

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT JANUARY 2019

The net issuance was HUF 137.7 billion; out of which net HUF-denominated issuance was HUF 392.8 billion and net foreign currency denominated redemption was HUF 255.2 billion in 2019.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2018		2019		Change	
	December	%	January	%	HUF billion	%
HUF denominated debt	22,796.0	79.5	23,188.8	80.7	392.8	1.7
Loans	1,167.7	4.1	1,187.8	4.1	20.1	1.7
Government bonds	12,875.2	44.9	13,074.3	45.5	199.0	1.5
Retail securities	7,515.7	26.2	7,543.9	26.3	28.1	0.4
Discount treasury bills	1,237.3	4.3	1,382.9	4.8	145.6	11.8
Foreign exchange denominated debt	5,724.8	20.0	5,373.9	18.7	-350.9	-6.1
Total	28,520.7	99.4	28,562.7	99.4	41.9	0.1
<i>Other obligations</i>	167.4	0.6	168.9	0.6	1.5	0.9
Total central government debt	28,688.2	100.0	28,731.6	100.0	43.4	0.2

The HUF denominated debt of the central government increased by HUF 392.8 billion in 2019. The increase in domestic debt was the result of the net government bond issuance of HUF 199.0 billion, the amount of discount Treasury bills increased by HUF 145.6 billion and the total amount of retail government securities increased by HUF 28.1 billion. The stock of non-marketable government bonds hasn't changed. The volume of HUF loans increased by HUF 20.1 billion in 2019.

The foreign currency debt of the central government decreased by HUF 350.9 billion in 2019. The domestic PÉMAK bond issuance was HUF 6.0 billion, while the redemptions of foreign currency bonds worth HUF 261.2 billion. The exchange rate revaluations totalling HUF 95.7 billion decreased the Hungarian Forint value of the foreign currency debt in 2019. The total amount of other liabilities increased by HUF 1.5 billion in 2019.

BENCHMARK YIELDS

Maturity	29.12.2017	28.12.2018	31.01.2019	Change in January basis point
3-month	-0.01	0.00	0.08	8
6-month	0.01	0.12	0.18	6
1-year	0.02	0.39	0.37	-2
3-year	0.51	1.21	1.15	-6
5-year	1.09	2.46	2.26	-20
10-year	2.02	3.01	2.74	-27
15-year	2.72	3.78	3.75	-3

Monthly OTC turnover of government securities increased by 22% to HUF 6,757.5 billion in January. Primary dealers, who account for the decisive part of all secondary government securities trading, made 77% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 198.8 billion in January and amounted to HUF 4,159.6 billion at the end of the month. This volume represented 18.9% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 315.87 on the last working day of January.

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

GOVERNMENT SECURITIES MARKET

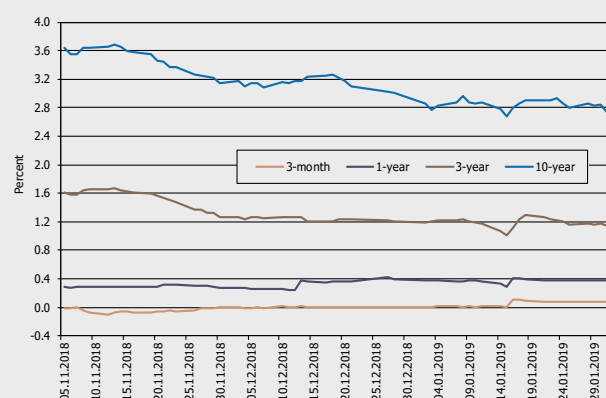
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

