

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

March 2021

The Central Government Debt increased by HUF 588.7 billion to HUF 37,273.0 billion in March 2021. Total net issuance was HUF 606.0 billion; out of which net HUF denominated issuance was HUF 992.4 billion and net foreign currency denominated issuance was HUF -386.4 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	March	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	30,229.6	81.1	992.4	3.4
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	18,968.0	50.9	722.2	4.0
Retail securities	9,171.7	25.0	9,475.6	25.4	303.9	3.3
Discount treasury bills	658.2	1.8	629.2	1.7	-29.0	-4.4
Foreign exchange denominated debt	7,318.2	19.9	6,907.4	18.5	-410.8	-5.6
Total	36,555.5	99.6	37,137.0	99.6	581.5	1.6
<i>Other obligations</i>	128.8	0.4	136.0	0.4	7.2	5.6
Total central government debt	36,684.3	100.0	37,273.0	100.0	588.7	1.6

The HUF denominated debt of the central government increased by HUF 992.4 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 722.2 billion and the decrease of discount Treasury bills by HUF 29.0 billion. The total amount of retail government securities further increased by HUF 303.9 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 410.8 billion in 2021. The decrease was mainly due to the redemptions of foreign currency bond by HUF 514.2 billion and the domestic foreign currency bond repayments by HUF 8.4 billion. The exchange rate revaluations totalling HUF 24.5 billion decreased the Hungarian forint value of the foreign currency debt. The drawdown of foreign currency loans increased the foreign currency debt by HUF 130.8 billion and the issuance of domestic foreign currency bonds grew by HUF 6.0 billion. The total amount of other liabilities increased by HUF 7.2 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	26.02.2021	31.03.2021	Change in March basis point
3-month	0.28	0.69	0.61	-8
6-month	0.33	0.54	0.63	9
1-year	0.39	0.58	0.69	11
3-year	0.70	1.57	1.43	-14
5-year	1.36	1.94	1.91	-3
10-year	2.08	2.65	2.71	6
15-year	2.25	3.24	3.07	-17
20-year*	2.47	3.34	3.19	-15

Monthly OTC turnover of government securities increased by 6% to HUF 5,958.3 billion in March. Primary dealers, who account for the decisive part of all secondary government securities trading, made 72% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 274.0 billion in March and amounted to HUF 4,570.0 billion at the end of March. This volume represented 15.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 363.73 on the last working day of March.

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

GOVERNMENT SECURITIES MARKET

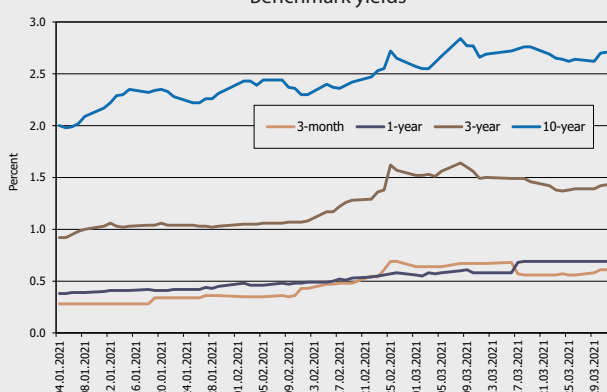
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

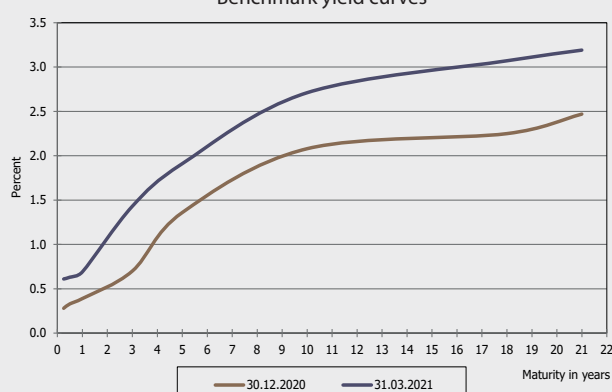
	2016	2017	2018	2019	2020	2021 January	2021 February	2021 March
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	29,112.8	29,491.7	30,229.6
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	27,955.9	28,334.8	29,072.8
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	27,916.8	28,295.7	29,033.6
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	18,001.6	18,337.7	18,928.8
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	677.8	603.2	629.2
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,237.3	9,354.8	9,475.6
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	7,187.6	7,327.5	6,907.4
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,267.7	1,386.3	1,418.6
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,267.7	1,386.3	1,418.6
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	5,919.9	5,941.3	5,488.8
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	5,382.0	5,398.1	4,947.4
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	537.9	543.2	541.4
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	36,300.3	36,819.2	37,137.0
Other liabilities	742.70	274.20	167.40	203.7	128.8	131.8	130.0	136.0
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	36,432.1	36,949.2	37,273.0
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	18,718.6	18,980.1	19,597.2
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.

