



NORWEGIAN GOVERNMENT DEBT

9 FEBRUARY 2018

Kingdom of Norway: AAA, Stable outlook

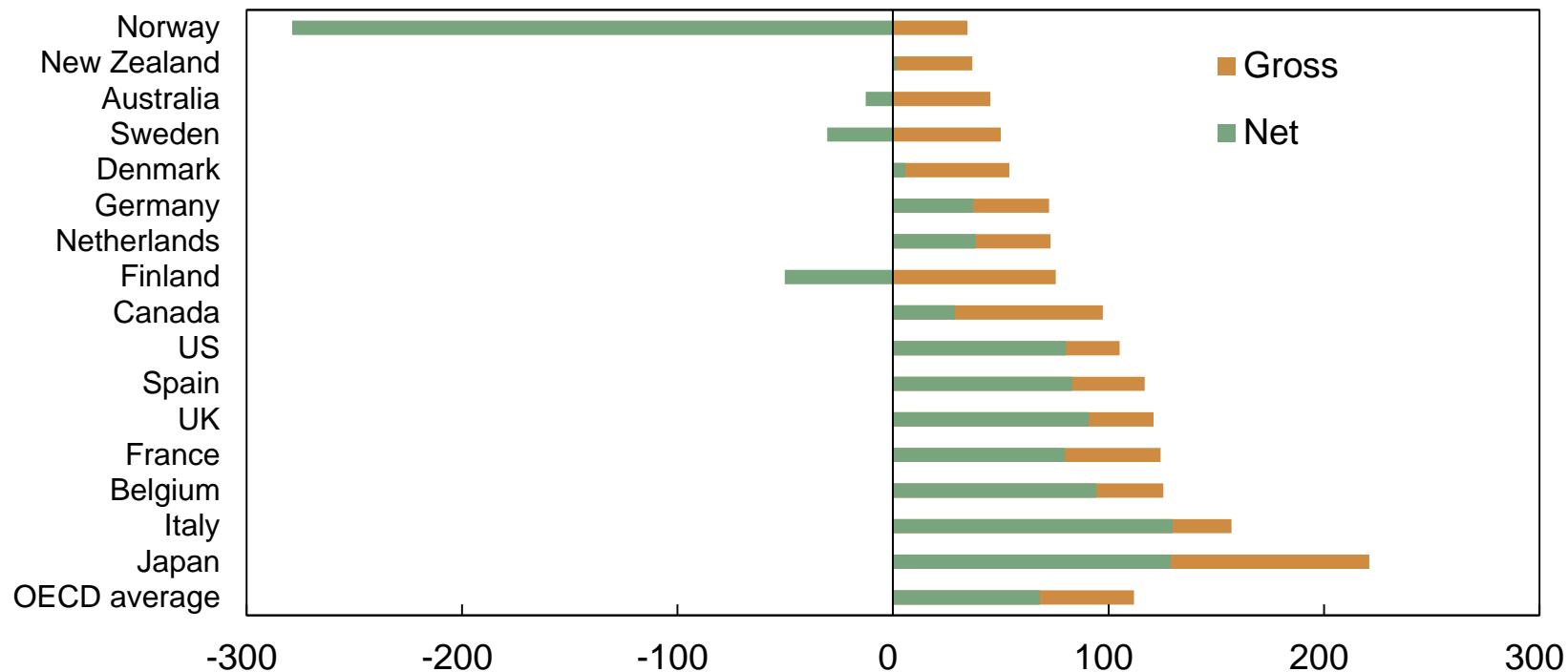
- The Norwegian central government is given the highest credit rating from all major rating agencies
- Low government debt
- Strong fiscal position
- Government Pension Fund Global



“The Kingdom of Norway benefits from a prosperous economy, strong fiscal and external positions, and a stable policy environment. (...) The stable outlook reflects our expectation that, over our 2017-2020 forecast period, Norway will maintain political stability and monetary flexibility, and that its very strong fiscal and external positions will support economic resilience, enabling the economy to withstand any negative impact from low oil Prices.” S&P, October 20, 2017

General government debt in selected countries

Estimates for 2017. Per cent of GDP



Source: OECD (Economic Outlook No 102) and Ministry of Finance. Debt measures are not always comparable across countries due to different definitions

Mandate for the management of government debt

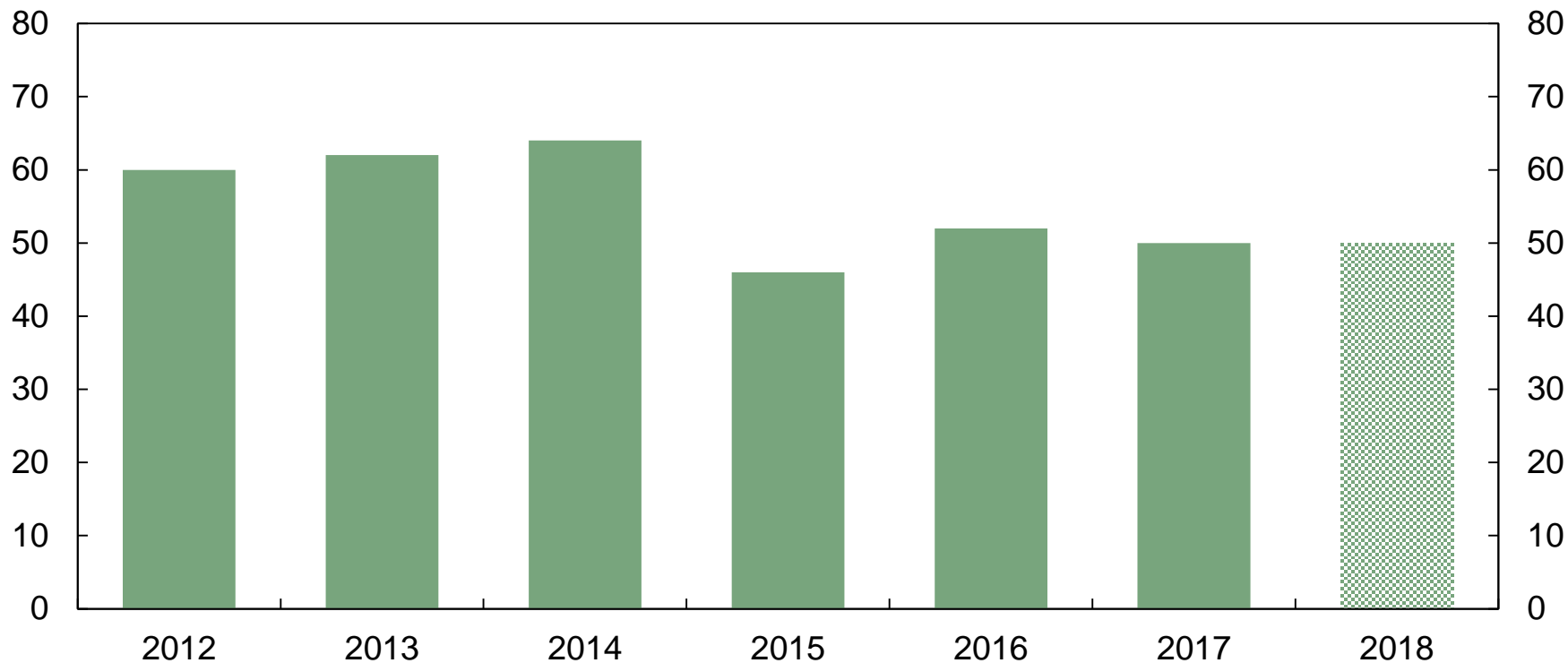
- Norges Bank issues government debt in the name of the Ministry of Finance
- Maintain a yield curve for government securities with a maturity of up to ten years that can serve as a reference for pricing in the market
- The Bank shall seek to avoid conflicts of interest between debt portfolio management and the Bank's other activities

