



QUARTERLY

Review

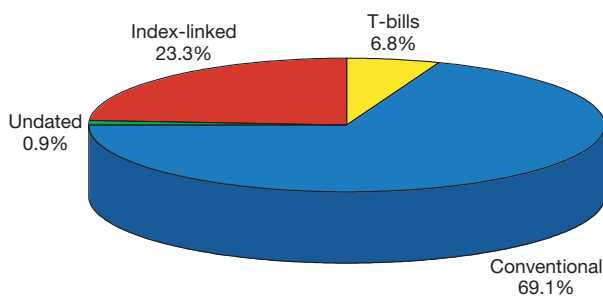
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

www.dmo.gov.uk

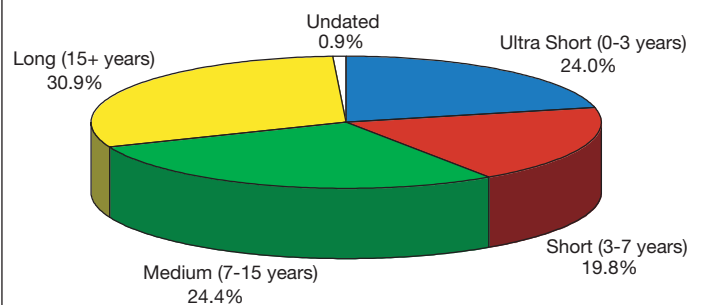
Details of the gilt portfolio as of 31 December 2004

Gilt portfolio summary statistics	30 September 2004	31 December 2004
Nominal value of the gilt portfolio (including inflation uplift)	£338.64 bn	£343.29 bn
Market value of the gilt portfolio	£368.91 bn	£379.42 bn
Weighted average market yields:		
• Conventional gilts	4.72%	4.47%
• Index-linked gilts	1.80%	1.66%
Portfolio average maturity	11.74 years	12.13 years
Average modified duration:		
• Conventional gilts	7.27 years	7.64 years
• Index-linked gilts	10.95 years	10.92 years
Average coupon on conventional gilts (weighted by market value)	6.26%	6.17%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£12.44 bn	£12.72 bn

Composition of debt stock**



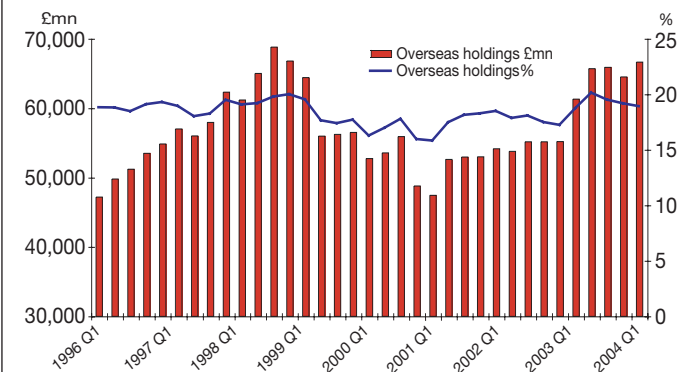
Debt portfolio maturity split**



Distribution of holdings

(£ millions)	at end Q2 2004	Q3 2004
Insurance Companies and Pension Funds	213,396	214,749
Overseas	64,511	66,628
Other financial institutions	33,078	38,586
Households	29,848	34,562
Local Authorities and Public Corporations	3,002	2,967
Building Societies	600	702
Banks*	-7,050	-5,135
TOTAL	337,385	353,059

