



TE TAI ŌHANGA
THE TREASURY



New Zealand Government Debt Market Outlook

May 2019

kim.martin@treasury.govt.nz

New Zealand Government



Overview



Fiscal outlook



New Zealand Government Bonds: risk-reward

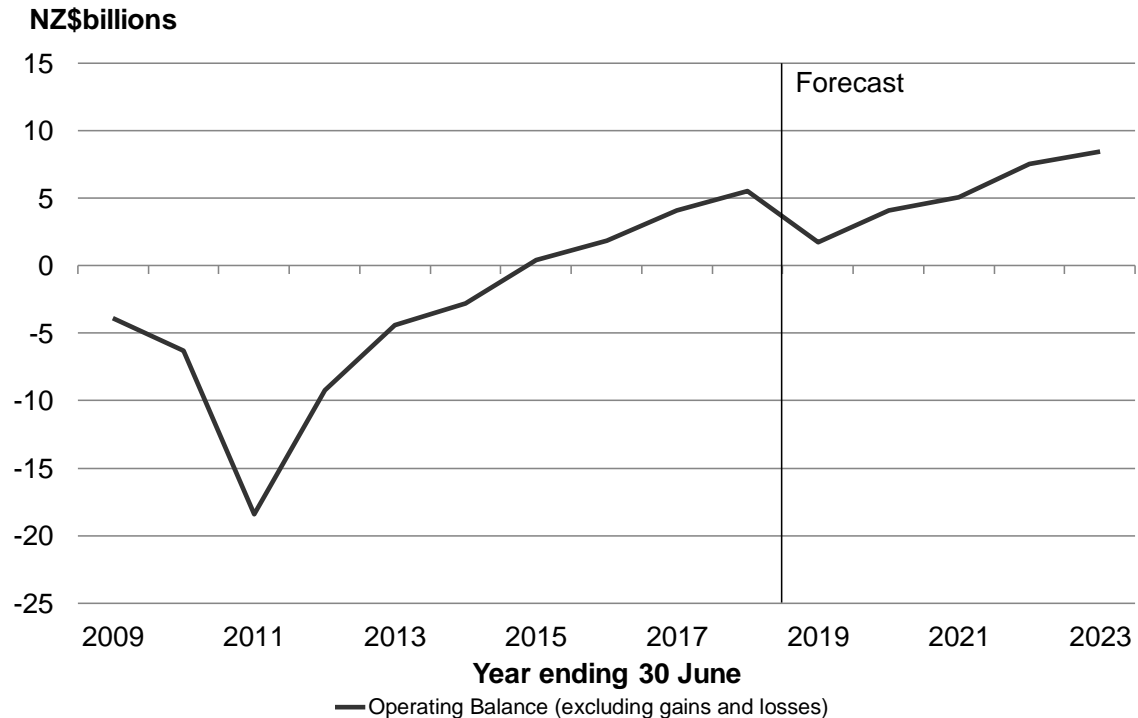


Debt funding strategy

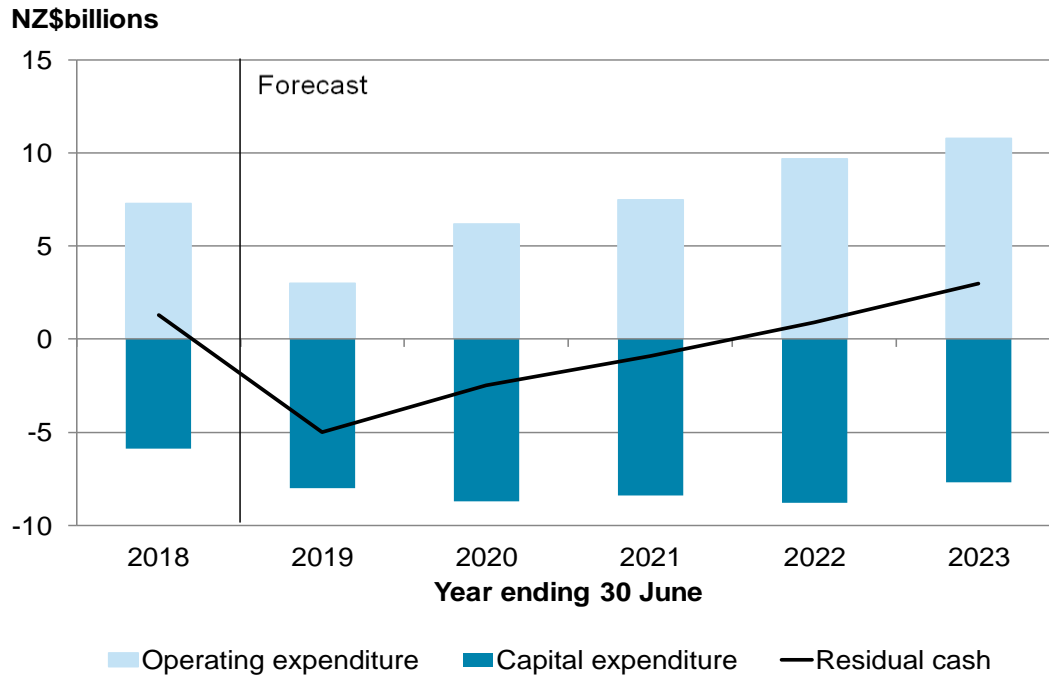


Fiscal outlook

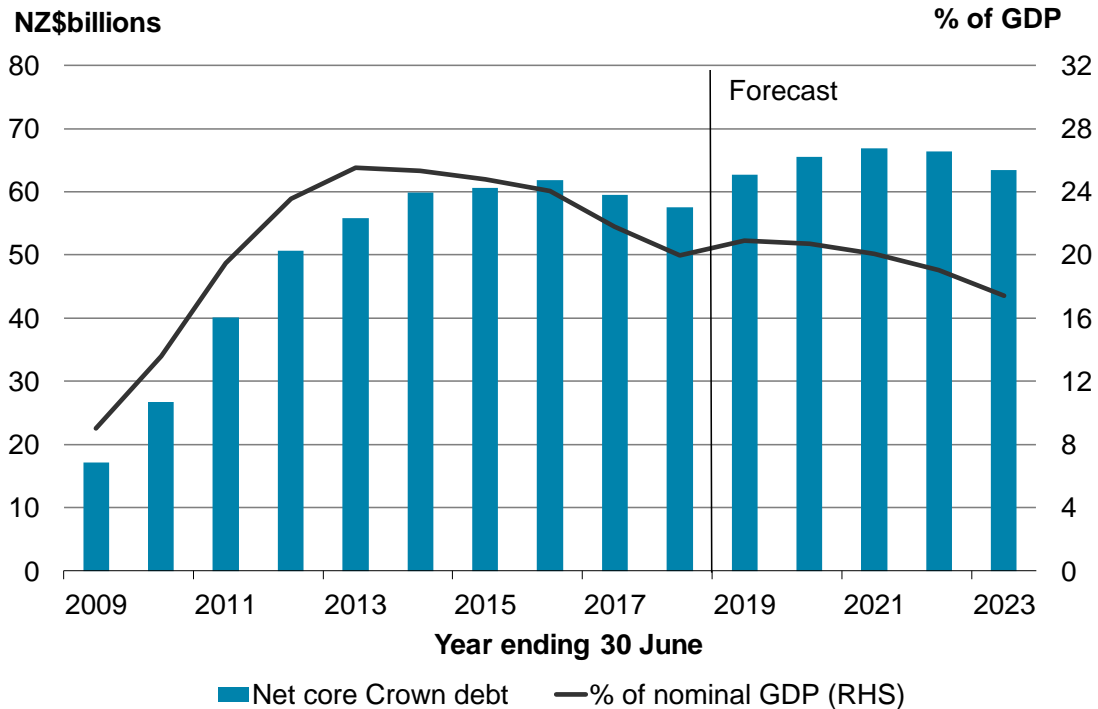
Operating surpluses sustained



Plans for capital spending



Net debt contained



New Zealand Government Bonds: risk-reward



S&P recently upgraded outlook



Moody's
Aaa/Aaa (stable)

*"New Zealand's credit profile reflects its **very strong institutions** and policy effectiveness and a strong fiscal position compared to peers. These credit features mitigate external and domestic vulnerabilities related to high reliance on external financing and elevated household debt."* Feb 2019

