

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

October 2020

The Central Government Debt increased by HUF 4,379.3 billion to HUF 34,061.2 billion by October 2020. Total net issuance was HUF 3,829.5 billion; out of which net HUF-denominated issuance was HUF 3,209.6 billion and net foreign currency denominated issuance was HUF 619.9 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	October	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	27,566.7	80.9	3,209.6	13.2
Loans	1,208.1	4.1	1,161.6	3.4	-46.5	-3.8
Government bonds	13,417.7	45.2	16,899.3	49.6	3,481.7	25.9
Retail securities	9,074.0	30.6	8,846.7	26.0	-227.3	-2.5
Discount treasury bills	657.3	2.2	659.0	1.9	1.7	0.3
Foreign exchange denominated debt	5,121.2	17.3	6,314.5	18.5	1,193.3	23.3
Total	29,478.3	99.3	33,881.2	99.5	4,402.9	14.9
Other obligations	203.7	0.7	180.1	0.5	-23.6	-11.6
Total central government debt	29,682.0	100.0	34,061.2	100.0	4,379.3	14.8

The HUF denominated debt of the central government increased by HUF 3,209.6 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 3,481.7 billion and the increase of discount Treasury bills by HUF 1.7 billion. The total amount of retail government securities decreased by HUF 227.3 billion. The decrease was due to the maturity of retail government securities held by institutional investors, who are not allowed to reinvest. The majority of the demand for retail government securities was the sale of the 5-year long Hungarian Government Securities Plus. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans decreased by HUF 46.5 billion in 2020.

The foreign currency debt of the central government increased by HUF 1,193.3 billion in 2020. The foreign currency debt was increased by the EUR 1 billion (HUF 353.6 billion) 6-year foreign currency bonds and the EUR 1 billion (HUF 353.6 billion) 12-year foreign currency bonds issued in April. Hungary's first international green bond was issued in the amount of EUR 1,5 billion (HUF 518.4 billion) in June. In September, the Samurai bonds were issued in the total amount of JPY 62.7 billion (HUF 180.3 billion). Out of the four series with different maturities, two are green bonds, making Hungary the first foreign state to issue green bond in Japan. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 44.1 billion and the drawdown of foreign currency loans by HUF 172.5 billion. The exchange rate revaluations totalling HUF 573.4 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 1,003.0 billion. The total amount of other liabilities decreased by HUF 23.6 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	30.09.2020	30.10.2020	Change in October basis point
3-month	-0.01	0.48	0.44	-4
6-month	0.01	0.55	0.53	-2
1-year	0.02	0.81	0.68	-13
3-year	0.28	1.40	1.26	-14
5-year	1.17	1.82	1.70	-12
10-year	2.01	2.43	2.25	-18
15-year	2.80	2.84	2.44	-40
20-year*	-	2.95	2.62	-33

*The 20-year Hungarian Government Bond was added to the list of the benchmark securities from 20 May 2020.

Monthly OTC turnover of government securities decreased by 9% to HUF 4,069.6 billion in October. Primary dealers, who account for the decisive part of all secondary government securities trading, made 60% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 228.6 billion in October and amounted to HUF 4,406.9 billion at the end of the month. This volume represented 16.7% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 367.75 on the last working day of October.

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

GOVERNMENT SECURITIES MARKET

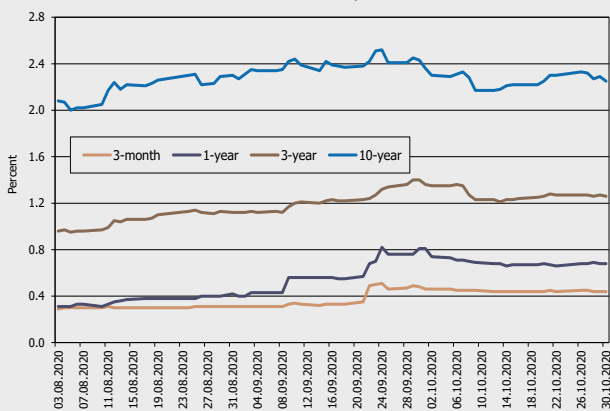
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

