



# QUARTERLY

# Review

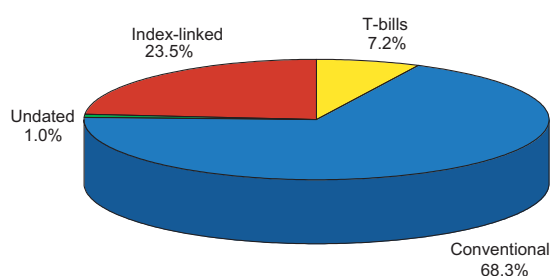
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

[www.dmo.gov.uk](http://www.dmo.gov.uk)

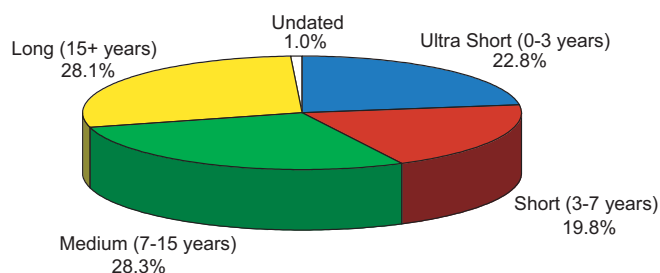
## Details of the gilt portfolio as of 31 December 2003

Gilt portfolio summary statistics	30 September 2003	31 December 2003
Nominal value of the gilt portfolio (including inflation uplift)	£308.39 bn	£311.26 bn
Market value of the gilt portfolio	£342.32 bn	£340.48 bn
Weighted average market yields:		
• Conventional gilts	4.39%	4.61%
• Index-linked gilts	1.82%	1.82%
Portfolio average maturity	11.58 years	11.78 years
Average modified duration:		
• Conventional gilts	7.24 years	7.40 years
• Index-linked gilts	10.90 years	10.79 years
Average coupon on conventional gilts (weighted by market value)	6.49%	6.41%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£11.33 bn	£11.68 bn

