



# Quarterly Outlook

March 2022

[www.dsta.nl](http://www.dsta.nl)

[dsta@bloomberg.net](mailto:dsta@bloomberg.net)

Twitter: @DSTA\_nl

## Funding and Issuance

### Funding need

The DSTA last updated its preliminary funding need on 5 January 2022 to an amount of € 73.3 billion. Since then there have been several developments that might have a substantial impact on the funding need, including but not limited to higher energy prices, the Russian invasion of Ukraine and the announcement of the further budgetary details of the Dutch coalition agreement. The impact hereof in relation to the Dutch economy and the budget is at present not sufficiently clear. Therefore no revision of the funding need for 2022 is presented in this Q2 Outlook. The following update of the estimated funding need will be provided as and when available. The DSTA is committed to communicating with the market as transparently as possible.

Estimated funding need for 2022	Amount (in € billion)
Capital market redemptions 2022	30.7
Money market ultimo 2021 (excl. cash collateral)	19.3
Cash deficit 2022*	23.3
<b>Total</b>	<b>73.3</b>

\*A cash deficit is shown as a positive number because it increases the total borrowing requirement.

### Call on the capital and money markets

The DSTA continues to ensure liquidity across the curve by creating a balance between the call on the capital and the money markets in 2022. Given the current borrowing requirement of € 73.3 billion, the DSTA foresees issuance of Dutch State Loans (DSLs) on the capital market for a total of around € 45 billion in nominal terms. Fluctuations in the funding need will primarily continue to be absorbed by the call on the money markets. In case the funding need turns out higher than currently estimated, the DSTA could increase the call on both the money and capital market.

### DSL issuance calendar second quarter 2022

In the second quarter of 2022 four or five auctions of DSLs are scheduled. The potential fifth auction is dependent on the development of the funding need. If so, the auction will take place in June. In due course the DSTA will inform the market whether this auction window will be used.

The DSTA will start the second quarter with the reopening of the DSL 15 July 2032 on 12 April. On 10 May the DSL 15 January 2026 will be reopened. On 24 May an existing DSL will be reopened, which DSL will be decided upon in consultation with the Primary Dealers.

In June the DSTA will reopen the green DSL 15 January 2040 by means of a Dutch Direct Auction (DDA) with the aim to raise a volume of around € 5 billion. The exact auction date will be decided upon in consultation with the Green Issuance Advisors.

Auction date	Details	Target volume (€ billion)
12 April	Reopening DSL 15 July 2032	1.5 – 2.5
10 May	Reopening DSL 15 January 2026	2.0 – 3.0
24 May	Tap of an existing DSL	To be announced*
1 or 2 auctions in June**	<i>The following bonds are scheduled to be auctioned in June 2022</i>	
	Reopening 20-year green bond: DSL 15 January 2040	5.0
	Optional: Tap of an existing DSL	To be announced*

\* Target volume and other details will be announced at a later stage, but no later than the Wednesday prior to the auction date.

\*\* The timing of the auction(s) will be decided upon in consultation with the Green Issuance Advisors. Whether there will be an additional auction in June is dependent on the development of the funding need.

### Green DSL 2040 re-opening in June

For the reopening of the green DSL 15 January 2040 the DDA-method will be used. For this specific DDA a green investor rule will be applied. Green investors can receive a more beneficial treatment during allocation. Investors can register to be classified as a green investor. More information on the green investor rule will be published in due course together with the updated Green Bond Framework.

### DTC issuance calendar second quarter 2022

As usual, the DSTA will have regular money market issuances through its Dutch Treasury Certificates (DTCs). The schedule for the second quarter of 2022 follows the regular pattern where auction dates typically contain both a

shorter-dated programme and a longer-dated programme. Auctions are held on the first and third Monday of the month. Exceptions to this are the second DTC auction in April and the first DTC auction in June. Due to public holidays on Easter Monday (18 April) and Whit Monday (6 June), the DTC auctions in those weeks will be held on Tuesday 19 April and 7 June respectively.

Similar to previous years, there will be no DTC-programme maturing in December 2022 as this appears to be a less attractive programme for many market participants. Moreover, to better meet investor demand at month end, DTC-programmes do not mature on the last business day of the month, but on the second to last business day. This means for example that the June 2022 DTC programme will mature on 29 instead of 30 June.

