APRIL-JUNE 2007

United Kingdom
Debt Management Office

In this issue:

QUARTERLY *Review*

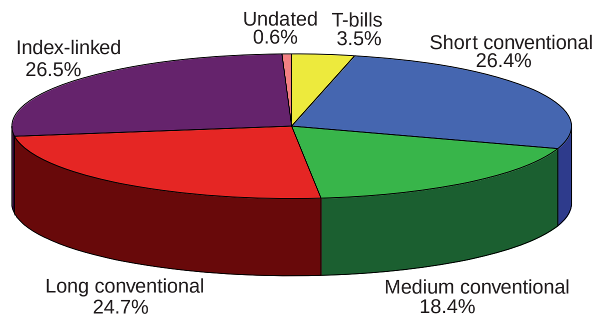
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

www.dmo.gov.uk

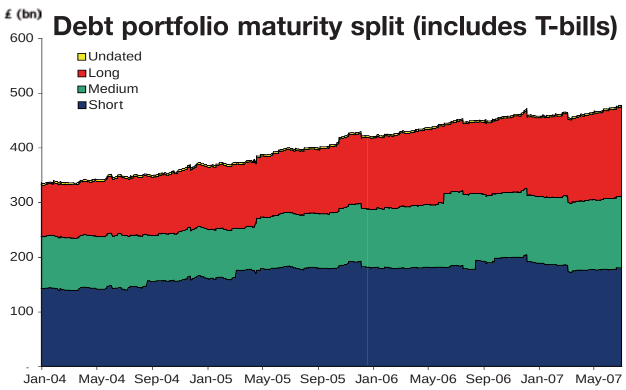
Details of the debt portfolio at 29 June 2007

Gilt portfolio summary statistics	30 March 2007	29 June 2007
Nominal value of the gilt portfolio (including inflation uplift)	£442.86 bn	£459.89 bn
• Conventional gilts (inc undated gilts)	£322.21 bn	£333.71 bn
• Index-linked gilts	£120.65 bn	£126.18 bn
Market value of the gilt portfolio	£469.95 bn	£470.57 bn
• Conventional gilts (inc undated gilts)	£336.34 bn	£335.43 bn
• Index-linked gilts	£133.61 bn	£135.13 bn
Weighted average market yields:		
• Conventional gilts (inc undated gilts)	4.94%	5.38%
• Index-linked gilts	1.72%	2.06%
Portfolio average maturity:	14.16 years	13.93 years
• Conventional gilts (exc undated gilts)	13.92 years	13.62 years
• Index-linked gilts	14.77 years	14.70 years
Average modified duration:		
• Conventional gilts (inc undated gilts)	8.51 years	8.18 years
• Index-linked gilts	12.10 years	11.98 years
Average coupon on conventional gilts (weighted by market value)	5.49%	5.47%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£14.77 bn	£14.95 bn

Composition of debt portfolio*



Debt portfolio maturity split (includes T-bills)

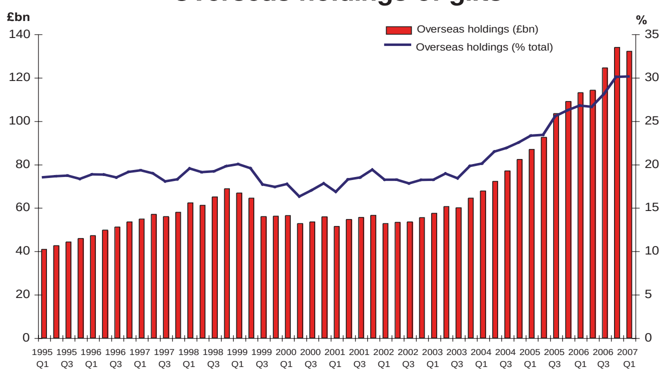


Distribution of gilt holdings at 30 March 2007

(£ millions) at end	Q4 2006	Q1 2007
Insurance Companies and Pension Funds	241,735	240,036
Overseas	133,971	132,182
Other Financial Institutions and Others	58,193	66,672
Households	19,596	17,006
Building Societies	1,046	1,023
Local Authorities and Public Corporations	745	642
Banks**	-8,836	-17,610
TOTAL	446,450	439,951

