



# QUARTERLY

# Review

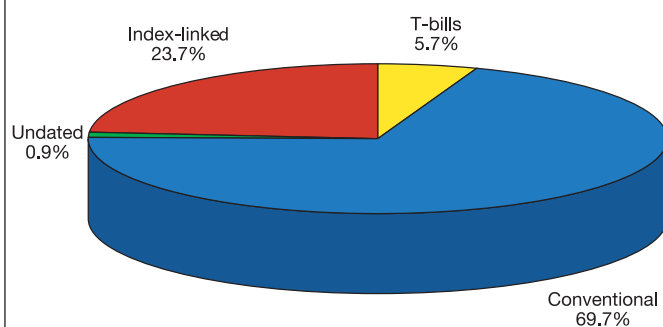
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

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

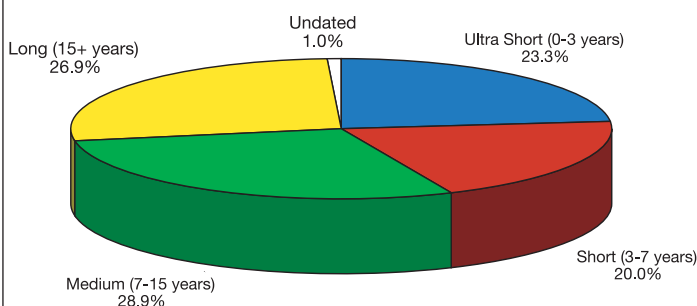
## Details of the gilt portfolio as of 31 March 2004

Gilt portfolio summary statistics	31 December 2003	31 March 2004
Nominal value of the gilt portfolio (including inflation uplift)	£311.26 bn	£321.00 bn
Market value of the gilt portfolio	£340.48 bn	£352.57 bn
Weighted average market yields:		
• Conventional gilts	4.61%	4.61%
• Index-linked gilts	1.82%	1.73%
Portfolio average maturity	11.78 years	11.55 years
Average modified duration:		
• Conventional gilts	7.40 years	7.19 years
• Index-linked gilts	10.79 years	11.08 years
Average coupon on conventional gilts (weighted by market value)	6.41%	6.35%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£11.68 bn	£11.85 bn

