



TE TAI ŌHANGA  
**THE TREASURY**



# New Zealand Government Debt Market Outlook

March 2021

New Zealand Government



# Overview



Fiscal Outlook



Funding Strategy

# Summary of Forecasts

	2020	2021	2022	2023	2024	2025
June years	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Real production GDP (annual average % change)	-2.1	1.5	2.6	3.7	3.8	3.2
Unemployment rate (June quarter)	4.0	6.6	6.8	5.7	4.7	4.0
CPI inflation (annual % change)	1.5	1.4	1.2	1.4	1.8	2.1
Current account (annual, % of GDP)	-1.9	-2.8	-3.8	-3.4	-3.2	-3.2
<b>Fiscal measures (\$billions)</b>						
Core Crown tax revenue	85.1	88.3	89.1	96.9	102.5	108.8
Core Crown expenses	108.8	114.2	109.1	112.0	115.3	118.7
Total Crown operating balance before gains and losses	-23.1	-21.6	-16.4	-10.3	-7.5	-4.2
Core Crown residual cash	-23.7	-40.2	-36.3	-23.7	-5.5	3.9
Net core Crown debt <sup>1</sup>	83.4	128.6	166.2	189.1	194.2	190.0
<i>as a percentage of GDP</i>	26.4%	39.7%	49.1%	52.6%	50.7%	46.9%
Net worth attributable to the Crown	110.3	83.9	69.2	63.0	60.1	61.0

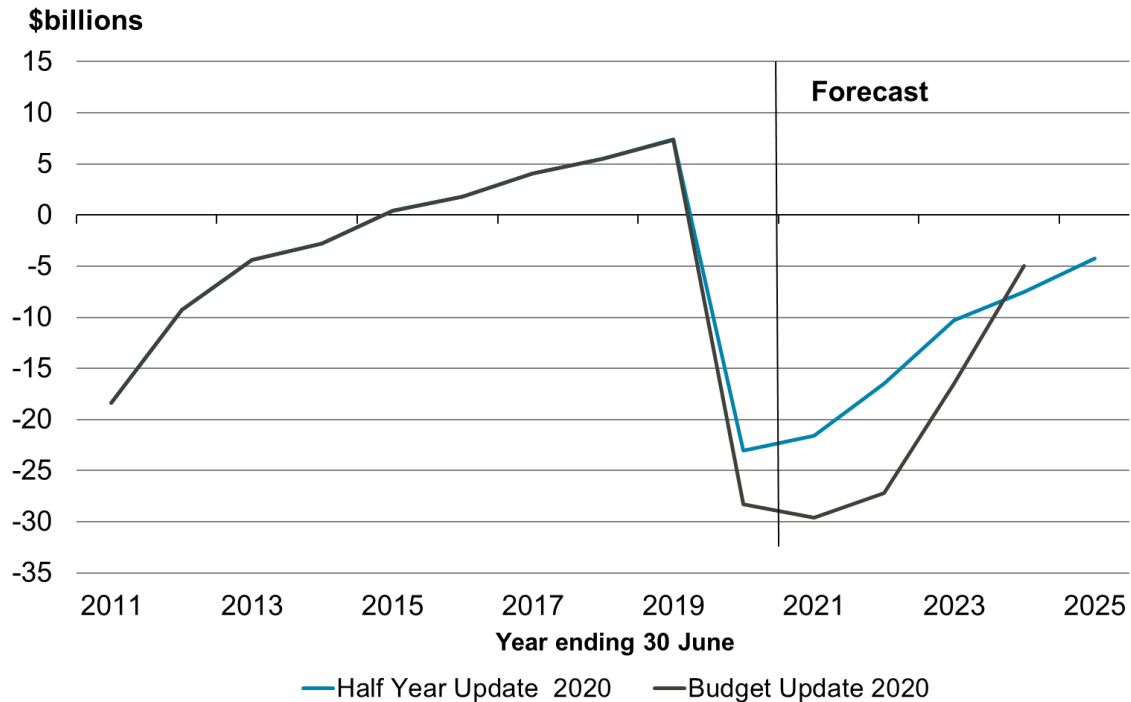
Note: 1 Net core Crown debt, excluding the New Zealand Superannuation Fund and advances (including lending under the Funding for Lending Programme – for more details see page 40 in the 2020 Half Year Economic and Fiscal Update).

