



# DSTA presentation

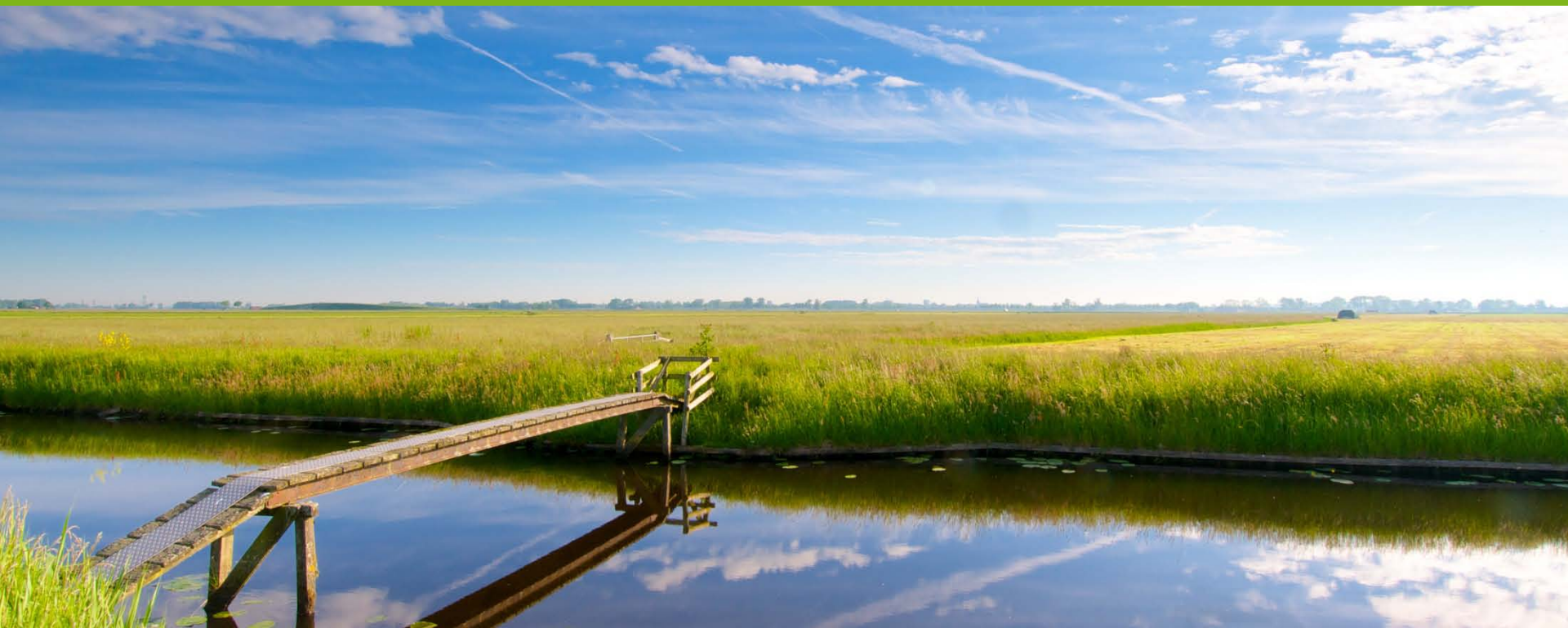
The Hague, 11 December 2014

Niek Nahuis

Emile Spijkerman

Peter Nijssen

# Outlook 2015





# A special welcome...

## ... to our 15 Primary Dealers for 2015:

ABN Amro Bank	Jefferies
Barclays Capital *	NATIXIS
Citigroup *	Nomura
Commerzbank *	Rabobank *
Deutsche Bank *	Royal Bank of Scotland *
Goldman Sachs	Santander GB&M
HSBC France	Société Générale
ING Bank *	

## and our 6 Single Market Specialists:

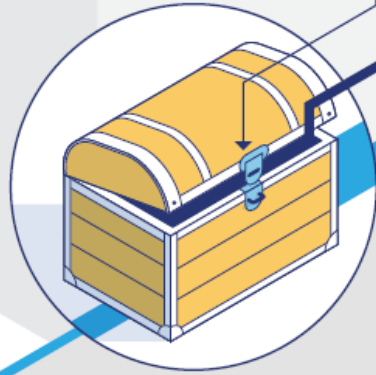
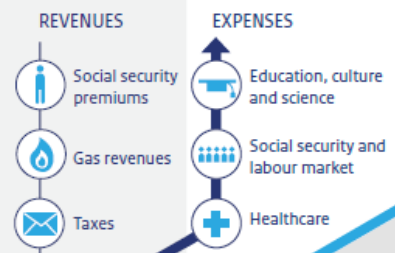
BBVA	DZ Bank
Crédit Agricole	Nordea
Credit Suisse	UBS *

\* Also Commercial Paper Dealer

# The Dutch national debt

## What is the origin of the national debt?

If government expenditure is higher than its revenue, it has to borrow money to cover the deficit, and a national debt results.



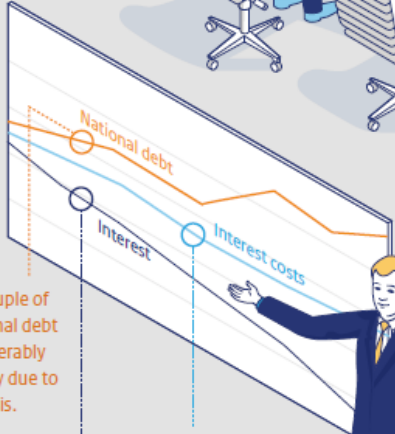
## What are the costs of the national debt?

On each State Loan the State pays a certain fixed annual interest up to the end date of the loan. This interest is money the State cannot spend on other things. Therefore it is important to aim for a lower national debt.

Over the last couple of years, the national debt has risen considerably which was partly due to the financial crisis.

On the other hand, interest rates the Dutch State has to pay have been falling, which was partly due to the fact that investors consider Dutch State Loans to be very safe.

Due to the combination of a higher national debt and fallen interest rates, interest costs have remained relatively stable. When interest rates rise, interest costs will rise even more due to the increased debt.



## Who manages the national debt?

The Minister of Finance is responsible for the national debt. The Dutch State Treasury Agency (DSTA) manages and finances the national debt on behalf of the Minister.



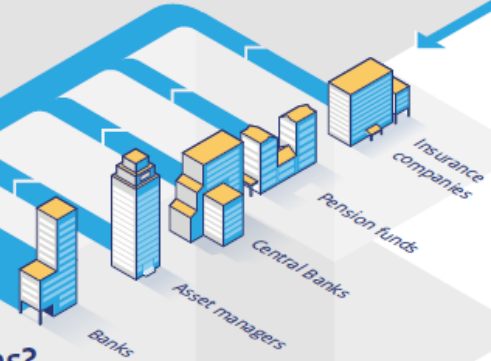
## How does the DSTA finance the national debt?

The DSTA collects money by issuing Dutch State Loans to investors. These loans are certificates indicating that the State owes money to the owner.

In order to obtain the lowest price, the DSTA auctions the loans on a regular basis.

