



Quarterly Outlook

June 2022

www.dsta.nl

dsta@bloomberg.net

Twitter: @DSTA_nl

Funding and Issuance

Funding need in 2022

The Dutch State Treasury Agency has updated the funding need of the State of the Netherlands for 2022 in this Quarterly Outlook. The updated funding need is expected to be € 66.3 billion, representing a decrease of € 7.0 billion compared to the previous estimate. Consequently, the call on the capital markets is revised downwards to € 40 to € 45 billion. The current economic situation is such that the estimated funding need still remains surrounded by a high degree of uncertainty. 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.

Based on the current budgetary developments the State of the Netherlands estimates its cash deficit for 2022 at € 14.7 billion. The main reason for this lower deficit is the stronger than expected economic recovery from the COVID-19 pandemic and higher tax revenues due to amongst others increased levels of inflation. On the expenditure side of the budget the uncertainty continues to be high, for instance in measures related to COVID-19. The following table provides a breakdown of the various components.

Estimated funding need for 2022	Amount (in € bn.)	Difference compared to previous estimate (in € bn.)
Capital market redemptions 2022	30.7	-
Money market ultimo 2021 (excl. cash collateral)	19.3	-
Decrease in cash collateral (ultimo May)	1.5	1.5
Buy back DSLs	0.1	0.1
Cash deficit 2022	14.7	-8.6
Total	66.3	-7.0

Call on the capital and money markets

In order to meet this estimated funding need, the DSTA currently expects the call on the capital market in 2022 to be € 40 to € 45 billion. Previously, the call on the capital market was expected to be around € 45 billion. The amount raised on the capital markets in the first half of 2022 covers more than two thirds of the total call on the capital markets for 2022.

DSL issuance calendar third quarter 2022

Two auctions for Dutch State Loans (DSLs) are scheduled in the third quarter of 2022. The DSL 15 July 2032 will be reopened on 12 July. A new 30-year DSL will be launched in September via a Dutch Direct Auction (DDA).

The exact date of the launch, the maturity date as well as the target volume of the new 30-year bond will be decided upon after consultation with the advisors. No DSL-auctions are scheduled between mid-July and the beginning of September.

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 (in € bn.)
12 July	Reopening DSL 15 July 2032	1.5 – 2.5
September*	New 30-year DSL	t.b.d.

* The timing of the auction, the maturity date as well as the target volume of the new 30-year bond will be decided upon after consultation with the advisors.

DTC issuance calendar third quarter 2022

The following table below provides the scheduled Dutch Treasury Certificate (DTC) issuances for the third quarter of 2022. The schedule for the third quarter of 2022 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 each month. This calendar includes six DTC-auctions. The size of the programmes 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-programmes.

As a pilot the November 2022 DTC programme will not mature on the second to last business day of the month but on 23 November 2022. This way the maturity date of this November programme matches the settlement date of the (planned) DTC-auction on 21 November 2022. Based on the outcome of this pilot it will be decided if the adjustment of maturity dates should be applied to one or all future DTC-programmes.

In case of unforeseen circumstances, the DSTA reserves the right to add a DTC programme 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 programme	Longer-dated programme**
4 July	6 July	30 August 2022	28 October 2022
18 July	20 July	29 September 2022	23 November 2022
1 August	3 August	28 October 2022	30 January 2023
15 August	17 August	23 November 2022	27 February 2023
5 September	7 September	30 January 2023	30 March 2023
19 September	21 September	23 November 2022	27 February 2023

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

** Shaded fields indicate new programmes.

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 bonds issued. The method for this weighting is published on the website of DSTA. DTC rankings are based on the unweighted purchase amounts.

Top 5 PDs DSLs	Top 5 PDs DTCs
ABN AMRO	Rabobank
Barclays	ABN AMRO
Citi	Goldman Sachs
Nordea	Barclays
HSBC	Bank of America

Economic outlook

Strong economic fundamentals facing put to the test

The Dutch economy proved resilient throughout the COVID-pandemic and continued its resilient recovery during the first part of 2022. According to Statistics Netherlands, in the first quarter of the year, household consumption increased by 10.6% and exports increased by 4.7% compared to the first quarter last year. Moreover, the unemployment rate stands at 3.3% in May, the lowest level since Statistics Netherlands started to keep track of monthly unemployment rates. This means that the labour market is even tighter than in the previous period. At the same time, the war in Ukraine increases uncertainty, spurs inflation and this harms consumer confidence.

Impact of the war in Ukraine

The uncertainty about the war in Ukraine as well as the sanctions against Russia are further driving up already high (energy) prices. As an open economy, the Dutch economy is relatively sensitive to trade distortions caused by the war. However, direct trade relations with both Russia and Ukraine account for less than 3% of total trade. Considering these developments, growth projections for 2022 and 2023 for the Netherlands and also more globally are subject to uncertainty. According to the European Commission's Spring 2022 Economic Forecast published in May, GDP in the Netherlands is expected to grow by 3.3% and 1.6% in 2022 and 2023 respectively. In March, the Netherlands Bureau for Economic Policy Analysis (CPB) still forecasted a GDP growth of 3.6% this year, whilst also laying down a scenario in which the war would last longer and energy prices remain elevated for a longer period. In this scenario GDP in 2022 is expected to grow by 1.9%.