Overseas holdings of gilts



Source: ONS

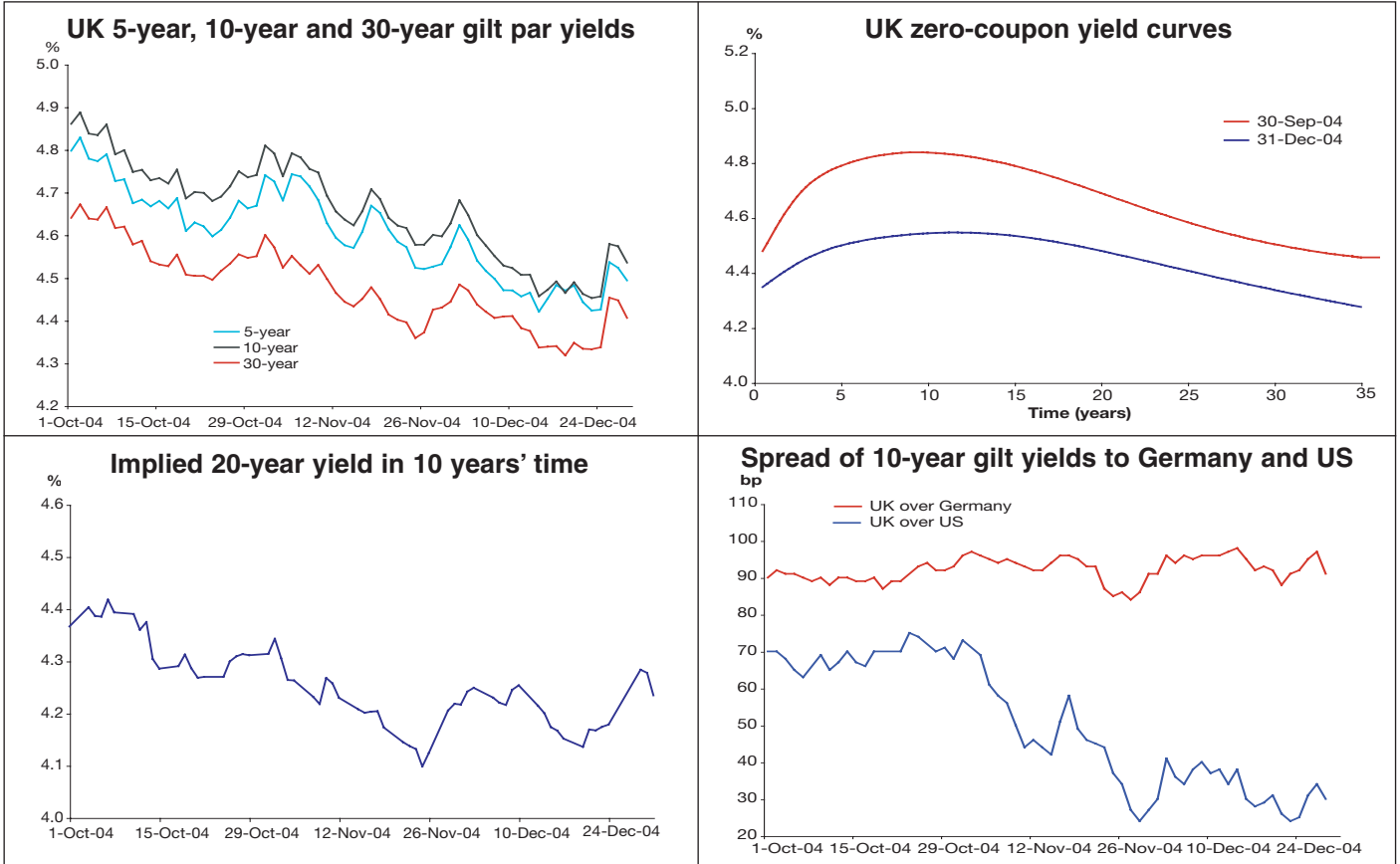
Source: ONS

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

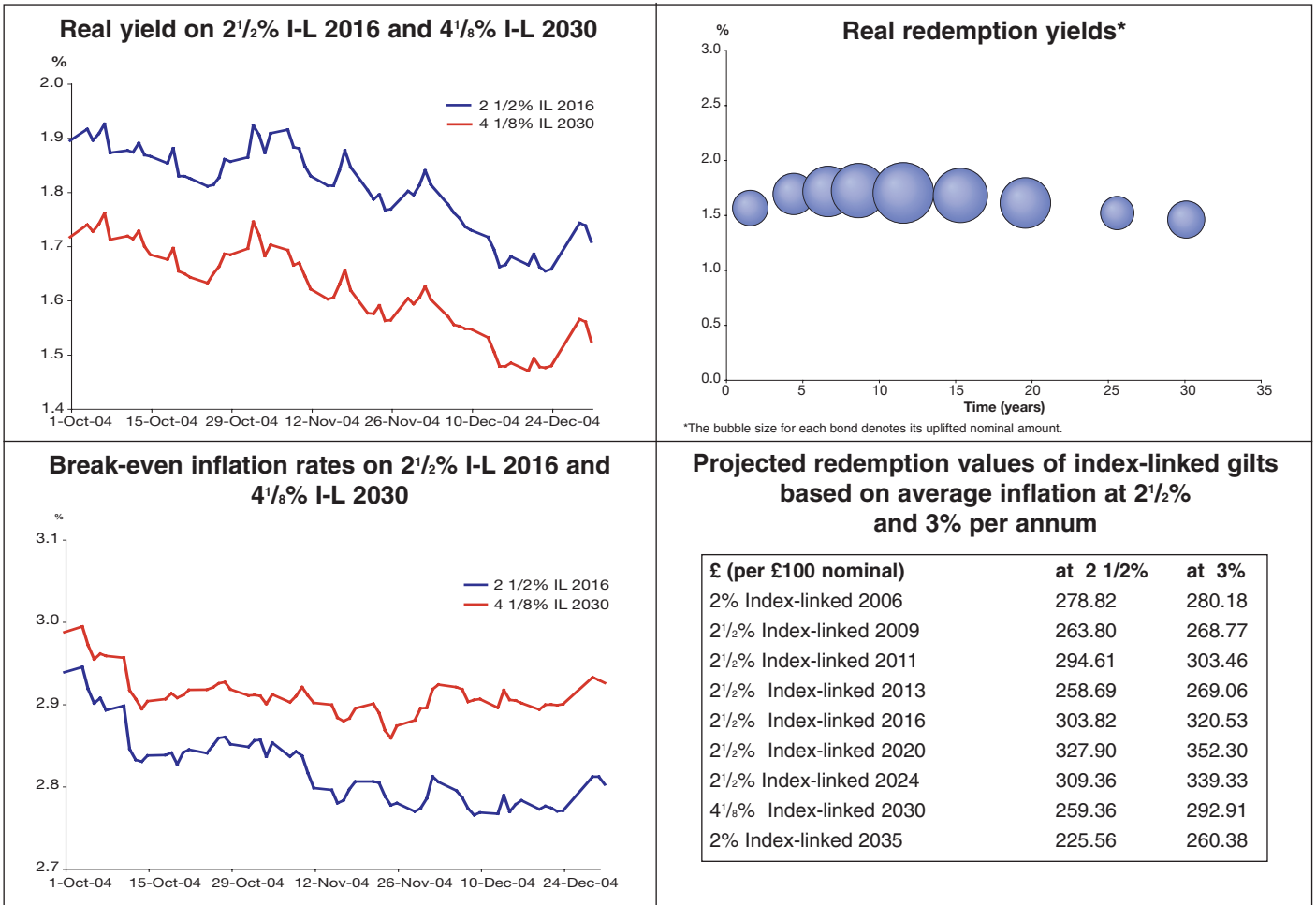
*Repo position.

** Excluding £10bn Treasury bill collateral issue on 23 August 2004 and £5bn issue on 3 December 2004.

Conventional gilts



Index-linked gilts



Gilt market flows (£mn)

Issuance at auctions (cash)		Redemptions	Coupons*	Net cash flow from gilts after redemptions and coupons
Dec-03	681	-7,779	-3,642	-10,740
Jan-04	3,515	0	-900	2,615
Feb-04	3,645	0	-609	3,036
Mar-04	2,744	-70	-2,305	369
Apr-04	3,110	0	-447	2,663
May-04	6,517	-14	-468	6,035
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	N/A	0	-1,064	-
Feb-05	N/A	0	-658	-
Mar-05	N/A	0	-2,877	-

