



Ministry of Finance

# Dutch State Treasury Agency

Investor presentation  
Dutch State Loan 2029 (8-year DSL)

Latest update: 22 September 2021



# Details new 8-year Dutch State Loan

## Details new DSL 2029

**Auction date** Tuesday 28 September 2021

**Maturity date** 15 January 2029

**Target volume** € 3 - 5 billion

**Coupon** 0,00 % (short first coupon)

**Auction method** MTS auction

**Auction date** Tuesday 28 September 2021

**Settlement date** Thursday 30 September 2021

**Country ratings** Aaa/AAA/AAA



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# Economic Outlook





# Economic Outlook

Key economic figures for the Netherlands (2018-2022)

% change y-o-y	2018	2019	2020	2021*	2022*
<b>GDP</b>	2.4	2.0	-3.8	3.9	3.5
<b>Household consumption</b>	2.2	0.9	-6.6	2.4	5.8
<b>Government consumption</b>	1.7	2.8	1.0	6.0	1.5
<b>Investments (including inventories)</b>	3.9	3.6	-5.4	1.7	3.6
<b>Exports</b>	4.3	2.0	-4.8	6.8	5.4
<b>Imports</b>	4.7	3.2	-5.5	6.5	6.4
<b>Unemployment (% labour force)</b>	3.8	3.4	3.8	3.4	3.5
<b>Inflation (HICP)</b>	1.6	2.7	1.1	1.9	1.8

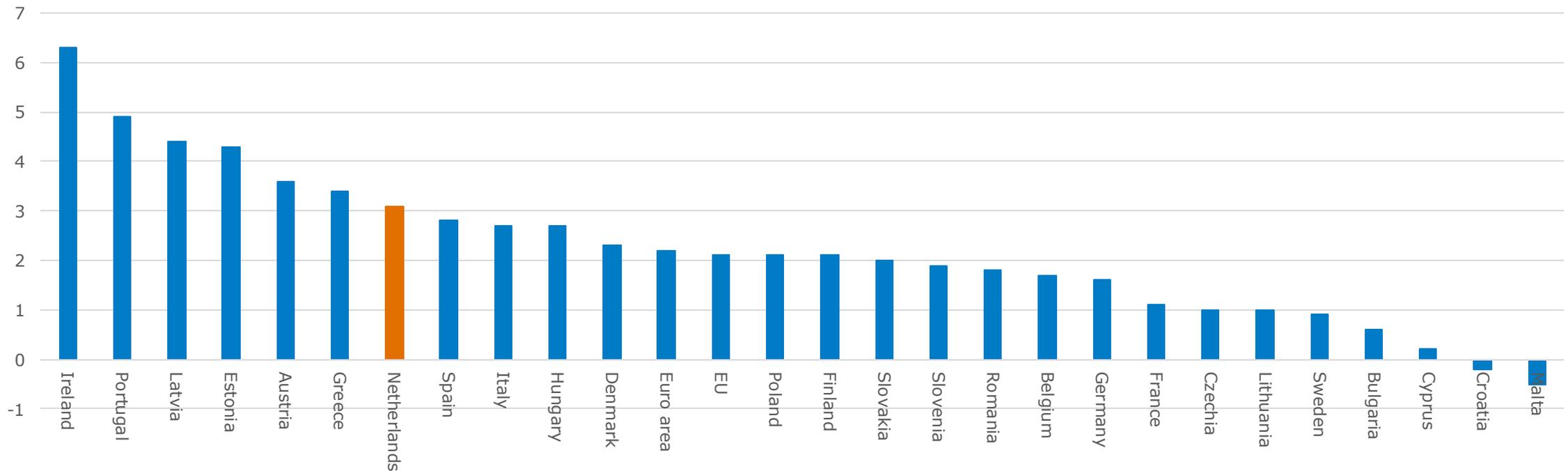
**Source:** Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*; CPB), 21 September 2021 ([www.cpb.nl](http://www.cpb.nl))