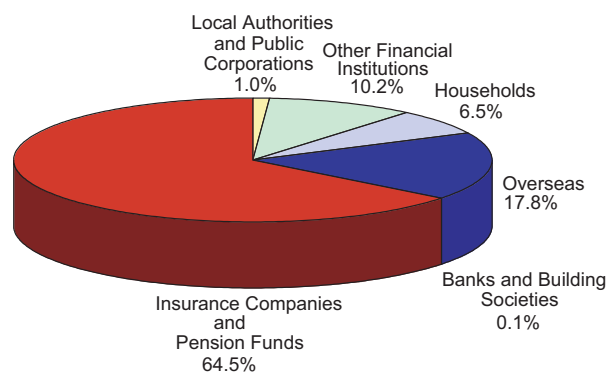
Composition of debt stock\*



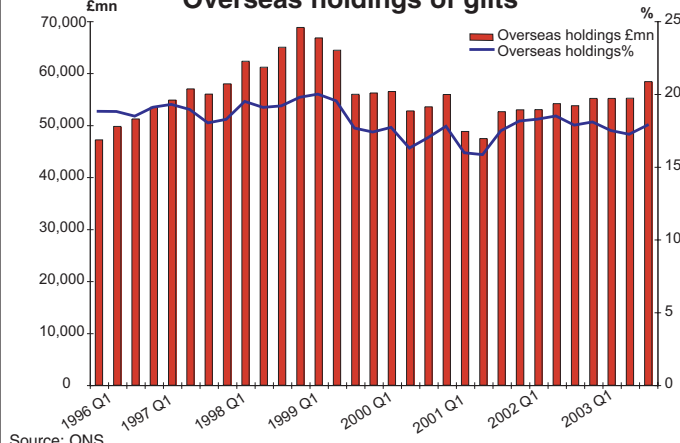
Debt portfolio maturity split\*



Distribution of gilt holdings at 30 September 2003



Overseas holdings of gilts



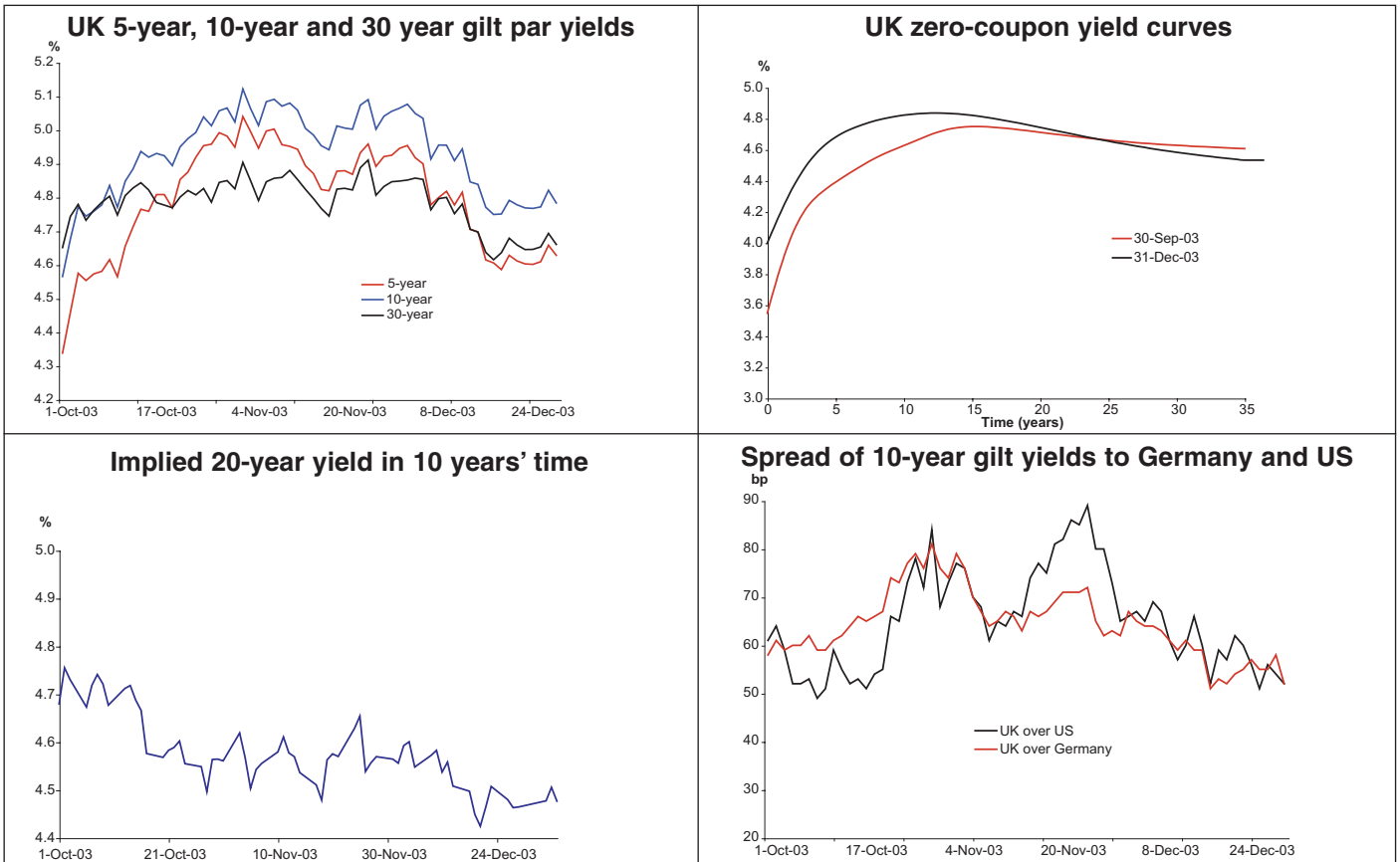
Source: ONS

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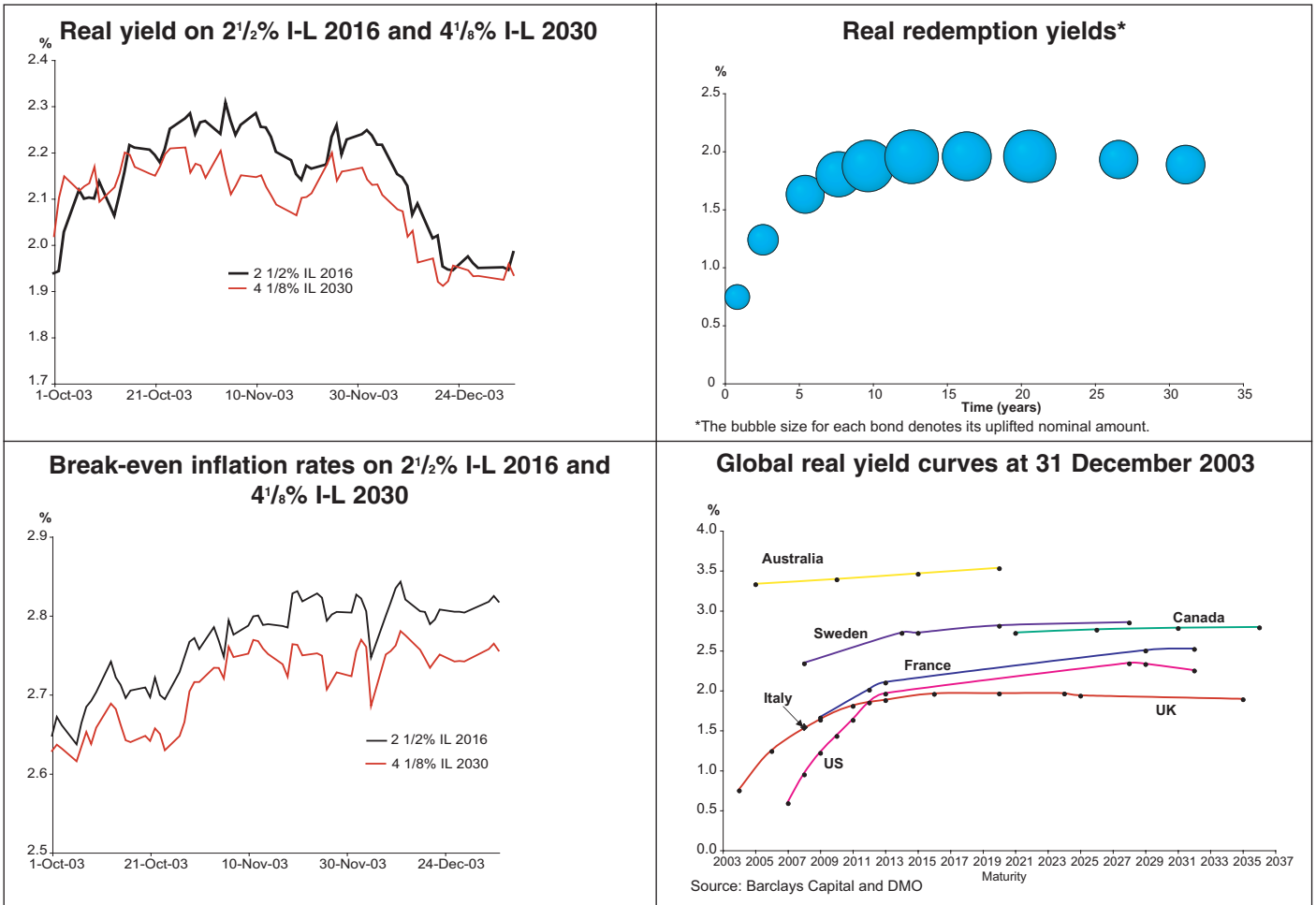
Figures in the pie charts may not sum due to rounding