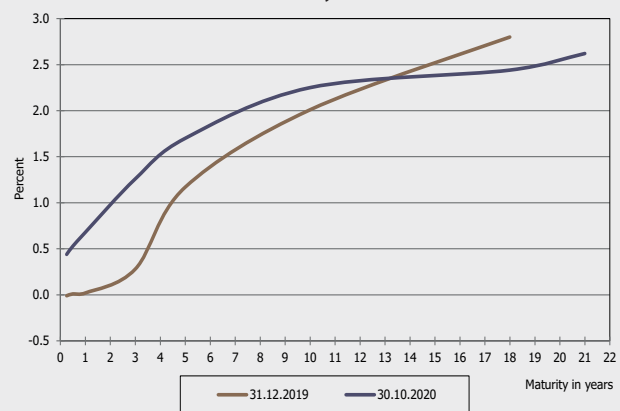
	2015	2016	2017	2018	2019	2020 August	2020 September	2020 October
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	26,327.7	27,009.3	27,566.7
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	25,166.1	25,847.7	26,405.0
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	25,126.9	25,808.6	26,365.9
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	15,724.9	16,285.5	16,860.2
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	752.4	726.8	659.0
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,649.7	8,796.2	8,846.7
1.2.2. Private placements	51.5	39.2	39.2	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	7,735.8	6,256.5	5,782.5	5,724.8	5,121.2	5,885.8	6,276.3	6,314.5
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	959.6	1,033.5	1,042.3
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	959.6	1,033.5	1,042.3
2.1.2. Domestic loans	82.6	4.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,039.0	5,154.9	4,853.5	4,929.8	4,295.8	4,926.2	5,242.8	5,272.2
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	4,282.0	4,586.4	4,604.5
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	644.2	656.4	667.7
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	32,213.5	33,285.6	33,881.2
Other liabilities	756.00	742.70	274.20	167.40	203.7	181.4	209.1	180.1
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	32,394.9	33,494.7	34,061.2
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	11,996.5	12,498.0	12,845.5	14,112.6	14,075.0	16,516.5	17,051.5	17,558.4
Gross debt/GDP	70.7%	70.3%	68.2%	66.2%	62.5%			