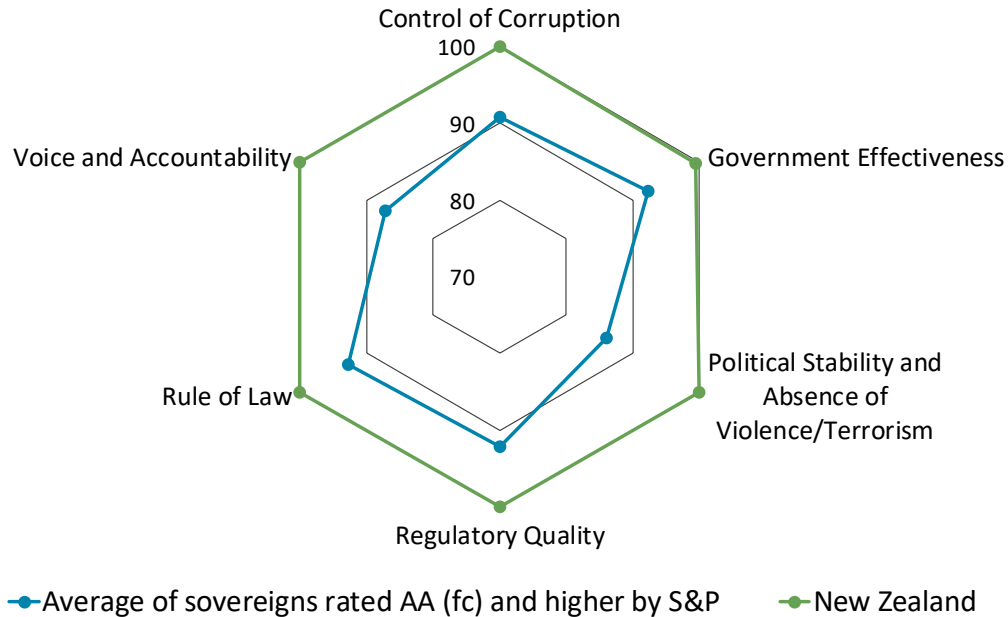
Standard & Poor's
AA+/AA (positive)

*"The ratings on New Zealand reflect the country's fiscal and monetary policy flexibility, economic wealth and resilience, and **stable public policy settings**. These strengths provide the country with flexibility to offset potential risks related to its large external imbalances, high household and agriculture sector debt, dependence on commodity income, and financial system stability."*
Jan 2019

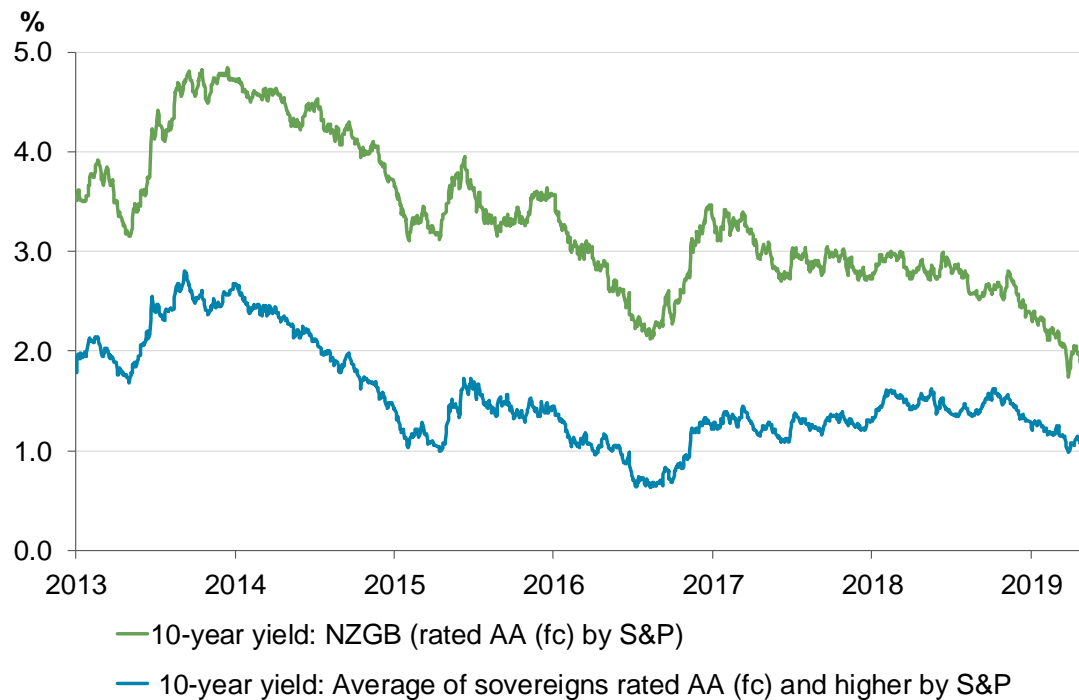
Fitch
AA+/AA (stable)