\*Excluding £10bn Treasury bill collateral issue on 11 December 2003

## 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-02	2,838	0	3,931	-1,093
Jan-03	3,796	156	939	2,701
Feb-03	2,685	0	608	2,077
Mar-03	2,588	0	1,573	1,015
Apr-03	3,598	0	441	3,157
May-03	5,702	4,255	553	894
Jun-03	6,661	6,580	3,941	-3,860
Jul-03	5,608	506	919	4,183
Aug-03	3,189	0	612	2,577
Sep-03	5,706	1,765	2,131	1,810
Oct-03	6,562	0	445	6,117
Nov-03	2,245	98	506	1641
Dec-03	682	7,779	3,642	-10,739
Jan-04	N/A	0	900	-
Feb-04	N/A	0	609	-
Mar-04	N/A	70	2,305	-

*Numbers 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
15-Oct-03	4% 2009	£3,250mn	2.16	0	£96.42	4.76%
23-Oct-03	2½% IL 2011	£400mn	1.83	N/A <sup>a</sup>	£247.50	2.10%
29-Oct-03	4¾% 2015	£2,500mn	1.64	1	£97.70	5.01%
25-Nov-03	4¼% 2036	£2,500mn	1.33	2	£89.83	4.88%
2-Dec-03	2% IL 2035	£675mn	2.45	N/A <sup>a</sup>	£101.00	2.10%

<sup>a</sup> Index-linked gilts are issued through a uniform price format.

## Outturn against the 2003-04 gilts remit as at 31 December 2003

(£ mn)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
<b>Remit plans</b>	18,800	13,100	11,300	6,500	49,700
<b>Outright sales</b>	13,075	13,099	8,851	4,926	39,951
<b>Remaining</b>	5,725	0	2,449	1,574	9,749

## 2002-03 and 2003-04 financing requirements

<i>Figures may not sum due to rounding</i> (£ bn)	Budget 2003 Financing requirement for 2003	2002-03 Outturn	Budget 2003 Financing requirement for 2002-03	PBR 2002 Financing requirement for 2002-03
CGNCR forecast	21.4	21.5	35.3	40.5
Replacing foreign currency debt	0.0	0.0	0.0	-1.6
Redemptions	17.0	17.0	21.1	21.1
Debt buy-backs	0.4	0.4	0.0	0.2
<b>Financing requirement</b>	<b>38.8</b>	<b>38.9</b>	<b>56.4</b>	<b>60.2</b>
Less				
National Savings & Investments' contribution	0.7	0.7	1.5	3.0
DMO cash deposit at Bank of England	-0.2	-0.2	0.1	0.1
<b>Net financing requirement</b>	<b>38.3</b>	<b>38.4</b>	<b>54.8</b>	<b>57.1</b>
Change in Way and Means	0.0	0.0	0.0	0.0
Change in planned Treasury bill stock	5.3	5.3	3.3	3.3
Change in level of DMO cash position	6.7	6.8	4.1	4.1
<b>Gilt sales planned during year</b>	<b>26.3</b>	<b>26.3</b>	<b>47.4</b>	<b>49.7</b>

## Details of market activity

### Top twenty stocks traded (by market value) in the thirteen weeks to 19 December 2003

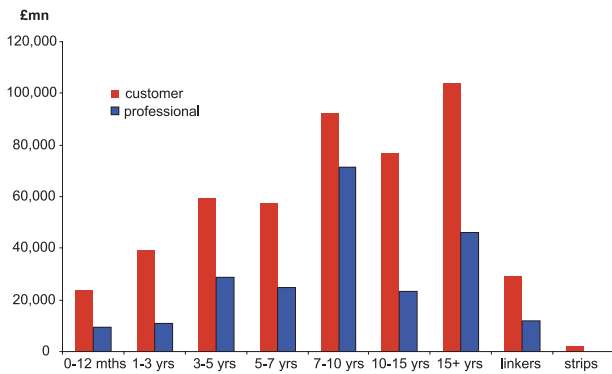
Stock	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio <sup>a</sup>	Number of bargains ('000s)	Average bargain size (£mn)
8% Treasury 2013	126,697	19%	16	6	22
5% Treasury 2014	51,368	8%	4	8	6
4% Treasury 2009	47,495	7%	4	13	4
4¼% Treasury 2032	46,917	7%	4	7	7
5% Treasury 2008	43,136	6%	3	11	4
8% Treasury 2021	36,694	5%	2	9	4
8½% Treasury 2005	32,998	5%	3	4	7
5% Treasury 2012	32,061	5%	2	12	3
7¾% Treasury 2006	26,199	4%	2	7	4
8% Treasury 2015	25,106	4%	3	5	5
6% Treasury 2028	24,602	4%	2	5	5
4¾% Treasury 2015	20,686	3%	4	2	11
7¼% Treasury 2007	20,363	3%	2	7	3
5¾% Treasury 2009	18,999	3%	2	12	2
4¼% Treasury 2036	17,044	3%	1	2	7
6¾% Treasury 2004	12,630	2%	2	4	3
5% Treasury 2025	11,625	2%	1	2	6
6½% Treasury 2003	11,549	2%	1	1	9
5% Treasury 2004	11,261	2%	1	3	4
8¾% Treasury 2017	7,351	1%	1	1	6

