



QUARTERLY *Review*

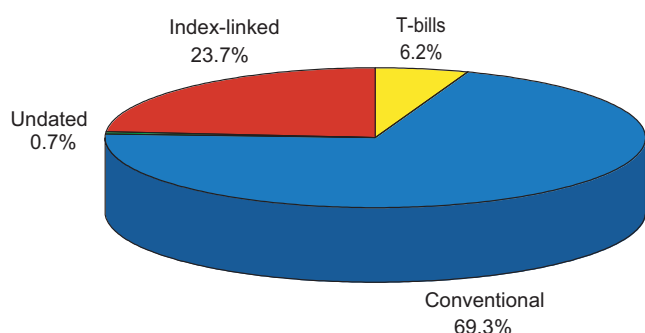
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

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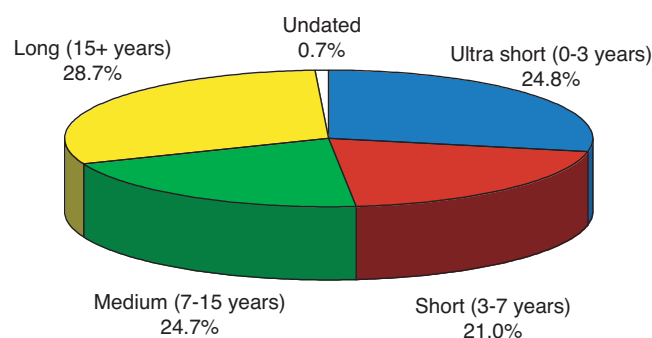
Details of the gilt portfolio as of 30 June 2005

Gilt portfolio summary statistics	31 March 2005	30 June 2005
Nominal value of the gilt portfolio (including inflation uplift)	£355.55 bn	£374.55 bn
Market value of the gilt portfolio	£387.08 bn	£420.42 bn
Weighted average market yields:		
• Conventional gilts	4.65%	4.15%
• Index-linked gilts	1.72%	1.52%
Portfolio average maturity:	11.96 years	12.36 years
• Conventional gilts	11.50 years	11.99 years
• Index-linked gilts	13.34 years	13.43 years
Average modified duration:		
• Conventional gilts	7.45 years	7.83 years
• Index-linked gilts	10.85 years	10.91 years
Average coupon on conventional gilts (weighted by market value)	6.12%	5.99%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£12.89 bn	£13.54 bn

Composition of debt stock*



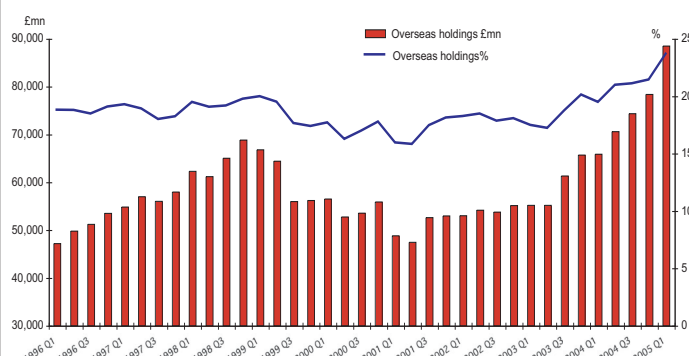
Debt portfolio maturity split*



Distribution of holdings at 31 March 2005

(£ millions)	at end Q4 2004	Q1 2005
Insurance Companies and Pension Funds	219,688	221,108
Overseas	78,373	88,488
Other financial institutions	31,540	29,600
Households	35,201	36,546
Local Authorities and Public Corporations	2,983	3,041
Building Societies	1,034	1,392
Banks*	-2,400	-5,960
TOTAL	366,419	374,215