DUTCH STATE LOANS

## Who buys these State Loans?





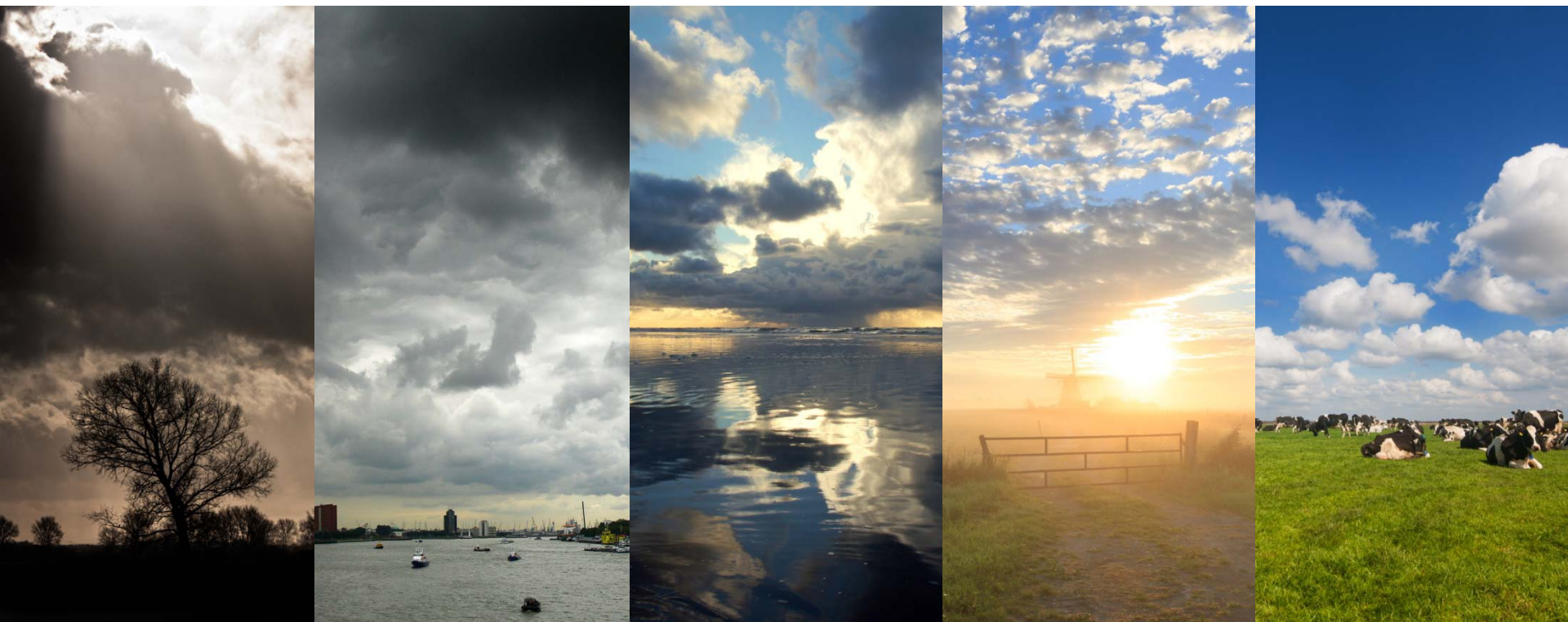
# Today's programme

- Economic outlook
- Budgetary outlook
- Funding and issuance
- Questions & answers
- DSTA awards
- Drinks and bites



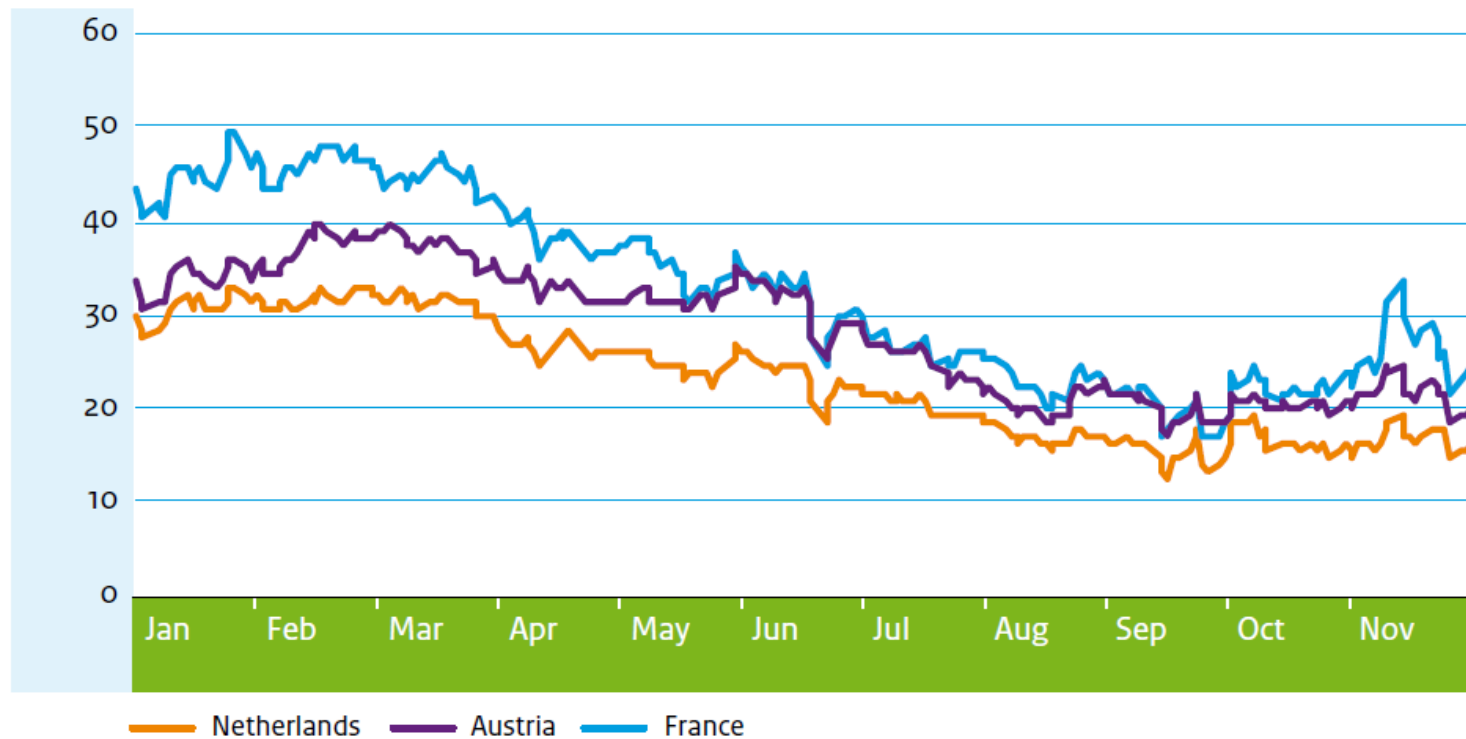


# Photos Outlook 2015





# European 10-year spreads vs Germany declining (in bp, 2014)





## Structural reforms

- Pensions/retirement
  - Healthcare
  - Housing market
  - Labour market
- Improvement of fundamentals



