



Gilt Crisis – Implications for Liquidity Risk Management

May 2023



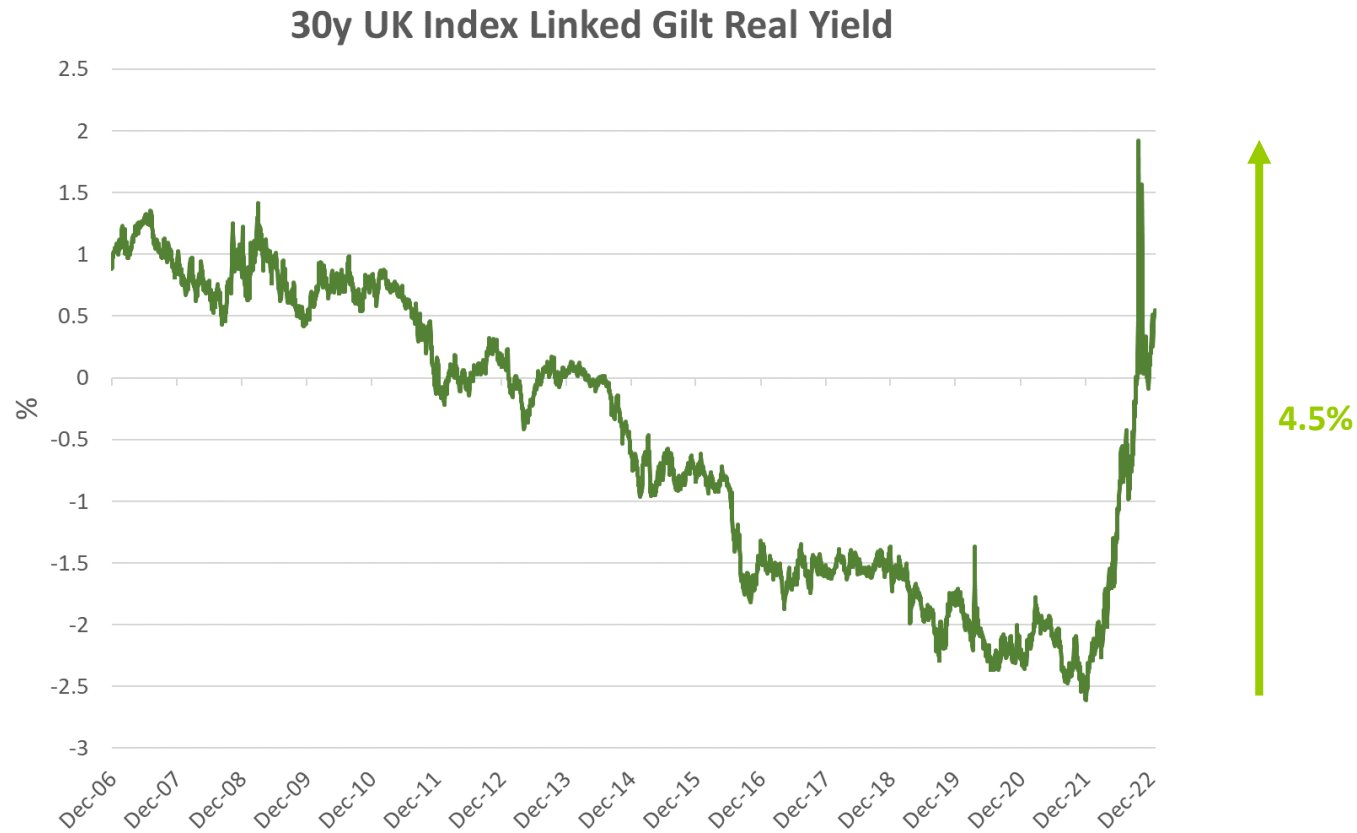
