



QUARTERLY

Review

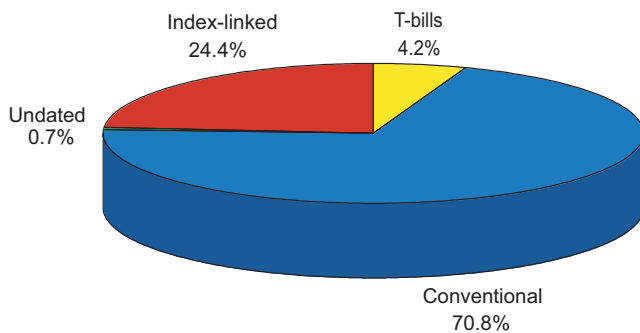
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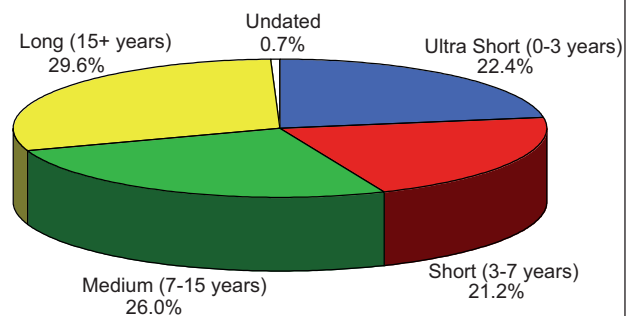
Details of the debt portfolio at 29 September 2006

Gilt portfolio summary statistics	30 June 2006	29 September 2006
Nominal value of the gilt portfolio (including inflation uplift)	£428.39 bn	£433.20 bn
Market value of the gilt portfolio	£463.54 bn	£476.92 bn
Weighted average market yields:		
• Conventional gilts	4.62%	4.53%
• Index-linked gilts	1.65%	1.42%
Portfolio average maturity:	13.18 years	13.62 years
• Conventional gilts	12.93 years	13.25 years
• Index-linked gilts	13.89 years	14.65 years
Average modified duration:		
• Conventional gilts	7.86 years	8.24 years
• Index-linked gilts	11.83 years	12.03 years
Average coupon on conventional gilts (weighted by market value)	5.64%	5.53%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£14.48 bn	£14.53 bn

Composition of debt stock*



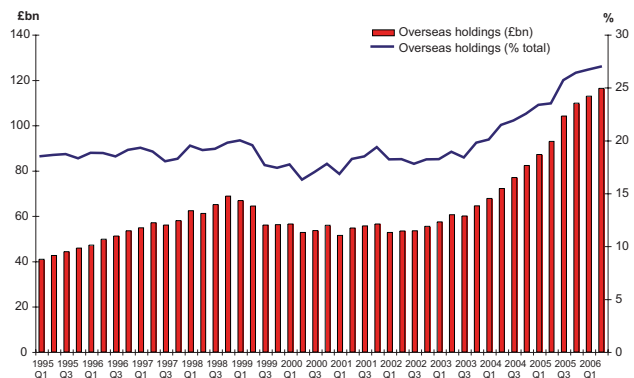
Debt portfolio maturity split*



Distribution of gilt holdings at 30 June 2006

(£ millions)	at end Q1 2006	Q2 2006
Insurance Companies and Pension Funds	241,087	240,101
Overseas	112,903	116,341
Other financial institutions	39,654	41,565
Households	33,205	33,882
Building Societies	1,425	1,384
Local Authorities and Public Corporations	1,403	1,066
Banks**	-5,775	-1,755
TOTAL	423,902	432,584

Overseas holdings of gilts



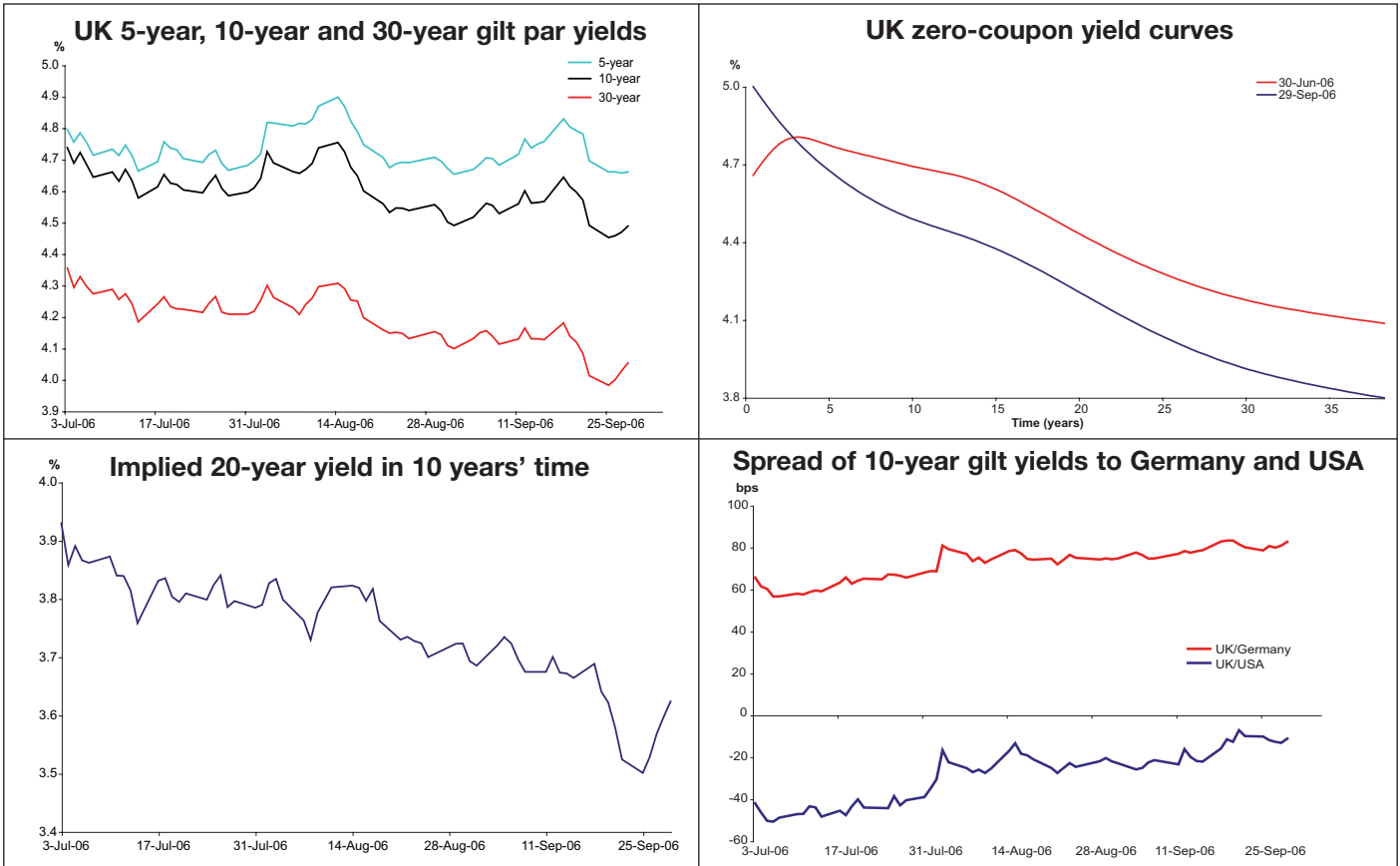
Source: ONS. Note: These figures can be revised retrospectively.

