



# QUARTERLY

# Review

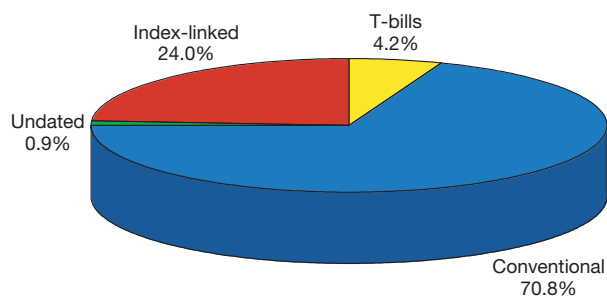
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

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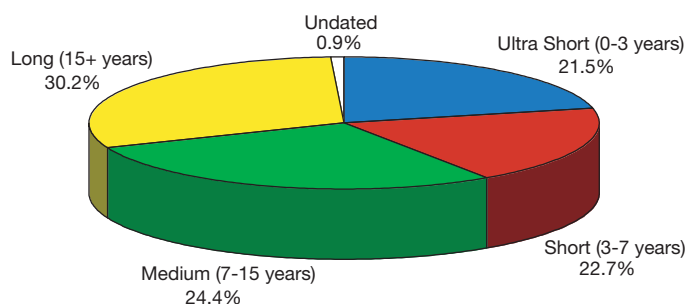
## Details of the gilt portfolio as of 30 September 2004

Gilt portfolio summary statistics	30 June 2004	30 September 2004
Nominal value of the gilt portfolio (including inflation uplift)	£327.07 bn	£338.64 bn
Market value of the gilt portfolio	£351.28 bn	£368.91 bn
Weighted average market yields:		
• Conventional gilts	4.96%	4.72%
• Index-linked gilts	2.00%	1.80%
Portfolio average maturity	11.87 years	11.74 years
Average modified duration:		
• Conventional gilts	7.30 years	7.27 years
• Index-linked gilts	11.03 years	10.95 years
Average coupon on conventional gilts (weighted by market value)	6.31%	6.26%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£12.00 bn	£12.44 bn

Composition of debt stock\*\*



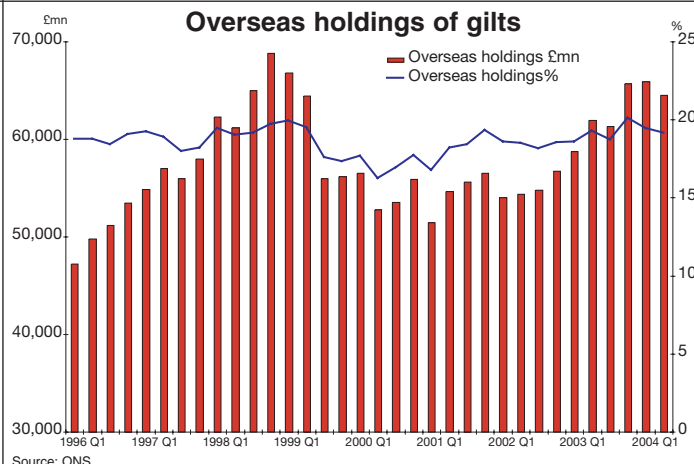
Debt portfolio maturity split\*\*



Distribution of holdings

(£ millions)	at end Q1 2004	Q2 2004
Insurance Companies and Pension Funds	215,814	216,292
Overseas	65,897	64,511
Other financial institutions	34,709	32,091
Households	27,619	27,911
Local Authorities and Public Corporations	2,973	3,002
Building Societies	399	600
Banks*	-8,623	-7,022
<b>TOTAL</b>	<b>338,788</b>	<b>337,385</b>

