



# Quarterly Outlook

June 2021

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## Funding and issuance

### Funding need

On 28 May 2021 the Dutch government published its Spring Notice (*Voorjaarsnota*) and on 22 June 2021 the Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*, CPB) published its June forecast. Based on these budgetary projections the Dutch State estimates its cash deficit for 2021 at € 56.4 billion, which is higher than the previous estimate of € 52.7 billion. The main reason for this is the prolongation of support measures. These are helping to mitigate the ongoing economic effects of the COVID-19 pandemic and to promote a rapid economy recovery. The higher cash deficit results in a similar increase in the total funding need, which now amounts to € 114.8 billion.

In order to fulfill this estimated funding need, the expected call on the capital market in 2021 increases to around € 60 billion from € 55 billion. At the same time, the estimated funding need still remains surrounded by a high degree of uncertainty. As a result, the ultimate funding need could still turn out significantly lower. Consequently, the DSTA will not at this moment increase the expected money market financing for 2021. Therefore, in the third quarter of 2021 the DSTA will maintain a similar DTC-auction pattern as in the first half of the year.

An update of the funding need and issuance calendar for the fourth quarter will be provided in the next Quarterly Outlook, to be published towards the end of September. Should there be an update available prior to this moment, the DSTA will provide this as and when available. The DSTA is committed to communicating with the market as quickly and transparently as possible.

| Estimated funding need 2021                     | Amount (€ bn) |
|---|---------------|
| Capital market redemptions 2021                 | 16.5          |
| Money market ultimo 2020 (excl cash collateral) | 40.7          |
| Decrease in cash collateral (until end of May)  | 1.2           |
| Cash deficit 2021                               | 56.4          |
| <b>Total</b>                                    | <b>114.8</b>  |

### DSL issuance calendar third quarter 2021

Four auctions for Dutch State Loans (DSLs) are scheduled in the third quarter of 2021. The new 8-year DSL will be launched using the MTS platform (also used for tap auctions). This auction will take place on either 14 or 28 September. The exact date will be communicated after consultation with the Primary Dealers. In addition, three existing DSLs will be reopened. The exact DSLs to be reopened will also be decided after consultation with the Primary Dealers.

DSL auctions traditionally take place on the second and fourth Tuesday of the month. Due to the summer season no DSL-auctions are scheduled between mid-July and the second to last week of August. Instead, an additional auction is scheduled on the fifth Tuesday of August.

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) |
|--------------------|---------------------------|----------------------|
| 13 July            | Reopening of existing DSL | To be determined     |
| 31 August**        | Reopening of existing DSL | To be determined     |
| 14 or 28 September | DSL 2029                  | 3.0 – 5.0            |
| 14 or 28 September | Reopening of existing DSL | To be determined     |

\* Further details on the auction, including maturity and target volume, will be announced at the latest on the Wednesday prior to the auction date (t-6).

\*\* Auction on the fifth Tuesday of August due to the summer season.

### DTC issuance calendar third quarter 2021

The table below provides the scheduled Dutch Treasury Certificate (DTC) issuances for the third quarter of 2021. Regular 3- and 6-month programs will be auctioned following the same auction pattern as in the first half of this year. However, to better meet investor demand, in line with previous years there will be no DTC-program maturing in December.

Auctions are held on the first and third Monday of each month. This calendar includes six DTC-auctions. The size of the programs 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-programs.

In case of unforeseen circumstances, the DSTA reserves the right to add a DTC program 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 program** | Longer-dated program** |
|---------------|-----------------|-------------------------|------------------------|
| 5 July        | 7 July          | 28-10-2021              |                        |
| 19 July       | 21 July         | 28-10-2021              |                        |
| 2 August      | 4 August        | 29-11-2021              | 28-01-2022             |
| 16 August     | 18 August       | 29-11-2021              | 28-01-2022             |
| 6 September   | 8 September     |                         | 25-02-2022             |
| 20 September  | 22 September    |                         | 25-02-2022             |

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

\*\* Shaded fields indicate new programs.

### Primary Dealer ranking

Primary Dealers (PDs) are regularly evaluated on their primary market performance. Below the top 5 is given for the first half of the year for DSLs and DTCs. The performance for DSLs is weighted by the duration of the issued bonds. The method for this weighting is published on the website of DSTA. DTC rankings are based on the unweighted purchase amounts in euro equivalent.

| Top 5 PDs for DSLs (up to 17 June 2021) | DTCs (up to 17 June 2021) |
|---|---------------------------|
| ABN AMRO                                | ABN AMRO                  |
| Jefferies                               | Goldman Sachs             |
| Nomura                                  | Nordea                    |
| Nordea                                  | HSBC                      |
| Barclays                                | Barclays                  |

## Economic Outlook

### Favorable prospects for the Dutch economy

The end of the COVID-19 pandemic is in sight, driven in large part by domestic and international vaccination rollouts. As a result, the Dutch economy is set to post strong growth figures in the coming years. The Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*, CPB) has revised upwards its forecasts for economic growth. According to their latest figures, Dutch GDP is set to grow by 3.2% in 2021 (+1.0% when compared to the previous forecast). The quicker than expected recovery in 2021 slightly dampens growth expectations for 2022. The CPB projects further GDP-growth of 3.3% in 2022, which is -0.2% lower than its previous forecasts. Strong growth in 2021 means the Netherlands is likely to reach its pre-pandemic levels of GDP by the end of the year. These projections are broadly aligned with the latest forecasts published by the International Monetary Fund and slightly more positive than those published by the European Commission.

A quicker than expected economic recovery from the pandemic is also likely to dampen the impact on jobs. Whilst the CPB previously predicted a moderate rise in unemployment from 3.8% in 2020 to 4.4% in 2021, it now projects a minor decline to 3.6%. Looking further ahead, whilst the CPB still expects a moderate rise to 4.3% in 2025, this is still lower than previous forecasts. The low unemployment numbers are associated with the decrease in bankruptcies, which can be explained by the extensive policy support offered by the government. Latest figures by Statistics Netherlands (*Centraal Bureau voor de Statistiek*, CBS) show that only 2703 businesses went bankrupt in 2020, the lowest number since the turn of the century.

### Many parts of the economy show improvements

Breaking down the projections illustrate that the improvement in the forecast for Dutch economic growth is in part underpinned by the recovery in other countries. Global trade has bounced back relatively quickly, with trade in goods reaching pre-pandemic levels by December 2020. The CPB now forecasts global trade growth of 7.8% in 2021 and 5.0% in 2022. The internationally oriented Dutch economy stands ready to benefit from these developments. Having previously expected Dutch export growth of 2.6% in 2021, the CPB now projects exports to grow by 4.9% in 2021. These developments are already materialising: The latest figures by Statistics Netherlands show year-on-year export growth of 25.7% in April 2021. Whilst a large part of this growth is explained by base effects, these are nevertheless encouraging signs of an export-driven recovery. Businesses are also responding to the improving economic conditions by expanding investments. In previous forecasts by the CPB, year-on-year investment growth of 2.3% was expected for 2021. It now expects 5.3%.

The easing of lockdown restrictions is also improving consumer confidence. The consumer confidence index published by Statistics Netherlands stood at a score of -9 in May 2021. This figure compares favorably with May last year, when the index hit its lowest point in years (-31). With the index having improved by +10 points in the first half of 2021, it seems plausible that the Netherlands will recover to pre-pandemic levels of consumer confidence (-2 in December 2020) soon. These improvements in consumer confidence, paired with pent-up demand from 2020, will likely cause strong growth in household spending. In particular, the hospitality and cultural sectors of the economy, both hard hit by the lockdown restrictions, are expected to recover from the second half of 2021 onwards. The CPB forecasts household spending to grow by 1.3% in 2021 and by 6.5% in 2022, having fallen by -6.4% in 2020 and having been constrained by the prolonged restrictions in the first quarters of 2021. The additional spending is not expected to create major inflationary pressures, with the CPB's forecasts for consumer price inflation (CPI) showing a moderate rise from 1.3% in 2020 to 2.0% in 2021 and 1.8% in 2022.

### Key Economic Figures for the Netherlands

| % Change y-o-y                  | 2020 | 2021 | 2022 |
|---------------------------------|------|------|------|
| GDP                             | -3.7 | 3.2  | 3.3  |
| Household consumption           | -6.4 | 1.3  | 6.5  |
| Government expenditure          | 1.1  | 6.0  | 0.5  |
| Investments (incl. inventories) | -3.6 | 5.3  | 2.4  |
| Exports                         | -4.3 | 4.9  | 4.5  |
| Imports                         | -4.3 | 5.7  | 5.2  |
| Unemployment (% labour force)   | 3.8  | 3.6  | 4.1  |
| Inflation (HICP)                | 1.11 | 2.02 | 1.72 |

Source: The Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*, CPB), 2021.

