FINANCING OF THE CENTRAL GOVERNMENT IN NOVEMBER 2022

1. Government debt data

The debt of the central government increased by HUF 4,094.3 billion in November due to the following reasons:

- **The first increasing factor** is the net forint issuance of HUF 1,003.1 billion, which finances the deficit of the central government budget.
- **The second – increasing – factor** is the net foreign currency issuance of HUF 1,962.6 billion, which increased the debt of the central government.
- **The third – also increasing — factors** is the depreciation of the forint that increased the HUF value of the foreign currency debt by HUF 946.5 billion.
- **The fourth – additional increasing – factor** is the change of the foreign currency exchange rates and other factors that increased the mark-to-market deposits placed at GDMA by HUF 182.1 billion.

According to the preliminary data **the domestic and foreign currency debt of the central government** was the following in 2022.

Central government gross debt and debt transactions in 2022

	31.12.2021		Issuance (increase in debt)	Redemption (decrease in debt)	Other changes	Net change	30.11.2022		change
	Debt stock (preliminary data)	**Breakdown**	**I-XI. month**				**Debt stock (preliminary data)**	**Breakdown**	**percent**
1. HUF denominated debt	***32,121.236***	***78.9%***	**11,814.391**	**10,811.249**	***0.000***	**1,003.142**	**33,124.379**	***74.0%***	***-4.98%***
1.1. Loans	**1,307.744**	***3.2%***	**0.000**	**230.409**	**0.000**	**-230.409**	**1,077.336**	***2.4%***	***-0.81%***
1.1.1. Foreign	1,307.744	*3.2%*	0.000	230.409	0.000	-230.409	1,077.336	***2.4%***	***-0.81%***
1.1.2. Domestic	0.000	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
1.2. Government securities	**30,813.492**	***75.7%***	**11,814.391**	**10,580.840**	**0.000**	**1,233.551**	**32,047.043**	***71.5%***	***-4.17%***
1.2.1. Bonds	20,220.031	49.7%	3,356.282	1,778.063	0.000	1,578.219	21,798.249	***48.7%***	***-1.02%***
1.2.2. Discount T-bills	583.208	1.4%	2,844.662	1,825.287	0.000	1019.375	1,602.583	***3.6%***	***2.14%***
1.2.3. Retail securities	10,010.253	24.6%	5,613.448	6,977.491	0.000	-1364.043	8,646.210	***19.3%***	***-5.29%***
2. Foreign currency denominated debt	**8,395.157**	***20.6%***	**2,640.817**	**678.195**	**946.489**	**2,909.111**	**11,304.267**	***25.2%***	***4.61%***
2.1. Loans	**1,345.240**	***3.3%***	**346.512**	**31.912**	**149.264**	**463.864**	**1,809.104**	***4.0%***	***0.73%***
2.1.1. Foreign	1,345.240	*3.3%*	346.512	31.912	149.264	463.864	1,809.104	***4.0%***	***0.73%***
2.1.2. Domestic	*0.000*	*0.0%*	0.000	0.000	0.000	0.000	0.000	***0.0%***	***0.00%***
2.2. Government securities	**7,049.917**	***17.3%***	**2,294.305**	**646.284**	**797.226**	**2445.247**	**9,495.164**	***21.2%***	***3.88%***
2.2.1. Issued abroad	6,594.948	*16.2%*	2,168.156	414.298	747.580	2,501.438	9,096.387	***20.3%***	***4.10%***
2.2.2. Issued in Hungary	454.969	*1.1%*	126.149	231.986	49.646	-56.191	398.777	***0.9%***	***-0.23%***
Total	**40,516.393**	***99.6%***	**14,455.208**	**11,489.444**	**946.489**	**3,912.253**	**44,428.646**	***99.2%***	***-0.37%***
Other debt	180.629	*0.4%*	2,099.605	1,938.548	21.039	182.095	362.724	***0.8%***	***0.37%***
Total central government debt	**40,697.022**	***100.0%***	**16,554.812**	**13,427.992**	**967.528**	**4,094.348**	**44,791.370**	***100.0%***	***0.00%***

The foreign currency debt of the central government increased by HUF 2,909.1 billion in 2022 and amounted to HUF 11,304.3 billion at the end of November 2022. The share of foreign currency denominated debt within the total debt increased from 20.6% to 25.2% in 2022.

The increase is mainly due to the HUF 205.4 billion of Samurai bonds issued in February, the HUF 1,441.3 billion of foreign currency bonds issued in June and the HUF 521.4 billion green bonds issued in November. The November issuance included HUF 410.5 billion (EUR 1 million) of Green Bonds and HUF 110.9 billion (yuan 2 million) of Green Panda Bonds. The depreciation of the forint further increased the share of foreign currency debt.

The forint denominated debt increased by HUF 1,003.1 billion to HUF 33,124.4 billion. The share of HUF-denominated debt reached 74.0% of the total debt, while in December 2021 this proportion was 78.9%.

The stock of retail securities decreased by HUF 1,364.0 billion since the end of 2021 to HUF 8,646.2 billion at the end of November. The portfolio of Premium Hungarian Government Securities with a maturity of more than one year increased by HUF 1,877.9 billion, thus amounted to HUF 4,080.6 billion. The stock of the 1-year Government Securities decreased by HUF 117.5 billion to HUF 884.0 billion at the end of November. The stock of the Hungarian Government Securities Plus (dematerialised and printed) decreased by HUF 3,649.2 billion this year and amounted to HUF 2,712.3 billion at the end of November. From September, the Bonus Hungarian Government Security was reintroduced, increasing its holdings by HUF 405.3 billion and amounted to HUF 466.1 billion at the end of November, including the previous issues.

The volume of non-resident holdings of Hungarian government securities decreased by HUF 331.1 billion to HUF 5,582.6 in November. 99.2% of non-resident holdings was T-bonds, which amounted to HUF 5,539.8 billion. The non-resident holdings of Discount T-Bills amounted to HUF 42.9 billion, that represented only 0.8% of total non-resident holdings. The duration of the non-resident stock was 6.3 years at the end of November 2022.

In order to reduce counterparty risk associated with the swap transactions concluded by GDMA, so-called marked-to-market deposits are being placed as collateral covering the net value of the swap positions. Such deposits placed at GDMA are counted as part of the government debt as 'other obligations'. During the first eleven month of the year marked-to-market deposits increased by HUF 182.1 billion and reached HUF 362.7 billion (EUR 0.9 billion) at the end of the month.

2. Forint yields

The average bid-to-cover ratio of Discount T-bill auctions decreased from 2.7 to 2.3. The bid-to-cover ratio of T-bond auctions decreased from 4.1 to 3.1 in November.

The average yield of the last 3-month Discount Treasury Bill auction in November was 13.09%, 5 basis points lower than in the previous month and the 6-month Treasury bill was 13.62%, 50 basis points higher than at the end of October. The average yield of the last 12-month Discount Treasury Bill auction in November was 13.53%, 18 basis points higher compared to October.

The average yield of the last 5-year government bond auction in November was 9.27%, 295 basis points lower compared to the previous month. The average yield of the last 10-year government bond auction was 8.38%, 229 basis points lower compared to October. The average yield of the last 20-year government bond auction was 9.80%, 41 basis points higher than the average yield at the previous auction (in early October). The average yield of the 3-year bond, which was auctioned again after a long period, was 10.18% in November.

H-1013 Budapest, Krisztina tér 2. | Postal address: H-1255 Budapest, PO BOX. 85.
E-mail: akk@akk.hu | Registered at the Budapest Capital City Court (Hungary), Registration No.: 01-10-044549