

Weekly Report on the Hungarian Government Securities Market

31 / 12 / 2018 - 06 / 01 / 2019

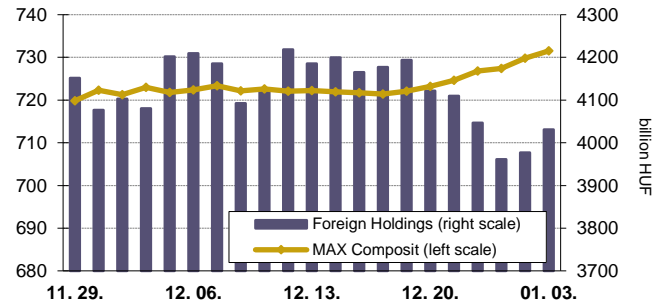
Summary of Week 1

- On Week 1 the net issuance of HUF Government Securities amounted to HUF 4,7 billion. A net amount of HUF 4,7 billion of HUF Government Securities has been issued in 2019.
- At the auction of 3-month T-bills the bid-to-cover ratio reached a level of 1,59 and the average auction yield did not change compared to the previous auction. At the auction of 3-year bonds the bid-to-cover ratio reached a level of 1,56 and the average auction yield diminished by 8 bps to 1,19%. At the auction of 5-year bonds the bid-to-cover ratio reached a level of 4,66 and the average auction yield diminished by 39 bps to 2,27%. At the auction of 10-year bonds the bid-to-cover ratio reached a level of 6,39 and the average auction yield diminished by 39 bps to 2,76%.
- The reference yield of the 10-year and 5-year maturity diminished by 22-25 bps, the yield of the 15-year maturity decreased by 15, the yield of the 12-month, 3-year and 6-month maturity diminished by 1-5 bps, the yield of the 3-month maturity did not change.
- The MAX Composite government securities index increased by 4,7 points to 731,5 while the amount of HUF Government Securities held by foreign investors diminished by HUF 15,9 billion to HUF 4030,5 billion over the week.

Next Week Summary

- On Week 2 the net issuance of HUF Government Securities is expected to amount to HUF 119,52 billion.
- The auctions of 3-month T-bills and 12-month T-bills are taking place over the week. The amounts offered for sale are HUF 40 billion concerning the 3-month T-bills.
- During next week's switch auction the GDMA will issue Hungarian Government Bonds series 2026/D in exchange of Hungarian Government Bonds 2020/B worth HUF 20 billion and series 2028/A in exchange of Hungarian Government Bonds 2020/C worth HUF 20 billion.

MAX-index and Foreign Holdings in HUF Government Securities



Issuance of Government Securities (billion HUF)

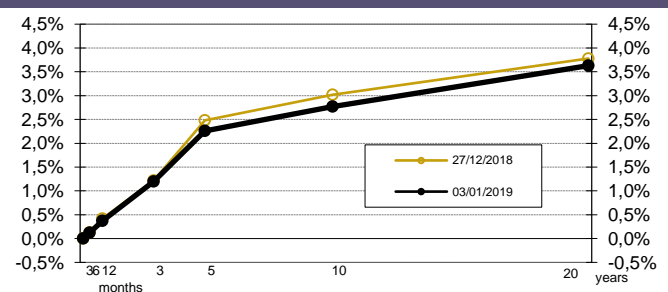
2019	GROSS ISSUANCE			REDEMPTION			REPURCHASE			NET ISSUANCE			CUMULATED NET ISSUANCE	
	week:	52	1	2	52	1	2	52	1	2	52	1	2	52
Discount T-bills	32,00	71,89	40,00	232,98	25,00	28,98	0,00	0,00	0,00	-200,97	46,88	11,02	225,22	46,88
Government Bonds	0,00	0,00	108,50	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	108,50	976,45	0,00
1-year Hun Gov Sec	75,33	0,00	66,59	63,85	42,21	66,59	0,00	0,00	0,00	11,48	-42,21	0,00	60,10	-42,21
Half-year Hun Gov Sec	16,09	0,00	10,56	8,62	10,29	10,56	0,00	0,00	0,00	7,47	-10,29	0,00	-98,03	-10,29
TOTAL	107,33	71,89	215,09	296,82	67,21	95,57	0,00	0,00	0,00	-189,49	4,67	119,52	1261,76	4,67

