



TE TAI ŌHANGA  
**THE TREASURY**



# New Zealand Government Debt Market Outlook

October 2020

New Zealand Government



# Overview



Economic Outlook



Fiscal Outlook

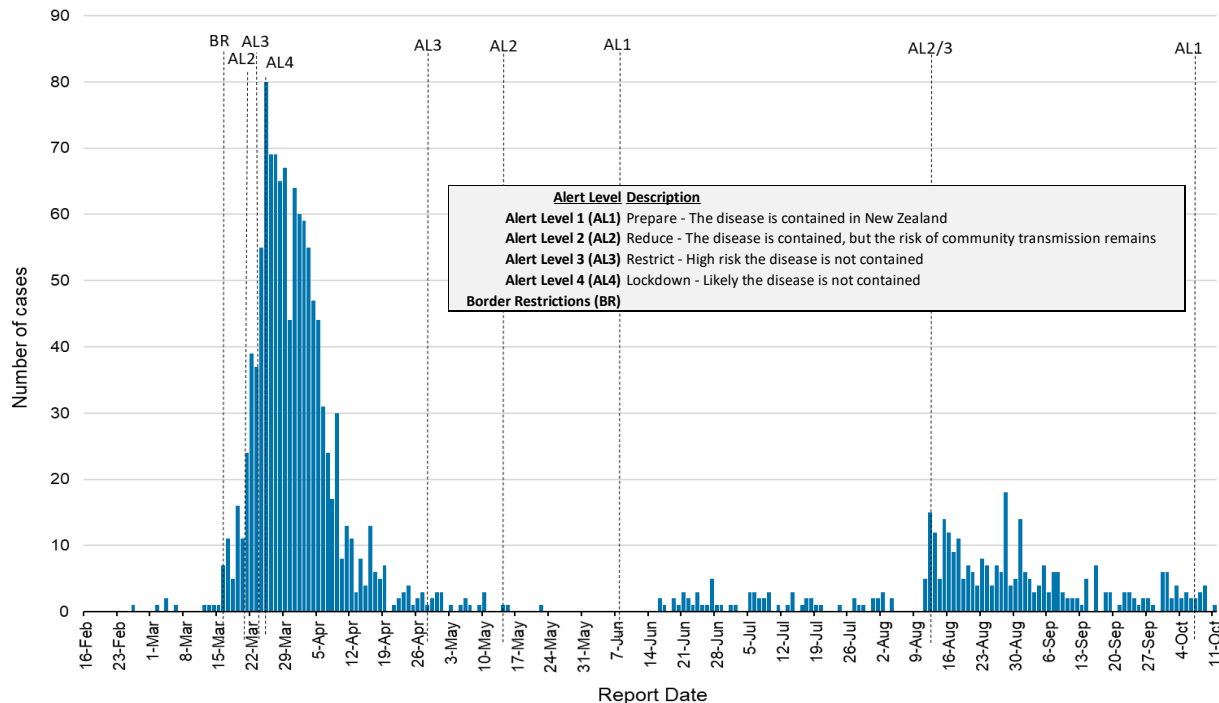


Funding Strategy



# Economic Outlook

# Active COVID-19 Cases



As at 11 October 2020

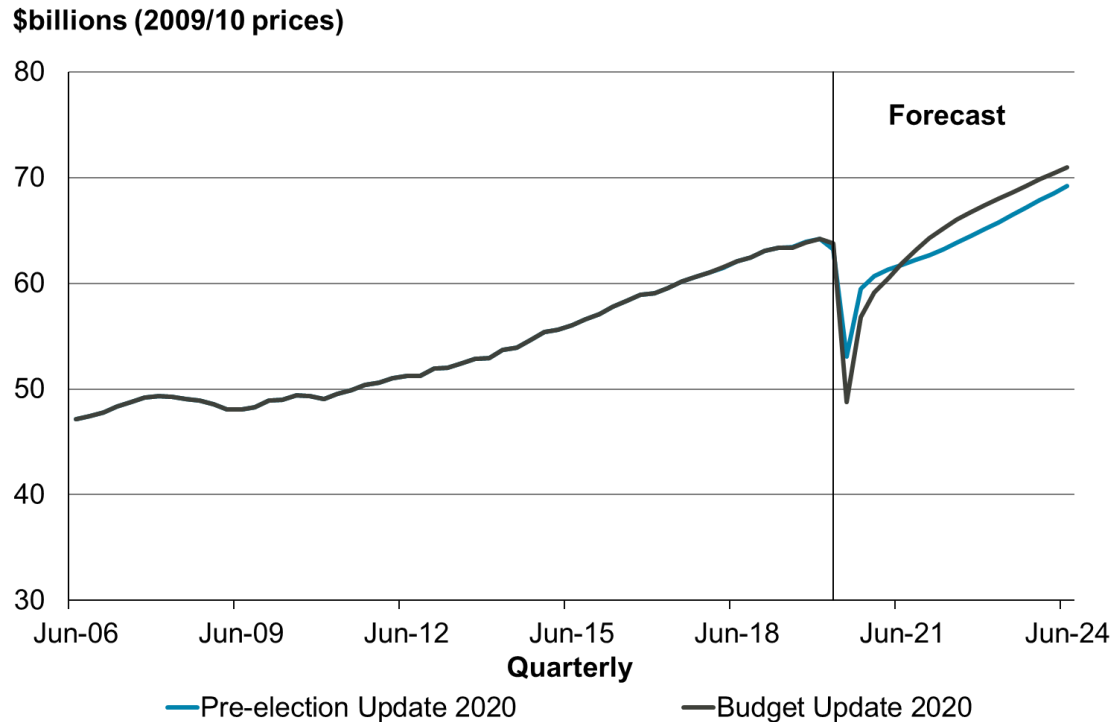
# Summary of Forecasts

	2019	2020	2021	2022	2023	2024
June years	Actual	Forecast <sup>1</sup>	Forecast	Forecast	Forecast	Forecast
Real production GDP (annual average % change)	2.8	-3.1	-0.5	3.6	3.9	4.1
Unemployment rate (June quarter)	4.0	4.0	7.7	7.6	6.6	5.3
CPI inflation (annual % change)	1.7	1.5	1.2	1.2	1.4	1.9
