



Dutch State Treasury Agency  
*Ministry of Finance*

# Dutch State Treasury Agency

Investor presentation  
Dutch State Loan 2033  
DDA of 10-year DSL  
February 2023

Latest update: 1 February 2023



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# Details new 10-year Dutch State Loan

Details new DSL 2033	
<b>Auction date</b>	Tuesday 7 February 2023, start 10:00 CET
<b>Maturity date</b>	15 July 2033
<b>Reference bond</b>	DBR 2.30% 15 February 2033
<b>Target volume</b>	€ 4 - € 6 billion
<b>Pricing</b>	Aim to price on the auction date, but no later than 12:00 CET on 8 February 2023
<b>Settlement date</b>	Two days after the issuance price is set
<b>Coupon</b>	To be announced on Friday 3 February 2023
<b>Initial spread guidance</b>	To be announced on Monday 6 February 2023
<b>Country ratings</b>	Aaa/AAA/AAA



# Time schedule DDA of 10-year DSL

- > Book opens **10:00 CET on Tuesday 7 February 2023**
- > Final spread guidance will be announced **no later than 15:00 CET on the auction day**
- > Book closes at the latest **17:00 CET on the auction day**
- > Allocation communicated as soon as possible after closing the book; **preferably on the auction day but no later than 09:00 CET the following business day**
- > Pricing from 30 minutes after allocation and preferably on the auction day itself; **but no later than 12:00 CET the following business day**
- > The DSTA is committed to increase the outstanding volume of this bond to a minimum of around € 12 billion by the end of the year.



# Economic Outlook



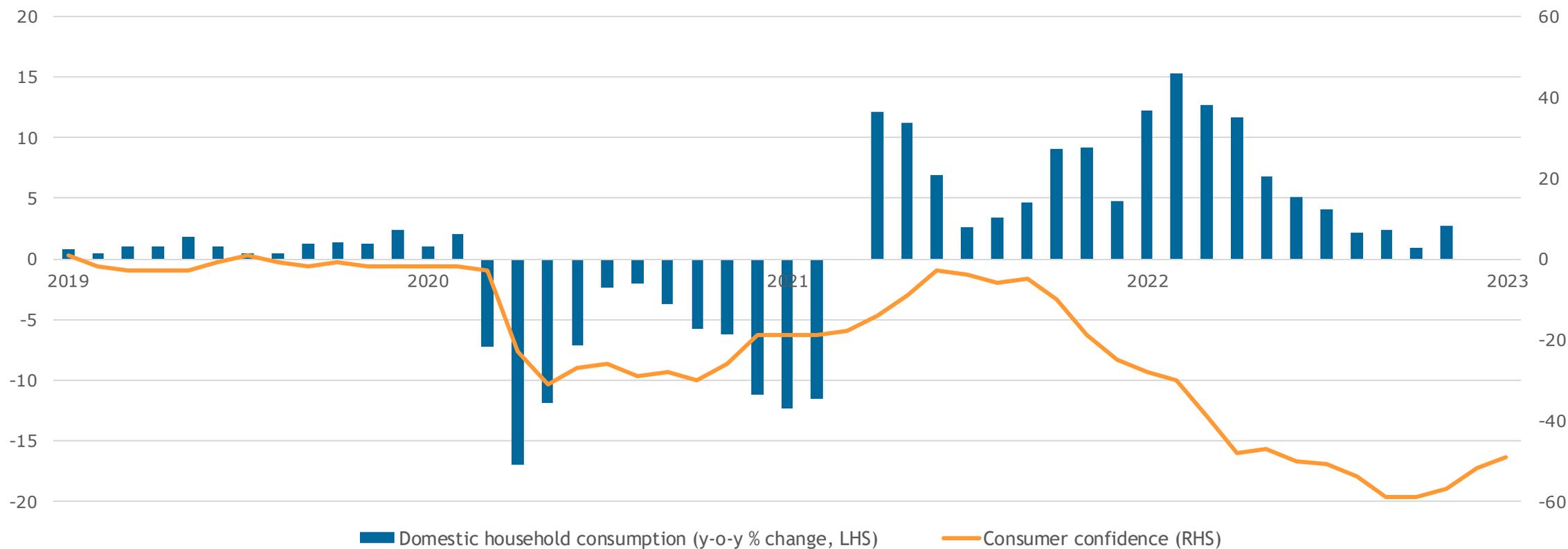
# Cautious optimism for 2023

% change y-o-y	2021	2022*	2023*
GDP	4.9	4.2	0.9
Household consumption	3.6	5.7	1.1
Government consumption	5.2	0.8	3.5
Investments (including inventories)	2.9	2.5	-0.3
Imports	4.0	3.7	3.1
Exports	5.2	4.6	2.4

