



Ministry of Finance

Dutch State Treasury Agency

Investor presentation
Dutch State Loan 2029 (8-year DSL)

Latest update: 22 September 2021



Details new 8-year Dutch State Loan

Details new DSL 2029

Maturity date	15 January 2029
Target volume	€ 3 - 5 billion
Coupon	0,00 % (short first coupon)
Auction method	MTS auction
Auction date	Tuesday 28 September 2021
Settlement date	Thursday 30 September 2021
Country ratings	Aaa/AAA/AAA



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Economic Outlook





Economic Outlook

Key economic figures for the Netherlands (2018-2022)

% change y-o-y	2018	2019	2020	2021*	2022*
GDP	2.4	2.0	-3.8	3.9	3.5
Household consumption	2.2	0.9	-6.6	2.4	5.8
Government consumption	1.7	2.8	1.0	6.0	1.5
Investments (including inventories)	3.9	3.6	-5.4	1.7	3.6
Exports	4.3	2.0	-4.8	6.8	5.4
Imports	4.7	3.2	-5.5	6.5	6.4
Unemployment (% labour force)	3.8	3.4	3.8	3.4	3.5
Inflation (HICP)	1.6	2.7	1.1	1.9	1.8

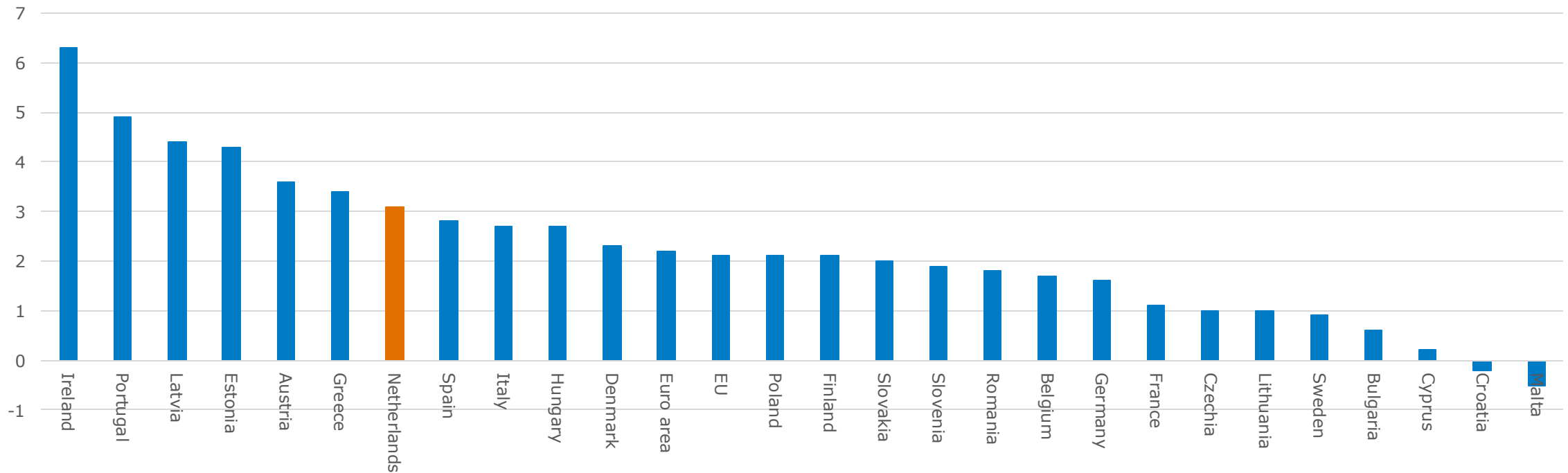
Source: Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*; CPB), 21 September 2021 (www.cpb.nl)

