

## APRIL 2019: REVISION TO THE DMO'S FINANCING REMIT 2019-20

1. Planned gilt sales in 2019-20 are rising by £3.7 billion to £117.8 billion compared with the plans published at Spring Statement 2019.
2. This revision reflects the publication today of the outturn Central Government Net Cash Requirement (excluding NRAM, Bradford and Bingley and Network Rail) (CGNCR ex NRAM, B&B and NR), as well as outturns for gilt sales and other financing items in 2018-19. It also reflects NS&I's net financing provisional outturn for 2018-19 of £10.8 billion. NS&I will publish the final audited outturn figure for net financing in 2018-19 in its Annual Report and Accounts, which are due to be laid before Parliament this summer.
3. All increases in planned gilt sales will be delivered via gilt auctions. There are no changes to either the number or dates of planned gilt operations.
4. There is also no change to the planned net contribution to debt financing in 2019-20 from Treasury bills, which remains at £4.0 billion.
5. The increase in gilt sales has been split as shown in the table below. The increases broadly maintain the skew of issuance announced in the *Debt management report 2019-20* as published at Spring Statement 2019. The table takes into account that the size of the unallocated portion of issuance has already fallen by £0.3 billion since Spring Statement, reflecting the impact of the gilt tender of 0½% Index-linked Treasury gilt 2036 on 10 April 2019, which reduced the outstanding balance in the unallocated portion to £6.8 billion. This balance is rising today by £0.2 billion to £7.0 billion. The impact on average auction sizes in Q1 2019-20 is also shown.

### Adjustments to the DMO's financing remit 2019-20 to reflect the publication of the outturn CGNCR (ex NRAM, B&B and NR) for 2018-19 on 24 April 2019

Planned gilt issuance skews	2019-20		
	Spring Statement 2019	April 2019 outturn revision	Changes between Spring Statement 2019 and April 2019 outturn
<b>(£bn)</b>			
Short	29.4	30.5	1.1
Medium	24.8	25.8	1.0
Long	30.8	31.9	1.1
Index-linked	21.8	22.6	0.8
Unallocated	7.3	7.0	-0.3
<b>Total</b>	<b>114.1</b>	<b>117.8</b>	<b>3.7</b>
<b>(%)</b>			
Short	25.8%	25.9%	0.1%
Medium	21.7%	21.9%	0.2%
Long	27.0%	27.1%	0.1%
Index-linked	19.1%	19.2%	0.1%
Unallocated	6.4%	5.9%	-0.5%
<b>Average auction sizes in Q1 2019-20 (£mn cash)</b>			
Short	2,940	3,050	110
Medium	2,756	2,867	111
Long	2,225	2,363	138
Index-linked	1,380	1,410	30
<b>Figures may not sum due to rounding</b>			

6. This remit adjustment reflects the following updates to items contributing to financing in 2018-19.

**Financing item updates in 2018-19 impacting on the 2019-20 financing remit**

2018-19 (£ billion)	Spring Statement 2019	April 2019 revision
CGNCR (ex NRAM, B&B, and NR)	34.0	37.3
Gilt sales	98.3	98.6
NS&I net financing contribution	11.0	10.8
Other financing items*	-0.2	-0.7
*These items includes outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit, foreign exchange transactions relating to the Exchange Equalisation Account and pre-redemption purchases by the DMO of 1 ¾% Treasury Gilt 2019.		

7. The revised financing arithmetic is shown at Annex A.
8. The revised planned split of gilt issuance by type, maturity and issuance method in 2019-20 is shown are shown at Annex B.
9. The progress of gilt sales relative to the new remit targets for 2019-20, including the new average auction sizes for Q1 2019-20 are shown at Annex C.
10. This announcement will be appearing on the DMO's website [www.dmo.gov.uk](http://www.dmo.gov.uk)