Source: CPB, December 2022



# Despite low consumer confidence, consumption remains resilient

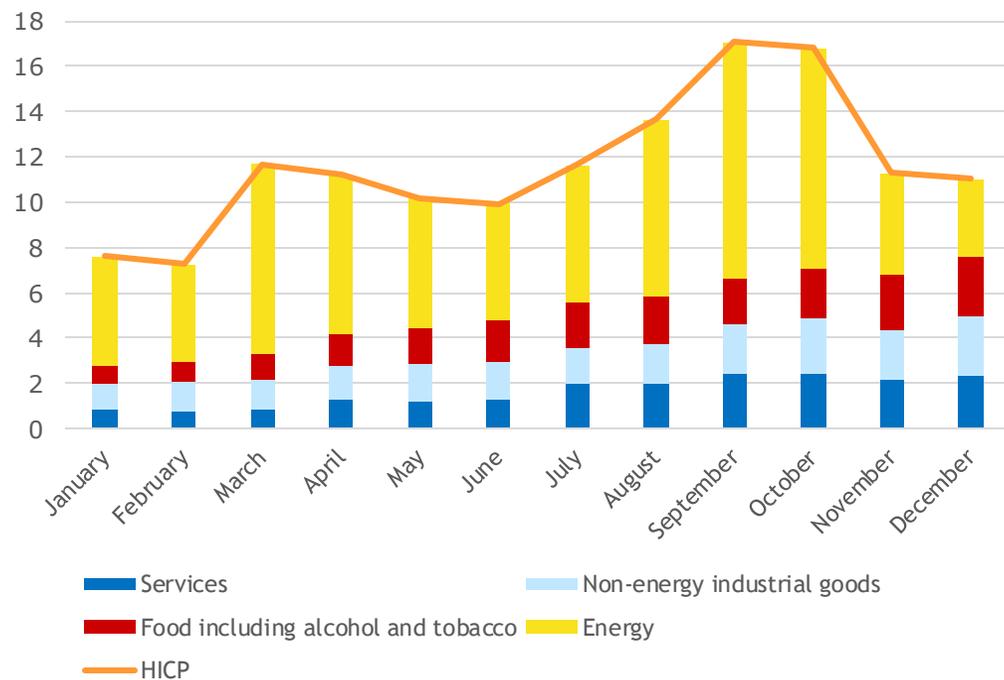


Source: Statistics Netherlands, January 2023

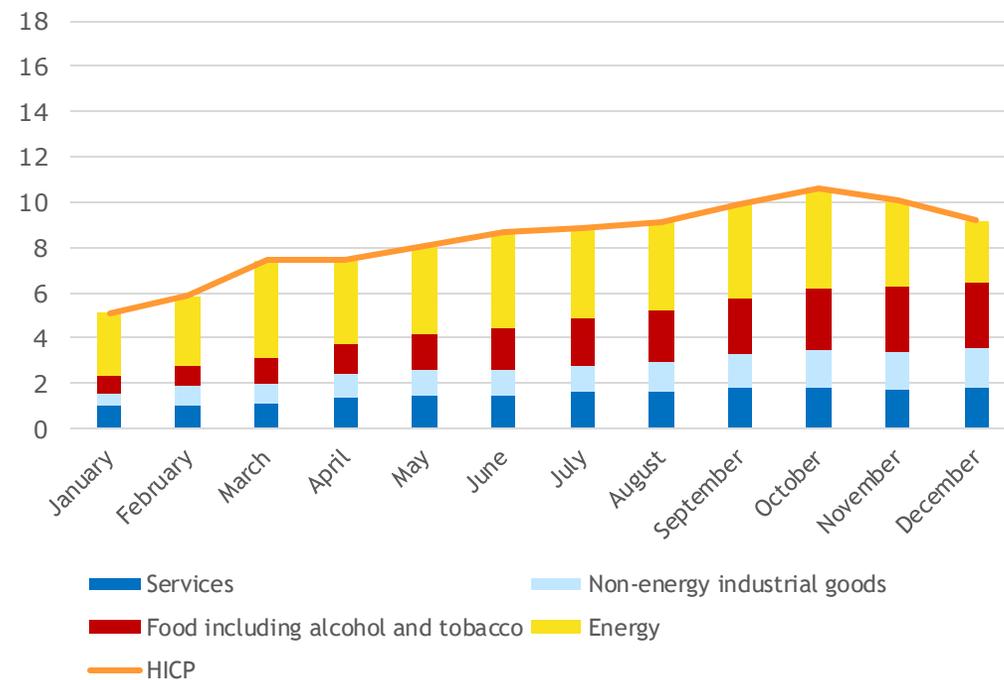


# Inflation seems to have reached its peak on the back of lower energy prices

Contribution to inflation (HICP) in the Netherlands in 2022



Contribution to inflation (HICP) in the Eurozone in 2022



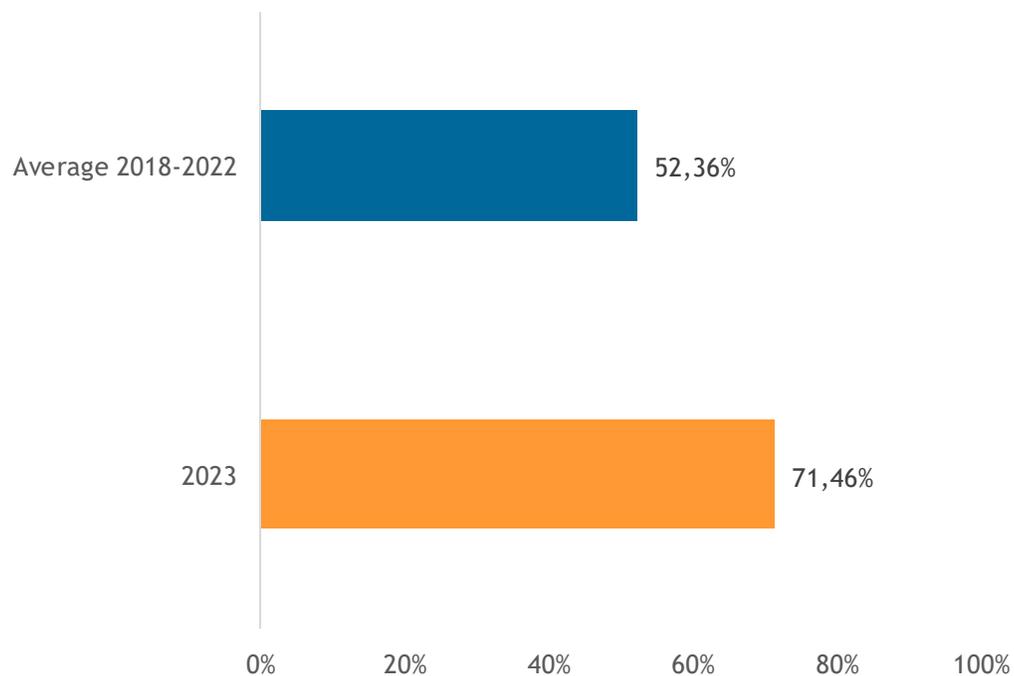
Source: Statistics Netherlands, January 2023

Source: Eurostat, January 2023



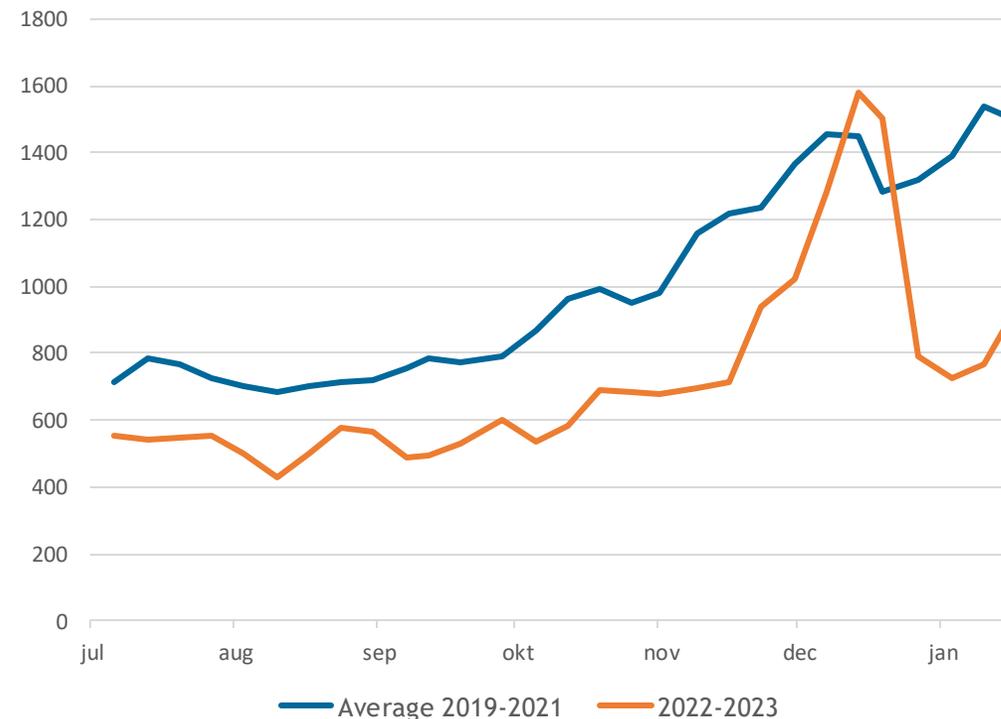
# Gas storage well above average levels, while gas consumption has significantly declined

Gas storage Netherlands as at 24 January 2023  
(% of full capacity)



Source: [Aggregated Gas Storage Inventory](#) - 24 January 2023

Average daily gasconsumption (GWh)



