

## **RECORD OF THE CONSULTATION MEETINGS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE JUNE-SEPTEMBER 2009 GILT MARKET OPERATIONS CALENDAR**

The DMO held meetings with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on 18 May 2009. The meetings were primarily intended to inform the choice of gilts to be issued in June-September 2009.

19 gilt auctions are scheduled in June-September 2009: 16 of conventional gilts and 3 of index-linked gilts. The conventional auctions in the period will be split by maturity as follows: 5 short-dated, 7 medium-dated and 4 long-dated. In discussion, the following main points emerged:

### **GEMMs**

Conventional: For short-dated maturities there was near unanimous agreement in re-opening 5% 2014 as early as possible in the period, as well as support for building up 2¼% 2014 further and for re-opening 5¼% 2012. For medium-dated issuance there were mixed views about the launch of a new September 2019 gilt on the basis that 4½% 2019 is already established as the 10-year benchmark, although most recognized the need to introduce new bonds in this sector. As alternative candidates a new September 2017, a new 2020 or a new 2021 were variously suggested. Other medium-dated bonds mentioned were 4% 2016, 4¾% 2020 and 4% 2022 (which received widespread support). At the long-end of the curve, re-openings of the 2027, 2030, 2032 and 2049 were suggested, along with unanimous support for two re-openings of the 2039 bond. For syndicated offerings, it was suggested the programme should be launched as soon as possible, commencing with a conventional syndicated offering in June. The favoured candidates were a new 25-year and/or a new 50-year bond. A small minority suggested re-opening existing long-dated gilts via syndication in the period.

Index-linked: There were calls for re-openings via auction of the 2017, 2022, 2027, 2032, 2037, 2047 and one request for a re-opening of the 2055 bond. There was widespread support in launching a new IL 2042 via syndication, and some calls for a new 10- and 20-year. There was a general preference to hold index-linked syndicated offerings in July and/or September.

### **Investors**

Conventional: There was widespread support for re-openings of both 2¼% 2014 and 5% 2014, with a preference for the latter being auctioned first. There was also one call for the launch of a new 2015 gilt. Views on the potential launch of a new 2019 gilt were again mixed, with a new 2020 or 2021 bond offered as alternative suggestions. Other medium-dated candidates were 4% 2016, 4½% 2019, 4¾% 2020 and 4% 2022. At the long-end, there was support for building up 4¼% 2039 further and widespread agreement on the use of syndication to issue other long conventional gilts.

Index-linked: For index-linked gilts there were calls for the re-opening of existing benchmark index-linked gilts e.g. 2022, 2032 and 2037. There was also general support to fill the gap in the curve between the existing 2037 and 2047 bonds via a syndicated offering of a new 2042.

**The details of the gilt issuance calendar for June-September will be announced by the DMO at 3.30pm on Friday 22 May 2009.**

**The next consultation meetings to discuss gilt issuance in the quarter October-December 2009 will be held at the DMO on Monday 17 August 2009.**