



QUARTERLY

Review

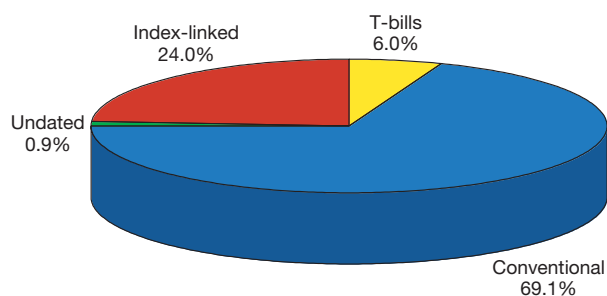
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

www.dmo.gov.uk

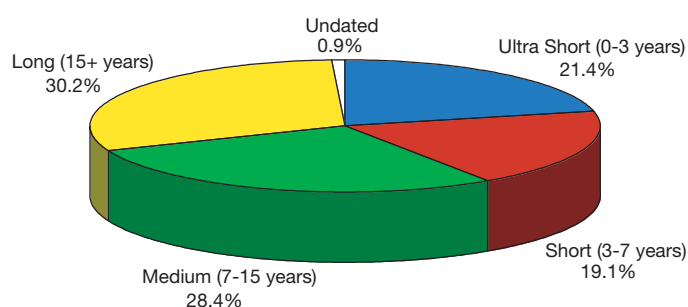
Details of the gilt portfolio as of 30 June 2004

Gilt portfolio summary statistics	31 March 2004	30 June 2004
Nominal value of the gilt portfolio (including inflation uplift)	£321.00 bn	£327.07 bn
Market value of the gilt portfolio	£352.57 bn	£351.28 bn
Weighted average market yields:		
• Conventional gilts	4.61%	4.96%
• Index-linked gilts	1.73%	2.00%
Portfolio average maturity	11.55 years	11.87 years
Average modified duration:		
• Conventional gilts	7.19 years	7.30 years
• Index-linked gilts	11.08 years	11.03 years
Average coupon on conventional gilts (weighted by market value)	6.35%	6.31%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£11.85 bn	£12.00 bn

Composition of debt stock**



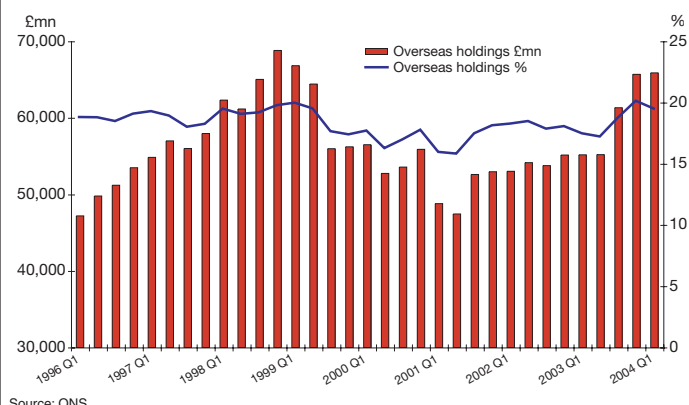
Debt portfolio maturity split**



Distribution of holdings at 31 March 2004

(£ millions)	Q4 2003	Q1 2004
Insurance Companies and Pension Funds	206,643	215,232
Overseas	65,697	65,876
Other financial institutions	33,340	34,673
Households	24,661	28,258
Local Authorities and Public Corporations	3,111	2,973
Building Societies	382	399
Banks*	-6,739	-8,623
TOTAL	327,095	338,788

