

RECORD OF THE DMO CONSULTATIONS WITH GILT MARKET PARTICIPANTS AHEAD OF THE ANNOUNCEMENT OF THE APRIL TO JUNE 2025 GILT OPERATIONS CALENDAR

The DMO held consultations with the Gilt-edged Market Makers (GEMMs) and with representatives of gilt investors on Monday 31 March 2025 in hybrid form, with some participants attending at the DMO's offices and others joining via conference/video call.

The consultations were primarily intended to inform the choice of gilts to be sold via auction and syndication in the first quarter of financial year 2025-26, as well as the dates and maturity sectors for programmatic gilt tenders in the period.

The DMO set out a schedule of 19 gilt auction dates (including the five auctions announced on 14 March 2025¹) in the April to June 2025 period, together with a proposed maturity split for conventional gilt auctions. The DMO also plans to schedule two gilt syndications during the period (one of either a new or existing long-dated conventional gilt in May 2025 and one of a new or existing index-linked gilt in June 2025). The DMO also set out preliminary proposals for a schedule of programmatic gilt tenders in Q1 2025-26.

In discussion, the following main points emerged.

GEMMs

Long conventional gilt syndication

Support was expressed by a number of participants for the launch of a new gilt in the 30-year maturity sector; however, there were also calls for a new 20-year maturity conventional gilt. Several attendees suggested it would be prudent to leave open the choice of maturity until closer to the proposed timing of the transaction in May 2025.

Index-linked gilt syndication

The most frequently recommended index-linked gilt to be syndicated in June 2025 was a re-opening of IL 2049. There were also isolated calls for a new 15-year index-linked gilt, for a syndicated re-opening of IL 2035, as well as for issuance in the 25- to 35-year area.

Conventional (11 further auctions)

Short (five further auctions)

Attendees expressed very strong support for a second re-opening of 4³/₈% 2030 in addition to the auction already announced for Wednesday 9 April 2025, with many calling for a third re-opening in Q1 2025-26. There was also a strong preference for one re-opening of 4% 2031 in the quarter with a few calls for a second re-opening of this gilt. Attendees were unanimously in favour of one re-opening of 4³/₈% 2028 with almost all participants favouring two re-openings of the gilt in April to June 2025.

Medium (four further auctions)

Unanimous support was expressed for a second re-opening of 4¹/₂% 2035 in the quarter, in addition to the auction already announced on Tuesday 15 April 2025, with the majority of

¹ The gilt auction calendar for weeks commencing 31 March, 7 April and 14 April 2025 was published by the DMO on Friday 14 March 2025 and can be accessed here: <https://www.dmo.gov.uk/media/3cub5ess/pr140325.pdf>

attendees in support of a third re-opening of the gilt in Q1 2025-26. Unanimous support was also expressed for a second re-opening of 4³/₈% 2040 in addition to the auction already scheduled to take place on Thursday 3 April 2025, with a few calls for a third re-opening of this gilt. Support was given to the re-opening of 0⁷/₈% Green Gilt 2033 in the quarter, although a few participants also proposed that a new green gilt might be launched in Q1 2025-26.

Long (two further auctions)

Unanimous support was expressed for one re-opening of 4% 2063 in the quarter with almost all participants calling for one re-opening of 4³/₄% 2043. There were also isolated recommendations for a re-opening of 1¹/₂% Green Gilt 2053 and for a second re-opening of 4³/₈% 2054 in addition to the auction of this gilt that has already been announced for Tuesday 8 April 2025.

Index-linked (three further auctions)

The index-linked gilts most often recommended for issuance in Q1 2025-26 were a second re-opening of IL 2035 (in addition to the auction of this gilt already scheduled for Wednesday 2 April 2025), IL 2045 and IL 2054. A few expressions of interest were received in scheduling re-openings of IL 2049 and IL 2073. There were also isolated calls for the launch of a new index-linked gilt in the 5- or 10-year maturity area and for re-openings of other index-linked gilts including IL 2033, IL 2039, IL 2041 and IL 2056.

Programmatic gilt tenders

All participants in the meeting noted their support for programmatic gilt tenders, with many attendees citing the increased flexibility this approach provides in responding to evolving gilt demand throughout the year. There was broad agreement amongst participants to the DMO's proposed schedule of dates and maturity sectors for programmatic gilt tenders in Q1 2025-26. A few attendees suggested skewing issuance more towards short conventional gilts, while some isolated views called either for one gilt tender in each maturity sector and gilt type in the quarter or a focus on a combination of short and index-linked gilt issuance.

Gilt investors

Long conventional gilt syndication

Amongst those investors who expressed an opinion, there was general support for issuance in the 20-year sector of the conventional curve, although a minority of the views expressed supported issuance in the 30-year maturity area.

Index-linked gilt syndication

Most attendees who offered a view suggested a re-opening of IL 2049, with isolated calls for issuance at other maturities. A few participants also thought that it would be prudent to leave open the choice of maturity until closer to the transaction planned for June 2025.

Conventional (11 further auctions)

Short (five further auctions)

Most investors who provided their opinion supported issuance of the short conventional gilts that the DMO had proposed re-opening in Q1 2025-26 as set out in the published agenda:

4³/₈% 2028, 4³/₈% 2030 and 4% 2031. There was also an isolated call for the launch during the quarter of a new gilt maturing in 2031.

Medium (four further auctions)

Those investors who gave a view generally expressed a preference for further issuance of 4¹/₂% 2035 and 4³/₈% 2040 in addition to the auctions of these gilts already scheduled in Q1 2025-26. There was also an isolated call for a re-opening of 0⁷/₈% Green Gilt 2033, assuming that a new green gilt would not be launched during the quarter.

Long (two further auctions)

Where opinions were provided, attendees stated a preference for long gilt issuance in the 20- to 30-year area of the curve rather than for longer maturities. Several participants also noted their support for the DMO's proposals to re-open 4³/₄% 2043 and 4% 2063 in the April to June period, in addition to the auction of 4³/₈% 2054 already scheduled on Tuesday 8 April 2025. There was also an isolated call for a re-opening of 4¹/₄% 2049.

Index-linked (three further auctions)

Where investors provided feedback, they generally preferred issuance of index-linked gilts at shorter maturities with issuance in the 10-year maturity area proposed by most attendees who commented. There were also isolated calls for re-openings of IL 2031, IL 2047, IL 2054, IL 2055 and IL 2073.

Programmatic gilt tenders

Investors who provided comments were supportive of programmatic gilt tenders, noting the value of the flexibility this would introduce into the delivery of the financing programme in 2025-26. A range of gilts were proposed for potential issuance via programmatic gilt tenders, with many who offered an opinion stating a preference for issuance of either low or high coupon off-the-run gilts.

Timetable

The DMO will announce the details of the full gilt operations calendar for April to June 2025 at 7.30am on Friday 4 April 2025.

The next consultations to discuss gilt issuance in the period July to September 2025 are currently scheduled for 3.30pm (gilt market investors) and 5.00pm (GEMMs) on Monday 12 May 2025.