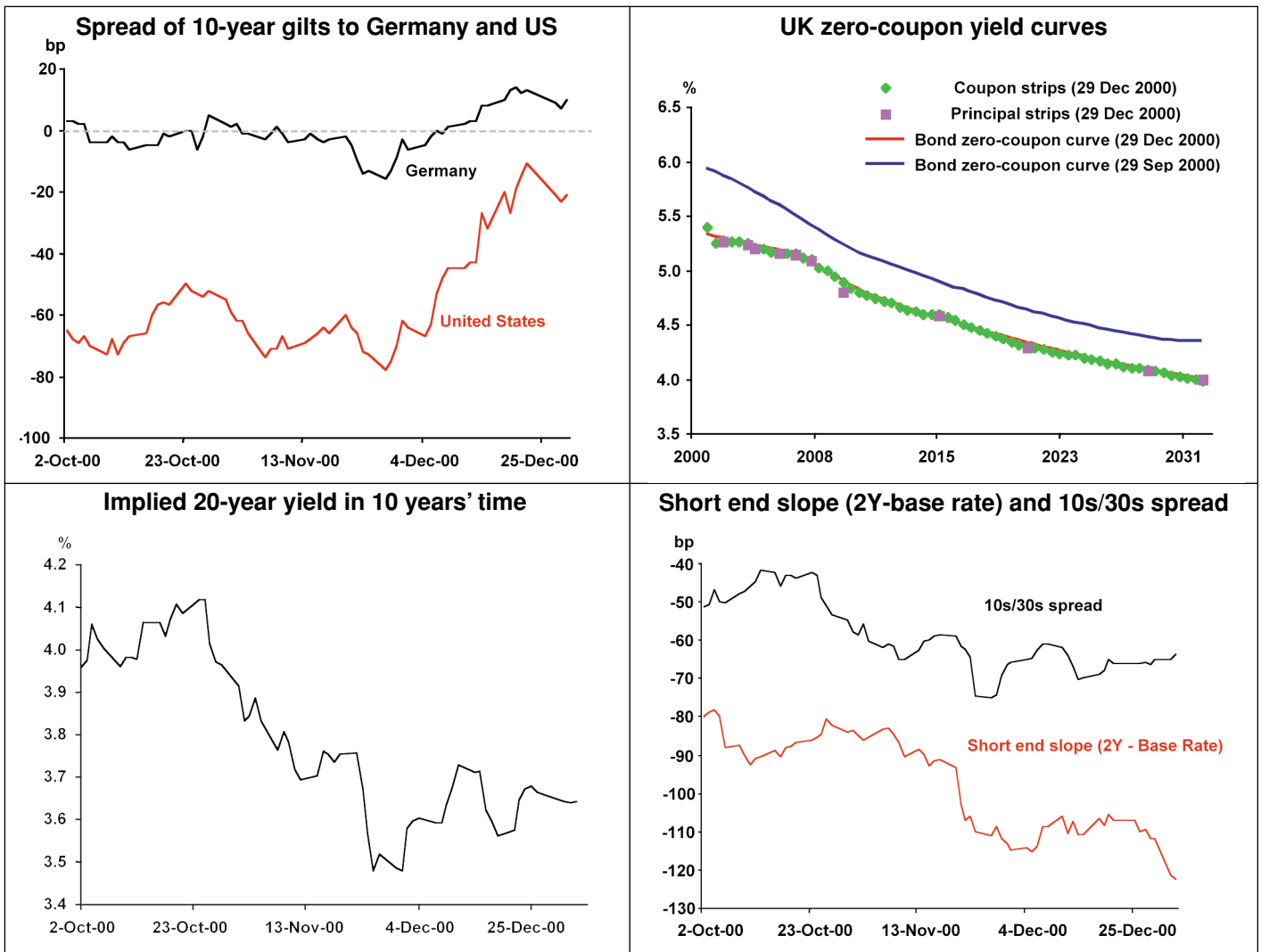


Quarterly Review

October - December 2000

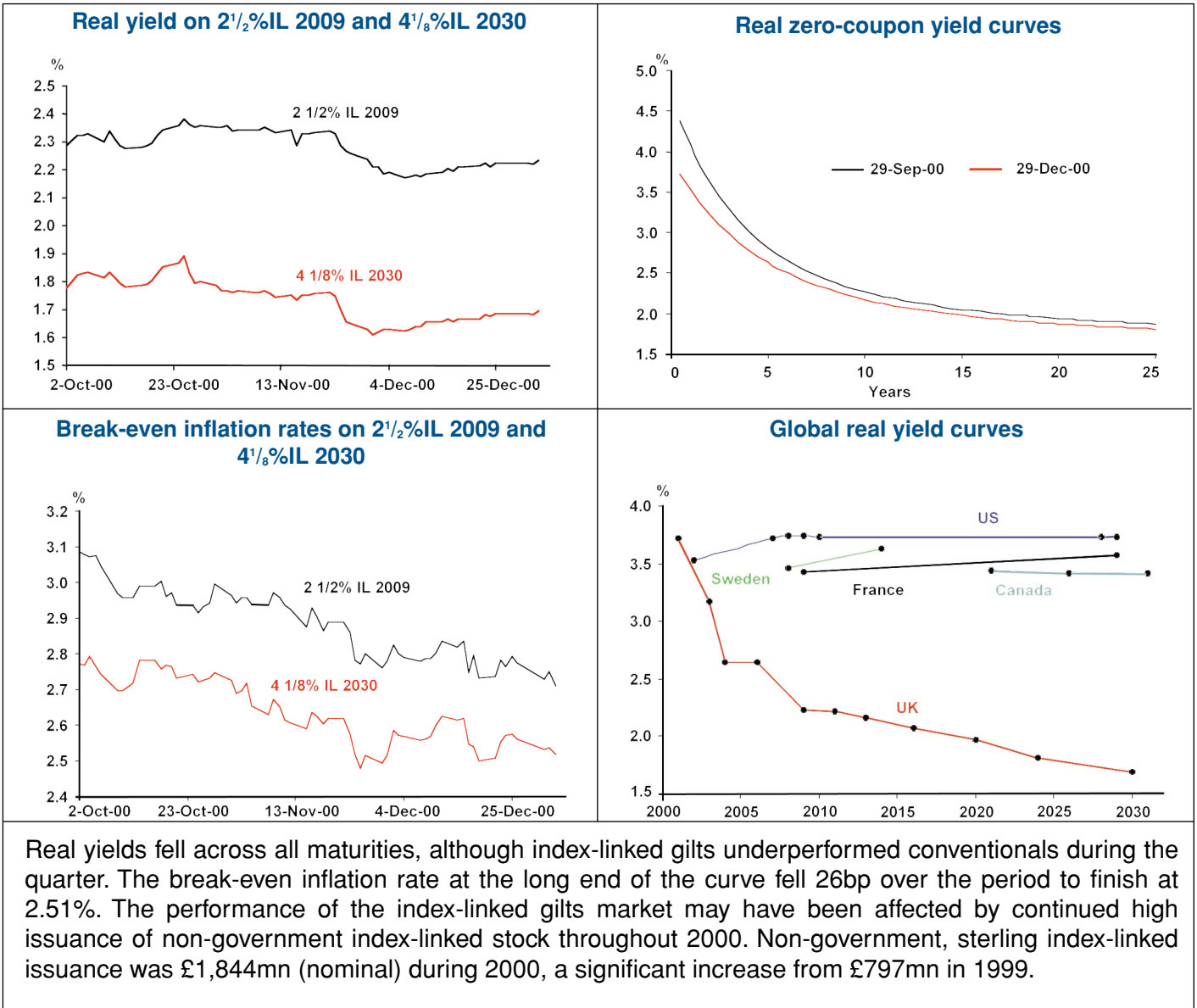
Conventional gilts



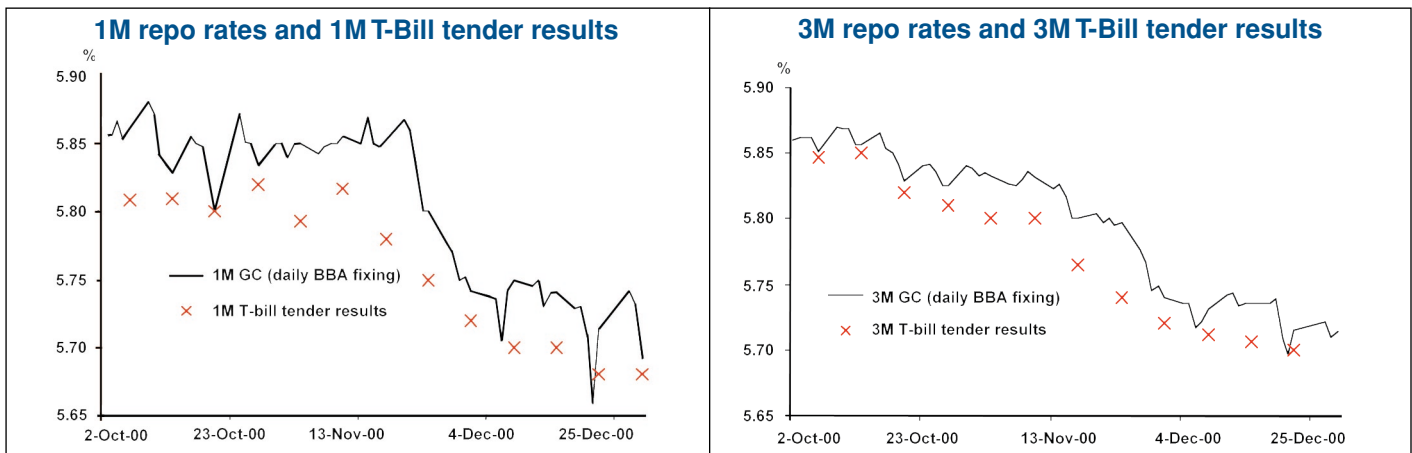
Yields fell across all maturities during the quarter. However, gilts underperformed both German Bunds and US Treasuries as concerns about slowing economic growth in these countries increased during the second half of the quarter. Both ends of the curve (3m/2-year and 10/30-year) inverted during the three months; near-dated bonds benefited from a trimming of short-rate expectations, while strong demand continued to support long-dated stocks. Shorts benefited most and so overall there was a disinversion of the curve. The 2s/30s spread increased from -116bp on 29 September to -93bp on 29 December. These movements in the curve further reduced future implied long yields. During the quarter the implied 20-year yield at 2010 fell from 4.0% to 3.6%.