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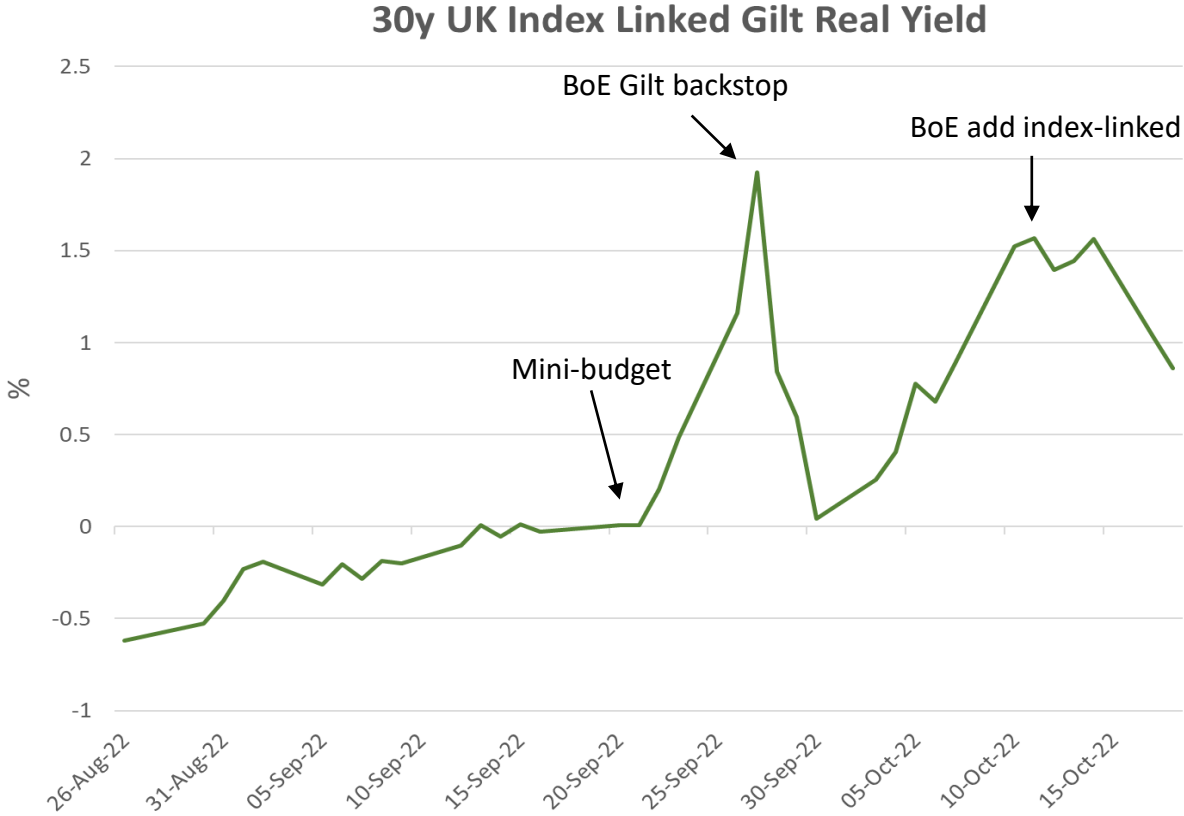


