

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

July 2020

The Central Government Debt increased by HUF 2,097.2 billion to HUF 31,779.1 billion by July 2020. Total net issuance was HUF 1,907.8 billion; out of which net HUF-denominated issuance was HUF 1,419.2 billion and net foreign currency denominated issuance was HUF 488.6 billion in 2020.

CENTRAL GOVERNMENT DEBT

(HUF billion)	2019		2020		Change	
	December	%	July	%	HUF billion	%
HUF denominated debt	24,357.1	82.1	25,776.3	81.1	1,419.2	5.8
Loans	1,208.1	4.1	1,161.6	3.7	-46.5	-3.8
Government bonds	13,417.7	45.2	15,330.9	48.2	1,913.3	14.3
Retail securities	9,074.0	30.6	8,465.6	26.6	-608.4	-6.7
Discount treasury bills	657.3	2.2	818.1	2.6	160.8	24.5
Foreign exchange denominated debt	5,121.2	17.3	5,794.2	18.2	673.0	13.1
Total	29,478.3	99.3	31,570.5	99.3	2,092.2	7.1
<i>Other obligations</i>	203.7	0.7	208.6	0.7	5.0	2.4
Total central government debt	29,682.0	100.0	31,779.1	100.0	2,097.2	7.1

The HUF denominated debt of the central government increased by HUF 1,419.2 billion in 2020. The increase in domestic debt was the result of the net government bond issuance of HUF 1,913.3 billion and the increase of discount Treasury bills by HUF 160.8 billion. The total amount of retail government securities decreased by HUF 608.4 billion. The decrease was mainly due to the precarious situation caused by the coronavirus epidemic. As a result of restrictions on movement, the demand for retail government securities decreased significantly, however the sale of the 5-year long Hungarian Government Securities Plus accounted for the majority. 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 673.0 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. Foreign currency debt was further increased by the issuance of domestic foreign currency bonds by HUF 20.5 billion and the drawdown of foreign currency loans by HUF 75.9 billion. The exchange rate revaluations totalling HUF 184.4 billion increased the Hungarian forint value of the foreign currency debt. The redemptions of foreign currency bonds and loans worth HUF 833.7 billion. The total amount of other liabilities increased by HUF 5.0 billion in 2020.

BENCHMARK YIELDS

Maturity	31.12.2019	30.06.2020	31.07.2020	Change in July basis point
3-month	-0.01	0.18	0.27	9
6-month	0.01	0.23	0.32	9
1-year	0.02	0.23	0.31	8
3-year	0.28	0.98	0.95	-3
5-year	1.17	1.29	1.25	-4
10-year	2.01	2.15	2.07	-8
15-year	2.80	2.76	2.64	-12
20-year*	-	2.94	2.79	-15

*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 10% to HUF 4,279.5 billion in July. Primary dealers, who account for the decisive part of all secondary government securities trading, made 50% of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities increased altogether by HUF 375.2 billion in July and amounted to HUF 4,420.7 billion at the end of the month. This volume represented 18.0% of the total amount of domestic government securities.

The EUR/HUF exchange rate according to the National Bank of Hungary was 344.74 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

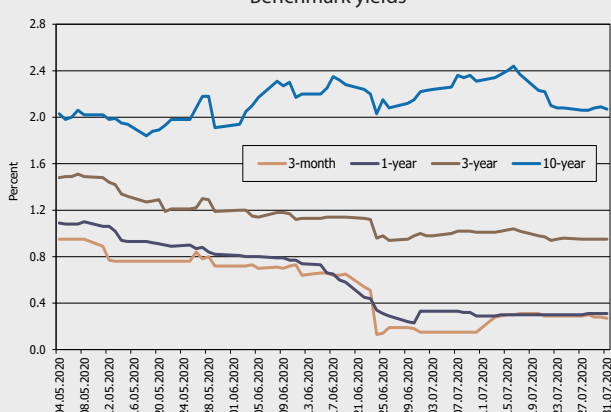
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