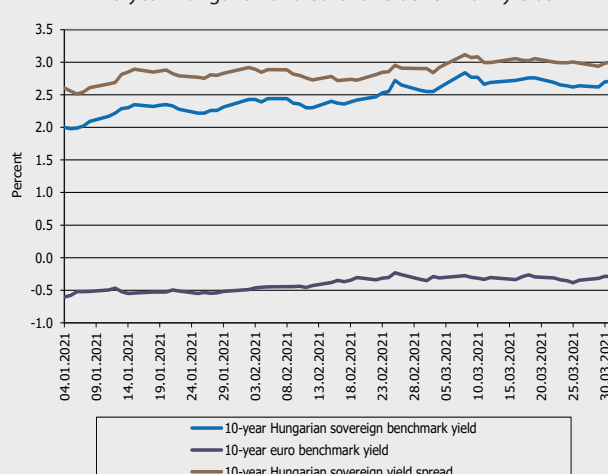
Benchmark yields



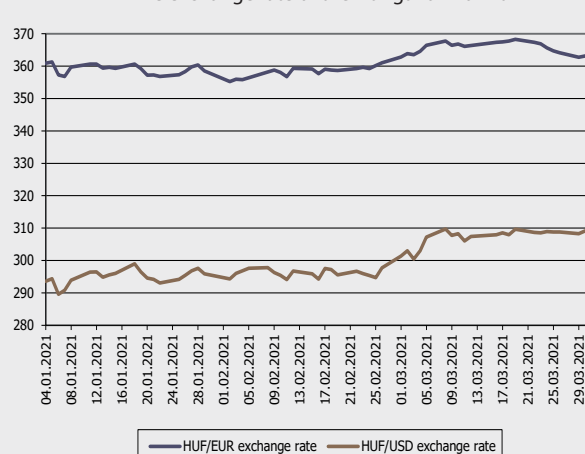
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



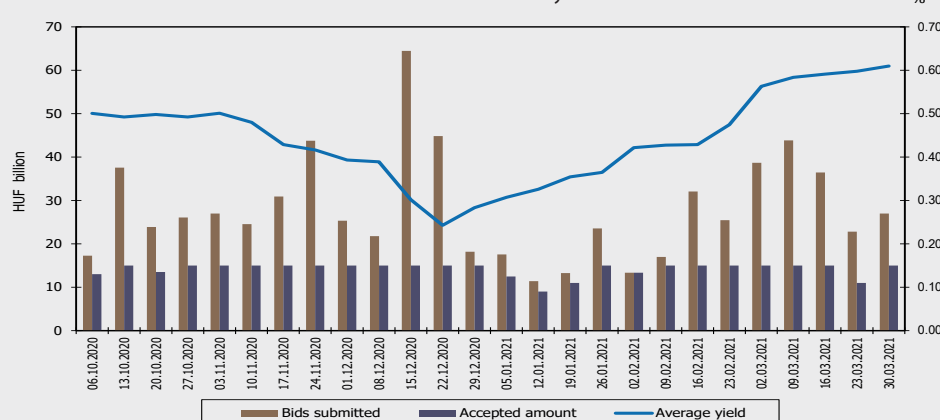
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