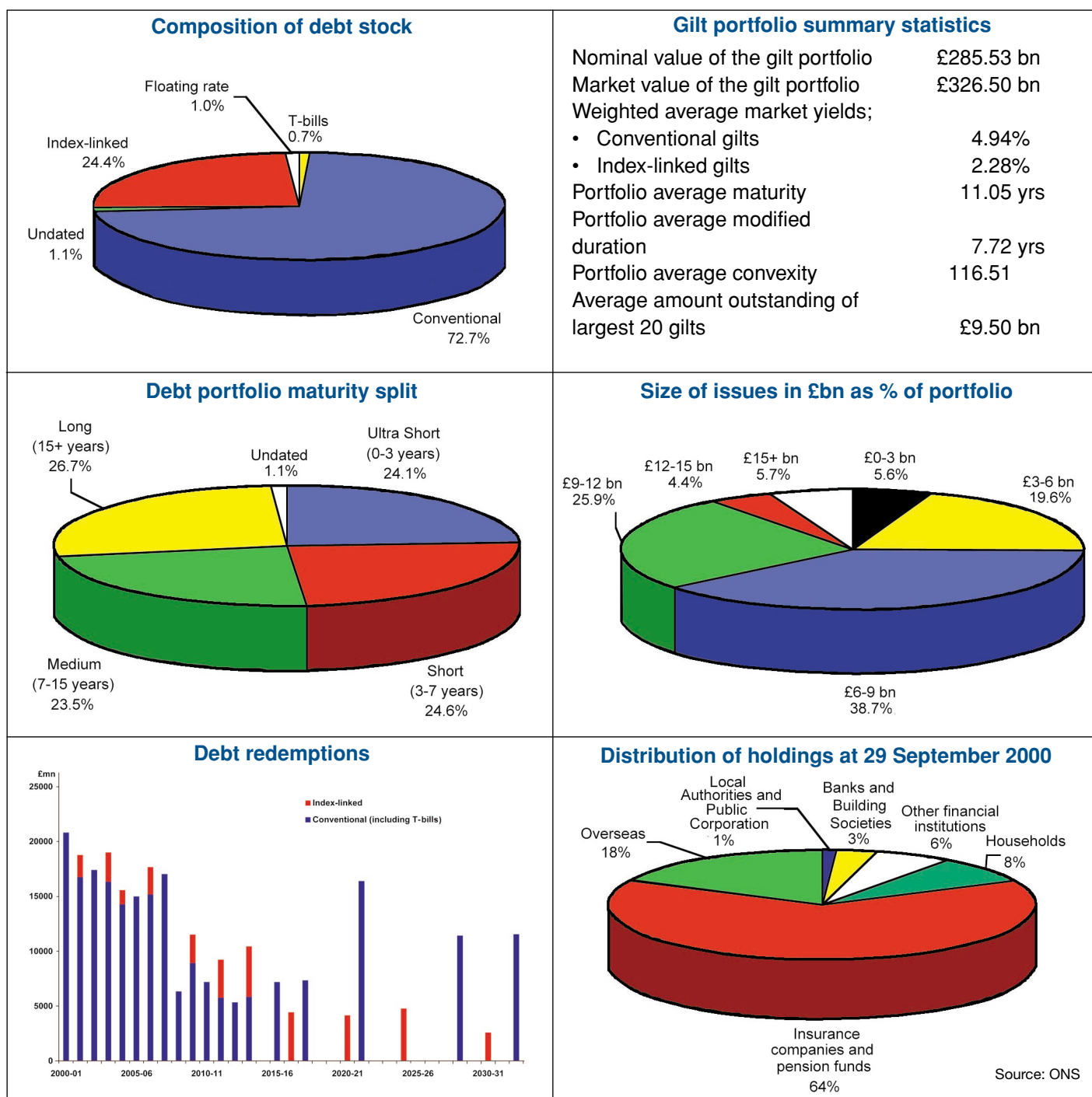
Index-linked gilts



Treasury bills and cash management



Details of the debt portfolio as of 29 December 2000



2000-01 financing requirement

Note: figures may not sum due to rounding	Budget: March 2000	12 June 2000	PBR: 9 November 2000	Gilt sales and net buy-backs at end December
CGNCR forecast	-4.9	-4.9	-28.2	
Impact of Spectrum receipts		-19.5		
Replacing foreign currency debt*	3.5	9.5	9.3	
Redemptions	18.6	18.6	18.6	
Debt buy-backs	3.5	3.5	5.0	3.9
Residual from 1999-2000	-9.5	-12.8	-12.8	
Financing requirement	11.2	-5.6	-8.1	
Less				
National Savings contribution	-0.8	-0.8	-1.5	
DMO cash deposit at Bank of England	-0.2	-0.2	-0.2	
Net financing requirement	12.2	-4.6	-6.4	
<i>Contingencies</i>				
Less repayment of Ways and Means	na	-2.0	-3.6	
Less reduction in planned Treasury bill stock	na	-2.0	-6.5	
Further reductions in net short-term debt	na	-10.7	-6.3	
Gilt sales planned (actual to end Dec)	12.2	10.0	10.0	7.1

*including original remit financing (now worth £3.6bn) and implementation of contingencies (worth £5.9 billion) estimated at exchange rates then applicable.

Gilt auction results Q4 2000

Outright auction results						
Auction date	Issue amount	Stock	Cover	Tail (bp)	Average accepted price	Yield at average price
25-Oct-00	£450mn	4½% I-L 2030	2.07	na*	£189.00	1.87%
21-Nov-00	£2,250mn	4¼% 2032	2.21	1	£97.27	4.41%

*Index-linked gilts are issued through a uniform price format.

