



# Quarterly outlook

June 2019

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## Funding and issuance

### Borrowing requirement

The DSTA recently updated its borrowing requirement after the publication of the Spring Budget Memorandum by the Minister of Finance on May 27 2019. The total borrowing requirement for 2019 is now estimated to be € 44.4 bn.

The borrowing requirement slightly increased since the previous estimate in January, which was € 42.6 bn. The two developments that contributed to this increase are a reduced expected cash surplus and buy backs of DSLs maturing in 2020 and 2021. At the same time, an increase in cash collateral reduced the borrowing requirement. On balance, the current estimate of the borrowing requirement for 2019 is €1.8 bn. higher than the previous estimate of January.

Borrowing requirement 2019	(€ bn)
Capital market redemptions 2019	29.6
Money market ultimo 2018 (excl. cash collateral)	20.2
Change in cash collateral*	-0.6
Cash balance 2019 (=-surplus)	-5.0
Buy-backs DSLs 2020 and 2021	0.2
<b>Total</b>	<b>44.4</b>

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

The money market will primarily be used to absorb fluctuations in the funding need. So far, in 2019 the DSTA raised a nominal amount of € 15.4 bn. on the capital market. Since the targeted capital market issuance range for 2019 is between € 19 and 23 bn., the DSTA has issued approximately 67-81% of the total targeted issuance range.

Funding 2019	(€ bn)
Capital market issuances (DSLs) in nominal terms	19 – 23
Money market ultimo 2019 (excl. cash collateral)	19 – 23
<b>Total</b>	<b>44.4</b>

## Primary Dealer ranking

Primary Dealers are regularly evaluated on their primary market performance. This performance is weighted by the duration of the issued bonds. The method for this weighting is published on the website of DSTA.

Top 5 PDs for DSLs (up to 18 June 2019)		Top 5 PDs for DTCs (up to 18 June 2019)	
1	Nomura	1	Nordea
2	Jefferies	2	ING Bank
3	ABN Amro Bank	3	ABN Amro Bank
4	Citibank	4	HSBC France
5	Rabobank	5	Goldman Sachs

## Issuance calendar third quarter 2019

In the third quarter of 2019 the 10-year benchmark DSL 2029 will be reopened twice and there will be six regular DTC auction dates.

### DSL calendar Q3 2019

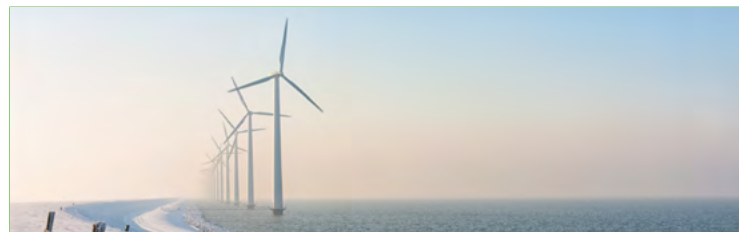
Auction date	DSL to be issued	Target volume (€ bn)
9 July	Reopening 0.25% DSL 15 July 2029	1 – 2
10 September	Reopening 0.25% DSL 15 July 2029	1 – 2

Note: auction details will be announced on the Wednesday prior to the auction date (t-6).

### DTC calendar Q3 2019

Auction date	Settlement date	3-month program	6-month program
1 July	3 July		31 January 2020
15 July	17 July	30 September 2019	
5 August	7 August		31 January 2020
19 August	21 August	31 October 2019	
2 September	4 September		28 February 2020
16 September	18 September	29 November 2019	28 February 2020

Note: shaded fields indicated new programs; auction details will be announced on the Wednesday prior to the auction date (t-5).



## Green bond

On May 21 the DSTA successfully launched its inaugural 20-year green bond.

There was a total bid volume of € 21.2 billion representing significant investors' demand. An ultimate amount of almost € 6 billion was allocated at a uniform cut-off spread of +18.0 basis points over the reference German Bund maturing on 4 July 2040.

Prior to the auction, 32 investors were registered as so-called 'green' investors, allowing these investors to benefit from some preferential allocation over other real money investors.

At the cut off spread 82.5% of the bids from 'green' real money accounts were allocated, 72.5% of the bids from 'real money accounts' and 18.5% from 'other' accounts. Of the total amount allocated 28.5% went to 'green' real money accounts, 47.0% to 'real money accounts' and 24.5% to 'other' accounts.

The Green DSL 0.50% 15 January 2040 will be reopened several times in the coming years to reach an outstanding amount of around € 10 billion. On [DSTA.nl](http://DSTA.nl) further details about the Green bond can be found.

## Economic Outlook

### Stable growth

The latest forecasts published on 19 June 2019 by the independent Bureau for Economic Policy Analysis (CPB) estimate a GDP growth of 1.7% in 2019 and 1.5% in 2020 for the Netherlands. This means the Dutch economy is returning to its potential growth level. International uncertainties, mainly due to the US trade policies and moderate economic growth. Growth of disposable household income remains solid. Growth of corporate investments is expected to remain strong in 2019, but is expected to slow down slightly in 2020. Expansive fiscal policy, through a reduction of the tax burden, increased benefits and increased government spending, has a positive effect on domestic consumption.