**\*Note:** Data for 2021 and 2022 reflect the latest forecasts by the CPB, not realized economic performance



# Dutch quarterly growth is above EU average

GDP growth rates in the second quarter of 2021



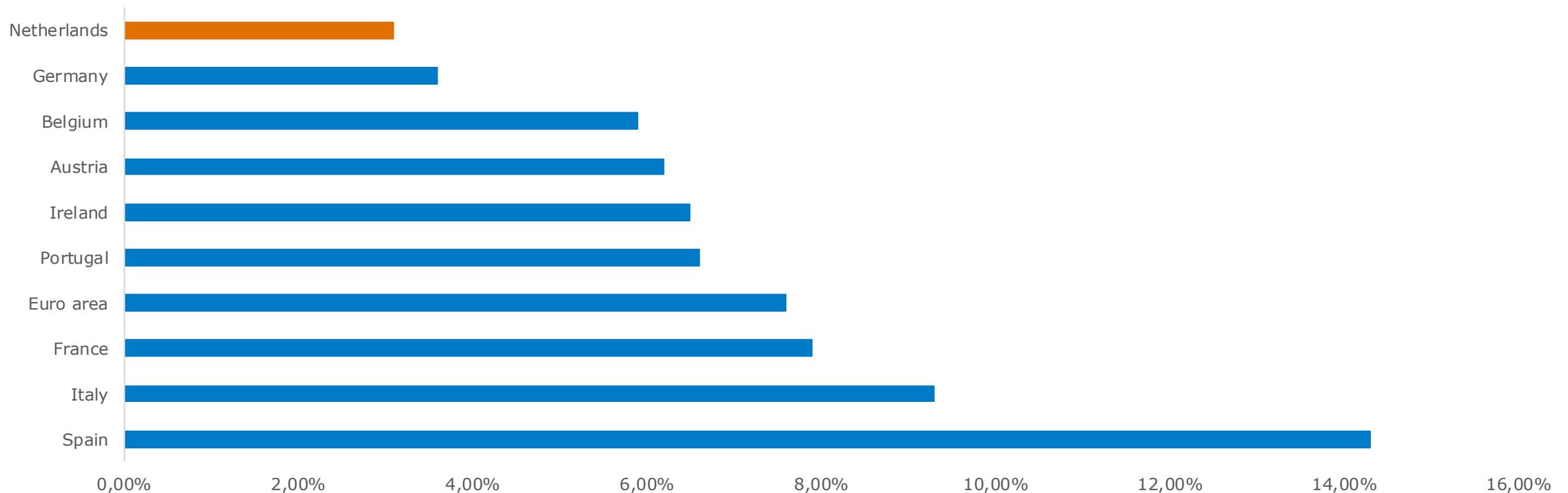
\* Luxembourg data is not available

Source: Eurostat, September 2021 ([link](#))



# Unemployment rate is relatively low...

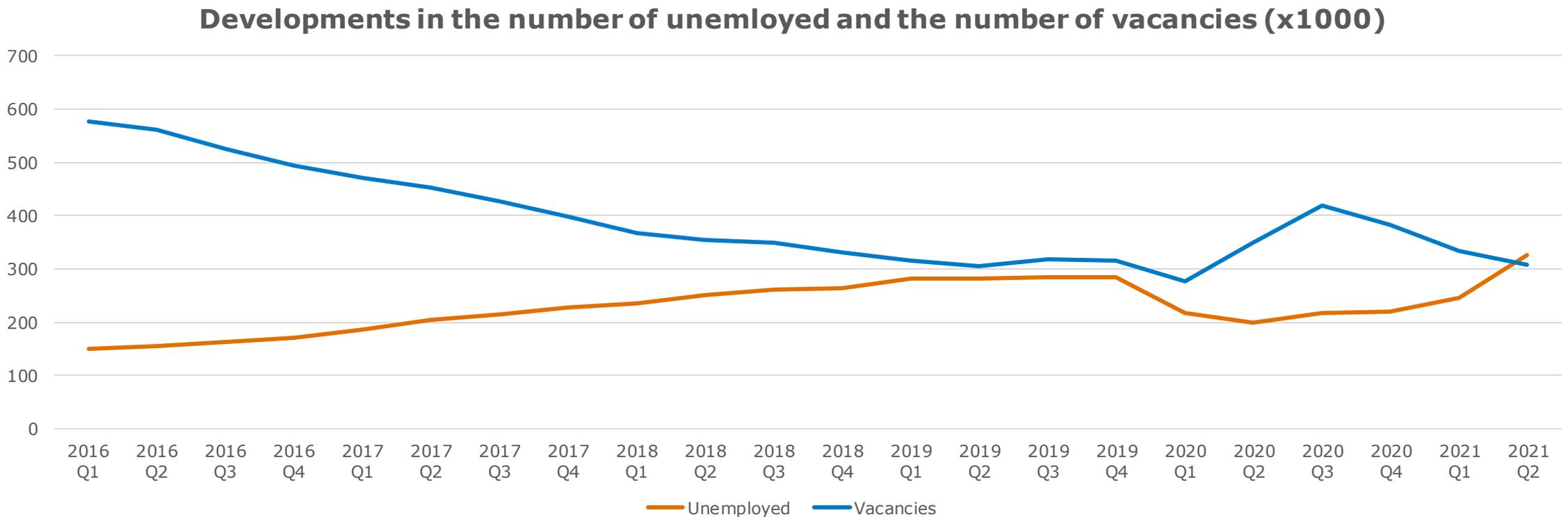
Unemployment rate in July 2021, seasonally adjusted data (% of labour force)



