



Quarterly REVIEW

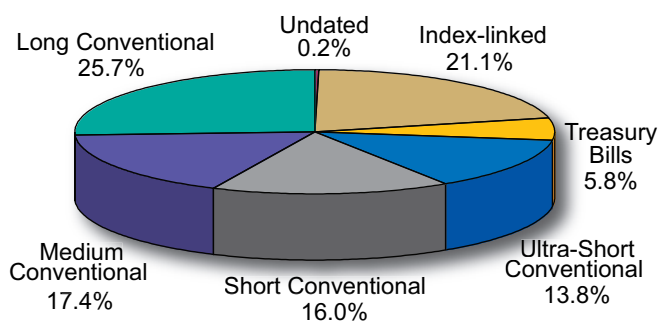
www.dmo.gov.uk

Details of the Gilt and Treasury bill portfolio at 30 December 2011

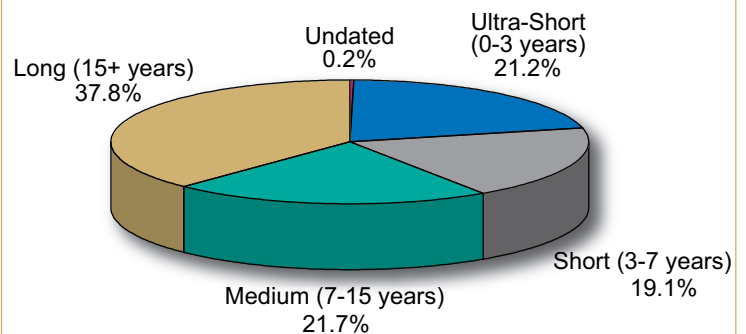
Portfolio summary statistics	30 September 2011		30 December 2011	
	Gross	Net*	Gross	Net*
Nominal value of the gilt and Treasury bill portfolio - including inflation uplift	£1,169.05bn	£1,058.06bn	£1,219.51bn	£1,091.02bn
Nominal value of the gilt portfolio - including inflation uplift	£1,102.21bn	£991.22bn	£1,149.20bn	£1,020.70bn
• Conventional gilts - inc. undated gilts	£860.06bn	£760.79bn	£891.46bn	£774.95bn
• Index-linked gilts	£242.16bn	£230.43bn	£257.74bn	£245.75bn
Market value of the gilt and Treasury bill portfolio - including inflation uplift	£1,355.67bn	£1,221.33bn	£1,477.48bn	£1,316.67bn
Market value of the gilt portfolio	£1,288.89bn	£1,154.56bn	£1,407.21bn	£1,246.40bn
• Conventional gilts - inc. undated gilts	£990.22bn	£871.04bn	£1,071.89bn	£926.89bn
• Index-linked gilts	£298.67bn	£283.51bn	£335.32bn	£319.51bn
Market value weighted average portfolio yield:				
• Conventional gilts - inc. undated gilts	2.15%	2.14%	1.77%	1.76%
• Index-linked gilts	-0.26%	-0.23%	-0.56%	-0.54%
Market value weighted average portfolio maturity - inc TBills:	13.99 years	13.99 years	14.50 years	14.54 years
Market value weighted average portfolio maturity - exc. TBills:	14.70 years	14.79 years	15.22 years	15.35 years
• Conventional gilts - exc. undated gilts	13.58 years	13.48 years	13.90 years	13.81 years
• Index-linked gilts	18.43 years	18.80 years	19.41 years	19.79 years
Market value weighted average portfolio modified duration:				
• Conventional gilts - inc. undated gilts	8.90 years	8.85 years	9.33 years	9.28 years
• Index-linked gilts	16.22 years	16.55 years	17.31 years	17.66 years

The 'Net' holdings category excludes gilts held by the DMO.

