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## PRESS NOTICE

### **SYNDICATED LAUNCH OF £6.5 BILLION NOMINAL OF 0<sup>7</sup>/<sub>8</sub>% TREASURY GILT 2046: RESULT**

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £6.5 billion (nominal) of 0<sup>7</sup>/<sub>8</sub>% Treasury Gilt 2046 has been priced at £100.177 per £100 nominal, equating to a gross redemption yield of 0.8671%. The transaction will settle, and the first tranche of this gilt will be issued, on 20 January 2021.

Proceeds from today's transaction are expected to amount to approximately £6.5 billion (cash<sup>1</sup>) and will take gilt sale proceeds in the financial year to date to £430.0 billion. The DMO is planning to raise £485.5 billion via gilt sales in 2020-21.

This was the sixth transaction in the DMO's 2020-21 syndication programme. Today's offering, a new current coupon bond maturing in 2046, was priced at a yield spread of 2.5 basis points (bp) above the yield on the reference gilt, 3<sup>1</sup>/<sub>2</sub>% Treasury Gilt 2045. This represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking around 92% of the allocation. This transaction saw participation from a large number of diverse high quality investors based both in the UK and internationally.

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

*Once again I am pleased to see another very strong and smoothly executed transaction in our sixth syndication of the financial year. Today we have successfully launched a new gilt in the 25-year maturity area. This new bond represents another and welcome point in the series of current coupon benchmark gilts which we have been working to build up over time.*

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<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

*The transaction was well received by the market, with the new gilt attracting very strong interest from our core pension fund and asset manager investor base. The size of £6.5 billion, which was larger than originally planned, reflects a very high-quality order book.*

*This has been another very encouraging indication of the strength and depth of the gilt market and the commitment of its participants, which has been fundamental in helping us to deliver this year's unprecedented financing programme. I look forward to this continuing as we move towards the end of this year's remit and approach the 2021-22 financial year.*

## **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: BNP Paribas, Deutsche Bank, HSBC and Nomura. All other wholesale Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 8 January 2021.

The order book for the transaction opened at 9.00am on 19 January 2021 with indicative price guidance for investors at a spread of 2.5bp to 3.0bp above the yield on the reference gilt (3½% Treasury Gilt 2045). At 9.30am the Joint Bookrunners announced that the total value of orders exceeded £45 billion and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £60 billion, that price guidance was being fixed at a yield spread of 2.5bp above the reference gilt, and that the order book would close at 10.00am.

The book closed at 10.00am with 152 orders totalling £56.6 billion (nominal) at the final spread. At 10.35am the Joint Bookrunners announced that the size of the transaction had been set at £6.5 billion (nominal). The price was set at 12.36pm.

The seventh and final syndication in 2020-21 is planned for the week commencing 8 February 2021 (subject to demand and market conditions) and will be for a new long dated index-linked gilt.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)