FINANCING OF THE CENTRAL GOVERNMENT IN FEBRUARY 2022

1. Government debt data

The debt of the central government increased by HUF 1,237.1 billion in February due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 942.7 billion, which finances the deficit of the central government budget.

- **The second – increasing – factor** is the net foreign currency issuance of HUF 245.5 billion, which increased the debt of the central government.

- **The third – also increasing — factors** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 28.6 billion.

- **The fourth – additional increasing – factor** is the change of the foreign currency exchange rates and other factors that increased the mark-to-market deposits placed at GDMA by HUF 20.3 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	28.02.2022		change
	Debt stock (preliminary data)	Breakdown	I-II. month				Debt stock (preliminary data)	Breakdown	percent
1. HUF denominated debt	***32,121.236***	***78.9%***	**1,868.034**	**925.314**	***0.000***	**942.720**	**33,063.956**	***78.8%***	***-0.08%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**2.310**	**0.000**	**-2.310**	**1,305.434**	***3.1%***	***-0.10%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	2.310	0.000	-2.310	1,305.434	***3.1%***	***-0.10%***
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%***	**1,868.034**	**923.004**	**0.000**	**945.030**	**31,758.523**	***75.7%***	***0.02%***
1.2.1. Bonds	20,220.031	49.7%	679.856	240.178	0.000	439.678	20,659.709	***49.3%***	***-0.42%***
1.2.2. Discount T-bills	583.208	1.4%	437.228	145.764	0.000	291.463	874.672	***2.1%***	***0.65%***
1.2.3. Retail securities	10,010.253	24.6%	750.950	537.062	0.000	213.889	10,224.142	***24.4%***	***-0.22%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**249.637**	**4.093**	**28.598**	**274.142**	**8,669.299**	***20.7%***	***0.05%***
2.1. Loans	**1,345.240**	***3.3%***	**0.000**	**0.000**	**2.917**	**2.917**	**1,348.156**	***3.2%***	***-0.09%***
2.1.1. Foreign	1,345.240	*3.3%*	0.000	0.000	2.917	2.917	1,348.156	***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%***	**249.637**	**4.093**	**25.682**	**271.226**	**7,321.143**	***17.5%***	***0.14%***
2.2.1. Issued abroad	6,594.948	*16.2%*	205.441	1.528	23.217	227.130	6,822.078	***16.3%***	***0.06%***
2.2.2. Issued in Hungary	454.969	*1.1%*	44.196	2.565	2.464	44.096	499.065	***1.2%***	***0.07%***
Total	**40,516.393**	***99.6%***	**2,117.672**	**929.407**	**28.598**	**1,216.862**	**41,733.255**	***99.5%***	***-0.04%***
Other debt	180.629	*0.4%*	249.652	229.528	0.155	20.279	200.909	***0.5%***	***0.04%***
Total central government debt	**40,697.022**	***100.0%***	**2,367.324**	**1,158.935**	**28.753**	**1,237.142**	**41,934.164**	***100.0%***	***0.00%***

The foreign currency debt of the central government increased by HUF 274.1 billion in 2022 and amounted to HUF 8,669.3 billion at the end of February 2022. The share of foreign currency denominated debt within the total debt increased from 20.6% to 20.7% in 2022.

In February, Japanese yen-denominated Samurai bonds were issued in total amount of HUF 205.4 billion (75.3 billion yen). Four series with different maturities, one of them is 3-year long traditional foreign currency bond and three of them are 5-7-10-year long green foreign currency bonds, which further broadened Hungary's relations with Japanese green investors.

The forint denominated debt increased by HUF 942.7 billion to HUF 33,064.0 billion. The share of HUF-denominated debt reached 78.8% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities increased by HUF 213.9 billion from the end of 2021 to HUF 10,224.1 billion at the end of February. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 246.2 billion, thus amounted to HUF 2,449.0 billion. The stock of the 1-year Government Securities increased by HUF 57.4 billion to HUF 1,059.0 billion at the end of February. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 97.1 billion this month and amounted to HUF 6,264.4 billion at the end of February.

The volume of non-resident holdings of Hungarian government securities increased by HUF 86.8 billion in February. 99.2% of non-resident holdings was T-bonds, which amounted to HUF 4,810.8 billion. The non-resident holdings of Discount T-Bills amounted to HUF 37.4 billion, that represented only 0.8% of total non-resident holdings. The duration of the non-resident stock was 6.4 years at the end of February 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 two month of the year marked-to-market deposits increased by HUF 20.3 billion and reached HUF 200.9 billion (EUR 0.5 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions decreased from 2.2 to 1.9. The bid-to-cover ratio of T-bond auctions decreased from 2.4 to 2.3 in February.

The average yield of the last 3-month Discount Treasury Bill auction in February was 4.50%, 106 basis points higher than in the previous month. The average yield of the last 12-month Discount Treasury Bill auction in February was 4.78%, 65 basis points higher compared to January.

The average yield of the last 5-year government bond auction in January was 4.96%, 23 basis points higher compared to the previous month. The average yield of the last 10-year government bond auction was 4.99%, 16 basis points higher compared to January. The average yield of the last auction of 15-year government bond was 4.77%, higher by 6 basis points compared to the last January's average yield. The average yield of the last 20-year government bond auction was 5.15%, 14 basis points higher compared to the last January's yield. The average yield of 10-year green government bond was 4.79% in the February auction, which was 5 basis points higher than its average yield at the first auction in January.