



TE TAI ŌHANGA  
THE TREASURY



# New Zealand Government Debt Market Outlook

*May 2022*

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New Zealand Government



# Overview



Economic & Fiscal Outlook



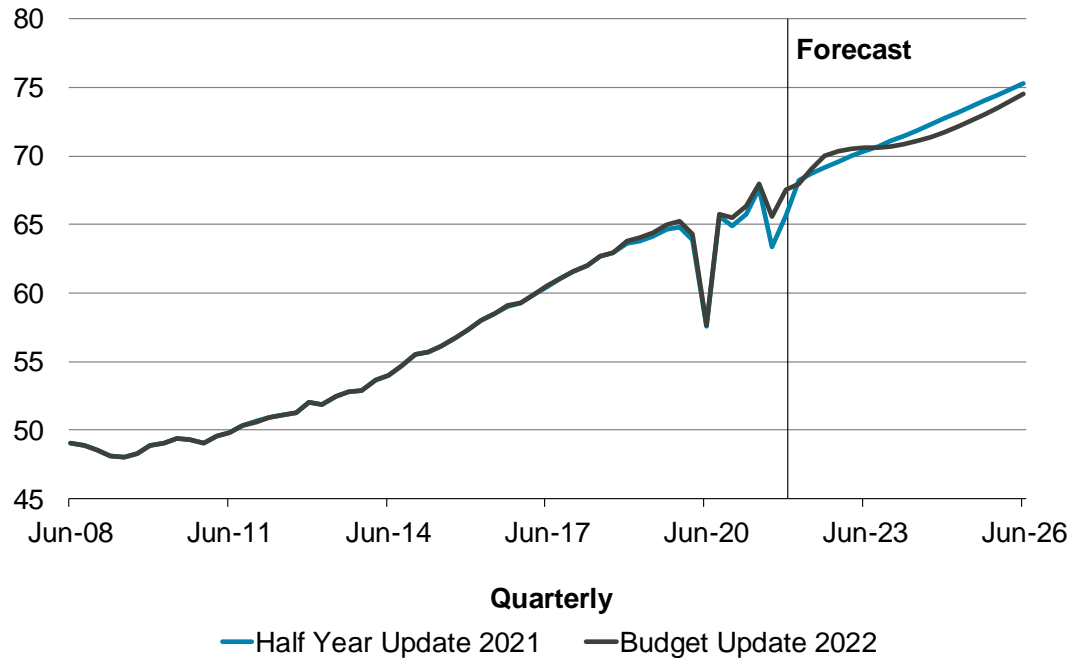
Funding Strategy



# Economic & Fiscal Outlook

# Real GDP

\$billions (2009/10 prices)



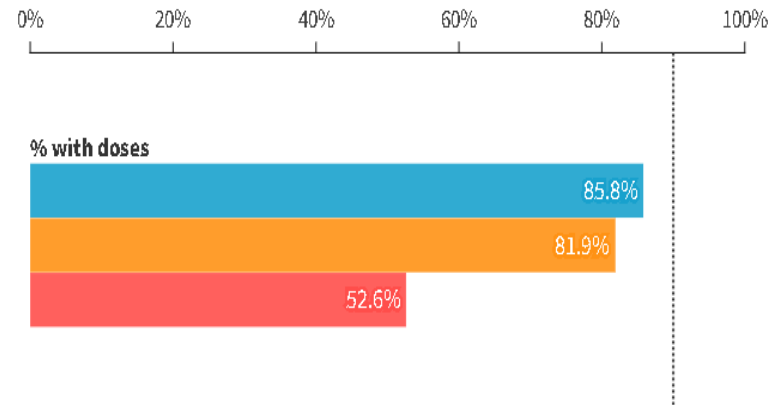
# High vaccination rate means New Zealand is progressively opening border



## NZ vaccination tracker

First dose, second dose and boosters proportions

Proportion of **total** population, not just eligible.



