



Quarterly Outlook

September 2023

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Funding and Issuance

Funding need

On 19 September 2023, the Dutch government presented the 2024 Budget Memorandum. Based on these new figures, the DSTA has updated its funding need for 2023 and expects a cash deficit for 2023 that is €11.6 billion lower than previously communicated in June and € 24.8 billion lower than anticipated in January 2023. This brings the estimated funding need for 2023 to €74.9 billion. The change is caused by many factors.

Examples of these are variations in tax income and social security contributions, lower than expected spending on the energy price cap and underspending (i.e. the government being unable to carry out all planned expenditures). Overall, the projections contain uncertainty, mainly driven by uncertainty regarding the state of the economy. Any further update of the estimated funding need will be provided as and when available.

Estimated funding need 2023	Amount (€bn)
Capital market redemptions 2023	31.6
Net money market ultimo 2022 (excluding cash collateral)	34.5
Cash deficit 2023*	8.8
Total borrowing requirement 2023	74.9

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

An estimate of the funding need for 2024 will be provided in December in the Outlook 2024. The DSTA is committed to communicate with the market as transparently as possible.

Call on the capital and money markets

Given the updated estimated borrowing requirement, the DSTA will lower its expected call on the money market as well as on the capital market. This will bring the total expected issuance on the capital market in 2023 to at least €46 billion in nominal terms.

DSL issuance calendar fourth quarter 2023

As recently announced, the new Green DSL 15 January 2044 will be issued on 17 October 2023 and has a target volume of €4 to 5 billion. Later in October, the DSTA will reopen the DSL 15 July 2033 which was issued earlier this year. One remaining auction moment in November remains optional. At least six days prior to the proposed auction moment, the DSTA will announce whether this auction will be held and which DSL will be issued. 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)
17 October	New 20-year Green DDA	4 – 5
24 October	Reopening of the DSL 15 July 2033	To be announced*
14 November	Optional: Tap of an existing DSL	To be announced*

* Target volume and other details will be announced at a later stage, at the latest on Wednesday preceding the auction date (t-6)

DTC issuance calendar fourth quarter 2023

As usual, the DSTA will have regular money market issuances through its DTC programmes. The schedule for the fourth quarter of 2023 generally 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 Mondays of the month. One exception is the second DTC auction in December, where the auction date is one week earlier due to the end-of-year period. Auction details will be announced on the Wednesday prior to the relevant auction. The DSTA reserves the right to add a DTC programme or, alternatively, alter or remove it from the issuance calendar.

Auction date*	Settlement date	Shorter-dated programme	Longer-dated programme
2 October	4 October	29 November 2023	27 March 2024
16 October	18 October	30 January 2024	27 March 2024
6 November	8 November	28 February 2024	29 April 2024
20 November	22 November	30 January 2024	29 April 2024
4 December	6 December	28 February 2024	30 May 2024
11 December	13 December	27 March 2024	30 May 2024

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

Economic Outlook

Dutch economy slowly cooling, though resilience persists

Despite multiple shocks in recent years and recent negative growth, the Dutch economy is demonstrating continued resilience. Statistics Netherlands (*Centraal Bureau voor de Statistiek*, CBS) estimates a 0.3% decrease in GDP in the second quarter of 2023 in comparison to the first quarter of 2023. This decrease can be attributed to a 0.7% decline in exports of goods, and to a 1.6% decrease in consumer spending in comparison to the previous quarter. Meanwhile, imports, government consumption and investments increased in the second quarter of 2023.

The Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*, CPB) expects the total economy to grow by 0.7% in 2023 and by 1.5% in 2024, which represents a slowdown compared to 2022 (4.3%). The CPB attributes this economic slowdown in 2023 to multiple factors, including inflation, which is putting pressure on consumer spending. Moreover, industrial production has seen a significant decrease of 7.7% in June 2023 compared to June in the previous year. This decrease reflects lower demand for exported goods and higher energy prices. Finally, higher interest rates are causing a decrease in investments. These effects on GDP are mitigated by continued government consumption, an increasing growth in wages and a tight labour market.

Key economic figures for the Netherlands (annual percentage change)

Key economic figures, growth (%)	2021	2022	2023	2024
GDP	6.2	4.3	0.7	1.5
Household consumption	4.3	6.6	0.6	2.4
Government consumption	5	1.6	2.4	3.1
Investment (including stockpile)	4.7	1	2.8	0.3
Exports of goods and services	8	4.5	0.8	1.5
Imports of goods and services	6.2	3.8	1.9	2.1
Employment (in hours)	3.3	3.9	1.2	0.6
Unemployment (% of labour force)	4.2	3.5	3.6	4.0
Inflation (HICP)	2.8	11.6	4.1	3.9

