlook for the third quarter of 2021, to be published at the end of June. Should there be an update available prior to this moment, the DSTA will provide this as and when available. The DSTA is committed to communicating with the market as transparently as possible.

### DSL issuance calendar second quarter 2021

In line with the press release issued on 19 March 2021, the issuance calendar for DSLs is as follows:

Six auctions for Dutch State Loans (DSLs) are scheduled in the second quarter. The new 15-year DSL will be launched on 13 April. The DSL 2031, which was launched earlier this year, will be reopened twice. In addition, three other existing DSLs will be reopened. The DSLs to be reopened will be decided upon in consultation with the Primary Dealers.

DSL auctions traditionally take place on the second and fourth Tuesday of the month. Due to a national public holiday on Tuesday 27 April, the proposed auction will take place the next day on Wednesday 28 April 2021.

In case of unforeseen changes, the DSTA reserves the right to add an auction or, alternatively, alter or remove an auction from the issuance calendar. Any such change is announced in a timely manner through a press release.

Auction Date*	Details	Target volume (€ bn)
13 April	DDA DSL 15 January 2038	4.0 – 6.0
28 April**	Reopening of existing DSL	To be determined
11 May	Reopening DSL 0.00% 15 July 2031	1.5 – 2.5
25 May	Reopening of existing DSL	To be determined
8 June	Reopening DSL 0.00% 15 July 2031	1.5 – 2.5
22 June	Reopening of existing DSL	To be determined

\* Further details on the auction, including where applicable maturity and target volume, will be announced at the latest on the Wednesday prior to the auction date (t-6).

\*\* Auction date on Wednesday due to a national public holiday on Tuesday.

### DTC issuance calendar second quarter 2021

In line with the press release issued on 19 March 2021, the issuance calendar for DTCs is as follows:

The table below provides the scheduled Dutch Treasury Certificate (DTC) issuances for the second quarter of 2021. Regular 3- and 6-month programmes will be auctioned following the same auction pattern as the first quarter of this year. This calendar includes six DTC-auctions. The size of the programmes will be determined based on the funding need and in case necessary after consultation with the Primary Dealers and the Special Market Specialists. Auction details will be announced on the Wednesday prior to the relevant auction. The DSTA remains committed to providing sufficient liquidity in all DTC-programmes.

Traditionally, auctions are held on the first and third Monday of each month. Due to Easter Monday, the relevant DTC auction is moved to the following day, Tuesday 6 April.

In case of unforeseen changes, the DSTA reserves the right to add a DTC-program or, alternatively, alter or remove it from the issuance calendar. Any such change will be announced in a timely manner through a press release.

Auction date*	Settlement date	Shorter-dated programme	Longer-dated programme**
6 April***	8 April	29-7-2021	29-9-2021
19 April	21 April	29-7-2021	29-9-2021
3 May	5 May	30-8-2021	28-10-2021
17 May	19 May	30-8-2021	28-10-2021
7 June	9 June	29-9-2021	29-11-2021
21 June	23 June	29-9-2021	29-11-2021

\* Auction details will be announced on Wednesday prior to the auction (t-5).

\*\* Shaded fields indicate new programmes.

\*\*\* Auction date on Tuesday due to Easter Monday.

## Economic Outlook

### COVID-19 shock less severe than in other countries

The COVID-19 pandemic continues to have a major impact on lives and livelihoods across the world, including the Netherlands. According to the latest figures published by Statistics Netherlands (Centraal Bureau voor de Statistiek, CBS), GDP shrank by 3.7% in 2020. Whilst this figure reflects the highest decline in GDP within the Netherlands since the Second World War, it also contains an upward revision from previous projections. The better-than-expected performance stems partially from the relatively limited economic impact of the outbreak in the fourth quarter of 2020. Despite a second wave of COVID-19 infections and the imposition of strict lockdown measures, the quarter-on-quarter contraction was limited to -0.1%. A quick rebound from the first wave of infections also contributed to the relatively strong performance, with quarter-on-quarter growth of 7.7% in the third quarter. The Dutch economy has also been less severely impacted than other Euro area countries. In 2020 GDP growth in the Euro area averaged -6.8%.