Switch auction results					
Auction date	Source stock	Nominal switched	Destination stock	Nominal created	Average dirty price ratio
6-Dec-00	8% 2015	£2.0bn	4¼% 2032	£2.686bn	1.3435

Reverse auction results					
Auction date	Size of buy-back	Stocks sought	Stocks bought (nominal)	Average accepted price	Average yield (%)
11-Oct-00	£700mn cash	8% 2003	£220.67mn	£105.41	5.77%
		10% 2003	£381.00mn	£111.17	5.76%
		6¾% 2004	0	na	na
		9½% 2005	£38.00mn	£115.42	5.59%
23-Nov-00	£700mn cash	7¾% 2006	0	na	na
		8½% 2007	£592.24mn	£118.20	5.22%
		9% 2008	0	na	na

Treasury bill tender results Q4 2000

Date	Stock amount (£mn)	Average yield (%)	Average price	Cover	Yield tail (bp)
3 month T-bills					
06-Oct	100	5.8472	98.5632	7.75	2
13-Oct	100	5.8500	98.5624	8.50	0
20-Oct	100	5.8200	98.5697	6.75	0
27-Oct	100	5.8100	98.5722	7.75	0
03-Nov	100	5.8000	98.5746	7.50	0
10-Nov	100	5.8000	98.5746	6.95	0
17-Nov	100	5.7650	98.5831	7.45	0
24-Nov	100	5.7400	98.5891	5.95	0
01-Dec	100	5.7200	98.5940	6.45	0
08-Dec	100	5.7121	98.5958	4.65	1
15-Dec	100	5.7065	98.5972	6.47	3
22-Dec	100	5.7000	98.6292	4.45	0
29-Dec	100	5.6900	98.6164	3.90	0
1 month T-bills					
06-Oct	150	5.8090	99.5564	6.96	1
13-Oct	150	5.8100	99.5563	6.83	0
20-Oct	150	5.8000	99.5570	4.67	0
27-Oct	150	5.8200	99.5555	5.83	0
03-Nov	150	5.7933	99.5575	7.00	1
10-Nov	150	5.8167	99.5558	5.63	0
17-Nov	150	5.7800	99.5586	5.40	0
24-Nov	150	5.7500	99.5296	5.63	0
01-Dec	150	5.7200	99.5476	4.50	0
08-Dec	150	5.7000	99.5646	3.30	0
15-Dec	300	5.7000	99.5646	4.47	0
22-Dec	250	5.6800	99.5970	3.98	0
29-Dec	250	5.6800	99.5812	3.40	0

Details of market turnover

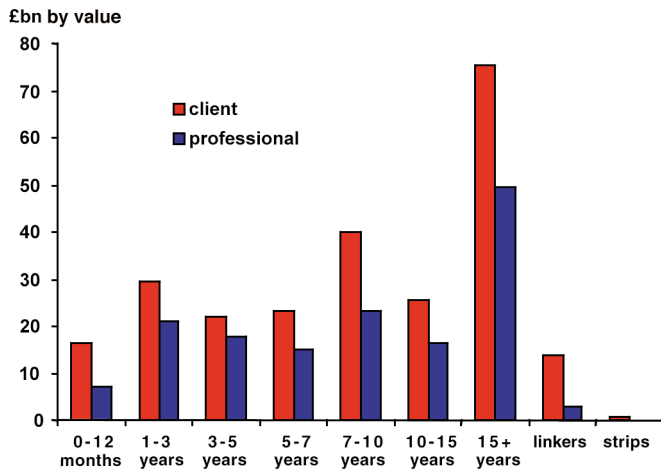
Top twenty stocks traded (by market value) in the thirteen weeks to 29 December 2000