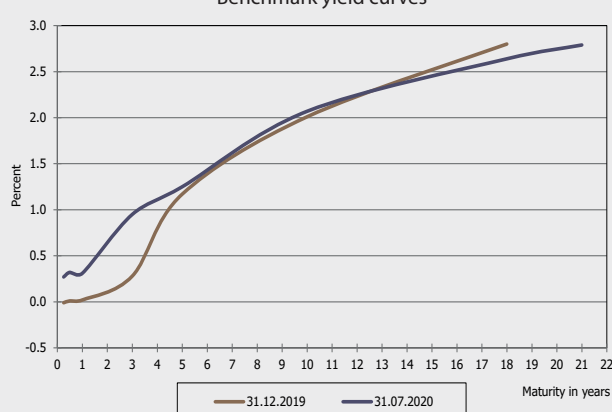
	2015	2016	2017	2018	2019	2020 May	2020 June	2020 July
1. Forint denominated debt	16,207.9	18,430.9	20,689.4	22,796.0	24,357.1	25,510.4	25,559.2	25,776.3
1.1. Loans	694.1	865.0	1,041.1	1,167.7	1,208.1	1,161.6	1,161.6	1,161.6
1.2. Government securities	15,513.8	17,565.8	19,648.3	21,628.3	23,149.0	24,348.8	24,397.6	24,614.7
1.2.1. Public issues	15,462.3	17,526.7	19,609.2	21,589.1	23,109.8	24,309.6	24,358.4	24,575.5
1.2.1.1. Bonds	11,043.4	11,562.4	11,767.1	12,836.1	13,378.5	14,685.8	14,668.8	15,291.8
1.2.1.2. Discount T-bills	901.6	896.4	1,039.2	1,237.3	657.3	868.9	824.7	818.1
1.2.1.3. Retail securities	3,517.4	5,067.9	6,802.9	7,515.7	9,074.0	8,754.9	8,864.9	8,465.6
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	5,365.8	6,042.5	5,794.2
2.1. Loans	1,696.8	1,101.6	929.1	795.0	825.4	896.9	966.6	934.3
2.1.1. Foreign loans	1,614.2	1,097.6	929.1	795.0	825.4	896.9	966.6	934.3
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	4,469.0	5,075.9	4,859.9
2.2.1. Issued abroad	5,198.9	4,618.9	4,145.9	4,246.2	3,713.5	3,843.0	4,432.8	4,235.8
2.2.2. Issued domestically	840.1	536.0	707.6	683.6	582.3	626.0	643.1	624.1
Total	23,943.7	24,687.4	26,472.0	28,520.7	29,478.3	30,876.3	31,601.7	31,570.5
Other liabilities	756.00	742.70	274.20	167.40	203.7	280.5	251.5	208.6
Total central government debt	24,699.7	25,430.0	26,746.2	28,688.2	29,682.0	31,156.7	31,853.3	31,779.1
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	15,593.9	15,532.7	16,149.1
Gross debt/GDP	71.0%	70.8%	68.9%	67.2%	63.5%			

