

## APRIL 2018: REVISION TO THE DMO'S FINANCING REMIT 2018-19

1. Planned gilt sales in 2018-19 are rising by £3.1 billion compared with the plans published at Spring Statement 2018, to £106.0 billion.
2. This revision reflects the publication today of the outturn Central Government Net Cash Requirement (excluding NRAM plc, Bradford and Bingley and Network Rail) (CGNCR ex NRAM, B&B and NR), as well as outturns for gilt sales and other financing items. It also reflects NS&I's latest Net Financing forecast for 2017-18 of £9.8 billion. NS&I will publish the audited figure for net financing in 2017-18 in its Annual Report and Accounts which are due to be laid before Parliament this summer.
3. There is no change to the planned net contribution to debt financing in 2018-19 from Treasury bills; this remains at zero.
4. The increase in gilt sales has been split as shown in the table below. The increases maintain the skew of issuance announced in the Debt management report 2018-19 published at Spring Statement 2018 and have predominantly been divided between auctions (£2.0 billion) and syndications (£1.0 billion), with the unallocated portion of issuance rising by £0.1 billion. There is no change to the number or dates of planned gilt operations.

2018-19 financing remit							
	Spring Statement			April revision			
	(£bn)	(%)		Increase (£bn)	(£bn)	(%)	% Change
Short	24.9	24.2%		0.7	25.6	24.2%	0.0%
Medium	20.3	19.7%		0.7	21.0	19.8%	0.1%
Long	29.4	28.5%		0.9	30.3	28.6%	0.1%
Index-linked	21.7	21.1%		0.7	22.4	21.1%	0.0%
Unallocated	6.6	6.4%		0.1	6.7	6.3%	-0.1%
	<b>102.9</b>			<b>3.1</b>	<b>106.0</b>		
<b>Sales by auction</b>			<b>Number</b>				<b>Number</b>
Short	24.9		9	0.7	25.6		9
Medium	20.3		8	0.7	21.0		8
Long	20.4		9	0.4	20.8		9
Index-linked	13.7		10	0.2	13.9		10
	<b>79.3</b>	<b>77.1%</b>	<b>36</b>	<b>2.0</b>	<b>81.3</b>	<b>76.7%</b>	<b>36</b>
<b>Sales by Syndication</b>			<b>Number</b>				<b>Number</b>
Long	9.0		2	0.5	9.5		2
Index-linked	8.0		2	0.5	8.5		2
	<b>17.0</b>	<b>16.5%</b>	<b>4</b>	<b>1.0</b>	<b>18.0</b>	<b>17.0%</b>	<b>4</b>

*Figures may not sum due to rounding*

5. This remit adjustment reflects the following updates to items contributing to financing in 2017-18.

<b>2017-18 (£ billion)</b>	<b>Spring Statement</b>	<b>April revision</b>
CGNCR (ex NRAM, B&B, and NR)	40.3	40.7
Gilt sales	115.1	115.5
Redemptions*	80.0	79.5
NS&I net contribution	10.2	9.8
Other financing items**	-0.2	-3.5
*£0.5 billion of pre-redemption purchases by the DMO of 1¼% 2018 is now included in other financing items.		
** Includes outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit and foreign exchange transactions relating to the Exchange Equalisation Account.		
<i>Figures may not sum due to rounding</i>		

6. The revised financing arithmetic is shown at Annex A.
7. The revised planned split of gilt issuance by type, maturity and issuance method is shown at Annex B.
8. The progress of gilt sales relative to the new remit targets for 2018-19, including the new average auction sizes is at Annex C.
9. This announcement will be appearing on the DMO website [www.dmo.gov.uk](http://www.dmo.gov.uk)