Composition of gilt and Treasury bill portfolio**



Gilt and Treasury bill portfolio maturity split**



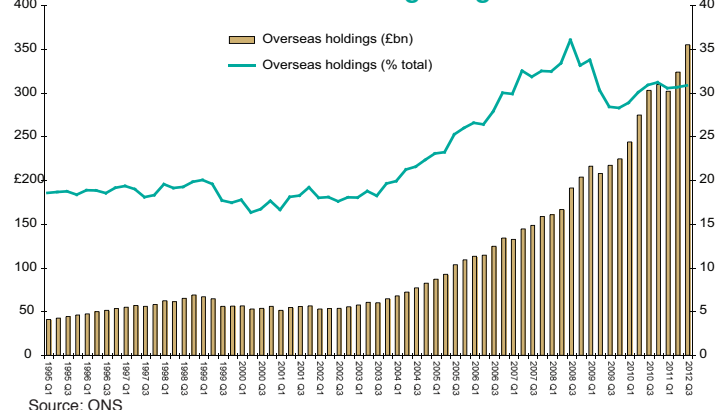
Distribution of gilt holdings at 30 September 2011 (based on market values)

(£millions)	at end	Q2 2011	Q3 2011
Insurance companies and pension funds		291,205	317,267
Overseas		323,455	354,676
Bank of England (Asset Purchase Facility)		198,651	213,124
Monetary Financial Institutions*		124,050	130,687
Other financial institutions and other		107,502	123,717
Households		12,996	12,975
Local authorities and public corporations		1,493	1,635
TOTAL		1,059,352	1,154,081

Source: ONS & BoE. These figures can be revised retrospectively.

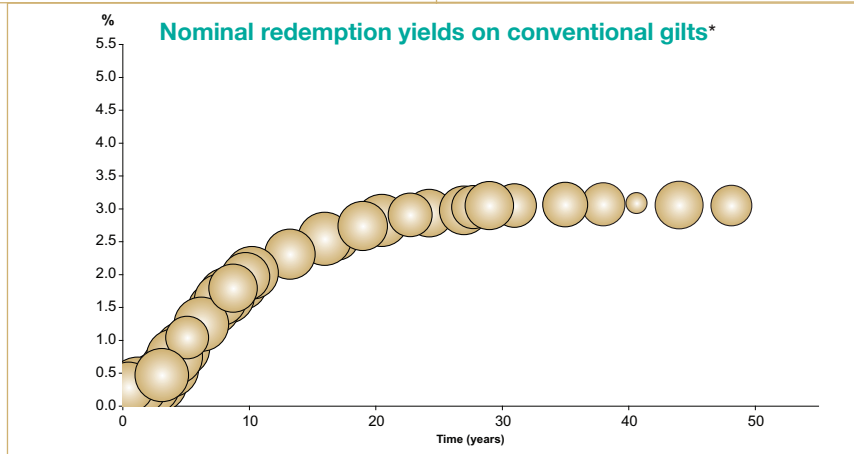
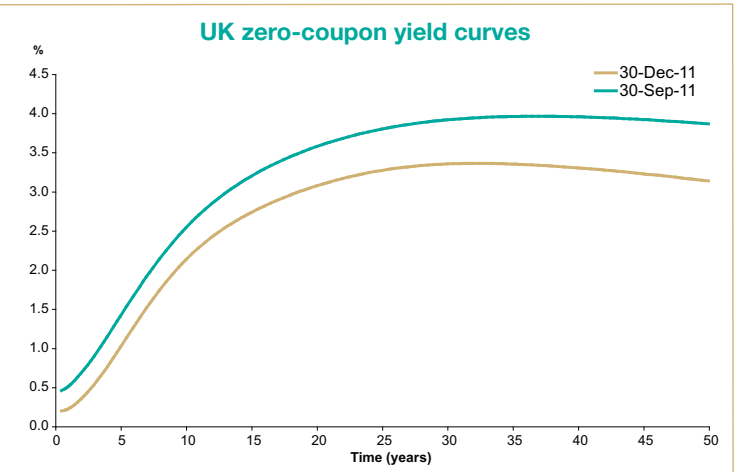
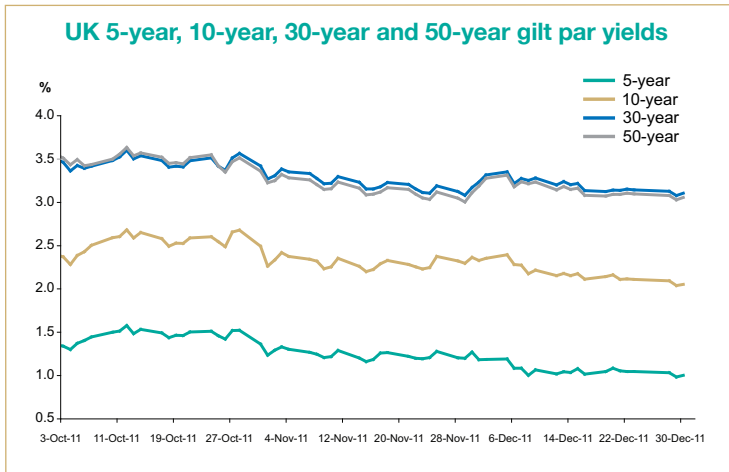
*Monetary Financial Institutions replaces Banks and Building societies, and excludes BoE holdings.