Fifteen years of falling real yields reversed in three quarters



Source: Bloomberg.

Bank of England actions

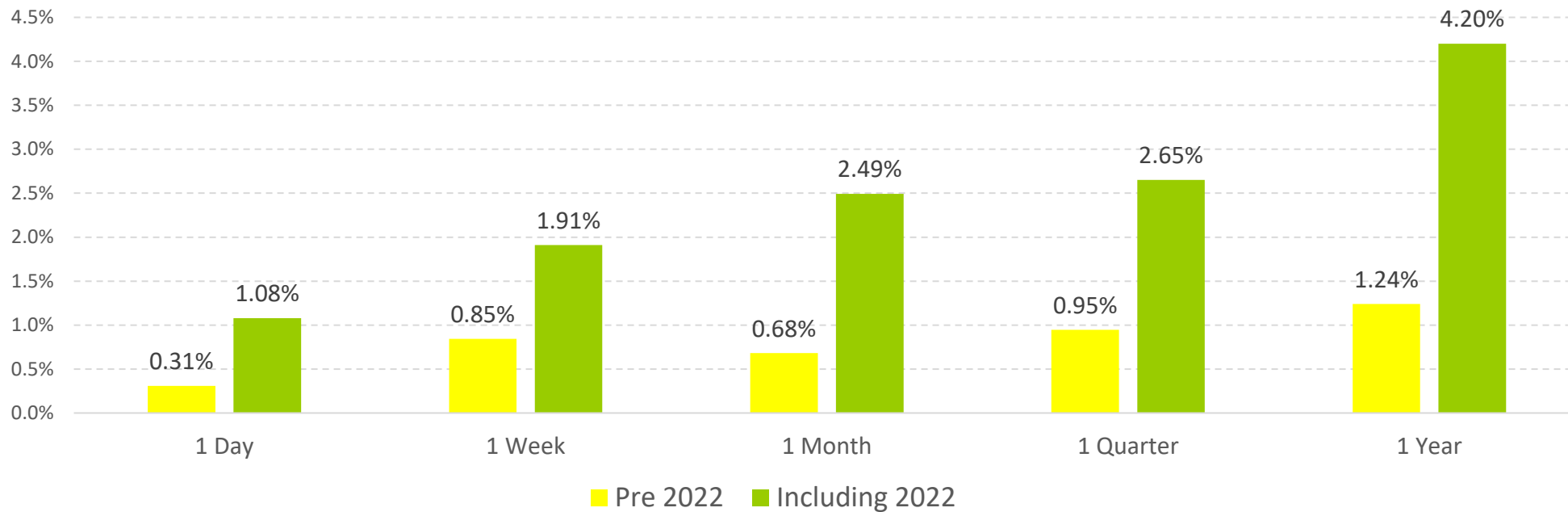


Source: Bloomberg.



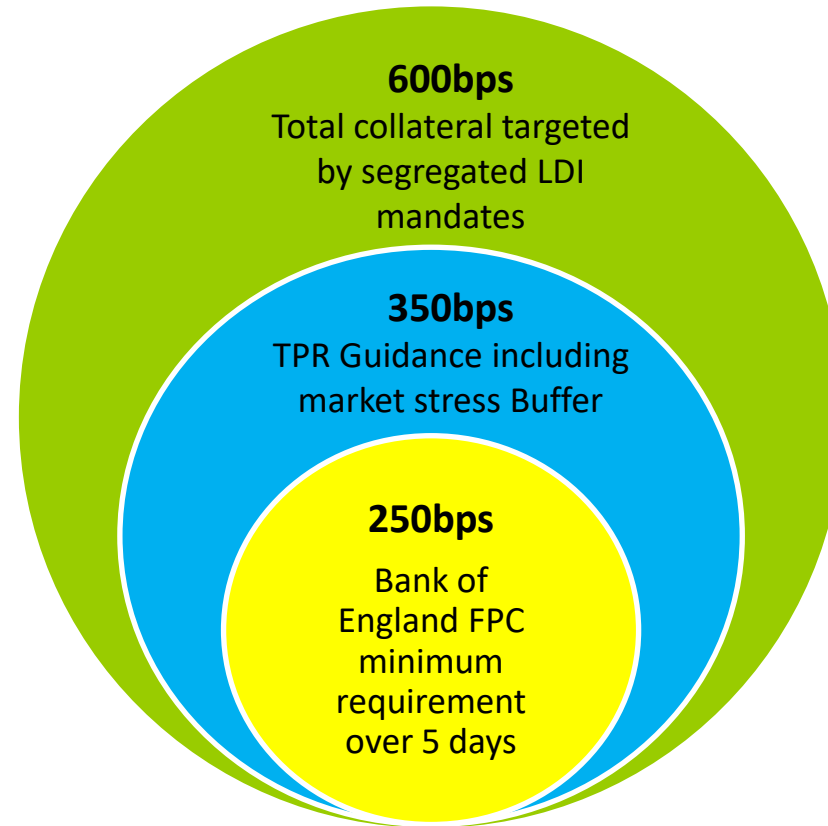
Update LDI collateral requirements – Market context