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

Benchmark yields

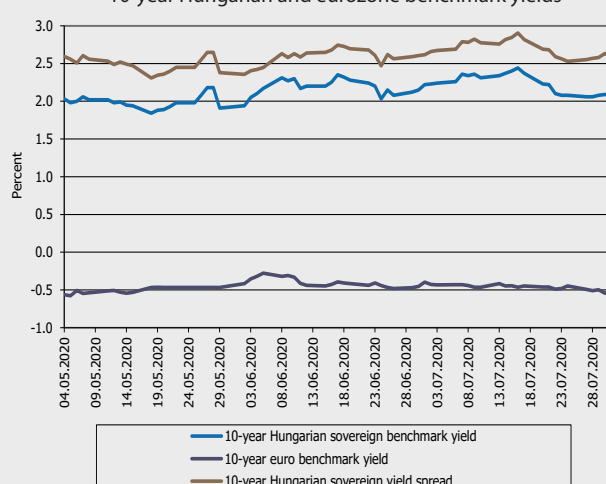


Benchmark yield curves

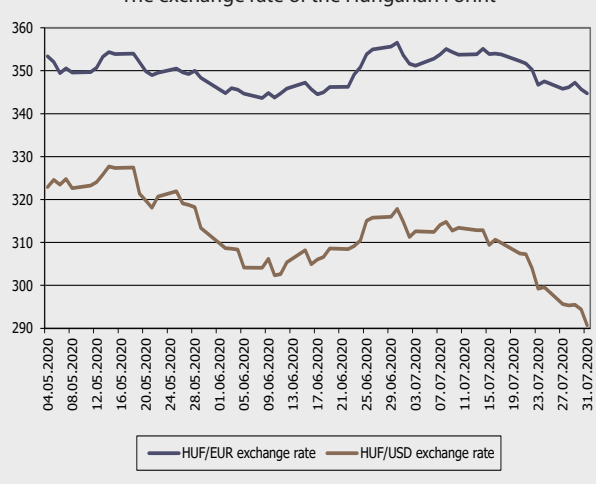


The range of reference government securities has been expanded with the 20-year government bond from 20 May 2020.

10-year Hungarian and eurozone benchmark yields



The exchange rate of the Hungarian Forint



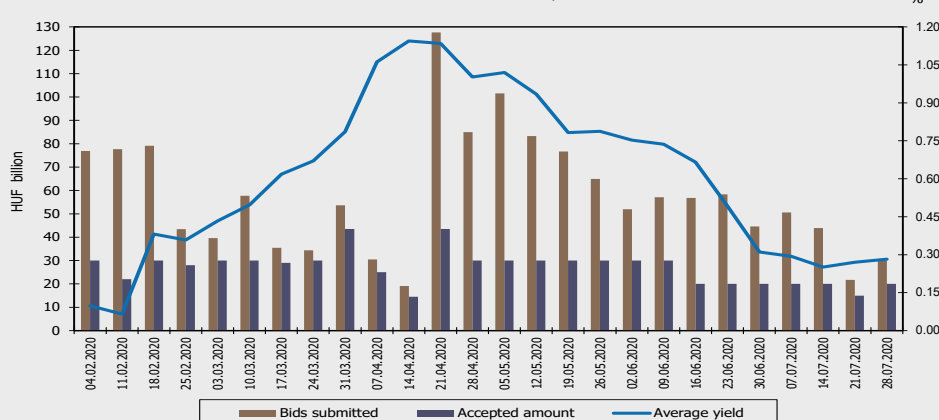
GOVERNMENT SECURITIES MARKET

DISCOUNT TREASURY BILL AUCTION RESULTS

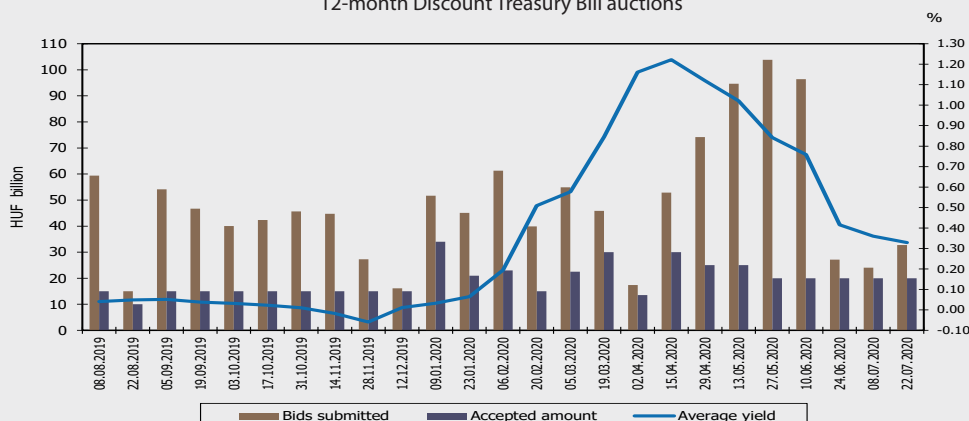
	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D201014	D201021	D201028	D201104	D210630	D210630
ISIN code	HU0000523196	HU0000522818	HU0000523204	HU0000523212	HU0000523170	HU0000523170
Maturity in days	91	91	91	91	350	336
Date of auction	07.07.2020	14.07.2020	21.07.2020	28.07.2020	08.07.2020	22.07.2020
Date of financial settlement	15.07.2020	22.07.2020	29.07.2020	05.08.2020	15.07.2020	29.07.2020
Redemption date	14.10.2020	21.10.2020	28.10.2020	04.11.2020	30.06.2021	30.06.2021
Maximum yield (%) - ISMA	0.32	0.27	0.29	0.31	0.40	0.35
Minimum yield (%) - ISMA	0.23	0.23	0.25	0.25	0.32	0.30
Average yield (%) - ISMA	0.29	0.25	0.27	0.28	0.36	0.33
Maximum yield (%) - EHM	0.32	0.27	0.29	0.31	0.41	0.35
Minimum yield (%) - EHM	0.23	0.23	0.25	0.25	0.32	0.30
Average yield (%) - EHM	0.30	0.25	0.27	0.29	0.37	0.33
Average selling price (%)	99.9258	99.9366	99.9317	99.9287	99.6508	99.6938
Amount offered for sale (HUF million)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Amount of bids submitted (HUF million)	50,575.77	43,898.50	21,755.00	30,000.00	24,031.13	32,765.00
Amount of bids accepted (HUF million)	19,999.99	20,000.00	15,000.00	20,000.00	19,999.98	20,000.00
Bid-to-cover ratio	2.53	2.19	1.45	1.50	1.20	1.64
Bids submitted (pcs)	28	21	16	20	20	27
Bids accepted (pcs)	16	10	9	13	19	19
Market sales* (HUF million)	19,999.99	20,000.00	15,000.00	20,000.00	19,999.98	20,000.00
Retained on ÁKK's own account (HUF million)	6,000.01	-	4500.00	6,000.00	20000.02	20,000.00
Total amount issued (HUF million)	26,000.00	20,000.00	19,500.00	26,000.00	40,000.00	40,000.00

