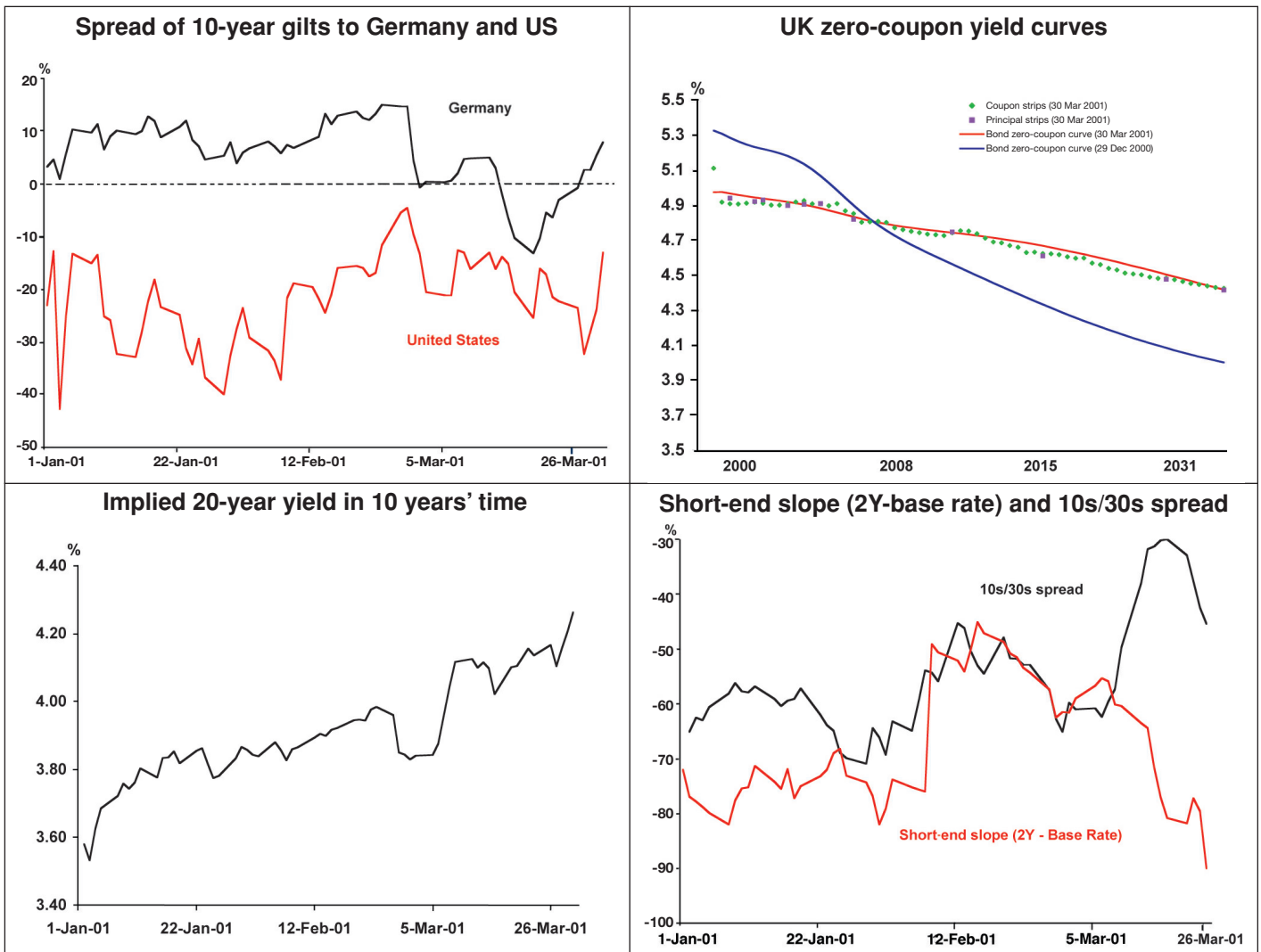


Quarterly Review

January – March 2001

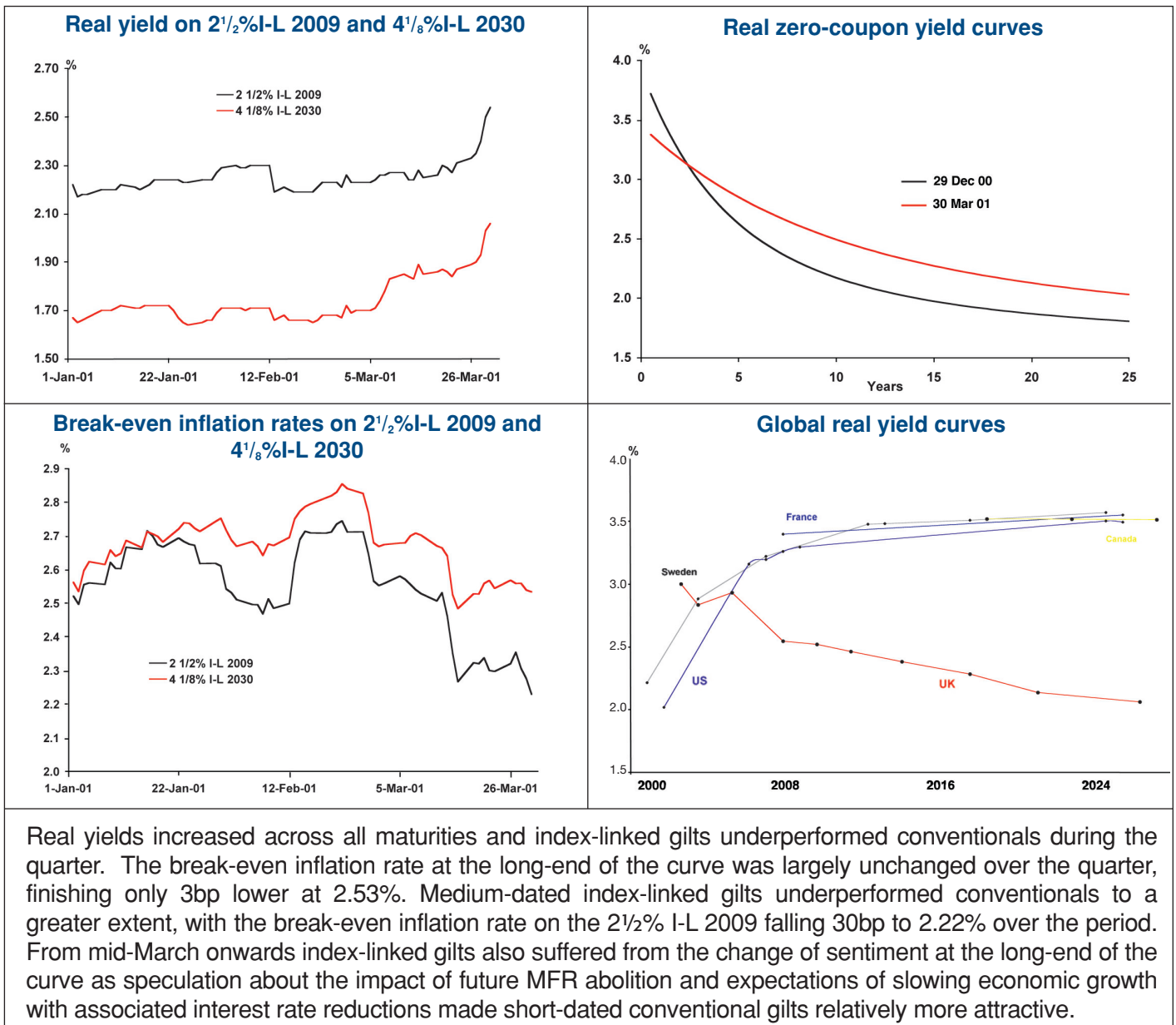
Conventional gilts



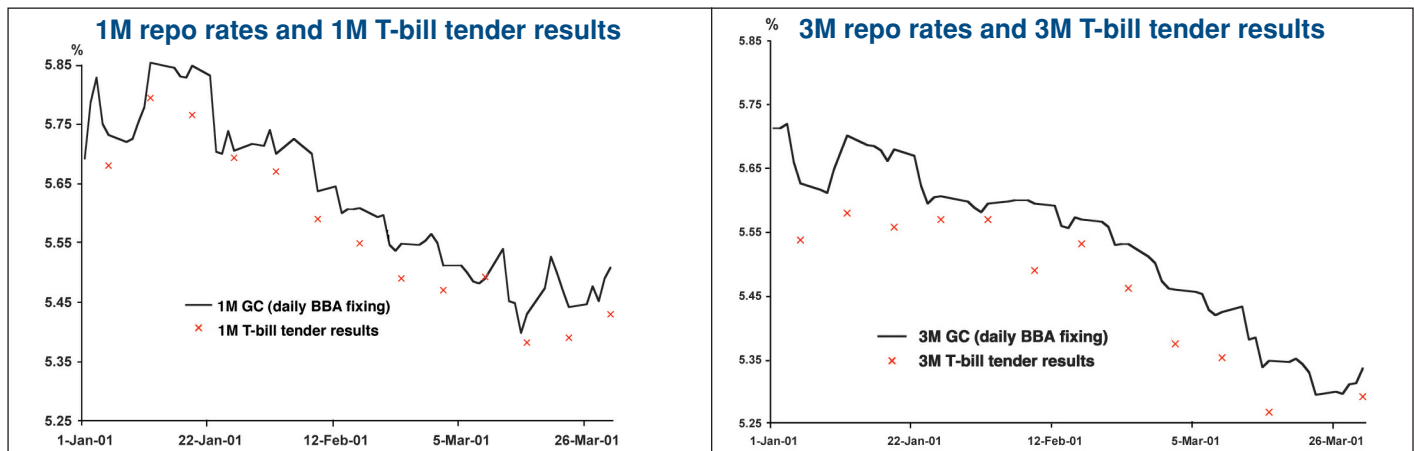
The yield curve disinverted during the quarter as the 2s/30s spread increased from -105bp at the start of the period to finish at -40bp. This disinversion was caused both by falling yields at the short-end of the curve and increasing long-dated yields. The MPC cut interest rates on 8 February and expectations of further rate cuts continued to increase during the quarter. The Government's adoption of the Myners' Report recommendation at the time of the Budget, to abolish the MFR and replace it with a scheme viewed by the market as being likely to lack the same legislative inducements to hold long-dated gilts, also assisted this disinversionary trend. These movements in the curve have increased future implied long yields. During the quarter the implied 20-year yield at 2011 increased from 3.6% to 4.3%.