Overseas holdings of gilts



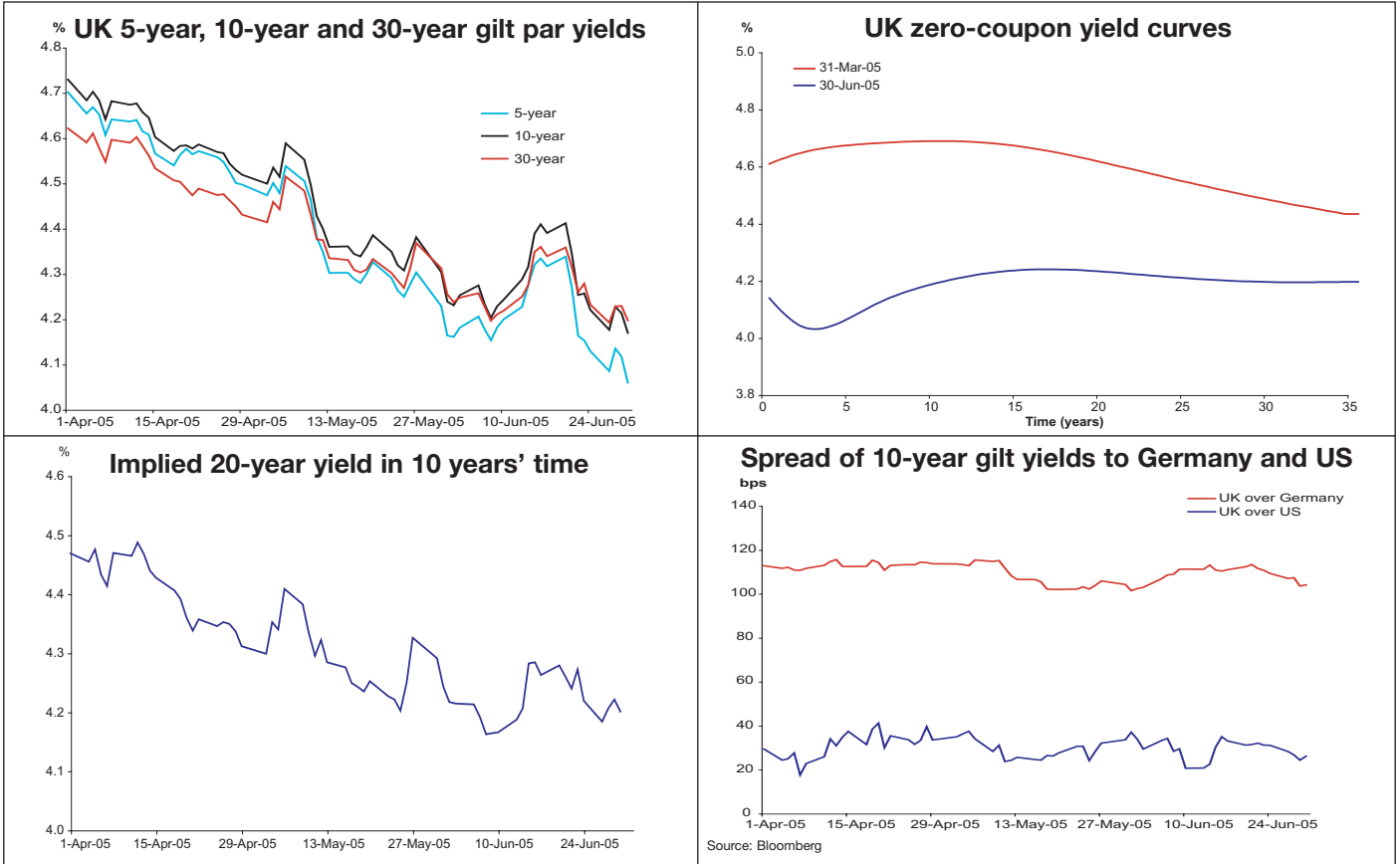
Source: ONS. Note: These figures can be revised retrospectively

Source: ONS

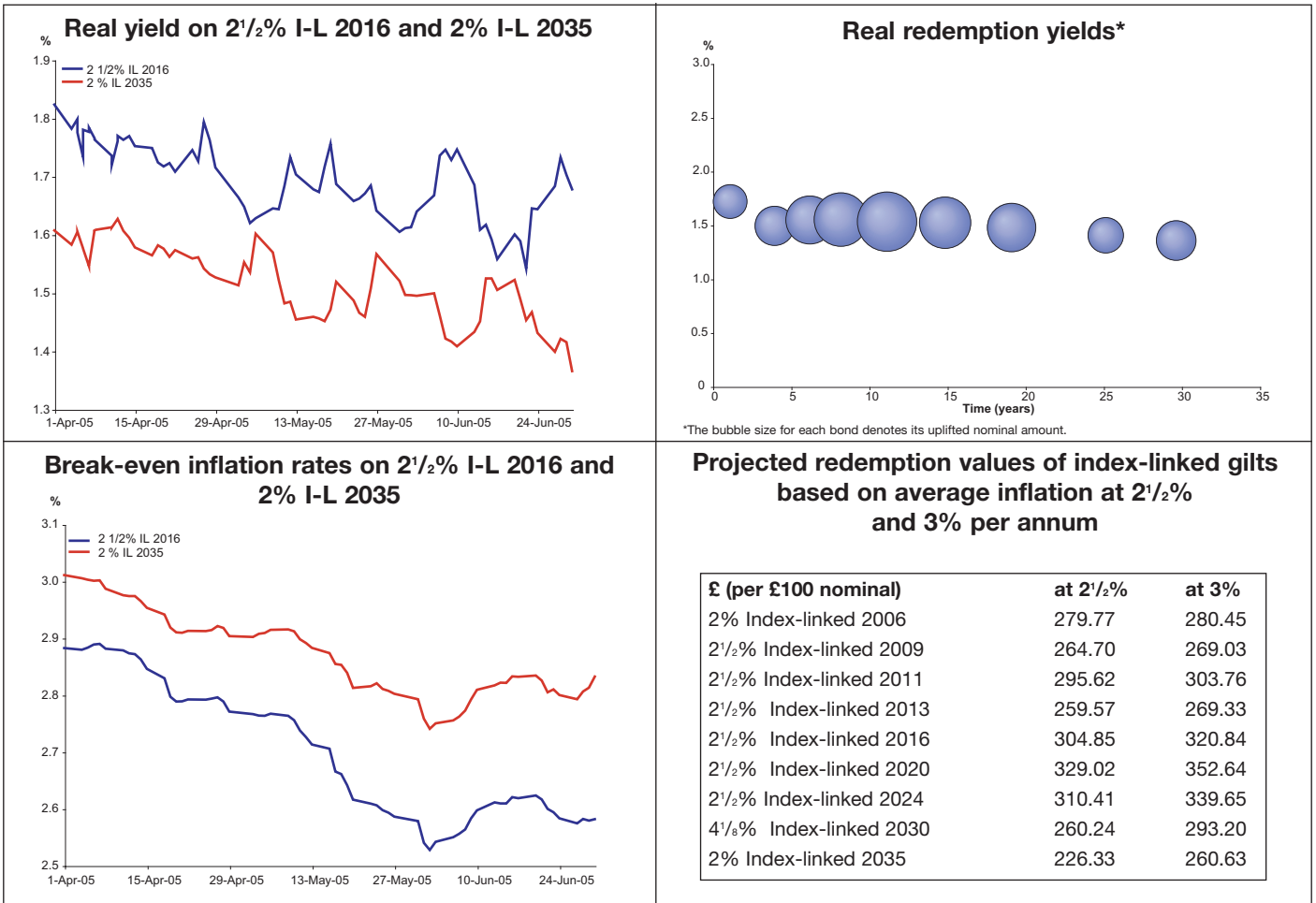
Figures in the pie charts may not sum due to rounding.

* Repo position.

Conventional gilts



Index-linked gilts



Gilt market flows (£mn)

	Issuance at auctions (cash)	Redemption	Coupons*	Net financing from gilts after redemptions and coupons
Jun-04	3,304	-7,043	-3,409	-7,148
Jul-04	5,842	0	-984	4,858
Aug-04	2,587	0	-641	1,946
Sep-04	3,174	0	-2,696	478
Oct-04	5,676	-1,518	-452	3,706
Nov-04	4,235	-6,120	-469	-2,354
Dec-04	2,635	0	-3,441	-806
Jan-05	6,138	0	-1,064	5,074
Feb-05	3,276	0	-658	2,618
Mar-05	3,308	0	-2,877	431
Apr-05	6,572	-4,374	-403	1,795
May-05	3,583	0	-247	3,336
Jun-05	3,853	0	-3,818	35
Jul-05	N/A	0	-876	-
Aug-05	N/A	0	-599	-
Sep-05	N/A	-2	-3,722	-

Figures may not sum due to rounding

* Coupon flow numbers are for the stock of debt outstanding at end-quarter.