Overseas holdings of gilts



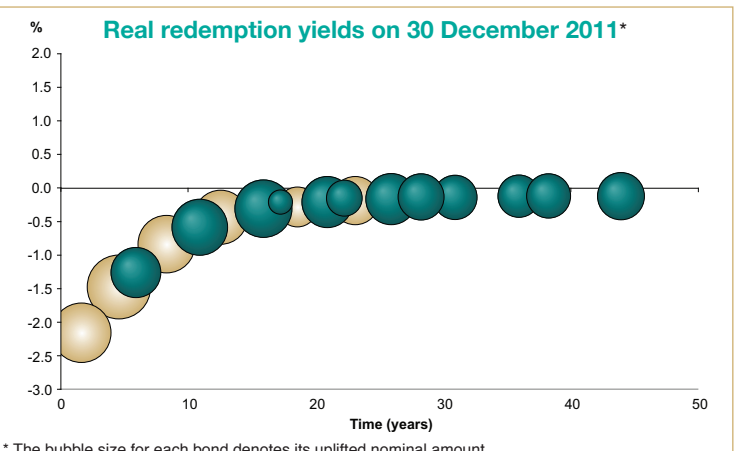
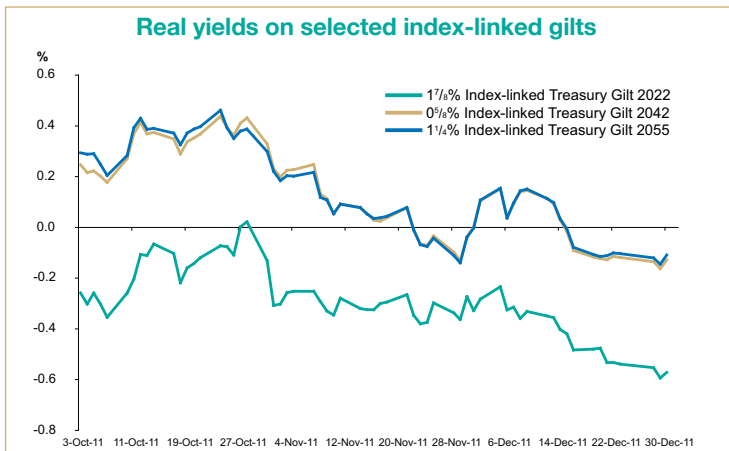
** These are based on uplifted nominal values. Figures in the pie charts may not sum due to rounding.

Conventional gilts

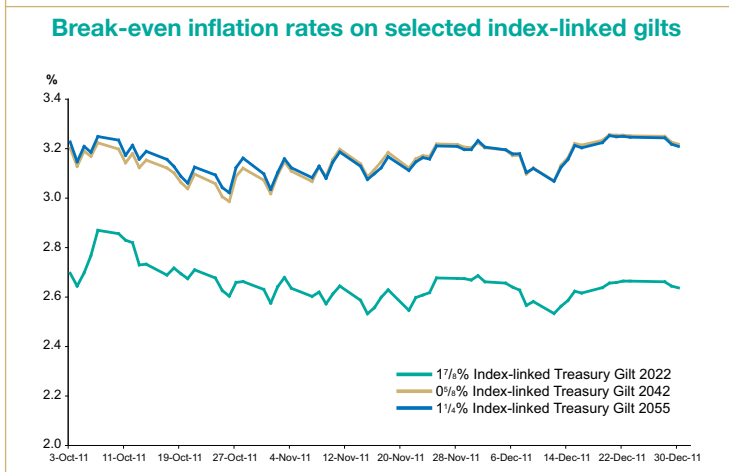


* Rump gilts are not displayed in this chart.

Index-linked gilts



* The bubble size for each bond denotes its uplifted nominal amount.



Projected redemption values of index-linked gilts based on average inflation of 2 1/2% and 3% per annum.