* Without issuance onto ÁKK's own account

3-month Discount Treasury Bill auctions



12-month Discount Treasury Bill auctions



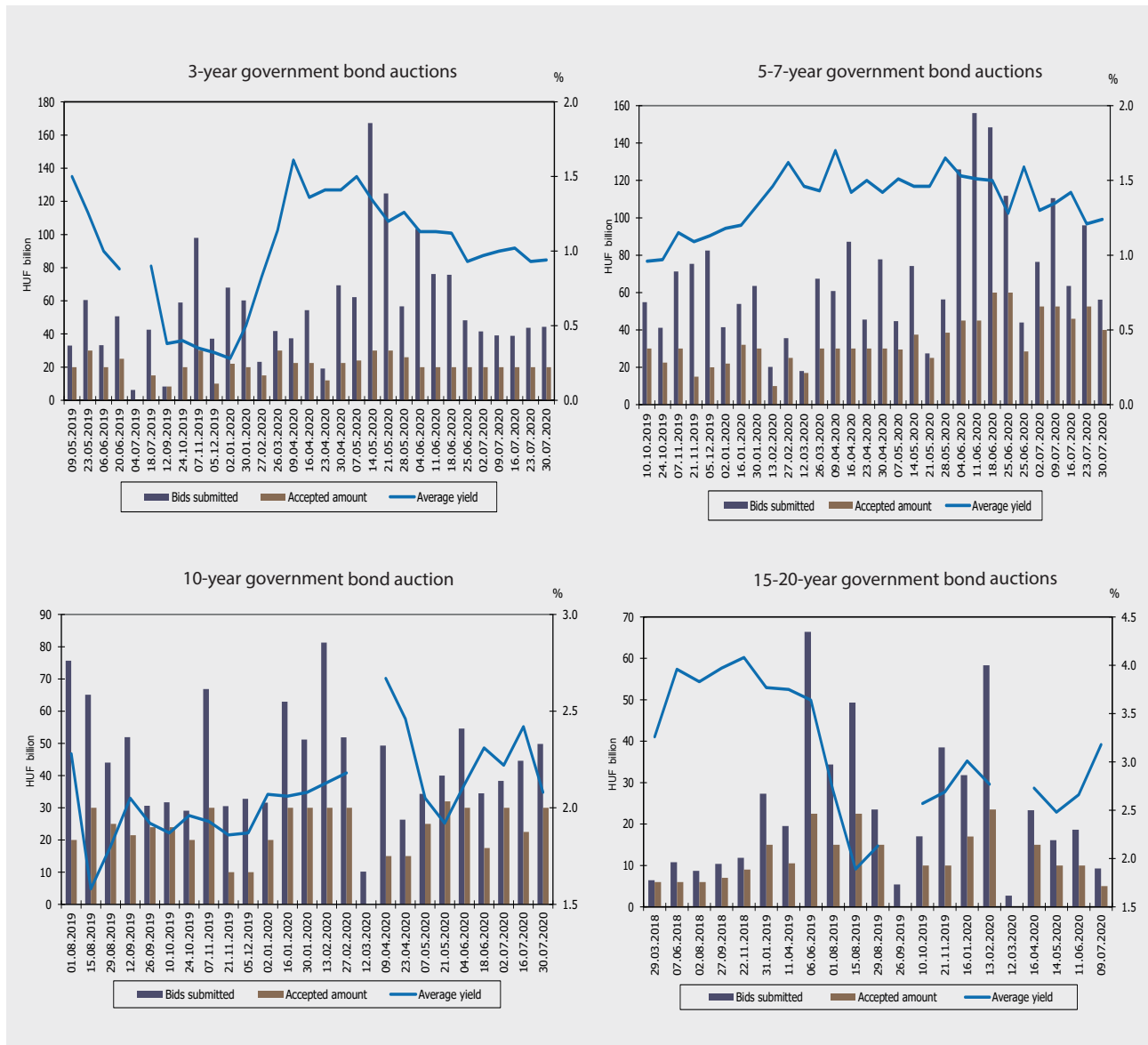
GOVERNMENT SECURITIES MARKET

GOVERNMENT BOND AUCTION RESULTS

Government Bond	2023/C	2025/C	2030/A	2027/B	2023/C	2025/C	2041/A	2023/C
ISIN code	HU0000404280	HU0000404058	HU0000403696	HU0000404157	HU0000404280	HU0000404058	HU0000404165	HU0000404280
Maturity (in years)	3	5	10	7	3	5	20	3
Coupon	1.50%	1.00%	3.00%	0.16%	1.50%	1.00%	3.00%	1.50%
Auction	13th auction	23rd auction	33rd auction	9th auction	14th auction	24th auction	5th auction	15th auction
Date of auction	02.07.2020	02.07.2020	02.07.2020	08.07.2020	09.07.2020	09.07.2020	09.07.2020	16.07.2020
Date of financial settlement	08.07.2020	08.07.2020	08.07.2020	15.07.2020	15.07.2020	15.07.2020	15.07.2020	22.07.2020
Redemption date	23.08.2023	26.11.2025	21.08.2030	22.04.2027	23.08.2023	26.11.2025	25.04.2041	23.08.2023
Maximum annual yield (%) - ISMA	0.98	1.34	2.25	-	1.01	1.36	3.20	1.03
Minimum annual yield (%) - ISMA	0.95	1.25	2.10	-	0.95	1.33	3.15	1.00
Average annual yield (%) - ISMA	0.97	1.30	2.22	-	0.99	1.35	3.18	1.02
Maximum annual yield (%) - EHM	0.98	1.34	2.25	-	1.01	1.36	3.20	1.03
Minimum annual yield (%) - EHM	0.95	1.25	2.10	-	0.95	1.33	3.15	1.00