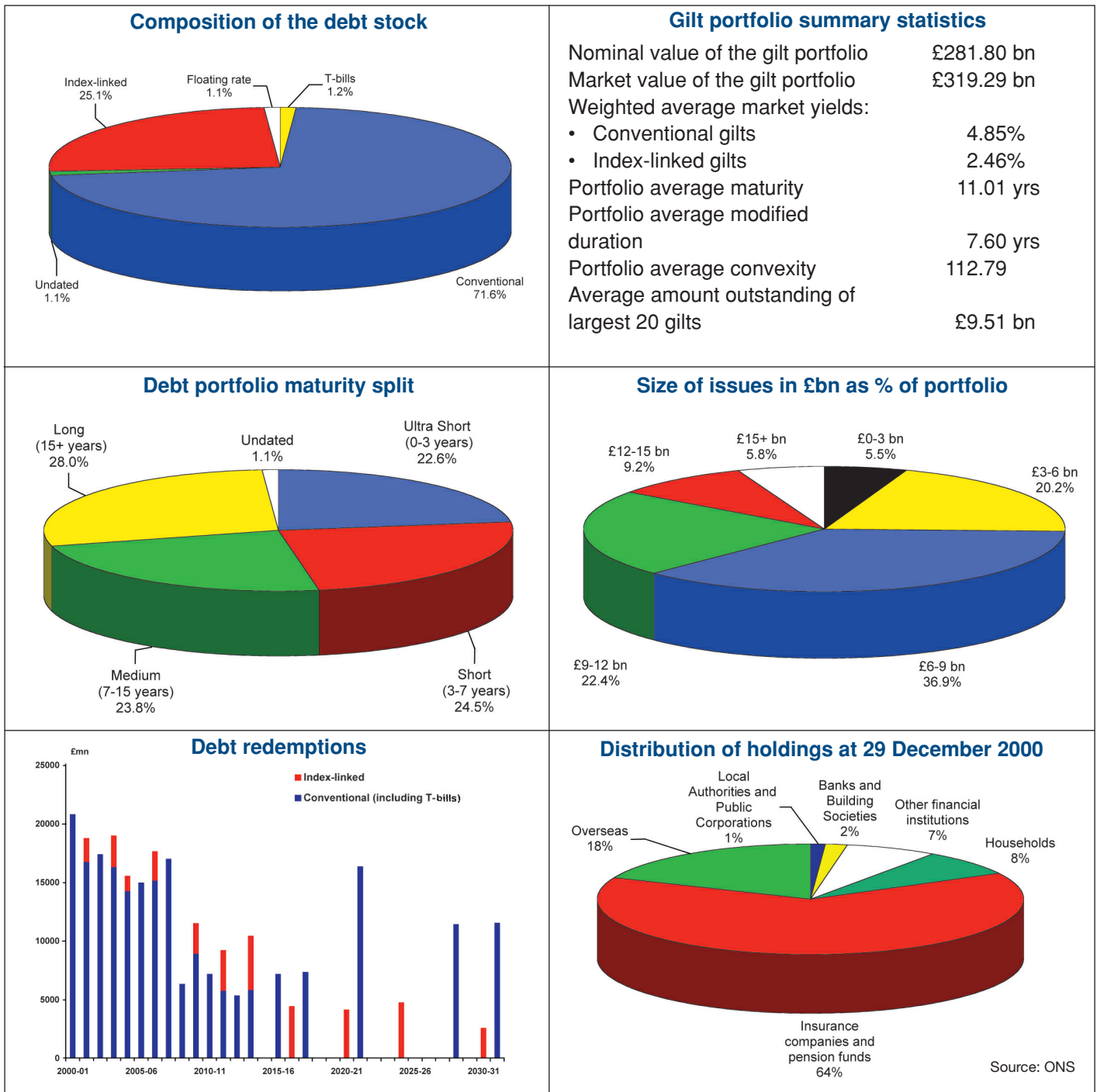
Index-linked gilts



Treasury bills and cash management



Details of the debt portfolio as of 30 March 2001



2000-01 and 2001-02 financing requirement

Note: figures may not sum due to rounding	Budget: 21 March 2000	Budget: 7 March 2001	Gilt sales and net buy-backs at end March 2001	Budget 2001 financing requirement for 2001-02
CGNCR forecast	-4.9	-33.3		0.3
Replacing foreign currency debt	3.5	9.3		1.3
Redemptions	18.6	18.6		17.8
Debt buy-backs	3.5	5.5	5.7	1.0
Residual from 1999-2000	-9.5	-12.8		na
Financing requirement	11.2	-12.7		20.4
Less				
National Savings contribution	-0.8	-0.7		-3.0
DMO cash deposit at Bank of England	-0.2	-0.2		na
Net financing requirement	12.2	-11.8		23.4
Change in Ways and Means	Na	-3.6		0.0
Change in planned Treasury bill stock	Na	-6.5		5.0
Change in levels of net short-term debt	Na	-11.7		4.9
Gilt sales planned during year	12.2	10.0	10.0	13.5