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
14-Oct-04	4¾% 2038	£2,250mn	2.51	0	£103.48	4.55%
26-Oct-04	2½% IL 2016	£350mn	2.53	N/A ^a	£243.13	1.80%
28-Oct-04	4¾% 2015	£2,500mn	2.39	0	£100.05	4.74%
18-Nov-04	4¾% 2010	£3,500mn	1.32	1	£100.71	4.60%
24-Nov-04	2% IL 2035	£600mn	1.95	N/A ^a	£118.55	1.54%
7-Dec-04	4¾% 2038	£2,500mn	1.78	1	£105.46	4.44%

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

Outturn against the 2004-05 gilts remit at 31 December 2004

(£ mn)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Remit plans	17,600	10,200	14,500	8,000	50,300
Outright sales	11,776	7,597	12,128	5,581	37,081

2003-04 and 2004-05 financing requirements

<i>Figures may not sum due to rounding</i>			
(£ bn)	2003-04 Outturn*	2004-05 Budget*	2004-05 PBR
CGNCR forecast	39.4	35.6	39.7
Redemptions	21.1	14.7	14.7
Replacing foreign currency debt	-1.8	0.0	0.0
Debt buy-backs	0.2	0.0	0.0
Gross Financing requirement	58.9	50.3	54.4
Less			
National Savings & Investments' contribution	3.4	2.0	2.0
DMO cash deposit at Bank of England	0.1	0.0	0.0
Net financing requirement	55.4	48.3	52.4
Gilt sales planned during the year	49.9	47.1	50.3
Change in planned Treasury bill stock	4.3	-1.8	-0.8
Change in Ways and Means	0.0	0.0	0.0
Change in short-term cash position**	1.2	2.9	2.9

*As revised on 22 April 2004 and on a subsequent adjustment to the NS&I outturn for 2003-04.

** Excluding changes in the DMO's cash deposit at the Bank of England.

Details of market activity

Top twenty gilts traded (by market value) in the thirteen weeks to 31 December 2004

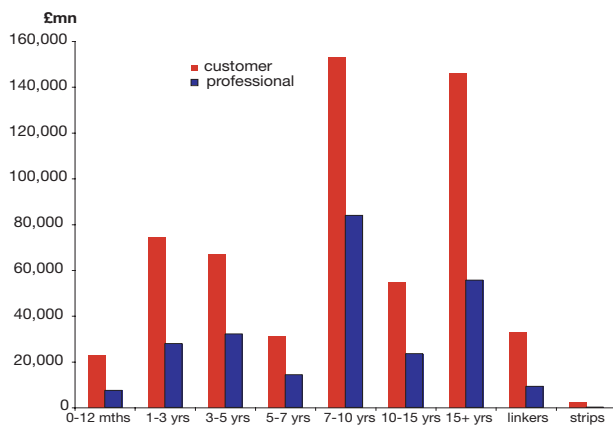
Stock	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio ^a	Number of bargains ('000s)	Average bargain size (£mn)
5% Treasury 2014	112,079	14%	8	13	9
8% Treasury 2013	109,240	13%	14	4	25
4% Treasury 2009	58,913	7%	4	11	6
4¾% Treasury 2015	55,346	7%	4	8	7
4¼% Treasury 2032	53,512	7%	4	7	8
4½% Treasury 2007	46,421	6%	4	5	10
8% Treasury 2021	40,742	5%	2	8	5
5% Treasury 2008	36,897	5%	3	8	5
5% Treasury 2012	31,396	4%	2	11	3
7½% Treasury 2006	28,632	3%	2	9	3
4¼% Treasury 2036	26,849	3%	2	4	8
5% Treasury 2025	25,048	3%	2	3	7
6% Treasury 2028	22,733	3%	2	4	6
5¾% Treasury 2009	22,084	3%	2	7	3
8½% Treasury 2005	20,157	2%	2	4	6
9½% Conversion 2005	13,023	2%	3	2	8
6¾% Treasury 2004	11,330	1%	2	1	9
8% Treasury 2015	11,303	1%	1	1	10
7½% Treasury 2007	10,775	1%	1	3	3
8¾% Treasury 2017	10,378	1%	1	1	11