Average annual yield (%) - EHM	0.97	1.30	2.22	-	0.99	1.35	3.18	1.02
Maximum price (%)	101.6838	98.7085	108.1258	96.2500	101.6733	98.3060	97.7200	101.5105
Minimum price (%)	101.5911	98.2474	106.7174	96.0100	101.4887	98.1263	96.9800	101.4186
Average price (%)	101.6268	98.4419	106.9527	96.1000	101.5349	98.1924	97.2979	101.4511
Amount offered for sale (HUF million)	20,000.00	35,000.00	20,000.00	10,000.00	20,000.00	35,000.00	10,000.00	20,000.00
Amount of bids submitted (HUF million)	41,503.00	76,456.00	38,336.00	38,310.00	39,070.00	110,482.37	9,275.00	38,855.00
Amount of bids accepted (HUF million)	20,000.00	52,500.00	29,999.96	14,999.97	19,999.97	52,500.00	5,000.00	19,999.97
Bid-to-cover ratio	2.08	1.46	1.28	2.55	1.95	2.10	1.86	1.94
Bids submitted (pcs)	39	47	49	65	47	70	30	33
Bids accepted (pcs)	21	38	42	44	28	29	20	21
Tail (%) (average price - minimum price)	0.04	0.19	0.24	0.09	0.05	0.07	0.32	0.03
Market sales (HUF million)	20,000.00	52,500.00	29,999.96	14,999.97	19,999.97	52,500.00	5,000.00	19,999.97
Non-competitive offer (HUF million)	6,000.00	12,180.00	6,710.27	5,819.77	3,363.79	20,609.05	0.00	5,118.59
Total amount sales (HUF million)	26,000.00	64,680.00	36,710.23	20,819.74	23,363.76	73,109.05	5,000.00	25,118.56