Source: ONS

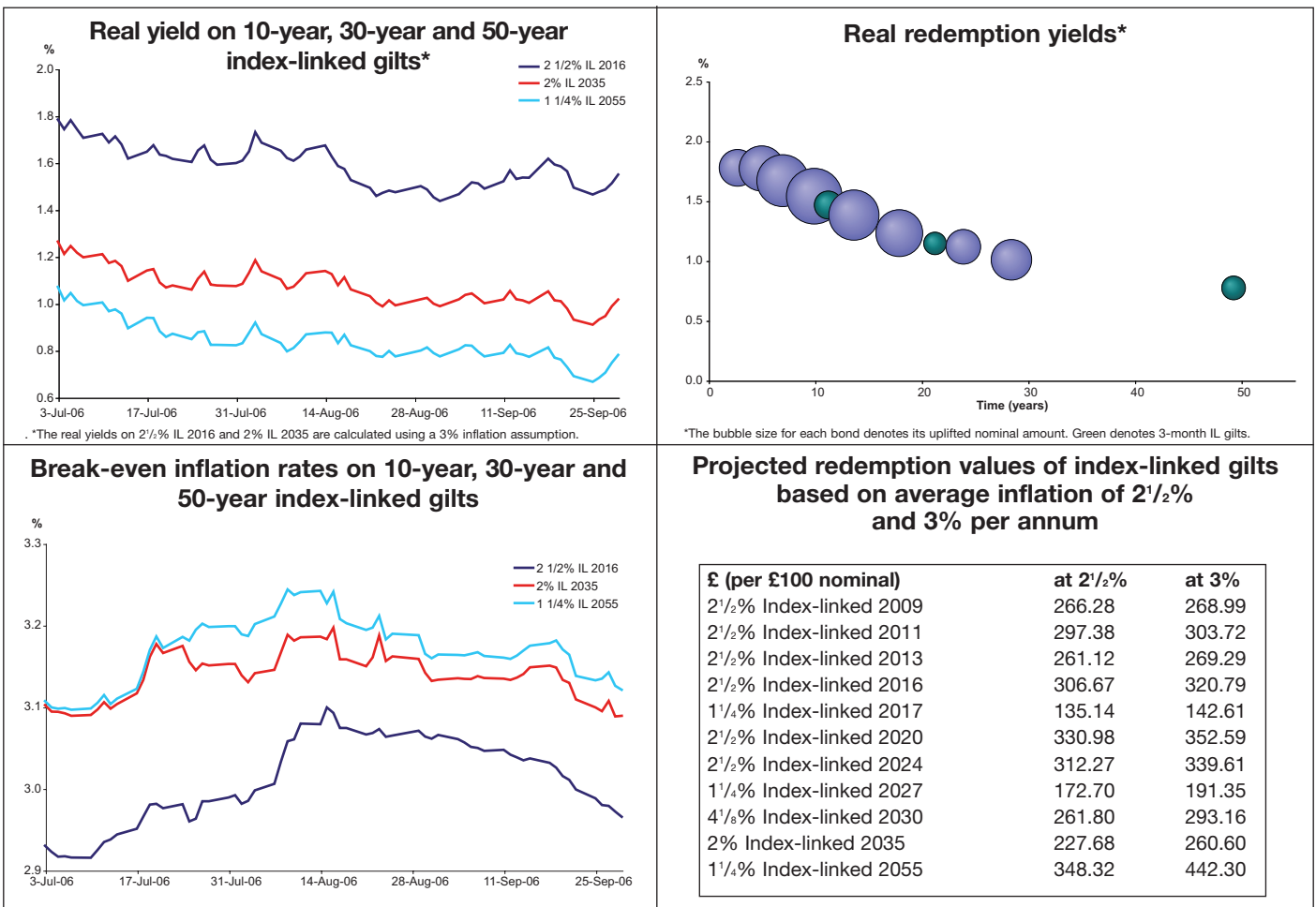
* Figures in the pie charts may not sum due to rounding.

** Repo position.

Conventional gilts



Index-linked gilts



Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Sep-05	6,957	-2	-3,722	3,233
Oct-05	3,417	0	-176	3,241
Nov-05	4,410	0	-256	4,154
Dec-05	3,219	-10,176	-4,066	-11,023
Jan-06	6,561	0	-1,154	5,407
Feb-06	3,732	0	-720	3,012
Mar-06	3,824	0	-3,435	389
Apr-06	4,374	0	-215	4,159
May-06	5,630	0	-294	5,336
Jun-06	6,102	0	-3,924	2,178
Jul-06	4,498	-3,326	-1,159	13
Aug-06	3,419	0	-722	2,697
Sep-06	6,819	-3,516	-3,748	-445
Oct-06	N/A	0	-217	-
Nov-06	N/A	-1	-346	-
Dec-06	N/A	-11,532	-4,148	-

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
04-Jul-06	4¼% 2046	£2,250mn	2.26	0	£100.24	4.24%
11-Jul-06	1¼% IL 2017	£1,200mn	2.30	N/A ^a	£96.36 ^b	1.60%
25-Jul-06	2½% IL 2024	£450mn	2.42	N/A ^a	£237.48	1.32%
1-Aug-06	4% 2016	£2,500mn	1.62	0	£95.09	4.61%
23-Aug-06	1¼% IL 2027	£1,000mn	1.71	N/A ^a	£102.00 ^b	1.14%
05-Sep-06	4¼% 2027	£2,250mn	1.51	1	£99.09	4.32%
19-Sep-06	1¼% IL 2017	£1,200mn	2.61	N/A ^a	£96.93 ^b	1.55%
21-Sep-06	4¼% 2011	£2,500mn	2.71	0	£97.61	4.85%
27-Sep-06	2% IL 2035	£675mn	2.36	N/A ^a	£142.31	0.95%

