

UK Issuance Deep Dive: Budget Nov 2025 Preview

MNI View: Round 2 Begins, Will There Be A Knockout?

Tim Davis and Tom Lake, 21 November

It can be stated without hyperbole that the UK Budget could be the biggest domestic event of the year, and indeed could have repercussions for many years to come. There is still a great deal of uncertainty over the measures that will be announced. In this document we answer the main questions of why the Budget is so important for financial markets and political risk, outline potential measures and also set out expectations for the gilt remit revision.

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Why does the Budget matter so much to financial markets?

- The higher the budget deficit, the more gilts that will be issued to fund the deficit. Higher supply pushes down gilt prices and pushes up gilt yields. Markets, of course, care about near-term gilt supply in the current and next fiscal year, but markets also look at this through the lens of if there is an extra, for example, GBP10bln of gilt issuance each year, that is GBP50bln of gilts over five years. That is not a trivial number.
- Big changes in fiscal policy (such as income tax) can have huge implications for households' disposable spending. This can have implications for where the Bank of England needs to set policy in the short-term, but also has implications for the longer-run neutral rate of interest. If disposable income is permanently expected to be lowered, then the neutral rate will likely be lowered and gilt yields would likely be lower to reflect this. Also, the distributional effects of fiscal policy can have large implications, as different income / wealth groups have differing marginal propensities to consume.
- Fiscal policy can have large consequences for both overall economic growth, for example, higher taxes disincentivise investment and entrepreneurship, while high current spending but less infrastructure spending will likely lower potential growth rates. Fiscal policy can also target specific industries through more / less favourable tax regimes / subsidies. All of these factors can impact the attractiveness of investing in the UK through either foreign direct investment, purchasing UK equities or indeed (dis)encouraging UK citizens to invest abroad rather than domestically. All of these factors can impact demand for sterling in FX markets. A stronger currency then has further implications for citizens / firms by making imports cheaper.

Why does this Budget in particular matter so much for the UK?

Chancellor of the Exchequer Rachel Reeves stated that last year's Budget was a one-off and that large tax increases would not be repeated, so what has changed?

- The government, despite having a large parliamentary majority, has not been able to push through welfare reform. Welfare changes made since the Spring Statement are expected to cost around GBP6bln/year. Markets (and much of the general public) have lost faith that the government can deliver substantial spending cuts and reforms. In the summer, the government attempted to reform parts of Universal Credit and Personal Independence Payments (PIPs, payments to those with disabilities). There was an initial wrecking amendment ahead of that vote that was backed by 120 Labour MPs, and even with concessions, 49 Labour MPs voted against the bill. The government has a working majority of 79, so the wrecking amendment would have seen the government defeated. There were also 52 abstentions last year on the winter fuel payment – something that has since been means-tested (in what has been seen as largely in response to Labour's poor showing in the May local elections). When the election result was announced, markets expected that the large majority would be enough to see the centrists at the heart of the government push forward with their agenda without having to make too many big concessions to the harder left wing of the party. That view has since faded.

- The OBR has persistently overestimated productivity, and its March forecasts assumed trend productivity would return to 1¼% by 2029. This was also seen as optimistic and was questioned at the time, and media reports have suggested that trend productivity estimates are likely to be revised down by around 0.3ppt. This alone is expected to add up to around GBP20bln to the fiscal “black hole” in this Budget. Indeed, ahead of the October 2024 Budget, our expectations were so high that the OBR would produce overly optimistic forecasts, that spending cuts would be too difficult for the government to achieve, and that fiscal headroom would not be sufficiently high to rule out an eventual breach of the manifesto that we entitled last year’s preview “Is this just the beginning?”
- Spending in the current fiscal year is tracking at higher levels than the OBR’s monthly profiles would suggest. In the data to September (released in October and the last to feature in the OBR’s forecasts), PSNBex (public sector net borrowing) is GBP7.2bln higher than the OBR’s forecast (of which GBP3.9bln is public corporation net borrowing, GBP3.0bln is local authority net borrowing, and GBP1.5bln is central government net borrowing). On a cash basis (which is important for the gilt remit) CGNCR-ex was GBP89.0bln for the Apr-Sep period (GBP6.0bln above the OBR’s GBP83.0bln forecast). These numbers aren’t quite as bad as had been expected following the August data (and the VAT error that was announced ahead of the September report), but still show that borrowing so far this year is higher than the OBR forecast, likely pointing to an increase in the gilt remit being announced for 2025-26. What is less clear is whether the OBR will feed back these forecast errors into its models and hence raise expectations for future deficits / cash requirements.
- There seems to be some acknowledgement that the headroom against the fiscal rules of GBP9.9bln seen at both the Budget in October 2024 and the Spring Statement in March 2025 was too small to guard against economic volatility (more on that below).

Reeves’ fiscal rules have huge importance for fiscal credibility

One certainty in this Budget is that Chancellor Reeves will stick to her two fiscal rules. This can get taken for granted sometimes by market participants, but we think the rules are fundamental to dampening adverse market reactions to UK fiscal concerns.

We would point to two examples in recent years to illustrate this: first, the Truss/Kwarteng premiership, where fiscal rules were abandoned, fiscal projections lacked credibility and ultimately gilt yields spiked with Kwarteng and then Truss removed from office.

Secondly, we would point to the market reaction to Reeves becoming visibly upset in parliament, with gilt yields again spiking and sterling selling off sharply as rumours began to swirl that Reeves was about to be sacked. The situation was not helped when PM Starmer was asked if he backed Reeves, and, unaware of her emotional state, was not particularly forthright in his support. We think that the market reaction was so strong not because the market strongly supports Reeves, but because if she were replaced as Chancellor, there would be huge uncertainty as to whether and how the fiscal rules would be changed. And even more importantly, whether the fiscal rules would be maintained at all.

Recap of the two fiscal rules: The “stability” and “investment” rules

The first is the “stability rule” that the current budget must be in surplus in 2029-30 until 2029-30 becomes the third year of the forecast period (i.e. the 2026 Budget). From that point, the current budget must remain in balance or in surplus from the third year of the rolling forecast period (in balance is defined as in deficit of no more than 0.5% of GDP).

The second rule is the “investment rule”. This is defined as debt i.e. PSNFL (public sector net financial liabilities) must be falling as a percentage of GDP by 2029-30 until 2029-30 becomes the third year of the forecast. Thereafter, PSNFL must fall by the third year of the rolling forecast period.

There is a little more leeway next year, which might impact the headroom decision this year. One very important takeaway from these rules is that the stability rule has an implicit change when the 2029-30 year moves into the third year of the forecast (i.e. from the autumn Budget in 2026). At this point, the current balance doesn’t have to be in surplus; it can be “in balance” or surplus. Effectively, this means that the headroom will be judged against a deficit of 0.5% of GDP rather than against zero. So, if everything stayed relatively stable between this Budget and the 2026 Budget, headroom would grow by around GBP17bln.

This is something that we pointed out at the time of the Spring Statement, and we noted that the increase in defence spending to 3% of GDP (the government’s “clear ambition”) could potentially be partially funded through this extra headroom. Defence spending in the Spring Statement was forecast to rise to 2.5% of GDP by 2027-28, so this extra 0.5% of GDP of headroom seemed very convenient.

However, since then, the Strategic Defence Review has been published and merely says that the government has “set the ambition to reach 3% in the next Parliament, subject to economic and fiscal conditions.” This seems like a watering down of a near-term commitment (versus expectations in Spring). And we now think that unless the geopolitical backdrop deteriorates further that the additional headroom at next year’s Budget will be used either as a shock absorber or for other near-term political priorities.

Where was headroom in the Spring Statement?

- The OBR forecast that Chancellor Reeves would meet both of her fiscal targets: the “stability rule” with headroom of GBP9.9bln (the same margin as in the October Budget) and the “investment rule” by GBP15.1bln (slightly lower than the GBP15.7bln in the October Budget).
- The OBR only estimated a 54% probability that the stability rule would be met and a 51% probability that the investment rule would be met at the time of the Spring Statement.
- It always seemed as though Reeves was playing with fire with such slim margins. The OBR noted that if GDP growth was 0.1ppt lower in each forecast year that the GBP9.9bln headroom would fall to zero – illustrating how little headroom is left.

How much will headroom be increased?

- Some early media reports suggested that Reeves would look to push headroom to as high as GBP20bln, but more recent expectations look for a more modest boost to GBP15bln (an increase of around GBP5bln).

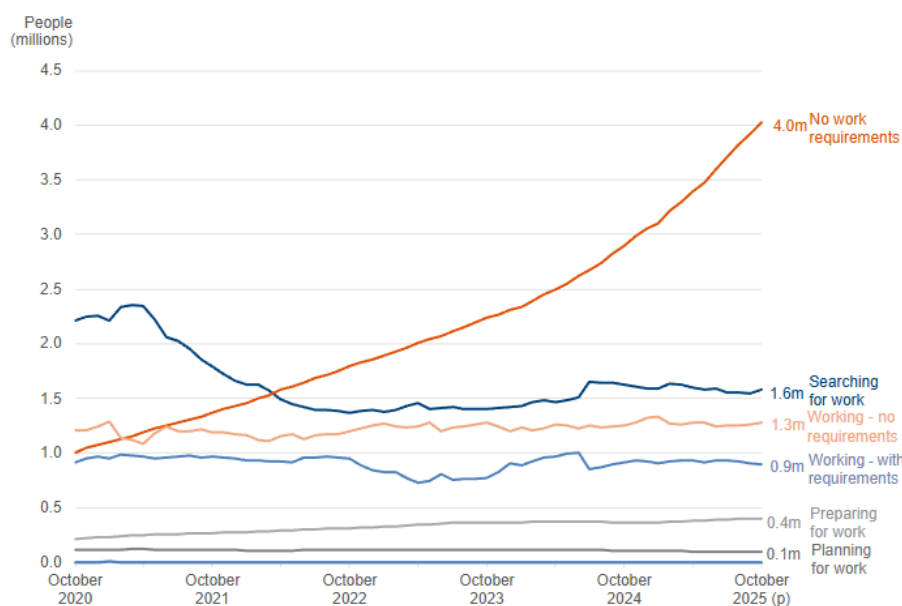
- This is a clear balancing act for Reeves; the more she increases headroom now, the more insulated she will be if there are further adverse shocks to the economy. However, the more she increases headroom now, the more tax increases she will need to make (given that spending cuts look very difficult to get through parliament).

If welfare reform is difficult to cut politically, what else can be cut instead?

This is a very difficult question to answer. The Spending Review that was published in June set government departmental budgets for current spending until 2028-29 and for capital spending until 2029-30. The whole point of the Spending Review was to enable government departments to undertake long-term planning and have certainty over future funding. However, on the flip side, the extra detail in the departmental budgets has probably given the Treasury an unprecedented level of detail over individual line items within departmental budgets. This may make it easier for the Treasury to argue that certain line items are not essential.