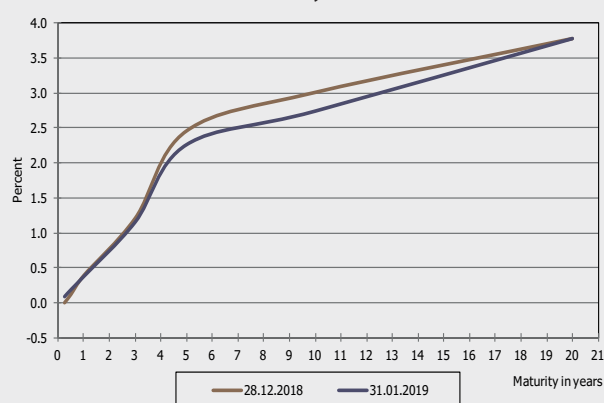
	2013	2014	2015	2016	2017	2018 November	2018 December	2019 January
1. Forint denominated debt	12,976.4	14,612.0	16,207.9	18,430.9	20,689.4	23,024.4	22,796.0	23,188.8
1.1. Loans	603.6	623.3	694.1	865.0	1,041.1	1,145.1	1,167.7	1,187.8
1.2. Government securities	12,372.8	13,988.7	15,513.8	17,565.8	19,648.3	21,879.2	21,628.3	22,001.0
1.2.1. Public issues	12,182.3	13,847.7	15,462.3	17,526.7	19,609.2	21,840.1	21,589.1	21,961.8
1.2.1.1. Bonds	8,588.8	9,848.0	11,043.4	11,562.4	11,767.1	13,069.6	12,836.1	13,035.1
1.2.1.2. Discount T-bills	1,904.9	1,588.6	901.6	896.4	1,039.2	1,398.4	1,237.3	1,382.9
1.2.1.3. Retail securities	1,688.5	2,411.1	3,517.4	5,067.9	6,802.9	7,372.1	7,515.7	7,543.9
1.2.2. Private placements	190.5	141.0	51.5	39.2	39.2	39.2	39.2	39.2
2. Foreign currency denominated debt*	8,904.9	8,957.9	7,735.8	6,256.5	5,782.5	5,747.9	5,724.8	5,373.9
2.1. Loans	2,735.6	2,164.3	1,696.8	1,101.6	929.1	808.3	795.0	781.0
2.1.1. Foreign loans	2,400.2	1,889.9	1,614.2	1,097.6	929.1	808.3	795.0	781.0
2.1.2. Domestic loans	335.4	274.4	82.6	4.0	0.0	0.0	0.0	0.0
2.2. Government securities	6,169.3	6,793.6	6,039.0	5,154.9	4,853.5	4,939.6	4,929.8	4,592.8
2.2.1. Issued abroad	5,736.9	5,844.6	5,198.9	4,618.9	4,145.9	4,221.0	4,246.2	3,915.5
2.2.2. Issued domestically	432.5	948.9	840.1	536.0	707.6	718.6	683.6	677.3
Total	21,881.4	23,569.9	23,943.7	24,687.4	26,472.0	28,772.2	28,520.7	28,562.7
Other liabilities	117.30	311.20	756.00	742.70	274.20	232.8	167.4	168.9
Total central government debt	21,998.6	23,881.1	24,699.7	25,430.0	26,746.2	29,005.0	28,688.2	28,731.6
Marketable HUF debt (1.2.1.1+1.2.1.2+1.2.2)	10,684.2	11,577.6	11,996.5	12,498.0	12,845.5	14,507.2	14,112.6	14,457.2
Gross debt/GDP	72.7%	73.3%	71.8%	71.7%	69.7%			