***Note:** Data for 2021 and 2022 reflect the latest forecasts by the CPB, not realized economic performance



Dutch quarterly growth is above EU average

GDP growth rates in the second quarter of 2021

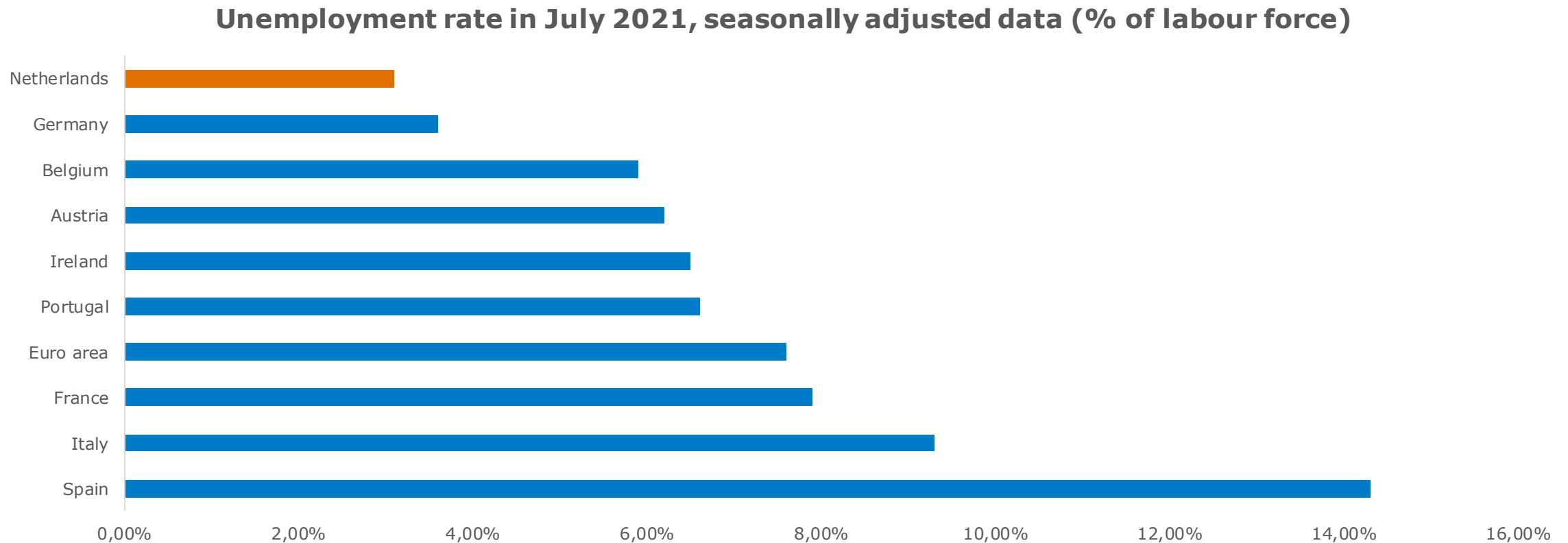


* Luxembourg data is not available

Source: Eurostat, September 2021 ([link](#))



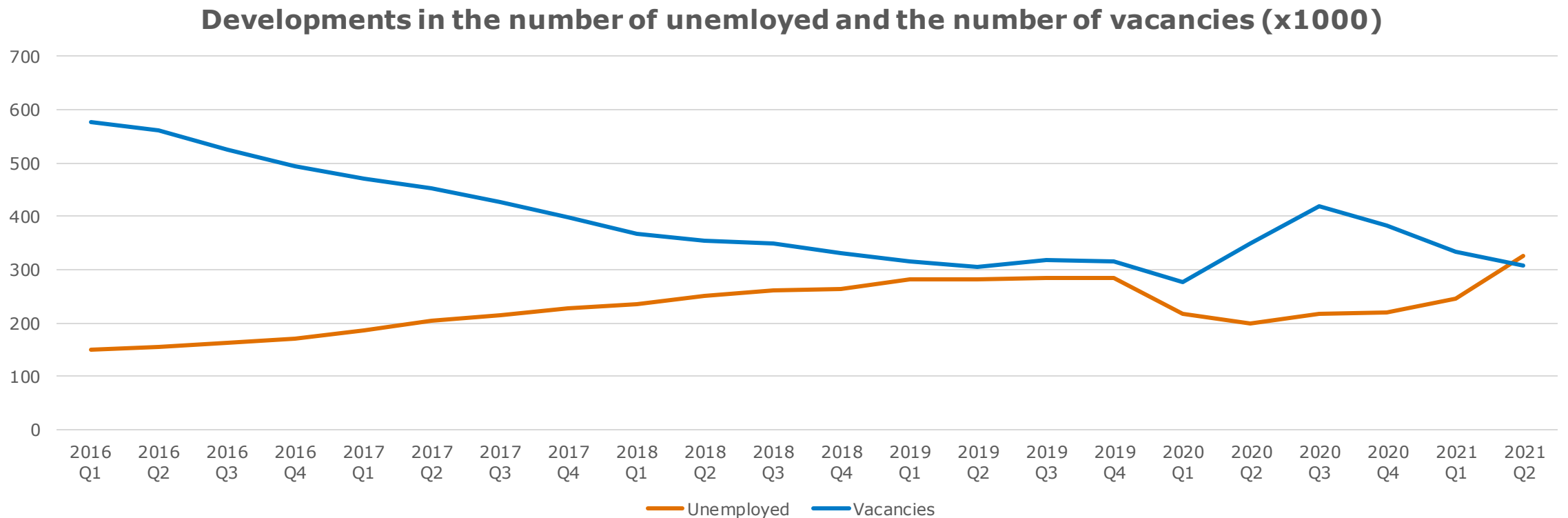
Unemployment rate is relatively low...