The adjacent chart illustrates the scale of the problem. In the period in question, people have been moved from other legacy benefits onto universal credit, and this accounts for a substantial part of the increase in universal credit claims. So, in essence, the upward trajectory cannot be fully interpreted, but what is clear is that there are 4 million people in the UK claiming some kind of Universal Credit with no work requirements.

People on Universal Credit by conditionality regime



Note: (p) provisional

Source: DWP Stat-Xplore, MNI

Reeves' objectives in her own words

The following is taken from an interview that Reeves undertook on 10 November (her most recent significant media appearance).

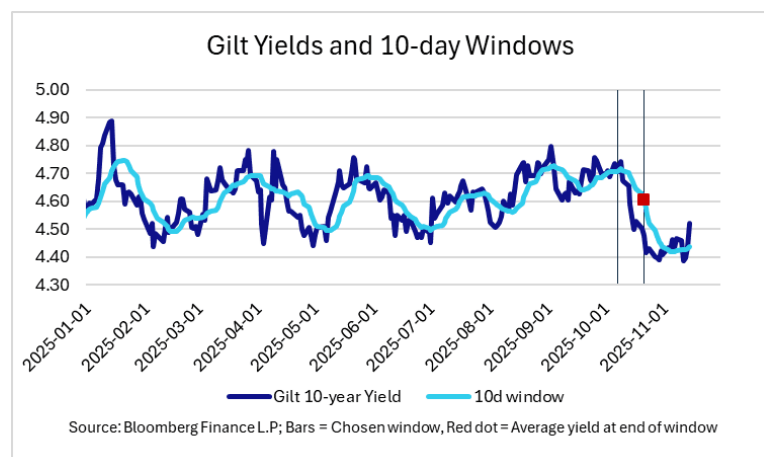
- "I have been really clear that we are looking at both taxes and spending as part of this budget."
- She points to the OBR projections, trade and conflicts around the world putting pressure on economic growth and headroom.
- She says the "Budget will be focused on the cost of living and getting the debt down and getting NHS waiting lists now, because I think those are the most important priorities for the country."
- Reeves asked why she made a commitment not to raise NICs, income tax or VAT and asked why she felt that promise was needed.
- "I will set out the choices in the Budget. It would, of course, be possible to stick with the manifesto commitments, but that would require things like deep cuts in capital spending. And the reason why our productivity and our growth has been so poor these last few years is because governments have always taken the easy option to cut investment"

OBR Forecasts

Windows for Market Determinants in the OBR's Forecast

- The OBR has announced that "The window in which we took average interest rates and market determinants for incorporation into the **final pre-measures economy** forecast was the ten working days to 10 October"
- However, "Given the time between the closure of the pre-measures economy forecast and the publication of our EFO, we decided prior to beginning this forecast that we would take a later reading of market expectations for Bank Rate and gilt yields for our pre-measures fiscal forecast. This window for interest rates in the **final pre-measures fiscal forecast was the ten working days to 21 October.**"
- For reference, 10-year Gilt yields closed at 4.478% on October 21. On October 8, they closed at 4.709%. There was an average yield of 4.604%.
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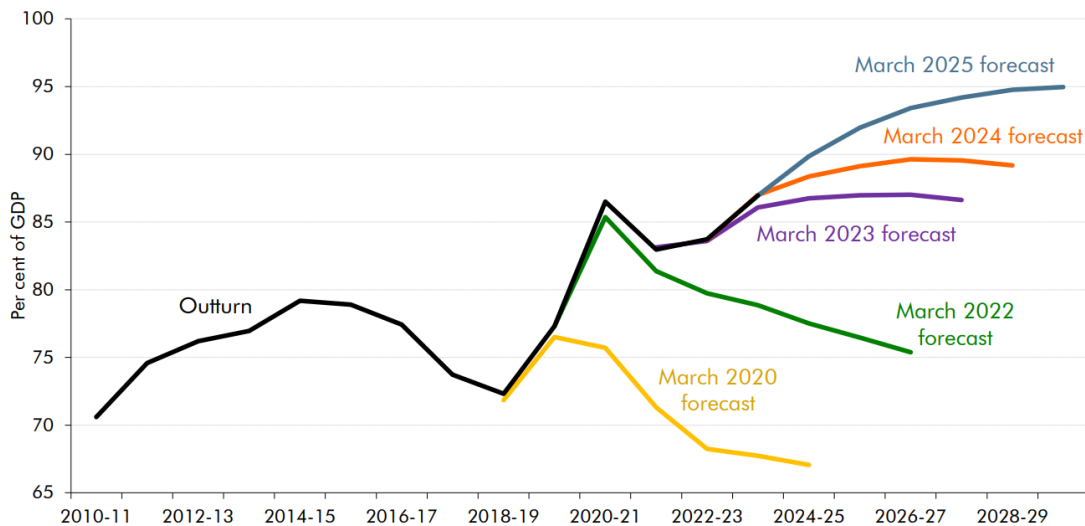
The starting point for the forecasts was not an abnormal window for the OBR to choose. If the OBR hadn't moved to the later window (that ended 10 days before the last pre-measure rounds were sent to the Treasury on 31 October), then interest rates and gilt yields would have been even higher.



Every March Since 2022 the Debt Trajectory Has Increased

This hedgehog chart shows how every March forecast round has seen public sector net borrowing ex-BOE forecast at higher levels than the previous forecast.

Chart 7.3: Successive forecasts for public sector net debt excluding the Bank of England



Note: Forecast lines are presented as the nominal forecast for PSND ex BoE divided by the outturn and forecast for March-centred nominal GDP that are consistent with this forecast.

Source: OBR

We haven't seen a whole lot in terms of consensus expectations for where OBR forecasts will be revised to, but it is very likely that we will see GDP forecasts revised lower, along with the downgrade to productivity.

OBR Spring Statement Forecasts

	GDP growth	CPI
2024	0.9	2.5
2025	1.0	3.2
2026	1.9	2.1
2027	1.8	2.0
2028	1.7	2.0
2029	1.8	2.0

Source: OBR

OBR Spring Statement Fiscal Rule Forecasts

	Current budget balance % GDP	Current budget balance GBPbn (headroom)	PSNFL (% GDP)
2023-24	-2.2	-61.1	81.0
2024-25	-2.1	-60.7	81.9
2025-26	-1.2	-36.1	82.9
2026-27	-0.4	-13.4	83.5
2027-28	0.2	6.0	83.4
2028-29	0.2	7.1	83.2
2029-30	0.3	9.9	82.7

Source: OBR

We also expect Reeves to potentially change the OBR's mandate to produce only one forecast event per year to reduce speculation in-year about changes to fiscal policy on more than one occasion.

Possible Measures

Spending

Political pressure from the Labour backbenches to, at the very minimum, maintain current spending levels on key government departments and indeed increase it in areas such as healthcare and welfare is strong. New NATO targets of spending 3.5% of GDP on frontline defence (troops, tanks, ships, etc.) in addition to 1.5% of GDP equivalent on defence-related spending (which can include spending on cybersecurity, infrastructure, etc.) will mean MoD spending will have to continue to increase over the coming years to avoid potential blowback from US President Donald Trump. Despite a very large majority in the Commons, the government appears to lack the political ability to whip its backbenchers into supporting any notable measures to curtail state spending.

2 child benefit cap removal			
Likelihood	Very high - has been hinted at by both Reeves and Starmer	Cost	GBP3.5bln / year
Policy detail	Families receiving benefits receive additional payments for 1st/2nd child but not for any additional children.	Near-term impact	Yes
Political impact	Strongly supported across the Labour party	Inflation impact	No direct impact

- Chancellor Reeves on BBC 5 Live interview on 10 November: "I don't think a child should be penalised for being in a bigger family through no fault of their own." She also said that she doesn't "think we can lose sight as well of the costs to our economy in allowing child poverty to go unchecked."
- This was seen as the closest we have come to a confirmation that the benefit cap will be removed.

Increase health spending to cover "unexpected costs"			
Likelihood	Very high	Cost	GBP3bln one off (Times)
Policy detail	Cover one-off "unexpected costs" not included in the departmental plans	Near-term impact	Yes. Won't impact fiscal rules
Political impact	Strong support - helps Labour say it is funding the NHS	Inflation impact	No direct impact

- There are reports that the NHS needs an extra GBP3bln to "avoid making cuts." This is said to be comprised of GBP1bln cost of redundancy payments (from senior management at regional health boards), around GBP1.5bln on higher drug prices (due to a likely deal with the US) and 2xGBP300mln due to strike costs (from the resident doctors' strikes in July and the strike called for in November).
- Minister for Health Wes Streeting was asked in an interview with Laura Kuenssberg about both the strike and the redundancy payments and whether the Treasury or the Department for Health would be footing the bill, and he dodged the question, noting that he didn't want to add to Budget speculation.
- It is unclear how this will play out - but these payments are not currently accounted for in the Department for Health's budget - so unless there are cuts, this will increase the amount that Chancellor Rachel Reeves needs to find at the Budget.

Increase defence spending			
Likelihood	Will almost certainly be mentioned, but details are uncertain	Cost	At current prices, an additional GBP26.3bn to hit 3.5% of GDP by 2035 (NATO)
Policy detail	The government has a plan to increase defence spending to 2.5% of GDP by 2027 that has already been announced. There is also a "commitment" to increase to 3% of GDP in the next parliament. Any concrete proposals beyond that are unlikely.	Near-term impact	Probably backloaded
Political impact	Not as popular as increases in health spending as less 'visible' to public. However, given increased NATO targets, there will be broad acceptance of need for increased spending.	Inflation impact	Unclear

Treasury again trying to crack down on departments' reserves access (9 October)

- The Guardian reported in early October that the Chief Secretary to the Treasury, James Murray, had written to government ministers "setting out a decision to clamp down on departments' access to the reserve."
- This is something that has been an aspiration for some time but has been increasingly used by departments to help fund not just obviously unforeseen events (which is the aim of the reserve) but also to help fund the costs to departments of higher-than-budgeted for public sector pay rises, covering the costs of strike action, hotel costs for the asylum system, etc. etc.
- The report goes on to suggest that in the future, "departments will also be forced to repay any successful claims from the reserve."
- Usage of the reserve has continued under the Labour government despite Chancellor Reeves stating in July 2024 that "the problem that the previous government got into was that every time they wanted to make a commitment, they said it would be paid for from the reserve... that is where the £22bn black hole comes from, and that is why I am having to make difficult decisions today to get a grip on the public finances."
- The OBR does take into account reserve levels in its fiscal forecasts, and if there are pre-committed funds from the reserves ahead of a fiscal year, it allocates those to the departments (leaving lower unallocated reserves in its forecasts).
- This move shouldn't really have an impact on the fiscal rules, but it does mean that there should be a lower probability of spending coming in higher than forecast.
- But as noted above, cracking down on usage of the reserve has been a long-held aspiration - achieving it in practice is a more difficult task.

Cost of Living

Speaking in late October, Reeves said on a visit to Leeds that "I understand the cost of living is still people's number one concern." Despite this, there appear to be few prospective measures that will directly translate into lower costs for households in key areas of domestic spending, such as energy, food, transport, or council tax bills. Indeed, a prospective 'pay per mile' tax on electric vehicles could hit up to six million motorists by the time it comes into force.