Government borrowing in Norway

- Finance net lending by state banks and other government lending programmes
 - Export Credit Norway
 - Norwegian Public Sector Pension Fund residential mortgage programme
 - Norwegian State Housing Bank
 - Norwegian State Educational Loan Fund
 - Innovation Norway
- Cover redemptions of existing debt
- Ensure sufficient government cash reserves
- Ensure the fiscal budget is liquidity-neutral

Issuance of government bonds

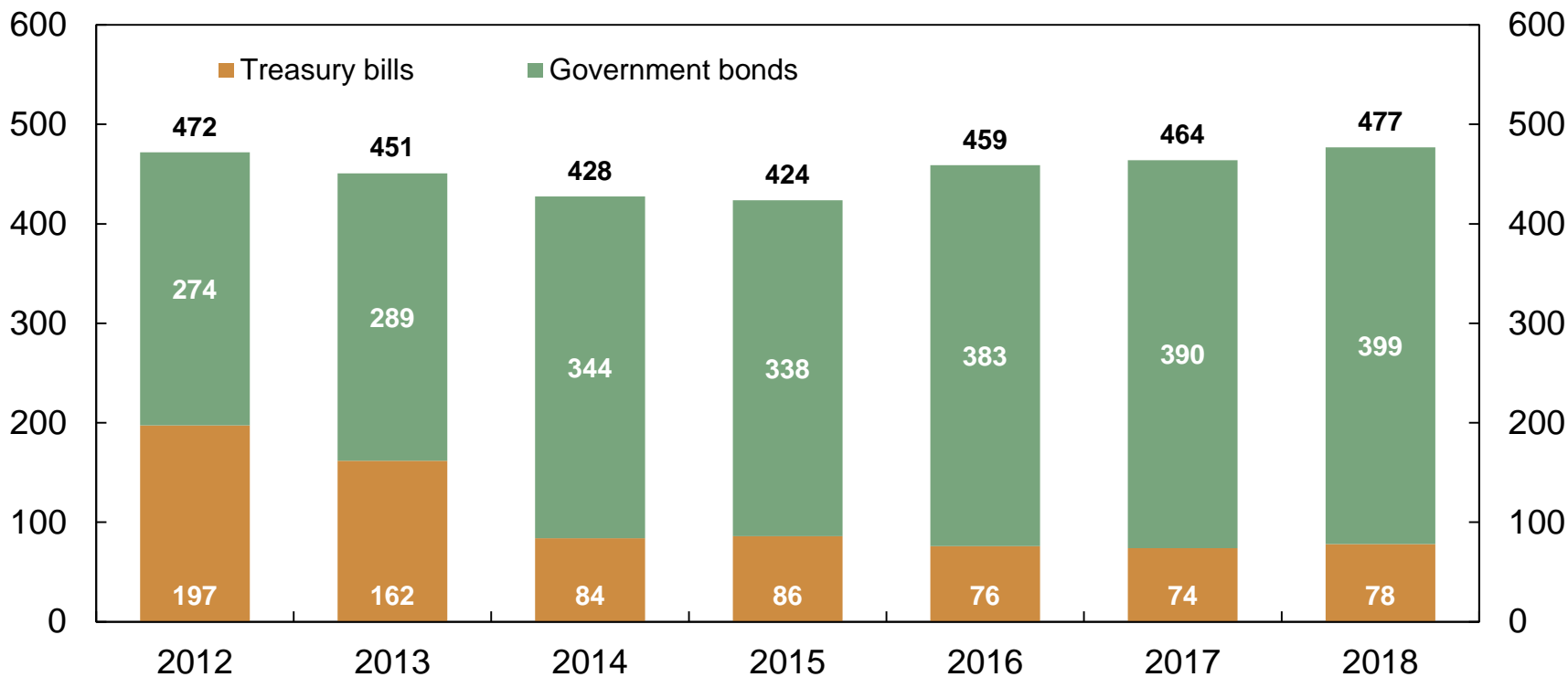
Issued to the market 2012-2017. Planned for 2018. In billions of NOK



Source: Norges Bank

Government bonds and T-bills outstanding

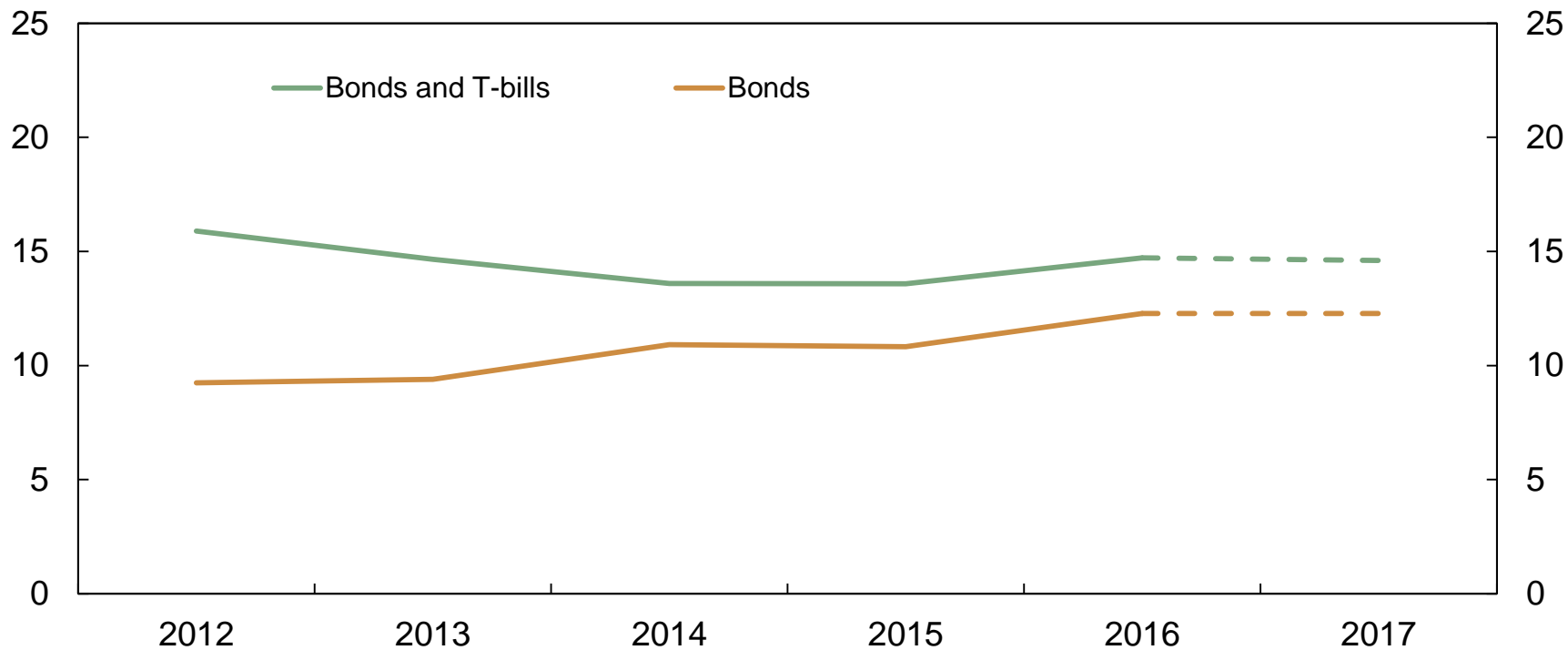
By end of 2012-2017 and at 8 February 2018. In billions of NOK