Outright auction results

Auction date	Gilt	Issue amount (nominal)	Cover	Yield tail (basis points)	Average accepted price	Yield at average accepted price
12-Apr-05	2% IL 2035	£800mn	1.52	N/A ^a	£116.21	1.65%
14-Apr-05	5% 2025	£2,500mn	2.22	0	£104.64	4.64%
28-Apr-05	4¼% 2010	£3,000mn	1.93	0	£101.03	4.52%
24-May-05	2¼% IL 2016	£425mn	2.16	N/A ^a	£249.65	1.69%
26-May-05	4¼% 2055	£2,500mn	1.60	1	£100.93	4.21%
07-Jun-05	4¼% 2020	£2,750mn	1.68	1	£104.98	4.29%
23-Jun-05	4¼% IL 2030	£450mn	1.91	N/A	£214.80	1.53%

^a Index-linked gilts are issued through a uniform price format.

Progress against the 2005-2006 gilts remit at 30 June 2005

(£ mn)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Remit plans	12,100	11,100	17,900	10,000	51,100
Outright sales	3,027	2,887	5,139	2,956	14,009

2004-05 and 2005-06 financing requirements

	2004-05 Outturn	2005-06 Budget	2005-06 Revised 20 April 2005
<i>Figures may not sum due to rounding</i>			
(£ bn)			
CGNCR forecast	38.6	40.2	40.2
Redemptions	14.7	14.5	14.6
Financing for the Official Reserves	0.0	0.0	0.0
Debt buy-backs	0.1	0.0	0.0
Planned short-term financing adjustment	-2.9	1.3	-2.7
Gross Financing requirement	50.5	56.0	52.1
Less			
National Savings & Investments' contribution	1.9	3.5	3.5
Net financing requirement	48.6	52.5	48.6
Gilt sales planned during the year	50.1	53.5	51.1
Change in planned Treasury bill stock	1.2	-1.0	-2.5
Change in Ways and Means	0.0	0.0	0.0
DMO net cash position at end of financial year	2.9	0.2	0.2

Details of market activity

Top twenty gilts traded (by market value) in the thirteen weeks to 1 July 2005

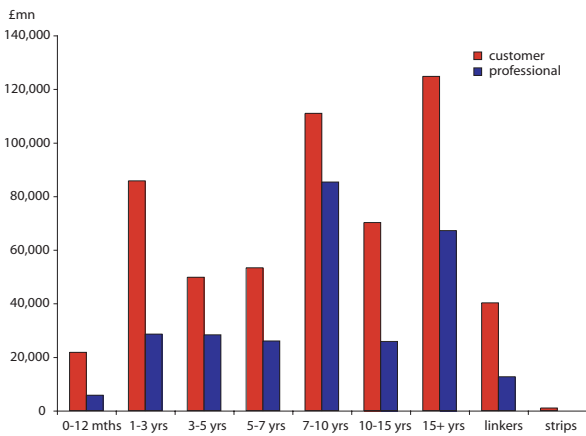
Gilt	Market value of trades (£mn)	% of value of all gilt trades	Turnover ratio ^a (%)	Number of bargains ('000s)	Average bargain size (£mn)
5% Treasury Stock 2014	190,077	23%	13	15	13
4% Treasury Stock 2015	65,184	8%	5	12	6
5% Treasury Stock 2008	52,124	6%	3	7	8
4% Treasury Stock 2009	48,895	6%	4	8	6
4½% Treasury Stock 2007	47,911	6%	4	4	12
4¼% Treasury Stock 2032	47,759	6%	3	7	7
4¼% Treasury Stock 2036	39,152	5%	3	4	10
8% Treasury Stock 2021	36,038	4%	1	8	4
5% Treasury Stock 2012	34,474	4%	2	9	4
5% Treasury Stock 2025	31,849	4%	2	4	8
8½% Treasury Stock 2005	24,695	3%	2	4	7
5½% Treasury Stock 2009	23,940	3%	2	6	4
6% Treasury Stock 2028	21,138	3%	1	4	6
8% Treasury Stock 2013	20,051	2%	2	1	14
7½% Treasury Stock 2006	18,771	2%	1	3	6
8% Treasury Stock 2015	11,934	1%	1	1	12
7¼% Treasury Stock 2007	11,381	1%	1	4	3
8¼% Treasury Stock 2017	10,254	1%	1	1	11
4¼% Conversion 2010	9,612	1%	1	5	2
6¼% Treasury Stock 2010	9,094	1%	2	5	2

The top twenty gilts account for 91% of total market turnover.

