

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

June 2021

The Central Government Debt increased by HUF 731.0 billion to HUF 37,415.3 billion in 2021. Total net issuance was HUF 967.7 billion; out of which net HUF denominated issuance was HUF 1,427.3 billion and net foreign currency denominated issuance was HUF -459.6 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	June	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	30,664.6	82.0	1,427.3	4.9
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	19,324.1	51.6	1,078.3	5.9
Retail securities	9,171.7	25.0	9,618.4	25.7	446.7	4.9
Discount treasury bills	658.2	1.8	565.2	1.5	-92.9	-14.1
Foreign exchange denominated debt	7,318.2	19.9	6,611.2	17.7	-707.1	-9.7
Total	36,555.5	99.6	37,275.8	99.6	720.3	2.0
<i>Other obligations</i>	128.8	0.4	139.5	0.4	10.7	8.3
Total central government debt	36,684.3	100.0	37,415.3	100.0	731.0	2.0

The HUF denominated debt of the central government increased by HUF 1,427.3 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 1,078.3 billion and the decrease of discount Treasury bills by HUF 92.9 billion. The total amount of retail government securities further increased by HUF 446.7 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 707.1 billion in 2021. The decrease was mainly due to the redemptions of foreign currency bond by HUF 527.7 billion, the domestic foreign currency bond repayments by HUF 30.9 billion and the foreign currency loan redemptions by HUF 58.3 billion. The exchange rate revaluations totalling HUF 247.4 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 14.3 billion. The total amount of other liabilities increased by HUF 10.7 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	31.05.2021	30.06.2021	Change in June basis point
3-month	0.28	0.63	0.45	-18
6-month	0.33	0.71	0.61	-10
1-year	0.39	0.73	0.82	9
3-year	0.70	1.72	1.71	-1
5-year	1.36	2.02	2.08	6
10-year	2.08	2.91	2.83	-8
15-year	2.25	3.40	3.14	-26
20-year*	2.47	3.57	3.29	-28

Monthly OTC turnover of government securities increased by 7% to HUF 6,442.4 billion in June. Primary dealers, who account for the decisive part of all secondary government securities trading, made 69% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 232.6 billion in June and amounted to HUF 4,260.8 billion at the end of June. This volume represented 14.4% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 351.90 on the last working day of June.

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

GOVERNMENT SECURITIES MARKET

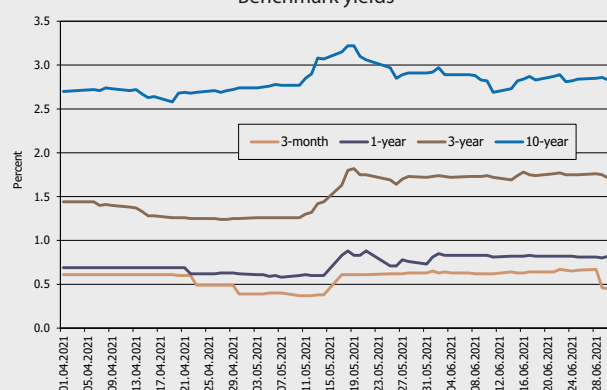
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

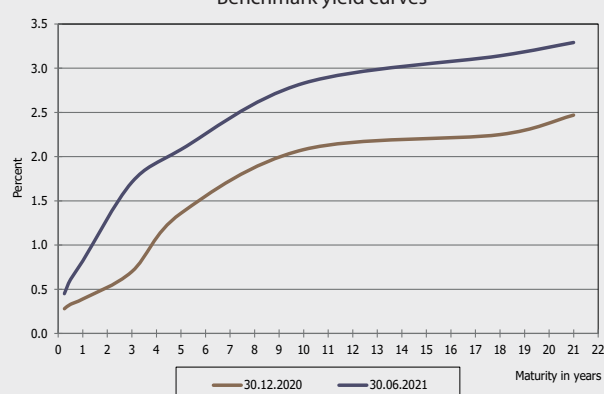
	2016	2017	2018	2019	2020	2021 April	2021 May	2021 June
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	30,140.7	30,479.7	30,664.6
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	28,983.8	29,322.9	29,507.8
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	28,944.7	29,283.7	29,468.6
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	18,859.1	19,165.6	19,285.0
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	551.8	583.7	565.2
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,533.8	9,534.5	9,618.4
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	6,772.3	6,560.8	6,611.2
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,358.0	1,315.1	1,328.3
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,358.0	1,315.1	1,328.3
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	5,414.4	5,245.7	5,282.9
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,877.5	4,723.5	4,773.3
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	536.9	522.2	509.5
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	36,913.0	37,040.5	37,275.8
Other liabilities	742.70	274.20	167.40	203.7	128.8	119.1	108.6	139.5
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,032.1	37,149.0	37,415.3
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	19,450.1	19,788.5	19,889.4
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.