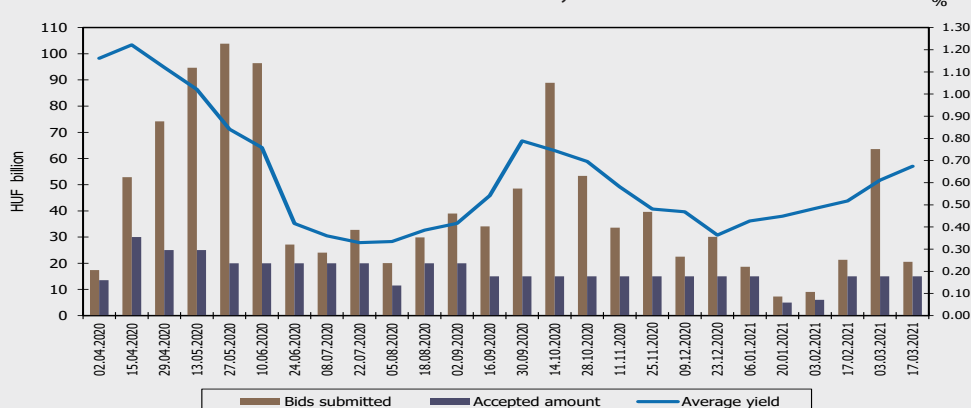
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D210609	D210616	D210623	D210630	D210707	D220309	D220309
ISIN code	HU0000523451	HU0000523477	HU0000523485	HU0000523170	HU0000523493	HU0000523469	HU0000523469
Maturity in days	91	91	91	91	91	364	350
Date of auction	02.03.2021	09.03.2021	16.03.2021	23.03.2021	30.03.2021	03.03.2021	17.03.2021
Date of financial settlement	10.03.2021	17.03.2021	24.03.2021	31.03.2021	07.04.2021	10.03.2021	24.03.2021
Redemption date	09.06.2021	16.06.2021	23.06.2021	30.06.2021	07.07.2021	09.03.2022	09.03.2022
Maximum yield (%) - ISMA	0.60	0.61	0.62	0.61	0.65	0.65	0.70
Minimum yield (%) - ISMA	0.50	0.55	0.57	0.58	0.59	0.55	0.60
Average yield (%) - ISMA	0.56	0.58	0.59	0.60	0.61	0.61	0.67
Maximum yield (%) - EHM	0.61	0.62	0.63	0.62	0.66	0.66	0.71
Minimum yield (%) - EHM	0.51	0.56	0.58	0.59	0.60	0.56	0.61
Average yield (%) - EHM	0.57	0.59	0.60	0.61	0.62	0.62	0.68
Average selling price (%)	99.8578	99.8527	99.8507	99.8491	99.8461	99.3859	99.3491
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	38,701.75	43,829.50	36,459.00	22,799.00	26,975.00	63,580.00	20,566.00
Amount of bids accepted (HUF million)	14,999.99	15,000.00	15,000.00	10,999.97	14,999.99	15,000.00	14,999.99
Bid-to-cover ratio	2.58	2.92	2.43	2.07	1.80	4.24	1.37
Bids submitted (pcs)	25	39	32	36	29	46	23
Bids accepted (pcs)	17	15	19	18	23	19	20
Market sales* (HUF million)	14,999.99	15,000.00	15,000.00	10,999.97	14,999.99	15,000.00	14,999.99
Retained on ÁKK's own account (HUF million)	4,500.01	4,500.00	4,500.00	3,300.03	4,500.01	15,000.00	15,000.01
Total amount issued (HUF million)	19,500.00	19,500.00	19,500.00	14,300.00	19,500.00	30,000.00	30,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