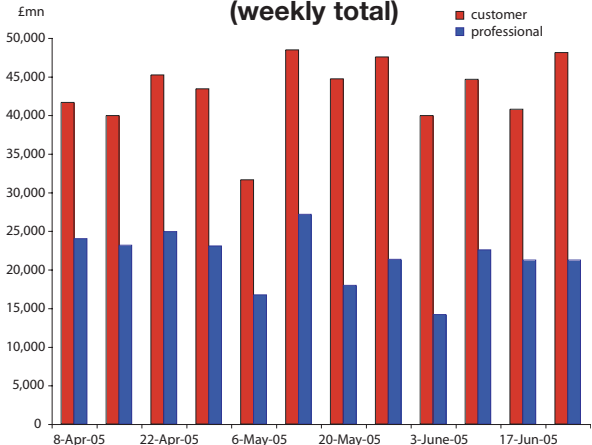
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

^a The total market value of the gilt traded over the quarter relative to the market value of the outstanding gilt at the end of the quarter.

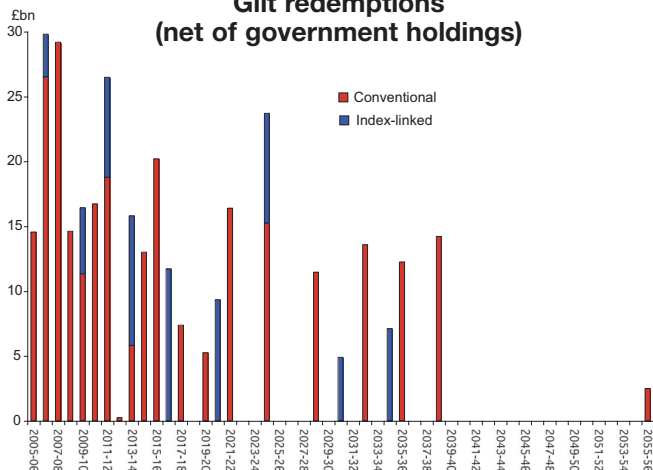
GEMM turnover by maturity band, Q2 2005



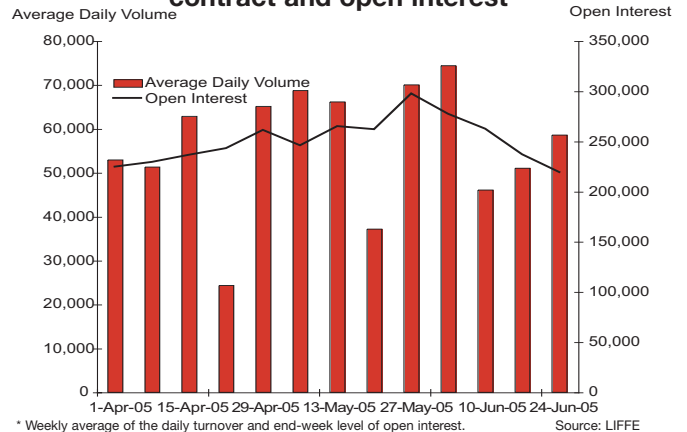
Total GEMM market turnover (weekly total)



Gilt redemptions (net of government holdings)



Average daily turnover of the long gilt futures contract and open interest*



* Weekly average of the daily turnover and end-week level of open interest.