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

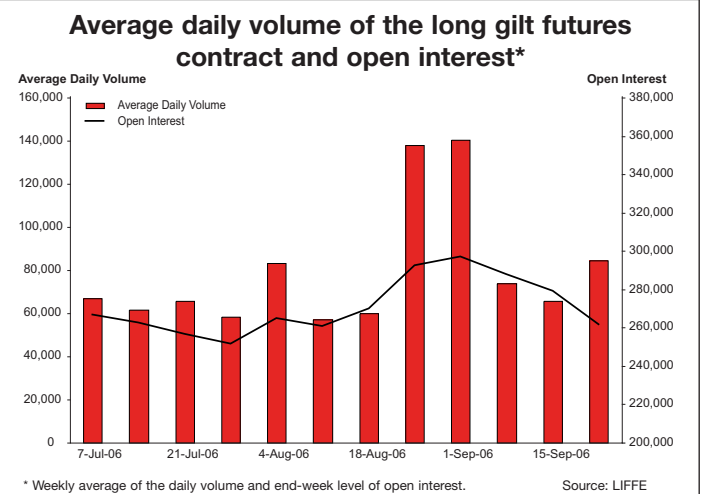
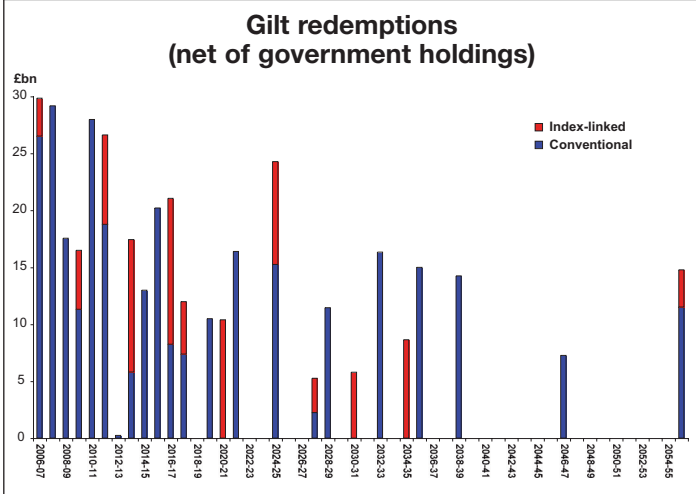
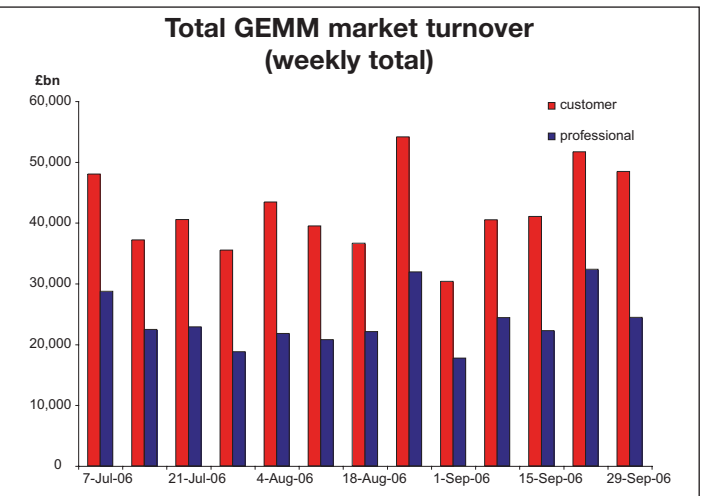
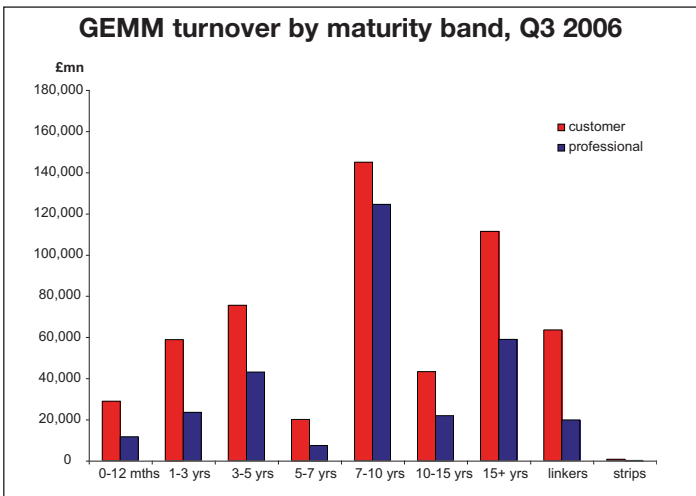
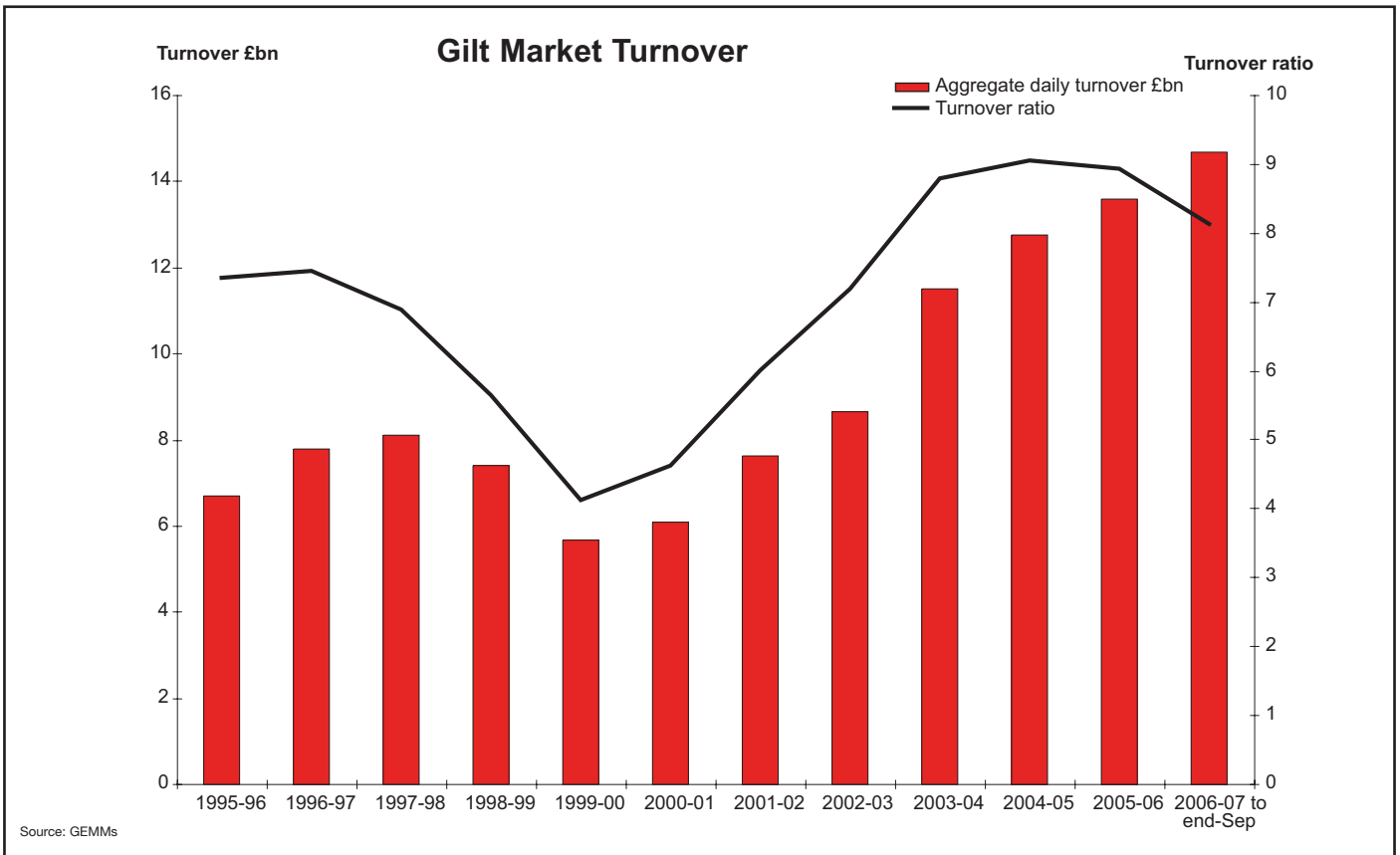
Outturn against the 2006-07 financing remit at 29 September 2006

(£ mn cash)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Outright sales	4,880	5,002	11,636	9,324	30,842
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Allocated in-year to date	0	0	6,250	1,250	7,500
Currently allocated programme	10,000	10,000	23,250	17,250	60,500

2005-06 and 2006-07 financing requirements

	2005-06 (Budget 06)	2005-06 (Outturn 24 April 06)	2006-07 (Budget 06 as revised on 24 April 06)
<i>Figures may not sum due to rounding</i>			
(£ bn)			
CGNCR forecast	40.6	40.8	41.2
Redemptions	14.6	13.9	29.9
Financing for the Official Reserves	0.0	0.0	0.0
Debt buy-backs	0.1	0.1	0.0
Planned short-term financing adjustment	-2.5	-2.5	-3.6
Gross financing requirement	52.8	52.3	67.5
Less			
National Savings & Investments' contribution	4.8	4.8	3.0
Net financing requirement	48.0	47.5	64.5
Gilt sales planned during the year	52.3	52.3	63.0
Change in planned Treasury bill stock	-1.2	-1.2	1.5
Change in Ways and Means	0.0	0.0	0.0
DMO net cash position at end of financial year	3.3	3.8	0.2

Details of gilt market activity



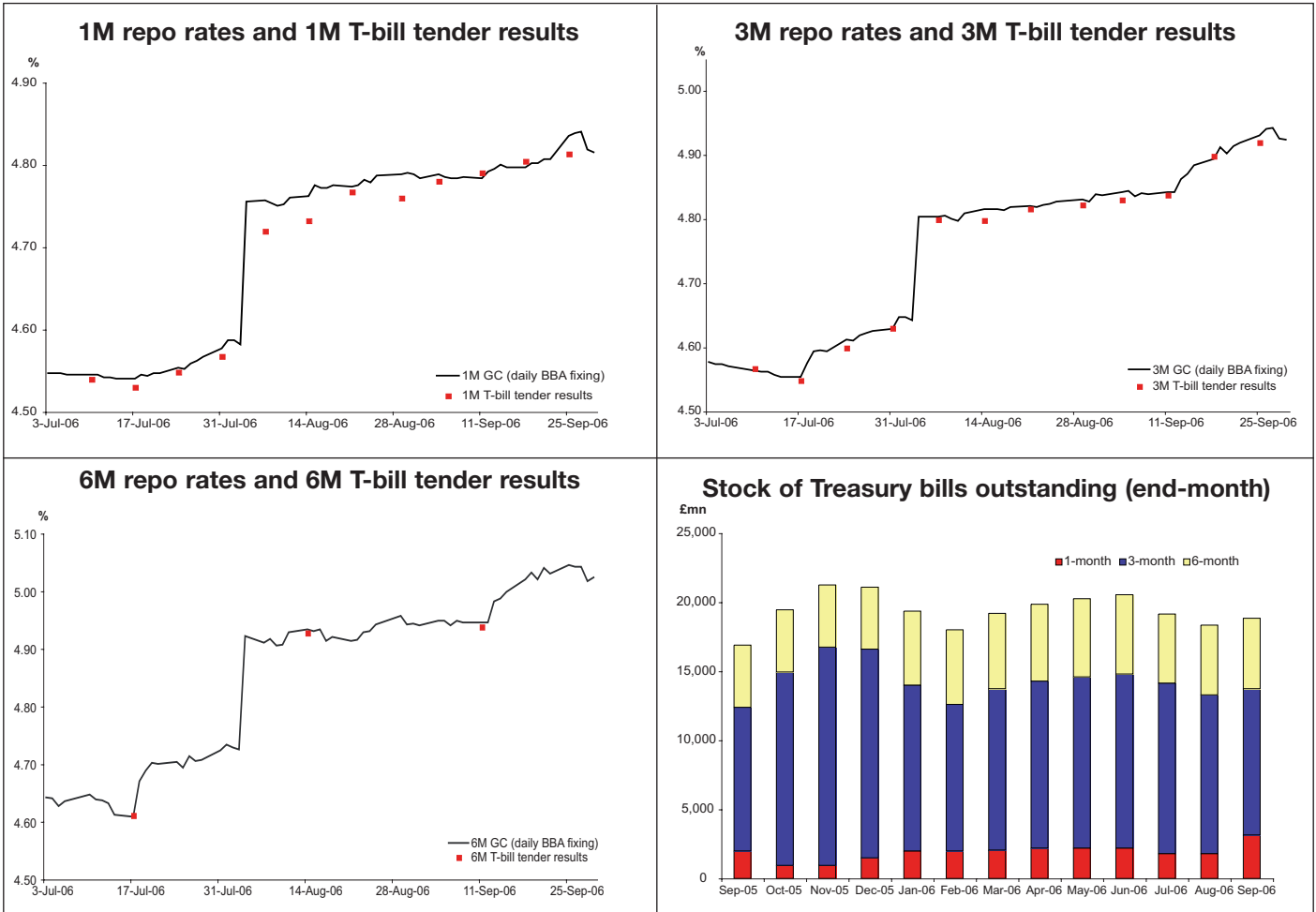
Gilts in issue at 29 September 2006 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
7½% Treasury Stock 2006	07-Dec-06	12,394	218	1,388
4½% Treasury Stock 2007	07-Mar-07	12,071	8	596
8½% Treasury Loan 2007	16-Jul-07	4,869	-	601
7¼% Treasury Stock 2007	07-Dec-07	11,655	81	795
5% Treasury Stock 2008	07-Mar-08	14,928	9	872
4% Treasury Stock 2009	07-Mar-09	16,974	21	754
5¾% Treasury Stock 2009	07-Dec-09	12,006	52	927
4¾% Treasury Stock 2010	07-Jun-10	12,774	38	539
6¼% Treasury Stock 2010	25-Nov-10	5,205	-	724
4¼% Treasury Gilt 2011	07-Mar-11	11,250	1	4
9% Conversion Loan 2011	12-Jul-11	5,664	-	473
5% Treasury Stock 2012	07-Mar-12	14,009	104	897
8% Treasury Stock 2013	27-Sep-13	6,489	-	694
5% Treasury Stock 2014	07-Sep-14	13,699	6	706
4¾% Treasury Stock 2015	07-Sep-15	13,647	72	655