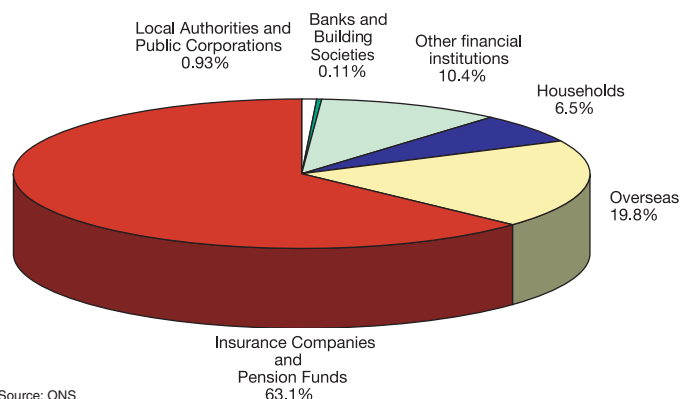
Composition of debt stock



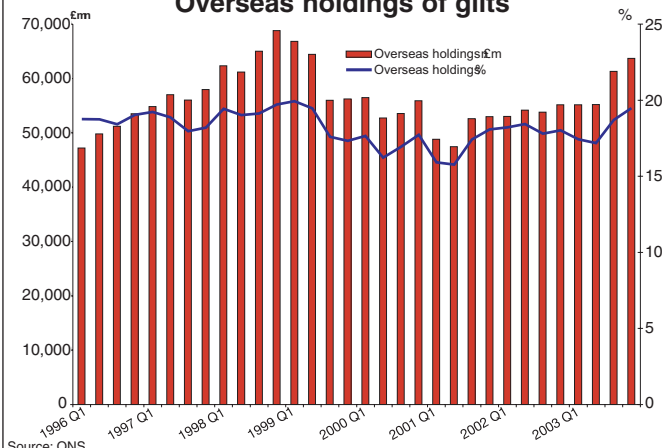
Debt portfolio maturity split



Distribution of holdings at 31 December 2003\*



Overseas holdings of gilts