Source: Government of the Netherlands/ENTSOG



# Wage growth in Netherlands relatively high, but significantly lower than inflation

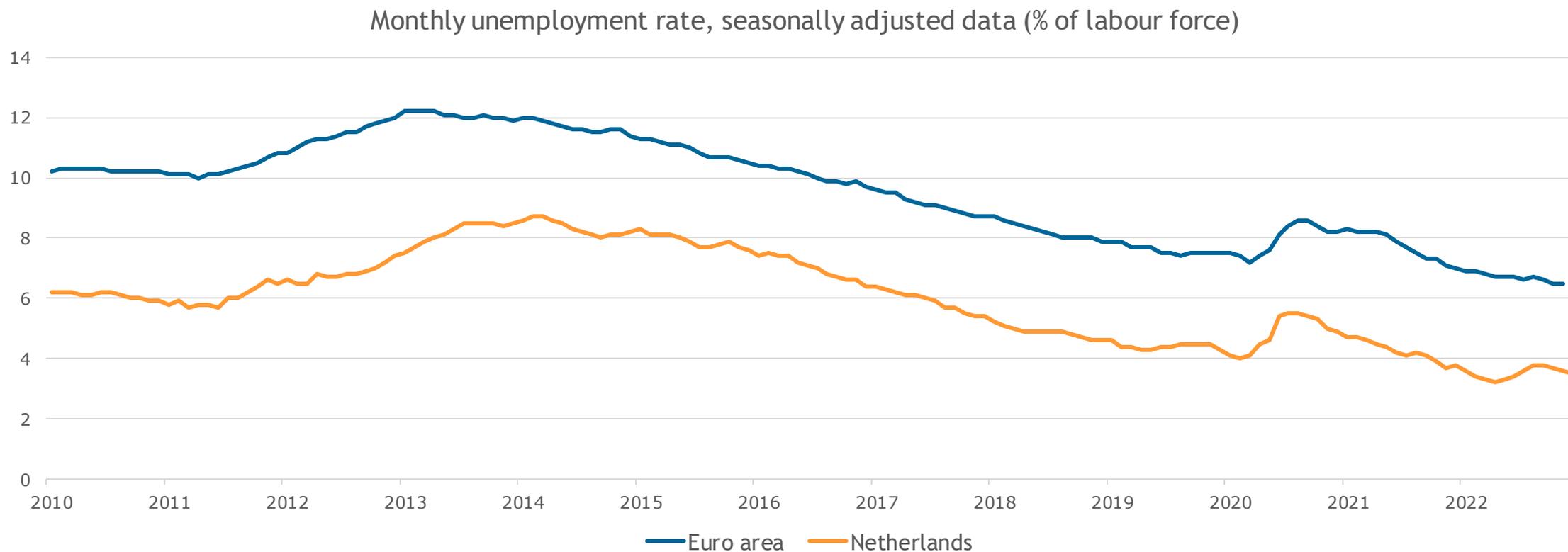
Nominal and real wage growth in the Netherlands\*



\*The data in the figure refer to collective labour agreement (CAO) wages



# Slowdown in economic growth does not translate into high unemployment



Source: Eurostat, January 2023



# Risks to the outlook, but mitigating factors exist

## High inflation

- Inflation has been high throughout 2022, but seems to have reached its peak
- However, as core inflation is still on the rise, inflation may remain high

## Aggressive monetary tightening

- In their fight against inflation, central banks may tighten monetary policy too aggressively, causing an unnecessary drag on economic recovery

## Housing market

- House prices are under pressure due to higher interest rates

## Resilient consumption & large pandemic savings

- Consumption levels remain robust
- Pandemic savings provide a buffer against higher prices

## Reopening of China

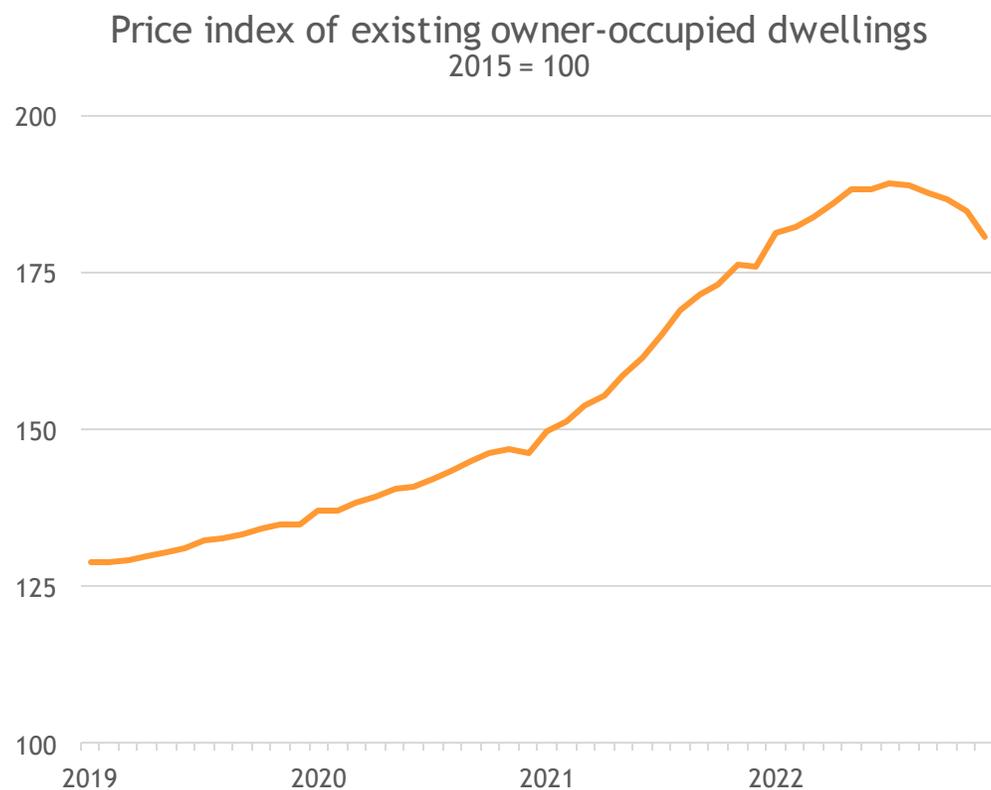
- China's fast reopening may provide a boost to global economic growth and mitigate declining demand

