



# Quarterly Outlook

March 2023

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## Funding and Issuance

### Funding need

The DSTA last updated its preliminary funding need on 4 January 2023 to an amount of € 99.7 billion. At this moment we expect a similar cash deficit for 2023, leaving the borrowing requirement unchanged. The DSTA is committed to communicating transparently with the market. An update of the estimated funding need will be provided as and when available.

Estimated borrowing requirement for 2023 (€ bn)	
Capital market redemptions 2023	31.6
Net money market ultimo 2022 (excluding cash collateral)	34.5
Cash deficit 2023*	33.6
Consisting of:	
<i>Deficit based on 2023 Budget Memorandum</i>	26.3
<i>Indicative impact energy price measures and price adjustment for (semi)collective sector</i>	7.3
Total borrowing requirement 2023	99.7

\* 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 balancing the call on the capital and money markets in 2023. Given the estimated borrowing requirement, the DSTA foresees issuance on the capital market for a total amount of around € 50 billion in nominal terms. Fluctuations in the funding need will primarily be absorbed by the call on the money market. In case the funding need for 2023 turns out higher than currently estimated, the DSTA could increase the call on both the capital and money markets.

### DSL issuance calendar second quarter 2023

The DSTA will start the second quarter with the launch of a new 7-year DSL on 4 April 2023 with a targeted volume of € 3 billion to € 5 billion. The new DSL will be launched through the MTS platform. All auction details will be announced on the Wednesday preceding the auction. The recently launched DSL July 2023 will be re-opened through a tap auction on 13 June 2023. The DSTA will use the remaining auction moments in the second quarter to re-open three existing DSLs. Which bonds will be tapped in these auctions will be announced on the Wednesday preceding the auction date at the latest. Note that in April the first and third Tuesday are auction dates, whereas the DSTA typically uses the second and fourth Tuesday of the month.

Auction date	Details	Target volume (€ bn)
04 April 2023*	Launch of the new DSL 15 January 2030	3 - 5
18 April 2023*	Tap of an existing DSL	To be announced**
23 May 2023	Tap of an existing DSL	To be announced**
13 June 2023	Reopening of the DSL 15 July 2033	1.5 – 2.5
27 June 2023	Tap of an existing DSL	To be announced**

\* For April, the DSL auctions will be on the first and third Tuesday of the month.

\*\* Target volume and other details will be announced at a later stage, at the latest on Wednesday preceding the auction date.

### DTC issuance calendar second quarter 2023

As usual, the DSTA will have regular money market issuances through its DTC programmes. The schedule for the second quarter of 2023 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. An exception to this is the first DTC auction in May. Due to labour day, that week's DTC auction will be held on Tuesday 2 May 2023.

Auction date	Settlement date	Shorter-dated programme	Longer-dated programme
<b>03 April 2023</b>	05 April 2023	28 July 2023	28 September 2023
<b>17 April 2023</b>	19 April 2023	29 June 2023	28 September 2023
<b>02 May 2023*</b>	04 May 2023	28 July 2023	30 October 2023
<b>15 May 2023</b>	17 May 2023	30 August 2023	30 October 2023
<b>05 June 2023</b>	07 June 2023	28 September 2023	29 November 2023
<b>19 June 2023</b>	21 June 2023	30 August 2032	29 November 2023

\* Auction on Tuesday due to labour day.

