FINANCING OF THE CENTRAL GOVERNMENT IN JANUARY 2022

1. Government debt data

The debt of the central government decreased by HUF 59.8 billion in January due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 201.2 billion, which finances the deficit of the central government budget.
- **The second – also increasing – factor** is the net foreign currency issuance of HUF 23.0 billion, which increased the debt of the central government.
- **The third – which had contrary decreasing effect than the above mentioned factors —** is the appreciation of the forint that decreased the HUF value of the foreign currency debt by HUF 247.7 billion.
- **The fourth – additional decreasing – factor** is the change of the foreign currency exchange rates and other factors that decreased the mark-to-market deposits placed at GDMA by HUF 36.4 billion.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2022.

Central government gross debt and debt transactions in 2022

	31.12.2021		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	31.01.2022		change
	Debt stock (preliminary data)	Breakdown	I. month				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	***32,121.236***	***78.9%***	**950.187**	**748.943**	***0.000***	**201.244**	**32,322.481**	***79.5%***	***0.61%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**2.310**	**0.000**	**-2.310**	**1,305.434**	***3.2%***	***0.00%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	2.310	0.000	-2.310	1,305.434	***3.2%***	***0.00%***
1.1.2. Domestic	0.000	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
1.2. Government securities	**30,813.492**	***75.7%***	**950.187**	**746.632**	**0.000**	**203.555**	**31,017.047**	***76.3%***	***0.61%***
1.2.1. Bonds	20,220.031	49.7%	292.462	430.704	0.000	-138.242	20,081.789	***49.4%***	***-0.27%***
1.2.2. Discount T-bills	583.208	1.4%	266.335	72.128	0.000	194.207	777.415	***1.9%***	***0.48%***
1.2.3. Retail securities	10,010.253	24.6%	391.390	243.800	0.000	147.590	10,157.843	***25.0%***	***0.40%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**23.676**	**0.652**	**-247.683**	**-224.659**	**8,170.498**	***20.1%***	***-0.52%***
2.1. Loans	**1,345.240**	***3.3%***	**0.000**	**0.000**	**-39.701**	**-39.701**	**1,305.539**	***3.2%***	***-0.09%***
2.1.1. Foreign	1,345.240	*3.3%*	0.000	0.000	-39.701	-39.701	1305.539	***3.2%***	***-0.09%***
2.1.2. Domestic	*0.000*	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
2.2. Government securities	**7,049.917**	***17.3%***	**23.676**	**0.652**	**-207.982**	**-184.958**	**6,864.959**	***16.9%***	***-0.43%***
2.2.1. Issued abroad	6,594.948	*16.2%*	0.000	0.000	-194.527	-194.527	6,400.422	***15.8%***	***-0.45%***
2.2.2. Issued in Hungary	454.969	*1.1%*	23.676	0.652	-13.456	9.569	464.537	***1.1%***	***0.03%***
Total	**40,516.393**	***99.6%***	**973.863**	**749.594**	**-247.683**	**-23.414**	**40,492.979**	***99.6%***	***0.09%***
Other debt	180.629	*0.4%*	64.718	95.326	-5.742	-36.350	144.279	***0.4%***	***-0.09%***
Total central government debt	**40,697.022**	***100.0%***	**1,038.581**	**844.921**	**-253.425**	**-59.765**	**40,637.258**	***100.0%***	***0.00%***

The foreign currency debt of the central government decreased by HUF 224.7 billion in 2022 and amounted to HUF 8,170.5 billion at the end of January 2022. The share of foreign currency denominated debt within the total debt decreased from 20.6% to 20.1% in 2022. The lower debt of foreign currency debt was the result of the appreciation of the Hungarian currency.

The forint denominated debt increased by HUF 201.2 billion to HUF 32,322.5 billion. The share of HUF-denominated debt reached 79.5% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities increased by HUF 147.6 billion from the end of 2021 to HUF 10,157.8 billion at the end of January. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 110.9 billion, thus amounted to HUF 2,313.6 billion. The stock of the 1-year Government Securities increased by HUF 46.8 billion to HUF 1,048.4 billion at the end of January. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 11.4 billion this month and amounted to HUF 6,350.1 billion at the end of January.

The volume of non-resident holdings of Hungarian government securities increased by HUF 611.9 billion in January. 99.6% of non-resident holdings was T-bonds, which amounted to HUF 4,741.2 billion. The non-resident holdings of Discount T-Bills amounted to HUF 20.2 billion, that represented only 0.4% of total non-resident holdings. The duration of the non-resident stock was 6.2 years at the end of January 2022.

In order to reduce counterparty risk associated with the swap transactions concluded by GDMA, so-called marked-to-market deposits are being placed as collateral covering the net value of the swap positions. Such deposits placed at GDMA are counted as part of the government debt as 'other obligations'. During the first month of the year marked-to-market deposits decreased by HUF 36.4 billion and reached HUF 144.3 billion (EUR 0.4 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions increased from 1.9 to 2.2. The bid-to-cover ratio of T-bond auctions decreased from 3.3 to 2.4 in January.

The average yield of the last 3-month Discount Treasury Bill auction in January was 3.44%, 108 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in January was 4.13%, 41 basis points higher compared to December.

The average yield of the last 5-year government bond auction in January was 4.73%, 45 basis points higher compared to the previous month. The average yield of the last 10-year government bond auction was 4.83%, 29 basis points higher compared to December. The average yield of the last auction of 15-year government bond was 4.71%, higher by 12 basis points compared to the last December's average yield. The average yield of the last 20-year government bond auction was 5.01%, 39 basis points higher compared to the last December's yield. In the first auction of the new 10-year green government bond in January, the average yield reached 4.74%.