Source: Eurostat, September 2021 ([link](#))



...which means labour market is relatively tight

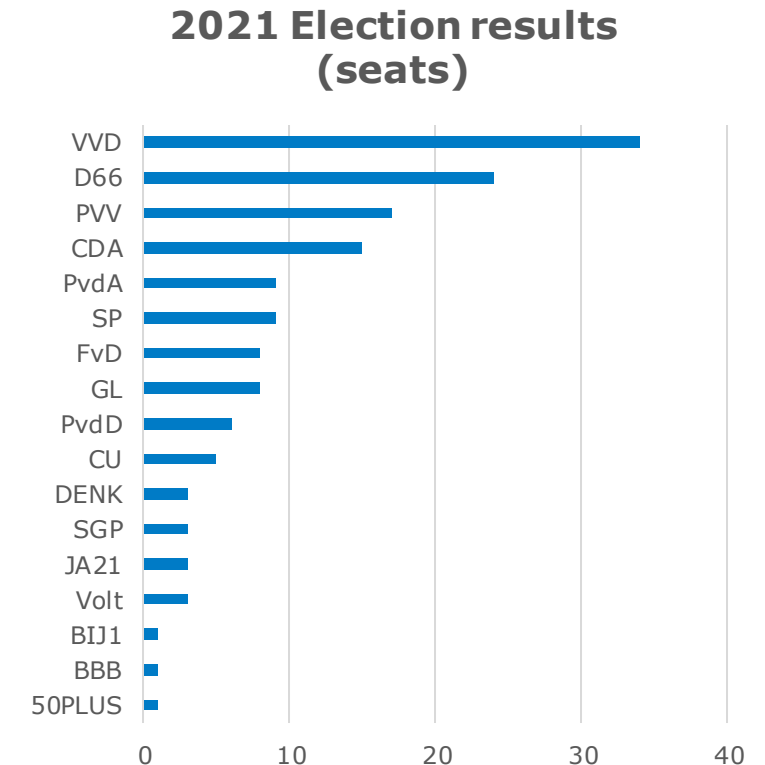


Source: Budget memorandum 2022, 21 September 2021



Current political situation

- > On 21 September the caretaker government published a new budgetary memorandum.
 - This budget memorandum contains relatively few policy changes because of the caretaker nature of the current government.
 - Nevertheless substantial amount is being proposed to address climate challenges.
- > Elections for the House of Representatives were held on 17 March 2021. The political parties are currently still in the process of negotiating the formation of a new coalition government.
- > The caretaker government has been in place since January 2021. It will continue to take necessary policy decisions until a new government is formed, conditional on parliamentary support.



Source: Kiesraad, March 2021 ([link](#)).