Stock	Market value of trades (£mn)	% of value of all gilt trades	Number of bargains ('000s)	Average bargain size (£mn)
5¾% Treasury 2009	52,881	12%	12	4
6% Treasury 2028	41,683	9%	8	5
8% Treasury 2021	34,710	8%	7	5
4¼% Treasury 2032	30,932	7%	6	5
7% Treasury 2002	30,283	7%	4	7
8½% Treasury 2005	27,752	6%	4	6
8% Treasury 2015	26,541	6%	5	6
7% Treasury 2001	21,833	5%	5	5
6½% Treasury 2003	17,596	4%	6	3
9% Conversion 2011	17,336	4%	2	8
7¼% Treasury 2007	14,828	3%	8	2
7½ Treasury 2006	13,981	3%	7	2
6¾% Treasury 2004	12,565	3%	5	3
6¼% Treasury 2010	9,742	2%	3	4
5% Treasury 2004	9,453	2%	4	2
9% Treasury 2012	9,074	2%	2	6
8¾% Treasury 2017	8,418	2%	2	5
8% Treasury 2000	8,080	2%	1	7
9% Treasury 2008	8,043	2%	2	4
8% Treasury 2003	7,418	2%	3	3
Total market	457,833		128	4

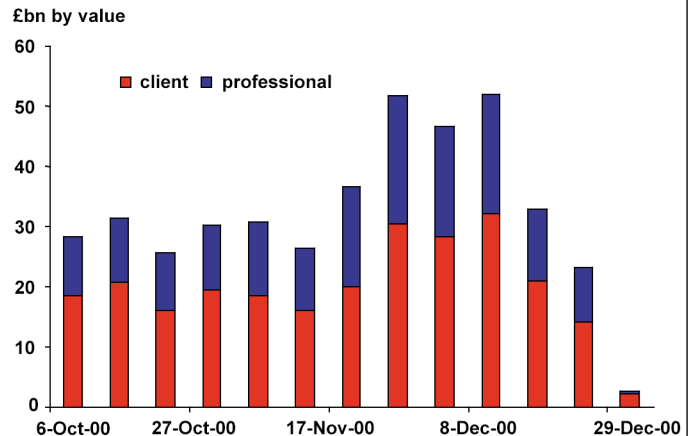
The top twenty stocks account for 88% of total market turnover.

This information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

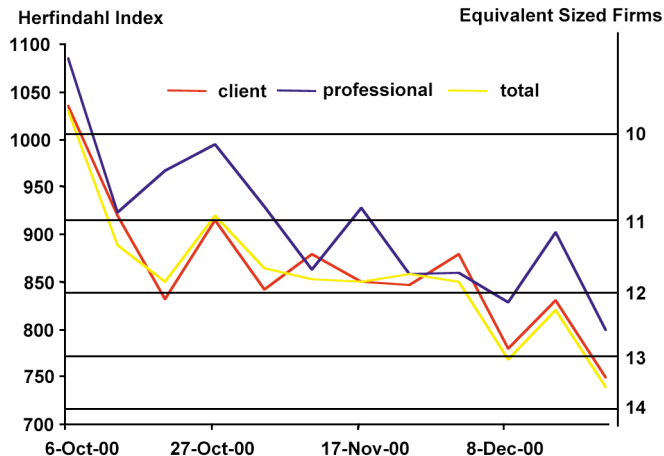
GEMM turnover by maturity band



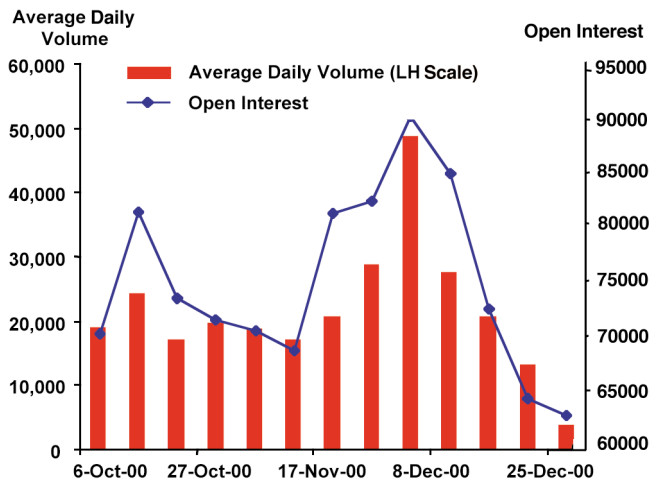
Total GEMM market turnover (weekly total)