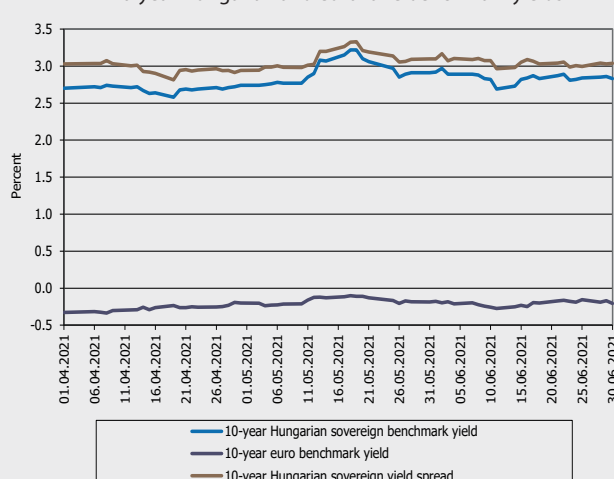
Benchmark yields



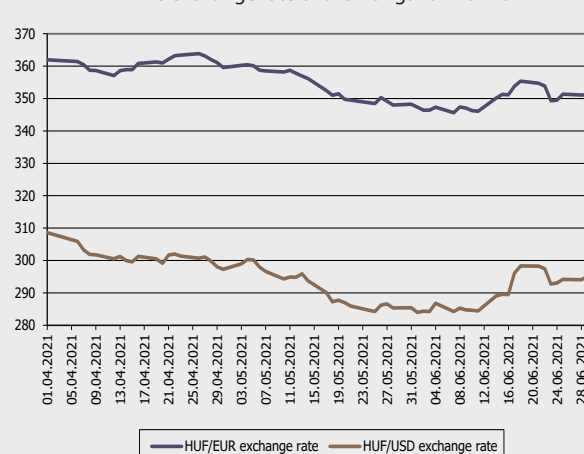
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

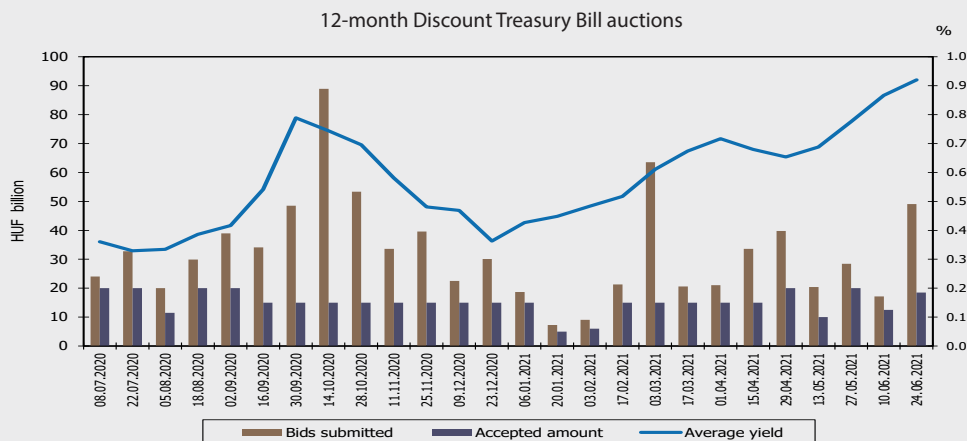
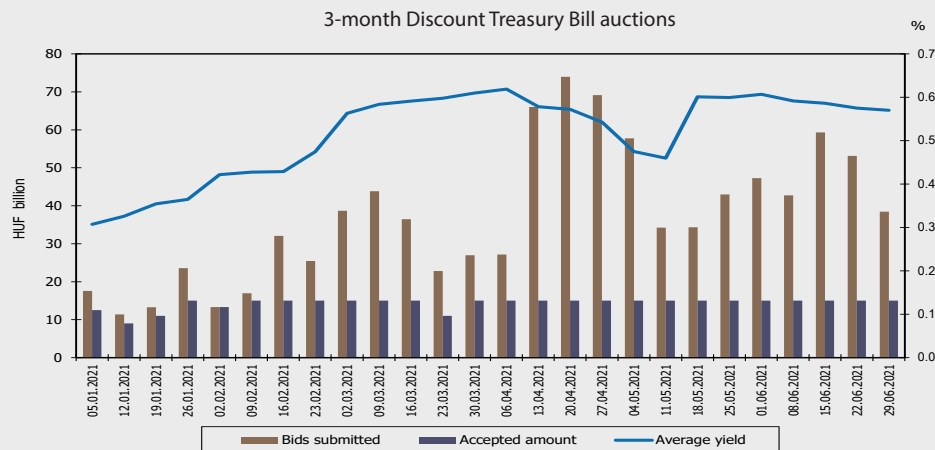