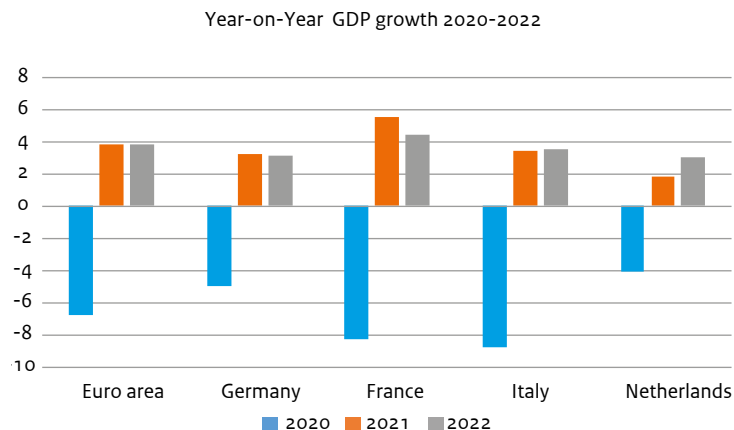
The relative resilience of the Dutch economy appears to be attributable to a number of factors. Structurally, the Dutch economy is less dependent on the sectors hardest hit by the lockdown restrictions, such as tourism. Moreover, over the course of the crisis, businesses have adapted rather quickly to new (digital) ways of operating. This has been facilitated by the relatively high degree of digitalization in the Dutch economy and mirrored by a change in consumption patterns. Moreover, households and firms have also benefitted from extensive government support. The government implemented a range of discretionary budgetary measures, with support totalling more than € 48 bn in 2020. This has included a wage subsidy scheme, tax deferrals, compensation of fixed costs and financial support for the self-employed. Despite initial delays in the delivery and usage of vaccines, the rollout of the vaccination programme has helped to reduce uncertainty among firms and households.

### Dutch economy now cautiously moving towards a recovery

With vaccinations being administered on a large scale in many countries, there now seems to be light at the end of the tunnel. The CPB forecasts a GDP growth rate of 2.2% for the Netherlands in 2021, with further growth of 3.5% in 2022. This year's expected growth rate is lower than the European Commission projects for some other Euro area countries, such as Germany (3.2%), France (5.5%) or Italy (3.4%). This can be explained by the less severe shock in 2020 and a subsequent smaller 'rebound'. By the end of the year, the Dutch economy is expected to be one of the first to return to pre-crisis levels of output. Whilst uncertainty remains on the timelines of the delivery and usage of vaccines, a key determinant of the recovery, the vaccination program is being rolled out further.

Aside from the vaccination rollout, Dutch economic growth will be bolstered further by other factors. The government announced an extension of the COVID-19 support measures in January 2021, delaying a previously announced timeline for the withdrawal of policy support. It is expected that government spending will remain elevated throughout 2021, with both automatic stabilizers and discretionary policy instruments supporting households and firms. National elections were held in March 2021, and the political parties are now in negotiations for the formation of a new government whilst a caretaker government continues to take necessary policy decisions.

A global recovery in demand is expected this year and beyond, with many governments across the world also announcing expansionary fiscal policies (such as the recently passed USD 1.9 trillion relief bill in the United States) and administering vaccines. The internationally-oriented Dutch economy is well-placed to take advantage of this and the CPB forecasts export growth of 2.6% in 2021 and 5.4% in 2022. Finally, household savings grew rapidly in 2020, and this may cause a surge in consumption when lockdown restrictions are phased out. Having fallen by 6.4% in 2020, current forecasts suggest that household consumption will grow by 0.6% in 2021 and 6.1% in 2022, thereby further supporting the recovery.



Source: European Commission, 11 February 2021

### Unemployment and bankruptcies may rise next year

Unprecedented fiscal support and monetary expansion has helped to insulate parts of the economy from the COVID-19 shock. These measures have limited job losses and bankruptcies. The unemployment rate rose just 0.4 percentage points from an average of 3.4% in 2019 to 3.8% in 2020 and the number of bankruptcies declined to the lowest number since January 1991. It is possible however that the scale of government intervention has also delayed the efficient reallocation of resources across the economy. The withdrawal of policy support and tightening of financial conditions as the public health crisis subsides may trigger a moderate rise in unemployment and bankruptcies in the coming years. The CPB predicts that the unemployment rate will rise to 4.4% in 2021 and peak at 4.7% in 2022.