Gilt Name	Inflation Assumptions	
	2.50%	3.00%
2 1/8% Index-linked Treasury Stock 2013	274.62	276.07
2 1/8% Index-linked Treasury Stock 2016	322.53	328.87
1 1/4% Index-linked Treasury Gilt 2017	142.11	146.18
2 1/8% Index-linked Treasury Stock 2020	348.10	361.47
1 7/8% Index-linked Treasury Gilt 2022	151.46	159.65
2 1/8% Index-linked Treasury Stock 2024	328.41	348.16
1 1/4% Index-linked Treasury Gilt 2027	181.61	196.14
0 7/8% Index-linked Treasury Gilt 2029	153.41	166.76
4 1/8% Index-linked Treasury Stock 2030	275.34	300.54
1 1/4% Index-linked Treasury Gilt 2032	183.68	203.26
0 3/4% Index-linked Treasury Gilt 2034	177.46	197.66
2% Index-linked Treasury Stock 2035	239.46	267.16
1 1/8% Index-linked Treasury Gilt 2037	223.13	253.01
0 5/8% Index-linked Treasury Gilt 2040	220.76	253.18
0 5/8% Index-linked Treasury Gilt 2042	240.32	279.22
0 3/4% Index-linked Treasury Gilt 2047	278.07	331.03
0 1/2% Index-linked Treasury Gilt 2050	286.77	345.29
1 1/4% Index-linked Treasury Gilt 2055	366.29	453.38
0 3/8% Index-linked Treasury Gilt 2062	349.07	445.59

Data extracted from www.dmo.gov.uk report D9C on: 16/01/12.

Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Jul-10	18,189	0	-1,653	16,536
Aug-10	10,758	0	-883	9,875
Sep-10	13,188	0	-9,474	3,714
Oct-10	16,834	0	-223	16,611
Nov-10	11,761	-4,480	-783	6,498
Dec-10	6,791	0	-6,846	-55
Jan-11	11,080	0	-1,769	9,311
Feb-11	9,983	0	-895	9,088
Mar-11	10,330	-18,489	-10,073	-18,232
Apr-11	12,849	0	-228	12,621
May-11	16,125	0	-650	15,475
Jun-11	17,429	0	-7,103	10,326
Jul-11	16,592	-5,190	-2,104	9,298
Aug-11	9,476	-7,991	-903	582
Sep-11	15,043	0	-9,959	5,084
Oct-11	17,031	0	-235	16,796
Nov-11	11,915	0	-711	11,204
Dec-11	16,138	-14,970	-7,409	-6,241
Jan-12	19,185	-256	-2,071	16,858
Feb-12	-	-	-737	-
Mar-12	-	-20,609	-10,718	-

Figures may not sum due to rounding.

*Coupon flow numbers are for the stock of debt outstanding at end-quarter.

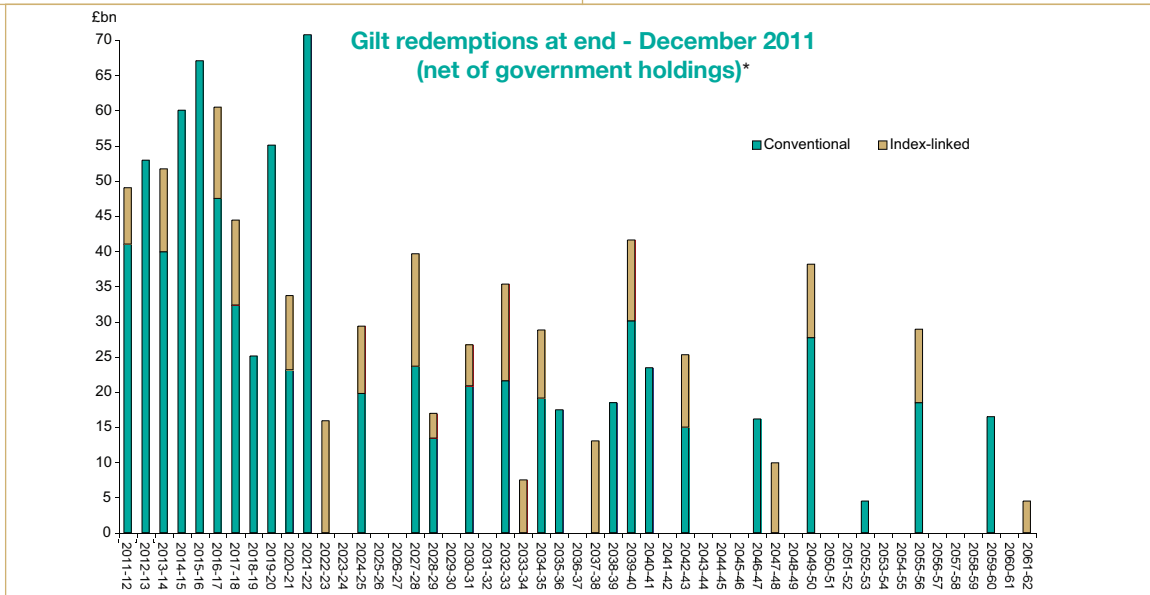
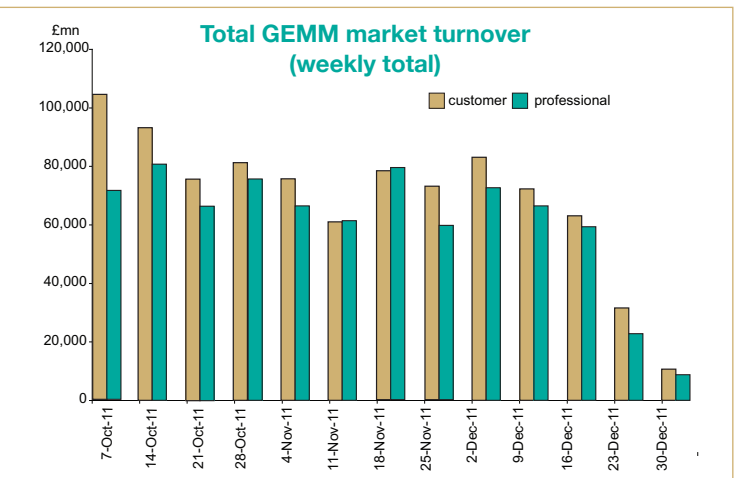
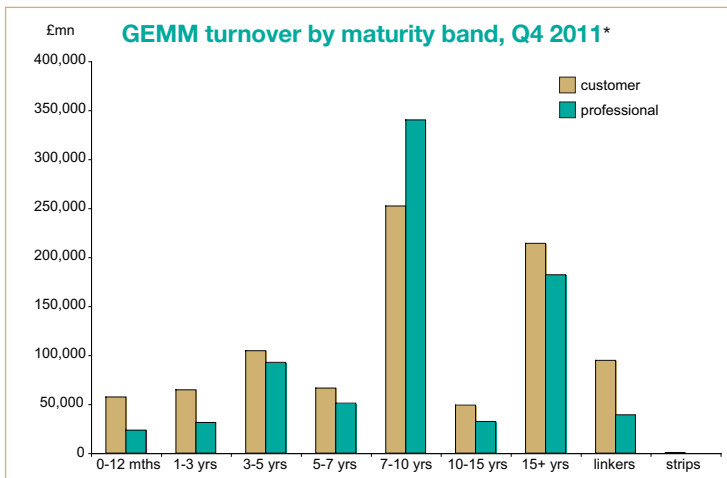
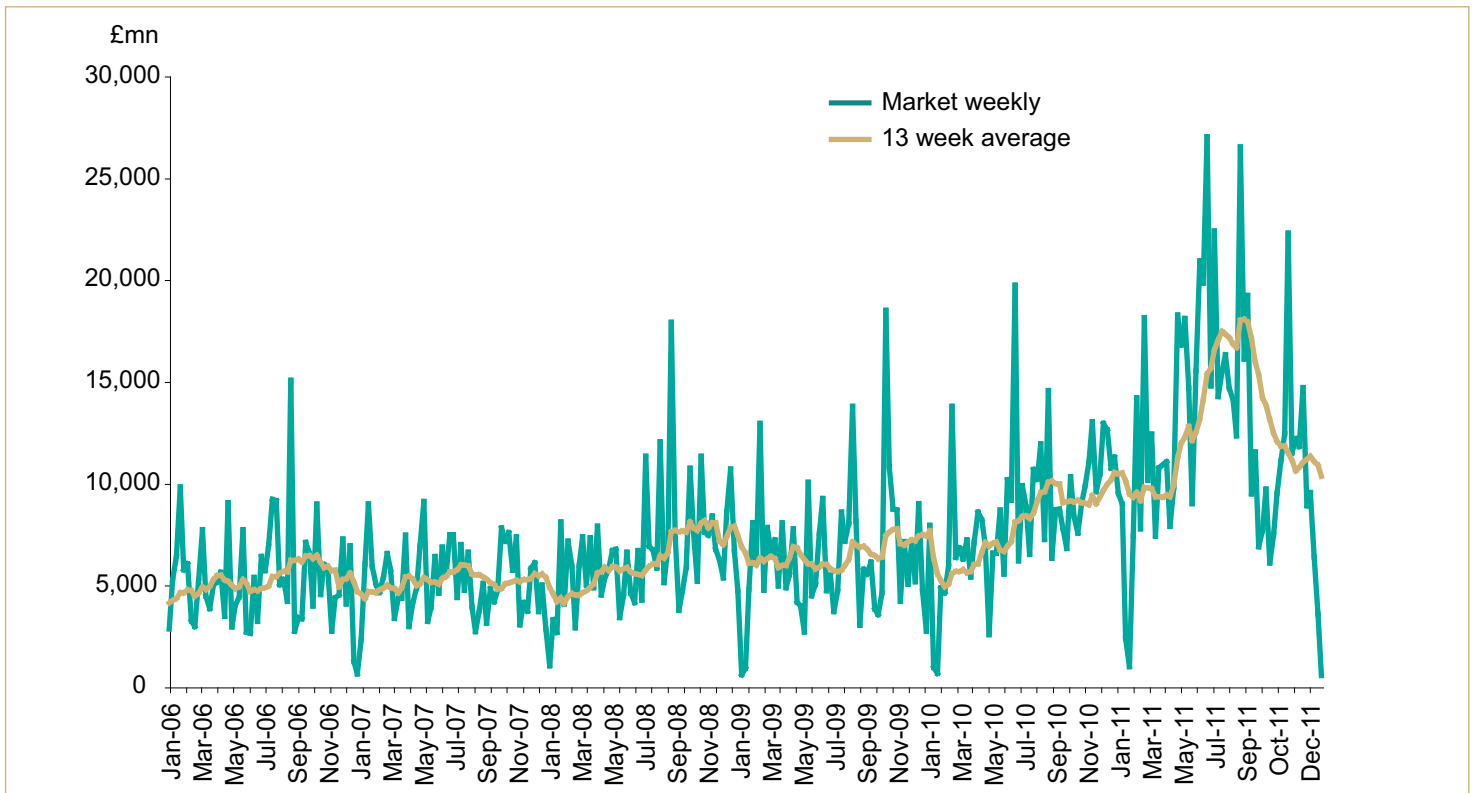
2010-11 and 2011-12 financing requirements