Overseas holdings of gilts



Source: ONS

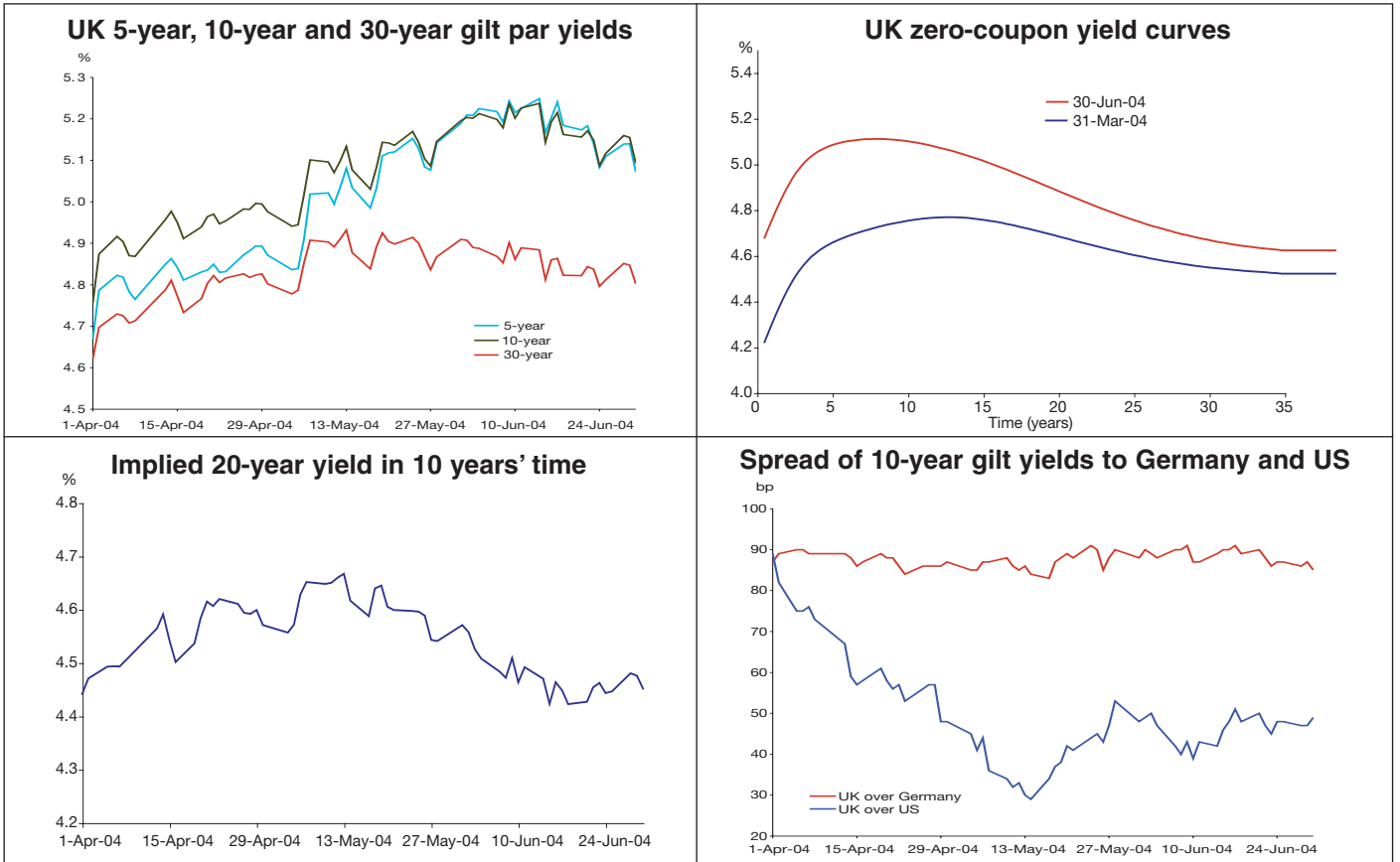
Source: ONS

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

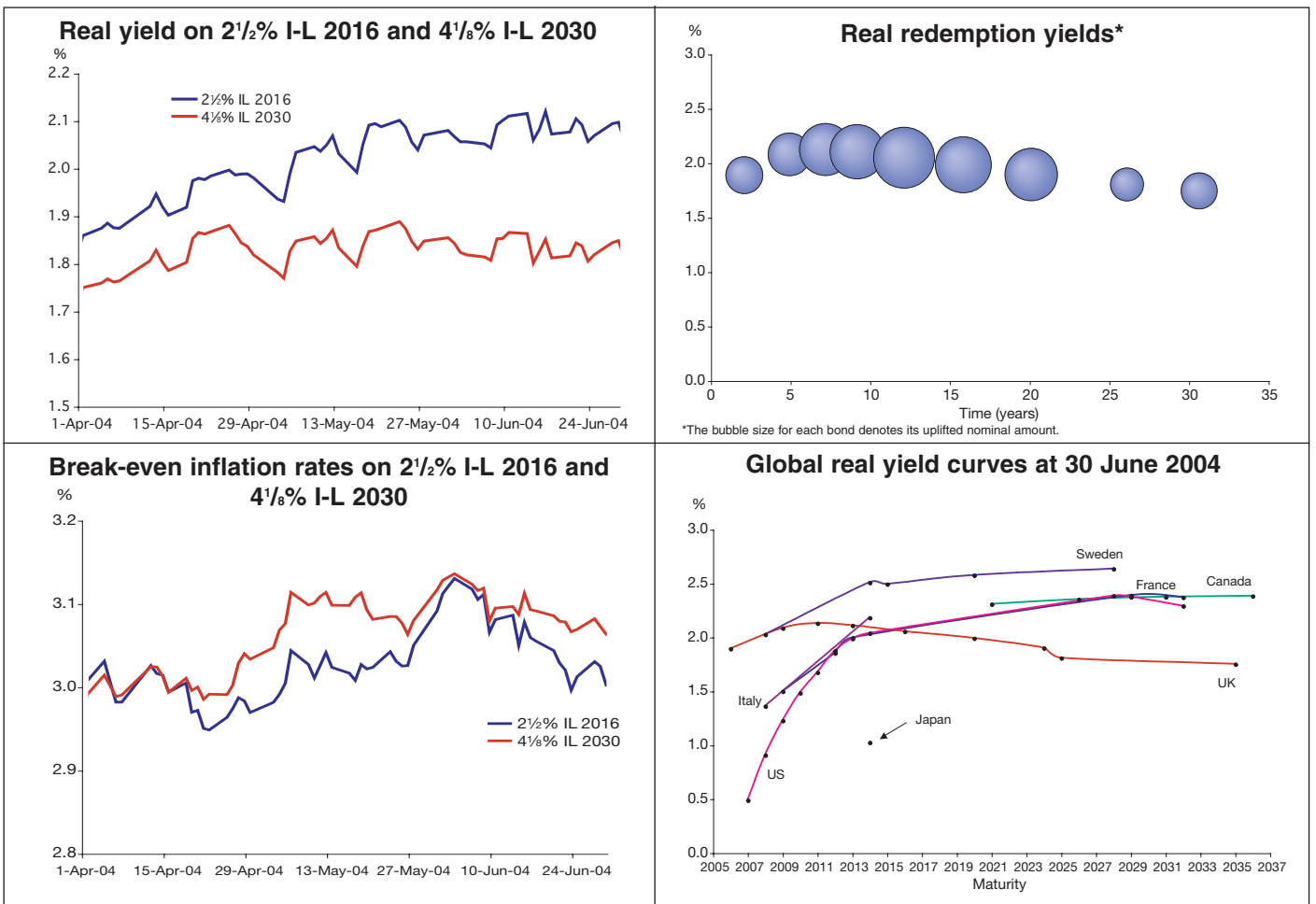
*Repo position.

**Excluding £10 bn Treasury bill collateral issue on 13 April 2004.

Conventional gilts



Index-linked gilts



Gilt market flows (£mn)

	Issuance at auctions (cash)	Redemptions	Coupons*	Net cash flow from gilts after redemptions and coupons
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
Apr-04	3,110	0	-447	2,663
May-04	6,517	-14	-468	6,035
Jun-04	3,304	-7,043	-3,409	-7,148
Jul-04	N/A	0	-984	-
Aug-04	N/A	0	-641	-
Sep-04	N/A	0	-2,696	-

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
22-Apr-04	4¾% 2038	£2,500mn	2.12	0	£99.15	4.80%
28-Apr-04	2% IL 2035	£575mn	2.12	N/A ^a	£110.03	1.78%
20-May-04	2½% IL 2020	£475mn	1.32	N/A ^a	£234.06	2.03%
25-May-04	4½% 2007	£3,000mn	2.06	0	£98.60	5.04%
27-May-04	4¾% 2038	£2,500mn	1.87	0	£98.16	4.86%
17-Jun-04	4¾% 2015	£2,750mn	2.31	0	£96.03	5.22%
24-Jun-04	2% IL 2035	£600mn	2.25	N/A ^a	£110.88	1.79%

^a Index-linked gilts are issued through a uniform price format.

