

## **DMO screen announcement for 1pm Thursday 14 March Publication of the provisional DMO remit for 2002-03**

HM Treasury has today published the Debt and Reserves Management Report 2002-03 (including the provisional DMO remit for the next financial year). The preliminary financing arithmetic for 2002-03, based on the CGNCR forecasts published in the Pre-Budget Report on 27 November 2001 shows a net financing requirement of £32.3 billion. The financing arithmetic is reproduced at Annex A below. The financing table (with any necessary revisions) will be published with the Budget on 17 April 2002.

The main points of the provisional remit are:

### **Planned gilt sales £ billion (cash)**

- Gross gilt sales at auctions: £23.0bn  
*of which:*
  - Short conventionals £5.5bn
  - Medium conventionals £5.5bn
  - Long conventionals £7.5bn
  - Index-linked £4.5bn

### **Gilt auctions**

Twelve gilt auctions are planned on the following dates:

<b>Date</b>	<b>Type</b>
Wednesday 24 April 2002	Index-linked
Wednesday 29 May 2002	Conventional
Tuesday 25 June 2002	Conventional
Wednesday 10 July 2002	Index-linked
Wednesday 24 July 2002	Conventional
Wednesday 25 September 2002	Index-linked
Tuesday 22 October 2002*	Conventional
Thursday 24 October 2002*	Index-linked
Wednesday 27 November 2002*	Conventional
Wednesday 22 January 2003	Index-linked
Wednesday 26 February 2003*	Conventional
Wednesday 26 March 2003*	Conventional

\* *subject to confirmation following the Chancellor's decisions on the Budgetary timetable.*

### **Other gilt operations**

The DMO may consider conversion of non strippable stocks into benchmarks of similar maturities and switch auctions in 2002-03 but there are no plans for a programme of reverse gilt auctions.

### **Treasury bills**

The DMO plans to increase the stock of Treasury bills in market hands by £4.3 billion in 2002-03; aiming for a stock of £14.0 billion by end-March 2003. The DMO also plans to offer six-month maturity bills for sale alongside existing one- and three-month bills.

### **DMO net cash position**

The DMO plans to run-down its net cash position by £5.0 billion in 2002-03; aiming for an end financial year level of £2.7 billion.

### **Remit contingencies**

In the event that the Budget forecasts lead to changes in the financing requirement the first contingencies to be considered will be:

- In the event of a falling financing requirement:
  - adjusting the size of the DMO net cash position by up to £3.0 billion;
  - reducing planned long conventional issuance by up to £2.5 billion; or
  - reducing planned index-linked issuance by up to £0.75 billion.
- In the event of a rising financing requirement:
  - adjusting the size of the DMO net cash position by up to £1.0 billion;
  - increasing planned short conventional issuance by up to £2.5 billion; or
  - increasing planned medium conventional issuance by up to £2.5 billion.

Specific decisions on the exercise of contingencies would be made in the light of circumstances at the time.

## ANNEX A: THE PROVISIONAL FINANCING ARITHMETIC

The financing arithmetic (£ billions)	2001-02	2002-03
<b>CGNCR forecast</b>	<b>6.3</b>	<b>13.6</b>
Prefinancing forex debt	1.2	0.0
Gilt redemptions	17.8	17.2
Buy-backs	0.5	0.0
<b>Financing Requirement</b>	<b>25.8</b>	<b>30.8</b>
<i>less</i>		
National Savings	-0.2	-1.5
DMO cash deposit at Bank of England	0.3	0.0
<b>Net Financing Requirement</b>	<b>25.7</b>	<b>32.3</b>
<i>Financed by:</i>		
<b>1. Planned gilts sales</b>	<b>13.7</b>	<b>23.0</b>
<i>of which:</i>		
Short conventional	0.0	5.5
Medium conventional	4.7	5.5
Long conventional	5.4	7.5
Index-linked	3.7	4.5
<b>2. Planned net short-term debt sales</b>	<b>12.0</b>	<b>9.3</b>
<i>of which:</i>		
Change in Ways & Means	0.0	0.0
Change in T bill stock	6.4	4.3
Change in DMO net cash position*	5.6	5.0
<b>Short term debt levels</b>		
Ways & Means at end of FY	13.4	13.4
T bill stock at end of FY	9.7	14.0
DMO net cash position**	7.7	2.7
*excluding changes in the DMO's deposit at the Bank of England		
** including the DMO cash deposit at the Bank of England		