



TE TAI ŌHANGA
THE TREASURY



New Zealand Government Debt Market Outlook

Post Budget 2020

New Zealand Government



Overview



COVID-19 Developments



Economic Outlook



Fiscal Outlook



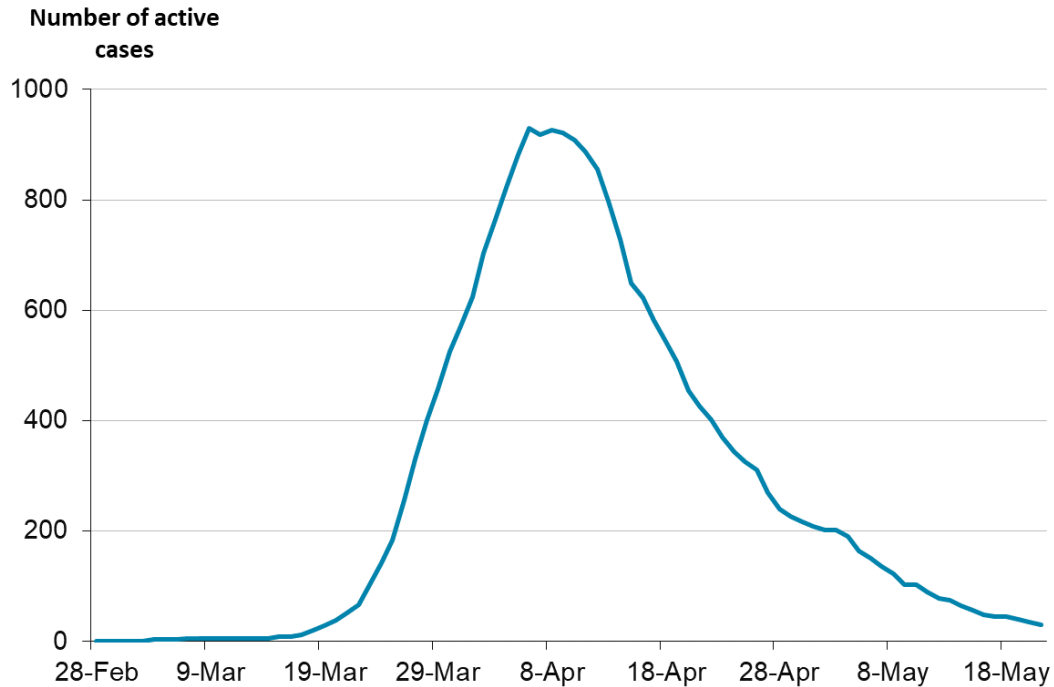
Funding Strategy

Note: all data updated as at 21 May 2020



