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To newspapers, newsrooms
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Quarterly Government Debt Management *Prospect*

Q1/2021

- *In Q1, benchmark Treasury bonds will be offered for sale in the amount of 40-60 b.kr. market value.¹*
- *The bonds that could conceivably be offered are all benchmark Treasury issues, and market conditions will determine how much, if any, will be sold in each series.*
- *RIKB 21 0805 will be removed from two-sided market making in February.*

Introduction

In the Government Debt Management *Prospect* for 2021, it was stated that the Treasury has a variety of options for meeting its borrowing needs in 2021. Treasury bond issuance will continue to be the mainstay of Treasury funding, although issuing bonds abroad and increasing the weight of Treasury bills are also possibilities. The Treasury can also tap both domestic- and foreign-denominated deposits in its current account with the Central Bank of Iceland. Furthermore, the Treasury will borrow from HF-fund (ÍL-sjóður) which has substantial liquidity at its disposal. There are other funding options as well.

Planned Treasury bond issuance

Total Treasury bond issuance in the first quarter of the year is estimated at **40-60 b.kr.** Because of the economic uncertainty prevailing at present, it is not possible to publish estimated maximum issuance figures for individual series during the quarter. It is important that the Treasury have the flexibility to distribute issuance across bond series based on market conditions at the time in question. Attempts will be made to offer both short and long Treasury series at auctions.

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



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Buybacks – switch auctions

Buybacks and switch auctions of RIKS 21 0414 will continue. There is the possibility that buybacks or switch auctions will be held when two-sided market making with RIKS 21 0805 is discontinued in February. Terms, participation, and market conditions will determine whether this will be done, and if so, which benchmark issues will be offered in switch auctions and how much will be sold in this manner.

Planned Treasury bill issuance

Because of the uncertainty that still persists about the economic impact of the pandemic, it is unclear how much of the Treasury's borrowing need will be short-term and how much will be long-term. As a result, the Treasury will continue to be an active issuer of bills.

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.