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

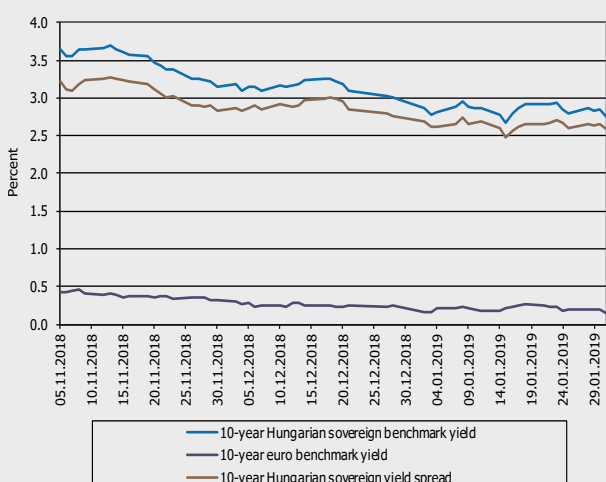
Benchmark yields



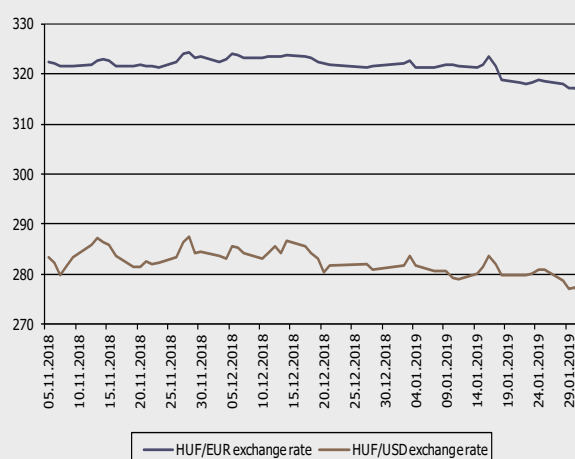
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



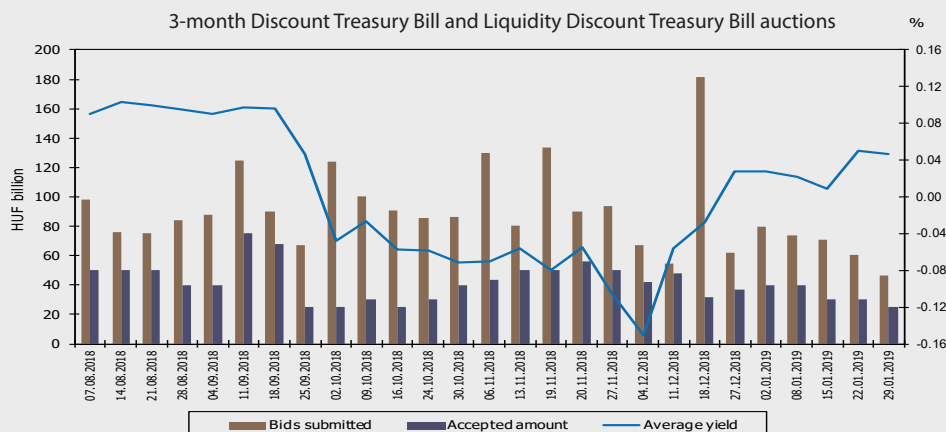
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

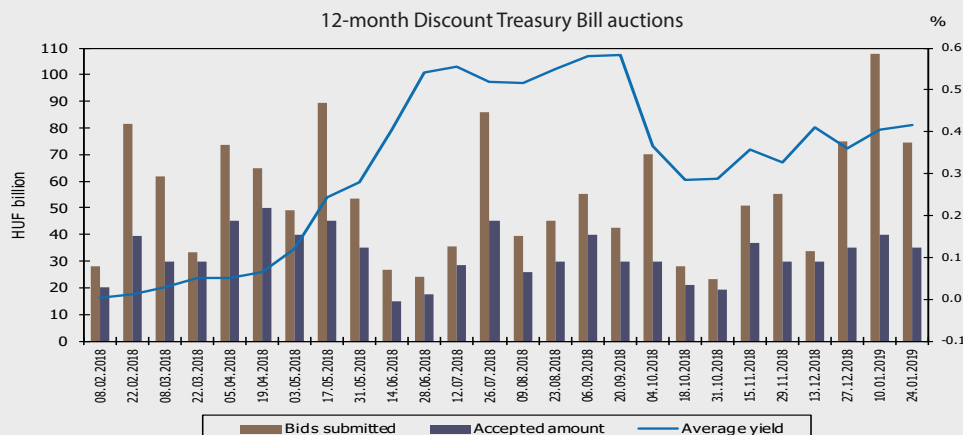
	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D190410	D190417	D190424	D190502	D190508	D191231	D191231
ISIN code	HU0000522404	HU0000522412	HU0000522032	HU0000522438	HU0000522446	HU0000522420	HU0000522420
Maturity in days	91	91	91	92	91	349	335
Date of auction	02.01.2019	08.01.2019	15.01.2019	22.01.2019	29.01.2019	10.01.2019	24.01.2019
Date of financial settlement	09.01.2019	16.01.2019	23.01.2019	30.01.2019	06.02.2019	16.01.2019	30.01.2019
Redemption date	10.04.2019	17.04.2019	24.04.2019	02.05.2019	08.05.2019	31.12.2019	31.12.2019
Maximum yield (%) - ISMA	0.05	0.03	0.01	0.06	0.05	0.42	0.45
Minimum yield (%) - ISMA	0.01	0.01	0.00	0.03	0.03	0.27	0.35
Average yield (%) - ISMA	0.03	0.02	0.01	0.05	0.05	0.41	0.42
Maximum yield (%) - EHM	0.05	0.03	0.01	0.06	0.05	0.43	0.46
Minimum yield (%) - EHM	0.01	0.01	0.00	0.03	0.03	0.27	0.35
Average yield (%) - EHM	0.03	0.02	0.01	0.05	0.05	0.41	0.42
Average selling price (%)	99.9929	99.9945	99.9976	99.9872	99.9882	99.6085	99.6145
Amount offered for sale (HUF million)	50,000.00	40,000.00	30,000.00	30,000.00	30,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	79,689.00	73,820.00	71,140.00	60,365.00	46,800.00	107,856.00	74,370.00
Amount of bids accepted (HUF million)	39,999.94	39,999.96	29,999.97	29,999.97	24,999.96	39,999.94	34,999.91
Bid-to-cover ratio	1.99	1.85	2.37	2.01	1.87	2.70	2.12
Bids submitted (pcs)	37	36	22	49	28	105	84
Bids accepted (pcs)	19	16	10	25	17	49	67
Market sales* (HUF million)	39,999.94	39,999.96	29,999.97	29,999.97	24,999.96	39,999.94	34,999.91
Retained on ÁKK's own account (HUF million)	12,000.06	8,000.04	9000.03	9,000.03	7,500.04	40,000.06	35,000.09
Total amount issued (HUF million)	52,000.00	48,000.00	39,000.00	39,000.00	32,500.00	80,000.00	70,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill and Liquidity Discount Treasury Bill auctions



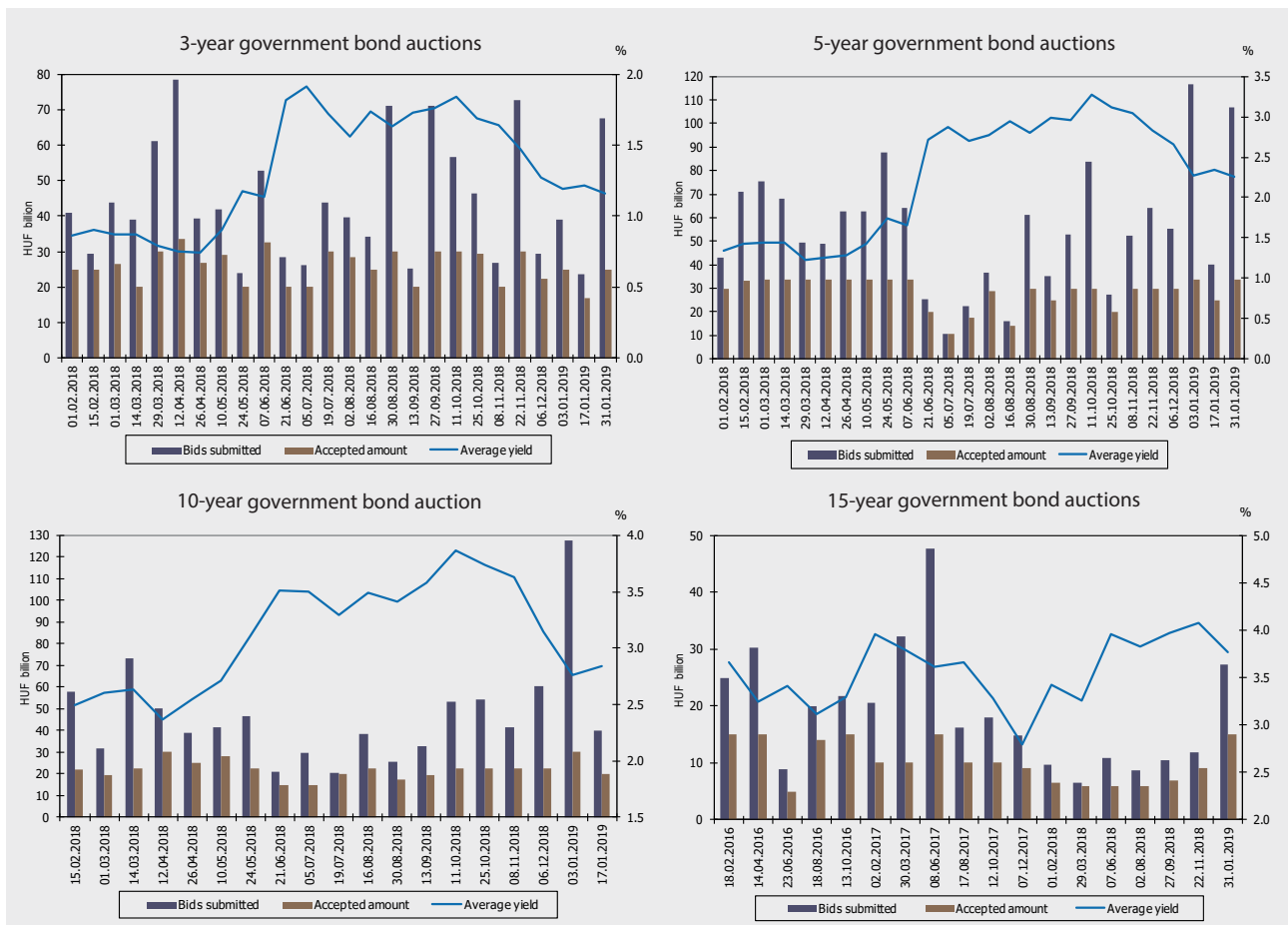
12-month Discount Treasury Bill auctions



GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2021/C	2024/C	2027/A	2023/B	2021/C	2024/C	2027/A	2023/B	2021/C	2024/C	2038/A
ISIN code	HU0000403464	HU0000403571	HU0000403118	HU0000403456	HU0000403464	HU0000403571	HU0000403118	HU0000403456	HU0000403464	HU0000403571	HU0000403555
Maturity (in years)	3	5	10	5	3	5	10	5	3	5	15
Coupon	0.50%	2.50%	3.00%	0.16%	0.50%	2.50%	3.00%	0.16%	0.50%	2.50%	3.00%
Auction	24th auction	14th auction	59th auction	25th auction	25th auction	15th auction	60th auction	26th auction	26th auction	16th auction	7th auction
Date of auction	03.01.2019	03.01.2019	03.01.2019	10.01.2019	17.01.2019	17.01.2019	17.01.2019	24.01.2019	31.01.2019	31.01.2019	31.01.2019
Date of financial settlement	09.01.2019	09.01.2019	09.01.2019	16.01.2019	23.01.2019	23.01.2019	30.01.2019	06.02.2019	06.02.2019	06.02.2019	06.02.2019
Redemption date	21.04.2021	24.10.2024	27.10.2027	26.07.2023	21.04.2021	24.10.2024	27.10.2027	26.07.2023	21.04.2021	24.10.2024	27.10.2038
Maximum annual yield (%) - ISMA	1.20	2.28	2.77	-	1.25	2.35	2.85	-	1.17	2.26	3.78
Minimum annual yield (%) - ISMA	1.17	2.25	2.75	-	1.15	2.33	2.83	-	1.15	2.24	3.74
Average annual yield (%) - ISMA	1.19	2.27	2.76	-	1.22	2.34	2.84	-	1.16	2.25	3.77
Maximum annual yield (%) - EHM	1.20	2.28	2.77	-	1.25	2.35	2.85	-	1.16	2.26	3.78
Minimum annual yield (%) - EHM	1.17	2.25	2.75	-	1.15	2.33	2.83	-	1.15	2.24	3.74
Average annual yield (%) - EHM	1.19	2.27	2.76	-	1.22	2.34	2.84	-	1.16	2.25	3.76
Maximum price (%)	98.5006	101.3343	101.9241	97.7500	98.5695	100.8921	101.2950	97.8800	98.5936	101.3675	89.7955
Minimum price (%)	98.4343	101.1663	101.7678	97.7000	98.3517	100.7834	101.1406	97.8500	98.5601	101.2601	89.2820
Average price (%)	98.4638	101.2293	101.8125	97.7200	98.4194	100.8304	101.1886	97.8700	98.5767	101.3142	89.4615
Amount offered for sale (HUF million)	25,000.00	25,000.00	20,000.00	6,000.00	20,000.00	25,000.00	20,000.00	6,000.00	20,000.00	25,000.00	10,000.00
Amount of bids submitted (HUF million)	39,046.92	116,437.48	127,746.09	25,948.84	23,727.00	40,151.00	39,750.00	36,500.00	67,650.25	107,010.00	27,347.00
Amount of bids accepted (HUF million)	24,999.96	33,499.99	29,999.99	8,999.93	16,999.99	24,999.98	19,999.97	9,000.00	24,999.99	33,500.00	15,000.00
Bid-to-cover ratio	1.56	3.48	4.26	2.88	1.40	1.61	1.99	4.06	2.71	3.19	1.82
Bids submitted (pcs)	28	59	54	65	25	39	43	56	45	82	43
Bids accepted (pcs)	17	27	17	31	21	24	21	11	20	23	24
Tail (%) (average price - minimum price)	0.03	0.06	0.04	0.02	0.07	0.05	0.05	0.02	0.02	0.05	0.18
Market sales (HUF million)	24,999.96	33,499.99	29,999.99	8,999.93	16,999.99	24,999.98	19,999.97	9,000.00	24,999.99	33,500.00	15,000.00
Non-competitive offer (HUF million)	1,243.65	8,114.49	10,639.99	3,033.06	0.00	4,415.54	4,153.32	2,880.00	9,219.89	11,392.59	2,440.00
Total amount sales (HUF million)	26,243.61	41,614.48	40,639.98	12,032.99	16,999.99	29,415.52	24,153.29	11,880.00	34,219.88	44,892.59	17,440.00



GOVERNMENT SECURITIES MARKET

GOVERNMENT SECURITIES BUY-BACK AUCTION RESULTS

Government bond	2019/A	2020/B	2019/C	2020/B
ISIN code	HU0000402433	HU0000402953	HU0000403092	HU0000402953
Coupon (%)	6.50	3.50	2.00	3.50
Date of reverse auction	16.01.2019	16.01.2019	30.01.2019	30.01.2019
Date of financial settlement	23.01.2019	23.01.2019	06.02.2019	06.02.2019
Redemption date	24.06.2019	24.06.2020	30.10.2019	24.06.2020
Minimum annual yield (%)	0.00	0.40	0.25	0.38
Average annual yield- ISMA (%)	0.00	0.41	0.27	0.40
Average annual yield - EHM (%)	0.00	0.41	0.27	0.40
Amount of bids submitted (HUF million)	4,239.82	62,753.57	4,620.55	20,200.00
Amount of bids accepted (HUF million)	-	38,053.57	4,620.55	16,700.00

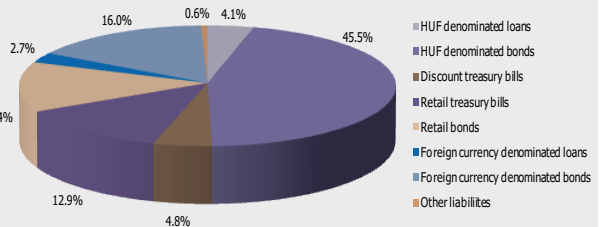
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JANUARY 2019