The key thing for markets here will be the implementation period and the impacts on spot CPI and inflation expectations. BOE analysis has shown that when headline CPI is above 3.5% there are greater risks of potential knock-on effects to inflation expectations and hence inflation persistence in the future. So, these policies may have their greatest impact if implemented quickly when food prices have peaked (or are close to peaking). Indeed, with parts of the CPI basket linked to prior

inflationary periods, the sooner spot inflation decelerates, the smaller the chance it will make its way into the next round of wage negotiations.

Remove VAT on energy bills			
Likelihood	Medium	Cost	GBP1.75-2.00bn/year (dependant upon wholesale prices)
Policy detail	Remove the 5% VAT charge on domestic gas and electricity prices (and fund via general taxation instead)	Near-term impact	Yes
Political impact		Inflation impact	Around -0.16ppt headline CPI

Remove other green levies from domestic energy bills			
Likelihood	Very unlikely all removed, possibility some removed if VAT is kept at 5%	Cost	GBP3.5bn if all levies removed
Policy detail	Remove all "policy costs" (largely social and environmental schemes) and raise this money through general taxation instead.	Near-term impact	
Political impact	Very popular, would face little-to-no political pushback	Inflation impact	-0.4ppt if combined with VAT removal

- Removing VAT from energy bills would cost somewhere in the region of around GBP1.75-2.0bn (although this is dependent upon wholesale prices).
- The energy "price cap" (the default tariff if people do not fix) is currently GBP1,755/year (rising to GBP1,758/year in January)- so removing the 5% VAT would reduce this to GBP1,671 (roughly GBP84/year savings or a little under GBP7/month).
- In terms of an impact on CPI, "electricity, gas and misc energy" has a 3.2642% weighting. So removing VAT from energy bills would reduce CPI by about 0.16ppt.
- There is much more that the government could do on this if it really wanted to. Other policy costs (social and environmental schemes) add GBP217 to the average annual energy bill. As a rule of thumb, about 70% of this is on electricity bills (which is cited by some as slowing the incentive to transition from gas to electricity).
- If all of the costs from electricity bills were also passed to general taxation, that would cost somewhere in the region of GBP3.5bn (a bit north of GBP5bn if combined with VAT). We think this is unlikely, but it would reduce energy bills by GBP236/year (close to GBP20 per month for the average household).
- The CPI impact of this would be a little over 0.4ppt.
- However, we think it is unlikely that all of these measures would be implemented, and it would probably be more likely that either VAT would be removed, or the policy measures would be removed from electricity bills, not both measures, due to the high costs involved.

Reduce VAT on hospitality, accommodation and attractions			
Likelihood	For all three low, for hospitality or pubs in particular low to medium	Cost	GBP5bn/year
Policy detail	Proposal by the Lib Dems to reduce VAT from 20% to 15% on hospitality, accommodation and attractions.	Near-term impact	Yes
Political impact	Very popular, would face little-to-no political pushback	Inflation impact	-0.6ppt assuming around 2/3 passthrough. Could be much lower if used to rebuild margins.

- There is a lot of pressure at present on pubs and restaurants in particular. As we have noted in our Inflation Insights, restaurants are finding it difficult to raise prices despite being hit by higher employee wages (due to the large minimum wage increase in April), employer NIC increasing, and rising wholesale food prices. Therefore, any VAT reduction may not only result in margins being rebuilt rather than prices being lowered.

Fuel duty: Make "temporary" cut permanent			
Likelihood	Medium	Cost	GBP1.15bln
Policy detail	"Temporary" 5p/litre cut is due to end March 2026. Freeze fuel duty and make the cut permanent instead.	Near-term impact	Yes
Political impact	Would help with the cost of living	Inflation impact	-0.1ppt to headline CPI

- Fuel duty is almost perpetually put into budgets to increase, but there has not been an increase in fuel duty since 2010 (when the height of the financial crisis was being felt).

Business rates			
Likelihood	Medium	Cost	Unclear
Policy detail	Introduce permanently reduced multiplier for Retail, Hospitality and Leisure (RHL) sector for properties below GBP500k rateable value. Relief to be funded by a shift to large businesses, with an increased multiplier. Possible exemption for RHL sector above threshold.	Near-term impact	Yes, likely from April
Political impact	With firms already dealing with impact of last year's employer NIC and minimum wage hikes, backlash from business could be substantial. Opens government up to accusations of being 'anti-business'. Unlikely to have impact on public support unless changes spark job cuts.	Inflation impact	Disinflationary as less costs would need to be passed on to consumer prices

Income Taxes / Taxes on Employment / Labour

Changes to income tax were originally said to be off the table, then were reported to be under consideration. Then the favoured plan seemed to be a 2ppt increase for basic, higher and additional rates of income tax (with a simultaneous 2ppt reduction in employee NICs at basic rate level). Chancellor Reeves then made her speech, with everything seeming set. But since then, it looks as though there has been a quite extraordinary U-turn once again, with freezing of thresholds now reported to be the only income tax policy in focus (with expectations that the headroom would increase to GBP20bln also downgraded to GBP15bln with the lack of an income tax increase).

The U-turn came primarily due to political considerations, despite claims in the press from government officials that it was due to expectations of increased fiscal headroom. Reports have suggested a significant blowback experienced by Labour MPs from constituents angry at the prospect of Labour breaching its manifesto commitment not to increase income tax, VAT or employee National Insurance contributions. However, the expectation of a continued freeze on income tax thresholds, often talked about as a 'stealth tax', is likely to be seized upon by the opposition.

If there is a more substantial increase in income tax, we think that this will open the door for more cuts through 2026 as disposable income is squeezed, helping push inflation lower than currently forecast and removing remaining pricing power from firms.

Freezing income tax thresholds for additional two years to April 2030			
Likelihood	High - particularly as likelihood of income tax rate increases has fallen	Revenue	GBP8bln (IFS)
Policy detail	Freeze all income tax thresholds rather than increasing in line with inflation	Near-term impact	No, backloaded
Political impact	Will be unpopular, but not manifesto pledge-breaking. As such, unlikely to garner much opposition withing Labour party.	Inflation impact	Beyond monopol horizon

- Thresholds already remain frozen at the same level since FY21/22.

Increase all income tax rates by 2ppt, lower basic rate NICs 2ppt			
Likelihood	Had been high - but recent press reports suggest this has been ruled out	Revenue	GBP6bln/year basic rate only, GBP10.5-11.0bln inc. higher/additional rate
Policy detail	Initially proposed by the Resolution Foundation. Would bring higher taxes for pensioners and unearned income (e.g. landlords) but would not increase taxes for "working people" earning below GBP50,000	Near-term impact	Yes
Political impact	Would have risked a major public reaction for breaking manifesto pledge. Risk of backbench Labour opposition.	Inflation impact	Disinflationary

Reduce higher rate tax threshold			
Likelihood	Low	Revenue	GBP7bln/year if no reduction to employer NICs. GBP4bln if combined with reduction to NIC threshold to realign
Policy detail	Reduce the higher rate tax threshold by around 10% so that higher rate tax is payable but all of those that don't fit into the "working people" definition.	Near-term impact	Yes
Political impact	Sits in the middle ground between raising income tax rate and freezing threshold, without the public furore engendered by the former but more keenly felt and unpopular than the latter.	Inflation impact	Marginally disinflationary

- Sky News reported that it had seen an internal working definition from the Treasury that included the definition of "working people" as the bottom two-thirds of earners - effectively those who earn around GBP45k or less.
- Knowing this definition does increase the likelihood that the higher rate threshold is reduced (it currently comes in at GBP50,270). According to the Treasury's calculations earlier this year, a reduction in the higher rate threshold of 10% (so to just over GBP45k) would raise around GBP7bln/year.
- To put this in context, a 1ppt increase in the basic rate would raise a little over GBP8bln - so a move in the threshold would raise only a little less.
- Of course, some of this could be offset if there is a reduction in the employee NIC threshold (at the moment, that is aligned with the income tax threshold, so combined income tax + NIC goes from 32% at basic rate levels to 42% combined at higher rate levels). If the employee NIC threshold were not simultaneously lowered, this would lead to an effective combined marginal rate of 52%. These kinds of kinks in combined rates are not without precedent in the income tax system, but the extra revenues may be too tempting for the government to resist (if this is indeed the policy).
- If there were a concurrent reduction in the higher rate threshold, that would probably reduce the GBP7bln revenues down to around GBP4bln - around half the amount raised by a 1ppt increase in the basic rate threshold. However, looking at this another way, a 1ppt increase in the higher rate of tax from 40% to 41% would raise around GBP2.1-2.2bln per year. So a reduction to the threshold to around GBP45k, even with a reduction to the NIC upper threshold, would raise around the same amount as a 2ppt increase in the higher rate of tax to 42%.
- There may be a couple of key political advantages to this potential plan. First, it maintains the pledge not to increase the rate of income tax. Yes, it does increase the amount of income tax people need to pay, but the pledge not to increase tax rates applied to national insurance (NIC), income tax and VAT. There was no caveat to allow employers' NICs to be increased in the manifesto, but it was argued that it was not an increase in tax on "working people."

- Second, and directly related, in the definition seen by Sky News, it would not be seen as a tax on "working people". So, Labour could therefore use that same argument as for the employer NIC increase.
- Of course, by many people it would still be considered a breach of the manifesto, but there are ways that it could be politically spun, probably a bit more favourably than an explicit increase in the rate of income tax.

Limit salary sacrifice NIC exemption to GBP2,000			
Likelihood	High	Revenue	GBP2bln/year (Times)
Policy detail	Any salary sacrifice scheme contributions (including pensions) to be eligible for both employee and employer NICs above GBP2,000 limit	Near-term impact	Yes
Political impact	Relatively minimal, although may leave government vulnerable to accusations of disincentivising people from growing their pensions.	Inflation impact	Inflationary from employer NICs

- This was originally reported in The Times and would be a stealth tax on a number of people, as their tax bills could go up substantially if they were higher earners.

Apply flat income tax rate relief on pension contributions			
Likelihood	Uncertain - hasn't been mentioned in the press that much so possibly low	Revenue (cost)	
Policy detail	At present taxpayers receive marginal rate relief on their pension contributions as contributions are not taxed on the way into a pension as tax is payable on pension withdrawals. This means higher rate tax payers get 40% relief while basic rate get 20%. Proposals have suggested a flat rate of 25% or 30% relief payable to all taxpayers irrespective of their marginal rate.	Near-term impact	Yes, would likely be brought in from April
Political impact	As with limit to salary sacrifice NIC exemption, this may not be a headline-grabbing change but would risk disincentivising saving for retirement. Could also hit nurses, teachers and other public sector workers on DB pensions.	Inflation impact	Uncertain

- There have been rumours in every Budget for a long time, but its never got off the ground.