Source: CPB, Macro Economic Outlook 2024

Wages increase as unemployment remains low

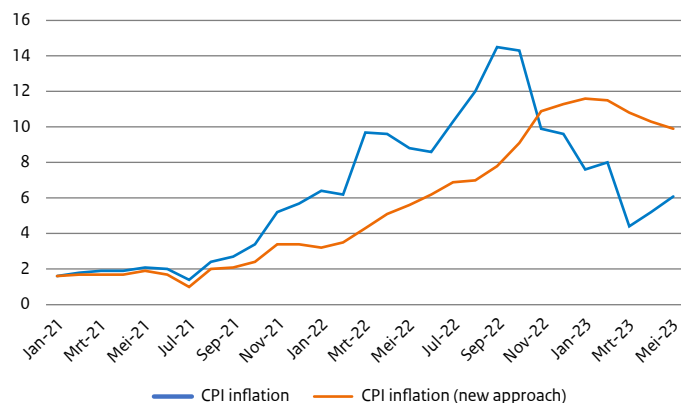
Unemployment decreased from 3.6% in the first quarter of 2023 to 3.5% in the second quarter. The labour market is expected to remain tight in the coming year, though the CPB estimates that unemployment will increase slightly to 3.6% by the end of 2023 and to 4.0% in 2024. Statistics Netherlands reported an unemployment rate in August of 3.6%, in line with CPB estimates. At the same time, the wage increase for collective labour agreements between the second quarter of 2022 and that of 2023 was 5.7%. This is a response to current labour market conditions and inflation, which in turn could put pressure on companies with lower productivity. This development could signal a return to presumed regular business dynamics, which were largely absent during years with government support in response to Covid-19. These regular business dynamics could contribute to a reallocation of labour to companies with a higher productivity, which in the longer term increases total productivity. In sectors which have not seen an increase in profitability, wage increases will contribute to a further increase in prices.

Inflation is slowing as energy prices decrease

Inflation in the Netherlands is slowing due to a substantial decrease in energy prices since the peak at the end of 2022. In August 2023, prices rose by 3.4% year-on-year. This rise is already smaller than in July, when inflation was stated as 5.3% year-on-year. For 2024, inflation is estimated to decrease to 3.9%. Statistics Netherlands largely attributes the change between year-on-year inflation for July and August 2023 to energy prices. Year-on-year energy prices, as measured by Statistics Netherlands, decreased by 46.7% in August, while this decrease was 34.5% in July.

The Consumer Price Index (CPI), a national measure of inflation published by Statistics Netherlands alongside HICP inflation, mirrors the developments of HICP inflation. In June 2023, Statistics Netherlands has updated its approach to measuring inflation. This approach more accurately measures average price increases in energy prices. It measures energy prices in both new and existing contracts, instead of only measuring the prices for new contracts. In the figure below, this new approach shows a more gradual translation of the higher energy prices to Dutch headline (CPI) inflation numbers in the previous two years than the previous approach.

Source: Statistics Netherlands



Budgetary Outlook

Targeted support of purchasing power

The 2024 Budget Memorandum, presented on 19 September 2023, introduces measures targeted to protect the purchasing power of households vulnerable to rising prices. The measures amount to €2 billion and are aimed at lower- and middle income households with children, or lower income households in rented housing. The costs of the measures are covered through an increase in tax income from people earning more than €75,000, and by increasing excise duty on alcohol and tobacco. This Budget Memorandum is presented by the government in its position as caretaker. On 22 November 2023, elections will be held for the House of Representatives, after which the formation of a new coalition begins. As this formation takes place at the end of 2023, the upcoming elections are not likely to impact the 2023 budget.

A robust budget

The public finances of the Netherlands will remain robust with the package of measures introduced in the 2024 Budget Memorandum. The budget deficit is forecasted to be 1.6% over 2023, which is below the estimated Euro area average of 3.2% and reflects an adjustment of -1.0% from the previous estimate of 2.6% in the 2023 Spring Budget Memorandum.

The budget deficit for 2024 is estimated to be 2.9%. As a result of inflation, the EMU-debt to GDP ratio is forecasted to decrease to 47.6% in 2023 and is expected to further decrease to 47.3% in 2024. The EMU-debt to GDP ratio will remain far below the estimated euro area average of 91.2% (first quarter of 2023) and is also well below the EMU norm of 60%.

GDP (%)	2022	2023	2024
EMU-balance	0.0%	-1.6%	-2.9%
EMU-debt	51.0%	47.6%	47.3%

Source: 2024 Budget Memorandum

Climate Outlook

Additional climate measures make the 2030 goals within reach

According to the Netherlands Environmental Assessment Agency (*Planbureau voor de Leefomgeving*, PBL), responsible for projecting emission reductions, the Dutch government is taking an important step forward towards achieving a 55% reduction in greenhouse gas emissions in 2030, compared to 1990 levels. The additional measures announced earlier this year provide an additional 5 percentage point emission reduction compared to last year's estimate. This makes a reduction of 46% to 57% compared to 1990 levels possible. The PBL does mention that the upper bound of the estimated reduction levels is both dependent on factors outside the control of the government, such as the import of electricity, as well as implementing every measure covered in the calculation. In addition, the government expects an additional 4 percentage points reduction is feasibly from climate measures not yet captured in the calculations. This additional reduction can be realised if the measures are sufficiently and timely detailed and subsequently implemented.

