

Weekly report on the HUF government securities market

32nd week : 7th - 13th August 2006

On the 32nd week the total net issuance of HUF government securities amounted to HUF 66.7 billion. A total net amount of HUF 999.7 billion of HUF government securities has been issued in 2006.

33rd week : 14th - 20th August 2006

On the 33rd week the total net issuance of HUF government securities is expected to amount to HUF 72.4 billion. The auctions of liquidity T-bills, 3-month T-bills, along with 3-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 75 billion concerning the government bonds.

Issuance in the HUF government securities market

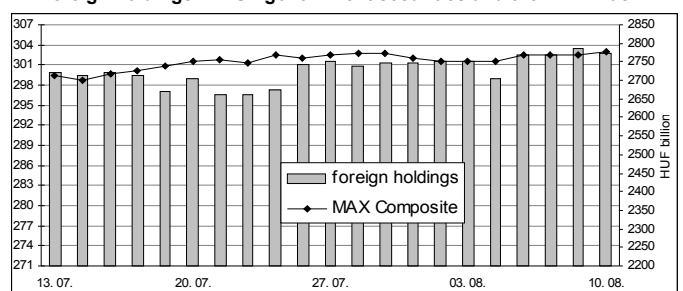
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	31/2006	32/2006	33/2006	31/2006	32/2006	33/2006	31/2006	32/2006	33/2006
<i>discount T-bills</i>	145.6	39.3	159.8	194.9	44.3	93.9	-49.3	-5.0	65.9
<i>government bonds</i>	0.0	71.3	0.0	0.0	1.0	1.7	0.0	70.3	-1.7
<i>interest-bearing T-bills</i>	11.4	10.2	8.3	0.0	8.5	0.0	11.4	1.6	8.3
<i>Treasury saving bills</i>	10.0	9.3	7.3	9.6	9.5	7.5	0.4	-0.2	-0.2
TOTAL	167.0	130.0	175.4	204.5	63.3	103.0	-37.5	66.7	72.4

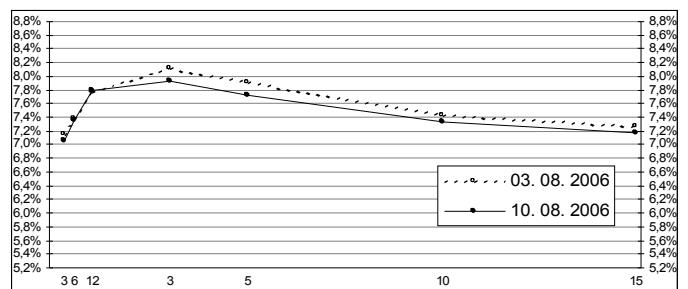
32nd week : 7th - 13th August 2006

On the 32nd week the yields of the 6-month and 12-month maturities stagnated, those of other maturities decreased by 8-18 bps. The MAX Composite government securities index increased by 1.4 points, the amount of HUF government securities held by foreign investors grew by HUF 22.8 billion to HUF 2772.9 billion over the week. At the auction of 3 month T-bills the bid-to-cover ratio reached a level of 2.9, the average auction yield increased by 10 bps to 7.15%. At the auction of 6 month T-bills the bid-to-cover ratio reached a level of 2.2, the average auction yield increased by 23 bps to 7.42%. At the auction of 12 month T-bills the bid-to-cover ratio reached a level of 2.1, the average auction yield increased by 7 bps to 7.76%.

Foreign holdings in HUF government securities and the MAX index



HUF benchmark yield curve



Turnover of HUF government securities (HUF billion)

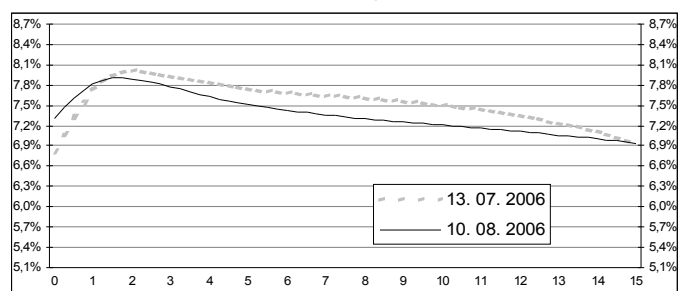
4th - 10th August 2006	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	1.5	104.0	105.5
<i>government bonds</i>	4.9	773.1	778.0
TOTAL	6.4	877.1	883.5

* Budapest Stock Exchange

HUF government securities market yields

10. 08. 2006	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	7.20%	6.90%	7.00%	7.05%
6 months	7.50%	7.20%	7.33%	7.35%
12 months	7.90%	7.65%	7.66%	7.78%
3 years	8.05%	7.85%	8.00%	7.94%
5 years	7.85%	7.60%	7.79%	7.72%
10 years	7.45%	7.25%	7.35%	7.34%
15 years	7.30%	7.05%	7.27%	7.18%

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>	31. 07. 2006	6.88%	+10 bps	40.0	26.0	26.0	0.0	26.0
<i>3-month T-bill</i>	08. 08. 2006	7.15%	+10 bps	40.0	114.2	45.0	4.5	49.5
<i>6-month T-bill</i>	09. 08. 2006	7.42%	+23 bps	40.0	86.1	40.0	8.0	48.0
<i>12-month T-bill</i>	10. 08. 2006	7.76%	+7 bps	40.0	83.7	40.0	8.0	48.0
<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>	03. 08. 2006	7.84%	-56 bps	45.0	84.3	45.0	0.0	45.0
<i>10-year bond</i>	03. 08. 2006	7.37%	-60 bps	40.0	26.3	26.3	0.0	26.3
<i>15-year bond</i>	20. 07. 2006	7.16%	+36 bps	20.0	32.5	20.0	0.0	20.0