Source: ONS. These figures can be revised retrospectively

Overseas holdings of gilts

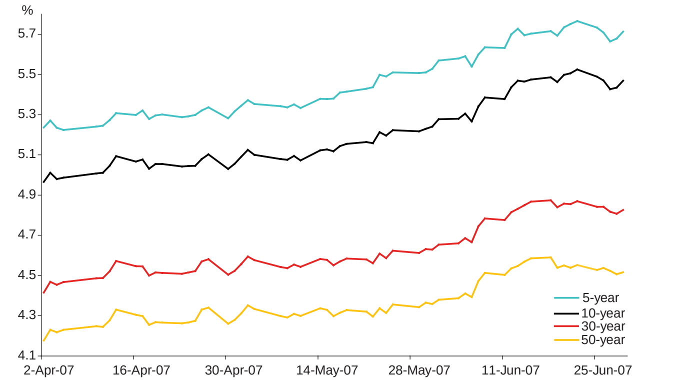


Source: ONS

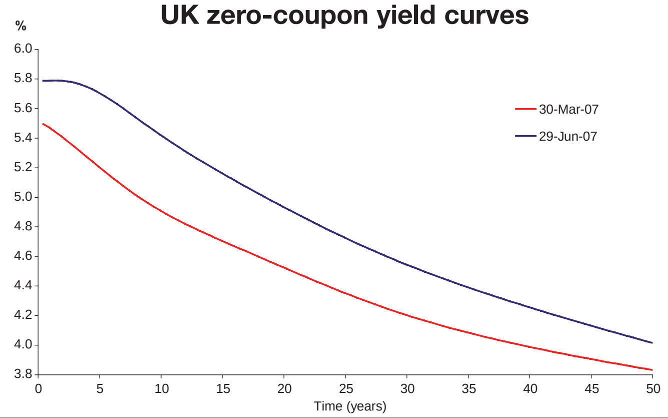
* Figures in the pie chart may not sum due to rounding.
** Repo position.

Conventional gilts

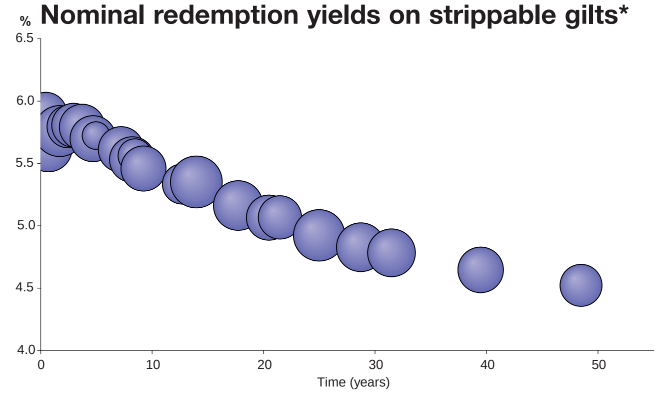
UK 5-year, 10-year, 30-year and 50-year par yields



UK zero-coupon yield curves

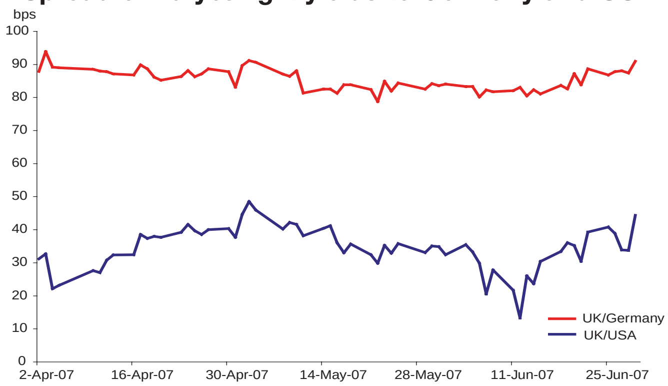


Nominal redemption yields on strippable gilts*



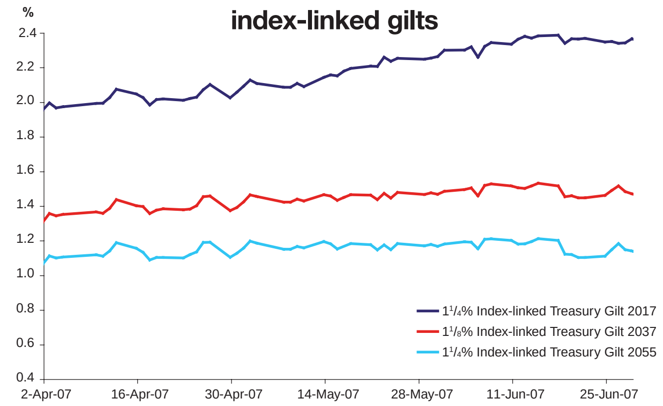
*The bubble size for each bond denotes its nominal amount.

Spread of 10-year gilt yields to Germany and USA

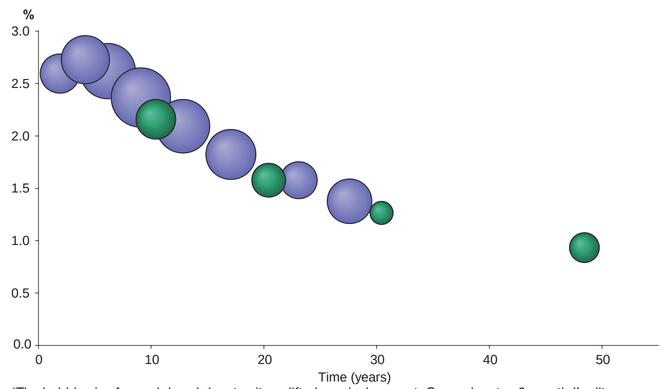


Index-linked gilts

Real yield on 10-year, 30-year and 50-year index-linked gilts

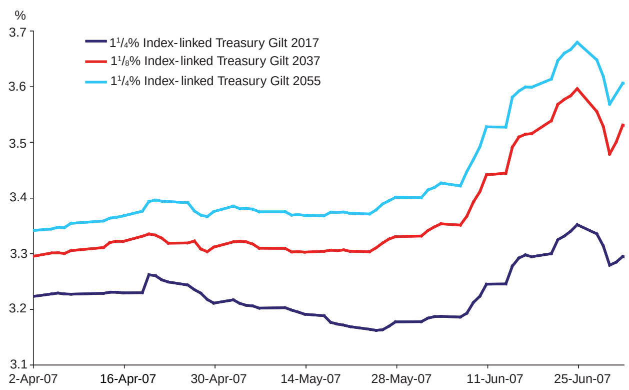


Real redemption yields*



*The bubble size for each bond denotes its uplifted nominal amount. Green denotes 3-month IL gilts.