PBL also notes a significant drop in greenhouse gas emissions in 2022. Emissions in 2022 amounted to 158 megatons of CO₂e, which means approximately 14 megatons of CO₂e below 2021 levels. Total greenhouse gas emissions in 2022 were thus 31% below the 1990 level. The sharp decline in 2022 is mainly due to less natural gas consumption by industry, built environment and agriculture. Higher natural gas prices in 2022 and a mild winter are the key reasons for the decrease. According to Statistics Netherlands, this trend continued in 2023, in the second quarter of 2023 the emissions decreased a further 5% compared with the same quarter last year.

Climate act formally adopted

As of July 2023, the Netherlands has formally adopted the updated climate act. This makes the targets for greenhouse gas emission reductions stricter, where the Netherlands must be climate neutral by 2050. For 2030 the target is to reduce emissions with 55% compared to 1990. In order to achieve this target, the government has an ambition of 60% reduction by 2030.

DSTA revises Green Bond Framework, with a focus on blue expenditures¹

The DSTA has updated its Green Bond Framework in order to demonstrate adherence to the existing EU Taxonomy, whilst also incorporating adherence to the amendments and additions to the EU Taxonomy that were adopted by the European Commission on 13 June 2023. The new green bond will cover all expenditures outlined in the Green Bond Framework, fulfilling the substantial contribution criteria of the EU Taxonomy as a minimum. As the new additions to the EU Taxonomy contain—amongst others—criteria for Flood risk prevention and Nature-based solutions for flood risk prevention, the DSTA was able to fully map the Delta Fund expenditures against Taxonomy criteria.

¹ For more information, visit [dsta.nl](https://www.dsta.nl)

Outstanding debt

DSL outstanding at the end of August 2023

ISIN code	Loan	Amount in EUR
NL0012650469	0,00 pct DSL 2017 due 15 January 2024	15.378.277.000
NL0010733424	2,00 pct DSL 2014 due 15 July 2024	17.365.132.000
NL0011220108	0,25 pct DSL 2015 due 15 July 2025	19.925.159.000
NL0015000QL2	0,00 pct DSL 2022 due 15 January 2026	12.313.000.000
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	17.705.926.000
NL0000102317	5,50 pct DSL 1998 due 15 January 2028	13.028.367.851
NL0012818504	0,75 pct DSL 2018 due 15 July 2028	19.331.941.000
NL0015000LS8	0,00 pct DSL 2021 due 15 January 2029	12.582.000.000
NL0013332430	0,25 pct DSL 2019 due 15 July 2029	12.215.587.000
NL0015001DQ7	2,50 pct DSL 2023 due 15 January 2030	7.800.000.000
NL0014555419	0,00 pct DSL 2020 due 15 July 2030	14.038.462.000
NL00150006U0	0,00 pct DSL 2021 due 15 July 2031	15.064.805.000
NL0015000RP1	0,50 pct DSL 2022 due 15 July 2032	13.615.815.000
NL0010071189	2,50 pct DSL 2012 due 15 January 2033	15.507.900.000
NL0015001AM2	2,50 pct DSL 2023 due 15 July 2033	8.019.993.000
NL0000102234	4,00 pct DSL 2005 due 15 January 2037	17.977.427.000
NL0015000B11	0,00 pct DSL 2021 due 15 January 2038	10.477.052.000
NL0013552060	0,50 pct DSL 2019 due 15 January 2040*	15.690.370.000

ISIN code	Loan	Amount in EUR
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	17.799.724.000
NL00150012X2	2,00 pct DSL 2022 due 15 January 2054	8.633.754.000
Total		358.546.839.851

* Green Bond

DTC outstanding at the end of August 2023

ISIN code	DTC	Amount in EUR
NL0015001DN4	DTC 28 September 2023	5.060.000.000
NL0015001F08	DTC 30 October 2023	6.630.000.000
NL0015001GL1	DTC 29 November 2023	4.620.000.000
NL0015001L75	DTC 30 January 2024	2.450.000.000
Total		18,760,000,000

Outstanding public debt at the end of August 2023

Outstanding public debt	Amount in EUR
Cash	871.790.643
Cash in foreign currency	-
DSL outstanding	358.546.839.851
DTC outstanding	18.760.000.000
CP outstanding in EUR	3.125.000.000
CP outstanding in foreign currency	410.410.009
Private Loans outstanding	18.151.209
Private Loans outstanding in foreign currency ²	158.891.917
Total outstanding	381.891.083.629
Cash collateral	231.976.962
Total outstanding including cash collateral	382.123.060.591

² Debt of the Netherlands Antilles taken over by the Netherlands



Save the date!

Launch of the DSTA's Outlook 2024
Friday 15 December 2023

Invitations will be sent out in November

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

**The cut-off date is
21 September 2023**
(unless mentioned otherwise)