

# Funding the Future

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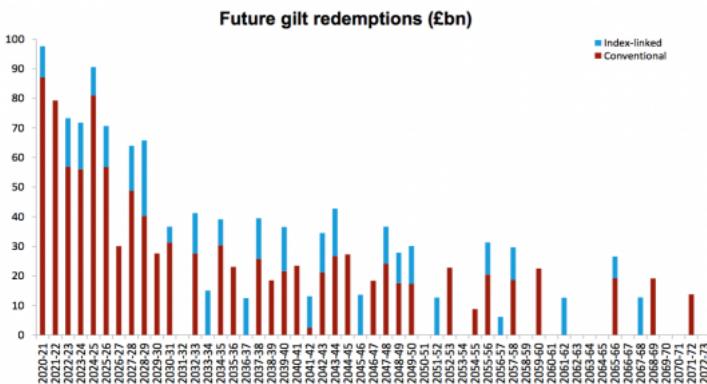
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As [Yahoo News](#) (amongst others) noted yesterday:

*The UK government is on course to sell more than half a trillion pounds of debt this year, more than double the previous record at the height of the financial crisis, as the response to the coronavirus emergency drives borrowing to unprecedented levels.*

*The Debt Management Office said on Thursday it planned to raise £385bn from bond sales in the first eight months of the current fiscal year. The update to the government's borrowing plans, covering the period from April to November, follows the latest package of measures to support the economy through the crisis announced by [Rishi Sunak](#), the chancellor, last week.*

But before we get too excited about this, as the [Debt Management Office](#) shows, about £100 billion of this is simple replacement for maturing bonds:



And £300 billion is covered by quantitative easing, so far announced for this year.

Whilst the [savings rate has shot up](#) because of the coronavirus crisis.

In other words, the government needs to issue this many bonds to soak up demand.

So might I suggest that the hysteria about this record sum is a little misplaced?