8% Treasury Stock 2015	07-Dec-15	7,744	120	539
4% Treasury Gilt 2016	07-Sep-16	8,250	0	3
8¾% Treasury Stock 2017	25-Aug-17	8,136	-	765
4¾% Treasury Stock 2020	07-Mar-20	10,743	71	248
8% Treasury Stock 2021	07-Jun-21	17,573	308	1,179
5% Treasury Stock 2025	07-Mar-25	16,188	144	945
4¼% Treasury Gilt 2027	07-Dec-27	2,250	-	0
6% Treasury Stock 2028	07-Dec-28	12,340	252	893
4¼% Treasury Stock 2032	07-Jun-32	17,326	482	998
4¼% Treasury Stock 2036	07-Mar-36	15,668	407	672
4¾% Treasury Stock 2038	07-Dec-38	14,958	146	715
4¼% Treasury Gilt 2046	07-Dec-46	7,250	0	1
4¼% Treasury Gilt 2055	07-Dec-55	11,602	0	104
3½% War Loan	Undated	1,939	-	31
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
2½% I-L Treasury Stock 2009	20-May-09	3,304	8,113	280
2½% I-L Treasury Stock 2011	23-Aug-11	4,631	12,014	359
2½% I-L Treasury Stock 2013	16-Aug-13	7,347	15,929	530
2½% I-L Treasury Stock 2016	26-Jul-16	7,696	18,236	636
1¼% I-L Treasury Gilt 2017	22-Nov-17	4,600	4,714	1
2½% I-L Treasury Stock 2020	16-Apr-20	6,350	14,802	451
2½% I-L Treasury Stock 2024	17-Jul-24	6,583	13,036	494
1¼% I-L Treasury Gilt 2027	22-Nov-27	3,000	3,069	1
4⅞% I-L Treasury Stock 2030	22-Jul-30	5,021	7,188	347
2% I-L Treasury Stock 2035	26-Jan-35	8,739	9,736	466
1¼% I-L Treasury Gilt 2055	22-Nov-55	3,313	3,422	39
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
9¾% Conversion Stock 2006	15-Nov-06	1		0
5½% Treasury Stock 2008-2012	10-Sep-08	843		95
9% Treasury Loan 2008	13-Oct-08	514		82
8% Treasury Stock 2009	25-Sep-09	241		5
7¾% Treasury Loan 2012-2015	26-Jan-12	487		25
9% Treasury Stock 2012	06-Aug-12	227		1
12% Exchequer Stock 2013-2017	12-Dec-13	18		0
2½% Treasury Stock	Undated	458		1
4% Consolidated Loan	Undated	285		1
2½% Consolidated Stock	Undated	200		5
3% Treasury Stock	Undated	44		1
3½% Conversion Loan	Undated	19		6
2½% Annuities	Undated	2		1
2¾% Annuities	Undated	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.*