Introduce charge on limited liability partners			
Likelihood	Medium	Revenue	GBP2bln/year, but possibly reduced to around GBP1bln if excluding GPs
Policy detail	Introduce charge equivalent to employer NICs rather than taxing limited liability partners as "partnerships" that pay taxes the same well as the self-employed (who are also exempt from employer NICs)	Near-term impact	Yes
Political impact	Could be damaging if GPs strike or retire early (and close down practices)	Inflation impact	No direct impact

- Limited liability partnerships are used in particular by legal firms, GPs and accountancies. Because they are taxed as partnerships (similar to the self-employed) they do not need to pay employers' National Insurance Contributions (NICs) on the partners' earnings. As a reminder, employers' NICs were increased to 15% in April.
- The proposed plans could raise up to GBP2bln and would likely be popular with Labour's core voter base (taxing the wealthy).
- However, there could be adverse side effects. If this leads to GPs closing down or more senior GPs cutting back hours or retiring, then access to front-line healthcare could be more restricted. This could lead to more pressure on A&E departments, and one of the UK's issues is trying to reduce the proportion of those inactive in the labour market due to long-term sickness. This may be exacerbated if it makes it harder for people to get doctors' appointments.

- The day after reports of this measure became public, it was reported that GPs would be excluded.

Introduce employee NICs for workers above the state pension age		
Likelihood	Low to medium	Revenue (cost)
Policy detail	Employees above state pension age are currently exempt from paying employee NICs. Make this payable by all workers irrespective of age.	Near-term impact Yes
Political impact	Notable political backlash given low income pensioners would be most hit. Pensioners present a large and powerful voter bloc, so there could be backbench unease.	Inflation impact Disinflationary - likely to hit low income pensioners most

Extend NICs to rental income		
Likelihood	Medium to high	Revenue
Policy detail	NICs are only payable on earned income. Introduce a new class of NICs so that all rental income will pay it.	Near-term impact Yes, likely from April
Political impact	A populist measure that may garner support given landlords are an easy political target. However, could blow back on government if it spurs landlords to sell properties, further shrinking the rental market and driving up rents.	Inflation impact Uncertain. May increase rents but would reduce landlords income

- This measure doesn't seem to be disappearing and is in line with the government's aim of supporting "working people" while looking to raise tax from unearned income.

Housing

A new funding plan for councils could allow for significant increases in council tax above 5% in London without the need for referendums, pushing up costs in areas with some of the most extreme wealth inequality in the UK. Notably, most of these councils are Labour-run. With local elections taking place across the capital next year, there is the prospect of significant Labour losses if council taxes are substantially raised.

A potential 'mansion tax' hitting properties in council tax bands F, G and H is less likely to result in a political blowback that impacts the government. Around 300,000 properties around the country are expected to be hit (heavily concentrated in the southeast of England and London). The Conservatives have labelled the proposals, which could put an average GBP2,000/year onto council tax bills for those affected, an "attack on Middle England". Such a move will be popular on the left of the party and is unlikely to cause opprobrium in Labour seats outside the capital and southeast.

Mansion tax		
Likelihood	Low - seems to have been surpassed by other options due to its difficult implementation	Revenue
Policy detail	Apply an annual levy of 1% of the marginal property value in excess of GBP2m e.g. GBP3m property pays GBP10,000/year.	Near-term impact Would involve annual property price re-evaluation - probably deferred at least to April 2027
Political impact	Populist measure that will garner support from areas outside London and SE England. Would risk Labour seats and councils, especially in London.	Inflation impact Negligible

Council tax revaluation of higher value properties (F, G, H)		
Likelihood	Medium	Revenue GBP600m (Times) - but there are substantial details that could impact that figure.
Policy detail	2.4m house prices would be revalued, potentially also combined with the mansion tax idea to create a new top band, along with substantial increases for the highest bands of properties	Near-term impact Would probably take at least a couple of years to revalue properties before implementation
Political impact	Populist measure that will garner support from areas outside London and SE England. Would risk Labour seats and councils, especially in London.	Inflation impact Negligible

Council tax: Double two highest bands (G, H)			
Likelihood	Medium	Revenue	GBP4.2bln (IFS)
Policy detail	Would double council tax for around 1.1mln households, increasing average payments to GBP7,600 (G) and GBP9,120 (H) according to IFS	Near-term impact	Easy to implement, could start from April
Political impact	Populist measure that will garner support from areas outside London and SE England. Would risk Labour seats and councils, especially in London.	Inflation impact	Negligible

Mansion tax / council tax revaluation but highest payments deferred until after death			
Likelihood	Medium if alongside one of the other proposals	Revenue	Similar to original proposals when using accrual accounting. Upfront cash benefits would be smaller
Policy detail	Allow cash poor but housing rich people to defer the payments of the housing tax either until the property is sold or until death, with interest payable on the amount due.	Near-term impact	Deferred payments would have little near-term impact but would immediately benefit government revenues
Political impact	Populist measure that will garner support from areas outside London and SE England. Would risk Labour seats and councils, especially in London.	Inflation impact	Negligible

Stamp duty replaced by annual property taxes			
Likelihood	Low	Revenue (cost)	Stamp duty raised GBP13.9bln in 2024/25 - hard to know how much would be raised in property taxes
Policy detail	Little in the way of details, but could only apply to properties newly purchased after the implementation date	Near-term impact	Timeline for implementation unclear
Political impact	Removal of stamp duty is a flagship policy for the Conservatives, so may prove politically difficult. Property tax would be another measure risking hit to Labour support in SE England and London	Inflation impact	Disinflationary as more taxes paid by broader base up front

Inheritance Tax

A potential lifetime cap on gifts and/or an extension of the tapering of income tax on gifts given up to seven years before death, to 10 years, is likely to draw customary headlines about 'death taxes' should they be implemented. The possible removal of the residence nil-rate band would further exacerbate this, as the threshold for paying inheritance tax would immediately come in at GBP325k, rather than with the potential for a GBP175k worth of relief for those being bequeathed a main home by a direct relative. While inheritance tax is talked about by many Labour MPs as a levy on the wealthy, the relatively low threshold is set to bring more middle-class voters into being hit by the tax. The emotive nature of inheritance tax also makes it something of a political powder keg for the government, which, given the substantial pressure on Starmer and Reeves, could lead to such measures being left out of the Budget.

Inheritance tax: Remove residence nil rate band			
Likelihood	Low	Revenue	GBP2.23bln/year
Policy detail	RNRB gives an additional GBP175k tax-free allowance per person for passing home onto direct descendants	Near-term impact	Low
Political impact	Would risk major backlash among older voters, concerned at hit to their children's inheritance. Push many further towards ReformUK.	Inflation impact	Negligible

Inheritance tax on agricultural land			
Likelihood	(of reversing planned changes) Low. Of some kind of reform: Medium	Cost	GBP520mn/year by 2029-30 (OBR)
Policy detail	Last year, government announced limit of 100% IHT relief to first GBP1mln of agricultural and business property with 20% rate above that. Relief could be increased to GBP2mln with rate of 30% or 40% above that.	Near-term impact	No
Political impact	Resulted in sizeable protests from farmers, and rural Labour MPs pressuring government to alter. Delay to Batters Report on financial pressures on farming suggests little desire in HMT to revive issue.	Inflation impact	No

Capital Gains Tax / Dividend Taxes

Increases in capital gains tax and/or dividend tax are less politically toxic to Labour on the doorstep compared to the potential for increases in income tax, which is felt much more widely. The government is unlikely to double the basic rate of dividend tax, as recommended by the left-leaning Resolution Foundation think tank, for fear of impacting low earners and pensioners who garner a modest investment income. A smaller increase, as well as a potential cut (or elimination) of the tax-free allowance for earnings from dividends, could prove less controversial. It is a similar scenario with regard to capital gains tax, which is not a 'doorstep issue' for Labour MPs.

Capital gains tax death exemption removed			
Likelihood	Medium to high	Revenue	GBP2bln (Telegraph)
Policy detail	Pay CGT on assets of deceased before they enter into the estate	Near-term impact	Could be introduced April 2026
Political impact	Would be accepted by Labour MPs, but risk accusations of disincentivising investment and damaging UK business environment	Inflation impact	Negligible

Exit tax			
Likelihood	Medium	Revenue	GBP2bln (Independent)
Policy detail	Introduce a 20% "settling-up charge" on business assets left behind in UK when emigrating (currently these are exempt from CGT)	Near-term impact	May have to be implemented almost immediately to avoid a large exodus of people
Political impact	A populist measure that would garner support on the left of the Labour party, but risk a rapid exodus of high net worth individuals ahead of implementation	Inflation impact	Unclear

Capital gains tax increase			
Likelihood	Low	Revenue (cost)	Unclear
Policy detail	CGT rates were increased in the October 2024 Budget by less than some expected (as the OBR advised larger increases would not generate much more revenue). Unless there has been a rethink, this may leave CGT changes on ice.	Near-term impact	Could be implemented almost immediately
Political impact	Would be accepted by Labour MPs, but risk accusations of disincentivising investment and damaging UK business environment	Inflation impact	Negligible

Raise basic rate of dividend tax			
Likelihood	Medium	Revenue	GBP1.5bln/year (Telegraph)
Policy detail	Increase the basic rate of dividend tax from 8.75% to 12.75%	Near-term impact	Could be implemented almost immediately
Political impact	Would be accepted by Labour MPs, but risk accusations of disincentivising investment and damaging UK business environment	Inflation impact	Negligible

- The Telegraph reported on 9 November that Chancellor Rachel Reeves is looking at raising the basic rate of dividend tax from the current 8.75% to make it more equivalent to how income from labour is taxed (when corporation tax is also taken into account). The story notes that to make it fully equivalent would see the tax rate almost doubled to 16.5% but that Reeves is considering a smaller but still significant increase to 12.75%, which would reportedly raise around GBP1.5bln. However, this also runs against Reeves' stated aim to increase equity investment in UK companies, although she may be hoping that any loss of equity holdings here would be offset by reductions in the cash ISA limit, encouraging more people to use their ISA to hold equities. The Telegraph also reports that Reeves is looking at reducing the tax-free savings allowance for dividends, which currently allows basic rate taxpayers to earn GBP500 through dividends before being taxed. Changes to the higher and additional rates from 33.75% and 39.35% respectively, are not expected as these are already more equivalent to how labour is taxed. However, this will be another disincentive for

people to take risks. Part of the reason that this "unearned income" is taxed lower than income from labour is due to the higher inherent risks involved in owning equity. [See the full Telegraph story here.](#)

Reduce dividend savings allowance			
Likelihood	Medium	Revenue	GBP65mIn per GBP100 reduction (Maximum GBP325mIn)
Policy detail	Currently basic rate taxpayers can earn GBP500 through dividends before paying tax	Near-term impact	Could be implemented April 2026
Political impact	Would be accepted by Labour MPs, but risk accusations of disincentivising investment and damaging UK business environment	Inflation impact	Negligible

Savings, Pensions and Finance

Reduce annual ISA cash allowance limit			
Likelihood	High	Revenue (cost)	Negligible
Policy detail	Maintain the overall GBP20k ISA annual allowance (at present this can be allocated across assets and cash with no limitation). Reduce the amount that can be saved into the cash ISA element to GBP10-12k. Aim is to encourage an "investment culture" and to increase risk taking.	Near-term impact	Likely from April
Political impact	Would be particularly unpopular amongst pensioners. May have adverse impact on mortgage rates as cash ISA deposits provide a stable depositor base particularly for building societies.	Inflation impact	Negligible

- The FT reported on 6 November that Reeves is considering lowering the ISA cash allowance to GBP12k at the Budget.
- Speculation recently had been that this would be cut to GBP10k from GBP20k. The ISA is a tax-free savings account encompassing savings and cash. At present, there is no restriction on how much of the overall GBP20k can be kept in cash.
- Building societies have strongly pushed back, as much of their funding is from cash ISA deposits, and they are warning that they will have to raise mortgage / lending rates if the cash ISA limit is cut. But Reeves wants to encourage more investment and greater participation in UK equity markets.

