

DMO WEBSITE ANNOUNCEMENT: 2 DECEMBER 2004

PBR REVISION TO THE DMO REMIT 2004-05

The latest projections for the public finances have been published today in the Pre-Budget Report (PBR). The forecast for the CGNCR in 2004-05 has increased by £4.1¹ billion to £39.7 billion. The net financing requirement has also increased by £4.1 billion to £52.4 billion. (See table 1 below for the revised financing arithmetic).

The higher financing requirement is being met by:

- an increase in planned gilt sales of £3.2 billion, split as follows:
 - short conventionals: £2.8 billion (total of £17.6 billion in-year);
 - long conventionals: £0.2 billion (total of £14.5 billion in-year);
 - index-linked: £0.2 billion (total of £8.0 billion in-year).
- an increase in planned Treasury bill sales (compared to the remit revision of 22 April 2004) of £1.0 billion.²

These changes take the total of planned gilt sales in 2004-05 to £50.3 billion and the planned level of Treasury bill stocks at end-March 2005 to £18.5 billion.

An additional conventional gilt auction will be held on Thursday 20 January. The revised gilt auction calendar for January-March 2005 is as follows.

Date	Type
Wednesday 12 January	Index-linked
Thursday 20 January	Conventional
Thursday 27 January	Conventional
Wednesday 2 February	Index-linked
Thursday 24 February*	Conventional
Wednesday 2 March*	Index-linked
Thursday 24 March*	Conventional

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

Further details of the auction calendar for January-March 2005 will be announced by the DMO at 3.30pm on Friday 17 December 2004.

¹ All figures are cash unless otherwise stated.

² However this increase has been offset by a £0.1 billion reduction in other short-term debt sales (see financing table below).

Table 1: Revised financing arithmetic

The financing arithmetic (£ billions)	2003-04 Outturn*	2004-05 Budget*	2004-05 PBR
CGNCR forecast	39.4	35.6	39.7
Gilt redemptions	21.1	14.7	14.7
Financing for the Official Reserves	-1.8	0.0	0.0
Buy-backs	0.2	0.0	0.0
Financing Requirement	58.9	50.3	54.4
<i>less</i>			
National Savings and Investments	3.4	2.0	2.0
DMO cash deposit at the Bank of England	0.1	0.0	0.0
Net Financing Requirement	55.4	48.3	52.4
1. Planned net short-term debt sales			
Change in T bill stock	4.3	-1.8	-0.8
Change in Ways & Means	0.0	0.0	0.0
Change in short-term cash position ¹	1.2	2.9	2.9
Net change in short-term debt	5.5	1.1	2.1
2. Planned gilt sales	49.9	47.1	50.3
<i>of which:</i>			
Short conventional	18.8	14.8	17.6
Medium conventional	13.1	10.2	10.2
Long conventional	11.4	14.3	14.5
Index-linked	6.5	7.8	8.0
3. Unanticipated changes in net short-term debt			
Change in DMO net cash position ¹	2.9	-	-
Short term debt levels			
T bill stock at end of FY	19.3	17.5	18.5
Ways & Means at end of FY	13.4	13.4	13.4
DMO net cash position ²	3.1	0.2	0.2
<i>Figures may not sum due to rounding</i>			
1. excluding changes in the DMO's cash deposit at the Bank of England			
2. including the DMO cash deposit at the Bank of England			

*as revised on 22 April 2004 and also reflecting a subsequent further adjustment to National Savings and Investments' contribution to financing in 2003-04 which was £3.4 billion, not £3.5 billion as originally published in April. This had the effect of reducing the size of the unanticipated change in net short-term debt position at end 2003-04, and by implication this item's contribution to financing in 2004-05, by £0.1 billion to £2.9 billion. The financing arithmetic assumes surplus unanticipated changes in short term debt at the end of one financial year will be run down in the next.

The PBR also includes projections of the CGNCR out to 2009-10; these are shown (with the current redemption totals for the years in question) in table 2.

Table 2: Illustrative financing requirements to 2009-10

Illustrative financing projections (<i>figures may not sum due to rounding</i>)						
£bn	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
CGNCR projections	40	36	31	28	25	28
Redemptions	15	15	30	29	15	16
Financing Requirement*	54	50	61	57	40	44
CGNCR change since Budget	4	3	0	1	2	na
<i>*indicative gross financing requirements 2005-06 onwards</i>						