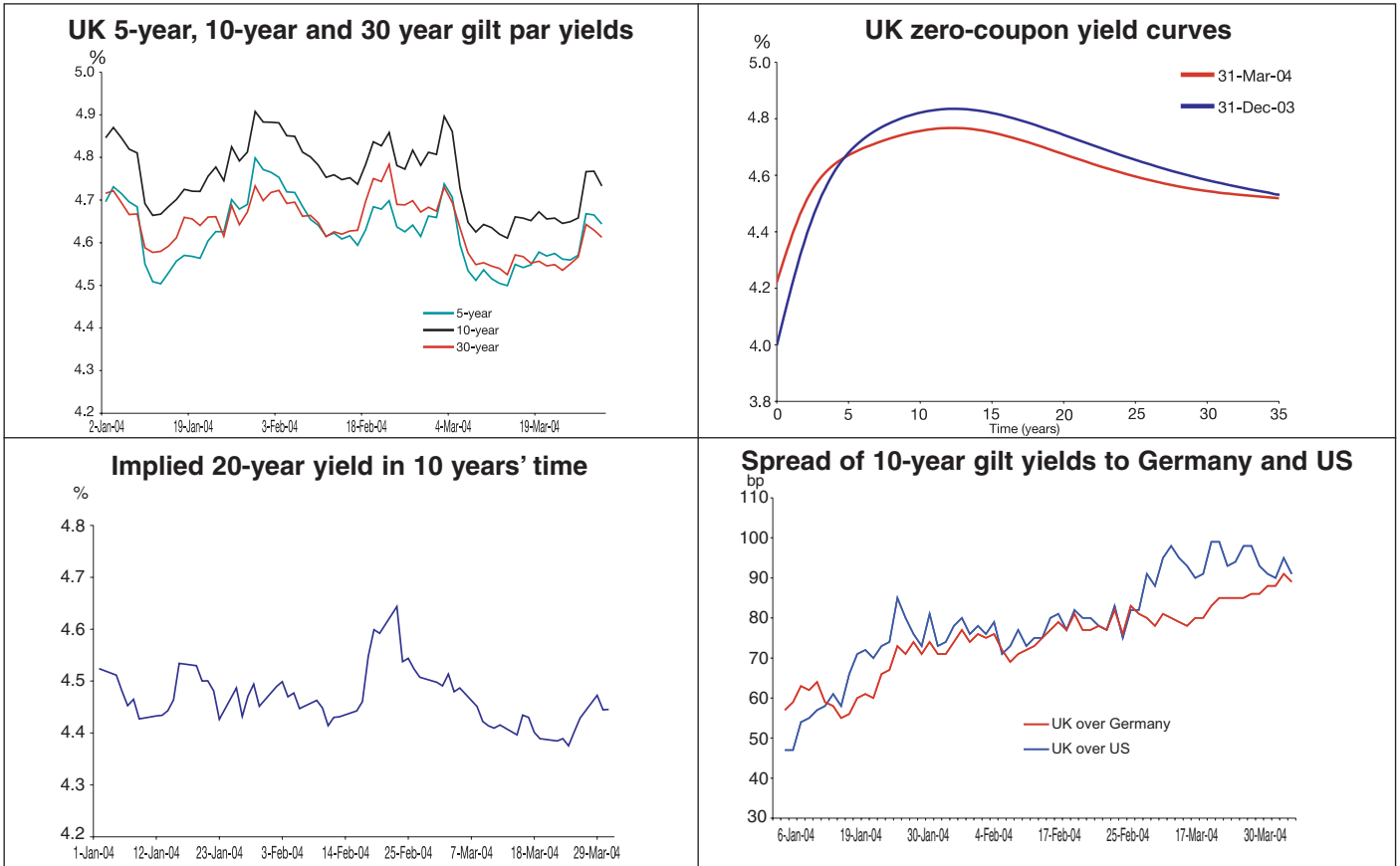
Source: ONS

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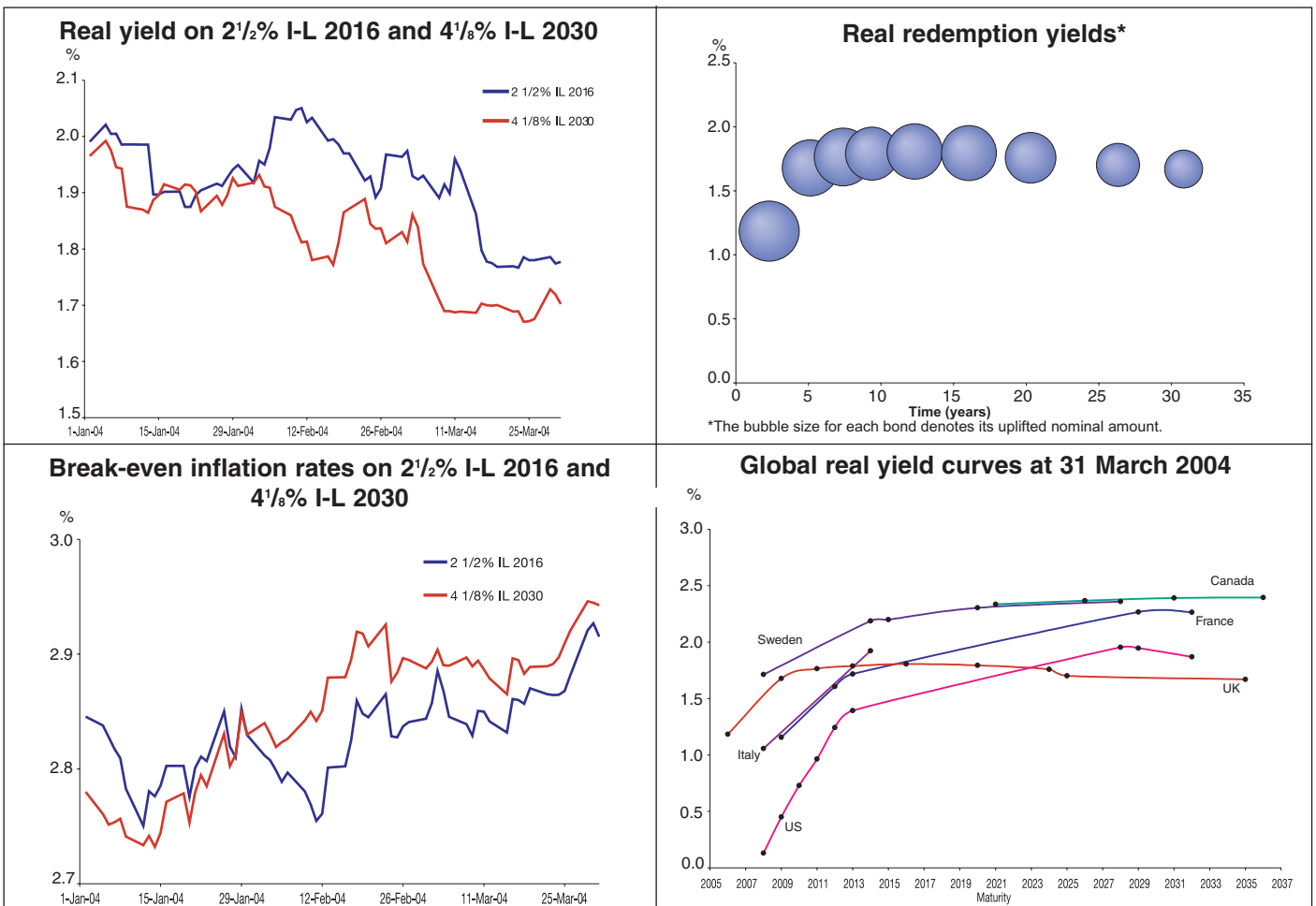
Figures in the pie charts may not sum due to rounding