Government Bond	2025/C	2030/A	2027/B	2023/C	2025/C	2023/C	2025/C	2030/A
ISIN code	HU0000404058	HU0000403696	HU0000404157	HU0000404280	HU0000404058	HU0000404280	HU0000404058	HU0000403696
Maturity (in years)	5	10	7	3	5	3	5	10
Coupon	1.00%	3.00%	0.16%	1.50%	1.00%	1.50%	1.00%	3.00%
Auction	25th auction	34th auction	10th auction	16th auction	26th auction	17th auction	27th auction	35th auction
Date of auction	16.07.2020	16.07.2020	22.07.2020	23.07.2020	23.07.2020	30.07.2020	30.07.2020	30.07.2020
Date of financial settlement	22.07.2020	22.07.2020	29.07.2020	29.07.2020	29.07.2020	05.08.2020	05.08.2020	05.08.2020
Redemption date	26.11.2025	21.08.2030	22.04.2027	23.08.2023	26.11.2025	23.08.2023	26.11.2025	21.08.2030
Maximum annual yield (%) - ISMA	1.44	2.43	-	0.94	1.22	0.95	1.25	2.09
Minimum annual yield (%) - ISMA	1.40	2.40	-	0.92	1.18	0.91	1.20	2.08
Average annual yield (%) - ISMA	1.42	2.42	-	0.93	1.21	0.94	1.23	2.08
Maximum annual yield (%) - EHM	1.44	2.43	-	0.94	1.22	0.95	1.25	2.10
Minimum annual yield (%) - EHM	1.40	2.40	-	0.92	1.18	0.91	1.20	2.08
Average annual yield (%) - EHM	1.42	2.42	-	0.93	1.21	0.94	1.24	2.08
Maximum price (%)	97.9557	105.3146	96.4500	101.7442	99.0803	101.7637	98.9802	108.2650
Minimum price (%)	97.7537	105.0403	96.3000	101.6757	98.8747	101.6427	98.7265	108.1194
Average price (%)	97.8295	105.1516	96.3600	101.7001	98.9310	101.6720	98.7994	108.2184
Amount offered for sale (HUF million)	35,000.00	15,000.00	15,000.00	20,000.00	35,000.00	20,000.00	30,000.00	20,000.00
Amount of bids submitted (HUF million)	63,570.00	44,580.00	59,200.00	43,781.05	95,950.00	44,291.30	56,236.00	49,800.00
Amount of bids accepted (HUF million)	45,999.97	22,499.97	22,499.98	20,000.00	52,499.98	19,999.97	39,999.98	30,000.00
Bid-to-cover ratio	1.38	1.98	2.63	2.19	1.83	2.21	1.41	1.66
Bids submitted (pcs)	45	47	57	39	65	46	50	39
Bids accepted (pcs)	33	26	19	19	33	27	37	19
Tail (%) (average price - minimum price)	0.08	0.11	0.06	0.02	0.06	0.03	0.07	0.10
Market sales (HUF million)	45,999.97	22,499.97	22,499.98	20,000.00	52,499.98	19,999.97	39,999.98	30,000.00
Non-competitive offer (HUF million)	16,831.37	8,161.76	8,759.98	6,687.58	16,876.46	3,798.41	6,735.82	6,400.00
Total amount sales (HUF million)	62,831.34	30,661.73	31,259.96	26,687.58	69,376.44	23,798.38	46,735.80	36,400.00

