



GOVERNMENT DEBT MANAGEMENT

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To newspapers, newsrooms,
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Quarterly Government Debt Management Prospect

Fourth quarter 2014

- *In Q4, benchmark Treasury bonds will be offered for sale in the amount of 15 b.kr.*
- *It is planned to issue Treasury bonds in the following series: RIKB 16 1013, RIKB 20 0205, and RIKB 31 0124.*

Introduction

In the Government Debt Management *Prospect* for 2014, it was announced that Treasury bonds would be issued in the amount of 50 b.kr. during the year. Issuance in conventional auctions in the first nine months of the year totalled 39 b.kr. market value. In addition, indexed Treasury bonds have been sold for 5 b.kr. in connection with Central Bank of Iceland foreign currency auctions. This will probably be used to offset a possible reduction in Treasury bill issuance.

In Q3, the objective was to sell benchmark Treasury bonds for 5-15 b.kr. nominal value. Actual sales totalled 14.0 b.kr., including just under 13.9 b.kr. in conventional auctions and 0.1 b.kr. in Central Bank foreign currency auctions. A breakdown of the amounts sold can be seen in the table below.

Nominal Treasury bond issuance in Q3/2014

Conventional auctions	Issuance in b.kr.	
	Bond series	Maximum Actual
RIKB 16 1013	10	0.5
RIKB 20 0205	10	6.2
RIKB 31 0124	10	7.2
Total:		13.9
Foreign currency auctions		
RIKS 33 0321		0.1
Total issuance:		14.0



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Planned Treasury bond issuance

Emphasis will be placed on the continued build-up of RIKB 20 0205. The bond was first issued in February 2014 and is now 21 b.kr. in size. Older benchmark bonds will also be available: RIKB 16 1013 and RIKB 31 0124, which are 70 b.kr. and 74 b.kr. in size, respectively.

Total Treasury bond issuance in the fourth quarter of the year is estimated at **15 b.kr.** Estimated maximum nominal issuance in individual series is set forth in the following table.

Nominal Treasury bond issuance in Q4/2014

Amounts in b.kr.	Issuance
Bond series	Maximum
RIKB 16 1013	4
RIKB 20 0205	12
RIKB 31 0124	10

Planned Treasury bill issuance

According to the issuance calendar for the year, the targeted end-2014 Treasury bill balance is about 30 b.kr. The current balance is 22 b.kr. It is uncertain whether the Treasury bill issuance target will be met; therefore, 5.1 b.kr. in indexed Treasury bond sales in connection with Central Bank foreign currency auctions will be used to offset the possible reduction in Treasury bill issuance. If this amount does not suffice, the shortfall may be offset with increased Treasury bond issuance or by reducing the Treasury's deposit balance with the Central Bank.

Further information on issuance of individual series of Treasury bonds and bills will be published at least one business day prior to each auction.

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