Treasury bill operations



Treasury bill tender results Q3 2006

Tender date	Tender amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1-month T-bills					
7-Jul-06	550	4.5396	99.6530	5.25	0
14-Jul-06	550	4.5297	99.6537	8.95	0
21-Jul-06	550	4.5481	99.6523	9.74	0
28-Jul-06	150	4.5673	99.6384	8.37	0
4-Aug-06	550	4.7193	99.6393	11.02	0
11-Aug-06	150	4.7321	99.6383	6.84	1
18-Aug-06	550	4.7671	99.6356	6.89	0
25-Aug-06	550	4.7598	99.6491	6.91	0
1-Sep-06	550	4.7800	99.6347	7.37	0
8-Sep-06	1,500	4.7902	99.3339	4.26	1
15-Sep-06	550	4.8044	99.6328	7.10	1
22-Sep-06	550	4.8132	99.6321	7.63	1
29-Sep-06	550	4.7900	99.6339	9.41	0
3-month T-bills					
7-Jul-06	950	4.5667	98.8743	6.18	1
14-Jul-06	950	4.5480	98.8788	6.11	1
21-Jul-06	950	4.5989	98.8664	6.52	1
28-Jul-06	950	4.6296	98.8589	5.65	1
4-Aug-06	950	4.7991	98.8177	7.61	0
11-Aug-06	950	4.7997	98.8180	7.86	0
18-Aug-06	550	4.8157	98.8136	7.78	0
25-Aug-06	500	4.8218	98.8250	7.63	1
1-Sep-06	500	4.8297	98.8102	9.35	1
8-Sep-06	500	4.8373	98.8084	6.86	1
15-Sep-06	950	4.8979	98.7936	7.62	1
22-Sep-06	950	4.9192	98.7621	7.83	1
29-Sep-06	950	4.9273	98.7733	8.16	1
6-month T-bills					
14-Jul-06	850	4.6109	97.7525	6.28	2
11-Jul-06	850	4.9276	97.6019	8.42	1
8-Sep-06	850	4.9378	97.5970	6.75	1