Outturn against the 2004-05 gilts remit at 30 June 2004

(£ mn)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Remit plans	14,800	10,200	14,300	7,800	47,100
Outright sales	2,952	2,639	4,932	2,409	12,933

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
CGNCR forecast	35.3	40.5	39.4	35.6
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
Financing requirement	56.4	60.2	58.9	50.3
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
Net financing requirement	54.8	57.1	55.3	48.3
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
Gilt sales planned during year	47.4	49.7	49.9	47.1

*As revised on 22 April 2004

Details of market activity

Top twenty stocks traded (by market value) in the thirteen weeks to 25 June 2004

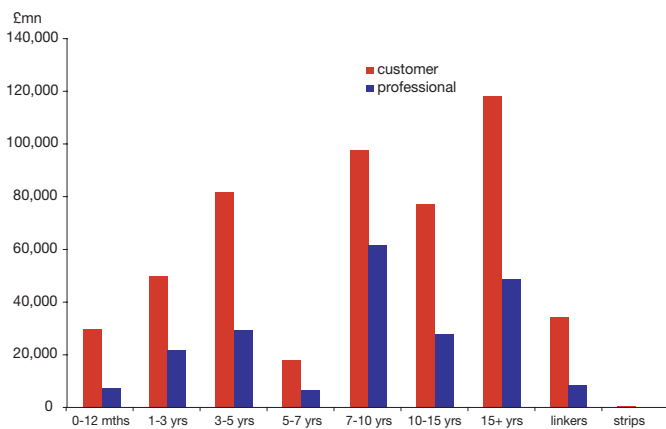
Stock	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio ^a	Number of bargains ('000s)	Average bargain size (£mn)
8% Treasury 2013	131,304	18%	17	5	25
4% Treasury 2009	59,506	8%	5	9	7
5% Treasury 2014	53,717	8%	4	11	5
4¼% Treasury 2032	44,219	6%	3	6	7
8% Treasury 2021	36,141	5%	2	8	5
5% Treasury 2008	32,035	4%	2	9	3
5% Treasury 2012	31,310	4%	2	12	3
8½% Treasury 2005	26,433	4%	2	3	8
7½% Treasury 2006	26,359	4%	2	5	5
4¼% Treasury 2036	26,243	4%	2	3	8
4½% Treasury 2007	24,765	3%	5	2	10
5% Treasury 2025	22,652	3%	2	3	7
4¾% Treasury 2015	22,395	3%	3	3	9
6% Treasury 2028	19,682	3%	1	4	5
6¾% Treasury 2004	19,673	3%	3	3	6
5¾% Treasury 2009	19,374	3%	2	8	2
8% Treasury 2015	18,721	3%	2	4	5
7½% Treasury 2007	15,193	2%	1	5	3
5% Treasury 2004	13,336	2%	2	1	10
8¾% Treasury 2017	8,299	1%	1	1	8

The top twenty stocks account for 91% of total market turnover.

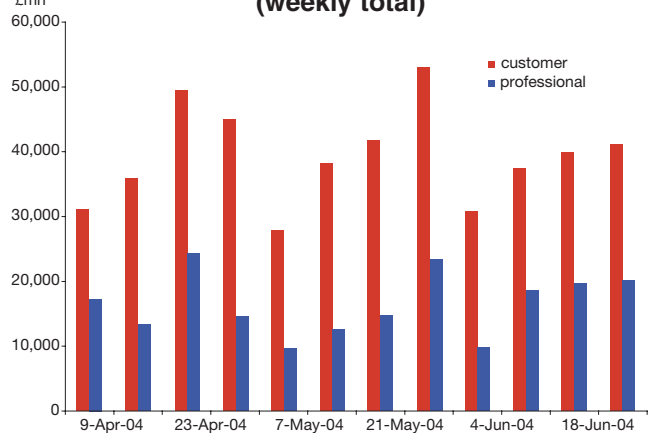
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

^a 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.