Gilt auction results Q1 2001

Outright auction results						
Auction date	Issue amount	Stock	Cover	Tail (bp)	Average accepted price	Yield at average price
24-Jan-01	£450mn ^a	2½% I-L 2016	3.16	na ^b	£218.75	2.08%
28-Mar-01	£2,000mn	4¼% 2032	1.82	1	£96.82	4.44%

^aAn additional £20mn was issued to CRND.
^bIndex-linked gilts are issued through a uniform price format.

Reverse auction results					
Auction date	Max buy-back amount	Stocks sought	Stocks bought (nominal)	Average accepted price	Average yield (%)
18-Jan-01	£500mn cash	8% 2003	0	na	na
		10% 2003	0	na	na
		6¾% 2004	0	na	na
		9½% 2005	£430.36mn	£116.17	5.20%
22-Feb-01	£500mn cash	7¾% 2006	£13.28mn	£112.23	5.18%
		8½% 2007	£411.00mn	£118.03	5.15%
		9% 2008	0	na	na

Treasury bill tender results Q1 2001

Date	Stock amount (£mn)	Average yield (%)	Average price	Cover	Yield tail (bp)
3 month T-bills					
05-Jan	100	5.5380	98.6381	5.60	0
12-Jan	100	5.5800	98.6130	7.75	2
19-Jan	100	5.5580	98.6332	9.50	4
26-Jan	100	5.5700	98.6303	7.70	0
02-Feb	100	5.5700	98.6155	6.90	0
09-Feb	100	5.4950	98.6485	10.00	1
16-Feb	100	5.5320	98.6395	8.80	0
23-Feb	100	5.4623	98.6419	9.58	1
02-Mar	100	5.3750	98.6777	9.15	2
09-Mar	100	5.3532	98.6829	10.66	2
16-Mar	100	5.2680	98.7036	8.40	0
23-Mar	100	5.2000	98.7202	9.15	0
30-Mar	100	5.2920	98.6978	7.05	1
1 month T-bills					
05-Jan	500	5.6800	99.5662	4.77	0
12-Jan	250	5.7940	99.5575	7.22	1
19-Jan	150	5.7650	99.5597	7.90	1
26-Jan	150	5.6933	99.5652	5.97	1
02-Feb	150	5.6700	99.5669	6.73	0
09-Feb	150	5.5900	99.5730	6.67	0
16-Feb	500	5.5492	99.5761	7.02	1
23-Feb	700	5.4950	99.5802	8.92	0
02-Mar	500	5.4700	99.5821	6.54	0
09-Mar	500	5.4925	99.5804	8.64	1
16-Mar	500	5.3820	99.5742	6.16	2
23-Mar	500	5.3900	99.5882	7.15	1
30-Mar	500	5.4297	99.5852	7.46	0

Details of market turnover

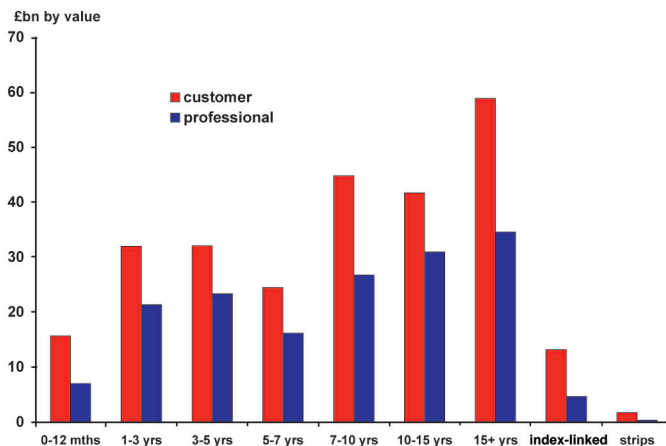
Top twenty stocks traded (by market value) in the thirteen weeks to 30 March 2001

