



PRESS NOTICE

DMO FINANCING REMIT 2020-21: 25 NOVEMBER 2020 REVISION

1. Total gilt sales of £485.5 billion are planned in the financial year 2020-21, following publication today of the Office for Budget Responsibility's (OBR's) Economic and Fiscal Outlook (EFO).
2. The OBR's latest forecast for the Central Government Net Cash Requirement (excluding NRAM plc, Bradford and Bingley and Network Rail) (CGNCR ex) for 2020-21 is £402.5 billion and the corresponding forecast of the DMO's net financing requirement (NFR) is £483.5 billion. The other major change impacting on the DMO's financing remit in 2020-21 is the forecast net contribution to financing of £35.0 billion by NS&I, as published on 16 July 2020. The updated financing arithmetic is at Annex A.
3. Planned gilt sales in the period April-November 2020 inclusive were for a minimum of £385.0 billion: the outturn for sales to end-November 2020 is £393.6 billion. Hence today's announcement represents an increase in planned gilt sales in 2020-21 of £92.0 billion¹, to be delivered over the final four months of the financial year. The increases to planned gilt sales in 2020-21, the gilt sales plans by maturity and type and the associated split of issuance are shown in Table 1 below.

Table 1: Planned gilt sales in 2020-21 and increase since November 2020

£ billion	Gilt sales at end-November 2020	Planned increases	Planned sales in 2020-21	2020-21 gilt issuance split
Short conventional	143.9	23.9	167.9	34.6%
Medium conventional	123.1	26.5	149.6	30.8%
Long conventional	104.1	30.8	134.9	27.8%
Index-linked	22.4	10.8	33.2	6.8%
Total	393.6	92.0	485.5	

Figures may not sum due to rounding

¹ Figures may not sum due to rounding.

Gilt auctions

4. The increase in gilt sales will principally be delivered via gilt auctions. A total of 35 gilt auctions are planned in the period December 2020 to March 2021. There is no change to the gilt auction calendar for December 2020, which comprises the seven gilt auctions previously announced by the DMO on 13 November 2020. A total of 152 gilt auctions are now planned for 2020-21. The planned gilt auction calendar for January-March 2021 is at Annex B.
5. The planned gilt auctions for December 2020 to March 2021 by type and maturity are shown in Table 2 below, alongside the planned total number of gilt auctions by sector in 2020-21.

Table 2: Number and type of gilt auctions in 2020-21

	Auctions planned in December 2020 to March 2021	Total number of auctions planned in 2020-21
Short conventional	8	47
Medium conventional	8	38
Long conventional	12	46
Index-linked	7	21
Total	35	152

Syndication(s)

6. The DMO is currently planning to schedule at least one syndication in January-March 2021, which is expected to be for a long conventional gilt, and the DMO will be seeking market views on these plans at the next quarterly consultation conference calls scheduled for 30 November 2020 (the agenda for which will be published at 3.30pm today, 25 November 2020).

Gilt tender(s)

7. As usual, the DMO would be interested to receive any representations from market participants about demand for a gilt tender, or gilt tenders, in the period December 2020 to March 2021. Views on particular gilts to issue and the timing of any such tenders would be welcome. The DMO will aim to announce the date, the gilt to be sold and the maximum size of any gilt tender at least two business days in advance.

Treasury bills

- **Debt management**

8. The DMO is planning to reduce the stock of Treasury bills for debt management purposes by £2.0 billion in 2020-21, implying a stock of such Treasury bills of £60.0 billion by end-March 2021.

- **Cash management**

9. Treasury bills issued for cash management purposes will not contribute to the stock of Treasury bills issued to meet the NFR. Outturn information on the total stock of outstanding Treasury bills will continue to be published on the DMO website alongside information about the outturn stock of Treasury bills for debt financing purposes.

Future financing projections

10. Table 3 below shows annual illustrative gross financing projections from 2021-22 to 2025-26 using the OBR's updated projections of the CGNCR ex, together with the latest estimate of gilt redemptions in these years. These are not forecasts of future gilt sales. Rather, they provide an illustration of the gross financing requirement on the assumption that it is financed entirely via gilt sales.

Table 3: Illustrative gross financing projections to 2025-26

£ billion	2021-22	2022-23	2023-24	2024-25	2025-26
CGNCR (ex NRAM, B&B and NR)	176.6	130.1	114.0	122.0	120.9
Gilt redemptions	79.3	107.1	93.9	104.4	122.5
Planned financing for the Official Reserves	0.0	0.0	0.0	0.0	0.0
Illustrative gross financing requirement (IGFR)	255.9	237.2	207.9	226.4	243.4
<i>Figures may not sum due to rounding</i>					

Annex A

2020-21 Financing arithmetic £ billion (cash)	March 2020 Budget	November 2020 revision
CGNCR (ex NRAM, B&B and NR) ¹	65.3	402.5
Gilt redemptions	97.6	97.6
Planned financing for the Official Reserves	0.0	0.0
Financing adjustment carried forward from previous financial years ²	-0.8	18.4
Gross Financing Requirement	162.1	518.5
<i>Less:</i>		
NS&I net financing	6.0	35.0
Other financing items ³	0.0	0.0
Net Financing Requirement (NFR) for the DMO	156.1	483.5
DMO's NFR will be financed through:		
Gilt sales, through sales of:		
- Short conventional gilts	51.0	167.9
- Medium conventional gilts	34.2	149.6
- Long conventional gilts	42.3	134.9
- Index-linked gilts	20.6	33.2
- Unallocated amount of gilts	8.0	0.0
Total gilt sales for debt financing	156.1	485.5
Total net contribution of Treasury bills for debt financing	0.0	-2.0
Total financing	156.1	483.5
DMO net cash position	0.5	0.5
<i>Figures may not sum due to rounding</i>		
¹ Central Government Net Cash Requirement (excluding NRAM plc, Bradford and Bingley (B&B) and Network Rail (NR)).		
² The £18.4 billion financing adjustment in 2020-21 carried forward from previous years reflects the 2019-20 outturn for the CGNCR ex, as first published on 23 April 2020.		
³ Prior to the publication of the end-year outturn in April each year, this financing item will mainly comprise estimated revenue from coinage.		

Annex B: Proposed gilt auction calendar for January-March 2021

Auction date and close of bidding time		Gilt
Wednesday 6 January	10.00am	Medium conventional
Tuesday 12 January	10.00am	Short conventional
	11.30am	Long conventional
Wednesday 13 January	10.00am	Index-linked
Thursday 21 January	10.00am	Short conventional
Tuesday 26 January	10.00am	Medium conventional
	11.30am	Long conventional
Wednesday 27 January	10.00am	Index-linked
Tuesday 2 February	10.00am	Short conventional
	11.30am	Long conventional
Wednesday 3 February	10.00am	Medium conventional
Tuesday 9 February	10.00am	Long conventional
Wednesday 10 February	10.00am	Index-linked
Tuesday 16 February	10.00am	Short conventional
	11.30am	Long conventional
Wednesday 17 February	10.00am	Medium conventional
Tuesday 23 February	10.00am	Long conventional
Wednesday 24 February	10.00am	Index-linked
Tuesday 2 March	10.00am	Short conventional
	11.30am	Long conventional
Wednesday 3 March	10.00am	Medium conventional
Tuesday 9 March	10.00am	Long conventional
Wednesday 10 March	10.00am	Index-linked

Tuesday 16 March	10.00am	Short conventional
	11.30am	Long conventional
Wednesday 17 March	10.00am	Medium conventional
Tuesday 23 March	10.00am	Long conventional
Wednesday 24 March	10.00am	Index-linked