The top twenty stocks account for 92% of total market turnover.

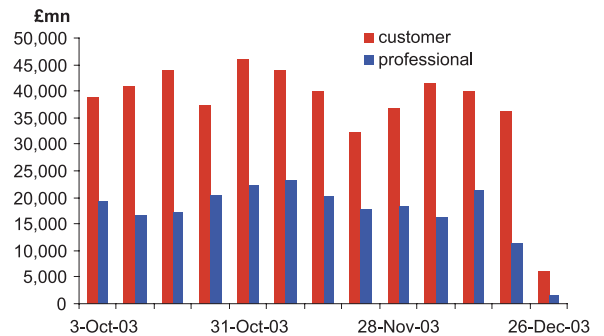
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

<sup>a</sup> 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.

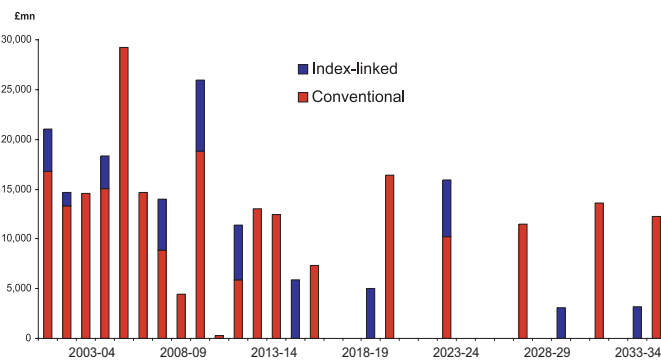
### GEMM turnover by maturity band, Q4 2003



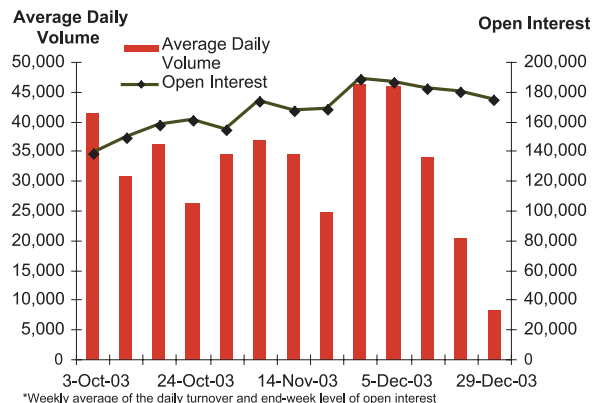
### Total GEMM market turnover (weekly total)