Break-even inflation rates on 10-year, 30-year and 50-year index-linked gilts



Projected redemption values of index-linked gilts based on average inflation of 2½% and 3% per annum

£ (per £100 nominal)	at 2½%	at 3%
2½% IL Treasury Stock 2009	270.58	272.34
2½% IL Treasury Stock 2011	302.18	307.50
2½% IL Treasury Stock 2013	265.33	272.64
2½% IL Treasury Stock 2016	311.63	324.79
1¼% IL Treasury Gilt 2017	137.33	144.40
2½% IL Treasury Stock 2020	336.32	356.98
2½% IL Treasury Stock 2024	317.31	343.84
1¼% IL Treasury Gilt 2027	175.50	193.75
4⅛% IL Treasury Stock 2030	266.02	296.80
2% IL Treasury Stock 2035	231.36	263.84
1⅛% IL Treasury Gilt 2037	215.62	249.91
1¼% IL Treasury Gilt 2055	353.96	447.84

Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Jul-06	4,498	-3,326	-1,159	13
Aug-06	3,419	0	-722	2,697
Sep-06	6,819	-3,516	-3,799	-496
Oct-06	4,232	0	-217	4,015
Nov-06	8,294	-1	-350	7,943
Dec-06	3,175	-11,532	-4,202	-12,559
Jan-07	4,148	0	-1,140	3,008
Feb-07	5,860	0	-730	5,130
Mar-07	5,949	-11,475	-3,848	-9,374
Apr-07	4,019	0	-217	3,802
May-07	5,558	0	-389	5,169
Jun-07	5,630	0	-4,071	1,559
Jul-07	N/A	-4,269	-1,150	-
Aug-07	N/A	0	-737	-
Sep-07	N/A	0	-3,610	-

Figures may not sum due to rounding.
**Coupon flow numbers are for the stock of debt outstanding at end-quarter.*

Results of gilt auctions

Auction date	Gilt	Issue amount (nominal)	Cover	Yield tail (basis points)	Average accepted price	Yield at average accepted price
03-Apr-07	4¹/₄% 2046	£2,000mn	1.37	1.8	£99.66	4.268%
12-Apr-07	1¹/₄% IL 2017	£1,100mn	2.07	N/A[a]	£94.54[b]	1.818%
24-Apr-07	1¹/₈% IL 2037	£950mn	1.83	N/A[a]	£98.74[b]	1.174%
03-May-07	4¹/₄% 2027	£2,250mn	1.98	0.7	£92.94	4.793%
22-May-07	1¹/₄% IL 2027	£1,000mn	2.67	N/A[a]	£95.45[b]	1.509%
24-May-07	5% 2018	£2,500mn	2.15	0.2	£98.66	5.165%
05-Jun-07	4¹/₂% 2042	£2,250mn	1.64	0.4	£98.17	4.605%
21-Jun-07	5¹/₄% 2012	£2,500mn	1.46	1.0	£97.70	5.790%
26-Jun-07	1¹/₈% IL 2037	£1,000mn	1.71	N/A[a]	£96.54[b]	1.262%

[a] *Index-linked gilts are issued through a uniform price format.* [b]*This is the real clean price.*

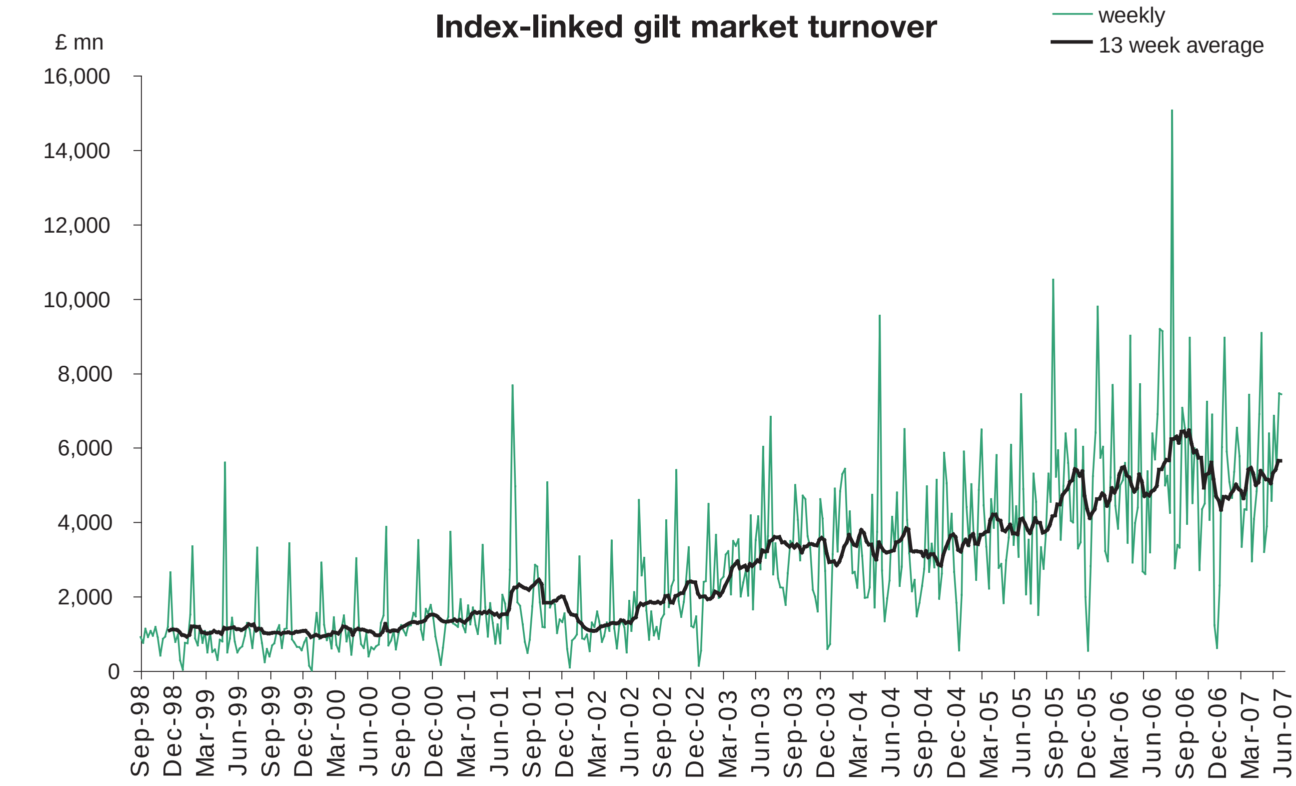
Progress against the 2007-08 financing remit at 29 June 2007

(£ mn cash)	Conventional gilts Short (0-7 years)	Medium (7-15 years)	Long (>15 years)	Index-linked gilts	Total
Outright sales	**2,442**	**2,464**	**6,292**	**4,008**	**15,206**
Remit plans	10,000	10,000	23,400	15,000	58,400

2006-07 and 2007-08 financing requirements

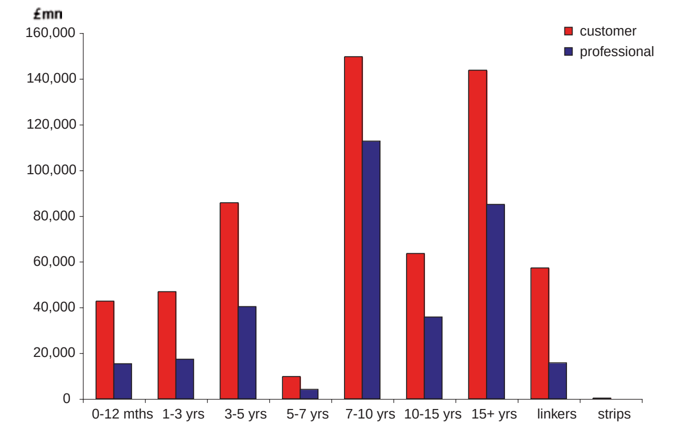
Figures may not sum due to rounding (£ bn)	2006-07 (PBR 2006)	2006-07 (Budget 2007)	2006-07 (outturn)	2007-08 (Budget 2007)	2007-08 (April 2007)
CGNCR forecast	**41.2**	**37.0**	**37.1**	**37.6**	**37.6**
Redemptions	29.9	29.9	29.9	29.2	29.2
Restructuring British Nuclear Liabilities	-3.8	-3.5	-3.5	n/a	n/a
Financing for the Official Reserves	0.0	0.0	0.0	0.0	0.0
Debt buy-backs	0.2	0.2	0.2	0.0	0.0
Planned short-term financing adjustment	-3.3	-3.3	-3.3	-4.2	-4.1
Gross financing requirement	**64.2**	**60.3**	**60.4**	**62.6**	**62.7**
Less					
National Savings & Investments' contribution	5.2	5.5	5.5	2.8	2.8
Net financing requirement	**59.0**	**54.8**	**54.9**	**59.8**	**59.9**
Gilt sales planned during the year	**62.5**	**62.5**	**62.5**	**58.4**	**58.4**
Change in planned Treasury bill stock	-3.5	-3.5	-3.5	1.4	1.5
Change in Ways and Means	0.0	0.0	0.0	0.0	0.0
DMO net cash position at end of financial year	0.5	4.7	4.6	0.5	0.5

Index-linked gilt market turnover

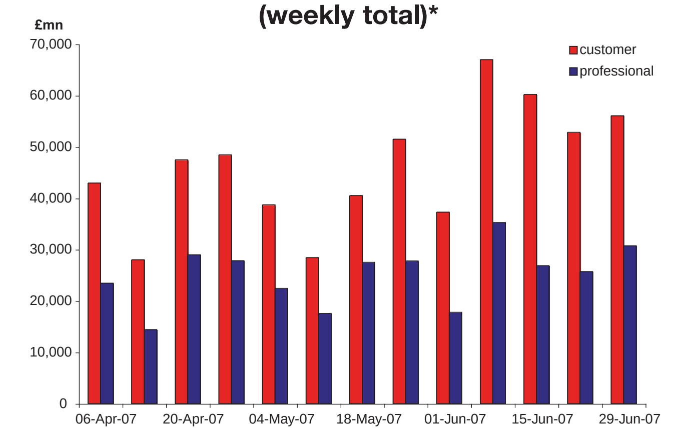


Source: Gilt-edged Market Makers (GEMMs)