Cap ISA tax free holdings			
Likelihood	Low	Revenue (cost)	Negligible
Policy detail	Introduce a limit of somewhere between GBP50k-GBP1mIn on ISA holdings, or on cash ISA holdings, with any holdings above this level losing their tax exempt status.	Near-term impact	Likely from April
Political impact	Depends on the level of the limit	Inflation impact	Negligible

Increase banking surcharge			
Likelihood	Medium - Reported in The Telegraph on 17 November after having been "ruled out" earlier in the process	Revenue	2ppt increase GBP500-700mIn/year, 5ppt increase around GBP1.5bn/year (Telegraph)
Policy detail	Increase the surcharge to corporation tax paid by banks which has been payable since 2008 and was raised in 2023 from 3% to either 5% or 8%. Changes to the banking levy are still said to be ruled out	Near-term impact	Could be either implemented in April or phase in through next few years
Political impact	A populist measure unlikely to draw much opposition from Labour MPs. However, in a similar outcome to possible increases in corporation tax, would open up government to accusations of being 'anti-business'	Inflation impact	If borrowing costs rise then could be disinflationary

Reduce pension lump sum			
Likelihood	Low, rumours were higher ahead of 2024 Budget	Revenue	Uncertain in the near-term
Policy detail	Pensioners can currently withdraw GBP268k of their pension pot upon retirement tax free (all other withdrawals are counted as earnings). Reduce this cap to potentially around GBP100k	Near-term impact	Potentially immediate
Political impact	Government would try to claim measure would only hit wealthiest, but would risk a significant backlash from pensioners and those approaching pensionable age.	Inflation impact	Disinflationary if introduced immediately. Potentially short-term inflationary impact if delayed implementation and there is a rush to withdraw from savings

Corporation Tax

Increases in the broader tax on corporations are viewed as unlikely, but there has been speculation that the additional levy banks pay on top of this could be increased. Since the Global Financial Crisis, banks have been a consistent target for UK government taxation, largely due to the lack of political blowback endured. The left of the Labour Party is likely to welcome any such move, and it will not directly endanger any Labour MPs' seats. However, much like the possible increases in CGT/dividends tax, such a measure risks doing further damage to the UK's investment and business environment, potentially contributing to job losses (through relocation or streamlining) or a more sclerotic growth environment as firms hold off on investment.

An increase in corporation tax would have significant market implications. It would be inflationary (as businesses would look to pass on to customers to maintain their profit margins).

Increase corporation tax			
Likelihood	Very low	Revenue	N/A
Policy detail	No real discussion of this in the media ahead of the Budget as it is considered so unlikely	Near-term impact	N/A
Political impact	Following the increase in employers NICs in 2024, a hike in corporation tax would result in notable criticism from corporate leaders, and claims the government is 'anti business'.	Inflation impact	Inflationary

Other taxes under consideration

Gambling tax			
Likelihood	High	Revenue	GBP1bn/year (Daily Telegraph)
Policy detail	Online sports betting taxes increased, but those on wagers at betting shops maintained at current levels. Horseracing will be exempted. Levy on FOBTs and online games to increase.	Near-term impact	
Political impact	Heavy lobbying by horseracing industry and bookies has seen the scope come down, but pressure from snr. Labour figures (incl. former PM Gordon Brown)	Inflation impact	Marginal

Electric vehicle taxation (pay per mile)			
Likelihood	Mid-to-high	Revenue	GBP1.8bn by 2031 (Daily Telegraph)
Policy detail	A pay-per-mile tax of 3p/mile, in addition to other road taxes. Hybrids would be charged at a lower rate.	Near-term impact	None, as does not come in until 2028
Political impact	With expectations up to 6 million people could be driving EVs by the time the tax comes in, could be notable opposition both in terms of fairness and perceptions of punishing 'green' efforts from motorists.	Inflation impact	Uncertain

What does this mean for the remit?

Based on 12 sellside views, the revision to the 2025/26 gilt remit is expected to range from no revision through to a GBP18.6bln increase. The median expectation looks for an increase of around GBP8bln to GBP307bln. This would see issuance rise above that seen in 2024/25 when issuance totalled GBP304bln and would be the second highest ever (after the 2020/21 Covid year which funded the CJRS furlough scheme).

Bill issuance in the last remit update saw a GBP10bln net positive contribution and expectations are for that to remain unchanged up to a GBP15bln net positive contribution. The median expectation is for a GBP2bln increase to GBP12bln.

Looking at the median buckets in our survey, there are no huge changes in aggregate for splits in issuance.



Budget 2025 Gilt Remit Expectations

	CGNCR	Funding requirement	NS&I	Bills	Gilts	Short	Medium	Long	Linker	Unallocated
Last Update (Adjusted for Tenders)	142.8	322.5	11.7	10.0	299.1	133.5	96.7	30.9	34.8	6.7
Bank of America	144.7	324.5	11.7	12.0	299.1	132.2	93.2	30.9	34.5	8.3
Nomura	148.7	328.5	9.7	12.0	305.0					
Deutsche	152.7	332.6	11.7	13.0	306.1					
BNP Paribas	151.9	331.7	11.7	12.0	306.3	133.6	95.5	30.6	35.0	11.5
RBC	150.5			10.0	307.0					
UBS					307.0	134.9	103.1	29.7	39.5	0.0
Barclays	156.4	336.2	11.7	15.0	307.7	135.0	99.2	27.0	36.5	10.0
Lloyds	154.7	334.5	10.0	14.0	309.1					
Morgan Stanley	156.2	336.0		13.5	309.2	128.0	100.7	36.2	34.7	9.6
BMO					315.0					
NatWest Markets	152.0	331.8	11.7	10.0	317.7	133.3	96.1	32.9	37.1	8.3
Median	124.9	332.2	11.7	12.0	307.0	133.5	97.7	30.8	35.8	9.6
Mean	126.3	332.0	11.2	12.4	308.1	132.8	98.0	31.2	36.2	9.5
Min	122.6	324.5	9.7	10.0	299.1	128.0	93.2	27.0	34.5	8.3
Max	133.0	336.2	11.7	15.0	317.7	135.0	103.1	36.2	39.5	11.5
BoE MaPS Median					305.0					

Source: Analyst previews, Bank of England and MNI

MNI Expectations

Our expectations are rather more nuanced. We note that the remit as it stands is projected to see auction funding overshoot by around GBP14bln (assuming the same average auction sizes seen to date but with zero PAOF takeup) going forward. There are also three syndications scheduled for FQ4 (Jan-Mar) but the GBP12.0bln in the long syndication bucket has been exceeded (with GBP13.1bln sold), the medium bucket only has GBP2.1bln remaining from GBP16.0bln, while the linker bucket has GBP2.7bln remaining from GBP12.5bln. Furthermore there are still two tender operations due in December, let alone any tender operations due in FQ4 (and with only GBP6.7bln remaining in the unallocated bucket). We think our expectations are flexible enough to deal with either a broadly unchanged gilt remit or an increase of up to around GBP18bln.

Shorts:

- We assume monthly auctions of both the 4.00% May-29 gilt and the 4.125% Mar-31 gilt for around GBP250mln less than at their launch auctions. This would see the short bucket at around GBP136.0bln, an increase of GBP2.5bln from GBP133.5bln at present.

Mediums

- 4.75% Oct-35 gilt: We expect to see monthly auctions of the 4.75% Oct-35 gilt sized around GBP4.5bln (in line with recent operations, although potentially reducing size into year-end if there has been decent PAOF takeup). Assuming no PAOF takeup this would see GBP41bln of the gilt outstanding by March, and then we would expect a new 10-year gilt to be issued in April at the beginning of FY26/27.
- 4.125% Mar-33 gilt: 1-2 auctions expected of around GBP3.5bln.
- 5.25% Jan-41: 1 syndicated transaction for around GBP6-7bln after it has transitioned into the medium bucket.
- Assuming one auction of the 4.125% Mar-33 gilt this would put the medium bucket between GBP97.2-101.7bln, up from GBP96.7bln at present.

Longs

- We expect a maximum of two long-dated operations in FQ4. Auctions have been rather small and there are still three scheduled, so we expect at least one of these to be cancelled. We also think there is a good chance that the syndication is cancelled given that the GBP12.0bln target has already been exceeded (by GBP1.1bln). If funding needs are high, there is a risk that a new green gilt is launched via syndication, possibly with around an 18-20 year maturity but this would be a relatively small syndication of up to GBP3.3bln to keep the green issuance programme below GBP10bln for the year.

Linkers

- We see no reason to change the size of the linkers auction bucket (GBP20.4bln) and look for a similar auction split to FQ3 (Oct-Dec). We think there could be another syndicated tap of the 1.75% Sep-38 linker if we see a decent increase in the gilt remit size.

Tenders

- Tenders have been running at up to around GBP6.8bln in the highest quarter so far. And with two more tenders due in FQ3 and the potential to upsize syndications or even top up the short bucket to maintain auction sizes if PAOF sizes are large, we would see no problem in the unallocated bucket increasing up to as high as GBP13-14bln.

Political Risk – Budget the First Major Test of Labour’s Economic Stance

Budget Reaction Could Determine Future Leadership & Direction Of Government

The run-up to the November 2025 Budget statement has been one of the most politically chaotic for any government in recent history. The ‘mini budget’ of then-Chancellor of the Exchequer Kwasi Kwarteng, under the short-lived premiership of Liz Truss in 2022, is often brought up as an example of the risks of surprising markets with unexpected announcements in Budget statements. In that case, it related to perceptions that planned tax cuts and plans to lower household energy bills were unfunded.

In 2025, the Labour government sought to do the exact opposite to this, in telegraphing many of the major fiscal decisions that would come into the Budget well ahead of time. This has led to weeks of speculation regarding the prospect of a whole raft of tax hikes amid downbeat economic forecasts and negligible fiscal headroom. In its 2024 election manifesto, Labour had matched the Conservatives’ pledge not to increase the rates of income tax, VAT, or employee National Insurance contributions.