### Gilt redemptions (net of government holdings)



### Average daily turnover of the long gilt futures contract and open interest\*



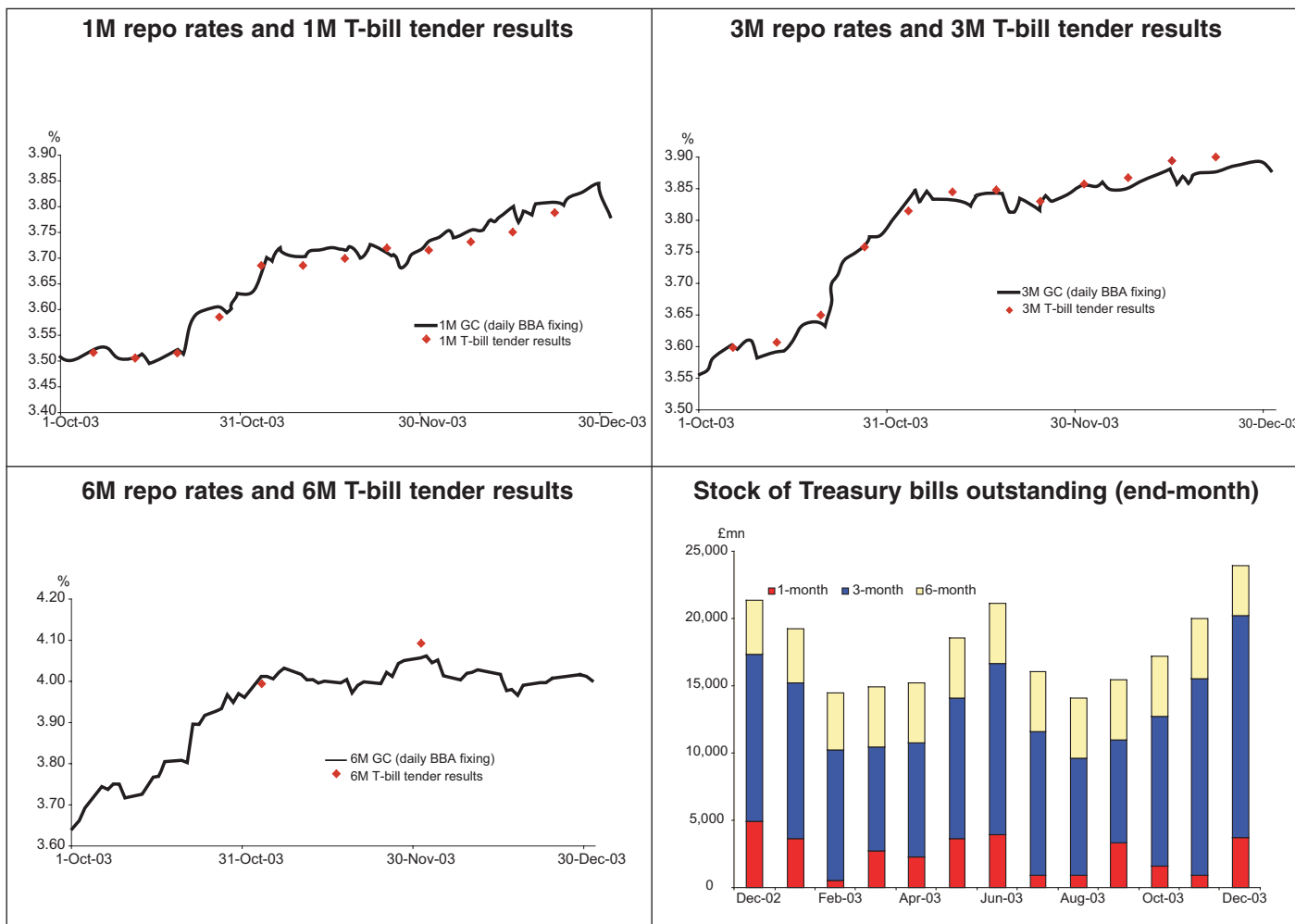
\*Weekly average of the daily turnover and end-week level of open interest  
Source: LIFFE