Source: Eurostat, September 2021 ([link](#))



# ...which means labour market is relatively tight

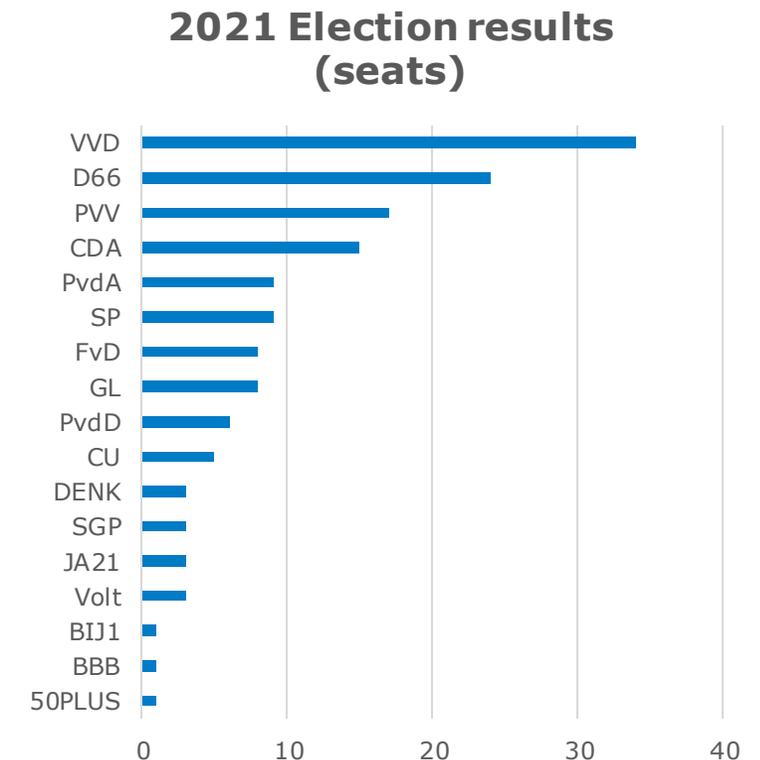


**Source:** Budget memorandum 2022, 21 September 2021



# Current political situation

- > On 21 September the caretaker government published a new budgetary memorandum.
  - This budget memorandum contains relatively few policy changes because of the caretaker nature of the current government.
  - Nevertheless substantial amount is being proposed to address climate challenges.
- > Elections for the House of Representatives were held on 17 March 2021. The political parties are currently still in the process of negotiating the formation of a new coalition government.
- > The caretaker government has been in place since January 2021. It will continue to take necessary policy decisions until a new government is formed, conditional on parliamentary support.