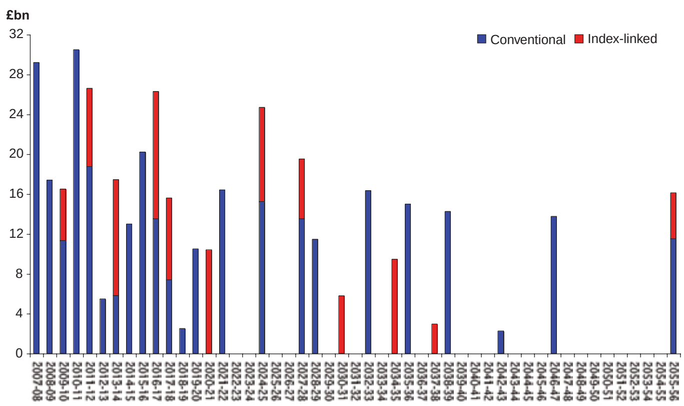
GEMM turnover by maturity band, Q2 2007*



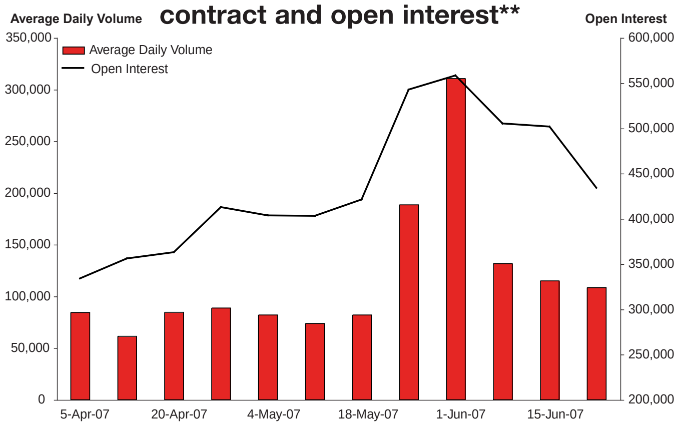
Total GEMM market turnover (weekly total)*



Gilt redemptions (net of government holdings)



Average daily volume of the long gilt futures contract and open interest**



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

*Professional Turnover is defined as turnover with counterparties who are Broker Dealers (BDLs), Inter Dealer Brokers (IDBs), other Gilt-edged Market Makers (GEMMs), DMO or Bank of England. Customers are all others (including businesses with related entities).

Gilts in issue at 29 June 2007 (£mn nominal)

Conventional gilts	Redemption date	First issue date	Amount in issue	Amount held in stripped form	DMO/CRND* holdings
Shorts: (maturity of up to 7 years)					
$8\frac{1}{2}$% Treasury Loan 2007	16-Jul-07	16-Jul-1986	4,869	-	681
$7\frac{1}{4}$% Treasury Stock 2007	07-Dec-07	29-Jan-1997	11,655	252	795
5% Treasury Stock 2008	07-Mar-08	26-Jun-2002	14,928	11	865
4% Treasury Stock 2009	07-Mar-09	14-May-2003	16,974	9	746
$5\frac{3}{4}$% Treasury Stock 2009	07-Dec-09	30-Jul-1998	12,006	81	920
$4\frac{3}{4}$% Treasury Stock 2010	07-Jun-10	19-Nov-2004	12,774	63	530
$6\frac{1}{4}$% Treasury Stock 2010	25-Nov-10	27-Jan-1994	5,205	-	722
$4\frac{1}{4}$% Treasury Gilt 2011	07-Mar-11	09-Nov-2005	13,750	1	5
9% Conversion Loan 2011	12-Jul-11	12-Jul-1987	5,664	-	473
5% Treasury Stock 2012	07-Mar-12	25-May-2001	14,009	88	897
$5\frac{1}{4}$% Treasury Gilt 2012	07-Jun-12	16-Mar-2007	5,250	0	1
8% Treasury Stock 2013	27-Sep-13	01-Apr-1993	6,489	-	694
Mediums: (maturity of 7 to 15 years)					
5% Treasury Stock 2014	07-Sep-14	25-Jul-2002	13,699	10	706
$4\frac{3}{4}$% Treasury Stock 2015	07-Sep-15	26-Sep-2003	13,647	18	655
8% Treasury Stock 2015	07-Dec-15	26-Jan-1995	7,744	96	539
4% Treasury Gilt 2016	07-Sep-16	02-Mar-2006	13,500	1	9
$8\frac{3}{4}$% Treasury Stock 2017	25-Aug-17	30-Apr-1992	8,136	-	765
5% Treasury Gilt 2018	07-Mar-18	25 May 2007	2,500	-	2
$4\frac{3}{4}$% Treasury Stock 2020	07-Mar-20	29-Mar-2005	10,743	66	248
8% Treasury Stock 2021	07-Jun-21	29-Feb-1996	17,573	729	1,178
Longs: (maturity of over 15 years)					
5% Treasury Stock 2025	07-Mar-25	27-Sep-2001	16,188	168	945
$4\frac{1}{4}$% Treasury Gilt 2027	07-Dec-27	06-Sep-2006	13,500	0	3
6% Treasury Stock 2028	07-Dec-28	29-Jan-1998	12,340	335	893
$4\frac{1}{4}$% Treasury Stock 2032	07-Jun-32	25-May-2000	17,326	376	998
$4\frac{1}{4}$% Treasury Stock 2036	07-Mar-36	27-Feb-2003	15,668	372	672
$4\frac{3}{4}$% Treasury Stock 2038	07-Dec-38	23-Apr-2004	14,958	115	715
$4\frac{1}{2}$% Treasury Gilt 2042	07-Dec-42	06-Jun-2007	2,250	-	1
$4\frac{1}{4}$% Treasury Gilt 2046	07-Dec-46	12-May-2006	13,750	10	2
$4\frac{1}{4}$% Treasury Gilt 2055	07-Dec-55	27-May-2005	11,602	0	104
$3\frac{1}{2}$% War Loan	Undated	01-Dec-1932	1,939	-	31

