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To newspapers, newsrooms
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Quarterly Government Debt Management *Prospect*

Second quarter 2020

- In Q2, benchmark Treasury bonds will be offered for sale in the amount of **30-40 b.kr.** market value.¹
- *The series that may possibly be offered are RIKB 21 0805, RIKB 25 0612, RIKS 26 0216, RIKB 28 1115, and RIKS 33 0321.*² *Market conditions will determine whether the bonds in question will be sold, and if so, how much in each series.*

Introduction

In the Government Debt Management *Prospect* for 2020, it was announced that Treasury bonds would be issued in the amount of 40 b.kr. market value during the year. In the press release issued on 17 March 2020, it was announced that in view of recent developments in connection with COVID-19, issuance in Q2 would be expanded to as much as 40 b.kr.

Planned Treasury bond issuance

Total Treasury bond issuance in the second quarter of the year is estimated at **30-40 b.kr.** Because of the economic uncertainty prevailing at present, it is not possible to publish estimated maximum Q2 issuance figures for individual series. It is important that the Treasury have the flexibility to distribute issuance across bond series based on market conditions at the time in question.

The most recent *Medium-Term Debt Management Strategy* for 2020-2024, published on 31 December 2019, contains targets and criteria pertinent to the Government's debt management strategy. Because of current conditions, it will probably be necessary to relax certain criteria laid

¹The sale price or market value refers to the clean price plus accrued indexation; i.e., with indexation but without accrued interest.

² Note that this series is not part of the benchmark system and will not be subject to market making.



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down in the strategy in order to achieve the main objective of debt management, which is to ensure that the Treasury's borrowing needs and financial obligations are met at the lowest possible cost that is consistent with a prudent degree of risk. This means, for instance, that the Treasury could need to deviate from criteria on maximum series size and loan portfolio composition.

Planned Treasury bill issuance

The Treasury's liquidity position is sound. However, because of the measures proposed by the Government in response to COVID-19, it is unclear how much of the Treasury's liquidity needs will be short-term and how much will be long-term. In view of current circumstances, the Treasury is prepared to increase significantly its issuance of Treasury bills and then gradually refinance them with longer-term issues where needed. It is possible that there will be more Treasury bill auctions than previously announced in the Auction Calendar for 2020.

Further information on issuance of individual series of Treasury bonds and bills will be published two business days prior to each auction.

Further information can be obtained from Björgvin Sighvatsson, Head of Government Debt Management, at tel +354 569 9600.