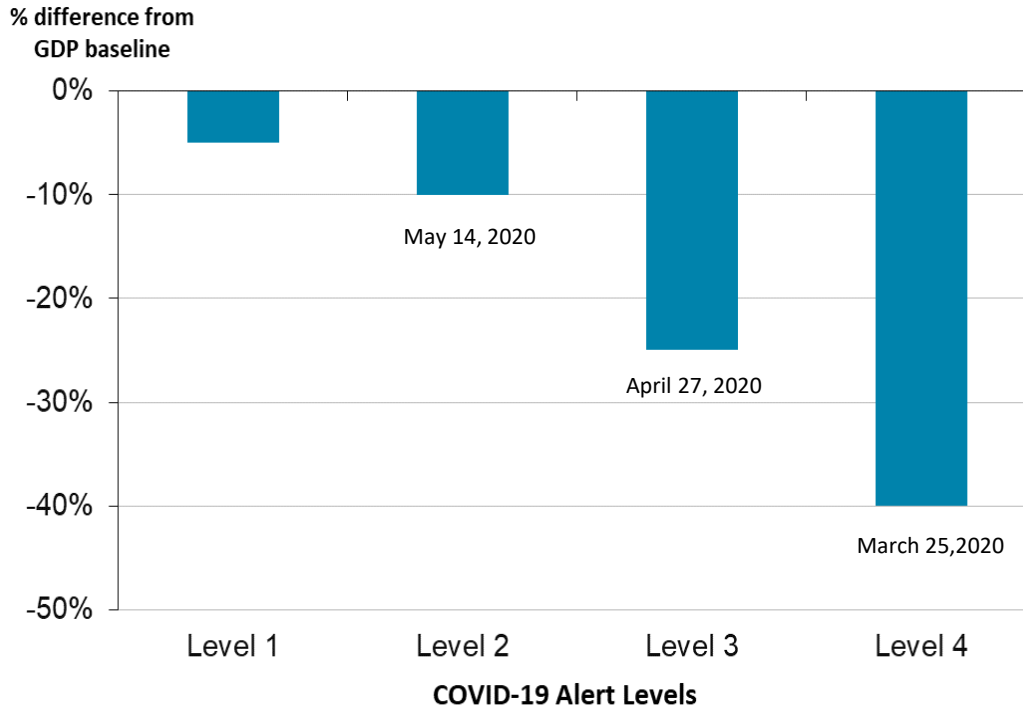
COVID-19 Developments

Active Cases are Declining



Data as at 21 May 2020

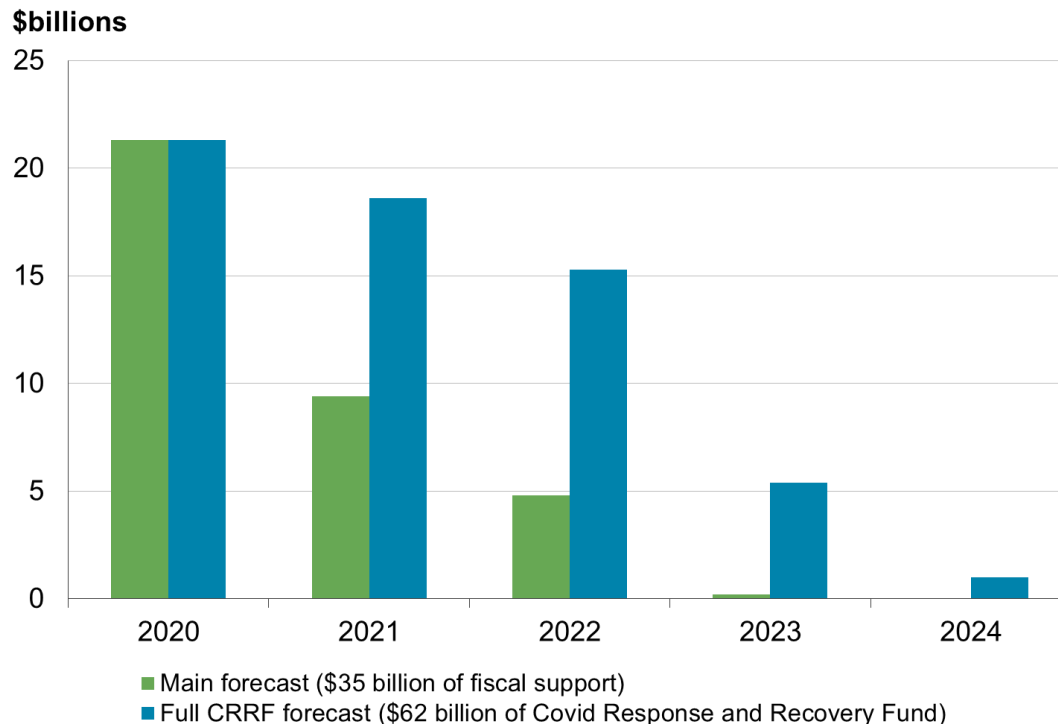
Economic Impact Reducing



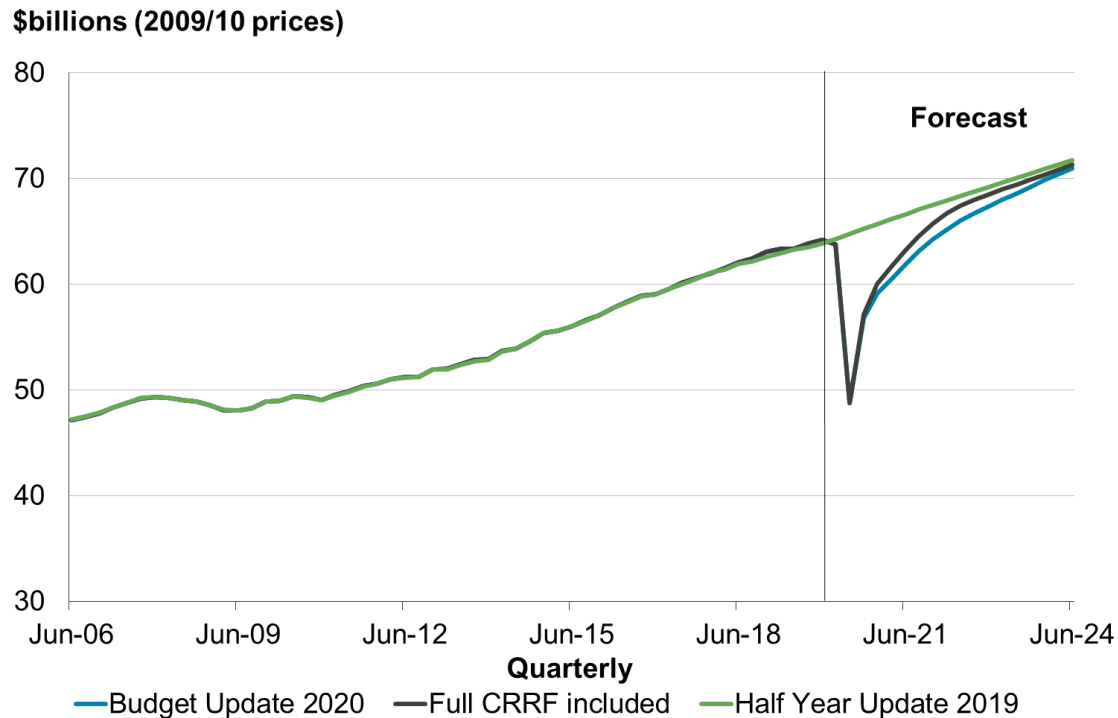


Economic Outlook

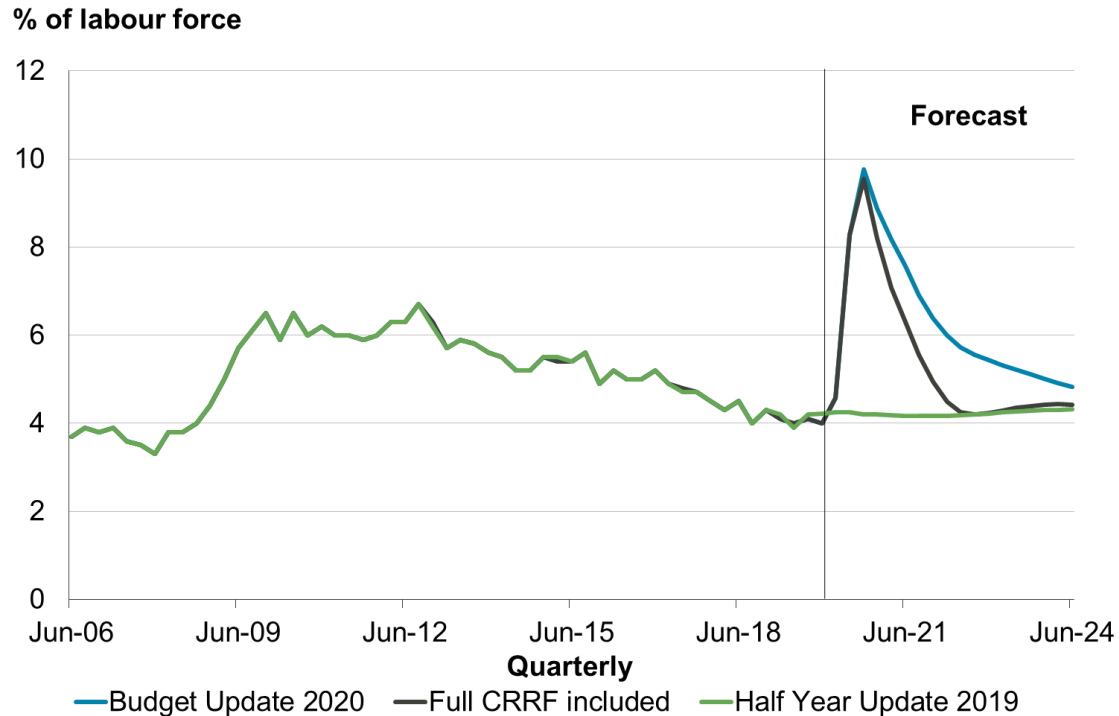
Fiscal Assumptions in Economic Forecasts



