

PBR REVISIONS TO DMO REMIT 2003-04: 10 DECEMBER 2003

The latest projections for the public finances have been published today in the Pre-Budget Report (PBR). The forecast for the CGNCR in 2003-04 has been increased by £5.2 billion¹ to £40.5 billion.

The net financing requirement has increased by £2.3 billion to £57.1 billion. The correspondingly lower increase in the net financing requirement arises from: the release of sterling back to the NLF as the net result of arrangements made for the financing of the Official Reserves; and an increase of £1.5 billion in National Savings & Investments' projected net contribution to financing.

In line with the contingencies outlined in the Debt and Reserves Management Report 2003-04, the DMO plans to meet the additional financing requirement by increasing planned short conventional gilt sales. An additional gilt auction will be held on Thursday 12 February. A revised gilt financing table is published below along with the latest projections of future CGNCRs.

Gilt auction calendar

The DMO will discuss the specific gilts to be issued in January-March 2004 with market participants at the quarterly consultation meetings on Monday 15 December. Details of the January-March 2004 auction calendar will be published at 3.30pm on Friday 19 December. Following today's announcement the gilt auction calendar for the remainder of the financial year is:

Date	Gilt
Tuesday 13 January	Index-linked
Wednesday 28 January	Conventional
Thursday 12 February	Conventional
Tuesday 24 February	Index-linked
Wednesday 24 March*	Conventional

*date subject to confirmation following the Chancellor's decision on the Budgetary timetable

The position of gilt sales relative to the new remit is shown below.

Gilts sales vs remit : Financial year to 10 December 2003 (£ millions)					
<i>Figures may not sum due to rounding</i>					
	Conventional Gilts			Index-linked Gilts	TOTAL
	Shorts (1-7 yrs)	Mediums (7-15yrs)	Longs (15 yrs+)		
Outright					
Auction sales	13,075	13,099	8,851	4,926	39,952
Remit plans	18,800	13,100	11,300	6,500	49,700
Remaining	5,725	0	2,449	1,574	9,748
Auctions left	2	0	1	2	5

¹ All figures are cash unless otherwise stated.

The revised gilt financing arithmetic

The financing arithmetic (£ billions)	2003-04 Budget	2003-04 PBR
CGNCR forecast	35.3	40.5
Gilt redemptions	21.1	21.1
Financing for the Official Reserves	0.0	-1.6
Buy-backs	0.0	0.2
Financing Requirement	56.4	60.2
<i>less</i>		
National Savings and Investments	1.5	3.0
DMO cash deposit at Bank of England	0.1	0.1
Net Financing Requirement	54.8	57.1
1. Planned gilts sales	47.4	49.7
<i>of which:</i>		
Short conventional	16.4	18.8
Medium conventional	13.2	13.1
Long conventional	11.3	11.3
Index-linked	6.5	6.5
2. Planned net short-term debt sales	7.4	7.4
<i>of which:</i>		
Change in Ways & Means	0.0	0.0
Change in T bill stock	3.3	3.3
Change in DMO net cash position**	4.1	4.1
Short term debt levels		
Ways & Means at end of FY	13.4	13.4
T bill stock at end of FY	18.3	18.3
DMO net cash position***	0.2	0.2
<i>** excluding changes in the DMO's deposit at the Bank of England</i>		
<i>*** including the DMO cash deposit at the Bank of England</i>		

The PBR also includes forecasts of the CGNCR out to 2008-09, these are shown (with the redemption totals for the years in question) in the table below.

Illustrative financing projections					
£bn	2004-05	2005-06	2006-07	2007-08	2008-09
CGNCR projections (PBR)	33	32	32	28	26
Redemptions	15	15	18	29	15
Financing Requirement*	48	47	50	57	41
Change since Budget	5	6	4	3	na
<i>*indicative gross financing requirement</i>					

This announcement is appearing on the DMO website www.dmo.gov.uk