



## LÁNAMÁL RÍKISINS

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To newspapers, newsrooms  
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**Press release**  
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### **Special press release concerning issuance of Government securities**

In view of recent events relating to the COVID–19 pandemic, it is foreseeable that the Treasury's financing need will increase markedly from previous forecasts. The economic outlook for coming months is highly uncertain, and it is therefore difficult to estimate the Treasury's borrowing need for the current year. It is also uncertain how much of that need will be for short-term borrowing and how much for long-term borrowing.

It should be noted that Iceland's Government debt level is low. Total debt amounts to about 854 b.kr., or roughly 27.5% of GDP. No domestic issues are scheduled to mature for the remainder of 2020, and foreign maturities total only 292 million euros (45 b.kr.), due in July.

The Treasury can obtain market financing in a number of ways. It can issue more bonds in the domestic market, as issuance according to the 2020 calendar is at a historical low of about 40 b.kr. It can also issue bonds abroad. Moreover, the Treasury can address a deteriorating cash position by issuing Treasury bills or taking short-term money market loans. The Treasury's liquidity position in Icelandic krónur currently totals 44 b.kr. Finally, the Treasury holds the equivalent of 169 b.kr. in foreign currency deposits with the Central Bank. Its position is therefore sound, and there is no reason to fear that the Treasury will be unable to handle the expected fall in revenues and increased financing need in the weeks and months to come if such expectations should materialise.

#### **Revision of Q2/2020 issuance**

- *It has been decided to increase Treasury bond issuance in Q2/2020 to a maximum of 40 b.kr. Further details will be published in the Quarterly Government Debt Management Prospect at the end of this month.* This means that issuance for the year will increase substantially relative to the previously published annual Prospect.

It is difficult at present to estimate the total need for Treasury issuance in 2020. Before decisions can be made, more detailed information on the Treasury's borrowing need is needed. The situation will be clarified in the coming weeks and months.



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