\*Excluding banks' repo positions

## Conventional gilts



## Index-linked gilts



## Gilt market flows (£mn)

	Issuance at auctions (cash)	Redemptions	Coupons*	Net cash flow from gilts after redemptions and coupons
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	1,641
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
April-04	N/A	0	-447	-
May-04	N/A	-14	-468	-
Jun-04	N/A	-7,043	-3,409	-

*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
13-Jan-04	2½% IL 2016	£400mn	3.31	N/A <sup>a</sup>	£235.26	1.89%
28-Jan-04	5% 2025	£2,500mn	1.49	1	£102.99	4.77%
12-Feb-04	4½% 2007	£3,000mn	1.81	1	£100.05	4.45%
24-Feb-04	2% IL 2035	£600mn	2.35	N/A <sup>a</sup>	£107.43	1.85%
24-Mar-04	4½% 2007	£2,750mn	2.82	1	£99.99	4.50%

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

## Outturn against the 2003-04 gilts remit as at 31 March 2004

(£ 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>	18,819	13,099	11,425	6,511	49,854

## 2003-04 and 2004-05 financing requirements

<i>Figures may not sum due to rounding</i> (£ bn)	Budget 2003 Financing requirement for 2003-04	PBR 2003 Financing requirement for 2003-04	Budget 2004* Financing requirement for 2003-04	Budget 2004* Financing requirement for 2004-05
<b>CGNCR forecast</b>	<b>35.3</b>	<b>40.5</b>	<b>39.4</b>	<b>35.6</b>
Replacing foreign currency debt	0.0	-1.6	21.1	14.7
Redemptions	21.1	21.1	-1.8	0.0
Debt buy-backs	0.0	0.2	0.2	0.0
<b>Financing requirement</b>	<b>56.4</b>	<b>60.2</b>	<b>58.9</b>	<b>50.3</b>
Less				
National Savings & Investments' contribution	1.5	3.0	3.5	2.0
DMO cash deposit at Bank of England	0.1	0.1	0.1	0.0
<b>Net financing requirement</b>	<b>54.8</b>	<b>57.1</b>	<b>55.3</b>	<b>48.3</b>
Change in Way and Means	0.0	0.0	0.0	0.0
Change in planned Treasury bill stock	3.3	3.3	4.3	-1.8
Change in level of DMO cash position	4.1	4.1	1.1	3.0
<b>Gilt sales planned during year</b>	<b>47.4</b>	<b>49.7</b>	<b>49.9</b>	<b>47.1</b>

\*As revised on 22 April 2004

## Details of market activity

### Top twenty stocks traded (by market value) in the thirteen weeks to 26 March 2004

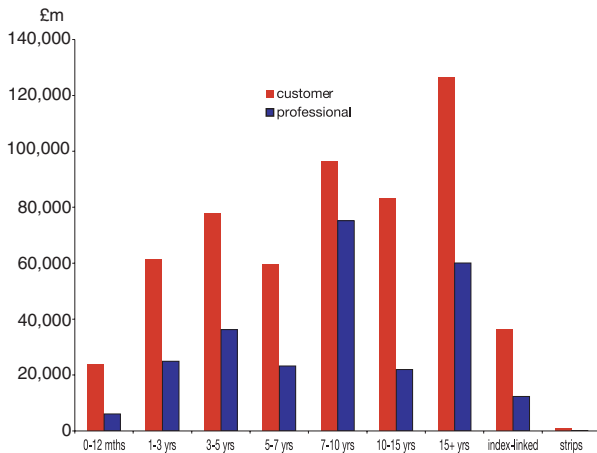
Stock	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio <sup>a</sup>	Number of bargains ('000s)	Average bargain size (£mn)
8% Treasury 2013	134,360	18%	17	5	26
4% Treasury 2009	58,069	8%	4	11	5
4¼% Treasury 2032	56,494	7%	4	8	7
5% Treasury 2014	48,306	6%	4	9	6
5% Treasury 2008	41,674	6%	3	10	4
5% Treasury 2012	36,713	5%	3	10	4
8% Treasury 2021	34,676	5%	3	9	4
7½% Treasury 2006	34,296	5%	1	6	5
8½% Treasury 2005	32,461	4%	3	4	9
6% Treasury 2028	30,386	4%	2	6	5
5¾% Treasury 2009	23,343	3%	2	10	2
4¼% Treasury 2036	23,059	3%	2	2	9
8% Treasury 2015	22,656	3%	2	4	5
7¼% Treasury 2007	20,595	3%	2	6	3
4½% Treasury 2007	20,562	3%	4	1	16
5% Treasury 2025	19,262	3%	1	2	9
6¾% Treasury 2004	17,001	2%	2	3	6
4¾% Treasury 2015	16,390	2%	3	2	10
5% Treasury 2004	14,729	2%	2	3	5
9% Conversion 2011	8,271	1%	1	1	7

