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Asset Purchase Facility (APF): Gilt Purchases - Market Notice 18 June 2020

Bank of England/Central Bank of the United Kingdom

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Asset Purchase Facility: Gilt Purchases - Market Notice 18 June 2020

- i** On 17 June the MPC voted for the Bank of England to continue with the existing programme of £200bn of UK government bond and sterling non-financial investment-grade corporate bond purchases, and to increase the stock of purchases of UK government bonds, financed by central bank reserves, by an additional £100bn, to take the total stock of asset purchases to £745bn.

Published on 18 June 2020

The Committee expected the new asset purchase programme to be completed, and the total stock of purchases to reach £745bn, around the turn of the year.

With liquidity conditions having stabilised, purchases can now be conducted at a slower pace than was necessary during the earlier period of dysfunction. Should conditions worsen materially again, however, the Bank stands ready to increase the pace of purchases to ensure the effective transmission of monetary policy.

Asset Purchase Facility: Gilt Purchases

This market notice sets out details of the Bank's planned Asset Purchase Facility (APF) gilt purchases taking place from the week commencing 22 June 2020. It covers the completion of the purchases [announced in March](#); the reinvestment of the proceeds of a gilt maturity occurring on 22 July 2020; and the commencement of the additional purchases [announced at the MPC's June meeting](#).

For the avoidance of doubt this Market Notice does not affect the gilt purchase operations already scheduled for Thursday 18 June 2020.

From the week commencing 22 June 2020 APF gilt purchase operations will take place on Tuesdays and Thursdays. The Bank will undertake three auctions per day, purchasing gilts with a residual maturity of 3-7 years at 12.15; 7-20 years at 13.15; and over 20 years at 14.15 (all times are London time). The Bank intends to purchase evenly across the three gilt maturity sectors.

For operations scheduled between 23 June 2020 and 6 August 2020 the size of each auction will be £1,151mn. This auction size includes the reinvestment of the £6.4bn cash flows associated with the maturity on 22 July 2020 of a gilt owned by the APF.

In line with normal practice the size of auctions will be kept under review in light of market conditions. A further Market Notice will be published following the MPC's August meetings explaining the approach to completing the new asset purchase programme around the turn of the year, and the structure of reinvestment operations for the subsequent months.

The Bank will confirm details of the following week's operations on Fridays at 12.00 (London time).

The Bank does not currently intend to purchase gilts where the Bank holds more than 70% of the "free float", ie the total amount in issue minus government holdings. The Bank will, however, continue to keep the gilts eligible for purchase by the APF under review.

Other than as amended by this Market Notice, [previous Market Notices](#) relating to the Bank's gilt purchases under the APF will apply.



BANK OF ENGLAND