

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

May 2021

The Central Government Debt increased by HUF 464.7 billion to HUF 37,149.0 billion in May 2021. Total net issuance was HUF 801.5 billion; out of which net HUF denominated issuance was HUF 1,242.4 billion and net foreign currency denominated issuance was HUF -440.9 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	May	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	30,479.7	82.0	1,242.4	4.2
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	19,204.7	51.7	958.9	5.3
Retail securities	9,171.7	25.0	9,534.5	25.7	362.8	4.0
Discount treasury bills	658.2	1.8	583.7	1.6	-74.5	-11.3
Foreign exchange denominated debt	7,318.2	19.9	6,560.8	17.7	-757.5	-10.4
Total	36,555.5	99.6	37,040.5	99.7	485.0	1.3
<i>Other obligations</i>	128.8	0.4	108.6	0.3	-20.3	-15.7
Total central government debt	36,684.3	100.0	37,149.0	100.0	464.7	1.3

The HUF denominated debt of the central government increased by HUF 1,242.4 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 958.9 billion and the decrease of discount Treasury bills by HUF 74.5 billion. The total amount of retail government securities further increased by HUF 362.8 billion. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The volume of HUF loans decreased by HUF 4.8 billion in 2021.

The foreign currency debt of the central government decreased by HUF 757.5 billion in 2021. The decrease was mainly due to the redemptions of foreign currency bond by HUF 527.7 billion and the domestic foreign currency bond repayments by HUF 9.3 billion. The exchange rate revaluations totalling HUF 316.5 billion decreased the Hungarian forint value of the foreign currency debt. The drawdown of foreign currency loans increased the foreign currency debt by HUF 143.0 billion and the issuance of domestic foreign currency bonds grew by HUF 10.8 billion. The total amount of other liabilities decreased by HUF 20.3 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	30.04.2021	31.05.2021	Change in May basis point
3-month	0.28	0.39	0.63	24
6-month	0.33	0.50	0.71	21
1-year	0.39	0.62	0.73	11
3-year	0.70	1.25	1.72	47
5-year	1.36	1.73	2.02	29
10-year	2.08	2.74	2.91	17
15-year	2.25	3.17	3.40	23
20-year*	2.47	3.28	3.57	29

Monthly OTC turnover of government securities increased by 21% to HUF 6,038.1 billion in May. Primary dealers, who account for the decisive part of all secondary government securities trading, made 70% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 183.4 billion in May and amounted to HUF 4,493.5 billion at the end of May. This volume represented 15.3% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 348.24 on the last working day of May.

The credit rating of the long-term foreign currency debt of Hungary is as follows on the last working day of May: BBB (Standard & Poor's); Baa3 (Moody's); BBB (Fitch).

GOVERNMENT SECURITIES MARKET

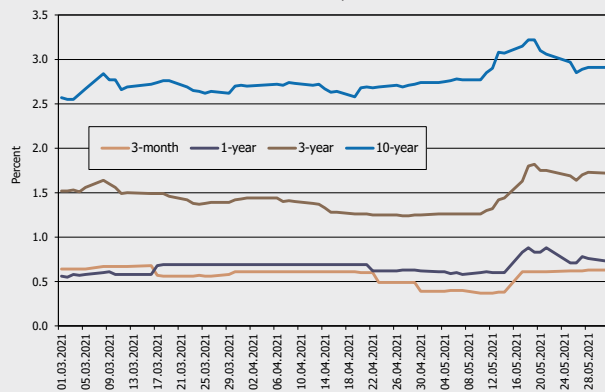
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