Risks to the outlook remain, but mitigating factors exist

Development of the COVID-19 pandemic

- Risks of COVID-19 mutations and the corresponding risk of the effectiveness of vaccines with these mutations
- Globally: inequality in vaccine availability and take-up

Political uncertainty

- Time until next government is formed

Potential overheating of Dutch Economy

- Tight labour market
- Heated housing market

Vaccination roll-out in the Netherlands

- Vaccines are now widely available
- Current level of vaccination coverage (above 18yr) is 81,7%

Mandate of caretaker government

- Can take all necessary decisions to fight the pandemic, with parliamentary support
- Has support to address relevant bottlenecks

Budgetary possibilities

- Current budgetary position leaves space for intervention in housing and labour market

A man with dark hair and a beard, wearing a dark jacket and blue jeans, stands on a dark metal platform on the side of a white boat. He is gesturing with his right hand towards a line of yellow ducks floating in the dark blue water. The white structure he is standing next to has the words 'THE OCEAN CLEANUP' written on it in large, teal, sans-serif capital letters. The ducks are arranged in a long, slightly curved line that stretches across the water. The scene is lit with bright, cool-toned lights, creating a high-contrast, futuristic atmosphere.

THE OCEAN
CLEANUP®

Budgetary Outlook



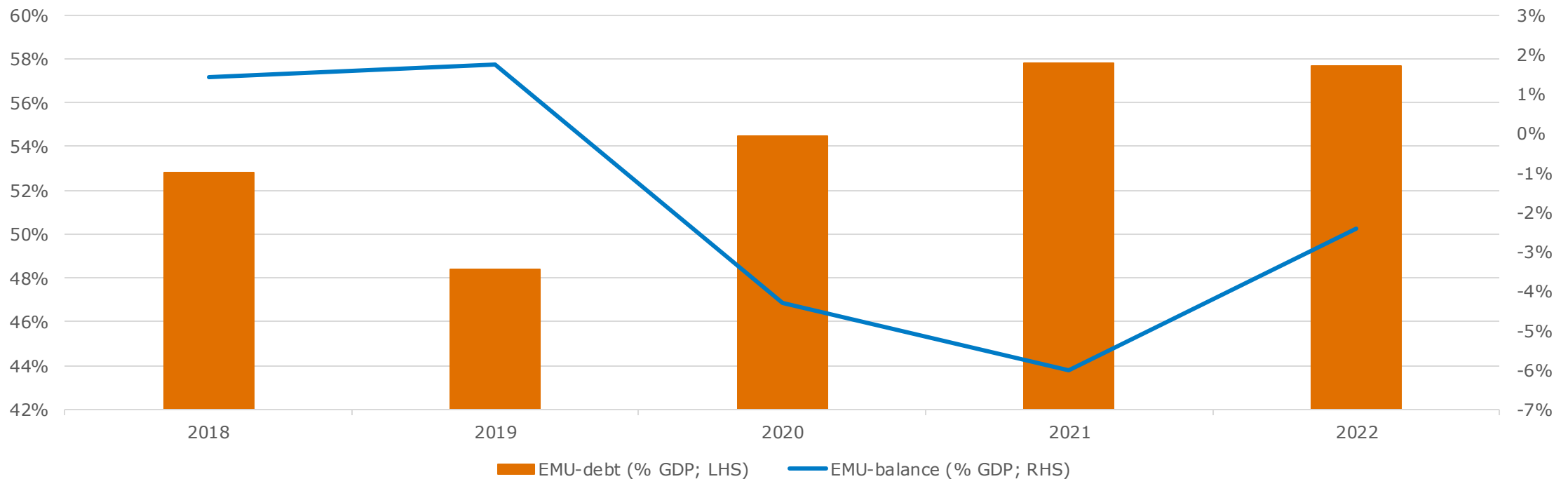
The Dutch 2022 Budgetary Memorandum has been presented on 21 September 2021

- › Due to the caretaker nature of the current government the memorandum contains relatively few policy changes. However, measures have been taken for some socially urgent tasks:
 - **Climate:** The government is investing an additional € 6.8 bn in climate related measures
 - **Public safety:** Structural increase of € 400 mln for tackling subversive crime
 - **Housing market:** To increase the availability of houses the government will invest € 100 mln a year for the next 10 years
 - **Inequality:** The government will implement a structural burden relief of € 226 mln to enhance purchasing power of low-income groups, singles and families



Government debt is expected to remain below 60% of GDP

EMU-debt and EMU-balance between 2017 and 2022

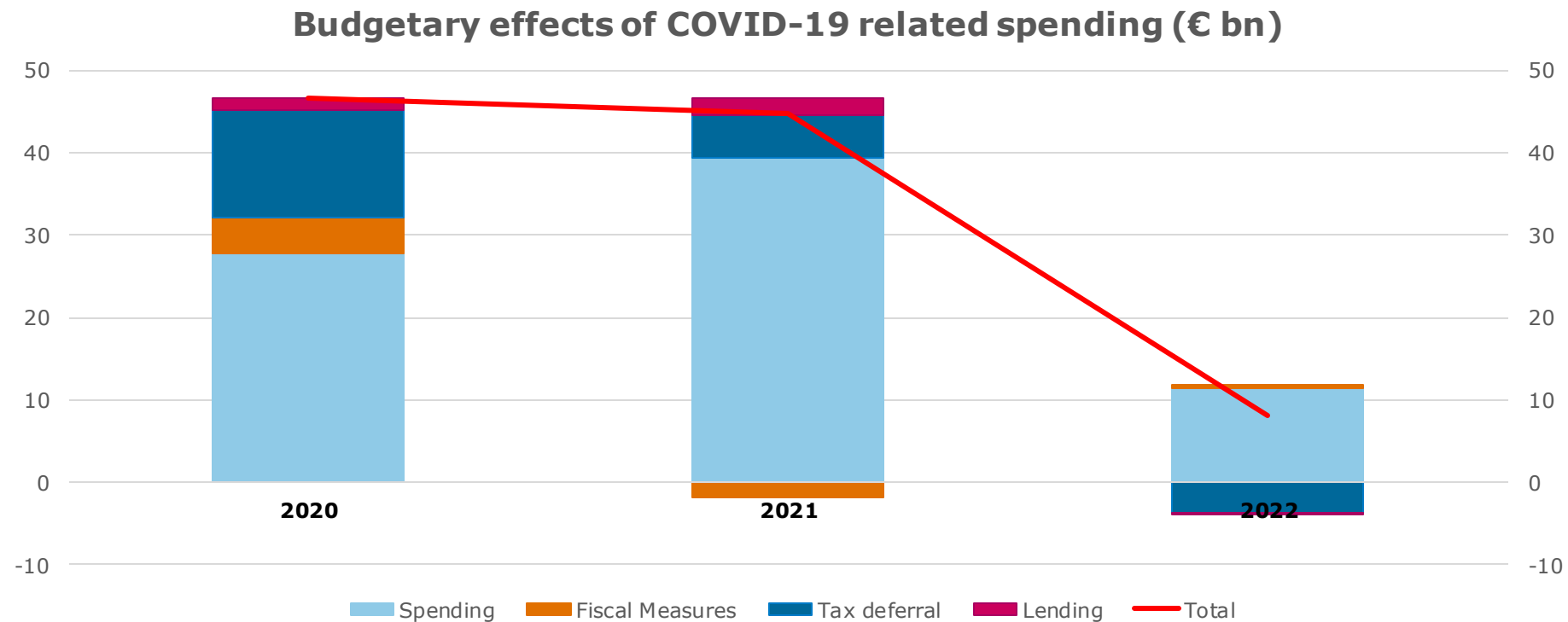


Source: Budget memorandum 2022, 21 September 2021

***Note:** Data for 2021 and 2022 reflect the latest forecasts, not realized economic performance



Government COVID-19 support has been substantial. Most of the support programs end in October



Source: Budgetary Memorandum 2022, 21 September 2021



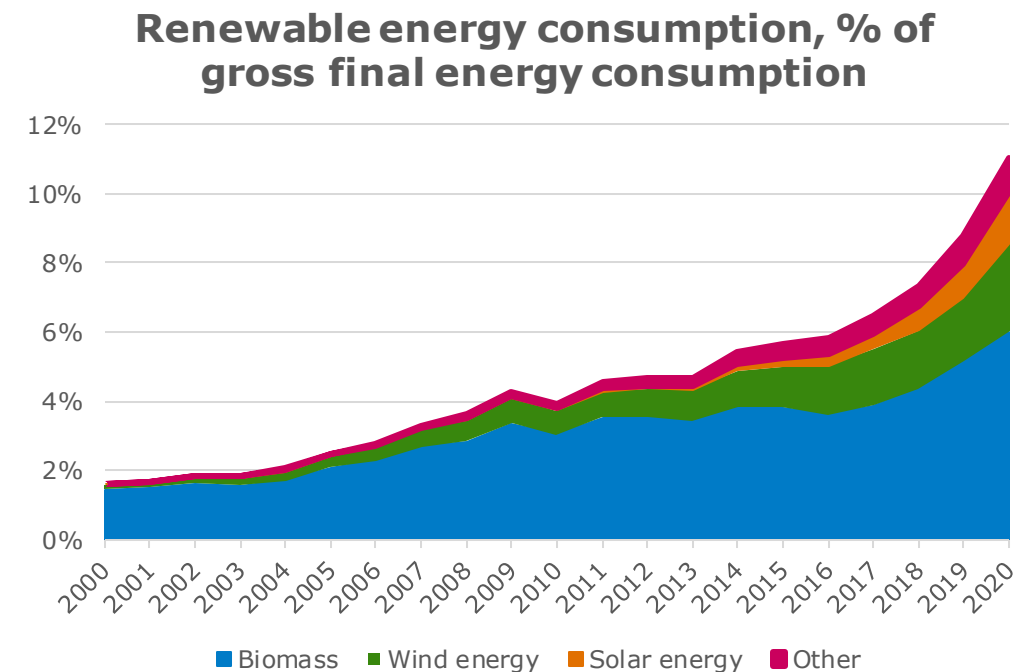
Climate Outlook





Progress made but additional efforts needed

- › Despite efforts, the Netherlands is not sufficiently on track to honour its commitment of 49% green house gas reduction by 2030 (compared to 1990)
- › Share of renewable energy has been relatively modest, but has picked up in 2020
- › Coal fired power plants are being phased out
- › The caretaker government therefore proposed EUR 6.8 bn additional measures in the 2022 budget memorandum to address climate challenges
 - Amongst others these include: additional subsidies for insulation, electric vehicles and production of renewable energy, investment in hydrogen infrastructure and specific reduction measures for the industrial sector





Climate adaption: a climate-proof future

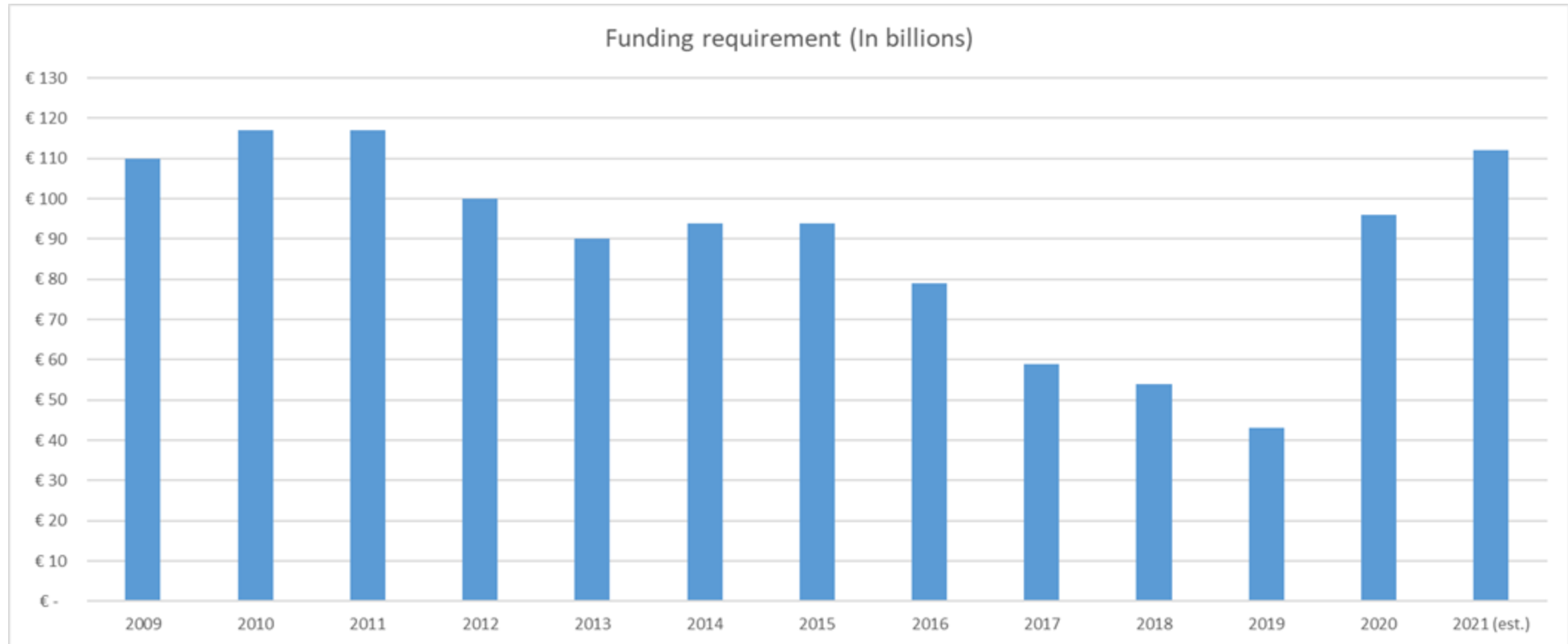
- While the Netherlands is vulnerable for flooding, the Netherlands has a long standing experience and strong governance to face these challenges.
 - Primary flood defences are being improved to enable an adequate level of protection in 2050
 - Vital and vulnerable functions (healthcare, IT provisions, utility facilities, drinking water) are being made climate-proof
 - National climate adaptation strategy stipulates plans and actions needed to tackle the impact of climate change for the Netherlands