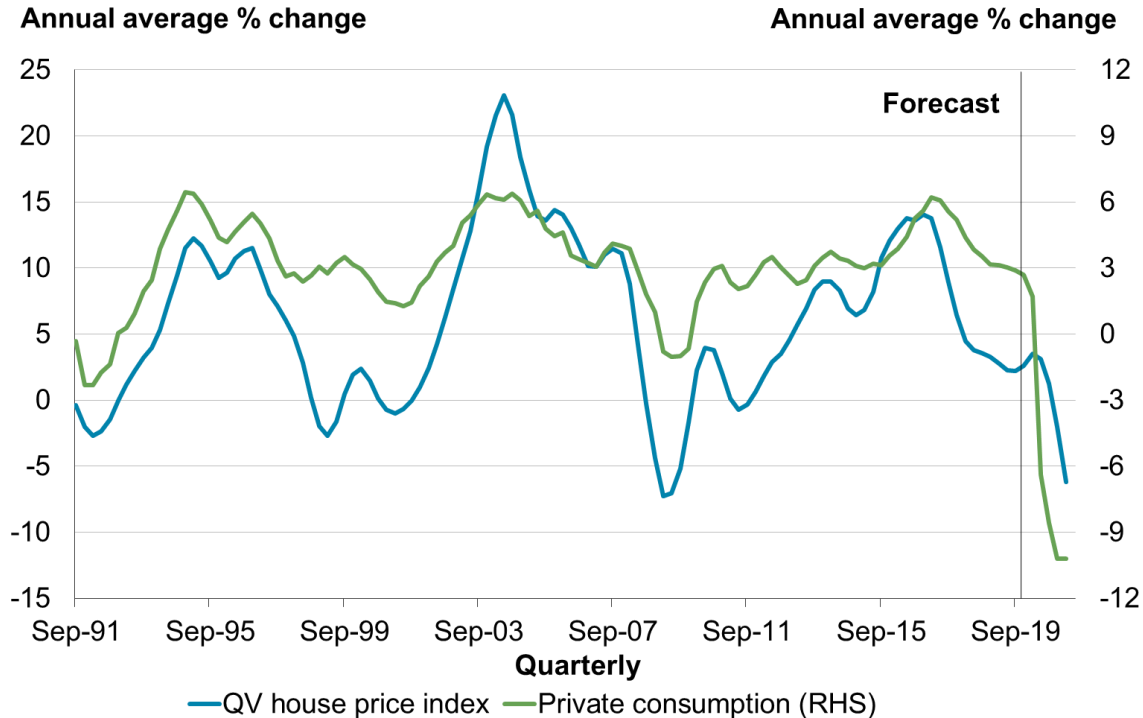
GDP Expected to Rebound



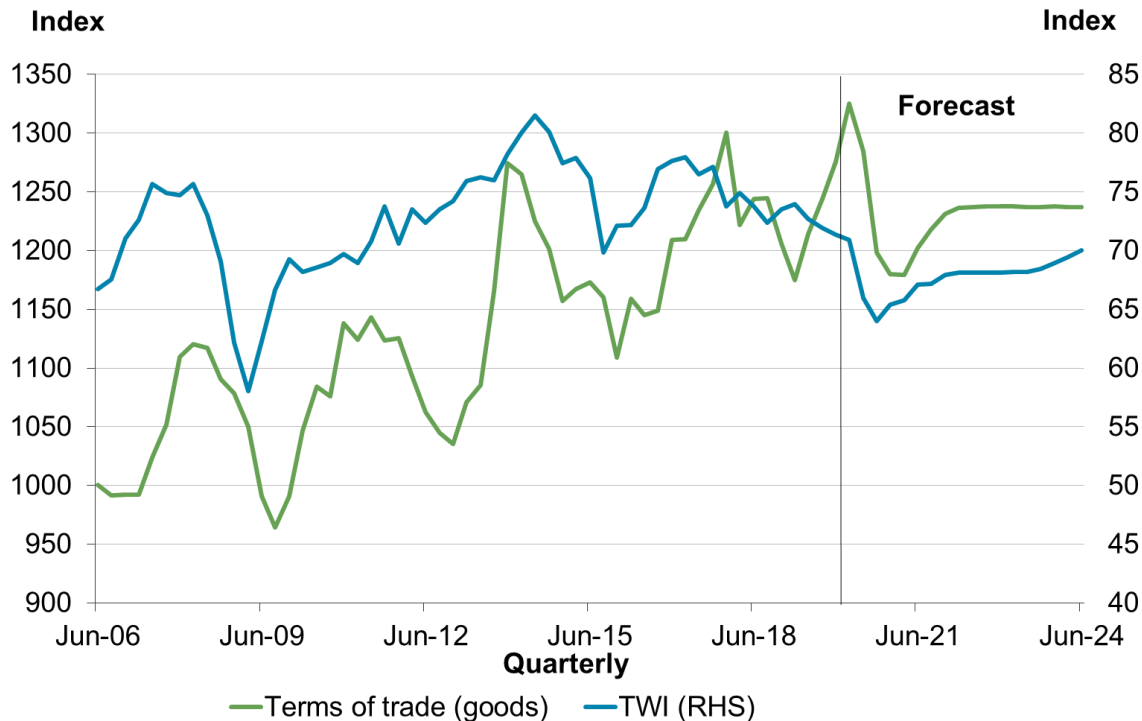
Return to Full Employment



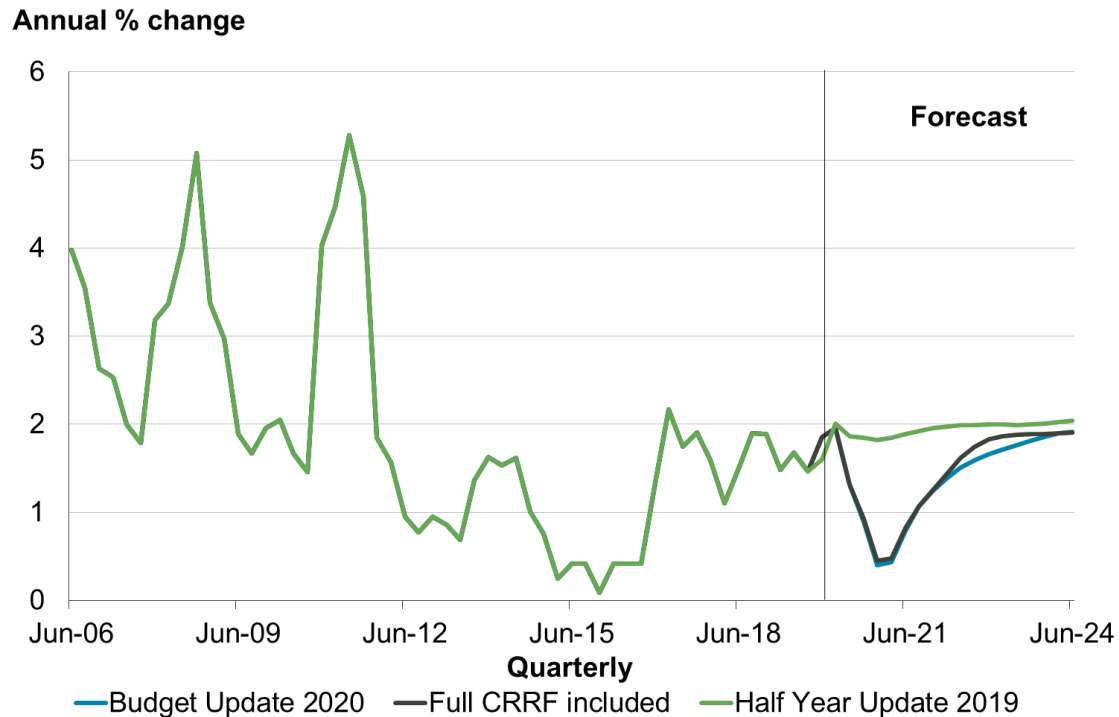
Consumption Impacts Near-term



Terms of Trade Underpinned



Inflation Outlook Uncertain



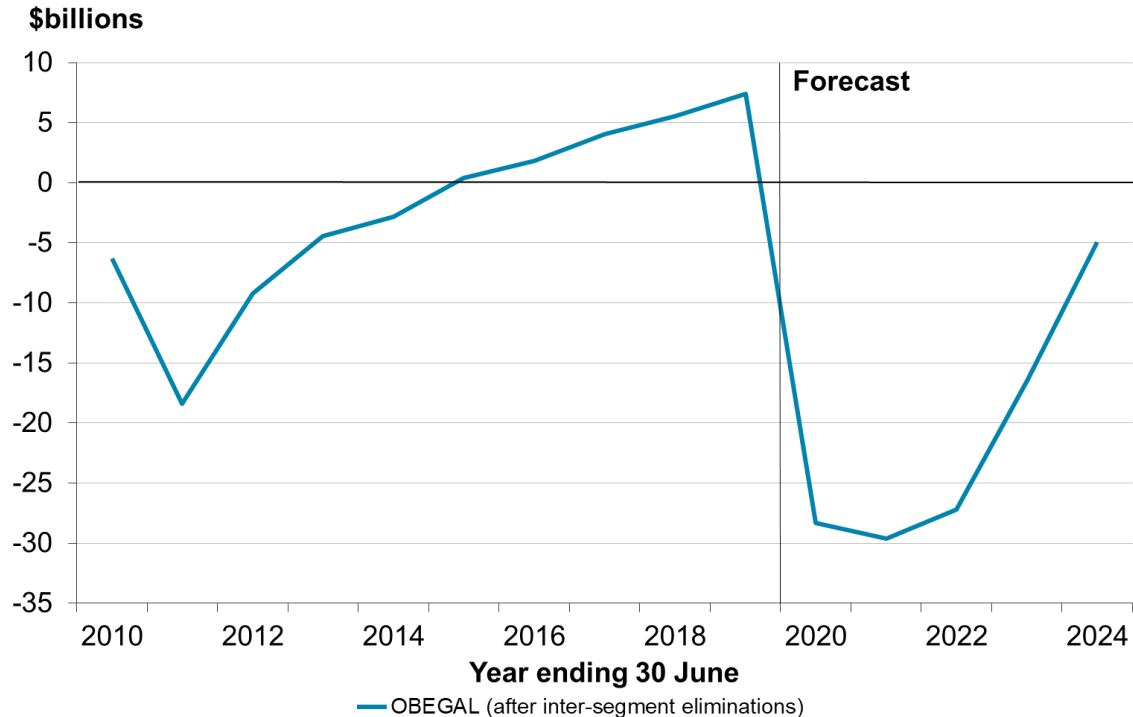
Summary of Main Budget Forecasts

	2019	2020	2021	2022	2023	2024
June years	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Real production GDP (annual average % change)	2.8	-4.6	-1.0	8.6	4.6	3.6
Unemployment rate	4.0	8.3	7.6	5.7	5.2	4.8
CPI inflation (annual % change, June quarter)	1.7	1.3	0.8	1.5	1.8	1.9
Current account balance (% of GDP)	-3.4	-2.0	-5.7	-4.2	-3.8	-3.6
Fiscal (% of GDP)						
Core Crown tax revenue	28.5	28.0	27.2	26.6	27.4	27.3
Core Crown expenses	28.7	38.7	38.6	36.5	33.7	30.2
Total Crown operating balance before gains and losses	2.4	-9.6	-10.1	-8.3	-4.7	-1.3
Core Crown residual cash	-0.2	-10.9	-14.7	-10.7	-7.6	-3.6
Net core Crown debt	19.0	30.2	44.0	49.8	53.6	53.6
Net worth	47.2	36.0	26.0	16.0	11.2	10.3