Source: Norges Bank

Government bonds and Treasury bills

Outstanding volume. Per cent of GDP

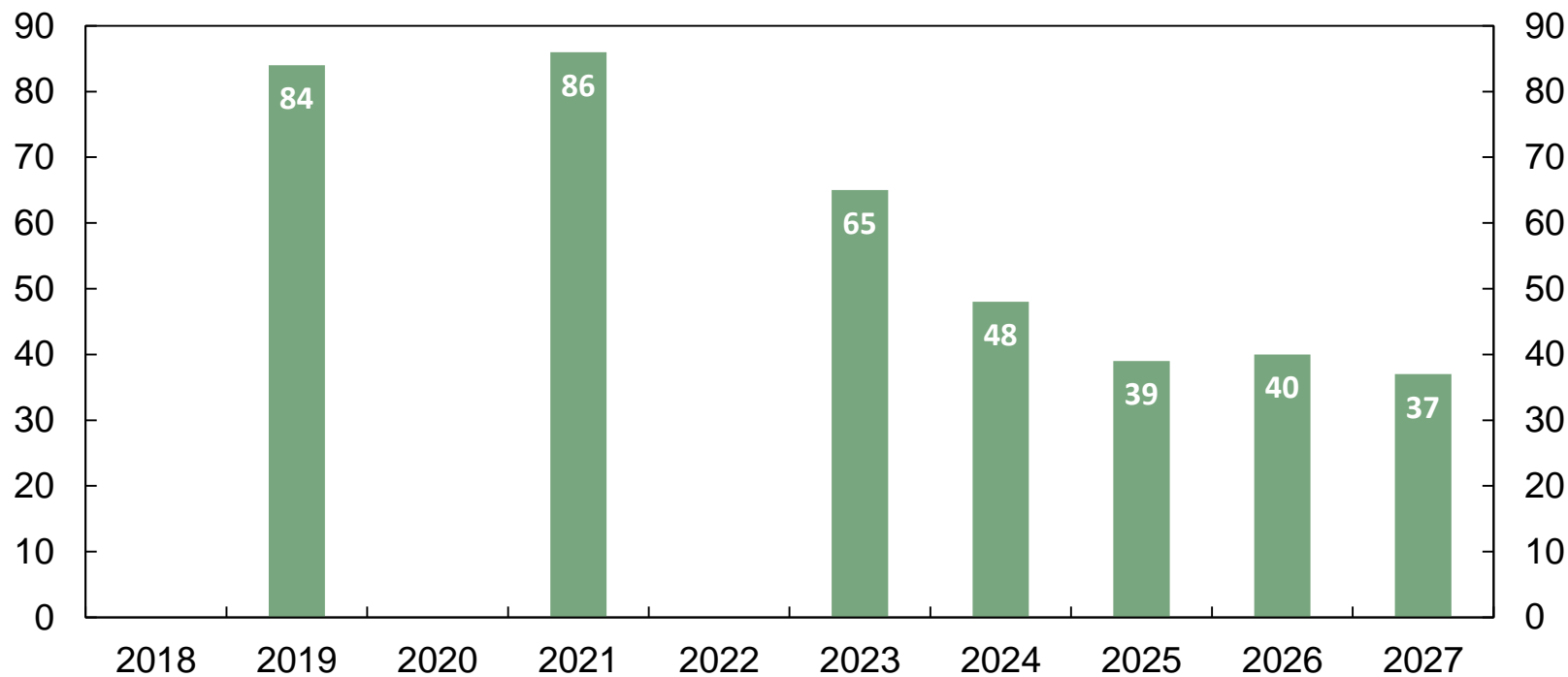


Government debt management – general framework

- Borrowing primarily through government bonds – NOK only
- Listed at Oslo Stock Exchange
- Uniform price (Dutch) auctions
- Primary dealer arrangement (Danske Bank, DNB, Nordea and SEB)
- Issued a new 10-year bond every year since 2014
- Reopenings of existing bonds
- Buybacks of bonds nearing maturity
- May use interest rate swaps to manage average time to refixing
- Openness and investor relations activities

Maturity profile of government bonds

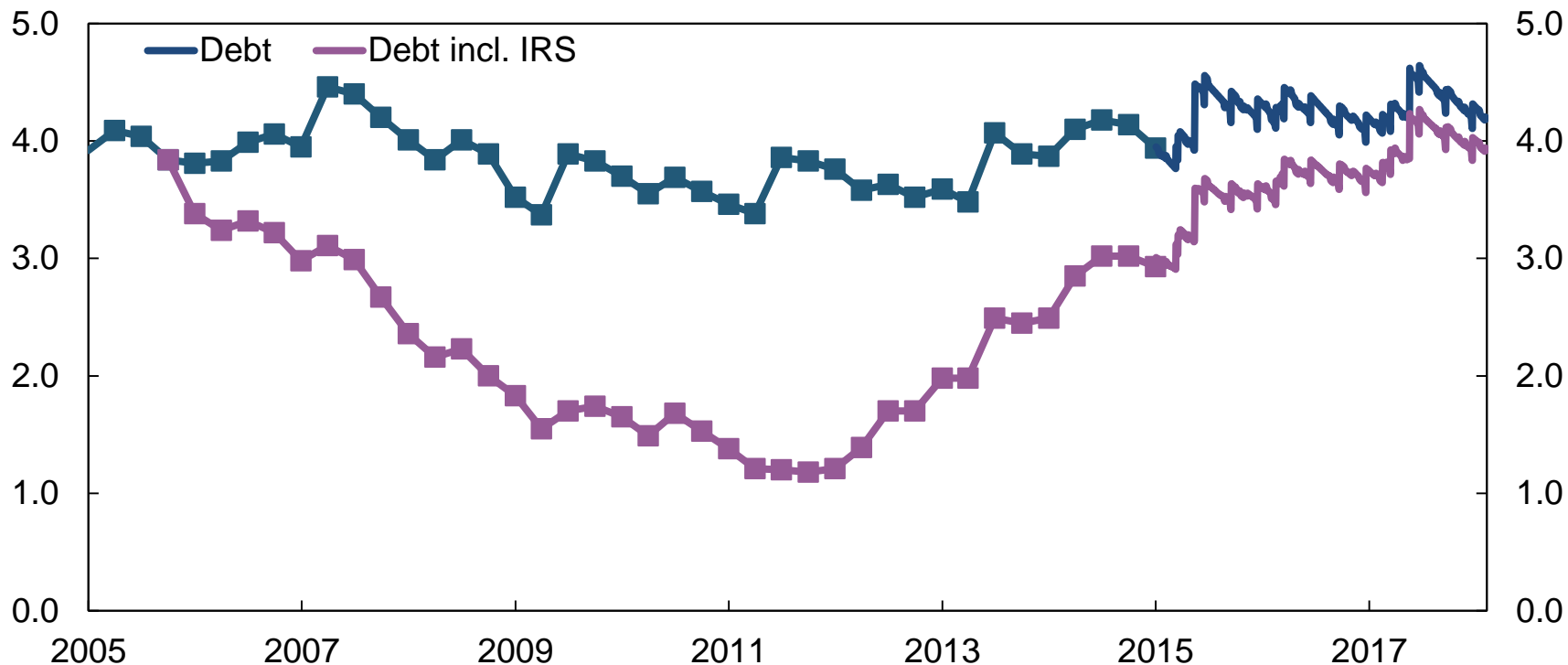
Principal. In billions of NOK.



