



# Quarterly Outlook

September 2021

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## Funding and issuance

### Funding need

On 21 September 2021 the Dutch government presented the 2022 Budget Memorandum, including an overall update of the budgetary and economic outlook. Based on the new figures, the funding need of the Dutch State now stands at € 112.1 billion for 2021. The Dutch State estimates its cash deficit for 2021 at € 53.6 billion. This amount is slightly lower than the previous estimate of € 56.4 billion. The lower cash deficit results in a similar decrease in the total estimated funding need for 2021.

| 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                     | 1.3           |
| Cash deficit 2021                               | 53.6          |
| <b>Total</b>                                    | <b>112.1</b>  |

In order to fulfil this estimated funding need, the call on the capital markets in 2021 will amount to around € 60 billion. This estimated amount is in line with previous communications. At this moment an amount of € 41.3 billion has been funded on the capital markets, which is approximately 69% of the expected call on the capital markets. The ultimate funding need however remains surrounded by a high degree of uncertainty and could still turn out significantly lower. The DSTA will use financing on the money markets to absorb fluctuations in the ultimate funding need.

An estimate of the funding need for 2022 will be provided in December in the Outlook 2022. The DSTA is committed to communicate with the market as quickly and transparently as possible.

### DSL issuance calendar fourth quarter 2021

Five auctions for Dutch State Loans (DSLs) are scheduled in the fourth quarter of 2021. In this final quarter, the three DSLs launched earlier this year will be tapped at least once. On 26 October 2021, the DSL 15 January 2031 will be tapped. On 9 November 2021, the DSL 15 January 2038 is scheduled to be reopened. Both tap auctions will have a targeted volume of € 1.5 to 2.5 billion per auction. On 23 November 2021, the new 8-years DSL, which will be launched on 28 September, will be tapped for an amount of € 2.0 to 3.0 billion. In addition, two existing DSLs are expected to be reopened. The exact DSLs to be reopened will be decided in consultation with the Primary Dealers.

DSL auctions traditionally take place on the second and fourth Tuesday of the month. The only exception is the auction on 7 December 2021, which will be brought forward one week due to the end of year period. For the same reason, no auction is scheduled on the fourth Tuesday of December.

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) |
|------------------|---------------------------|----------------------|
| 12 October 2021  | Reopening of existing DSL | To be determined     |
| 26 October 2021  | DSL 15 July 2031          | 1.5 – 2.5            |
| 9 November 2021  | DSL 15 January 2038       | 1.5 – 2.5            |
| 23 November 2021 | DSL 15 January 2029       | 2.0 – 3.0            |
| 7 December 2021  | 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).

### DTC issuance calendar fourth quarter 2021

The Dutch Treasury Certificate (DTC) issuance calendar is similar to that in the previous quarters of 2021. As customary the three and six month programmes will be auctioned following the same auction pattern. The table below provides the scheduled DTC issuances for the fourth quarter of 2021.

Auctions are held on the first and third Monday of each month. The only exception is the auction on 13 December 2021, which will be brought forward by one week due to the end of year period. 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.

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 October     | 6 October       | 28-1-2022                 | 30-3-2022                |
| 18 October    | 20 October      | 28-1-2022                 | 30-3-2022                |
| 1 November    | 3 November      | 25-2-2022                 | 28-4-2022                |
| 15 November   | 17 November     | 25-2-2022                 | 28-4-2022                |
| 6 December    | 8 December      | 30-3-2022                 | 30-5-2022                |
| 13 December   | 15 December     | 30-3-2022                 | 30-5-2022                |

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

\*\* Shaded fields indicate new programmes.

