



Quarterly Outlook

September 2022

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Funding and Issuance

Funding need

On 20 September 2022, the Dutch government presented the 2023 Budget Memorandum, including an overall update of the budgetary and economic outlook. Based on these new figures, the funding need of the Dutch State now stands at € 62.7 billion for 2022, representing a decrease of € 3.6 billion compared to the previous estimate of € 66.3 billion. The Dutch State estimates its cash deficit for 2022 at € 10.6 billion. The main reasons for the lower funding need for the remainder of this year are higher than expected tax revenues so far and windfalls in expenditures for COVID-19.

Estimated funding need 2022	Amount (€ bn.)
Capital market redemptions 2022	30.7
Money market ultimo 2021 (excl. cash collateral)	19.3
Decrease in cash collateral	2.0
Buyback DSL	0.1
Cash deficit 2022	10.6
Total	62.7

In order to fulfil this estimated funding need, the call on the capital markets in 2022 will amount to € 40 to € 45 billion. This estimated amount is in line with previous communications.

An estimate of the funding need for 2023 will be provided in December in the Outlook 2023. The DSTA is committed to communicate with the market as quickly and transparently as possible.

DSL issuance calendar fourth quarter 2022

Two auctions for Dutch State Loans (DSLs) are scheduled in the fourth quarter of 2022. On 11 October, the DSL 15 January 2029 is scheduled to be reopened. The DSL 15 July 2032 will be tapped on 8 November. Both tap auctions will have a targeted volume of € 1.5 to 2.5 billion.

In case of unforeseen circumstances, 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.)
11 October	Reopening DSL 15 January 2029	1.5 – 2.5
8 November	Reopening DSL 15 July 2032	1.5 – 2.5

DTC issuance calendar fourth quarter 2022

The Dutch Treasury Certificate (DTC) issuance calendar is similar to that in the previous quarters of 2022. As is customary, auction dates typically contain both a shorter-dated programme and a longer-dated programme. The table below provides the scheduled DTC issuances for the fourth quarter of 2022.

Auctions are held on the first and third Monday of each month. The only exception is the auction on 12 December 2022, which will be brought forward by one week due to the end of year period. The size of the programmes will be determined based on the funding need and, if necessary, after consultation with the Primary Dealers. 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.

In case of unforeseen circumstances, the DSTA reserves the right to add a DTC programme 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**
3 October	5 October	30 January 2023	30 March 2023
17 October	19 October	27 February 2023	27 April 2023
7 November	9 November	30 January 2023	30 March 2023
21 November	23 November	27 February 2023	30 May 2023
5 December	7 December	30 March 2023	29 June 2023
12 December	14 December	27 February 2023	27 April 2023

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

** Shaded fields indicate new programmes

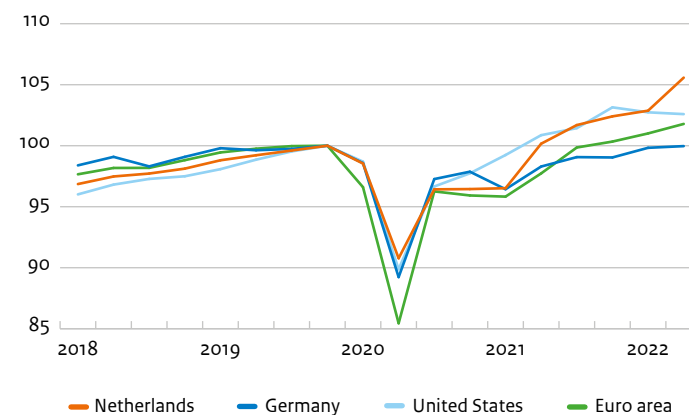
Economic Outlook

Dutch economy continues to grow despite challenges

The Dutch economy has recorded strong growth despite increasing inflation and uncertainty. According to Statistics Netherlands, in the second quarter of the year, GDP increased by 2.6% compared to the first quarter. While many countries profited from the gradual lifting of COVID-19 restrictions, the Dutch economy outperformed all EU countries and the US by recording the highest quarter-on-quarter growth rate. Investment, exports and private consumption all contributed positively to the growth rate, illustrating the resilience of the economy shortly after the pandemic. However, while the economy has shown an impressive recovery in the past 1.5 years, it is now facing new headwinds as the war in Ukraine continues and uncertainty increases.