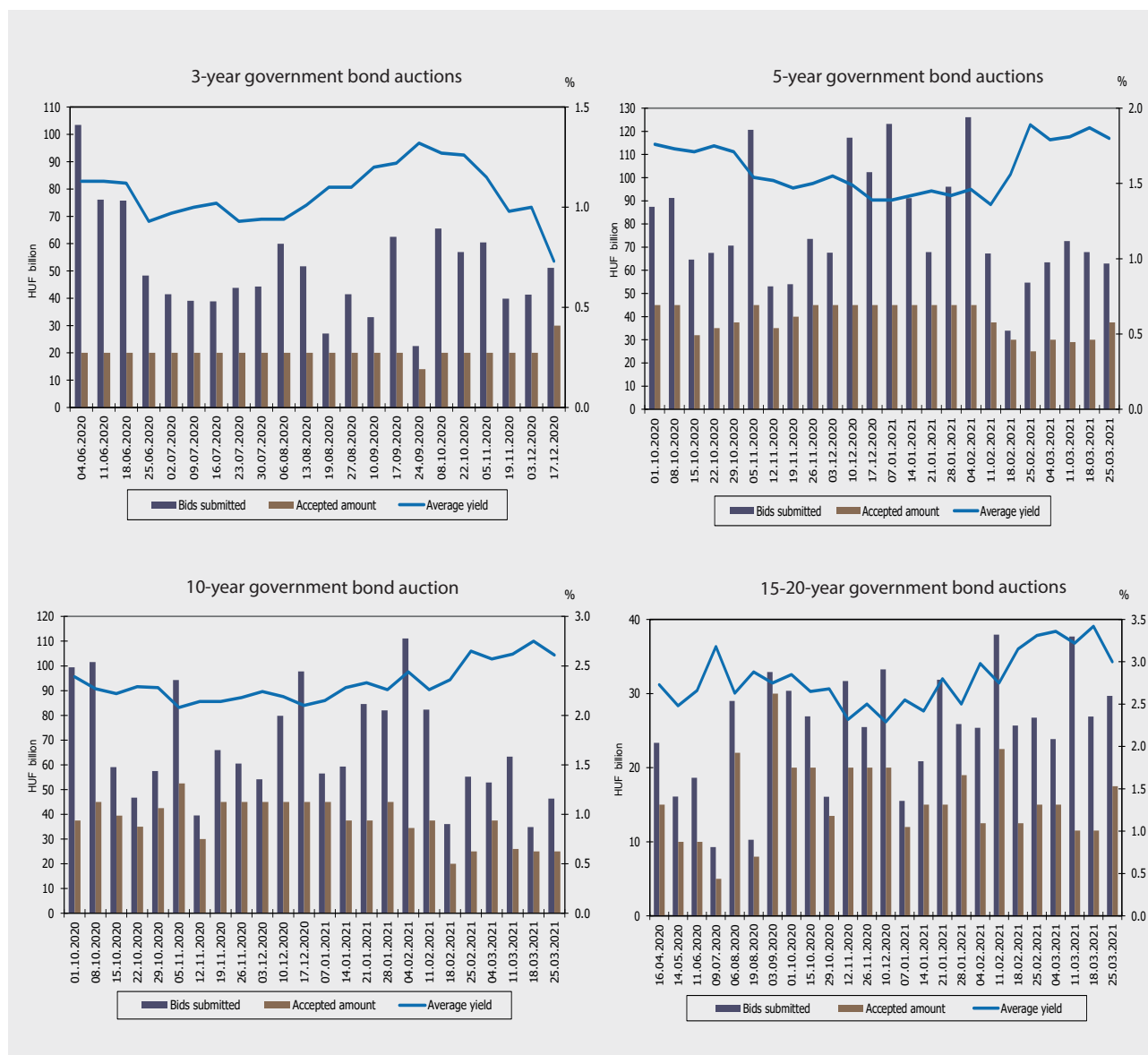
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2027/B	2026/F	2033/A	2041/A	2026/F	2033/A	2038/A
ISIN code	HU0000404157	HU0000404934	HU0000404744	HU0000404165	HU0000404934	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	26th auction	3rd auction	14th auction	15th auction	4th auction	15th auction	32nd auction
Date of auction	03.03.2021	04.03.2021	04.03.2021	04.03.2021	11.03.2021	11.03.2021	11.03.2021
Date of financial settlement	10.03.2021	10.03.2021	10.03.2021	10.03.2021	17.03.2021	17.03.2021	17.03.2021
Redemption date	22.04.2027	26.08.2026	20.04.2033	25.04.2041	26.08.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.80	2.59	3.37	1.82	2.63	3.24
Minimum annual yield (%) - ISMA	-	1.76	2.53	3.32	1.79	2.61	3.19
Average annual yield (%) - ISMA	-	1.79	2.57	3.36	1.81	2.62	3.22
Maximum annual yield (%) - EHM	-	1.80	2.59	3.37	1.82	2.63	3.24
Minimum annual yield (%) - EHM	-	1.76	2.53	3.32	1.79	2.61	3.19
Average annual yield (%) - EHM	-	1.79	2.57	3.35	1.81	2.62	3.22
Maximum price (%)	98.4600	98.6703	97.1303	95.3603	98.5090	96.3203	97.4703
Minimum price (%)	98.3500	98.4531	96.5015	94.6472	98.3563	96.1135	96.8135
Average price (%)	98.4000	98.4947	96.6611	94.8431	98.3892	96.1757	97.0769
Amount offered for sale (HUF million)	20,000.00	20,000.00	25,000.00	10,000.00	20,000.00	20,000.00	10,000.00
Amount of bids submitted (HUF million)	47,600.00	63,464.00	52,846.00	23,845.00	72,600.00	63,342.00	37,700.00
Amount of bids accepted (HUF million)	19,500.00	29,999.98	37,499.98	15,000.00	29,000.00	26,000.00	11,500.00
Bid-to-cover ratio	2.44	2.12	1.41	1.59	2.50	2.44	3.28
Bids submitted (pcs)	49	61	64	46	75	56	50
Bids accepted (pcs)	12	34	48	21	35	17	19
Tail (%) (average price - minimum price)	0.05	0.04	0.16	0.20	0.03	0.06	0.26
Market sales (HUF million)	19,500.00	29,999.98	37,499.98	15,000.00	29,000.00	26,000.00	11,500.00
Non-competitive offer (HUF million)	0.00	2,602.15	815.42	1,400.00	5,400.00	280.00	3,180.00
Total amount sales (HUF million)	19,500.00	32,602.13	38,315.40	16,400.00	34,400.00	26,280.00	14,680.00

