

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

July 2021

The Central Government Debt increased by HUF 1,152.2 billion to HUF 37,836.5 billion in 2021. Total net issuance was HUF 1,265.4 billion; out of which net HUF denominated issuance was HUF 1,708.2 billion and net foreign currency denominated issuance was HUF -442.8 billion in 2021.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2020		2021		Change	
	December	%	July	%	HUF billion	%
HUF denominated debt	29,237.3	79.7	30,945.5	81.8	1,708.2	5.8
Loans	1,161.6	3.2	1,156.8	3.1	-4.8	-0.4
Government bonds	18,245.8	49.7	19,492.9	51.5	1,247.1	6.8
Retail securities	9,171.7	25.0	9,708.8	25.7	537.1	5.9
Discount treasury bills	658.2	1.8	586.9	1.6	-71.3	-10.8
Foreign exchange denominated debt	7,318.2	19.9	6,735.4	17.8	-582.8	-8.0
Total	36,555.5	99.6	37,680.9	99.6	1,125.4	3.1
<i>Other obligations</i>	128.8	0.4	155.7	0.4	26.8	20.8
Total central government debt	36,684.3	100.0	37,836.5	100.0	1,152.2	3.1

The HUF denominated debt of the central government increased by HUF 1,708.2 billion in 2021. The increase in domestic debt was the result of the net government bond issuance of HUF 1,247.1 billion and the decrease of discount Treasury bills by HUF 71.3 billion. The total amount of retail government securities further increased by HUF 537.1 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 582.8 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 31.5 billion and the foreign currency loan redemptions by HUF 58.5 billion. The exchange rate revaluations totalling HUF 140.0 billion decreased the Hungarian forint value of the foreign currency debt. The drawdown of foreign currency loans increased the foreign currency debt by HUF 157.7 billion and the issuance of domestic foreign currency bonds grew by HUF 17.2 billion. The total amount of other liabilities increased by HUF 26.8 billion in 2021.

BENCHMARK YIELDS

Maturity	30.12.2020	30.06.2021	30.07.2021	Change in July basis point
3-month	0.28	0.45	0.64	19
6-month	0.33	0.61	0.73	12
1-year	0.39	0.82	0.87	5
3-year	0.70	1.71	1.84	13
5-year	1.36	2.08	2.04	-4
10-year	2.08	2.83	2.86	3
15-year	2.25	3.14	3.14	0
20-year	2.47	3.29	3.28	-1

Monthly OTC turnover of government securities increased by 2% to HUF 6,570.2 billion in July. Primary dealers, who account for the decisive part of all secondary government securities trading, made 75% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 434.3 billion in July and amounted to HUF 4,695.1 billion at the end of July. This volume represented 15.8% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 357.62 on the last working day of July.

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

GOVERNMENT SECURITIES MARKET

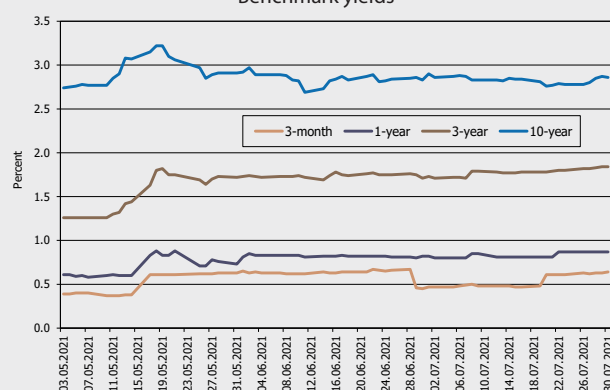
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

