



15 May 2018

PRESS NOTICE

SYNDICATED LAUNCH OF £6.0 BILLION NOMINAL OF 1⁵/₈% TREASURY GILT 2071: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £6.0 billion (nominal) of 1⁵/₈% Treasury Gilt 2071 has been priced at £97.615 per £100 nominal, equating to a gross redemption yield of 1.693%. The transaction will settle, and the first tranche of this gilt will be issued, on 16 May 2018.

Proceeds from today's transaction are expected to amount to approximately £5.8 billion (cash¹). This was the first transaction of the DMO's 2018-19 syndication programme, which was initially planned to raise a minimum of £18.0 billion (£9.5 billion of long conventional gilts in two transactions and £8.5 billion of index-linked gilts in two transactions).

The offering was priced at a yield spread of 0.5 basis points (bps) below the yield on 3¹/₂% Treasury Gilt 2068, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 90% of the allocation.

The syndication programme and the unallocated issuance amount

Given the strength and quality of core demand at this transaction, the DMO has decided to increase the size of the syndication from the initially planned amount. Accordingly the DMO has moved £1.0 billion (cash) from the unallocated issuance amount to the long conventional syndication programme (increasing the minimum size of that programme to £10.5 billion and the minimum overall size of the syndication programme to £19.0 billion).

Commenting on the result, Sir Robert Stheeman, the Chief Executive of the DMO, said:

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

We have seen a strong start to our 2018-19 syndication programme today. The launch of our new 2071 maturity attracted the largest order book in nominal terms of any syndication held by the DMO. The offering also saw the largest number of investors at any of our syndications.

Once again I was pleased to see another very smooth and well-executed transaction attracting high-quality demand from our core domestic investor base in record volumes.

As a result we have successfully extended the maturity of the conventional gilt curve - from 2068 to 2071 - for the first time since 2013.

I very much welcome the support and commitment we have seen today from the investment community and from gilt market participants more generally - this confirms my confidence in the strength and efficiency of the gilt market.

I look forward to seeing the support which has manifested itself in today's transaction continuing across the remainder of our gilt sales programme for the rest of this financial year.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Barclays Bank plc, Deutsche Bank, Goldman Sachs International and NatWest Markets plc. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 4 May 2018.

The order book for the transaction was opened at 9.00am on 15 May 2018 with indicative price guidance for investors at a spread of flat to 0.5bp below the yield on 3½% Treasury Gilt 2068. At 9.30am the Joint Bookrunners announced that the value of orders exceeded £27 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £33 billion, that price guidance was being fixed at a yield spread of 0.5bps below the reference gilt, and that the book would close at 10.00am.

The book closed at 10.00am with 148 orders totalling £37.8 billion (nominal). At 10.38am the Joint Bookrunners announced that the size of the transaction had been set at £6.0 billion (nominal). The price was set at 12.52pm.

Proceeds from the transaction amount to approximately £5.8 billion and will take long conventional gilt sales for the financial year to-date to £8.1 billion. Total gilt sales for the financial year to date now amount to £20.7 billion, relative to the overall remit target of £106.0 billion.

As a result of the transfer of £1.0 billion from the unallocated portion of issuance to the long conventional syndication programme announced today, the size of the remaining unallocated amount has accordingly been reduced to £5.7 billion.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk