

Weekly Report on the Hungarian Government Securities Market

08 / 09 / 2014 - 14 / 09 / 2014

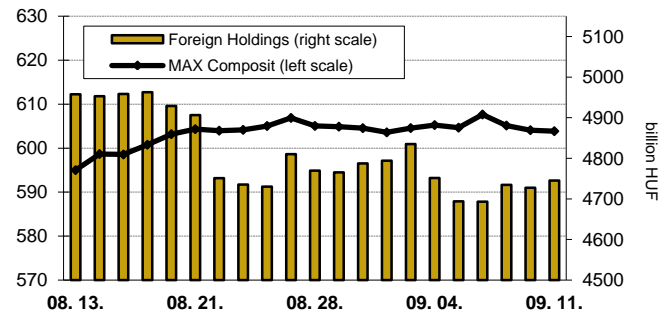
Summary of Week 37

- On Week 37 the net issuance of HUF Government Securities amounted to HUF 21,2 billion. A net amount of HUF 1078,6 billion of HUF Government Securities has been issued in 2014.
- At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 1,24 and the average auction yield diminished by 2 bps to 1,38%. At the auction of 12-month T-bills the bid-to-cover ratio reached a level of 2,13 and the average auction yield diminished by 9 bps to 1,68%. Via the auction of the 3-year floating rate bond securities worth of HUF 30 billion were issued and an additional HUF 10,4 billion were accepted of the non-competitive offers. The coverage ratio reached 5,36, the average price was 99,0. Via this week's switch auction GDMA issued Hungarian Government Bonds series 2019/B in exchange of Hungarian Government Bonds 2015/B worth HUF 30,0 billion and series 2022/A in exchange of Hungarian Government Bonds 2016/D worth HUF 15 billion.
- The reference yield of the 12-month, 3-year and 3-month maturity diminished by 1-7 bps, the yield of the 6-month and 5-year maturity increased by 2-5 bps, the yield of the 15-year maturity increased by 21, the yield of the 10-year maturity grew by 28 bps.
- The MAX Composite government securities index decreased by 1,4 points to 603,9 while the amount of HUF Government Securities held by foreign investors diminished by HUF 6,1 billion to HUF 4745,3 billion over the week.

Next Week Summary

- On Week 38 the net issuance of HUF Government Securities is expected to amount to HUF 61,50 billion.
- The auctions of 3-month T-bills along with 3-year 5-year and 10-year Government Bonds are taking place over the week. The amounts offered for sale are HUF 50 billion concerning the 3-month T-bills.
- GDMA is holding repurchase auctions of government securities series 2015/A és a 2015/C over the week.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

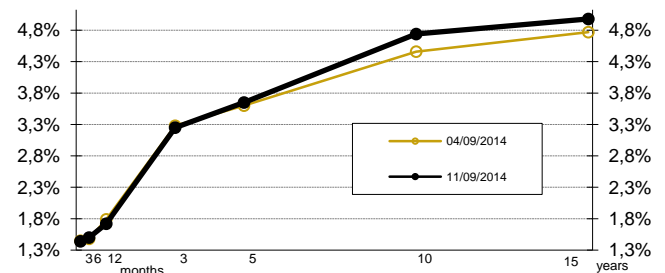
2014	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	36	37	38	36	37	38	36	37	38	36	37	38	36
Discount T-bills	89,19	39,86	98,99	69,58	69,59	77,72	0,00	0,00	0,00	19,61	-29,74	21,28	158,40	128,67
Government Bonds	102,56	66,68	85,44	0,00	0,00	0,00	70,28	10,33	45,21	32,27	56,35	40,23	781,78	838,13
Interest-bearing T-bill	20,01	21,11	20,15	33,68	26,57	20,15	0,00	0,00	0,00	-13,66	-5,46	0,00	117,29	111,83
Semi-annual T-bill	1,34	1,58	1,27	0,97	1,81	1,27	0,00	0,00	0,00	0,37	-0,23	0,00	6,53	6,30
TOTAL	211,76	127,65	204,58	103,26	96,16	97,87	70,28	10,33	45,21	38,22	21,16	61,50	1057,48	1078,63

Market Yields of HUF Government Securities

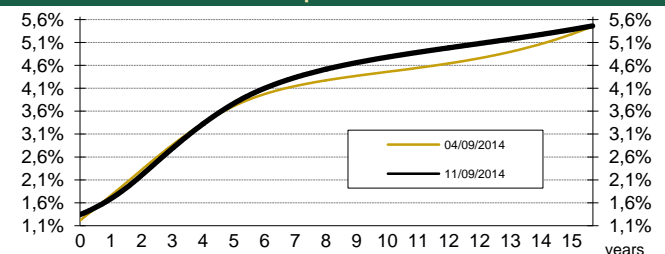
11/09/2014	PRICE QUOTATION OF PRIMARY DEALERS		OTC-AVERAGE*	BENCHMARK YIELDS
	BID	ASK		
3 months	1,46	1,30	1,35	1,39
6 months	1,55	1,35	1,49	1,45
12 months	1,76	1,58	1,76	1,67
3 years	3,27	3,12	3,16	3,20
5 years	3,69	3,52	3,57	3,60
10 years	4,78	4,61	4,55	4,69
15 years	4,98	4,87	4,79	4,93

*OTC average are value day data

Benchmark Yield Curve



Zero Coupon Yield Curve



Secondary Market Turnover (billion HUF)

05/09/2014 - 11/09/2014	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
05/09/2014	0,00	19,8	0,00	523,7	0,00	543,5
08/09/2014	0,00	19,0	3,44	367,2	3,44	386,3
09/09/2014	0,00	47,3	3,84	315,6	3,84	362,9
10/09/2014	0,00	69,8	0,00	604,5	0,00	674,3
11/09/2014	0,00	22,2	1,87	342,3	1,87	364,6
TOTAL	0,00	178,2	9,16	2 153,3	9,16	2 331,5

*OTC turnover are value day data

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	17/03/2014	2,89	2,88	-4	50	118,0	60,0	2,36	0,0	60,0
3-month T-bill	09/09/2014	1,41	1,38	-2	50	62,0	50,0	1,24	0,0	50,0
12-month T-bill	11/09/2014	1,70	1,68	-9	40	85,1	50,0	2,13	0,0	50,0
3-year Gov. Bond	04/09/2014	3,26	3,24	9	20	37,8	20,0	1,89	1,0	21,0
5-year Gov. Bond	04/09/2014	3,59	3,56	12	20	28,9	20,0	1,44	2,2	22,2
10-year Gov. Bond	04/09/2014	4,45	4,43	2	15	39,9	22,5	2,66	0,9	23,4
15-year Gov. Bond	12/06/2014	4,95	4,93	-128	15	43,8	22,5	2,92	8,1	30,6
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	11/09/2014	99,00	99,03	0,11	20	107,1	30,0	5,36	10,4	40,4
5-year Floating Bond	31/07/2014	96,91	97,04	0,00	10	8,9	5,0	0,89	0,0	5,0

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