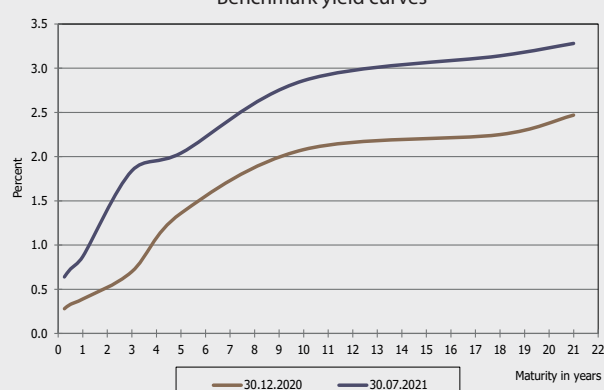
	2016	2017	2018	2019	2020	2021 May	2021 June	2021 July
1. Forint denominated debt	18,430.9	20,689.4	22,796.0	24,357.1	29,237.3	30,479.7	30,664.6	30,945.5
1.1. Loans	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,156.8	1,156.8	1,156.8
1.2. Government securities	17,565.8	19,648.3	21,628.3	23,149.0	28,075.7	29,322.9	29,507.8	29,788.6
1.2.1. Public issues	17,526.7	19,609.2	21,589.1	23,109.8	28,036.5	29,283.7	29,468.6	29,749.5
1.2.1.1. Bonds	11,562.4	11,767.1	12,836.1	13,378.5	18,206.6	19,165.6	19,285.0	19,453.8
1.2.1.2. Discount T-bills	896.4	1,039.2	1,237.3	657.3	658.2	583.7	565.2	586.9
1.2.1.3. Retail securities	5,067.9	6,802.9	7,515.7	9,074.0	9,171.7	9,534.5	9,618.4	9,708.8
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	6,560.8	6,611.2	6,735.4
2.1. Loans	1,101.6	929.1	795.0	825.4	1,291.1	1,315.1	1,328.3	1,364.3
2.1.1. Foreign loans	1,097.6	929.1	795.0	825.4	1,291.1	1,315.1	1,328.3	1,364.3
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	5,245.7	5,282.9	5,371.1
2.2.1. Issued abroad	4,618.9	4,145.9	4,246.2	3,713.5	5,481.3	4,723.5	4,773.3	4,850.9
2.2.2. Issued domestically	536.0	707.6	683.6	582.3	545.9	522.2	509.5	520.2
Total	24,687.4	26,472.0	28,520.7	29,478.3	36,555.5	37,040.5	37,275.8	37,680.9
Other liabilities	742.70	274.20	167.40	203.7	128.8	108.6	139.5	155.7
Total central government debt	25,430.0	26,746.2	28,688.2	29,682.0	36,684.3	37,149.0	37,415.3	37,836.5
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	19,788.5	19,889.4	20,079.9
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.