Market Yields of HUF Government Securities

03/01/2019	PRICE QUOTATION of PRIMARY DEALERS		OTC-AVERAGE*	BENCHMARK YIELDS
	BID	ASK		
3 months	0,07	-0,07	0,04	0,00
6 months	0,18	0,05	0,20	0,12
12 months	0,44	0,30	0,49	0,37
3 years	1,26	1,15	0,90	1,20
5 years	2,30	2,21	2,35	2,26
10 years	2,82	2,71	2,77	2,77
20 years**	3,69	3,58	3,52	3,63

*OTC average are value day data ** formerly 15 years benchmark yield

Benchmark Yield Curve

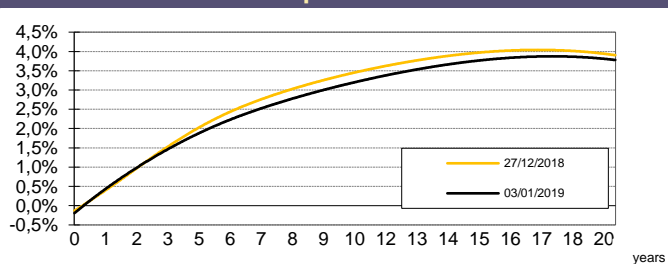


Secondary Market Turnover (billion HUF)

28/12/2018 - 03/01/2019	T-bills		Gov. Bonds		Gov. Securities	
	MTS	OTC*	MTS	OTC*	MTS	OTC*
28/12/2018	0,00	80,0	1,61	714,9	1,61	794,9
31/12/2018	0,00	0,0	0,00	0,0	0,00	0,0
01/01/2019	0,00	0,0	0,00	0,0	0,00	0,0
02/01/2019	0,00	104,0	2,23	243,2	2,23	347,2
03/01/2019	0,00	81,1	1,72	515,3	1,72	596,4
TOTAL	0,00	265,1	5,56	1 473,4	5,56	1 738,5

*OTC turnover are value day data

Zero Coupon Yield Curve



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. ISSUANCE	TOTAL MARKET ISSUANCE
Liquidity T-bill	19/11/2018	-0,08	-0,08	-15	40	133,6	50,0	3,34	0,0	50,0
3-month T-bill	02/01/2019	0,05	0,03	0	50	79,7	40,0	1,59	0,0	40,0
12-month T-bill	27/12/2018	0,40	0,36	-5	40	74,9	35,0	1,87	0,0	35,0
3-year Gov. Bond	03/01/2019	1,20	1,19	-8	25	39,0	25,0	1,56	1,2	26,2
5-year Gov. Bond	03/01/2019	2,28	2,27	-39	25	116,4	33,5	4,66	8,1	41,6
10-year Gov. Bond	03/01/2019	2,77	2,76	-39	20	127,7	30,0	6,39	10,6	40,6
15-year Gov. Bond	22/11/2018	4,10	4,08	11	8	11,9	9,0	1,48	0,1	9,1
Floating rate Government Bonds	AUCTION DATE	MIN. PRICE (%)	AVERAGE PRICE (%)	CHANGE TO PREVIOUS AUCTION (%)	AMOUNT OFFERED	BIDS	AMOUNT ACCEPTED	BID-TO-COVER	NON COMP. ISSUANCE	TOTAL MARKET ISSUANCE
Floating Bond	13/12/2018	97,63	97,66	-0,01	6	12,4	9,0	2,07	2,0	11,0

If you have any suggestions about the report please do not hesitate to contact Bálint Toronyai via email toronyai.balint@akk.hu or phone +36-1-488-9446.