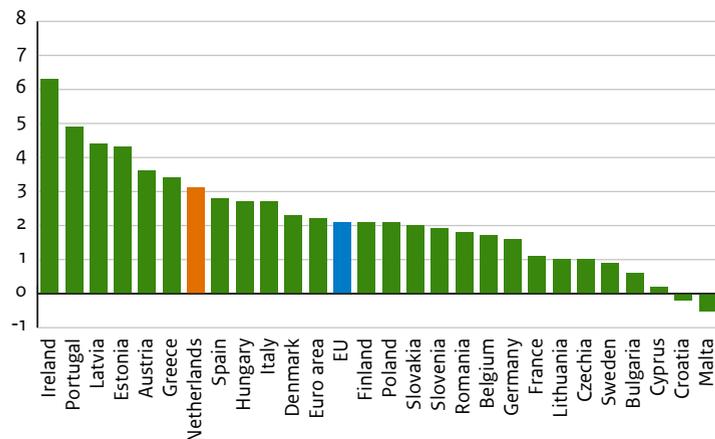
## Economic Outlook

### Rapid economic recovery despite uncertainties around the pandemic

The Dutch economy is recovering at a rapid pace from the COVID-19 pandemic according to forecasts published by the independent Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB) on 21 September 2021. Following a drop in GDP of 3.8% in 2020 an increase of similar proportions is now envisioned for 2021. This is a significant upward revision from the estimate given in our previous Quarterly outlook in June (3.9% vs. 3.2%) as realisations continue to outpace forecasts. The growth trend is set to continue in 2022 with an expected GDP growth of 3.5% which is slightly higher than the June estimate of 3.3%. In comparison to other European member states, the Dutch quarterly growth figures are above the EU average, as seen by the graph below.

### GDP growth rates in the second quarter of 2021

% change over the previous quarter, based on seasonally adjusted data



Luxembourg: data not available

Source: Eurostat, 2 September 2021

### Caretaker government responding to the COVID-19 pandemic

The caretaker government has announced to loosen the majority of restrictions as of 25 September 2021 and is looking optimistically at the future. Most of the temporary business support programs will also end from October onwards as further support might in fact have adverse economic consequences. An exception is made for the support programs for the event and travel sector and for healthy companies to pay off debts.

Of course many uncertainties remain, such as in relation to new variants of the COVID-19 virus and the level of protection from vaccines. However, the current caretaker government has the ability to respond quickly to new developments if needed. At the same time, talks continue for the formation of a new government, following the elections that took place in March this year. This means a few new spending priorities have been added to the 2022 government budget and as a result - and because of the cease of the support programs - government consumption is estimated to drop to 1.5% in 2022 (following 6% growth in 2021.)

### Recovery widespread, although purchasing power lags behind

GDP growth figures are widely supported throughout the Dutch economy, with the export sector profiting from revived international trade, consumers increasing their spending levels and businesses again making favourable calls towards new investments. This can be seen in the next table. Zooming in on household consumption, numbers are projected to rise steadily at a rate of 2.4% this year and 5.8% next year. Part of this may be explained by low unemployment figures and part by higher overall consumer confidence levels. Consumer confidence is now back around its pre-crisis level of zero (meaning just as many people are optimistic as pessimistic about the economy), after having dropped to -28 last year. It is also noticeable on the housing market, where prices continue to surge – even during the crisis – as scarcity continues to have the upper hand. Despite these spending dynamics, purchasing power development is slightly negative. This is because salaries have not yet responded in full to the recovery, while at the same time transitory inflationary pressures have unfolded, mostly due to a rise in commodity prices.

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

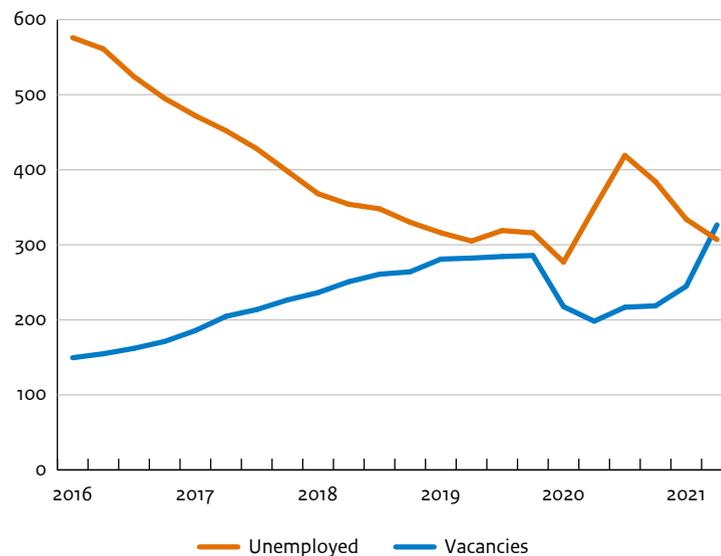
|                                    | 2020 | 2021 | 2022 |
|------------------------------------|------|------|------|
| GDP                                | -3.8 | 3.9  | 3.5  |
| Household consumption              | -6.6 | 2.4  | 5.8  |
| Government consumption             | 1.0  | 6.0  | 1.5  |
| Investment (including inventories) | -5.4 | 1.7  | 3.6  |
| Exports                            | -4.8 | 6.8  | 5.4  |
| Imports                            | -5.5 | 6.5  | 6.4  |
| Employment (in hours)              | -2.7 | 2.3  | 1.8  |
| Unemployment (% labour force)      | 3.8  | 3.4  | 3.5  |
| Inflation (HICP)                   | 1.1  | 1.9  | 1.8  |

Source: CPB, Macro Economic Outlook 2022, 21 September 2021

## Tight labour market

The labour market developments also reflect the strengthened economic situation. Unemployment has remained relatively low against the backdrop of the COVID-19 support measures and in fact declined from 3.8% last year to 3.4% this year. Only a slight rise in unemployment is expected for the years ahead (3.5% in 2022), due to the government ending its support measures and the return of a competitive, yet new, business climate. This could result in some companies going insolvent or laying off workers, while others could start enjoying higher income levels and increasing their employment force. Currently, the situation on the labour market is relatively tight with vacancies now just outnumbering those seeking work (see graph below).

