

Weekly Report on the Hungarian Government Securities Market

01 / 09 / 2014 - 07 / 09 / 2014

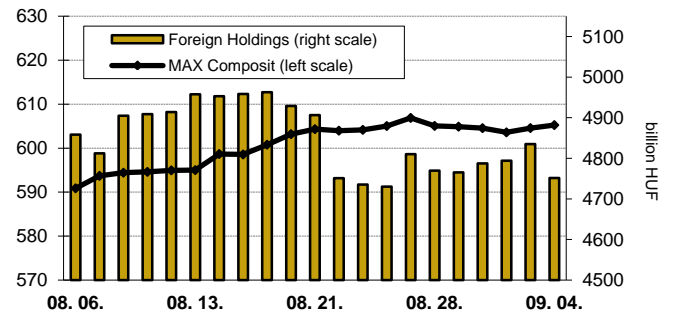
Summary of Week 36

- On Week 36 the net issuance of HUF Government Securities amounted to HUF 38,2 billion. A net amount of HUF 1057,5 billion of HUF Government Securities has been issued in 2014.
- At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 2,09 and the average auction yield diminished by 5 bps to 1,40%. At the auction of 3-year bonds the bid-to-cover ratio reached a level of 1,89 and the average auction yield grew by 9 bps to 3,24%. At the auction of 5-year bonds the bid-to-cover ratio reached a level of 1,44 and the average auction yield grew by 12 bps to 3,56%. At the auction of 10-year bonds the bid-to-cover ratio reached a level of 2,66 and the average auction yield grew by 1 bp to 4,42%. GDMA held repurchase auctions of securities series 2015/A, 2015/C resulting in the buyback of HUF 1,59 and 8,73 billion.
- The reference yield of the 3-month maturity decreased by 12 bps, the yield of the 6-month maturity decreased by 7, the yield of the 12-month, 10-year and 15-year maturity diminished by 2-4 bps, the yield of the 3-year and 5-year maturity grew by 2-3 bps.
- The MAX Composite government securities index increased by 0,2 points to 605,2 while the amount of HUF Government Securities held by foreign investors diminished by HUF 18,3 billion to HUF 4751,4 billion over the week.

Next Week Summary

- On Week 37 the net issuance of HUF Government Securities is expected to amount to HUF 22,52 billion.
- The auctions of 3-month T-bills and 12-month T-bills along with series 2019/B or 2017/C floating rate Government Bonds are taking place over the week. The amounts offered for sale are HUF 50 billion concerning the 3-month T-bills.
- During next week's switch auction the GDMA will issue Hungarian Government Bonds series 2019/B in exchange of Hungarian Government Bonds 2015/B worth HUF 30 billion and series 2022/A in exchange of Hungarian Government Bonds 2016/D worth HUF 50 billion.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

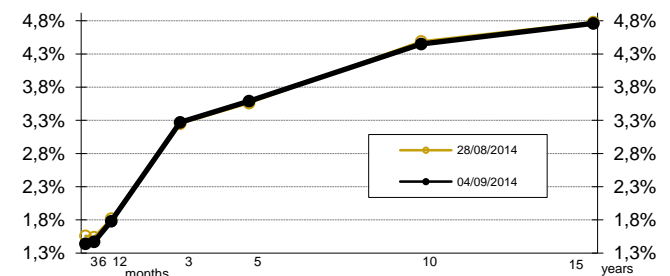
2014	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	35	36	37	35	36	37	35	36	37	35	36	37	35
Discount T-bills	39,85	89,19	39,86	89,46	69,58	73,64	0,00	0,00	0,00	-49,60	19,61	-33,78	138,79	158,40
Government Bonds	55,96	102,56	66,63	0,00	0,00	0,00	0,00	70,28	10,33	55,96	32,27	56,30	749,51	781,78
Interest-bearing T-bill	16,06	20,01	26,52	19,85	33,66	26,52	0,00	0,00	0,00	-3,79	-13,64	0,00	130,96	117,31
Semi-annual T-bill	1,07	1,34	1,80	0,84	0,96	1,80	0,00	0,00	0,00	0,23	0,38	0,00	6,16	6,54
TOTAL	111,88	211,76	133,01	109,30	103,24	100,17	0,00	70,28	10,33	2,58	38,24	22,52	1019,25	1057,50

Market Yields of HUF Government Securities

04/09/2014	PRICE QUOTATION OF PRIMARY DEALERS		OTC-AVERAGE*	BENCHMARK YIELDS
	BID	ASK		
3 months	1,50	1,30	1,45	1,40
6 months	1,50	1,35	1,52	1,43
12 months	1,83	1,65	1,69	1,74
3 years	3,30	3,16	3,21	3,23
5 years	3,60	3,48	3,66	3,55
10 years	4,40	4,38	4,41	4,41
15 years	4,75	4,66	4,83	4,72

*OTC average are value day data

Benchmark Yield Curve

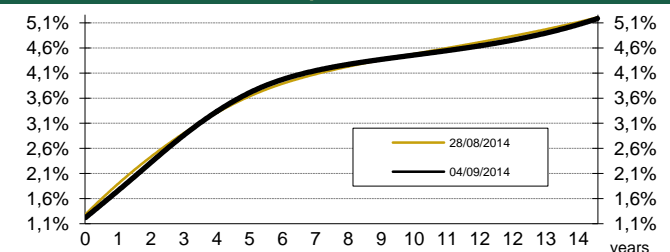


Secondary Market Turnover (billion HUF)

29/08/2014 - 04/09/2014	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
29/08/2014	0,00	34,3	0,72	364,0	0,72	398,3
01/09/2014	0,00	72,9	0,00	182,8	0,00	255,7
02/09/2014	0,99	25,0	1,36	226,8	2,36	251,8
03/09/2014	0,00	95,8	0,00	462,5	0,00	558,3
04/09/2014	0,00	34,4	0,54	516,0	0,54	550,3
TOTAL	0,99	262,4	2,62	1 752,2	3,62	2 014,5

*OTC turnover are value day data

Zero Coupon Yield Curve



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	17/03/2014	2,89	2,88	-4	50	118,0	60,0	2,36	0,0	60,0
3-month T-bill	02/09/2014	1,42	1,40	-5	40	83,5	40,0	2,09	0,0	40,0
12-month T-bill	28/08/2014	1,80	1,77	-9	40	65,4	40,0	1,64	0,0	40,0
3-year Gov. Bond	04/09/2014	3,26	3,24	9	20	37,8	20,0	1,89	1,0	21,0
5-year Gov. Bond	04/09/2014	3,59	3,56	12	20	28,9	20,0	1,44	2,2	22,2
10-year Gov. Bond	04/09/2014	4,45	4,42	1	15	39,9	22,5	2,66	0,9	23,4
15-year Gov. Bond	12/06/2014	4,95	4,93	-128	15	43,8	22,5	2,92	8,1	30,6
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	28/08/2014	98,90	98,92	-0,01	20	71,6	30,0	3,58	9,6	39,6
5-year Floating Bond	31/07/2014	96,91	97,04	0,00	10	8,9	5,0	0,89	0,0	5,0

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