Index-linked gilts: 3 month lag	Redemption date	First issue date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
$1\frac{1}{4}$% I-L Treasury Gilt 2017	22-Nov-17	08-Feb-2006	8,100	8,589	3
$1\frac{1}{4}$% I-L Treasury Gilt 2027	22-Nov-27	26-Apr-2006	5,950	6,298	1
$1\frac{1}{8}$% I-L Treasury Gilt 2037	22-Nov-37	21-Feb-2007	2,950	2,996	0
$1\frac{1}{4}$% I-L Treasury Gilt 2055	22-Nov-55	23-Sep-2005	4,588	4,904	39

Index-linked gilts: 8 month lag	Redemption date	First issue date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
$2\frac{1}{2}$% I-L Treasury Stock 2009	20-May-09	19-Oct-1982	3,304	8,407	280
$2\frac{1}{2}$% I-L Treasury Stock 2011	23-Aug-11	28-Jan-1982	4,631	12,449	359
$2\frac{1}{2}$% I-L Treasury Stock 2013	16-Aug-13	21-Feb-1985	7,347	16,506	530
$2\frac{1}{2}$% I-L Treasury Stock 2016	26-Jul-16	19-Jan-1983	7,696	18,896	636
$2\frac{1}{2}$% I-L Treasury Stock 2020	16-Apr-20	12-Oct-1983	6,350	15,338	451
$2\frac{1}{2}$% I-L Treasury Stock 2024	17-Jul-24	30-Dec-1986	6,583	13,507	494
$4\frac{1}{8}$% I-L Treasury Stock 2030	22-Jul-30	12-Jun-1992	5,021	7,448	347
2% I-L Treasury Stock 2035	26-Jan-35	11-Jul-2002	9,389	10,838	466

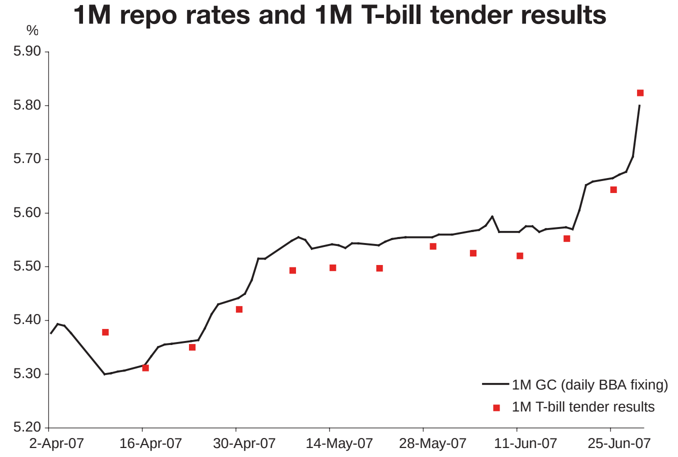
Rump gilts	Redemption date	First issue date	Amount in issue	DMO/CRND* Holdings
9% Treasury Loan 2008	13-Oct-08	11-Feb-1987	410	19
8% Treasury Stock 2009	25-Sep-09	23-Apr-1986	235	2
$7\frac{3}{4}$% Treasury Loan 2012-2015	26-Jan-12	26-Jan-1972	452	9
9% Treasury Stock 2012	06-Aug-12	07-Feb-1992	223	5
$5\frac{1}{2}$% Treasury Stock 2008-2012	10-Sep-12	05-Oct-1960	746	10
12% Exchequer Stock 2013-2017	12-Dec-13	15-Jun-1978	18	0
$2\frac{1}{2}$% Treasury Stock	Undated	28-Oct-1946	449	0
4% Consolidated Loan	Undated	16-Mar-1932	284	1
$2\frac{1}{2}$% Consolidated Stock	Undated	05-Apr-1888	195	2
3% Treasury Stock	Undated	01-Mar-1946	44	1
$3\frac{1}{2}$% Conversion Loan	Undated	01-Apr-1921	18	6
$2\frac{1}{2}$% Annuities	Undated	13-Jun-1853	1	0
$2\frac{3}{4}$% Annuities	Undated	17-Oct-1884	1	0

It is assumed that double-dated issues (which have not been called) currently trading above par will be redeemed at the first maturity date.