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills					12-month Discount T-bills	
Code of T-bills	D210908	D210915	D210922	D210929	D211006	D220504	D220629
ISIN code	HU0000523659	HU0000523667	HU0000523675	HU0000523683	HU0000523709	HU0000523626	HU0000523691
Maturity in days	91	91	91	91	91	322	364
Date of auction	01.06.2021	08.06.2021	15.06.2021	22.06.2021	29.06.2021	10.06.2021	24.06.2021
Date of financial settlement	09.06.2021	16.06.2021	23.06.2021	30.06.2021	07.07.2021	16.06.2021	30.06.2021
Redemption date	08.09.2021	15.09.2021	22.09.2021	29.09.2021	06.10.2021	04.05.2022	29.06.2022
Maximum yield (%) - ISMA	0.61	0.60	0.59	0.59	0.57	0.89	0.99
Minimum yield (%) - ISMA	0.60	0.57	0.58	0.55	0.57	0.81	0.80
Average yield (%) - ISMA	0.61	0.59	0.59	0.57	0.57	0.87	0.92
Maximum yield (%) - EHM	0.62	0.61	0.60	0.60	0.58	0.90	1.00
Minimum yield (%) - EHM	0.61	0.58	0.59	0.56	0.58	0.82	0.81
Average yield (%) - EHM	0.62	0.60	0.59	0.58	0.58	0.88	0.93
Average selling price (%)	99.8468	99.8507	99.8520	99.8549	99.8561	99.2307	99.0782
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	47,283.00	42,725.00	59,306.00	53,134.33	38,469.00	17,163.11	49,063.00
Amount of bids accepted (HUF million)	14,999.98	14,999.97	14,999.95	14,999.96	14,999.98	12,500.00	18,500.00
Bid-to-cover ratio	3.15	2.85	3.95	3.54	2.56	1.37	2.65
Bids submitted (pcs)	42	40	49	49	30	37	54
Bids accepted (pcs)	14	16	19	20	13	26	29
Market sales* (HUF million)	14,999.98	14,999.97	14,999.95	14,999.96	14,999.98	12,500.00	18,500.00
Retained on ÁKK's own account (HUF million)	1,500.02	1,500.03	1500.05	1500.04	3,000.02	12500.00	18,500.00
Total amount issued (HUF million)	16,500.00	16,500.00	16,500.00	16,500.00	18,000.00	25,000.00	37,000.00