Funding and issuance



The funding need for 2021 is substantially higher than before COVID-19





Borrowing requirement 2021

Borrowing requirement 2021	(€ bn)
Capital market redemptions 2021	16.5
Money market ultimo 2020	40.7
Change in cash collateral	1.3
Estimated cash deficit 2021	53.6
Total	112.1

Source: DSTA, Q4 Quarterly Outlook, 22 September 2021



DSL Issuance in 2021

- Around **€60 bn** of capital market issuance in 2021
- Consisting of:
 - 8-year DSL, ***to be launched on 28 September***
 - 10-year DSL (DDA), *issued in February*
 - 15-year DSL (DDA), *issued in April*
 - Tap auctions in on-the-run and off-the run DSLs
- So far the total amount raised on the capital markets is €41.3 bn (approximately 69% of the expected call on the capital markets).

Source: DSTA, Q4 Quarterly Outlook, 22 September 2021



DSL Issuance calendar Q4 2021

Auction Date	Details	Target volume (in €bn)
12 October 2021	<i>Reopening of existing DSL</i>	<i>To be determined*</i>
26 October 2021	DSL 15 July 2031	1.5 – 2.5
9 November 2021	DSL 15 January 2038	1.5 – 2.5
23 November 2021	DSL 15 January 2029	2.0 – 3.0
7 December 2021	<i>Reopening of existing DSL</i>	<i>To be determined*</i>
* Further details on the auction, including maturity and target volume, will be announced at the latest on the Wednesday prior to the auction date (t-6).		

Source: DSTA, Q4 Quarterly Outlook, 22 September 2021



Ensuring liquidity in secondary markets

- › Clarity at start of the year on new benchmark issuances (published in December Outlook)
- › Annual issuance of a new 10-year bond
 - Outstanding amount of new 10-year bond raised to at least €12 bn within calendar year
 - Outstanding amount of new shorter than 10-years DSLs raised to at least €12 bn within 12 months
 - Longer dated DSLs raised to at least €10 bn within several years
- › A new 30-year bond is issued every 5 years
- › Re-opening existing DSL lines after market consultation
- › Quotation obligation for Primary Dealers to ensure tradable prices at all times
- › Repo facility available to Primary Dealers ('lender of last resort')



Auction details



Auction details

- › The new 8-year DSL will be launched via an auction on the MTS platform
- › The same principles apply as with a regular tap auction of the Dutch State:
 - Multiprice auction
 - Size taken and price paid are immediately known
 - Participation is exclusive to Primary Dealers
- › Communication during the auction will only take place via our Primary Dealers and prices will be updated via our Bloomberg page ('DSTA02')
- › In accordance with regular tap auctions, a non-competitive option will be awarded in the amount of 15% of the volume bought and is conditional on:
 - Compliance with the quotation obligation for DSLs in August
 - A minimum auction share of 3%



Recap: Details new 8-year Dutch State Loan

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Save the date!

Launch of the DSTA's Outlook 2022

Thursday 16 December 2021

Invitations will be send out in November