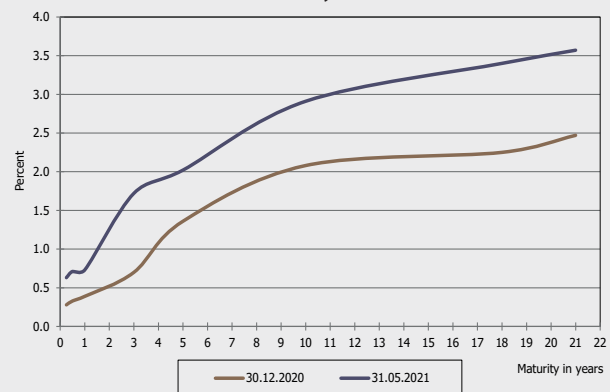
	2016	2017	2018	2019	2020	2021 March	2021 April	2021 May
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	30,229.6	30,140.7	30,479.7
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	29,072.8	28,983.8	29,322.9
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	29,033.6	28,944.7	29,283.7
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	18,928.8	18,859.1	19,165.6
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	629.2	551.8	583.7
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,475.6	9,533.8	9,534.5
1.2.2. Private placements	39.2	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	6,256.5	5,782.5	5,724.8	5,121.2	7,318.2	6,907.4	6,772.3	6,560.8
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,418.6	1,358.0	1,315.1
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,418.6	1,358.0	1,315.1
2.1.2. Domestic loans	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	5,154.9	4,853.5	4,929.8	4,295.8	6,027.1	5,488.8	5,414.4	5,245.7
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,947.4	4,877.5	4,723.5
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	541.4	536.9	522.2
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	37,137.0	36,913.0	37,040.5
Other liabilities	742.70	274.20	167.40	203.7	128.8	136.0	119.1	108.6
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,273.0	37,032.1	37,149.0
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	12,498.0	12,845.5	14,112.6	14,075.0	18,904.0	19,597.2	19,450.1	19,788.5
Gross debt/GDP	70.3%	68.2%	66.2%	62.5%	76.8%			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

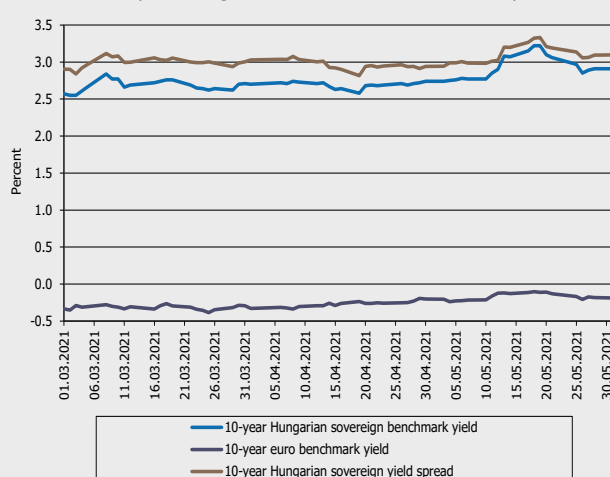
Benchmark yields



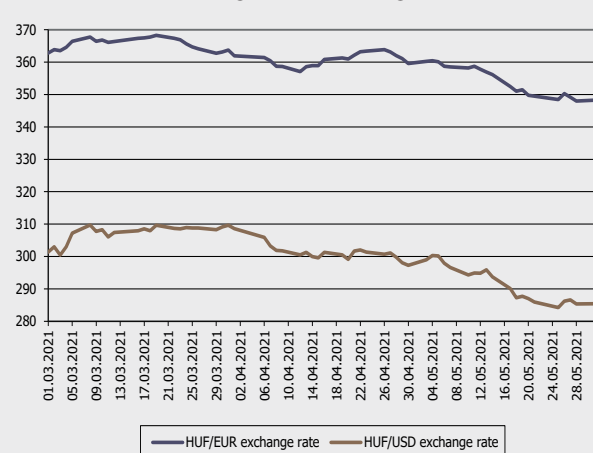
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