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

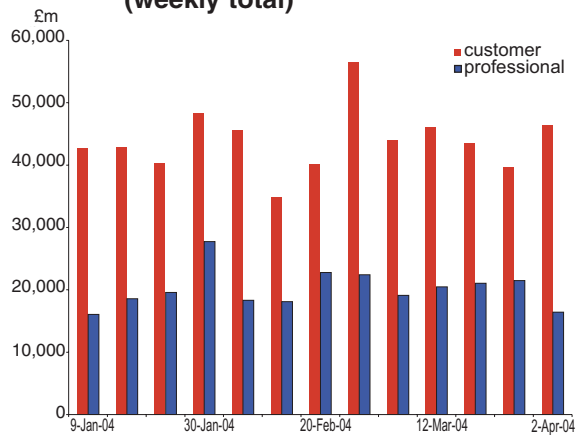
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

<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.

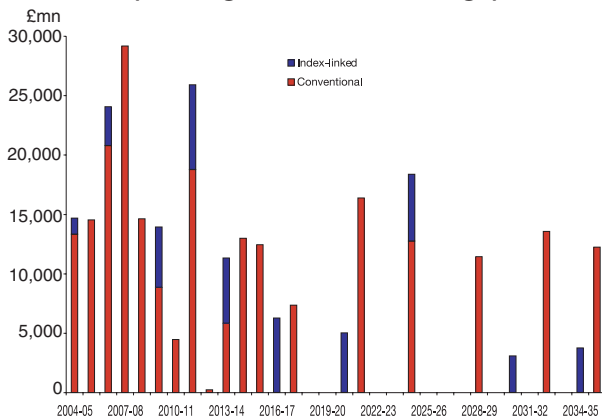
#### GEMM turnover by maturity band, Q1 2004



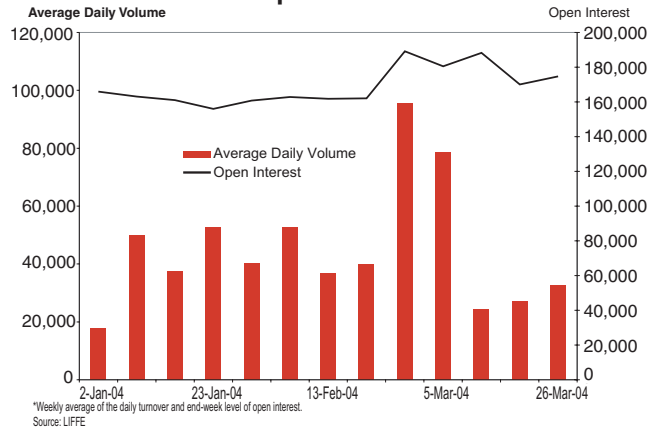
#### Total GEMM market turnover (weekly total)



