

# Weekly report on the HUF government securities market

## 27th week : 3rd - 9th July 2006

On the 27th week the total net issuance of HUF government securities amounted to HUF -22.8 billion. A total net amount of HUF 766.9 billion of HUF government securities has been issued in 2006.

## 28th week : 10th - 16th July 2006

On the 28th week the total net issuance of HUF government securities is expected to amount to HUF 46.0 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 the T-bills.

## Issuance in the HUF government securities market

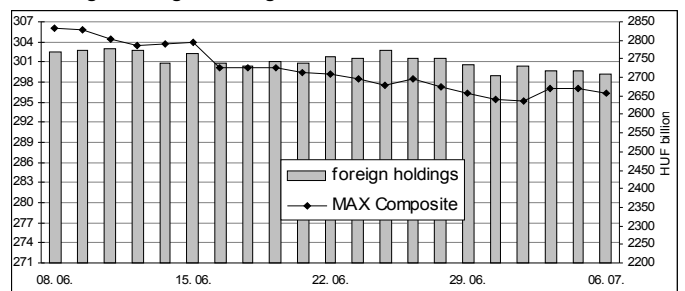
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	26/2006	27/2006	28/2006	26/2006	27/2006	28/2006	26/2006	27/2006	28/2006
<i>discount T-bills</i>	34.4	120.8	34.4	49.2	152.6	49.2	-14.8	-31.8	-14.8
<i>government bonds</i>	55.0	0.0	80.0	20.1	0.0	15.2	34.9	0.0	64.8
<i>interest-bearing T-bills</i>	1.1	9.5	0.4	6.7	0.0	3.9	-5.6	9.5	-3.5
<i>Treasury saving bills</i>	6.1	5.6	5.1	6.5	6.1	5.6	-0.3	-0.5	-0.5
<b>TOTAL</b>	<b>96.6</b>	<b>135.9</b>	<b>119.9</b>	<b>82.5</b>	<b>158.7</b>	<b>73.9</b>	<b>14.2</b>	<b>-22.8</b>	<b>46.0</b>

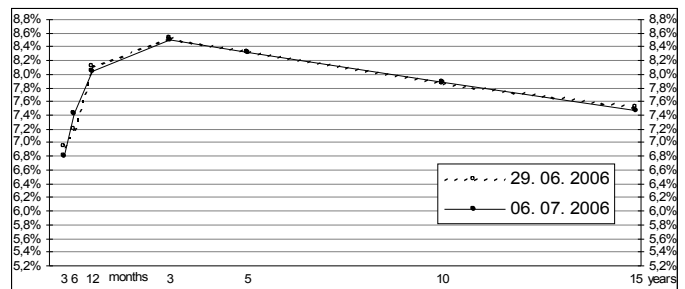
## 27th week : 3rd - 9th July 2006

On the 27th week the reference yield of the 6-month maturity increased by 22 bps, the benchmark-yield of the 5-year and 10-year tenors stagnated, those of other maturities decreased by 3-14 bps. The MAX Composite government securities index increased by 0.1 points, the amount of HUF government securities held by foreign investors decreased by HUF 27.2 billion to HUF 2707,9 billion over the week. At the auction of liquidity T-bills the bid-to-cover ratio reached a level of 1.1, the average auction yield increased by 35 bps to 6.80%. At the auction of 3 month T-bills the bid-to-cover ratio reached a level of 1.1, the average auction yield increased by 21 bps to 6.89%. At the auction of 5 year government bonds the bid-to-cover ratio reached a level of 1.2, the average auction yield increased by 155 bps to 8.40%. At the auction of 10 year government bonds the bid-to-cover ratio reached a level of 1.3, the average auction yield increased by 120 bps to 7.97%.

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



## HUF benchmark yield curve



## Turnover of HUF government securities (HUF billion)

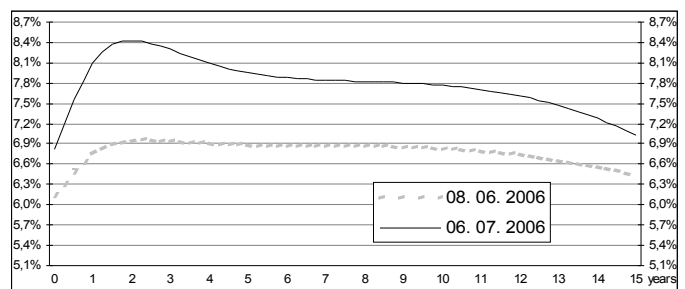
30th June - 6th July 2006	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	0.5	187.1	187.6
<i>government bonds</i>	4.1	919.8	923.9
<b>TOTAL</b>	<b>4.6</b>	<b>1106.9</b>	<b>1111.5</b>

\* Budapest Stock Exchange

## HUF government securities market yields

06.07.2006	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	6.90%	6.75%	6.78%	6.81%
6 months	7.55%	7.30%	7.30%	7.42%
12 months	8.20%	7.90%	8.09%	8.05%
3 years	8.60%	8.35%	8.46%	8.50%
5 years	8.42%	8.20%	8.18%	8.31%
10 years	8.00%	7.75%	7.79%	7.89%
15 years	7.55%	7.35%	7.26%	7.47%

## 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>	03.07.2006	6.80%	+35 bps	30.0	33.4	25.0	0.0	25.0
<i>3-month T-bill</i>	04.07.2006	6.89%	+21 bps	40.0	45.9	35.0	3.5	38.5
<i>6-month T-bill</i>	28.06.2006	7.29%	+67 bps	40.0	53.2	35.0	10.5	45.5
<i>12-month T-bill</i>	29.06.2006	8.08%	+109 bps	40.0	46.2	30.0	6.0	36.0
<i>3-year bond</i>	22.06.2006	7.93%	+88 bps	70.0	64.8	55.0	16.5	71.5
<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>	25.05.2006	6.80%	-5 bps	20.0	48.8	20.0	1.0	21.0