In addition, as a pilot the November DTC programme will not mature on the second to last business day of the month but on 23 November 2022. This way the maturity date of the November programme matches the settlement date of the (planned) DTC-auction on 21 November. Based on the outcome of this pilot it will be decided if the adjustment of maturity dates should be applied to one or more future DTC-programmes.

Auction date*	Settlement date	Shorter-dated programme	Longer-dated programme**
4 April	6 April	29 June 2022	28 October 2022
19 April***	21 April	30 August 2022	23 November 2022
2 May	4 May	28 July 2022	29 September 2022
16 May	18 May	30 August 2021	23 November 2022
7 June***	9 June	28 July 2022	28 October 2022
20 June	22 June	29 September 2022	30 January 2023

\* Auction details will be announced on Wednesday prior to the auction.

\*\* Shaded fields indicate new programmes.

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

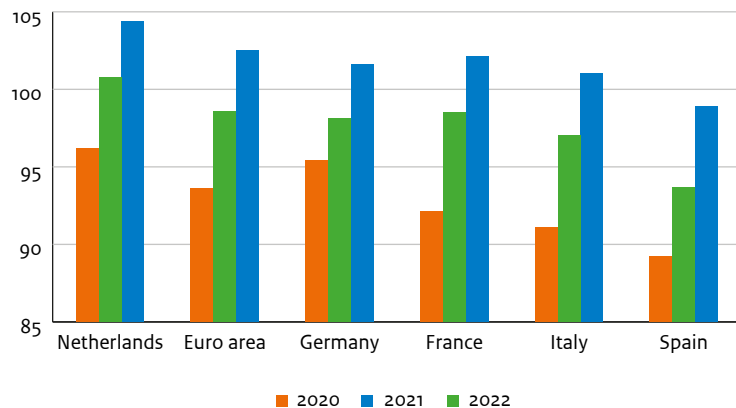
## Economic outlook

### Strong recovery from the pandemic

The Dutch economy has recovered strongly from the shock of the COVID-19 pandemic. The economy has grown by 4.8% in 2021. As shown in the figure below, the Netherlands experienced a faster than average recovery within the euro area and already returned to its pre-pandemic GDP-level in the third quarter of 2021. This strong recovery is partly explained by successful budgetary support measures, the large financial buffers in the public and private sector and the high level of digitalisation of the economy.

The Netherlands Bureau for Economic Policy Analysis (CPB) now predicts that the Dutch economy will return to its pre-pandemic growth path. According to the latest growth projections by the CPB published on 9 March 2022 the Dutch economy will grow by 3.6% in 2022 and unemployment will decrease to 4% (2021: 4.2%).

GDP-volume developments since COVID-19 for five largest EU economies (index with 2019 = 100)



Source: CPB March projections 2022 (CEP 2022) and European Commission, Winter 2022 Economic Forecast.

### Impact of war in Ukraine

Despite the strong economic fundamentals, the war in Ukraine creates uncertainty around the economic outlook and the projections published by the CPB. The direct exposure of the Dutch economy to Russia and Ukraine is limited. Trade with these two countries accounts for less than 3% of total trade of the Netherlands according to the CPB. As a trade-intensive economy the Netherlands is also sensitive to shocks in other countries, such as a slowdown in Eastern Europe due to the sanctions. Additionally, the CPB states that the exposure of the Dutch financial sector to Russia appears limited and can be mitigated by strong capital positions. Most of the uncertainty surrounding the outlook therefore stems from elevating energy prices and more indirect effects such as shocks in global supply chains. In a scenario where the energy prices remain high in 2022 and 2023, the CPB expects a limited effect on GDP growth of -0.1% in 2022 and -0.3% in 2023 compared to the baseline scenario. In an extreme scenario where the war in Ukraine not only leads to higher energy prices, but also to a large decline in global trade and decreased consumer and producer confidence, the CPB expects a decrease in GDP growth of -1.7% in both 2022 and 2023 compared to the baseline scenario.