Current account (annual, % of GDP)	-3.4	-2.4	-5.1	-5.2	-4.1	-3.8
<b>Fiscal measures (\$billions)</b>						
Core Crown tax revenue	86.5	84.9	84.7	84.3	92.5	98.5
Core Crown expenses	87.0	108.8	119.5	109.9	111.7	116.1
Total Crown operating balance before gains and losses	7.4	-23.4	-31.7	-22.1	-14.2	-12.4
Core Crown residual cash	-0.7	-23.7	-41.0	-28.6	-22.3	-18.9
Net core Crown debt	57.7	83.4	130.2	160.1	182.2	201.1
as a percentage of GDP	19.0%	27.6%	43.0%	49.9%	53.5%	55.3%
Net worth	143.3	115.7	80.4	60.6	50.9	43.5

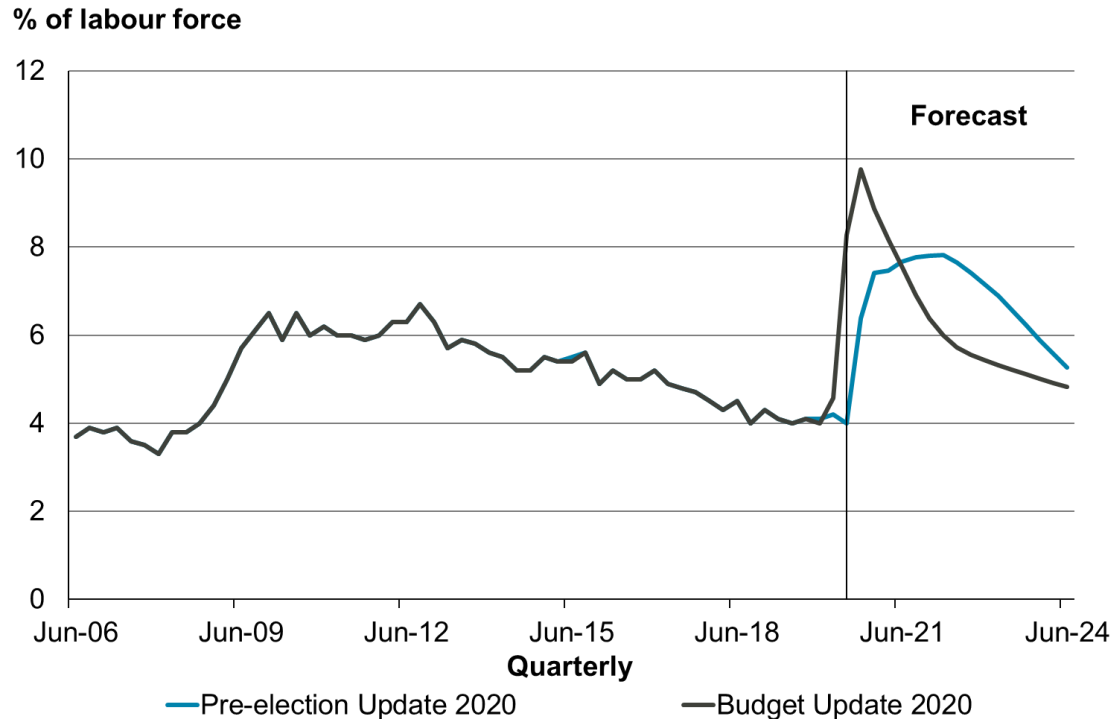
Note: 1 The fiscal measures for the 2020 fiscal year represent the unaudited actual results.