2 The fiscal forecasts were finalised 30 November 2020. The economic forecasts were finalised on 13 November 2020.



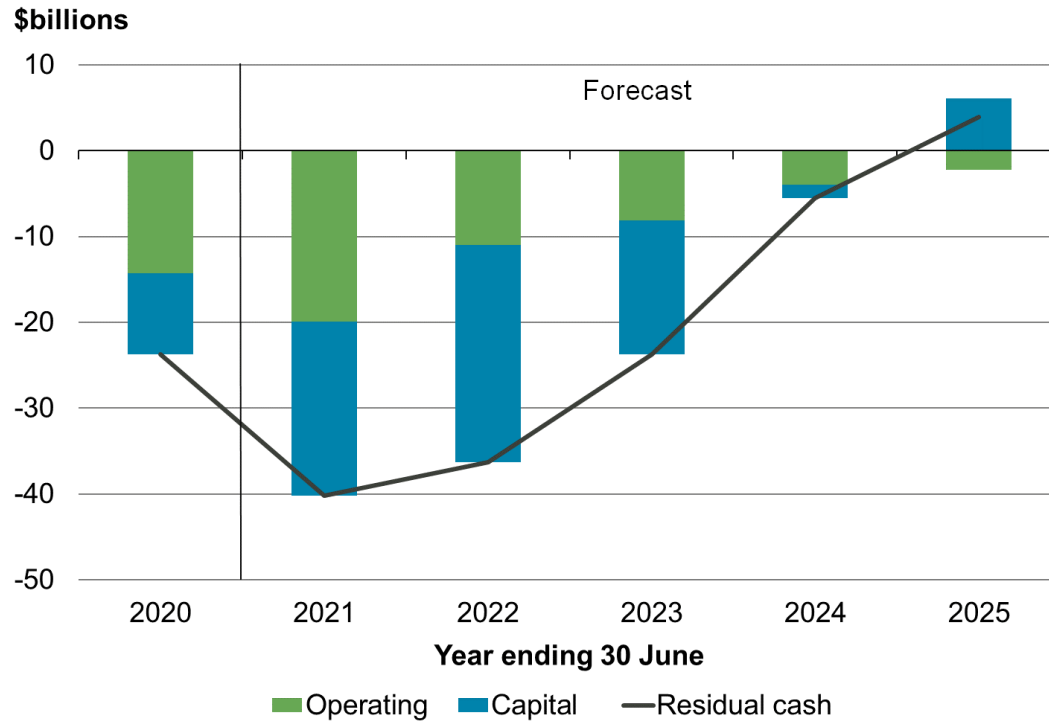
# Fiscal Outlook

# Operating Balance

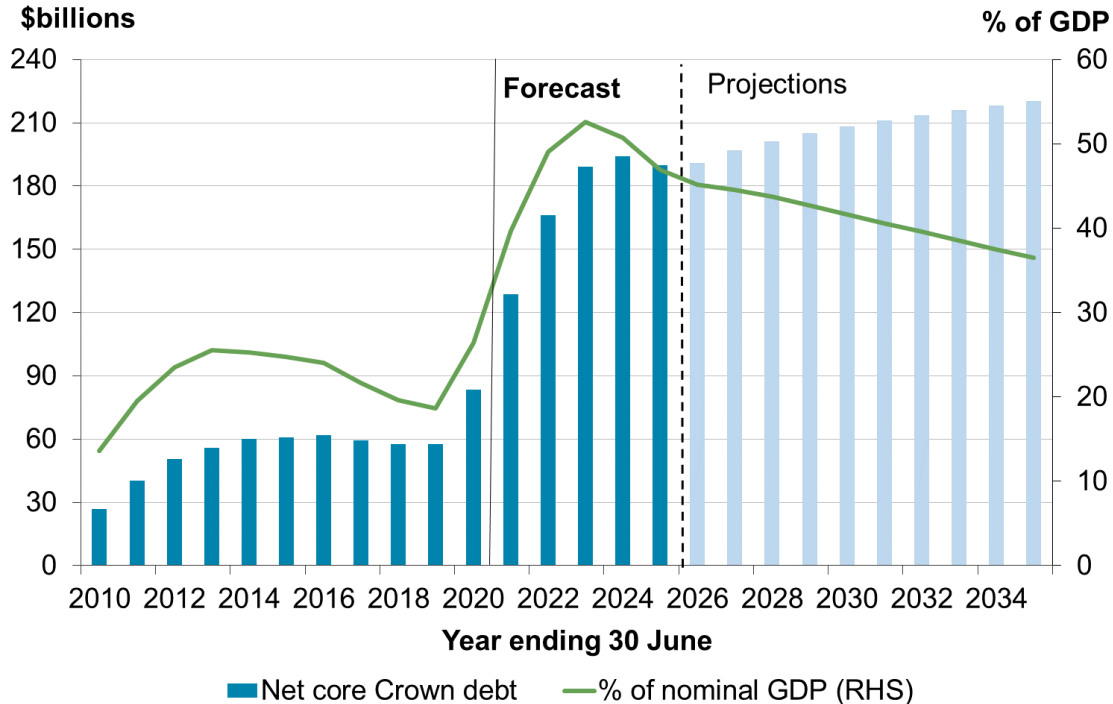




# Cash Deficit



# Net Core Crown Debt Projections



# Credit Ratings

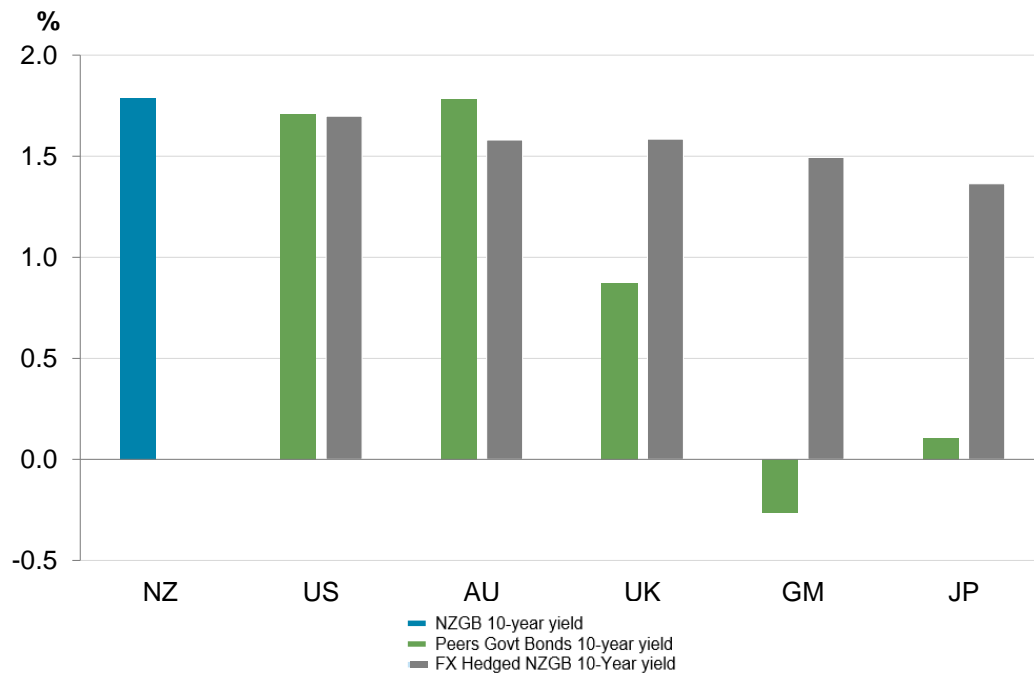
Rating Agency	Domestic Currency	Foreign Currency	Latest update
Moody's Investors Service	Aaa (stable outlook)	Aaa (stable outlook)	2-Apr-20
S&P Global Ratings	AAA (stable outlook)	AA+ (stable outlook)	22-Feb-21
Fitch Ratings	AA+ (stable outlook)	AA (positive outlook)	12-Jan-21



