

Weekly Report on the Hungarian Government Securities Market

14 / 03 / 2016 - 20 / 03 / 2016

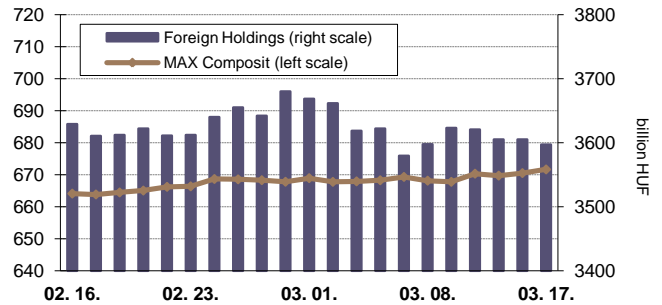
Summary of Week 11

- On Week 11 the net issuance of HUF Government Securities amounted to HUF 86,5 billion. A net amount of HUF 752,1 billion of HUF Government Securities has been issued in 2016.
- At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 1,13 and the average auction yield grew by 9 bps to 1,26%. At the auction of 3-year bonds the bid-to-cover ratio reached a level of 3,69 and the average auction yield diminished by 15 bps to 1,70%. At the auction of 5-year bonds the bid-to-cover ratio reached a level of 2,23 and the average auction yield diminished by 20 bps to 2,14%. At the auction of 10-year bonds the bid-to-cover ratio reached a level of 3,46 and the average auction yield diminished by 21 bps to 3,08%. GDMA held repurchase auctions of securities series 2017/B, 2017/A resulting in the buyback of HUF 0,00 and 49,95 billion.
- The reference yield of the 5-year, 10-year and 15-year maturity diminished by 8-10 bps, the yield of the 3-year maturity decreased by 2, the yield of the 6-month and 12-month maturity increased by 5 bps, the yield of the 3-month maturity grew by 11 bps.
- The MAX Composite government securities index increased by 1,3 points to 671,7 while the amount of HUF Government Securities held by foreign investors diminished by HUF 23,6 billion to HUF 3597,0 billion over the week.

Next Week Summary

- On Week 12 the net issuance of HUF Government Securities is expected to amount to HUF 15,53 billion.
- The auctions of 3-month T-bills and 12-month T-bills along with 3- or 5-year floating rate Government Bonds 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.
- During next week's switch auction the GDMA will issue Hungarian Government Bonds series 2024/B in exchange of Hungarian Government Bonds 2017/A worth HUF 20 billion and series 2028/A in exchange of Hungarian Government Bonds 2018/B worth HUF 20 billion.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

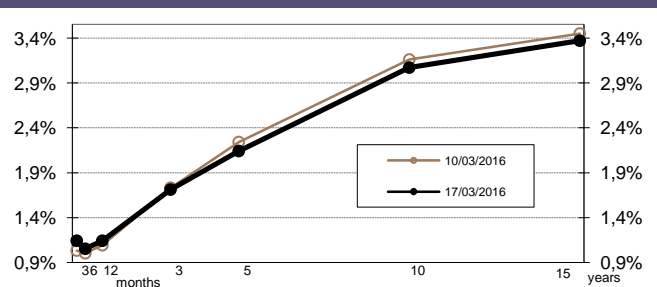
2016	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	10	11	12	10	11	12	10	11	12	10	11	12	10
Discount T-bills	34,90	75,47	39,87	9,02	14,97	22,12	0,00	0,00	0,00	25,88	60,49	17,76	263,99	324,49
Government Bonds	101,67	38,30	78,03	0,00	0,00	0,00	61,36	34,35	49,95	40,32	3,95	28,09	37,75	41,70
Interest-bearing T-bill	44,96	48,51	20,00	35,01	43,41	50,31	0,00	0,00	0,00	9,95	5,09	-30,31	249,64	254,74
Semi-annual T-bill	18,85	18,40	1,80	1,46	1,46	1,80	0,00	0,00	0,00	17,39	16,94	0,00	114,26	131,20
TOTAL	200,39	180,68	139,70	45,49	59,85	74,22	61,36	34,35	49,95	93,54	86,47	15,53	665,64	752,1

Market Yields of HUF Government Securities

17/03/2016	PRICE QUOTATION of PRIMARY DEALERS		OTC-AVERAGE*	BENCH-MARK YIELDS
	BID	ASK		
3 months	1,25	1,06	1,04	1,16
6 months	1,15	1,00	1,05	1,07
12 months	1,26	1,06	1,08	1,16
3 years	1,80	1,65	1,94	1,73
5 years	2,25	2,08	2,12	2,16
10 years	3,17	3,01	3,11	3,09
15 years	3,47	3,33	3,50	3,39

*OTC average are value day data

Benchmark Yield Curve

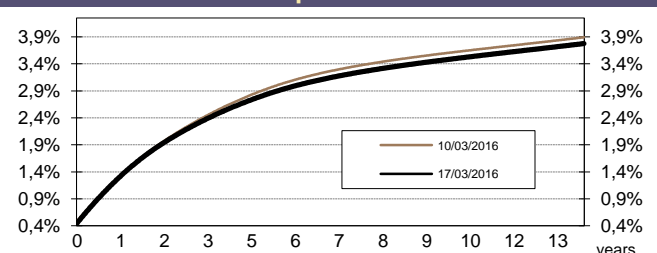


Secondary Market Turnover (billion HUF)

11/03/2016 - 17/03/2016	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
11/03/2016	0,00	33,1	0,21	579,7	0,21	612,8
14/03/2016	0,00	0,0	0,00	0,0	0,00	0,0
15/03/2016	0,00	0,0	0,00	0,0	0,00	0,0
16/03/2016	1,44	70,1	0,00	954,6	1,44	1 024,8
17/03/2016	0,00	24,0	1,21	489,0	1,21	513,0
TOTAL	1,44	127,2	1,43	2 023,3	2,86	2 150,5

*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	11/01/2016	1,20	1,18	-9	40	155,8	55,0	3,89	0,0	55,0
3-month T-bill	16/03/2016	1,30	1,26	9	40	45,3	40,0	1,13	0,0	40,0
12-month T-bill	10/03/2016	1,10	1,07	4	40	80,9	40,0	2,02	0,0	40,0
3-year Gov. Bond	17/03/2016	1,71	1,70	-15	20	73,8	27,0	3,69	6,0	33,0
5-year Gov. Bond	17/03/2016	2,15	2,14	-20	20	44,7	22,0	2,23	6,5	28,5
10-year Gov. Bond	17/03/2016	3,09	3,08	-21	10	34,6	15,0	3,46	1,5	16,5
15-year Gov. Bond	18/02/2016	3,67	3,66	-26	10	24,9	15,0	2,49	3,7	18,7

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	10/03/2016	98,76	98,80	-0,20	5	11,6	5,0	2,32	0,8	5,8
5-year Floating Bond	25/02/2016	97,70	97,91	-0,53	8	8,0	4,0	1,00	0,0	4,0

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