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

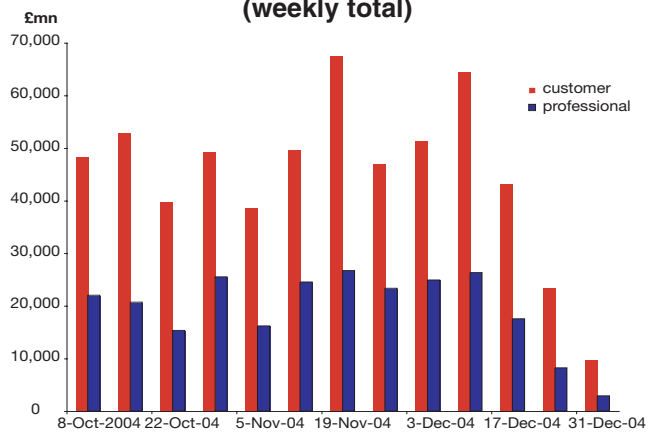
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

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

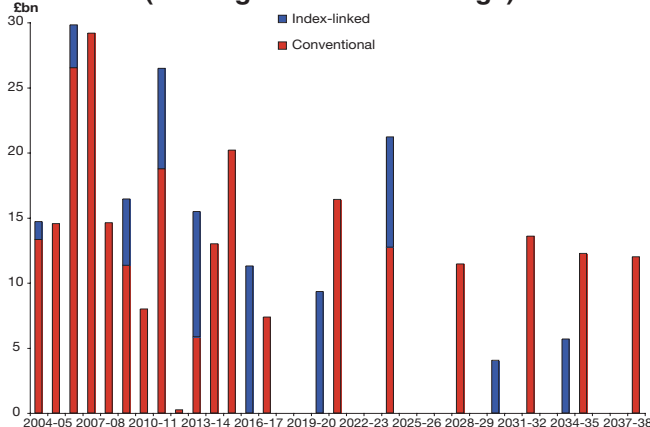
GEMM turnover by maturity band, Q4 2004



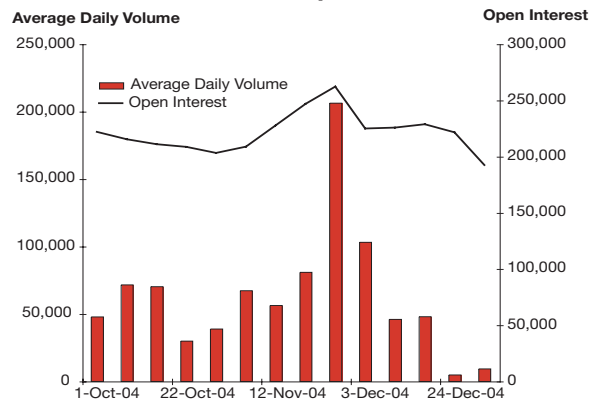
Total GEMM market turnover (weekly total)