Source: LIFFE

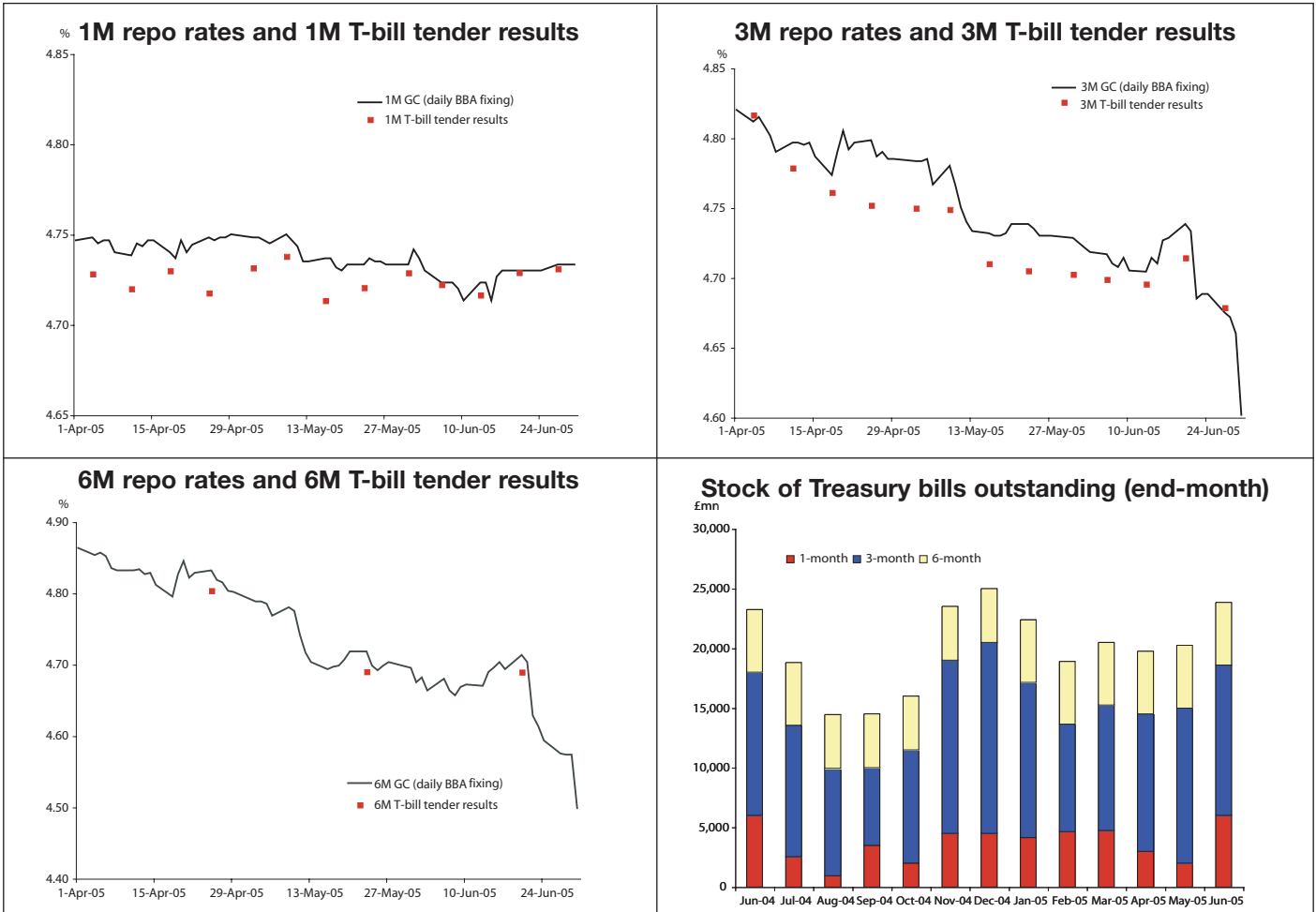
Gilts in issue at 30 June 2005 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
8½% Treasury Stock 2005	07-Dec-05	9,821	149	301
7¼% Treasury Stock 2006	08-Sep-06	4,064	-	549
7½% Treasury Stock 2006	07-Dec-06	12,133	166	602
4½% Treasury Stock 2007	07-Mar-07	11,817	110	344
8½% Treasury Stock 2007	16-Jul-07	4,766	-	498
7¼% Treasury Stock 2007	07-Dec-07	11,409	118	550
5% Treasury Stock 2008	07-Mar-08	14,614	28	558
5½% Treasury Stock 2008/2012	10-Sep-08	1,026	-	183
4% Treasury Stock 2009	07-Mar-09	13,616	7	388
5¼% Treasury Stock 2009	07-Dec-09	11,753	108	674
4¾% Treasury Stock 2010	07-Jun-10	12,505	3	270
6¼% Treasury Stock 2010	25-Nov-10	5,095	-	614
9% Conversion 2011	12-Jul-11	5,545	-	354
7¼% Treasury Stock 2012/2015	26-Jan-12	805	-	339
5% Treasury Stock 2012	07-Mar-12	13,715	142	603
8% Treasury Stock 2013	27-Sep-13	6,352	-	557
5% Treasury Stock 2014	07-Sep-14	13,410	2	417
4¾% Treasury Stock 2015	07-Sep-15	13,359	205	367
8% Treasury Stock 2015	07-Dec-15	7,581	145	376
8¾% Treasury Stock 2017	25-Aug-17	7,965	-	594
4¾% Treasury Stock 2020	07-Mar-20	5,319	-	71
8% Treasury Stock 2021	07-Jun-21	17,203	290	808
5% Treasury Stock 2025	07-Mar-25	15,847	54	605
6% Treasury Stock 2028	07-Dec-28	12,080	226	633