Overseas holdings of gilts



Source: ONS

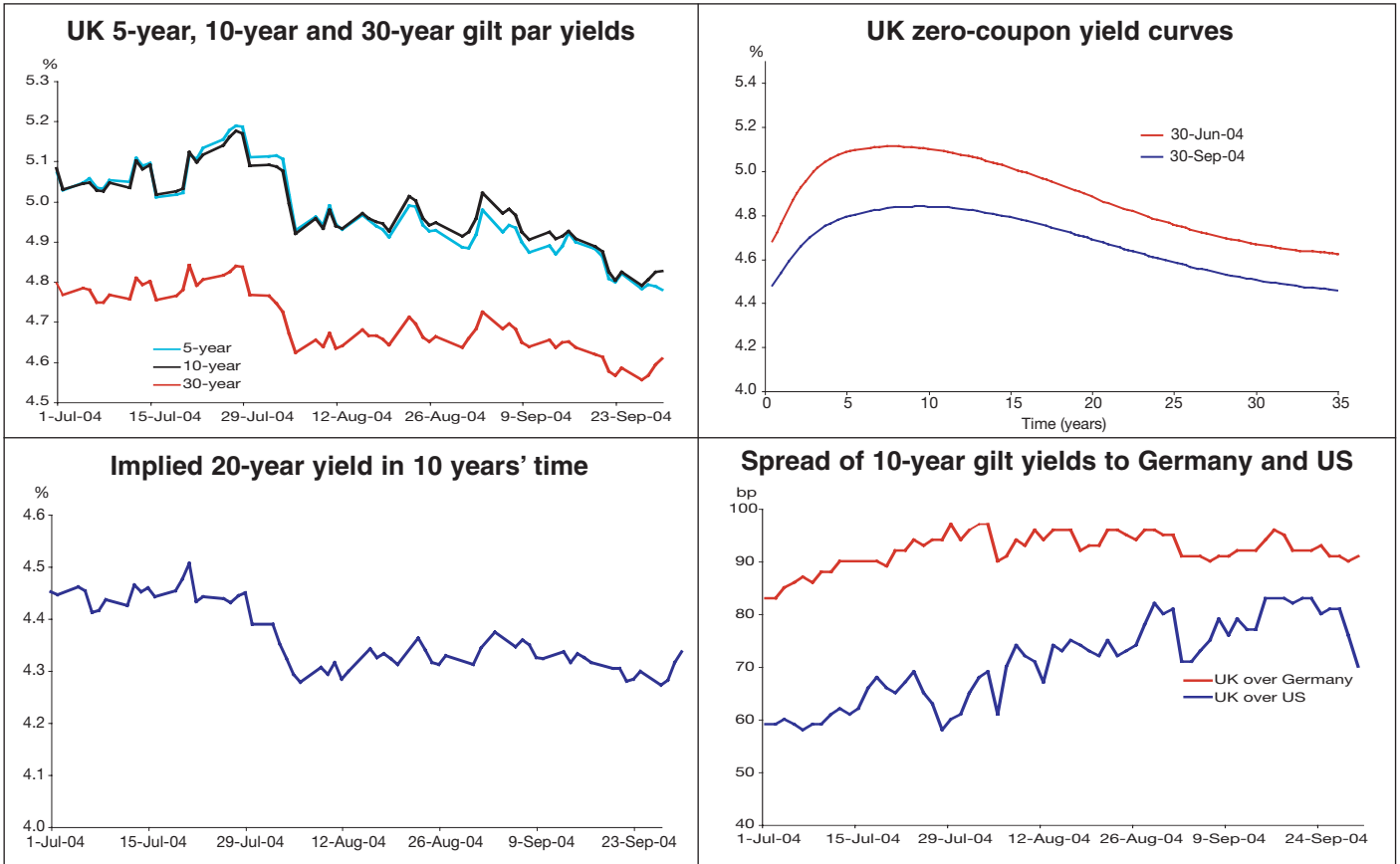
Source: ONS