* Without issuance onto ÁKK's own account



GOVERNMENT SECURITIES MARKET

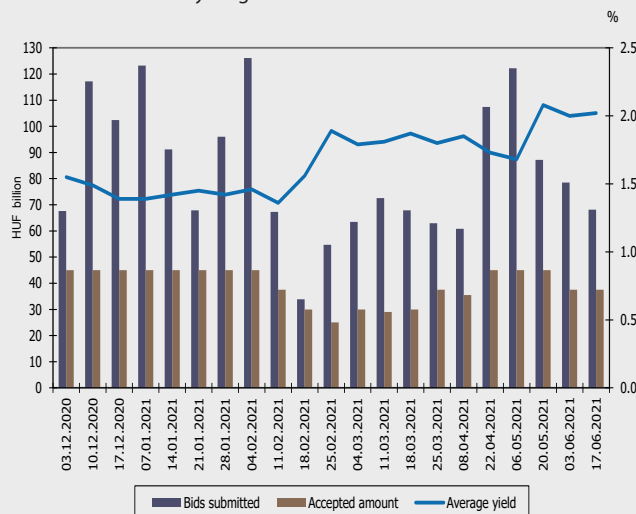
GOVERNMENT BOND AUCTION RESULTS

Government Bond	2026/F	2031/A	2033/A	2027/B
ISIN code	HU0000404934	HU0000403001	HU0000404744	HU0000404157
Maturity (in years)	5	10	10	6
Coupon	1.50%	3.25%	2.25%	0.16%
Auction	11th auction	48th auction	22nd auction	33rd auction
Date of auction	03.06.2021	03.06.2021	03.06.2021	10.06.2021
Date of financial settlement	09.06.2021	09.06.2021	09.06.2021	16.06.2021
Redemption date	26.08.2026	22.10.2031	20.04.2033	22.04.2027
Maximum annual yield (%) - ISMA	2.00	2.62	2.91	-
Minimum annual yield (%) - ISMA	1.98	2.58	2.88	-
Average annual yield (%) - ISMA	2.00	2.58	2.90	-
Maximum annual yield (%) - EHM	2.00	2.62	2.91	-
Minimum annual yield (%) - EHM	1.98	2.58	2.88	-
Average annual yield (%) - EHM	2.00	2.58	2.90	-
Maximum price (%)	97.6444	106.0403	93.7603	98.3500
Minimum price (%)	97.5463	105.6603	93.4554	98.2400
Average price (%)	97.5564	106.0148	93.5109	98.2900
Amount offered for sale (HUF million)	25,000.00	35,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	78,548.00	86,337.00	55,294.00	32,693.00
Amount of bids accepted (HUF million)	37,499.98	43,000.00	30,000.00	20,000.00
Bid-to-cover ratio	2.09	2.01	1.84	1.63
Bids submitted (pcs)	47	33	48	54
Bids accepted (pcs)	20	11	20	34
Tail (%) (average price - minimum price)	0.01	0.35	0.06	0.05
Market sales (HUF million)	37,499.98	43,000.00	30,000.00	20,000.00
Non-competitive offer (HUF million)	13,245.45	4,000.00	9,832.00	6,150.00
Total amount sales (HUF million)	50,745.43	47,000.00	39,832.00	26,150.00

