

MEDIA STATEMENT

30 May 2019

2019/20 New Zealand Government Bond Programme Set at NZ\$10 Billion

In conjunction with the *Budget Economic and Fiscal Update 2019*, the Treasury has updated the forecast core Crown borrowing programme.

The forecast 2019/20 New Zealand Government Bond (NZGB) programme is set at NZ\$10 billion. This is NZ\$2 billion higher than forecast at the *Half Year Economic and Fiscal Update 2018*. The forecast bond programmes for 2020/21 and 2021/22 have also been revised higher, by NZ\$2 billion and NZ\$1 billion respectively, relative to forecasts at the *Half Year Economic and Fiscal Update 2018*. The forecast 2022/23 bond programme is unchanged at NZ\$6 billion.

Treasury Bills on issue are forecast to be NZ\$3 billion at 30 June 2020, NZ\$1 billion higher than forecast at the *Half Year Economic and Fiscal Update 2018*.

Forecasts – New Zealand Government Bonds and Treasury Bills

Year ending 30 June (face value)	2019	2020	2021	2022	2023	Total
Gross NZGB issuance (NZ\$ billion)	8.0	10.0	10.0	8.0	6.0	42.0
NZGB maturities and repurchases (NZ\$ billion)	11.7	6.6	9.8	0.0	8.9	37.0
Net NZGB issuance (NZ\$ billion)	-3.7	3.4	0.2	8.0	-2.9	5.0
NZGBs on issue (NZ\$ billion)	70.5	73.9	74.1	82.1	79.2	n/a
NZGBs on issue (percent of GDP)	23.5%	23.3%	22.2%	23.4%	21.6%	n/a
Forecast T-Bills on issue (NZ\$ billion)	3	3	4	4	3	n/a

Further details

- Issuance for the remainder of 2018/19 is planned to be in line with the previously-announced Government Bond Tender Schedule for the quarter ending 30 June 2019.
- Subject to market conditions, a new 15 May 2031 nominal bond is expected to be launched, via syndication, before 31 December 2019.
- Inflation-indexed bond issuance is expected to be around NZ\$0.5 billion of the NZ\$10 billion 2019/20 bond programme.
- The repurchase programme of the 15 April 2020 nominal bond will continue through until 15 October 2019, after which the Reserve Bank of New Zealand will assume responsibility for repurchase operations.

- There are plans to commence a repurchase programme of the 15 May 2021 nominal bond before 30 June 2020. Repurchase activities will be dependent on portfolio requirements and market conditions.
- Forecast NZGBs on issue are consistent with the Government's commitment to maintain levels of NZGBs on issue at not less than 20 percent of GDP over time.
- A flexible approach to T-Bill issuance will continue to be taken in the annual borrowing programme. The forecasts show current expectations of how short-term cash liquidity needs will be met at fiscal year-end. However, the actual issuance of T-Bills, may vary from forecast, based on actual short-term cash needs and an assessment of relative costs.

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