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

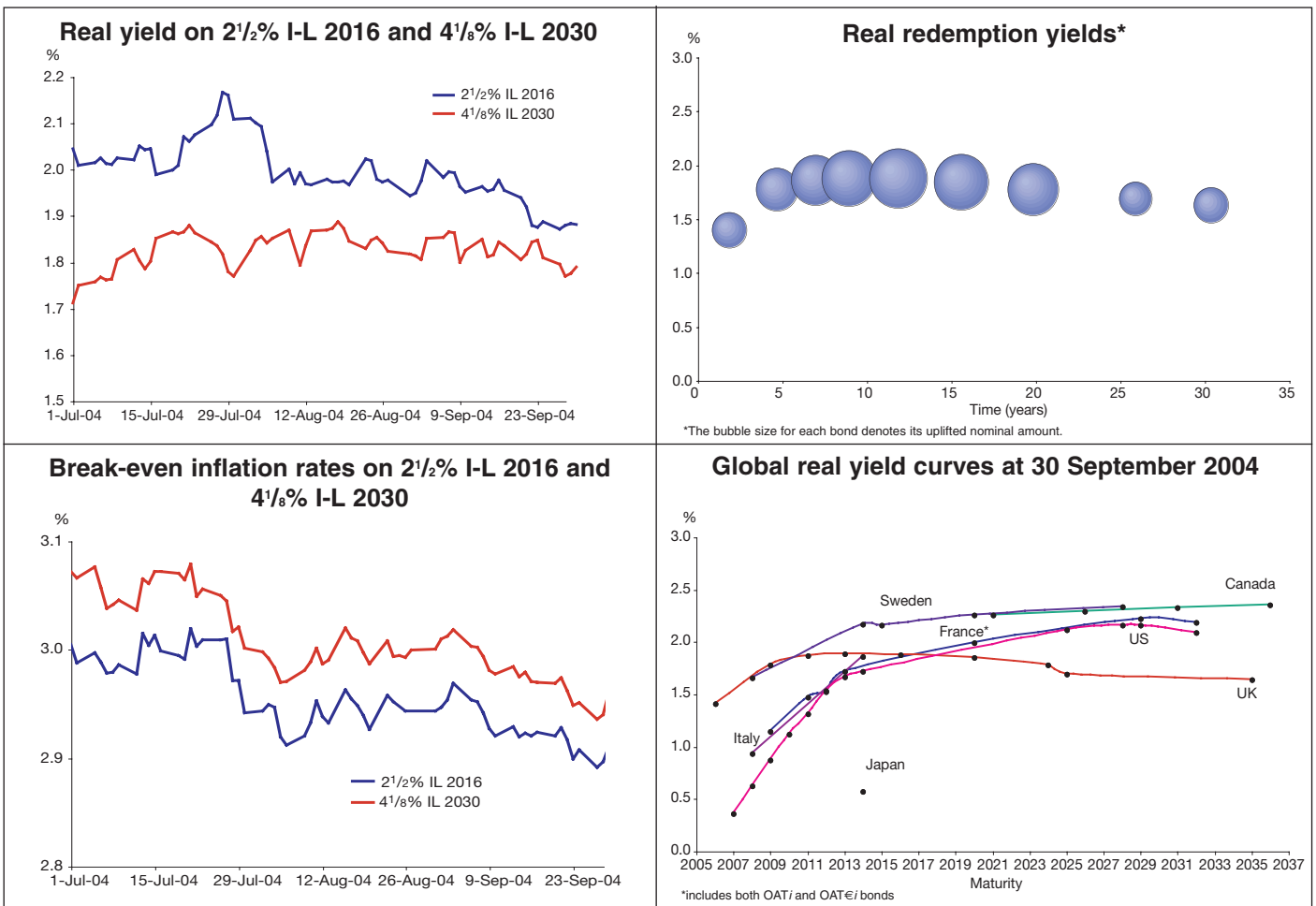
\*Repo position.

\*\*Excluding £10 bn Treasury bill collateral issue on 23 August 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
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	5,842	0	-984	4,858
Aug-04	2,587	0	-641	1,946
Sep-04	3,174	0	-2,696	478
Oct-04	N/A	-1,518	452	-
Nov-04	N/A	-6,120	469	-
Dec-04	N/A	0	3441	-

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
15-Jul-04	4½% 2007	£2,750mn	3.22	0	£98.73	5.02%
22-Jul-04	4¾% 2038	£2,250mn	2.18	0	£99.38	4.79%
28-Jul-04	2½% IL 2013	£425mn	1.96	N/A <sup>a</sup>	£210.42	2.24%
12-Aug-04	5¾% 2009	£2,500mn	3.02	0	£103.51	4.99%
16-Sep-04	4¾% 2015	£2,500mn	2.18	0	£98.41	4.94%
28-Sep-04	4½% IL 2030	£350mn	3.03	N/A <sup>a</sup>	£204.90	1.71%

<sup>a</sup> Index-linked gilts are issued through a uniform price format.

## Outturn against the 2004-05 gilts remit at 30 September 2004

(£ mn)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
<b>Remit plans</b>	14,800	10,200	14,300	7,800	47,100
<b>Outright sales</b>	8,252	5,099	7,167	4,019	24,537

## 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
<b>CGNCR forecast</b>	<b>35.3</b>	<b>40.5</b>	<b>39.4</b>	<b>35.6</b>
Replacing foreign currency debt	0.0	-1.6	-1.8	0.0
Redemptions	21.1	21.1	21.1	14.7
Debt buy-backs	0.0	0.2	0.2	0.0
<b>Financing requirement</b>	<b>56.4</b>	<b>60.2</b>	<b>58.9</b>	<b>50.3</b>
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
<b>Net financing requirement</b>	<b>54.8</b>	<b>57.1</b>	<b>55.3</b>	<b>48.3</b>
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
<b>Gilt sales planned during year</b>	<b>47.4</b>	<b>49.7</b>	<b>49.9</b>	<b>47.1</b>

\*As revised on 22 April 2004

## Details of market activity

### Top twenty stocks traded (by market value) in the thirteen weeks to 24 September 2004

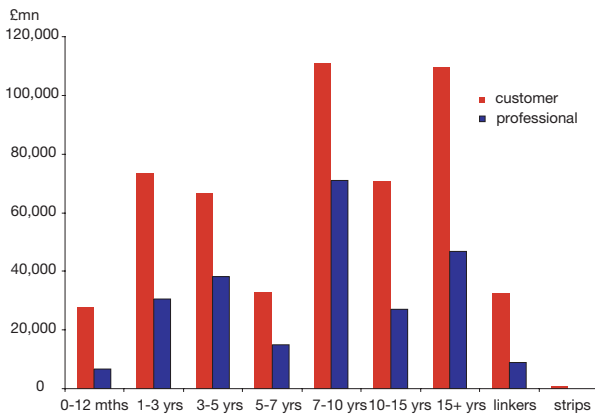
Stock	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio <sup>a</sup>	Number of bargains ('000s)	Average bargain size (£mn)
8% Treasury 2013	132,775	19%	16	5	29
4% Treasury 2009	62,393	9%	4	9	7
5% Treasury 2014	61,246	9%	4	11	5
4½% Treasury 2032	45,741	7%	3	6	7
4½% Treasury 2007	41,181	6%	3	4	11
5% Treasury 2012	27,451	4%	2	11	2
5% Treasury 2008	27,134	4%	1	8	3
4¾% Treasury 2015	26,814	4%	2	5	5
8% Treasury 2021	25,981	4%	4	6	4
7½% Treasury 2006	25,576	4%	2	5	5
8½% Treasury 2005	25,242	4%	2	3	8
6¾% Treasury 2004	22,307	3%	2	3	7
5% Treasury 2025	21,647	3%	2	3	7
5¾% Treasury 2009	21,234	3%	2	9	2
4½% Treasury 2036	19,447	3%	2	3	7
6% Treasury 2028	17,536	3%	1	3	5
8% Treasury 2015	12,929	2%	1	1	10
7½% Treasury 2007	11,606	2%	1	4	3
9½% Treasury 2005	10,006	1%	2	1	8
6½% Treasury 2010	7,993	1%	1	3	3

The top twenty stocks account for 94% of total market turnover.

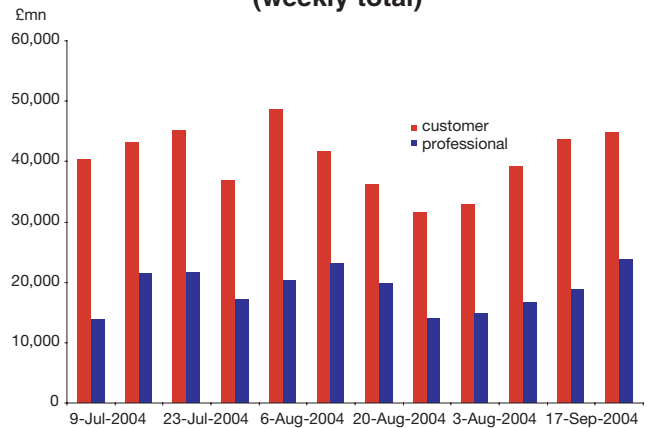
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

<sup>a</sup> 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.

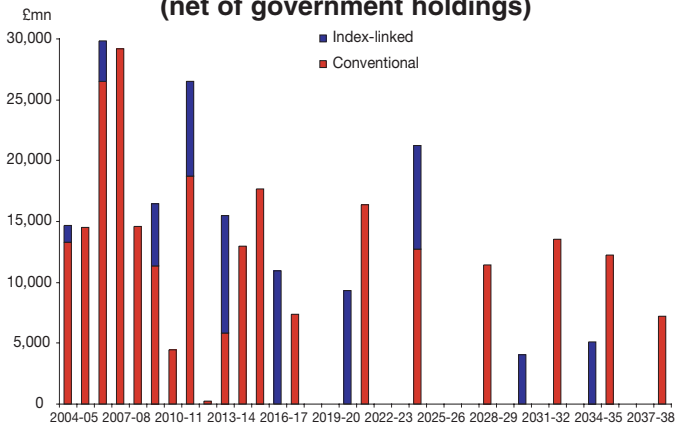
#### GEMM turnover by maturity band, Q3 2004



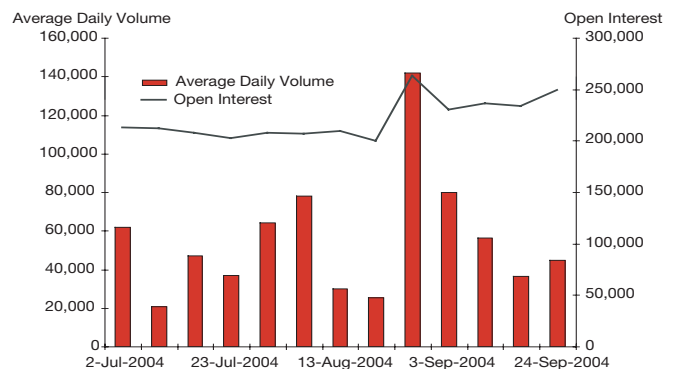
#### Total GEMM market turnover (weekly total)



#### 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 September 2004 (£mn nominal)

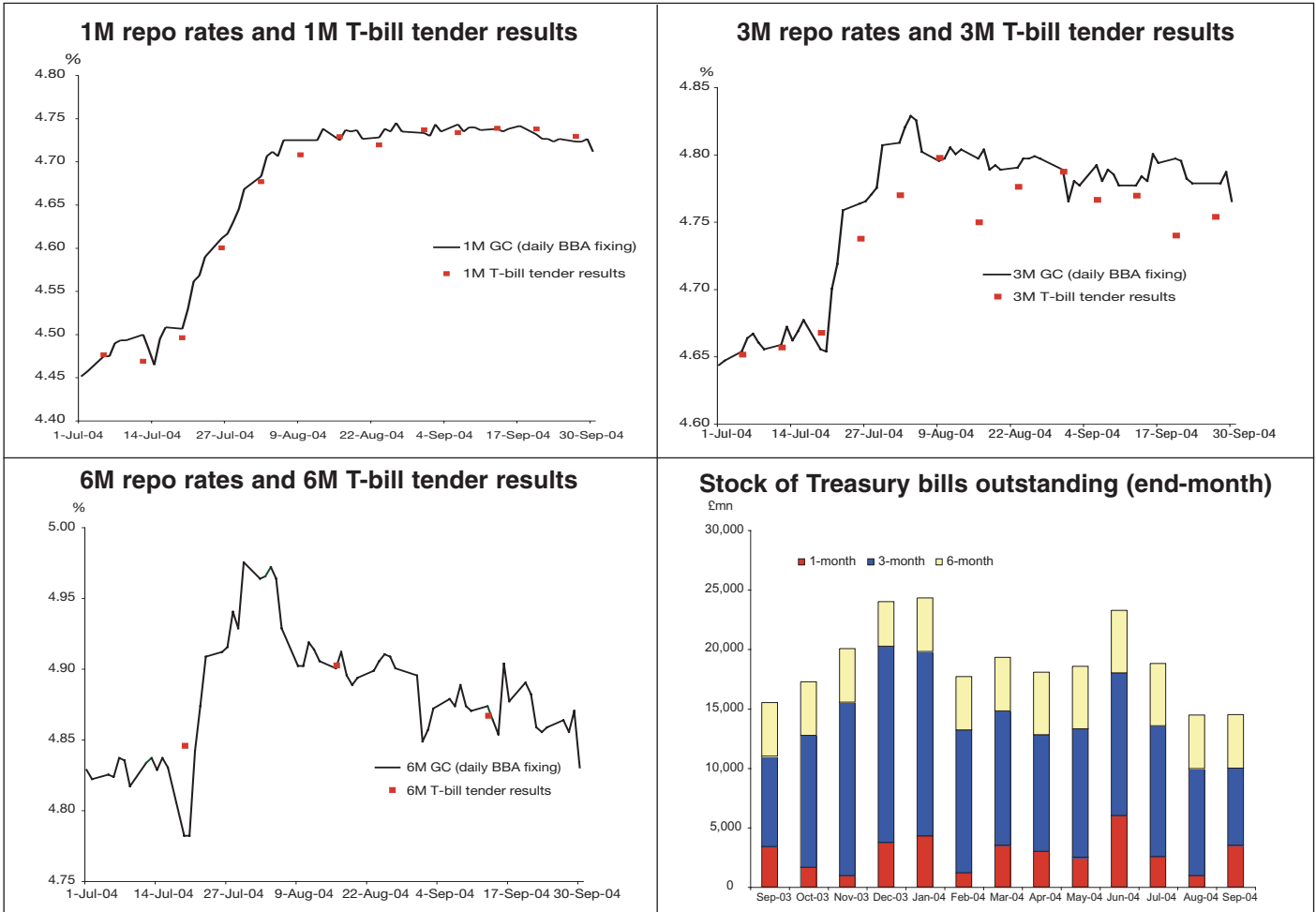
Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
6¾% Treasury 2004	26-Nov-04	6,597	-	473
9½% Conversion 2005	18-Apr-05	4,469	-	104
8½% Treasury 2005	07-Dec-05	10,486	171	312
7¾% Treasury 2006	08-Sep-06	3,955	-	441
7½% Treasury 2006	07-Dec-06	11,807	162	275
4½% Treasury 2007	07-Mar-07	11,500	1	21
8½% Treasury 2007	16-Jul-07	4,638	-	371
7¼% Treasury 2007	07-Dec-07	11,103	183	247
5% Treasury 2008	07-Mar-08	14,221	44	163
5½% Treasury 2008/2012	10-Sep-08	1,026	-	182
4% Treasury 2009	07-Mar-09	13,250	31	18
5¾% Treasury 2009	07-Dec-09	11,437	100	358
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	38	235
8% Treasury 2013	27-Sep-13	6,181	-	386
5% Treasury 2014	07-Sep-14	13,050	19	57
4¾% Treasury 2015	07-Sep-15	10,500	143	7
8% Treasury 2015	07-Dec-15	7,377	253	172
8¾% Treasury 2017	25-Aug-17	7,751	-	380
8% Treasury 2021	07-Jun-21	16,741	264	346
5% Treasury 2025	07-Mar-25	12,922	44	177
6% Treasury 2028	07-Dec-28	11,756	197	309
4¼% Treasury 2032	07-Jun-32	13,829	470	251
4¼% Treasury 2036	07-Mar-36	12,250	35	3
4¾% Treasury 2038	07-Dec-38	7,250	21	3
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
4⅜% I-L Treasury 2004	21-Oct-04	1,338	1,814**	38
2% I-L Treasury 2006	19-Jul-06	2,037	5,368	37
2½% I-L Treasury 2009	20-May-09	3,098	7,202	74
2½% I-L Treasury 2011	23-Aug-11	4,342	10,664	70
2½% I-L Treasury 2013	16-Aug-13	6,022	12,361	105
2½% I-L Treasury 2016	26-Jul-16	6,455	14,481	169
2½% I-L Treasury 2020	16-Apr-20	5,568	12,288	68
2½% I-L Treasury 2024	17-Jul-24	5,751	10,782	112
4⅞% I-L Treasury 2030	22-Jul-30	3,521	4,772	71
2% I-L Treasury 2035	26-Jan-35	4,950	5,221	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		143
8% Treasury 2009	25-Sep-09	393		125
9% Treasury 2012	06-Aug-12	403		158
12% Exchequer 2013/2017	12-Dec-13	58		9
4% Consolidated	Undated	358		62
2½% Consolidated	Undated	272		47
3½% Conversion	Undated	88		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 Q3 2004