# Credit Ratings and Bond Yields



# Hedged Yields

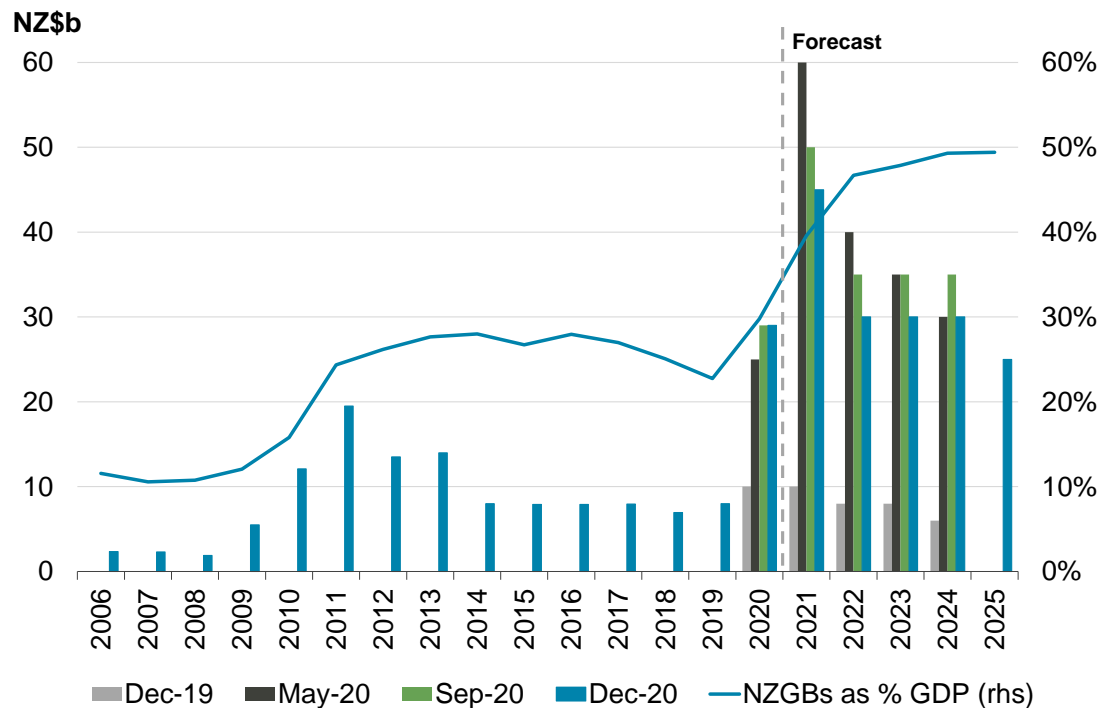


Yields as at 19 Mar 2021



# Funding Strategy

# Changes in Forecasts

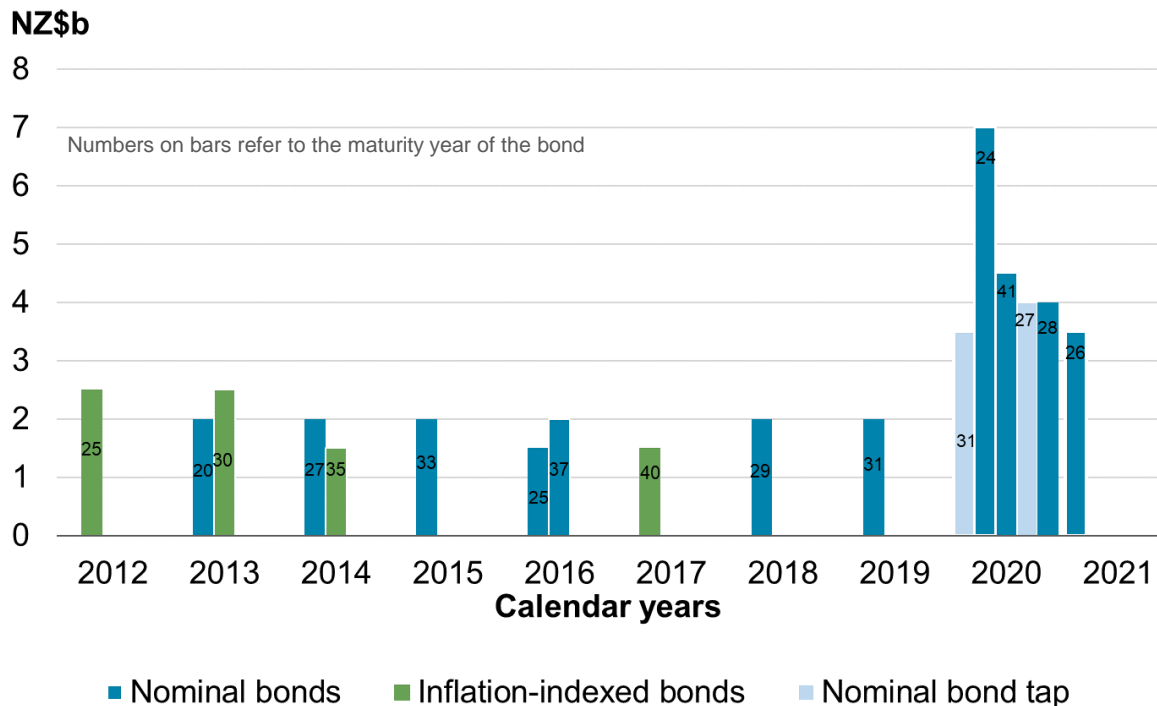


# HYEFU 2020 Announcements

Year ending 30 June (face value)	2020 (Actual)	2021	2022	2023	2024	2025	Total (forecast period)
Gross NZGB issuance (NZ\$ billion)	29.0	45.0	30.0	30.0	30.0	25.0	160.0
NZGB maturities and repurchases (NZ\$ billion)	5.4	11.1	0.0	15.9	13.5	13.7	54.2
Net NZGB issuance (NZ\$ billion)	23.6	33.9	30.0	14.1	16.5	11.3	105.8
NZGBs outstanding (NZ\$ billion)	94.2	128.1	158.1	172.2	188.7	200.0	n/a
NZGBs outstanding (% of GDP)	30%	40%	47%	48%	49%	49%	n/a
Forecast T-Bills on issue (NZ\$ billion)	11.9	8.0	6.0	6.0	6.0	6.0	n/a
<b>Change in NZGB issuance (relative to BEFU)</b>	n/a	-15.0	-10.0	-5.0	0.0	n/a	-30.0
<b>Change in T-Bills on issue (relative to BEFU)</b>	n/a	-2.0	-4.0	-4.0	-4.0	n/a	n/a

