

Weekly Report on the Hungarian Government Securities Market

15. 12. 2008 - 21. 12. 2008

Week 51

On Week 51 the net issuance of HUF Government Securities amounted to HUF -105,79 billion. A net amount of HUF -31,66 billion of HUF Government Securities has been issued in 2008.

Next Week Summary

On Week 52 the net issuance of HUF Government Securities is expected to amount to HUF 3,96 billion. The auctions of 3-month T-bills and 12-month T-bills are taking place over the week. The amounts offered for sale are HUF 40 billion concerning the 3-month T-bills, HUF 40 billion concerning the 12-month T-bills.

Issuance of Government Securities (billion HUF)

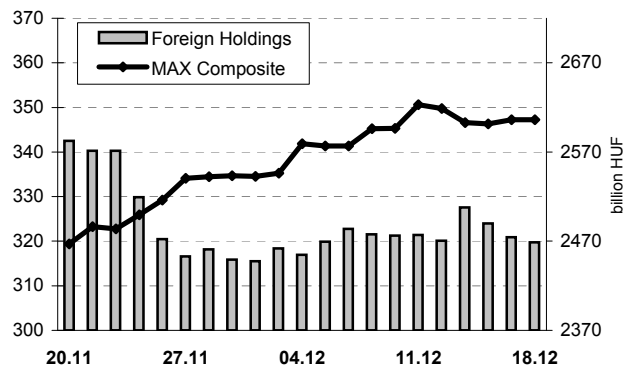
| 2008 | GROSS ISSUANCE | | | REDEMPTION | | | REPURCHASE | | | NET ISSUANCE | | | CUMULATED NET ISSUANCE IN 2008 | |
|---------------------------------|----------------|-------|-------|------------|--------|-------|------------|-------|------|--------------|---------|-------|--------------------------------|---------|
| | week: | 50 | 51 | 52 | 50 | 51 | 52 | 50 | 51 | 52 | 50 | 51 | 52 | 50 |
| Discount T-bills | 34,10 | 76,06 | 39,11 | 48,93 | 165,28 | 39,14 | 0,00 | 0,00 | 0,00 | -14,84 | -89,22 | -0,03 | -125,53 | -214,75 |
| Government Bonds | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 15,38 | 0,00 | 0,00 | -15,38 | 0,00 | 203,08 | 187,70 |
| Interest-bearing T-bill* | 5,13 | 3,08 | 4,27 | 0,96 | 4,63 | 0,85 | 0,00 | 0,00 | 0,00 | 4,17 | -1,55 | 3,42 | 15,20 | 13,65 |
| Treasury Saving Bill | 11,06 | 11,12 | 11,85 | 9,96 | 10,78 | 11,29 | 0,00 | 0,00 | 0,00 | 1,10 | 0,35 | 0,56 | -18,61 | -18,26 |
| TOTAL | 50,30 | 90,27 | 55,24 | 59,86 | 180,69 | 51,28 | 0,00 | 15,38 | 0,00 | -9,56 | -105,79 | 3,96 | 74,14 | -31,66 |

*concerning the Interest-bearing T-bill, data are approximations for the current week as well

Summary of Week 51

The reference yield of the 3-month, 6-month and 12-month maturity diminished by 3 bps, the yield of the 10-year and 15-year maturity increased by 28-29 bps, the yield of the 3-year and 5-year maturity grew by 41-44 bps. The MAX Composite government securities index decreased by 3,3 points to 347,3 while the amount of HUF Government Securities held by foreign investors diminished by HUF 8,5 billion to HUF 2468,6 billion over the week. At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 1,84 and the average auction yield diminished by 57 bps to 8,87%. GDMA held repurchase auctions of securities series 2009/D, 2009/F, 2010/C resulting in the buyback of HUF 0,00; 3,90; 12,33 billion.