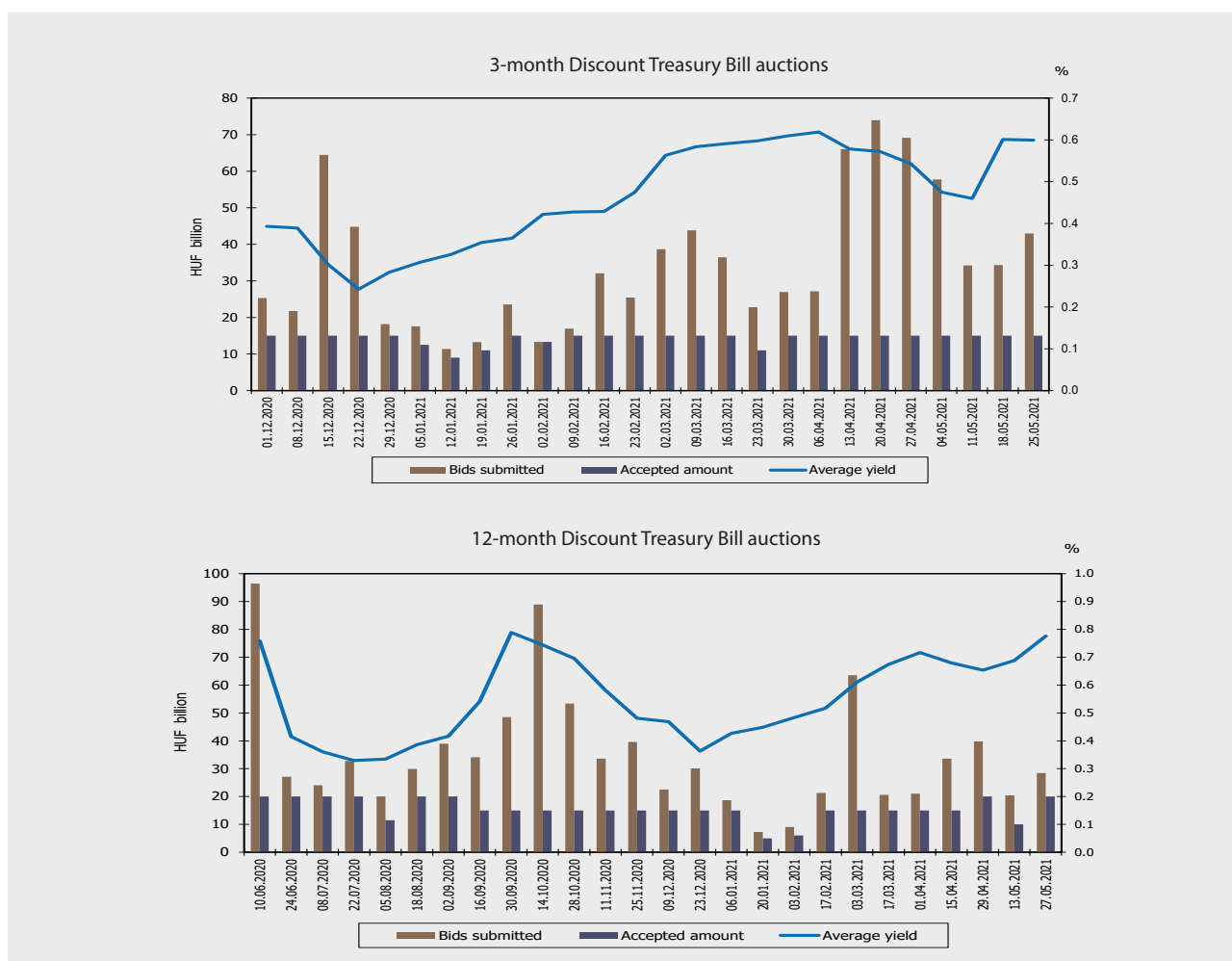


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D210811	D210818	D210825	D210901	D220504	D220504
ISIN code	HU0000523618	HU0000523634	HU0000523253	HU0000523642	HU0000523626	HU0000523626
Maturity in days	91	91	91	91	350	336
Date of auction	04.05.2021	11.05.2021	18.05.2021	25.05.2021	13.05.2021	27.05.2021
Date of financial settlement	12.05.2021	19.05.2021	26.05.2021	02.06.2021	19.05.2021	02.06.2021
Redemption date	11.08.2021	18.08.2021	25.08.2021	01.09.2021	04.05.2022	04.05.2022
Maximum yield (%) - ISMA	0.49	0.47	0.64	0.62	0.72	0.86
Minimum yield (%) - ISMA	0.45	0.45	0.55	0.58	0.62	0.73
Average yield (%) - ISMA	0.47	0.46	0.60	0.60	0.69	0.78
Maximum yield (%) - EHM	0.50	0.48	0.65	0.63	0.73	0.87
Minimum yield (%) - EHM	0.46	0.46	0.56	0.59	0.63	0.74
Average yield (%) - EHM	0.48	0.47	0.61	0.61	0.70	0.79
Average selling price (%)	99.8801	99.8840	99.8483	99.8487	99.3356	99.2806
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	57,759.00	34,262.00	34,339.79	42,994.00	20,405.00	28,400.00
Amount of bids accepted (HUF million)	14,999.99	14,999.99	15,000.00	15,000.00	10,000.00	20,000.00
Bid-to-cover ratio	3.85	2.28	2.29	2.87	2.04	1.42
Bids submitted (pcs)	38	27	44	35	18	28
Bids accepted (pcs)	16	17	18	20	14	23
Market sales* (HUF million)	14,999.99	14,999.99	15,000.00	15,000.00	10,000.00	20,000.00
Retained on ÁKK's own account (HUF million)	1,500.01	1,500.01	1500.00	1,500.00	10000.00	20,000.00
Total amount issued (HUF million)	16,500.00	16,500.00	16,500.00	16,500.00	20,000.00	40,000.00

