

RECORD OF THE DMO CONSULTATION MEETINGS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE JANUARY-MARCH 2014 GILT MARKET OPERATIONS CALENDAR

The DMO held meetings with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on 9 December 2013. The meetings were primarily intended to inform the choice of gilts to be issued by auctions and syndication in January-March 2014.

The DMO anticipates holding one index-linked syndicated offering in the final quarter of the 2013-14 financial year. Eleven gilt auctions are scheduled in the period: seven of conventional gilts and four of index-linked gilts. In discussion, the following main points emerged:

GEMMs

Syndication: A re-opening of 0½% Index-linked Treasury Gilt 2068 was the unanimous choice of gilt for sale by syndication in Q4. Views were divided on the timing of the transaction between January (alignment with coupon flows) and February (to allow more time for market preparation), but a majority favoured January. It was noted that the scheduling of auctions of specific maturities of long conventional and index-linked gilts should take account of the timing of the syndication.

Conventional auctions:

Shorts (2): There was unanimous support for two re-openings of 1¾% Treasury Gilt 2019.

Mediums (3): Very strong support was expressed for two re-openings of 2¼% Treasury Gilt 2023 with isolated calls for three re-openings. Considerable support was also expressed for the launch (in March 2014) of a new 10-year gilt maturing in 2024, with July and September the most suggested maturity months. Those not favouring the launch of a new 10-year gilt in Q4 suggested the re-opening of 1¾% 2022, 4% 2022 or 4¼% 2027.

Longs (2): Strong support was expressed for a re-opening of 3¼% Treasury Gilt 2044, with isolated calls for two re-openings. A variety of other gilts were suggested for auction, amongst which the 2052 and 2068 maturities were most often mentioned.

Index-linked auctions (4): A variety of gilts were recommended for re-opening with the 2019, 2024, 2029, 2034, 2044 and 2052 maturities most often mentioned.

Investors

Syndication: Clear support was expressed for a re-opening of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2068 in January, although one investor had a marginal preference for a sale in February.

Conventional auctions:

Shorts (2): Again there was unanimity, with all attendees supporting two re-openings of 1 $\frac{3}{4}$ % Treasury Gilt 2019.

Mediums (3): All investors supported two re-openings of 2 $\frac{1}{4}$ % Treasury Gilt 2023 and most also suggested the launch in the quarter of a new 10-year gilt maturing in 2024. There were isolated calls for a re-opening of gilts maturing in 2022 or 2025.

Longs (2): Issuance in the 30-year area (3 $\frac{1}{4}$ % Treasury Gilt 2044) was seen as important by most attendees, while other maturities suggested for re-opening included the 2028, 2036, 2039, 2060 and 2068 maturities.

Index-linked auctions (4): A general preference was expressed for auctions along the curve, but at maturities shorter than super-long given the recommendation for the syndication. Most attendees recommended a re-opening of the 2019 maturity and other bonds mentioned were the 2024, 2037, 2044, 2047 and 2052 maturities.

Any other business

The calendar of gilt issuance for January-March 2014 will be announced by the DMO at 3.30pm on Friday 13 December 2013.

The next quarterly consultation meetings to discuss gilt issuance in April-June 2014 will be held at the DMO's offices on Monday 24 March 2014 (subject to confirmation depending on the Chancellor's decision on the Budget timetable).