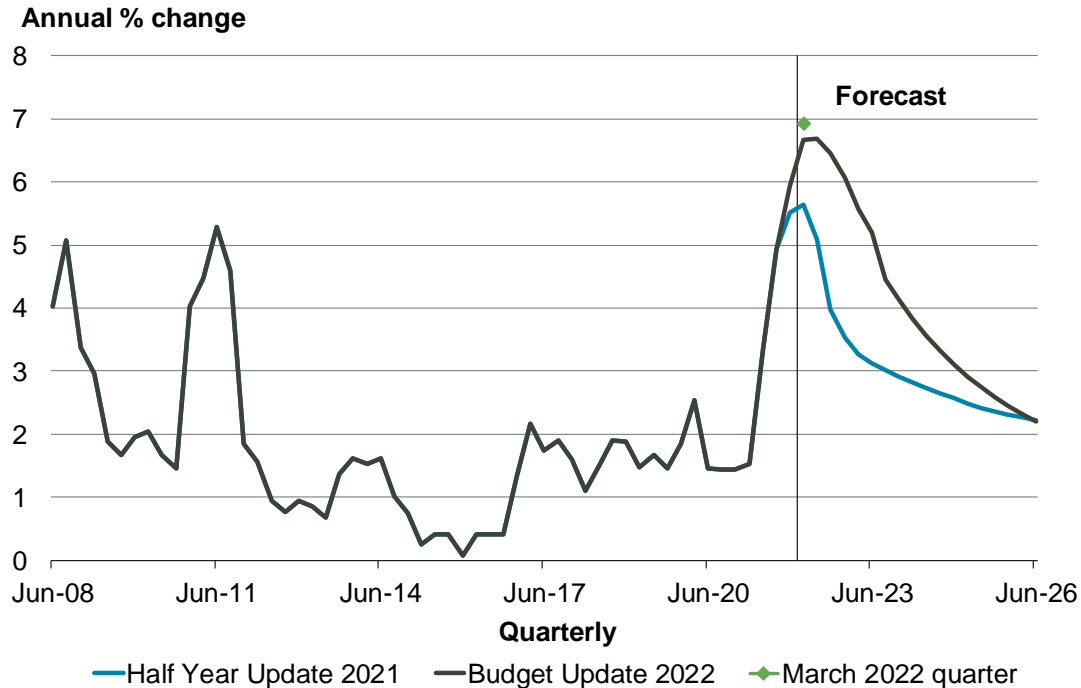
Source: Ministry of Health •

Total population includes children ineligible for vaccine under current rules e.g. children under 5.

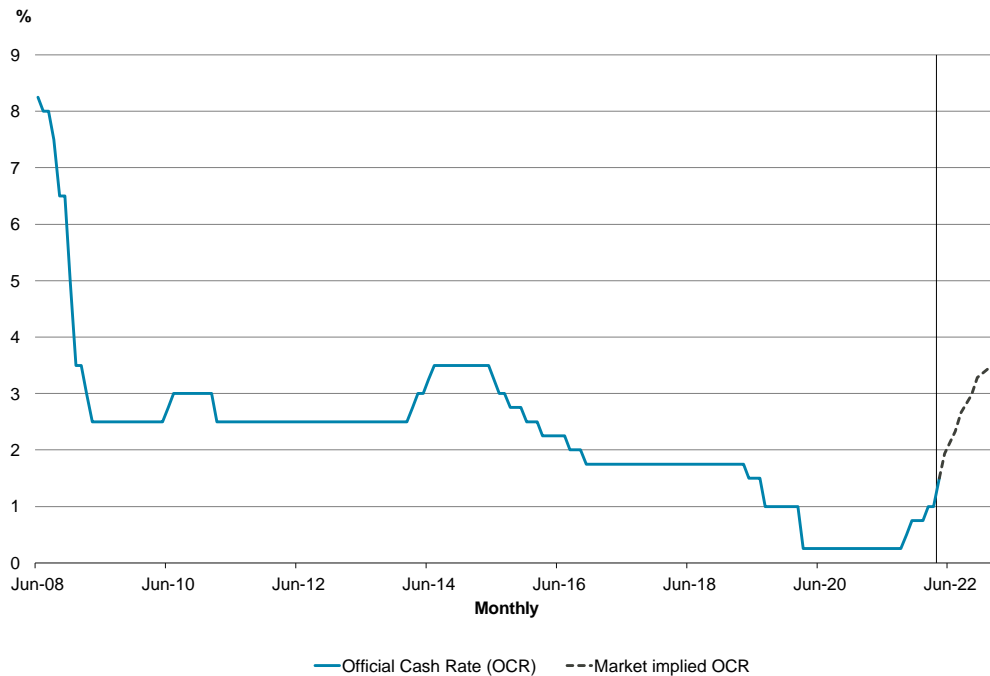
Population based on StatsNZ estimated total.