* Without issuance onto ÁKK's own account



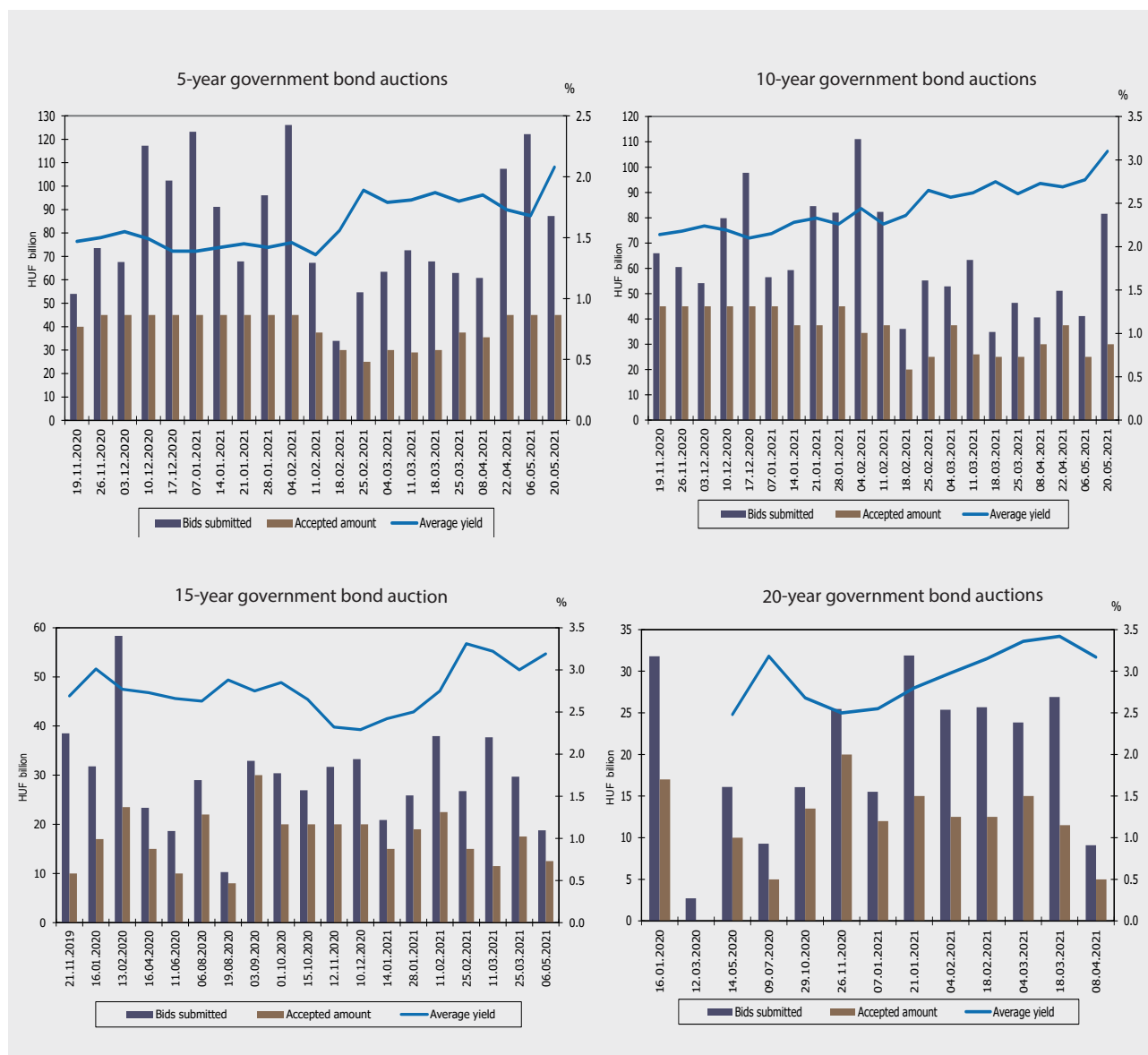
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2026/F	2033/A	2038/A	2027/B
ISIN code	HU0000404934	HU0000404744	HU0000403555	HU0000404157
Maturity (in years)	5	10	15	6
Coupon	1.50%	2.25%	3.00%	0.16%
Auction	9th auction	20th auction	36th auction	31st auction
Date of auction	06.05.2021	06.05.2021	06.05.2021	13.05.2021
Date of financial settlement	12.05.2021	12.05.2021	12.05.2021	19.05.2021
Redemption date	26.08.2026	20.04.2033	27.10.2038	22.04.2027
Maximum annual yield (%) - ISMA	1.70	2.79	3.21	-
Minimum annual yield (%) - ISMA	1.64	2.74	3.16	-
Average annual yield (%) - ISMA	1.68	2.77	3.19	-
Maximum annual yield (%) - EHM	1.70	2.79	3.21	-
Minimum annual yield (%) - EHM	1.64	2.74	3.16	-
Average annual yield (%) - EHM	1.68	2.77	3.19	-
Maximum price (%)	99.2960	95.0653	97.8803	98.4900
Minimum price (%)	99.0100	94.5782	97.2143	98.3100
Average price (%)	99.1146	94.7546	97.4812	98.4000
Amount offered for sale (HUF million)	30,000.00	25,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	122,189.38	41,155.00	18,790.97	74,474.00
Amount of bids accepted (HUF million)	45,000.00	24,999.99	12,499.98	30,000.00
Bid-to-cover ratio	2.72	1.65	1.50	2.48
Bids submitted (pcs)	57	51	35	71
Bids accepted (pcs)	16	40	28	49
Tail (%) (average price - minimum price)	0.10	0.18	0.27	0.09
Market sales (HUF million)	45,000.00	24,999.99	12,499.98	30,000.00
Non-competitive offer (HUF million)	17,512.00	3,897.37	0.00	6,668.07
Total amount sales (HUF million)	62,512.00	28,897.36	12,499.98	36,668.07

