



22 September 2020

PRESS NOTICE

SYNDICATED RE-OPENING OF £6.5 BILLION NOMINAL OF 0½% TREASURY GILT 2061: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £6.5 billion (nominal) of 0½% Treasury Gilt 2061 has been priced at £94.161 per £100 nominal, equating to a gross redemption yield of 0.6626%. The transaction will settle, and the second tranche of this gilt will be issued, on 23 September 2020, taking the nominal amount in issue to £13.5 billion.

Proceeds from today's transaction are expected to amount to approximately £6.1 billion (cash¹) and will take gilt proceeds in the financial year to date to £316.1 billion. The DMO is currently planning to raise a minimum of £385.0 billion via gilt sales in the period April-November 2020.

This was the fifth syndication held by the DMO in 2020-21; in total these have raised £41.6 billion. Today's offering was priced at a yield spread of 0.5 basis points (bp) below the yield on the reference gilt, 4% Treasury Gilt 2060. This represented the tight end of the published price guidance. The UK domestic market provided the main support for the issue, taking 92.5% of the allocation.

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

Today we have successfully re-opened our 2061 maturity gilt which, after only two transactions, we have been able to build up to £13.5 billion nominal in issue. This will help assure the liquidity in this relatively new bond as we proceed to establish its status as the 40-year benchmark gilt.

That we have been able to establish the 2061 maturity so quickly reflects well on the scale of high quality demand we received from our core investor base today - as was also the case at the bond's launch in May 2020. This has been another strong and smoothly executed transaction for the gilt market and I am very pleased with the response we have seen today.

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

This strong support of our market participants, evidenced again today, is particularly encouraging in the context of our ambitious gilt financing programme; I am very confident of this support continuing.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Barclays, Goldman Sachs International, Morgan Stanley and NatWest Markets. All other wholesale Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 11 September 2020.

The order book for the transaction was opened at 9.00am on 22 September 2020 with indicative price guidance for investors at a spread of 0.25bp to 0.50bp below the yield on the reference gilt. At 9.30am the Joint Bookrunners announced that the total value of orders exceeded £40 billion and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £45 billion, that price guidance was being fixed at a yield spread of 0.5bp below the reference gilt, and that the order book would close at 10.00am.

The book closed at 10.00am with 174 orders totalling £49.6 billion (nominal). At 10.33am the Joint Bookrunners announced that the size of the transaction had been set at £6.5 billion (nominal). The price was set at 12.48pm.

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