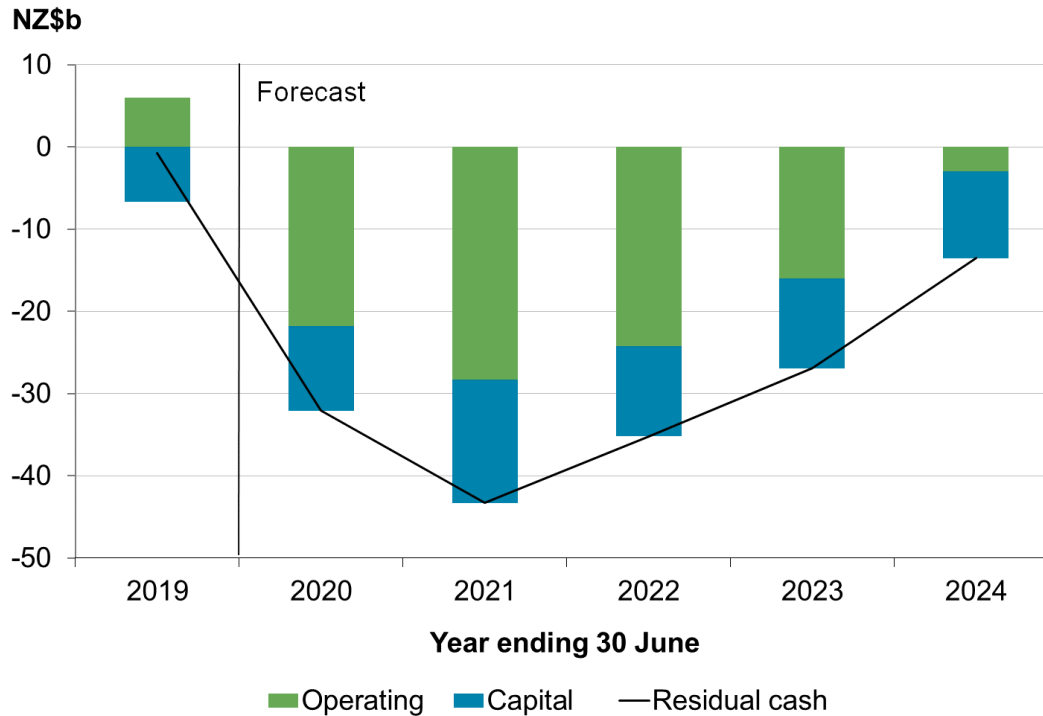


Fiscal Outlook

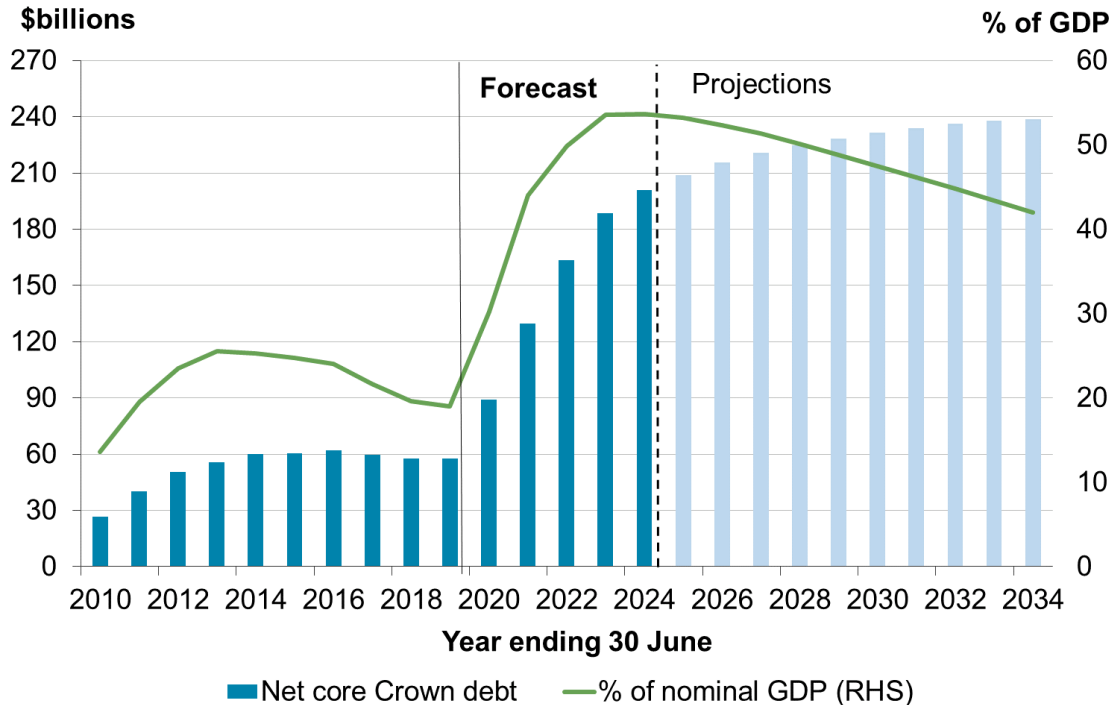
Operating Balance Impacted



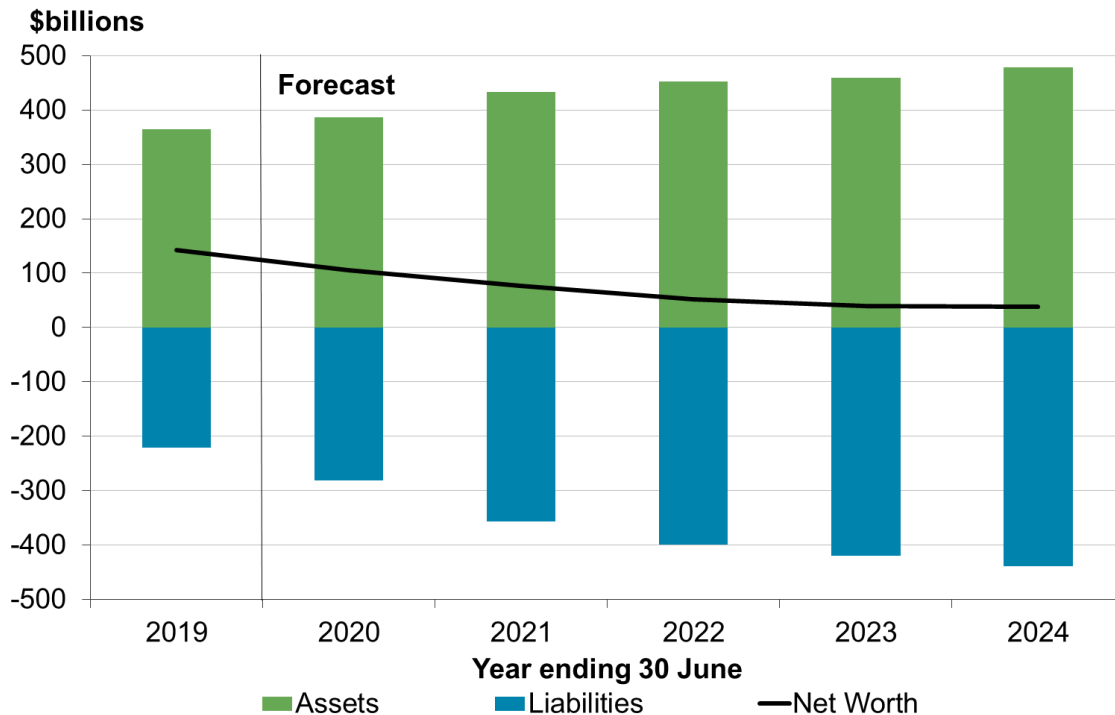
Residual Cash Deficit



Net Debt Stabilises



Net Worth Cushions Impact



Credit Ratings Stable



Rating Agency	Domestic Currency	Foreign Currency	Latest update
Moody's Investors Service	Aaa (stable outlook)	Aaa (stable outlook)	2-Apr-20
Standard and Poor's	AA+ (positive outlook)	AA (positive outlook)	4-May-20
Fitch Ratings	AA+ (stable outlook)	AA (positive outlook)	22-Jan-20