Stock	Market value of trades (£mn)	% of value of all gilt trades	Number of bargains ('000s)	Average bargain size (£mn)
5¾% Treasury 2009	62,419	12%	14	5
6% Treasury 2028	47,555	9%	9	5
9% Conversion 2011	38,043	7%	3	13
8½% Treasury 2005	34,228	7%	5	6
8% Treasury 2021	34,105	7%	6	5
7% Treasury 2002	24,836	5%	3	7
4¼% Treasury 2032	22,471	4%	4	5
6½% Treasury 2003	22,267	4%	5	4
7½% Treasury 2006	20,972	4%	8	3
7% Treasury 2001	20,826	4%	5	4
8% Treasury 2015	19,857	4%	4	5
9% Treasury 2012	19,229	4%	3	7
7¼% Treasury 2007	18,175	4%	7	2
6¼% Treasury 2010	16,484	3%	3	5
6¾% Treasury 2004	14,968	3%	6	3
9% Treasury 2008	12,834	2%	3	5
5% Treasury 2004	10,446	2%	5	2
8% Treasury 2013	8,795	2%	2	5
8% Treasury 2003	8,753	2%	3	3
8¾% Treasury 2017	7,420	1%	1	5
Total market	518,683		134	4

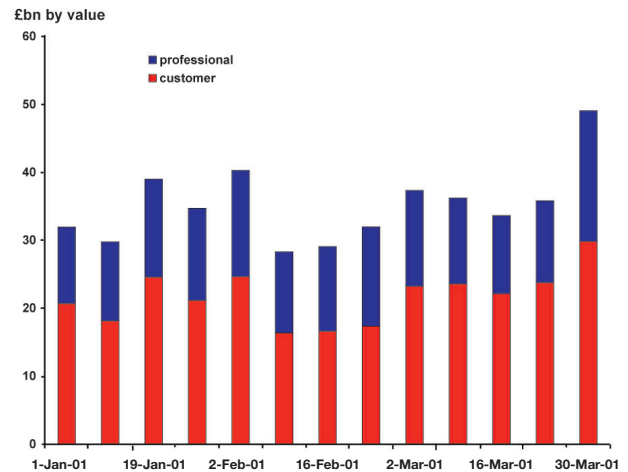
The top twenty stocks account for 90% of total market turnover.