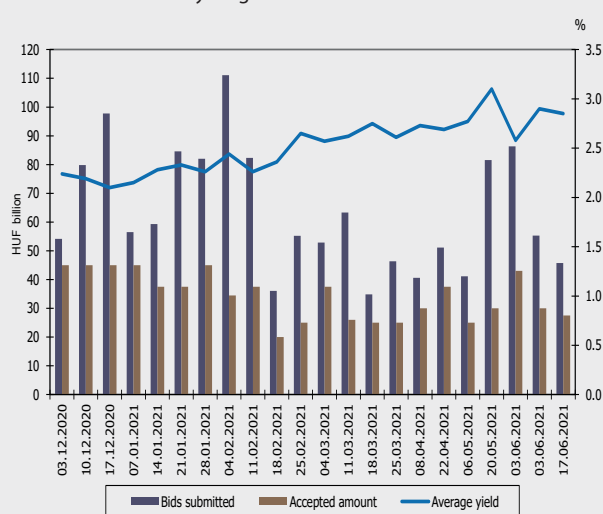
Government Bond	2026/F	2033/A	2041/A	2027/B
ISIN code	HU0000404934	HU0000404744	HU0000404165	HU0000404157
Maturity (in years)	5	10	20	6
Coupon	1.50%	2.25%	3.00%	0.16%
Auction	12th auction	23rd auction	19th auction	34th auction
Date of auction	17.06.2021	17.06.2021	17.06.2021	24.06.2021
Date of financial settlement	23.06.2021	23.06.2021	23.06.2021	30.06.2021
Redemption date	26.08.2026	20.04.2033	25.04.2041	22.04.2027
Maximum annual yield (%) - ISMA	2.03	2.87	3.41	-
Minimum annual yield (%) - ISMA	1.99	2.82	3.37	-
Average annual yield (%) - ISMA	2.02	2.85	3.40	-
Maximum annual yield (%) - EHM	2.03	2.87	3.41	-
Minimum annual yield (%) - EHM	1.99	2.82	3.37	-
Average annual yield (%) - EHM	2.01	2.85	3.39	-
Maximum price (%)	97.6160	94.3503	94.7203	98.5100
Minimum price (%)	97.4194	93.8046	94.0835	98.3500
Average price (%)	97.4899	94.0404	94.3463	98.4100
Amount offered for sale (HUF million)	25,000.00	25,000.00	15,000.00	20,000.00
Amount of bids submitted (HUF million)	68,160.00	45,758.00	13,800.00	43,397.00
Amount of bids accepted (HUF million)	37,499.99	27,500.00	10,000.00	21,999.96
Bid-to-cover ratio	1.82	1.66	1.38	1.97
Bids submitted (pcs)	60	50	30	53
Bids accepted (pcs)	46	37	23	35
Tail (%) (average price - minimum price)	0.07	0.24	0.26	0.06
Market sales (HUF million)	37,499.99	27,500.00	10,000.00	21,999.96
Non-competitive offer (HUF million)	2,667.18	300.00	0.00	7,681.55
Total amount sales (HUF million)	40,167.17	27,800.00	10,000.00	29,681.51