### Key Budgetary Figures for the Netherlands

| (% of GDP)  | 2020 | 2021 | 2022 |
|-------------|------|------|------|
| EMU-balance | -4.3 | -7.5 | -2.4 |
| EMU-debt    | 54.5 | 60.0 | 59.9 |

Source: Spring Notice 2021 (*Voorjaarsnota*) for 2021 and 2022. Statistics Netherlands (*Centraal Bureau voor de Statistiek*, CBS) for 2020.

## Budgetary Outlook

### Supporting recovery increases public debt

Having helped households and businesses absorb the economic shock of the COVID-19 pandemic, the Dutch government is now taking action to support the economic recovery. This policy support will keep government expenditure at elevated levels in the coming years. According to the latest figures published in the Spring Notice, the government expects to run a budget deficit of -7.5% of GDP in 2021. This will cause the Dutch debt-to-GDP ratio to rise to approximately 60%, at the limit of the EU's Stability and Growth Pact (SGP). Whilst the debt-to-GDP ratio has worsened throughout the crisis, the Dutch figures still compare favorably with peer countries. According to the European Commission's Spring Forecast 2021, the Euro Area debt-to-GDP ratio will increase to 102% by the end of this year.

With the pandemic continuing to impact the economy in the first half of 2021, the flagship policy measures to cover wages (NOW), fixed costs (TVL), and support the self-employed (Tozo) have been extended to the third quarter of 2021. Total COVID-19 related spending is expected to cost almost € 50bn across 2021 and 2022, with the majority of the spending taking place this year. To compensate for pandemic-induced education shortfalls, the government has also announced additional expenditures of € 8.5 billion. Moreover, the government will continue to invest in the country's growth prospects with the National Growth Fund (*Nationaal Groeifonds*), which is set to spend € 20 billion in the coming five years. Having already allocated up to € 4.1 billion in the first round of spending, the National Growth Fund recently opened up for a second round of investments.

## Outstanding debt

### DSL outstanding at the end of May 2021

| ISIN code    | DSL                                    | Amount in euros |
|--------------|--|-----------------|
| NL0009712470 | 3.25 pct DSL 2011 due 15 July 2021     | 16,243,985,000  |
| 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     | 17,925,159,000  |
| 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  | 13,028,814,230  |
| NL0012818504 | 0.75 pct DSL 2018 due 15 July 2028     | 14,626,941,000  |
| 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     | 8,339,805,000   |
| NL0010071189 | 2.50 pct DSL 2012 due 15 January 2033  | 15,507,900,000  |
| NL0000102234 | 4.00 pct DSL 2005 due 15 January 2037  | 15,723,427,000  |
| NL0015000B11 | 0.00 pct DSL 2021 due 15 January 2038  | 5,880,052,000   |
| NL0013552060 | 0.50 pct DSL 2019 due 15 January 2040* | 10,708,004,000  |
| NL0009446418 | 3.75 pct DSL 2010 due 15 January 2042  | 16,063,910,000  |
| NL0010721999 | 2.75 pct DSL 2014 due 15 January 2047  | 18,263,187,000  |

| ISIN code    | DSL                                   | Amount in euros        |
|--------------|---------------------------------------|------------------------|
| NL0015614579 | 0.00 pct DSL 2020 due 15 January 2052 | 8,128,724,000          |
|              | Inscription registers                 | 11,254,520             |
|              | Private placements                    | 294,179,302            |
|              | <b>Total</b>                          | <b>330,109,487,789</b> |

\* Green bond

#### DTC position ultimo May 2021

| ISIN code    | Maturity date  | Amount in euros          |
|--------------|----------------|--------------------------|
| NL0015285826 | DTC 2021-06-29 | 9,450,000,000            |
| NL0015476839 | DTC 2021-07-29 | 8,570,000,000            |
| NL0015524117 | DTC 2021-08-30 | 8,320,000,000            |
| NL0015000AJ0 | DTC 2021-09-29 | 3,180,000,000            |
| NL0015000D01 | DTC 2021-10-28 | 2,920,000,000            |
|              | <b>Total</b>   | <b>32,440,000,000,00</b> |

| Outstanding public debt                    | Amount in euros        |
|--|------------------------|
| <b>Total outstanding DSLs, DTCs and CP</b> | <b>362,255,308,487</b> |
| Cash collateral                            | 5,403,637,641          |

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

**The cut-off date is  
22 June 2021**  
(unless mentioned otherwise)