



9 October 2018

PRESS NOTICE

SYNDICATED RE-OPENING OF £5.25 BILLION NOMINAL OF 1⁵/₈% TREASURY GILT 2071: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £5.25 billion (nominal) of 1⁵/₈% Treasury Gilt 2071 has been priced at £90.085 per £100 nominal, equating to a gross redemption yield of 1.9241%. The transaction will settle, and the second tranche of this gilt will be issued, on 10 October 2018, following which the gilt will have £11.25 billion (nominal) in issue.

Proceeds from today's transaction are expected to amount to approximately £4.7 billion (cash¹). This was the third of four planned transactions in the DMO's 2018-19 syndication programme. Following today's operation, syndication proceeds in 2018-19 will amount to £15.4 billion, of which long conventional gilt sales comprise £10.6 billion.

The offering was priced at a yield spread of 1.25 basis points (bps) below the real yield on 3¹/₂% Treasury Gilt 2068, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 80% of the allocation.

There is no change to the size of the unallocated portion of gilt issuance, which remains at £3.6 billion.

Commenting on the result, Sir Robert Steeman, the Chief Executive of the DMO, said:

Today saw the successful re-opening of our longest-dated and highest duration conventional gilt, which was initially launched in May 2018. Once again we saw a rapidly built and strong order book with a large number of individual orders and high-quality demand both from our core domestic investor base as well as internationally. We have been able as a consequence to build the 2071 maturity gilt up to £11.25 billion (nominal) within two transactions.

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

This syndication took place against a volatile market backdrop where international government bond yields have recently moved sharply and continue to do so. Today's transaction reflects well on the resilience of the gilt market and the experience of its participants, whose support and commitment we very much value.

Today's sale also successfully concludes our long conventional syndication programme for 2018-19. There remains one further index-linked syndication to be scheduled in the final quarter of the financial year.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners, BNP Paribas, J.P. Morgan, Lloyds Bank Corporate Markets and Nomura. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 28 September 2018.

The order book for the transaction was opened at 9.00am on 9 October 2018 with indicative price guidance for investors at a spread of 1.0bp to 1.25bps below the yield on 3½% Treasury Gilt 2068. At 9.30am the Joint Bookrunners announced that the value of orders exceeded £24 billion. At 9.45am the Joint Bookrunners announced that orders exceeded £27 billion, that price guidance was being fixed at a yield spread of 1.25bps below the reference gilt, and that the book was expected to close at 10.00am.

The book closed at 10.00am with 118 orders totalling £28.3 billion (nominal). At 10.35am the Joint Bookrunners announced that the size of the transaction had been set at £5.25 billion (nominal). The price was set at 1.51pm.

Proceeds from the transaction amount to approximately £4.7 billion and will take long conventional gilt sales for the financial year to-date to £20.2 billion. Total gilt sales for the financial year to date now amount to £63.3 billion, relative to the overall remit target of £106.0 billion.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk