

ADJUSTMENT TO THE DMO'S FINANCING REMIT 2019-20: 12 NOVEMBER 2019

1. The DMO's net financing requirement 2019-20 is rising by £5.0 billion to £126.8 billion compared with the forecast published at the remit revision in April 2019.
2. The increase is being financed by £5.0 billion of additional gilt sales taking total planned sales to £122.8 billion. Planned sales of short conventional gilts are rising by £3.0 billion to £34.3 billion and planned sales of long conventional gilts are rising by £2.0 to £35.9 billion.
3. Two additional conventional gilt auctions are planned for Thursday 5 December 2019 and Tuesday 17 December 2019. The DMO will seek feedback from market participants on, and subsequently announce, the gilts to be sold on these dates.
4. This revision is an interim technical adjustment, reflecting the recent postponement of the Budget earlier this month. It is based on a broad assessment of the in-year financing position, with a possible further revision to follow at a later date, alongside any full CGNCR (ex NRAM, B&B and NR)¹ forecast update.
5. It is standard practice for a remit adjustment to take place in the autumn. In order to accommodate the adjustment within the calendar year, it is necessary for it to be published during the pre-election period.
6. The changes to planned gilt sales and average auction sizes are shown in the tables below:

| Gilt sales splits (£mn cash) | | | | | | |
|------------------------------|------------------------|-------|------------------------|-----------------------------|-------|-------------------------------------|
| | Current (pre-revision) | | November 2019 revision | Post November 2019 revision | | Change relative to pre-revision (%) |
| Short | 31,300 | 26.6% | 3,000 | 34,300 | 27.9% | 1.3% |
| Medium | 26,900 | 22.8% | 0 | 26,900 | 21.9% | -0.9% |
| Long | 33,883 | 28.8% | 2,000 | 35,883 | 29.2% | 0.4% |
| Index-linked | 22,577 | 19.2% | 0 | 22,577 | 18.4% | -0.8% |
| Unallocated | 3,140 | 2.7% | 0 | 3,140 | 2.6% | -0.1% |
| Total gilts | 117,800 | | 5,000 | 122,800 | | |

| Average auction sizes (£mn cash) | | | | | |
|--|-----------------------|---------------------|------------------------|-----------------------------|---------------------------------|
| | Spring Statement 2019 | April 2019 revision | Current (pre-revision) | Post November 2019 revision | Change relative to pre-revision |
| Short | 2,940 | 3,050 | 3,060 | 2,944 | -116 |
| Medium | 2,756 | 2,867 | 2,887 | 2,887 | 0 |
| Long | 2,225 | 2,363 | 2,380 | 2,242 | -138 |
| Index-linked | 1,380 | 1,410 | 1,342 | 1,342 | 0 |
| <i>Figures may not sum due to rounding</i> | | | | | |

¹ Central Government Net Cash Requirement (excluding NRAM, Bradford & Bingley (B&B) and Network Rail (NR)).

7. The changes to the planned skew of gilt issuance in 2019-20 are shown in the table below:

| Planned gilt issuance skews | 2019-20 | | | | |
|-----------------------------|-----------------------|-----------------------------|------------------------|------------------------|---|
| | Spring Statement 2019 | April 2019 outturn revision | Current (pre-revision) | November 2019 revision | Changes between April 2019 outturn and November 2019 revision |
| (£bn) | | | | | |
| Short | 29.4 | 30.5 | 31.3 | 34.3 | 3.8 |
| Medium | 24.8 | 25.8 | 26.9 | 26.9 | 1.1 |
| Long | 30.8 | 31.9 | 33.9 | 35.9 | 4.0 |
| Index-linked | 21.8 | 22.6 | 22.6 | 22.6 | 0.0 |
| Unallocated | 7.3 | 7.0 | 3.1 | 3.1 | -3.9 |
| Total | 114.1 | 117.8 | 117.8 | 122.8 | 5.0 |
| (%) | | | | | |
| Short | 25.8% | 25.9% | 26.6% | 27.9% | 2.0% |
| Medium | 21.7% | 21.9% | 22.8% | 21.9% | 0.0% |
| Long | 27.0% | 27.1% | 28.8% | 29.2% | 2.1% |
| Index-linked | 19.1% | 19.2% | 19.2% | 18.4% | -0.8% |
| Unallocated | 6.4% | 5.9% | 2.7% | 2.6% | -3.4% |

8. The revised financing arithmetic is shown in the table below:

| £bn (cash) | 2019-20 April revision | 2019-20 November adjustment |
|--|------------------------|-----------------------------|
| CGNCR (ex NRAM, B&B and NR) ¹ | 23.7 | 23.7 |
| Adjustment to the DMO's financing remit | N/A | 5.0 |
| Gilt redemptions | 98.9 | 98.9 |
| Redemption of the sovereign Sukuk | 0.2 | 0.2 |
| Planned financing for the Official Reserves | 6.0 | 6.0 |
| Financing adjustment carried forward from previous financial years | 4.0 | 4.0 |
| Gross Financing Requirement | 132.8 | 137.8 |
| <i>Less:</i> | | |
| NS&I net financing | 11.0 | 11.0 |
| Other financing items ² | 0.0 | 0.0 |
| Net Financing Requirement (NFR) for the DMO | 121.8 | 126.8 |
| DMO's NFR will be financed through: | | |
| Gilt sales, through sales of: | | |
| - Short conventional gilts | 30.5 | 34.3 |
| - Medium conventional gilts | 25.8 | 26.9 |
| - Long conventional gilts | 31.9 | 35.9 |
| - Index-linked gilts | 22.6 | 22.6 |
| - Unallocated amount of gilts | 7.0 | 3.1 |
| Total gilt sales for debt financing | 117.8 | 122.8 |
| Total net contribution of Treasury bills for debt financing | 4.0 | 4.0 |
| Total financing | 121.8 | 126.8 |
| DMO net cash position | 0.5 | 0.5 |
| <i>Figures may not sum due to rounding</i> | | |
| ¹ Central Government Net Cash Requirement (excluding NRAM, Bradford & Bingley (B&B) and Network Rail (NR)). | | |
| ² Prior to the publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage. | | |