Tender date	Stock amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
<b>1 month T-bills</b>					
2-Jul-04	1,500	4.4765	99.6578	6.46	0
9-Jul-04	750	4.4690	99.6583	7.01	0
16-Jul-04	150	4.4964	99.6563	8.88	1
23-Jul-04	150	4.6004	99.6483	7.10	1
30-Jul-04	150	4.6760	99.6299	8.65	0
6-Aug-04	150	4.7081	99.6401	8.45	1
13-Aug-04	150	4.7290	99.6385	6.65	0
20-Aug-04	150	4.7196	99.6393	6.85	1
27-Aug-04	500	4.7369	99.6508	4.54	0
3-Sep-04	1,500	4.7338	99.6382	5.22	0
10-Sep-04	1,000	4.7387	99.6378	5.57	1
17-Sep-04	500	4.7381	99.6378	5.53	0
24-Sep-04	500	4.7295	99.6385	7.86	1
<b>3 month T-bills</b>					
2-Jul-04	500	4.6516	98.8536	8.86	1
9-Jul-04	500	4.6570	98.8523	8.23	1
16-Jul-04	500	4.6678	98.8496	8.35	1
23-Jul-04	500	4.7377	98.8326	7.53	2
30-Jul-04	500	4.7700	98.8247	7.94	1
6-Aug-04	500	4.7978	98.8180	7.07	2
13-Aug-04	500	4.7499	98.8296	11.14	0
20-Aug-04	500	4.7763	98.8232	6.15	1
27-Aug-04	500	4.7874	98.8333	4.94	0
3-Sep-04	500	4.7666	98.8256	7.27	0
10-Sep-04	500	4.7697	98.8248	6.37	1
17-Sep-04	500	4.7400	98.8320	7.36	0
24-Sep-04	500	4.7540	98.8032	9.01	2
<b>6 month T-bills</b>					
16-Jul-04	750	4.8458	97.6408	7.56	0
13-Aug-04	750	4.9027	97.6137	7.07	1
10-Sep-04	750	4.8670	97.6306	5.46	1