Government Bond	2026/F	2029/A	2033/A	2027/B
ISIN code	HU0000404934	HU0000404603	HU0000404744	HU0000404157
Maturity (in years)	5	7	10	6
Coupon	1.50%	2.00%	2.25%	0.16%
Auction	19th auction	11th auction	21st auction	32nd auction
Date of auction	20.05.2021	20.05.2021	20.05.2021	27.05.2021
Date of financial settlement	26.05.2021	26.05.2021	26.05.2021	02.06.2021
Redemption date	26.08.2026	23.05.2029	20.04.2033	22.04.2027
Maximum annual yield (%) - ISMA	2.09	2.53	3.11	-
Minimum annual yield (%) - ISMA	2.04	2.47	3.08	-
Average annual yield (%) - ISMA	2.08	2.51	3.09	-
Maximum annual yield (%) - EHM	2.09	2.53	3.11	-
Minimum annual yield (%) - EHM	2.04	2.47	3.08	-
Average annual yield (%) - EHM	2.08	2.51	3.09	-
Maximum price (%)	97.3503	96.6403	91.8503	98.4000
Minimum price (%)	97.0710	96.1809	91.5610	98.1600
Average price (%)	97.1352	96.3231	91.6944	98.2600
Amount offered for sale (HUF million)	30,000.00	30,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	87,213.60	61,165.00	81,578.75	37,100.00
Amount of bids accepted (HUF million)	45,000.00	41,500.00	30,000.00	20,000.00
Bid-to-cover ratio	1.94	1.47	2.72	1.86
Bids submitted (pcs)	81	69	85	39
Bids accepted (pcs)	47	50	20	23
Tail (%) (average price - minimum price)	0.06	0.14	0.13	0.10
Market sales (HUF million)	45,000.00	41,500.00	30,000.00	20,000.00
Non-competitive offer (HUF million)	13,000.00	11,360.00	5,880.00	5,840.00
Total amount sales (HUF million)	58,000.00	52,860.00	35,880.00	25,840.00

