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## PRESS NOTICE

### SYNDICATED LAUNCH OF £4.0 BILLION OF 0<sup>1</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2039: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £4.0 billion (nominal) of 0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2039 has been priced at £152.293 per £100 nominal, equating to a real gross redemption yield of -2.2448%. The transaction will settle, and the first tranche of this gilt will be issued, on 26 May 2021.

Proceeds from today's transaction are expected to amount to approximately £6.1 billion (cash<sup>1</sup>) and will take index-linked gilt sales in the financial year to date to £8.9 billion, and syndication sales to £12.0 billion. Total gilt sales in 2021-22 amount to £49.8 billion. The DMO is planning to raise £252.6 billion via gilt sales in 2021-22.

This was the second of five currently planned transactions in the DMO's 2021-22 syndication programme<sup>2</sup> (excluding any green gilts that may potentially be issued via this method). The new gilt was priced at a yield spread of 0.5 basis points (bps) below the yield on the reference gilt, 0<sup>5</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2040. This represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking around 91% of the allocation.

Commenting on the result, Sir Robert Stheeman, the Chief Executive of the DMO, said:

*Today has seen a very successful launch of our new 2039 maturity index-linked gilt. The new gilt was extremely well received by the market and attracted strong and very high quality*

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<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

<sup>2</sup> In the remit revision on 23 April 2021, a previously planned index-linked syndication was cancelled and replaced by an index-linked auction: there are currently three long conventional and two index-linked syndications planned in 2021-22, aiming to raise £16.5 billion and £9.0 billion respectively.

*interest from domestic real money accounts which constitute our core domestic investor base.*

*We have accordingly been able to bring the new gilt to market in significant size which will allow it to achieve benchmark status relatively quickly. Indeed, today has seen the largest single index-linked gilt supply event (in nominal terms) since July 2014 and this transaction also represents the largest ever index-linked syndication in cash terms.*

*I am very pleased both with the market reception for today's transaction and the efficiency with which it was executed. Today's sale has shown again the ongoing strength and depth of the gilt market generally, and the index-linked sector in particular, and the valuable support we receive from its participants for our financing programmes.*

## **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: HSBC, J.P. Morgan, Morgan Stanley and Nomura. All other wholesale Index-linked Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 14 May 2021.

The order book for the transaction was opened at 9.00am on 25 May 2021 with indicative price guidance for investors at a spread of flat to 0.5bp below the yield on the reference gilt (0% Index-linked Treasury Gilt 2040). At 9.45am the Joint Bookrunners announced that price guidance was being fixed at a yield spread of 0.5bp below the reference gilt. The book closed at 10.00am with 102 orders.<sup>3</sup>

At 10.35 am the Joint Bookrunners announced that the size of the transaction had been set at £4.0 billion (nominal). The price was set at 1.01pm.

£1.0 billion has been transferred from the unallocated portion of gilt issuance to the index-linked syndication programme, increasing the size of that programme to £10.0 billion. The size of the remaining unallocated amount has accordingly been reduced to £24.5 billion.

The DMO will publish an update to its plans for the syndication programme in 2021-22 in the July-September 2021 gilt operations calendar announcement at 7.30am on 28 May 2021.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)

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<sup>3</sup> Total orders were £29.0 billion (nominal).