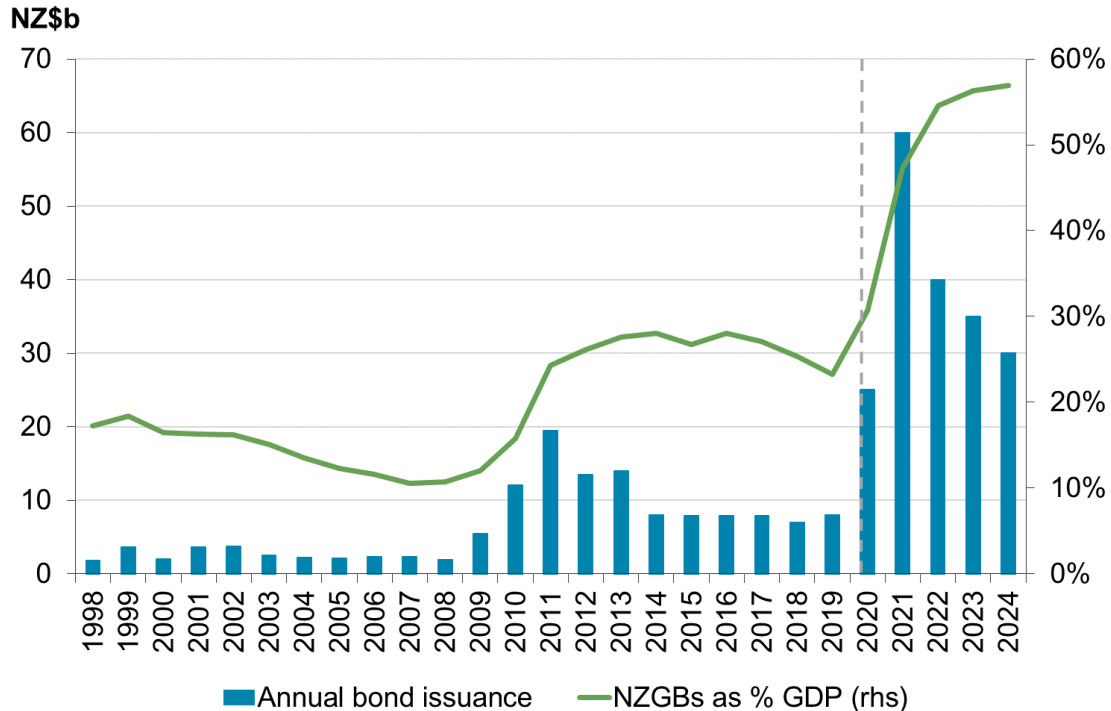


Funding Strategy

BEFU 2020 Announcements

Year ending 30 June (face value)	2020	2021	2022	2023	2024	Total
Gross NZGB issuance (NZ\$ billion)	25.0	60.0	40.0	35.0	30.0	190.0
NZGB maturities and repurchases (NZ\$ billion)	5.4	11.1	0.0	15.8	15.4	47.6
Net NZGB issuance (NZ\$ billion)	19.6	48.9	40.0	19.2	14.6	142.4
NZGBs on issue (NZ\$ billion)	90.2	139.1	179.1	198.4	213.0	n/a
NZGBs on issue (% of GDP)	31%	47%	55%	56%	57%	n/a
Forecast T-Bills on issue (NZ\$ billion)	10	10	10	10	10	n/a
Change in NZGB issuance (BEFU relative to HYEPU)	15	50	32	27	24	148
Change in T-bills on issue (BEFU relative to HYEPU)	7	6	6	6	8	n/a

Increased Programme Ahead



Increased Cash Buffer

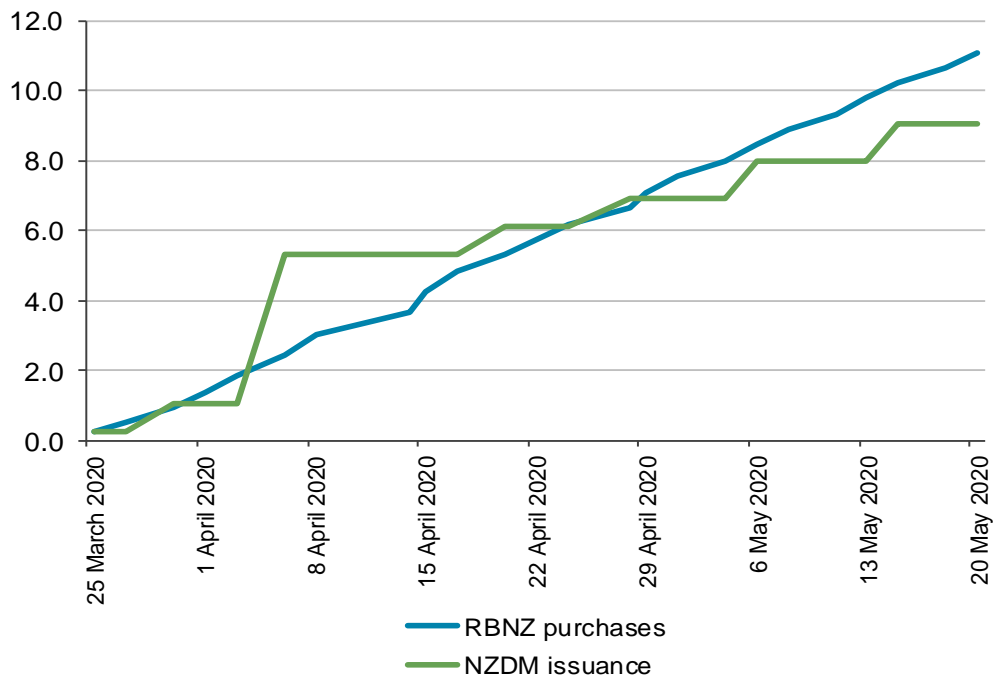


The Treasury's Financial Assets (NZ\$ million)

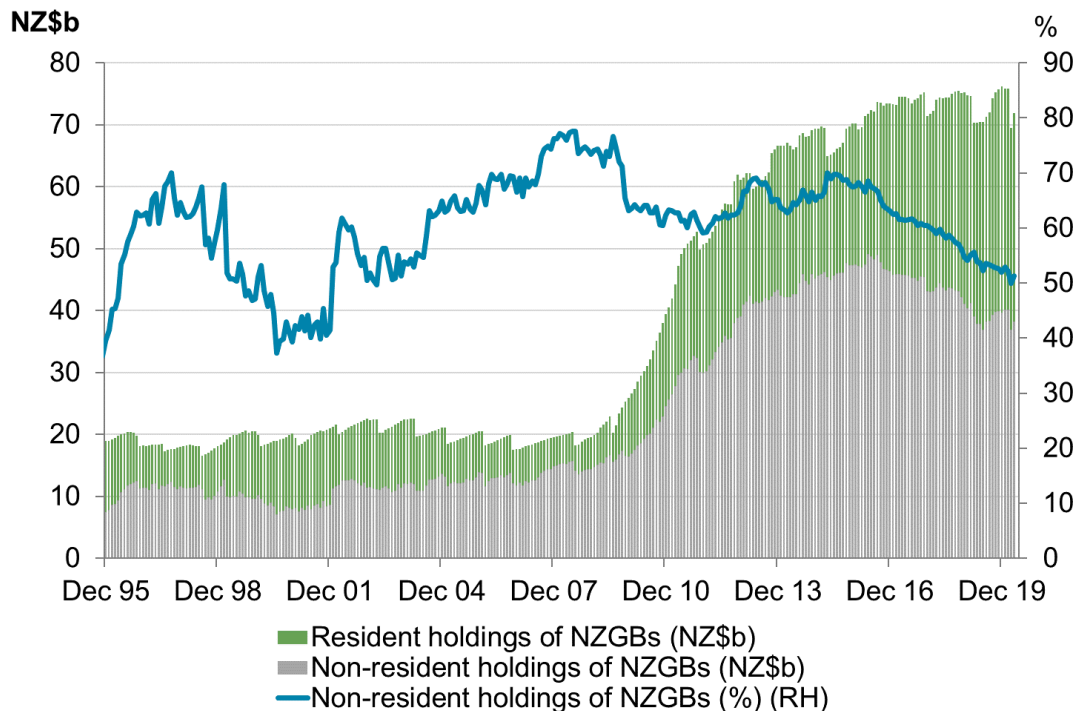
	2020	2021	2022	2023	2024
At HYEFU 2019	20,175	13,816	16,682	13,940	19,141
At BEFU 2020	23,606	38,086	40,051	32,999	35,710
Difference	3,431	24,270	23,369	19,059	16,569