Government Bond	2027/B	2026/F	2033/A	2041/A	2026/F	2033/A	2038/A
ISIN code	HU0000404157	HU0000404934	HU0000404744	HU0000404165	HU0000404934	HU0000404744	HU0000403555
Maturity (in years)	6	5	10	20	5	10	15
Coupon	0.16%	1.50%	2.25%	3.00%	1.50%	2.25%	3.00%
Auction	27th auction	5th auction	16th auction	16th auction	6th auction	17th auction	33th auction
Date of auction	17.03.2021	18.03.2021	18.03.2021	18.03.2021	25.03.2021	25.03.2021	25.03.2021
Date of financial settlement	24.03.2021	24.03.2021	24.03.2021	24.03.2021	31.03.2021	31.03.2021	31.03.2021
Redemption date	22.04.2027	26.08.2026	20.04.2033	25.04.2041	26.08.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	-	1.89	2.77	3.45	1.82	2.63	3.01
Minimum annual yield (%) - ISMA	-	1.85	2.72	3.40	1.73	2.59	2.98
Average annual yield (%) - ISMA	-	1.87	2.75	3.42	1.80	2.61	3.00
Maximum annual yield (%) - EHM	-	1.88	2.77	3.45	1.82	2.63	3.01
Minimum annual yield (%) - EHM	-	1.85	2.72	3.40	1.73	2.59	2.98
Average annual yield (%) - EHM	-	1.87	2.75	3.42	1.80	2.61	2.99
Maximum price (%)	98.5000	98.2110	95.2303	94.2388	98.8229	96.5303	100.2703
Minimum price (%)	98.3300	98.0303	94.7224	93.5488	98.3669	96.1152	99.8550
Average price (%)	98.4100	98.1049	94.9204	93.9448	98.4490	96.2723	100.0322
Amount offered for sale (HUF million)	20,000.00	20,000.00	25,000.00	10,000.00	25,000.00	25,000.00	15,000.00
Amount of bids submitted (HUF million)	54,300.00	67,850.00	34,823.00	26,895.00	62,911.12	46,400.20	29,680.00
Amount of bids accepted (HUF million)	30,000.00	30,000.00	24,999.97	11,500.00	37,499.98	25,000.00	17,499.99
Bid-to-cover ratio	1.81	2.26	1.39	2.34	1.68	1.86	1.70
Bids submitted (pcs)	46	74	57	50	63	67	45
Bids accepted (pcs)	34	35	44	22	44	33	26
Tail (%) (average price - minimum price)	0.08	0.07	0.20	0.40	0.08	0.16	0.18
Market sales (HUF million)	30,000.00	30,000.00	24,999.97	11,500.00	37,499.98	25,000.00	17,499.99
Non-competitive offer (HUF million)	9,375.00	7,600.00	1,924.83	996.00	6,993.48	8,180.00	5,627.99
Total amount sales (HUF million)	39,375.00	37,600.00	26,924.80	12,496.00	44,493.46	33,180.00	23,127.98