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

Benchmark yields

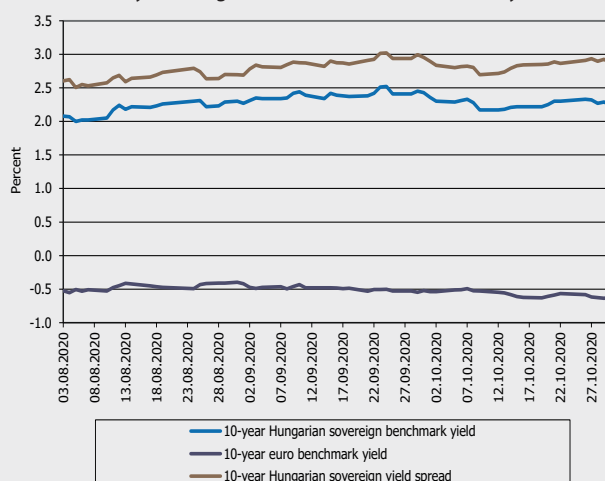


Benchmark yield curves

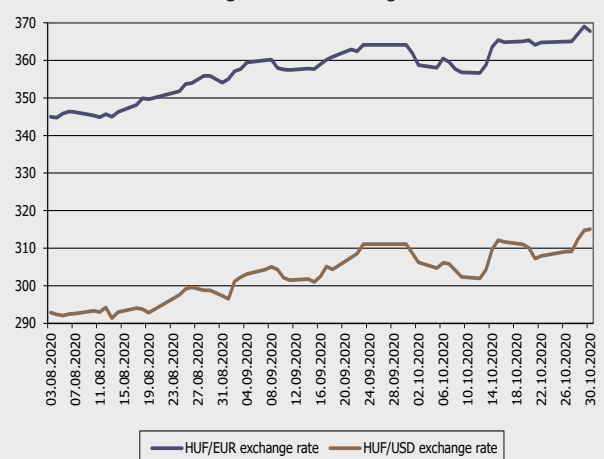


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



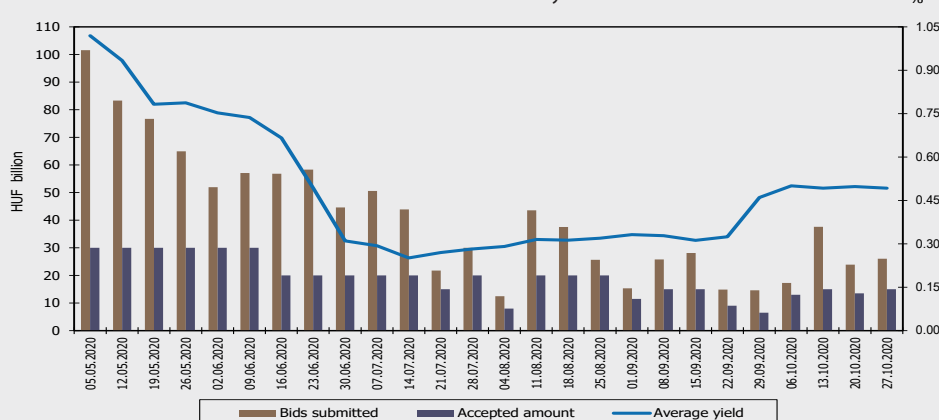
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

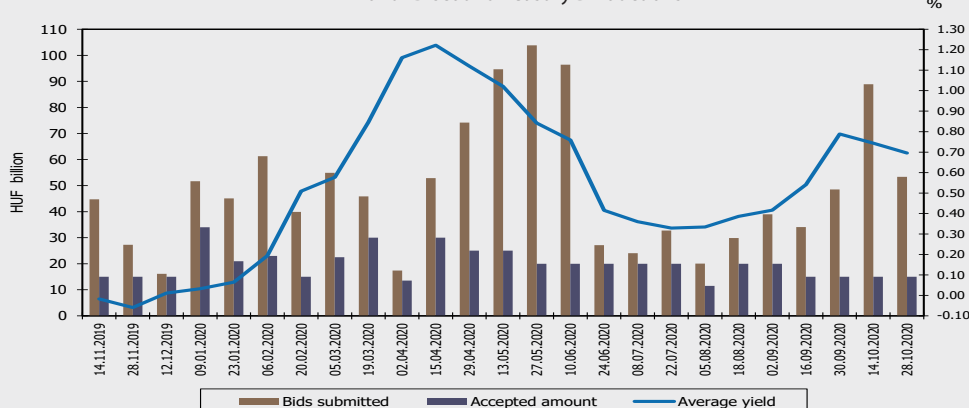
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D210113	D210120	D210127	D210203	D211020	D211020
ISIN code	HU0000523311	HU0000523337	HU0000523345	HU0000523352	HU0000523329	HU0000523329
Maturity in days	91	91	91	91	364	350
Date of auction	06.10.2020	13.10.2020	20.10.2020	27.10.2020	14.10.2020	28.10.2020
Date of financial settlement	14.10.2020	21.10.2020	28.10.2020	04.11.2020	21.10.2020	04.11.2020
Redemption date	13.01.2021	20.01.2021	27.01.2021	03.02.2021	20.10.2021	20.10.2021
Maximum yield (%) - ISMA	0.52	0.50	0.51	0.51	0.75	0.71
Minimum yield (%) - ISMA	0.45	0.48	0.49	0.47	0.73	0.67
Average yield (%) - ISMA	0.50	0.49	0.50	0.49	0.74	0.70
Maximum yield (%) - EHM	0.53	0.51	0.52	0.52	0.76	0.72
Minimum yield (%) - EHM	0.46	0.49	0.50	0.48	0.74	0.68
Average yield (%) - EHM	0.51	0.50	0.50	0.50	0.75	0.71
Average selling price (%)	99.8736	99.8757	99.8743	99.8757	99.2532	99.3281
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Amount of bids submitted (HUF million)	17,285.00	37,575.50	23,874.80	26,063.00	88,908.60	53,330.00
Amount of bids accepted (HUF million)	12,999.97	14,999.97	13,500.00	14,999.99	14,999.98	14,999.99
Bid-to-cover ratio	1.33	2.51	1.77	1.74	5.93	3.56
Bids submitted (pcs)	23	31	20	16	65	38
Bids accepted (pcs)	19	14	17	12	12	15
Market sales* (HUF million)	12,999.97	14,999.97	13,500.00	14,999.99	14,999.98	14,999.99
Retained on ÁKK's own account (HUF million)	3,900.03	3,000.03	4050.00	4,500.01	15000.02	15,000.01
Total amount issued (HUF million)	16,900.00	18,000.00	17,550.00	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