## Low unemployment

- Unemployment is still historically low, supporting purchasing power, consumer confidence & demand in the housing market



# The housing market is cooling down



Source: CBS, January 2023

- > House prices have been decreasing since August 2022 due to higher mortgage rates and increased economic uncertainty
- > Number of transactions also declined in 2022
- > Further decline is expected in 2023, but risks to the housing market are limited:
  - Homeowners have gained a lot of surplus value
  - Unemployment is still low
  - Housing shortages have not been solved yet
- > Starters may over time profit from lower prices and better accessibility to the housing market



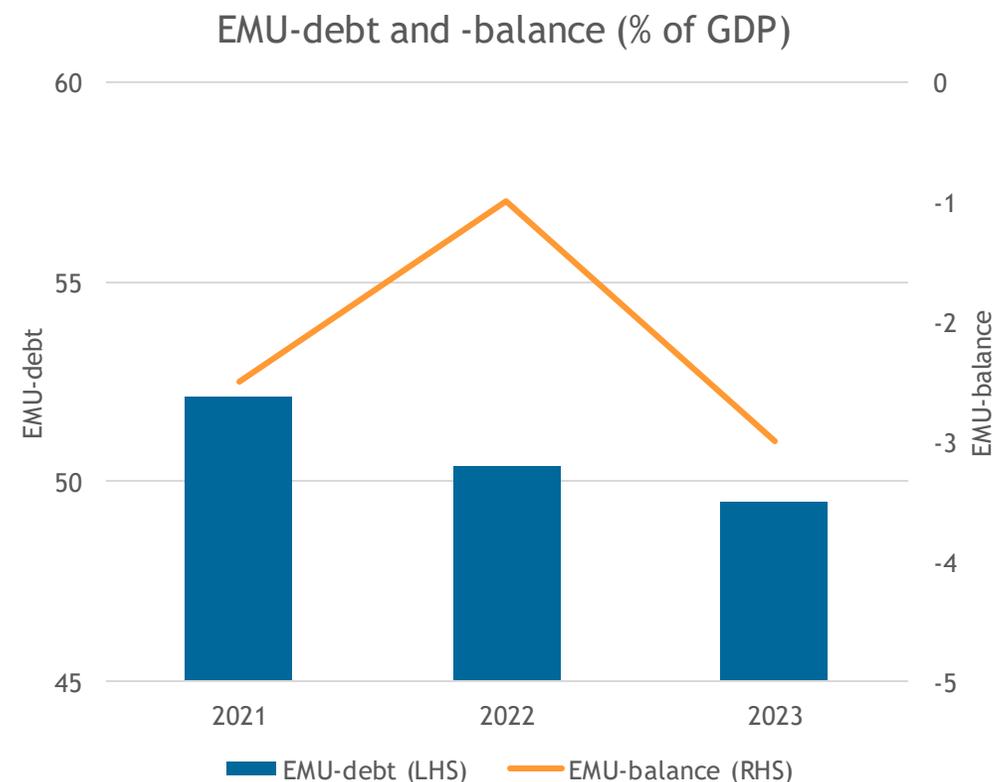