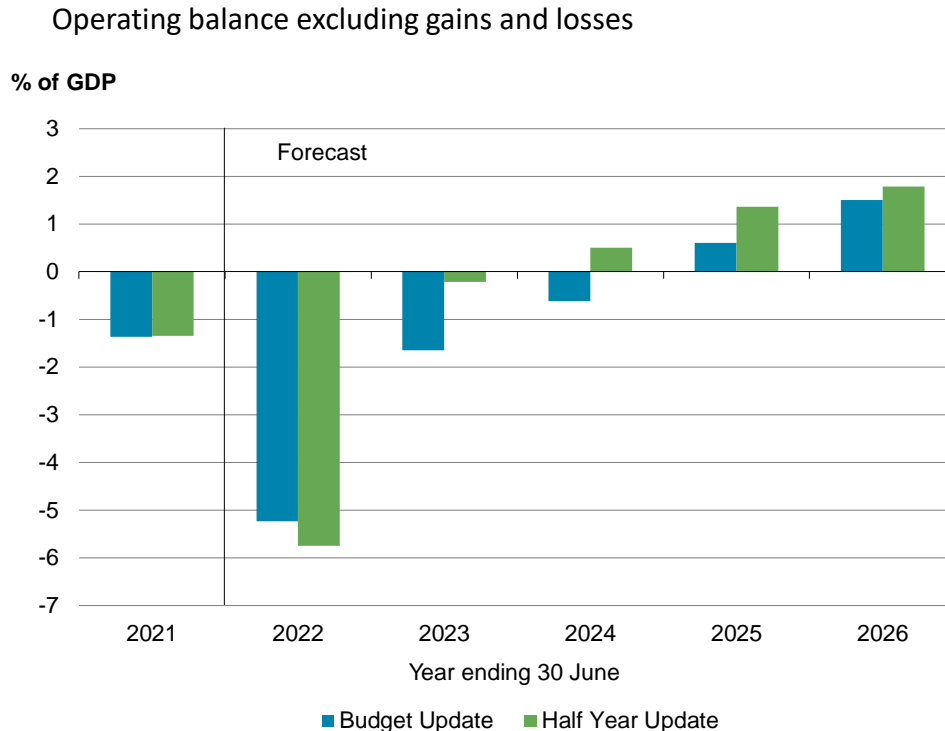
# High inflation expected to persist



# Market Implied OCR Rate

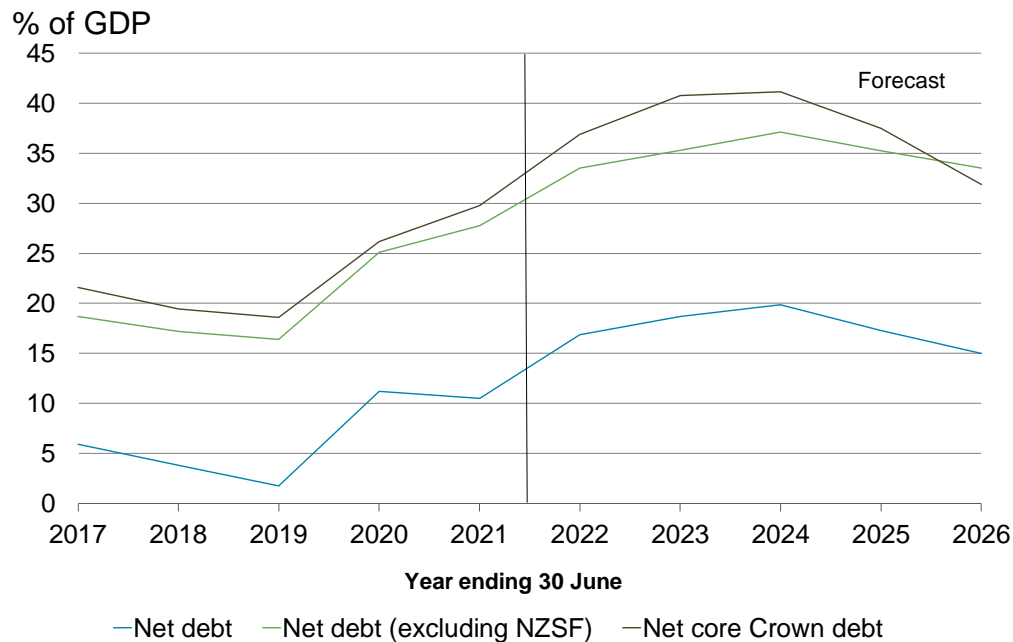


# New fiscal rules: Operating Balance before gains and losses to average 0-2% of GDP





# New fiscal rules: Net debt ceiling



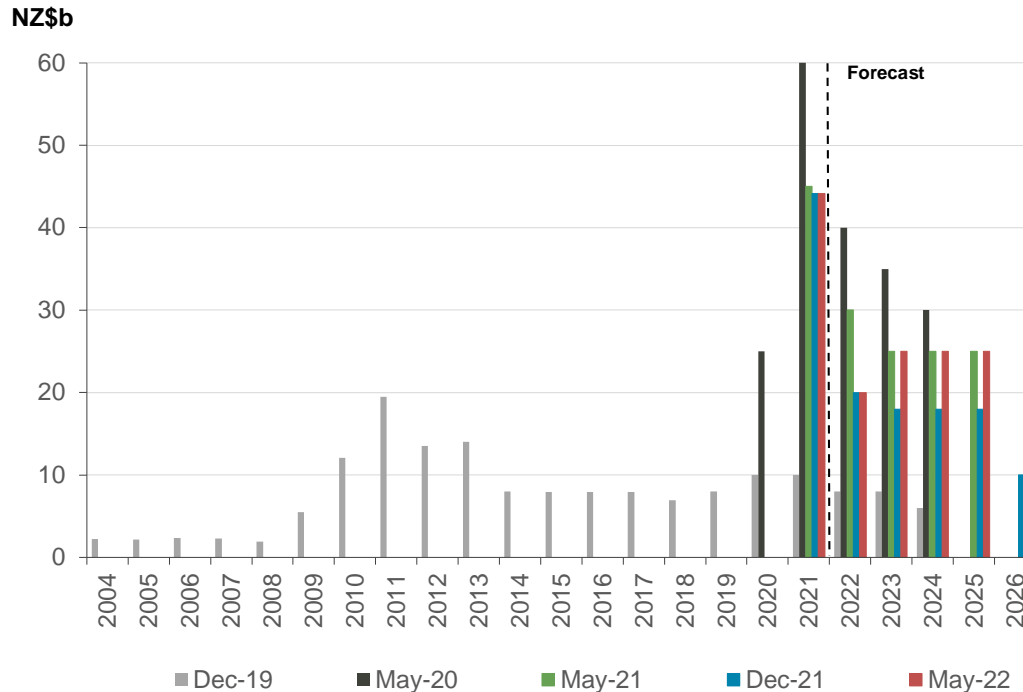
# Funding Strategy



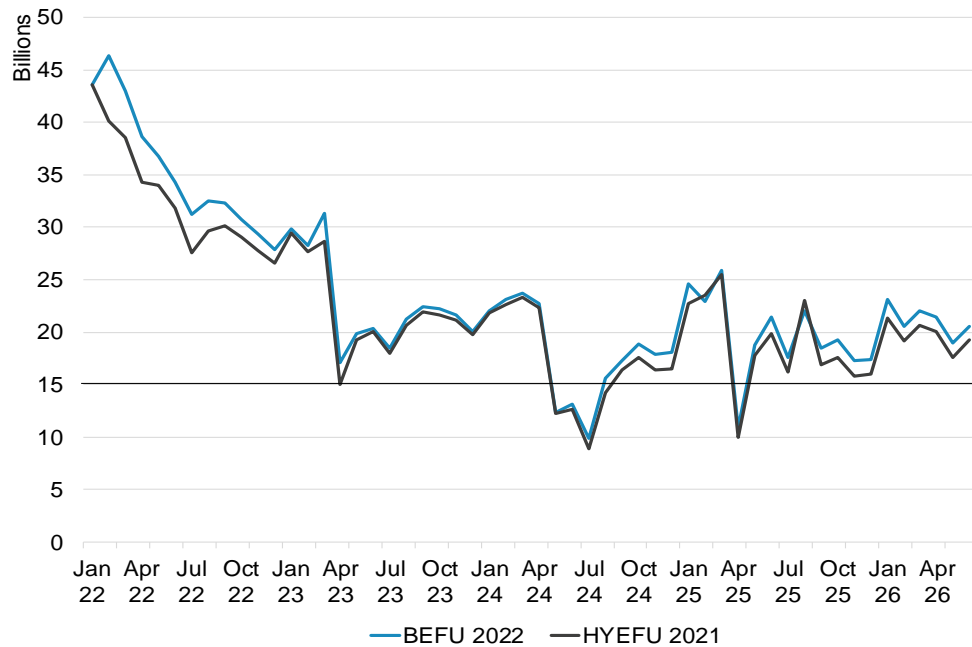
# Forecasts

Year ending 30 June (face value)	2022	2023	2024	2025	2026	Total (forecast period)
<b>Excluding LSAP repurchases from RBNZ</b>						
Gross NZGB issuance (NZ\$ billion)	20.0	20.0	20.0	20.0	10.0	90.0
NZGB maturities and repurchases (NZ\$ billion)	0.8	17.1	13.8	15.2	12.8	59.7
Net NZGB issuance (NZ\$ billion)	19.2	2.9	6.2	4.9	-2.8	30.3
NZGBs outstanding (NZ\$ billion)	146.4	149.3	155.5	160.4	157.6	n/a
Forecast T-Bills on issue (NZ\$ billion)	4.0	3.0	3.0	3.0	3.0	n/a
<b>Change in NZGB issuance (relative to HYEPU)</b>	0.0	+2	+2	+2	0.0	+6
<b>Change in T-Bills on issue (relative to HYEPU)</b>	0.0	0.0	0.0	0.0	0.0	n/a
<b>Including LSAP repurchases from RBNZ</b>						
Repurchases from RBNZ	0.0	5.0	5.0	5.0	5.0	20.0
Gross NZGB issuance (NZ\$ billion)	20.0	25.0	25.0	25.0	15.0	110.0
<b>Change in NZGB issuance (relative to HYEPU)</b>	0.0	+7	+7	+7	+5	+26.0