GOVERNMENT SECURITIES MARKET



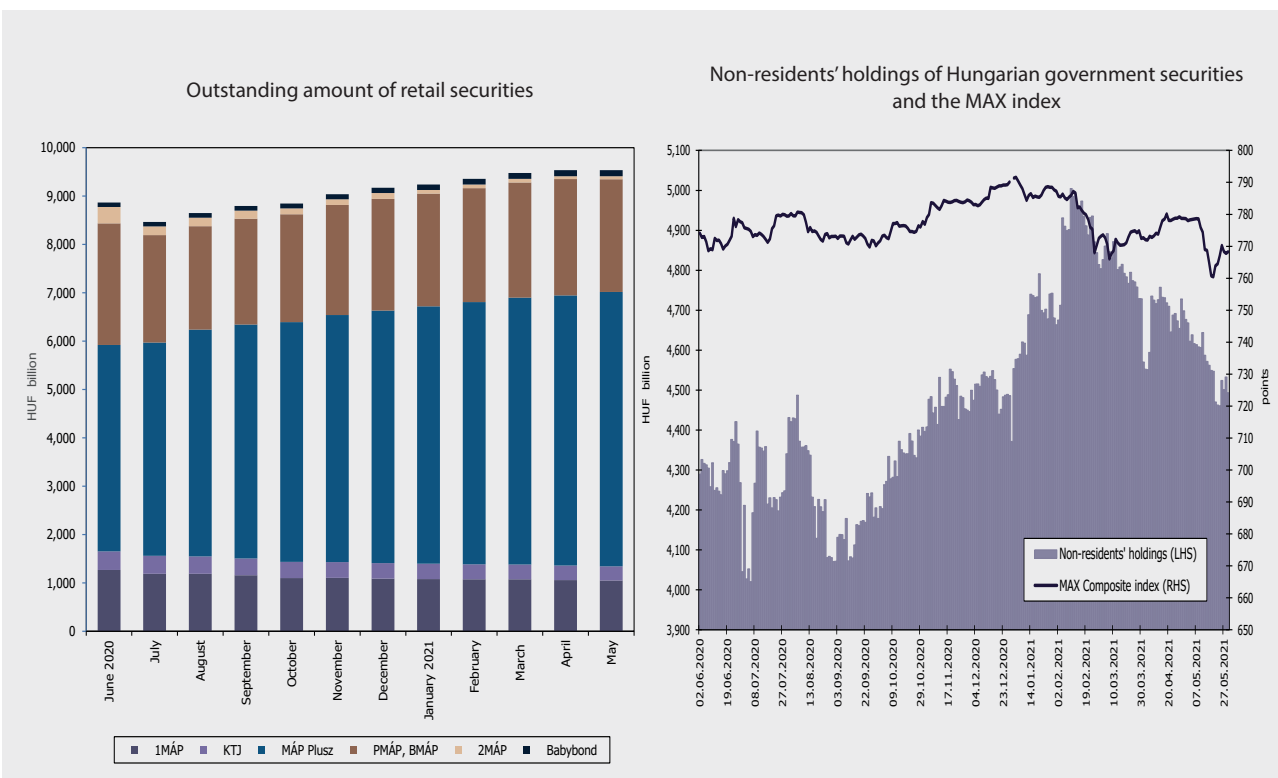
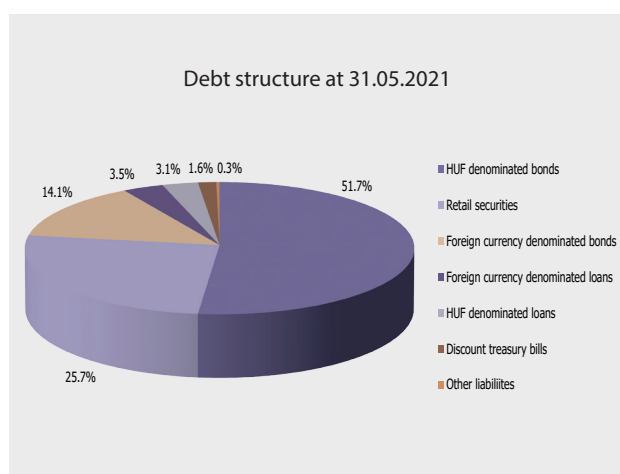
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MAY 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2023/L	27.05.2021	31.05.2021	31.05.2022	31.05.2022	4.30%	4.30%
2025/J	17.05.2021	21.05.2021	21.05.2022	23.05.2022	4.70%	4.70%
2029/B	19.05.2021	22.05.2021	22.08.2021	23.08.2021	0.89%	0.23%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.05.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,051.9	-36.5
Treasury Saving Bills / KTJ	320.9	293.0	-27.9
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,673.9	452.6
Premium Hungarian Government / PMÁP	2,310.0	2,329.9	19.9
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	61.1	-59.7
Babybond	110.3	124.7	14.4
Total	9,171.6	9,534.4	362.8