Source: Norges Bank

Average term to maturity

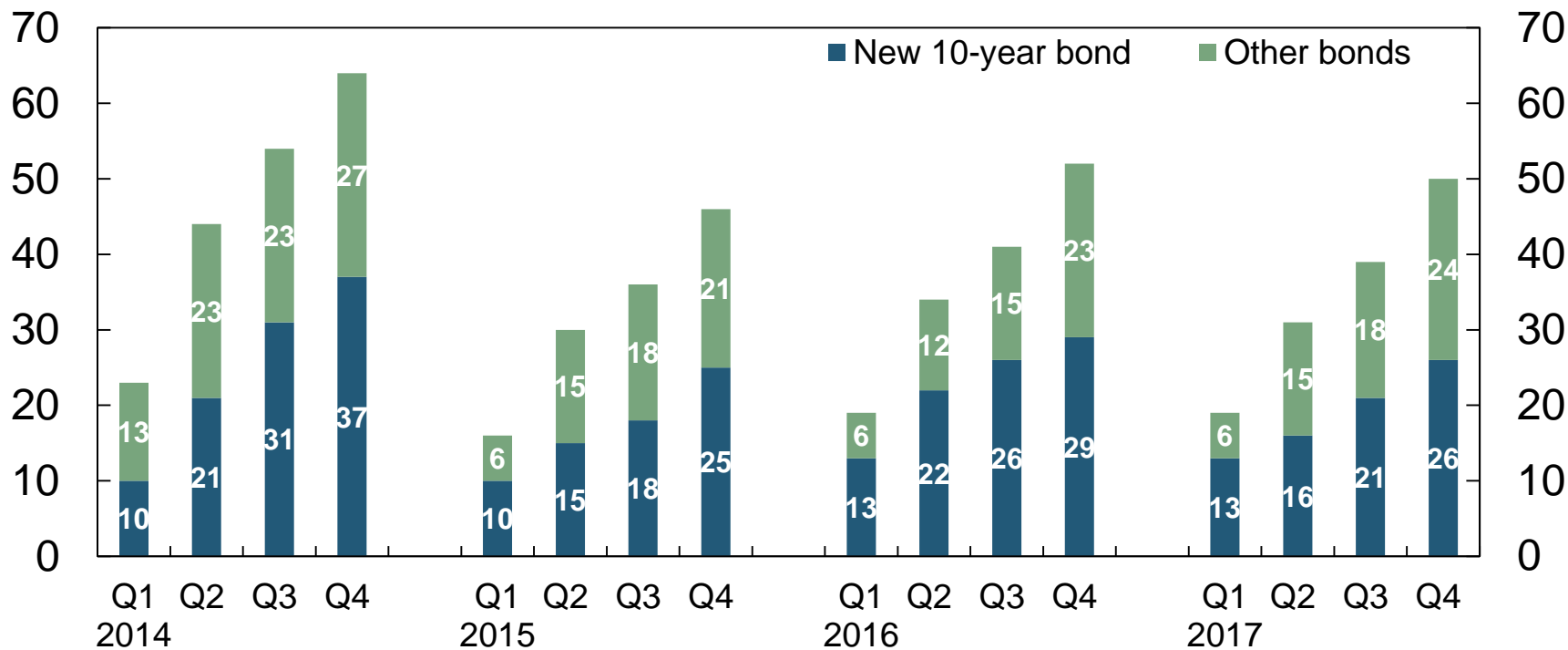
Years. Quarterly data 2005-2014. Daily data from 1 Jan 2015 – 6 Feb 2017