**Source:** Kiesraad, March 2021 ([link](#)).



# Risks to the outlook remain, but mitigating factors exist

## **Development of the COVID-19 pandemic**

- Risks of COVID-19 mutations and the corresponding risk of the effectiveness of vaccines with these mutations
- Globally: inequality in vaccine availability and take-up

## **Political uncertainty**

- Time until next government is formed

## **Potential overheating of Dutch Economy**

- Tight labour market
- Heated housing market

## **Vaccination roll-out in the Netherlands**

- Vaccines are now widely available
- Current level of vaccination coverage (above 18yr) is 81,7%

## **Mandate of caretaker government**

- Can take all necessary decisions to fight the pandemic, with parliamentary support
- Has support to address relevant bottlenecks

## **Budgetary possibilities**

- Current budgetary position leaves space for intervention in housing and labour market

A man with long brown hair, wearing a dark jacket and a life vest, stands on the deck of a white boat. The boat's side features the text 'THE OCEAN CLEANUP' in large, teal, sans-serif capital letters. The boat is moving through dark blue water, and a long line of yellow duck-shaped floats with blue caps is trailing behind it. The scene is lit with blue ambient lighting, suggesting a nighttime or low-light environment.

THE OCEAN  
CLEANUP®

Budgetary Outlook



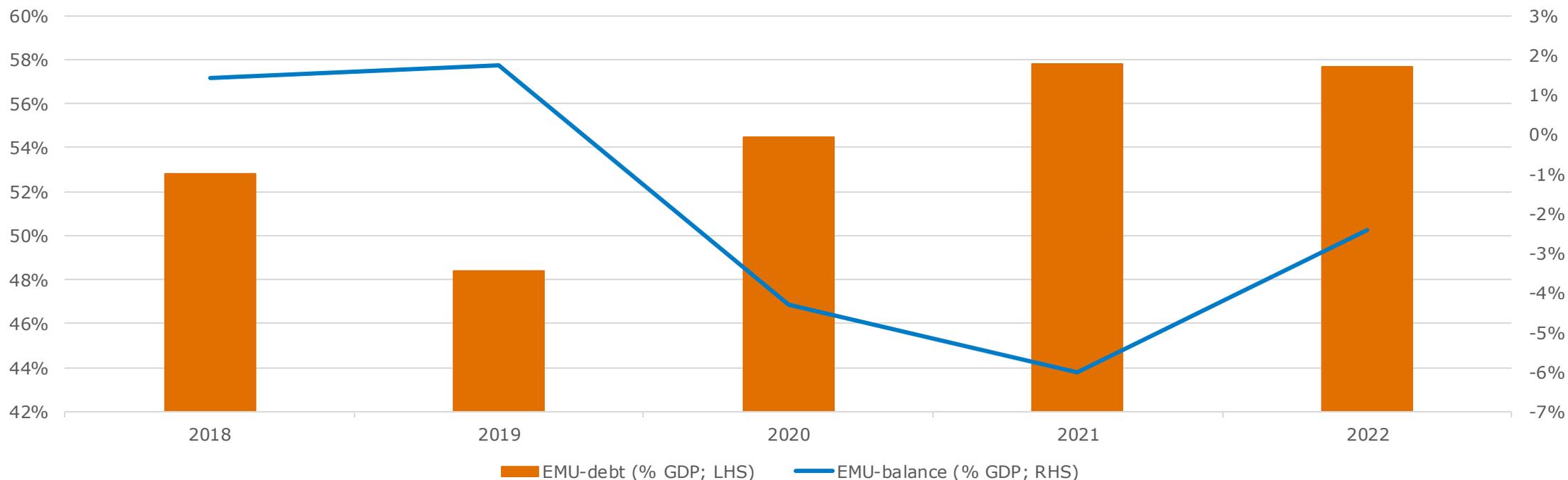
# The Dutch 2022 Budgetary Memorandum has been presented on 21 September 2021

- › Due to the caretaker nature of the current government the memorandum contains relatively few policy changes. However, measures have been taken for some socially urgent tasks:
  - **Climate:** The government is investing an additional € 6.8 bn in climate related measures
  - **Public safety:** Structural increase of € 400 mln for tackling subversive crime
  - **Housing market:** To increase the availability of houses the government will invest € 100 mln a year for the next 10 years
  - **Inequality:** The government will implement a structural burden relief of € 226 mln to enhance purchasing power of low-income groups, singles and families