## Calendar for Q4 2004

<b>October</b>	
<b>5</b>	Announcement of the size of the auction of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2038 on 14 October.
<b>12</b>	Publication of the September RPI by ONS and dividend fixing for the 2009 index-linked gilt.
<b>14</b>	Auction of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2038.
<b>19</b>	Announcement of the size of the auctions of 2 <sup>1</sup> / <sub>2</sub> % Index-linked Treasury Stock 2016 on 26 October and of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2015 on 28 October.
<b>21</b>	Redemption of 4 3/8% Index-linked Treasury Stock 2004.
<b>26</b>	Auction of 2 <sup>1</sup> / <sub>2</sub> % Index-linked Treasury Stock 2016.
<b>28</b>	Auction of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2015.

<b>November</b>	
<b>9</b>	Announcement of the size of the auction of the new 7 June 2010 conventional gilt on 18 November. The coupon on the new gilt will also be announced.
<b>16</b>	Announcement of the size of the auction of 2% Index-linked Treasury Stock 2035 on 24 November.
<b>16</b>	Publication of the October RPI by ONS.
<b>18*</b>	Auction of the new current coupon conventional gilt maturing on 7 June 2010.
<b>23</b>	Announcement of the size of the auction of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2038 on 1 December.
<b>24*</b>	Auction of 2% Index-linked Treasury Stock 2035.
<b>26</b>	Redemption of 6 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2004.

<b>December</b>	
<b>1*</b>	Auction of 4 <sup>3</sup> / <sub>4</sub> % Treasury Stock 2038.
<b>13</b>	DMO quarterly consultation meetings with gilt market participants.
<b>14</b>	Publication of the minutes of the consultation meetings.
<b>14</b>	Publication of the November RPI by ONS and dividend fixing for the 2006, 2016, 2024, 2030 and 2035 index-linked gilts.
<b>17</b>	Publication of the Treasury bill issuance calendar for January-March 2005.
<b>17</b>	Publication of the gilt issuance calendar for January-March 2005.

\* Dates of gilt auctions after 14 October are subject to confirmation following the Chancellor's decision on the Budgetary timetable.

## DMO wire service pages

Information	Reuters	Bridge	Moneyline Telerate	Topic	Bloomberg
<b>Index</b>	DMO/INDEX	K:2366	21290	44799	DMO<GO>
<b>Announcements</b>	DMO/GILTS1 to 9	K:3327-K:3335	22550 to 22556	44700 to 44712	DMO1<GO>
<b>Shop window general info</b>	DMO/GILTS10	K:3336	6517	44717	DMO3<GO>
<b>Shop window 1</b>	DMO/GILTS11	K:3337	6518	44718	DMO3<GO>
<b>Benchmark prices</b>	DMO/BENCH1	K:3338	22557	44720 to 44721	DMO2<GO>
<b>GEMMA ref prices (Conventionals)</b>	GEMMA01 to 04	K:3358-K:3361	47216 to 47219	44800 to 44802	DMO5<GO>
<b>GEMMA ref prices (I-L)</b>	GEMMA08	K:3365	47223	44805	DMO5<GO>
<b>GEMMA ref prices (Strips)</b>	GEMMA13 to 22	K:3370-K:3379	21291 to 21300	44850 to 44864	DMO6<GO>
<b>Cash announcements</b>	DMO/CASH01	K:2367	15700 to 15709	44660 to 44669	DMO8<GO>
<b>T-bill tender information</b>	DMO/CASH11	K:2377	15710 to 15711	44670 to 44671	DMO9<GO>
<b>Ad-hoc tender information</b>	DMO/CASH16	K:2382	15715 to 15716	44675 to 44676	DMO10<GO>
<b>T-bill reference prices</b>	DMO/TBILLS01	K:2387	15720 to 15724	44900 to 44909	DMO11<GO>

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