Source: Norges Bank

Issuance volume of new 10-year bond

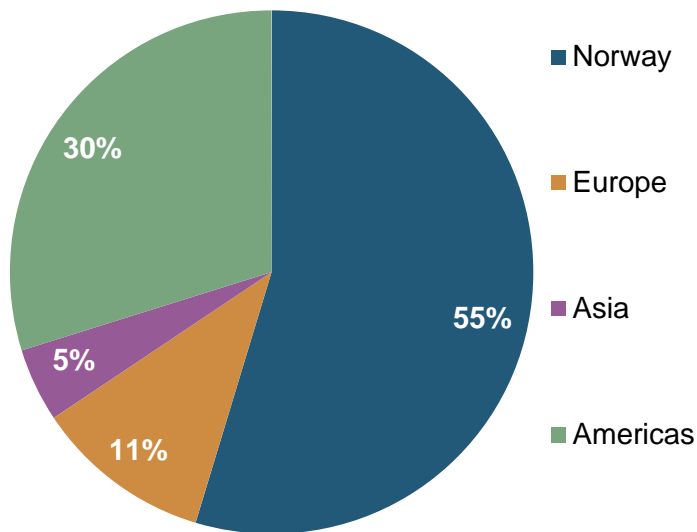
Accumulated. In billions of NOK



Source: Norges Bank

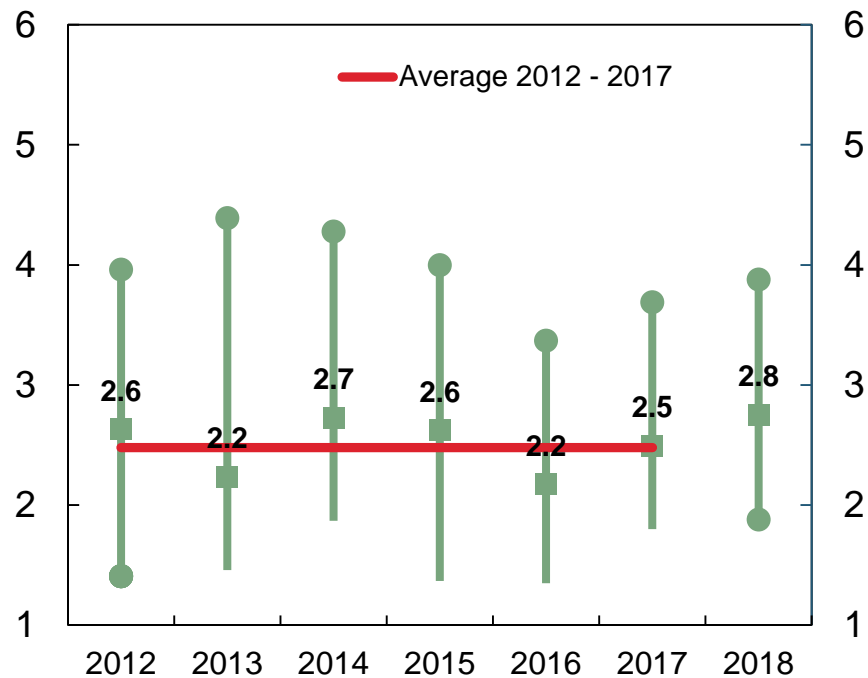
Government bond auctions

Regional allocation in 2017

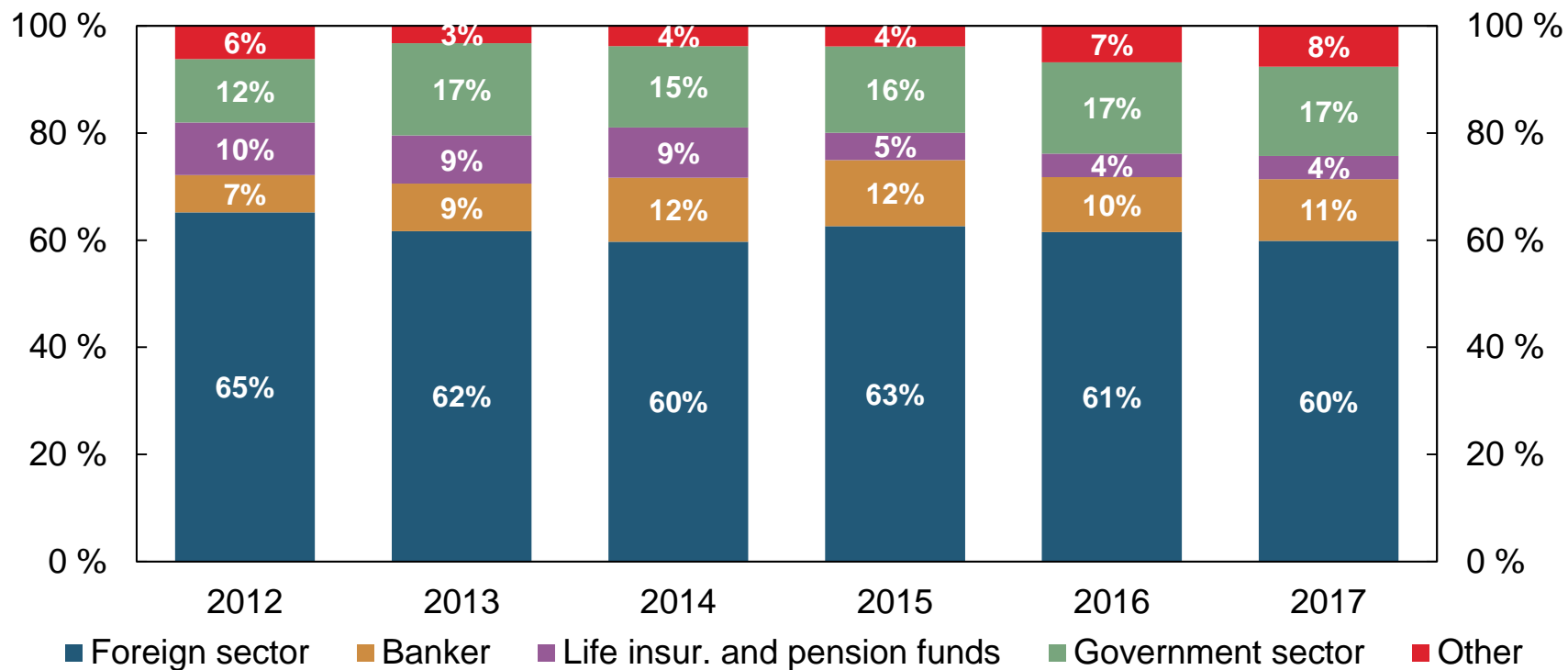


Source: Norges Bank

Bid-to-cover



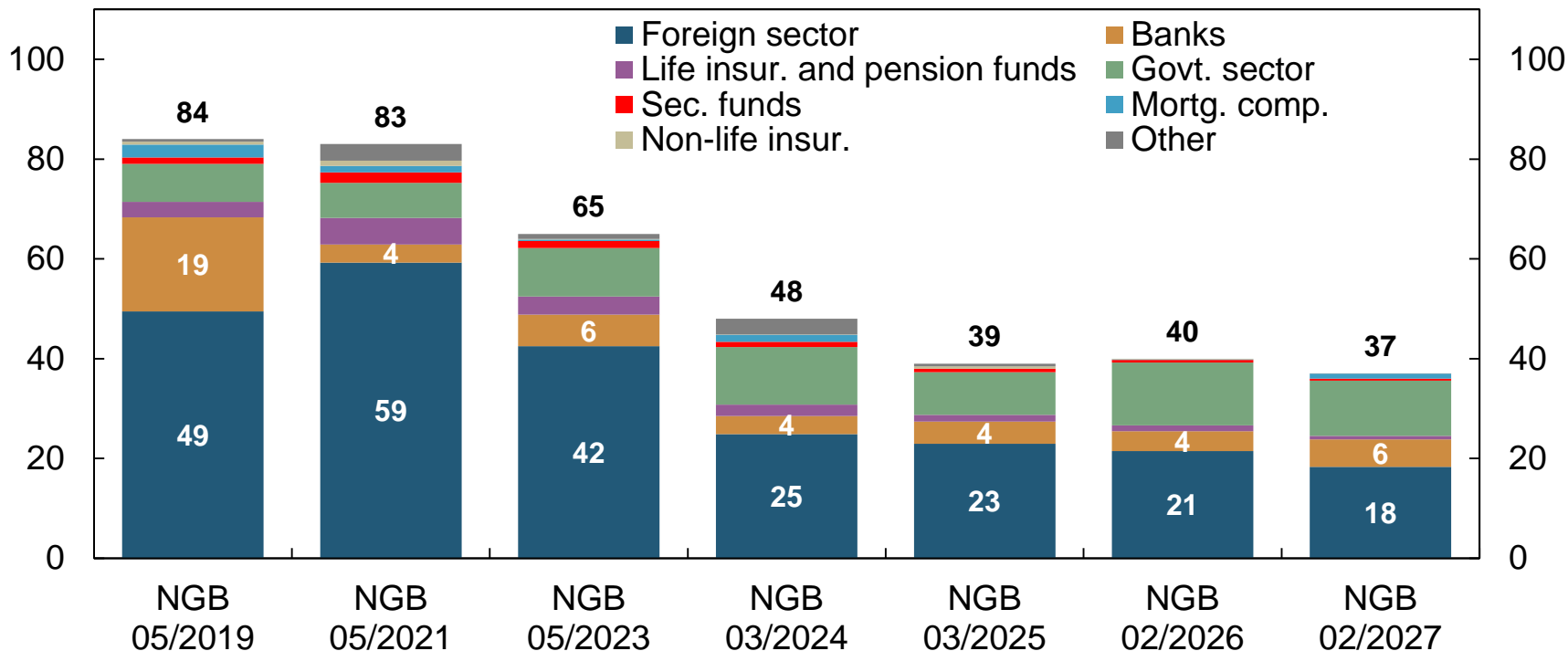
Ownership shares for government bonds



Source: VPS