Herfindahl Index of total GEMM market turnover



Average daily turnover of the long gilt futures contract and open interest



Stocks in issue at 29 December 2000 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/NILO ^b holdings
10% Treasury 2001	26-Feb-01	4,406	-	174
11½% Treasury 2001/2004	19-Mar-01	1,620	-	243
Floating Rate 2001	10-Jul-01	3,000	-	16
7% Treasury 2001	06-Nov-01	12,750	-	1039
7% Treasury 2002	07-Jun-02	9,000	176	207
9¾% Treasury 2002	27-Aug-02	6,527	-	108
8% Treasury 2002/2006	05-Oct-02	2,050	-	168
8% Treasury 2003	10-Jun-03	6,999	-	418
10% Treasury 2003	08-Sep-03	1,768	-	0
6½% Treasury 2003	07-Dec-03	7,987	41	199
5% Treasury 2004	07-Jun-04	7,408	119	123
3½% Funding 1999/2004	14-Jul-04	543	-	32
6¾% Treasury 2004	26-Nov-04	6,500	-	373
9½% Conversion 2005	18-Apr-05	4,804	-	0
8½% Treasury 2005	07-Dec-05	10,373	277	188
7¾% Treasury 2006	08-Sep-06	3,870	-	321
7½% Treasury 2006	07-Dec-06	11,700	206	168
8½% Treasury 2007	16-Jul-07	6,341	-	254
7¼% Treasury 2007	07-Dec-07	11,000	267	132
5½% Treasury 2008/2012	10-Sep-08	1,000	-	86
9% Treasury 2008	13-Oct-08	5,441	-	0
5¾% Treasury 2009	07-Dec-09	8,827 ^a	237	242
6¼% Treasury 2010	25-Nov-10	4,750	-	269
9% Conversion 2011	12-Jul-11	5,273	-	82
7¾% Treasury 2012/2015	26-Jan-12	800	-	219
9% Treasury 2012	06-Aug-12	5,361	-	0
8% Treasury 2013	27-Sep-13	6,100	-	305
8% Treasury 2015	07-Dec-15	7,288	491	83
8¾% Treasury 2017	25-Aug-17	7,550	-	179
8% Treasury 2021	07-Jun-21	16,500	372	105
6% Treasury 2028	07-Dec-28	11,512	249	65
4¼% Treasury 2032	07-Jun-32	11,580	0	1
2½% Treasury	Undated	474	-	0
3½% War	Undated	1,909	-	0
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/NILO ^b holdings
2½% I-L Treasury 2001	24-Sep-01	2,150	4,672	123
2½% I-L Treasury 2003	20-May-03	2,700	5,831	14
4⅞% I-L Treasury 2004	21-Oct-04	1,300	1,631	0
2% I-L Treasury 2006	19-Jul-06	2,500	6,120	0
2½% I-L Treasury 2009	20-May-09	2,625	5,669	26
2½% I-L Treasury 2011	23-Aug-11	3,475	7,929	3
2½% I-L Treasury 2013	16-Aug-13	4,635	8,839	17
2½% I-L Treasury 2016	26-Jul-16	4,495	9,368	45
2½% I-L Treasury 2020	16-Apr-20	4,175	8,560	0
2½% I-L Treasury 2024	17-Jul-24	4,820	8,395	30
4⅞% I-L Treasury 2030	22-Jul-30	2,600	3,274	0
Rump gilts	Redemption date	Amount in issue		DMO/NILO ^b holdings
9½% Conversion 2001	12-Jul-01	3	-	3
9¾% Conversion 2001	10-Aug-01	35	-	28
10% Conversion 2002	11-Apr-02	21	-	11
9½% Conversion 2002	14-Jun-02	2	-	2
9% Exchequer 2002	19-Nov-02	83	-	66
11¾% Treasury 2003/2007	22-Jan-03	234	-	70
9¾% Conversion 2003	07-May-03	11	-	9
12½% Treasury 2003/2005	21-Nov-03	152	-	47
13½% Treasury 2004/2008	26-Mar-04	95	-	13
10% Treasury 2004	18-May-04	20	-	5
9½% Conversion 2004	25-Oct-04	307	-	90
10½% Exchequer 2005	20-Sep-05	23	-	14
9¾% Conversion 2006	15-Nov-06	6	-	3
8% Treasury 2009	25-Sep-09	393	-	42
12% Exchequer 2013/2017	12-Dec-13	57	-	2
2½% Annuities	Undated	3	-	0
3% Treasury	Undated	55	-	5
3½% Conversion	Undated	97	-	74
2½% Consolidated	Undated	275	-	41
2¾% Annuities	Undated	1	-	0
4% Consolidated	Undated	358	-	21