GOVERNMENT SECURITIES MARKET



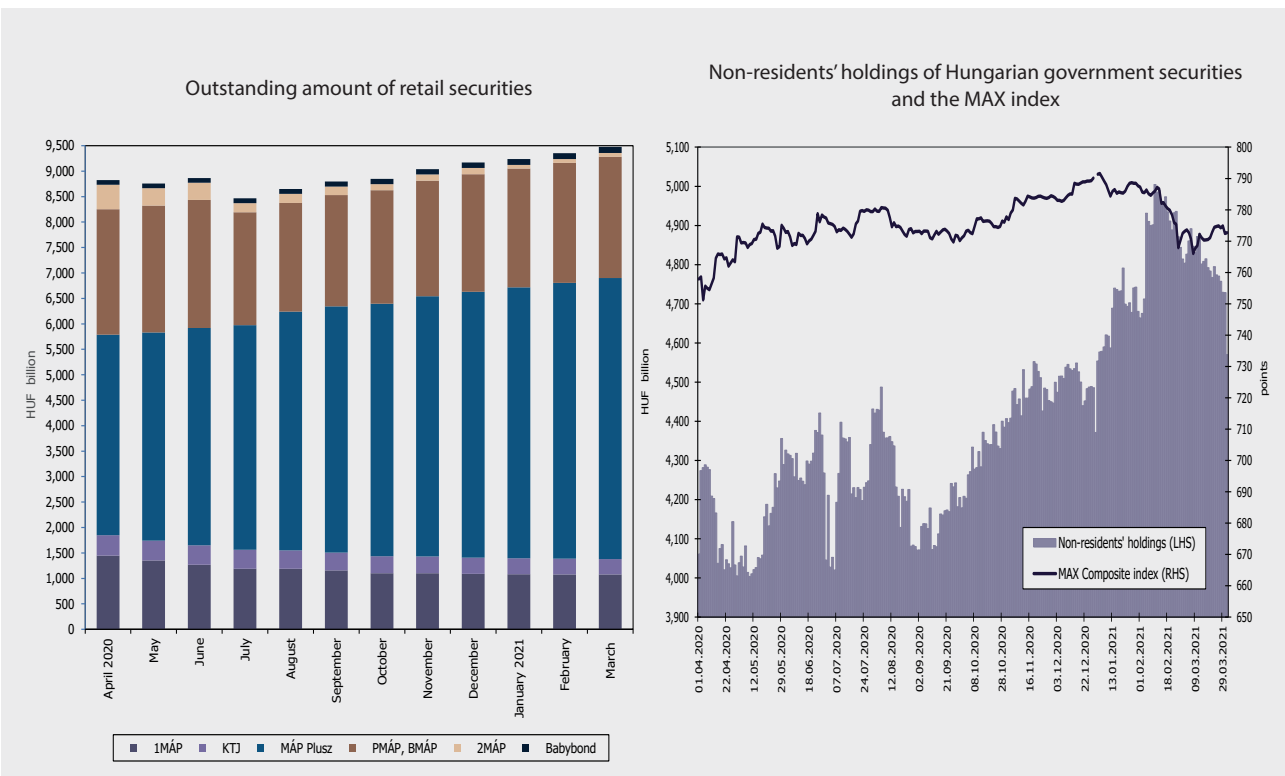
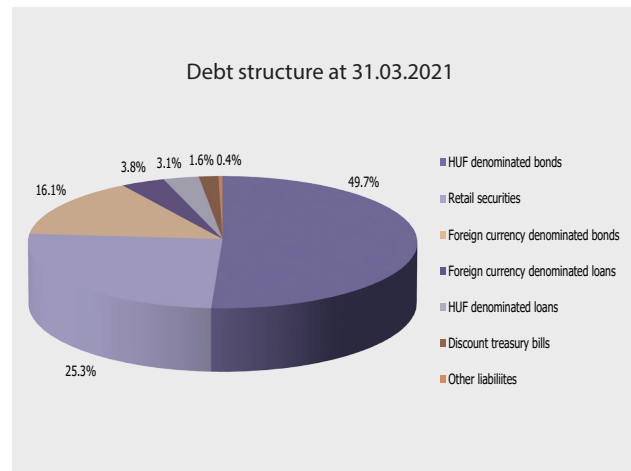
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN MARCH 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/A	20.03.2021	23.03.2021	23.06.2021	23.06.2021	0.77%	0.20%
2022/K	26.03.2021	30.03.2021	30.03.2022	30.03.2022	4.70%	4.70%
2023/I	18.03.2021	22.03.2021	22.03.2022	22.03.2022	4.80%	4.80%
2028/N	18.03.2021	22.03.2021	22.03.2022	22.03.2022	3.54%	3.59%
2028/O	18.03.2021	22.03.2021	22.03.2022	22.03.2022	3.54%	3.59%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.03.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,077.8	-10.6
Treasury Saving Bills / KTJ	320.9	302.9	-18.0
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,518.9	297.7
Premium Hungarian Government / PMÁP	2,310.0	2,381.2	71.2
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	74.3	-46.5
Babybond	110.3	120.5	10.2
Total	9,171.6	9,475.6	303.9