## Stocks in issue at 31 December 2003 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form (at 02 January 2004)	DMO/CRND* Holdings
5% Treasury 2004	07-Jun-04	7,504	102	465
6¾% Treasury 2004	26-Nov-04	6,597	-	477
9½% Conversion 2005	18-Apr-05	4,469	-	102
8½% Treasury 2005	07-Dec-05	10,486	69	313
7¾% Treasury 2006	08-Sep-06	3,955	-	439
7½% Treasury 2006	07-Dec-06	11,807	167	275
8½% Treasury 2007	16-Jul-07	4,638	-	370
7¼% Treasury 2007	07-Dec-07	11,103	146	249
5% Treasury 2008	07-Mar-08	14,221	9	157
5½% Treasury 2008/2012	10-Sep-08	1,026	-	182
4% Treasury 2009	07-Mar-09	13,250	1	6
5¼% Treasury 2009	07-Dec-09	8,937	84	357
6¼% Treasury 2010	25-Nov-10	4,958	-	477
9% Conversion 2011	12-Jul-11	5,396	-	205
7¾% Treasury 2012/2015	26-Jan-12	805	-	339
5% Treasury 2012	07-Mar-12	13,346	22	235
8% Treasury 2013	27-Sep-13	6,181	-	386
5% Treasury 2014	07-Sep-14	13,050	54	57
4¾% Treasury 2015	07-Sep-15	5,250	13	2
8% Treasury 2015	07-Dec-15	7,377	402	172
8¼% Treasury 2017	25-Aug-17	7,751	-	380
8% Treasury 2021	07-Jun-21	16,741	254	346
5% Treasury 2025	07-Mar-25	10,422	0	177
6% Treasury 2028	07-Dec-28	11,756	183	309
4¼% Treasury 2032	07-Jun-32	13,829	195	251
4¼% Treasury 2036	07-Mar-36	12,250	0	3
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
4⅞% I-L Treasury 2004	21-Oct-04	1,338	1,778	38
2% I-L Treasury 2006	19-Jul-06	2,037	5,312	37
2½% I-L Treasury 2009	20-May-09	3,098	7,128	74
2½% I-L Treasury 2011	23-Aug-11	4,342	10,554	70
2½% I-L Treasury 2013	16-Aug-13	5,597	11,370	105
2½% I-L Treasury 2016	26-Jul-16	6,055	13,443	169
2½% I-L Treasury 2020	16-Apr-20	5,093	11,123	68
2½% I-L Treasury 2024	17-Jul-24	5,751	10,670	112
4⅞% I-L Treasury 2030	22-Jul-30	3,171	4,253	71
2% I-L Treasury 2035	26-Jan-35	3,175	3,314	1
Undated gilts (non-rump)	Redemption date	Amount in issue		DMO/CRND* Holdings
2½% Treasury	Undated	493		22
3½% War	Undated	1,939		30
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
13½% Treasury 2004/2008	26-Mar-04	96		26
10% Treasury 2004	18-May-04	20		6
9½% Conversion 2004	25-Oct-04	307		158
10½% Exchequer 2005	20-Sep-05	24		16
9¼% Conversion 2006	15-Nov-06	6		3
9% Treasury 2008	13-Oct-08	687		136
8% Treasury 2009	25-Sep-09	393		113
9% Treasury 2012	06-Aug-12	403		156
12% Exchequer 2013/2017	12-Dec-13	58		9
4% Consolidated	Undated	358		38
2½% Consolidated	Undated	272		47
3½% Conversion	Undated	90		73
3% Treasury	Undated	53		6
2½% Annuities	Undated	3		0.4
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.



### Treasury bill tender results Q4 2003

Tender date	Stock amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
<b>1 month T-bills</b>					
3-Oct-03	500	3.5165	99.7310	9.37	0
10-Oct-03	500	3.5050	99.7318	7.03	1
17-Oct-03	500	3.5155	99.7310	7.77	0
24-Oct-03	150	3.5857	99.7257	7.51	3
31-Oct-03	150	3.6856	99.7181	9.42	0
7-Nov-03	150	3.6896	99.7178	8.26	0
14-Nov-03	150	3.6986	99.7171	9.60	0
21-Nov-03	500	3.7189	99.7155	7.04	0
28-Nov-03	1,500	3.7147	99.7158	6.24	2
5-Dec-03	1,500	3.7308	99.7146	4.98	2
12-Dec-03	1,500	3.7499	99.7132	5.20	0
19-Dec-03	750	3.7877	99.7103	5.05	1
<b>3 month T-bills</b>					
3-Oct-03	1,500	3.5981	99.1109	6.15	0
10-Oct-03	1,500	3.6063	99.1089	5.09	1
17-Oct-03	1,500	3.6493	99.0984	6.92	0
24-Oct-03	1,000	3.7570	99.0720	5.96	2
31-Oct-03	1,000	3.8140	99.0581	6.86	2
7-Nov-03	1,500	3.8442	99.0507	5.30	1
14-Nov-03	1,500	3.8475	99.0499	6.06	0
21-Nov-03	1,500	3.8294	99.0543	5.57	0
28-Nov-03	1,500	3.8568	99.0476	6.55	1
5-Dec-03	1,500	3.8668	99.0451	5.23	1
12-Dec-03	1,500	3.8936	99.0386	5.85	1
19-Dec-03	1,000	3.8994	99.0372	4.01	2
<b>6 month T-bills</b>					
31-Oct-03	750	3.9933	98.0372	5.79	2
28-Nov-03	750	4.0915	97.9899	5.66	1