GOVERNMENT SECURITIES MARKET

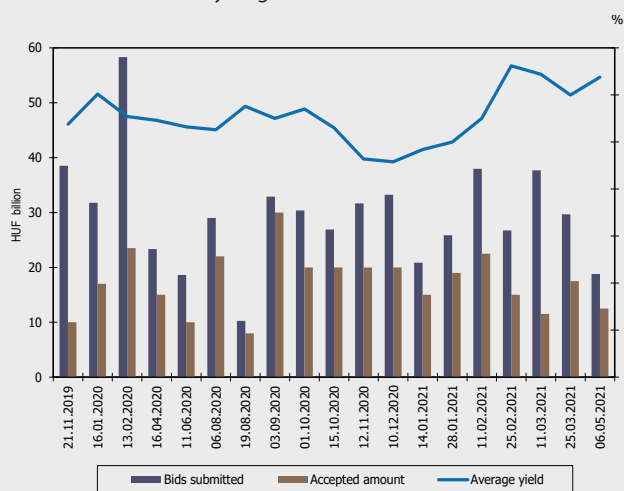
5-year government bond auctions



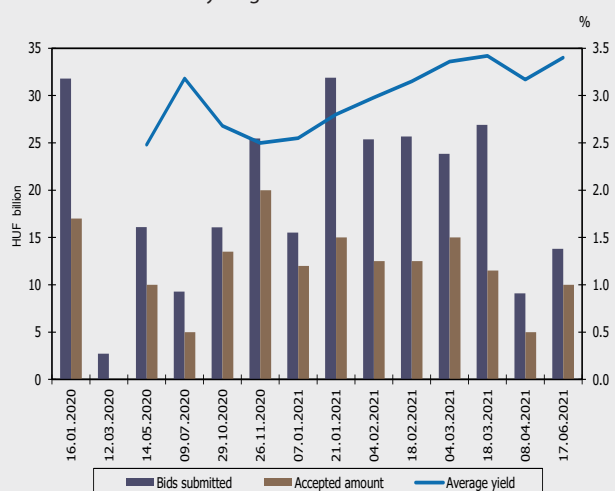
10-year government bond auctions



15-year government bond auction



20-year government bond auctions



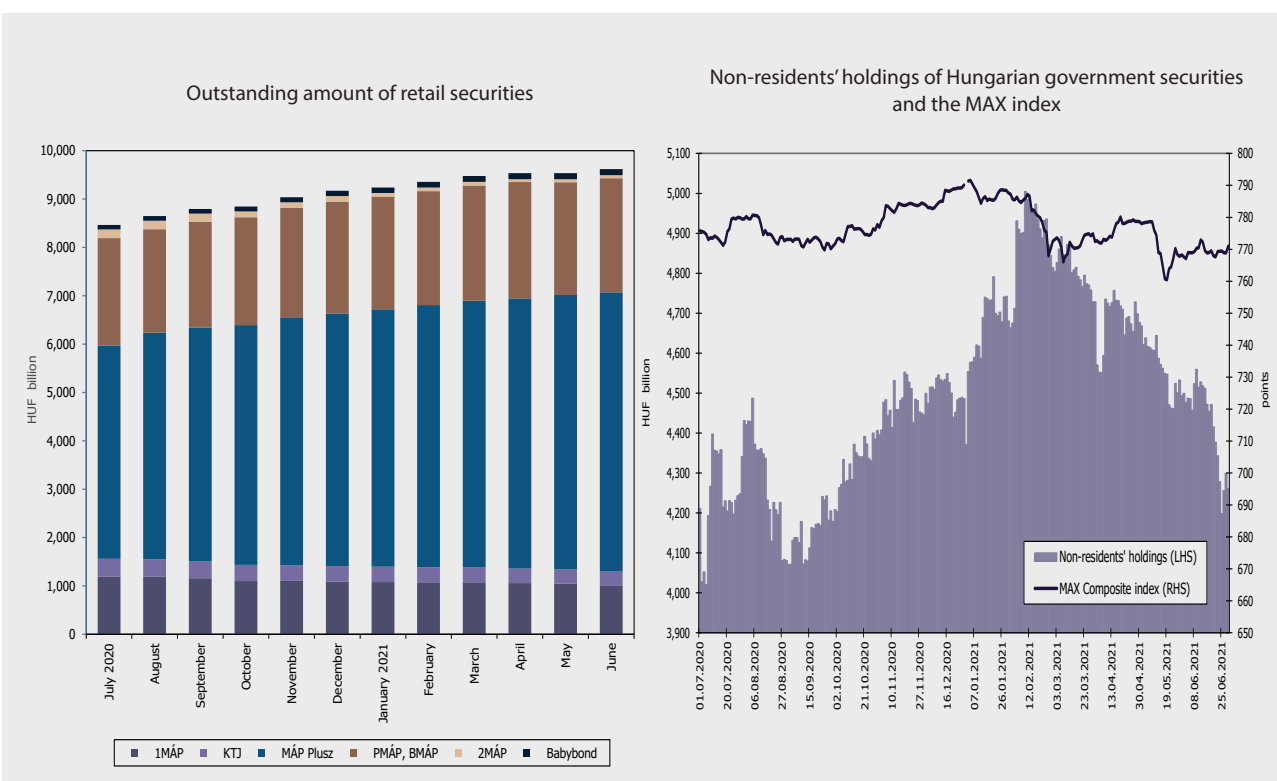
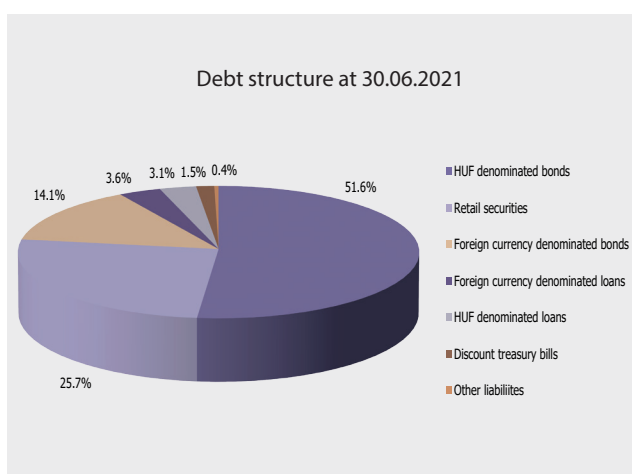
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JUNE 2021*

*Floating interest rate was not set for forint government bonds in June.