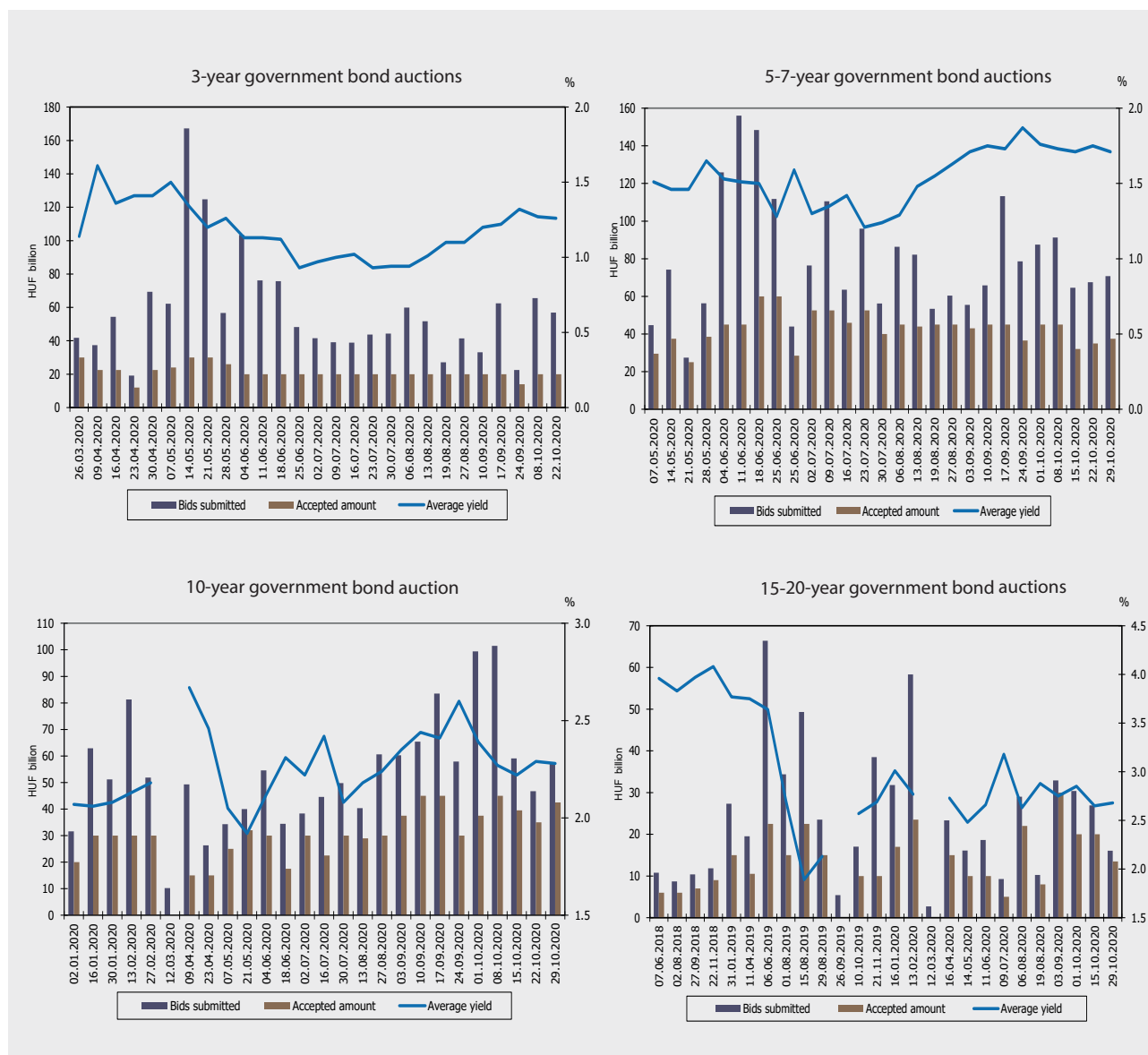
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2026/E	2031/A	2038/A	2023/C	2026/E	2031/A	2027/B	2026/E
ISIN code	HU0000404611	HU0000403001	HU0000403555	HU0000404280	HU0000404611	HU0000403001	HU0000404157	HU0000404611
Maturity (in years)	5	10	15	3	5	10	7	5
Coupon	1.50%	3.25%	3.00%	1.50%	1.50%	3.25%	0.16%	1.50%
Auction	6th auction	36th auction	24th auction	25th auction	7th auction	37th auction	15th auction	8th auction
Date of auction	01.10.2020	01.10.2020	01.10.2020	08.10.2020	08.10.2020	08.10.2020	14.10.2020	15.10.2020
Date of financial settlement	07.10.2020	07.10.2020	07.10.2020	14.10.2020	14.10.2020	14.10.2020	21.10.2020	21.10.2020
Redemption date	22.04.2026	22.10.2031	27.10.2038	23.08.2023	22.04.2026	22.10.2031	22.04.2027	22.04.2026
Maximum annual yield (%) - ISMA	1.77	2.39	2.87	1.28	1.73	2.29	-	1.72
Minimum annual yield (%) - ISMA	1.74	2.37	2.83	1.26	1.70	2.23	-	1.67
Average annual yield (%) - ISMA	1.76	2.39	2.85	1.27	1.73	2.27	-	1.71
Maximum annual yield (%) - EHM	1.77	2.39	2.87	1.28	1.73	2.29	-	1.72
Minimum annual yield (%) - EHM	1.74	2.37	2.83	1.26	1.70	2.23	-	1.67
Average annual yield (%) - EHM	1.76	2.39	2.85	1.27	1.73	2.27	-	1.70