## Calendar for Q1 2004

<b>January</b>	
<b>6</b>	Announcement of the size of the auction of 2½% Index-linked Treasury Stock 2016.
<b>13</b>	Auction of 2½% Index-linked Treasury Stock 2016.
<b>20</b>	Announcement of the size of the auction of 5% Treasury Stock 2025.
<b>28</b>	Auction of 5% Treasury Stock 2025.

<b>February</b>	
<b>2</b>	Consultation meetings between the Financial Secretary to the Treasury (FST) and gilts market participants.
<b>3</b>	Announcement of the size of the auction of the new conventional stock maturing on 7 March 2007 (this announcement will include the coupon on the new stock). Publication of minutes of FST consultation meetings.
<b>12</b>	Auction of new conventional stock maturing on 7 March 2007.
<b>17</b>	Announcement of the size of the auction of 2% Index-linked Treasury Stock 2035.
<b>24</b>	Auction of 2% Index-linked Treasury Stock 2035.

<b>March</b>	
<b>16</b>	Announcement of the size of the auction of the new current coupon stock maturing on 7 March 2007.
<b>17</b>	Budget FY2004-2005
<b>22</b>	DMO quarterly consultation meetings with gilts market participants.
<b>23</b>	Publication of the minutes of the consultation meetings.
<b>24</b>	Second auction of new current coupon stock maturing on 7 March 2007.
<b>31</b>	Publication of the gilt issuance and Treasury bill issuance calendars for April-June 2004.

### DMO wire service pages

Information	Reuters	Bridge	Moneyline Telerate	Topic	Bloomberg
<b>Index</b>	DMO/INDEX	K:2366	21290	44799	DMO<GO>
<b>Announcements</b>	DMO/GILTS1 to 9	K:3327-K:3335	22550 to 22556	44700 to 44712	DMO1<GO>
<b>Shop window general info</b>	DMO/GILTS10	K:3336	6517	44717	DMO3<GO>
<b>Shop window 1</b>	DMO/GILTS11	K:3337	6518	44718	DMO3<GO>
<b>Benchmark prices</b>	DMO/BENCH1	K:3338	22557	44720 to 44721	DMO2<GO>
<b>GEMMA ref prices (Conventionals)</b>	GEMMA01 to 04	K:3358-K:3361	47216 to 47219	44800 to 44802	DMO5<GO>
<b>GEMMA ref prices (I-L)</b>	GEMMA08	K:3365	47223	44805	DMO5<GO>
<b>GEMMA ref prices (Strips)</b>	GEMMA13 to 22	K:3370-K:3379	21291 to 21300	44850 to 44864	DMO6<GO>
<b>Cash announcements</b>	DMO/CASH01	K:2367	15700 to 15709	44660 to 44669	DMO8<GO>
<b>T-bill tender information</b>	DMO/CASH11	K:2377	15710 to 15711	44670 to 44671	DMO9<DMO>
<b>Ad-hoc tender information</b>	DMO/CASH16	K:2382	15715 to 15716	44675 to 44676	DMO10<GO>
<b>T-bill reference prices</b>	DMO/TBILLS01	K:2387	15720 to 15724	44900 to 44909	DMO11<GO>

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Comments on this publication and the website would be welcomed by Sarah Ellis or Mark Deacon.



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