RBNZ LSAP Programme

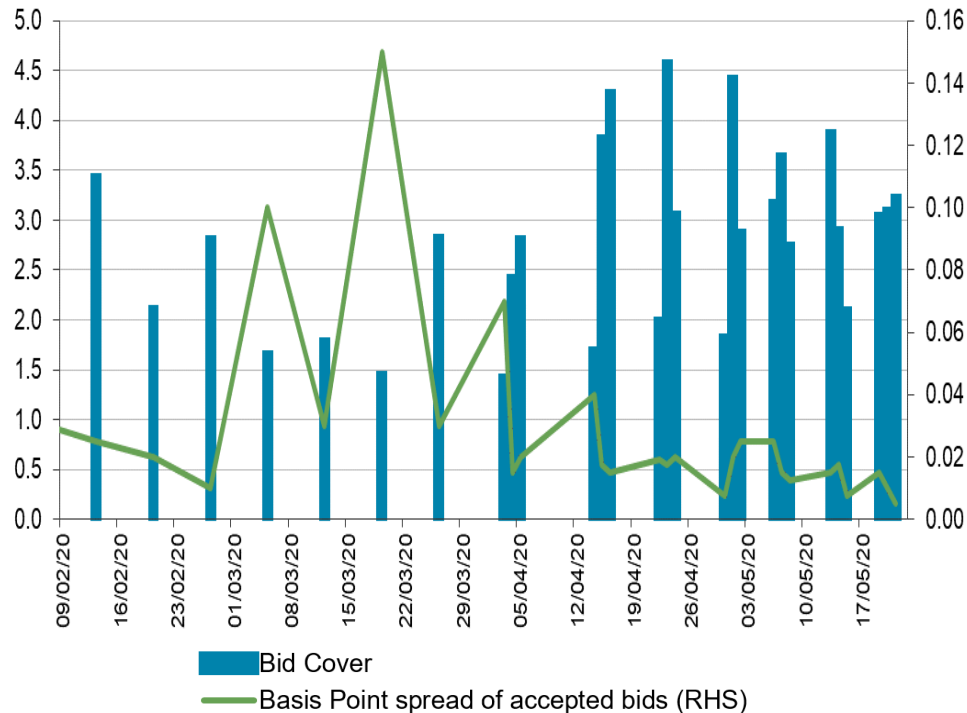
(\$NZ billions)