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 31.03.2021	818.0404	556.7472	772.6885	538.7466	98.8749
Changes compared to the end of the month before	2.7169	0.2714	2.5598	0.2106	0.3659
Annual yield earned on the index portfolio (%)	1.90	0.73	1.82	0.61	2.20

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in March 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	427.2
2033/A	20.04.2033	376.2
2025/C	26.11.2025	359.1
2030/A	21.08.2030	294.7
2031/A	22.10.2031	256.0
2027/A	27.10.2027	239.7
2026/F	26.08.2026	234.9
2038/A	27.10.2038	190.7
2029/A	23.05.2029	167.9
2024/C	24.10.2024	143.4

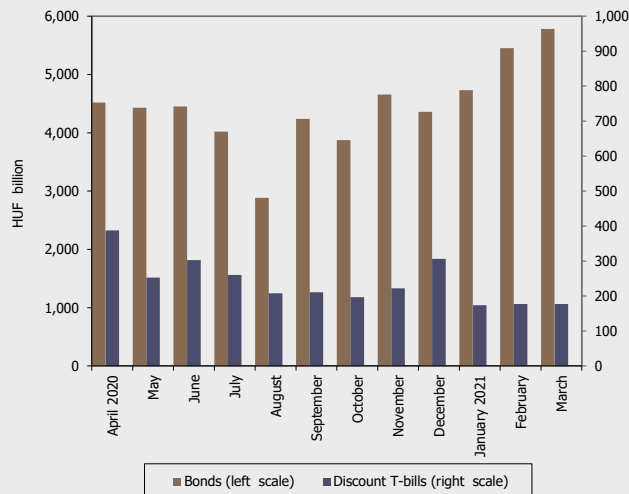
The outstanding volume of government bonds with benchmark status at the end of March 2021

Government bond	HUF billion	
	2021.02.26	2021.03.31
2024/C	1,136.68	1,136.63
2026/E-2026/F	1,247.66	215.47
2033/A	436.35	586.35
2038/A	506.15	559.27
2041/A	171.69	200.67

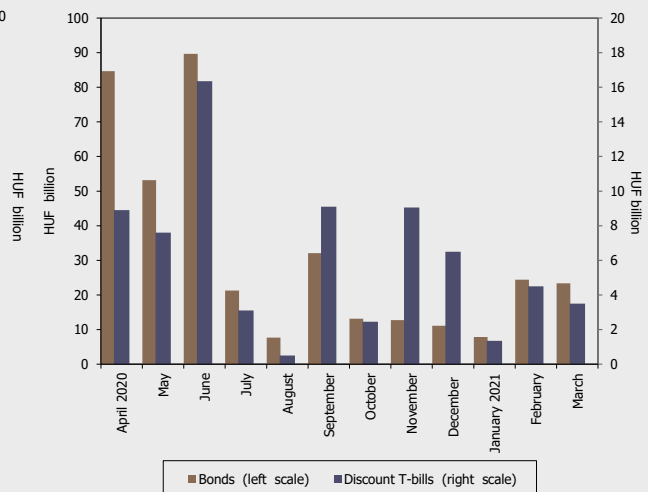
The outstanding volume of the three largest government bonds at the end of March 2021

Government bond	HUF billion
2031/A	1,332.11
2026/E	1,247.60
2027/A	1,236.77

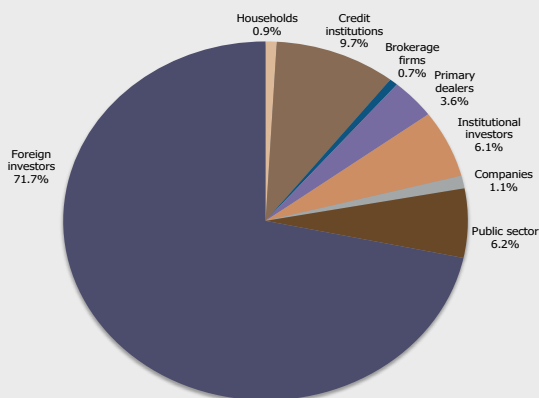
Secondary market trading of Hungarian government securities (OTC)



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



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



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