## Developments in the number of unemployed and the number of vacancies (x1000)



Source: Budget Memorandum 2022, 21 September 2021

## Budgetary Outlook

### Promising economic situation means favourable budget dynamics

The Dutch 2022 budgetary memorandum was presented on 21 September 2021, as is traditionally done on the third Tuesday of September. This budget memorandum contains relatively few policy changes because of the caretaker nature of the current government. Nevertheless, some additional measures in the areas of climate and safety have been proposed. Public finances are estimated to improve in line with the economic recovery. In the current year a budget deficit of 6.0% of GDP is still expected (up from 4.3% in 2020) as a result of the COVID-19 support measures and a drop in tax revenue. However, a turning point has been reached. Tax income is again on the rise, while from October onwards many of the pandemic support measures will cease to exist (with the exception of a few sectors that continue to be directly affected). Consequently, the EMU-deficit is set to narrow to 2.4% in 2022.

### Debt levels to remain relatively stable

The EMU-debt is projected to follow a similar trend, as described above. At year end 2021 it is expected to end up at 57.8% of GDP, which is around 3%-points higher than the 2020 figure. In 2022 just a slight decrease is envisaged, towards 57.7% of GDP. Of course both the EMU-deficit and the EMU-debt are highly dependent on the pace of the economic recovery and the extent to which the end of the pandemic has been reached. Nevertheless, there is ample room to deal with uncertainties as government finances can be considered strong also from an international perspective. The new government that is to be formed may use some of this financial room for policy purposes, but a deviation from the trend-based budgetary principle is not expected. Traditionally in Dutch government budgets, revenues may change over the course of the cycle but expenditure ceilings – once set – have to be maintained.

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

|                     | 2020 | 2021 | 2022 |
|---------------------|------|------|------|
| EMU-balance         | -4.3 | -6.0 | -2.4 |
| EMU-debt (year-end) | 54.5 | 57.8 | 57.7 |

Source: Budget Memorandum 2022, 21 September 2021

## Outstanding debt

### DSL position ultimo August 2021

| ISIN code    | DSL                                   | Amount in euros |
|--------------|---------------------------------------|-----------------|
| 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    | 10,869,805,000  |
| NL0010071189 | 2.50 pct DSL 2012 due 15 January 2033 | 15,507,900,000  |

| ISIN code    | DSL                                    | Amount in euros        |
|--------------|----------------------------------------|------------------------|
| NL0000102234 | 4.00 pct DSL 2005 due 15 January 2037  | 17,977,427,000         |
| 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  | 18,839,910,000         |
| NL0010721999 | 2.75 pct DSL 2014 due 15 January 2047  | 18,497,187,000         |
| NL0015614579 | 0.00 pct DSL 2020 due 15 January 2052  | 8,128,724,000          |
|              | Inscription registers                  | 10,997,975             |
|              | Private placements                     | 107,772,584            |
|              | <b>Total</b>                           | <b>321,472,839,526</b> |

\* Green bond

#### DTC position ultimo August 2021

| ISIN code    | Maturity date  | Amount in euros          |
|--------------|----------------|--------------------------|
| NL0015000AJ0 | DTC 2021-09-29 | 6,130,000,000            |
| NL0015000D01 | DTC 2021-10-28 | 7,520,000,000            |
| NL0015000FH3 | DTC 2021-11-29 | 6,920,000,000            |
| NL0015000JL7 | DTC 2022-01-28 | 4,200,000,000            |
|              | <b>Total</b>   | <b>24,770,000,000.00</b> |

| Outstanding public debt ultimo August 2021 | Amount in euros        |
|--------------------------------------------|------------------------|
| <b>Total outstanding DSLs, DTCs and CP</b> | <b>346,135,066,942</b> |
| Cash collateral                            | 5,364,245,953          |



## Save the date!

Launch of the DSTA's Outlook 2022  
Thursday 16 December 2021

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  
22 September 2021**  
(unless mentioned otherwise)