2 PREFU forecasts were published on 16 September 2020

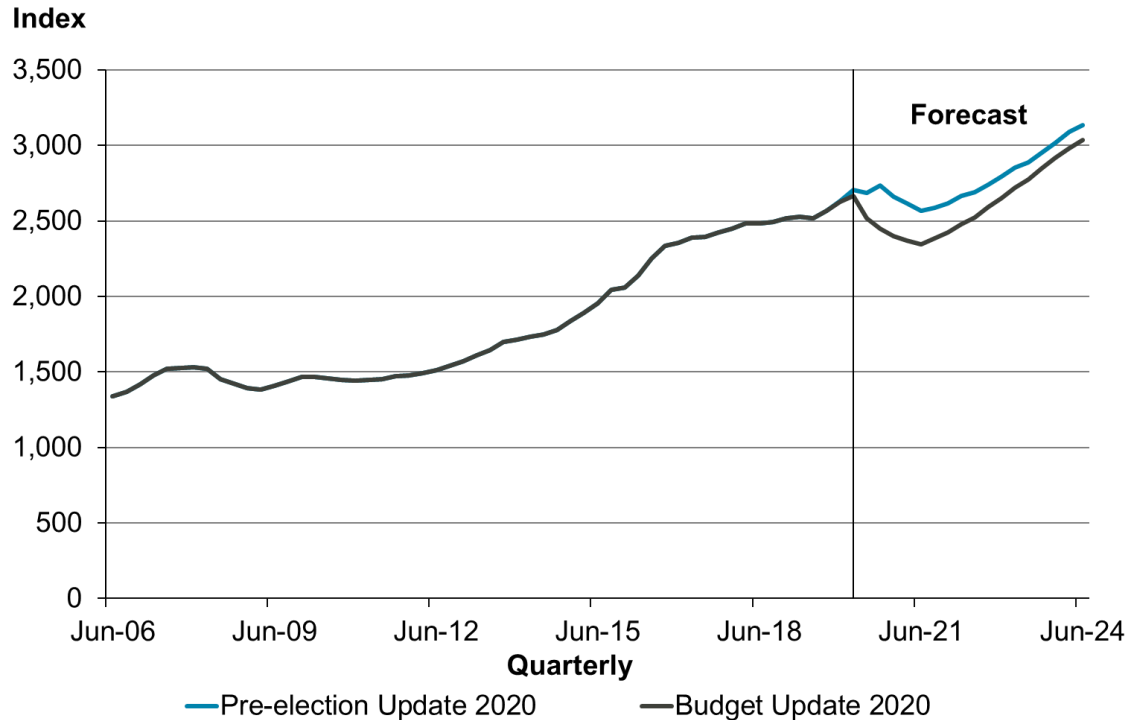
# Real GDP



# Unemployment

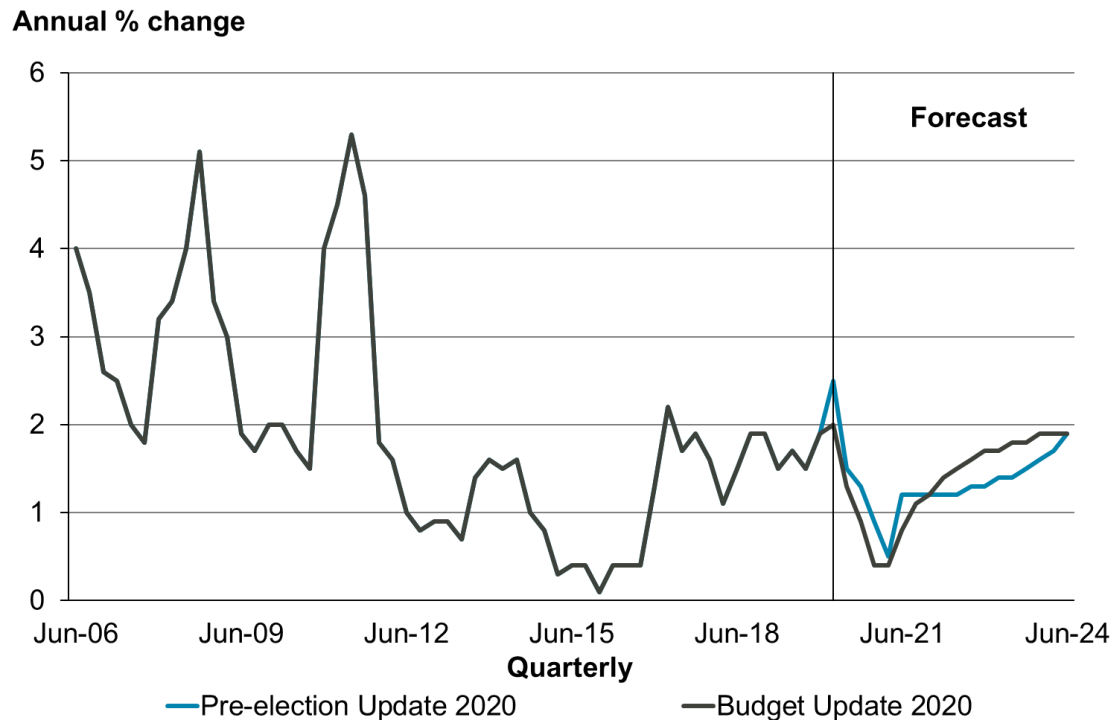


# House Prices





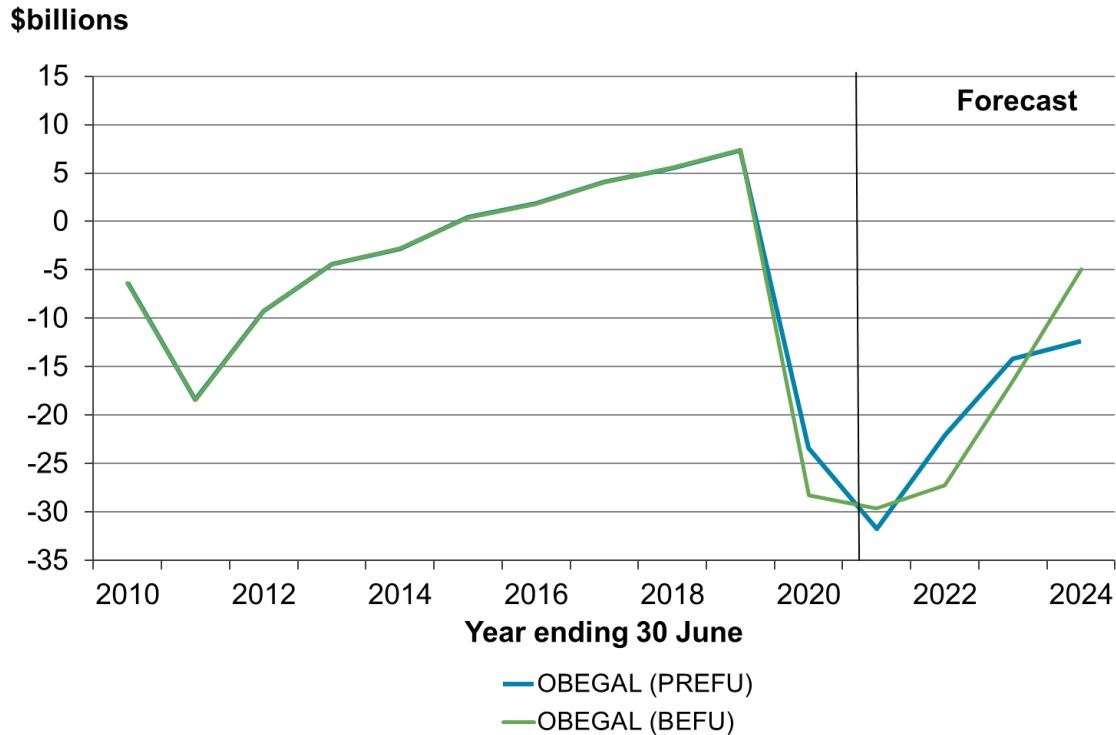
# Consumer Price Index Inflation



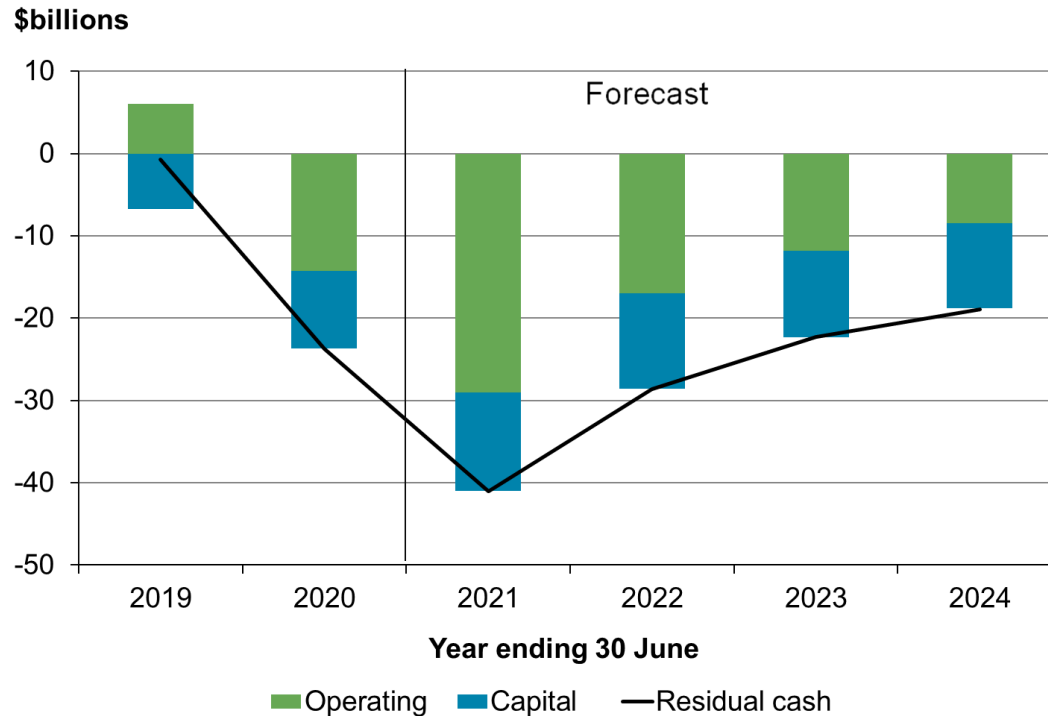


# Fiscal Outlook

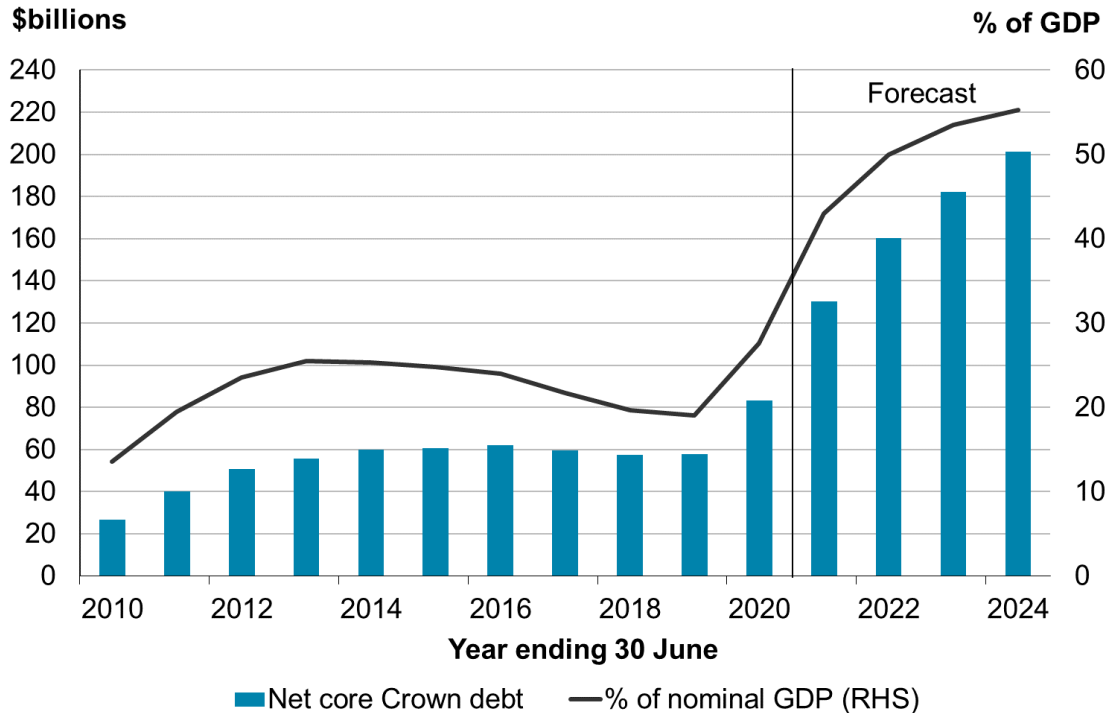
