

Weekly Report on the Hungarian Government Securities Market

08 / 02 / 2016 - 14 / 02 / 2016

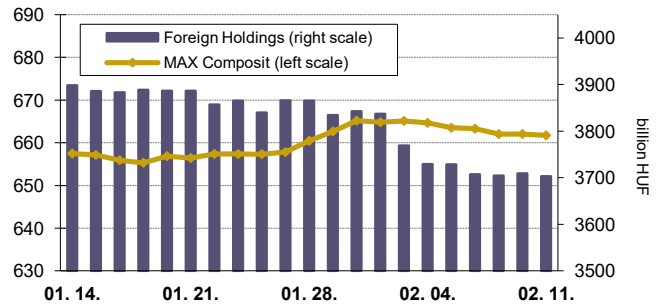
Summary of Week 6

- On Week 6 the net issuance of HUF Government Securities amounted to HUF -96,8 billion. A net amount of HUF 507,2 billion of HUF Government Securities has been issued in 2016.
- At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 2,06 and the average auction yield diminished by 1 bp to 1,08%. At the auction of 12-month T-bills the bid-to-cover ratio reached a level of 1,14 and the average auction yield grew by 20 bps to 1,20%. Via the auction of the 3-year floating rate bond securities worth of HUF 4 billion were issued. The coverage ratio reached 0,59, the average price was 99,0. Via this week's switch auction GDMA issued Hungarian Government Bonds series 2024/B in exchange of Hungarian Government Bonds 2017/A worth HUF 15,5 billion and series 2025/B in exchange of Hungarian Government Bonds 2018/B worth HUF 20 billion.
- The reference yield of the 3-month and 6-month maturity increased by 1-3 bps, the yield of the 12-month, 3-year, 5-year, 15-year and 10-year maturity grew by 9-13 bps.
- The MAX Composite government securities index decreased by 2,9 points to 661,8 while the amount of HUF Government Securities held by foreign investors diminished by HUF 26,1 billion to HUF 3702,7 billion over the week.

Next Week Summary

- On Week 7 the net issuance of HUF Government Securities is expected to amount to HUF -98,36 billion.
- The auctions of 3-month T-bills along with 3-year 5-year and the 10 and/or the 15-year Government Bonds are taking place over the week. The amounts offered for sale are HUF 40 billion concerning the 3-month T-bills.
- GDMA is holding repurchase auctions of government securities series 2016/D, 2017/B over the week.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

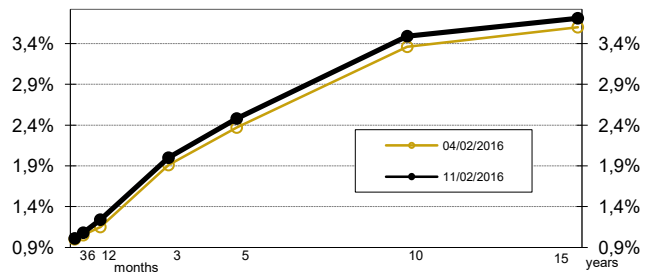
2016	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	5	6	7	5	6	7	5	6	7	5	6	7	5
Discount T-bills	74,55	39,89	76,51	19,97	11,99	177,63	0,00	0,00	0,00	54,58	27,90	-101,12	327,40	355,29
Government Bonds	27,05	53,00	39,50	0,00	277,66	0,00	19,37	0,00	36,74	7,68	-224,66	2,76	149,68	-74,99
Interest-bearing T-bill	47,64	123,46	12,20	18,94	23,47	12,20	0,00	0,00	0,00	28,70	99,99	0,00	126,94	226,93
Semi-annual T-bill	14,42	15,11	1,09	1,74	1,69	1,09	0,00	0,00	0,00	12,68	13,43	0,00	58,48	71,91
TOTAL	149,24	216,35	128,20	38,91	313,12	189,83	19,37	0,00	36,74	90,96	-96,78	-98,36	604,01	507,2