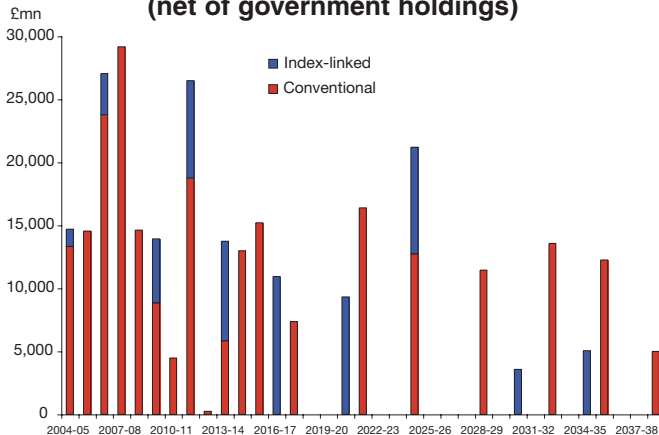
GEMM turnover by maturity band, Q2 2004



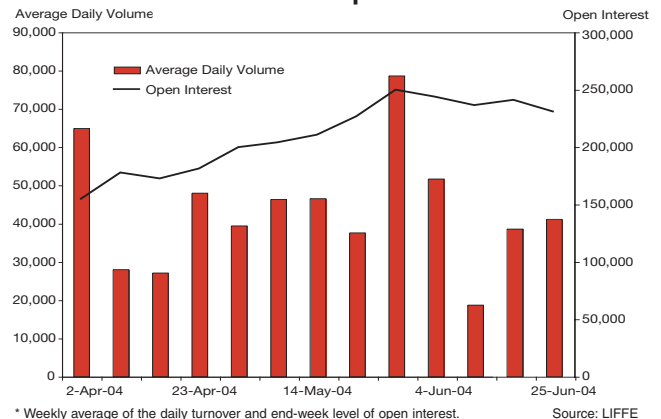
Total GEMM market turnover (weekly total)



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 30 June 2004 (£mn nominal)