Maximum price (%)	98.7470	108.4803	102.3903	100.6684	98.9350	109.8803	96.7800	99.1115
Minimum price (%)	98.5857	108.2080	101.8097	100.6210	98.7972	109.2601	96.4700	98.8515
Average price (%)	98.6471	108.2843	102.0474	100.6390	98.8108	109.4903	96.5500	98.9284
Amount offered for sale (HUF million)	30,000.00	25,000.00	20,000.00	20,000.00	30,000.00	30,000.00	15,000.00	25,000.00
Amount of bids submitted (HUF million)	87,450.00	99,441.75	30,375.84	65,500.00	91,279.00	101,524.00	59,305.00	64,608.00
Amount of bids accepted (HUF million)	44,999.98	37,500.00	19,999.98	20,000.00	44,999.98	45,000.00	22,499.98	32,000.00
Bid-to-cover ratio	1.94	2.65	1.52	3.28	2.03	2.26	2.64	2.02
Bids submitted (pcs)	77	82	53	34	77	99	62	74
Bids accepted (pcs)	33	22	28	13	35	50	23	29
Tail (%) (average price - minimum price)	0.06	0.08	0.24	0.02	0.01	0.23	0.08	0.08
Market sales (HUF million)	44,999.98	37,500.00	19,999.98	20,000.00	44,999.98	45,000.00	22,499.98	32,000.00
Non-competitive offer (HUF million)	17,479.99	14,520.00	7,519.98	7,520.00	13,264.40	17,347.60	8,677.98	6,640.00
Total amount sales (HUF million)	62,479.97	52,020.00	27,519.96	27,520.00	58,264.38	62,347.60	31,177.96	38,640.00

