

ADJUSTMENT TO THE DMO'S GILT SALES PROGRAMME IN 2019-20: 7 JANUARY 2020

1. Planned gilt sales in 2019-20 are rising by £14.0 billion, taking total planned sales to £136.8 billion. In addition, Treasury bill sales for debt financing purposes are rising by £2.0 billion, taking their net contribution to financing in 2019-20 to £6.0 billion.
2. The DMO's net financing requirement in 2019-20 has therefore risen by £16.0 billion to £142.8 billion compared with the interim adjustment published on 12 November 2019.
3. Planned sales of short conventional gilts are rising by £7.25 billion to £42.84 billion, planned sales of medium conventional gilts are rising by £6.25 billion to £33.75 billion and the size of the remaining unallocated portion of issuance is being increased by £0.50 billion to £1.25 billion.
4. Four additional conventional gilt auctions (two each of short and medium conventional gilts) are planned for:
 - Tuesday 28 January 2020 (medium);
 - Thursday 20 February 2020 (short);
 - Tuesday 10 March 2020 (medium); and
 - Thursday 19 March 2020 (short).
5. The DMO is now seeking feedback from market participants on the identity of the gilts to be sold on these dates (taking account of auctions already scheduled, as announced on 29 November 2019) and will publish the details of the updated auction calendar at 3.30pm on Friday 10 January 2020.
6. This adjustment is an update to the interim technical adjustment published in November 2019, at which time it was announced that a possible further adjustment could follow at a later date. The increase reflects the latest estimate of the government's financing requirement for the remainder of 2019-20.
7. The changes to planned gilt sales and average auction sizes are shown in the tables below:

Gilt sales splits (£mn cash)						
	Current remit (reflecting unallocated amount transfer in December 2019)		January 2020 adjustment	Post January 2020 remit		Change relative to current remit
Short	35,590	29.0%	7,250	42,840	31.3%	2.3%
Medium	27,500	22.4%	6,250	33,750	24.7%	2.3%
Long	36,383	29.6%	0	36,383	26.6%	-3.0%
Index-linked	22,577	18.4%	0	22,577	16.5%	-1.9%
Unallocated	750	0.6%	500	1,250	0.9%	0.3%
Total gilts	122,800		14,000	136,800		
Debt T-bills	4,000		2,000	6,000		
			16,000			

Average auction sizes (£mn cash)					
	Spring Statement 2019	April 2019 revision	November 2019 adjustment	January 2020 remit	Change relative to November 2019 adjustment
Short	2,940	3,050	2,944	3,355	411
Medium	2,756	2,867	2,887	2,996	109
Long	2,225	2,363	2,242	2,256	14
Index-linked	1,380	1,410	1,342	1,355	13
<i>Figures may not sum due to rounding</i>					

8. The changes to the planned skew of gilt issuance in 2019-20 are shown in the table below:

Planned gilt issuance skews	2019-20				
	Spring Statement 2019	April 2019 outturn revision	November 2019 adjustment	January 2020 remit	Changes between November 2019 and January 2020
(£bn)					
Short	29.4	30.5	34.3	42.8	8.5
Medium	24.8	25.8	26.9	33.8	6.9
Long	30.8	31.9	35.9	36.4	0.5
Index-linked	21.8	22.6	22.6	22.6	0.0
Unallocated	7.3	7.0	3.1	1.3	-1.9
Total	114.1	117.8	122.8	136.8	14.0
(%)					
Short	25.8%	25.9%	27.9%	31.3%	3.4%
Medium	21.7%	21.9%	21.9%	24.7%	2.8%
Long	27.0%	27.1%	29.2%	26.6%	-2.6%
Index-linked	19.1%	19.2%	18.4%	16.5%	-1.9%
Unallocated	6.4%	5.9%	2.6%	0.9%	-1.7%
<i>Figures may not sum due to rounding</i>					

9. The revised financing arithmetic is shown in the table below:

£bn (cash)	2019-20 November adjustment	2019-20 January adjustment
CGNCR (ex NRAM, B&B and NR) ¹	23.7	23.7
Adjustment to the DMO's financing remit ²	5.0	21.0
Gilt redemptions	98.9	98.9
Redemption of the sovereign Sukuk	0.2	0.2
Planned financing for the Official Reserves	6.0	6.0
Financing adjustment carried forward from previous financial years	4.0	4.0
Gross Financing Requirement	137.8	153.8
<i>Less:</i>		
NS&I net financing	11.0	11.0
Other financing items ³	0.0	0.0
Net Financing Requirement (NFR) for the DMO	126.8	142.8
DMO's NFR will be financed through:		
Gilt sales, through sales of:		
- Short conventional gilts	34.3	42.8
- Medium conventional gilts	26.9	33.8
- Long conventional gilts	35.9	36.4
- Index-linked gilts	22.6	22.6
- Unallocated amount of gilts	3.1	1.3
Total gilt sales for debt financing	122.8	136.8
Total net contribution of Treasury bills for debt financing	4.0	6.0
Total financing	126.8	142.8
DMO net cash position	0.5	0.5
<i>Figures may not sum due to rounding</i>		
¹ Central Government Net Cash Requirement (excluding NRAM, Bradford & Bingley (B&B) and Network Rail (NR)).		
² The £21.0bn adjustment shown here is the sum of the interim adjustment of £5.0bn announced in November 2019 and the additional £16.0bn adjustment announced on Tuesday 7 January 2020.		
³ Prior to the publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage.		