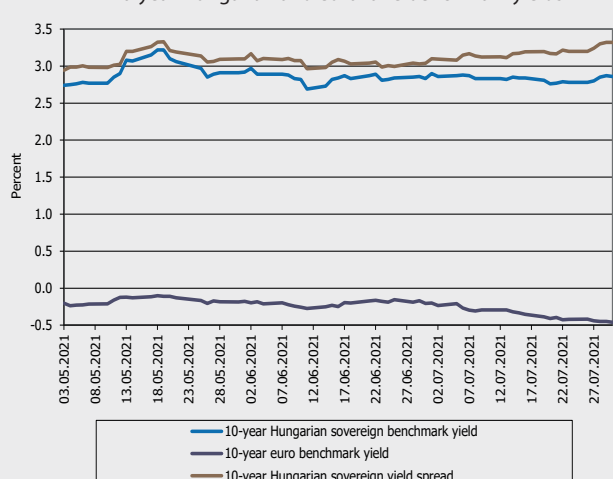
Benchmark yields



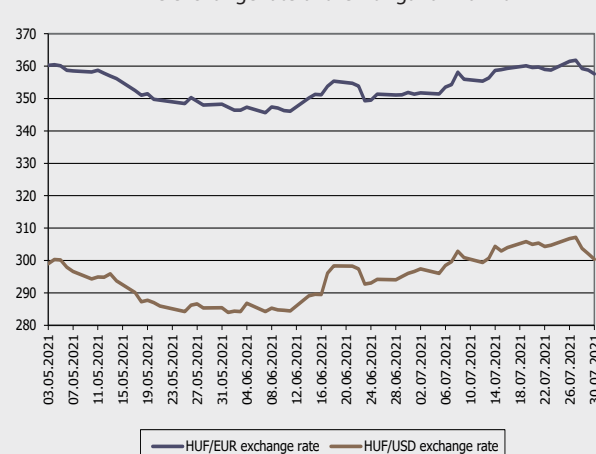
Benchmark yield curves



10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint

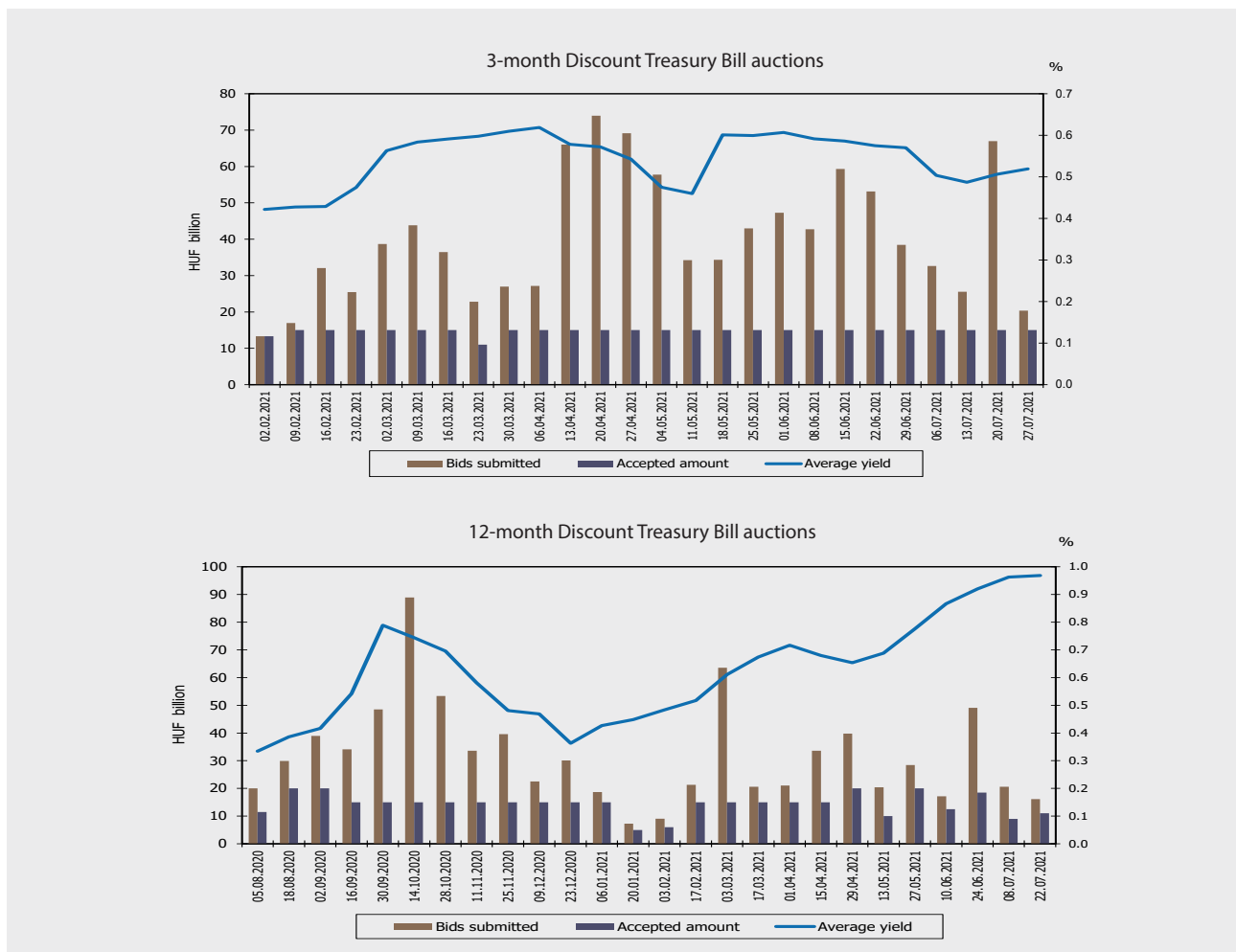


GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D211013	D211020	D211027	D211103	D220629	D220629
ISIN code	HU0000523717	HU0000523329	HU0000523725	HU0000523733	HU0000523691	HU0000523691
Maturity in days	91	91	91	91	350	336
Date of auction	06.07.2021	13.07.2021	20.07.2021	27.07.2021	08.07.2021	22.07.2021
Date of financial settlement	14.07.2021	21.07.2021	28.07.2021	04.08.2021	14.07.2021	28.07.2021
Redemption date	13.10.2021	20.10.2021	27.10.2021	03.11.2021	29.06.2022	29.06.2022
Maximum yield (%) - ISMA	0.52	0.49	0.53	0.55	1.00	1.00
Minimum yield (%) - ISMA	0.50	0.47	0.48	0.49	0.92	0.85
Average yield (%) - ISMA	0.50	0.49	0.51	0.52	0.96	0.97
Maximum yield (%) - EHM	0.53	0.50	0.54	0.56	1.01	1.01
Minimum yield (%) - EHM	0.51	0.48	0.49	0.50	0.93	0.86
Average yield (%) - EHM	0.51	0.49	0.51	0.53	0.98	0.98
Average selling price (%)	99.8729	99.8770	99.8721	99.8689	99.0728	99.1039
Amount offered for sale (HUF million)	15,000.00	15,000.00	15,000.00	15,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	32,634.34	25,570.00	66,970.00	20,360.00	20,580.00	16,150.00
Amount of bids accepted (HUF million)	15,000.00	15,000.00	15,000.00	14,999.98	9,000.00	11,000.00
Bid-to-cover ratio	2.18	1.70	4.46	1.36	2.29	1.47
Bids submitted (pcs)	19	21	18	17	16	22
Bids accepted (pcs)	9	12	10	15	10	17
Market sales* (HUF million)	15,000.00	15,000.00	15,000.00	14,999.98	9,000.00	11,000.00
Retained on ÁKK's own account (HUF million)	3,000.00	3,000.00	3,000.00	3,000.02	5,994.00	11,000.00
Total amount issued (HUF million)	18,000.00	18,000.00	18,000.00	18,000.00	14,994.00	22,000.00