## Budgetary Outlook

### Public debt increases due to support measures

Decreased government revenues and increased spending on COVID-19 support measures created a budget deficit of -4.3% of GDP in 2020 according to the latest figures published by Statistics Netherlands. As a result, government debt has risen from 48.7% at the end of 2019 to 54.5% of GDP by the end of 2020, though this compares favourably with the Euro area average of almost 100%. With the Dutch government running a budget surplus of almost 2% of GDP in the years preceding the COVID-19 crisis, there has been significant budgetary room to absorb the costs of the pandemic. As of yet, The Netherlands has not breached the 60% debt-to-GDP limit established by the EU's Stability and Growth Pact (SGP), though the 2020 deficit was larger than the 3% permitted under the pact.

The CPB projects a further deterioration of the budget deficit to -5.9% of GDP in 2021, after which it is projected to improve to less than -1.0% of GDP by 2024. This means that the debt-to-GDP ratio will increase to 58.6% by the end of 2021. The activation of the fiscal framework's 'general escape clause' in March 2020 and the European Commission's decision to temporarily suspend enforcement of the SGP requirements, will accommodate the government's continued policy support measures to reinforce the economic recovery. The government has announced almost € 30 bn in discretionary support spending for 2021. With GDP growth expected to exceed the budget deficit from 2022 onwards, the Netherlands is projected to soon have a declining debt stock as a percentage of GDP, reaching 55.3% in 2024.

### Dutch government invests in a resilient and green recovery

Negotiations between the political parties on the formation of a new Dutch government are ongoing. The outcome could change the budgetary outlook. Nevertheless, the 2021 budget provides a guideline for the short-term priorities of the Dutch government. In the most recent budget, it was announced that the government would actively increase its investment in 2021 with the purpose of further strengthening the resilience and sustainability of the Dutch economy. For example, approximately € 1.5 bn in planned investments into infrastructure have been brought forward and will be used to maintain and improve railways, waterways, cycling paths and roads. This investment will also accelerate housing construction and the 'greening' of government properties.

Moreover, in 2021 the Dutch government expects to provide almost € 600 mln in COVID-19 related funding for education. Schools and universities have been affected by the social distancing measures. This additional funding is intended to limit the impact on human capital development. Finally, The Netherlands is expected to apply for funding under the EU's Recovery and Resilience Facility (RRF) by the end of 2021. If fully approved by the European Commission and European Council, the Dutch government will have access to almost € 6 bn in grants from 2022 to 2026.

## Outstanding debt

DSL position ultimo March 2021

ISIN code	DSL	Amount in euros
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	17,925,159,000
NL0011819040	0.50 pct DSL 2016 due 15 July 2026	16,614,051,000
NL0015031501	0.00 pct DSL 2020 due 15 January 2027	15,762,000,000
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	14,626,941,000
NL0013332430	0.25 pct DSL 2019 due 15 July 2029	12,215,587,000
NL0014555419	0.00 pct DSL 2020 due 15 July 2030	14,038,462,000
NL00150006U0	0.00 pct DSL 2021 due 15 July 2031	5,989,805,000
NL0010071189	2.50 pct DSL 2012 due 15 January 2033	15,507,900,000
NL0000102234	4.00 pct DSL 2005 due 15 January 2037	15,723,427,000
NL0013552060	0.50 pct DSL 2019 due 15 January 2040*	10,708,004,000
NL0009446418	3.75 pct DSL 2010 due 15 January 2042	16,063,910,000
NL0010721999	2.75 pct DSL 2014 due 15 January 2047	16,540,187,000

ISIN code	DSL	Amount in euros
NL0015614579	0.00 pct DSL 2020 due 15 January 2052	8,128,724,000
	Inscription registers	11,254,973
	Private placements	309,077,634
	<b>Total</b>	<b>318,071,334,575</b>

\* Green bond

#### DTC position ultimo March 2021

ISIN code	Maturity date	Amount in euros
NL0014858250	DTC2021-04-29	9,530,000,000
NL0015031527	DTC2021-05-28	8,120,000,000
NL0015285826	DTC2021-06-29	9,450,000,000
NL0015476839	DTC2021-07-29	6,110,000,000
NL0015524117	DTC2021-08-30	6,000,000,000
	<b>Total</b>	<b>39.210.000.000,00</b>

Outstanding public debt	Amount in euros
<b>Total outstanding DSLs, DTCs and CP</b>	<b>356,972,256,940</b>
Cash collateral	6,009,378,896

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

**The cut-off date is  
31 March 2021**  
(unless mentioned otherwise)