The Netherlands has recovered comparatively fast from COVID-19

Index with 2019Q4 = 100, based on seasonally adjusted data



Source: OECD, 9 September 2022

Inflation keeps increasing and energy prices are high

Inflation levels continue to rise rapidly. According to Statistics Netherlands, year-on-year HICP inflation reached a new peak of 13.7% in August. While increasing energy prices were the most important contributors to the high level of inflation, price increases have broadened to other product categories such as food. Inflation strongly affects purchasing power, which is projected to decrease by 6.8% for the median household in 2022 according to the Netherlands Bureau for Economic Policy Analysis (CPB). Low-income households in particular are impacted, since energy expenditures account for a relatively large part of their disposable income. As a result of the higher prices, CPB expects private consumption growth to slow down. Next year, the annual inflation rate is projected to decrease to 2.5% according to CPB. While gas prices remain elevated, they are expected to drop slightly in 2023. Moreover, the Dutch economy is successfully reducing its gas consumption. In the first half of 2022, natural gas consumption was 25 percent lower than in the same period last year as reported by Statistics Netherlands.

Housing market is slowing down

Housing prices have continued to increase over the quarter, but the increase slowed down compared to the fast price rises of 2021. The total number of transactions on the housing market also significantly declined. According to Statistics Netherlands, in the first seven months of this year transactions fell by 22% compared to the same period in 2021. Rising interest rates mainly contributed to these developments.

Economy still expected to grow next year

Despite the challenges, the Dutch economy is still expected to grow by 1.5% in 2023 according to CPB. Robust exports and the government's ambitious spending plans are the main contributors to the positive growth rate. Moreover, despite the projected decline in consumption growth, private savings which have been accumulated during the pandemic can potentially accommodate price shocks. The labour market is expected to remain tight. As reported by Statistics Netherlands, the unemployment rate stood at 3.8% in August, and CPB expects it to only slightly increase to 3.9% in 2023.

Labour shortages pose a threat to further economic development as not all potential investments can be realized. There are currently no indications that the tight labour market and inflationary pressures would lead to a wage-price spiral, however. According to Statistics Netherlands, hourly collective labour agreement (CAO) wages rose by 2.9% in the second quarter of 2022, which is substantially lower than the inflation level.

Key economic figures for the Netherlands (annual percentage change)

	2021	2022	2023
GDP	4.9	4.6	1.5
Private consumption	3.6	5.7	1.8
Public consumption	5.2	1.7	3.2
Investment	2.9	2.5	1.2
Exports	5.2	4.0	3.2
Imports	4.0	2.8	3.9
Employment (in hours)	3.3	5.2	0.5
Unemployment (% labour force)	4.2	3.4	3.9
Inflation (HICP)	2.8	11.4	2.5

Source: CPB, Macro Economic Outlook 2023, 20 September 2022

Budgetary Outlook

Government aims to protect poorer households from price shocks

The 2023 Budget Memorandum, presented on 20 September, aims to shield households from rising energy costs. Traditionally unveiled on the third Tuesday of September, next year's budget supports the purchasing power of households through multiple measures, such as an increase of the minimum wage, allowances for lower income households and a price ceiling on gas and electricity. Various measures specifically target lower income households that are hit hardest by the price rises to ensure expenditure efficiency. The additional expenditures are partially financed by higher gas revenues for the Dutch state, windfall taxes for oil and gas companies and a higher corporate and capital income tax. The net extra spending over 2022 and 2023 amounts to nearly 4 billion euros. Through partly offsetting the expenditures with increased revenues, the package aims to limit the increase of demand and to avoid a strengthening of wage and price pressures.

Public debt expected to decline to below 50%

The public finances of the Netherlands are expected to remain robust the coming years despite the challenging economic conditions. The budget deficit is forecast to be 0.9% in 2022. This is significantly lower than the estimate of the Spring Memorandum due to increased tax income and incidental gas revenues. For 2023, the deficit is expected to be 3.0%, which is somewhat higher than the Spring Memorandum forecast of 2.5% due to the new budgetary measures. The public debt ratio is expected to decrease strongly to below 50% in 2022 and stabilize thereafter as high inflation will reduce the debt ratio. Public debt therefore stands well below the EMU-norm of 60% and is low in comparison with peer countries and the euro area average of 94.7%¹.