* Without issuance onto ÁKK's own account



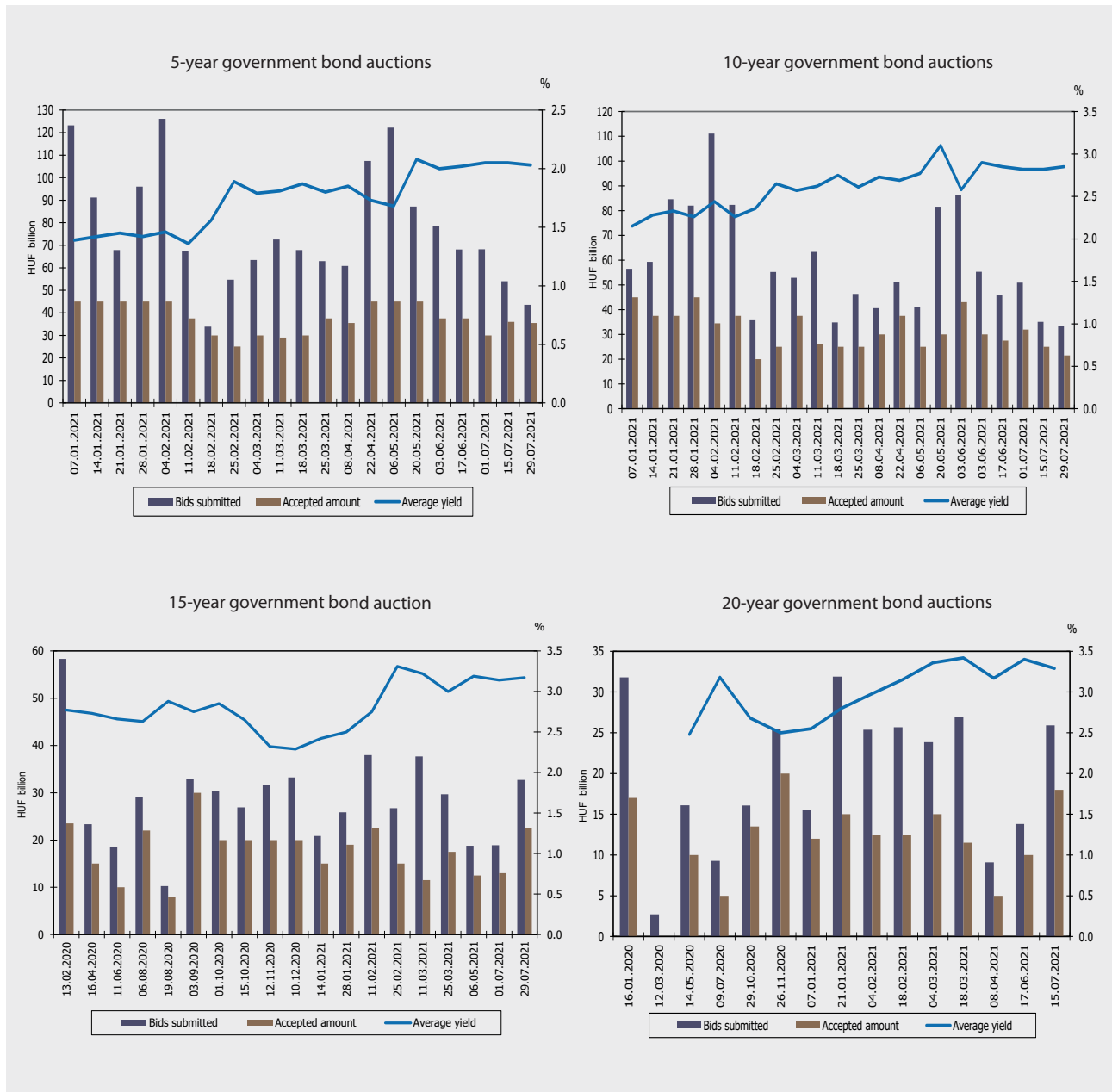
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2026/F	2033/A	2038/A	2051/G	2026/F
ISIN code	HU0000404934	HU0000404744	HU0000403555	HU0000404991	HU0000404934
Maturity (in years)	5	10	15	30	5
Coupon	1.50%	2.25%	3.00%	4.00%	1.50%
Auction	13th auction	24th auction	40th auction	2nd auction	14th auction
Date of auction	01.07.2021	01.07.2021	01.07.2021	08.07.2021	15.07.2021
Date of financial settlement	07.07.2021	07.07.2021	07.07.2021	14.07.2021	21.07.2021
Redemption date	26.08.2026	20.04.2033	27.10.2038	28.04.2051	26.08.2026
Maximum annual yield (%) - ISMA	2.06	2.83	3.15	3.44	2.06
Minimum annual yield (%) - ISMA	2.03	2.78	3.13	3.44	2.04
Average annual yield (%) - ISMA	2.04	2.82	3.14	3.44	2.05
Maximum annual yield (%) - EHM	2.06	2.83	3.15	3.44	2.06
Minimum annual yield (%) - EHM	2.03	2.78	3.13	3.44	2.04
Average annual yield (%) - EHM	2.04	2.81	3.14	3.44	2.05
Maximum price (%)	97.4500	94.7503	98.3000	110.3403	97.4203
Minimum price (%)	97.3010	94.2501	98.0121	110.3240	97.3138
Average price (%)	97.3672	94.3877	98.1386	110.3241	97.3668
Amount offered for sale (HUF million)	25,000.00	25,000.00	15,000.00	20,000.00	25,000.00
Amount of bids submitted (HUF million)	68,260.00	50,945.00	18,896.00	46,324.92	54,025.00
Amount of bids accepted (HUF million)	30,000.00	31,999.97	12,999.98	29,999.98	35,999.97
Bid-to-cover ratio	2.28	1.59	1.45	1.54	1.50
Bids submitted (pcs)	61	52	31	43	54
Bids accepted (pcs)	27	33	22	11	30
Tail (%) (average price - minimum price)	0.07	0.14	0.13	0.00	0.05
Market sales (HUF million)	30,000.00	31,999.97	12,999.98	29,999.98	35,999.97
Non-competitive offer (HUF million)	0.00	100.00	0.00	0.00	1,613.68
Total amount sales (HUF million)	30,000.00	32,099.97	12,999.98	29,999.98	37,613.65

