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PRESS NOTICE

REVISED GILT OPERATIONS CALENDAR FOR APRIL 2020

To facilitate the government's immediate financing needs related to its interventions to support the economy through the period of disruption caused by COVID-19, HM Treasury has authorised the UK Debt Management Office (DMO) to announce an exceptional revision to its gilt issuance plans for the calendar month of April 2020. The effect of this change will be to bring forward some gilt financing ahead of the comprehensive remit revision, which will be announced on Thursday 23 April 2020.

To this end, the DMO is today announcing a revised operations calendar for the month of April 2020, which amends the previously announced issuance plans for the four weeks commencing Monday 6 April 2020. The two operations announced for 1 and 2 April 2020 remain unchanged.

The revised calendar is designed to raise £45 billion in total through gilt sales over the course of the month, principally through the sale of conventional gilts and in maturities across the curve.

Revised operations calendar

The DMO has previously announced the gilts to be sold at the operations in the week commencing 30 March 2020: a gilt tender for up to £3,000 million (nominal) of 1½% Treasury Gilt 2028 on Wednesday 1 April 2020; and an auction of £2,000 million (nominal) of 1¼% Treasury Gilt 2041 on Thursday 2 April 2020.

From the week commencing Monday 6 April 2020, the DMO will be conducting four auctions per week; two each on two consecutive days (sixteen outright gilt auctions in total from 6 April 2020 to the end of the month). For this period, the bidding window for the first operation each day will operate from 9.00am to 10.00am, and the second from 10.30am to 11.30am. The Post Auction Option Facility (PAOF) windows will operate from 12.30pm to 1.00pm and from 2.00pm to 2.30pm respectively.

In designing the new calendar, the DMO has sought to retain existing planned auction dates for gilts already announced. It has also sought to schedule auctions such that the two gilts issued on the same day are not within the same maturity bucket. The DMO's maturity buckets remain as follows: Short (1-7 years), Medium (7-15 years) and Long (over 15 years). This approach is intended, as far as possible, to balance out cash amounts and duration offered (e.g. by pairing shorter Shorts with longer Longs).

Increased Post Auction Option Facility and other changes

With effect from (and including) the auctions on Tuesday 7 April 2020, the PAOF entitlements for successful auction bidders – Gilt-edged Market Makers and indirect client bidders – will be increased from the current 15% to 25%. Other auction parameters will remain unchanged, although during this period, auction terms and conditions will be announced on the day exactly one calendar week before the date of each of these operations (rather than always on the Tuesday of the preceding week).

Expected average sizes of gilt auctions in April 2020

Average auction sizes (cash amounts) are expected to be approximately as follows: 1-5 years - £3,250 million; 5-7 years - £3,000 million; 7-15 years - £2,750 million; 15-30 years - £2,000 million; and 30+ years - £1,750 million. The DMO will size the auctions scheduled for Tuesday 7 and Wednesday 8 April on this basis.

Request for market feedback on candidate gilts, dates and times

An expanded calendar of operations is set out below. The DMO has decided which gilts to issue at the additional auctions on 7 and 8 April, as set out in the table below. The DMO is seeking market feedback as identified below, on candidate gilts for the remaining new auction dates and times, taking account of those auctions already announced and the above mentioned preference to balance cash and duration where possible. Please respond with your feedback and recommendations to policy@dmo.gov.uk and/or giltdealing@dmo.gov.uk no later than by 3.30pm today, Tuesday 31 March 2020.

The DMO will announce further details about the revised schedule of operations for April at 7.30am tomorrow (Wednesday 1 April 2020). The sizes and other terms for the two auctions scheduled for Tuesday 7 April will be published at 3.30pm today. During the rest of April, details of each auction will be published according to the schedule set out below.

Calendar of gilt auctions in April 2020¹

Auction date and close of bidding time		Gilt	Further details announced at 3.30pm
Thursday 2 April	10.30am	1¼% Treasury Gilt 2041 (£2,000 million nominal)	Details were announced on Tuesday 24 March
Tuesday 7 April	10.00am	A new conventional gilt maturing on 31 January 2023	Tuesday 31 March ²
	11.30am	1¾% Treasury Gilt 2057	
Wednesday 8 April	10.00am	4¾% Treasury Gilt 2030	Wednesday 1 April
	11.30am	2% Treasury Gilt 2025	
Wednesday 15 April	10.00am	0⅞% Treasury Gilt 2029	Wednesday 8 April
	11.30am	A long conventional gilt	
Thursday 16 April	10.00am	A short conventional gilt	Thursday 9 April
	11.30am	1¾% Treasury Gilt 2049	
Tuesday 21 April	10.00am	0⅝% Treasury Gilt 2025	Tuesday 14 April
	11.30am	A long conventional gilt	
Wednesday 22 April	10.00am	A medium conventional gilt	Wednesday 15 April
	11.30am	A short conventional gilt	
Tuesday 28 April	10.00am	A medium conventional gilt	Tuesday 21 April
	11.30am	0⅞% Index-linked Treasury Gilt 2028	
Wednesday 29 April	10.00am	A short conventional gilt	Wednesday 22 April
	11.30am	A long conventional gilt	

Launch of new gilts

Aside from the previously announced launch of the new gilt maturing on 31 January 2023, the DMO does not, at this stage, envisage introducing any new lines of gilts in April 2020.

Expected syndicated offerings in May 2020

The DMO is currently planning to conduct two conventional gilt syndications in May 2020, which are currently expected to be for the launch of a new 10-year gilt and the issue or re-opening of a gilt with over 30 years to maturity. The DMO welcomes feedback relating to these transactions ahead of the comprehensive remit revision on 23 April 2020.

¹ As previously announced, the DMO will also hold a gilt tender for up to £3,000 million (nominal) of 1⅝% Treasury Gilt 2028 on Wednesday 1 April 2020.

² Including the coupon on the new gilt maturing in 2023.

Direct participation by private investors who are members of the Approved Group in gilt auctions

Please note that, for operational reasons during this period, the DMO is suspending the facility for members of the Approved Group to participate directly in gilt auctions through the gilt registrar, Computershare Investor Services PLC, from the gilt auctions scheduled on Tuesday 7 April onwards. Members may be eligible as an alternative to purchase gilts through the DMO's Purchase & Sale Service (<https://www.dmo.gov.uk/responsibilities/gilt-market/buying-selling/purchase-sale-service/>).

Update to the DMO's operational documentation

The various operational changes outlined above will be reflected in the DMO's published Operational Notices, Information Memorandum and other documentation as soon as practicable.

Future revision to the 2020-21 financing remit

Following publication by the Office for National Statistics of the outturn for the 2019-20 CGNCR (ex NRAM, B&B and NR), which is due to be published on 23 April 2020, the DMO will publish an announcement setting out a comprehensive revision to the 2020-21 financing remit. The revision will, as normal, reflect any impact on the 2020-21 financing remit from the outturn 2019-20 CGNCR (ex NRAM, B&B and NR) but will also take into account implications for the government's borrowing requirement of all measures announced by government up to that date, to support the economy through the period of disruption caused by COVID-19.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk