

Rates Spark: Dutch pension funds bracing for potential delays

Headlines help reduce angst in markets, but uncertainty remains high. Euro rates may need to resort to data for the time being. A proposed law that could cause significant delays to the Dutch pension reforms is close to obtaining a majority in parliament. In the Senate, a majority would likely oppose the proposal



The vote on pension reforms in the Dutch parliament is postponed

Markets are looking for concrete signals before making material moves

Despite the positive headlines from the Trump administration, markets remain cautious about regaining confidence in US assets. Trump backpedalled on his threats to fire Fed Chair Powell, and talks with China to reduce the 145% tariffs are supposedly heading in the right direction. Such comments help reduce angst but still leave uncertainty in place, as also seen in implied volatility measures. The equity volatility measures VIX and VSTOXX measures have come down significantly from their peaks in early April but nevertheless remain elevated.

For euro rates, the dynamics are turning more to a wait-and-see holding pattern. A deal with Russia may be the next thing to watch, but also here the progress remains bumpy. Even if a deal is

struck, the implications will likely remain unclear at first. Trump also isn't currently focusing on the EU in terms of trade, so no headlines are expected from here for the time being. And the EU's spending ambitions are more of a story for later this year. This leaves us with data watching...

Change to Dutch pension reform rules is close to majority in parliament

The Dutch parliament debated a legal change that could bring a delay to the pension reforms by years. The amendment would require pension funds to offer an opt-out clause before transitioning assets from a defined benefit to a defined contribution system. As one of the biggest players in swap markets, we see a considerable potential impact on swap markets from the reforms, in particular around the transition dates of 1 January 2026 and 1 January 2027. If the proposed legal changes pass parliament and the senate, these dates could be pushed back by multiple years.

Based on the voiced opinions during the discussion, we think the proposal is close to obtaining a majority in parliament. The Dutch Parliament consists of 150 seats, of which 76 are needed to pass a law. NSC, BBB, PVV and SP are supporting the proposal and together account for 69 seats. An equal number of seats have voiced their opposition to the proposal. That means 12 seats are unaccounted for, split over five small parties. The vote is likely to be held on 13 May.

In parliament, therefore, only seven more seats would bring a majority, but passing the law through the senate seems more difficult. The composition of the senate differs significantly, and a majority of 40 out of 75 seats seems to oppose the legal amendment. This means that the proposal in its current form is unlikely to make it into law. Instead, the senate will likely reject the current text, which would then return to parliament for a redraft. This process takes time. With a hard deadline of 1 January 2026, we would still see a good chance that the proposal never materialises into law.

Today's events and market views

From Germany, we'll first receive the Ifo survey outcomes, for which consensus is already expecting a deterioration. Of more interest will be the US durable goods orders data for March, even though this doesn't capture 'Liberation Day' yet. We therefore expect the numbers to be strong given robust Boeing orders that month.

In terms of supply, from the UK we have £1.75bn of 18Y gilts, and Italy will auction €2.5-3bn of 2Y BTPs. From the US, we have \$44bn of new 7Y notes.

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