# Budgetary Outlook



# Dutch public finances remain sound

In % of GDP	2021	2022	2023*
EMU-balance	-2.5	-1.0	-3.0
EMU-debt	52.1	50.4	49.5

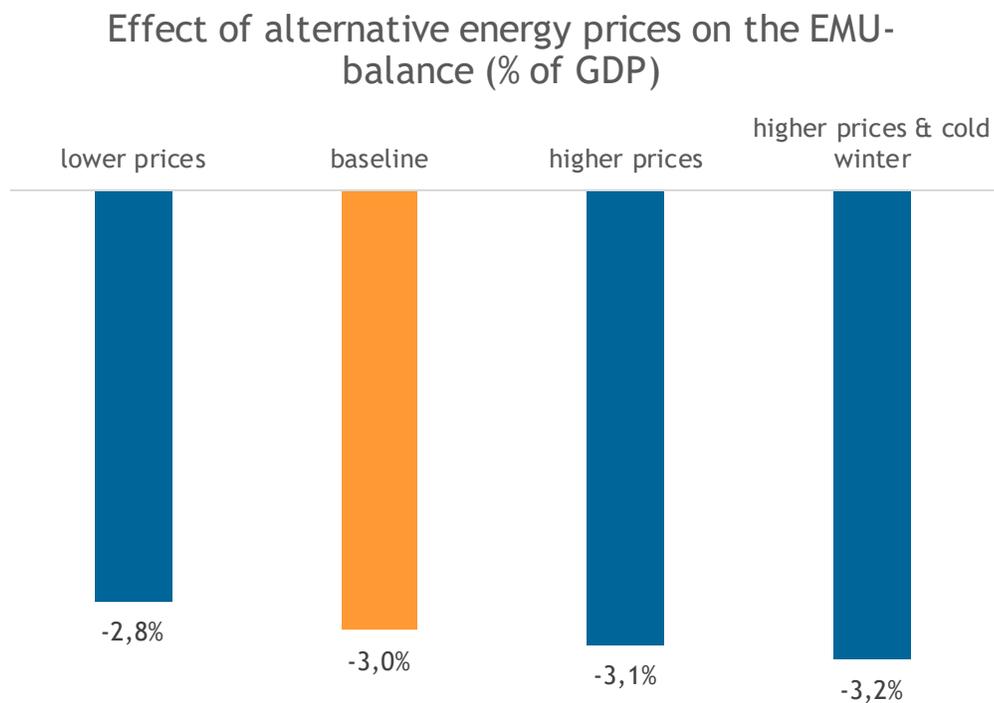
- > Public finances remain robust
- > EMU budget deficit increases in 2023 because of the energy support measures and planned spending increases following from the Coalition Agreement



Source: November update of Budget Memorandum 2023, 21 November 2022



# Energy prices have only limited effect on the EMU-balance

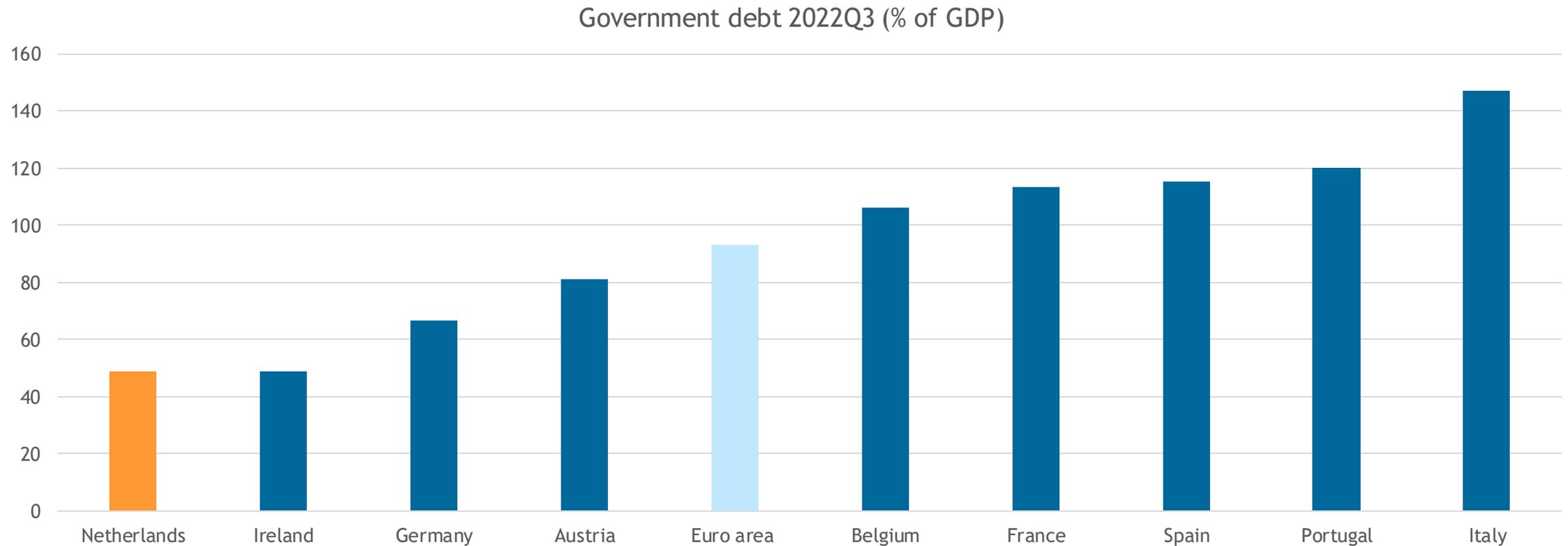


- > If energy prices rise, government expenditure on the energy cap will increase
- > At the same time, revenues from sales of natural gas increases as well
- > The sensitivity of public finances to fluctuating energy prices is therefore limited