# Operating Balance



# Residual Cash Deficit

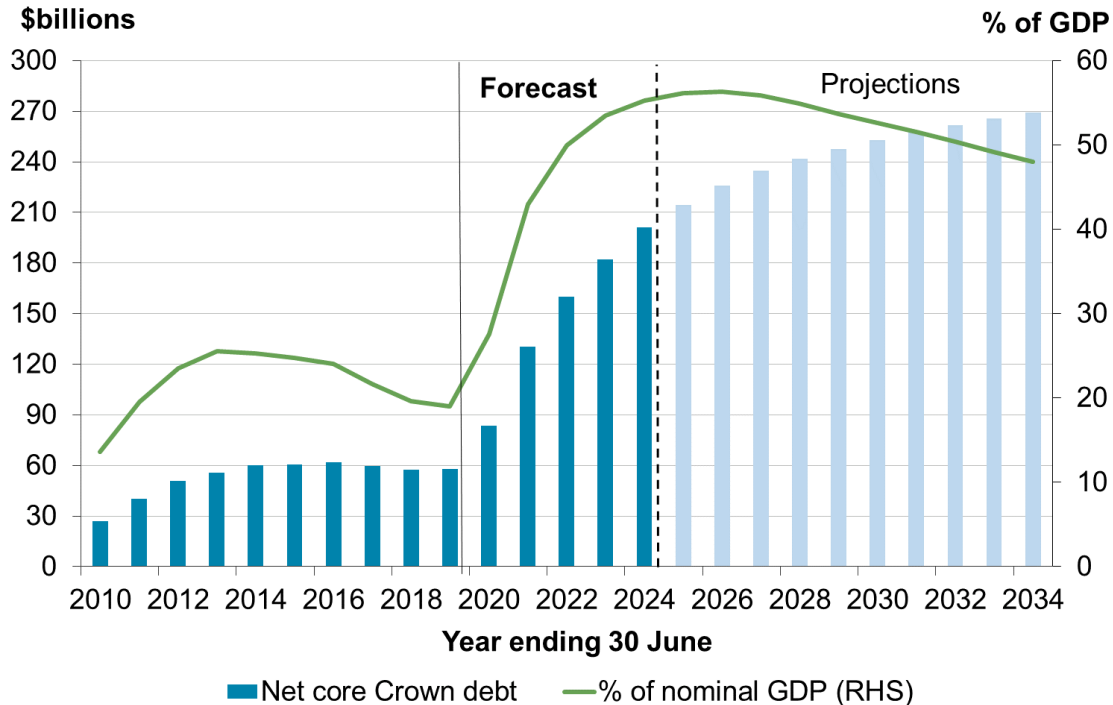


# Net Core Crown Debt





# Long Term Net Core Crown Debt



# Stable Credit Ratings



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



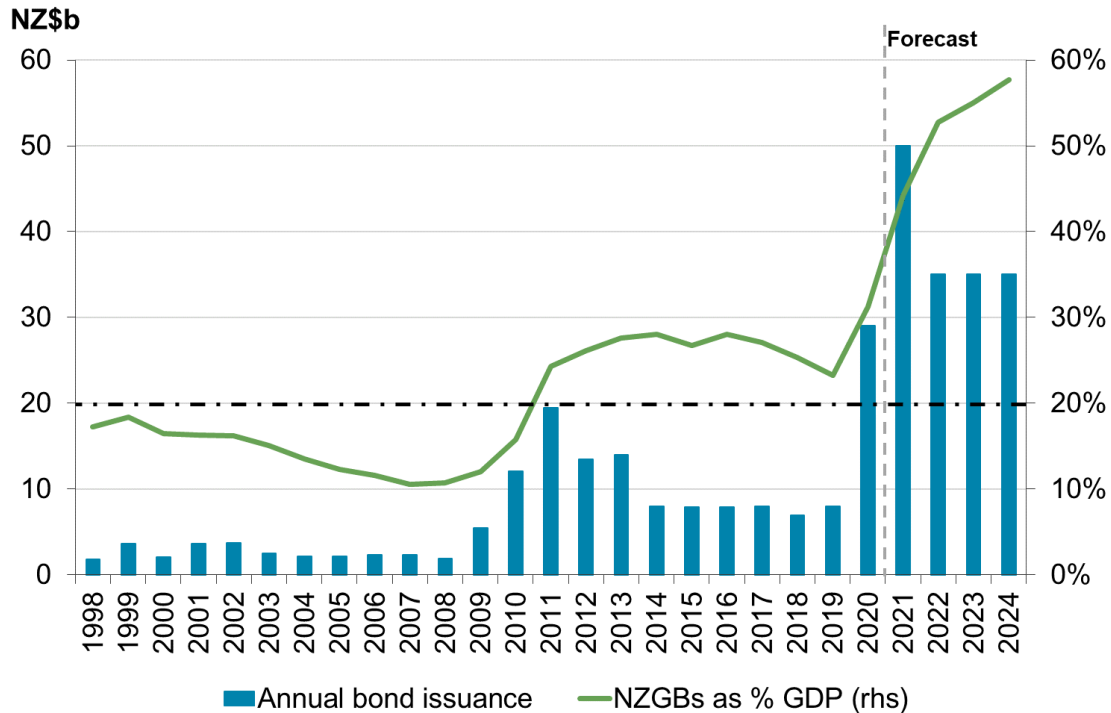
# Funding Strategy



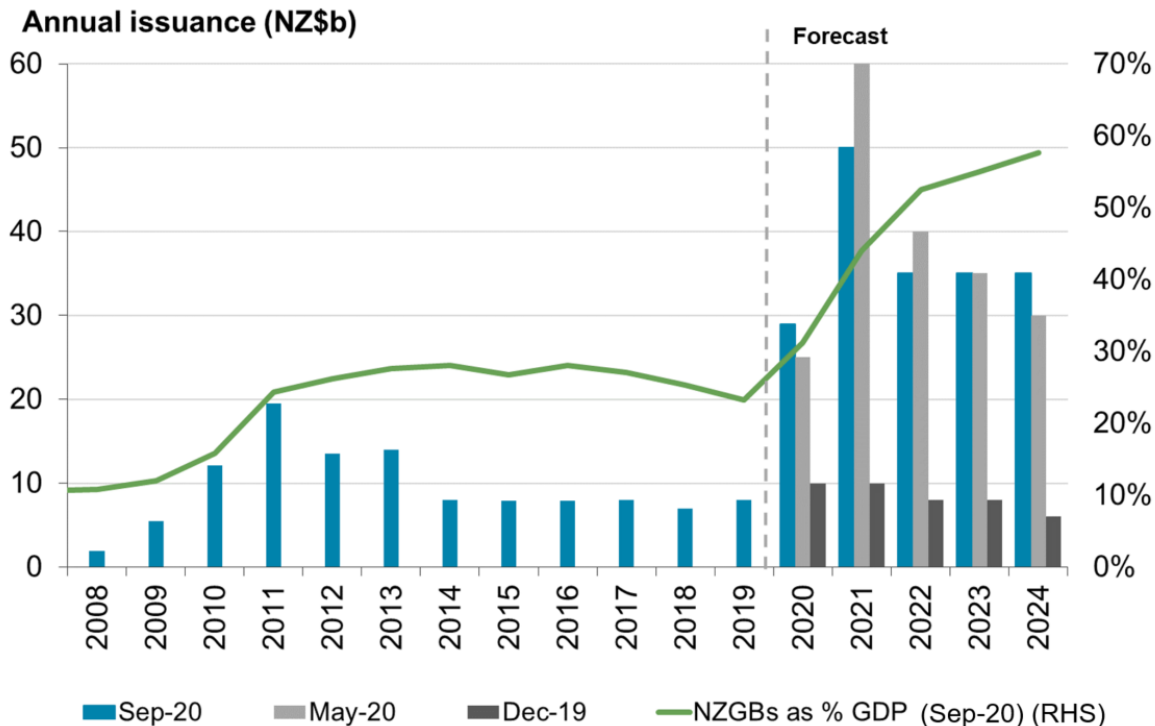
# PREFU 2020 Announcements

Year ending 30 June (face value)	2020 (Unaudited actual)	2021	2022	2023	2024	Total (forecast period)
Gross NZGB issuance (NZ\$ billion)	29.0	50.0	35.0	35.0	35.0	155.0
NZGB maturities and repurchases (NZ\$ billion)	5.4	11.1	0.0	15.7	12.5	39.3
Net NZGB issuance (NZ\$ billion)	23.6	38.9	35.0	19.3	22.6	115.7
NZGBs outstanding (NZ\$ billion)	94.2	133.1	168.1	187.4	210.0	n/a
NZGBs outstanding (% of GDP)	31%	44%	52%	55%	58%	n/a
Forecast T-Bills on issue (NZ\$ billion)	11.9	10.0	10.0	10.0	10.0	n/a
Change in NZGB issuance (relative to BEFU)	+4.0	-10.0	-5.0	0.0	+5.0	-10.0
Change in T-Bills on issue (relative to BEFU)	+1.9	0.0	0.0	0.0	0.0	n/a