Calendar for Q4 2006

Treasury bill tenders usually take place every Friday

October	
3	Auction of 4¼% Treasury Gilt 2027. Announcement of the size of the auction on 12 October of 1¼% Index-linked Treasury Gilt 2017.
12	Auction of 1¼% Index-linked Treasury Gilt 2017.
17	Announcement of the size of the auction on 24 October of 1¼% Index-linked Treasury Gilt 2055. Publication of the September RPI by ONS. Publication of 2 November – 1 December 2006 index ratios for index-linked gilts with a 3-month indexation lag. Dividend fixing for the 2009, 2017, 2027 and 2055 index-linked gilts.
24	Auction of 1¼% Index-linked Treasury Gilt 2055.
31	Announcement of the size of the auction on 7 November of 4¼% Treasury Gilt 2046.

November	
7*	Auction of 4¼% Treasury Gilt 2046.
13	Publication of the agenda for the quarterly consultation meetings on 20 November.
14	Announcement of the size of the auction on 23 November of 4% Treasury Gilt 2016. Publication of the October RPI by ONS. Publication of the 2 December 2006 – 1 January 2007 index ratios for index-linked gilts with a 3-month indexation lag.
15	Redemption of 9¾% Conversion Stock 2006.
20	Quarterly consultation meetings with Investors (3.30pm) and GEMMs (5.00pm).
21	Publication of the minutes of the quarterly consultation meetings on 20 November. Announcement of the size of the auction on 28 November of 1¼% Index-linked Treasury Gilt 2027.
23*	Auction of 4% Treasury Gilt 2016.
28*	Auction of 1¼% Index-linked Treasury Gilt 2027. Announcement of the size of the auctions on 5 December of 4¼% Treasury Gilt 2011 and 6 December of 4¼% Treasury Gilt 2027.
30*	Publication of the gilt auction calendar for January-March 2007.

December	
5*	Auction of 4¼% Treasury Gilt 2011. Announcement of the size of the auction on 14 December of 2% Index-linked Treasury Stock 2035.
6*	Auction of 4¼% Treasury Gilt 2027.
7	Redemption of 7½% Treasury Stock 2006.
12	Publication of the November RPI by ONS. Publication of 2 January – 1 February 2007 index ratios for index-linked gilts with a 3-month indexation lag. Dividend fixing for the 2016, 2024, 2030 and 2035 index-linked gilts.
14*	Auction of 2% Index-linked Treasury Stock 2035.
29	Publication of the Treasury bill calendar for January-March 2007.

*Subject to confirmation following the Chancellor's decision on the Budgetary timetable.

DMO wire service pages

Information	Reuters	Bridge	Moneyline Telerate	Topic	Bloomberg
Index	DMO/INDEX	K:2366	21290	44799	DMO<GO>
Announcements	DMO/GILTS1 to 9	K:3327-K:3335	22550 to 22556	44700 to 44712	DMO1<GO>
Shop window general information	DMO/GILTS10	K:3336	6517	44717	DMO3<GO>
Shop window 1	DMO/GILTS11	K:3337	6518	44718	DMO3<GO>
Benchmark prices	DMO/BENCH1	K:3338	22557	44720 to 44721	DMO2<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 04	K:3358-K:3361	47216 to 47219	44800 to 44802	DMO5<GO>
GEMMA ref prices (I-L)	GEMMA07 to 08	K:3365	47223	44805	DMO5<GO>
GEMMA ref prices (Strips)	GEMMA13 to 22	K:3370-K:3379	21291 to 21300	44850 to 44864	DMO6<GO>
Cash announcements	DMO/CASH01	K:2367	15700 to 15709	44660 to 44669	DMO8<GO>
T-bill tender information	DMO/CASH11	K:2377	15710 to 15711	44670 to 44671	DMO9<GO>
Ad-hoc tender information	DMO/CASH16	K:2382	15715 to 15716	44675 to 44676	DMO10<GO>
T-bill reference prices	DMO/TBILLS01	K:2387	15720 to 15724	44900 to 44909	DMO11<GO>

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