

Weekly report on the HUF government securities market

30th week : 24th - 30th July 2006

On the 30th week the total net issuance of HUF government securities amounted to HUF 58.1 billion. A total net amount of HUF 970.3 billion of HUF government securities has been issued in 2006.

31st week : 31st July - 6th August 2006

On the 31st week the total net issuance of HUF government securities is expected to amount to HUF -28.0 billion. The auctions of liquidity T-bills, 3-month T-bills, along with 5- and 10-year government bonds are taking place over the week. The amounts offered for sale are HUF 40 billion concerning the liquidity T-bills, HUF 40 billion concerning the T-bills, HUF 45 and 40 billion respectively concerning the government bonds.

Issuance in the HUF government securities market

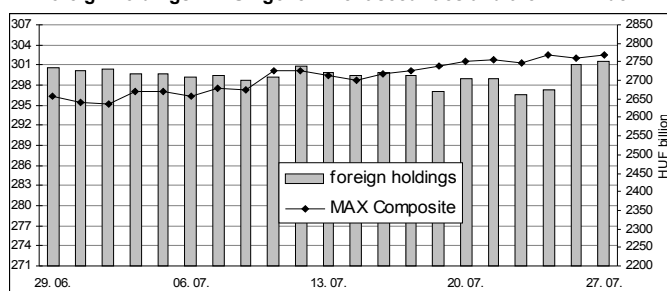
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	29/2006	30/2006	31/2006	29/2006	30/2006	31/2006	29/2006	30/2006	31/2006
<i>discount T-bills</i>	150.5	79.0	159.4	64.2	39.4	194.9	86.3	39.6	-35.5
<i>government bonds</i>	0.0	95.0	0.0	0.0	78.0	0.0	0.0	17.0	0.0
<i>interest-bearing T-bills</i>	9.6	7.5	7.8	0.0	5.8	0.0	9.6	1.7	7.8
<i>Treasury saving bills</i>	8.0	6.6	5.9	7.9	6.8	6.3	0.1	-0.2	-0.3
TOTAL	168.1	188.0	173.2	72.1	129.9	201.2	96.0	58.1	-28.0

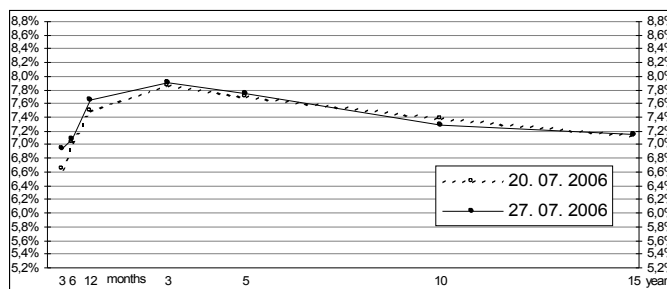
30th week : 24th - 30th July 2006

On the 30th week the reference yield curve shifted upwards with the exception of the 10-year maturity : the yields of the 3-month and 6-month maturities increased by 30 and 15 bps, the yield of the 10-year maturity decreased by 9 bps, those of other maturities increased by 2-5 bps. The MAX Composite government securities index increased by 0.8 points, the amount of HUF government securities held by foreign investors grew by HUF 45.9 billion to HUF 2749,9 billion over the week. At the auction of liquidity T-bills the bid-to-cover ratio reached a level of 1.8, the average auction yield increased by 8 bps to 6.78%. At the auction of 3 month T-bills the bid-to-cover ratio reached a level of 2.1, the average auction yield increased by 9 bps to 6.87%. At the auction of 6 month T-bills the bid-to-cover ratio reached a level of 1.4, the average auction yield increased by 21 bps to 7.19%. At the auction of 12 month T-bills the bid-to-cover ratio reached a level of 2.4, the average auction yield decreased by 10 bps to 7.69%.

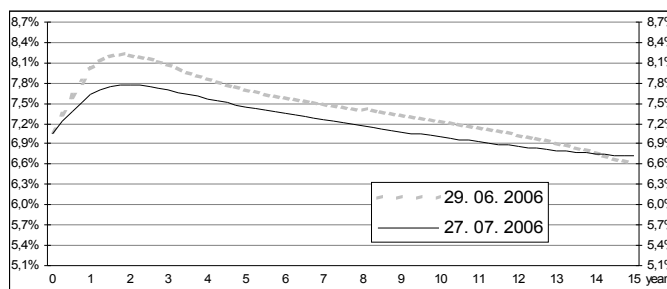
Foreign holdings in HUF government securities and the MAX index



HUF benchmark yield curve



HUF zero-coupon yield curve



Turnover of HUF government securities (HUF billion)

21st - 27th July 2006	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	1.1	119.0	120.1
<i>government bonds</i>	0.1	742.4	742.4
TOTAL	1.2	861.4	862.5

* Budapest Stock Exchange

HUF government securities market yields

27.07.2006	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	7.10%	6.80%	6.84%	6.95%
6 months	7.20%	6.95%	7.05%	7.08%
12 months	7.80%	7.50%	7.64%	7.65%
3 years	8.00%	7.80%	7.89%	7.90%
5 years	7.85%	7.65%	7.81%	7.74%
10 years	7.40%	7.15%	7.31%	7.28%
15 years	7.25%	7.05%	7.17%	7.15%

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>	24.07.2006	6.78%	+8 bps	40.0	70.0	40.0	0.0	40.0
<i>3-month T-bill</i>	25.07.2006	6.87%	+9 bps	40.0	82.9	40.0	4.0	44.0
<i>6-month T-bill</i>	26.07.2006	7.19%	+21 bps	40.0	57.3	40.0	8.0	48.0
<i>12-month T-bill</i>	27.07.2006	7.69%	-10 bps	40.0	96.0	45.0	13.5	58.5
<i>3-year bond</i>	20.07.2006	7.88%	-5 bps	70.0	151.8	75.0	15.0	90.0
<i>5-year bond</i>	06.07.2006	8.40%	+155 bps	45.0	55.3	40.0	0.0	40.0
<i>10-year bond</i>	06.07.2006	7.97%	+120 bps	40.0	53.1	40.0	0.0	40.0
<i>15-year bond</i>	20.07.2006	7.16%	+36 bps	20.0	32.5	20.0	0.0	20.0