Government Bond	2031/A	2038/A	2023/C	2026/E	2031/A	2027/B	2026/E	2031/A	2041/A
ISIN code	HU0000403001	HU0000403555	HU0000404280	HU0000404611	HU0000403001	HU0000404157	HU0000404611	HU0000403001	HU0000404165
Maturity (in years)	10	15	3	5	10	7	5	10	20
Coupon	3.25%	3.00%	1.50%	1.50%	3.25%	0.16%	1.50%	3.25%	3.00%
Auction	38th auction	25th auction	26th auction	9th auction	39th auction	16th auction	10th auction	40th auction	9th auction
Date of auction	15.10.2020	15.10.2020	22.10.2020	22.10.2020	22.10.2020	28.10.2020	29.10.2020	29.10.2020	29.10.2020
Date of financial settlement	21.10.2020	21.10.2020	28.10.2020	28.10.2020	28.10.2020	04.11.2020	04.11.2020	04.11.2020	04.11.2020
Redemption date	22.10.2031	27.10.2038	23.08.2023	22.04.2026	22.10.2031	22.04.2027	22.04.2026	22.10.2031	25.04.2041
Maximum annual yield (%) - ISMA	2.23	2.67	1.27	1.76	2.32	-	1.74	2.30	2.71
Minimum annual yield (%) - ISMA	2.21	2.63	1.25	1.73	2.27	-	1.66	2.26	2.62
Average annual yield (%) - ISMA	2.22	2.65	1.26	1.75	2.29	-	1.71	2.28	2.68
Maximum annual yield (%) - EHM	2.23	2.67	1.27	1.76	2.32	-	1.74	2.30	2.71
Minimum annual yield (%) - EHM	2.21	2.63	1.25	1.73	2.27	-	1.66	2.26	2.62
Average annual yield (%) - EHM	2.22	2.65	1.26	1.75	2.29	-	1.71	2.28	2.67
Maximum price (%)	110.0710	105.2553	100.6870	98.8058	109.4503	96.8000	99.1686	109.5305	105.9606
Minimum price (%)	109.8100	104.6706	100.6316	98.6510	108.9403	96.5600	98.7600	109.1100	104.4908
Average price (%)	109.9570	104.9290	100.6555	98.7160	109.1919	96.6600	98.8964	109.2909	105.0265
Amount offered for sale (HUF million)	35,000.00	20,000.00	20,000.00	25,000.00	35,000.00	15,000.00	25,000.00	30,000.00	20,000.00
Amount of bids submitted (HUF million)	59,105.00	26,916.40	56,900.00	67,496.63	46,750.00	66,300.00	70,708.58	57,483.87	16,065.00
Amount of bids accepted (HUF million)	39,500.00	19,999.99	19,999.98	34,999.99	35,000.00	22,500.00	37,499.99	42,500.00	13,499.99
Bid-to-cover ratio	1.50	1.35	2.85	1.93	1.34	2.95	1.89	1.35	1.19
Bids submitted (pcs)	64	50	39	57	58	42	51	61	44
Bids accepted (pcs)	38	41	14	25	44	15	21	51	39
Tail (%) (average price - minimum price)	0.15	0.26	0.02	0.06	0.25	0.10	0.14	0.18	0.54
Market sales (HUF million)	39,500.00	19,999.99	19,999.98	34,999.99	35,000.00	22,500.00	37,499.99	42,500.00	13,499.99
Non-competitive offer (HUF million)	9,500.00	3,770.20	5,564.69	6,899.98	1,600.00	8,440.00	8,114.94	3,126.45	0.00
Total amount sales (HUF million)	49,000.00	23,770.19	25,564.67	41,899.97	36,600.00	30,940.00	45,614.93	45,626.45	13,499.99