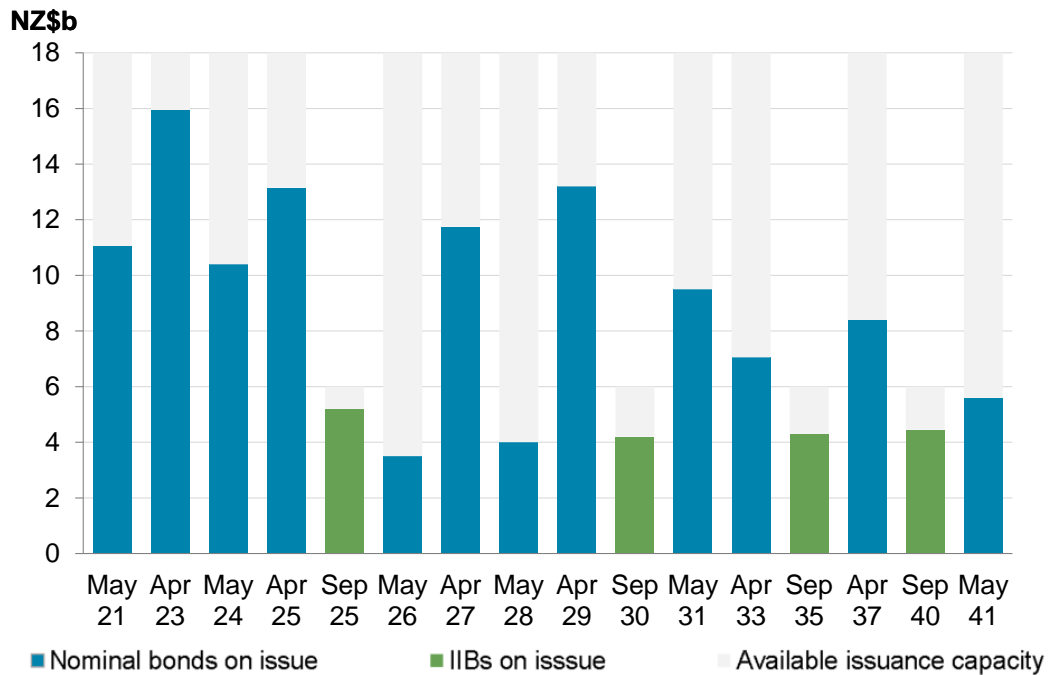


# New Bonds Issued Via Syndication

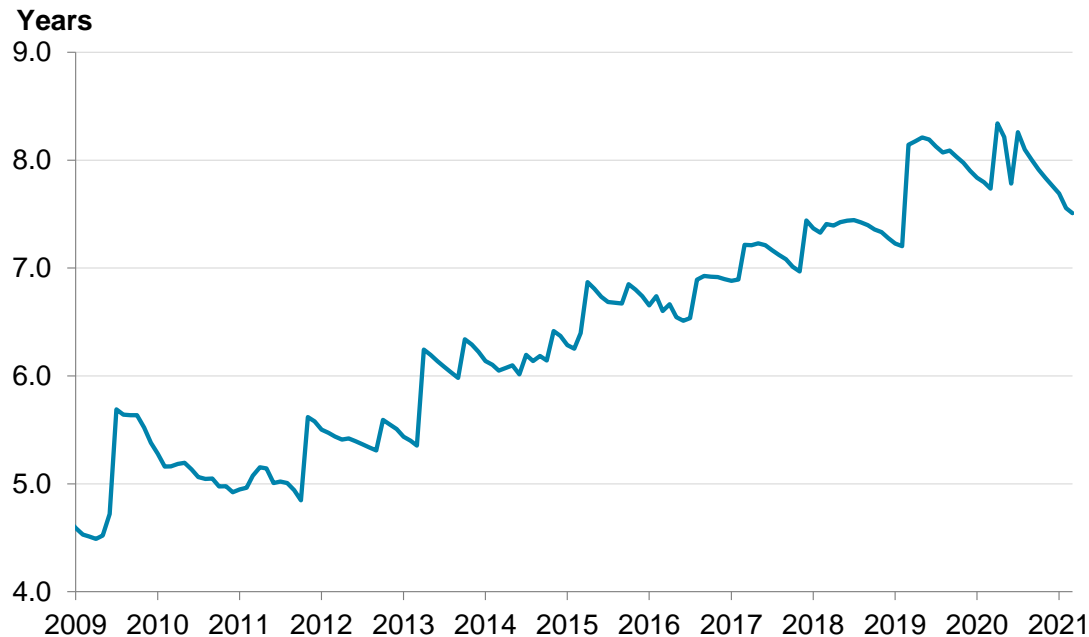




# Current NZGB Portfolio

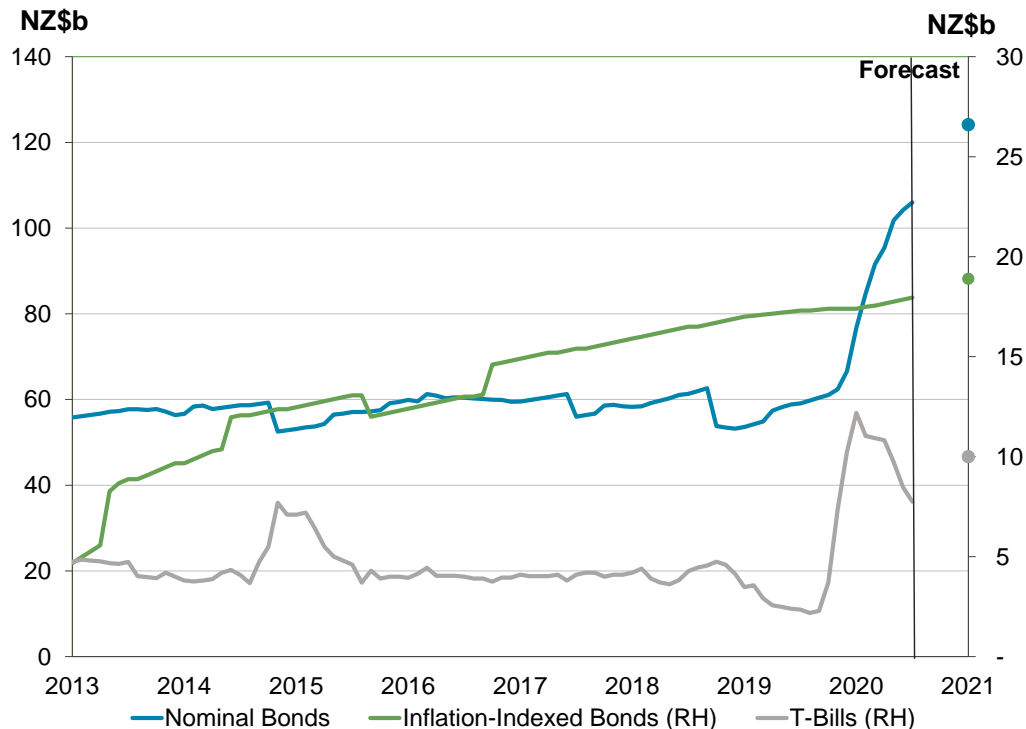


# Increasing Average-Weighted Maturity



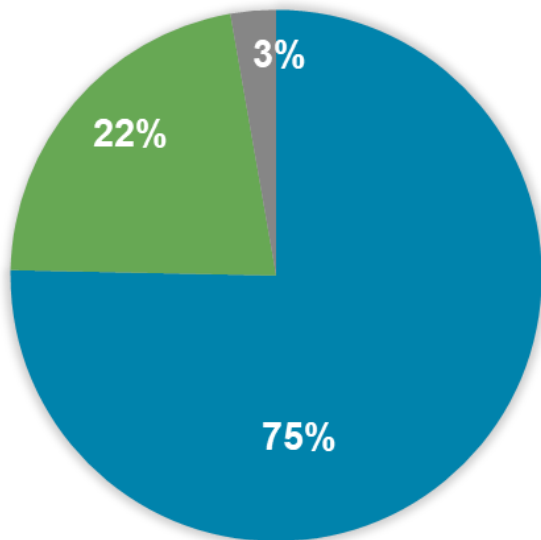
— Average weighted maturity of total NZGB portfolio (incl. IIBs)