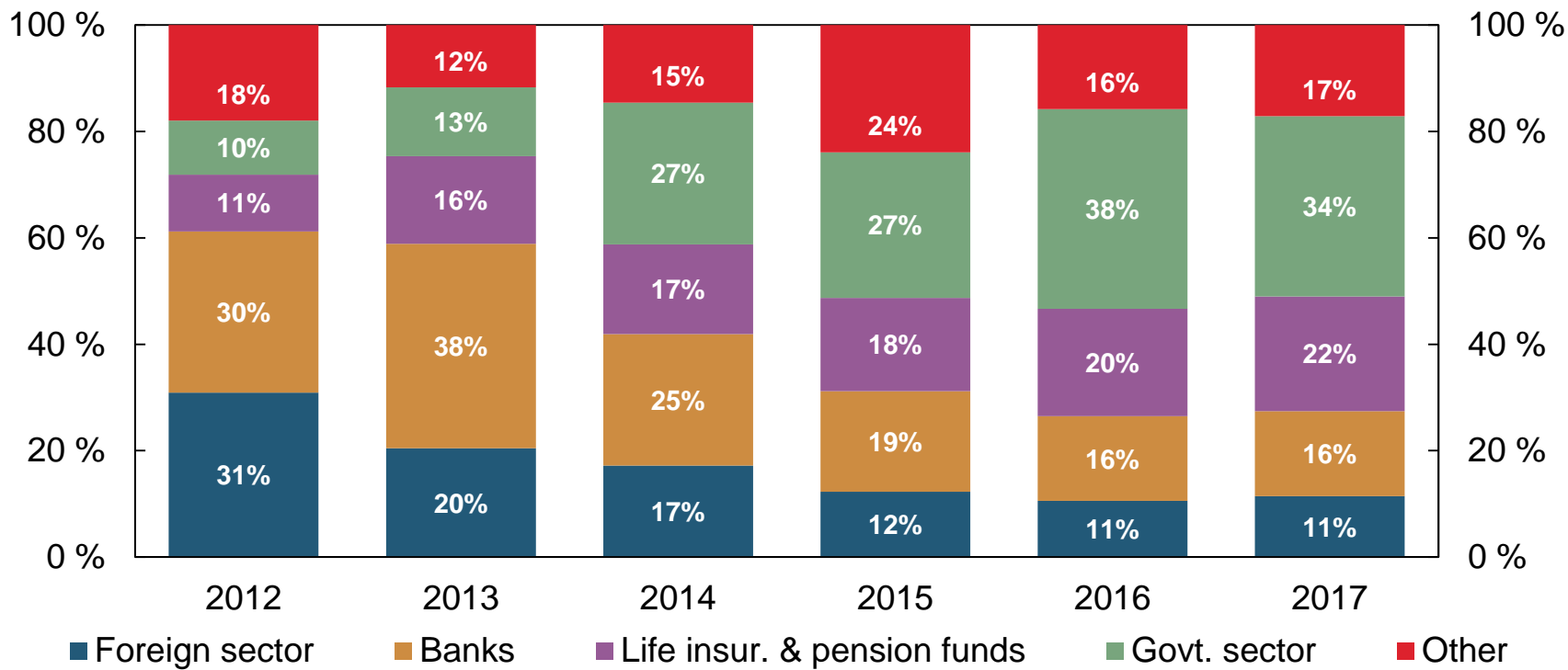
Ownership by bond

In billions of NOK. At 5 February 2018



Source: VPS

Ownership T-bills



Source: VPS

Management of T-bills

Framework

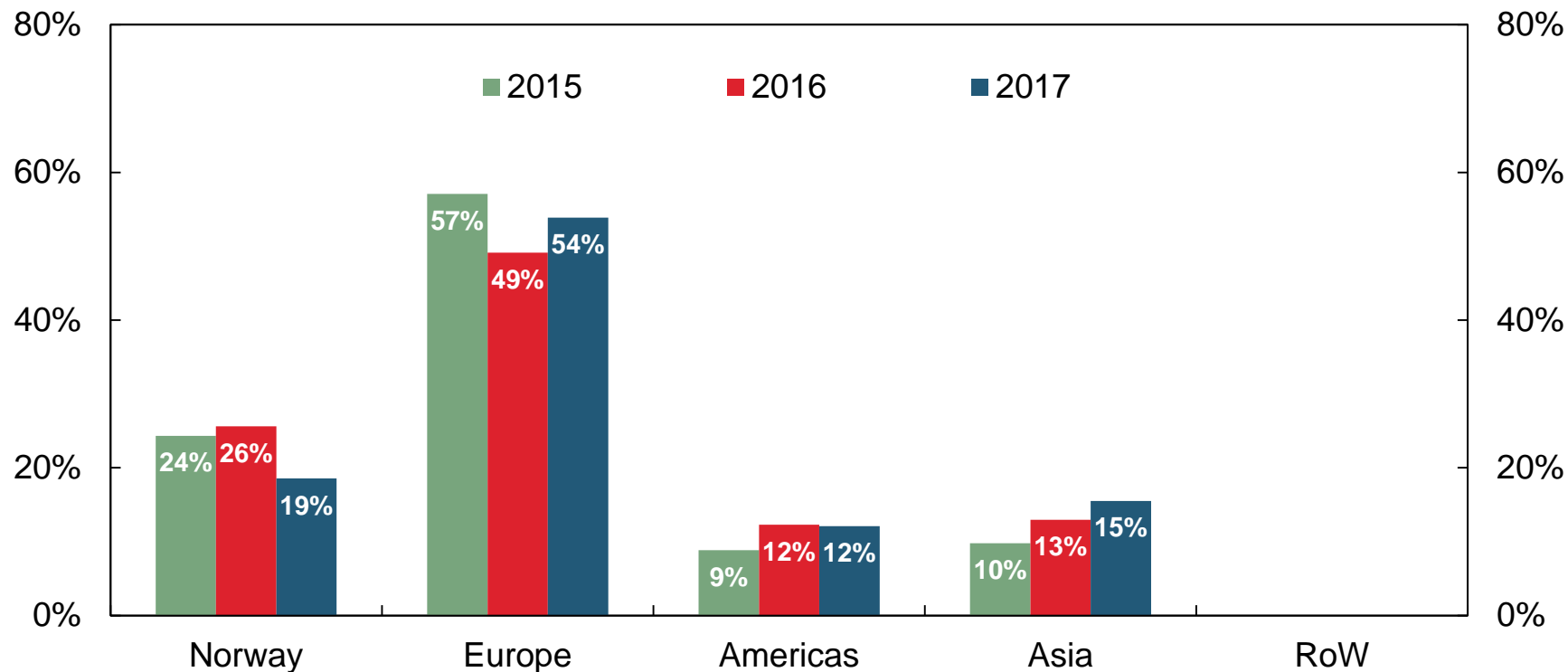
- Uniform price auctions
- Listed at Oslo Stock Exchange
- Primary dealer arrangement
- 4 outstanding bills at all times
- A new 12-month zero-coupon bill issued at every IMM date
- Reopenings