*"New Zealand's ratings are underpinned by **very high governance standards, a demonstrated commitment to prudent fiscal management, and a credible policymaking framework** that helps manage risks and respond to pressures. The country's high net external debt and elevated household debt are the key weaknesses for the credit profile."* Jan 2019

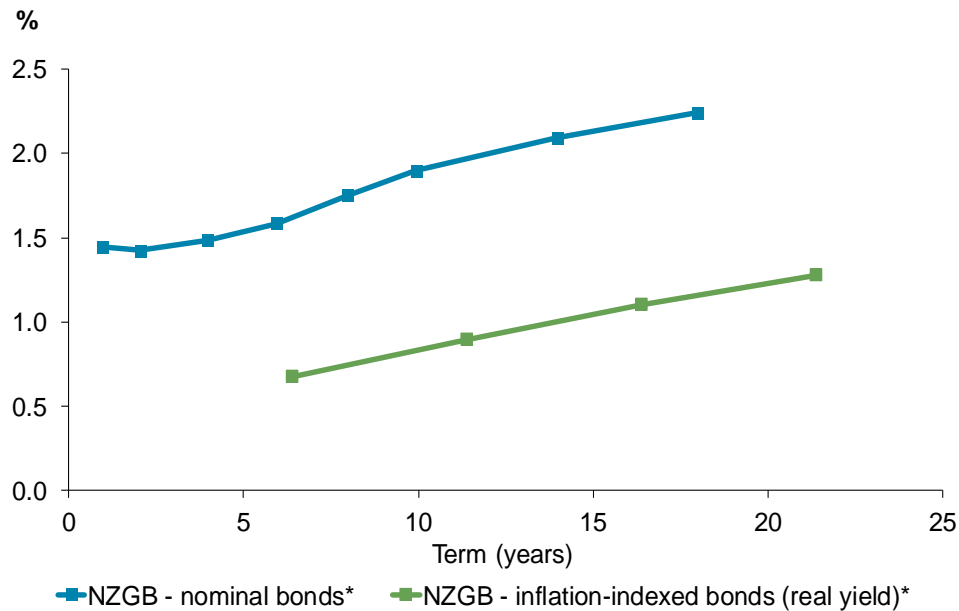
Strong institutions



Relative yield



NZGB yields

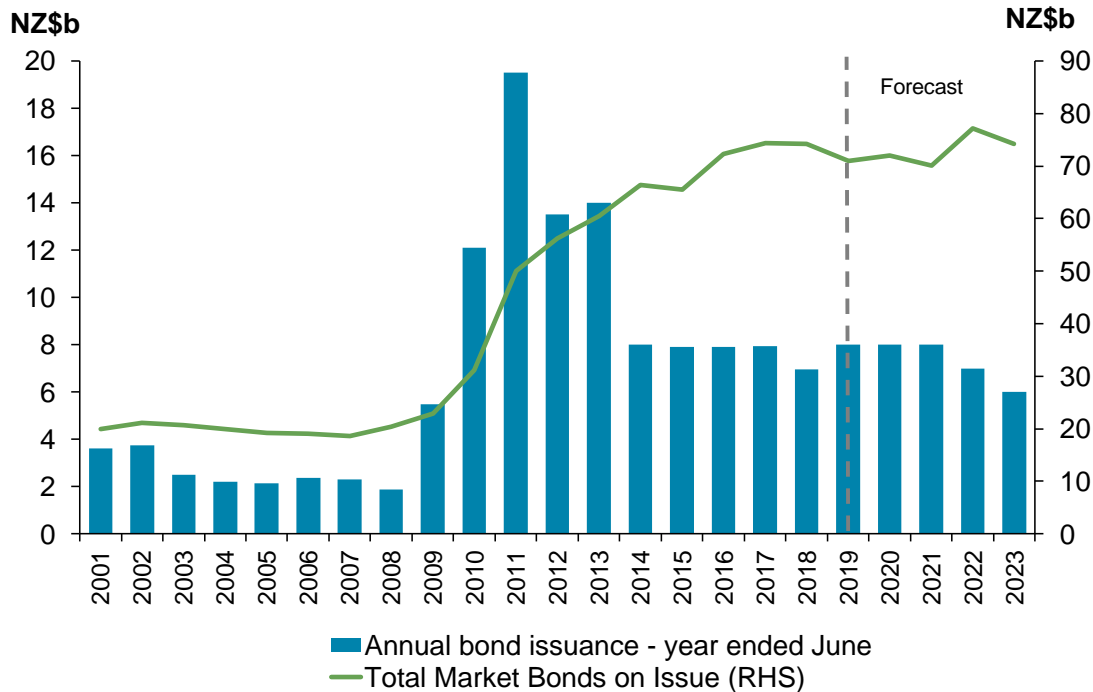


* yields (mid rate) as at 29 April, 2019

Debt funding strategy