#### 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

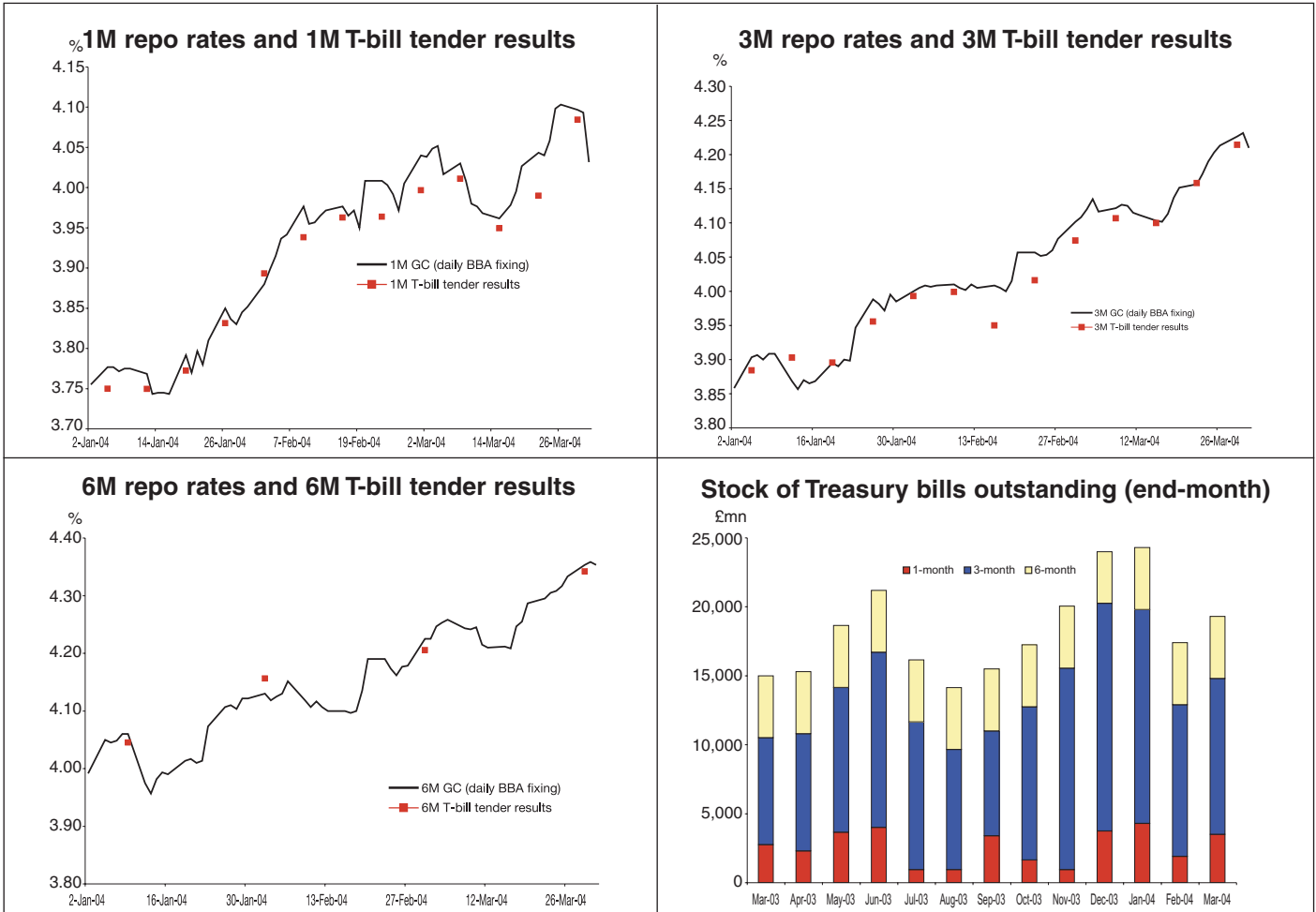
## Stocks in issue at 31 March 2004 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
5% Treasury 2004	07-Jun-04	7,504	48	461
6 <sup>3</sup> / <sub>4</sub> % Treasury 2004	26-Nov-04	6,597	-	477
9 <sup>1</sup> / <sub>2</sub> % Conversion 2005	18-Apr-05	4,469	-	102
8 <sup>1</sup> / <sub>2</sub> % Treasury 2005	07-Dec-05	10,486	156	313
7 <sup>3</sup> / <sub>4</sub> % Treasury 2006	08-Sep-06	3,955	-	439
7 <sup>1</sup> / <sub>2</sub> % Treasury 2006	07-Dec-06	11,807	163	275
4 <sup>1</sup> / <sub>2</sub> % Treasury 2007	07-Mar-07	5,750	0	7
8 <sup>1</sup> / <sub>2</sub> % Treasury 2007	16-Jul-07	4,638	-	370
7 <sup>1</sup> / <sub>4</sub> % Treasury 2007	07-Dec-07	11,103	144	249
5% Treasury 2008	07-Mar-08	14,221	5	157
5 <sup>1</sup> / <sub>2</sub> % Treasury 2008/2012	10-Sep-08	1,026	-	182
4% Treasury 2009	07-Mar-09	13,250	1	9
5 <sup>3</sup> / <sub>4</sub> % Treasury 2009	07-Dec-09	8,937	90	357
6 <sup>1</sup> / <sub>4</sub> % Treasury 2010	25-Nov-10	4,958	-	477
9% Conversion 2011	12-Jul-11	5,396	-	205
7 <sup>3</sup> / <sub>4</sub> % Treasury 2012/2015	26-Jan-12	805	-	339
5% Treasury 2012	07-Mar-12	13,346	41	235
8% Treasury 2013	27-Sep-13	6,181	-	386
5% Treasury 2014	07-Sep-14	13,050	76	57
4 <sup>3</sup> / <sub>4</sub> % Treasury 2015	07-Sep-15	5,250	13	2
8% Treasury 2015	07-Dec-15	7,377	374	172
8 <sup>3</sup> / <sub>4</sub> % Treasury 2017	25-Aug-17	7,751	-	380
8% Treasury 2021	07-Jun-21	16,741	244	346
5% Treasury 2025	07-Mar-25	12,922	0	177
6% Treasury 2028	07-Dec-28	11,756	180	309
4 <sup>1</sup> / <sub>4</sub> % Treasury 2032	07-Jun-32	13,829	280	251
4 <sup>1</sup> / <sub>4</sub> % Treasury 2036	07-Mar-36	12,250	8	3