Market Yields of HUF Government Securities

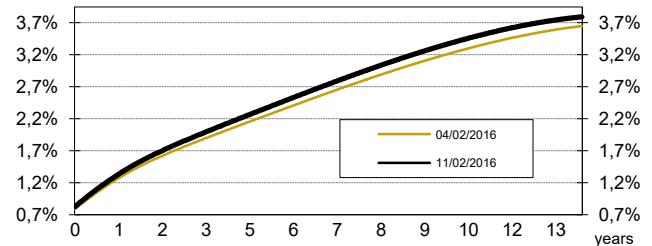
11/02/2016	PRICE QUOTATION of PRIMARY DEALERS		OTC-AVERAGE*	BENCH-MARK YIELDS
	BID	ASK		
3 months	1,11	0,91	1,00	1,01
6 months	1,15	1,00	1,00	1,08
12 months	1,30	1,16	1,16	1,24
3 years	2,08	1,92	1,69	2,00
5 years	2,56	2,41	2,46	2,48
10 years	3,58	3,43	3,47	3,49
15 years	3,80	3,63	3,63	3,71

*OTC average are value day data

Benchmark Yield Curve



Zero Coupon Yield Curve



Secondary Market Turnover (billion HUF)

05/02/2016 - 11/02/2016	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
05/02/2016	0,00	18,0	0,72	273,0	0,72	290,9
08/02/2016	0,00	15,0	0,00	384,6	0,00	399,6
09/02/2016	0,00	18,6	0,00	515,7	0,00	534,3
10/02/2016	0,00	63,6	0,77	469,3	0,77	532,9
11/02/2016	0,49	19,4	4,48	506,4	4,98	525,8
TOTAL	0,49	134,7	5,97	2 148,9	6,46	2 283,6

*OTC turnover are value day data

Latest Auctions of Hungarian Government Securities (billion HUF)

Fix rate Government Securities	AUCTION DATE	MAX. YIELD (%)	AVERAGE YIELD (%)	CHANGE TO PREVIOUS AUCTION (bp)	AMOUNT OFFERED	BIDS	AMOUNT ACCEPTED	BID-TO-COVER	NON COMP. ISSUANC	TOTAL MARKET ISSUANC
Liquidity T-bill	11/01/2016	1,20	1,18	-9	40	155,8	55,0	3,89	0,0	55,0
3-month T-bill	09/02/2016	1,10	1,08	-1	40	82,5	40,0	2,06	0,0	40,0
12-month T-bill	11/02/2016	1,24	1,20	20	40	45,7	37,0	1,14	0,0	37,0
3-year Gov. Bond	04/02/2016	1,90	1,87	-43	20	37,8	22,0	1,89	0,0	22,0
5-year Gov. Bond	04/02/2016	2,37	2,33	-41	20	20,8	16,0	1,04	0,0	16,0
10-year Gov. Bond	04/02/2016	3,35	3,33	-27	10	25,0	15,0	2,50	0,0	15,0
15-year Gov. Bond	12/11/2015	3,94	3,92	-9	10	13,2	5,0	1,32	0,0	5,0
Floating rate Government Bonds	AUCTION DATE	MIN. PRICE (%)	AVERAGE PRICE (%)	CHANGE TO PREVIOUS AUCTION (%)	AMOUNT OFFERED	BIDS	AMOUNT ACCEPTED	BID-TO-COVER	NON COMP. ISSUANC	TOTAL MARKET ISSUANC
3-year Floating Bond	11/02/2016	98,86	99,00	-0,55	8	4,8	4,0	0,59	0,0	4,0
5-year Floating Bond	28/01/2016	98,25	98,44	-0,55	8	11,7	8,0	1,46	0,1	8,0

If you have any suggestions about the report please do not hesitate to contact Mr. Ágoston Reguly via email reguly.agoston@akk.hu or phone +36-1-488-9446.