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

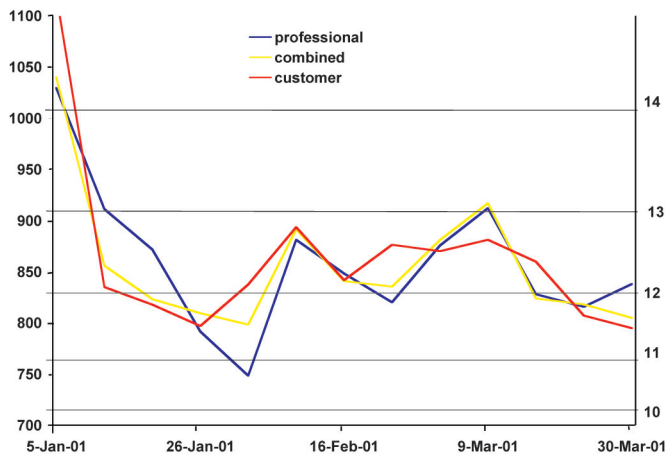
GEMM turnover by maturity band, Q1 2001



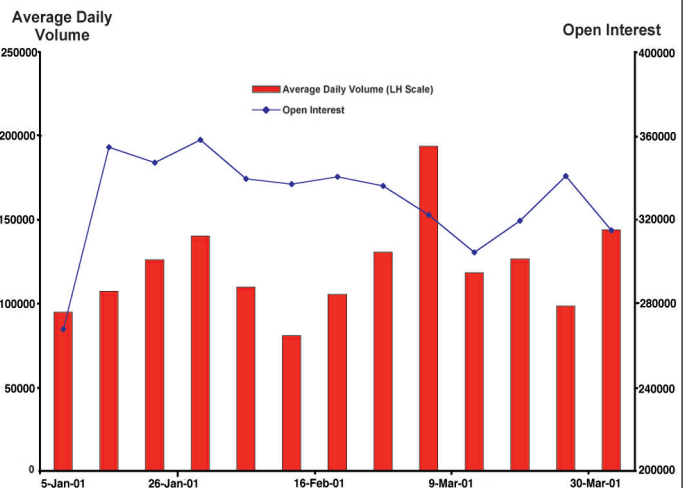
Total GEMM market turnover (weekly total)



Herfindahl Index of total GEMM market turnover



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



Stocks in issue at 30 March 2001 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form (at 2 April)	DMO/NILO ^a holdings
Floating Rate 2001	10-Jul-01	3000	-	16
7% Treasury 2001	06-Nov-01	12750	-	1039
7% Treasury 2002	07-Jun-02	9000	232	207
9¾% Treasury 2002	27-Aug-02	6527	-	108
8% Treasury 2002-2006	05-Oct-02	2050	-	169
8% Treasury 2003	10-Jun-03	6999	-	418
10% Treasury 2003	08-Sep-03	1768	-	0
6½% Treasury 2003	07-Dec-03	7987	94	199
5% Treasury 2004	07-Jun-04	7408	113	151
3½% Funding 1999-2004	14-Jul-04	543	-	32
6¾% Treasury 2004	26-Nov-04	6500	-	373
9½% Conversion 2005	18-Apr-05	4374	-	0
8½% Treasury 2005	07-Dec-05	10373	327	188
7¾% Treasury 2006	08-Sep-06	3857	-	321
7½% Treasury 2006	07-Dec-06	11700	265	168
8½% Treasury 2007	16-Jul-07	5930	-	254
7¼% Treasury 2007	07-Dec-07	11000	242	132
5½% Treasury 2008-2012	10-Sep-08	1000	-	157
9% Treasury 2008	13-Oct-08	5441	-	0
5¾% Treasury 2009	07-Dec-09	8827	165	242
6¼% Treasury 2010	25-Nov-10	4750	-	269
9% Conversion 2011	12-Jul-11	5273	-	82
7¾% Treasury 2012-2015	26-Jan-12	800	-	236
9% Treasury 2012	06-Aug-12	5361	-	0
8% Treasury 2013	27-Sep-13	6100	-	305
8% Treasury 2015	07-Dec-15	7288	357	83
8¾% Treasury 2017	25-Aug-17	7550	-	179
8% Treasury 2021	07-Jun-21	16500	353	105
6% Treasury 2028	07-Dec-28	11512	161	65
4¼% Treasury 2032	07-Jun-32	13580	25	2
2½% Treasury	Undated	474	-	0
3½% War	Undated	1909	-	0
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/NILO ^a holdings
2½% I-L Treasury 2001	24-Sep-01	2150	4683	179
2½% I-L Treasury 2003	20-May-03	2700	5845	14
4⅜% I-L Treasury 2004	21-Oct-04	1300	1635	24
2% I-L Treasury 2006	19-Jul-06	2500	6135	90
2½% I-L Treasury 2009	20-May-09	2625	5683	26
2½% I-L Treasury 2011	23-Aug-11	3475	7948	3
2½% I-L Treasury 2013	16-Aug-13	4635	8859	17
2½% I-L Treasury 2016	26-Jul-16	4965	10371	65
2½% I-L Treasury 2020	16-Apr-20	4175	8580	20
2½% I-L Treasury 2024	17-Jul-24	4820	8414	30
4⅛% I-L Treasury 2030	22-Jul-30	2600	3281	95
Rump gilts	Redemption date	Amount in issue		DMO/NILO ^a holdings
9½% Conversion 2001	12-Jul-01	3	-	3
9¾% Conversion 2001	10-Aug-01	35	-	28
10% Conversion 2002	11-Apr-02	21	-	11
9½% Conversion 2002	14-Jun-02	2	-	2
9% Exchequer 2002	19-Nov-02	83	-	66
11¾% Treasury 2003-2007	22-Jan-03	234	-	71
9¾% Conversion 2003	07-May-03	11	-	9
12½% Treasury 2003-2005	21-Nov-03	152	-	49
13½% Treasury 2004-2008	26-Mar-04	95	-	13
10% Treasury 2004	18-May-04	20	-	5
9½% Conversion 2004	25-Oct-04	307	-	90
10½% Exchequer 2005	20-Sep-05	23	-	14
9¾% Conversion 2006	15-Nov-06	6	-	3
8% Treasury 2009	25-Sep-09	393	-	62
12% Exchequer 2013-2017	12-Dec-13	57	-	2
2½% Annuities	Undated	3	-	0
3% Treasury	Undated	55	-	5
3½% Conversion	Undated	97	-	73
2½% Consolidated	Undated	275	-	41
2¾% Annuities	Undated	1	-	0
4% Consolidated	Undated	358	-	22

It is assumed that double-dated issues currently above par will be called at the first maturity date.

^a Includes holdings by the National Investments and Loans Office (NILO) and the DMO. Excludes local authority, public corporations and Bank of England holdings.

Calendar for Q2 2001

Date	April	May	June
1			Structured T-bill tender
2			
3			
4		Structured T-bill tender	
5			
6	Structured T-bill tender		
7			
8			Structured T-bill tender
9			
10			
11		Structured T-bill tender	
12	Structured T-bill tender		Announcement of size of switch auction of 8½% 2007 into new 2012 stock
13			
14			
15		Announcement of coupon and size of auction of new 2012 stock	Structured T-bill tender
16			
17	Announcement of size of auction of 2½% I-L 2011 stock, to be held 25 April		
18		Structured T-bill tender	GEMMs and end investor consultation meetings with DMO*
19			Publication of minutes from 18 June meeting
20	Structured T-bill tender		
21			Switch auction of 8½% 2007 into new 2012 stock
22			Structured T-bill tender
23			
24		Auction of new 2012 stock	
25	Auction of 2½% I-L 2011 stock	Structured T-bill tender	
26			
27	Structured T-bill tender		
28			
29			Calendar of gilt and T-bill issuance for Q3 2001 and structured T-bill tender
30			
31			

DMO wire services

Information	Reuters/Bridge/ADP	Telerate	Topic	Bloomberg
Index	DMO/INDEX			DMO<GO>
Announcements	DMO/GILTS1 to 7	22550 to 22556	44700 to 44710	DMO1<GO>
Shop window general info	DMO/GILTS8	6515	44715	DMO2<GO>
Shop window 1	DMO/GILTS9	6516	44716	DMO3<GO>
Shop window 2	DMO/GILTS10	6517	44717	DMO4<GO>
Shop window 3	DMO/GILTS11	6518	44718	DMO5<GO>
Benchmark prices	DMO/BENCH1	22557	44720 to 44721	DMO10<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 07	47216 to 47222	44800 to 44809	DMO6<GO>
GEMMA ref prices (IL)	GEMMA08	47223	44805	DMO6<GO>
GEMMA ref prices (Strips)	GEMMA13 to 19	21291 to 21297	44850 to 44859	DMO7<GO>
Cash announcements	DMO/CASH01	15700 to 15709	44660 to 44669	DMO9<GO>
T-bill tender information	DMO/CASH11	15710 to 15711	44670 to 44671	DMO9<GO>
Ad-hoc tender information	DMO/CASH16	15715 to 15716	44675 to 44676	DMO9<GO>

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Comments on this publication and the web site would be welcomed by either Richard Batley or Mark Deacon.