**24 April 2019**

## Annex A: The revised financing arithmetic in 2018-19 and 2019-20

(£ billions)	2018-19 Outturn	2019-20 April revision
CGNCR (ex NRAM, B&B and NR) <sup>1</sup>	37.3	23.7
Gilt redemptions	66.7	98.9
Redemption of the sovereign Sukuk		0.2
Planned financing for the Official Reserves	6.0	6.0
Financing adjustment carried forward from previous financial years	-1.4	4.0
<b>Gross Financing Requirement</b>	<b>108.6</b>	<b>132.8</b>
Less:		
NS&I net financing	10.8	11.0
Other financing items <sup>2</sup>	-0.7	0.0
<b>Net Financing Requirement (NFR) for the DMO</b>	<b>98.6</b>	<b>121.8</b>
DMO's NFR will be financed through:		
<b>Gilt sales, through sales of:</b>		
- Short conventional gilts	26.2	30.5
- Medium conventional gilts	21.2	25.8
- Long conventional gilts	29.9	31.9
- Index-linked gilts	21.4	22.6
- Unallocated amount of gilts	0.0	7.0
<b>Total gilt sales for debt financing</b>	<b>98.6</b>	<b>117.8</b>
<b>Total net contribution of Treasury bills for debt financing</b>	<b>-4.0</b>	<b>4.0</b>
<b>Total financing</b>	<b>94.6</b>	<b>121.8</b>
DMO net cash position	-3.5	0.5
<i>Figures may not sum due to rounding</i>		
<sup>1</sup> Central Government Net Cash Requirement (excluding Northern Rock (Asset Management) (NRAM), Bradford & Bingley (B&B) and Network Rail (NR)).		
<sup>2</sup> These items include outturn revenue from coinage and additional financing through non-governmental deposits, certificates of tax deposit, foreign exchange transactions relating to the Exchange Equalisation Account and pre-redemption purchases by the DMO of 1 ¾% Treasury Gilt 2019.		

## Annex B: Currently planned split of gilt issuance by type, maturity and issuance method in 2018-19

	Auction	Syndication	Gilt tender	Unallocated	Total
<b>Short conventional</b>					
£ billion	30.5				30.5 25.9%
<b>Medium conventional</b>					
£ billion	25.8				25.8 21.9%
<b>Long conventional</b>					
£ billion	18.9	13.0			31.9 27.1%
<b>Index-linked</b>					
£ billion	14.1	8.0	0.5		22.6 19.2%
<b>Unallocated</b>					
£ billion				7.0	7.0 5.9%
<b>Total £ billion</b>	<b>89.3</b>	<b>21.0</b>	<b>0.5</b>	<b>7.0</b>	<b>117.8</b>
<b>Total per cent</b>	<b>75.8%</b>	<b>17.8%</b>	<b>0.4%</b>	<b>5.9%</b>	
<i>Figures may not sum due to rounding</i>					

## Annex C: Gilt sales relative to the new remit targets for 2019-20

	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction proceeds to-date	3,037	2,878	2,286	0	8,201
PAOF proceeds to-date	456	403	0	0	859
<b>Auction and PAOF proceeds to-date</b>	<b>3,493</b>	<b>3,281</b>	<b>2,286</b>	<b>0</b>	<b>9,060</b>
Syndication sales to-date	0	0	0	0	0
Gilt tender sales to date	0	0	0	477	477
<b>Total gilt sales to date</b>	<b>3,493</b>	<b>3,281</b>	<b>2,286</b>	<b>477</b>	<b>9,537</b>
Auction sales required to meet plans	27,007	22,519	16,614	14,100	80,240
Number of auctions remaining	9	8	7	10	34
<b>Planned gilt sales at auctions</b>	<b>30,500</b>	<b>25,800</b>	<b>18,900</b>	<b>14,100</b>	<b>89,300</b>
Number of auctions scheduled	10	9	8	10	37
Average auction sizes Q1 2019-20	3,050	2,867	2,363	1,410	
Planned syndication sales	-	-	13,000	8,000	21,000
Syndication sales required to meet plan	-	-	13,000	8,000	21,000
Remaining unallocated sales					7,023
Total planned supplementary gilt sales					28,500
<b>Total planned gilt sales</b>					<b>117,800</b>
Required gilt sales remaining					108,263
<i>PAOF as % of auction proceeds</i>	<i>15.0%</i>	<i>14.0%</i>	<i>0.0%</i>		<i>10.5%</i>