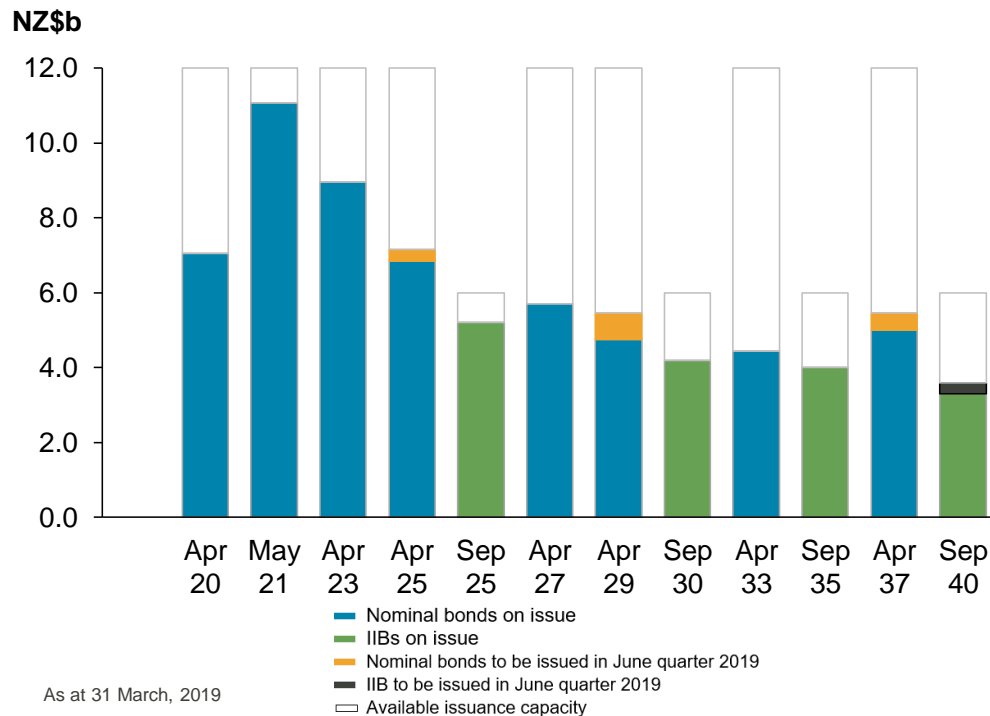
Changing funding needs



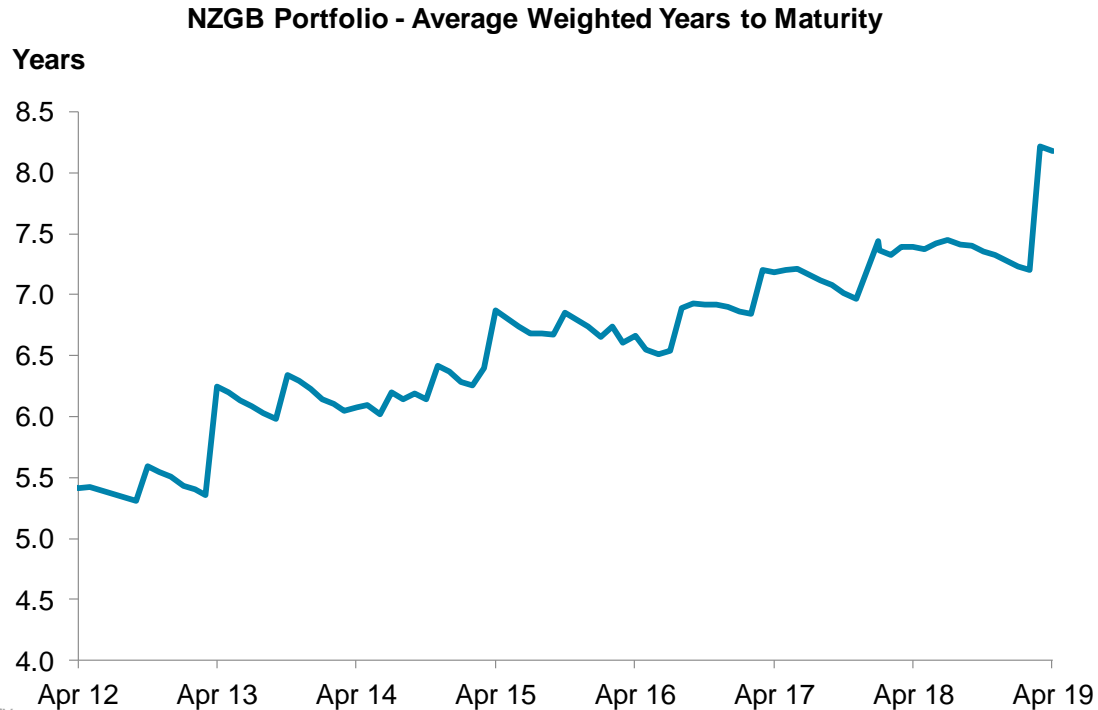
Forecast borrowing programme

Year ending 30 June (face value)	2019	2020	2021	2022	2023	Total
Gross NZGB issuance (NZ\$ billion)	8.0	8.0	8.0	7.0	6.0	37.0
NZGB maturities and repurchases (NZ\$ billion)	11.2	5.8	11.1	0.0	8.9	37.0
Net NZGB issuance (NZ\$ billion)	-3.2	2.2	-3.1	7.0	-2.9	0.0
NZGBs on issue (NZ\$ billion)	71.0	73.2	70.1	77.1	74.2	n/a
NZGBs on issue (percent of GDP)	23.5%	23.0%	20.9%	22.0%	20.2%	n/a
Forecast T-Bills on issue (NZ\$ billion)	2	2	4	2	2	n/a