Economic outlook





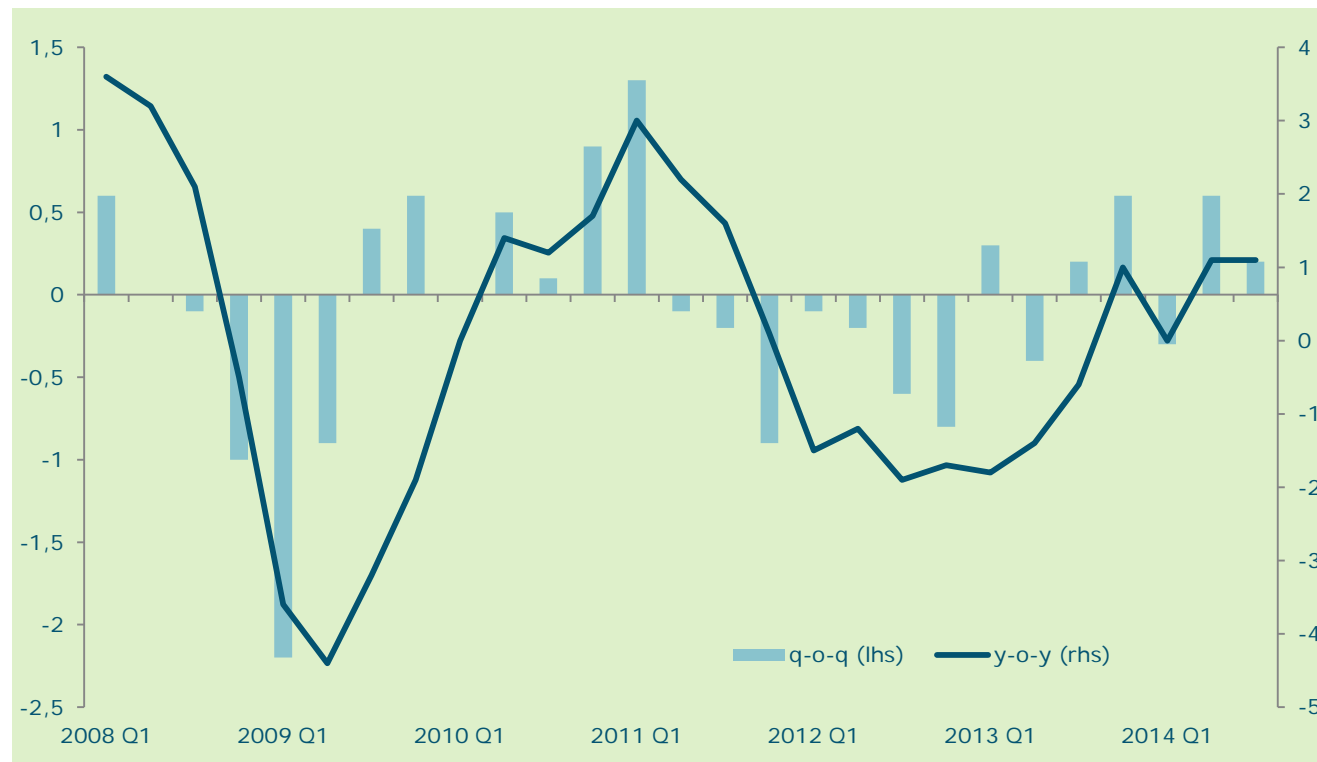
## Economic conditions for 2014 have improved

Figures for 2014	Outlook 2014	Current estimate	
		<del>Outlook 2015</del>	
GDP growth	0.50%	<del>0.75%</del>	0.75%
Private consumption	-0.75%	<del>0.00%</del>	0.00%
Investment	2.00%	<del>2.75%</del>	2.50%
Exports	4.25%	<del>3.25%</del>	4.25%
Unemployment	7.50%	<del>7.00%</del>	6.75%

Source: CPB, September 2013 and ~~September 2014~~ 11 December 2014



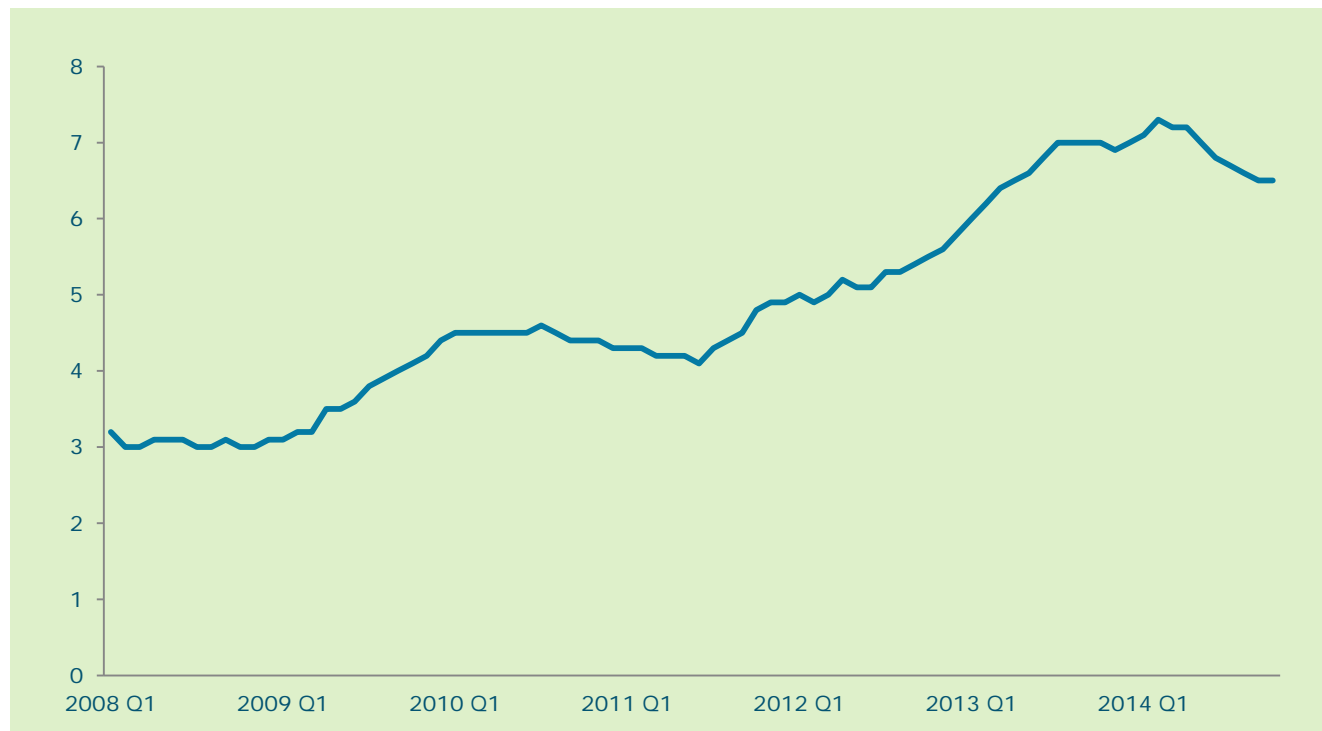
# Gross Domestic Product



Source: CBS and CPB



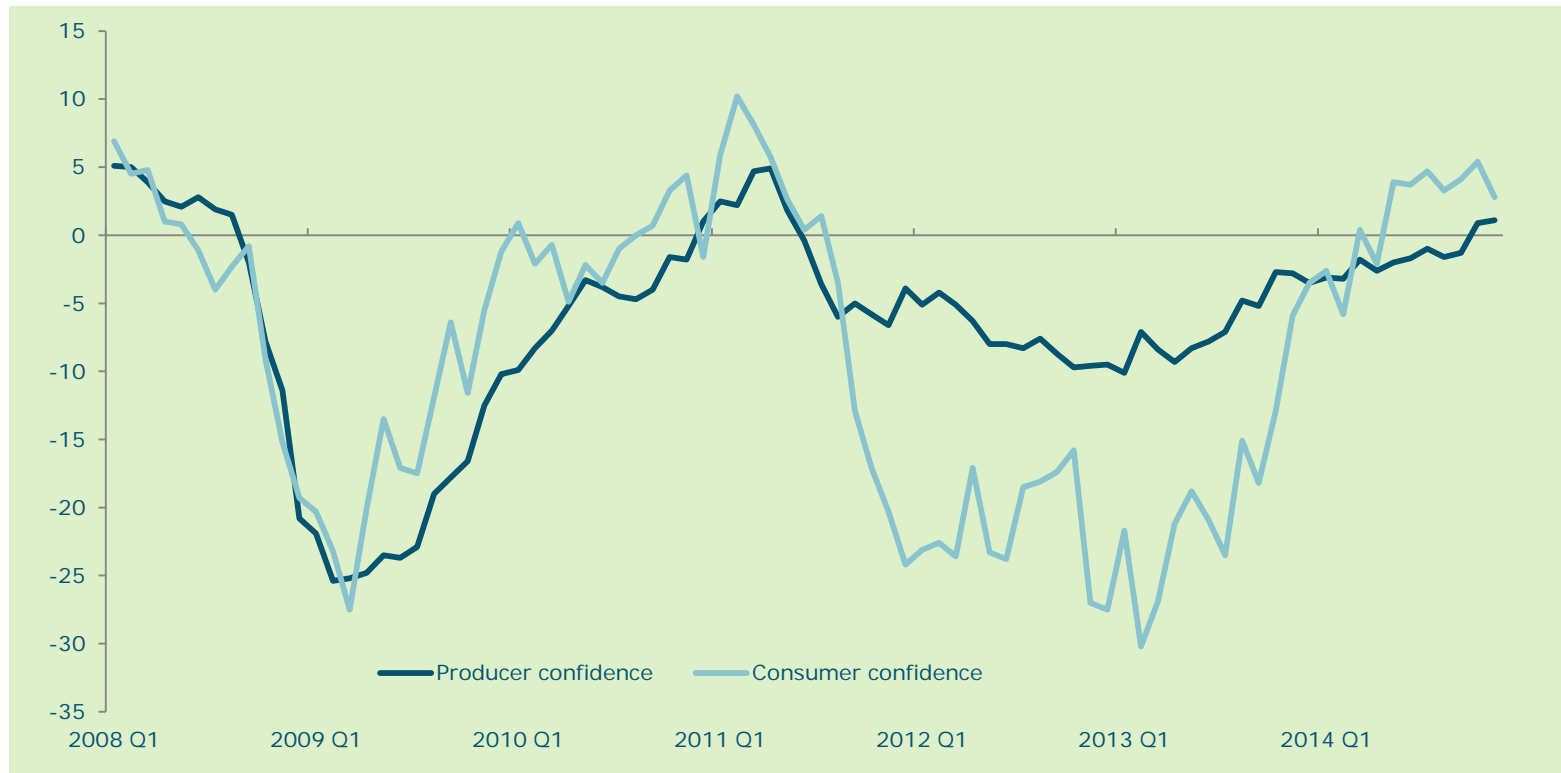
## Unemployment rate declining (% of the labour force)