Energy prices driver of high inflation

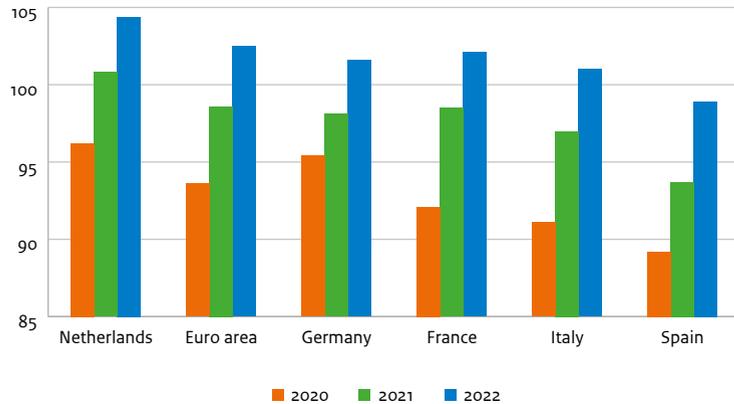
Already before the start of the war in Ukraine, inflation levels in the Netherlands were influenced by rising energy prices. During the last months, Dutch inflation has increased even further due to elevated energy prices. According to Statistics Netherlands, year on year HICP inflation reached its most recent peak of 11.7% in March. In May this number decreased slightly to 10.2%. The latest forecasts of the European Commission show that inflation is expected to decrease during the remainder of the year and will end up at an annual rate of 7.4% for 2022. There are currently no indications that the inflationary pressures would lead to a wage-price spiral. According to Statistics Netherlands, hourly collective labour agreement (CAO) wages rose 2.5% in the first quarter of 2022, which implies a decrease of real wages and thus purchasing power. This decrease in purchasing power is felt most strongly by low-income households. The government addresses this inequality by a package of purchasing power measures that currently sums up to €6.5 billion in 2022.

Key economic figures for the Netherlands (annual percentage change)

	2021	2022	2023
GDP	5.0	3.3	1.6
Private consumption	3.5	4.6	1.9
Public consumption	5.5	1.8	1.8
Investment	3.5	2.9	2.9
Exports	6.6	3.9	3.5
Imports	5.1	4.1	4.3
Employment (in hours)	1.8	2.0	1.1
Unemployment (% labour force)	4.2	4.0	4.2
Inflation (HICP)	2.8	7.4	2.7

Source: European Commission Spring 2022 Economic Forecast

Economic growth in Netherlands above Euro area average in 2022



Source: European Commission Spring 2022 Economic Forecast

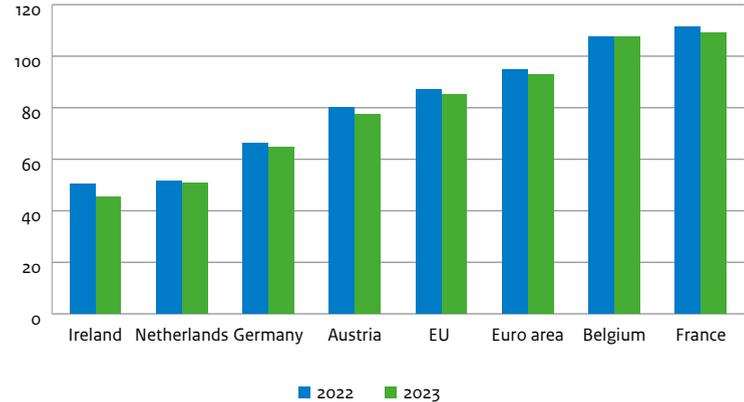
Budgetary Outlook

Government finances remain well positioned

As a response to the war in Ukraine, the Dutch government will increase defence expenditures and compensate households for the loss in purchasing power due to higher energy prices. In the Spring Note, published on 20 May 2022, these additional measures were included in the budget as a response to the changing economic environment. Since this increase in expenditure was compensated by measures elsewhere, there was no immediate impact on the budget. The EMU balance for 2022 is expected to stand at -3.4% of GDP which is 1% lower than estimated at the time of the Budget Memorandum in September 2021. According to the Spring Note, it is expected that the balance will improve to -2.5% in 2023.

Due to the strong economic recovery from the pandemic and robust tax income, the government finances remain well positioned however. The EMU debt to GDP ratio will, despite additional expenditures, remain well below the 60% threshold (52.9% in 2022 and 53.2% in 2023 according to the Spring Note). Compared to other Eurozone countries this remains very low as the figure showing debt ratios projected by the European Commission highlights. It should also be noted that the calculations set out in the Spring Note are traditionally based on the March forecasts of the Netherlands Bureau for Economic Policy Analysis in which inflation was expected to be 5.9% this year. On the expenditure side of the budget, uncertainty remains high. Certain items (in particular expenditures related to COVID-19) accounted for in the EMU balance might not lead to an actual expenditure in 2022. All in all, this Quarterly Outlook announces a decrease in the funding need for 2022 despite the situation in Ukraine (see previous section).

Dutch debt to GDP remains low compared to peers



Source: European Commission Spring 2022 Economic Forecast

Climate outlook

Increased climate ambitions

On 2 June 2022 the minister for Climate and Energy Policy presented the draft climate policy programme. The plan sets out the increased climate ambitions and the corresponding proposed policy measures of the new coalition. The proposed policy plan will be made available for public consultation and submitted to the Council of State. As set out in the Climate Act, all policy measures and their impact will be assessed by PBL Netherlands Environmental Assessment Agency. In order to reach the goal of 60% emissions reductions in 2030 compared to 1990 levels, the government will take a tighter control over the implementation of policy measures. New measures include binding reduction agreements with the twenty largest emitters, a doubling of the target for offshore wind to 21 gigawatt in 2030 and the phasing out of central heating boilers that are still reliant on fossil fuels from 2026 onwards. The government will also set up an advisory council of experts from different disciplines that will advise the government on climate policy.

Reopening of the Green DSL 2040

On 14 June 2022, the DSTA reopened the Green Dutch State Loan 2040 and raised € 4.98 billion, of which 21.3% was allocated to green investors. For the reopening, the Green Bond Framework was updated in order to align to best market practices. This is the first European framework that aligns with the EU Taxonomy to this extent and also aligns with the CBI Climate Bonds Standard and ICMA Green Bond Principles. The use of proceeds includes expenditures on for example hydrogen infrastructure, insulation of social homes, railway infrastructure and flood risk management.

Outstanding debt

DSL outstanding ultimo May 2022

ISIN code	DSL	Amount in EUR
NL0010060257	2.25 pct DSL 2012 due 15 July 2022	15,216,147,000
NL0000102275	3.75 pct DSL 2006 due 15 January 2023	4,263,000,000
NL0000102077	7.50 pct DSL 1993 due 15 January 2023	8,240,127,396
NL0000103000	Principal 15 January 2023	1,565,000,000
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	8,303,000,000
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	13,028,535,230
NL0012818504	0.75 pct DSL 2018 due 15 July 2028	17,126,941,000
NL0015000LS8	0.00 pct DSL 2021 due 15 January 2029	10,166,000,000
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	13,359,805,000
NL0015000RP1	0.50 pct DSL 2022 due 15 July 2032	8,468,815,000
NL0010071189	2.50 pct DSL 2012 due 15 January 2033	15,507,900,000

ISIN code	DSL	Amount in EUR
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*	10,708,004,000
NL0009446418	3.75 pct DSL 2010 due 15 January 2042	18,839,910,000
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
NL0000006286	2 1/2 pct Grootboek	8,300,774.6
NL0000002707	3 1/2 pct Grootboek	85,333.36
NL0000004802	3 pct Grootboek	2,362,446.66
Total		351,494,880,180.62

* Green bond

DTC positon ultimo May 2022

ISIN code	DTC	Amount in EUR
NL0015000QE7	DTC 2022-06-29	4,260,000,000
NL0015000Q1	DTC 2022-07-28	4,230,000,000
NL0015000SD5	DTC 2022-08-30	4,390,000,000
NL0015000SI4	DTC 2022-09-29	2,690,000,000
NL0015000U91	DTC 2022-10-28	1,180,000,000
NL0015000VR9	DTC 2022-11-23	2,340,000,000
		19,090,000,000

Outstanding public debt ultimo May 2022

Outstanding public debt	Amount in EUR
Total outstanding DSLs, DTCs and CP	370,584,880,180.62
Cash collateral	1,765,982,220.65

Dutch State Treasury Agency
Ministry of Finance
PO Box 20201
2500 EE The Hague
The Netherlands

www.dsta.nl
dsta@bloomberg.net
Twitter: @dsta_nl

Agent (acting)
Martin Heerma
m.heerma@minfin.nl

**Cash Management, Issuance
and Trading (acting)**
Jaap Teerhuis
j.c.teerhuis@minfin.nl

Policy and Risk Management
Karen van der Wiel
k.m.wiel@minfin.nl

**Treasury and Debt Operation
(acting)**
Isabellita Lie Fong-Terhorst
i.liefong@minfin.nl

**Controlling, Accounting and
Reporting**
Bernd Klein Schiphorst
b.e.j.kleinschiphorst@minfin.nl

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

**The cut-off date is
21 June 2022**
(unless mentioned otherwise)