Government Bond	2033/A	2041/A	2029/B	2026/F	2033/A	2038/A
ISIN code	HU0000404744	HU0000404165	HU0000404926	HU0000404934	HU0000404744	HU0000403555
Maturity (in years)	10	20	8	5	10	15
Coupon	2.25%	3.00%	0.75%	1.50%	2.25%	3.00%
Auction	25th auction	21th auction	6th auction	15th auction	26th auction	42nd auction
Date of auction	15.07.2021	15.07.2021	22.07.2021	29.07.2021	29.07.2021	29.07.2021
Date of financial settlement	21.07.2021	21.07.2021	28.07.2021	04.08.2021	04.08.2021	04.08.2021
Redemption date	20.04.2033	25.04.2041	22.08.2029	26.08.2026	20.04.2033	27.10.2038
Maximum annual yield (%) - ISMA	2.83	3.31	-	2.05	2.86	3.18
Minimum annual yield (%) - ISMA	2.79	3.27	-	2.01	2.83	3.15
Average annual yield (%) - ISMA	2.82	3.29	-	2.03	2.85	3.17
Maximum annual yield (%) - EHM	2.83	3.31	-	2.05	2.86	3.18
Minimum annual yield (%) - EHM	2.79	3.27	-	2.01	2.83	3.15
Average annual yield (%) - EHM	2.82	3.29	-	2.03	2.85	3.17
Maximum price (%)	94.6603	96.1062	98.2000	97.5444	94.2805	98.0403
Minimum price (%)	94.2653	95.5466	97.8700	97.3810	93.9955	97.6319
Average price (%)	94.3629	95.7835	98.0000	97.4594	94.0714	97.7589
Amount offered for sale (HUF million)	25,000.00	12,000.00	20,000.00	30,000.00	20,000.00	15,000.00
Amount of bids submitted (HUF million)	35,114.00	25,915.00	34,715.00	43,577.01	33,504.70	32,719.70
Amount of bids accepted (HUF million)	24,999.99	17,999.97	25,499.99	35,500.00	21,499.98	22,499.99
Bid-to-cover ratio	1.40	1.44	1.36	1.23	1.56	1.45
Bids submitted (pcs)	55	38	66	33	43	48
Bids accepted (pcs)	35	28	45	27	22	28
Tail (%) (average price - minimum price)	0.10	0.24	0.13	0.08	0.08	0.13
Market sales (HUF million)	24,999.99	17,999.97	25,499.99	35,500.00	21,499.98	22,499.99
Non-competitive offer (HUF million)	500.00	1,883.00	2,875.90	0.00	0.00	818.18
Total amount sales (HUF million)	25,499.99	19,882.97	28,375.89	35,500.00	21,499.98	23,318.17