Source: CBS



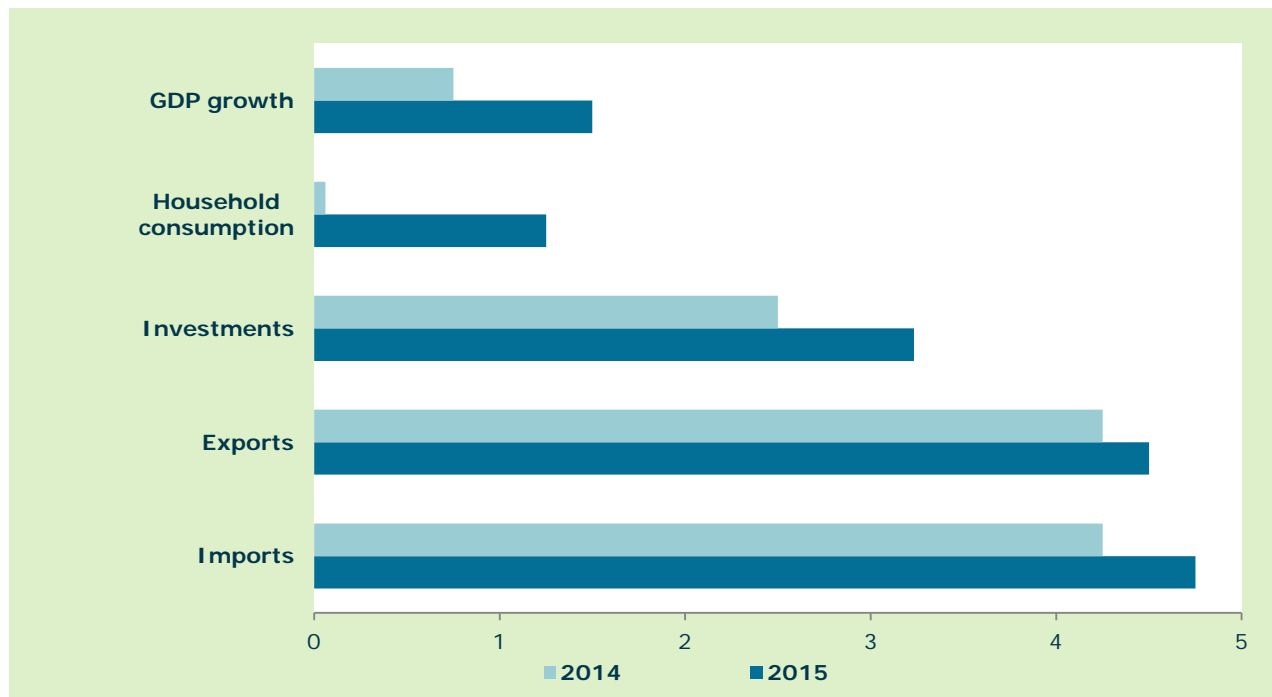
## Producer and consumer confidence increasing



Source: Eurostat



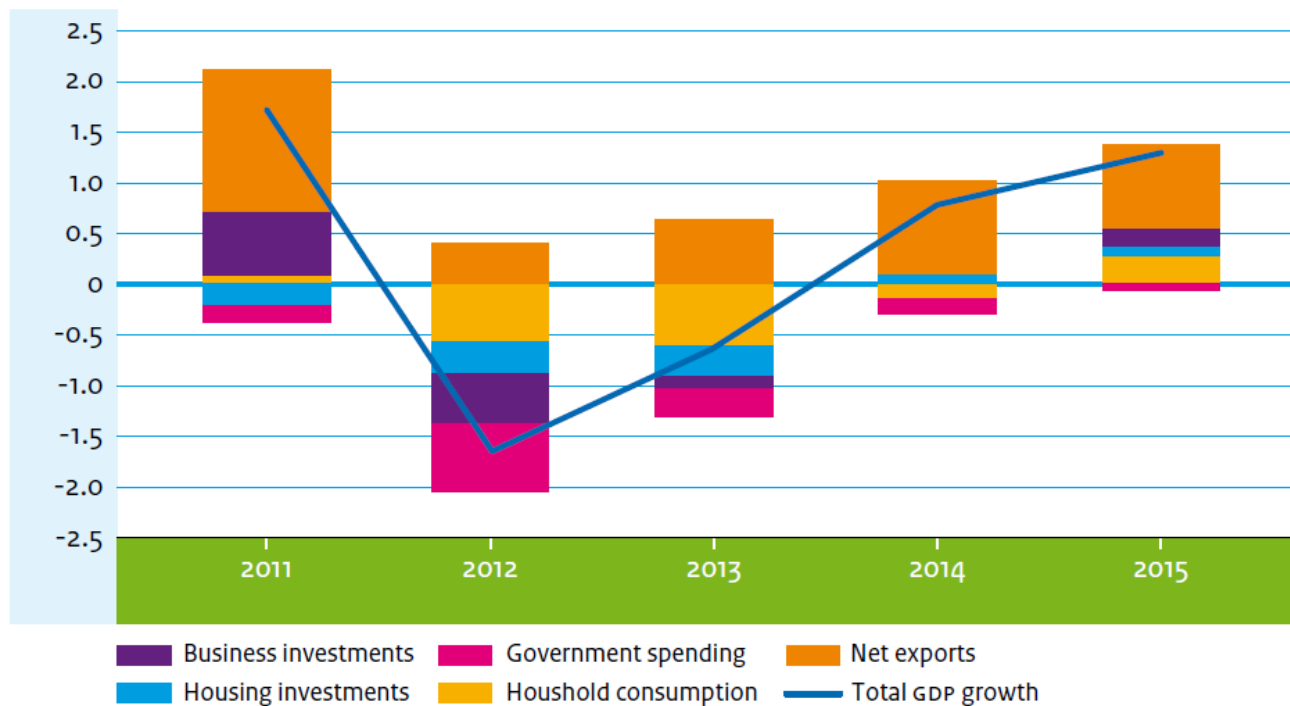
## Economic projections for 2015 (%)