Maximum absolute Change in 30Y Gilt Real Yield



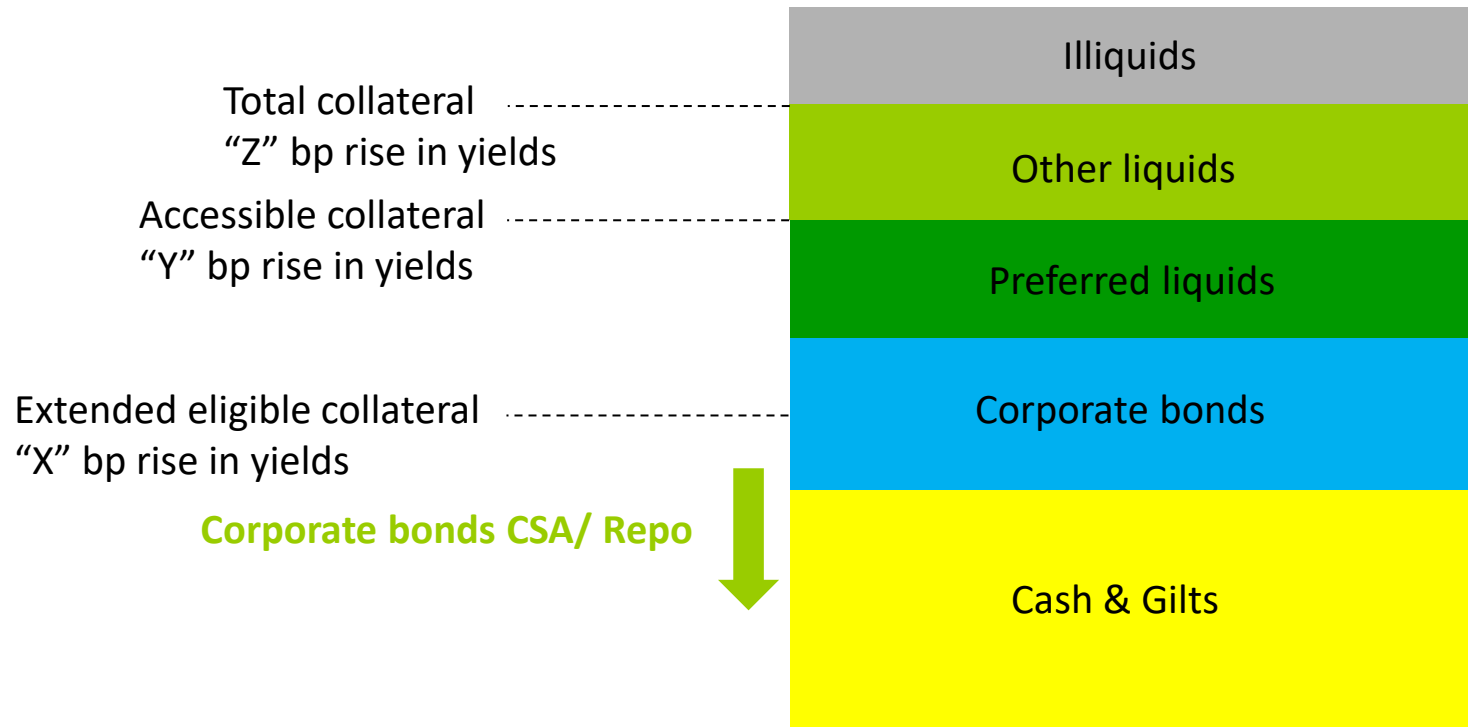
Source: Bloomberg. Data covers period from 1996 to 2022.

Update LDI collateral requirements – Regulatory context



Sources: The Pensions Regulator and market intelligence.

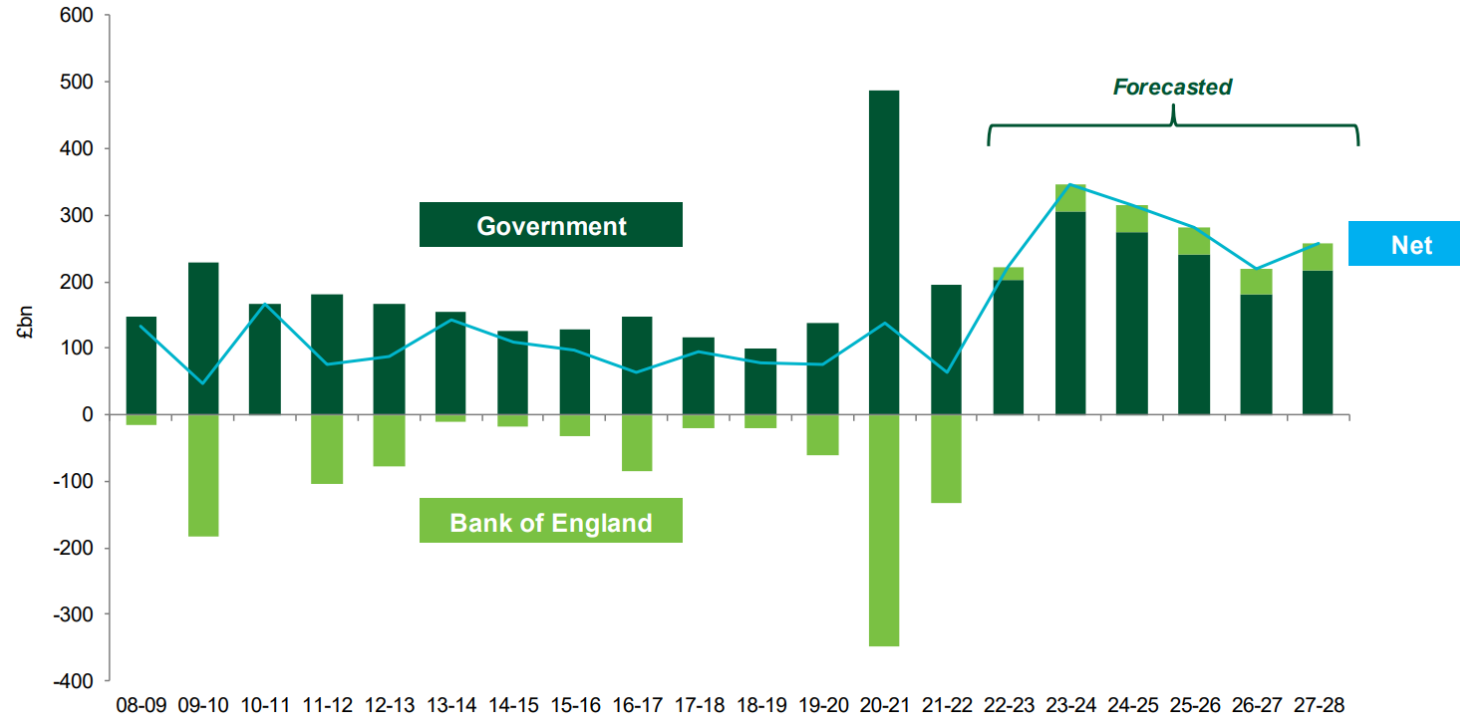
Review of total portfolio resilience



For illustrative purposes only.



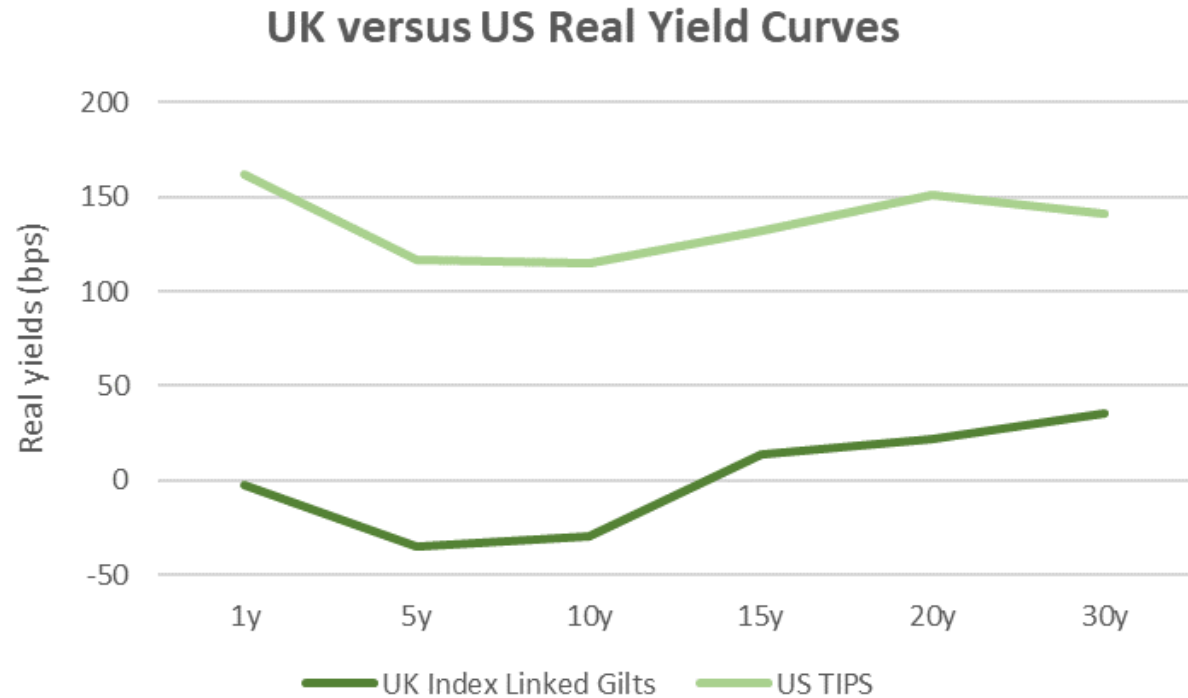
Gilt market still under-pressure given expected levels of supply



Sources: UK Debt Management Office, Bank of England and Insight investment.



Where UK real yields could go to and could this happens again?



Source: Bloomberg, as of 31 March 2023.

Q&A?



THANK YOU