However, with the parliamentary Labour Party already having forced the government into embarrassing retreats on a means-tested Winter Fuel Payment for pensioners, and more targeted Personal Independence Payment (PIP) benefits, there appears to have been little appetite to try and improve the UK’s finances via public spending cuts. Speculation in the press and markets for some time was that Chancellor of the Exchequer Rachel Reeves would raise the basic and higher rates of income tax by 2ppt (albeit offset by a reduction in employee NICs by the same amount).

This led to significant debate over whether the breach of a manifesto commitment was warranted, and if it would end up as a resignation issue for Reeves. Indeed, in early November, Reeves delivered a rare address from Downing Street, apparently indicating that manifesto-breaking tax hikes were coming in the Budget, talking of everyone having to “do their bit” and those with the “broadest shoulders” would effectively have to deal with a greater tax burden (already at post-war highs).

Then, in mid-November, Reeves appeared to have changed her mind on income tax rate increases. The FT [reported](#) that this was due to estimates claiming the gap in public finances was smaller than previously thought. However, major pressure from Labour MPs who feared a manifesto breach would further imperil their seats is almost certain to have played a part. The row-back on income tax rate hikes then led to indications that instead the threshold for paying the higher rate of income tax would be lowered to around GBP45,000, to meet the government’s arbitrary declaration of what marks ‘working people’. However, this prospect was also swiftly disabused, resulting in a spike in gilt yields and a fall in the pound as markets adjusted to the chancellor opting for a ‘smorgasbord’ approach of a large number of tax hikes targeting narrow bands of the population or industries instead of a broader revenue-raising tax hike.

Even without manifesto-breaking tax hikes, this Budget marks a perilous point for Reeves and PM Sir Keir Starmer. If markets receive the statement poorly, resulting in an adverse reaction towards UK assets, the government may face similar accusations that Truss and Kwarteng faced in 2022

regarding escalating mortgage rates on the back of financial market turmoil. Even if the markets take the Budget in stride, the public reaction could prove negative. With the UK's tax burden already at [post-war highs](#), further hikes could exacerbate already-prominent public concerns about 'cost of living' issues.

With the government potentially facing blowback from Labour backbenchers on its plans for tightening up the UK's [asylum policy](#), both the chancellor and prime minister could come under major pressure in the aftermath of the budget. The breach of a core manifesto commitment (if forthcoming) or if there is a significant market-negative, Reeves could be forced into a resignation. Data from predictions market Polymarket assigns a 23% implied probability that Reeves is out as chancellor by year-end. In this scenario, someone from the PM's 'inner circle' would be the most likely candidate. Former CEO of the left-wing Resolution Foundation think tank and current Parliamentary Secretary for the Treasury, Torsten Bell, may be a favoured option for Starmer. Secretary of State for Work and Pensions Pat McFadden, seen as Starmer's closest ally in cabinet, is another favourite. The counter to an 'inner circle' figure would be the appointment of Health Secretary Wes Streeting, who has been briefed against by Number 10 for allegedly running a covert campaign to unseat Starmer. Streeting could be promoted in an effort to stave off any leadership challenge.

If a change in the chancellor does not quell internal dissent within the Labour Party, the prime minister himself could face a leadership challenge. After such a comprehensive election win in 2024, securing the largest Labour seat total since Tony Blair in 1997, the prospect of the PM losing office less than two years hence would seem unthinkable. However, a collapse in support for the party has hardened attitudes among some backbenchers. Labour has been losing voters on the right to Reform UK for some months and has consistently trailed in second (or even third) place since May. The new leadership of the environmentalist Green Party has sparked another exodus in support. Zack Polanski has taken the Greens in a much more left-wing populist direction, advocating a slew of taxes on the wealthy and corporations and major expansions in welfare and public spending. As such, the loss of support to Reform UK on the right is now being joined by a loss of support to the Greens on the left.

Under Labour Party rules, if there is no vacancy for the leadership (i.e. the challenge is against a sitting leader), a nominee must secure the support of 20% of the Parliamentary Labour Party, which currently equates to 81 MPs. Nominees must be a member of the PLP (notably ruling out the Mayor of Greater Manchester, Andy Burnham), and the incumbent automatically gets on the ballot without the need to gain nominations. If a nominee reaches the 20% threshold and decides to go forward with the challenge, they would need to gain the backing of 5% of Constituency Labour Parties or support from three 'affiliates' that comprise at least 5% of affiliate party membership (with at least two of the affiliates having to be trade unions). All of this serves as a relatively high threshold for a challenge (compared to the more covert leadership challenges in the Conservative Party during their time in office). The requirement for MPs to publicly back a nominee and for the nominee to then move forward with the challenge before a ballot can even be called will inevitably dissuade some MPs on the fence about the prospect of jettisoning the PM.

Given that Starmer is seen to represent the centre of the Labour party (and the 'blue Labour' right is extremely small in terms of parliamentary representation), the likelihood is that a successful challenger would come from the 'soft left' of the party. This sizeable cohort would have likely

coalesced around former Deputy PM and Secretary of State for Housing, Communities and Local Government Angela Rayner. However, her resignation in September due to issues over the payment of stamp duty on a property purchase means that she is unlikely to be able to return to the frontbenches, let alone lead the government, for some time yet. Former Labour leader and current Secretary of State for Energy and Climate Change, Ed Miliband, is consistently the most popular cabinet member when grassroots Labour members are polled. However, Miliband has downplayed his chances and may prefer to act as the 'power behind the throne', rather than taking the top job at present. As noted above, Andy Burnham (who tested the waters on a leadership bid around the time of the Labour Party conference in the autumn) would need to find a seat in the Commons before being able to even launch a leadership bid. This leaves a number of soft-left figures, such as Labour Deputy leader Lucy Powell, Culture Secretary Lisa Nandy, or former Transport Secretary Louise Haigh, as possible contenders. However, none have significant name recognition or experience in high office and could struggle in a leadership contest, let alone in a general election.

The May 2026 elections for local councils in England and the devolved parliaments of Scotland and Wales had been seen as a potential trigger for a leadership challenge. Expectations of a poor Labour performance in all three means this could still be the case. However, a poorly received budget just 12 months after the previous statement, in which further tax rises were seemingly ruled out, risks bringing any such challenge forward in time. Data from predictions market Polymarket assigns a 6% implied probability that Starmer is out of office by the end of the year. This rises to a 38% implied probability by the halfway point of 2026, and the market implies 51% implied probability that Starmer is out of office by the end of 2026.

Gilts in Issue and Fiscal Calendar

Week beginning 10-Nov-2025

Gilts in issue (GBP bln)