GOVERNMENT SECURITIES MARKET



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN JULY 2020

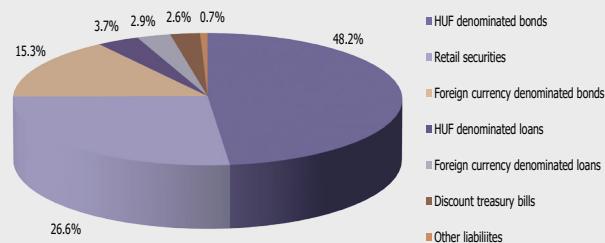
Government bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate	Interest payable
2022/I	27.07.2020	29.07.2020	29.07.2021	29.07.2021	5.65%	5.65%
2023/B	23.07.2020	26.07.2020	26.10.2020	26.10.2020	0.63%	0.16%
2027/B	19.07.2020	22.07.2020	22.10.2020	22.10.2020	0.70%	0.18%

GOVERNMENT SECURITIES MARKET

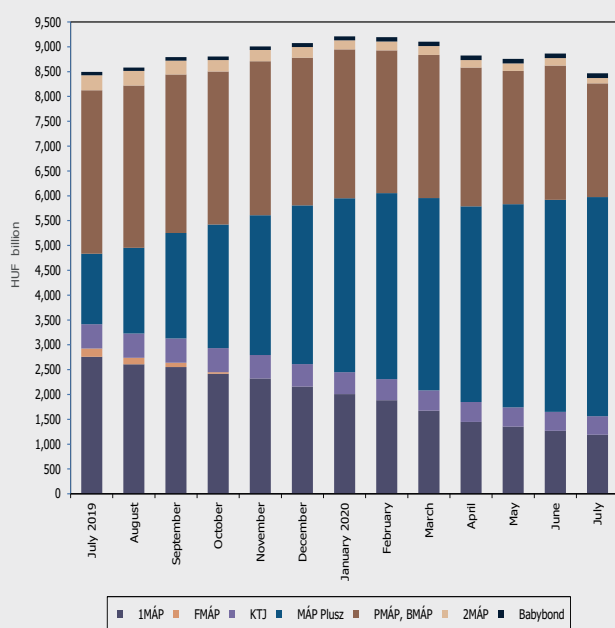
OUTSTANDING AMOUNT OF RETAIL SECURITIES

Retail securities	HUF billion		
	31.12.2019	31.07.2020	Change
1-year Hungarian Government Security / 1MÁP	2,158.0	1,189.4	-968.6
Treasury Saving Bills / KTJ	455.1	373.7	-81.5
Hungarian Government Security Plus / MÁP Plusz	3,196.2	4,409.4	1,213.2
Premium and Bonus Hungarian Government Securities / PMÁP, BMÁP	2,969.8	2,290.7	-679.1
2-year Hungarian Government Security / 2MÁP	215.2	107.5	-107.6
Babybond	79.7	94.8	15.2
Total	9,074.0	8,465.6	-608.4

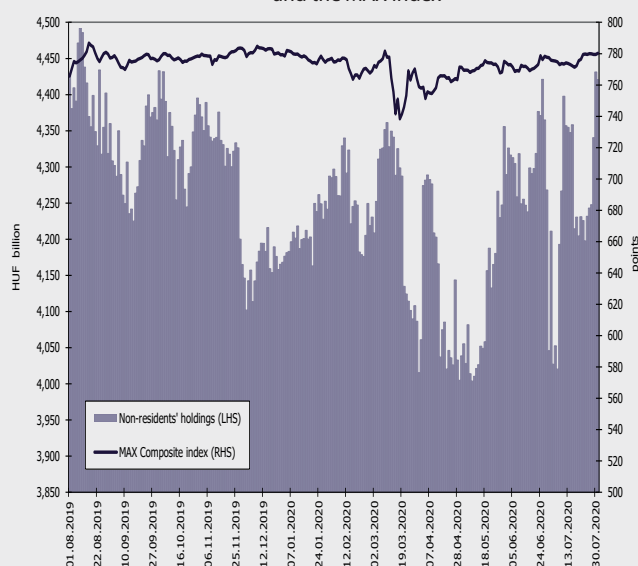
Debt structure at 31.07.2020



Outstanding amount of retail securities



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



HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index	HMAX index*
Value as at 31.07.2020	826.4422	555.7402	780.2318	537.4624	100.3626
Changes compared to the end of the month before	3.1060	-0.0357	2.8279	-0.0367	0.4716
Annual yield earned on the index portfolio (%)	2.05%	0.21%	1.90%	0.27%	-