**24 April 2018**

## Annex A: The revised financing arithmetic in 2017-18 and 2018-19

£ billion	2017-18	2018-19
CGNCR (ex NRAM, B&B and NR) <sup>1</sup>	40.7	40.6
Gilt redemptions	79.5	66.7
Planned financing for the Official Reserves	6.0	6.0
Financing adjustment carried forward from previous financial years	-15.2	-1.4
<b>Gross Financing Requirement</b>	<b>110.9</b>	<b>112.0</b>
<i>Less:</i>		
NS&I net financing	9.8	6.0
Other financing <sup>2</sup>	-3.5	0.0
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>104.6</b>	<b>106.0</b>
DMO's NFR will be financed through:		
<b>Gilt sales, through sales of:</b>		
- Short conventional gilts	29.3	25.6
- Medium conventional gilts	23.8	21.0
- Long conventional gilts	34.0	30.3
- Index-linked gilts	28.5	22.4
- Unallocated amount of gilts	0.0	6.7
<b>Total gilt sales for debt financing</b>	<b>115.5</b>	<b>106.0</b>
<b>Total net contribution of Treasury bills for debt financing</b>	<b>-9.5</b>	<b>0.0</b>
<b>Total financing</b>	<b>106.0</b>	<b>106.0</b>
DMO net cash position	1.9	0.5
<i>Figures may not sum due to rounding</i>		
<sup>1</sup> Central Government Net Cash Requirement (excluding NRAM plc, Bradford and Bingley and Network Rail).		
<sup>2</sup> Prior to publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage. At outturn it will include outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit and foreign exchange transactions relating to the Exchange Equalisation Account.		

## Annex B: Planned split of gilt issuance by type, maturity and issuance method in 2018-19

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b>					
£ billion	<b>25.6</b>				<b>25.6</b>
Per cent					24.2%
<b>Medium conventional</b>					
£ billion	<b>21.0</b>				<b>21.0</b>
Per cent					19.8%
<b>Long conventional</b>					
£ billion	<b>20.8</b>	<b>9.5</b>			<b>30.3</b>
Per cent					28.6%
<b>Index-linked</b>					
£ billion	<b>13.9</b>	<b>8.5</b>			<b>22.4</b>
Per cent					21.1%
<b>Unallocated</b>					
£ billion				<b>6.7</b>	<b>6.7</b>
Per cent					6.3%
<b>Total £ billion</b>	<b>81.3</b>	<b>18.0</b>	<b>0.0</b>	<b>6.7</b>	<b>106.0</b>
<b>Total per cent</b>	<b>76.7%</b>	<b>17.0%</b>	<b>0.0%</b>	<b>6.3%</b>	
<i>Figures may not sum due to rounding</i>					

## Annex C: Gilt sales relative to the new remit targets for 2018-19

(£ million)	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction proceeds to-date	2,701	2,507	2,051	0	7,259
PAOF proceeds to-date	0	0	190	0	190
<b>Auction and PAOF proceeds to-date</b>	<b>2,701</b>	<b>2,507</b>	<b>2,241</b>	<b>0</b>	<b>7,449</b>
Syndication sales to-date	0	0	0	0	0
Gilt tender sales to date	0	0	0	0	0
<b>Total gilt sales to date</b>	<b>2,701</b>	<b>2,507</b>	<b>2,241</b>	<b>0</b>	<b>7,449</b>
Auction sales required to meet plans	22,899	18,493	18,559	13,900	73,851
Number of auctions remaining	8	7	8	10	33
Current average auction sizes	2,862	2,642	2,320	1,390	
<b>Planned gilt sales at auctions</b>	<b>25,600</b>	<b>21,000</b>	<b>20,800</b>	<b>13,900</b>	<b>81,300</b>
Number of auctions scheduled	9	8	9	10	36
Minimum syndication sales plan	-	-	9,500	8,500	18,000
Syndication sales required to meet minimum plan	-	-	9,500	8,500	18,000
Remaining unallocated sales					6,700
Total planned supplementary gilt sales					24,700
<b>Total planned gilt sales</b>					<b>106,000</b>
Required gilt sales remaining					98,551