Maturity	Type	Coupon	Nom Amount	inc inf uplift	BOE nom APF hold	Govt nom holdings	Market holdings*
07-Jun-25	Conventional	0.625	44.6	-	28.8	2.0	13.8
07-Sep-25	Conventional	2.000	40.3	-	26.2	2.9	11.2
22-Oct-25	Conventional	3.500	36.0	-	-	1.3	34.7
30-Jan-26	Conventional	0.125	41.2	-	19.9	1.8	19.5
22-Mar-26	Linker	0.125	13.5	21.2	-	0.0	21.2
22-Jul-26	Conventional	1.500	44.7	-	27.4	3.5	13.8
22-Jul-26	Sukuk	0.333	0.5	-	-	-	0.5
22-Oct-26	Conventional	0.375	33.7	-	5.7	2.1	25.8
29-Jan-27	Conventional	4.125	33.0	-	-	0.8	32.2
07-Mar-27	Conventional	3.750	37.4	-	-	0.8	36.6
22-Jul-27	Conventional	1.250	41.9	-	23.4	3.1	15.4
22-Nov-27	Linker	1.250	14.2	29.7	-	0.2	29.2
07-Dec-27	Conventional	4.250	33.8	-	16.9	8.4	8.4
31-Jan-28	Conventional	0.125	36.5	-	8.9	2.0	25.7
07-Mar-28	Conventional	4.375	47.2	-	-	0.2	47.0
07-Jun-28	Conventional	4.500	35.2	-	-	0.8	34.4
10-Aug-28	Linker	0.125	17.9	26.1	-	0.0	26.1
22-Oct-28	Conventional	1.625	38.7	-	20.5	2.9	15.4
07-Dec-28	Conventional	6.000	20.7	-	8.2	7.3	5.2
31-Jan-29	Conventional	0.500	30.8	-	0.4	1.3	29.2
22-Mar-29	Linker	0.125	15.5	26.5	-	0.0	26.5
22-May-29	Conventional	4.000	10.4	-	-	-	10.4
22-Jul-29	Conventional	4.125	38.0	-	-	0.6	37.4
22-Oct-29	Conventional	0.875	44.6	-	26.5	3.1	15.1
07-Mar-30	Conventional	4.375	45.2	-	-	0.2	45.0
22-Jul-30	Linker	4.125	4.8	14.4	-	0.5	12.8
22-Oct-30	Conventional	0.375	41.3	-	20.5	2.5	18.3
07-Dec-30	Conventional	4.750	45.1	-	20.2	8.4	16.5
07-Mar-31	Conventional	4.125	5.5	-	-	-	5.5
31-Jul-31	Conventional	0.250	41.6	-	12.1	2.6	26.9
10-Aug-31	Linker	0.125	14.3	19.7	-	0.0	19.7
22-Oct-31	Conventional	4.000	36.6	-	-	0.5	36.1
31-Jan-32	Conventional	1.000	36.8	-	-	1.6	35.2
07-Jun-32	Conventional	4.250	43.3	-	18.0	11.2	14.1
22-Nov-32	Linker	1.250	14.7	27.4	-	0.0	27.4
31-Jan-33	Conventional	3.250	34.2	-	-	0.8	33.4
07-Mar-33	Conventional	4.125	0.0	-	-	-	0.0
31-Jul-33	Green gilt	0.875	39.8	-	0.3	1.3	38.2
22-Nov-33	Linker	0.750	18.1	19.8	-	0.0	19.8
31-Jan-34	Conventional	4.625	32.5	-	-	0.7	31.8
22-Mar-34	Linker	0.750	14.6	25.5	-	0.0	25.5
07-Jul-34	Conventional	4.250	36.1	-	-	0.6	35.5
07-Sep-34	Conventional	4.500	39.9	-	20.8	4.4	14.7
26-Jan-35	Linker	2.000	9.1	21.1	-	0.8	19.2
07-Mar-35	Conventional	4.500	40.8	-	-	0.2	40.5
31-Jul-35	Conventional	0.625	35.6	-	10.0	2.2	23.4
22-Sep-35	Linker	1.125	14.7	15.2	-	0.0	15.2
22-Oct-35	Conventional	4.750	23.0	-	-	23.0	-
07-Mar-36	Conventional	4.250	32.4	-	9.4	9.4	13.6
22-Nov-36	Linker	0.125	13.9	21.7	-	0.0	21.7
07-Sep-37	Conventional	1.750	32.7	-	9.3	2.5	20.9
22-Nov-37	Linker	1.125	13.1	26.3	-	0.2	25.5
29-Jan-38	Conventional	3.750	32.9	-	0.7	32.2	-
22-Sep-38	Linker	1.750	9.8	10.0	-	0.0	10.0
07-Dec-38	Conventional	4.750	28.2	-	10.4	9.0	8.9
31-Jan-39	Conventional	1.125	25.0	-	-	1.1	23.9
22-Mar-39	Linker	0.125	14.6	20.0	-	0.0	20.0
07-Sep-39	Conventional	4.250	24.8	-	10.9	3.2	10.7
31-Jan-40	Conventional	4.375	34.1	-	-	0.3	33.8
22-Mar-40	Linker	0.625	14.1	26.5	-	0.0	26.5
07-Dec-40	Conventional	4.250	27.1	-	10.3	3.6	13.1
31-Jan-41	Conventional	5.250	9.0	-	-	-	9.0
10-Aug-41	Linker	0.125	12.4	18.1	-	0.0	18.1
22-Oct-41	Conventional	1.250	34.6	-	8.5	2.2	23.9
22-Nov-42	Linker	0.625	12.6	24.0	-	0.0	24.0
07-Dec-42	Conventional	4.500	29.0	-	8.4	7.9	12.7
22-Oct-43	Conventional	4.750	34.9	-	0.7	34.3	-
22-Jan-44	Conventional	3.250	29.8	-	6.8	3.1	19.9
22-Mar-44	Linker	0.125	15.7	26.4	-	0.0	26.4
22-Jan-45	Conventional	3.500	30.1	-	8.7	2.8	18.5
22-Mar-45	Linker	0.625	14.3	16.0	-	0.0	16.0
31-Jan-46	Conventional	0.875	23.5	-	5.6	1.3	16.6
22-Mar-46	Linker	0.125	13.5	21.3	-	0.0	21.3
07-Dec-46	Conventional	4.250	26.7	-	7.6	7.4	11.7
22-Jul-47	Conventional	1.500	26.3	-	6.6	2.2	17.6
22-Nov-47	Linker	0.750	11.7	22.9	-	0.1	22.8
10-Aug-48	Linker	0.125	11.8	17.4	-	0.0	17.4
22-Jan-49	Conventional	1.750	30.9	-	18.3	2.1	10.5
22-Sep-49	Linker	1.875	5.9	6.1	-	0.0	6.1
07-Dec-49	Conventional	4.250	21.5	-	7.6	4.2	9.7
22-Mar-50	Linker	0.500	12.2	23.3	-	0.0	23.3
22-Oct-50	Conventional	0.625	32.7	-	12.0	2.0	18.7
22-Mar-51	Linker	0.125	11.0	15.3	-	0.0	15.3
31-Jul-51	Conventional	1.250	29.5	-	1.8	1.5	26.2
22-Mar-52	Linker	0.250	12.7	21.3	-	0.0	21.3
22-Jul-52	Conventional	3.750	26.0	-	11.9	3.0	11.1
31-Jul-53	Green gilt	1.500	30.4	-	0.0	0.9	29.5
22-Oct-53	Conventional	3.750	28.3	-	-	0.6	27.6
31-Jul-54	Conventional	4.375	32.1	-	-	0.5	31.6
22-Oct-54	Conventional	1.625	25.2	-	10.4	1.7	13.1
22-Nov-54	Linker	1.250	15.1	16.2	-	0.0	16.2
22-Nov-55	Linker	1.250	10.2	21.5	-	0.2	21.0
07-Dec-55	Conventional	4.250	28.3	-	9.7	7.9	10.8
31-Jan-56	Conventional	5.375	5.6	-	-	0.0	5.6
22-Nov-56	Linker	0.125	7.1	11.0	-	0.0	11.0
22-Jul-57	Conventional	1.750	31.5	-	8.4	2.4	20.7
22-Mar-58	Linker	0.125	11.0	17.4	-	0.0	17.4
22-Jan-60	Conventional	4.000	25.7	-	11.0	3.2	11.5
22-Oct-61	Conventional	0.500	26.5	-	0.1	1.5	24.9
22-Mar-62	Linker	0.375	12.5	21.5	-	0.0	21.5
22-Oct-63	Conventional	4.000	18.5	-	-	0.4	18.2
22-Jul-65	Conventional	2.500	21.1	-	4.9	1.8	14.3
22-Nov-65	Linker	0.125	8.1	12.7	-	0.0	12.7
22-Mar-68	Linker	0.125	12.6	20.5	-	0.0	20.5
22-Jul-68	Conventional	3.500	21.2	-	4.1	2.1	15.0
22-Oct-71	Conventional	1.625	24.7	-	4.2	1.7	18.8
22-Mar-73	Linker	0.125	5.4	7.1	-	0.0	7.1
22-Oct-73	Conventional	1.125	11.1	-	-	0.6	10.5

* Amounts include estimations of current inflation uplift

* Market holdings = Nominal outstanding - BOE holdings - govt holdings

DMO Supply (GBP mln)

Date	Operation	Issue	Nom Amount	PAOF	Cash proceeds	Yield	Bid-to-cover	Tail
02-Apr	Auction	1.125% Sep-35 Linker	1600	344.6	1922	1.268%	3.65	
03-Apr	Auction	4.375% Jan-40	3250	812.5	3833	4.917%	2.58	0.9
08-Apr	Auction	4.375% Jul-54	2250	562.5	2406	5.357%	3.04	0.2
09-Apr	Auction	4.375% Mar-30	4500	22.8	4568	4.142%	2.95	1.0
15-Apr	Auction	4.50% Mar-35	4000	-	3956	4.638%	2.85	0.4
16-Apr	Tender	0.125% Jan-28	1500	-	1362	3.631%	3.84	0.0
24-Apr	Auction	4.75% Oct-43	1750	437.5	2083	5.155%	3.38	0.3
29-Apr	Auction	1.25% Nov-54 Linker	900	217.0	929	2.175%	3.31	
30-Apr	Auction	4.375% Mar-28	4500	1125.0	5706	3.834%	3.48	0.2
07-May	Auction	4.375% Mar-30	4500	1125.0	5722	3.977%	3.23	0.4
13-May	Auction	0.625% Mar-45 Linker	1000	244.1	1002	2.235%	3.19	
14-May	Auction	4.50% Mar-35	4250	643.4	4827	4.673%	3.13	0.3
15-May	Tender	0.125% Jan-28	2000	-	1814	3.768%	3.52	0.7
20-May	Syndication	5.375% Jan-56	4000	-	3983	5.405%		
21-May	Auction	4.00% Oct-31	4250	521.4	4665	4.401%	2.74	0.7
28-May	Auction	0.875% Jul-33 Green	2750	-	2073	4.511%	3.56	0.3
29-May	Tender	0.125% Aug-31 Linker	1250	-	1611	0.827%	2.57	
03-Jun	Auction	4.00% Oct-63	1250	169.3	1121	5.281%	3.51	0.3
04-Jun	Auction	4.375% Mar-28	4750	1175.6	5973	4.062%	3.08	0.3
10-Jun	Syndication	1.75% Sep-38 Linker	5500	-	5503	1.745%		
11-Jun	Auction	4.50% Mar-35	4250	-	4221	4.588%	2.89	0.3
17-Jun	Auction	4.375% Mar-30	4500	1125.0	5700	4.860%	3.26	0.2
24-Jun	Auction	1.125% Sep-35 Linker	1700	40.8	1741	1.396%	3.02	
25-Jun	Auction	4.375% Jan-40	3250	-	3090	4.850%	2.88	1.0
26-Jun	Tender	4.25% Dec-46	1000	-	883	5.162%	1.99	1.5
01-Jul	Auction	1.50% Jul-53 Green	2000	-	919	5.169%	3.20	0.8
02-Jul	Auction	4.375% Mar-28	5000	50.0	5117	3.847%	3.46	0.1
08-Jul	Auction	1.875% Sep-49 Linker	900	-	842	2.360%	3.39	
09-Jul	Auction	4.50% Mar-35	4500	261.8	4712	4.635%	2.89	0.2
15-Jul	Tender	4.25% Jun-32	1000	-	1005	4.161%	4.42	0.3
16-Jul	Tender	4.50% Sep-34	1500	-	1494	4.553%	3.32	0.4
17-Jul	Auction	4.375% Mar-30	4750	1141.1	5964	4.078%	3.12	0.2
22-Jul	Auction	1.125% Sep-35 Linker	1700	307.9	1979	1.588%	3.35	
23-Jul	Auction	4.375% Jan-40	3000	750.0	3486	5.066%	3.69	0.1
29-Jul	Auction	4.375% Mar-28	5000	1250.0	6316	3.941%	3.71	0.2
30-Jul	Tender	3.75% Jul-52	300	-	231	5.383%	4.62	0.3
05-Aug	Auction	4.50% Mar-35	4500	1125.0	5615	4.522%	3.33	0.1
12-Aug	Auction	4.375% Mar-30	4750	-	4819	4.022%	3.15	0.1
19-Aug	Auction	1.125% Sep-35 Linker	1600	356.7	1909	1.728%	3.10	
27-Aug	Auction	4.375% Mar-28	5000	156.8	5204	3.991%	3.16	0.2
02-Sep	Syndication	4.75% Oct-35	14000	-	13856	4.879%		
04-Sep	Auction	0.625% Mar-45 Linker	800	138.5	754	2.412%	3.91	
09-Sep	Auction	4.75% Oct-43	1750	60.0	1697	5.291%	3.50	0.2
10-Sep	Auction	4.00% Oct-31	4000	-	3956	4.208%	3.27	0.2
11-Sep	Tender	4.25% Jun-32	1000	-	1003	4.206%	3.72	0.2
11-Sep	Tender	0.50% Jan-29	1250	-	1119	3.841%	3.86	0.1
16-Sep	Auction	4.375% Jan-40	3000	-	2795	5.048%	2.95	0.9
23-Sep	Auction	5.375% Jan-56	1500	104.3	1580	5.476%	3.07	1.4
24-Sep	Auction	4.375% Mar-30	4750	-	4803	4.095%	2.80	0.4
25-Sep	Tender	4.50% Sep-34	1250	-	1242	4.584%	2.90	0.3
25-Sep	Tender	4.75% Dec-38	750	-	749	4.978%	3.28	0.7
01-Oct	Auction	1.125% Sep-35 Linker	1600	118.5	1696	1.673%	3.09	
02-Oct	Auction	4.75% Oct-35	4500	-	4493	4.769%	2.78	0.6
07-Oct	Tender	0.125% Jan-28	1250	-	1150	3.783%	3.84	0.4
08-Oct	Auction	4.00% May-29	5000	371.4	5354	4.095%	2.82	0.8
14-Oct	Syndication	5.25% Jan-41	9000	-	9146	5.097%		
15-Oct	Auction	0.125% Aug-31 Linker	1500	-	1989	0.889%	3.49	
21-Oct	Auction	1.50% Jul-53 Green	1500	-	677	5.294%	3.17	0.8
23-Oct	Auction	4.125% Mar-31	4750	713.7	5496	4.004%	2.83	0.7
28-Oct	Auction	1.125% Sep-35 Linker	1500	375.0	1875	1.571%	2.94	
29-Oct	Auction	4.125% Mar-33	3750	937.5	4668	4.191%	3.04	0.3
30-Oct	Tender	0.375% Oct-30	1500	-	1269	3.796%	2.97	0.5
04-Nov	Auction	4.00% May-29	5000	50.0	5075	3.845%	3.06	0.4
12-Nov	Syndication	1.75% Sep-38 Linker	4250	-	4310	1.823%		
18-Nov	Tender	4.75% Dec-30	1250	-	1299	3.896%	3.75	0.3
19-Nov	Auction	4.75% Oct-35	4500	-	4550	4.608%	2.84	0.6
20-Nov	Tender	0.25% Mar-52 Linker	300	-	296	2.370%	3.65	
25-Nov	Auction	4.125% Mar-31	4500	-				
02-Dec	Auction	0.125% Aug-31 Linker	1500*	-				
03-Dec	Auction	4.00% May-29	5000*	-				
04-Dec	Tender	Medium	1500*	-				
09-Dec	Tender	Conventional	1750*	-				
10-Dec	Auction	4.75% Oct-35	4500*	-				
16-Dec	Auction	4.125% Mar-31	4500*	-				
07-Jan	Auction	Conventional		-				
13-Jan	Auction	Index-linked		-				
14-Jan	Auction	Conventional		-				
21-Jan	Auction	Conventional		-				
27-Jan	Auction	Index-linked		-				
28-Jan	Auction	Conventional		-				
03-Feb	Auction	Conventional		-				
10-Feb	Auction	Index-linked		-				
11-Feb	Auction	Conventional		-				
18-Feb	Auction	Conventional		-				
24-Feb	Auction	Index-linked		-				
25-Feb	Auction	Conventional		-				
03-Mar	Auction	Conventional		-				
11-Mar	Auction	Conventional		-				
17-Mar	Auction	Conventional		-				
24-Mar	Auction	Conventional		-				

