

# Weekly report on the HUF government securities market

## 1st week : 1st - 7th January 2007

On the 1st week the total net issuance of HUF government securities amounted to HUF 86.7 billion.

## 2nd week : 8th - 14th January 2007

On the 2nd week the total net issuance of HUF government securities is expected to amount to HUF 99.2 billion. The auctions of 3-, 6- and 12-month T-bills are taking place over the week. The amounts offered for sale are HUF 40 billion concerning each maturity.

## Issuance in the HUF government securities market

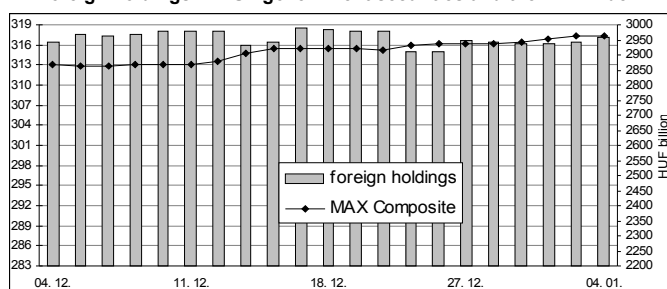
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	52/2006	1/2007	2/2007	52/2006	1/2007	2/2007	52/2006	1/2007	2/2007
<i>discount T-bills</i>	24.5	110.1	39.2	118.4	29.4	29.4	-93.9	80.7	9.8
<i>government bonds</i>	90.0	0.0	100.0	36.5	0.0	5.1	53.5	0.0	94.9
<i>interest-bearing T-bills</i>	5.6	6.6	4.9	11.4	0.0	10.0	-5.8	6.6	-5.1
<i>Treasury saving bills</i>	6.8	8.2	8.9	7.4	8.8	9.2	-0.5	-0.6	-0.4
<b>TOTAL</b>	<b>126.9</b>	<b>125.0</b>	<b>153.0</b>	<b>173.6</b>	<b>38.2</b>	<b>53.7</b>	<b>-46.7</b>	<b>86.7</b>	<b>99.2</b>

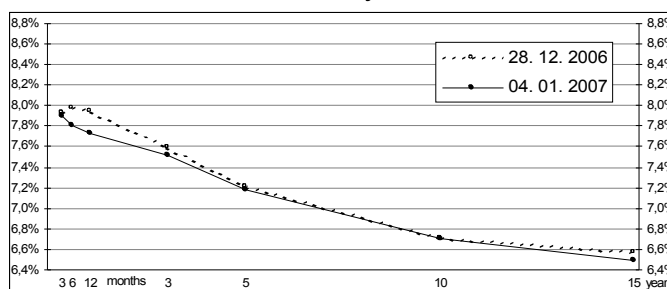
## 1st week : 1st - 7th January 2007

On the 1st week the invertivity of the reference-yield curve decreased: the yields of the 6-month and 12-month maturities decreased by 17-22 bps, the yield of the 10-year maturity stagnated, the yields of other maturities diminished by 3-8 bps. The MAX Composite government securities index increased by 1.2 points, the amount of HUF government securities held by foreign investors grew by HUF 15.5 billion to HUF 2959,1 billion over the week. At the auction of 3 month T-bills the bid-to-cover ratio reached a level of 1.4, the average auction yield remained at 7.97%, unchanged as compared to that of the previous auction. At the auction of 3 year government bonds the bid-to-cover ratio reached a level of 1.4, the average auction yield decreased by 44 bps to 7.37%. At the auction of 15 year government bonds the bid-to-cover ratio reached a level of 3.1, the average auction yield decreased by 63 bps to 6.39%. The reverse auctions of government bond series 2007/F and 2007/D were held this week resulting in the buyback of HUF billion 4,2 and HUF billion 0,9 respectively.

## Foreign holdings in HUF government securities and the MAX index



## HUF benchmark yield curve



## Turnover of HUF government securities (HUF billion)

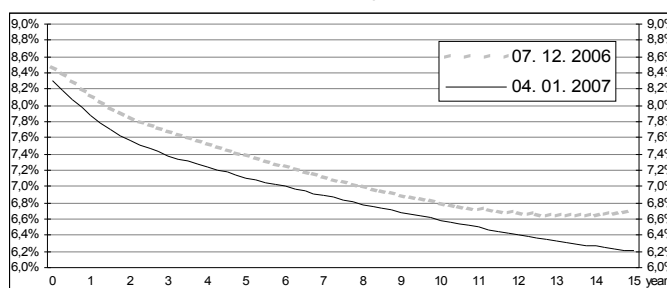
29th December 2006 - 4th J	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	0.0	83.4	83.4
<i>government bonds</i>	0.2	302.7	302.9
<b>TOTAL</b>	<b>0.2</b>	<b>386.1</b>	<b>386.3</b>

\* Budapest Stock Exchange

## HUF government securities market yields

04. 01. 2007	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	8.05%	7.75%	7.86%	7.90%
6 months	7.95%	7.65%	7.97%	7.80%
12 months	7.85%	7.60%	7.94%	7.73%
3 years	7.65%	7.40%	7.59%	7.52%
5 years	7.30%	7.05%	6.99%	7.18%
10 years	6.85%	6.55%	6.69%	6.70%
15 years	6.60%	6.35%	6.49%	6.49%

## 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>	20. 11. 2006	8.14%	+6 bps	30.0	125.0	30.0	0.0	30.0
<i>3-month T-bill</i>	02. 01. 2007	7.97%	0 bps	40.0	57.8	40.0	4.0	44.0
<i>6-month T-bill</i>	27. 12. 2006	7.95%	+4 bps	40.0	40.8	30.0	6.0	36.0
<i>12-month T-bill</i>	28. 12. 2006	7.94%	+10 bps	40.0	98.5	45.0	9.0	54.0
<i>3-year bond</i>	04. 01. 2007	7.37%	-44 bps	75.0	105.7	75.0	22.5	97.5
<i>5-year bond</i>	21. 12. 2006	7.27%	-1 bps	45.0	143.4	50.0	7.5	57.5
<i>10-year bond</i>	21. 12. 2006	6.77%	-12 bps	40.0	74.1	40.0	8.0	48.0
<i>15-year bond</i>	04. 01. 2007	6.39%	-63 bps	20.0	62.4	25.0	7.5	32.5