* 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 July 2020

Government bond	Date of redemption	Turnover (HUF billion)
2025/C	26.11.2025	741.3
2030/A	21.08.2030	434.1
2023/C	23.08.2023	298.0
2022/B	26.10.2022	227.9
2023/B	26.07.2023	179.6
2025/B	24.06.2025	123.7
2027/B	22.04.2027	122.5
2022/C	24.08.2022	121.4
2026/D	22.12.2026	111.8
2024/C	24.10.2024	93.5

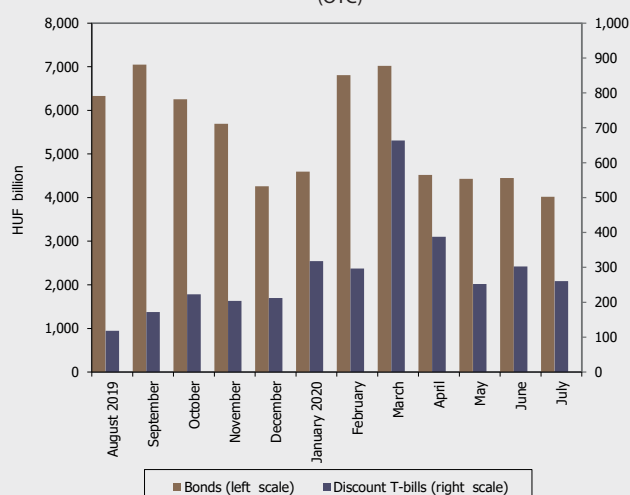
The outstanding volume of government bonds with benchmark status at the end of July 2020

Government bond	HUF billion	
	2020.06.30	2020.07.31
2022/C	392.16	366.94
2024/C	1,134.29	1,137.02
2030/A	946.89	1,014.49
2038/A	267.62	267.60
2041/A	46.28	51.30

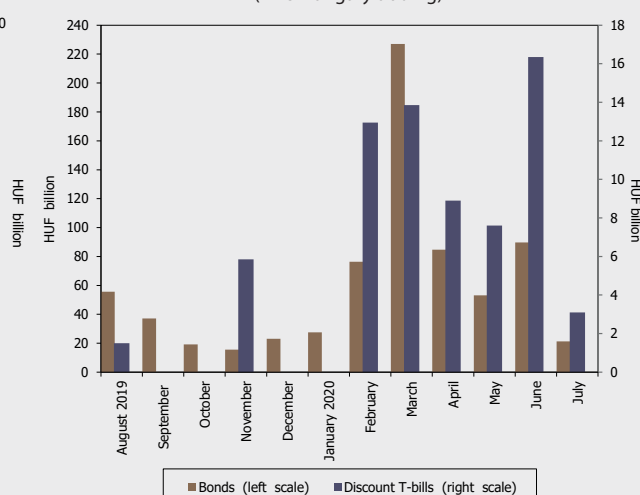
The outstanding volume of the three largest government bonds at the end of July 2020

Government bond	HUF billion
2027/A	1,236.03
2025/B	1,200.02
2024/C	1,137.02

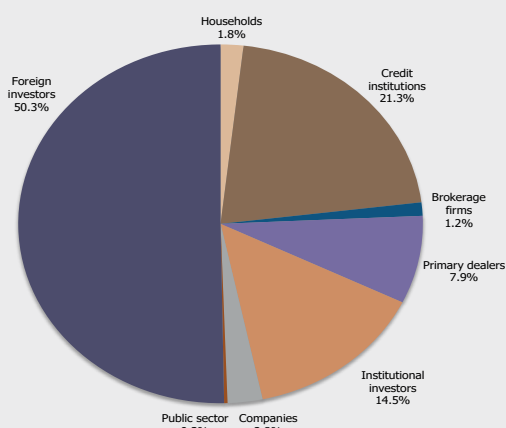
Secondary market trading of Hungarian government securities (OTC)



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 2020



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

