

Weekly report on the HUF government securities market

43rd week : 21st - 27th October 2005

On the 43rd week the total net issuance of HUF government securities amounted to HUF -18.7 billion. A total net amount of HUF 403.6 billion of HUF government securities has been issued in 2005.

44th week : 28th October - 3rd November 2005

On the 44th week the total net issuance of HUF government securities is expected to amount to HUF 40.6 billion. The auctions of 3-, 6- and 12-month T-bills are taking place over the week. The amounts offered for sale are HUF 30, 30 and 35 billion respectively concerning the T-bills.

Issuance in the HUF government securities market

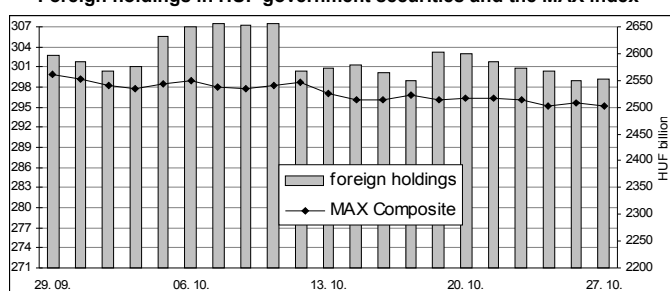
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	42/2005	43/2005	44/2005	42/2005	43/2005	44/2005	42/2005	43/2005	44/2005
<i>discount T-bills</i>	59.3	126.4	29.5	54.3	150.2	29.5	4.9	-23.8	0.0
<i>government bonds</i>	65.0	0.0	60.0	0.0	0.0	11.0	65.0	0.0	49.0
<i>interest-bearing T-bills</i>	2.0	5.8	2.6	10.0	0.0	10.2	-8.0	5.8	-7.6
<i>Treasury saving bills</i>	4.6	3.8	4.5	5.5	4.6	5.3	-1.0	-0.7	-0.8
TOTAL	130.8	136.0	96.7	69.8	154.7	56.0	61.0	-18.7	40.6

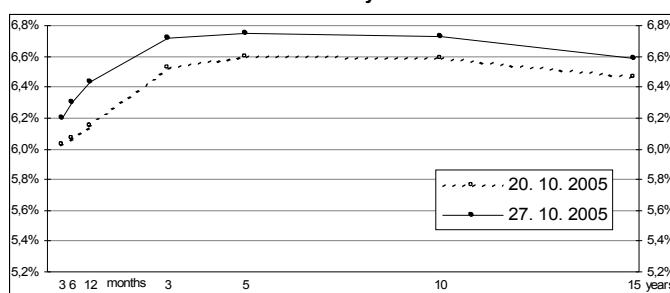
43rd week : 21st - 27th October 2005

On the 43rd week the reference yield curve shifted upwards. Yields of the 3-month, 6-month and 12-month maturities increased by 17-28 bps, yields of the longer maturities grew by 13-20 bps. The MAX Composite government securities index decreased by 1.2 points, the amount of HUF government securities held by foreign investors decreased by HUF 46.3 billion to HUF 2553.8 billion over the week. At the auction of liquidity T-bills the bid-to-cover ratio reached a level of 2.8, the average auction yield increased by 3 bps to 6.01%. At the auction of 3 month T-bills the bid-to-cover ratio reached a level of 2.9, the average auction yield increased by 18 bps to 6.09%. At the auction of 5 year government bonds the bid-to-cover ratio reached a level of 2.7, the average auction yield increased by 64 bps to 6.83%. At the auction of 10 year government bonds the bid-to-cover ratio reached a level of 2.2, the average auction yield increased by 58 bps to 6.78%. The two reverse auctions of government bond series 2006/F and 2006/E were held this week resulting in the buyback of HUF billion 9.1 and HUF billion 1.9.

Foreign holdings in HUF government securities and the MAX index



HUF benchmark yield curve



Turnover of HUF government securities (HUF billion)

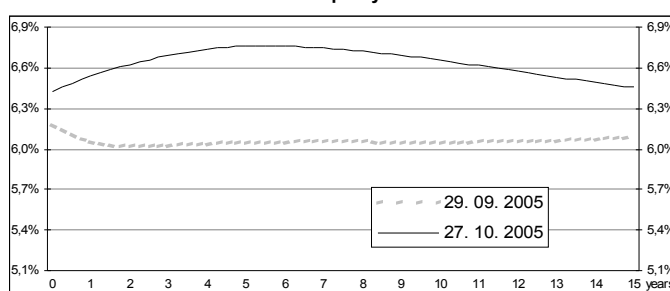
43/2005	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	0.2	75.6	75.8
<i>government bonds</i>	0.0	738.2	738.2
TOTAL	0.2	813.8	814.0

* Budapest Stock Exchange

HUF government securities market yields

27. 10. 2005	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	6.40%	6.00%	6.10%	6.20%
6 months	6.50%	6.00%	6.01%	6.30%
12 months	6.50%	6.20%	6.19%	6.43%
3 years	7.00%	6.50%	6.60%	6.72%
5 years	7.00%	6.60%	6.94%	6.75%
10 years	7.00%	6.50%	6.68%	6.73%
15 years	6.80%	6.40%	6.46%	6.59%

HUF zero-coupon yield curve



Data on the latest HUF government securities auctions

(HUF billion)

	DATE OF AUCTION	AVERAGE AUCTION YIELD	CHANGE AS COMPARED TO PREVIOUS AUCTION	AMOUNT OFFERED FOR SALE	AMOUNT OF BIDS SUBMITTED	AMOUNT OF BIDS ACCEPTED	RETAINED ON GDMA ACCOUNT	TOTAL AMOUNT ISSUED
<i>liquidity T-bill</i>	24. 10. 2005	6.01%	+3 bps	30.0	85.3	30.0	0.0	30.0
<i>3-month T-bill</i>	25. 10. 2005	6.09%	+18 bps	30.0	85.6	30.0	3.0	33.0
<i>6-month T-bill</i>	19. 10. 2005	6.00%	+6 bps	30.0	56.9	30.0	3.0	33.0
<i>12-month T-bill</i>	20. 10. 2005	6.17%	+17 bps	35.0	82.0	35.0	10.5	45.5
<i>3-year bond</i>	13. 10. 2005	6.38%	+80 bps	50.0	125.1	50.0	0.0	50.0
<i>5-year bond</i>	27. 10. 2005	6.83%	+64 bps	35.0	94.1	35.0	0.0	35.0
<i>10-year bond</i>	27. 10. 2005	6.78%	+58 bps	25.0	54.7	25.0	5.0	30.0
<i>15-year bond</i>	13. 10. 2005	6.36%	+54 bps	15.0	30.9	15.0	0.0	15.0