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/K	23.01.2019	29.01.2019	30.03.2020	30.03.2020	4.20%	4.89%
2023/B	23.01.2019	26.01.2019	26.04.2019	26.04.2019	0.14%	0.04%
2033/S	30.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%
2034/S	30.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%
2035/S	30.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%
2036/S	30.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%
2037/S	28.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%
2038/S	28.01.2019	01.02.2019	01.02.2020	03.02.2020	5.80%	5.80%

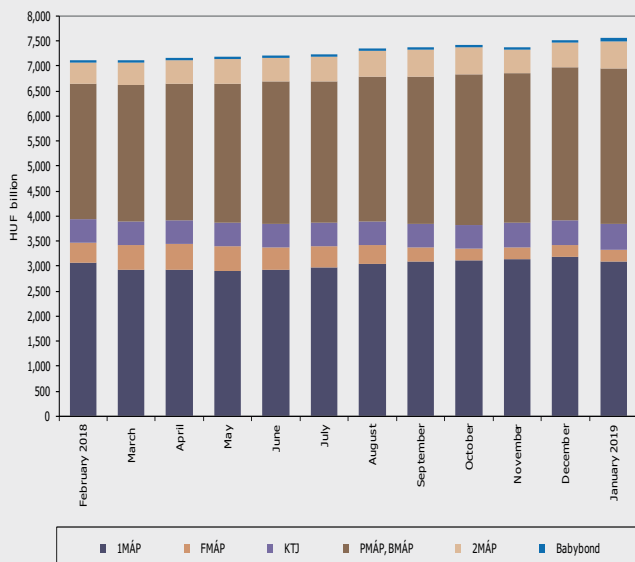
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		Change
	31.12.2018	31.01.2019	HUF billion
1-year Hungarian Government Security / 1MÁP	3,169.8	3,075.4	-94.5
Half-year Hungarian Government Security / FMÁP	253.8	256.7	2.9
Treasury Saving Bills / KTJ	495.9	500.0	4.1
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	3,041.1	3,118.5	77.4
2-year Hungarian Government Security / 2MÁP	500.2	536.2	36.0
Babybond	54.8	57.1	2.3
Total	7,515.7	7,543.8	28.1

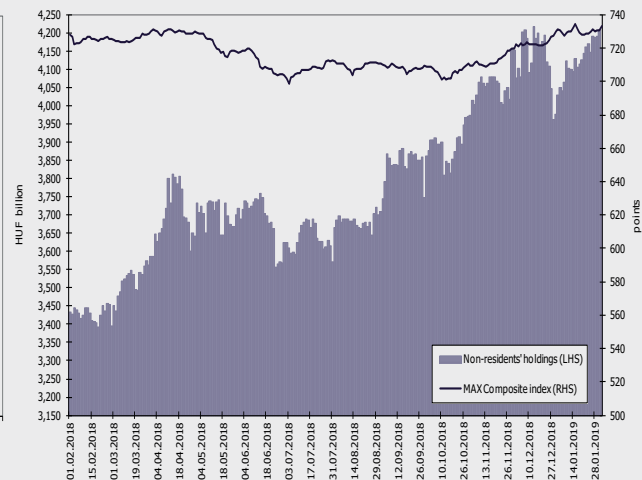
Debt structure at 31.01.2019



Outstanding amount of retail securities



Non-residents' holdings of Hungarian government securities and the MAX index



GOVERNMENT SECURITIES MARKET

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31.01.2019	773.1200	553.4256	733.1018	535.7320
Changes compared to the end of the month before	6.7686	-0.0571	5.6826	-0.0468
Annual yield earned on the index portfolio (%)	0.59	0.30	0.36	0.05

BENCHMARK INDICES

	3 years	5 years	10 years	15 years
BMX-index value as at 31.01.2019	742.6404	810.0821	593.0276	383.0466
Changes compared to the end of the month before	1.7464	10.0972	13.4511	2.8667
Reference yield (%)	1.15	2.26	2.74	3.75
Annual yield earned on the index portfolio (%)	0.21	0.27	-0.63	-4.03