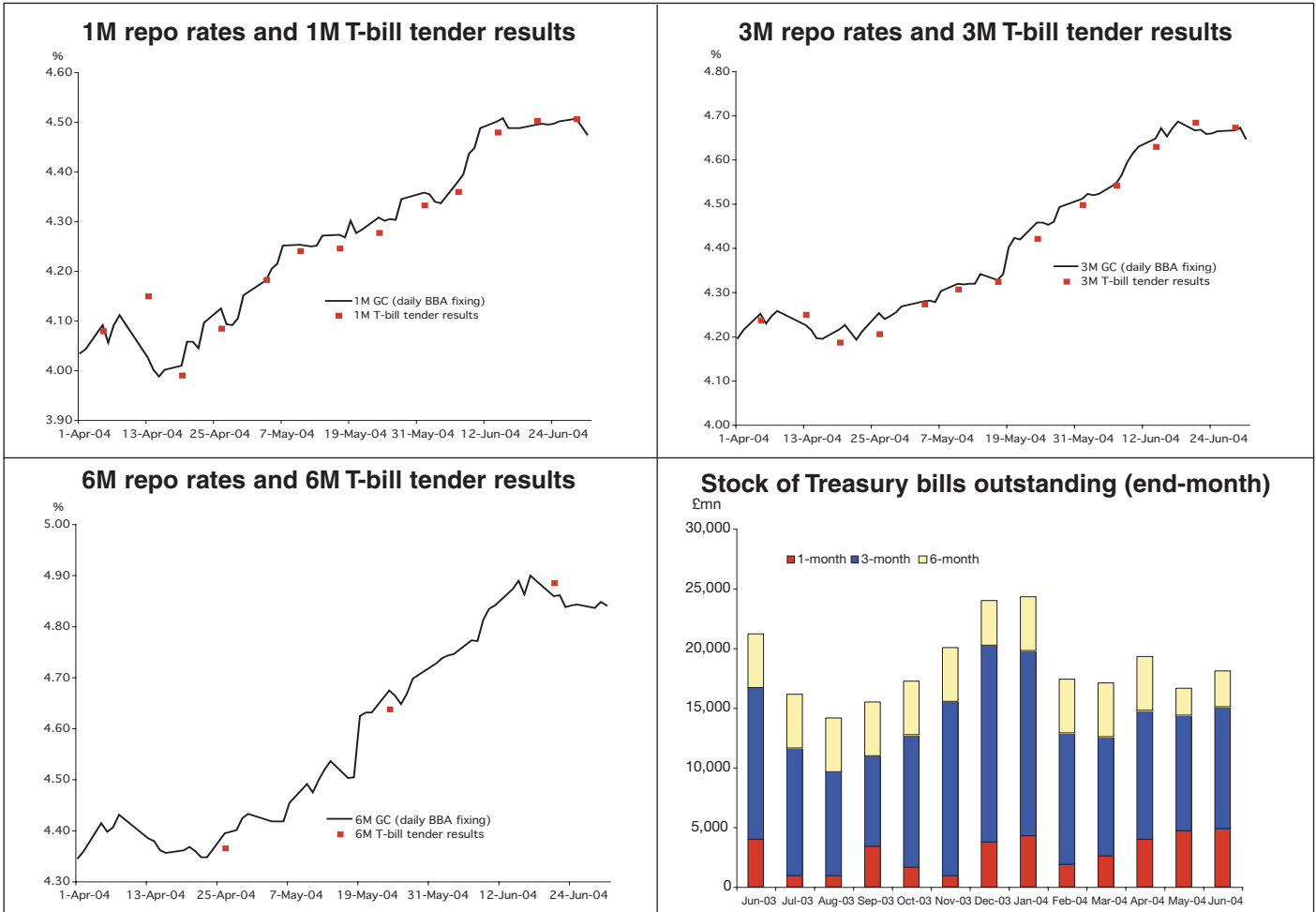
Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
6¾% Treasury 2004	26-Nov-04	6,597	-	473
9½% Conversion 2005	18-Apr-05	4,469	-	104
8½% Treasury 2005	07-Dec-05	10,486	165	312
7¾% Treasury 2006	08-Sep-06	3,955	-	441
7½% Treasury 2006	07-Dec-06	11,807	167	275
4½% Treasury 2007	07-Mar-07	8,750	0	18
8½% Treasury 2007	16-Jul-07	4,638	-	371
7¼% Treasury 2007	07-Dec-07	11,103	174	247
5% Treasury 2008	07-Mar-08	14,221	6	163
5½% Treasury 2008/2012	10-Sep-08	1,026	-	182
4% Treasury 2009	07-Mar-09	13,250	1	13
5¾% Treasury 2009	07-Dec-09	8,937	78	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	42	235
8% Treasury 2013	27-Sep-13	6,181	-	386
5% Treasury 2014	07-Sep-14	13,050	109	57
4¾% Treasury 2015	07-Sep-15	8,000	143	4
8% Treasury 2015	07-Dec-15	7,377	387	172
8¾% Treasury 2017	25-Aug-17	7,751	-	380
8% Treasury 2021	07-Jun-21	16,741	256	346
5% Treasury 2025	07-Mar-25	12,922	9	177
6% Treasury 2028	07-Dec-28	11,756	164	309
4¼% Treasury 2032	07-Jun-32	13,829	331	251
4¼% Treasury 2036	07-Mar-36	12,250	20	3
4¾% Treasury 2038	07-Dec-38	5,000	21	2
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
4⅝% I-L Treasury 2004	21-Oct-04	1,338	1,814**	38
2% I-L Treasury 2006	19-Jul-06	2,037	5,353	37
2½% I-L Treasury 2009	20-May-09	3,098	7,183	74
2½% I-L Treasury 2011	23-Aug-11	4,342	10,635	70
2½% I-L Treasury 2013	16-Aug-13	5,597	11,454	105
2½% I-L Treasury 2016	26-Jul-16	6,455	14,442	169
2½% I-L Treasury 2020	16-Apr-20	5,568	11,255	68
2½% I-L Treasury 2024	17-Jul-24	5,751	10,752	112
4⅞% I-L Treasury 2030	22-Jul-30	3,171	4,286	71
2% I-L Treasury 2035	26-Jan-35	4,950	5,207	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
9½% Conversion 2004	25-Oct-04	307		158
10½% Exchequer 2005	20-Sep-05	24		16
9¾% Conversion 2006	15-Nov-06	6		3
9% Treasury 2008	13-Oct-08	687		142
8% Treasury 2009	25-Sep-09	393		123
9% Treasury 2012	06-Aug-12	403		156
12% Exchequer 2013/2017	12-Dec-13	58		9
4% Consolidated	Undated	358		62
2½% Consolidated	Undated	272		47
3½% Conversion	Undated	89		73
3% Treasury	Undated	53		7
2½% Annuities	Undated	3		0.5
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.