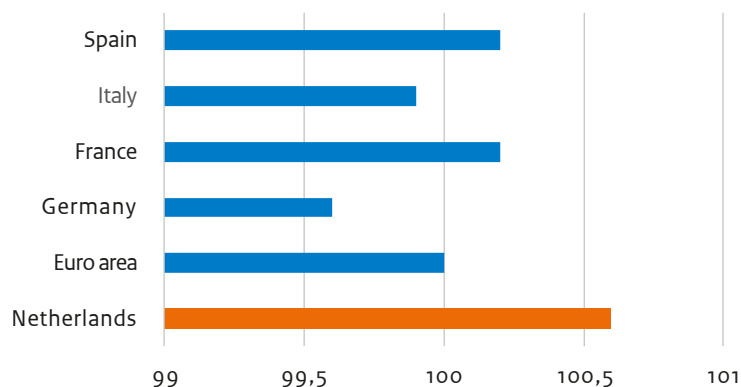
## Economic Outlook

### Flexible Dutch economy shows resilience

Despite facing two worldwide crises in the last three years, the Dutch economy grew by 4.5% in 2022, as reported by Statistics Netherlands (CBS). However, due to the war in Ukraine and the rising energy prices in the second half of 2022, economic growth slowed down. Additional Dutch government support, persistent household consumption and strong export figures contributed to economic recovery. This resulted in a quarter-on-quarter GDP growth of 0.6% in the fourth quarter of 2022, thereby outperforming the Eurozone and the largest Eurozone economies. Moreover, the Dutch economy showed great flexibility by drastically changing the energy mix, while maintaining production levels. Imports of liquid natural gas nearly doubled in 2022 compared to 2021. According to the Netherlands Bureau for Economic Policy Analysis (CPB), the Dutch economy is predicted to grow by 1.6% in the current year and by 1.4% in the following year. The labour market remains tight, though the unemployment rate is forecasted to increase slightly to 3.9% in 2023.

### GDP-volume developments largest economies in European Union Q4 2022

Index with Q3 2022 = 100



Source: CPB March projections (Central Economic Plan 2023) and European Commission, Winter 2023 forecast

### Economic circumstances complicate growth in 2023

Several international and national circumstances are expected to depress economic growth in 2023. The cooling down of global trade negatively affects Dutch exports, while investments suffer from high geopolitical uncertainty and increasing interest rates. Furthermore, the CPB expects decreasing housing prices to negatively influence household spending. Moreover, the uncertainty around nitrogen issues may also decrease short-term investments, particularly agriculture and construction projects, which are also affected by labour shortages. However, household consumption volume increased by 6.2% in January 2023 compared to January 2022, as is shown by Statistics Netherlands. This increase can be attributed to increased expenses on services and sustainable goods, while food consumption decreased. Purchasing power is expected to stabilise in 2023, partially due to government interventions such as the energy price cap, the increased minimum wage and policy support targeted at mostly lower-income households. Therefore, purchasing power of lower-income households is expected to increase more than for the average household. The economic forecasts mentioned above have been published in the beginning of March and therefore do not take into account recent market developments.

### Inflation decreases, but core inflation remains high

For 2023, the CPB expects inflation (HICP) to be 2.9%. This number is significantly lower than the realised inflation over 2022, being 11.6%<sup>1</sup>. In February 2023, Statistics Netherlands recorded a year-on-year inflation of 8.9%, which is slightly higher than the inflation for the previous month (8.4%). In the Eurozone, inflation decreased from 8.6% in January to 8.5% in February, indicating that the Dutch inflation rate is close to the Eurozone inflation rate. Low energy prices are the main explanation for the expected decrease in inflation. Other factors comprising the inflation are expected to remain high in 2023, also supported by a wage growth of 5% for the current

<sup>1</sup> Statistics Netherlands developed a new method to calculate energy prices of households. This new inflation calculation will be introduced in June 2023. (source: CBS introduceert nieuwe meetmethode energieprijzen)

year. Even though inflation might decrease in 2023, it is still subject to high uncertainty as higher gas prices can fuel inflation. The CPB therefore notes that the acceleration of the energy transition by stimulating sustainable energy is necessary to become less dependent on gas supply and related prices.

### Key economic figures for the Netherlands (annual percentage change)

	2022	2023	2024
GDP	4.5	1.6	1.4
Household consumption	6.6	1.7	1.4
Government consumption	0.7	2.8	1.6
Investment (inc. Inventories)	1.5	1.3	1.5
Exports	5.3	3.7	2.3
Imports	4.4	4.2	2.5
Unemployment (% labour force)	3.5	3.9	4.1
Inflation (HICP)	11.6	2.9	3.2

Source: CPB March projections 2023 (Central Economic Plan 2023)

## Budgetary Outlook

### Government expenditures rising

The CPB calculated the Dutch budget deficit to be 0.7% in 2022, which is substantially lower compared to previous years, as the economic downturn caused by COVID-19 and government support measures were less substantial in 2022. However, in 2023, the budget deficit is expected to increase to 3.0% as government expenditures will rise, mainly driven by compensation for purchasing power of households. It is important to note that the expected budget deficit is based on the assumption that the energy price cap expenditures are € 5.1 billion. For 2024, the EMU-balance is expected to improve slightly to -2.6% and the EMU debt-to-GDP ratio remains steadily below 50% at 48.7%. This estimation by the CPB is based on the assumption

that the government is unable to spend all budgeted expenses due to labour market shortages. In the medium to long term, labour market shortages may be solved, while government expenditures keep increasing. In addition, rising interest rates could negatively influence future interest rate expenses, increasing the budget deficit.

The budget deficit set out herein is based on projections by the CPB as published in March 2023. As part of the annual budget process, the government will publish the Spring Budget memorandum before the end of May. The Spring Budget memorandum consists of further plans by the government that may have an effect on the 2023 and 2024 budget.