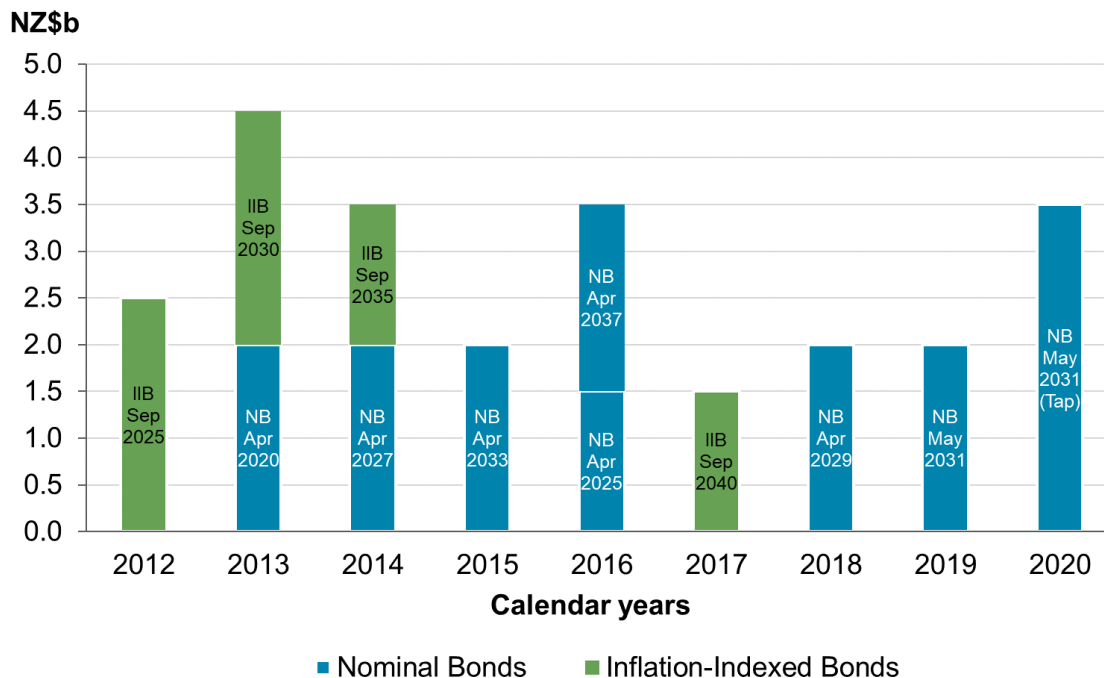
Offshore Holdings Remain Above 50%



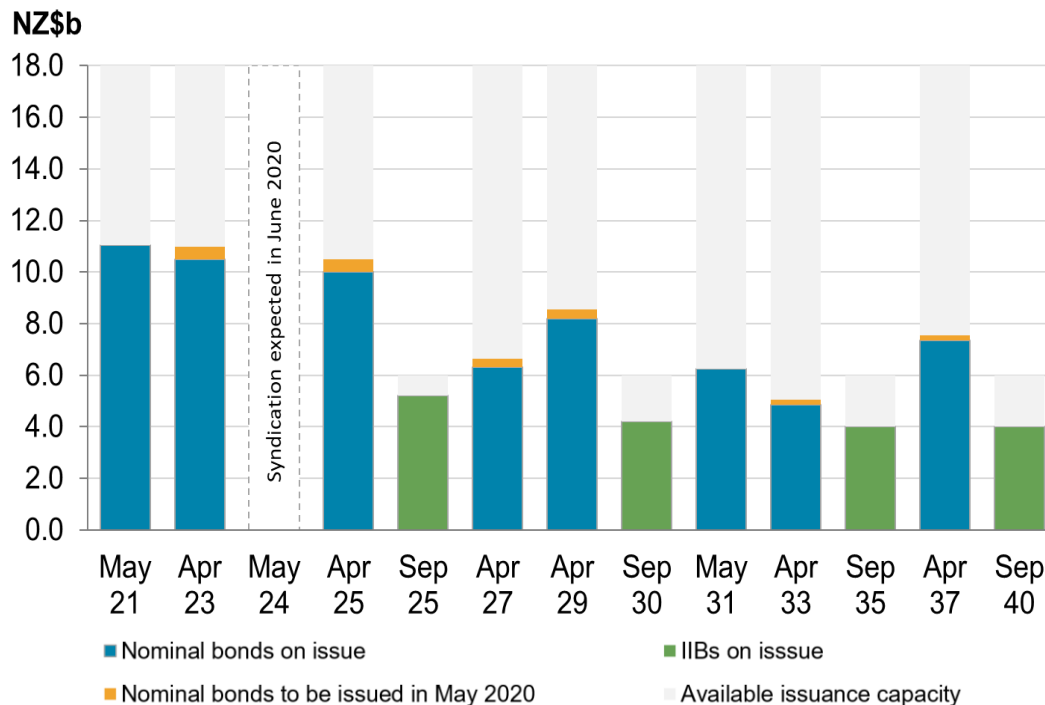
Solid Demand at Tenders



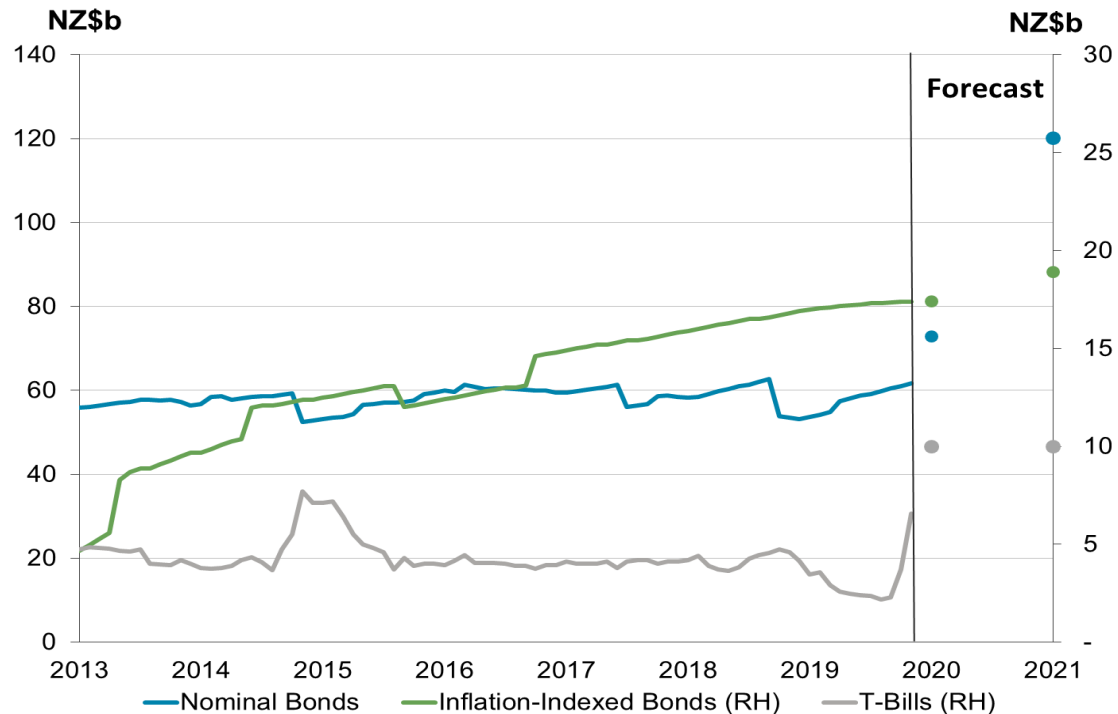
New Bonds Issued Via Syndication



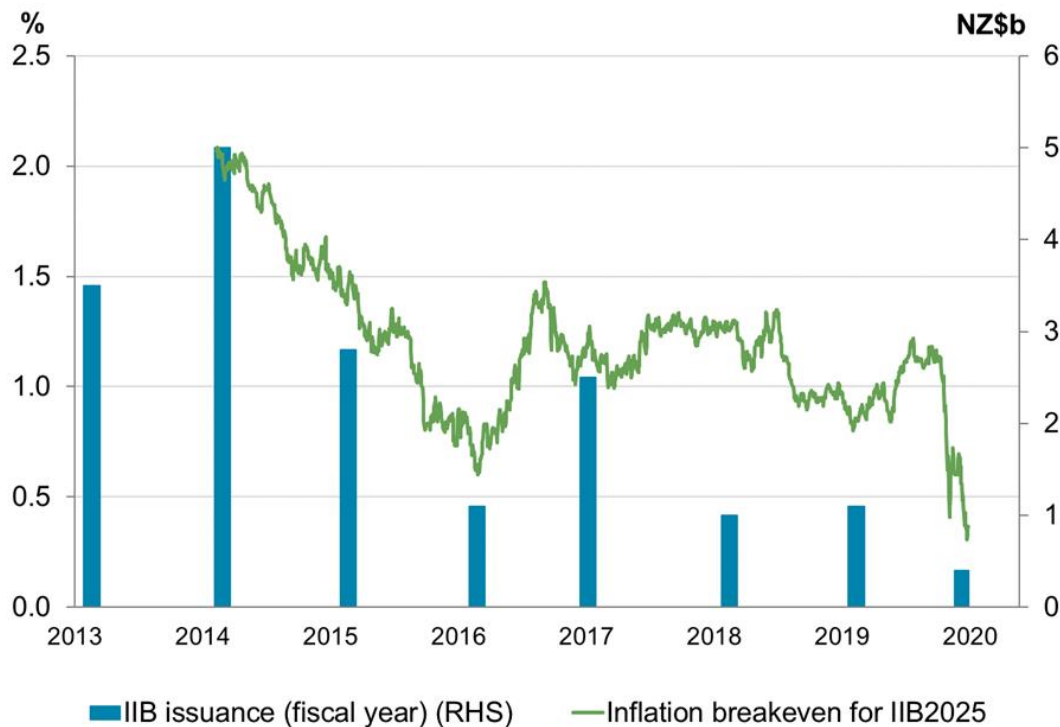
Current NZGB Portfolio



New Zealand Government Securities



IIB Issuance and Breakeven



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