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

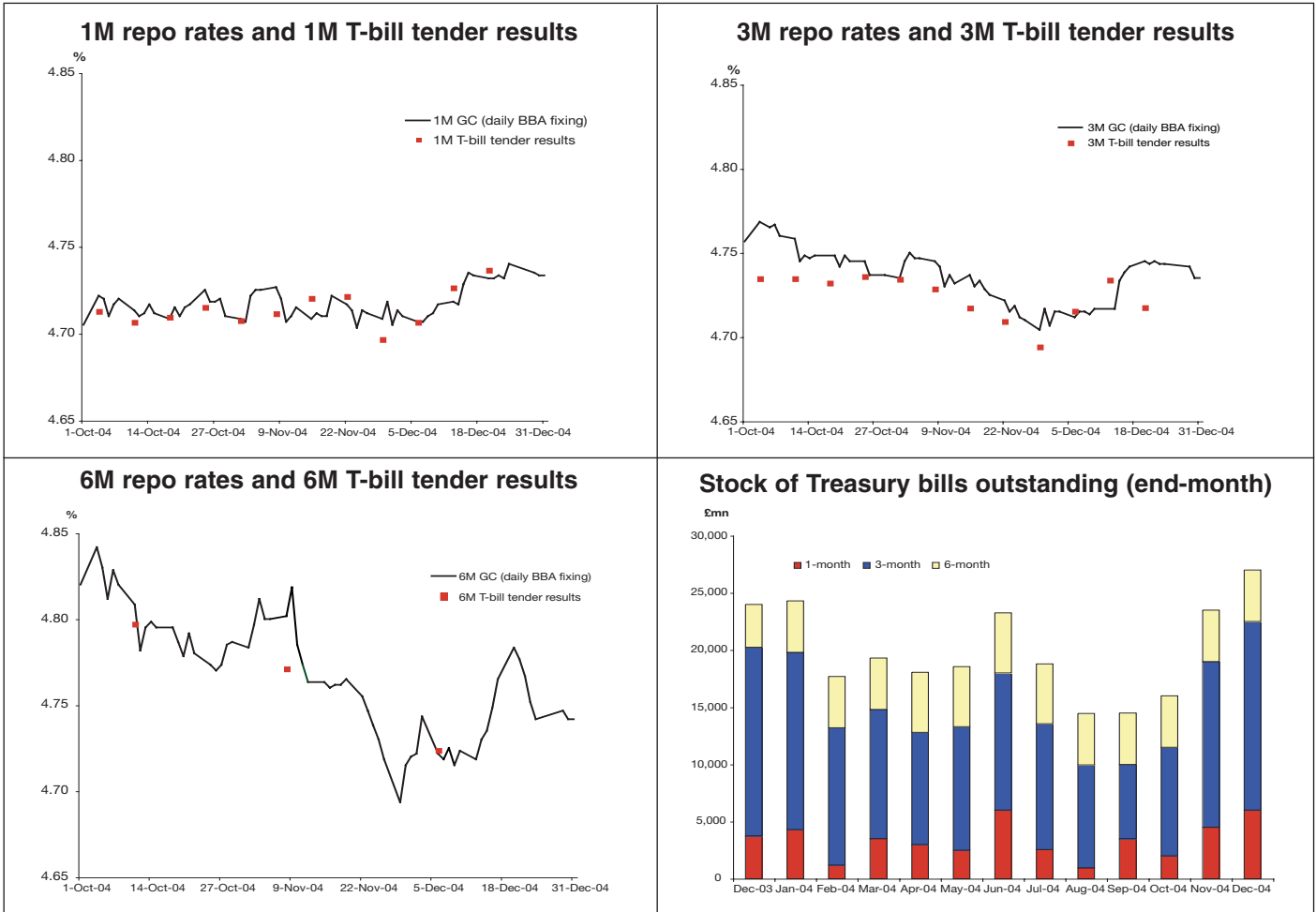
Gilts in issue at 31 December 2004 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
9½% Conversion 2005	18-Apr-05	4,469	-	97
8½% Treasury 2005	07-Dec-05	10,486	154	312
7¼% Treasury 2006	08-Sep-06	3,955	-	441
7¼% Treasury 2006	07-Dec-06	11,807	170	276
4¾% Treasury 2007	07-Mar-07	11,500	62	22
8½% Treasury 2007	16-Jul-07	4,638	-	371
7¼% Treasury 2007	07-Dec-07	11,103	142	247
5% Treasury 2008	07-Mar-08	14,221	49	163
5½% Treasury 2008/2012	10-Sep-08	1,026	-	182
4% Treasury 2009	07-Mar-09	13,250	7	18
5¾% Treasury 2009	07-Dec-09	11,437	126	358
4¾% Treasury 2010	07-Jun-10	3,500	-	1
6¼% Treasury 2010	25-Nov-10	4,958	-	477
9% Conversion 2011	12-Jul-11	5,396	-	205
7¼% Treasury 2012/2015	26-Jan-12	805	-	339
5% Treasury 2012	07-Mar-12	13,346	189	235
8% Treasury 2013	27-Sep-13	6,181	-	386
5% Treasury 2014	07-Sep-14	13,050	20	57
4¾% Treasury 2015	07-Sep-15	13,000	143	8
8% Treasury 2015	07-Dec-15	7,377	157	172
8¼% Treasury 2017	25-Aug-17	7,751	-	380
8% Treasury 2021	07-Jun-21	16,741	270	346
5% Treasury 2025	07-Mar-25	12,922	48	177
6% Treasury 2028	07-Dec-28	11,756	229	309
4¼% Treasury 2032	07-Jun-32	13,829	563	251
4¼% Treasury 2036	07-Mar-36	12,250	146	3
4¼% Treasury 2038	07-Dec-38	12,000	115	7
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 2006	19-Jul-06	2,037	5,444	37
2½% I-L Treasury 2009	20-May-09	3,098	7,305	74
2½% I-L Treasury 2011	23-Aug-11	4,342	10,816	70
2½% I-L Treasury 2013	16-Aug-13	6,022	12,537	105
2½% I-L Treasury 2016	26-Jul-16	6,805	15,483	170
2½% I-L Treasury 2020	16-Apr-20	5,568	12,463	68
2½% I-L Treasury 2024	17-Jul-24	5,751	10,935	112
4⅞% I-L Treasury 2030	22-Jul-30	3,521	4,840	72
2% I-L Treasury 2035	26-Jan-35	5,550	5,937	1
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
10½% Exchequer 2005	20-Sep-05	24		21
9¾% Conversion 2006	15-Nov-06	6		5
9% Treasury 2008	13-Oct-08	687		158
8% Treasury 2009	25-Sep-09	393		135
9% Treasury 2012	06-Aug-12	403		159
12% Exchequer 2013/2017	12-Dec-13	58		39
2½% Treasury	Undated	493		25
4% Consolidated	Undated	358		70
2½% Consolidated	Undated	272		68
3½% Conversion	Undated	88		73
3% Treasury	Undated	53		7
2½% Annuities	Undated	3		0.8
2¾% Annuities	Undated	1		0.3