GOVERNMENT SECURITIES MARKET



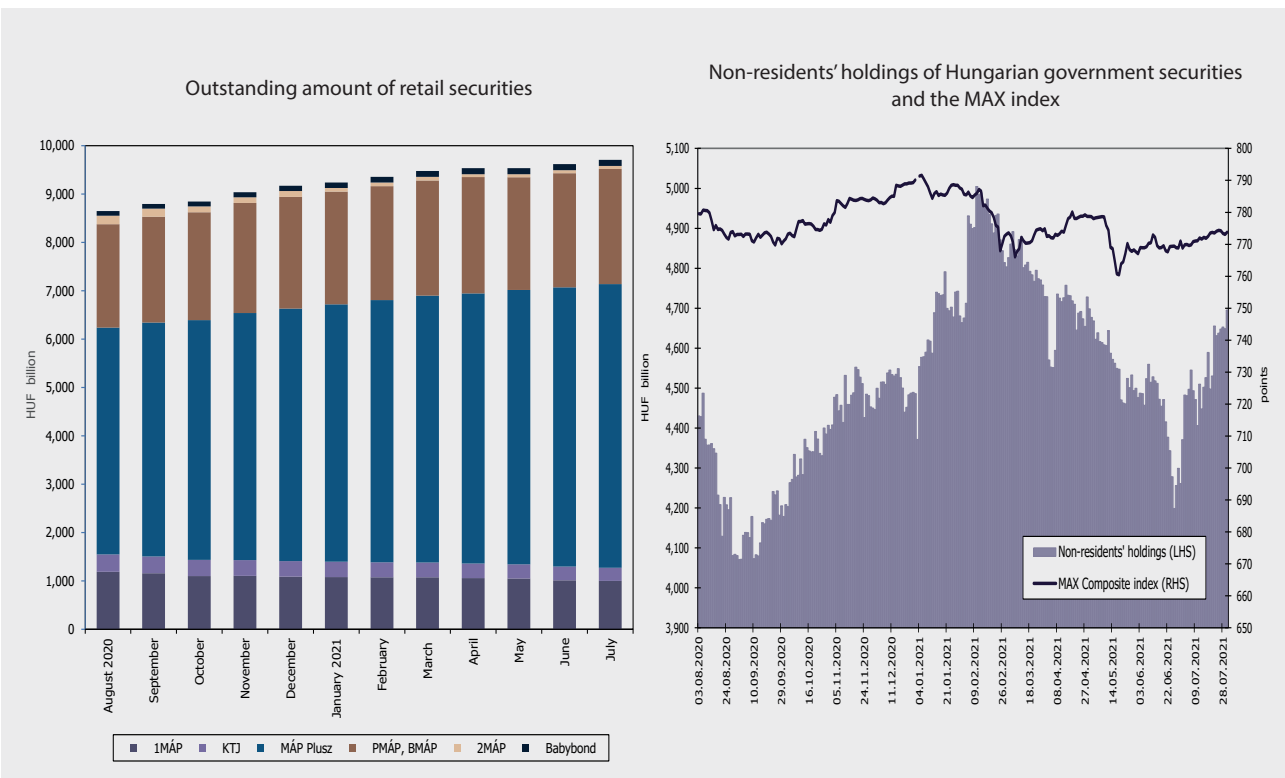
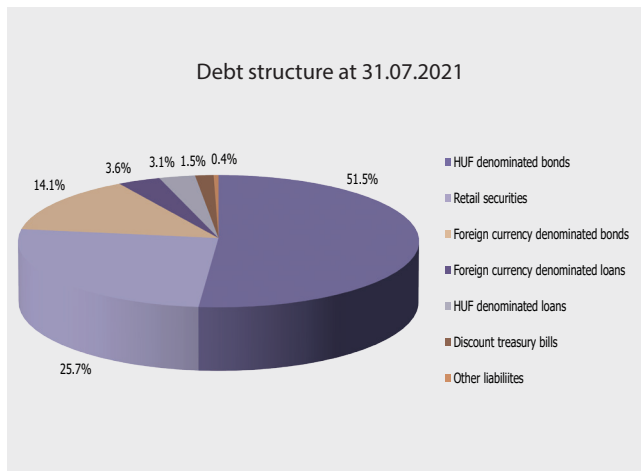
INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2021

Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/I	27.07.2021	29.07.2021	29.07.2022	29.07.2022	5.55%	5.55%
2023/B	21.07.2021	26.07.2021	26.10.2021	26.10.2021	1.07%	0.27%
2026/I	16.07.2021	20.07.2021	20.07.2022	20.07.2022	4.55%	4.55%
2027/B	19.07.2021	22.07.2021	22.10.2021	22.10.2021	1.07%	0.27%

GOVERNMENT SECURITIES MARKET

OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2020	31.07.2021	Change
1-year Hungarian Government Security / 1MÁP	1,088.4	999.2	-89.2
Treasury Saving Bills / KTJ	320.9	273.8	-47.1
Hungarian Government Security Plus / MÁP Plusz	5,221.2	5,865.4	644.2
Premium Hungarian Government / PMÁP	2,310.0	2,380.6	70.6
Bonus and 2-year Hungarian Government Security / BMÁP, 2MÁP	120.9	61.1	-59.8
Babybond	110.3	128.6	18.3
Total	9,171.6	9,708.8	537.1



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index
Value as at 30.07.2021	819.1397	558.3502	773.8005	539.9403	99.1140
Changes compared to the end of the month before	3.1600	0.5442	2.7554	0.3858	0.4712
Annual yield earned on the index portfolio (%)	-0.78	0.48	-0.73	0.4	-1.12