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

	2021	2022	2023
GDP	4.8	3.6	1.7
Household consumption	3.5	4.7	1.5
Government consumption	7.1	1.7	2.6
Investment (incl. inventories)	-2.0	5.4	4.4
Exports	6.9	4.9	4.3
Imports	5.2	5.5	5.5
Employment (in hours)	2.2	2.9	0.9
Unemployment (% labour force)	4.2	4.0	4.3
Inflation (HICP)	2.8	5.9	2.2

Source: CPB March Projections 2022 (CEP 2022)

### Inflation and increasing energy prices

Inflation levels within the euro area are high. The war in Ukraine is further driving up energy prices. It is difficult to predict the impact of the conflict on price levels, as an increase in energy prices has spillover effects to other sectors, such as the food sector. Under current estimates, the inflation rate is expected to decrease in 2023. For this year, inflation is expected to strongly affect purchasing power: the expected average wage increase in 2022 is lower than inflation (2.7% vs. 5.9%). To compensate citizens for the loss in purchasing power, the government will among other things temporarily lower fuel excise duties (*accijnzen*) and the VAT on energy from 21 to 9 percent. These compensation measures will be put in place for at least six months from 1 April and 1 July 2022, respectively. The government has already indicated that it will reassess purchasing power effects as part of the Spring Budget cycle.

## Budgetary outlook

### Phasing out pandemic-related budget support

In 2020 and 2021 the Dutch EMU-deficit exceeded the threshold of 3 percent of GDP due to increased government spending as a result of the COVID-19 pandemic (respectively 4.2% and 4.4% according to the CPB) as was allowed by the general escape clause of the Stability and Growth Pact (SGP). The debt-to-GDP ratio at the end of 2021 totalled 55.1%, which is well below the EMU-norm of 60%. With all the COVID-19 pandemic-related restrictions lifted from 23 March onwards, the budget support has also been phased out and tax income is expected to increase. The EMU-balance and debt ratio for 2022 are therefore expected to improve. For 2022 the CPB expects the deficit to further decline to 2.5% of GDP. Some budgetary measures are not yet included in the CPB forecast. For example, the government announced on 11 March to temporarily compensate the increasing energy costs that will

amount to €2.8 billion in 2022 (see above). In addition, the Supreme Court decided that the Dutch tax authorities can no longer base the capital gains tax (the so-called ‘box 3’-tax) on fictitious returns. In the coming months the government will decide how to process this decision in the Dutch tax system and the manner in which a compensation will be paid.

### Looking ahead

On 10 January 2022 a new government was installed. In the coalition agreement titled *Looking out for each other, looking ahead to the future*, the priorities for the coming years were presented. The priorities include combating climate change, building affordable new housing, improving the healthcare system and improving social security. This translates into the creation of a Climate and Transition Fund and investments in for example the quality of teachers (structural budget of € 800 million per year) and almost free childcare for working parents (structural budget of € 2.3 billion). As a result of the total policy package, the CPB projects an additional yearly economic growth of 0.5% until 2025. The ambitious agreement increases government spending in the coming years, leading to an increase of the government debt-to-GDP ratio to 56% in 2025. This government spending can be considered to be an investment in strengthening the fundamentals of the economy and increasing the resilience to future shocks. The government will publish the Spring Budget memorandum before 1 June 2022. It is expected that this Budget Memorandum will include further detailed plans in relation to the announced measures and their budgetary impact for 2022.

### Key budgetary figures for the Netherlands (% of GDP)

	2021	2022	2023
EMU-balance	-4.4	-2.5	-2.3
EMU-debt (year-end)	55.1	53.8	53.1

Source: CPB March Projections 2022 (CEP 2022)

## Climate Outlook

The latest Intergovernmental Panel on Climate Change (IPCC) report, published on 27 February 2022, reemphasizes the urgent need for climate action. In short, the authors warn that the coming decade is of critical importance in the fight against climate change. As the Netherlands is vulnerable to both physical and transitional risks, climate action is an integral part of the new coalition agreement and one of the policy priorities for the coming years.

### Climate policy in the 2021 – 2025 Coalition Agreement

Statistics Netherlands (*Centraal Bureau voor de Statistiek*, CBS) calculated that the 2021 total carbon emissions were 23.9% lower compared to 1990 levels.

This is below the target of 25% which results from the Urgenda case.

However, the government remains committed to reduce carbon emissions by at least 55% by 2030 compared to 1990 levels and become climate neutral by 2050 at the latest. In order to ensure that this target is reached, climate policy will focus on increased carbon emission reductions. With a view thereto, the government is preparing the establishment of a Climate and Transition Fund of € 35 billion to be invested in the period until 2035.