Source: CPB, ~~September 2014~~ 11 December 2014



## Domestic demand contribution to growth increasing (contribution to GDP growth, in %-points)



Source: CPB



# GDP growth and unemployment compared (% , 2015)



Source: EC Autumn forecast, November 2014



# Co-movement house prices & consumption (% , y-o-y)

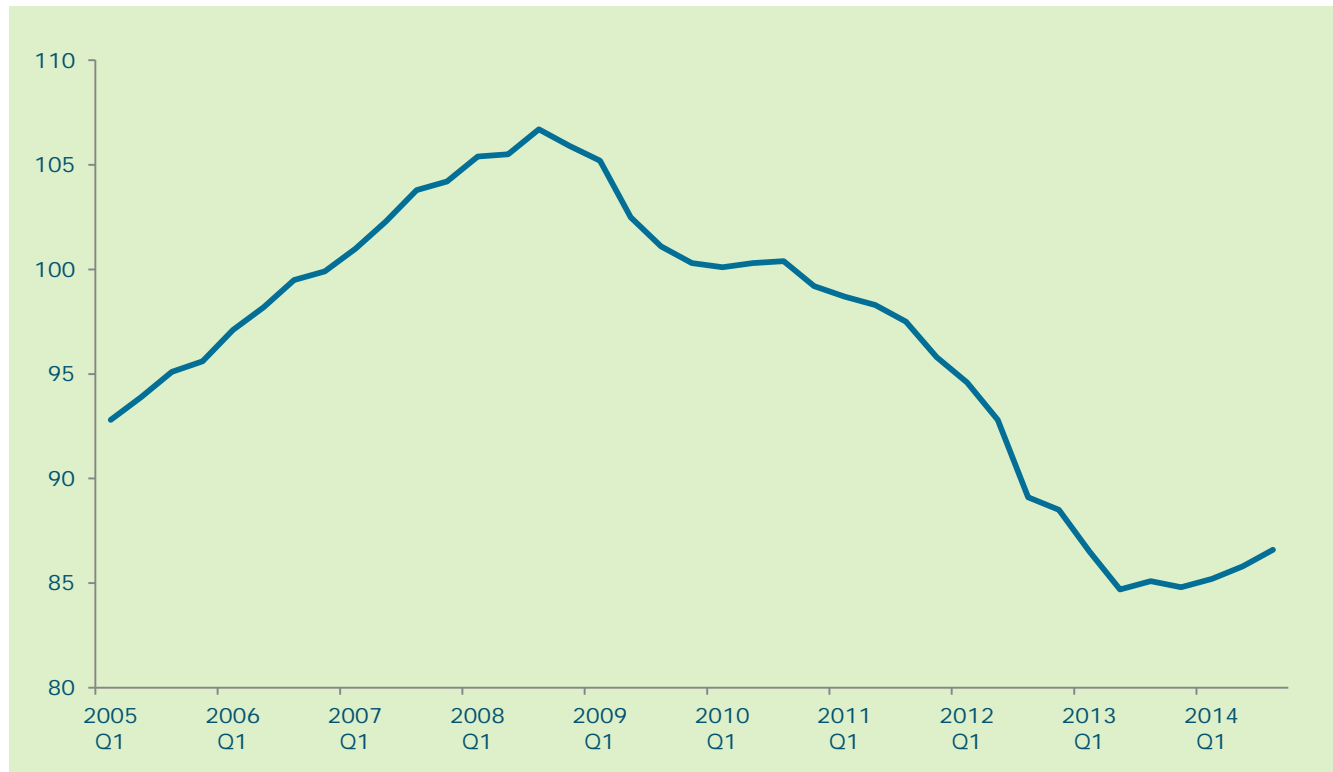


Source: CBS





## House prices increasing (index, 2010=100)



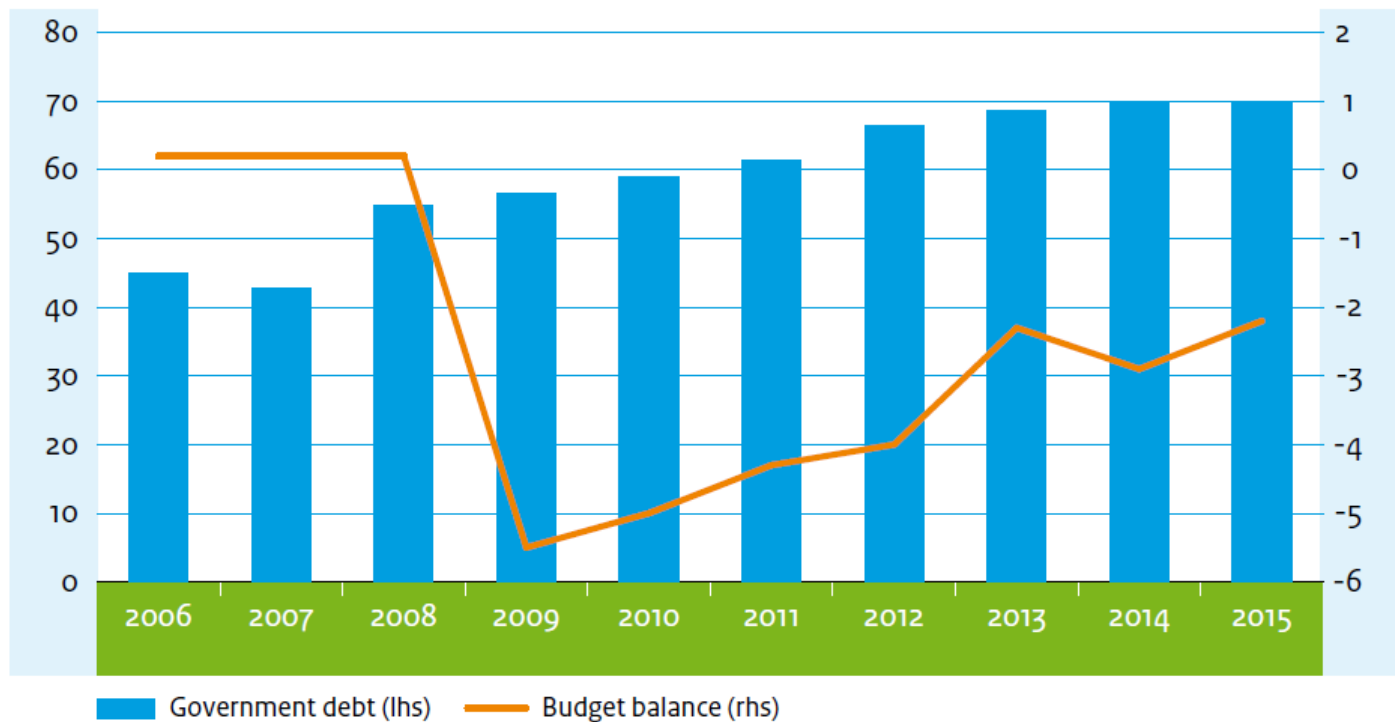