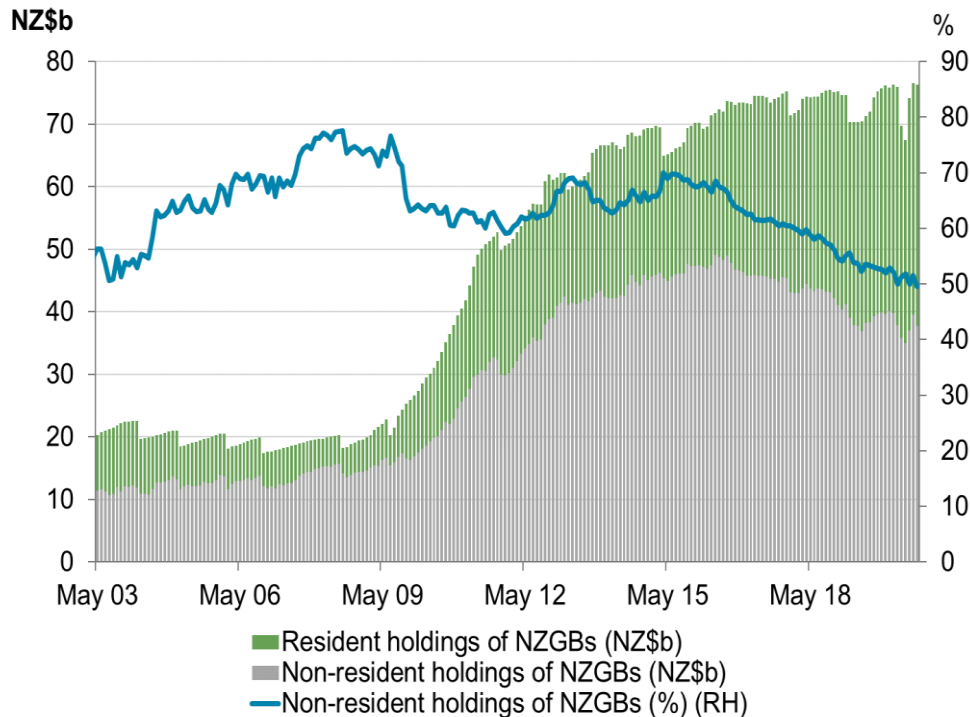
# Borrowing Programme



# Changes in Forecasts

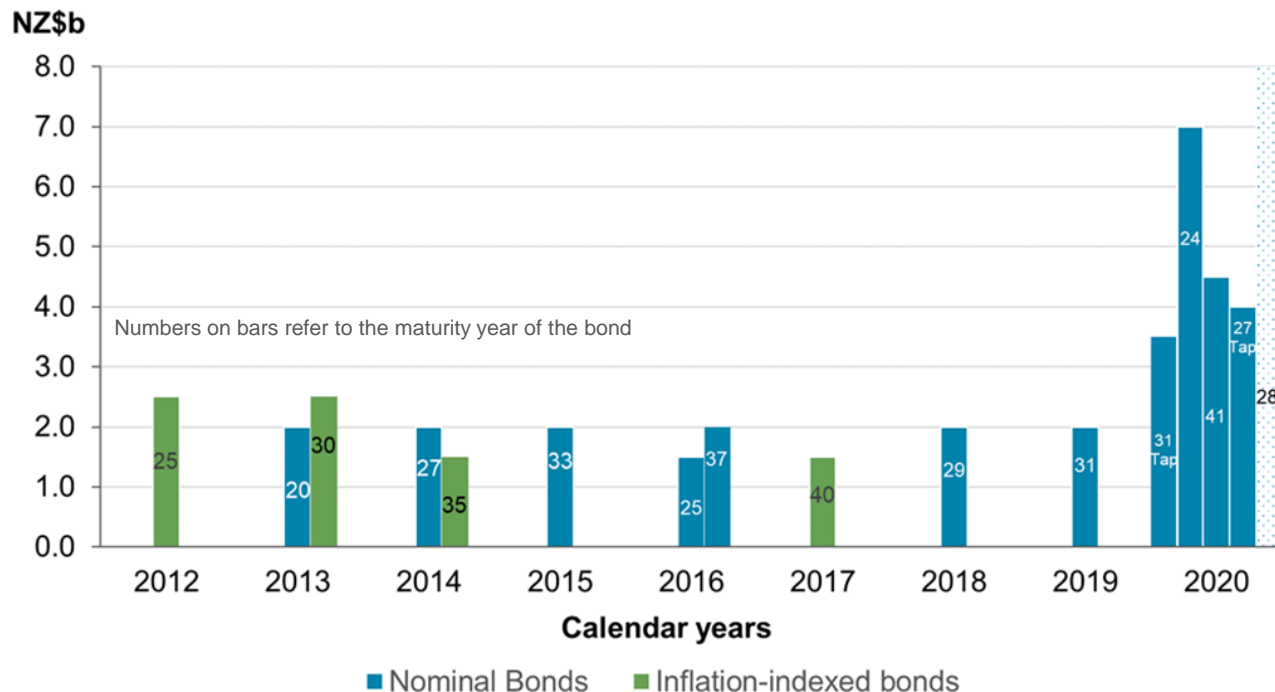


# Offshore Holdings

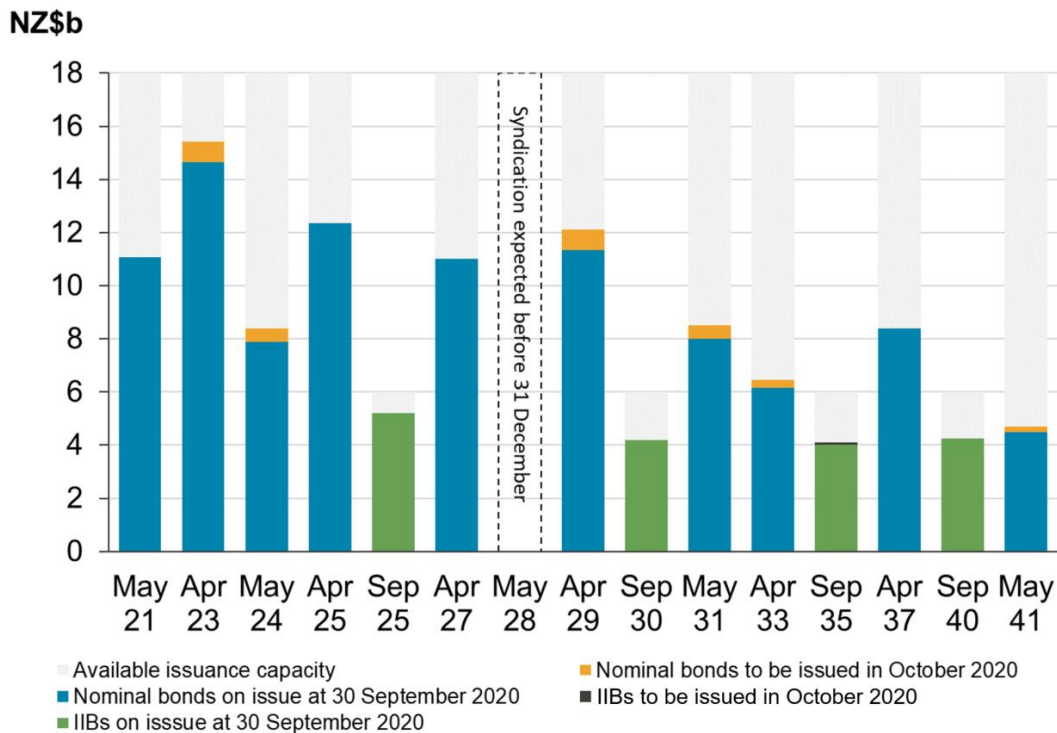


As at 31 August 2020

# New Bonds Issued via Syndication

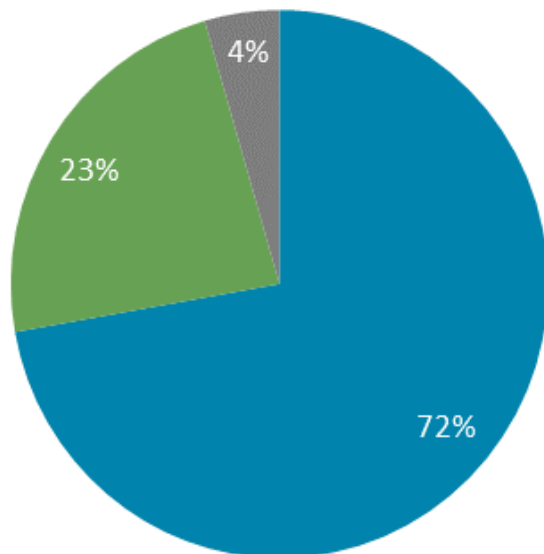