The fund will help to create the required energy infrastructure, put in place a green industrial policy and make transport and the built environment more sustainable. A minister for Climate and Energy Policy has been appointed to oversee climate policy and, together with the minister of Finance, the Climate and Transition Fund. In May the minister for Climate and Energy Policy will provide a further overview of the policies and measures that will be taken to deliver on the commitments made in the Coalition Agreement and an update on the governance of the Climate and Transition Fund.

### Energy transition

Even though the Netherlands is transitioning to a low carbon energy mix, the largest part of its current energy production still stems from fossil fuels such as natural gas. Statistics Netherlands reports that the share of

renewable energy use in electricity production has increased from 27% in 2020 to 33% in 2021 while the share of fossil fuels is steadily decreasing. However, as mentioned in the Economic Outlook, the energy prices are rising and discussions regarding the pace and route of the energy transition have been reignited. It is difficult to foresee the exact impact of increasing energy prices on the energy transition.

## Outstanding debt

DSL position ultimo February 2022

ISIN code	DSL	Amount in EUR
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	8,240,127,396
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	17,415,132,000
NL0011220108	0.25 pct DSL 2015 due 15 July 2025	19,925,159,000
NL0015000QL2	0.00 pct DSL 2022 due 15 January 2026	5,411,000,000
NL0011819040	0.50 pct DSL 2016 due 15 July 2026	18,964,051,000
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	13,028,535,230
NL0012818504	0.75 pct DSL 2018 due 15 July 2028	14,626,941,000
NL0015000LS8	0.00 pct DSL 2021 due 15 January 2029	8,071,000,000
NL0013332430	0.25 pct DSL 2019 due 15 July 2029	12,215,587,000

ISIN code	DSL	Amount in EUR
NL0014555419	0.00 pct DSL 2020 due 15 July 2030	14,038,462,000
NL00150006U0	0.00 pct DSL 2021 due 15 July 2031	13,359,805,000
NL0015000RP1	0.50 pct DSL 2032 due 15 July 2032	5,955,815,000
NL0010071189	2.50 pct DSL 2012 due 15 January 2033	15,507,900,000
NL0000102234	4.00 pct DSL 2005 due 15 January 2037	17,977,427,000
NL0015000B11	0.00 pct DSL 2021 due 15 January 2038	7,992,052,000
NL0013552060	0.50 pct DSL 2019 due 15 January 2040*	10,708,004,000
NL0009446418	3.75 pct DSL 2010 due 15 January 2042	18,839,910,000
NL0010721999	2.75 pct DSL 2014 due 15 January 2047	20,510,187,000
NL0015614579	0.00 pct DSL 2020 due 15 January 2052	12,093,724,000
NL0000006286	2 1/2 pct Grootboek	8,316,657
NL0000002707	3 1/2 pct Grootboek	85,333
NL0000004802	3 pct Grootboek	2,365,464
<b>Total</b>		<b>340,100,899,081</b>

\* Green bond

## DTC position ultimo February 2022

ISIN code	Maturity date	Amount in EUR
NL0015000M00	DTC 2022-03-30	4,620,000,000
NL0015000N82	DTC 2022-04-28	5,570,000,000
NL0015000OS2	DTC 2022-05-30	3,850,000,000
NL0015000QE7	DTC 2022-06-29	2,150,000,000
NL0015000QQ1	DTC 2022-07-28	1,490,000,000
NL0015000SD5	DTC 2022-08-30	1,510,000,000

Outstanding public debt	Amount in euros
<b>Total outstanding DSLs, DTCs and CP</b>	<b>359,290,899,081</b>
Cash collateral	2,732,937,507

**Dutch State Treasury Agency**  
Ministry of Finance  
PO Box 20201  
2500 EE The Hague  
The Netherlands

www.dsta.nl  
dsta@bloomberg.net  
Twitter: @dsta\_nl

**Agent (acting)**  
Martin Heerma  
m.heerma@minfin.nl

**Cash Management, Issuance  
and Trading (acting)**  
Jaap Teerhuis  
j.c.teerhuis@minfin.nl

**Policy and Risk Management**  
Karen van der Wiel  
k.m.wiel@minfin.nl

**Treasury and Debt Operations**  
Robert Hester  
r.a.hester@minfin.nl

**Controlling, Accounting and  
Reporting**  
Bernd Klein Schiphorst  
b.e.j.kleinschiphorst@minfin.nl

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

**The cut-off date is  
23 March 2022**  
(unless mentioned otherwise)