GDP (%)	2021	2022	2023
EMU-balance	-2.5%	-0.9%	-3.0%
EMU-debt	52.1%	49.8%	49.5%

¹ European Commission, Summer Forecast 2022

Source: Budget Memorandum 2023, 20 September 2022

Climate Outlook

Additional measures required to reach CO₂ reduction ambition

The latest forecast from the Netherlands Environmental Assessment Agency (PBL) records a large gap between the government's CO₂ reduction target as formulated in the 2022 coalition agreement and the effect of the current policy measures. As it stands, PBL calculates that the current policy mix will generate a 39-50% CO₂ reduction in 2030 compared with the 1990 level, falling short of the government ambition to aim for a 60% reduction. This assessment does not yet include the newly announced policy measures. The final PBL assessment will be published on November 1st. Given the limited reduction, the government expects additional policy measures will be required to achieve the CO₂ reduction ambitions, which will be announced in the spring of 2023.

Further increase in electricity production from renewables

According to Statistics Netherlands (Centraal Bureau voor de Statistiek, CBS) renewable energy production in the Netherlands reached an all-time high in the second quarter of 2022. Renewables accounted for 44% (35% 2021 Q2) of the total electricity production in the second quarter of 2022, the highest share recorded so far. Also, in absolute terms, the production of electricity from renewable sources reached a peak, at 12,4 bn. kWh. This positive trend is mainly driven by the increases in solar (+25%) and wind energy (+25%) compared to the second quarter of last year. The share of gas decreased markedly, down almost 20% from 13,5 to 11 bn. kWh, owing to the sharp increase in gas prices. A similar trend can be observed in Germany and Belgium. To compensate for this decrease in gas-generated electricity, the production from coal increased by 40% compared to the second quarter of 2021, from 2,16 to 3 bn. kWh. Overall, the emission of greenhouse gasses from electricity production remained the same as the second quarter of 2021.

Outstanding Debt

DSL outstanding ultimo August 2022

ISIN code	DSL	Amount in EUR
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	17,507,963,000
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	8,303,000,000
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	13,028,413,230
NL0012818504	0,75 pct DSL 2018 due 15 July 2028	17,126,941,000
NL0015000LS8	0,00 pct DSL 2021 due 15 January 2029	10,166,000,000
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	13,359,805,000
NL0015000RP1	0,50 pct DSL 2022 due 15 July 2032	10,751,815,000
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*	15,690,370,000
NL0009446418	3,75 pct DSL 2010 due 15 January 2042	18,839,910,000

ISIN code	DSL	Amount in EUR
NL0010721999	2,75 pct DSL 2014 due 15 January 2047	20,510,187,000
NL0015614579	0,00 pct DSL 2020 due 15 January 2052	13,623,724,000
NL0000006286	2 1/2 pct Grootboek	8,235,453
NL0000002707	3 1/2 pct Grootboek	85, 333
NL0000004802	3 pct Grootboek	2,331,907
Total		343,543,881,320

* Green Bond

DTC position ultimo August 2022

ISIN code	DTC	Amount in EUR
NL0015000SI4	DTC 2022-09-29	5,180,000,000
NL0015000U91	DTC 2022-10-28	5,210,000,000
NL0015000VR9	DTC 2022-11-23	4,640,000,000
NL0015000YB7	DTC 2023-01-30	2,110,000,000
NL00150010N7	DTC 2023-02-27	1,160,000,000
Total		18,300,000,000

Outstanding public debt ultimo August 2022

Outstanding public debt	Amount in EUR
Total outstanding DSLs, DTCs and CP	361,843,881,320
Cash collateral	1,197,586,763



Save the date!

Launch of the DSTA's Outlook 2023
Friday 16 December 2022

Invitations will be sent out in November

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

**The cut-off date is
21 September 2022**
(unless mentioned otherwise)