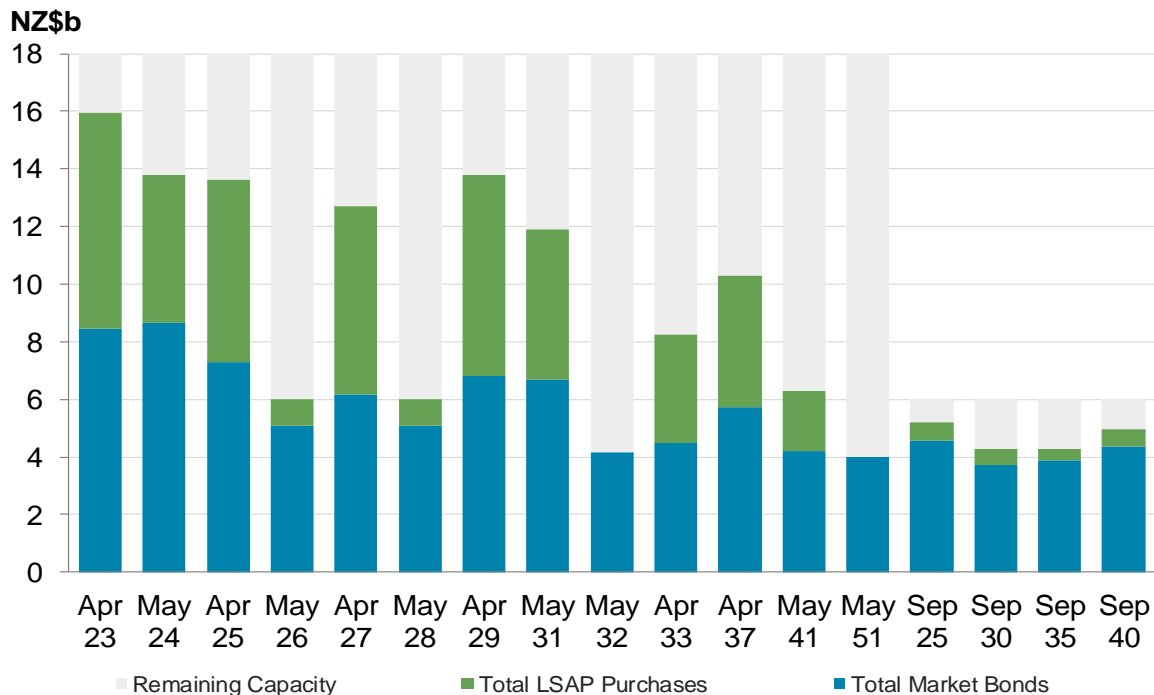
# Change in forecast annual NZGB programmes



# Indicative liquidity buffer forecasts similar to HYEFU

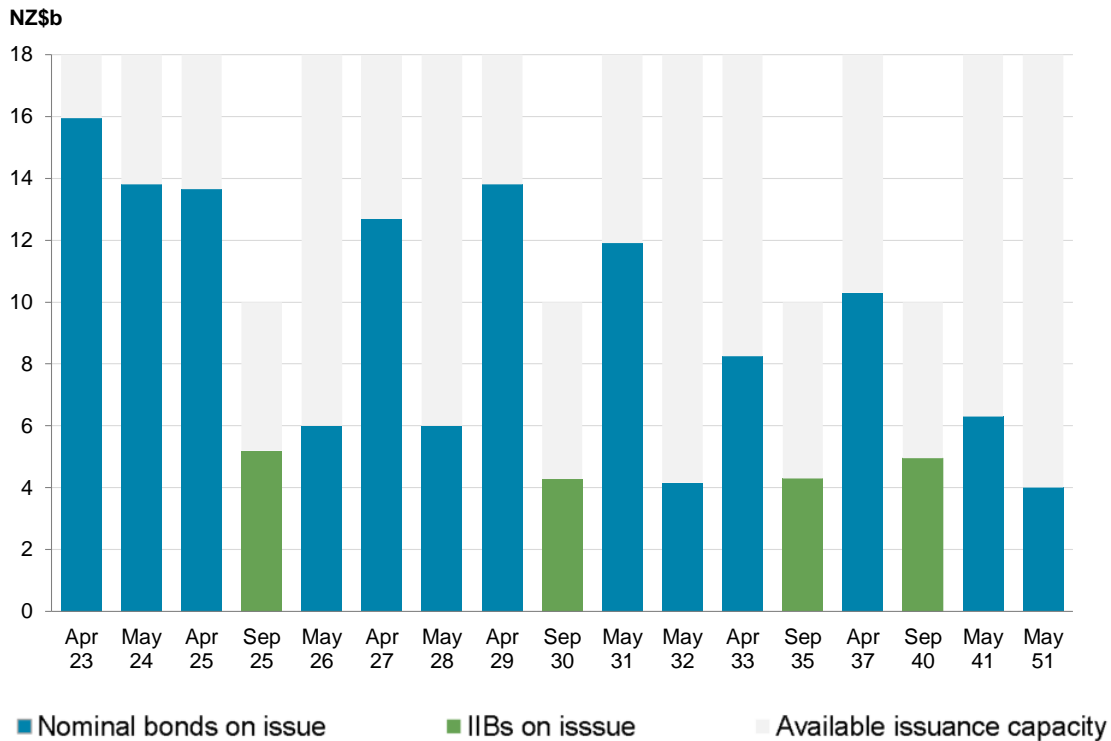


# RBNZ's Holdings Under LSAP Programme

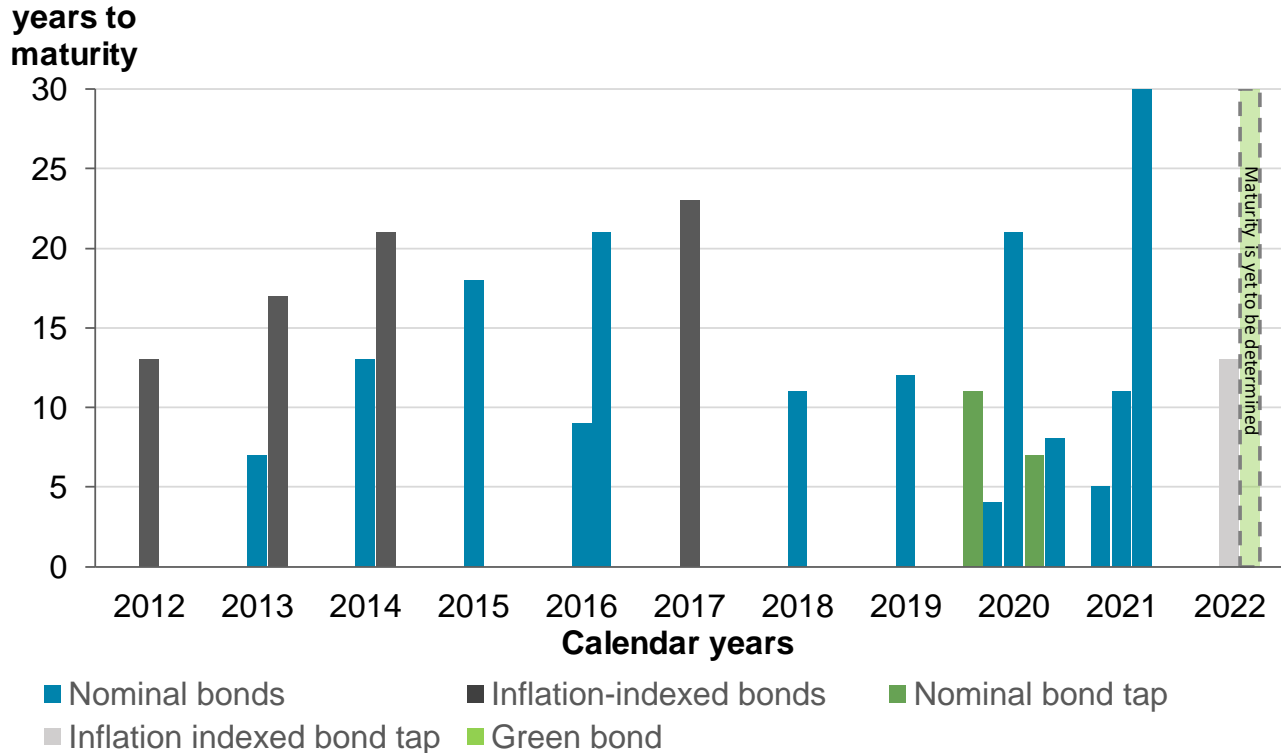




# Current NZGB Portfolio

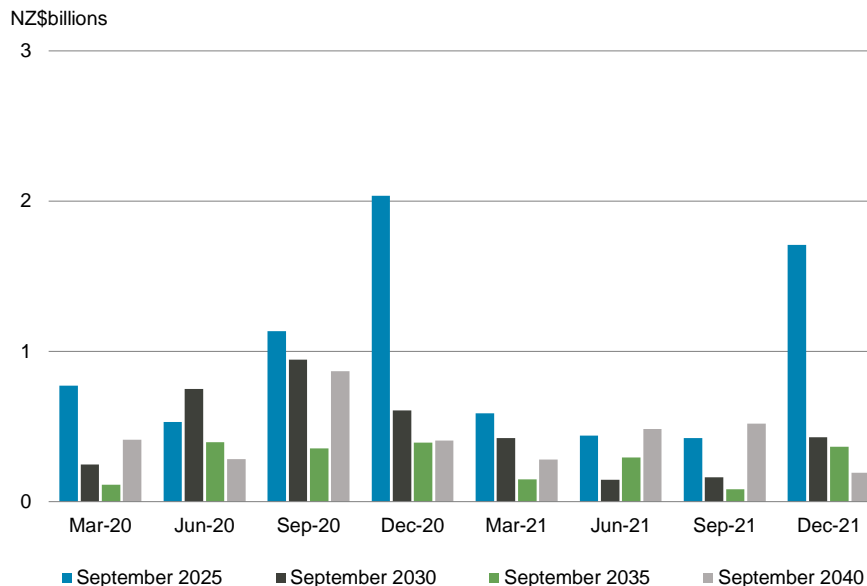


# Two syndications expected prior to 31 December 2022



# Supporting Market Function for IIBs

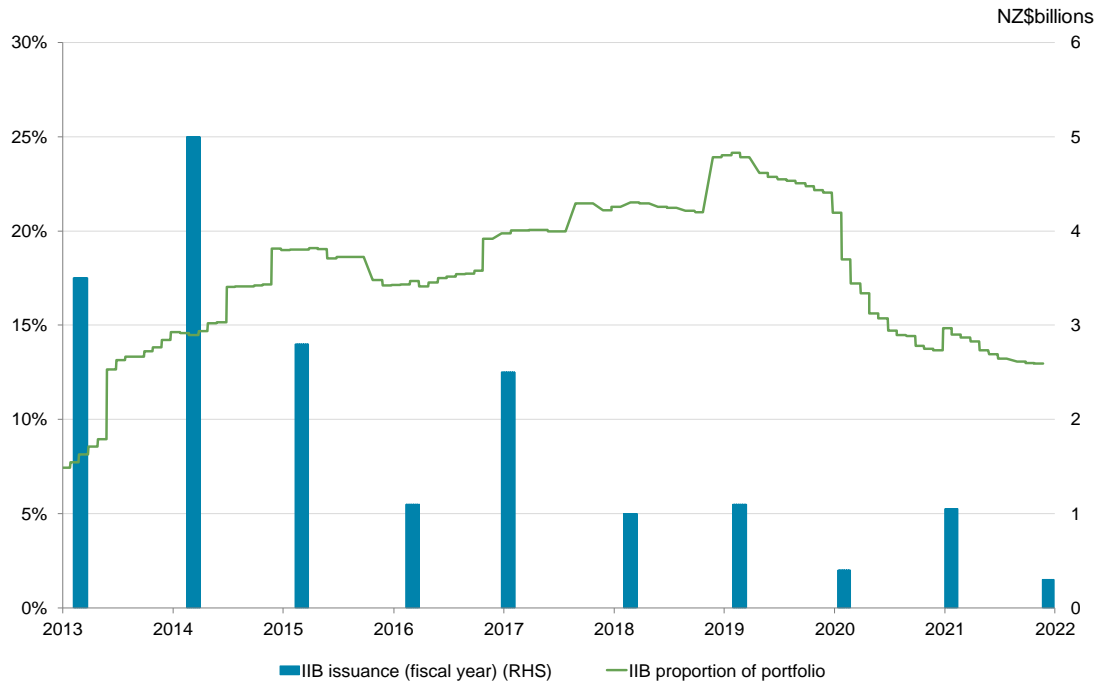
## Secondary market turnover data



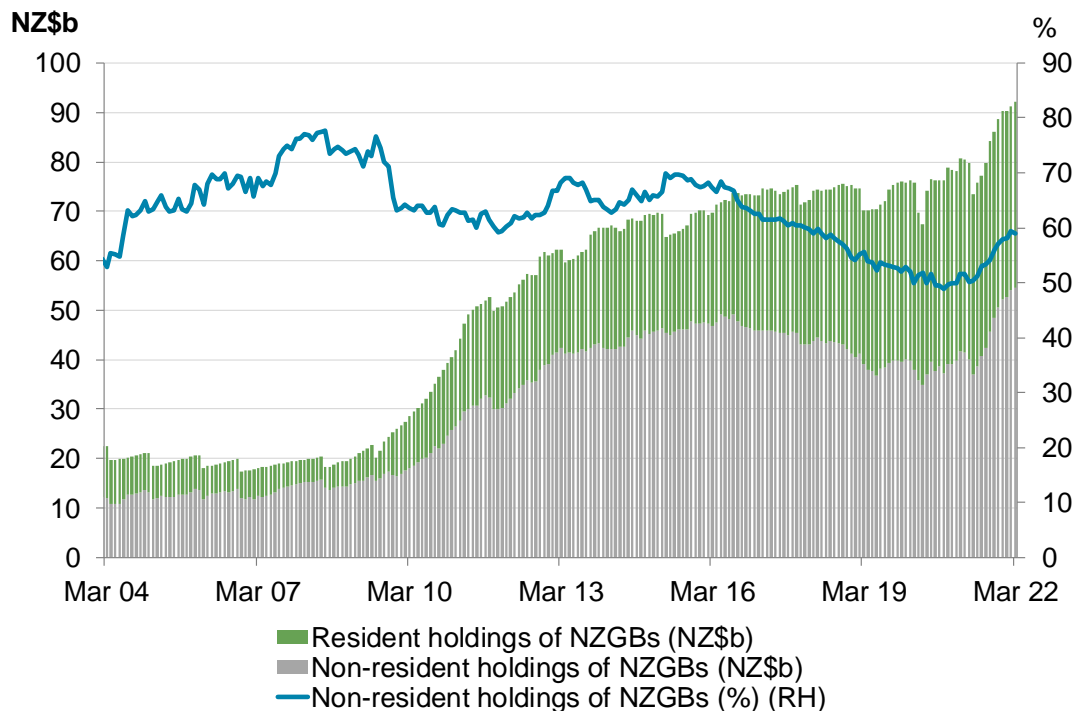
Source: The Treasury

For the purposes of this secondary market turnover data, New Zealand Debt Management (NZDM) relies on data provided by registered tender counterparties, which are a subset of all secondary market participants. New Zealand Debt