GOVERNMENT SECURITIES MARKET

Government bonds with the highest secondary market turnover in July 2021

Government bond	Date of redemption	Turnover (HUF billion)
2026/E	22.04.2026	779.2
2025/C	26.11.2025	333.4
2033/A	20.04.2033	272.1
2024/C	24.10.2024	217.8
2026/F	26.08.2026	208.6
2027/B	22.04.2027	201.0
2029/A	23.05.2029	176.2
2022/A	24.06.2022	163.3
2030/A	21.08.2030	144.0
2023/A	24.11.2023	119.7

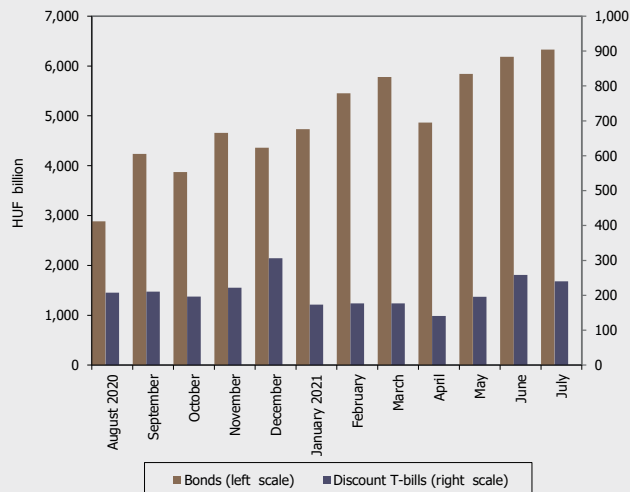
The outstanding volume of government bonds with benchmark status at the end of July 2021

Government bond	HUF billion	
	30.06.2021	31.07.2021
2024/C	1,137.57	1,138.32
2026/F	532.45	600.60
2033/A	794.34	852.45
2038/A	635.44	653.21
2041/A	230.88	260.97

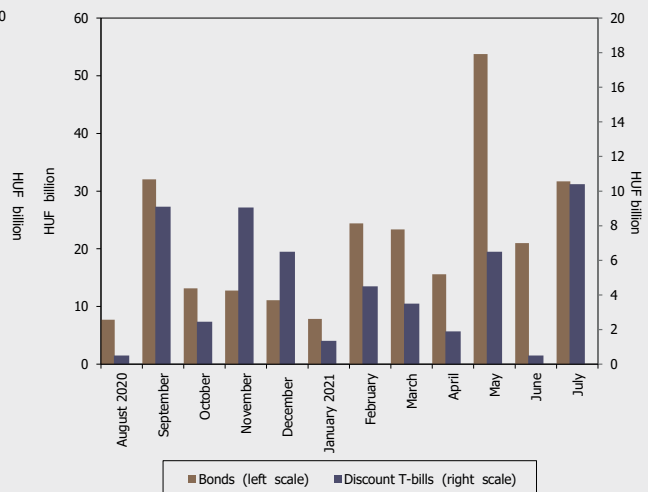
The outstanding volume of the three largest government bonds at the end of July 2021

Government bond	HUF billion
2031/A	1,400.58
2025/C	1,346.40
2026/E	1,249.01

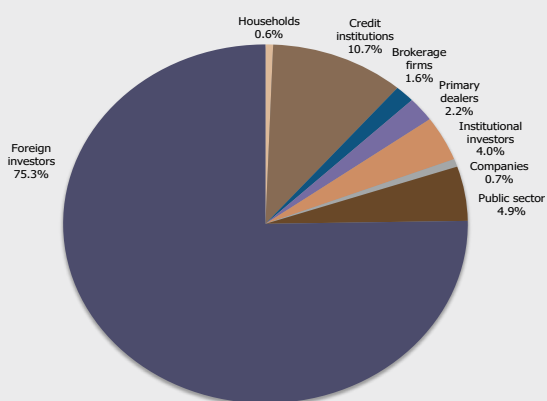
Secondary market trading of Hungarian government securities (OTC)



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



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



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