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 Q4 2004

Tender date	Stock amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1 month T-bills					
1-Oct-04	500	4.7128	99.6398	7.10	1
8-Oct-04	500	4.7066	99.6402	7.56	0
15-Oct-04	500	4.7095	99.6400	6.22	0
22-Oct-04	500	4.7151	99.6396	5.05	0
29-Oct-04	500	4.7075	99.6402	7.85	0
5-Nov-04	500	4.7115	99.6399	6.01	1
12-Nov-04	1,000	4.7203	99.6392	4.56	1
19-Nov-04	1,500	4.7214	99.6391	4.63	1
26-Nov-04	1,500	4.6966	99.6155	3.88	0
3-Dec-04	1,500	4.7066	99.6274	6.04	1
10-Dec-04	1,500	4.7264	99.6387	4.88	0
17-Dec-04	1,500	4.7365	99.6380	3.91	1
3 month T-bills					
1-Oct-04	1,000	4.7347	98.8207	6.34	1
8-Oct-04	1,000	4.7347	98.8333	6.80	0
15-Oct-04	1,500	4.7321	98.8340	5.50	1
22-Oct-04	1,500	4.7360	98.8330	5.56	1
29-Oct-04	1,500	4.7344	98.8334	5.35	1
5-Nov-04	1,500	4.7286	98.8348	5.36	0
12-Nov-04	1,500	4.7173	98.8376	5.17	1
19-Nov-04	1,500	4.7093	98.8395	6.08	0
26-Nov-04	1,500	4.6942	98.8432	6.02	1
3-Dec-04	1,500	4.7154	98.8380	5.48	1
10-Dec-04	1,500	4.7338	98.8336	5.26	1
17-Dec-04	500	4.7175	98.8375	5.21	3
6 month T-bills					
8-Oct-04	750	4.7971	97.6639	8.70	1
5-Nov-04	750	4.7711	97.6763	7.79	1
3-Dec-04	750	4.7237	97.6988	7.08	2