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
4 <sup>3</sup> / <sub>8</sub> % I-L Treasury 2004	21-Oct-04	1,338	1,814**	38
2% I-L Treasury 2006	19-Jul-06	2,037	5,315	37
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2009	20-May-09	3,098	7,132	74
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2011	23-Aug-11	4,342	10,559	70
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2013	16-Aug-13	5,597	11,376	105
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2016	26-Jul-16	6,455	14,339	169
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2020	16-Apr-20	5,093	11,129	68
2 <sup>1</sup> / <sub>2</sub> % I-L Treasury 2024	17-Jul-24	5,751	10,676	112
4 <sup>1</sup> / <sub>8</sub> % I-L Treasury 2030	22-Jul-30	3,171	4,255	71
2% I-L Treasury 2035	26-Jan-35	3,775	3,942	1
Undated gilts (non-rump)	Redemption date	Amount in issue		DMO/CRND* Holdings
2 <sup>1</sup> / <sub>2</sub> % Treasury	Undated	493		22
3 <sup>1</sup> / <sub>2</sub> % War	Undated	1,939		30
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
10% Treasury 2004	18-May-04	20		6
9 <sup>1</sup> / <sub>2</sub> % Conversion 2004	25-Oct-04	307		158
10 <sup>1</sup> / <sub>2</sub> % Exchequer 2005	20-Sep-05	24		16
9 <sup>3</sup> / <sub>4</sub> % Conversion 2006	15-Nov-06	6		3
9% Treasury 2008	13-Oct-08	687		141
8% Treasury 2009	25-Sep-09	393		118
9% Treasury 2012	06-Aug-12	403		156
12% Exchequer 2013/2017	12-Dec-13	58		9
4% Consolidated	Undated	358		62
2 <sup>1</sup> / <sub>2</sub> % Consolidated	Undated	272		47
3 <sup>1</sup> / <sub>2</sub> % Conversion	Undated	89		73
3% Treasury	Undated	53		7
2 <sup>1</sup> / <sub>2</sub> % Annuities	Undated	3		0.4
2 <sup>3</sup> / <sub>4</sub> % 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. \*\*Calculated using the February 2004 RPI.