# Current NZGB Portfolio

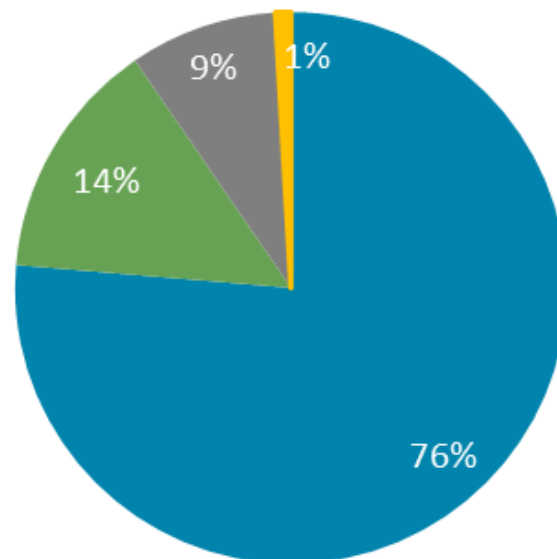


# Change in Portfolio Composition

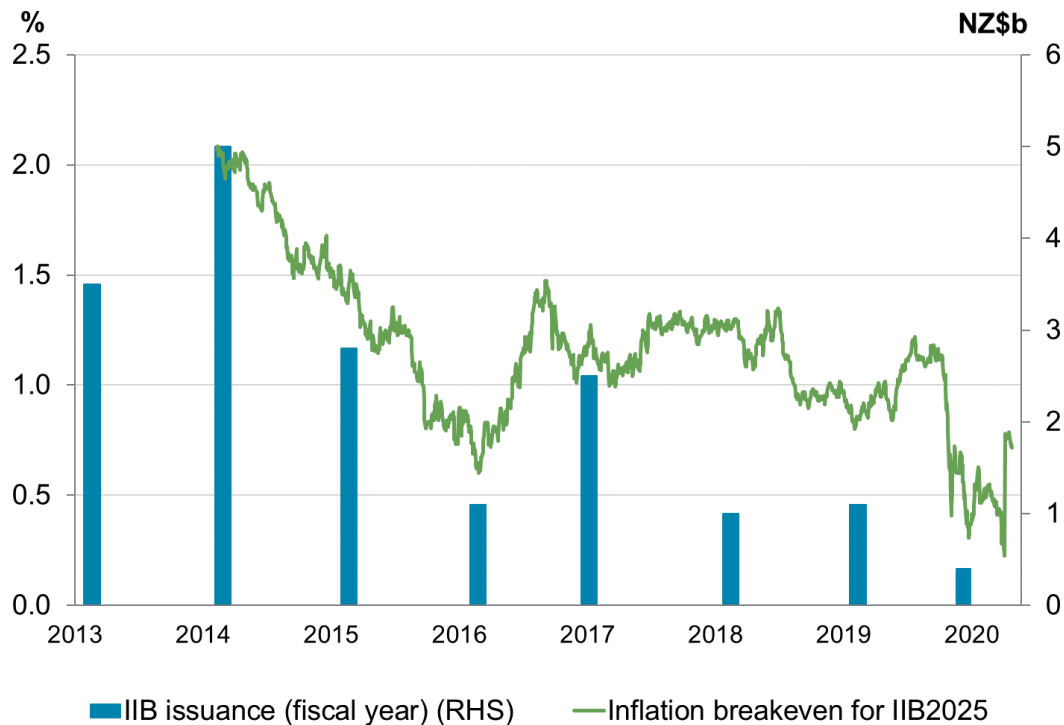
June 2019



30 September 2020

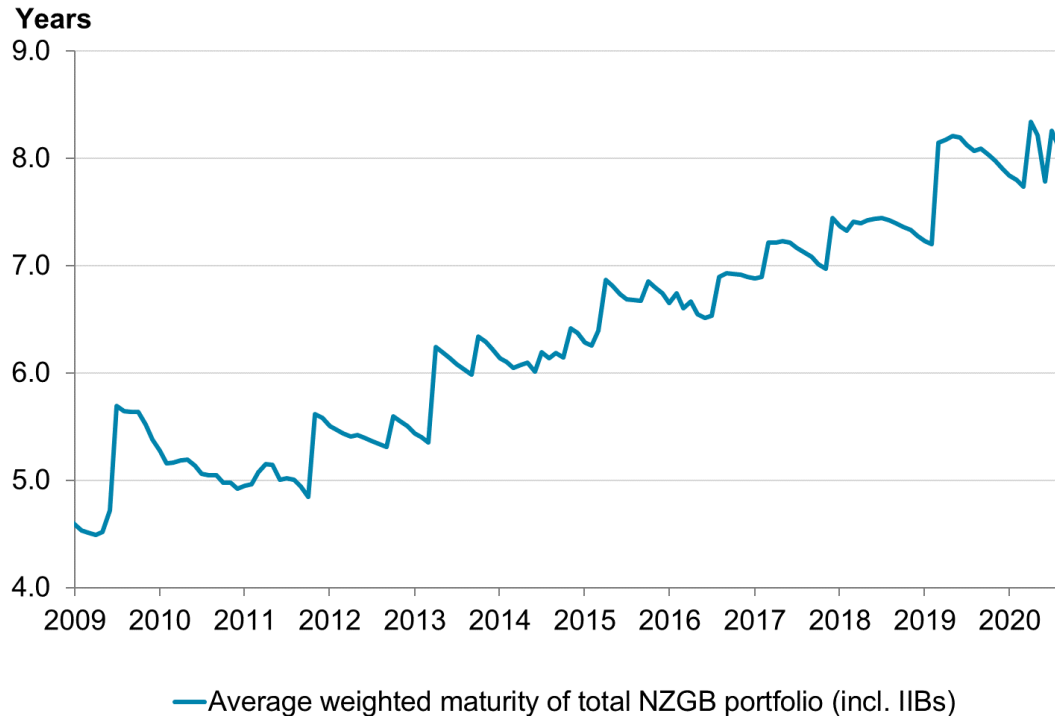


# IIB Issuance and Inflation-Breakeven





# Increasing Average-Weighted Maturity



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