

Weekly Report on the Hungarian Government Securities Market

04. 07. 2011 - 10. 07. 2011

Week 28

On Week 28 the net issuance of HUF Government Securities amounted to HUF 14,7 billion. A net amount of HUF 667,6 billion of HUF Government Securities has been issued in 2011.

Next Week Summary

On Week 29 the net issuance of HUF Government Securities is expected to amount to HUF 54,70 billion. The auctions of 3-month T-bills along with 3-year 5-year and 10-year Government Bonds are taking place over the week. The amounts offered for sale are HUF 50 billion concerning the 3-month T-bills and HUF 20 billion 15 billion and 10 billion respectively concerning the Government Bonds.

Issuance of Government Securities (billion HUF)

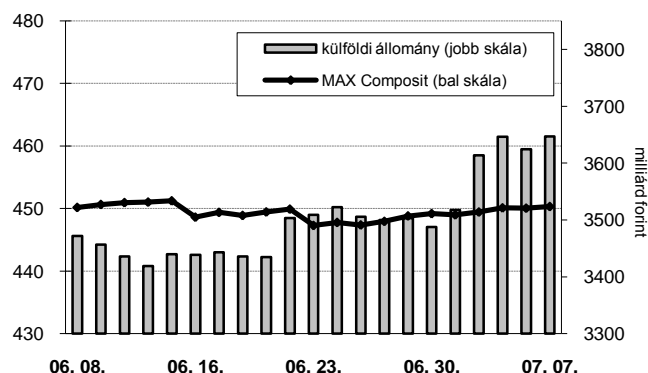
2011	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	27	28	29	27	28	29	27	28	29	27	28	29	27
Discount T-bills	96,47	49,27	96,57	49,26	49,26	49,26	0,00	0,00	0,00	47,21	0,01	47,31	422,08	422,10
Government Bonds	0,00	48,70	8,06	0,84	0,00	0,00	0,00	32,52	0,00	-0,84	16,19	8,06	230,78	246,96
Interest-bearing T-bill	1,38	1,05	0,61	1,02	2,44	1,24	0,00	0,00	0,00	0,36	-1,39	-0,63	2,33	0,94
Treasury Saving Bill*	2,66	2,23	1,04	2,78	2,34	1,09	0,00	0,00	0,00	-0,12	-0,11	-0,05	-2,33	-2,41
TOTAL	100,51	101,26	106,28	53,90	54,05	51,58	0,00	32,52	0,00	46,61	14,69	54,70	652,86	667,59

*concerning the Treasury Saving Bill, data are approximations for the current week as well

Summary of Week 28

The reference yield of the 6-month maturity decreased by 6 bps, the yield of the 3-month, 5-year, 10-year, 3-year and 15-year maturity diminished by 1-4 bps, the yield of the 12-month maturity grew by 2 bps. The MAX Composite government securities index increased by 1,1 points to 450,3 while the amount of HUF Government Securities held by foreign investors grew by HUF 159,1 billion to HUF 3646,7 billion over the week. At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 2,77 and the average auction yield diminished by 2 bps to 5,81%. At the auction of 12-month T-bills the bid-to-cover ratio reached a level of 2,15 and the average auction yield did not change compared to the previous auction. Via the auction of the 5-year floating rate bond securities worth of HUF 7,5 billion were issued and an additional HUF 0,56 billion were accepted of the non-competitive offers. The coverage ratio reached 3,0, the average price was 96,81.

MAX-index and Foreign Holdings in HUF Government Securities



Market Yields of HUF Government Securities

2011.07.07	PRICE QUOTATION of PRIMARY DEALERS		OTC-AVERAGE*	BENCH-MARK YIELDS
	BID	ASK		
3 months	5,95	5,67	5,84	5,81
6 months	5,90	5,65	5,88	5,77
12 months	5,90	5,80	5,83	5,84
3 years	6,75	6,55	6,68	6,65
5 years	7,10	7,00	6,94	7,05
10 years	7,40	7,20	7,21	7,28
15 years	7,35	7,20	7,09	7,29

*OTC average are value day data

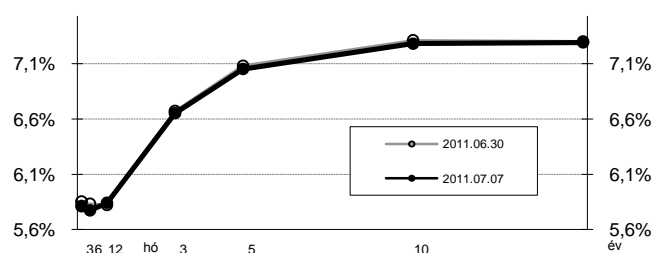
Secondary Market Turnover (billion HUF)

2011. 07. 01 - 2011. 07. 07.	T-bills		Gov. Bonds		Gov. Securities	
	BSE*	OTC**	BSE	OTC	BSE	OTC
2011.07.01	0,00	76,4	0,00	195,1	0,00	271,5
2011.07.04	0,00	114,9	0,10	184,6	0,10	299,5
2011.07.05	0,00	115,0	0,00	233,8	0,00	348,8
2011.07.06	0,00	126,5	0,00	454,3	0,00	580,8
2011.07.07	0,00	113,8	0,20	275,4	0,20	389,2
TOTAL	0,00	546,5	0,30	1 343,2	0,30	1 889,7

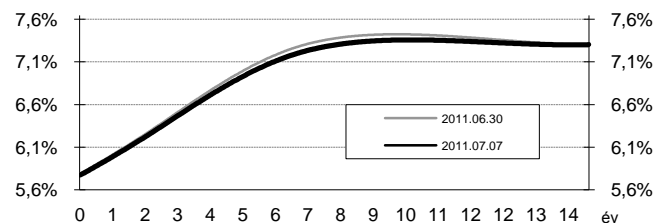
*Budapest Stock Exchange

**OTC turnover are value day data

Benchmark Yield Curve



Zero Coupon Yield Curve



Latest Auctions of Hungarian Government Securities (billion HUF)

2011.07.08	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	2011.06.06	6,00	5,95	1	50	91,8	50,0	1,84	0,0	50,0
3-month T-bill	2011.07.05	5,82	5,81	-2	50	138,5	50,0	2,77	0,0	50,0
12-month T-bill	2011.07.07	5,89	5,88	0	50	107,7	50,0	2,15	0,0	50,0
3-year Gov. Bond	2011.06.30	6,71	6,70	12	20	53,3	20,0	2,67	3,7	23,7
5-year Gov. Bond	2011.06.30	7,13	7,11	16	15	38,4	15,0	2,56	2,0	17,0
10-year Gov. Bond	2011.06.16	7,24	7,21	2	10	20,1	10,0	2,01	0,0	10,0
15-year Gov. Bond	2011.06.30	7,32	7,31	27	10	12,4	8,0	1,24	0,0	8,0

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