In 2018

- Maintain volume outstanding in the market at between NOK 38 and 65bn

Turnover in the secondary market by region

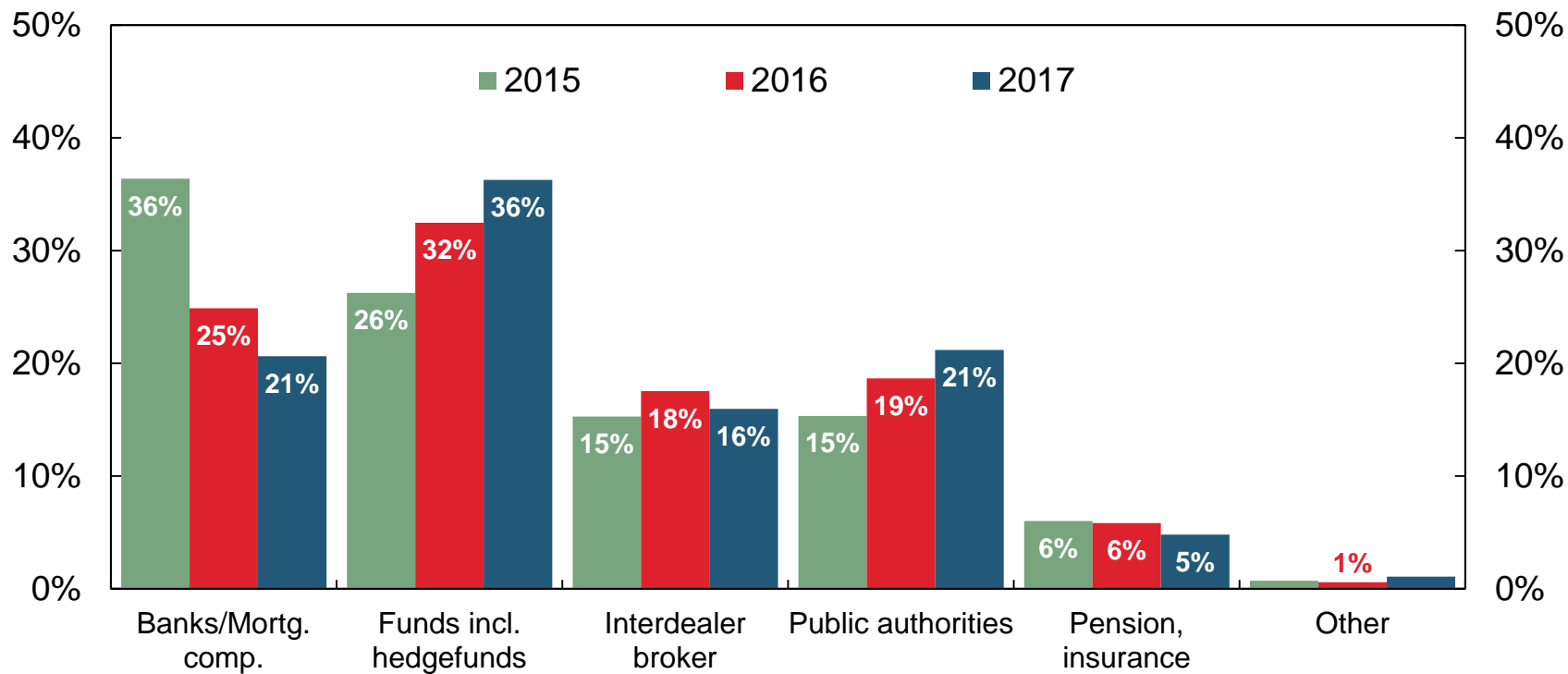
Government bonds. Percent



Sources: Primary dealers and Norges Bank

Turnover in the secondary market by counterparty

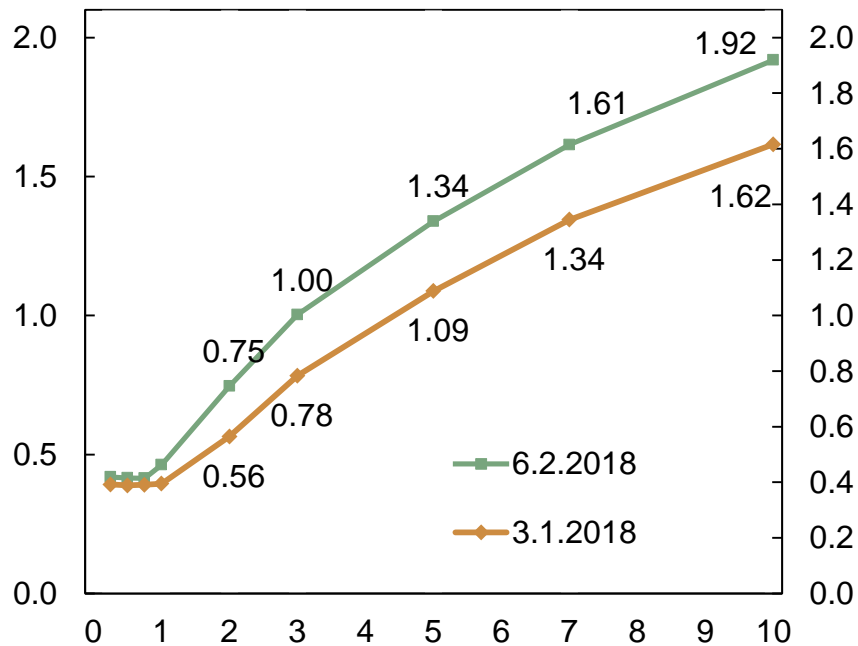
Government bonds. Percent



Sources: Primary dealers and Norges Bank

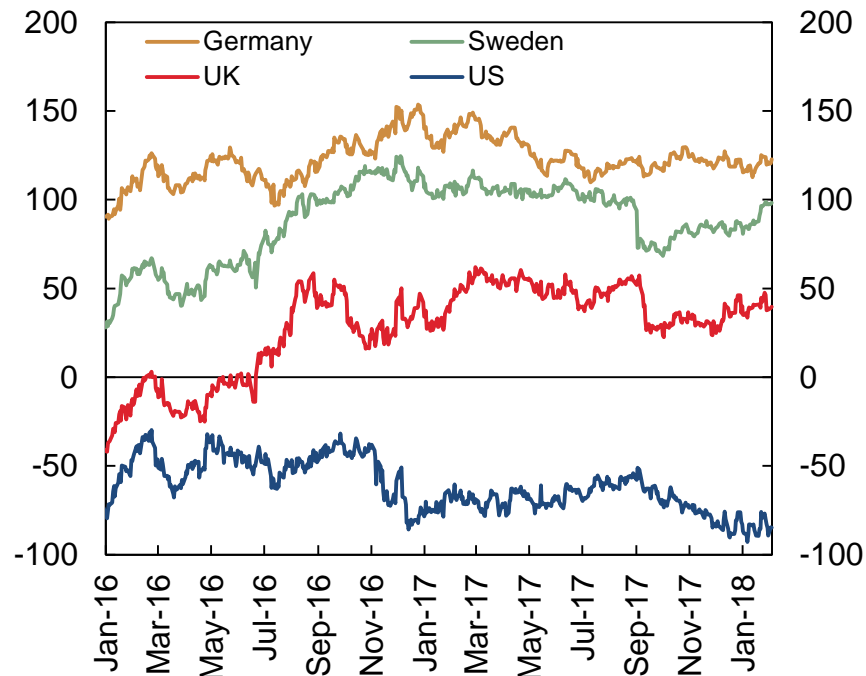
Norwegian government bond yields and spreads

Government yield curve



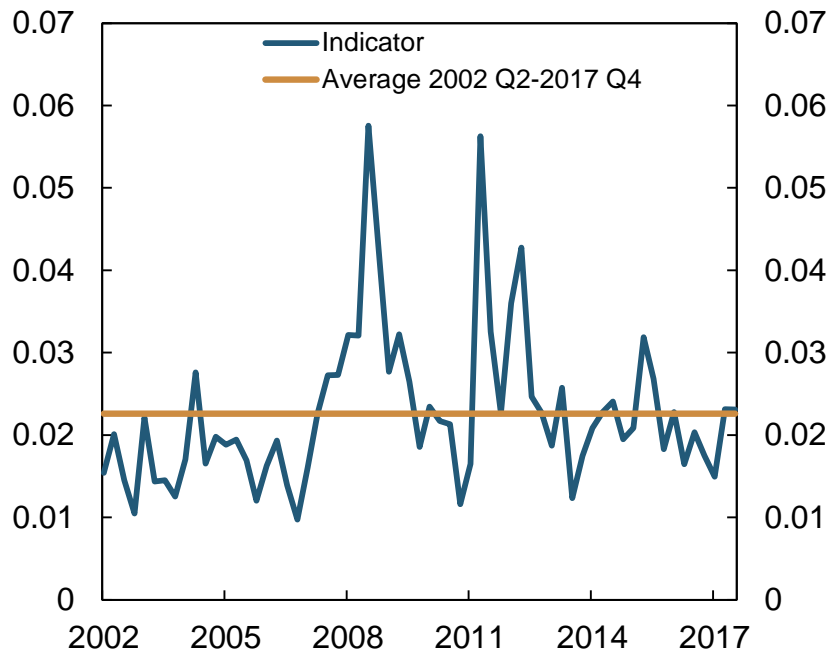
Sources: Norges Bank and Thomson Reuters