## Money market operations



## Treasury bill tender results Q1 2004

Tender date	Stock amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
<b>1 month T-bills</b>					
2-Jan-04	1000	3.7500	99.7132	7.66	0
9-Jan-04	2000	3.7496	99.7132	6.25	0
16-Jan-04	1000	3.7724	99.7114	6.98	1
23-Jan-04	300	3.8313	99.7070	5.87	1
30-Jan-04	300	3.8933	99.7022	8.75	1
6-Feb-04	300	3.9382	99.6988	10.04	2
13-Feb-04	300	3.9628	99.6969	6.87	1
20-Feb-04	300	3.9637	99.6969	9.17	1
27-Feb-04	1000	3.9968	99.6943	5.28	0
5-Mar-04	1000	4.0111	99.6932	7.39	1
12-Mar-04	500	3.9495	99.6872	9.09	0
19-Mar-04	500	3.9977	99.6958	10.03	1
26-Mar-04	1500	4.0845	99.6876	6.92	1
<b>3 month T-bills</b>					
2-Jan-04	1000	3.8841	99.0409	6.65	2
9-Jan-04	1500	3.9027	99.0259	5.99	2
16-Jan-04	1500	3.8956	99.0381	6.89	0
23-Jan-04	500	3.9555	99.0235	8.03	0
30-Jan-04	500	3.9930	99.0036	8.32	1
6-Feb-04	500	3.9990	99.0128	9.74	0
13-Feb-04	500	3.9850	99.0163	8.06	1
20-Feb-04	500	4.0161	99.0087	8.42	0
27-Feb-04	500	4.0743	98.9835	5.92	1
5-Mar-04	500	4.1068	98.9865	10.42	1
12-Mar-04	800	4.0999	98.9882	7.81	0
19-Mar-04	1500	4.1584	98.9739	9.23	1
26-Mar-04	1500	4.2143	98.9602	6.55	1
<b>6 month T-bills</b>					
9-Jan-04	750	4.0453	98.0228	4.95	0
30-Jan-04	750	4.1564	97.9696	5.95	1
27-Feb-04	750	4.2055	97.9350	4.83	0
26-Mar-04	750	4.3420	97.8808	6.23	1

## Calendar for Q2 2004

### April

<b>13</b>	Announcement of the size of the auction of 4¾% Treasury Stock 2038 on 22 April.
<b>20</b>	Announcement of the size of the auction of 2% Index-linked Treasury Stock 2035 on 28 April.
<b>22</b>	First auction of 4¾% Treasury Stock 2038.
<b>28</b>	Auction of 2% Index-linked Treasury Stock 2035.
<b>30</b>	Closing date for responses to the DMO's consultation paper on electronic bidding at gilt auctions and Treasury bill tenders.

### May

<b>11</b>	Announcement of the size of the auction of 2½% Index-linked Treasury Stock 2020.
<b>18</b>	Announcement of the sizes of the auction of 4½% Treasury Stock 2007 on 25 May and the second auction of 4¾% Treasury Stock 2038 on 27 May.
<b>18</b>	Redemption of 10% Treasury Stock 2004.
<b>20</b>	Auction of 2½% Index-linked Treasury Stock 2020.
<b>25</b>	Auction of 4½% Treasury Stock 2007.
<b>27</b>	Second auction of 4¾% Treasury Stock 2038.

### June

<b>7</b>	Redemption of 5% Treasury Stock 2004.
<b>8</b>	Announcement of the size of the auction of 4¾% Treasury Stock 2015 on 17 June.
<b>15</b>	Announcement of the size of the auction of 2% Index-linked Treasury Stock 2035 on 24 June.
<b>17</b>	Auction of 4¾% Treasury Stock 2015.
<b>21</b>	DMO quarterly consultation meetings with gilts market participants.
<b>22</b>	Publication of the minutes of the consultation meetings.
<b>24</b>	Auction of 2% Index-linked Treasury Stock 2035.
<b>25</b>	Publication of the Treasury bill issuance calendar for July-September 2004.
<b>30</b>	Publication of the gilt issuance calendar for July-September 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<GO>
<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 or the website would be welcomed by Sarah Ellis or Mark Deacon.



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