# Government debt is expected to remain below 60% of GDP

EMU-debt and EMU-balance between 2017 and 2022

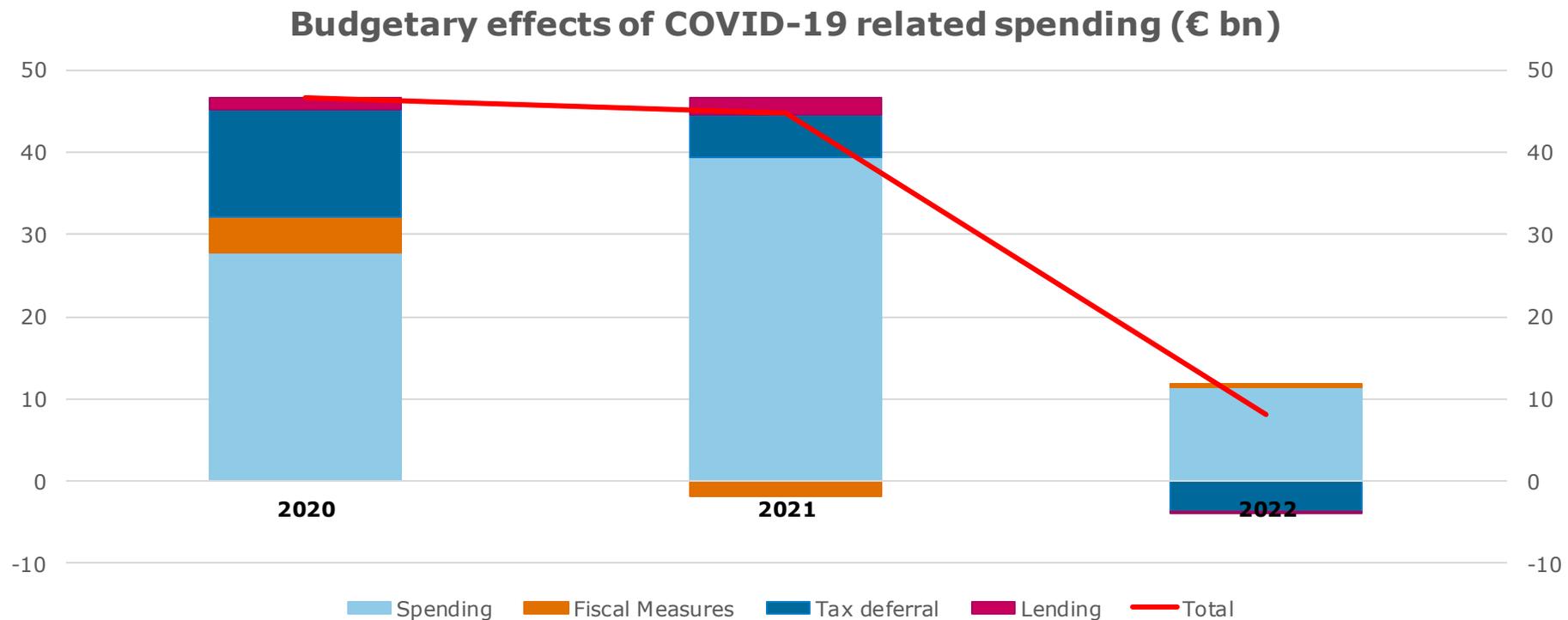


**Source:** Budget memorandum 2022, 21 September 2021

**\*Note:** Data for 2021 and 2022 reflect the latest forecasts, not realized economic performance



# Government COVID-19 support has been substantial. Most of the support programs end in October



**Source:** Budgetary Memorandum 2022, 21 September 2021



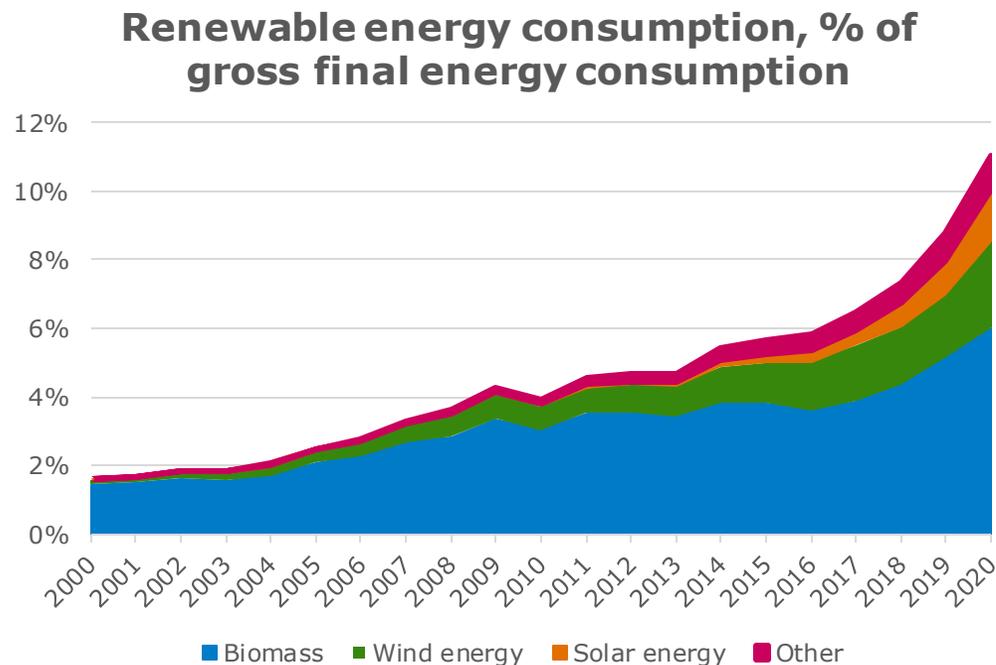
# Climate Outlook





# Progress made but additional efforts needed

- > Despite efforts, the Netherlands is not sufficiently on track to honour its commitment of 49% green house gas reduction by 2030 (compared to 1990)
- > Share of renewable energy has been relatively modest, but has picked up in 2020
- > Coal fired power plants are being phased out
- > The caretaker government therefore proposed EUR 6.8 bn additional measures in the 2022 budget memorandum to address climate challenges
  - Amongst others these include: additional subsidies for insulation, electric vehicles and production of renewable energy, investment in hydrogen infrastructure and specific reduction measures for the industrial sector





# Climate adaption: a climate-proof future

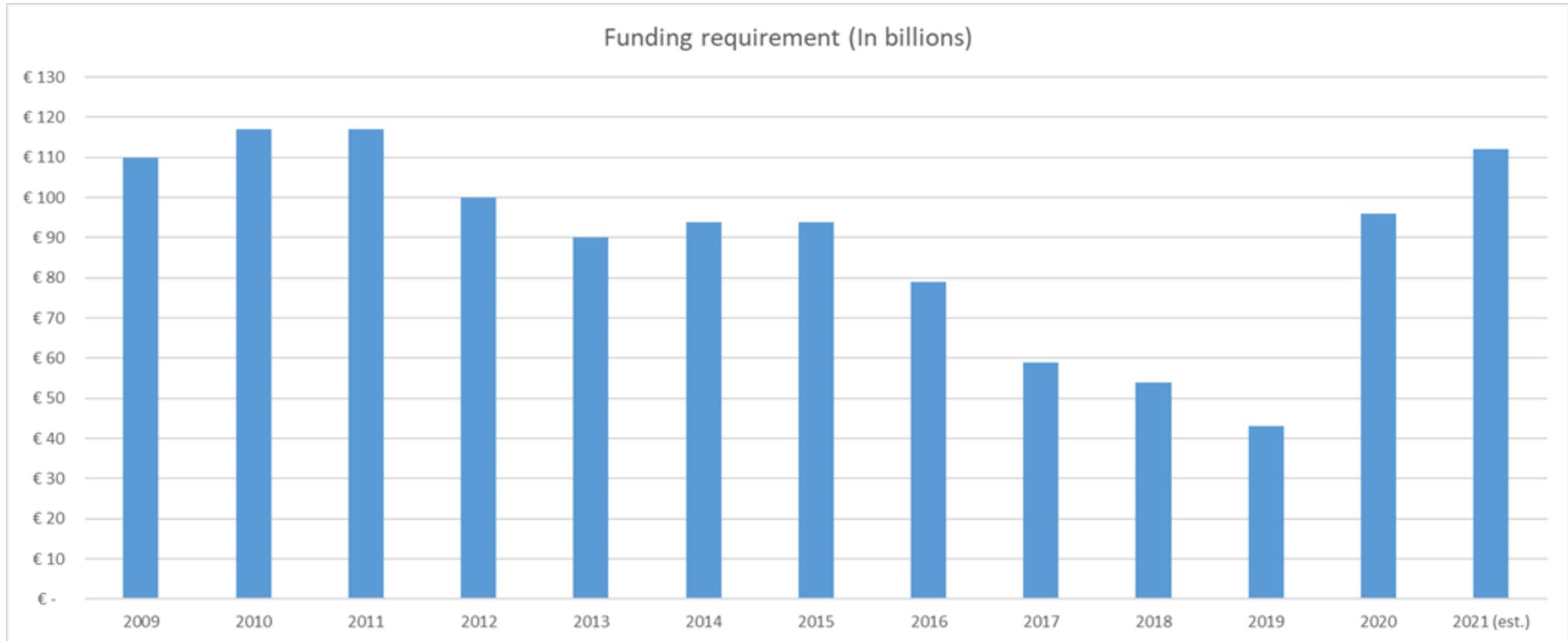
- › While the Netherlands is vulnerable for flooding, the Netherlands has a long standing experience and strong governance to face these challenges.
  - Primary flood defences are being improved to enable an adequate level of protection in 2050
  - Vital and vulnerable functions (healthcare, IT provisions, utility facilities, drinking water) are being made climate-proof
  - National climate adaptation strategy stipulates plans and actions needed to tackle the impact of climate change for the Netherlands