### Exceptionally low unemployment

As a result of economic growth tapering off, the unemployment rate will slightly increase from 3.5% in 2019 towards 3.7% in 2020. This is still exceptionally low and around the level of early 2008 (pre-crisis level). The large availability of jobs continues to have a positive effect on the labour supply, although in 2020, the increase in labour supply is expected to slow down slightly due to ageing. Overall, tight labour market conditions, employment growth and (incidental) wage increases contribute to higher disposable income for consumers.

### Increasing purchasing power for consumers

Purchasing power of households (median) is expected to increase by 1.2% in 2019 and 1.4% in 2020. In 2019, this increase is mainly due to government policy, including reduced income taxation and increased benefits. An increase in indirect taxes (VAT and energy taxes) will lead to higher inflation in 2019 (2.6%), but in 2020 inflation is expected to fall back to 1.4%, contributing to an increase in real wages and higher purchasing power.

### International trade and exports

International uncertainty affects export performance: import tariffs, US trade policy, Brexit and political dynamics in Italy cause uncertainty and pose downward risks to global economic growth. In line with the international trend, Dutch exports are expected to grow less in 2019 (1.3%) and 2020 (2.1%) than in 2018 (2.7%). The Dutch current account surplus is projected to slightly decrease from 11% of GDP in 2018 to 10.2% in 2019 and 9.6% in 2020. These levels represent a slight upward revision compared to the previous forecast.

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

	2018	2019	2020
GDP	2.7	1.7	1.5
Household consumption	2.5	1.4	1.7
Government consumption	1.3	2.9	2.5
Investment (including inventories)	4.8	4.3	2.1
Exports	2.7	1.3	2.1
Imports	2.8	2.2	2.8
Employment (in hours)	2.4	2.1	0.7
Unemployment (% labour force)	3.8	3.5	3.7
Inflation (HICP)	1.6	2.6	1.4

Source: CPB, 19 June 2019

## Budgetary Outlook

### Budget surplus will remain

According to the CPB, the Netherlands is projected to run EMU budgetary surpluses in 2019 (1.3%) and 2020 (0.6%), still standing out favourably to its peers. The budget surplus remains, but is lower due to lower economic growth and increased government spending. Government consumption is expected to rise significantly in 2019 and 2020 to 2.9% and 2.5% respectively, compensating the reduced growth of private spending and investment. Resources are allocated to, amongst others, defence, (youth) care and mitigation, adaptation and prevention of climate change.

### Further decline in government debt levels

The government debt is projected to fall to 49.1% of GDP by the end of 2019 from 52.4% at the end of 2018. In 2020, the debt to GDP ratio is expected to decline further to 47.0%. These rates are well below the EMU-threshold of 60%, agreed upon in the European Stability and Growth Pact. The decline in debt levels is driven by both continued budget surpluses and GDP growth.

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

	2018	2019	2020
Nominal EMU-balance	1.5	1.3	0.6
EMU-debt	52.4	49.1	47.0

Source: CPB, 19 June 2019



# Outstanding debt

## DSL position per ultimo May 2019

Isin code	DSL	Amount in euros
NL0009086115	4.00 pct DSL 2009 due 15 July 2019	13,601,398,000
NL0010881827	0.25 pct DSL 2014 due 15 January 2020	15,157,184,000
NL0009348242	3.50 pct DSL 2010 due 15 July 2020	14,829,615,000
NL0009712470	3.25 pct DSL 2011 due 15 July 2021	16,493,985,000
NL0011896857	0.00 pct DSL 2016 due 15 January 2022	15,380,112,000
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	8,241,488,737
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	15,315,132,000
NL0011220108	0.25 pct DSL 2015 due 15 July 2025	15,220,159,000
NL0011819040	0.50 pct DSL 2016 due 15 July 2026	15,113,051,000
NL0012171458	0.75 pct DSL 2017 due 15 July 2027	15,380,926,000
NL0000102317	5.50 pct DSL 1998 due 15 January 2028	13,028,814,230
NL0012818504	0.75 pct DSL 2018 due 15 July 2028	12,376,941,000
NL0013332430	0.25 pct DSL 2019 due 15 July 2029	7,622,587,000
NL0010071189	2.50 pct DSL 2012 due 15 January 2033	13,555,900,000
NL0000102234	4.00 pct DSL 2005 due 15 January 2037	15,723,427,000
NL0013552060	0.50 pct DSL 2019 due 15 January 2040*	5,985,004,000

\* Green bond

Isin code	DSL	Amount in euros
NL0009446418	3.75 pct DSL 2010 due 15 January 2042	16,063,910,000
NL0010721999	2.75 pct DSL 2014 due 15 January 2047	14,095,187,000
	Inscription registers	12,148,671
	<b>Private placements</b>	<b>399,297,571</b>
	<b>Total</b>	<b>297,662,654,208</b>

## DTC position per ultimo May 2019

Isin code	Maturity date	Amount in euros
NL0013303159	DTC 2019-06-27	3,800,000,000
NL0013325384	DTC 2019-07-31	3,970,000,000
NL0013400419	DTC 2019-08-30	2,730,000,000
NL0013474323	DTC 2019-09-30	2,820,000,000
NL0013517766	DTC 2019-10-31	2,620,000,000
	<b>Total</b>	<b>15,940,000,000</b>

Outstanding public debt	Amount in euros
<b>Total outstanding DSLs, DTCs and CP in bln</b>	<b>313,203,356,638</b>
Cash collateral	9,492,776,962

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

The cut-off date is 19 June 2019  
(unless mentioned otherwise)