

PRESS NOTICE

ALLOCATION OF SUPPLEMENTARY GILT ISSUANCE AND GILT AUCTIONS: JANUARY- MARCH 2007

Supplementary gilt issuance

As a consequence of the latest projections of the public finances published today in the Pre-Budget Report, the net financing requirement for the DMO in 2006-07 has fallen by £5.5 billion. £5.0 billion of this reduction is being met by lower Treasury bill sales and £0.5 billion by lower gilt sales¹. The amount allocated to supplementary gilt issuance in the final quarter of 2006-07 has therefore been reduced to £2.0 billion (cash). This issuance is being directed entirely to long conventional gilt sales.

Long conventional gilt sales of £25.25 billion are now planned for 2006-07. A conventional gilt auction has been added on Tuesday 6 February 2007.

Commenting on this decision, Robert Stheeman, Chief Executive of the DMO said,

"The main objective of the supplementary issuance programme is to enable us to respond to changing market conditions and patterns of demand for gilts. In the absence of significant changes to our environment, we have been able to maintain this quarter again the skew towards long-dated issuance that has prevailed throughout the financial year.

The consequent addition of a long conventional gilt auction on 6 February means that we will have issued long conventional gilts in every month of the year except for August, and long index-linked gilts in every single month of the year.

¹ See the separate announcement by the DMO at
www.dmo.gov.uk/documentview.aspx?docName=gilts/press/sa061206.pdf

We are also confirming our commitment to regular supply of benchmark gilts at key maturities with the opening of two new bonds this quarter: a new 30-year index-linked gilt, on 20 February 2007, which follows the previous opening of new index-linked benchmarks at 10-, 20- and 50-year maturities; and a new 5-year conventional gilt on 15 March 2007.”

Outright gilt auction calendar

In the final quarter of the 2006-07 financial year, the UK Debt Management Office plans to hold nine outright auctions of gilts, as set out below.

Auction date	Gilt	Details² announced (3.30pm)
Tuesday 9 January	4¼% Treasury Gilt 2027	Tuesday 2 January
Thursday 18 January	1¼% Index-linked Treasury Gilt 2017	Tuesday 9 January
Thursday 25 January	1¼% Index-linked Treasury Gilt 2055	Tuesday 16 January
Tuesday 6 February	4¼% Treasury Gilt 2046	Tuesday 30 January
Tuesday 20 February	New index-linked Gilt maturing on 22 Nov 2037	Tuesday 13 February
Thursday 22 February	4% Treasury Gilt 2016	Tuesday 13 February
Tuesday 6 March*	4¼% Treasury Gilt 2027	Tuesday 27 February
Thursday 15 March*	New conventional Gilt maturing on 7 Jun 2012	Tuesday 6 March
Tuesday 27 March*	1¼% Index-linked Treasury Gilt 2027	Tuesday 20 March

*subject to confirmation depending on the Chancellor's decision on the Budgetary timetable.

First dividend periods

Both the new index-linked gilt maturing on 22 November 2037 and the new conventional gilt maturing on 7 June 2012 will pay short first dividends on 22 May 2007 and 7 June 2007 respectively.

NOTES TO EDITORS

Annual planned gilt sales have fallen by £0.5 billion to £62.5 billion as a consequence of the new forecasts for the public finances published in the Pre-Budget Report (PBR) today. Sales in the financial year to date relative to the final allocated targets are shown in the table below.

² Including the nominal size of the auctions in all cases and the coupon on the two new gilts to be auctioned on 20 February and 15 March.

Gilt sales v remit at 6 November 2006 (£ millions).					
	Conventional Gilts			Index-linked gilts	Total
	Shorts (1-7 yrs)	Mediums (7-15yrs)	Longs (15 yrs+)		
Gilt sales to date	7,322	7,389	18,548	12,368	45,628
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Programme to be allocated in-year					
Allocated in-year to date	0	0	8,250	1,250	9,500
Currently allocated programme	10,000	10,000	25,250	17,250	62,500
Remaining to be allocated					0
Total planned sales					62,500
Remaining to meet allocated programme	2,678	2,611	6,702	4,882	16,872
Auctions remaining in current programme	1	1	3	5	10