It is assumed that double-dated issues currently above par will be called at the first maturity date.

^a Excluding the £1146.5mn of 5¾% Treasury Stock 2009 that was created and made available to the market on 29 December 2000 under the terms of the DMO's standing repo facility. This additional stock was cancelled on 2 January 2001.

^b Includes holdings by the National Investments and Loans Office (NILO) and the DMO. Excludes local authority, public corporations and Bank of England holdings.

Calendar for Q1 2001

Date	January	February	March
1			
2		Structured T-bill tender	Structured T-bill tender
3			
4			
5	Structured T-bill tender		
6			
7			
8			
9	Announcement of size and terms of reverse auction, to be held on 18 January	Structured T-bill tender	Structured T-bill tender
10			
11			
12	Structured T-bill tender		
13		Announcement of size and terms of reverse auction, to be held on 22 February*	
14			
15			
16	Announcement of size of auction of 2½% IL 2016 stock, to be held on 24 January	Structured T-bill tender	Structured T-bill tender
17			
18	Reverse auction of 2003-05 maturity basket		
19	Structured T-bill tender		GEMMs and end investor consultation meetings with DMO*
20			Announcement of size of auction of 4¼% 2032 stock, to be held on 28 March*
21			
22		Reverse auction of 2006-08 maturity basket*	
23			
24	Auction of 2½% IL 2016 stock	Structured T-bill tender	Structured T-bill tender
25			
26	Structured T-bill tender		
27			
28			Auction of 4¼% 2032 stock*
29	GEMMs consultation meeting with the Economic Secretary		
30	End investor consultation meeting with the Economic Secretary		Calendar of issuance for Q1 2001/02 Structured T-bill tender
31			

The Debt Management Remit for 2001-02 will be published in the Debt Management Report around the time of the 2001 Budget.

* The February and March 2001 dates are subject to confirmation following the Chancellor's decision on the Budgetary timetable.

DMO wire service

Information	Reuters/Bridge/ADP	Telerate	Bloomberg
Index	DMO/INDEX		DMO<GO>
Announcements	DMO/GILTS1 to 7	22550 to 22556	DMO1<GO>
Shop window general info	DMO/GILTS8	6515	DMO2<GO>
Shop window 1	DMO/GILTS9	6516	DMO3<GO>
Shop window 2	DMO/GILTS10	6517	DMO4<GO>
Shop window 3	DMO/GILTS11	6518	DMO5<GO>
Benchmark prices	DMO/BENCH1	22557	DMO10<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 07	47216 to 47222	DMO6<GO>
GEMMA ref prices (IL)	GEMMA08	47223	DMO6<GO>
GEMMA ref prices (Strips)	GEMMA13 to 19	21291 to 21297	DMO7<GO>
Cash announcements	DMO/CASH01	15700	DMO9<GO>
T-bill tender information	DMO/CASH11	15710	DMO9<GO>
Ad-hoc tender information	DMO/CASH16	44675	DMO9<GO>

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Updated data, press releases and other information are available on the DMO website at www.dmo.gov.uk
Comments on this publication and website would be welcomed by either Richard Batley or Mark Deacon.