# NZ Government Securities on Issue

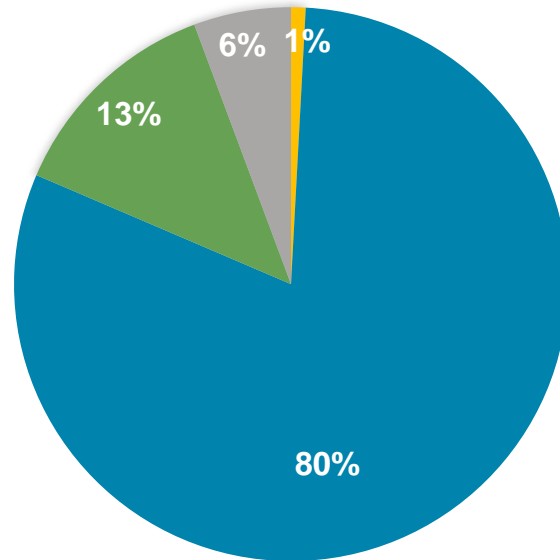


# Change in Portfolio Composition

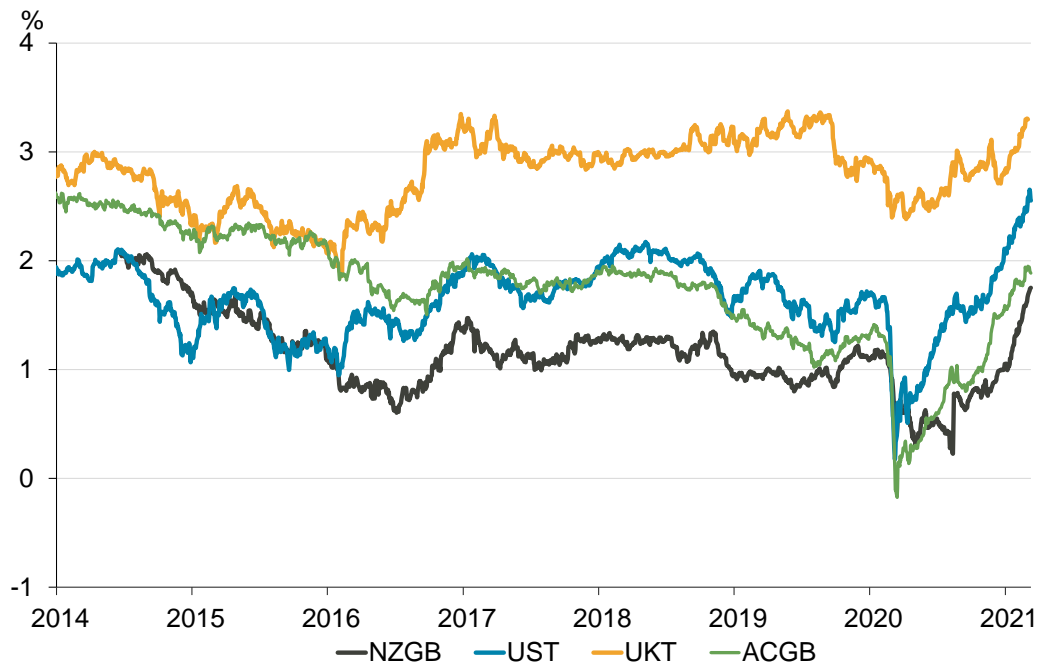
31 JANUARY 2020



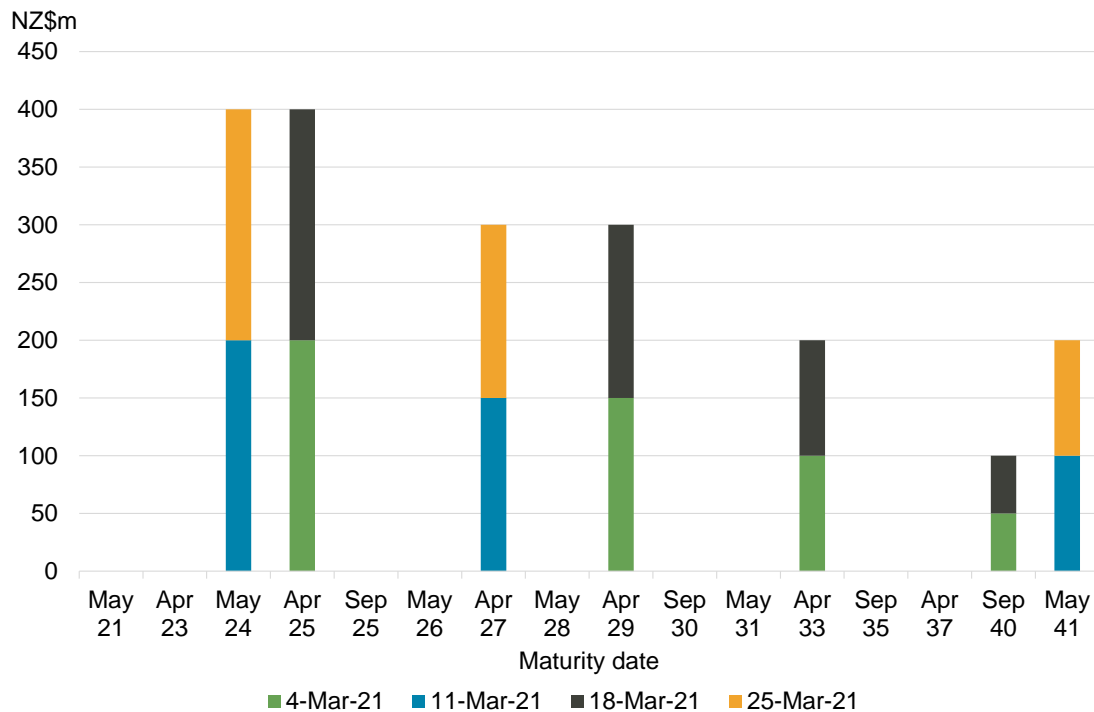
18 MARCH 2021