4¼% Treasury Stock 2032	07-Jun-32	14,211	686	633
4¼% Treasury Stock 2036	07-Mar-36	12,588	199	341
4¾% Treasury Stock 2038	07-Dec-38	14,643	141	400
4¼% Treasury Gilt 2055	07-Dec-55	2,500	-	0.5
3½% War	Undated	1,939	-	31
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
2% I-L Treasury Stock 2006	19-Jul-06	2,109	5,725	109
2½% I-L Treasury Stock 2009	20-May-09	3,208	7,682	184
2½% I-L Treasury Stock 2011	23-Aug-11	4,496	11,374	224
2½% I-L Treasury Stock 2013	16-Aug-13	6,623	14,003	331
2½% I-L Treasury Stock 2016	26-Jul-16	7,471	17,264	411
2½% I-L Treasury Stock 2020	16-Apr-20	5,765	13,105	265
2½% I-L Treasury Stock 2024	17-Jul-24	5,954	11,497	315
4½% I-L Treasury Stock 2030	22-Jul-30	4,510	6,296	211
2% I-L Treasury Stock 2035	26-Jan-35	7,222	7,846	249
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
10½% Exchequer 2005	20-Sep-05	2		0
9¾% Conversion 2006	15-Nov-06	1		0
9% Treasury 2008	13-Oct-08	528		12
8% Treasury 2009	25-Sep-09	256		3
9% Treasury 2012	06-Aug-12	245		15
12% Exchequer 2013/2017	12-Dec-13	19		0.1
2½% Treasury	Undated	468		0.6
4% Consolidated	Undated	287		0.8
2½% Consolidated	Undated	205		4
3½% Conversion	Undated	19		5
3% Treasury	Undated	45		0.2
2½% Annuities	Undated	2		0.4
2¾% Annuities	Undated	0.7		0