GOVERNMENT SECURITIES MARKET



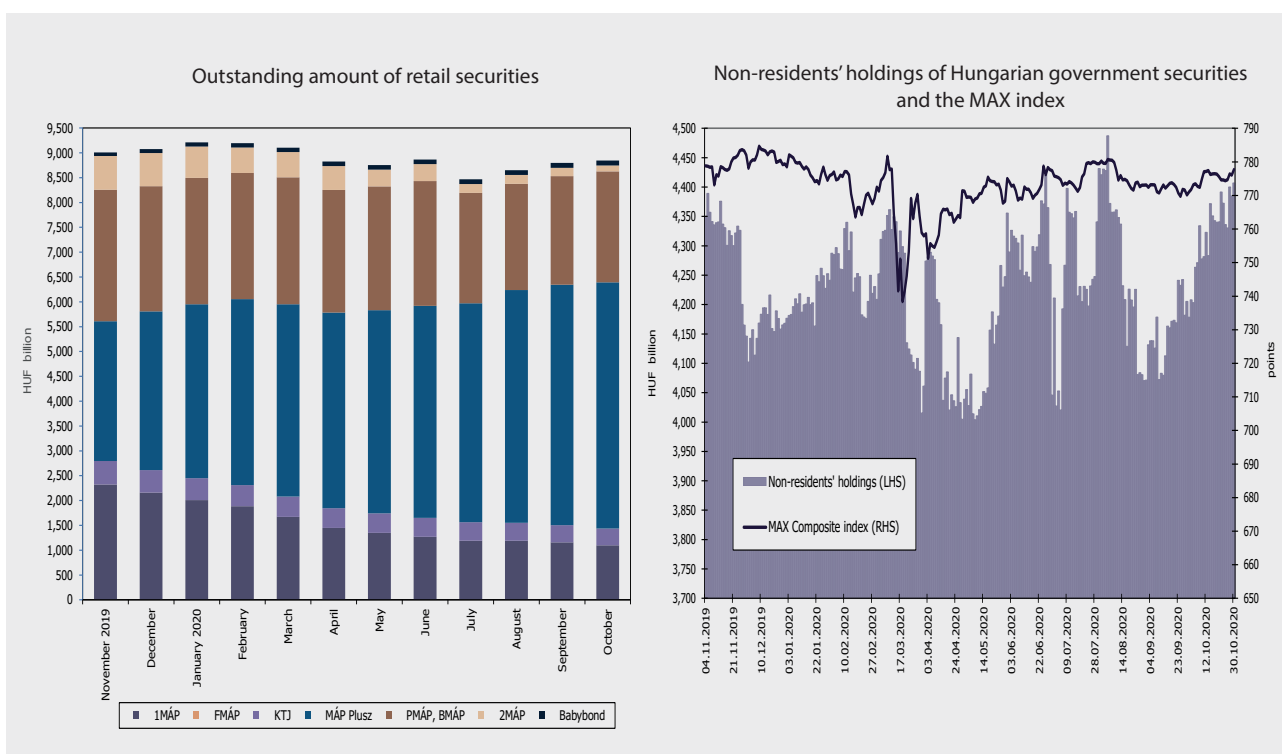
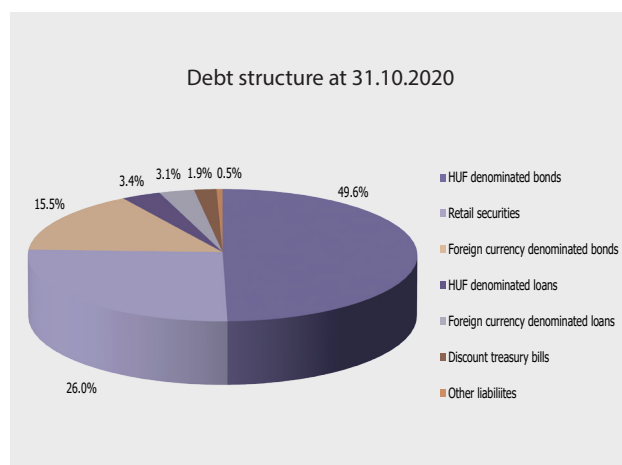
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN OCTOBER 2020

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2021/I	16.10.2020	20.10.2020	20.10.2021	20.10.2021	6.65%	6.65%
2023/B	23.10.2020	26.10.2020	26.01.2021	26.01.2021	0.77%	0.20%
2026/B	22.10.2020	24.10.2020	24.04.2021	26.04.2021	0.34%	0.49%
2027/B	19.10.2020	22.10.2020	22.01.2021	22.01.2021	0.77%	0.20%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.10.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,099.6	-1,058.4
Treasury Saving Bills	455.1	335.7	-119.5
Hungarian Government Security Plus / MÁP Plusz	3,196.2	4,958.4	1,762.2
Premium Hungarian Government / PMÁP	2,518.3	2,231.2	-738.5
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	666.6	121.7	-93.5
Babybond	79.7	100.1	20.4
Total	9,074.0	8,846.7	-227.3



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 30.10.2020	823.3966	555.4973	777.7624	537.6921	100.0226
Changes compared to the end of the month before	7.1233	0.4912	6.7252	0.1765	1.0834
Annual yield earned on the index portfolio (%)	-0.31%	0.15%	-0.25%	0.32%	-

* HMAX government bond index with a maturity of over three years was introduced from 01.01.2020.