**Calculated using the February 2004 RPI.

Money market operations



Treasury bill tender results Q2 2004

Tender date	Stock amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1 month T-bills					
2-Apr-04	1500	4.0792	99.6769	4.88	2
8-Apr-04	500	4.1494	99.6940	8.18	0
16-Apr-04	500	3.9900	99.6949	8.57	0
23-Apr-04	500	4.0844	99.6877	7.81	3
30-Apr-04	500	4.1822	99.6802	7.43	1
7-May-04	500	4.2403	99.6758	8.35	0
14-May-04	500	4.2457	99.6754	9.23	0
21-May-04	1000	4.2770	99.6730	5.13	1
28-May-04	1500	4.3324	99.6805	5.20	1
4-Jun-04	1500	4.3596	99.6667	4.81	0
11-Jun-04	1500	4.4790	99.6576	5.83	0
18-Jun-04	1500	4.5026	99.6558	4.04	1
25-Jun-04	1500	4.5063	99.6555	3.69	0
3 month T-bills					
2-Apr-04	1500	4.2370	98.9547	6.47	1
8-Apr-04	500	4.2495	98.9630	9.29	0
16-Apr-04	500	4.1865	98.9670	9.40	1
23-Apr-04	500	4.2059	98.9623	11.05	1
30-Apr-04	500	4.2730	98.9574	8.86	1
7-May-04	500	4.3069	98.9376	9.38	0
14-May-04	500	4.3238	98.9335	9.85	1
21-May-04	1500	4.4211	98.9098	6.07	1
28-May-04	1500	4.4978	98.8911	5.66	1
4-Jun-04	1500	4.5420	98.8803	5.55	1
11-Jun-04	1000	4.6295	98.8590	6.05	1
18-Jun-04	1000	4.6840	98.8457	5.57	1
25-Jun-04	1000	4.6732	98.8483	4.49	2
6 month T-bills					
23-Apr-04	750	4.3655	97.8696	9.29	0
21-May-04	750	4.6379	97.7397	5.96	1
18-Jun-04	750	4.8851	97.6221	5.63	1

Calendar for Q3 2004

July	
6	Announcement of the size of the auction of 4½% Treasury Stock 2007 on 15 July.
13	Publication of the June RPI by the ONS and dividend fixing for the 2011 and 2013 index-linked gilts.
13	Announcement of the size of the auction of 4¾% Treasury Stock 2038 on 22 July.
15	Auction of 4½% Treasury Stock 2007.
20	Announcement of the size of the auction of 2½% Index-linked Treasury Stock 2013 on 28 July.
22	Auction of 4¾% Treasury Stock 2038.
28	Auction of 2½% Index-linked Treasury Stock 2013.

August	
3	Announcement of the size of the auction of 5¾% Treasury Stock 2009 on 12 August.
10	Publication of the July RPI by the ONS.
12	Auction of 5¾% Treasury Stock 2009.

September	
7	Announcement of the size of the auction of 4¾% Treasury Stock 2015 on 16 September.
14	Publication of the August RPI by the ONS and dividend fixing for the 2020 index-linked gilt.
16	Auction of 4¾% Treasury Stock 2015.
20	DMO quarterly consultation meetings with gilts market participants.
21	Announcement of the size of the auction of 4½% Index-linked Treasury Stock 2030 on 28 September.
21	Publication of the minutes of the consultation meetings.
24	Publication of the Treasury bill issuance calendar for October–December 2004.
28	Auction of 4½% Index-linked Treasury Stock 2030.
30	Publication of the gilt issuance calendar for October-December 2004.

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 info	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)	GEMMA08	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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 Comments on this publication or the website would be welcomed by Sarah Ellis or Mark Deacon.



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