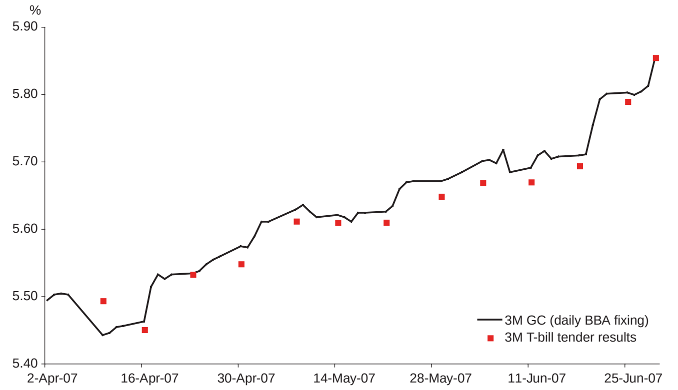
* *Includes holdings by the Commissioners for the Reduction of the National Debt (CRND) and the DMO, but excludes holdings by local authorities, public corporations and the Bank of England.*

Money market operations

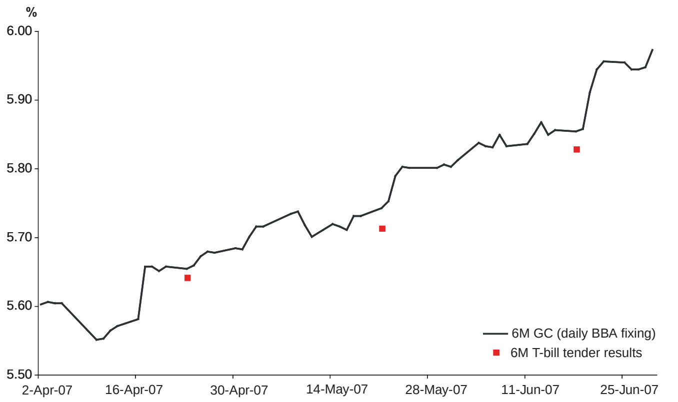
1M repo rates and 1M T-bill tender results



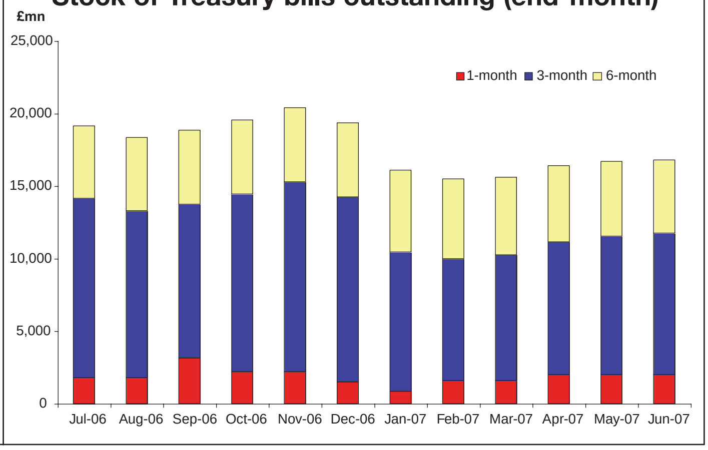
3M repo rates and 3M T-bill tender results



6M repo rates and 6M T-bill tender results



Stock of Treasury bills outstanding (end-month)



Treasury bill tender results Q2 2007

Tender date	Tender amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1 month T-bills					
05-Apr-2007	500	5.3780	99.5891	6.31	0
13-Apr-2007	500	5.3114	99.5942	4.45	1
20-Apr-2007	500	5.3498	99.5913	7.71	0
27-Apr-2007	500	5.4204	99.5712	8.97	1
04-May-2007	500	5.4927	99.5953	7.31	1
11-May-2007	500	5.4980	99.5801	8.70	0
18-May-2007	500	5.4972	99.5800	5.22	0
25-May-2007	500	5.5380	99.5920	4.40	1
01-Jun-2007	500	5.5250	99.5780	5.72	0
08-Jun-2007	500	5.5200	99.5783	3.81	0
15-Jun-2007	500	5.5524	99.5759	5.34	2
22-Jun-2007	500	5.6431	99.5690	5.67	0
29-Jun-2007	500	5.8236	99.5552	3.21	3
3 month T-bills					
05-Apr-2007	750	5.4929	98.6637	8.80	1
13-Apr-2007	750	5.4501	98.6594	5.29	1
20-Apr-2007	750	5.5323	98.6395	7.24	1
27-Apr-2007	750	5.5478	98.6357	7.65	1
04-May-2007	750	5.6112	98.6353	7.93	1
11-May-2007	750	5.6093	98.6208	8.11	0
18-May-2007	750	5.6097	98.6207	4.56	0
25-May-2007	750	5.6481	98.6114	4.91	1
01-Jun-2007	750	5.6685	98.6064	6.19	0
08-Jun-2007	750	5.6693	98.6063	3.36	1
15-Jun-2007	750	5.6935	98.6004	6.56	1
22-Jun-2007	750	5.7891	98.5772	7.20	1
29-Jun-2007	750	5.8541	98.5615	2.76	2
6 month T-bills					
20-Apr-07	750	5.6411	97.2641	8.13	1
18-May-07	750	5.7127	97.2304	5.13	1
15-Jun-07	750	5.8281	97.1760	7.09	1