Government bonds with the highest secondary market turnover in January 2019

Government bond	Date of redemption	Turnover (HUF billion)
2027/A	27.10.2027	693.1
2022/B	26.10.2022	551.9
2023/A	24.11.2023	422.3
2024/C	24.10.2024	413.9
2026/D	22.12.2026	360.9
2021/C	21.04.2021	320.6
2025/B	24.06.2025	258.3
2022/A	24.06.2022	200.6
2028/A	22.10.2028	186.4
2021/B	27.10.2021	140.3

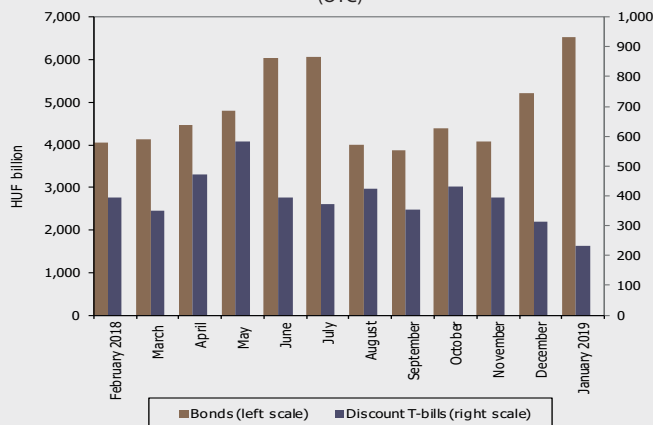
The outstanding volume of government bonds with benchmark status at the end of January 2019

Government bond	HUF billion	
	31.12.2018	31.01.2019
2021/C	700.05	743.45
2024/C	360.40	431.56
2027/A	1,136.89	1,201.75
2038/A	41.18	41.16

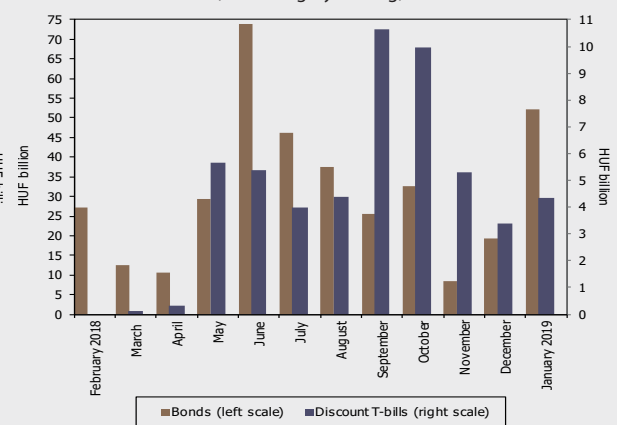
The outstanding volume of the three largest government bonds at the end of January 2019

Government bond	HUF billion
2027/A	1,201.75
2025/B	1,194.59
2022/B	1,091.00

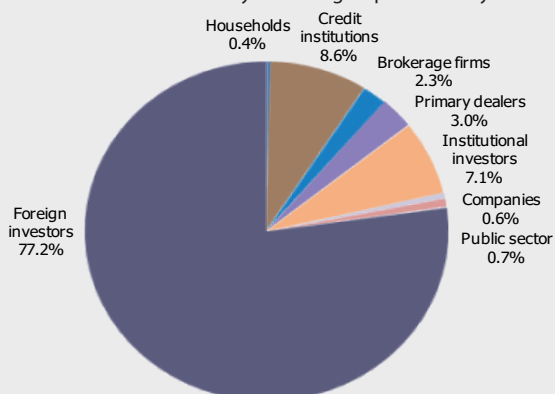
Secondary market trading of Hungarian government securities (OTC)



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



Breakdown of primary dealers' secondary market turnover in Government Bonds by investor groups in January 2019



Breakdown of primary dealers' secondary market turnover in Discount Treasury Bills by investor groups in January 2019