(£bn)	2010-11 (Outturn)*	2011-12	2011-12 Autumn Statement
CGNCR forecast	139.7	120.4	135.0
Redemptions	38.6	49.0	49.0
Financing for the Official Reserves	6.0	6.0	6.0
Debt buy-backs	0.2	0.0	0.0
Planned short-term financing adjustment	-26.3	-8.7	-8.6
Gross financing requirement	158.1	166.7	181.4
Less			
National Savings & Investments' contribution	0.1	2.0	3.0
Net financing requirement	158.0	164.7	178.5
Gilt sales planned during the year	166.4	167.5	178.9
Change in planned Treasury bill stock	0.3	-2.8	-0.4
Change in Ways and Means	0.0	0.0	0.0
DMO net cash position at end of financial year	9.1	0.5	0.5

Figures may not sum due to rounding.

• as updated on 21 April 2011

Index-linked gilt market turnover 2006-2011



*Professional Turnover is defined as turnover with counterparties who are Broker Dealers (BDs), other Gilt-edged Market Makers (GEMMs), DMO or Bank of England. Customers are all others (including businesses with related entities).

* The 'Net' holdings category excludes gilts held by the DMO.

Money market operations



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Updated data, press releases and other information are available on the DMO website at www.dmo.gov.uk. Please send any queries to one of the email addresses above.