Calendar for Q3 2007

Treasury bill tenders usually take place every Friday

July	
3	Auction of $4\frac{1}{2}$% Treasury Gilt 2042. Announcement of the size of the auction on 10 July of $1\frac{7}{8}$% Index-linked Treasury Gilt 2022. The coupon was also announced on this date.
10	Auction of $1\frac{7}{8}$% Index-linked Treasury Gilt 2022.
17	Publication of the June RPI by ONS. Dividend fixings for $2\frac{1}{2}$% Index-linked Treasury Stock 2011 and $2\frac{1}{2}$% Index-linked Treasury Stock 2013. Publication of the 2 August –1 September 2007 index ratios for index-linked gilts with a 3-month indexation lag. Announcement of the size of the auction on 26 July of $1\frac{1}{4}$% Index-linked Treasury Gilt 2055.
26	Auction of $1\frac{1}{4}$% Index-linked Treasury Gilt 2055.
31	Announcement of the size of the auction on 9 August of 5% Treasury Gilt 2018.

August	
9	Auction of 5% Treasury Gilt 2018.
14	Publication of the July RPI by ONS. Publication of the 2 September – 1 October 2007 index ratios for index-linked gilts with a 3-month indexation lag.
28	DMO quarterly consultation meetings with end-investors (3.30pm) and GEMMs (5.00pm).
29	Publication at 9am of the minutes of the consultation meetings on 28 August 2007.
31	Publication at 3.30pm of gilt auction calendar for October-December 2007.

September	
4	Announcement of the size of the auction on 11 September of $4\frac{1}{2}$% Treasury Gilt 2042 and on 13 September of $5\frac{1}{4}$% Treasury Gilt 2012.
11	Auction of $4\frac{1}{2}$% Treasury Gilt 2042.
13	Auction of $5\frac{1}{4}$% Treasury Gilt 2012.
18	Publication of the August RPI by ONS. Dividend fixings for $2\frac{1}{2}$% Index-linked Treasury Stock 2020. Publication of the 2 October – 1 November 2007 index ratios for index-linked gilts with a 3-month indexation lag. Announcement of the size of the auction on 26 September of $1\frac{1}{8}$% Index-linked Treasury Gilt 2037.
25	Announcement of the size of the auction on 2 October of a conventional gilt.
26	Auction of $1\frac{1}{8}$% Index-linked Treasury Gilt 2037.
28	Publication of the Treasury bill calendar for October-December 2007.

DMO wire service pages

Information	Reuters	Thomson/Topic	Bloomberg
Index	DMO/INDEX	44799	DMO<GO>
Announcements	DMO/GILTS1 to 9	44700 to 44712	DMO1<GO>
Shop window general information	DMO/GILTS10	44717	DMO3<GO>
Shop window 1	DMO/GILTS11	44718	DMO3<GO>
Benchmark prices	DMO/BENCH1	44720 to 44721	DMO2<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 04	44800 to 44802	DMO4<GO>
GEMMA ref prices (3-month I-L)	GEMMA07	44809	DMO5<GO>
GEMMA ref prices (8-month I-L)	GEMMA08	44805	DMO6<GO>
GEMMA ref prices (Strips)	GEMMA13 to 25	44850 to 44869	DMO7<GO>
Cash Management announcements	DMO/CASH01 to 10	44660 to 44669	DMO8<GO>
T-bill tender information	DMO/CASH11 to 15	44670 to 44674	DMO9<GO>
Ad-hoc tender information	DMO/CASH16 to 17	44675 to 44676	DMO10<GO>
T-bill reference prices	DMO/TBILLS01 to 04	44900 to 44903	DMO11<GO>

Contacts

Name	Position	Telephone No.	E-mail
Robert Stheeman	Chief Executive	0845 357 6533	robert.stheeman@dmo.gsi.gov.uk
Jo Whelan	Deputy Chief Executive	0845 357 6531	jo.whelan@dmo.gsi.gov.uk
Jim Juffs	Chief Operating Officer	0845 357 6520	jim.juffs@dmo.gsi.gov.uk
Arnaud Marès	Head of Policy	0845 357 6615	arnaud.mares@dmo.gsi.gov.uk
Joanne Perez	Head of Markets	0845 357 6539	joanne.perez@dmo.gsi.gov.uk
Myrvin Anthony	Head of Economic Research	0845 357 6581	myrvin.anthony@dmo.gsi.gov.uk
Martin Duffell	Head of Gilt Dealing	0845 357 6517	martin.duffell@dmo.gsi.gov.uk
Nick Fisher	Head of Cash Dealing	0845 357 6518	nick.fisher@dmo.gsi.gov.uk
Steve Whiting	Press Officer	0845 357 6532	steve.whiting@dmo.gsi.gov.uk
Sarah Ellis	Assistant Press Officer	0845 357 6525	sarah.ellis@dmo.gsi.gov.uk
Mark Deacon	Senior Quantitative Analyst	0845 357 6516	mark.deacon@dmo.gsi.gov.uk
Gurminder Bhachu	Senior Policy Advisor	0845 357 6512	gurminder.bhachu@dmo.gsi.gov.uk
James Knight	Financial Economist	0845 357 6571	james.knight@dmo.gsi.gov.uk
Catherine O'Shea	Data Analyst	0845 357 6603	catherine.o'shea@dmo.gsi.gov.uk

Updated data, press releases and other information are available on the DMO website at www.dmo.gov.uk
Comments on this publication or the website would be welcomed by Sarah Ellis or Catherine O'Shea.