# 5-Year IIB Breakeven-Inflation

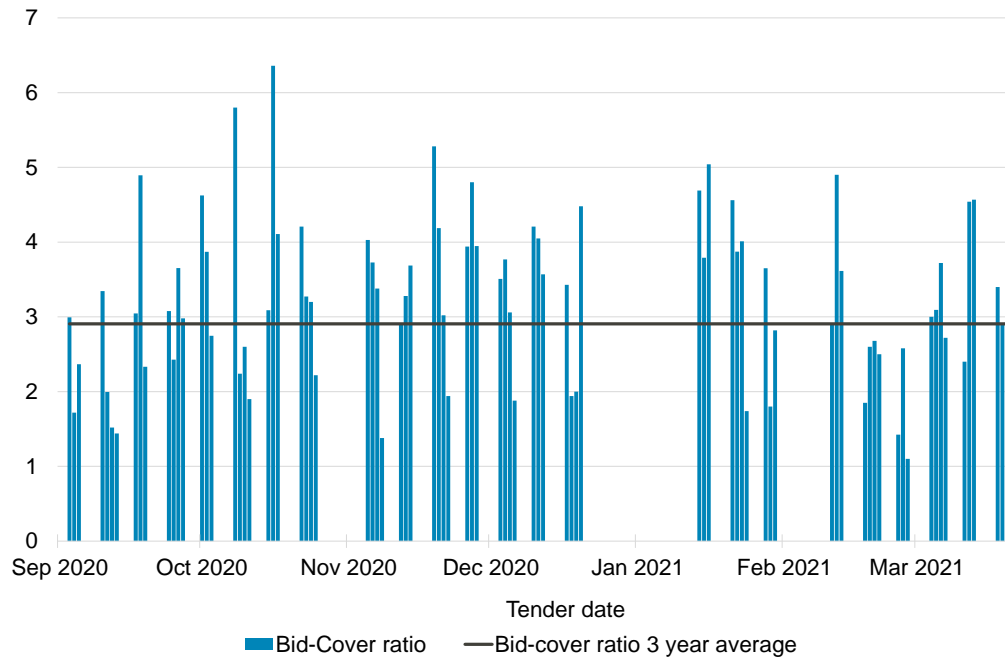


# March Tender Schedule

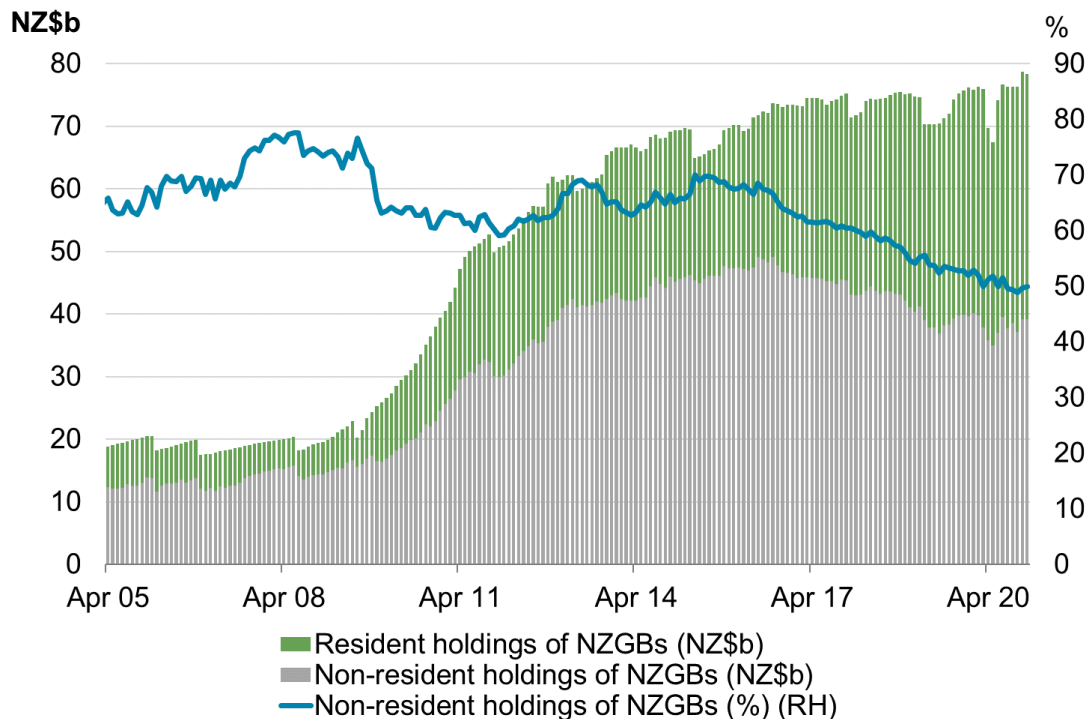




# Tender Dynamics

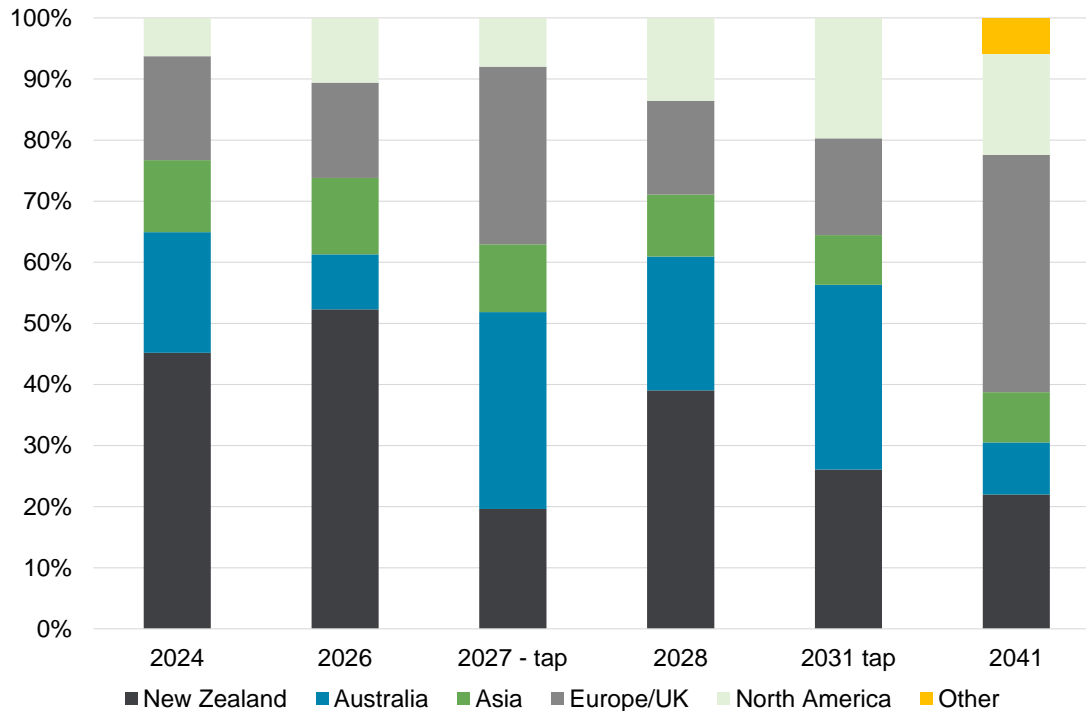


# Offshore Holdings

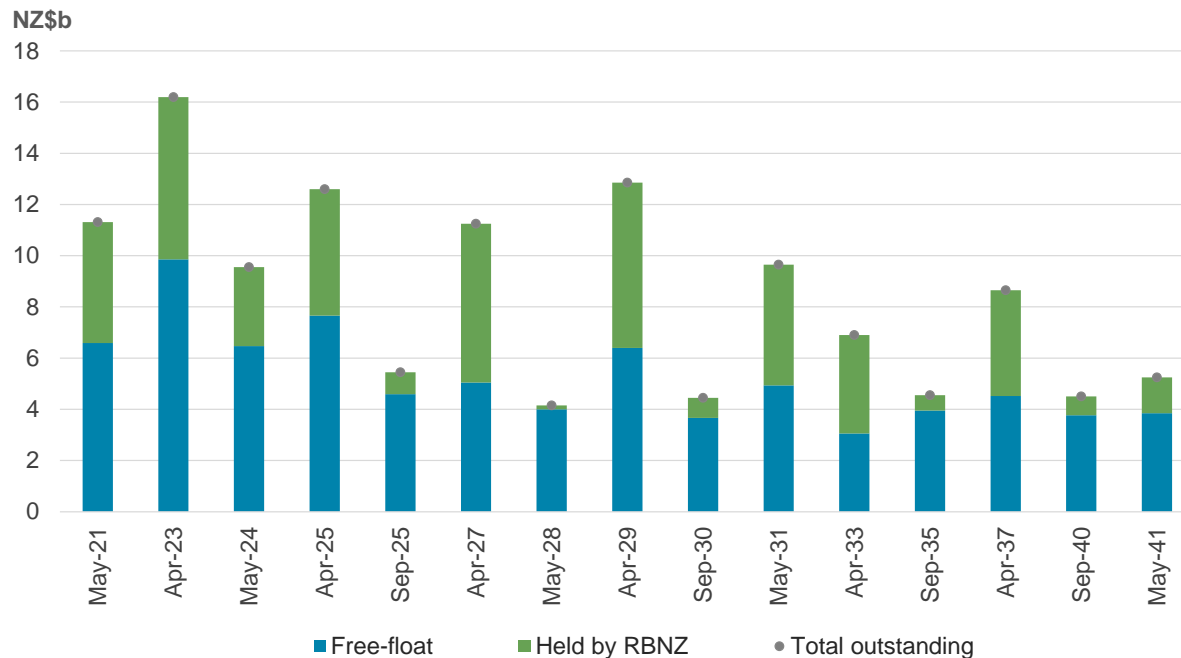