BENCHMARK INDICES**

** Government Debt Management Agency (ÁKK) discontinued the publication of BMX indices from 31 March 2020.

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in October 2020

Government bond	Date of redemption	Turnover (HUF billion)
2031/A	22.10.2031	604.9
2026/E	22.04.2026	461.6
2023/C	23.08.2023	265.3
2026/D	22.12.2026	249.0
2038/A	27.10.2038	219.7
2020/A	12.11.2020	213.9
2025/C	26.11.2025	212.4
2022/B	26.10.2022	186.3
2030/A	21.08.2030	150.1
2022/C	24.08.2022	116.0

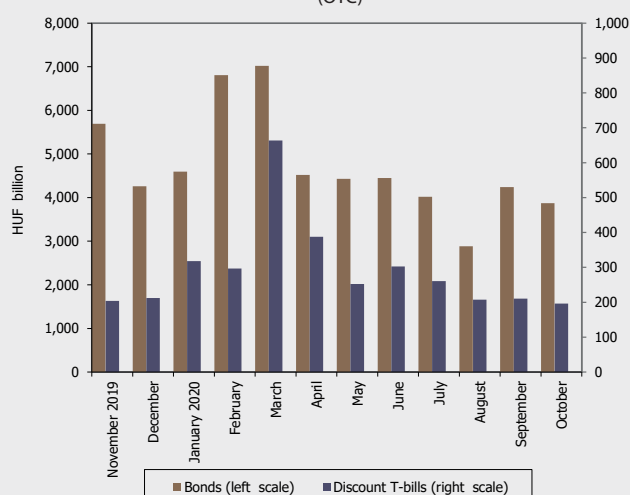
The outstanding volume of government bonds with benchmark status at the end of October 2020

Government bond	HUF billion	
	30.09.2020	31.10.2020
2022/C	326.53	326.56
2024/C	1,136.82	1,136.83
2030/A	1,083.24	1,083.32
2038/A	340.29	391.77
2041/A	75.37	75.38

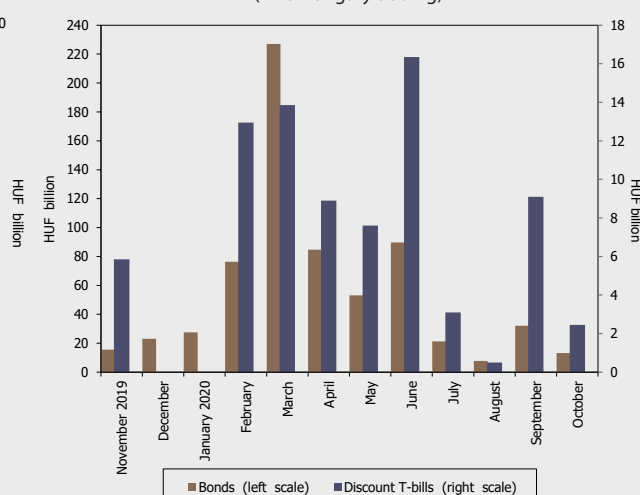
The outstanding volume of the three largest government bonds at the end of October 2020

Government bond	HUF billion
2027/A	1,237.01
2025/B	1,199.88
2024/C	1,136.83

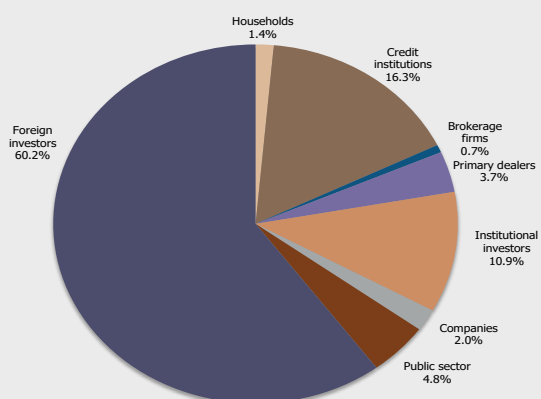
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in October 2020



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in October 2020

