

Notes on the 2016 Financing Programme

- After the conclusion of the 5-year PGB auction conducted this week (nominal amount of € 780 mln), **IGCP has completed the 2016 Portuguese Government Bond issuance programme.**
- The **State's gross borrowing requirements are estimated to amount to € 23.1 bn**, of which € 9.6 bn of net financing needs (excl capitalization of CGD) and € 13.5 bn of MLT debt redemptions (incl € 4 bn of IMF early reimbursements).

State's Borrowing Needs and Sources

[EUR billion]

	2015	2016 P	2017 P	2018 P	2019 P	2020 P
State borrowing requirements	29.0	23.1	20.9	16.3	16.5	16.1
Net financing needs	11.8	9.6	12.3	4.5	4.7	2.8
Overall deficit *	5.6	6.3	6.6	2.6	1.4	0.6
Other net acquisitions of financial assets **	6.2	3.3	5.7	1.9	3.4	2.2
MLT Redemptions	17.2	13.5	8.6	11.8	11.7	13.3
Tbonds (PGB + MTN)	8.8	9.5	6.6	8.3	10.2	10.7
IMF (executed)	8.4	4.0				
IMF (to be executed)		0.0	2.0	3.5	1.5	2.6
<i>p.m. IMF (original maturity of outstanding loan)</i>		0.0	0.0	0.0	4.7	4.9
State financing sources	29.0	23.1	20.9	16.3	16.5	16.1
Use of deposits	5.8	-2.7	2.9	0.9	1.0	0.0
Financing in the year	23.2	25.8	18.0	15.3	15.5	16.1
Executed	23.2	24.6				
Tbonds (PGB + MTN)	20.2	17.4				
FRN/OTRV		3.5				
Retail debt (net)	3.5	3.0				
Tbills (net)	-0.7	0.4				
Other flows (net)	0.2	0.4				
To be executed		1.2	18.0	15.3	15.5	16.1
Tbonds (PGB + MTN)			16.0			
FRN/OTRV						
Retail debt (net)		0.5	1.5			
Tbills (net)			0.5			
Other flows (net)		0.7				
State Treasury cash position at year-end ***	6.6	9.3	6.4	5.5	4.5	4.5

* State sub-sector cash deficit in 2015-17. Projection for GG deficit (excl SS) in 2018-20 (Apr 2016).

** Includes refinancing of other public entities (namely SOEs and regions), as well as loans to the Resolution Fund in 2015, and direct capitalization of CGD, credit line to the Single Resolution Board and redemption of CoCos in 2017.

*** Excluding cash-collateral.

Source: IGCP.

- Over the year, **IGCP has raised close to € 17.4 bn from MLT marketable debt**, of which € 15.6 bn of PGB and € 1.8 bn from MTN, in line with the initial plan.
- This week IGCP will also close the issuance of a **new 5-year FRN targeted for the domestic retail market with an amount of € 1.5 bn**. Overall, in 2016, IGCP has raised € 3.5 bn from this new distribution channel, on top of € 3.5 bn from traditional retail products.
- The **Tbills issuance** was slightly above the initial plan, with a positive net contribution of **€ 0.4 bn**.
- As a result of the higher issuance from these two instruments, IGCP has decided to early repay the IMF loan by an additional amount equivalent to € 2.1 bn in November. Overall in 2016, **IGCP has early pre-paid the IMF loan by a total amount equivalent to € 4.0 bn**.
- IGCP projects to close the year with a **cash position (excl cash-collateral) of around € 9 bn**, € 2.7 bn more than the 2015 year-end deposits, reflecting the postponement of the CGD capitalization to 2017.

Further information on the Portuguese economy can be obtained from:

- **Ministry of Finance** <http://www.portugal.gov.pt/pt/ministerios/mf.aspx>
- **Banco de Portugal** www.bportugal.pt
- **Statistics Portugal** www.ine.pt
- **Public Finance Council** www.cfp.pt
- **UTAO (only in PT)** [Website](#)
- **Portugal Economy Probe** www.peprobe.com

Disclaimer:

The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness.

All opinions and estimates contained in this document are published for the assistance of recipients, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by a recipient and, therefore, does not form the basis of any contract or commitment whatsoever.

IGCP does not accept any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

Tel: +351 217923300
Fax: +351 217993795
E-mail: info@igcp.pt

Web site: www.igcp.pt
Reuters pages: IGCP01
Bloomberg pages: IGCP