Source: CBS



Budgetary outlook



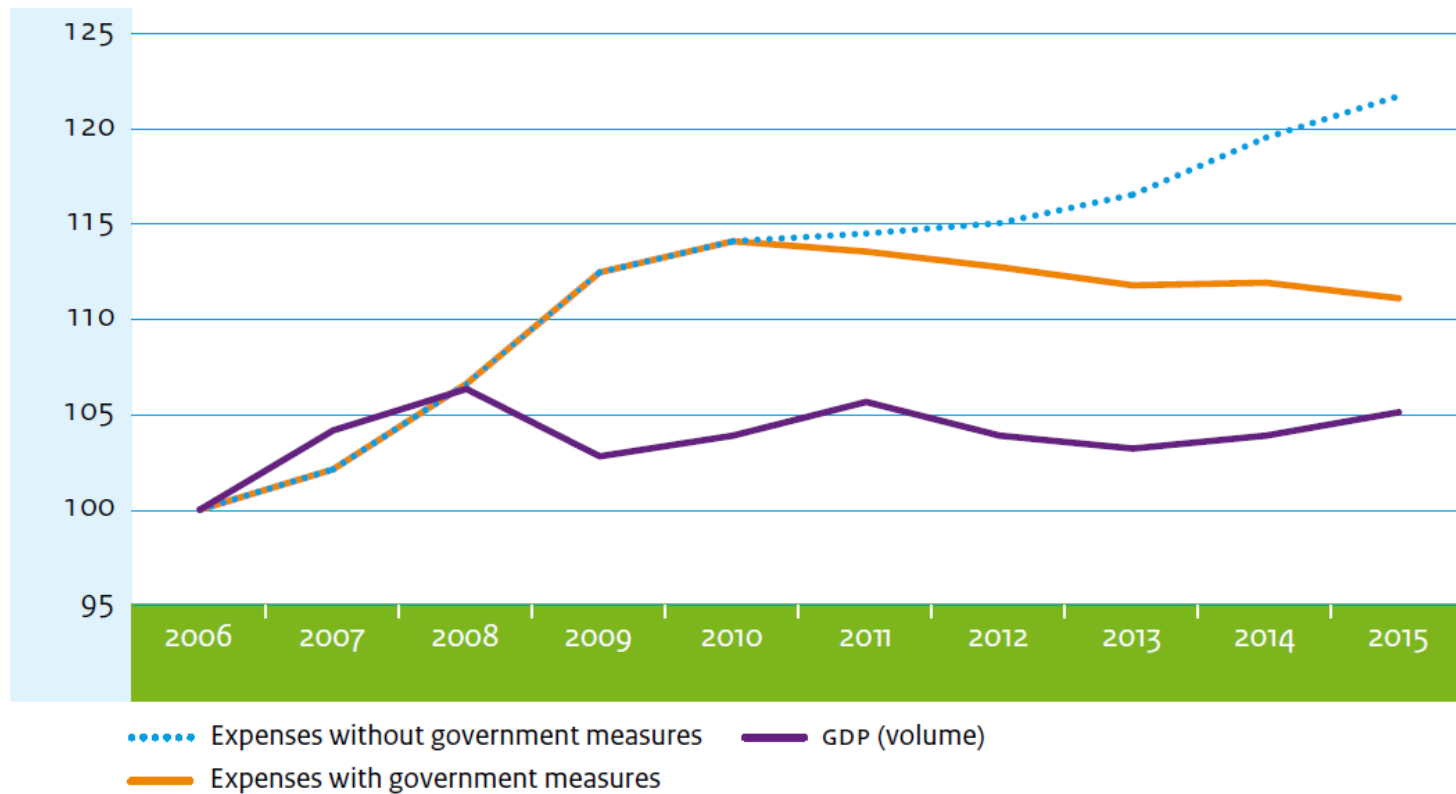
## Budget deficit improving, debt stabilising (% of GDP, EMU definition)



Source: Budget Memorandum, September 2014



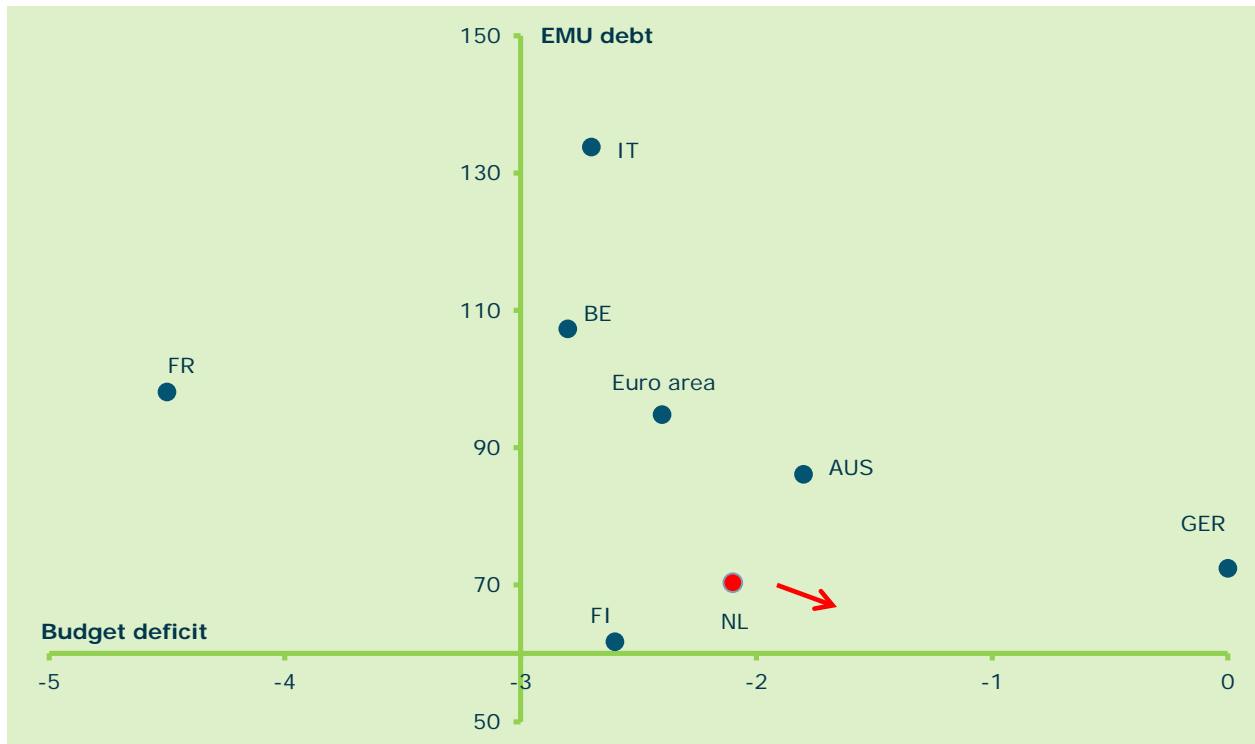
# Consolidation efforts crucial



Source: Budget Memorandum, September 2014



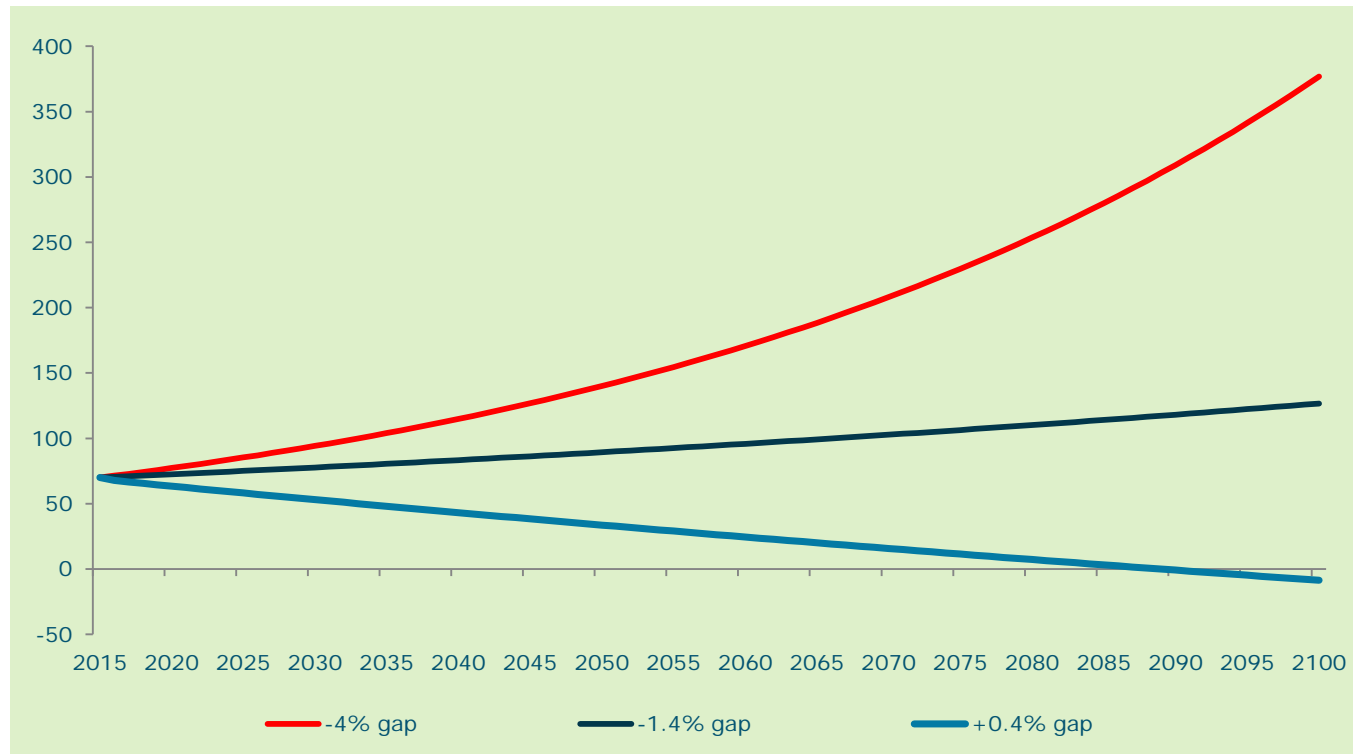
# Debt and deficit compared (2015)