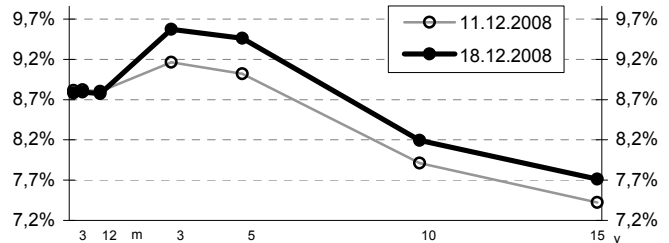
MAX-index and Foreign Holdings in HUF Government Securities



Market Yields of HUF Government Securities

| 18. 12. 2008 | PRICE QUOTATION of PRIMARY DEALERS | | OTC-AVERAGE | BENCH-MARK YIELDS |
|------------------|------------------------------------|------|-------------|-------------------|
| | BID | ASK | | |
| 3 months | 9,00 | 8,60 | 8,98 | 8,77 |
| 6 months | 9,00 | 8,60 | 9,20 | 8,78 |
| 12 months | 9,00 | 8,60 | 8,76 | 8,76 |
| 3 years | 9,60 | 9,50 | 9,70 | 9,56 |
| 5 years | 9,50 | 9,40 | 9,45 | 9,45 |
| 10 years | 8,30 | 8,10 | 8,30 | 8,18 |
| 15 years | 7,80 | 7,60 | 7,89 | 7,70 |

Benchmark Yield Curve



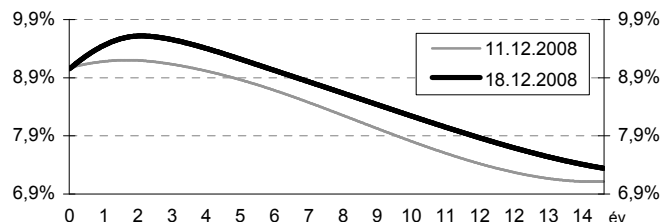
Secondary Market Turnover (billion HUF)

| 12. 12. 2008 - 18. 12. 2008 | T-bills | | Gov. Bonds | | Gov. Securities | |
|-----------------------------|---------|-------|------------|---------|-----------------|---------|
| | BSE* | OTC** | BSE | OTC | BSE | OTC |
| 2008.12.12 | 0,00 | 5,6 | 0,60 | 128,7 | 0,60 | 134,3 |
| 2008.12.15 | 0,00 | 6,1 | 0,00 | 164,8 | 0,00 | 170,9 |
| 2008.12.16 | 0,00 | 4,3 | 0,00 | 166,4 | 0,00 | 170,7 |
| 2008.12.17 | 0,00 | 53,5 | 0,00 | 829,7 | 0,00 | 883,2 |
| 2008.12.18 | 0,00 | 6,4 | 0,00 | 154,2 | 0,00 | 160,6 |
| TOTAL | 0,00 | 75,8 | 0,60 | 1 443,9 | 0,60 | 1 519,7 |

*Budapest Stock Exchange

**OTC turnover are value day data

Zero Coupon Yield Curve



Latest Auctions of Hungarian Government Securities (billion HUF)

| 19. 12. 2008 | AUCTION DATE | MAX. YIELD (%) | AVERAGE YIELD (%) | CHANGE TO PREVIOUS AUCTION (bp) | AMOUNT OFFERED | BIDS | AMOUNT ACCEPTED | BID-TO-COVER | ONTO GDMA ACCOUNT | TOTAL AMOUNT ISSUED |
|--------------------------|--------------|----------------|-------------------|---------------------------------|----------------|-------|-----------------|--------------|-------------------|---------------------|
| Liquidity T-bill | 17.11.2008 | 12,35 | 12,19 | 349 | 30 | 36,7 | 20 | 1,22 | 0,0 | 20,0 |
| 3-month T-bill | 16.12.2008 | 9,10 | 8,87 | -57 | 40 | 73,4 | 40 | 1,84 | 12,0 | 52,0 |
| 12-month T-bill | 11.12.2008 | 8,94 | 8,71 | -190 | 35 | 90,9 | 40 | 2,60 | 12,0 | 52,0 |
| 3-year Gov. Bond | 22.10.2008 | n.a. | n.a. | n.a. | 40 | 16,9 | 0 | 0,42 | 0,0 | 0,0 |
| 5-year Gov. Bond | 25.09.2008 | 9,06 | 9,04 | 81 | 50 | 110,0 | 50 | 2,20 | 0,0 | 50,0 |
| 10-year Gov. Bond | 09.10.2008 | 9,20 | 9,07 | 114 | 40 | 51,6 | 30 | 1,29 | 0,0 | 30,0 |
| 15-year Gov. Bond | 31.07.2008 | 7,59 | 7,59 | -34 | 15 | 55,9 | 20 | 3,73 | 1,5 | 21,5 |

If you have any suggestions about the report or you would like to receive time series data for analysis please do not hesitate to contact Mr. Lajos Deli via email delil@akk.hu or phone +36-1-488-9404.