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## PRESS NOTICE

### SYNDICATED LAUNCH OF £7.0 BILLION OF 1 $\frac{1}{8}$ % TREASURY GILT 2039: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £7.0 billion (nominal) of 1 $\frac{1}{8}$ % Treasury Gilt 2039 has been priced at £100.625 per £100 nominal, equating to a gross redemption yield of 1.0858%. The transaction will settle, and the first tranche of this gilt will be issued, on 14 July 2021.

Proceeds from today's transaction are expected to amount to approximately £7.0 billion (cash<sup>1</sup>) and will take long conventional gilt sales in the financial year to date to £29.2 billion, and sales via syndication to £19.0 billion. Total gilt sales in 2021-22 amount to £89.2 billion. The DMO is planning to raise £252.6 billion via gilt sales in 2021-22.

This was the third transaction in the DMO's 2021-22 syndication programme.<sup>2</sup>

The new gilt has been priced at a yield spread of 8.5 basis points (bp) above the yield on the reference gilt, 4 $\frac{3}{4}$ % Treasury Stock 2038. This spread represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking around 92% of the allocation.

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

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<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

<sup>2</sup> In the financing remit revision announced on 23 April 2021, one previously planned index-linked syndication was cancelled and replaced by an index-linked auction: there are currently three long conventional and two index-linked syndications planned in 2021-22, aiming to raise £17.5 billion and £10.0 billion respectively. In addition, an inaugural green gilt syndication, planned for September 2021, was announced by the DMO on 28 May 2021. It is planned that the green gilt programme in 2021-22 will raise a minimum of £15.0 billion, and that a second syndication of a green gilt will be held later in 2021, subject to investor demand and market conditions.

*I am very pleased to see today's very successful launch of our new current coupon 2039 maturity conventional gilt. The rationale behind the maturity choice was to bring a new bond to a part of the gilt yield curve previously populated by older, higher coupon issues. The market reception has been extremely positive, which underscores the importance of a new benchmark in this sector.*

*Today's sale once again attracted strong and very high quality interest from UK real money accounts, which constitute our core domestic investor base. The size and quality of investor demand has enabled us to launch the new gilt in relatively large size and I look forward to it acquiring benchmark status relatively quickly.*

*Once again, I would like to express my appreciation for the warm market reception we have seen for today's transaction and for the speed and efficiency with which it was executed. The ongoing strength and depth of the gilt market and the extent of support we receive from its participants is important to us as we deliver the government's financing programme throughout the year.*

## **NOTES TO EDITORS**

The syndicated offer was managed by five Joint Bookrunners: BofA Securities, Citi, Lloyds Bank Corporate Markets, Santander and UBS Investment Bank. All other wholesale Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 2 July 2021.

The order book for the transaction was opened at 8.30am on 13 July 2021 with indicative price guidance for investors at a spread of 8.5bp to 9.0bp above the yield on the reference gilt (4¾% Treasury Stock 2038). At 9.15am the Joint Bookrunners announced that price guidance was being fixed at a yield spread of 8.5bp above the reference gilt. The book closed at 9.30am with 163 orders.<sup>3</sup>

At 9.50am the Joint Bookrunners announced that the size of the transaction had been set at £7.0 billion (nominal). The price was set at 12.22pm.

£1.0 billion has been transferred from the unallocated portion of gilt issuance to the long conventional syndication programme, increasing the size of that programme to £17.5 billion. The size of the remaining unallocated amount has accordingly been reduced to £23.5 billion.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)

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<sup>3</sup> Total orders were £59.7 billion (nominal).