Source: EC Autumn forecast, November 2014



## Sustainability gap and debt projections (% GDP)



Source: DSTA. For illustrative purposes only



Funding and issuance



## Special highlights 2014

2014 has been a year of celebration for the DSTA:

- 10<sup>th</sup> anniversary of treasury banking
- 200<sup>th</sup> anniversary of the Grootboekleningen (perpetual loans)





## Looking back - Funding in 2014 (€ bn)

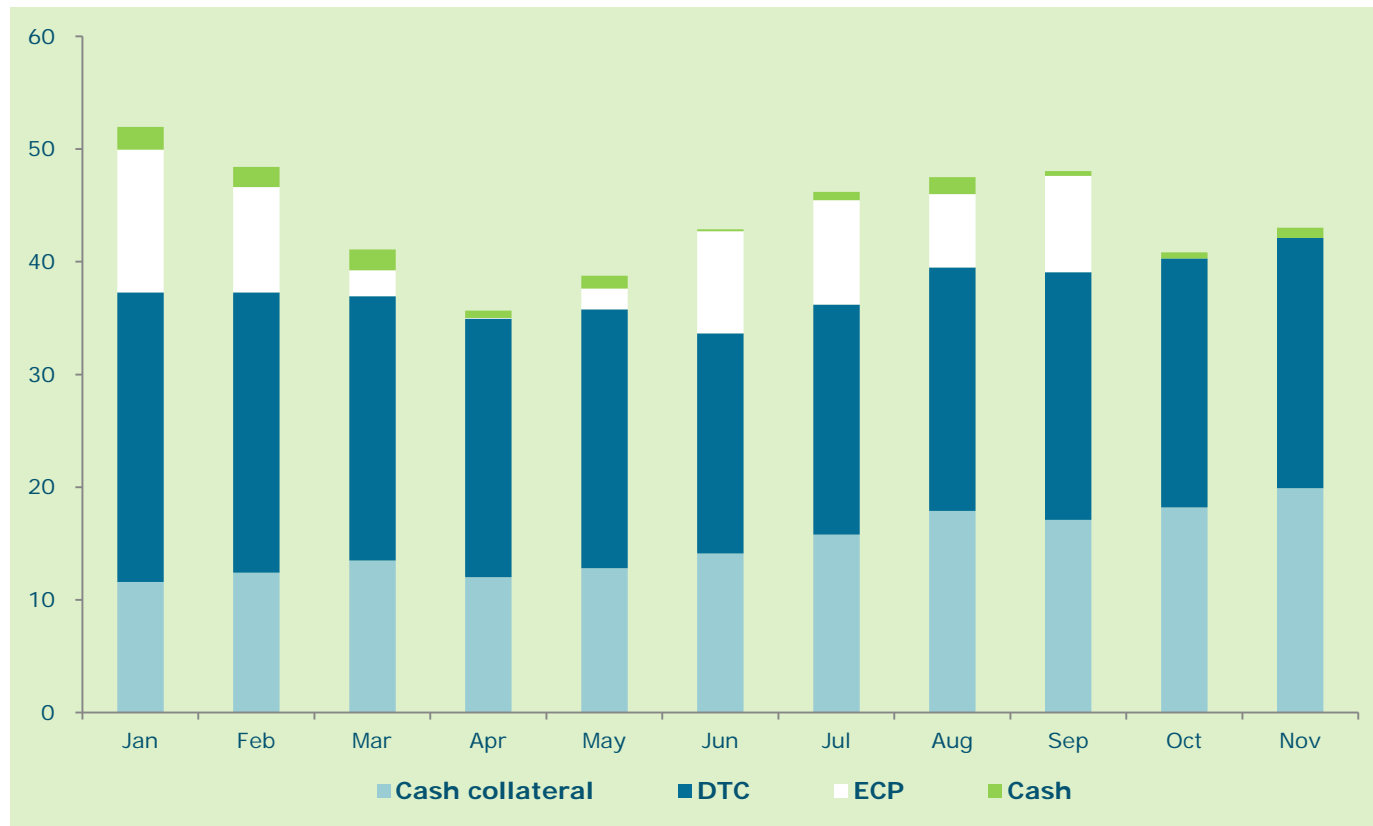
	December 2013	December 2014
Capital market redemptions 2014	32.2	32.2
Buyback DSLs 2015		8.6
Money market ultimo 2013*	47.6	41.6
Cash deficit	13.9	10.8
<b>Total borrowing requirement</b>	<b>93.7</b>	<b>93.2</b>

	December 2013	December 2014
Capital market funding	50	50.9
Money market funding*	43.7	42.3