10 year yield spreads. Basis points



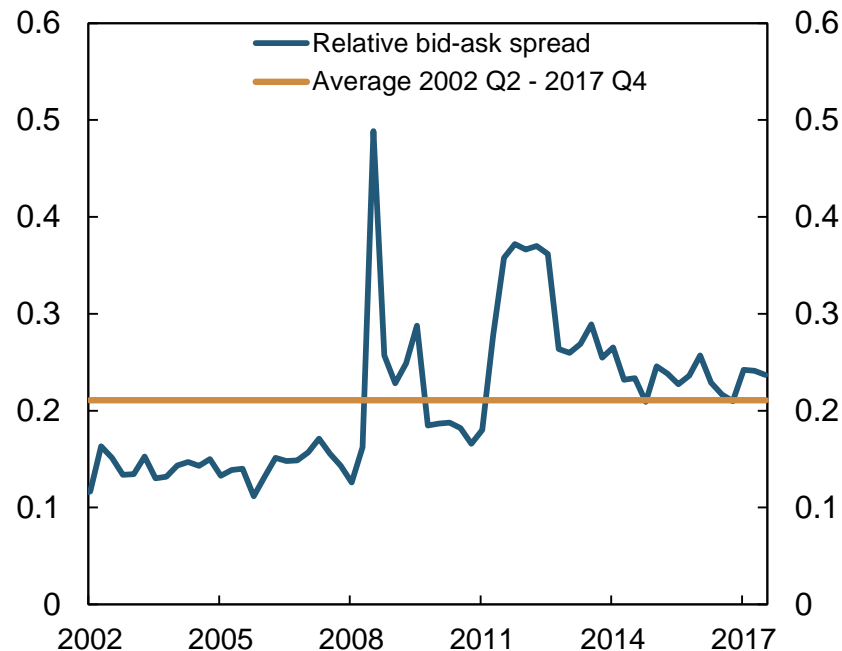
Liquidity indicators Norwegian government bonds

Amihud-illiquidity



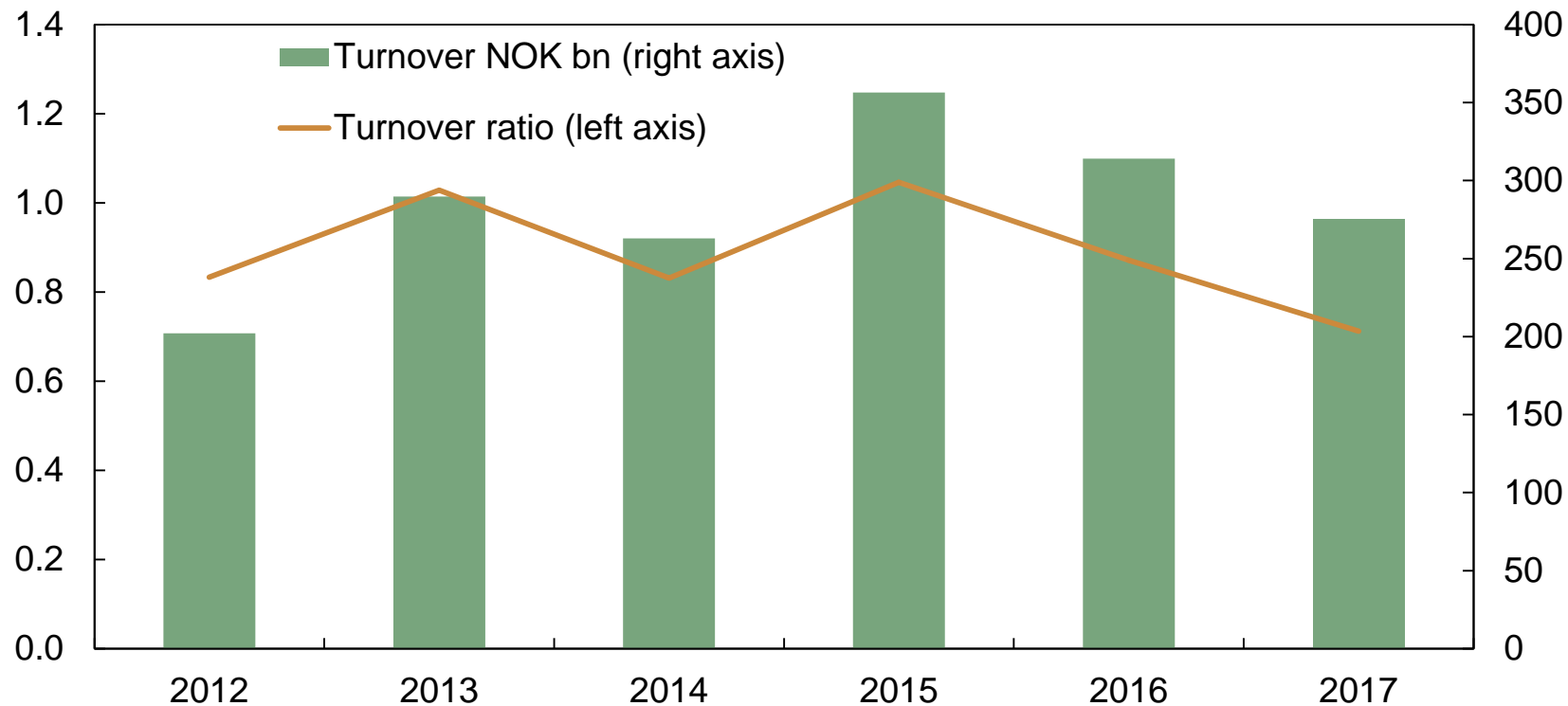
Sources: Oslo Børs, Thomson Reuters and Norges Bank

Relative spread



Turnover Norwegian government bonds

Trades reported to the Oslo Stock Exchange



Source: Oslo Børs and Norges Bank

GENERAL INFORMATION



- Mandate
- Terms and conditions
- Sales methods
- Auction results
- Invitations to tender

PUBLICATIONS



- Annual borrowing programme
- Auction calendar
- Quarterly report
- Quarterly borrowing volume (interval)
- Analyses

STATISTICS



- Key indicators (quarterly)
- Daily and monthly data on yields

Contact information and links

Contact information

Government Debt Management

- www.debtnorway.no
- Email:
debtmanagement@norges-bank.no
- Head of Government Debt
Management: Mr Anders Svor
+4722316065

Useful links

- Norges Bank
 - www.norges-bank.no
- Ministry of Finance
 - www.finansdepartetet.no
- Oslo Stock Exchange
 - www.ose.no
- NewsWeb
 - www.newsweb.no
- Statistics Norway
 - www.ssb.no

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