As at December 2020

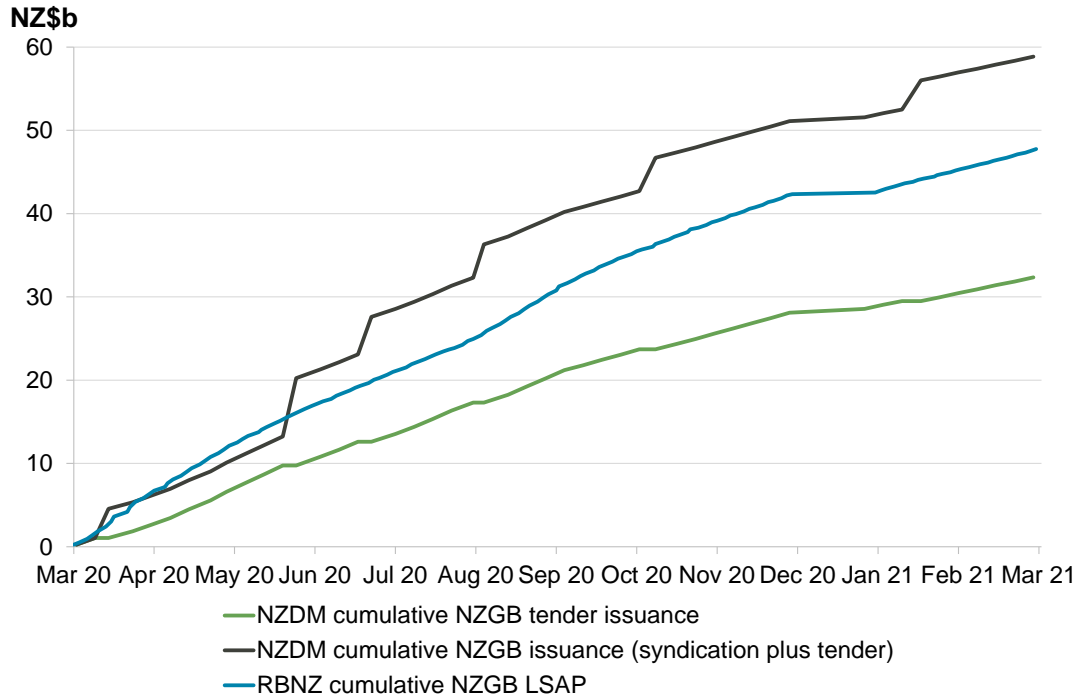
# Syndication Statistics



# RBNZ Holdings at 31 December



# RBNZ LSAP Programme



# 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.