DMO Website: Useful Website Links

What's New

http://www.dmo.gov.uk/ceLogon.aspx?page=Press_New&rptcode=D8D

Events calendar

http://www.dmo.gov.uk/ceLogon.aspx?page=Events_Calendar&rptCode=D5J

Gilt market

Gilt prices page

www.dmo.gov.uk/index.aspx?page=Gilts/Daily_Prices

Gilts in issue

http://www.dmo.gov.uk/index.aspx?page=Gilts/Gilts_In_Issue

Summary of results from all DMO gilt operations

http://www.dmo.gov.uk/ceLogon.aspx?page=Summary_of_results&rptCode=D2.1prof7

Cash sales versus the remit (updated after each operation)

http://www.dmo.gov.uk/ceLogon.aspx?page=Current_Remmit&rptCode=D4E

Gilt issuance history

http://www.dmo.gov.uk/index.aspx?page=Gilts/Gilts_In_Issue

Overseas holdings data

http://www.dmo.gov.uk/ceLogon.aspx?page=Gilts/Overseas_Holdings&rptCode=D5N

Index-linked gilts

Index-Linked Gilts in issue

<http://www.dmo.gov.uk/reportView.aspx?rptCode=D1D&rptName=75321885&reportpage=D1D>

Published cash flows

http://www.dmo.gov.uk/ceLogon.aspx?page=Nominal_IL&rptCode=D5I

Daily index ratios

<http://www.dmo.gov.uk/ceLogon.aspx?page=D10C&rptcode=D10C>

CPI-linked gilts

CPI-linked gilts: a consultation document

<http://www.dmo.gov.uk/documentview.aspx?docname=publications/giltsmarket/consultationpapers/cons20110629.pdf&page=Gilts/Consultation>

Response to consultation on CPI-linked gilts

<http://www.dmo.gov.uk/documentview.aspx?docname=publications/giltsmarket/consultationpapers/cons20111129.pdf&page=Gilts/Consultation>

Money Markets

Treasury bill prices

http://www.dmo.gov.uk/ceLogon.aspx?page=tbills/Daily_Prices_Yields&rptCode=D3A

Summary of Treasury bills tender results

www.dmo.gov.uk/index.aspx?page=tbills/tbill_tenders

Treasury bill issuance history

http://www.dmo.gov.uk/ceLogon.aspx?page=tbills/Portfolio_Composition&rptcode=D2.2G

Guarantee Schemes

<http://www.dmo.gov.uk/index.aspx?page=CGS/CGSIntro>

DMO Website: Useful Website Links

Key Documents

Historical copies of the Quarterly Review

www.dmo.gov.uk/index.aspx?page=publications/Quarterly_Reviews

Historical copies of the Annual Review

http://www.dmo.gov.uk/index.aspx?page=publications/Annual_Reviews

Operational Notice – Gilt market

http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot20091120.pdf&page=operational_rules/Document

Operational Notice – Cash market

http://www.dmo.gov.uk/documentview.aspx?docname=publications/moneymarkets/cmopnot180210.pdf&page=money_markets/publication

Guidebook – GEMMs

http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/guidebook150811.pdf&page=operational_rules/Document

Debt & Reserves Management Report 2011-12

http://www.dmo.gov.uk/documentview.aspx?docname=remit/drmr1112.pdf&page=Remit/full_details

Gilt prospectuses

<http://www.dmo.gov.uk/ceLogon.aspx?page=Prospectuses&rptcode=D8E>

Formulae for calculating gilt price from yields

<http://www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.pdf&page=Gilts/Formulae>

Public Works Loan Board (PWLB)

<http://www.dmo.gov.uk/index.aspx?page=PWLB/Introduction>

AUTUMN STATEMENT 2011: REVISION TO THE DMO'S FINANCING REMIT 2011-12¹

The Economic and Fiscal Outlook

- The Government's net financing requirement for 2011-12 is projected to increase by £13.8 billion to £178.5 billion compared with the forecast published at Budget 2011. The main factors² contributing to this change are:
 - an increase of £14.6 billion to £135.0 billion in the forecast Central Government Net Cash Requirement (CGNCR) for 2011-12; which includes the net increase in financial transactions of around £10 billion which score to CGNCR but do not impact on public sector net borrowing (PSNB). The most significant of these is an increase of around £6 billion in net lending between central government and the rest of the public sector primarily reflecting revised assumptions about local authority financing of one-off transactions relating to Housing Revenue Account (HRA) reforms. Further detail on these financial transactions is set out in Chapter 4 of the *OBR's Economic and fiscal outlook*; and
 - an increase of £1.0 billion to £3.0 billion in the forecast net contribution to financing by National Savings & Investments (NS&I) in 2011-12.

Revisions to the DMO's Financing Remit 2011

Gilt sales

- Planned gilt sales are rising by £11.4 billion to £178.9 billion as a result of the publication today of the revisions to the fiscal aggregates announced in the Office for Budget Responsibility's (OBR's) *Economic and fiscal outlook*, November 2011. £10.6 billion of the planned increase in gilt sales is being achieved via the auction programme and £0.8 billion via the supplementary programmes (£0.6 billion via syndications and £0.2 billion via mini-tenders). The planned increase in gilt sales and the revised split of issuance is summarised in Table 1.

Table 1: Changes to planned gilt sales (£ billion and percentages)

	Increase	New Target	(%) Split (new)	(%) Split (April 2011)
Short conventional	3.2	60.6	33.9%	34.3%
Medium conventional	5.1	39.8	22.2%	20.7%
Long conventional	2.1	39.5	22.1%	22.3%
Index-linked	1.0	39.0	21.8%	22.7%
Total	11.4	178.9		

Changes to average gilt auction sizes

- The average auction sizes shown above reflect the inclusion of Post Auction Option Facility (PAOF) proceeds in the period to the Autumn Statement of £3.36 billion in the auction sales totals. The average auction size calculations also assume that future PAOF proceeds to the end of the financial year will accrue as illustrated below (totalling £2.0 billion). The average auction sizes also reflect the increases to the gilt sales programme announced at the Autumn Statement. For further details on these calculations see the DMO's operational notice of 31 October 2011, available on the DMO's website at:

http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot311011.pdf&page=operational_rules/Document

¹ This is an edited version of the full announcement which is available at: http://www.dmo.gov.uk/documentview.aspx?docname=remit/sa291111.pdf&page=Remit/full_details

² In addition, there was an increase of £0.1 billion arising from a revision to the outturn of the 2010-11 CGNCR subsequently to the last remit revision in April 2011.

Table 2 shows the gilts sales relative to remit targets at November 2011 (£ million).

Table 2: Gilt sales relative to remit targets at 29 November 2011 (£ million)

Gilt sales relative to remit plans at 29 November (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction sales to-date	38,561	20,969	15,097	12,095	86,723
PAOF proceeds to-date	864	1,108	832	560	3,364
Auction + PAOF sales to date	39,425	22,078	15,929	12,655	90,087
PAOF sales since the AF	0	0	0	0	0
Syndication sales to-date			9,319	15,375	24,694
Mini-tender sales to-date			1,185	494	1,679
Total gilt sales to date	39,425	22,078	26,433	28,524	116,460
Required auction sales to meet plans					
Sales required	21,175	17,722	6,671	6,245	51,813
Less assumed PAOF proceeds to end-financial year	464	890	348	276	1,979
Auction sales currently required to meet plans	20,711	16,832	6,323	5,968	49,834
Number of auctions remaining	5	5	3	5	18
Currently required average auction sizes	4,142	3,366	2,108	1,194	
Syndication sales required to meet plan			4,481	3,525	8,006
Mini-tender sales required to meet plan			1,915	706	2,621
Planned gilt sales at auctions	60,600	39,800	22,600	18,900	141,900
Number of auctions scheduled	13	11	10	15	49
Planned gilt sales by syndication			13,800	18,900	32,700
Planned sales by mini-tender			3,100	1,200	4,300
Planned supplementary gilt sales			16,900	20,100	37,000
Total planned gilt sales	60,600	39,800	39,500	39,000	178,900

Treasury bill sales

- The planned stock of Treasury bills at end-March 2012 is being increased to £63.2 billion, compared with the planned level of £60.8 billion published at Budget 2011; this represents an increase in planned sales of £2.4 billion.

Future financing projections

- The OBR's *Economic and fiscal outlook*, November 2011 includes updated projections for the CGNCR from 2012-13 to 2016-17. Revised illustrative gross financing projections are shown in Table 3. These projections use the new CGNCR projections together with the current estimates for gilt redemptions in these years (N.B. the redemption totals make no assumptions about future gilt issuance). The projections are not gilt sales forecasts and, in particular, they make no assumption about any contribution to financing from NS&I or Treasury bill sales.

Table 3: Illustrative gross financing projections (£ billion)

	2012-13	2013-14	2014-15	2015-16	2016-17
CGNCR projections	130	117	85	62	43
Gilt redemptions	53	52	60	67	53
Financing for the reserves	6	6	6	0	0
Illustrative gross financing requirement	189	175	151	129	96
CGNCR change since Budget 2011	27	37	39	29	na
Financing for the reserves change					
Budget 2011	0	0	0	0	na
Redemptions change since Budget 2011	0	5	0	15	na

Figures may not sum due to rounding.