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 31.05.2021	813.0010	557.1634	768.2544	539.1899	98.0661
Changes compared to the end of the month before	-11.5690	-0.0039	-10.3890	-0.0293	-1.6646
Annual yield earned on the index portfolio (%)	-0.97	0.59	-0.88	0.53	-1.76

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in May 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/F	26.08.2026	408.6
2026/E	22.04.2026	366.0
2033/A	20.04.2033	353.5
2030/A	21.08.2030	273.4
2029/A	23.05.2029	235.3
2023/C	23.08.2023	214.2
2025/C	26.11.2025	197.2
2027/A	27.10.2027	181.1
2024/C	24.10.2024	176.6
2026/D	22.12.2026	157.9

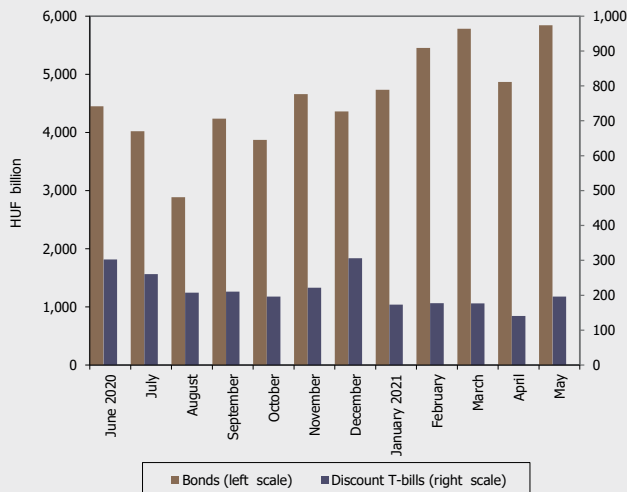
The outstanding volume of government bonds with benchmark status at the end of May 2021

Government bond	HUF billion	
	30.04.2021	31.05.2021
2024/C	1,136.94	1,136.90
2026/F	319.80	440.83
2033/A	661.06	726.03
2038/A	572.45	595.00
2041/A	205.71	205.71

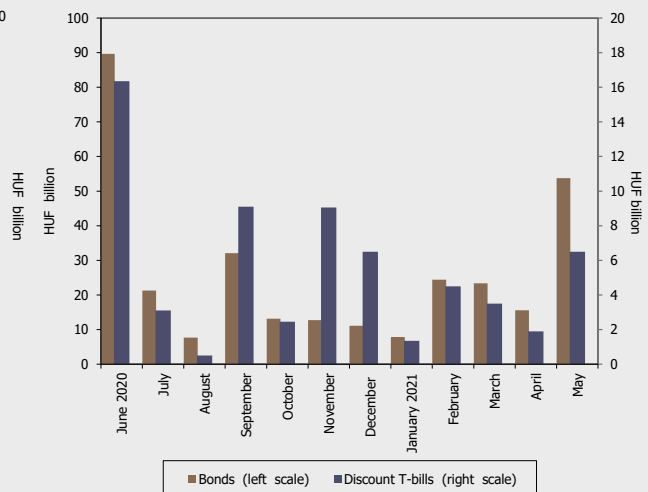
The outstanding volume of the three largest government bonds at the end of May 2021

Government bond	HUF billion
2025/C	1,345.28
2031/A	1,332.21
2026/E	1,247.94

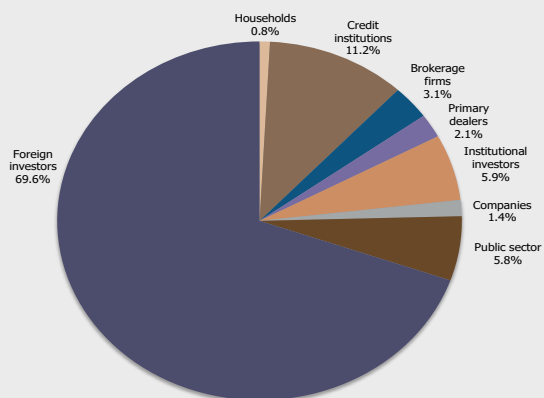
Secondary market trading of Hungarian government securities (OTC)



Secondary market trading of Hungarian government securities (MTS Hungary trading)



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in May 2021



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in May 2021