It is assumed that double-dated issues (which have not been called) currently trading above par will be redeemed at the first maturity date.

*Includes holdings by the Commissioners for the Reduction of the National Debt (CRND) and the DMO. Excludes local authority, public corporations and Bank of England holdings.

Money market operations



Treasury bill tender results Q2 2005

Tender date	Tender amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1 month T-bills					
1-Apr-05	1,000	4.7282	99.6257	6.21	0
8-Apr-05	1,000	4.7200	99.6392	8.66	0
15-Apr-05	500	4.7299	99.6385	4.69	0
22-Apr-05	500	4.7177	99.6394	6.21	2
29-Apr-05	500	4.7316	99.6383	5.87	1
6-May-05	500	4.7379	99.6379	8.42	2
13-May-05	500	4.7135	99.6397	7.65	1
20-May-05	500	4.7206	99.6392	6.01	1
27-May-05	500	4.7288	99.6514	6.27	1
3-Jun-05	1,500	4.7223	99.6390	5.86	0
10-Jun-05	1,500	4.7165	99.6395	4.89	1
17-Jun-05	1,500	4.7290	99.6385	3.74	0
24-Jun-05	1,500	4.7310	99.6384	3.26	1
3 month T-bills					
1-Apr-05	1,000	4.8165	98.8134	6.24	0
8-Apr-05	1,000	4.7786	98.8226	5.78	1
15-Apr-05	1,000	4.7611	98.8269	7.40	1
22-Apr-05	1,000	4.7519	98.8292	7.12	0
29-Apr-05	800	4.7499	98.8423	7.60	0
6-May-05	800	4.7489	98.8299	5.88	1
13-May-05	800	4.7100	98.8394	8.53	0
20-May-05	800	4.7050	98.8406	5.74	2
27-May-05	800	4.7025	98.8412	7.44	2
3-Jun-05	1,500	4.6988	98.8421	6.74	0
10-Jun-05	1,500	4.6955	98.8429	5.13	0
17-Jun-05	800	4.7143	98.8383	5.00	1
24-Jun-05	800	4.6786	98.8470	4.90	1
6 month T-bills					
22-Apr-05	750	4.8039	97.6607	6.94	1
20-May-05	750	4.6901	97.7148	6.39	1
17-Jun-05	750	4.6894	97.7151	5.35	1

Calendar for Q3 2005

July

5	Announcement of the size of the auction of 4¼% Treasury Gilt 2055 on 14 July.
12	Publication of the June RPI by the ONS and the dividend fixings for 2½% Index-linked 2011 and 2½% Index-linked 2013.
14	Auction of 4¼% Treasury Gilt 2055.
19	Announcement of the size of the auction of 2½% Index-linked Treasury Stock 2020 on 26 July.
26	Auction of 2½% Index-linked Treasury Stock 2020.
26	Announcement of the size of the auction of 4% Treasury Stock 2009 on 2 August.

August

2	Auction of 4% Treasury Stock 2009.
16	Publication of the July RPI by ONS.
30	Announcement of the size of the auction of 4¼% Treasury Stock 2036 on 6 September.

September

6	Auction of 4¼% Treasury Stock 2036.
13	Announcement of the size of the auction and coupon of a new 3-month lag index-linked gilt maturing on 22 November 2055. Publication of the August RPI by the ONS and the dividend fixing for 2½% Index-linked Treasury Stock 2020.
20	Announcement of the size of the auction of 4¼% Treasury Stock 2020 on 27 September.
22	Auction of the new 3-month lag index-linked gilt maturing in 22 November 2055.
23	Publication of the Treasury Bill calendar for October-December 2005.
26	DMO quarterly consultation meetings with End-Investors (4.00pm) and GEMMs (5.00pm).
27	Auction of 4¼% Treasury Stock 2020. Publication of the minutes of the consultation meetings.
30	Publication of the gilt auction calendar for October-December 2005.

DMO wire service pages

Information	Reuters	Bridge	Moneyline Telerate	Topic	Bloomberg
Index	DMO/INDEX	K:2366	21290	44799	DMO<GO>
Announcements	DMO/GILTS1 to 9	K:3327-K:3335	22550 to 22556	44700 to 44712	DMO1<GO>
Shop window general info	DMO/GILTS10	K:3336	6517	44717	DMO3<GO>
Shop window 1	DMO/GILTS11	K:3337	6518	44718	DMO3<GO>
Benchmark prices	DMO/BENCH1	K:3338	22557	44720 to 44721	DMO2<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 04	K:3358-K:3361	47216 to 47219	44800 to 44802	DMO5<GO>
GEMMA ref prices (I-L)	GEMMA08	K:3365	47223	44805	DMO5<GO>
GEMMA ref prices (Strips)	GEMMA13 to 22	K:3370-K:3379	21291 to 21300	44850 to 44864	DMO6<GO>
Cash announcements	DMO/CASH01	K:2367	15700 to 15709	44660 to 44669	DMO8<GO>
T-bill tender information	DMO/CASH11	K:2377	15710 to 15711	44670 to 44671	DMO9<GO>
Ad-hoc tender information	DMO/CASH16	K:2382	15715 to 15716	44675 to 44676	DMO10<GO>
T-bill reference prices	DMO/TBILLS01	K:2387	15720 to 15724	44900 to 44909	DMO11<GO>

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