

PUBLICATION OF THE DMO PROVISIONAL REMIT FOR 2003-04

In accordance with the Code for Fiscal Stability HM Treasury has today published the Provisional Debt Management Report 2003-04. It includes the provisional DMO remit for 2003-04 based on the CGNCR forecasts published in the Pre-Budget Report on 27 November 2002. The net financing requirement forecast for 2003-04 is £49.8 billion.

The provisional financing arithmetic is reproduced below. The DMO remit for 2003-04 and the financing arithmetic will be published (with any necessary revisions) with the Budget papers on 9 April 2003.

The main points of the provisional remit are:

Gilt sales (£ billion cash)

- Gross gilt sales at auctions £40.0bn – split as follows:
 - Short conventionals £13.4bn (in 5 auctions)
 - Medium conventionals £10.8bn (in 5 auctions)
 - Long conventionals £ 9.3bn (in 4 auctions)
 - Index-linked £ 6.5bn (in 8 auctions)

A provisional auction calendar for 2003-04 is below.

Treasury bills

The DMO plans to increase the stock of Treasury bills in market hands by £3.2 billion in 2003-04; aiming for a stock of £18.2 billion by end-March 2004.

DMO net cash position

The DMO plans to run-down its net cash position by £6.6 billion in 2003-04, thereby meeting the commitment given in PBR 2000 to unwind the net cash position by end March 2004. The DMO will continue to maintain a working balance of £0.2 billion at the Bank of England.

Remit contingencies

In the event that the Budget forecasts lead to changes in the financing requirement the following contingencies will be considered (these are not listed in any particular order):

- **In the event that the financing requirement for 2002-03 changes**
- any changes will be accommodated by an adjustment to net short-term debt sales.

- **In the event of a falling financing requirement for 2003-04:**
 - decreasing the planned stock of Treasury bills in market hands at end-March 2004 by up to £2.0 billion; or
 - decreasing planned conventional gilt sales broadly in line with the relative proportions outlined above.
- **In the event of a rising financing requirement in 2003-04:**
 - increasing the planned stock of Treasury bills in market hands at end-March 2004 by up to £2.0 billion; or
 - increasing planned conventional gilt sales broadly in line with the relative proportions outlined above.
 - possible issuance of an ultra-short (2- or 3-year) maturity gilt within the planned increase of short conventional sales.

Specific decisions on the exercising of contingencies would be made in light of circumstances.

A copy of the provisional Debt Management Report 2003-04 is available in the Remit section of the DMO website:

<http://www.dmo.gov.uk/remit/f1remit.htm>

The provisional financing arithmetic for 2002-03 and 2003-04 (figures may not sum due to rounding).

The financing arithmetic (£ billions)	2002-03*	2003-04*
CGNCR forecast	18.7	30.2
Gilt redemptions	17.0	21.1
Buy-backs	0.3	0.0
Financing Requirement	36.0	51.3
<i>less</i>		
National Savings and Investments	0.2	1.5
DMO cash deposit at Bank of England	-0.1	0.0
Net Financing Requirement	35.9	49.8
1. Planned gilts sales	26.4	40.0
<i>of which:</i>		
Short conventional	8.5	13.4
Medium conventional	5.6	10.8
Long conventional	7.7	9.3
Index-linked	4.6	6.5
2. Planned net short-term debt sales	9.5	9.8
<i>of which:</i>		
Change in Ways & Means	0.0	0.0
Change in T bill stock	5.3	3.2
Change in DMO net cash position**	4.2	6.6
Short term debt levels		
Ways & Means at end of FY	13.4	13.4
T bill stock at end of FY	15.0	18.2
DMO net cash position***	6.9	0.2
* updated for gilt sales outturns in 2002-03 (where known) and higher redemptions in 2003-04		
** excluding changes in the DMO's deposit at the Bank of England		
*** including the DMO cash deposit at the Bank of England		

The provisional gilt auction calendar for 2003-04

Provisional Gilt Auction Calendar 2003-04	
Date	Type
Wednesday 16 April 2003	Index-linked
Thursday 24 April 2003	Conventional
Thursday 15 May 2003	Conventional
Wednesday 28 May 2003	Conventional
Thursday 12 June 2003	Conventional
Tuesday 24 June 2003	Index-linked
Thursday 26 June 2003	Conventional
Wednesday 2 July 2003	Conventional
Wednesday 16 July 2003	Index-linked
Tuesday 29 July 2003	Conventional
Wednesday 10 September 2003	Conventional
Tuesday 23 September 2003	Index-linked
Thursday 25 September 2003	Conventional
Wednesday 15 October 2003*	Conventional
Thursday 23 October 2003*	Index-linked
Wednesday 29 October 2003*	Conventional
Tuesday 25 November 2003*	Conventional
Wednesday 10 December 2003	Index-linked
Tuesday 13 January 2004	Index-linked
Wednesday 28 January 2004	Conventional
Tuesday 24 February 2004*	Index-linked
Wednesday 24 March 2004*	Conventional

*Subject to confirmation following the Chancellor's decisions on the Budgetary timetable