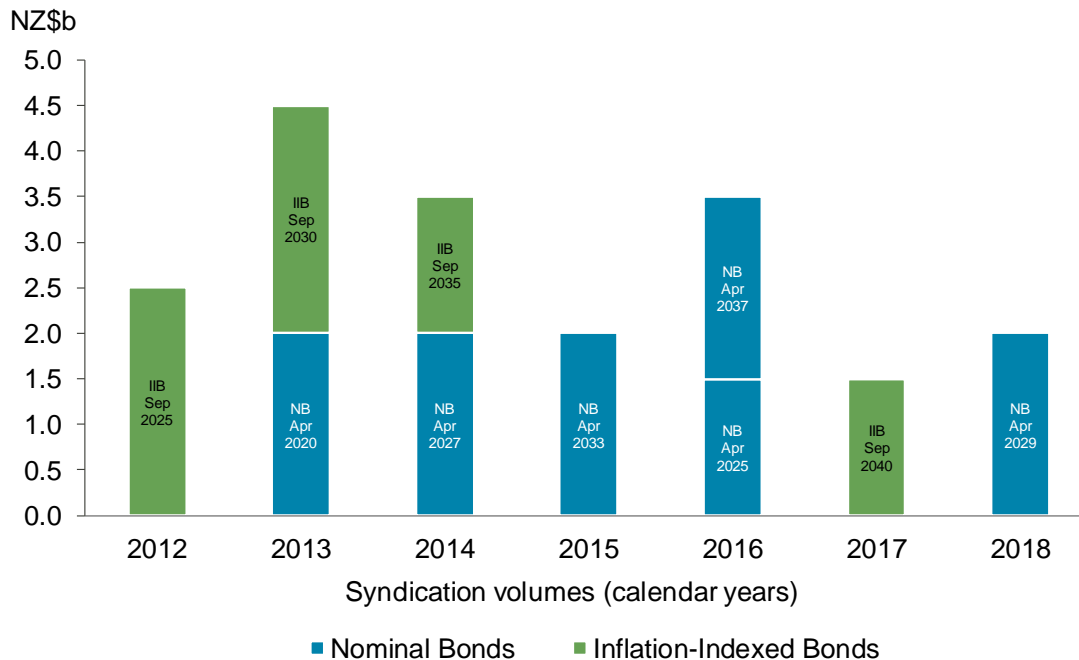
Current NZGB portfolio



Increasing average-weighted maturity



Syndication of new bonds

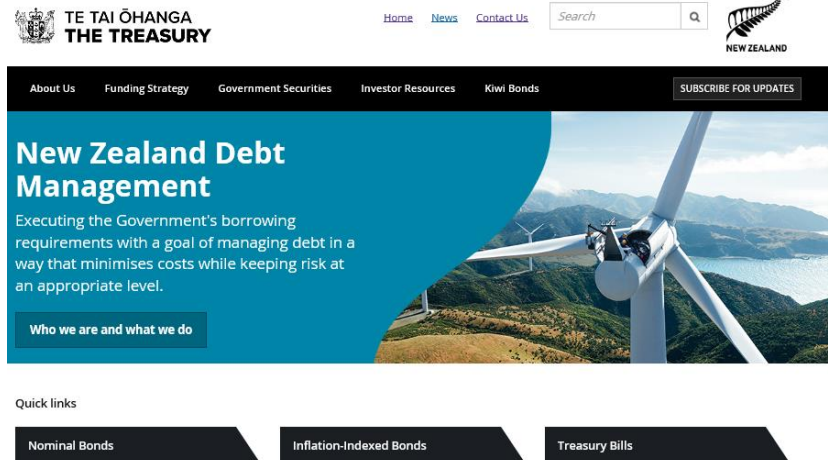


A diverse investor base



Keeping informed

- Website: <https://debtmanagement.treasury.govt.nz/>



- Email queries: kim.martin@treasury.govt.nz
debtmanagement@treasury.govt.nz



Disclaimer

This presentation has been prepared by the Treasury on behalf of the New Zealand Government and is for general information purposes only. By listening to the presentation, or reading the presentation materials, you acknowledge and agree to the contents of this disclaimer.

To the maximum extent permitted by law, neither the Treasury nor the New Zealand Government makes any representation, recommendation or warranty, express or implied as to the accuracy, completeness or currency of any of the information in this presentation and accept no responsibility or liability therefore. Data are indicative and approximate only, and all information is subject to change. This presentation is intended as a snapshot view of New Zealand only, and the Treasury and the New Zealand Government have no obligation, and do not undertake or accept any responsibility or obligation, to update, expand or correct anything in this presentation or inform you of any matter arising or coming to their notice, after the date of this presentation, which may affect any matter referred to in this presentation.

This presentation contains forward-looking statements including information regarding the Treasury's future bond issuances and the New Zealand Government's forecast fiscal and economic performance based on current information, estimates and forecasts. Those statements are subject to risks, uncertainties, and assumptions which are hard to predict or anticipate, and therefore actual outcomes and performance may differ materially from the statements. Any opinions expressed in this presentation reflect the judgement of the Treasury as the date hereof, and do not bind the Treasury nor the New Zealand Government.

This presentation is not a product disclosure statement, disclosure document or other offer document under New Zealand law or any other law. This presentation is not, and does not constitute financial advice. All reasonable care has been taken in relation to the preparation and collation of this presentation. Except for statutory liability which may not be excluded, no person, including the Treasury or any person mentioned in this presentation accepts responsibility for any loss or damage howsoever occurring resulting from the use or reliance on this presentation by any person. Past performance is not indicative of future performance and no guarantee or future rights are implied or given.

Nothing in this presentation is an offer to sell, or solicitation of an offer to purchase, any securities. This presentation must not be relied upon by any person for making any investment decision and will not form part of any investment contract. The information provided in this presentation is not investment advice and does not take into account the investment objectives, financial situation or particular needs (including financial and taxation issues) of any particular investor. Any person considering in investing in New Zealand Government securities must refer to any relevant offer documents and disclosures provided expressly in connection with those securities and should take their own independent financial and legal advice on their proposed investment. New Zealand Government securities have not been and will not be registered under the United States Securities Act of 1933 (**U.S Securities Act**) or the securities laws of any state or other jurisdiction of the United States. New Zealand Government securities may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

This presentation may not be copied, distributed, disclosed or used without the Treasury's express written consent.