#### Budgetary figures the Netherlands as % of GDP

GDP (%)	2022	2023	2024
EMU-balance	-0.7	-3.0	-2.6
EMU-debt	49.3	48.4	48.7

Source: CPB March projections 2023 (Central Economic Plan 2023)

## Climate Outlook

### Greenhouse gas emissions 9% lower in 2022

The emission of greenhouse gas was 9% lower in 2022 compared to 2021, according to Statistics Netherlands. This was mostly caused by decreased use of natural gas by industry, built environment and agriculture. For the first time, emissions were 30% lower than the level of 1990. This decrease also means that the Netherlands reached the Urgenda target of reducing emissions by a quarter compared to 1990. This target was previously met in 2020 but was missed in 2021. The largest relative reduction was in the built environment, which emitted 21% less, partly due to a soft winter and a behavioral response to high gas prices. Dutch industries reduced their emissions by 11%. Large fuel-intensive industries adapted their production processes to use less natural gas. The agricultural sector reduced their

emissions by 10%, mostly because greenhouses needed less gas for heating thanks to more sun hours and higher average temperatures.

The interdepartmental policy review (IBO) on climate with possible additional climate measures was published on 13 March. The Cabinet will issue a response to this publication in Spring 2023.

### Share of renewable energy increased with 20% in 2022

The production of electricity from renewable sources has increased by 20% in 2022, compared to 2021 (Statistics Netherlands). Electricity from fossil sources, on the other hand, decreased by 11% over the same period. This brings the total share of the electricity production in 2022 from renewable sources to 40%, up from 33% a year earlier.

Within renewable electricity production, solar is up by 54% and wind by 17%. This is due to increased capacity as well as favourable weather conditions. Due to the higher prices for natural gas, its use decreased with 16%. Electricity from coal energy remained constant, with the CBS noting that lifting the maximum production from this source will have contributed. Overall, the Netherlands returned to being a net exporter of electricity.

### Government invests € 270 mln for greening the industry and energy innovation projects

The government will make a number of subsidy schemes available this spring, both for energy innovation projects as well as for making the industry more sustainable. With these schemes, the government wants to accelerate investments for a sustainable industry and the development of innovations. The total available budget is more than € 270 million.

One of these schemes supports companies and knowledge institutions in carrying out innovative pilot and demonstration projects that lead to CO<sub>2</sub> reduction in 2030. Another scheme supports CO<sub>2</sub>-saving measures that have been proven to work. These measures are often not yet profitable, requiring a high payback period or additional support. These investments contribute to making the industry more sustainable.

## Outstanding Debt

### DSL outstanding ultimo February 2023

ISIN code	Loan	Amount in EUR
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	12.313.000.000
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	12.582.000.000
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	15.064.805.000
NL0015000RP1	0,50 pct DSL 2022 due 15 July 2032	13.615.815.000
NL0010071189	2,50 pct DSL 2012 due 15 January 2033	15.507.900.000
NL0015001AM2	2,50 pct DSL 2023 due 15 July 2033	5.994.993.000
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	Loan	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
NL00150012X2	2,00 pct DSL 2022 due 15 January 2054	6.948.754.000
<b>Total</b>		<b>353.403.848.230</b>

\* Green Bond

### DTC outstanding ultimo February 2023

ISIN code	DTC	Amount in EUR
NL00150012C6	DTC 2023-03-30	7.640.000.000
NL00150015I6	DTC 2023-04-27	5.170.000.000
NL00150017E1	DTC 2023-05-30	5.320.000.000
NL00150018K6	DTC 2023-06-29	2.960.000.000
NL0015001AL4	DTC 2023-07-28	2.370.000.000
<b>Total</b>		<b>23.460.000.000</b>

## ECP EUR outstanding ultimo February 2023

ISIN code	Maturity date	Amount in EUR
XS2574874660	11-4-2023	125.000.000
XS2575883512	14-4-2023	250.000.000
XS2577129310	13-3-2023	50.000.000
XS2577790848	17-3-2023	67.000.000
XS2580225725	20-3-2023	40.000.000
XS2590128646	16-3-2023	75.000.000
XS2592796150	22-3-2023	75.000.000
<b>Total</b>		<b>682.000.000</b>

## Outstanding public debt ultimo February 2023

Outstanding public debt	Amount in EUR
<b>Total outstanding DSLs, DTCs and CP</b>	<b>377.545.848.230</b>
Cash collateral	405.078.220

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

**The cut-off date is 23 March 2023**  
(unless mentioned otherwise)