



19 May 2020

PRESS NOTICE

SYNDICATED LAUNCH OF £7.0 BILLION NOMINAL OF 0½% TREASURY GILT 2061: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £7.0 billion (nominal) of 0½% Treasury Gilt 2061 has been priced at £96.870 per £100 nominal, equating to a gross redemption yield of 0.5852%. The transaction will settle, and the first tranche of this gilt will be issued, on 20 May 2020.

Proceeds from today's transaction are expected to amount to approximately £6.8 billion (cash¹) and will take gilt proceeds in the financial year to date to £98.8 billion. The DMO is currently planning to raise £225.0 billion in gilt sales in the period April-July 2020.

This issue was the second transaction in the DMO's 2020-21 syndication programme. The third, a new conventional gilt maturing in 2050, is scheduled to be launched via syndication in the first half of June 2020, subject to market and demand conditions.

Today's offering was priced at a yield flat to the yield on 4% Treasury Gilt 2060, which represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking around 93% of the allocation.

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

We have seen today another very successful transaction which again reflects well on the strength and capacity of the gilt market. In particular, this is the first time that we have held two back-to-back, and large, syndications in consecutive weeks and the gilt market has successfully absorbed both offerings.

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

I am pleased to say that the market response to today's issue was very positive, which was particularly encouraging given that this was a new 41-year gilt. Demand from our core investor base exceeded previous records for a long conventional gilt syndication. In particular, I welcome also the efficiency with which the sale was executed. The gilt market has demonstrated again its capacity to absorb smoothly the launch of a new gilt in large size and in this case with significant associated market risk, in the middle of a very busy issuance calendar.

The strength of support shown today - and more widely - offers me reassurance that, despite the unprecedented scale of the current financing requirement, the DMO, working with the market, can continue to meet these challenges successfully. In just under seven weeks since the start of April 2020 we have raised almost £100 billion. I am grateful to all market participants for helping us to achieve this.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Deutsche Bank, NatWest Markets, Morgan Stanley 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 7 May 2020.

The order book for the transaction was opened at 8.30am on 19 May 2020 with indicative price guidance for investors at a spread of 0.5bps above, to flat to, the yield on 4% Treasury Gilt 2060 (the reference gilt). At 9.00am the Joint Bookrunners announced that the total value of orders exceeded £41.1 billion and that the book was expected to close at 9.30am. At 9.15am the Joint Bookrunners announced that orders exceeded £47 billion, that price guidance was being fixed at a yield of flat to the reference gilt, and that the order book would close at 9.30am.

The book closed at 9.30am with 159 orders totalling £53.1 billion (nominal). At 10.25am the Joint Bookrunners announced that the size of the transaction had been set at £7.0 billion (nominal). The price was set at 12.38pm.

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