mni UK Issuance Profile

2025/26 Issuance: Cash Proceeds

	2025/26	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Target	% Target	Remaining
Conventional	Ultra-short	5.71	-	5.97	11.43	5.20	-	-	-	-	-	-	-	28.3	123.5	68.4	9
	Short	4.57	10.39	5.70	5.96	4.82	8.76	10.85	5.08	-	-	-	-	56.1			
	Short Tender	1.36	1.81	-	1.01	-	2.12	2.42	1.30	-	-	-	-	10.0			
	Medium	7.79	6.90	7.31	8.20	5.62	2.80	9.16	4.55	-	-	-	-	52.3	73.7	71.0	6
	Medium Tender	-	-	-	1.49	-	1.99	-	-	-	-	-	-	3.5			
	Medium Synd	-	-	-	-	-	13.86	-	-	-	-	-	-	13.9	16.0	86.6	1
	Long 15-28YR	2.08	-	-	-	-	1.70	0.68	-	-	-	-	-	4.5			
	Long 29-40YR	2.41	-	1.12	0.92	-	1.58	-	-	-	-	-	-	6.0	17.8	58.9	3
	Long 41YR+	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Long Tender	-	-	0.88	0.23	-	-	-	-	-	-	-	-	1.1			
Index-linked	Long Synd	-	3.98	-	-	-	-	9.15	-	-	-	-	-	13.1	12.0	109.4	1
	Total conventional	23.9	23.1	21.0	29.2	15.6	32.8	32.3	10.9	-	-	-	-	188.8	257.6	73.3	
	Medium	1.92	-	1.74	1.98	1.91	-	3.57	-	-	-	-	-	11.1			
	Long 15-28YR	-	1.00	-	0.84	-	0.75	-	-	-	-	-	-	2.6	20.4	81.6	5
	Long 29-40YR	0.93	-	-	-	-	-	-	-	-	-	-	-	0.9			
	Long 41YR+	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Syndication:	-	-	5.50	-	-	-	-	4.31	-	-	-	-	9.8	12.5	78.5	1
	Tender:	-	1.61	-	-	-	-	-	0.30	-	-	-	-	1.9			
	Total linker	2.9	2.6	7.2	2.8	1.9	0.8	5.6	4.6	-	-	-	-	28.4	34.8	81.5	
	Of which Green	-	2.07	-	0.92	-	-	0.68	-	-	-	-	-	3.7	10.0		
Index-linked	Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	6.7		
	Total	26.8	25.7	28.2	32.1	17.5	33.6	37.8	15.5	-	-	-	-	217.2	299.1	72.6	

2024/25 Issuance: Cash Proceeds

	2024/25	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Total
Conventional	Ultra-short	4.94	-	4.90	4.04	3.97	-	4.75	-	-	-	-	5.33	27.9	27.9
	Short	3.98	4.55	5.01	4.02	4.07	4.06	8.06	4.05	7.68	9.54	10.14	7.90	73.0	101.0
	Short Tender	-	-	-	1.01	-	4.03	1.27	3.21	-	1.45	-	-	11.0	11.0
	Medium	7.63	6.09	2.83	8.04	3.60	9.86	8.17	6.67	3.97	7.03	3.09	3.94	70.9	70.9
	Long 15-28YR	2.88	2.87	-	2.90	2.62	-	2.93	2.24	-	-	-	1.89	18.3	40.2
	Long 29-40YR	-	1.28	1.80	2.47	-	2.77	3.74	-	2.65	1.99	2.67	2.50	21.9	21.9
	Synd (Medium)	-	-	10.92	-	-	-	-	-	-	-	12.96	-	23.9	23.9
	Synd (Long)	6.31	-	-	-	-	8.03	-	-	-	7.94	-	-	22.3	22.3
	Total conventional	25.7	14.8	25.5	22.5	14.3	28.7	28.9	16.2	14.3	27.9	28.9	21.6	269.2	269.2
Index-linked	Medium	1.70	1.13	1.90	1.41	1.65	1.82	1.32	-	1.57	1.50	1.91	-	15.9	
	Long 15-28YR	-	-	0.99	-	-	0.95	1.01	-	-	-	0.87	-	3.8	21.2
	Long 29-40YR	-	-	-	-	-	-	-	-	-	0.99	-	-	1.0	
	Long 41YR+	-	0.51	-	-	-	-	-	-	-	-	-	-	0.5	
	Syndication:	-	-	-	4.39	-	-	-	4.03	-	-	-	4.86	13.3	13.3
	Tender:	-	-	-	-	-	-	-	-	0.27	-	-	-	0.3	0.3
	Total linker	1.7	1.6	2.9	5.8	1.7	2.8	2.3	4.0	1.8	2.5	2.8	4.9	34.8	34.8
	Of which Green	-	3.55	-	-	-	2.16	1.09	-	-	2.24	0.95	-	10.0	10.0
	Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	27.4	16.4	28.3	28.3	15.9	31.5	31.3	20.2	16.1	30.4	31.7	26.4	304.0	304.0

2023/24 Issuance: Cash Proceeds

	2023/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Total
Conventional	Ultra-short	-	3.94	3.95	4.42	3.85	-	5.16	4.59	-	-	-	-	25.9	86.7
	Short	7.94	4.68	4.60	3.74	-	4.60	-	4.60	4.77	9.09	9.03	7.68	60.7	60.7
	Medium	3.95	6.34	6.38	5.92	3.20	5.83	7.61	4.47	5.46	7.26	7.88	4.95	69.2	69.2
	Long 15-28YR	1.54	-	-	-	1.51	-	-	-	-	2.95	-	2.59	8.6	30.6
	Long 29-40YR	2.65	-	2.74	3.24	-	2.33	3.30	2.35	2.22	-	3.20	-	22.0	22.0
	Synd (Medium)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Synd (Long)	-	5.37	-	-	-	4.41	-	7.10	-	5.81	-	-	22.7	22.7
	Long Tender:	-	-	-	-	-	0.26	-	-	-	-	-	-	0.3	0.3
	Total conventional	16.1	20.3	17.7	17.3	8.6	17.4	16.1	23.1	12.5	25.1	20.1	15.2	209.5	209.5
Index-linked	Medium	-	-	1.72	-	1.82	-	1.50	-	1.60	1.59	1.86	-	10.1	
	Long 15-28YR	1.33	0.72	-	-	1.22	0.84	0.96	0.97	-	0.90	1.00	-	7.9	18.0
	Long 29-40YR	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Long 41YR+	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Syndication:	4.47	-	-	3.18	-	-	-	-	-	-	-	4.02	11.7	11.7
	Total linker	5.8	0.7	1.7	3.2	3.0	0.8	2.5	1.0	1.6	2.5	2.9	4.0	29.7	29.7
	Of which Green	-	2.17	-	1.04	-	2.18	1.05	-	2.24	-	1.27	-	9.9	9.9
	Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	21.9	21.0	19.4	20.5	11.6	18.3	18.5	24.1	14.1	27.6	23.0	19.2	239.1	239.1

2022/23 Issuance: Cash Proceeds

	2022/23	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Total
Conventional	Ultra-short	-	-	2.94	4.16	-	3.90	-	3.33	3.36	4.43	-	4.43	26.5	63.9
	Short	3.09	2.32	-	-	2.56	-	7.12	4.46	4.16	3.56	6.52	3.55	37.3	37.3
	Short Tender:	-	-	-	-	1.42	-	-	-	-	-	-	-	1.4	1.4
	Medium	2.87	2.01	2.78	3.10	2.58	2.86	5.95	4.70	3.07	3.56	5.26	6.66	45.4	45.4
	Long 15-28YR	2.14	-	-	1.99	-	1.54	-	1.29	1.99	-	1.38	-	10.3	23.8
	Long 29-40YR	-	1.81	-	1.75	1.35	-	2.47	-	1.71	-	1.12	3.25	13.5	13.5
	Synd (Long)	-	-	3.17	-	-	2.36	-	5.78	-	6.03	-	-	17.3	17.3
	Total conventional	8.1	6.1	8.9	11.0	7.9	10.7	15.5	19.6	14.3	17.6	14.3	17.9	151.8	151.8
Index-linked	Medium	-	-	1.31	-	-	1.38	-	-	0.94	1.47	-	-	5.1	
	Long 15-28YR	-	1.25	-	-	1.04	-	1.05	-	-	-	-	-	3.3	11.0
	Long 29-40YR	-	-	-	0.98	-	-	0.87	-	-	-	-	0.74	2.6	
	Long 41YR+	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Syndication:	4.51	-	-	-	-	-	-	2.17	-	-	-	-	6.7	6.7
	Total linker	4.51	1.2	1.3	1.0	1.0	1.4	1.9	2.2	0.9	1.5	-	0.7	17.7	17.7
	Of which Green	-	2.01	-	-	-	2.36	-	2.06	-	-	3.45	-	9.9	9.9
	Unallocated	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	12.6	7.4	10.2	12.0	9.0	12.0	17.5	21.7	15.2	19.1	14.3	18.6	169.5	169.5

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