

## DMO SCREEN ANNOUNCEMENT PBR- DMO REMIT

In the Chancellor's Pre-Budget Report, the forecast of the CGNCR for 2001-02 has been increased by £6.0 billion from £0.3 billion to £6.3 billion. Offsetting this increase, are a reduction of £0.5 billion (to £0.5 billion) in the planned level of debt buy-backs by the DMO and an increase of £3.0 billion in the forecast for National Savings' net contribution to financing. (See details in the revised financing arithmetic table below – and forecasts for future CGNCRs).

The forecast net financing requirement has therefore increased by £2.5 billion, from £23.1 billion to £25.6 billion. Accordingly, in line with the contingencies identified in the DMO remit published on 7 March 2001, the following further changes are being made to the DMO remit; these are:

### **An increase in planned gilt sales<sup>1</sup> (up £0.5 billion)**

- planned gilt sales are being increased by £0.5 billion to £14.0 billion. This is to be achieved by:
  - an increase of £0.5 billion in the size of the 6 December 2001 auction of 5% Treasury Stock 2025 (see today's separate auction announcement below). This takes planned long conventional gilt sales to £5.5 billion.

Planned medium conventional gilt sales and index-linked gilt sales remain unchanged at £4.75 billion and £3.75 billion respectively. There are no plans for short conventional issuance in the current financial year.

### **An increase in planned Treasury bill sales (up £1.4 billion)**

- the planned end-March 2002 stock of Treasury bills has been increased by £1.4 billion to £9.7 billion.

### **A planned increase in the run-down of the DMO net cash position (by £0.6 billion)**

- the planned run down of the DMO net cash position has been increased by £0.6 billion from £4.6 billion to £5.2 billion, reducing the forecast net cash position to £8.1 billion by end-March 2002

### **Gilt auction calendar**

The details of the stocks to be auctioned in the final quarter of the current financial year will be the subject of consultation with market participants in December and announced at 3.30pm on Friday 21 December. Following today's announcement the gilt auction calendar for the remainder of the current financial year is:

<b>Date</b>	<b>Stock</b>
Thursday 6 December 2001	5% 2025
Thursday 24 January 2002	Index-linked gilt
Wednesday 27 March 2002*	Medium conventional gilt

\* *subject to confirmation following the Chancellor's decision on the Budgetary timetable*

<sup>1</sup> Gilt sales figures are in cash terms unless otherwise indicated.

**The revised gilt financing arithmetic.**

<b>2001-02 Gilt financing arithmetic £ billions</b>	<b>Budget 2001 as revised on 23 April 2001</b>	<b>Pre Budget Report 27 November 2001</b>
<b>CGNCR forecast</b>	<b>0.3</b>	<b>6.3</b>
Prefinancing forex debt	1.3	1.3
Gilt redemptions	17.8	17.8
Buy-backs	1.0	0.5
<b>Financing Requirement</b>	<b>20.4</b>	<b>25.9</b>
<i>less</i>		
National Savings contribution	-3.0	0.0
Change in DMO cash deposit at BoE	0.3	0.3
<b>Net Financing Requirement</b>	<b>23.1</b>	<b>25.6</b>
<i>Financed by:</i>		
<b>Planned gilts sales</b>	<b>13.5</b>	<b>14.0</b>
Short conventional	0.00	0.00
Medium conventional	4.75	4.75
Long conventional	5.00	5.50
Index-linked	3.75	3.75
<b>Planned net short term debt sales</b>	<b>9.6</b>	<b>11.6</b>
<b>Short term debt</b>		
Change in Ways & Means	0.0	0.0
Change in T bill stock	5.0	6.4
Change in DMO net cash position*	4.6	5.2
<b>Total</b>	<b>9.6</b>	<b>11.6</b>
<b>Short term debt levels</b>		
Ways & Means at end of FY	13.4	13.4
T bill stock at end of FY	8.3	9.7
DMO net cash position at end of FY**	8.7	8.1
<i>* excl deposit at BoE ** Inc deposit at BoE</i>		

The PBR also includes forecasts for the CGNCR for future years: these are (£ billion):

2002-03	2003-04	2004-05	2005-06	2006-07
14	18	15	15	16

The full text of the PBR is available on the HM Treasury web site at [www. HM-Treasury.gov.uk](http://www.HM-Treasury.gov.uk)