Management therefore cannot guarantee the accuracy of this data. A list of registered tender counterparties is available at <https://debtmanagement.treasury.govt.nz/government-securities/primary-market-access-information>. Further information on how surveys are reported can be found here <https://debtmanagement.treasury.govt.nz/resource/nz-govt-securities-monthly-turnover-survey-guidance-notes>. This data does not include transactions with the NZDM in relation to primary issuance or buybacks or repurchase transactions in the secondary market.

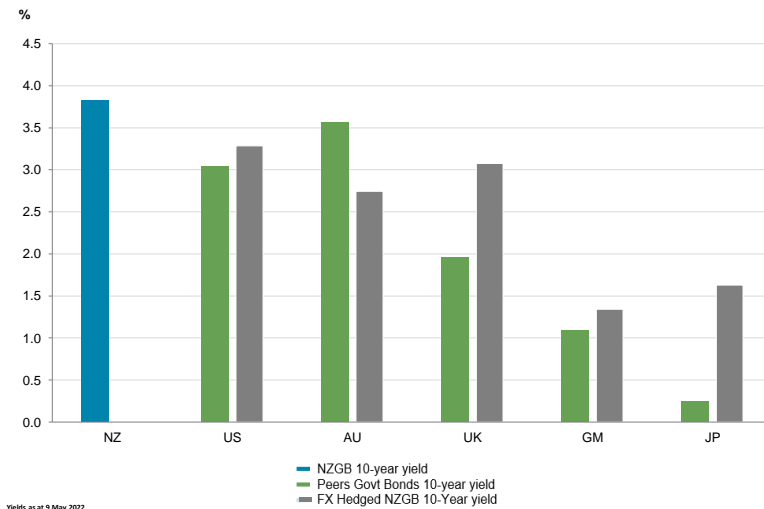
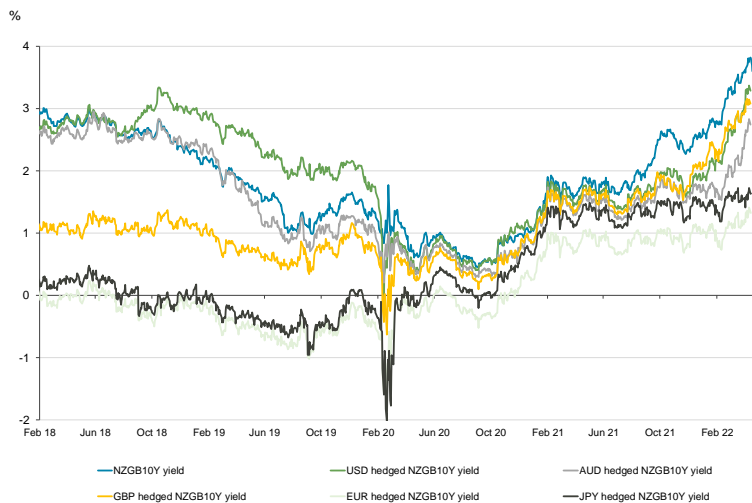
# IIB issuance and proportion of portfolio



# Offshore Holdings



# Hedged Yields





# Green Bond Programme

- Green Bonds are a new source of funding but do not represent additional ‘funds’ for the Crown. They will be issued as part of the overall forecast core Crown borrowing programme.
- New Zealand Sovereign Green Bonds will help ensure high quality Government projects with robust environmental outcomes are financed, delivered, monitored and reported on.
- Design of the Green Bond programme will be informed by international best practice and consideration of New Zealand specific elements. Joint structuring advisors have been appointed to support development of the framework. The first Green Bond issuance is expected in late 2022.



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