

## Notes on State's borrowing needs and sources for 2015-16

- On September 15<sup>th</sup>, Banco de Portugal announced the postponement of the sale of Novo Banco. While this increases the net financing needs for 2015 vis-à-vis the Stability Program's projection (by €3.9 bn), it does not significantly alter IGCP's financing strategy for the remaining of 2015, nor the projected cash position at year-end.
- Following this announcement, IGCP will revisit the strategy of early repayment of the IMF loan. In particular, the intention of reimbursing a third tranche of the loan until year-end will be reassessed.
- On the other hand, following the recent issuance of a new 7-year benchmark amounting to €3.0 bn, the total amount of MLT debt issuance will likely reach €20 bn (€500 mln more than previously foreseen).
- Moreover, taking into account the most recent performance of traditional retail instruments and the expected launch of a new floating-rate note specifically tailored to the domestic retail market, IGCP expects the net issuance of retail instruments to reach around €3.8 bn (€800 mln more than previously foreseen).
- Hence, it is still expected that the year-end cash position will stand well above €8 bn.

### State Treasury borrowing needs and sources (€ billion)

	2014 E	2015 E	2016 P	2017 P	2018 P	2019 P
<b>State borrowing requirements</b>	<b>30,9</b>	<b>27,6</b>	<b>17,5</b>	<b>19,9</b>	<b>12,0</b>	<b>14,2</b>
<b>Net financing needs</b>	<b>14,3</b>	<b>11,2</b>	<b>0,5</b>	<b>4,2</b>	<b>3,2</b>	<b>3,2</b>
Overall deficit *	7,1	6,0	3,2	2,2	1,1	-0,3
Other net acquisitions of financial assets **	7,6	5,2	-2,7	2,0	2,0	3,5
Privatizations (-)	-0,4					
<b>MLT Redemptions</b>	<b>16,6</b>	<b>16,4</b>	<b>17,0</b>	<b>15,7</b>	<b>8,8</b>	<b>11,0</b>
Tbonds (PGB + MTN)	16,6	8,0	7,0	8,9	8,8	11,0
IMF (executed)		8,4				
IMF (to be executed)			10,0	6,9	0,0	0,0
<i>p.m. IMF (original maturity of outstanding loan)</i>			0,0	0,0	3,8	4,8
<b>State financing sources</b>	<b>30,9</b>	<b>27,6</b>	<b>17,5</b>	<b>19,9</b>	<b>12,0</b>	<b>14,2</b>
Use of deposits	2,8	3,8	-0,4	2,0	2,0	1,0
<b>Financing in the year</b>	<b>28,1</b>	<b>23,8</b>	<b>17,9</b>	<b>17,9</b>	<b>10,0</b>	<b>13,2</b>
<b>Executed</b>	<b>28,1</b>	<b>20,3</b>				
EU-IMF	5,2					
Tbonds (PGB + MTN)	19,9	17,6				
Tbills (net)	-2,8					
Retail debt (net)	5,0	2,8				
Other flows (net)	0,7					
<b>To be executed</b>		<b>3,5</b>	<b>17,9</b>	<b>17,9</b>	<b>10,0</b>	<b>13,2</b>
Tbonds		2,5				
Tbills (net)						
Retail debt (net)		1,0				
Other flows (net)						
<b>State Treasury cash position at year-end ***</b>	<b>12,4</b>	<b>8,6</b>	<b>9,0</b>	<b>7,0</b>	<b>5,0</b>	<b>4,0</b>

\* State sub-sector cash deficit in 2012-15. Projection for General Government EDP deficit in 2016-19 (Stability Program, Apr 2015).

\*\* Includes refinancing of other public entities (namely SOEs and regions), as well as ESM participation in 2014, loan to the Resolution Fund in 2014 (with reimbursement in 2016), and redemption of CoCos in 2014-17.

\*\*\* Excluding cash-collateral.

Source: IGCP.

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**Banco de Portugal press release on the process of sale of Novo Banco (only in Portuguese):**

- <http://www.bportugal.pt/pt-PT/OBancoeoEurosistema/ComunicadoseNotasdeInformacao/Paginas/comb20150915.aspx>

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**Further information on the Portuguese economy can be obtained from:**

- **Ministry of Finance** [www.portugal.gov.pt/en/the-ministries/ministry-of-finance](http://www.portugal.gov.pt/en/the-ministries/ministry-of-finance)
- **Banco de Portugal** [www.bportugal.pt](http://www.bportugal.pt)
- **Statistics Portugal** [www.ine.pt](http://www.ine.pt)
- **Public Finance Council** [www.cfp.pt](http://www.cfp.pt)
- **UTAO (only in PT)** [Website](#)
- **Portugal Economy Probe** [www.peprobe.com](http://www.peprobe.com)

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