

Weekly Report on the Hungarian Government Securities Market

26 / 12 / 2016 - 01 / 01 / 2017

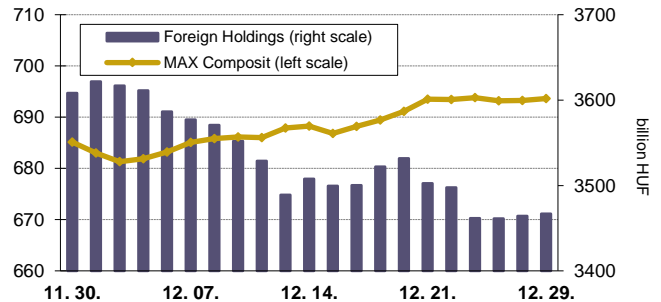
Summary of Week 52

- On Week 52 the net issuance of HUF Government Securities amounted to HUF -155,5 billion. A net amount of HUF 1331,2 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 1,50 and the average auction yield grew by 9 bps to 0,15%. At the auction of 12-month T-bills the bid-to-cover ratio reached a level of 1,79 and the average auction yield grew by 6 bps to 0,33%.
- The reference yield of the 6-month maturity decreased by 7 bps, the yield of the 15-year maturity decreased by 1, the yield of the 3-month and 5-year maturity did not change, the yield of the 3-year and 10-year maturity increased by 1-2 bps, the yield of the 12-month maturity grew by 6 bps.
- The MAX Composite government securities index increased by 0,2 points to 693,7 while the amount of HUF Government Securities held by foreign investors diminished by HUF 31,0 billion to HUF 3466,7 billion over the week.

Next Week Summary

- On Week 1 the net issuance of HUF Government Securities is expected to amount to HUF 67,05 billion.
- The auctions of 3-month T-bills along with 3-year 5-year and the 10-year Government Bonds are taking place over the week. The amounts offered for sale are HUF 30 billion concerning the 3-month T-bills.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

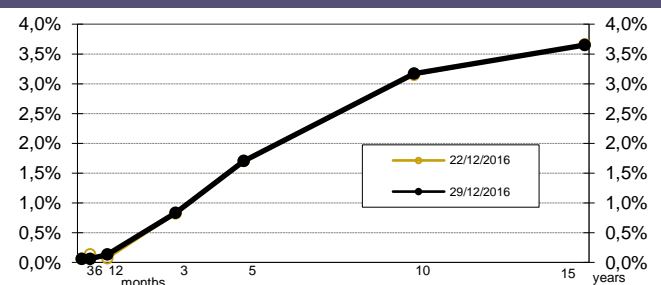
2016	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	51	52	1	51	52	1	51	52	1	51	52	1	52
Discount T-bills	39,95	20,00	76,86	39,96	201,18	26,77	0,00	0,00	0,00	-0,01	-181,18	50,09	170,73	-10,46
Government Bonds	28,50	0,00	16,96	158,57	0,84	0,00	83,66	0,00	0,00	-213,72	-0,84	16,96	521,56	520,72
Interest-bearing T-bill	56,84	57,83	21,82	47,74	31,27	21,82	0,00	0,00	0,00	9,10	26,56	0,00	794,37	820,93
Semi-annual T-bill	17,92	18,68	15,65	16,37	26,24	15,65	0,00	0,00	0,00	1,55	-7,56	0,00	355,47	347,92
TOTAL	125,29	77,83	115,64	246,27	233,29	48,59	83,66	0,00	0,00	-204,64	-155,46	67,05	1486,65	1331,2

Market Yields of HUF Government Securities

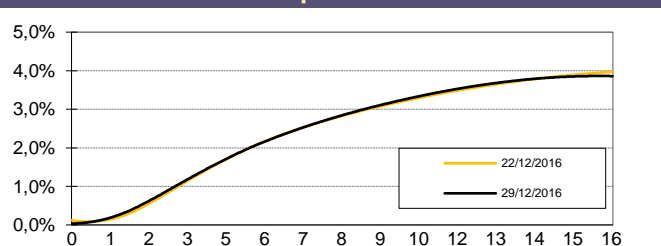
29/12/2016	PRICE QUOTATION of PRIMARY DEALERS		OTC-AVERAGE*	BENCHMARK YIELDS
	BID	ASK		
3 months	0,16	-0,04	0,10	0,06
6 months	0,15	-0,04	0,28	0,06
12 months	0,20	0,05	0,36	0,13
3 years	0,90	0,78	1,08	0,83
5 years	1,77	1,63	1,75	1,70
10 years	3,23	3,11	3,18	3,17
15 years	3,70	3,58	3,64	3,65

*OTC average are value day data

Benchmark Yield Curve



Zero Coupon Yield Curve



Secondary Market Turnover (billion HUF)

23/12/2016 - 29/12/2016	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
23/12/2016	0,00	18,9	1,03	537,6	1,03	556,5
26/12/2016	0,00	0,0	0,00	0,0	0,00	0,0
27/12/2016	0,00	19,8	0,05	491,8	0,05	511,6
28/12/2016	0,00	40,9	0,34	439,7	0,34	480,6
29/12/2016	0,00	64,2	0,59	282,4	0,59	346,7
TOTAL	0,00	143,8	2,01	1 751,5	2,01	1 895,3

*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	11/01/2016	1,20	1,18	-9	40	155,8	55,0	3,89	0,0	55,0
3-month T-bill	27/12/2016	0,20	0,15	9	40	60,1	37,0	1,50	0,0	37,0
12-month T-bill	29/12/2016	0,37	0,33	6	40	71,5	40,0	1,79	0,0	40,0
3-year Gov. Bond	08/12/2016	1,04	1,03	-19	20	85,0	20,0	4,25	0,0	20,0
5-year Gov. Bond	08/12/2016	1,95	1,94	-24	15	83,3	15,0	5,55	0,0	15,0
10-year Gov. Bond	08/12/2016	3,32	3,30	-21	10	66,7	10,0	6,67	0,0	10,0
15-year Gov. Bond	13/10/2016	3,31	3,29	17	10	21,7	15,0	2,17	5,1	20,1
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	29/12/2016	99,39	99,46	0,75	10	48,7	12,5	4,87	4,5	17,0
5-year Floating Bond	24/03/2016	97,40	97,55	-0,36	5	8,8	5,0	1,75	0,0	5,0

If you have any suggestions about the report please do not hesitate to contact Mr. László Bebesi via email bebesi.laszlo@akk.hu or phone +36-1-488-9463.