

CGNCR 2003-04 OUTTURN: REVISION TO DMO REMIT 2004-05

Following this morning's announcement by HM Treasury/National Statistics that the outturn CGNCR for March 2004 was £12.0 billion, taking the CGNCR for 2003-04 to £39.4 billion; £2.9 billion below the forecast in the Budget, the following adjustments are being made to the DMO remit for 2004-05 (in accordance with the contingencies announced at the Budget):

- planned Treasury bill sales are being reduced by £1.9 billion compared to Budget plans, (taking the planned end March 2005 stock to £17.5 billion); and
- planned gilt sales are being reduced by £0.9 billion – with the reduction split as follows

	Reduction (£bn)	Planned Sales (£bn)
Short conventionals	0.2	14.8
Medium conventionals	0.3	10.2
Long conventionals	0.2	14.3
Index-linked	0.2	7.8

There are no changes to the gilt auction calendar for 2004-05.

The reductions to financing are necessary because the lower than forecast CGNCR outturn has had the effect of increasing the end-March 2004 level of the DMO's residual cash position to £3.2 billion; an increase of £2.8 billion compared to the Budget forecast. The end-March residual cash position has also been impacted by a £0.2 billion lower contribution to financing in 2003-04 by National Savings & Investments than forecast at the Budget and by £0.1 billion higher gilt sales.

The higher cash position needs to be run down in 2004-05 to take it to its target level of £0.2 billion, reducing the financing requirement by £2.8 billion compared to the Budget forecast. This is being met by a combination of lower Treasury bill sales (£1.9 billion) and gilt sales (£0.9 billion).

The revised financing arithmetic for 2003-04 and 2004-05 is set out below.

Gilt financing arithmetic

The financing arithmetic (£ billions)	2003-04 outturn	2004-05 revised
CGNCR forecast	39.4	35.6
Gilt redemptions	21.1	14.7
Financing for the Official Reserves	-1.8	0.0
Buy-backs	0.2	0.0
Financing Requirement	58.9	50.3
<i>less</i>		
National Savings and Investments	3.5	2.0
DMO cash deposit at the Bank of England	0.1	0.0
Net Financing Requirement	55.3	48.3
1. Planned net short-term debt sales		
Change in T bill stock	4.3	-1.8
Change in Ways & Means	0.0	0.0
Change in short-term cash position ¹	1.1	3.0
Net change in short-term debt	5.4	1.2
2. Planned gilt sales	49.9	47.1
<i>of which:</i>		
Short conventional	18.8	14.8
Medium conventional	13.1	10.2
Long conventional	11.4	14.3
Index-linked	6.5	7.8
3. Unanticipated changes in net short-term debt		
Change in DMO net cash position ¹	3.0	-
Short term debt levels		
T bill stock at end of FY	19.3	17.5
Ways & Means at end of FY	13.4	13.4
DMO net cash position ²	3.2	0.2
<i>Figures may not sum due to rounding</i>		
<i>1. excluding changes in the DMO's cash deposit at the Bank of England</i>		
<i>2. including the DMO cash deposit at the Bank of England</i>		