\* including cash collateral

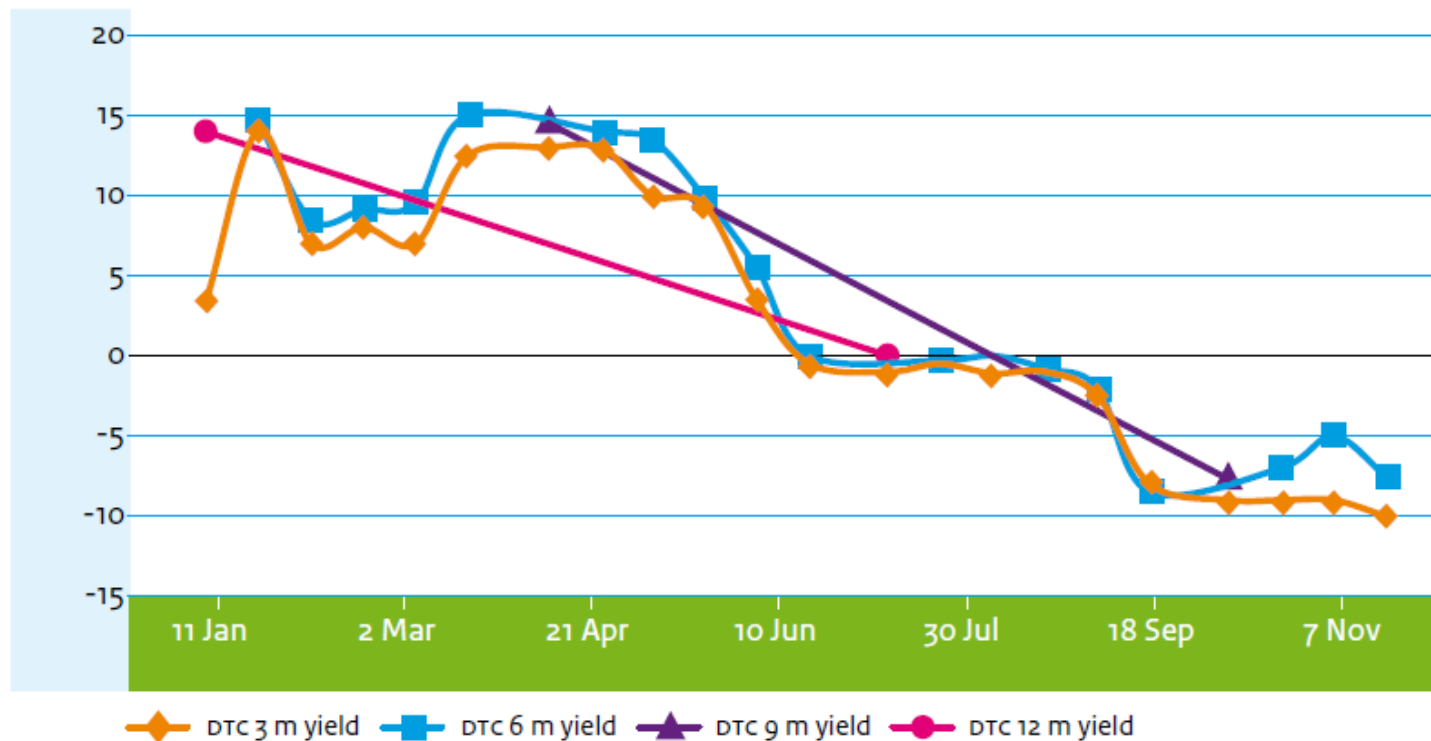


## Looking back - Money market 2014 (end of month, € bn)



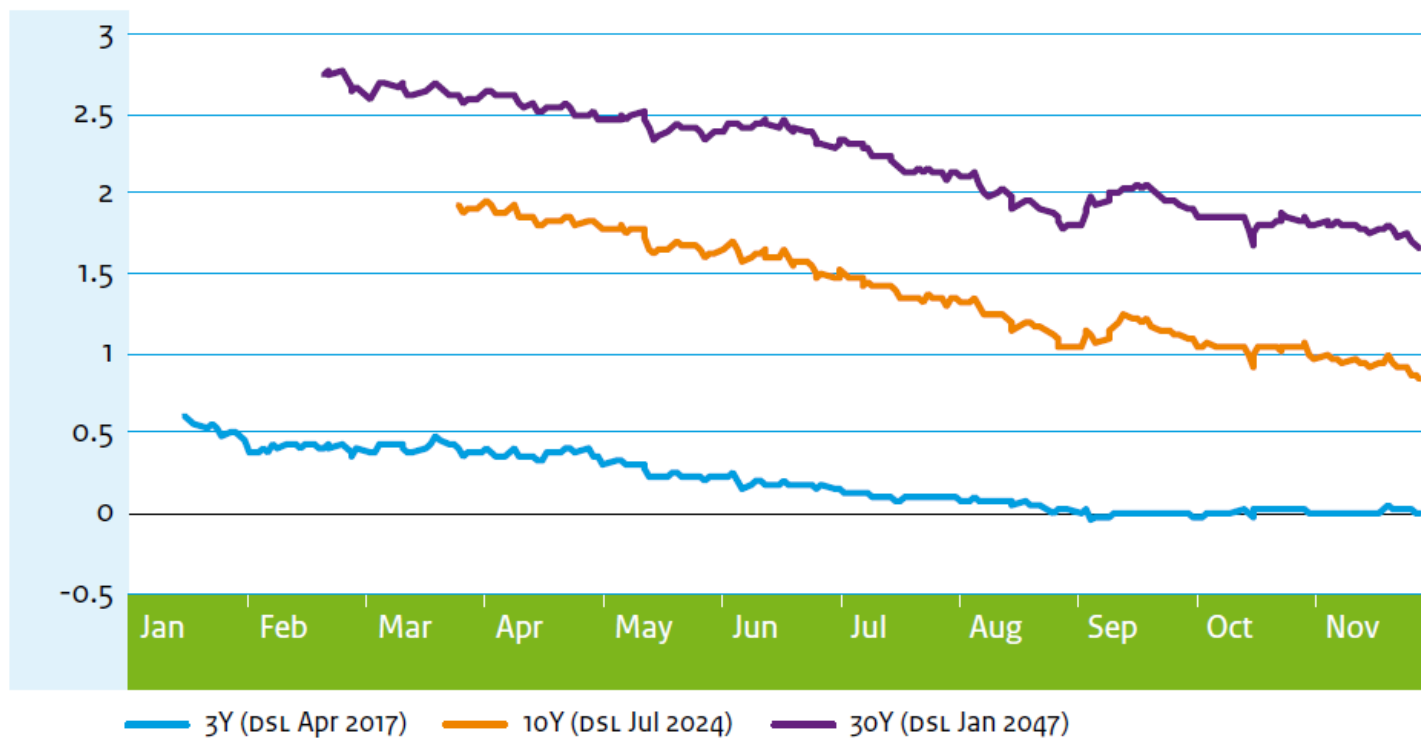


## DTC yields at auctions declining (in bp, 2014)





## Yields on new Dutch bonds decreasing (% , 2014)





## Funding plan 2015 (€ bn)

Borrowing requirement	
Capital market redemptions 2015	<del>48.5</del> 39.9
Money market ultimo 2014*	42.3
Cash deficit	12.2
<b>Total funding requirement 2015</b>	<b>94.4</b>

Funding	
Capital market	48
Money market*	46.4
<b>Total funding 2015</b>	<b>94.4</b>

\* including cash collateral



## DSL issuance in 2015 (€ bn)

DSL	Indicative amounts	Cumulative issuance
New 3-year DSL	15	
New 10-year DSL	15	30
On-the-run 5-year DSL	10	40
On-the-run 30-year DSL	5	45
Reopening off-the-run DSLs	3	<b>48</b>



# Indicative DSL calendar 2015

Month of issuance	Auction Date		Auction date		DDA window
	2nd Tuesday	Details	4th Tuesday	Details	
January	13	Tap new 3-year: DSL 15 April 2018	27	Tap 30-year: 2.75% DSL 15 January 2047	
February	10	Tap 5-year: 0.25% DSL 15 January 2020	24	No tap	New 10-year: DSL 15 July 2025
March	10	Reopening new 3-year	24	No tap	
April	14	Tap	28	Tap	
May	12	Tap	26	Tap	
June	9	Tap	23	Tap	
July	14	Tap	28	Tap	
August	Reserve dates				
September	8	Tap	22	Tap	
October	13	Tap	27	Tap	
November	10	Tap	24	Tap	
December	Reserve dates				

Note: the timing of the DDA may lead to changes in the DSL calendar.



# Indicative DTC calendar 2015

Auction date	Settlement date	Short term programme	Longer term programme
05-01-2015	07-01-2015	31-03-2015	29-05-2015
19-01-2015	21-01-2015	31-03-2015	30-06-2015
02-02-2015	04-02-2015	30-04-2015	30-06-2015
16-02-2015	18-02-2015	30-04-2015	31-07-2015
02-03-2015	04-03-2015	29-05-2015	31-07-2015
16-03-2015	18-03-2015	29-05-2015	31-08-2015

Note: shaded fields indicate new programmes.

Two alterations to increase flexibility:

- All DTCs launched as 6-month programmes
- Announcement of DTC calendars aligned with DSL calendars



# Q & A





DSTA Awards



## The DSTA Awards

### Exceptional achievements in 2014

- Best CP Dealer: **ING Bank**
- Best DTC quoting bank: **Commerzbank**
- Best DSL quoting bank: **Société Générale**



## The DSTA Awards

### Top 3 DTCs

- 1 Commerzbank
- 2 ING Bank
- 3 HSBC France

### Top 3 DSLs

- 1 ING Bank
- 2 Commerzbank
- 3 Rabobank



# Highlights Outlook 2015

- Funding need:  $\pm$  € 94.4 bn
- DSL issuance:  $\pm$  € 48 bn
- Two new DSLs
  - New 3-year via tap
  - New 10-year via DDA
- Reopening on-the-run 5-year DSL
- Reopening on-the-run 30-year DSL
- Off-the-run facility: 2 auctions in 2015
- All DTCs launched as 6-month programmes and reopened several times