Calendar for Q1 2005

January	
4	Announcement of the size of the auction of 2% Index-linked Treasury Stock 2035 on 12 January.
11	Announcement of the size of the auction of 4 ³ / ₄ % Treasury Stock 2010 on 20 January.
12	Auction of 2% Index-linked Treasury Stock 2035.
18	Announcement of the size of the auction of 4 ³ / ₄ % Treasury Stock 2038 on 27 January. Publication of the December RPI by the ONS and the dividend fixing for 2 ¹ / ₂ % Index-linked Treasury Stock 2011 and 2 ¹ / ₂ % Index-linked Treasury Stock 2013.
20	Auction of 4 ³ / ₄ % Treasury Stock 2010. FST meetings with GEMMs and end investors.
21	Publication of the minutes of the FST meetings. Also, DMO consultation on issuance of ultra-long gilt instruments closes.
24	Meeting with gilt investors in Scotland.
25	Announcement of the size of the auction of 2 ¹ / ₂ % Index-linked Treasury Stock 2013 on 2 February. Also, publication of the minutes of the meeting with gilt investors in Scotland.
27	Auction of 4 ³ / ₄ % Treasury Stock 2038.

February	
2	Auction of 2 ¹ / ₂ % Index-linked Treasury Stock 2013.
15*	Announcement of the size of the auction of 4 ³ / ₄ % Treasury Stock 2010 on 24 February. Publication of the January RPI by the ONS.
22*	Announcement of the size of the auction of 4 ¹ / ₈ % Index-Linked Treasury Stock 2030 on 2 March.
24*	Auction of 4 ³ / ₄ % Treasury Stock 2010.

March	
2*	Auction of 4 ¹ / ₈ % Index-linked Treasury Stock 2030.
14*	DMO consultation meetings with GEMMs and end investors.
15	Announcement of the coupon and the size of the new conventional gilt maturing on 7 March 2020 and being auctioned on 24 March. Publication of the minutes of the consultation meetings.
22	Publication of the February RPI by the ONS and the dividend fixing for 2 ¹ / ₂ % Index-linked Treasury Stock 2020.
24*	Auction of the new conventional gilt maturing on 7 March 2020. Publication of the Treasury bill calendar for April-June 2005.
31	Publication of the gilt auction calendar for April-June 2005.

* Dates of gilt auctions after 2 February are subject to confirmation following the Chancellor's decision on the Budgetary timetable.

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>

Contacts

Name	Position	Telephone No.	Email
Robert Stheeman	Chief Executive	020 7862 6533	robert.stheeman@dmo.gsi.gov.uk
Jo Whelan	Deputy Chief Executive	020 7862 6531	jo.whelan@dmo.gsi.gov.uk
Jim Juffs	Chief Operating Officer	020 7862 6520	jim.juffs@dmo.gsi.gov.uk
Martin Duffell	Head of Gilt Dealing	020 7862 6517	martin.duffell@dmo.gsi.gov.uk
Nick Fisher	Head of Cash Dealing	020 7862 6518	nick.fisher@dmo.gsi.gov.uk
Myrvin Anthony	Head of Economic Research	020 7862 6581	myrvin.anthony@dmo.gsi.gov.uk
Arnaud Marès	Head of Portfolio Strategy	020 7862 6615	arnaud.mares@dmo.gsi.gov.uk
Steve Whiting	Press Officer	020 7862 6532	steve.whiting@dmo.gsi.gov.uk
Sarah Ellis	Assistant Press Officer	020 7862 6525	sarah.ellis@dmo.gsi.gov.uk
Mark Deacon	Quantitative Analyst/Web Manager	020 7862 6516	mark.deacon@dmo.gsi.gov.uk
Gurminder Bhachu	Quantitative Analyst	020 7862 6512	gurminder.bhachu@dmo.gsi.gov.uk
James Knight	Economist	020 7862 6571	james.knight@dmo.gsi.gov.uk
Simon Bayston	Research Assistant	020 7862 6585	simon.bayston@dmo.gsi.gov.uk

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