# Funding and issuance



# The funding need for 2021 is substantially higher than before COVID-19





# Borrowing requirement 2021

<b>Borrowing requirement 2021</b>	<b>(€ bn)</b>
Capital market redemptions 2021	16.5
Money market ultimo 2020	40.7
Change in cash collateral	1.3
Estimated cash deficit 2021	53.6
<b>Total</b>	<b>112.1</b>

**Source:** DSTA, Q4 Quarterly Outlook, 22 September 2021



## DSL Issuance in 2021

- > Around **€60 bn** of capital market issuance in 2021
- > Consisting of:
  - 8-year DSL, ***to be launched on 28 September***
  - 10-year DSL (DDA), *issued in February*
  - 15-year DSL (DDA), *issued in April*
  - Tap auctions in on-the-run and off-the run DSLs
- > So far the total amount raised on the capital markets is €41.3 bn (approximately 69% of the expected call on the capital markets).

**Source:** DSTA, Q4 Quarterly Outlook, 22 September 2021



# DSL Issuance calendar Q4 2021

Auction Date	Details	Target volume (in €bn)
12 October 2021	<i>Reopening of existing DSL</i>	<i>To be determined*</i>
26 October 2021	DSL 15 January 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	<i>Reopening of existing DSL</i>	<i>To be determined*</i>
* 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).		

**Source:** DSTA, Q4 Quarterly Outlook, 22 September 2021



# Ensuring liquidity in secondary markets

- › Clarity at start of the year on new benchmark issuances (published in December Outlook)
- › Annual issuance of a new 10-year bond
  - Outstanding amount of new 10-year bond raised to at least €12 bn within calendar year
  - Outstanding amount of new shorter than 10-years DSLs raised to at least €12 bn within 12 months
  - Longer dated DSLs raised to at least €10 bn within several years
- › A new 30-year bond is issued every 5 years
- › Re-opening existing DSL lines after market consultation
- › Quotation obligation for Primary Dealers to ensure tradable prices at all times
- › Repo facility available to Primary Dealers ('lender of last resort')



# Auction details





# Auction details

- > The new 8-year DSL will be launched via an auction on the MTS platform
- > The same principles apply as with a regular tap auction of the Dutch State:
  - Multiprice auction
  - Size taken and price paid are immediately known
  - Participation is exclusive to Primary Dealers
- > Communication during the auction will only take place via our Primary Dealers and prices will be updated via our Bloomberg page ('DSTA02')
- > In accordance with regular tap auctions, a non-competitive option will be awarded in the amount of 15% of the volume bought and is conditional on:
  - Compliance with the quotation obligation for DSLs in August
  - A minimum auction share of 3%



# Recap: Details new 8-year Dutch State Loan

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# Save the date!

Launch of the DSTA's Outlook 2022

**Thursday 16 December 2021**

**Invitations will be send out in November**