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	30.06.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	1,013.3	-75.1
Treasury Saving Bills / KTJ	320.9	283.0	-37.9
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,776.1	554.8
Premium Hungarian Government / PMÁP	2,310.0	2,358.3	48.3
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	61.1	-59.7
Babybond	110.3	126.6	16.3
Total	9,171.6	9,618.4	446.7



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 30.06.2021	815.9797	557.8060	771.0451	539.5545	98.6428
Changes compared to the end of the month before	2.9787	0.6426	2.7907	0.3646	0.5767
Annual yield earned on the index portfolio (%)	-0.89	0.37	-0.82	0.38	-1.25

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in June 2021

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	446.8
2026/E	22.04.2026	439.0
2033/A	20.04.2033	310.9
2026/F	26.08.2026	272.1
2027/B	22.04.2027	264.7
2031/A	22.10.2031	246.1
2029/A	23.05.2029	223.4
2027/A	27.10.2027	177.0
2023/C	23.08.2023	176.3
2030/A	21.08.2030	174.2

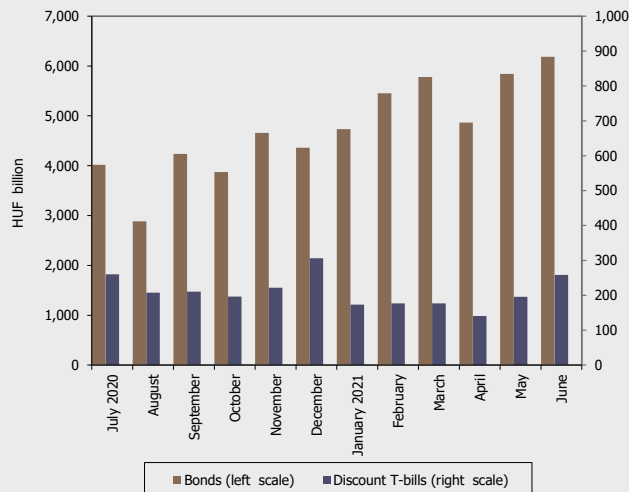
The outstanding volume of government bonds with benchmark status at the end of June 2021

Government bond	HUF billion	
	31.05.2021	30.06.2021
2024/C	1,136.90	1,137.57
2026/F	440.83	532.45
2033/A	726.03	794.34
2038/A	595.00	635.44
2041/A	205.71	230.88

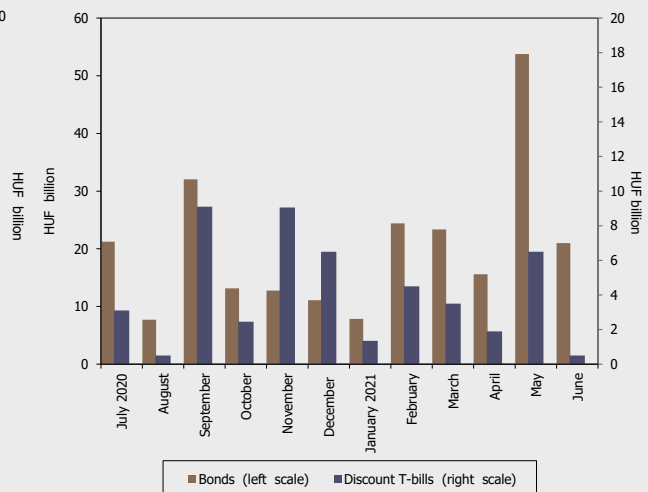
The outstanding volume of the three largest government bonds at the end of June 2021

Government bond	HUF billion
2031/A	1,380.17
2025/C	1,346.08
2026/E	1,248.68

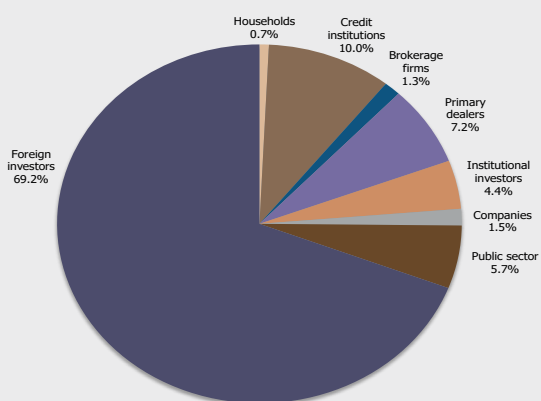
Secondary market trading of Hungarian government securities (OTC)



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



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



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

