

19 March 2015

Supplementary forecast information release

Correction to Table 4.39: Treaty debt ratio

Since publishing our *Economic and fiscal outlook* we have identified issues with the conversion of our public sector net debt (PSND) forecast into a forecast for general government gross debt (GGGD, known as the 'Treaty debt' measure). Table 1 sets out a corrected GGGD forecast. There are three factors that have contributed to this correction:

- we assume that the Debt Management Office will issue gilts at a premium to their nominal value, which reduces the level of PSND. That effect had not been factored into our GGGD forecast. Its inclusion lowers our forecast of GGGD in each year;
- the treatment of liabilities related to UK Asset Resolution was inconsistent between PSND and GGGD; and
- the profile of foreign exchange reserves accumulation in 2014-15 and 2015-16 was incorrect.

Correcting these elements of the conversion from PSND to GGGD reduces the level of GGGD in all years of the forecast and has a more significant effect on the profile between 2014-15 and 2015-16, which now shows GGGD rising by 0.4 per cent of GDP.

Table 1: Treaty debt ratio

	Per cent of GDP							
	Outturn	Forecast						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
Treaty debt ratio	87.9	88.4	88.8	88.7	87.1	84.4	81.4	