

# Weekly report on the HUF government securities market

## 21st week : 21st - 27th May 2007

On the 21st week the total net issuance of HUF government securities amounted to HUF 37.5 billion. A total net amount of HUF 633.8 billion of HUF government securities has been issued in 2007.

## 22nd week : 28th May - 3rd June 2007

On the 22nd week the total net issuance of HUF government securities is expected to amount to HUF 46.8 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, 30 and 35 billion respectively concerning the T-bills.

## Issuance in the HUF government securities market

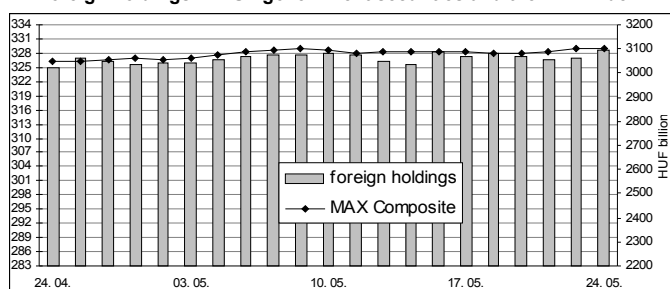
(HUF billion)

	GROSS ISSUANCE			REDEMPTIONS AND REPURCHASES			NET ISSUANCE		
	20/2007	21/2007	22/2007	20/2007	21/2007	22/2007	20/2007	21/2007	22/2007
<i>discount T-bills</i>	29.4	96.0	34.3	24.5	64.0	24.5	4.9	32.0	9.8
<i>government bonds</i>	70.0	0.0	75.0	22.5	0.0	31.4	47.5	0.0	43.6
<i>interest-bearing T-bills</i>	3.2	6.2	0.4	11.2	0.0	6.6	-8.0	6.2	-6.2
<i>Treasury saving bills</i>	3.9	4.1	8.9	4.6	4.9	9.2	-0.8	-0.8	-0.4
<b>TOTAL</b>	<b>106.4</b>	<b>106.4</b>	<b>118.6</b>	<b>62.8</b>	<b>68.9</b>	<b>71.8</b>	<b>43.6</b>	<b>37.5</b>	<b>46.8</b>

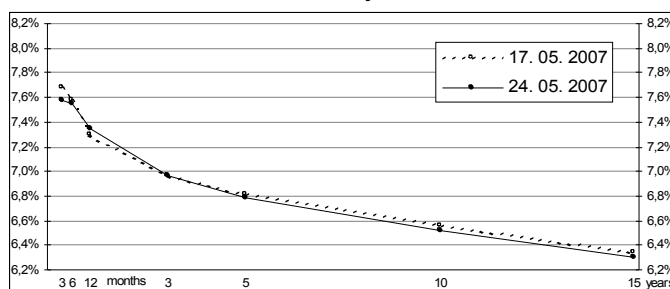
## 21st week : 21st - 27th May 2007

On the 21st week the reference-yield curve shifted downwards with the exception of the 12-month and 3-year maturities: the yield of the 12-month maturity increased by 5 bps, the yield of the 3-year maturity stagnated, that of the 3-month maturity decreased by 10 bps, those of other maturities by 2-4 bps. The MAX Composite government securities index increased by 0.4 points, the amount of HUF government securities held by foreign investors grew by HUF 22.9 billion to HUF 3091.9 billion over the week. At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 3.1, the average auction yield increased by 2 bps to 7.70%. At the auction of 3-year government bonds the bid-to-cover ratio reached a level of 1.8, the average auction yield decreased by 3 bps to 7.00%. The reverse auctions of government bond series 2007/G and 2008/D were held this week resulting in the buyback of HUF billion 14,5 and HUF billion 17 respectively.

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



## HUF benchmark yield curve



## Turnover of HUF government securities (HUF billion)

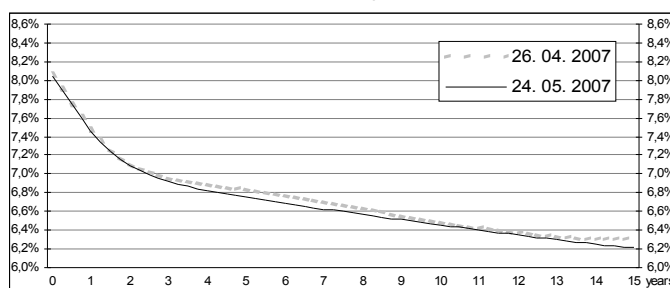
18th - 24th May 2007	TURNOVER AT BSE*	TURNOVER OVER-THE-COUNTER	TOTAL TURNOVER
<i>discount T-bills</i>	1.3	283.5	284.8
<i>government bonds</i>	0.0	1133.1	1133.1
<b>TOTAL</b>	<b>1.3</b>	<b>1416.6</b>	<b>1417.9</b>

\* Budapest Stock Exchange

## HUF government securities market yields

24.05.2007	PRIMARY DEALERS' PRICE QUOTATION		OTC AVERAGE	BENCHMARK YIELDS
	bid	ask		
3 months	7.70%	7.50%	7.65%	7.58%
6 months	7.70%	7.40%	7.56%	7.55%
12 months	7.50%	7.20%	7.37%	7.35%
3 years	7.10%	6.85%	7.07%	6.97%
5 years	6.90%	6.65%	6.96%	6.79%
10 years	6.65%	6.40%	6.55%	6.52%
15 years	6.40%	6.20%	6.02%	6.30%

## 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>	26.03.2007	7.90%	-24 bps	40.0	117.0	40.0	0.0	40.0
<i>3-month T-bill</i>	22.05.2007	7.70%	+2 bps	30.0	92.8	35.0	3.5	38.5
<i>6-month T-bill</i>	16.05.2007	7.59%	+3 bps	30.0	124.9	30.0	6.0	36.0
<i>12-month T-bill</i>	17.05.2007	7.37%	+9 bps	35.0	114.9	35.0	7.0	42.0
<i>3-year bond</i>	24.05.2007	7.00%	-3 bps	75.0	132.7	75.0	0.0	75.0
<i>5-year bond</i>	10.05.2007	6.71%	-15 bps	45.0	41.8	35.0	0.0	35.0
<i>10-year bond</i>	10.05.2007	6.48%	-14 bps	40.0	38.5	35.0	0.0	35.0
<i>15-year bond</i>	26.04.2007	6.39%	-21 bps	20.0	37.0	20.0	4.0	24.0