Source: CPB, December 2022



# And..., debt to GDP is the lowest compared to peers



Source: Eurostat, January 2023



# Climate Outlook



# Additional measures required to reach CO<sub>2</sub>-reduction ambition

- › The government has **stated it will reduce CO<sub>2</sub> with 55% by 2030** (aiming for 60%) compared with 1990 levels and be climate-neutral by 2050
- › The Netherlands Environmental Assessment Agency (PBL) is commissioned to annually report on progress. **PBL forecasts a reduction of 39-50% in CO<sub>2</sub> by 2030**, based on the current policy mix
- › This means **additional policy measures will be taken**, to be announced in spring 2023



# Climate and transition fund to be established

- › The new government announced the introduction of a **climate and transition fund of over € 30 billion** for the coming 10 years
- › Investments in:
  - Energy infrastructure (electricity, hydrogen, geothermal and CO2)
  - Green industrial policy
  - Developing a more sustainable mobility and urban environment
- › The DSTA will issue a **new Green bond in 2023** to further enhance and support the establishment of a robust green capital market

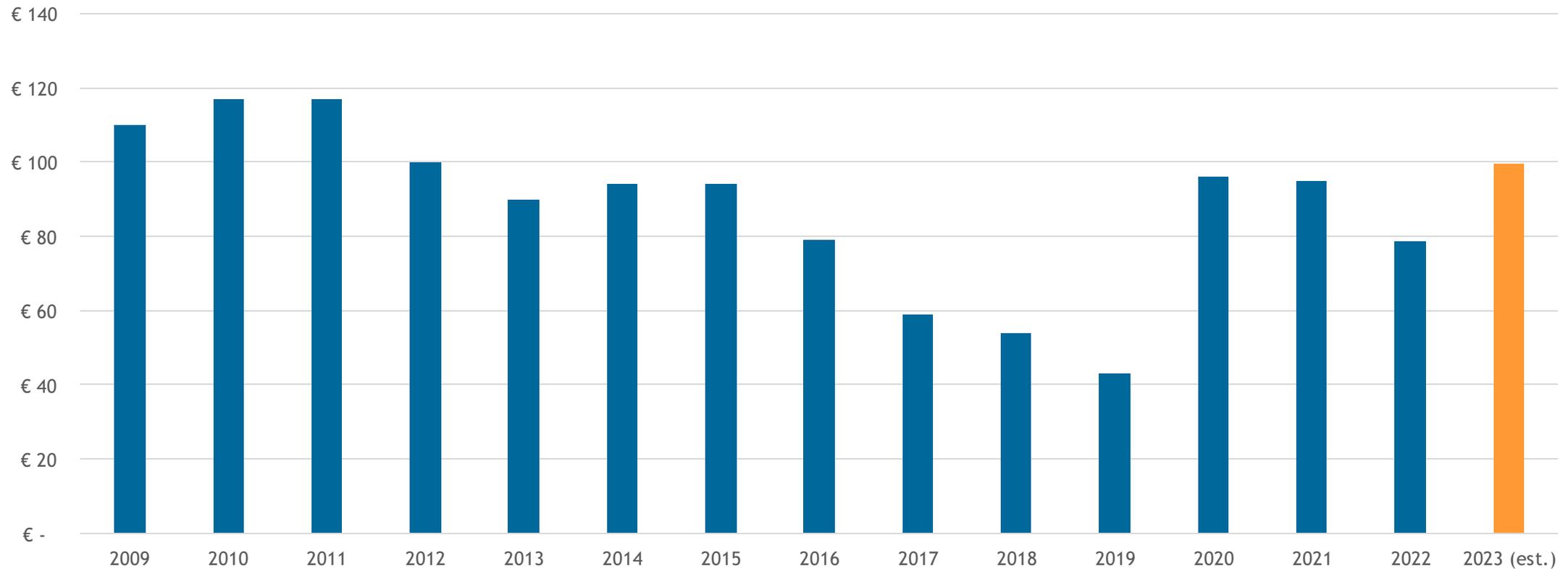


Funding and issuance



# Funding need 2023 higher than in previous years

Funding need (in billions)





# A closer look at the funding need

Funding need	Amounts (in € bn)
Capital market redemptions 2023	31.6
Money market ultimo 2022	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
<b>Total funding need 2023</b>	<b>99.7</b>

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



# DSL Issuance in 2023

- > Call on the capital market of around **€50 billion** (in nominal amount) in 2023, as communicated in the Outlook 2023
- > Consisting of:

Details	Indicative amounts (€ bln)
New 10-year DSL 2033	12
New Green 20-year DSL	5
New 7-year DSL	8
Reopening DSL Jan 2026	4
DSL - To be determined	21
<b>Total DSL funding</b>	<b>50</b>



# DSL issuance calendar Q1 2023

Auction date	Details	Target volume (€ billion)	Volume raised (€ billion)
10 January 2023	DSL 15 January 2026	2.5 - 3.5	3.485
24 January 2023	DSL 15 January 2054*	1.5 - 2	1.995
7 February 2023	<b>DSL 15 July 2033 (DDA)</b>	4 - 6	
28 February 2023	Tap of an existing DSL	To be announced**	
14 March 2023	Tap of an existing DSL	To be announced**	
28 March 2023	Tap of an existing DSL	To be announced**	

\* DSL - to be determined

\*\*Target volume and other details will be announced at a later stage, but no later than the Wednesday prior to the auction date (t-6).



# DTC issuance calendar Q1 2023

Auction date	Settlement date	Shorter-dated programme	Longer-dated programme
9 January	11 January	30 March	30 May
16 January	18 January	27 April	29 June
6 February	8 February	30 May	28 July
20 February	22 February	27 April	28 July
6 March	8 March	30 May	30 August
20 March	22 March	29 June	30 August



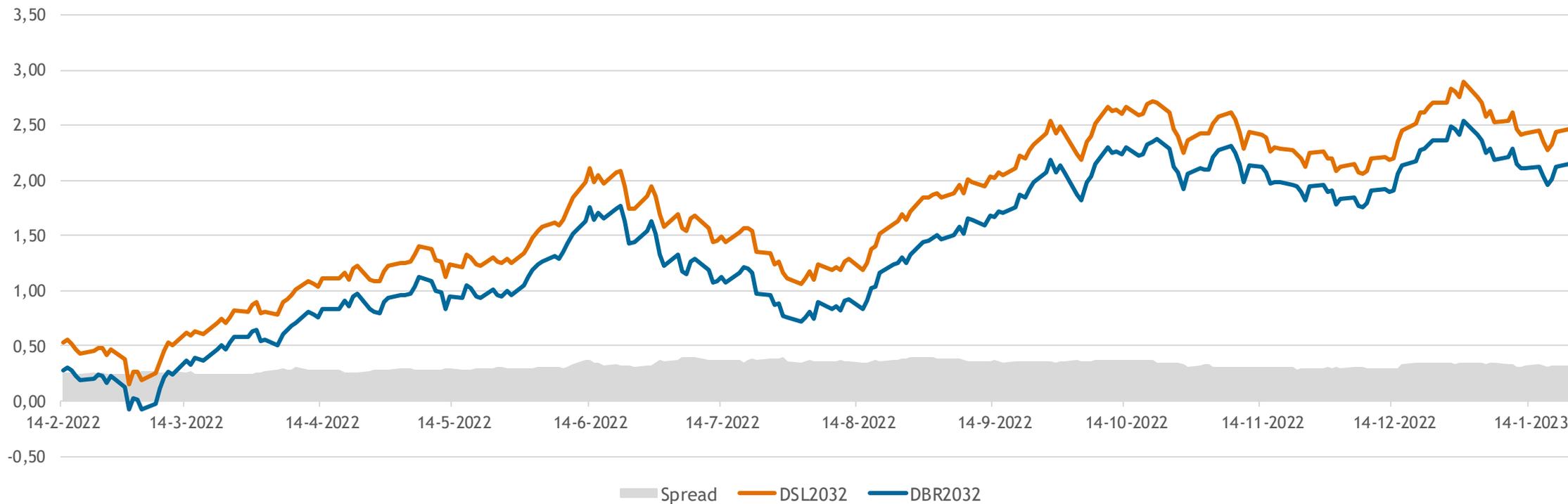
# Ensuring liquidity in secondary markets

- › 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 billion within calendar year
  - Outstanding amount of new maturity less than 10-years DSLs raised to at least €12 billion within 12 months
  - Longer dated DSLs raised to at least €10 billion within several 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')



# Dutch 10-year yield attractive vs German 10-year yield

Yield spread Netherlands vs Germany





**Auction Details**



# Recap: Details new 10-year Dutch State Loan

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# Supplement The DDA explained



# A short overview of the DDA

- › Rule-based auction → all investors receive equal treatment
- › Primary auction with direct participation of end-investors
- › A single uniform price → winner's curse avoided
- › Bids can be placed via Primary Dealer(s) of choice and orders can be split via several dealers
- › Primary Dealers receive a total of € 17,000,000 including advisory fees for their performance during the launch of the 10 year DSL and the Green 20-year DSL
- › The DSTA is the sole book runner
  - Level playing field among all Primary Dealers
  - Confidential participation of investors
- › PDs must sign a DDA Allocation and Price Compliance Statement as indicated in the [General Conditions](#) for PDs
- › The DDA rules can be found on our [website](#)

The proces of the DDA is also set out in this short [video clip](#)